February 2026

City of London Corporation Pension Fund
Responsible Investment Policy

The City of London Corporation Pension Fund is committed to being a long-term steward of the assets in which it invests, and this includes the consideration of material Environmental, Social and Governance (ESG) risks. The Pension Fund expects this approach to protect and enhance the value of assets over the long-term.

1. Introduction

The City of London Corporation Pension Fund (the Pension Fund) is part of the Local Government Pension Scheme (LGPS), administered locally by 86 local pension funds in England and Wales. The LGPS has six “pools”, which intend to offer lower investment costs through economies of scale, whilst also enabling effective engagement through larger investment values and collaboration opportunities. The Pension Fund is part of the London CIV asset pool which manages the pension assets of 32 LGPS Funds within London.

The Pension Fund is overseen by the Pensions Committee, which consists of Members who are elected local government representatives.

The Pension Fund recognises its fiduciary duty to manage ESG risks that may be financially material, providing protection to the value of assets on behalf of our beneficiaries. This policy sets out the Pension Fund’s approach to Responsible Investment (RI) and details the actions that the Pension Fund expects the LCIV to take to protect the Pension Fund’s assets from material ESG risks.

From 1 April 2026, the Pension Fund is required to delegate the implementation of its Investment Strategy to the London CIV and therefore will not be selecting or managing its own Investment Managers. The Pension Fund maintains the responsibility for its own RI Policy and will work with the London CIV to reflect the policy in its investments.

2. The City Corporation Pension Fund Responsible Investment Beliefs

The foundation of the Pension Fund’s approach is its **RI Beliefs**, which are set out below:

- The Pension Fund is a long-term investor and seeks to deliver secure, **long-term sustainable returns** for its beneficiaries. The incorporation of ESG risks is likely to create and protect long-term investment value.
- The identification and management of ESG risks that may be financially material is **consistent with our fiduciary duty**.
- The Pension Fund seeks to monitor **ESG issues, including climate-related financial risk,** through regular engagement with the London CIV who will engage with underlying investment managers.
- The Pension Fund recognises that taking a **collaborative approach** with other investors through pooling assets in the London CIV can help to achieve wider and more effective outcomes

- It is important that the Pension Fund be **transparent and accountable** to its scheme members and stakeholders with respect to its RI activities.

3. Implementation

The Pension Fund seeks to **integrate RI across the investment decision-making process,** adopting a flexible approach to managing the investment strategy ensuring it is robust from a risk and return perspective.

In setting its Investment Strategy, the Pension Fund will take advice from the London CIV. The Pension Fund expects **the London CIV to consider proactively and integrate ESG issues, including climate-related financial risk,** when providing investment advice.

The Pension Fund achieves the integration of RI across its investments through:

3.1 Stewardship

As part of Pension Fund's commitment to engagement over divestment, there is a strong focus on material ESG risks and consistent engagement with underlying Investment Managers through the London CIV.

The London CIV and their appointed stewardship provider carries out engagement and voting on behalf of the Pension Fund. Officers ensure the London CIV understands the Pension Fund's stewardship priorities through participation in the London CIV Sustainability Working Group (SWG) and through bilateral dialogue with London CIV.

3.2 Climate Risk Management

The City Corporation across all its Financial Investments, including the Pension Fund currently has a net-zero target of 2040 across Scope 1 and 2 emissions. The net-zero target of 2040 is in line with that of the London CIV.

The Pension Fund's, progress to Net-Zero is illustrated on the publicly available Climate Action Performance Dashboard which tracks 70 net-zero and climate resilience performance indicators across all the Climate Action Strategy programmes, of which 5 are in relation to Financial Investments.

3.3 Reporting and Transparency

The Pension Fund recognises that transparency and disclosure is an important aspect of being a responsible investor. The Pension Fund expects the London CIV to report on engagement progress and success on climate related financial risk. As part of the commitment to net-zero by 2040, the City Corporation, including the Pension Fund, voluntarily reports in line with the Taskforce on Climate-Related Financial Disclosures (TCFD) recommendations every two years.

The London CIV and underlying investment managers, are expected to have Net-Zero targets in place, to report in line with the TCFD recommendations, to be signatories to the PRI, and to demonstrate commitment to any disclosure requirements within the jurisdictions in which they are regulated.

The LCIV provide quarterly updates, detailing key emissions metrics, ESG activity, and voting activity, providing the opportunity to communicate specific concerns directly with their ESG Team.

3.4 Investment Restrictions

The Pension Fund prioritises engagement over divestment, and believes that, as an asset owner and long-term investor, it is well placed to effectively drive positive change within the space of ESG, encouraging real change over divestment through the London CIV.

For this reason, there are no ESG investment exclusions/ restrictions. However, this does not prevent the Pension Fund from having investments in funds which have exclusions/ restrictions in place.

3.5 Collaboration

The Pension Fund recognises that collaboration with other investors is a powerful tool to influence the behaviour of companies, policy makers and other industry stakeholders. It seeks to work with and support the initiatives of other bodies with similar goals.

The Pension Fund is an active member of the Local Authority Pension Fund Forum (LAPFF) and Pensions UK. As a partner fund of the London CIV, the Pension Fund collaborates with them to influence responsible investments and is actively participating in the London CIV's Sustainability Working Group.

4. Our Commitment

The Pension Fund acknowledges that the approach to RI will need to continually evolve, both due to the changing landscape with respect to pooling and responsible investment as well as broader industry developments. The Pension Fund are committed to making ongoing improvements to this approach and the processes that underpin the delivery of this policy to ensure it remains relevant.

5. Contact Details

For further information about this policy, please contact:
pensionsinvestments@cityoflondon.gov.uk

Glossary

ESG - Environmental, social and corporate governance issues

RI - Responsible Investment – This refers to the incorporation of environmental, social and corporate governance considerations into investment processes, as these are absent in much traditional financial analysis. RI was very focused on company level analysis, but climate change and sustainability challenges increasingly require a more strategic, forward looking, portfolio view. There are 4 levers that an investor can use in its responsible investment approach: integration, stewardship, thematic investment and exclusions.

PRI - Principles for Responsible Investment – The PRI was formed by the UK in 2006 and has two main goals; to understand the investment implications of environmental, social and corporate governance (ESG) issues; and to support signatories in integrating these issues into investment and ownership decisions. The PRI believes that an economically efficient, sustainable global financial system is a necessity for long-term value creation. The PRI will work to achieve this sustainable global financial system by: encouraging adoption of the Principles, collaborating on their implementation, fostering good governance, integrity and accountability and addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.

Stewardship and Active Ownership – The principle that shareholders should not be passive in their role as providers of capital and should take an active approach to using the voting rights attached to their shares and engaging with the companies they invest in (where appropriate) to encourage best practice and maximise shareholder value. For pooled fund clients, good stewardship and active ownership can be demonstrated through the review and ongoing monitoring of the pooled investment managers’ activities in the areas of voting and engagement and the managers demonstrating the potential value of their actions.