

London Borough of Lewisham Pension Fund – Responsible Investment Beliefs Statement

Introduction

This paper is addressed to the Pensions Investment Committee (“PIC”; “the Committee”) of the London Borough of Lewisham Pension Fund (“Lewisham”; “the Fund”). The purpose of the note is to provide the Committee with an amended Responsible Investment Beliefs statement, following a comprehensive survey sent to all Fund members in December 2025. This paper is for discussion, feedback, and subsequent ratification.

It should not be used for any other purpose, and it should not be released to any third party except as required by law or without our prior written consent, in which case it should be released in its entirety. We cannot be held liable for any loss incurred by a third party relying on this report without such permission.

Background

The Committee have been building their responsible investment knowledge and activities over recent years, receiving training on various key topics. In 2023, the Committee set a number of Responsible Investment Beliefs by which the Committee assess the activities of Fund’s investment managers.

In late 2024, the Committee, further refined their Responsible Investment Beliefs, in line with discussions concerning the Fund’s exposures to:

- 1) The arms trade
- 2) Any company associated with or whose activities facilitate human rights abuse.
- 3) Any companies who operate within an area considered occupied territory under international law.

The Beliefs are now being further refined to take into account the views expressed by members via the survey conducted in December 2025. These amendments are being discussed at a workshop on 2nd February 2026. The Committee will be asked to view the amendments and agree whether to adopt these as its new set of Beliefs.

Next steps

The **PIC is asked to review the draft Responsible Investment Beliefs** and confirm whether this draft can be considered final or provide feedback on any required amendments.

Following approval, the PIC may wish to publish this on their website as standalone document.

Ross MacLeod, Senior Investment consultant

February 2026

For and on behalf of Hymans Robertson LLP

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Alongside the objectives set out in the Fund's Investment Strategy Statement, the Pension Investment Committee believe that:

1. The Fund and its members recognise the primacy of fiduciary duty but believes that it can still exercise this while investing responsibly and securing the required investment returns to ensure the financial sustainability of the Fund.
2. Responsible Investment issues (including Environmental, Social and Governance factors, and particularly climate risk) can have a material impact on the long-term performance of the Fund's investments and the Fund's reputation. Members expect the Committee to consider a wide range of ESG factors in its decision-making processes.
3. Both members and the Fund believe Climate change and the expected transition to a low carbon economy is an area of significant financial risk and opportunity to the Fund, and therefore the Fund will seek to proactively manage risks and pursue long-term investment opportunities arising from this.
4. The Fund and its members consider that the sustainability of investment returns over the long-term, even beyond the expected investment horizon of the Fund, is important.
5. The Fund's investment manager, which from 1st April 2026 will be its Pool (the London Collective Investment Vehicle ("LCIV")), which will oversee all the Fund's assets, including legacy funds) should demonstrate its commitment to responsible investment by being signatories to the Principles for Responsible Investment and UK Stewardship Code.
6. The LCIV is a key component of the Fund successfully delivering on its RI objectives and any climate-related targets set. Members expect the Fund to actively engage with, and monitor, LCIV and expects it to provide leadership in helping Funds address the potential risks associated with ESG, and particularly climate change.
7. The Fund and its members expect LCIV to exercise robust stewardship of its assets, ensuring underlying legacy managers continue to deliver consistent votes (except for in limited exceptional circumstances) on common company resolutions.
8. The Fund recognises its responsibility to proactively monitor LCIV's integration of ESG analysis, and voting and engagement activities regularly, and hold it accountable for its decisions.
9. The Fund recognises LCIV is the primary mechanism through which to implement policy on ESG matters. They should embed ESG and RI considerations throughout their processes, be responsible for engaging with investee companies and issuers on ESG factors and take responsibility for voting (where relevant), disclosing to the Fund on all such activities.
10. Responsible ownership of companies benefits long-term asset owners. Companies that manage their business responsibly are expected to outperform companies that do not, over the longer term.
11. The Fund should be aware of, and monitor, financially and non-financially material ESG-related risks, and issues (including voting and engagement activity) through its investment manager and will consider regular reporting (annual) on these areas.
12. The Fund and its members believe divestment on ESG grounds can be a mechanism for managing ESG risks and should be considered if engagement with individual companies proves unsuccessful or is unlikely to have impact. The Fund will consider mandate constraints where possible and wider practicalities prior to any divestment taking place.

13. Appropriate disclosure of the Fund's responsible investment activities is a priority for the Fund to ensure accountability, and the Fund may also seek to collaborate with other institutional investors on RI issues to deliver greater impact than it could achieve individually.
14. The Fund and its members believe that it is necessary and desirable to set a net-zero investment emissions target. It will prioritise this activity to ensure a credible plan for the delivery of an agreed net zero objective is constructed.
15. The Fund and its members expect LCIV to screen, monitor and where appropriate, exclude exposure to specific issues including controversial weapons, human rights abuses and any company with significant operations within an area considered occupied territory under international law. The Fund has responsibility for selecting investments that actively reduce or mitigate social risks and expects LCIV to be aware of how these issues could arise across supply chains.
16. The Fund and its members expect LCIV to screen and monitor companies with significant revenue from tobacco, pornography and gambling. Investments in these areas could contribute to negative social effects that can present financial risks, and therefore, we expect LCIV to report on and justify such holdings, alongside their engagement efforts on social risks.
17. The views of the Fund's members is important, and the Fund commits to periodically testing these through member surveys. The Fund's approach to responsible investment will take into account member views, while continuing to invest in a prudent manner to achieve its investment objectives.