



West Yorkshire Pension Fund

RESPONSIBLE INVESTMENT POLICY DOCUMENT

OCTOBER 2025

FOREWORD

As stewards of capital, we recognise a duty both to generate sustainable financial returns and to positively contribute to society and the environment. This document outlines our approach to responsible investment (RI), reflecting our commitment to integrating environmental, social, and governance (ESG) considerations into our investment processes and decision-making.

Our approach to RI is grounded in the belief that ESG factors are critical to the long-term success and resilience of our investments. By systematically incorporating these factors, we aim to identify and mitigate risks, uncover opportunities, and enhance the overall value of our investment portfolio. Moreover, by recognising ESG considerations, we can support broader societal goals, such as combating climate change, promoting social equality, fostering sustainable economic growth and providing positive local impact. This proactive approach is consistent with our fiduciary duty to our members.

INTRODUCTION

West Yorkshire Pension Fund (WYPF or 'the fund') is one of the UK's largest Local Government Pension Scheme (LGPS) funds with assets of c. £20bn. These funds are invested to pay the pensions of our c. 320,000 members who are primarily based in the West Yorkshire region.

As an LGPS fund we are required to prepare an Investment Strategy Statement (ISS) every three years which describes our investment beliefs and processes; this was last undertaken in July 2024. The ISS statement also contains our views regarding ESG matters that may influence the value of our investments. The identification and use of material ESG considerations in making investment decisions, in combination with our commitment to Stewardship, defines our approach to RI.

Consistent with legislation and best practice, WYPF aims to keep its members and the public informed of its ESG policies, submissions, and track record. To assist in this process, we publish several documents on our website pertaining to ESG matters:

- **Stewardship Code.** WYPF is a signatory to the FRC's Stewardship Code, a set of principles which institutional investors abide by to improve corporate governance. The stewardship report broadly discusses the fund's Governance and Management arrangements and provides examples of our Stewardship activities over the course of the year.
- **Climate Report.** This document has three elements:
 - A description of the carbon footprint of the fund.
 - The initiatives that we are taking to decarbonise the fund consistent with the NZIF2.0 and what progress we are making.
 - How our governance, policies, and strategy align to the Task Force on Climate Disclosures (TCFD) recommendations.
- **Voting record.** On a quarterly basis we publish our voting activity at corporate Annual and Emergency General meetings.

In 2021 WYPF prepared its first RI document and introduced five ESG Principles that articulated our approach. This is the first time we have revised our principles, and we have added a sixth: We recognise the economic impact our investment decisions have on the real world. By deploying capital, we can seek to stimulate positive economic, social, or environmental impacts in specific communities, industries or regions.

AIMS PRINCIPLES CULTURE BELIEFS

The aims of the fund are to:

- Enable employer contribution rates to be kept as stable as possible and at reasonable cost, whilst maintaining the solvency of the fund.
- Manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due.
- Maximise the returns from investments within reasonable risk parameters.

the investment team to develop profound long-term working relationships with investee companies.

Our unique characteristics, in conjunction with the influences of our administering authority, advisory panel and WYPF's investment team, have led WYPF to develop a strong culture reflecting the following shared investment beliefs:

The fund's principles, culture and beliefs reflect WYPF's distinctive set of circumstances:

- WYPF is an LGPS fund based in the north of England. As an LGPS fund it is subject to a variety of legislation, regulation, and guidance. The fund is open to new members.
- The LGPS is a Defined Benefit scheme funded by contributions from local authorities, other designated employers and members.
- WYPF recognises a fiduciary duty to the members of the fund and its scheme employers and admitted bodies.
- Distinct from most LGPS funds, WYPF currently manages a considerable proportion of its assets internally using an in-house team of investment specialists within the framework of the Northern LGPS pooling arrangements. This approach has produced strong investment returns while keeping costs low and has also permitted
- WYPF is inherently long-term in its attitude to risk and return to reflect the duration of the liabilities of the fund.
- The fund invests in a diverse range of instruments including UK and international equities, sovereign and corporate bonds, private equity and credit, infrastructure, real estate, and alternatives.
- WYPF believes in actively managing the fund and currently chooses to do this via an in-house investment team, with most of the assets of the fund directly invested in securities. In those instances when the fund does not believe it can secure internal resources to manage specialised investments directly, it will seek external expertise, either through the Northern LGPS Pool, or third-party managers.
- The fund recognises the importance of being a responsible asset owner and believes assets' specific ESG characteristics will determine their long-term sustainability.

HOW WE APPLY OUR ESG PRINCIPLES

The fund's Managing Director (MD), supported by the Chief Investment Officer (CIO), is responsible for the design and implementation of the RI Policy.

WYPF currently manages listed equity, fixed income, and some real estate assets directly, while its in-house private markets team invests in externally managed funds for private equity, infrastructure, credit, and other real estate. Where management is undertaken in-house, ESG factors will be considered as part of the assessment process both before and after investment decisions are made. This integration applies to both equity and other asset classes.

We use a range of public and private sources to identify pertinent ESG factors at the company level and assess the potential impact in terms of severity and likelihood, choosing to focus on those material risks to the portfolio. We base these assessments on the Materiality Map produced by the Sustainable Accounting Standards Board (SASB), a non-profit organisation dedicated to improving ESG accounting standards.

We seek to integrate ESG data and scores into our investment and monitoring process and use suitable 3rd party resources, such as Bloomberg ESG data, where appropriate. With this insight, portfolio managers can make well-informed decisions, expressing their investment convictions through their choice of investments and portfolio weightings. Within this framework, a manager could choose to invest in a company with elevated ESG risks if the anticipated return sufficiently compensates for those risks. Alternatively, they may opt to reduce exposure or actively engage with the company to address and mitigate the identified ESG concerns, aiming to enhance the overall investment outcome.

We understand that the availability of useful ESG data is most developed for equity assets and less well advanced for other assets. Recognising the shortcomings of the reliability and availability of data we also assess ESG factors in a qualitative manner. We recognise that Fixed Income investments are distinct since we function as creditor, rather than the owner, of a company. Nevertheless, screening Fixed Income assets for ESG factors is important since best practise improves sustainability which in turn leads to better creditworthiness. For externally managed funds, due diligence is conducted during the selection process for investment managers includes a thorough review of the manager's approach to ESG. This is monitored throughout its investment term.

The CIO has the responsibility to ensure that investment managers are appropriately trained in ESG matters and that external third-party advice is sought where required. Fund Managers and analysts are encouraged to pursue relevant professional qualifications including the Chartered Financial Analysts (CFA) examination.

The 2016 LGPS Investment Regulations encourage LGPS funds to pool investments to reduce costs and facilitate further investment into infrastructure assets. WYPF created a partnership with Merseyside LGPS and Greater Manchester LGPS to form the Northern LGPS ("NLGPS" or "the Pool") (formerly the Northern Pool LGPS.) NLGPS has established two vehicles to make collective investments in alternative asset classes: GLIL (in conjunction with another LGPS pool) to manage Infrastructure assets, and NPEP, to facilitate collective

investment in Private Equity funds. As of March 2025, WYPF had £644mn invested in GLIL and £548mn at NPEP, 3.2% and 2.8% of total assets, respectively.

The Pool seeks to co-ordinate the Responsible Investment activity of the three partner funds to achieve greater impact. The governance

structure for Northern LGPS consists of an oversight board made up primarily of representatives of the participating funds' pension committees, including WYPF, which defines key strategic objectives including ESG matters, and provides scrutiny to an executive body of officers who will make the investment management decisions.



OUR ESG PRINCIPLES

PRINCIPLE #1 WYPF recognises that ESG factors can profoundly impact an individual company's long-term sustainability. The ESG profile of a company reflects a substantial number of individual characteristics ranging from the nature of its supply chains, the composition of its board, management's attitude toward unionisation and the carbon intensity of its business. The importance of individual factors varies between companies and sectors, and we therefore seek to focus on material factors likely to make a long-term impact on the business. The assessment of a company's ESG characteristics is a fundamental component of our investment process. Key ESG topics are introduced in the following pages.

PRINCIPLE #2 We do not believe that there is a trade-off between the investment performance of a financial asset and investing in a company that is behaving in a responsible and sustainable manner. Companies that are inherently short-term in their outlook, behave

irresponsibly or unethically will not provide the necessary long-term performance that the fund needs to pay its members' pensions. In this respect we view ESG investing not from an ethical standpoint but to control investment risk.

PRINCIPLE #3 WYPF chooses to be an informed and active manager. As such we will take care to thoroughly understand the business model, investment case, relative valuation, and ESG risks prior to investment. We diligently monitor investments already in the portfolio.

We are currently one of the few LGPS that manages its fund internally. Directly employing an investment team has provided WYPF with strong investment performance at a low cost while maintaining skilled and well-paid jobs in the region. By managing investments directly, we believe we can implement and control our ESG strategy more effectively than via a third-party provider.



▲ FIGURE 1: THE UN'S SUSTAINABLE DEVELOPMENT GOALS

By investing money directly, the Investment Team has forged strong links directly with the companies in which it invests. The team regularly holds meetings with representatives of investee or potential investee companies at broker conferences or directly.

To further improve our knowledge, we have agreements with several investment banks and brokers who provide detailed research and analysis services, and we subscribe to other data & news services.

PRINCIPLE #4 WYPF recognises its stewardship responsibilities through engagement and voting. By publishing our ESG Principles through our Investment Strategy Statement we aim to highlight to investee companies what we perceive to be best practise. If we believe an investee company has ESG standards that fall materially short of our expectations, we will engage with the company in a professional manner to attempt to understand the basis for these differences. We therefore consider engagement to be a two-way endeavour in that we seek to both inform investee companies of our expectations and understand their thinking on specific topics.

We further recognise that engagement is a process rather than a one-off action and improved behaviours may take months or even years to achieve. We do, however, expect management to embark in dialogue and act in good faith. We set ourselves realistic time frames and short-, medium- and long-term objectives targets for our engagements.

We are keen to avoid “open-ended” engagements, situations where ESG concerns are discussed but not resolved. In 2024 we hired an external consultant, LCP, to assist in developing enhanced engagements with materially important greenhouse gas emitters in the oil sector. This means that absent of tangible progress within two AGM cycles, we may choose to escalate our engagement including the option to divest.

We also believe that engagement is more efficiently and effectively conducted on a collaborative basis with like-minded investors who share similar concerns.

As owners of capital we take our voting responsibilities seriously and exercise them in a way consistent with our publicly disclosed objectives and policy positions.

In line with our commitment to transparency and democratic accountability, we ensure that our voting aligns with our engagement. Should we decide to vote against board proposals will we seek to communicate this information with management prior to the vote. We publish our voting policies on our website. In the twelve months ending March 2025, WYPF voted on 17,517 resolutions at 1,242 separate Annual or Extraordinary general meetings world-wide.

PRINCIPLE #5 Positive Engagement for Change. as owners of companies, we have the power to change company behaviour. While we endeavour to support the managements of companies in which we invest we will not hesitate to engage with investee companies which we believe are falling short of our ESG expectations. We recognise that engagement should be considered a process and is inherently long-term by nature. If we are met with intransigence or unable to secure an improvement in behaviour over a reasonable time frame, we may choose to escalate our activity. As an ultimate step WYPF retains the option to divest from any given investment. In recent years, the fund has been petitioned by several parties in this regard, however we strongly prefer to engage rather than divest believing that our power to influence companies is derived from our economic interest: if we sell our shares we abdicate our responsibility.

Decarbonisation of the portfolio. In March 2021 as part of a commitment made by the Northern LGPS, we pledged to decarbonise the fund by 2050. In attempting to reduce the Carbon Footprint of the fund we will seek to engage with these companies to reduce their carbon emissions, rather than to remove carbon intensive companies from our portfolio; our focus is decarbonisation in the real world.

Boycotts and embargoes. In June 2023, the UK Government introduced The Activity of Public Bodies (Overseas Matters) Bill (“the Bill”) to prevent boycotts or divestments by public bodies, including LGPS, to indicate political or moral disapproval of a foreign state. The Bill did not receive Royal Assent before the

UK Parliament was dissolved in May 2024. Therefore, whilst WYPF could theoretically make investment decisions that contradict UK foreign policy, we would need to consider any relevant guidance and think very carefully about the potential consequences of doing so.

Exclusions. We may choose not to invest in a particular company if we believe management are unwilling to engage in a constructive manner and that the ESG standards are irredeemable. Similarly, we may choose not to invest in an entire sector. For example, we have not held any thermal coal mining stocks for several years believing that the fuel is inconsistent with the transition to a lower carbon economy.

Legal Action. We may have an option to pursue a legal claim against companies that fall short of expectations. We would only choose to do so as a last resort since, because the company is a distinct legal entity to that of the wrong doer, we as shareholders are paying lawyers to effectively sue ourselves. Participating in such schemes can also be time-consuming, result in little payback and encourages poor behaviour. We are particularly doubtful of claims under Sections 90 / 90A of the Financial Services and Markets Act 2000 that enabled shareholders to bring claims against an issuer where they have suffered losses arising out of untrue or misleading statements made by management to the market. Nevertheless, cases brought against managers or companies may on occasions have merit.

Public policy advocacy. We recognise that regulatory intervention is sometimes necessary to address issues such as corporate disclosure requirements and shareholder rights. Where appropriate WYPF will participate in public policy consultations and engagement. This may be through its own action or jointly with Northern LGPS, LAPFF or other collaborative investor initiatives.

PRINCIPLE #6 We recognise the impact our investment decisions have on the real world.

Large pension funds, such as WYPF, not only provide retirees with financial security but are a key engine of economic growth recycling the savings of hundreds of thousands of workers into financial products that fund investments in the real world. In certain instances, we may also seek to stimulate economic activity nationally, locally or within specific sectors.

From a top-down approach our ESG choices are informed by several initiatives including:

- **The UN's Strategic Development Goals (SDG)** <https://sdgs.un.org/goals> The SDG were adopted by all United Nations Member States in 2015 to provide "a shared blueprint for peace and prosperity for people and the planet, now and into the future." The 17 SDG are indicated in Figure 1.
- **Paris Aligned Asset Owners Commitment (PAAO)** www.parisalignedassetowners.org The PAAO is a group of 57 asset owners, with over \$3.3 trillion in assets under management, committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit temperature warming to 1.5°C above pre-industrial levels. PAAO requires signatories to abide a 10-point commitment to achieve net zero and cut real world emissions. Via Northern LGPS, WYPF made a commitment to abide by the PAAO in 2021.
- **UN Principles for Responsible Investment (UN PRI)** www.unpri.org The six Principles for Responsible Investment offer a menu of possible actions for incorporating ESG issues into investment practice. By implementing them, signatories contribute to developing a more sustainable global financial system.

The economic impact that the fund has on the United Kingdom is discussed on page 21 while our investments in climate solutions are discussed on page 23.

ENVIRONMENTAL FACTORS

Climate Change

We believe that climate change is a scientific fact and poses an existential threat to human life. The dangers of climate change have been flagged by central banks, and an increasing amount of regulation is based on the idea that climate risk is financial risk.

In recent years, climate change rather than becoming a unifying global call to action has become increasingly politicised and the current administration in the US has sought to remove many of the policy initiatives implemented under the previous administration. While we view this very much as a missed opportunity, we view the transition as inevitable for three reasons:

- The economics of solar and wind generated electrical power remain compelling leaving renewable energy significantly cheaper than fossil fuels meaning that the clean choice is also the economic one.
- We are approaching a tipping point in technological adoption as the market share for clean tech climbs and new innovations continue to refine current offerings, drive cost reductions and in-fill some unplugged gaps.
- Adoption is increasingly widespread in developing countries including significant carbon emitters including China and India. While clean energy sources have been

deployed rapidly, the additional power produced has been used to meet new energy demand rather than retire existing fossil fuel plants, this is a positive first step.

Nevertheless, we recognise that much work needs to be done in the next quarter century if targets are to be met.

Climate change has the potential to directly impact the value of the fund in two main ways: the physical impact that rising sea levels, the increasing frequency of extreme weather conditions and higher temperatures may have on a company's assets, workforce or markets; secondly, the risk that the transition to a low carbon economy may "strand" certain assets or businesses by making them uneconomic. We believe that carbon intensive companies must swiftly formulate and embrace strategies to cut green-house gas emissions aggressively and realistically.

We are committed to meeting the Paris Agreement Asset Owner pledge to achieve net zero carbon emissions by 2050. The transition to the low carbon economy presents not only risks, but also opportunities for the fund and we actively seek to invest in low carbon and renewable energy technology. More details of the plan, and the progress that we are making is contained in our climate report.

Our approach to environmental factors is informed by the initiatives detailed in Table 1.

Climate Action 100+ (CA 100+)

Is an investor initiative attempting to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. We use CA100+ research and support their engagement efforts.

www.climateaction100.org

Institutional Investors Group on Climate Change (IIGCC)

A body enabling the investment community to drive towards a net zero carbon future. We use the IIGCC's Paris Aligned Asset Owners Framework to implement our Net Zero plan.

www.iigcc.org

Net Zero Engagement initiative (NZEI)

An investor led initiative aimed at helping investors align investment portfolios with net zero pathways using corporate engagement. The NZEI has broadened our engagement coverage of carbon-intensive emitters.

www.iigcc.org/net-zero-engagement-initiative

Transition Pathway Initiative (TPI)

We are using the TPI's assessments of Management and Carbon Performance to gauge the progress made by companies in our Net Zero plan.

www.transitionpathwayinitiative.org

S&P Trucost

We use S&P data to measure the carbon footprint of the fund.

www.marketplace.spglobal.com

Influence Map

An independent think tank that monitors companies' lobbying and policy engagement to assess the alignment of each with their stated climate goals.

<https://influencemap.org>

Carbon Tracker Initiative

Research identifies the highest cost, riskiest investments enabling greater scrutiny by analysts, asset owners, investors, policy makers and financial regulators

<https://carbontracker.org>

The FAIRR Initiative

Is a collaborative investor network that raises awareness of the material risks and opportunities in the global food sector.

www.fairr.org/about

Biodiversity and Nature

In recent years there has been an increasing appreciation of the interlinkages between climate change and broader biodiversity loss and the potential collapse of ecosystems. This understanding is crucial for two reasons:

- Shrinking global biological diversity threatens to undermine both human well-being but also have huge implications for the global economy, business, and finance. The [World Economic Forum](#) has forecast that up to half of global GDP is moderately or highly dependent on nature.
- There are numerous positive feedback loops whereby a deterioration in climate change can exacerbate the crisis facing biodiversity in a self-reinforcing cycle. For example, deforestation (a significant driver of biodiversity loss) contributes to

greenhouse gas emissions that contributes to climate change then accelerates species extinction, which further weakens ecosystems' ability to regulate climate.

The Circular Economy

Recognising the dangers of resource depletion in a finite world, advocates of the circular economy focus on the design of products and services that: promote sustainable consumption, protects natural resources by minimising waste & pollution and promotes reusability / repairability / recyclability. By adopting such approaches economic activity can become more sustainable.



SOCIAL FACTORS

We believe that companies need to understand a broad array of stakeholder interests and strike an appropriate balance between their competing needs.

Such factors are usually company specific, although some are common across sectors (e.g. the potential for child labour abuse in garment supply chains.) UK companies are required to report on their Section 172 duties, explaining how directors promote the success of the company for the benefit of all stakeholders, not solely the narrow commercial interests of its shareholders. Factors can include:

- **Diversity, Equity & Inclusion (DEI) initiatives** have become a political hot-topic prompting several high-profile companies to drop such commitments. As a Fund we are keen for such policies, that promote fairness, inclusivity, and transparency in hiring and pay, to remain given both the benefits derived from a diverse workforce and a work environment which fosters a meritocratic culture in which employees feel valued and respected.
- **Workers' Rights.** This includes a diverse range of factors, but key is the relationship companies have with their workers who should be treated with dignity and respect recognising that they are core to an enterprise's long-term success. Factors include:
 - Despite widespread legal protection the right to participate in collective bargaining or to unionise has been challenged by well-known companies (e.g. Starbucks & Amazon.)
 - The rise of the "gig economy" emphasising flexibility has placed a significant burden on workers who lack employment security relied upon by previous generations.
 - Workers in the broader supply chain may suffer from more serious erosion of their human rights with the risk of child labour, human trafficking, or modern slavery.
- **A just transition.** While the decarbonisation of the global economy will necessitate momentous change, we must ensure communities and workers are not permanently disadvantaged by the shift.
- **Cyber / AI / Personal Data.** There is growing public awareness that the cost of nominally free online content is the harvesting and selling of users' personal data. The collection, use and control of customer data by social media companies needs to be closely scrutinized. The rapid adoption of AI will have significant impact on a variety of occupations and its unchecked growth may produce unintended negative economic and societal consequences.
- **Tax rates, transparency & fairness.** Globalized trade has presented corporates with significant flexibility in where corporate profits and thus taxation is recognised. The emergence of low corporate taxation regimes has deprived other nations of revenue to the detriment of their fiscal accounts. We are keen for companies to pay their "fair share" and see the development of frameworks such as the UN convention on international tax cooperation (UNFCITC <https://financing.desa.un.org/unfcitc>).
- **Conflict-Affected and High-Risk Areas (CAHRAs)** are identified by the presence of armed conflict, widespread violence, including that generated by criminal networks, or other risks of serious and widespread harm to people. Companies operating in such areas may be exposed to legal, financial, and reputational risks.

The 30% Club https://30percentclub.org/	Is a shareholder initiative aimed at promoting broader representative of women and minorities in board and executive positions.
ShareAction https://shareaction.org/	Is an NGO working to mobilise global investors to use their influence to drive up labour standards, tackle climate change, protect the natural world, and improve people's health. ShareAction has led several shareholder campaigns which we have supported including European banks' financing of fossil fuels and their Good Work Coalition focussed on companies Ethnicity Pay Gap / Living wages
Local Authority Pension Fund Forum (LAPFF) https://lapffforum.org/	An association of LGPS funds and pools to engage with companies on a broad range of ESG topics. LAPFF also monitors how effective their engagement has been and reports this to members on a quarterly basis. In the year to March '25 WYPF engaged via LAPFF with 151 companies on 175 individual engagements

▲ TABLE 2: RESOURCES USED TO INFORM OUR SOCIAL POLICIES

GOVERNANCE FACTORS

We believe that companies must commit to organise themselves in line with corporate governance best practise. Such an approach should provide effective oversight without compromising the enterprising spirit of management to ensure the future success of a company. While we recognise a variety of approaches globally, we maintain the belief that the UK Corporate Governance Code ('the Code') strikes the correct balance by encouraging companies to develop cultures and processes that ensure the interests of shareholders are aligned to those of the management and that managers are accountable to the board. Some aspects of governance that most often generate controversy are contained in Table 3, while the resources we rely upon are contained within Table 4.

Board Leadership and Company Purpose

An effective board will manage the potential conflicting interests of managements and shareholders. Directors must act in a manner consistent with their statutory duties, and to uphold the highest standards of integrity.

Diversity of skills, background and personal strengths is an important driver of a board's effectiveness, creating different perspectives among directors, and mitigating the risk of 'group think.'

Division of Responsibilities

We believe that company interests are best served by splitting senior positions which are distinct in nature: the CEO leads the management team in running the company, the chair provides oversight and scrutiny of management while the Senior Independent Director support the chair and is responsible for the chair's evaluation.

Composition, Succession and Evaluation

Board committees have clear oversight and that they can work both independently of the board and when necessary, share relevant information.

In considering the composition of the board committees, the board should have regard to ensuring a range of skills, experience, knowledge, and professional qualifications to meet the requirements of the Code.

Audit, Risk and Internal Control

The audit committee has a particular role, acting independently from the executive, to ensure that the interests of shareholders are properly protected in relation to financial reporting and internal control.

External Auditors must be able to independently, fairly, and impartially review and report on financial statements.

Providing non-audit services to the same company may present a potentially unmanageable conflict of interest.

The regular rotation of auditors is encouraged.

Remuneration

Executives should be rewarded appropriately for their contribution to the long-term success of the company.

Remuneration committees are encouraged to be innovative and to collaborate with shareholders to simplify the remuneration policy

Compensation should reflect progress toward disclosed and demanding targets

Compensation should consider that of other employees.

Managers should be incentivised fairly using metrics under their control.

Long- and short-term incentive payments are subject to Malus and Clawback provisions.

▲ TABLE 3: GOVERNANCE STANDARDS FACING MOST CONTROVERSIES

In recent years various market participants have called for a dilution to the Code claiming its rigour is an impediment to “market efficiency” and have advocated for schemes including split share classes and combined CEO / Chair roles. We disagree with such suggestions, believing UK governance arrangements to be global exemplars, and that relative market under-performance reflects wider economic malaise.

UK Stewardship Code

<https://www.frc.org.uk/investors/uk-stewardship-code>

The Code established by the Financial Reporting Council sets out twelve principles as a framework of good stewardship practice. As a signatory, we are obliged to make an annual submission explaining how we are implementing and complying with the code

Pensions Investment Research Company (PIRC)

<https://www.pirc.co.uk/>

Is our proxy advisor assisting us to formulate and implement our voting policy.

PIRC provides us with a quarterly report on votes cast on behalf of WYPF, which is published on our website.

UN Development Program

<https://www.undp.org/>

The UNDP has published a guide for corporates operating in Conflict-Affected contexts

▲ TABLE 4: RESOURCES USED TO INFORM OUR ESG GOVERNANCE POLICIES

INVESTING IN THE UNITED KINGDOM

Recent discussions of potential pension fund reform have focused on the positive impact schemes can make to the UK economy.

WYPF has significant investments in the UK in the form of listed equities, government & company bonds, private equity stakes in companies and infrastructure, and property, either directly owned or via a fund (Figure 2).

- As at July 2025, 23% of the Portfolio is invested in stocks listed on the London Stock Exchange, significantly ahead of the UK's 3.4% weight in the FTSE All World Index. On a pro-rata basis, using our percentage of ownership of each of the 246 companies held in our £4.8bn listed UK equity portfolio, the fund paid £102mn of income tax and employed 8,466.
- 9% of the fund is invested in UK Sovereign bonds that are issued by the government to finance expenditure on public services.
- 4% is invested in Private Equity Infrastructure. This includes our single largest investment of £640mn in GLIL Infrastructure a fund managed collaboratively between Northern LGPS and another pool. GLIL was formed as a platform for LGPS funds to access infrastructure investments for the long-term at a reasonable cost. GLIL currently which invests in UK infrastructure including renewable energy, railway rolling stock, the M6 toll road, water infrastructure, mobile phone towers, ports, and commercial properties under PPP / PFI schemes.
- We have a further 3% of our Private Equity & Debt and Alternatives portfolios invested in UK assets.

Impact investing

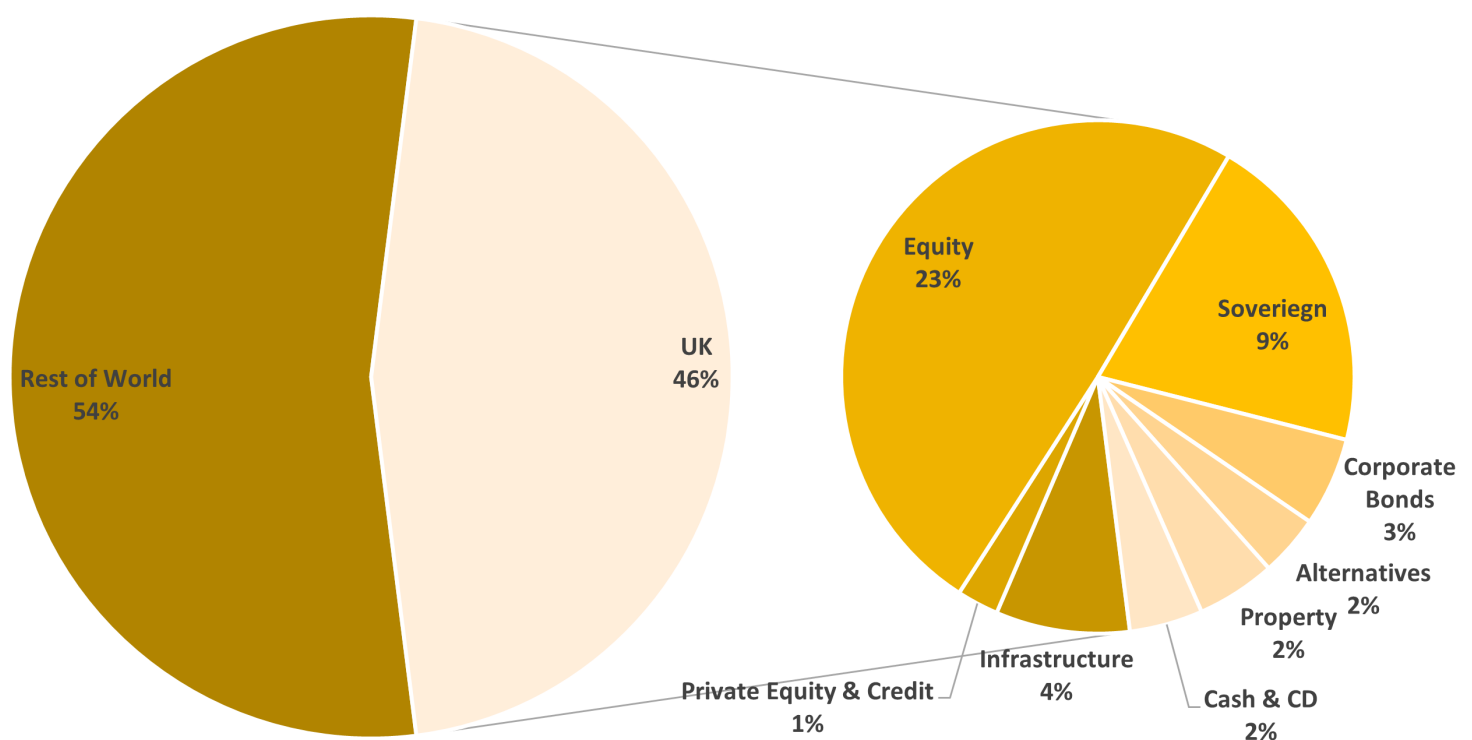
The primary goal of any investment WYPF makes is to generate an adequate risk-adjusted return for our members. There are however opportunities where the fund can generate a return on our investment and create positive impact whether social, place-based, or environmental. Examples of this work include:

- **Northern Gritstone** www.northern-gritstone.com/about is a venture capital fund supporting investment in leading edge technology, entrepreneurs and academics coming out of four northern universities. Its mandate is to invest in science and technology-based companies that can generate a positive economic impact in the north of England.
- **Rebalance Earth** www.rebalance.earth is a specialist investment manager focussed on providing for ecosystem services. Working to revive key ecosystems the fund aims to restore the environment's ability to regulate water flow to reduce flooding risks. WYPF has invested both with the corporate entity as well as seeding its first fundraising.
- **St Bride's White Rose Partnership** www.stbridesmanagers.com/about. Alongside the South Yorkshire LGPS we invested in this local real estate fund that was launched in October 2012 to invest in all types of real estate opportunities in Yorkshire and the Humber with the principal aims of providing a solid return, whilst contributing to the region's economy.

- Within our Alternatives portfolio, WYPF is making a drive to invest locally. We have worked with the West Yorkshire Combined Authority, a collaboration of the county's five metropolitan districts to invest in property locally aiming to drive inclusive

and sustainable economic growth across the region. For example, WYPF has recently invested £31mn through debt and equity into two projects that will deliver 993 homes in Leeds City Centre by 2027.

▼ FIGURE 2: PORTFOLIO EXPOSURE TO UK ASSETS – TOTAL PORTFOLIO SIZE £21.3BN AS OF JULY 2025



CLIMATE SOLUTIONS

As part of our 2050 Net Zero commitment WYPF adopted the Net Zero Investment Framework (NZIF) a fundamental element of which is a commitment to increase investments in “climate solutions” that will facilitate real world decarbonisation. These investments will enable other companies to cut emissions and include an array of operators of renewable energy generation, transmission, energy storage as well as associated equipment manufacturers. WYPF made a pledge to increase its investment in climate solutions to 5% by 2030 & 7.5% by 2040 and 10% by 2050. As of March 2024, 2.9% of the WYPF was invested in climate solutions. We invest in climate solutions in three ways:

- Direct exposure to renewable energy companies through our Private Equity or Infrastructure funds. For example, in July 2022, GLIL Infrastructure acquired a stake in Hornsea 1, at the time the world’s largest operational offshore wind farm with 1.2 GW of capacity.
- Investment in listed alternatives focused on the energy transition. For example, our UK fund owns shares of clean energy equipment technology companies (such as ITM Power, Invinity Energy systems and Ceres Power), renewable power producers (SSE and Good Energy) and electricity transmission (National Grid.)
- In our alternatives portfolio we invest into listed & unlisted renewable energy assets primarily through investment trusts. For example, we have investments in Greencoat UK wind, SDCL Energy Efficiency and The Renewables Infrastructure Fund.



