

Pensions Committee



Monday, 5 July 2021 at 6.30 p.m.

Committee Room One - Town Hall Mulberry Place

Agenda

Chair: Cllr Kyrsten Perry

Members

Vice-Chair:

Councillor Rachel Blake, Councillor Kevin Brady, Councillor Mufeedah Bustin, Councillor Ayas Miah, Councillor David Edgar and Councillor Andrew Wood

Co-optees:

Kehinde Akintunde (GMB Union Representative)

Substitutes:

Councillor Shad Chowdhury, Councillor Gabriela Salva Macallan, Councillor Puru Miah and Councillor Peter Golds

[The quorum for the Pensions Committee is 3 Members]

Further Information

Reports for consideration, meeting contact details, public participation and more information is available on the following pages.



Public Information

Viewing or Participating in Committee Meetings

The meeting will be broadcast live on the Council's website. A link to the website is detailed below. The press and public are encouraged to watch this meeting on-line. Please note: Whilst the meeting is open to the public, the public seating in the meeting room for observers will be extremely limited due to the Covid19 pandemic restrictions. You must contact the Democratic Services Officer to reserve a place, this will be allocated on a first come first served basis. No one will be admitted unless they have registered in advance.

Meeting Webcast

The meeting is being webcast for viewing through the Council's webcast system.

<http://towerhamlets.public-i.tv/core/portal/home>

Contact for further enquiries:

Farhana Zia, Senior Committee Services Officer,
1st Floor, Town Hall, Mulberry Place, 5 Clove Crescent, E14 2BG
Tel: 020 7364 0842
E-mail: farhana.zia@towerhamlets.gov.uk
Web:<http://www.towerhamlets.gov.uk/committee>

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Pensions Committee

Monday, 5 July 2021

6.30 p.m.

**PAGE
NUMBER(S)**

APOLOGIES FOR ABSENCE

1. DECLARATIONS OF INTERESTS

5 - 6

Members are reminded to consider the categories of interest, identified in the Code of Conduct for Members to determine: whether they have an interest in any agenda item and any action they should take. For further details, see the attached note from the Monitoring Officer.

Members are also reminded to declare the nature of the interest at the earliest opportunity and the agenda item it relates to. Please note that ultimately it is the Members' responsibility to identify any interests and also update their register of interest form as required by the Code.

If in doubt as to the nature of an interest, you are advised to seek advice prior the meeting by contacting the Monitoring Officer or Democratic Services.

2. APPOINTMENT OF VICE-CHAIR

**3. PENSIONS COMMITTEE TERMS OF REFERENCE,
MEMBERSHIP, QUORUM AND DATES OF MEETINGS 2021-
22**

7 - 18

**4. UNRESTRICTED MINUTES OF THE PREVIOUS
MEETING(S)**

19 - 26

To confirm as a correct record the unrestricted minutes of the meeting of the Committee held on 25th March 2021.

5. PETITIONS

To receive any petitions relating to matters for which the Committee is responsible.

6.	SUBMISSIONS / REFERRALS FROM PENSION BOARD	27 - 28
7.	REPORTS FOR CONSIDERATION	
7 .1	AVC Provider Update	29 - 34
7 .2	ESG, Voting and Engagement Quarterly Update - March 21	35 - 198
7 .3	Pensions Administration and LGPS Update	199 - 206
7 .4	Training	207 - 212
7 .5	Revised Responsible Investment Policy	213 - 220
7 .6	Quarterly Performance	221 - 298
7 .7	Pensions Committee Draft Work Plan 2021/22	299 - 304
8.	TRAINING EVENTS	
9.	ANY OTHER BUSINESS CONSIDERED TO BE URGENT	

10. EXCLUSION OF PRESS AND PUBLIC

In view of the contents of the remaining items on the agenda the Committee is recommended to adopt the following motion:

“That, under the provisions of Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government Act, 1972.”

EXEMPT SECTION (Pink Papers)

The exempt committee papers in the agenda will contain information, which is commercially, legally or personally sensitive and should not be divulged to third parties. If you do not wish to retain these papers after the meeting, please post them to the Democratic Service Office, 1st Floor, Mulberry Place London E14 3BG or hold onto the papers until such time you can return to the Town Hall and dispose of the papers in the confidential bins.

10 .1	London Collective Investment Multi Asset Credit Fund Review	305 - 336
10 .2	Recap of strategic asset allocation training	
10 .3	RESTRICTED MINUTES OF PREVIOUS MEETING	337 - 350

Next Meeting of the Committee:

Thursday, 23 September 2021 at 6.30 p.m. to be held in the Committee Room One - Town Hall Mulberry Place

Agenda Item 1

DECLARATIONS OF INTERESTS AT MEETINGS– NOTE FROM THE MONITORING OFFICER

This note is for guidance only. For further details please consult the Code of Conduct for Members at Part C, Section 31 of the Council's Constitution

(i) Disclosable Pecuniary Interests (DPI)

You have a DPI in any item of business on the agenda where it relates to the categories listed in **Appendix A** to this guidance. Please note that a DPI includes: (i) Your own relevant interests; (ii) Those of your spouse or civil partner; (iii) A person with whom the Member is living as husband/wife/civil partners. Other individuals, e.g. Children, siblings and flatmates do not need to be considered. Failure to disclose or register a DPI (within 28 days) is a criminal offence.

Members with a DPI, (unless granted a dispensation) must not seek to improperly influence the decision, must declare the nature of the interest and leave the meeting room (including the public gallery) during the consideration and decision on the item – unless exercising their right to address the Committee.

DPI Dispensations and Sensitive Interests. In certain circumstances, Members may make a request to the Monitoring Officer for a dispensation or for an interest to be treated as sensitive.

(ii) Non - DPI Interests that the Council has decided should be registered – (Non - DPIs)

You will have 'Non DPI Interest' in any item on the agenda, where it relates to (i) the offer of gifts or hospitality, (with an estimated value of at least £25) (ii) Council Appointments or nominations to bodies (iii) Membership of any body exercising a function of a public nature, a charitable purpose or aimed at influencing public opinion.

Members must declare the nature of the interest, but may stay in the meeting room and participate in the consideration of the matter and vote on it **unless:**

- A reasonable person would think that your interest is so significant that it would be likely to impair your judgement of the public interest. **If so, you must withdraw and take no part in the consideration or discussion of the matter.**

(iii) Declarations of Interests not included in the Register of Members' Interest.

Occasions may arise where a matter under consideration would, or would be likely to, **affect the wellbeing of you, your family, or close associate(s) more than it would anyone else living in the local area** but which is not required to be included in the Register of Members' Interests. In such matters, Members must consider the information set out in paragraph (ii) above regarding Non DPI - interests and apply the test, set out in this paragraph.

Guidance on Predetermination and Bias

Member's attention is drawn to the guidance on predetermination and bias, particularly the need to consider the merits of the case with an open mind, as set out in the Planning and Licensing Codes of Conduct, (Part C, Section 34 and 35 of the Constitution). For further advice on the possibility of bias or predetermination, you are advised to seek advice prior to the meeting.

Section 106 of the Local Government Finance Act, 1992 - Declarations which restrict Members in Council Tax arrears, for at least a two months from voting

In such circumstances the member may not vote on any reports and motions with respect to the matter.

Further Advice contact: Janet Fasan, Director of Legal and Monitoring Officer, Tel: 0207 364 4800.

APPENDIX A: Definition of a Disclosable Pecuniary Interest

(Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, Reg 2 and Schedule)

Subject	Prescribed description
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by the Member in carrying out duties as a member, or towards the election expenses of the Member. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to the Member's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

<p>Non-Executive Report of the:</p> <p>Pensions Committee</p> <p>Monday, 5th July 2021</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Janet Fasan, Director of Legal and Interim Monitoring Officer</p>	<p>Classification: Open (Unrestricted)</p>
<p>Pensions Committee Terms of Reference, Membership, Quorum and Dates of Meetings 2021-22</p>	

Originating Officer(s)	Farhana Zia
Wards affected	All Wards

Executive Summary

This report sets out the Terms of Reference, Membership, Quorum and Dates of meetings of the Pensions Committee for the Municipal Year of 2021/22 for the information of members of the Pensions Committee.

Recommendations:

The Pensions Committee is recommended to:

1. Note its Terms of Reference, Quorum, Membership and Dates of future meetings as set out in Appendices 1, 2 and 3 to this report.
2. Determine the preferred time at which the scheduled meetings will start

1. REASONS FOR THE DECISIONS

- 1.1 The report is brought annually to assist new and returning Members by informing them of the framework of the Committee set out in the Council's Constitution.

2. ALTERNATIVE OPTIONS

- 2.1 The report asks Members solely to confirm its constitutional arrangements and therefore they are not required to consider any alternative options.

3. DETAILS OF THE REPORT

- 3.1 Each year, following the establishment of the Committee at the Council's Annual Meeting, it is customary that the newly established Committee considers its procedural arrangements.

Pension Committee Arrangements

- 3.2 At the Annual General Meeting of the full Council held on 19th May 2021, the Authority approved proportionality, establishment of the Committees and Panels of the Council and appointment of Members thereto. The membership of Pensions Committee for the municipal year 2021/22 was among the committees' memberships approved and these details are set out at Appendix 2 to the report.
- 3.3 Having been established by Council, it is customary that the committee (at its first meeting of the municipal year) note its terms of reference, and quorum. These are set out in Appendix 1 to the report.
- 3.4 The Committee's meetings for the remainder of the year, as agreed at the same meeting of the Council, are also provided at Appendix 3.
- 3.5 Meetings are scheduled to take place at 6:30 p.m. except where the meeting falls within the month of Ramadan where they will aim to take place at 5:30 p.m. The Committee may wish to discuss an appropriate start time that suits its Members at the first meeting of the Committee.
- 3.6 It may be necessary to convene additional meetings of the Committee should urgent business arise. Officers will consult with the Chair and Members as appropriate.

4. EQUALITIES IMPLICATIONS

- 4.1 When drawing up the schedule of dates, consideration was given to avoiding school holiday dates and known dates of religious holidays and other important dates where at all possible.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,

- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

5.2 Not applicable to this report.

6. **COMMENTS OF THE CHIEF FINANCE OFFICER**

This report recommends that the Pensions Committee note its Terms of Reference, Quorum, Membership and Dates of future meetings as set out in Appendices 1 – 3. There are no direct financial implications arising from this report.

7. **COMMENTS OF LEGAL SERVICES**

7.1 The terms of reference, membership and quorum are consistent with the legal framework and Part A, Section 10 of the Council's Constitution and have been adopted by Council in accordance with Part A, Section 7(a).

Linked Reports, Appendices and Background Documents

Linked Report

- NONE
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Appendices

- Appendix 1 – Pensions Committee Terms of Reference
- Appendix 2 – Membership
- Appendix 3 – Scheduled meetings for the Municipal Year

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- NONE

Officer contact details for documents:

N/A

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Pensions Committee

<p>Summary Description To consider pension matters and meet the obligations and the duties of the Council under the Superannuation Act 1972 and the various statutory requirements in respect of investment matters.</p>	
<p>Membership 7 Councillors, 1 representative of the Admitted Bodies and 1 Trade Union representative. The Admitted Body and Trade Union representatives will be non-voting members of the Committee.</p> <p>Declaration of Interests: Members of the Pensions Committee including co-opted members, are required to declare any interests that they have in relation to the Pension Fund or items on the agenda at the commencement of the meeting</p>	
<p>Functions</p>	<p>Delegation of Functions</p>
<ol style="list-style-type: none"> 1. To act as Trustees of the Council’s Pension Fund, consider pension matters and meet the obligations and the duties of the Council under the Superannuation Act 1972, the Public Service Pensions Act 2013, and the various pensions’ legislation. 2. To make arrangements for the appointment of and to appoint suitably qualified pension fund administrators, actuaries, advisers, investment managers and global custodians and periodically to review those arrangements. 3. To formulate and publish an Investment Strategy Statement. 4. To set the overall strategic objectives for the Pension Fund, having taken appropriate expert advice, and to develop a medium-term plan to deliver the objectives. 5. To determine the strategic asset allocation policy, the mandates to be given to the investment managers and the performance measures to be set for them. 6. To make arrangements for the triennial actuarial valuation, to monitor liabilities and to undertake 	<p>None</p>

<p>any asset/liability and other relevant studies as required.</p> <ol style="list-style-type: none"> 7. To monitor the performance and effectiveness of the investment managers and their compliance with the Investment Strategy Statement. 8. To set an annual budget for the operation of the Pension Fund and to monitor income and expenditure against budget. 9. To receive and approve an Annual Report and accounts on the activities of the Fund prior to publication. 10. To make arrangements to keep members of the Pension Fund informed of performance and developments relating to the Pension Fund on an annual basis. 11. To keep the terms of reference under review. 12. To determine all matters relating to admission body issues. 13. To review the Pension Fund's policy and strategy documents on a regular basis and review performance against the Fund's objectives within the business plan including stakeholder communications. 14. To maintain an overview of pensions training for Members. 15. To ensure compliance with the LGPS Regulations, Codes of Practice or guidance issued by the Pensions Regulator and the National Scheme advisory Board as they apply to pension benefits and the payment of pensions and their day to day administration and to be responsible for any policy decisions relating to the administration of the scheme. 16. Selection, appointment and termination of external Additional Voluntary Contribution (AVC) providers and reviewing performance. 17. Approve policy on environmental, social and governance considerations, responsible 	
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<p>investment and on the exercise of share voting rights.</p> <p>18. To review the risks inherent in the management of the Pension Fund.</p> <p>19. To consider any recommendations made or views expressed by the London Borough of Tower Hamlets Pensions Board.</p> <p>20. In relation to pooled asset arrangements under the London Collective Investment Vehicle (LCIV) Shareholder Committee:</p> <ul style="list-style-type: none"> • Undertaking the role of Shareholder in relation to the Shareholder agreement relating to LCIV • Functions relating to the LCIV including receiving and considering reports and recommendations from the London CIV Share holder Committee. • Ensuring that appropriate measures are in place to monitor and report on the ongoing costs of investment pooling and performance of LCIV. • Determining what the administering authority requires the pool to provide to enable it to execute its local investment strategy effectively. • Undertaking the role of Client in relation to the Service Level Agreement 	
<p>Quorum: 3 Members of the Committee</p>	
<p>Meetings: At least four times a year in the ordinary course of business and additional meetings may be arranged as required to facilitate work. Work for the year will be agreed with the Committee to include dedicated training sessions for Committee members.</p>	
<p>Additional Information:</p> <ul style="list-style-type: none"> • Constitution Part D, Section 53 (Pensions Committee Meeting Procedure Rules) 	

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LONDON BOROUGH OF TOWER HAMLETS

COMMITTEE MEMBERSHIPS 2021-2022

NOMINATIONS SUBMITTED TO THE ANNUAL COUNCIL MEETING ON 19th May 2021

PENSIONS COMMITTEE (Seven members of the Council)		
<i>Labour Group (6)</i>	<i>Conservative Group (1)</i>	<i>Ungrouped (0)</i>
Cllr Ayas Miah Cllr David Edgar Cllr Kevin Brady Cllr Kyrsten Perry Cllr Mufeedah Bustin Cllr Rachel Blake Substitutes:- Cllr Gabriela Salva Macallan Cllr Shad Chowdhury Cllr Puru Miah	Councillor Andrew Wood Substitutes:- Councillor Peter Golds	N/A

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PENSIONS COMMITTEE

SCHEDULE OF MEETING DATES 2021-2022

Monday, 5th July 2021

Thursday, 23rd September 2021

Thursday, 25th November 2021

Thursday, 24th March 2022

Note

All meetings will start at 6:30 p.m. unless otherwise determined by the Chair.

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LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE PENSIONS COMMITTEE

HELD AT 6.00 P.M. ON THURSDAY, 25 MARCH 2021

ONLINE 'VIRTUAL' MEETING - [HTTPS://TOWERHAMLETS.PUBLIC-I.TV/CORE/PORTAL/HOME](https://towerhamlets.public-i.tv/core/portal/home)

Members Present:

Councillor Kyrsten Perry (Chair)
Councillor Rachel Blake (Vice-Chair)
Councillor Ayas Miah
Councillor Helal Uddin
Councillor Puru Miah
Councillor David Edgar
Councillor Andrew Wood

Union and Admitted Bodies, Non-Voting Members Present:

Kehinde Akintunde – GMB Union Representative
Colin Robertson – Independent Advisor
Steve Turner – Mercer

Others Present:

Sam Yeandle – Senior Investment Analyst
Barry Dodds – Hymans Robertson LLP Actuary

Officers Present:

Miriam Adams – Interim Head of Pensions and Treasury
Kevin Bartle – (Corporate Director, Resources and Governance and Section 151 Officer)
Hitesh Jolapara – (Interim Divisional Director, Finance, Procurement & Audit)
Amy Mills – Senior Lawyer Civil Litigation
Joel West – (Democratic Services Team Leader (Committee))

1. DECLARATIONS OF INTERESTS

There were no pecuniary declarations of interest declared at the meeting by members.

2. UNRESTRICTED MINUTES OF THE PREVIOUS MEETING(S)

The unrestricted minutes from the 19th November 2020 were agreed to be an accurate record of the meeting and were approved by the Committee.

3. PETITIONS

No Petitions relating to the matters for which the Committee is responsible had been received by Officers.

4. SUBMISSIONS / REFERRALS FROM PENSION BOARD

Mr John Jones, Chair of Pensions Board presented his report stating the Pensions Board had met on Monday, 22nd March 2021. He said the Board had a productive meeting examining several issues that were on the Committee agenda. Mr Jones said the Board had received a presentation and training session on the development of an investment strategy and this was well received by Board Members. He said a good discussion had taken place about this and the updated ESG sections were particularly welcomed. A request had been made for the London CIV and those responsible for its performance and monitoring to attend a future meeting of the Board.

Mr Jones continued stating the Board had suggested time scales be included on the employer resolution procedure report, so it was clear for those responding and reporting back to whoever had complained or raised a query on how long it would take to resolve their complaint. Mr Jones said the risk register was a standard item on the Pension Board agenda and said the reporting arrangements had improved. He said most of the red risks related to pension administration. One issue that was discussed related to admitted bodies and if they had a bond or guarantee in place, in the event of any employer becoming insolvent.

A discussion took place on the current position of pensions administration. Mr Jones said quite a lot of progress had been made in the recruitment of interim staff and addressing the backlog issues. However, there was an on-going concern the recruitment and retention of staff had been a slow process and said that Officers should be supported and assisted with this.

Mr Jones informed the Committee the Head of Internal Audit, Fraud and Risk had attended the meeting and had stated there was good practice in place on the systems used in pensions administration, with improvements being made since their last report. Mr Jones said a 'limited' assurance was given due to issues relating to reconciliations between the output from the payroll system and the inputs on the Pension Fund account. Mr Jones said the Board had asked for a further report later in the year once a further audit had been done.

Lastly, the voting and engagement report was discussed, and concerns were raised on how this operates and whether policies adopted by the council are adhered to by managers who administer the fund on behalf of LGPS.

There were no questions from committee members for Mr John Jones.

The Pensions Committee **RESOVLED** to:

1. Note the report of the Pensions Board and the issues raised therein.

5. REPORTS FOR CONSIDERATION

5.1 Revised Pensions Committee Terms of Reference

Ms Miriam Adams, Interim Head of Pensions and Treasury, stated that the terms of reference had been reviewed and revised as per the request made by the Committee at its November 2020 meeting. She said the changes included the addition of the Committee's role in ESG and risk management and its relationship with the Pensions Board. Ms Adams referred members to the terms of reference appended to the report.

In response to questions from Members the following was noted:

- The terms of reference should also include the working relationship with the London CIV and/or pooling in general.
- **ACTION:** The updated terms of reference should make reference to its relationship with external stakeholders and the pooling of funds and once updated, the Terms of Reference should be approved by the Chair of the Pensions Committee before being referred to Full Council.

Following the Committee's resolution, the recommendations were amended and then approved.

The Pensions Committee **RESOLVED** to:

1. Note and comment on the revised Terms of reference (Appendix A);
2. Approve the revised Terms of Reference, subject to the addition of the point on pooled funding;
3. Delegate to the Investment Manager to approve the final wording of the TORS, following consultation with the Chair of the Pensions Committee and for them to be presented at the earliest possible Council meeting;
and
4. Note that the relevant sections of the Council's Constitution will be updated.

5.2 PENSIONS COMMITTEE WORK PLAN FOR MARCH 2021 AND DRAFT PLAN FOR 2021-22

Ms Miriam Adams, Interim Head of Pensions and Treasury stated the work plan was a fluid document to which items of work were added as and when they arise. Attached to the agenda was the work plan for the current meeting and the draft workplan for the municipal year 2021-22. Ms Adams stated member training was in-built into the programme and would be provided where appropriate. She asked the Committee to note the workplan.

The Pensions Committee **RESOLVED** to:

1. Note the work plan for the current meeting and the work-plan for 2021-22.

5.3 Member Training - FSS and new changes

Mr Barry Dodds from Hymans Robertson LLP gave a presentation outlining the changes in regulations, and the potential impact, from a funding perspective on the funding strategy and the revised funding strategy statement (FSS), appended at item 5.4.

Mr Dodds referred to the McCloud judgment and explained the timeline of events relating to the ceasing of the final salary schemes and the move to CARE schemes, plus the legal challenges which led to the McCloud judgement. Mr Dodds explained how the McCloud remedy would affect Members, the Fund and Employers.

Mr Dodds provided a detailed explanation relating to the Goodwin case, which was another legal case relating to sex discrimination and benefits paid to spouses. He explained how the change in law in 2005 regarding same sex relationships led to an imbalance in entitlement for couples whose female beneficiary had a male spouse. He said Pension schemes would be required to review all survivor pensions awarded to male survivors of female members who have died since 2005. Mr Dodds explained the impact on funding administration was minimal but depended on the number of cases found. He said the FSS had been updated to show this would have a small impact.

In addition to this Mr Dodds explained the changes made by regulations issued in September 2020 and the management of employer risks. He said more flexibility had been introduced in terms of contribution rates, cessation of employers and exit credit policy.

In response to questions and comments from member the following was noted:

- Councillor Edgar commented on the useful presentation and clear explanation given on how the changes impact the Funding Strategy Statement.

The Chair, on behalf of the Committee thanked Mr Dodds for his presentation.

5.4 Updated Funding Strategy Statement

Ms Miriam Adams, Interim Head of Pensions and Treasury stated the detail regarding changes to the FSS statement had been explained by Mr Dodds and attached at item 5.4 was the revised FSS policy. She said the FSS took into consideration the new regulations that came into force in September 2020 and included the draft FSS policy appended at appendix A of the report. She said employers and stakeholders had been consulted in relation to the changes made to the policy and asked members to approve the revised statement.

In response to questions and comments from members the following was noted:

- No comments had been received from Employers

The Pension Committee **RESOLVED** to:

1. Note the content of the report; and
2. Approve the revised Funding Strategy statement as set out in Appendix A, which included the draft policy for 'Flexibility in Contribution Rates' and 'Deferred Debt Agreements.'

5.5 Funding Update

Mr Barry Dodds, from Hymans Robertson LLP presented the funding update. He said the funding update provided an illustration of the estimated funding position from 31st March 2019 to 31 December 2020 and the funding impact, risks and mitigation of risks associated with the ongoing COVID-19 pandemic.

At the last formal valuation, the Fund assets was £1,552m and the liabilities were £1,525m. This represented a surplus of £27m and equated to a funding level of 102%. At 31 December 2020, with assets at £1,948m and estimated liabilities £1,716m, the actuarial estimate is that the funding level is 114%. Mr Dodds referred to the charts on page 94 of the agenda and explained the outlook on the funding position and associated risks.

In response to questions and comments from members the following was noted:

- Mr Steve Turner from Mercer commented that the funding level of 114% was a great result especially in the LGPS sector. He recommended the Committee to consider reviewing its long-term investment strategy as a lower return might now be targeted.
- Members expressed their agreement to re-examine the investment strategy.
- In response to how many active members the fund had, Ms Miriam Adams confirmed this to be 7,378 and said this included staff members TUPEed over to Waste Services from Veolia. She said approximately 324 members had been TUPEed.
- Mr Dodds cautioned that any changes to the investment strategy ought to consider if the expected investment return would be adequate as the payroll and/or the number of people making contributions was far smaller than fifteen years ago. He said this was known as 'gearing' in the sector.

The Pensions Committee **RESOLVED** to:

1. Note the whole Fund actuarial update at 31 December 2020
2. Note that any investment decisions taken which fail to provide the desired returns will impact estimated funding levels

5.6 Fund Liquidity 2020/21 to 2022/23

Ms Miriam Adams, Interim Head of Pensions and Treasury presented the Pension Fund's projected cash flow forecast for 2020/21 to 2022/23. The Fund is projecting a £20.335m projected cash balance. This includes the £20m draw down from proceeds of equity protection which the Committee agreed in July for operational use and projected cash flow short falls identified in 2021/22 and 22/23. No further shortfall is forecast for the next 2 financial years.

Ms Adams referred committee members to the table at paragraph 3.3 and said this showed the membership trends over the last few years. She said 324 members were added when the Veolia contract came to an end, with pension numbers increasing slightly. She referred members to the Appendix A which showed the cash flow forecast for future years.

In response to questions from members the following was noted:

- In reference to the 'other admin expenses' shown in appendix A, Ms Adams clarified this related to changes that have been made in relation to the pension administration software contract. She said payments were now being made directly from the pensions bank account rather than a recharge to the Council. She said the figures shown also related to invoices received in relation to the work done on the 2019 valuation and work undertaken by Hymans in relation to the Annual Allowance and other areas.

The Pensions Committee **RESOLVED** to:

1. Note the cash flow forecast from operational activities (Appendix A)

6. EXCLUSION OF THE PRESS AND PUBLIC

EXCLUSION OF THE PRESS AND PUBLIC

The Chair **MOVED** and it was

RESOLVED

"That, under the provisions of Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985, the press and public be excluded from the remainder of the meeting for the consideration of the Section Two business on the grounds that it contains information defined as Exempt in Part 1 of Schedule 12A to the Local Government Act, 1972."

6.1 Voting, Engagement and Stewardship Update

The minute for this item is restricted.

6.2 Task Force on Climate Related Financial Disclosures (TCFD)

The minute for this item is restricted.

6.3 Quarterly Performance & Libor Transition

The minute for this item is restricted.

6.4 Portfolio Update and Renewable Energy Suitability Advice

The minute for this item is restricted.

6.5 Investment Strategy Statement

The minute for this item is restricted.

6.6 Administration and LGPS Quarterly Update

The minute for this item is restricted.

7. TRAINING EVENTS

Ms Miriam Adams, Interim Head of Pensions and Treasury reiterated the training session to be held on the 22nd April in relation to the Responsible Investment Policy and the likelihood of a further training session on the Investment Strategy.

8. RESTRICTED MINUTE(S) OF THE PREVIOUS MEETING(S)

The restricted minutes from the 19th November and the 9th December 2020 meetings were approved to be an accurate record of the meetings.

9. ANY OTHER BUSINESS CONSIDERED TO BE URGENT

The Chair asked Committee Members to note the provisional dates of meeting for the Committee for municipal year 2021/22.

- Thursday, 24th June 2021
- Thursday 23rd September 2021
- Thursday, 25th November 2021 and
- Thursday, 24th March 2022.

There was no other urgent business discussed.

The meeting ended at 9.00 p.m.

Chair, Councillor Kyrsten Perry
Pensions Committee

Agenda Item 6

Pension Board Submission to the Pensions Committee

To: Pensions Committee

From: John Jones Independent Chair Tower Hamlets Pension Board

Date: 24 June 2021

1. The Pensions Board held its first in person hybrid meeting on Monday 7th June. The main item on the agenda was a presentation and discussion with representatives from the London CIV. This had been requested by the Board earlier in the year and was well received. Although the presentation and discussion took up the major part of the meeting, it allowed for a full discussion and clarified a number of issues that had been raised previously, and for the CIV representatives to hear directly from Board members.
2. The CIV presentation and discussion covered the following areas: Governance of the CIV; manager selection and monitoring; risk management; and ESG and engagement. The Board raised a number of questions and discussion points:
 - the independence and adequacy of the audit and scrutiny arrangements in the governance structure;
 - the independence of the remuneration committee;
 - the possibility of engaging with Pension Board Chairs on a regular basis as is the practice in some other pools;
 - establishing a role for an independent member of the Investment Committee;
 - the CIV's policy on Israel and the Occupied Palestinian Territories;
 - how the CIV prioritises the setting up of new investment funds;
 - the approach taken to following LAPFF recommendations on voting shares;
 - the importance of openness and transparency in voting shares;
 - the scope for LBTH to vote its shares when required.

The CIV were asked to consider the Board's comments and questions, and we would welcome the CIV's response and progress

in addressing these issues. Overall the Board found it to be a very informative and helpful presentation in understanding the role of the CIV and its approach to managing investments.

3. The Board agreed the proposals to review the arrangements for the LBTH Additional voluntary contributions (AVC) provider.
4. The Pensions Administration and LGPS Update report was agreed. Points were raised on the timeline for implementing the I connect system and the actions needed to conclude this work, and the current position on the data on outstanding tasks.
5. The Board reviewed the updated Risk Register for the Pension Fund. Out of a total of 30 identified risks, only 9 are assessed as green with 7 classified as red and 14 as amber. The Board are concerned about the current position, particularly with regard to the 7 red risks associated mainly with staffing and resource issues in the pension administration team. The Board have highlighted this issue on several occasions previously, and whilst progress has been made in employing additional temporary and interim staff, we remain concerned over the delays in advertising and recruiting to permanent staff. A properly resourced team is essential to addressing the work backlogs and data quality issues previously identified in the pensions administration service. It was also suggested that timescales over 24 months with stages be introduced for some risks in order to monitor implementation more effectively.
6. The proposals for training and development were agreed, whilst noting that the approach taken should be a combination of in person and online training depending on the subject matter.
7. The Board received an update on Voting and Engagement of the Fund's investments and noted the current position. Because of time constraints, it was agreed to hold a more in depth discussion at the next meeting alongside a presentation from LGIM on their approach to voting and engagement.

John Jones
16 June 2021

<p>Non-Executive Report of the:</p> <p>Pensions Committee</p> <p>Thursday, 24 June 2021</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Corporate Director, Resources</p>	<p>Classification: Open (Unrestricted)</p>
<p>Additional Voluntary Contribution (AVC) Provider Update</p>	

Reasons for Urgency

The report was not published five clear days in advance of the Pensions Board meeting, 8 June 2021. Therefore, before this report can be considered at this meeting, the Chair would need to be satisfied that it is necessary to consider this report without that consideration being delayed to a later meeting. It is important that there is no delay in member oversight of the review of Additional Voluntary Contribution review, which are already significantly later than good practice permits.

Originating Officer(s)	Miriam Adams
Wards affected	(All Wards);

Executive Summary

This report provides an update on the performance of the Fund's AVC providers Utmost and Aviva.

Recommendations:

The Pensions Committee is recommended to:

1. Note the content of this report;
2. Agree the recommendation to commission an independent review of existing AVC providers Aviva and Utmost; and
3. Agree Fund objectives for Additional Voluntary Contributions (AVC).

1. REASONS FOR THE DECISIONS

- 1.1 To ensure necessary periodic monitoring and value for money.

2. ALTERNATIVE OPTIONS

2.1 There are no alternative options to be considered.

3. DETAILS OF THE REPORT

3.1 Under the Local Government Pension Scheme (LGPS) Regulations, each LGPS Fund is required to provide access to an AVC arrangement where Fund members can elect to pay additional contributions in order to further boost retirement savings and/or to provide additional life insurance. Although this is an individual choice, the administering authority is the policyholder for the group arrangement in place and, therefore, has certain responsibilities.

3.2 The Pensions Regulator's Codes of Practice state that Defined Contribution schemes, including AVC arrangements for Defined Benefit schemes such as the LGPS, should meet certain aims. They should be efficient, effective and give members "value for money". These aims should be regularly evaluated to ensure this continues to be the case.

3.3 The market of AVC providers has been declining and contracting as a range of alternative options for tax-efficient and pension savings have emerged. There is limited competition and provision for the LGPS, which requires administrative functions to deal with the large volume of employers, is dominated by the Fund's providers like Prudential, Zurich, Aviva and Utmost (Equitable Life).

3.4 An active scheme member may elect to pay AVC into a scheme established between the administering authority and an approved insurer. Tower Hamlets Pension Fund has two AVC providers, Utmost and Aviva.

3.5 The Occupational Pension Scheme (Investment) Regulations 2005 require trustees to monitor AVCs in line with a number of criteria, including the security and quality of the arrangements in place.

3.6 There is no historic evidence to support officers meeting with both providers or providers attending Board or Committee meetings. 15 members currently participate across the two AVC arrangements.

3.7 Officers recommend that the Committee agree to commission a procurement exercise which will review for the current providers Aviva and Utmost. The suggested areas to review are:

- Range of investment vehicles and coverage of risk profiles
- Performance of investment funds
- Administration performance, including communication with administration authorities, employing authorities, other financial organisations (eg re the transfer of pension pots), and with Fund members
- Costs for Fund members in terms of administration fees, exit charges etc.

- Suitability of the Fund’s AVC requirements, incorporating an assessment of the value for Fund members, is carried out every three years.
- 3.4 It is not proposed to stop AVC payments to the current legacy providers except this is raised as a concern in the review.
- 3.5 The table below lists suggested Fund objectives for AVC. The Committee is asked to agree these objectives.

Perspective	Outcomes
Communications	· Promote the Scheme as a valuable benefit.
	· Provide clear information about the Scheme, including changes to the Scheme, and educate and engage with members so that they can make informed decisions about their benefits.
	· Seek and review regular feedback from all stakeholders about communication and shape future communications appropriately.
Administration	· Administer the Funds in a cost effective and efficient manner utilising technology.
	· Ensure the Funds and its stakeholders are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Funds.
	· Put in place standards for the Fund and its employers and ensure these standards are monitored and developed as necessary.
	· Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount.
	· Understand the issues affecting scheme employers and the LGPS in the local and national context and adapt strategy and practice in response to this.
Governance	· To monitor performance annually.
	· To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies and strategies.

4. **EQUALITIES IMPLICATIONS**

- 4.1 There are no equalities implications associated with this report.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
 - Data Protection / Privacy Impact Assessment.

Risk Management

- 5.2 There are no direct risk management from this report. However, it is good practice to review and monitor performance.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 There are no direct financial implications associated with this report.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The commissioning of a consultant to perform the review is a public services contract and therefore the appointment should be made subject to a competitive tendering process. However, similar previously commissioned reports have cost in the region of £10k - £15k. Under the Council's constitution a contract of this low value only requires the acquisition of one quote to satisfy this duty.
- 7.2 However, it may be considered appropriate to request a quote from more than one firm, provided this can be done relatively quickly to ensure that the price represents best value or call off the services from a pre-tendered framework if available.
- 7.3 The subject matter of this report raises no direct legal implications for the purposes of the Equalities Act 2010.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- NONE

Local Government Act, 1972 Section 100D (As amended)**List of “Background Papers” used in the preparation of this report**

- NONE

Officer contact details for documents:

Miriam Adams, Interim Head of Pensions & Treasury Ext 4248

Email: miriam.adams@towerhamlets.gov.uk

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Non-Executive Report of the: Pensions Committee Thursday, 24 June 2021	 TOWER HAMLETS
Report of: Kevin Bartle, Interim Corporate Director, Resources	Classification: Open (Unrestricted)
Voting, Engagement and Stewardship Update	

Originating Officer(s)	Miriam Adams
Wards affected	(All Wards);

Executive Summary

This report provides the Committee with an overview of the stewardship activity carried out by Tower Hamlets Pension Fund’s investment managers and on its behalf by Local Authority Pension Forum (LAPFF) in the quarter ending March 2021.

Recommendations:

The Pensions Committee is recommended to:

1. Note content of this report and appendices.

1. REASONS FOR THE DECISIONS

- 1.1 The exercise of voting rights and engagement with investee companies are a key path of the Fund’s role as a long-term steward of assets. Ensuring good corporate governance and the adoption of sustainable business models at the companies in which the Fund invests should over the longer term ensure that they are able to deliver superior returns to the Fund.

2. ALTERNATIVE OPTIONS

- 2.1 There is no alternative approach. The Fund invests mainly in pooled structures. By nature of these structures, voting is exercised by the investment manager rather than directly by the Fund. The Fund would remain a member of Local Authority Pension Fund Forum (LAPFF) to ensure the Fund’s Responsible Investment (RI) approach is exercised via engagement.

3. DETAILS OF THE REPORT

- 3.1 The move to a pooled structure continues to impact this arrangement as voting rights are exercised at pool or underlying manager level rather than Fund level. The Fund works with London Collective Investment Vehicle (LCIV) to ensure its views through the exercise of voting rights through the investments it manages on its behalf.
- 3.2 This report includes five appendices set out below to ensure that the Pensions Committee and Pensions Board are aware of the engagement activity being carried out by Legal & General Investment Management (LGIM), London CIV (the Fund's pooling company) and engagement activities of Local Authority Pension Fund Forum (LAPFF)
- Q1 2021 LCIV (BG) Global Equity Proxy Voting Summary (Appendix 1)
 - Q1 2021 LCIV (Ruffer) Absolute Return Proxy Voting Summary (Appendix 2)
 - Q1 2021 LCIV (BG) Diversified Growth Fund Proxy Voting Summary (Appendix 3)
 - Q1 2021 LGIM ESG Impact Report (Appendix 4)
 - April 21 LAPFF Business Meeting Papers (Appendix 5)

LAPFF Engagement Summary

- 3.3 LAPFF engaged with 39 companies during the quarter on a range of topics including:
- Climate Change
 - Human Rights
 - Governance
 - Board Composition
 - Employment Standards
 - Environmental Risk
 - Reputational Risk
 - Finance and Accounting
 - Audit Practices
- 3.4 Appendix 5 to this report details the Forum's activity during the quarter. Also included was a follow up on letters sent to all 16 companies it reached out to of the 112 business entities that the United Nations High Commissioner for Human Rights published in February 2020. The aim of these engagement letters was to ascertain whether these companies had undertaken human rights impact assessments on their operations and if not ask them to do so. Of the 16 companies LAPFF had one engagement meeting in the third quarter of 2020 with one company and received a number of responses from other companies.
- In addition the Forum reached out to the United Nations Human Rights Office of the High Commissioner (UN OHCHR), seeking a meeting to engage on a couple of aspects of the UN list. The meeting took place at the end of March. The Forum has also been investigating models for a human rights impact

assessment as a baseline to provide companies with in what the Forum might expect them to be undertaking.

- 3.5 Other engagement activities included collaborative engagements with asset managers to discuss approaches to responsible investments.

Voting Activities

- 3.6 Meetings tend to be – Annual General meeting (AGM), Special General meeting or Extra Ordinary General Meeting. Meetings are initiated by either management or shareholders.
- 3.7 London CIV (BG) Global Equity fund– Voting activity and company engagement over the quarter. Votes were cast in 8 companies during the quarter and a total of 63 resolutions. Proxy voting details is attached as Appendix 1 of this report.
- 3.8 LCIV (Ruffer) – Voting activity and engagement for Ruffer Absolute Return fund for the quarter ending March 2021. Votes were cast in 9 companies and one pooled fund across 4 countries. The manager cast votes in 124 of 125 resolutions. Proxy voting details is attached as Appendix 2.
- 3.9 LCIV (BG) Diversified Growth fund – Stewardship voting activities during the quarter involved 16 companies across 6 countries. A total of 101 resolutions were voted on. 98 were voted For and 3 were voted Against. Proxy voting details is enclosed as appendix 3 to this report.
- 3.10 LGIM Low Carbon funds – At the time of writing this report, LGIM are yet to provide proxy voting information. Once received this will be circulated to the Committee. ESG Impact report for the manager is included as appendix 4 to this report. In the first quarter of 2021, LGIM continued to focus on engagements with companies on the issues of executive pay and climate change, while also highlighting that the pandemic and growing global awareness of racial injustice have brought other societal inequalities.

Voting Alert Variances

- 3.11 No voting alerts variances occurred during this quarter. Voting alert variances occur where investment manager do not vote in line with the Forum's suggested voting for companies.

LAPFF Voting Alerts

- 3.12 During the quarter, the Forum issued one voting alert – Rio Tinto covering re-election and remuneration of Board Members. At the time of writing this report, proxy voting details has yet to be received from LGIM. No LCIV funds included investments in Rio Tinto.

4. EQUALITIES IMPLICATIONS

4.1 There are no direct equalities implications from this report.

5. OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

5.2 Risk Management Implications

The rigorous robust management of London Borough of Tower Hamlets Pension Fund results in better quicker and more effective decision making which can lead to better Fund performance and reduction in the contribution required from the Council towards the Fund.

Ensuring good governance and the adoption of sustainable business models at the companies in which the Fund invests should over the longer term ensure that they are able to deliver superior returns to the Fund.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 This is a noting report and there are no direct financial implications as a result of the contents of this report.

6.2

6.3 The exercise of voting rights and engagement with investee companies are a key part of the Fund's role as a long-term steward of assets. Ensuring good corporate governance and the adoption of sustainable business models at the companies in which the Fund invests should over the longer term ensure that they are able to deliver superior returns to the Fund.

6.4 Poor corporate governance and unsustainable business practices can impact on share prices and increases in the risk that the Fund experience a loss of value in its investments in the future.

7. COMMENTS OF LEGAL SERVICES

7.1 [The Local Government Pension Scheme (Management and Investment of Funds) Regulation 2016 Regulation 7 requires Administering Authorities to publish and maintain an Investment Strategy Statement which includes, amongst other items, details of:

- The authority's policy on how social, environmental and corporate governance considerations are considered in the selection, non-selection, retention and realisation of investments.
- The authority's policy on the exercise of the rights (including voting rights) attaching to investments.

7.2 In addition, Government guidance on the preparation and maintenance of the Investment Strategy Statement states that Administering Authorities should explain their policy on stewardship with reference to the Stewardship Code, the seven principles of which apply on a 'comply or explain' basis.

7.3 When carrying out its functions, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristics and those who don't (the public sector duty).

Linked Reports, Appendices and Background Documents

Linked Report

- List any linked reports
None

Appendices

- Q1 2021 LCIV (BG) Global Equity Proxy Voting Summary (Appendix 1)
- Q1 2021 LCIV (Ruffer) Absolute Return Proxy Voting Summary (Appendix 2)
- Q1 2021 LCIV (BG) Diversified Growth Fund Proxy Voting Summary (Appendix 3)
- Q1 2021 LGIM ESG Impact Report (Appendix 4)
- April 21 LAPFF Business Meeting Papers (Appendix 5)

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

- NONE.

Officer contact details for documents:

Miriam Adams

Interim Head of Pensions & Treasury

Email: miriam.adams@towerhamlets.gov.uk

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LCIV (BG) GLOBAL ALPHA PROXY VOTING Q1 2021

Company Name	Country	Meeting Date	Meeting Type	Ticker	ISIN Id	Proposal Label	Proposal Text	Proposed By	Instruction	Reason for Vote
Adyen Nv	Netherlands	12-Feb-21	Extraordinary General Meeting		NL0012969182	2.	Elect Director(s)	Management	For	
Adyen Nv	Netherlands	12-Feb-21	Extraordinary General Meeting		NL0012969182	3.	Elect Director(s)	Management	For	
Autohome Inc - ADR	China	02-Feb-21	Special General Meeting	ATHM US	US05278C1071	1.	Share Repurchase	Management	For	
Autohome Inc - ADR	China	02-Feb-21	Special General Meeting	ATHM US	US05278C1071	2.	Articles of Association	Management	For	
Brilliance China Automotive	China	22-Jan-21	Special General Meeting	1114 HK	BMG1368B1028	1	Related Party Transactions	Management	For	
CRH	Ireland	09-Feb-21	Extraordinary General Meeting	CRH.L	IE0001827041	1	Other	Management	For	
CRH	Ireland	09-Feb-21	Extraordinary General Meeting	CRH.L	IE0001827041	2	Articles of Association	Management	For	
CRH	Ireland	09-Feb-21	Extraordinary General Meeting	CRH.L	IE0001827041	3	Routine Business	Management	For	
CRH	Ireland	09-Feb-21	Extraordinary General Meeting	CRH.L	IE0001827041	4	Articles of Association	Management	For	
CRH	Ireland	09-Feb-21	Extraordinary General Meeting	CRH.L	IE0001827041	5	Amendment of Share Capital	Management	For	
CRH	Ireland	09-Feb-21	Extraordinary General Meeting	CRH.L	IE0001827041	6	Articles of Association	Management	For	
Hoshizaki Corp	Japan	25-Mar-21	Annual General Meeting	6465	JP3845770001	1.1	Elect Director(s)	Management	For	
Hoshizaki Corp	Japan	25-Mar-21	Annual General Meeting	6465	JP3845770001	1.2	Elect Director(s)	Management	For	
Hoshizaki Corp	Japan	25-Mar-21	Annual General Meeting	6465	JP3845770001	1.3	Elect Director(s)	Management	For	
Hoshizaki Corp	Japan	25-Mar-21	Annual General Meeting	6465	JP3845770001	1.4	Elect Director(s)	Management	For	
Hoshizaki Corp	Japan	25-Mar-21	Annual General Meeting	6465	JP3845770001	1.5	Elect Director(s)	Management	For	
Hoshizaki Corp	Japan	25-Mar-21	Annual General Meeting	6465	JP3845770001	1.6	Elect Director(s)	Management	For	
Hoshizaki Corp	Japan	25-Mar-21	Annual General Meeting	6465	JP3845770001	1.7	Elect Director(s)	Management	For	
Hoshizaki Corp	Japan	25-Mar-21	Annual General Meeting	6465	JP3845770001	1.8	Elect Director(s)	Management	For	
Hoshizaki Corp	Japan	25-Mar-21	Annual General Meeting	6465	JP3845770001	2.1	Elect Committee Member	Management	For	
Hoshizaki Corp	Japan	25-Mar-21	Annual General Meeting	6465	JP3845770001	2.2	Elect Committee Member	Management	For	
Jefferies Financial	United States	25-Mar-21	Annual General Meeting	JEF US	US47233W1099	1A.	Elect Director(s)	Management	No Vote	We did not vote due to selling out of the stock.
Jefferies Financial	United States	25-Mar-21	Annual General Meeting	JEF US	US47233W1099	1B.	Elect Director(s)	Management	No Vote	We did not vote due to selling out of the stock.
Jefferies Financial	United States	25-Mar-21	Annual General Meeting	JEF US	US47233W1099	1C.	Elect Director(s)	Management	No Vote	We did not vote due to selling out of the stock.
Jefferies Financial	United States	25-Mar-21	Annual General Meeting	JEF US	US47233W1099	1D.	Elect Director(s)	Management	No Vote	We did not vote due to selling out of the stock.
Jefferies Financial	United States	25-Mar-21	Annual General Meeting	JEF US	US47233W1099	1E.	Elect Director(s)	Management	No Vote	We did not vote due to selling out of the stock.
Jefferies Financial	United States	25-Mar-21	Annual General Meeting	JEF US	US47233W1099	1F.	Elect Director(s)	Management	No Vote	We did not vote due to selling out of the stock.
Jefferies Financial	United States	25-Mar-21	Annual General Meeting	JEF US	US47233W1099	1G.	Elect Director(s)	Management	No Vote	We did not vote due to selling out of the stock.
Jefferies Financial	United States	25-Mar-21	Annual General Meeting	JEF US	US47233W1099	1H.	Elect Director(s)	Management	No Vote	We did not vote due to selling out of the stock.
Jefferies Financial	United States	25-Mar-21	Annual General Meeting	JEF US	US47233W1099	1I.	Elect Director(s)	Management	No Vote	We did not vote due to selling out of the stock.
Jefferies Financial	United States	25-Mar-21	Annual General Meeting	JEF US	US47233W1099	1J.	Elect Director(s)	Management	No Vote	We did not vote due to selling out of the stock.
Jefferies Financial	United States	25-Mar-21	Annual General Meeting	JEF US	US47233W1099	2.	Remuneration - Say on Pay	Management	No Vote	We did not vote due to selling out of the stock.
Jefferies Financial	United States	25-Mar-21	Annual General Meeting	JEF US	US47233W1099	3.	Incentive Plan	Management	No Vote	We did not vote due to selling out of the stock.

Jefferies Financial	United States	25-Mar-21	Annual General Meeting	JEF US	US47233W1099	4.	Appoint/Pay Auditors	Management	No Vote	We did not vote due to selling out of the stock.
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	1	Report - Other	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	2	Report - Other	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	3	Annual Report	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	4	Annual Report	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	5	Allocation of Income	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	6	Appoint/Pay Auditors	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	7	Report - Other	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	8.01	Elect Director(s)	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	8.02	Elect Director(s)	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	8.03	Elect Director(s)	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	8.04	Elect Director(s)	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	8.05	Elect Director(s)	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	8.06	Elect Director(s)	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	8.07	Elect Director(s)	Management	Against	We opposed the re-election of a non-executive director as he is a shareholder representative and
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	8.08	Elect Director(s)	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	8.09	Elect Director(s)	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	8.10	Elect Director(s)	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	8.11	Elect Director(s)	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	8.12	Elect Director(s)	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	8.13	Elect Director(s)	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	8.14	Elect Director(s)	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	8.15	Elect Director(s)	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	9.01	Elect Director(s)	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	9.02	Elect Director(s)	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	9.03	Elect Director(s)	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	10	Other	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	11	Amendment of Share Capital	Management	For	
Ping An Insurance	China	25-Mar-21	Annual General Meeting	2318 HK	CNE1000003X6	12	Articles of Association	Management	For	
S&P Global Inc	United States	11-Mar-21	Special General Meeting		US78409V1044	1.	M&A Activity	Management	For	

Issuer Name	Meeting Date	Country	Meeting Type	Proposal Number	Proposal Text	Proponent	Vote Instruction	Voting Policy Rationale	Additional Policy Rationale
Ruffer Sicav - Uk Mid & Smaller Companies Fund	01/08/2021	Luxembourg	Annual	1	Receive Board's and Auditor's Reports	Mgmt			
Ruffer Sicav - Uk Mid & Smaller Companies Fund	01/08/2021	Luxembourg	Annual	2	Approve Financial Statements	Mgmt	For		
Ruffer Sicav - Uk Mid & Smaller Companies Fund	01/08/2021	Luxembourg	Annual	3.a	Approve Allocation of Income as of 15 September 2020	Mgmt	For	Votes FOR these items are warranted due to the lack of concerns regarding these proposals.	
Ruffer Sicav - Uk Mid & Smaller Companies Fund	01/08/2021	Luxembourg	Annual	3.b	Ratification of Interim Dividends Paid in November 2020	Mgmt	For	Votes FOR these items are warranted due to the lack of concerns regarding these proposals.	
Ruffer Sicav - Uk Mid & Smaller Companies Fund	01/08/2021	Luxembourg	Annual	4.1	Approve Remuneration of Director Jean Garbois for 2020	Mgmt	For	Votes FOR these items are warranted because there is no sign of excessiveness about the board remuneration.	
Ruffer Sicav - Uk Mid & Smaller Companies Fund	01/08/2021	Luxembourg	Annual	4.2	Approve Remuneration of Director Alain Guerard for 2020	Mgmt	For	Votes FOR these items are warranted because there is no sign of excessiveness about the board remuneration.	
Ruffer Sicav - Uk Mid & Smaller Companies Fund	01/08/2021	Luxembourg	Annual	4.3	Approve Remuneration of Director Aude Lemogne for 2020	Mgmt	For	Votes FOR these items are warranted because there is no sign of excessiveness about the board remuneration.	
Ruffer Sicav - Uk Mid & Smaller Companies Fund	01/08/2021	Luxembourg	Annual	5	Approve Discharge of Directors	Mgmt	For		
Ruffer Sicav - Uk Mid & Smaller Companies Fund	01/08/2021	Luxembourg	Annual	6.1	Ratification of the Appointment of Aude Lemogne as Director	Mgmt	For	Votes FOR these items are warranted in the absence of any known concern about the board.	
Ruffer Sicav - Uk Mid & Smaller Companies Fund	01/08/2021	Luxembourg	Annual	6.2	Approve Non-Renewal of the Mandate of Jean Garbois as Director	Mgmt	For	Votes FOR these items are warranted in the absence of any known concern about the board.	
Ruffer Sicav - Uk Mid & Smaller Companies Fund	01/08/2021	Luxembourg	Annual	6.3	Re-elect Benjamin Boucher-Ferte as Director	Mgmt	For	Votes FOR these items are warranted in the absence of any known concern about the board.	
Ruffer Sicav - Uk Mid & Smaller Companies Fund	01/08/2021	Luxembourg	Annual	6.4	Re-elect Myles Columba Marmion as Director	Mgmt	For	Votes FOR these items are warranted in the absence of any known concern about the board.	
Ruffer Sicav - Uk Mid & Smaller Companies Fund	01/08/2021	Luxembourg	Annual	6.5	Re-elect Mary McBain as Director	Mgmt	For	Votes FOR these items are warranted in the absence of any known concern about the board.	
Ruffer Sicav - Uk Mid & Smaller Companies Fund	01/08/2021	Luxembourg	Annual	6.6	Re-elect Alain Guerard as Director	Mgmt	For	Votes FOR these items are warranted in the absence of any known concern about the board.	
Ruffer Sicav - Uk Mid & Smaller Companies Fund	01/08/2021	Luxembourg	Annual	6.7	Re-elect Aude Lemogne as Director	Mgmt	For	Votes FOR these items are warranted in the absence of any known concern about the board.	
Ruffer Sicav - Uk Mid & Smaller Companies Fund	01/08/2021	Luxembourg	Annual	7	Renew Appointment of Ernst and Young as Auditor	Mgmt	For		
WH Smith Plc	01/20/2021	United Kingdom	Annual	1	Accept Financial Statements and Statutory Reports	Mgmt	For		
WH Smith Plc	01/20/2021	United Kingdom	Annual	2	Approve Remuneration Report	Mgmt	Against	A vote AGAINST the remuneration report is considered warranted on account of:* The CEO's salary was increased by GBP 25,000 in FY2020 and is set to increase by the same amount in FY2021 and FY2022, subject to performance. Given the significant impact that the COVID-19 pandemic has had on the Company, resulting in staff redundancies, furloughing staff through participation in the UK Government Job Retention Scheme, and raising capital through a share placing to improve the Company's liquidity position, the timing and appropriateness of the increases in salary raise serious concerns.	
WH Smith Plc	01/20/2021	United Kingdom	Annual	3	Approve US Employee Stock Purchase Plan	Mgmt	For		
WH Smith Plc	01/20/2021	United Kingdom	Annual	4	Re-elect Carl Cowling as Director	Mgmt	For	A vote FOR these Directors is warranted as no significant concerns have been identified.	
WH Smith Plc	01/20/2021	United Kingdom	Annual	5	Elect Nicky Dulieu as Director	Mgmt	For	A vote FOR these Directors is warranted as no significant concerns have been identified.	
WH Smith Plc	01/20/2021	United Kingdom	Annual	6	Re-elect Annemarie Durbin as Director	Mgmt	For	A vote FOR these Directors is warranted as no significant concerns have been identified.	
WH Smith Plc	01/20/2021	United Kingdom	Annual	7	Re-elect Simon Emeny as Director	Mgmt	For	A vote FOR these Directors is warranted as no significant concerns have been identified.	
WH Smith Plc	01/20/2021	United Kingdom	Annual	8	Re-elect Robert Moorhead as Director	Mgmt	For	A vote FOR these Directors is warranted as no significant concerns have been identified.	
WH Smith Plc	01/20/2021	United Kingdom	Annual	9	Re-elect Henry Staunton as Director	Mgmt	For	A vote FOR these Directors is warranted as no significant concerns have been identified.	
WH Smith Plc	01/20/2021	United Kingdom	Annual	10	Re-elect Maurice Thompson as Director	Mgmt	For	A vote FOR these Directors is warranted as no significant concerns have been identified.	
WH Smith Plc	01/20/2021	United Kingdom	Annual	11	Reappoint PricewaterhouseCoopers LLP as Auditors	Mgmt	For		
WH Smith Plc	01/20/2021	United Kingdom	Annual	12	Authorise the Audit Committee to Fix Remuneration of Auditor	Mgmt	For		
WH Smith Plc	01/20/2021	United Kingdom	Annual	13	Authorise EU Political Donations and Expenditure	Mgmt	For		
WH Smith Plc	01/20/2021	United Kingdom	Annual	14	Authorise Issue of Equity	Mgmt	For	A vote FOR these resolutions is warranted, although it is not without concerns on account of:* In April 2020, the Company used a general authority approved at its 2020 AGM to issue shares equivalent to 13.7% of the issued share capital via a cashbox placing. In normal times, such action would be considered poor practice from a governance perspective, as the existing general authorities have been used in a manner that is not consistent with the usual guidelines of the Pre-emption Group. The main reasons for support are:* The Company's new financing arrangements of GBP 120 million were conditional on raising new equity.* The Company explains that the Placing, along with the new financing arrangements, will strengthen the balance sheet, working capital, and liquidity position allowing the Company to deal with the impact of COVID-19.* Notwithstanding the use of the cashbox, the Company's use of the general authorities during the period in review is considered to be broadly aligned to the relevant market guidelines.	
WH Smith Plc	01/20/2021	United Kingdom	Annual	15	Authorise Issue of Equity without Pre-emptive Rights	Mgmt	For	A vote FOR these resolutions is warranted, although it is not without concerns on account of:* In April 2020, the Company used a general authority approved at its 2020 AGM to issue shares equivalent to 13.7% of the issued share capital via a cashbox placing. In normal times, such action would be considered poor practice from a governance perspective, as the existing general authorities have been used in a manner that is not consistent with the usual guidelines of the Pre-emption Group. The main reasons for support are:* The Company's new financing arrangements of GBP 120 million were conditional on raising new equity.* The Company explains that the Placing, along with the new financing arrangements, will strengthen the balance sheet, working capital, and liquidity position allowing the Company to deal with the impact of COVID-19.* Notwithstanding the use of the cashbox, the Company's use of the general authorities during the period in review is considered to be broadly aligned to the relevant market guidelines.	
WH Smith Plc	01/20/2021	United Kingdom	Annual	16	Authorise Issue of Equity without Pre-emptive Rights in Connection with the Placing	Mgmt	For	A vote FOR these resolutions is warranted, although it is not without concerns on account of:* In April 2020, the Company used a general authority approved at its 2020 AGM to issue shares equivalent to 13.7% of the issued share capital via a cashbox placing. In normal times, such action would be considered poor practice from a governance perspective, as the existing general authorities have been used in a manner that is not consistent with the usual guidelines of the Pre-emption Group. The main reasons for support are:* The Company's new financing arrangements of GBP 120 million were conditional on raising new equity.* The Company explains that the Placing, along with the new financing arrangements, will strengthen the balance sheet, working capital, and liquidity position allowing the Company to deal with the impact of COVID-19.* Notwithstanding the use of the cashbox, the Company's use of the general authorities during the period in review is considered to be broadly aligned to the relevant market guidelines.	
WH Smith Plc	01/20/2021	United Kingdom	Annual	17	Authorise Market Purchase of Ordinary Shares	Mgmt	For		
WH Smith Plc	01/20/2021	United Kingdom	Annual	18	Authorise the Company to Call General Meeting with Two Weeks Notice	Mgmt	For		
Countryside Properties Plc	02/05/2021	United Kingdom	Annual	1	Accept Financial Statements and Statutory Reports	Mgmt	For		
Countryside Properties Plc	02/05/2021	United Kingdom	Annual	2	Approve Remuneration Report	Mgmt	For		
Countryside Properties Plc	02/05/2021	United Kingdom	Annual	3	Re-elect David Howell as Director	Mgmt	Abstain	A vote FOR these Directors is warranted as no significant concerns have been identified.	
Countryside Properties Plc	02/05/2021	United Kingdom	Annual	4	Re-elect Iain McPherson as Director	Mgmt	For	A vote FOR these Directors is warranted as no significant concerns have been identified.	
Countryside Properties Plc	02/05/2021	United Kingdom	Annual	5	Re-elect Mike Scott as Director	Mgmt	For	A vote FOR these Directors is warranted as no significant concerns have been identified.	
Countryside Properties Plc	02/05/2021	United Kingdom	Annual	6	Re-elect Douglas Hurt as Director	Mgmt	Abstain	A vote FOR these Directors is warranted as no significant concerns have been identified.	
Countryside Properties Plc	02/05/2021	United Kingdom	Annual	7	Re-elect Amanda Burton as Director	Mgmt	Abstain	A vote FOR these Directors is warranted as no significant concerns have been identified.	
Countryside Properties Plc	02/05/2021	United Kingdom	Annual	8	Re-elect Baroness Sally Morgan as Director	Mgmt	Abstain	A vote FOR these Directors is warranted as no significant concerns have been identified.	
Countryside Properties Plc	02/05/2021	United Kingdom	Annual	9	Re-elect Simon Townsend as Director	Mgmt	Abstain	A vote FOR these Directors is warranted as no significant concerns have been identified.	
Countryside Properties Plc	02/05/2021	United Kingdom	Annual	10	Reappoint PricewaterhouseCoopers LLP as Auditors	Mgmt	For		
Countryside Properties Plc	02/05/2021	United Kingdom	Annual	11	Authorise the Audit Committee to Fix Remuneration of Auditor	Mgmt	For		

Countryside Properties Plc	02/05/2021	United Kingdom	Annual	12	Authorise Issue of Equity	Mgmt	For	A vote FOR these resolutions is warranted, but is not without concerns:* During the period in review, the Company carried out a cash-box placing, circumventing shareholders' pre-emption rights and using the authorities approved at the previous AGM in a manner inconsistent with its stated commitments. In normal times, such action would be considered poor practice from a governance perspective, as it is not consistent with the usual guidelines of the Pre-emption Group.The main reasons for support are:* The placing was carried out in line with the Pre-Emption Group's temporary guidance issued earlier this year;* Directors and senior management team members, as well as retail investors have subscribed for new ordinary shares to support the placing;* The Company has provided rationale to justify the cash box placing as a measure to further strengthen the Company's balance sheet and support growth plans amidst the current pessimistic trading scenario.
Countryside Properties Plc	02/05/2021	United Kingdom	Annual	13	Authorise Issue of Equity without Pre-emptive Rights	Mgmt	For	A vote FOR these resolutions is warranted, but is not without concerns:* During the period in review, the Company carried out a cash-box placing, circumventing shareholders' pre-emption rights and using the authorities approved at the previous AGM in a manner inconsistent with its stated commitments. In normal times, such action would be considered poor practice from a governance perspective, as it is not consistent with the usual guidelines of the Pre-emption Group.The main reasons for support are:* The placing was carried out in line with the Pre-Emption Group's temporary guidance issued earlier this year;* Directors and senior management team members, as well as retail investors have subscribed for new ordinary shares to support the placing;* The Company has provided rationale to justify the cash box placing as a measure to further strengthen the Company's balance sheet and support growth plans amidst the current pessimistic trading scenario.
Countryside Properties Plc	02/05/2021	United Kingdom	Annual	14	Authorise Market Purchase of Ordinary Shares	Mgmt	For	
Countryside Properties Plc	02/05/2021	United Kingdom	Annual	15	Authorise EU Political Donations and Expenditure	Mgmt	For	
Countryside Properties Plc	02/05/2021	United Kingdom	Annual	16	Authorise the Company to Call General Meeting with Two Weeks Notice	Mgmt	For	
Tesco Plc	02/11/2021	United Kingdom	Special	1	Approve Special Dividend	Mgmt	For	A vote FOR this resolution is warranted:* In line with previous communication to shareholders, the Board proposes to return a portion of the proceeds from a recent disposal to shareholders by way of a special dividend. No concerns are raised.
Tesco Plc	02/11/2021	United Kingdom	Special	2	Approve Share Consolidation	Mgmt	For	A vote FOR this resolution is warranted:* In line with previous communication to shareholders, the Board proposes to return a portion of the proceeds from a recent disposal to shareholders by way of a special dividend. No concerns are raised.
Tesco Plc	02/11/2021	United Kingdom	Special	3	Authorise Issue of Equity	Mgmt	For	A vote FOR these resolutions is warranted because the proposed amounts and durations are within recommended limits.
Tesco Plc	02/11/2021	United Kingdom	Special	4	Authorise Issue of Equity without Pre-emptive Rights	Mgmt	For	A vote FOR these resolutions is warranted because the proposed amounts and durations are within recommended limits.
Tesco Plc	02/11/2021	United Kingdom	Special	5	Authorise Issue of Equity without Pre-emptive Rights in Connection with the Proposed Share Consolidation	Mgmt	For	A vote FOR these resolutions is warranted because the proposed amounts and durations are within recommended limits.
Tesco Plc	02/11/2021	United Kingdom	Special	6	Authorise Market Purchase of Ordinary Shares	Mgmt	For	
Aberforth Smaller Cos. Trust Plc	03/02/2021	United Kingdom	Annual	1	Accept Financial Statements and Statutory Reports	Mgmt	For	
Aberforth Smaller Cos. Trust Plc	03/02/2021	United Kingdom	Annual	2	Approve Remuneration Report	Mgmt	For	
Aberforth Smaller Cos. Trust Plc	03/02/2021	United Kingdom	Annual	3	Approve Final Dividend	Mgmt	For	
Aberforth Smaller Cos. Trust Plc	03/02/2021	United Kingdom	Annual	4	Re-elect Richard Davidson as Director	Mgmt	For	A vote FOR the re-election/election of Richard Davidson, Julia Le Blan, Paula Hay-Plumb, Martin Warner and Victoria Stewart is warranted because no significant concerns have been identified.
Aberforth Smaller Cos. Trust Plc	03/02/2021	United Kingdom	Annual	5	Re-elect Julia Le Blan as Director	Mgmt	For	A vote FOR the re-election/election of Richard Davidson, Julia Le Blan, Paula Hay-Plumb, Martin Warner and Victoria Stewart is warranted because no significant concerns have been identified.
Aberforth Smaller Cos. Trust Plc	03/02/2021	United Kingdom	Annual	6	Re-elect Paula Hay-Plumb as Director	Mgmt	For	A vote FOR the re-election/election of Richard Davidson, Julia Le Blan, Paula Hay-Plumb, Martin Warner and Victoria Stewart is warranted because no significant concerns have been identified.
Aberforth Smaller Cos. Trust Plc	03/02/2021	United Kingdom	Annual	7	Re-elect Martin Warner as Director	Mgmt	For	A vote FOR the re-election/election of Richard Davidson, Julia Le Blan, Paula Hay-Plumb, Martin Warner and Victoria Stewart is warranted because no significant concerns have been identified.
Aberforth Smaller Cos. Trust Plc	03/02/2021	United Kingdom	Annual	8	Elect Victoria Stewart as Director	Mgmt	For	A vote FOR the re-election/election of Richard Davidson, Julia Le Blan, Paula Hay-Plumb, Martin Warner and Victoria Stewart is warranted because no significant concerns have been identified.
Aberforth Smaller Cos. Trust Plc	03/02/2021	United Kingdom	Annual	9	Reappoint Deloitte LLP as Auditors	Mgmt	For	
Aberforth Smaller Cos. Trust Plc	03/02/2021	United Kingdom	Annual	10	Authorise the Audit Committee to Fix Remuneration of Auditors	Mgmt	For	
Aberforth Smaller Cos. Trust Plc	03/02/2021	United Kingdom	Annual	11	Authorise Market Purchase of Ordinary Shares	Mgmt	For	
The Walt Disney Company	03/09/2021	USA	Annual	1a	Elect Director Susan E. Arnold	Mgmt	For	A cautionary vote FOR compensation committee members Mary T. Barra, Maria Elena Lagomasino, and Mark G. Parker is warranted in light of only a limited degree of responsiveness to the prior year's say-on-pay vote result.A vote FOR the remaining director nominees is warranted.
The Walt Disney Company	03/09/2021	USA	Annual	1b	Elect Director Mary T. Barra	Mgmt	For	A cautionary vote FOR compensation committee members Mary T. Barra, Maria Elena Lagomasino, and Mark G. Parker is warranted in light of only a limited degree of responsiveness to the prior year's say-on-pay vote result.A vote FOR the remaining director nominees is warranted.
The Walt Disney Company	03/09/2021	USA	Annual	1c	Elect Director Safra A. Catz	Mgmt	For	A cautionary vote FOR compensation committee members Mary T. Barra, Maria Elena Lagomasino, and Mark G. Parker is warranted in light of only a limited degree of responsiveness to the prior year's say-on-pay vote result.A vote FOR the remaining director nominees is warranted.
The Walt Disney Company	03/09/2021	USA	Annual	1d	Elect Director Robert A. Chapek	Mgmt	For	A cautionary vote FOR compensation committee members Mary T. Barra, Maria Elena Lagomasino, and Mark G. Parker is warranted in light of only a limited degree of responsiveness to the prior year's say-on-pay vote result.A vote FOR the remaining director nominees is warranted.
The Walt Disney Company	03/09/2021	USA	Annual	1e	Elect Director Francis A. deSouza	Mgmt	For	A cautionary vote FOR compensation committee members Mary T. Barra, Maria Elena Lagomasino, and Mark G. Parker is warranted in light of only a limited degree of responsiveness to the prior year's say-on-pay vote result.A vote FOR the remaining director nominees is warranted.
The Walt Disney Company	03/09/2021	USA	Annual	1f	Elect Director Michael B.G. Froman	Mgmt	For	A cautionary vote FOR compensation committee members Mary T. Barra, Maria Elena Lagomasino, and Mark G. Parker is warranted in light of only a limited degree of responsiveness to the prior year's say-on-pay vote result.A vote FOR the remaining director nominees is warranted.
The Walt Disney Company	03/09/2021	USA	Annual	1g	Elect Director Robert A. Iger	Mgmt	For	A cautionary vote FOR compensation committee members Mary T. Barra, Maria Elena Lagomasino, and Mark G. Parker is warranted in light of only a limited degree of responsiveness to the prior year's say-on-pay vote result.A vote FOR the remaining director nominees is warranted.
The Walt Disney Company	03/09/2021	USA	Annual	1h	Elect Director Maria Elena Lagomasino	Mgmt	For	A cautionary vote FOR compensation committee members Mary T. Barra, Maria Elena Lagomasino, and Mark G. Parker is warranted in light of only a limited degree of responsiveness to the prior year's say-on-pay vote result.A vote FOR the remaining director nominees is warranted.
The Walt Disney Company	03/09/2021	USA	Annual	1i	Elect Director Mark G. Parker	Mgmt	For	A cautionary vote FOR compensation committee members Mary T. Barra, Maria Elena Lagomasino, and Mark G. Parker is warranted in light of only a limited degree of responsiveness to the prior year's say-on-pay vote result.A vote FOR the remaining director nominees is warranted.
The Walt Disney Company	03/09/2021	USA	Annual	1j	Elect Director Derica W. Rice	Mgmt	For	A cautionary vote FOR compensation committee members Mary T. Barra, Maria Elena Lagomasino, and Mark G. Parker is warranted in light of only a limited degree of responsiveness to the prior year's say-on-pay vote result.A vote FOR the remaining director nominees is warranted.
The Walt Disney Company	03/09/2021	USA	Annual	2	Ratify PricewaterhouseCoopers LLP as Auditors	Mgmt	For	

The Walt Disney Company	03/09/2021	USA	Annual	3	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	A vote AGAINST this proposal is warranted. CEO pay and company performance are reasonably aligned for the year in review given the significant reduction in the new CEO's total pay as compared to that of his predecessor. Nevertheless, concerns are raised regarding the compensation committee's responsiveness to several years of low say-on-pay support as well as the continued large size of the former CEO's pay in his current role as executive chairman. The company reached out to and engaged with a broad portion of shareholders and made certain changes to the program surrounding new CEO Chapek's pay. However, the proxy does not disclose shareholders' specific concerns as they relate to the previous year's low vote result. Without specific feedback disclosed in the proxy, shareholders' ability to fully evaluate the committee's responses is significantly inhibited. It is also concerning that no target pay opportunity adjustments were made to Robert Iger's pay in connection with his transition from CEO to executive chairman. As such, he will remain the most highly compensated NEO, with relatively outsized pay opportunities, that do not appropriately reflect the change in role.
The Walt Disney Company	03/09/2021	USA	Annual	4	Report on Lobbying Payments and Policy	SH	For	A vote FOR this proposal is warranted, as additional disclosure of the company's indirect lobbying-related oversight mechanisms, along with its trade association payments, would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.
The Walt Disney Company	03/09/2021	USA	Annual	5	Adopt a Policy to Include Non-Management Employees as P	SH	Against	
INPEX Corp.	03/25/2021	Japan	Annual	1	Approve Allocation of Income, with a Final Dividend of JPY 4	Mgmt	For	
INPEX Corp.	03/25/2021	Japan	Annual	2	Amend Articles to Change Company Name	Mgmt	For	
INPEX Corp.	03/25/2021	Japan	Annual	3.1	Elect Director Kitamura, Toshiaki	Mgmt	For	
INPEX Corp.	03/25/2021	Japan	Annual	3.2	Elect Director Ueda, Takayuki	Mgmt	For	
INPEX Corp.	03/25/2021	Japan	Annual	3.3	Elect Director Ito, Seiya	Mgmt	For	
INPEX Corp.	03/25/2021	Japan	Annual	3.4	Elect Director Ikeda, Takahiko	Mgmt	For	
INPEX Corp.	03/25/2021	Japan	Annual	3.5	Elect Director Yajima, Shigeharu	Mgmt	For	
INPEX Corp.	03/25/2021	Japan	Annual	3.6	Elect Director Kittaka, Kimihisa	Mgmt	For	
INPEX Corp.	03/25/2021	Japan	Annual	3.7	Elect Director Sase, Nobuharu	Mgmt	For	
INPEX Corp.	03/25/2021	Japan	Annual	3.8	Elect Director Yamada, Daisuke	Mgmt	For	
INPEX Corp.	03/25/2021	Japan	Annual	3.9	Elect Director Yanai, Jun	Mgmt	For	
INPEX Corp.	03/25/2021	Japan	Annual	3.10	Elect Director Iio, Norinao	Mgmt	For	
INPEX Corp.	03/25/2021	Japan	Annual	3.11	Elect Director Nishimura, Atsuko	Mgmt	For	
INPEX Corp.	03/25/2021	Japan	Annual	3.12	Elect Director Kimura, Yasushi	Mgmt	For	
INPEX Corp.	03/25/2021	Japan	Annual	3.13	Elect Director Ogino, Kiyoshi	Mgmt	For	
INPEX Corp.	03/25/2021	Japan	Annual	3.14	Elect Director Nishikawa, Tomo	Mgmt	For	
INPEX Corp.	03/25/2021	Japan	Annual	4	Approve Annual Bonus	Mgmt	For	
Torii Pharmaceutical Co., Ltd.	03/25/2021	Japan	Annual	1	Approve Allocation of Income, with a Final Dividend of JPY 2	Mgmt	For	
Torii Pharmaceutical Co., Ltd.	03/25/2021	Japan	Annual	2.1	Elect Director Matsuda, Goichi	Mgmt	For	
Torii Pharmaceutical Co., Ltd.	03/25/2021	Japan	Annual	2.2	Elect Director Torikai, Masao	Mgmt	For	
Torii Pharmaceutical Co., Ltd.	03/25/2021	Japan	Annual	3	Elect Alternate Director Kondo, Nobumasa	Mgmt	For	
Teikoku Sen-I Co., Ltd.	03/30/2021	Japan	Annual	1	Approve Allocation of Income, with a Final Dividend of JPY 4	Mgmt	For	
Teikoku Sen-I Co., Ltd.	03/30/2021	Japan	Annual	2.1	Elect Director Shiraiwa, Tsuyoshi	Mgmt	Against	
Teikoku Sen-I Co., Ltd.	03/30/2021	Japan	Annual	2.2	Elect Director Masutani, Toru	Mgmt	For	
Teikoku Sen-I Co., Ltd.	03/30/2021	Japan	Annual	2.3	Elect Director Okamura, Tatsuru	Mgmt	For	
Teikoku Sen-I Co., Ltd.	03/30/2021	Japan	Annual	2.4	Elect Director Nakao, Toru	Mgmt	For	
Teikoku Sen-I Co., Ltd.	03/30/2021	Japan	Annual	2.5	Elect Director Katano, Yasuhide	Mgmt	For	
Teikoku Sen-I Co., Ltd.	03/30/2021	Japan	Annual	2.6	Elect Director Takahashi, Nobuaki	Mgmt	For	
Teikoku Sen-I Co., Ltd.	03/30/2021	Japan	Annual	2.7	Elect Director Tagaya, Takeshi	Mgmt	For	
Teikoku Sen-I Co., Ltd.	03/30/2021	Japan	Annual	2.8	Elect Director Takagi, Hiroyasu	Mgmt	For	
Teikoku Sen-I Co., Ltd.	03/30/2021	Japan	Annual	2.9	Elect Director Fukazawa, Masahiro	Mgmt	Against	
Teikoku Sen-I Co., Ltd.	03/30/2021	Japan	Annual	3	Approve Deep Discount Stock Option Plan	Mgmt	For	
Toagosei Co., Ltd.	03/30/2021	Japan	Annual	1	Approve Allocation of Income, with a Final Dividend of JPY 1	Mgmt	For	
Toagosei Co., Ltd.	03/30/2021	Japan	Annual	2.1	Elect Director Takamura, Mikishi	Mgmt	For	
Toagosei Co., Ltd.	03/30/2021	Japan	Annual	2.2	Elect Director Ishikawa, Nobuhiro	Mgmt	For	
Toagosei Co., Ltd.	03/30/2021	Japan	Annual	2.3	Elect Director Suzuki, Yoshitaka	Mgmt	For	
Toagosei Co., Ltd.	03/30/2021	Japan	Annual	2.4	Elect Director Miho, Susumu	Mgmt	For	
Toagosei Co., Ltd.	03/30/2021	Japan	Annual	2.5	Elect Director Sugiura, Shinichi	Mgmt	For	
Toagosei Co., Ltd.	03/30/2021	Japan	Annual	2.6	Elect Director Nakanishi, Satoru	Mgmt	For	
Toagosei Co., Ltd.	03/30/2021	Japan	Annual	2.7	Elect Director Koike, Yasuhiro	Mgmt	For	
Toagosei Co., Ltd.	03/30/2021	Japan	Annual	2.8	Elect Director Kimura, Masahiro	Mgmt	For	
Toagosei Co., Ltd.	03/30/2021	Japan	Annual	2.9	Elect Director Mori, Yuichiro	Mgmt	For	
Toagosei Co., Ltd.	03/30/2021	Japan	Annual	3.1	Elect Director and Audit Committee Member Ishiguro, Kiyoko	Mgmt	For	
Toagosei Co., Ltd.	03/30/2021	Japan	Annual	3.2	Elect Director and Audit Committee Member Yasuda, Masah	Mgmt	For	

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LCIV (BG) VOTING AT Q1 2021

Company Name	Country	Meeting Date	Meeting Type	Ticker	ISIN Id	Proposal Label	Proposal Text	Proposed By	Instruction	Reason for Vote
CRH	Ireland	09-Feb-21	Extraordinary General Meeting	CRH.L	IE0001827041	1	Other	For	01-Feb-21	
CRH	Ireland	09-Feb-21	Extraordinary General Meeting	CRH.L	IE0001827041	2	Articles of Association	For	01-Feb-21	
CRH	Ireland	09-Feb-21	Extraordinary General Meeting	CRH.L	IE0001827041	3	Routine Business	For	01-Feb-21	
CRH	Ireland	09-Feb-21	Extraordinary General Meeting	CRH.L	IE0001827041	4	Articles of Association	For	01-Feb-21	
CRH	Ireland	09-Feb-21	Extraordinary General Meeting	CRH.L	IE0001827041	5	Amendment of Share Capital	For	01-Feb-21	
CRH	Ireland	09-Feb-21	Extraordinary General Meeting	CRH.L	IE0001827041	6	Articles of Association	For	01-Feb-21	
EDP Renovaveis	Spain	22-Feb-21	Extraordinary General Meeting	53505L	ES0127797019	1A	Elect Director(s)	For	10-Feb-21	
EDP Renovaveis	Spain	22-Feb-21	Extraordinary General Meeting	53505L	ES0127797019	1B	Elect Director(s)	For	10-Feb-21	
EDP Renovaveis	Spain	22-Feb-21	Extraordinary General Meeting	53505L	ES0127797019	1C	Elect Director(s)	For	10-Feb-21	
EDP Renovaveis	Spain	22-Feb-21	Extraordinary General Meeting	53505L	ES0127797019	2A	Elect Director(s)	For	10-Feb-21	
EDP Renovaveis	Spain	22-Feb-21	Extraordinary General Meeting	53505L	ES0127797019	2B	Elect Director(s)	For	10-Feb-21	
EDP Renovaveis	Spain	22-Feb-21	Extraordinary General Meeting	53505L	ES0127797019	3	Director Related	For	10-Feb-21	
EDP Renovaveis	Spain	22-Feb-21	Extraordinary General Meeting	53505L	ES0127797019	4	Articles of Association	For	10-Feb-21	
EDP Renovaveis	Spain	22-Feb-21	Extraordinary General Meeting	53505L	ES0127797019	5	Routine Business	For	10-Feb-21	
Ediston Property Investment Company	United Kingdom	23-Feb-21	Annual General Meeting	9161ZJ	GB00BNGMZB68	1	Annual Report	For	17-Feb-21	
Ediston Property Investment Company	United Kingdom	23-Feb-21	Annual General Meeting	9161ZJ	GB00BNGMZB68	2	Remuneration - Report	For	17-Feb-21	
Ediston Property Investment Company	United Kingdom	23-Feb-21	Annual General Meeting	9161ZJ	GB00BNGMZB68	4	Appoint/Pay Auditors	For	17-Feb-21	
Ediston Property Investment Company	United Kingdom	23-Feb-21	Annual General Meeting	9161ZJ	GB00BNGMZB68	5	Appoint/Pay Auditors	For	17-Feb-21	
Ediston Property Investment Company	United Kingdom	23-Feb-21	Annual General Meeting	9161ZJ	GB00BNGMZB68	6	Elect Director(s)	For	17-Feb-21	
Ediston Property Investment Company	United Kingdom	23-Feb-21	Annual General Meeting	9161ZJ	GB00BNGMZB68	7	Elect Director(s)	For	17-Feb-21	
Ediston Property Investment Company	United Kingdom	23-Feb-21	Annual General Meeting	9161ZJ	GB00BNGMZB68	8	Elect Director(s)	For	17-Feb-21	
Ediston Property Investment Company	United Kingdom	23-Feb-21	Annual General Meeting	9161ZJ	GB00BNGMZB68	9	Elect Director(s)	For	17-Feb-21	
Ediston Property Investment Company	United Kingdom	23-Feb-21	Annual General Meeting	9161ZJ	GB00BNGMZB68	10	Allocation of Income	For	17-Feb-21	
Ediston Property Investment Company	United Kingdom	23-Feb-21	Annual General Meeting	9161ZJ	GB00BNGMZB68	11	Amendment of Share Capital	For	17-Feb-21	
Ediston Property Investment Company	United Kingdom	23-Feb-21	Annual General Meeting	9161ZJ	GB00BNGMZB68	12	Amendment of Share Capital	For	17-Feb-21	
Ediston Property Investment Company	United Kingdom	23-Feb-21	Annual General Meeting	9161ZJ	GB00BNGMZB68	13	Share Repurchase	For	17-Feb-21	
Ediston Property Investment Company	United Kingdom	23-Feb-21	Annual General Meeting	9161ZJ	GB00BNGMZB68	14	Routine Business	For	17-Feb-21	
Foresight Solar Fund	United Kingdom	15-Feb-21	Ordinary General Meeting	92147H	JE00BD3QJR55	1	Routine Business	For	09-Feb-21	
Greencoat Renewables	Ireland	28-Jan-21	Extraordinary General Meeting		IE00BF2NR112	1	Other	For	15-Jan-21	
Greencoat Renewables	Ireland	28-Jan-21	Extraordinary General Meeting		IE00BF2NR112	2	Articles of Association	For	15-Jan-21	
Greencoat Renewables	Ireland	28-Jan-21	Extraordinary General Meeting		IE00BF2NR112	3	Routine Business	For	15-Jan-21	
Hibernia	Ireland	10-Feb-21	Extraordinary General Meeting	93730N	IE00BGHQ1986	1	Other	For	03-Feb-21	
Hibernia	Ireland	10-Feb-21	Extraordinary General Meeting	93730N	IE00BGHQ1986	2	Articles of Association	For	03-Feb-21	
Hibernia	Ireland	10-Feb-21	Extraordinary General Meeting	93730N	IE00BGHQ1986	3	Routine Business	For	03-Feb-21	
John Laing Environmental Assets Group	Channel Islands, IoM	08-Mar-21	Extraordinary General Meeting	8788Y2	GG00BJL5FH87	1	Articles of Association	For	02-Mar-21	
John Laing Environmental Assets Group	Channel Islands, IoM	08-Mar-21	Extraordinary General Meeting	8788Y2	GG00BJL5FH87	2	Articles of Association	For	02-Mar-21	
Korea Electric Power	South Korea	25-Mar-21	Annual General Meeting	1576 KS	KR7015760002	1	Annual Report	For	16-Mar-21	
Korea Electric Power	South Korea	25-Mar-21	Annual General Meeting	1576 KS	KR7015760002	2	Remuneration - Report	For	16-Mar-21	
Korea Electric Power	South Korea	25-Mar-21	Annual General Meeting	1576 KS	KR7015760002	3	Elect Director(s)	For	16-Mar-21	
Korea Electric Power	South Korea	25-Mar-21	Annual General Meeting	1576 KS	KR7015760002	4	Articles of Association	For	16-Mar-21	
LXi REIT	United Kingdom	10-Mar-21	Ordinary General Meeting	9041AX	GB00BYQ46T41	1	Amendment of Share Capital	For	04-Mar-21	

LXI REIT	United Kingdom	10-Mar-21	Ordinary General Meeting	9041AX	GB00BYQ46T41	2	Amendment of Share Capital	For	04-Mar-21
Octopus Renewables Infrastructure	United Kingdom	04-Feb-21	Ordinary General Meeting		GB00BJM02935	1	Other	For	29-Jan-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	2	Annual Report	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	3	Remuneration - Report	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	4	Discharge of Board	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	5	Allocation of Income	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	6	Share Repurchase	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	7.1	Remuneration - Policy	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	7.2	Remuneration - Policy	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	7.3	Articles of Association	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	7.4	Routine Business	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	9.1	Elect Director(s)	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	9.2	Elect Director(s)	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	9.3	Elect Director(s)	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	9.4	Elect Director(s)	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	9.5	Elect Director(s)	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	9.6	Elect Director(s)	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	9.7	Elect Director(s)	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	9.8	Elect Director(s)	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	9.9	Elect Director(s)	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	10	Remuneration - Report	For	24-Feb-21
Orsted	Denmark	01-Mar-21	Annual General Meeting		DK0060094928	11	Appoint/Pay Auditors	For	24-Feb-21
Renewables Infrastructure Group	Channel Islands, IoM	25-Mar-21	Extraordinary General Meeting	89555H	GG00BBHX2H91	1	Amendment of Share Capital	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	1	Annual Report	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	2	Remuneration - Report	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	3	Remuneration - Policy	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	4	Employee Equity Plan	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	5	Elect Director(s)	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	6	Elect Director(s)	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	7	Elect Director(s)	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	8	Elect Director(s)	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	9	Elect Director(s)	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	10	Elect Director(s)	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	11	Elect Director(s)	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	12	Appoint/Pay Auditors	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	13	Appoint/Pay Auditors	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	14	Routine Business	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	15	Amendment of Share Capital	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	16	Amendment of Share Capital	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	17	Amendment of Share Capital	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	18	Share Repurchase	For	17-Mar-21
SSP	United Kingdom	25-Mar-21	Annual General Meeting		GB00BGBN7C04	19	Routine Business	For	17-Mar-21
Siemens Gamesa Renewable Energy, S.A.	Spain	17-Mar-21	Ordinary General Meeting	269298	ES0143416115	1	Annual Report	For	11-Mar-21
Siemens Gamesa Renewable Energy, S.A.	Spain	17-Mar-21	Ordinary General Meeting	269298	ES0143416115	2	Report - Other	For	11-Mar-21

Siemens Gamesa Renewable Energy, S.A.	Spain	17-Mar-21	Ordinary General Meeting	269298	ES0143416115	3	Report - Other	For	11-Mar-21
Siemens Gamesa Renewable Energy, S.A.	Spain	17-Mar-21	Ordinary General Meeting	269298	ES0143416115	4	Director Related	For	11-Mar-21
Siemens Gamesa Renewable Energy, S.A.	Spain	17-Mar-21	Ordinary General Meeting	269298	ES0143416115	5	Allocation of Income	For	11-Mar-21
Siemens Gamesa Renewable Energy, S.A.	Spain	17-Mar-21	Ordinary General Meeting	269298	ES0143416115	6	Elect Director(s)	For	11-Mar-21
Siemens Gamesa Renewable Energy, S.A.	Spain	17-Mar-21	Ordinary General Meeting	269298	ES0143416115	7	Elect Director(s)	For	11-Mar-21
Siemens Gamesa Renewable Energy, S.A.	Spain	17-Mar-21	Ordinary General Meeting	269298	ES0143416115	8	Elect Director(s)	For	11-Mar-21
Siemens Gamesa Renewable Energy, S.A.	Spain	17-Mar-21	Ordinary General Meeting	269298	ES0143416115	9	Appoint/Pay Auditors	For	11-Mar-21
Siemens Gamesa Renewable Energy, S.A.	Spain	17-Mar-21	Ordinary General Meeting	269298	ES0143416115	10	Remuneration - Policy	For	11-Mar-21
Siemens Gamesa Renewable Energy, S.A.	Spain	17-Mar-21	Ordinary General Meeting	269298	ES0143416115	11	Incentive Plan	For	11-Mar-21
Siemens Gamesa Renewable Energy, S.A.	Spain	17-Mar-21	Ordinary General Meeting	269298	ES0143416115	12	Routine Business	For	11-Mar-21
Siemens Gamesa Renewable Energy, S.A.	Spain	17-Mar-21	Ordinary General Meeting	269298	ES0143416115	13	Remuneration - Report	For	11-Mar-21
Target Healthcare Reit Plc	United Kingdom	01-Mar-21	Ordinary General Meeting		GB00BJGTLF51	1	Amendment of Share Capital	For	23-Feb-21
Target Healthcare Reit Plc	United Kingdom	01-Mar-21	Ordinary General Meeting		GB00BJGTLF51	2	Amendment of Share Capital	For	23-Feb-21

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ESG Impact Report

Q1 2021

Active ownership means using our scale and influence to bring about real, positive change to create sustainable investor value

Our mission

To use our influence to ensure that:



1. Companies integrate environmental, social and governance (ESG) factors into their culture and everyday thinking

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2. Markets and regulators create an environment in which good management of ESG factors is valued and supported

In doing so, we seek to fulfil LGIM's purpose: to create a better future through responsible investing.



Our focus

Holding boards to account

To be successful, companies need to have people at the helm who are well-equipped to create resilient long-term growth. By voting and engaging directly with companies, we encourage management to control risks while seeking to benefit from emerging opportunities. We aim to safeguard and enhance our clients' assets by engaging with companies and holding management to account for their decisions. Voting is an important tool in this process, and one which we use extensively.

Creating sustainable value

We believe it is in the interest of all stakeholders for companies to build sustainable business models that are also beneficial to society. We work to ensure companies are well-positioned for sustainable growth, and to prevent market behaviour that destroys long-term value. Our investment process includes an assessment of how well companies incorporate relevant ESG factors into their everyday thinking. We engage directly and collaboratively with companies to highlight key challenges and opportunities, and support strategies that can deliver long-term success.

Promoting market resilience

As a long-term investor for our clients, it is essential that markets are able to generate sustainable value. In doing so, we believe companies should become more resilient to change and therefore seek to benefit the whole market. We use our influence and scale to ensure that issues impacting the value of our clients' investments are recognised and appropriately managed. This includes working with key policymakers, such as governments and regulators, and collaborating with asset owners to bring about positive change.

Action and impact

In the first quarter of 2021, we continued to focus our engagements with companies on the issues of executive pay and climate change, while also highlighting that the pandemic and growing global awareness of racial injustice have brought other societal inequalities to the fore.

First lead independent director (LID) on a German board

Following on our experience of engaging with companies, regulators and other stakeholders globally, we believe the presence of a LID is indispensable to a well-run board as they play a key role in supporting the supervisory board chair and are also an independent counter-power. In 2018, LGIM initiated an engagement campaign with the supervisory board chairs of 18 DAX 30 companies to formally request that they appoint a LID on their supervisory boards. In addition, LGIM made the same request directly to the German Commission in charge of the review of the code of governance (Regierungskommission Deutscher Corporate Governance Kodex) during its last consultation in 2019, to ask for the recommendation to appoint a LID on supervisory boards to be introduced.

At its 2021 Annual General Meeting (AGM), Siemens Energy submitted to shareholders the appointment of Mr Hans Hubert Lienhard to the innovative new position of special independent director on its supervisory board, in a role with responsibilities which correspond to those of a LID.

LGIM pre-declared our voting intention to publicly support the decision taken by Siemens Energy* and also encourage this practice among other German companies.

Holding caterer company Compass* to account on income inequality-related issues

Following the negative media coverage in the UK in January in relation to the content of free school meals distributed by Chartwells, a Compass Group subsidiary, LGIM joined an investor collaboration to hold the food



and support services company to account. In a letter signed by investors representing a total of £3 trillion of assets under management, we publicly¹ wrote to Compass' CEO to demand an explanation and commitments from the company on the matter.

The CEO responded directly to us outlining the company's response, and we received some comfort about the various initiatives mentioned in the letter. We are monitoring the company's actions and will continue to engage with them.

UK board effectiveness reviews

In January, the Chartered Governance Institute (ICSA), released a report² on board effectiveness reviews of listed companies, to which LGIM's Investment Stewardship team contributed, with our Director of Investment Stewardship sitting on the Steering Committee.

Many of our suggestions were taken into account and this document broadly aligns with LGIM's guide on board effectiveness reviews.³ The report introduces:

- A code for board reviewers undertaking the review for FTSE 350 companies
- Principles of good practice for listed companies and other organisations using the services of external board reviewers
- Reporting on board performance reviews: Guidance for listed companies

We believe this development will further encourage and support the efficiency of board effectiveness reviews in the UK, a key mechanism of corporate-governance best practice.

Taskforce on Nature-related Financial Disclosures (TNFD)

LGIM joined the TNFD Observer Group as a member in the first quarter of 2021. The TNFD seeks to provide a framework for corporates and financial institutions to assess, manage and report on their dependencies and impacts on nature. It also seeks to aid in the appraisal of nature-related risk and the redirection of global financial flows away from nature-negative outcomes and towards nature-positive outcomes. As an observer member, our primary contribution is to provide feedback on the output of the working groups, so as to help support the preparatory phase of the TNFD.

*References to any securities are for illustrative purposes only

1. <https://citywire.co.uk/funds-insider/news/esg-managers-raise-rashford-meal-concerns-with-compass/a1450007>

2. https://www.icsa.org.uk/assets/files/pdfs/Publications/board-evaluation_full-report.pdf

3. https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/board-effectiveness-reviews.pdf

Collaborative engagement on sustainable aquaculture

LGIM signed on to support the FAIRR investor engagement on sustainable aquaculture: managing biodiversity and climate risks in feed supply chains. As part of this initiative, we will encourage the world’s largest salmon companies to develop strategic, science-based approaches to diversify their feed ingredient sources to better manage ESG risks associated with sourcing wild forage fish and soy. Companies will also be asked to disclose their strategies to diversify their feed ingredients towards lower impact and more sustainable alternatives.

Aquaculture remains the fastest-growing food-production sector, and accounts for over half of all fish consumed by humans. It, however, relies on the products of wild forage fish, where there is currently a lack of consensus on the extent to which fisheries can be exploited, which presents risks. We have written letters to the companies with our expectations and will follow these up with engagements, which will be discussed in future.

Chair of the Board and putting our concerns in writing. We were relieved when the company wrote to us and other shareholders to confirm that they would not be proceeding with the additional one-off award.

Voting policy changes

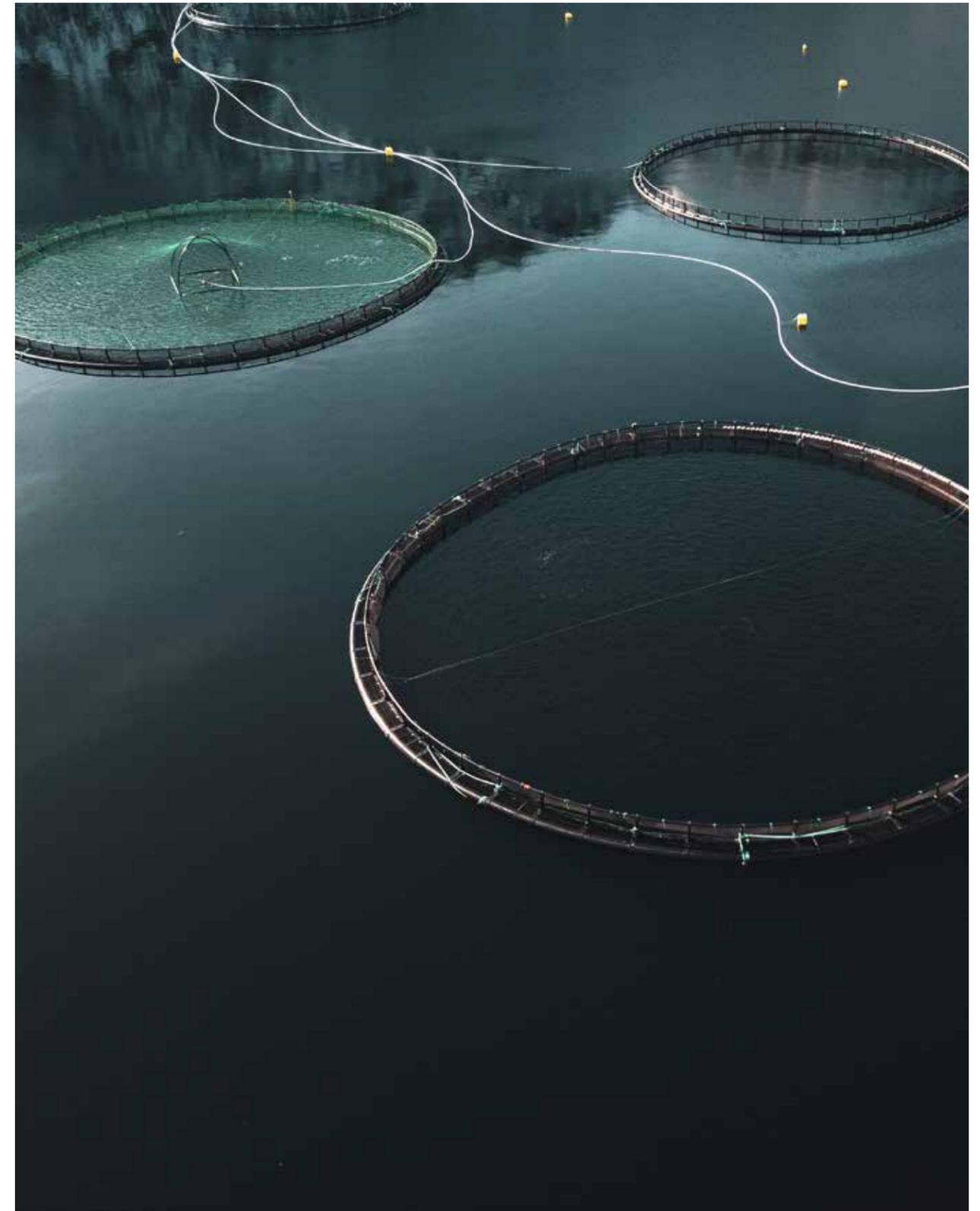
As part of an annual process, this year we updated our global policies to require company boards to comprise at least 30% female representation. Our UK and North American policies take this one step further requiring the board to include at least one person with an ethnic minority background.

Other important updates include a requirement to ensure that the Chair of the Audit Committee has relevant financial expertise, regular rotation of the external audit partner and for a regular auditor tender process to be carried out with auditor refreshment every 20 years.

We ask all companies to help reduce global poverty by paying at least the living wage to employees and by ensuring their Tier 1 suppliers do likewise. The living wage is usually higher than the minimum wage set by local regulation, to ensure that a sufficient wage is being earned to meet basic household needs.

COVID-19 has disrupted a company’s ability to hold a physical AGM. We believe the physical AGM is an important shareholder right and platform for any shareholder to be able to attend, be heard by the entire board and hold the board accountable for their actions. Historically, LGIM has been opposed to virtual-only AGMs but is supportive of a hybrid model. In light of the pandemic, LGIM has relaxed its views to support a virtual-only AGM, where regulations make it illegal to hold a physical meeting. However, in these circumstances, we would encourage companies to take every effort to give all shareholders an opportunity to pose questions via any electronic means and to have those answered at the AGM.

There are other changes to our policies, which can be found on our [website](#).



UK executive pay

Every year LGIM undertakes multiple engagements related to the structure and quantum of executive pay. Executive pay structures raise concerns over income inequality, considering that on average CEO pay was 144x the average UK worker in 2019.⁴

We have provided some specific named examples of engagements on executive pay in this report. However, many of our most successful engagements on pay-related issues remain behind closed doors, given the sensitivity of the discussions. We would like to highlight one of these engagements and the outcome during the quarter.

Over the last two quarters we have engaged with a FTSE 100 company whose remuneration committee thought it was essential to grant a one-off award to an executive director. We have concerns regarding the use of this type of pay structure at our investee holdings, where total pay is already significant and in particular when a single person is rewarded, rather than a whole team, for achieving a set goal. We engaged with the company multiple times to dissuade the committee to make such an award, including escalating our discussions to the

4. CIPD in Association with the High Pay Centre "Executive Pay in the FTSE 100 – Is Everyone Getting a Fair Slice of the Cake".

Significant votes

We have adapted our approach to provide detailed information to our clients on significant votes on a quarterly basis.



Company name: Walgreens Boots Alliance, Inc.*

Sector: Food and staples retailing **market cap.** \$46.1 billion (Source: Refinitiv, as at /04/2021)

Issue identified:	<p>The company's compensation committee applied discretion to allow a long-term incentive plan award to vest when the company had not even achieved a threshold level of performance.</p> <p>This is an issue because investors expect pay and performance to be aligned. Exercising discretion in such a way during a year in which the company's earnings per share (EPS) declined by 88% caused a significant misalignment between pay and performance.</p>
Summary of the resolution:	'Resolution 3 – Advisory vote to ratify named executive officer's compensation'. AGM date – 28 January 2021
How LGIM voted:	We voted against the resolution.
Rationale for the vote decision:	<p>LGIM had a constructive engagement with the company in November 2020; however, it failed to mention the application of discretion during that call.</p> <p>We found this surprising given the significant impact it had on compensation, which was discussed, giving the company an opportunity to raise this.</p> <p>LGIM does not generally support the application of retrospective changes to performance conditions. Although the company was impacted by COVID-19, many of its shops remained open as they were considered an essential retailer.</p> <p>The company did not provide sufficient justification for the level of discretion applied which resulted in the payment of 94,539 shares or approximately \$3.5m to the CEO in respect of the 2018-2020 award, which would otherwise have resulted in zero shares vesting.</p>
Outcome:	The resolution failed to get a majority support as 52% of shareholders voted against.
Why is this vote significant?	It was high-profile and controversial.

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*Case study shown for illustrative purposes only. The above information does not constitute a recommendation to buy or sell any security.



Company name: Hollywood Bowl Group*

Sector: Travel & Leisure **market cap.** £389 million (Source: Refinitiv, as at 21/04/2021)

Issue identified:	<p>The bowling alley operator has been financially impacted by the COVID-19 pandemic. This resulted in staff being furloughed and the company not paying dividends to shareholders.</p> <p>Despite this, the remuneration committee decided to exercise its discretion to allow for the performance period of the 2017 Long Term Incentive Plan (LTIP) award to be reduced from September 2020 to February 2020, to avoid having to factor in the financial consequences of the pandemic into the incentive plan. This resulted in the pro-rated LTIP vesting at 81% of salary.</p>
Summary of the resolution:	<p>Resolution 2 – approve remuneration report</p> <p>Resolution 3 – re-elect Nick Backhouse as director</p> <p>Resolution 7 – re-elect Ivan Schofield as director</p> <p>Resolution 8 – re-elect Claire Tiney as director</p> <p>AGM date - 27 January 2021.</p>
How LGIM voted:	We voted against the remuneration report and escalated our concerns by a vote against all the members of the remuneration committee.
Rationale for the vote decision:	The remuneration committee did not consult with LGIM before taking the decision to retrospectively reduce the performance period of the LTIP. We applied our policy and sanctioned this practice by a vote against the remuneration report. Given the seriousness of our concerns and the precedent this could set, we decided to escalate our vote sanction by a rare vote against all members of the remuneration committee.
Outcome:	47.7% of shareholders opposed the remuneration report (resolution 2) and 15.8% the re-election of the chair of the remuneration committee (resolution 8).
Why is this vote significant?	<p>We voted against the remuneration report and escalated our concerns by a vote against all the members of the remuneration committee.</p> <p>The remuneration committee did not consult with LGIM before taking the decision to retrospectively reduce the performance period of the LTIP. We applied our policy and sanctioned this practice by a vote against the remuneration report. Given the seriousness of our concerns and the precedent this could set, we decided to escalate our vote sanction by a rare vote against all members of the remuneration committee.</p> <p>47.7% of shareholders opposed the remuneration report (resolution 2) and 15.8% the re-election of the chair of the remuneration committee (resolution 8).</p> <p>The other members of the remuneration committee (resolution 3 and 7) were only opposed by 4.2% and 4.0% of shareholders respectively.</p> <p>LGIM will continue to monitor the company.</p> <p>We took the rare step of escalating our vote against all members of the remuneration committee given the seriousness of our concerns.</p> <p>This highlights the importance of ensuring that executive remuneration remains in line with stakeholder experience.</p>

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Company name: AmerisourceBergen Corporation*

Sector: Pharmaceuticals **market cap.** \$24.7 billion (Source: Refinitiv, as at 21/04/2021)

Issue identified:	<p>During the same year the company recorded a \$6.6 billion charge related to opioid lawsuits, its CEO's total compensation was approximately 25% higher than the previous year.</p> <p>By excluding the settlement costs, the Compensation Committee ensured executive pay was not impacted by an operating loss of \$5.1 billion (on unadjusted basis).</p> <p>LGIM has in previous years voted against executives' pay packages due to concerns over the remuneration structure not comprising a sufficient proportion of awards assessed against the company's performance.</p>
Summary of the resolution:	<p>Resolution 3 - Advisory Vote to Ratify Named Executive Officers' Compensation</p> <p>AGM date - 11 March 2021</p>
How LGIM voted:	We voted against the resolution.
Rationale for the vote decision:	We voted against the resolution to signal our concern over the overall increased compensation package during a year that the company recorded a \$6.6bn charge related to opioid lawsuits and a total operating loss of \$5.1 billion.
Outcome:	<p>The resolution encountered a significant amount of opposing votes from shareholders, with 48.36% voting against the resolution and 51.63% supporting the proposal.</p> <p>LGIM continues to engage with US companies on their pay structures and has published specific pay principles for US companies.</p>
Why is this vote significant?	LGIM considers it imperative that pay structures are aligned with company performance and that certain expenses over which directors have control and influence should not be allowed to be excluded in the calculation of their pay, in particular if these would be detrimental to the executive director(s) in question.

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Company name: Imperial Brands plc*

Sector: Consumer Goods **market cap.** £13.9 billion (Source: Refinitiv, as at 01/04/2021)

Issue identified:	<p>The company appointed a new CEO during 2020, who was granted a significantly higher base salary than his predecessor. A higher base salary has a consequential ripple effect on short- and long-term incentives, as well as pension contributions.</p> <p>Further, the company did not apply best practice in relation to post-exit shareholding guidelines as outlined by both LGIM and the Investment Association.</p>
Summary of the resolution:	<p>Resolutions 2 and 3, respectively, Approve Remuneration Report and Approve Remuneration Policy</p> <p>AGM date - 3 February 2021</p>
How LGIM voted:	We voted against both resolutions.
Rationale for the vote decision:	<p>An incoming CEO with no previous experience in the specific sector, or CEO experience at a FTSE 100 company, should have to prove her or himself beforehand to be set a base salary at the level, or higher, of an outgoing CEO with multiple years of such experience. Further, we would expect companies to adopt general best practice standards.</p> <p>Prior to the AGM, we engaged with the company outlining what our concerns over the remuneration structure were. We also indicated that we publish specific remuneration guidelines for UK-listed companies and keep remuneration consultants up to date with our thinking.</p>
Outcome:	<p>Resolution 2 (Approve Remuneration Report) received 40.26% votes against, and 59.73% votes of support.</p> <p>Resolution 3 (Approve Remuneration Policy) received 4.71% of votes against, and 95.28% support.</p> <p>LGIM continues to engage with companies on remuneration both directly and via IVIS, the corporate governance research arm of The Investment Association. LGIM annually publishes remuneration guidelines for UK listed companies.</p>
Why is this vote significant?	We are concerned over the ratcheting up of executive pay; and we believe executive directors must take a long-term view of the company in their decision-making process, hence the request for executives' post-exit shareholding guidelines to be set.

*Case study shown for illustrative purposes only. The above information does not constitute a recommendation to buy or sell any security.



Company name: Toshiba Corp.*

Sector: Industrials Conglomerates **market cap.** ¥1.91 trillion (Source: Refinitiv, as at 21/04/2021)

Issue identified:	Toshiba Corp's extraordinary general meeting (EGM) was precipitated by a significant decline in trust between its shareholders and management team following recent controversies, including allegations of abnormal practices and behaviour by the company surrounding its July 2020 AGM. As a result, the company faced two independent shareholder resolutions at the EGM calling for it to introduce remedies that would restore confidence and trust in the company's governance, management and strategy.
Summary of the resolution:	Resolution 1- Appoint Three Individuals to Investigate Status of Operations and Property of the Company Resolution 2 - Amend Articles to Mandate Shareholder Approval for Strategic Investment Policies including Capital Strategies EGM date - 18 March 2021
How LGIM voted:	We voted for the resolutions.
Rationale for the vote decision:	LGIM supported the resolution calling for the appointment of investigators to address doubts over the company's 2020 AGM conduct and vote tallying. We believe the enquiry, which is unlikely to be a burden on the company, will be an important step in rebuilding trust between shareholders and the company's executive team and board. We also supported the shareholder resolution mandating the company to present its strategic investment policy to a shareholder vote in order to send a clear message to the Toshiba Board and executive team: shareholders expect increased transparency and accountability.
Outcome:	Resolution 1 was passed with 57.9% of participating shareholders in support. The company promptly put investigators in place and set up a confidential hotline for any individuals who are willing to provide information. Resolution 2, in respect to the company's capital allocation and strategic investment policy received 39.3% support and did not pass. However, the vote serves to send a clear signal to the board and executive team that shareholders expect increased transparency and accountability.
Why is this vote significant?	The vote was high profile and controversial.

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Company name: Tyson Foods*

Sector: Food Producer **market cap.** \$28.6 billion (Source: Refinitiv as at 21/04/2021)

Issue identified:	A shareholder-led resolution requested that the company produce a report on Tyson's human rights due diligence process. The pandemic highlighted potential deficiencies in the application of its human rights policies. The following issues have been highlighted as giving grounds to this assessment: strict attendance policies, insufficient access to testing, insufficient social distancing, high line speeds and non-comprehensive COVID-19 reporting. Furthermore, according to the ISS AGM Benchmark report, there have been over 10,000 positive cases and 35 worker deaths. As such, the company is opening itself up to undue human rights and labour rights violation risks. Tyson is already subject to litigation for wrongful death of an employee filed by the family of the deceased. Additionally, there is a United States Department of Agriculture complaint for failure to protect employees of colour who are disproportionately affected by Covid-19, and two Federal Trade Commission (FTC) complaints for misleading representations about worker treatment, the nature of relationships with farmers, and conditions at poultry farms in its supply chain.
Summary of the resolution:	Resolution 4 – Report on Human Rights Due Diligence AGM date - 11 February 2021
How LGIM voted:	LGIM supported the resolution.
Rationale for the vote decision:	LGIM believes that companies in which we invest our clients' capital should uphold their duty to ensure the health and safety of employees over profits. While the company has health and safety, and code of conduct, policies in place and may have introduced additional policies to protect employees during the pandemic, there was clearly more it could have done. This is indicated by the reported complaints and rates of infection among its employee population. We believe that producing this report is a good opportunity for the board to re-examine the steps they have taken and assess any potential shortfalls in safety measures so that they can improve controls and be better prepared for any future pandemic or similar threat.
Outcome:	The resolution failed to get a majority support as only 17% of shareholders supported it.
Why is this vote significant?	Our clients were particularly interested in the outcome of this vote.

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Company name: Future plc*

Sector: Media & Entertainment **market cap.** £2.8 billion (Source: Refinitiv, as at 21/04/2021)

Issue identified:	The company proposed a bonus scheme that could award its chief executive just over £40 million. The Value Creation Plan could pay out up to £95 million in stock-based awards annually over three years to employees, based on total shareholder return and dividends. We had concerns around the potential increase in total quantum, as the proposed plan does not comply with LGIM's pay policy.
Summary of the resolution:	Resolution 3 – Approve Remuneration Report Resolution 4 – Approve Remuneration Policy Resolution 10 – Re-elect Hugo Drayton Resolution 18 – Approve Value Creation Plan AGM date - 11 February 2021
How LGIM voted:	We voted against the resolutions.
Rationale for the vote decision:	We did not engage with the company as we have clearly set out our expectations on remuneration in our principles document. We voted against the remuneration report and policy as we did not consider there to be sufficient justification for the proposed increase to the LTIP, and the proposed plan does not comply with LGIM's published pay policy. We voted against the value creation plan due to the potential increase in total quantum of pay. We voted against the chair of the remuneration committee as we have current and previous concerns with the remuneration plans.
Outcome:	The resolutions received the below in votes against: Resolution 3 – 35% Resolution 4 – 27% Resolution 10 – 10% Resolution 18 – 35% Whilst all resolutions passed, the company did receive significant votes against a number of these resolutions.
Why is this vote significant?	This was a high-profile vote, which has such a degree of controversy that there is high client and/or public scrutiny.

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Company name: Samsung Electronics*

Sector: Technology **market cap.** ₩564.1 trillion (Source: Refinitiv, as at 21/04/2021)

Issue identified:	In January 2021, Lee Jae-yong, the vice chairman of Samsung Electronics and only son of the former company chairman, was sentenced to two years and six months in prison for bribery, embezzlement and concealment of criminal proceeds worth about ₩8.6 billion. Lee Jae-yong was first sentenced to five years in prison in August 2017 for using the company's funds to bribe the impeached former President Park Geun-hye. While Lee was released from prison, he was not acquitted of the charges. Based on the court's verdict, Lee actively provided bribes and implicitly asked then president Park to use her power to help his smooth succession. The court further commented that the independent compliance committee established in January 2020 has yet to become fully effective.
Summary of the resolution:	Resolution 2.1.1 – Elect Park Byung-gook as Outside Director Resolution 2.1.2 – Elect Kim Jeong as Outside Director Resolution 3 – Elect Kim Sun-uk as Outside Director to Serve as an Audit Committee Member AGM date: 17 March 2021
How LGIM voted:	We voted against all three resolutions.
Rationale for the vote decision:	LGIM engaged with the company ahead of the vote. However, we were not satisfied with the company's response that ties have been severed. We are concerned that Lee Jae-yong continues to make strategic company decisions from prison. Additionally, we were not satisfied with the independence of the company board and that the independent directors are really able to challenge management. LGIM voted against the resolutions as the outside directors, who should provide independent oversight, have collectively failed to remove criminally convicted directors from the board. The inaction is indicative of a material failure of governance and oversight at the company.
Outcome:	The meeting results are not yet available.
Why is this vote significant?	This was a high-profile vote, which has such a degree of controversy that there is high client and/or public scrutiny and the sanction vote was a result of a direct or collaborative engagement.

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Company name: Mitchells & Butlers*

Sector: Travel and Leisure **market cap.** £1.7 billion (Source: Refinitiv, as at 21/04/2021)

Issue identified:	<p>Given the current COVID-19 restrictions and their impact on this pub & restaurant company's financials, the company sought shareholder approval for an equity raise through an underwritten Open Offer in March 2021.</p> <p>Three of the company's major shareholders came together and consolidated their holdings under a new holding company, Odyzean Limited. They together hold approximately 55% of the issued share capital of Mitchells & Butlers and therefore the majority of votes. As well as taking up their own share of the Open Offer, the concert party committed to underwrite any remaining offer shares not taken up by existing shareholders.</p>
Summary of the resolution:	<p>Resolution 1: Authorise Issue of Equity in Connection with the Open Offer</p> <p>Resolution 2: Authorise Issue of Shares Pursuant to the Open Offer at a Discount to Middle Market Price</p> <p>Resolution 3: Authorise Implementation of Open Offer</p> <p>These resolutions were presented at the company's special shareholder meeting held on 11 March 2021.</p>
How LGIM voted:	We voted against all three resolutions.
Rationale for the vote decision:	<p>We opposed Open Offer given our concerns about the influence of the newly incorporated holding company, Odyzean Limited, over our investee company's governance and the interests of minority investors. This concern was heightened by the announcement of expected changes to the structure and independence of the board as stated in the prospectus.</p> <p>LGIM would have expected a fair traditional rights issue to protect minority investors. We also noted that the concert party was able to buy deeply discounted shares without paying a control premium through their underwriting of the open offer.</p>
Outcome:	Only 6.8% of shareholders opposed these resolutions. LGIM will continue to monitor the company closely.
Why is this vote significant?	We have taken the rare step of opposing a capital raise given our serious concerns for minority shareholders' rights.

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Company name: SSP Group plc*

Sector: Consumer Discretionary - Travel and Leisure **market cap.** £2.5 billion (Source: Refinitiv, as at 21/04/2021)

Issue identified:	<p>Issue 1 – remuneration-based</p> <p>Many companies, especially those operating in sectors particularly hard-hit by COVID-19, have in the last year sought to introduce alternative long-term share incentives.</p> <p>Where performance-based awards are replaced with time-vested shares (restricted shares), which exhibit a higher likelihood of vesting, we expect the award opportunity to be significantly reduced to take account of the increased value.</p> <p>Institutional guidelines note a minimum 50% discount as an appropriate starting point. However, best market practice has since evolved to take account of any substantial reduction in the share price year-on-year to ensure that potential windfall gains when the market recovers are avoided.</p> <p>At SSP Group, whilst the remuneration committee proposed a 50% discount, it did not further reduce the award size despite the share price not having sufficiently recovered, lingering below 50% of the pre-pandemic price. Thus, the proposed award size would actually be larger than the number of pre-COVID-19 shares previously offered under the LTIP, despite its likelihood of vesting having increased dramatically.</p> <p>Issue 2 – share issuances without adequate shareholder protections</p> <p>At a capital raising by SSP Group in June 2020 – in the height of the coronavirus pandemic – the company issued additional capital through a legal structure that bypassed shareholder pre-emption rights.</p>
Summary of the resolution:	<p>Resolutions 3 and 4 – Approve Remuneration Policy and Restricted Share Plan (RSP)</p> <p>Resolutions 15-17 – Approve general share issuance authorities</p> <p>AGM date - 25 March 2021</p>
How LGIM voted:	<p>LGIM voted against the introduction of the RSP (Item 4) and the Remuneration Policy (Item 3).</p> <p>We also voted against the share issuance authorities (Items 15-17) given that we considered that the company had misused similar authorities during the previous year.</p>
Rationale for the vote decision:	<p>The proposed RSP award size (in number of shares) represented a potential increase in time-vested shares offered compared to the pre-COVID-19 award of performance-based LTIPs, this is not in line with our policy and did not warrant support. We were involved in the pre-vote consultation and fed back our views accordingly.</p> <p>Additionally, we believe that the SSP Board took advantage of a loophole in the UK Companies Act that was possible within its general share issuance authority approved by shareholders at the 2020 AGM. A vote against the renewal of such authority was therefore warranted.</p>
Outcome:	<p>Resolution 3: 9.79% votes against, with a further substantial number of abstain votes.</p> <p>Resolution 4: 10.25% votes against.</p> <p>Resolution 15: 21.77% votes against.</p>
Why is this vote significant?	<p>Ahead of the AGM, there had been rumblings from investors regarding the proposed RSP award size. But more importantly, the move away from performance-based share incentive to time-based awards, which vest subject to no further performance targets, is concerning and can set a dangerous precedent if not appropriately discounted.</p> <p>The high vote against the standard share issuance authority (Item 15) demonstrates shareholders' concern with capital raises that may lead to shareholders suffering dilution.</p>

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Case study: Amazon*

Sector: Communications.
Market cap: \$1.68 trillion
 (source: Refinitiv, as at 21/04/2021)



What was the issue?

It came to our attention through some of our asset-management peers that Amazon had been accused of interfering with efforts by its workers to unionise, ahead of a vote by workers in an Alabama facility on unionisation.

What did LGIM do?

We signed a letter to Amazon along with more than 70 other investors with collective assets under management (AUM) of \$6.4 trillion, to emphasise the role that worker representation plays in supporting companies in identifying and managing operating risks. We highlighted that Amazon should meet the expectations set out in the UN Guiding Principles on Business and Human Rights, and that as an internationally recognised human right, workers should be free to exercise their freedom of association and right to collective bargaining.

We set out the expectation that Amazon should have in place policies and processes appropriate to its size and circumstances, including:

- (a) A policy commitment to meet their responsibility to respect human rights
- (b) A due diligence process to identify, prevent, mitigate and account for how the company addresses its potential impacts on human rights
- (c) Processes to enable the remediation of any adverse human rights impacts Amazon causes or to which it contributes

Outcome

It is against this background and with these expectations, that we applaud the launch by Amazon of its Global Human Rights Principles. Through this policy, we have taken note of the company's commitment to The UN Guiding Principles on Business and Human Rights, which in turn recognise the fundamental right of workers to exercise their right to organise, should they choose to do so. We are also encouraged by the announcement that Amazon has commissioned a human rights impact assessment by an external consultant.

However, in spite of these initiatives that have been announced and following discussions with Amazon's Head of ESG Engagement, we remain concerned that the company has yet to demonstrate how it meets the commitments that it has set, not only with respect to human rights but also to transparency and stakeholder engagement. Our engagement with the company continues.

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LGIM’s engagement campaign on ESG transparency

As a long-term investor with an active ownership approach, LGIM is an advocate for greater [ESG transparency](#). Given the growing consensus on the financial materiality of ESG factors, many investors like LGIM are increasingly seeking to integrate them within their investment processes. In order to accurately understand risks and opportunities, investors need access to relevant, comparable, consistent, and verifiable ESG data across markets regardless of size, geography or asset class; in other words, better transparency from companies on their ESG performance.

However, access to what is considered ‘non-financial’ and ESG information has been traditionally overlooked, mostly because such information was rarely included in the annual reports or seen by the auditors. We believe ESG transparency is a responsibility which belongs to the board of directors. They need to ensure their company’s ESG credentials can be appropriately used by markets so they can efficiently price in this information.

Therefore, as previously announced, LGIM is stepping up its commitment to foster greater ESG transparency within markets. From 2022, LGIM will be voting against the chair of the board of all LGIM Transparency score laggards (LGIM ESG Score).

This means that we will sanction companies not providing an overall minimum level of disclosures on the following metrics:

- ESG reporting standards
- Verification of ESG reporting
- Scope of greenhouse gas (GHG) emissions
- Tax disclosure
- Director disclosure
- Remuneration disclosure

Performance on each of these metrics is assessed by third-party provider Sustainalytics. For further information on each of these key criteria, please refer to our public [ESG score methodology](#) document. Our investee company scores are publicly available on our [website](#).

Engagement before sanction

Whilst the expected disclosures are very standard ESG requirements, we chose to give our investee companies one year following our sanction announcement so that they can improve their disclosures and/ or check the data held by our third-party provider. We have sent engagement letters to 101 investee companies, a target group of the biggest companies we hold which have a low Transparency score (‘T score’).

The financial community and various stakeholders increasingly rely on ESG data provided by third party providers. Inaccurate ESG information held by a third-party provider and used by the investment community might result in markets inaccurately pricing company shares or bonds. ESG laggards are likely to be penalised by the markets; it is therefore important that boards step up on this issue and make sure the information third-party providers have on their companies is accurate and that investors can use it.

Our engagement campaign aims at creating this awareness among boards and the sanction to incentivise them to improve the quality of their ESG disclosure, including both the company’s own ESG reporting and ESG data held on them by data providers.

Engagement Universe



Engagement Summary:

United States **13**
 Europe **3**
 Asia **85**

Measuring the impact of our engagement

Using a similar [approach](#) as for our previous transparency campaign in 2019 and 2020, we aim to report on the result of our engagement to our clients.

Focus on corporate ESG disclosures in Asia

As part of this engagement campaign, LGIM sent engagement letters to 81 investee companies listed in five Asian markets – China, Hong Kong, Japan, Singapore and South Korea.

In the first of a series of blogs, we provide further details as to why our engagement with our investee companies in this region on the topic of ESG transparency matters:

A closer look at Asia

<https://www.lgimblog.com/categories/esg-and-long-term-themes/lgim-s-engagement-on-esg-transparency-a-closer-look-at-asia/>

Sustainability engagements

We continue to engage with companies, policymakers and other investors to promote sustainability.

Zeroing in on net zero

We continue our engagement with high-carbon industries around their strategies for the energy transition.

BP*, with whom LGIM co-leads engagements under the multi-trillion-dollar Climate Action 100+ investor coalition, has made a series of new announcements detailing their expansion into clean energy. These include projects to develop solar energy in the US, partnerships with Volkswagen (on fast electric vehicle charging) and Qantas Airways (on reducing emissions in aviation), and winning bids to develop major offshore wind projects in the UK and US.

As a reminder, our recommendation for the oil and gas industry is to primarily focus on reducing its own emissions (and production) in line with global climate targets before considering any potential diversification into clean energy. BP had previously announced that it would be reducing its oil and gas output by 40% over the next decade, with a view to reaching net-zero emissions by 2050.

In an update on their net-zero strategies, **Royal Dutch Shell*** has also announced they expect their overall carbon emissions to have peaked in 2019, with oil production expected to decline every year from now on. Fellow oil major Total* has pledged that all future bond issuance from the company will be linked to externally audited climate targets, with the company paying higher interest rates if they are not met.

We will continue to engage with oil and gas companies around the strength of their targets and the credibility of their planning assumptions in this area.

We also recognise the importance of policy in creating the right incentives for companies. With methane emissions in 2020 seeing the highest increase in four decades, LGIM and other investors managing over £30

Investors renew push for EU methane emissions standard on gas: letter⁵



trillion in assets have called on the EU to set standards for this aggressive planet-warming gas.⁵

In a different part of the natural resources industry, we have ongoing engagements with mining companies not just on their environmental strategies, but also the 'S' and 'G' of ESG.

Embroiled in a scandal after the destruction of a 46,000-year old heritage site in Western Australia, LGIM and other investors have continued to press **Rio Tinto*** for more accountability, believing that the initial responses (and the board oversight) were inadequate. After the departure of three directors (including the CEO) were announced last year, the chairman has declared he will now step down. We were pleased to see the media comment favourably on our public stance, with the Australian Financial Review noting that, "To its enduring credit, Legal & General stood alone in challenging [the chairman] from the outset.⁶ Other City investors urged [him] to act, but only once momentum had shifted and apathy had abruptly become unfashionable."

⁵ <https://www.reuters.com/article/us-eu-methane-letter/investors-renew-push-for-eu-methane-emissions-standard-on-gas-letter-idUSKBN2BN3MN>

*References to any securities are for illustrative purposes only

Legal & General investment arm demands votes on FTSE 100 firms' climate plans⁷

We have opposed the pay package at the 2021 AGM, and will continue to engage with the company on how it plans to reform its culture and renew its social licence to operate, as well as on other governance concerns. In particular, we remain concerned with the treatment of minority investors at its majority-owned subsidiary, **Turquoise Hill***.

On a more positive note, however, we welcome the growing number of extractive companies – including Rio

⁶ Financial Review, 9 March 2021, article available [here](https://www.reuters.com/article/us-eu-methane-letter/investors-renew-push-for-eu-methane-emissions-standard-on-gas-letter-idUSKBN2BN3MN)
⁷ <https://uk.finance.yahoo.com/news/legal-general-net-zero-votes-climate-change-environment-110650551.html>; <https://www.thetimes.co.uk/article/legal-amp-general-investment-arm-demands-votes-on-ftse-100-firms-climate-plans-zzncq0zbr>
⁸ <https://www.thetimes.co.uk/article/legal-amp-general-investment-arm-demands-votes-on-ftse-100-firms-climate-plans-zzncq0zbr>

Tinto*, Glencore*, Woodside Petroleum*, Santos*, Total* and Royal Dutch Shell* – announcing they will be offering shareholders an advisory vote on their climate strategies. We believe this 'say on climate' is well-aligned with LGIM's existing engagement on climate, including and the use of voting to exercise clients' shareholders rights.

Throughout the 2021 AGM season, LGIM will support all 'say on climate' resolutions which it believes are crucial to the business and will pre-announce its votes, where such an announcement would send a strong message to key stakeholders.

Legal & General: Give the city a say on firms' climate change plans⁸



Public policy update

LGIM has a responsibility to ensure that global markets operate efficiently, to protect the integrity of the market, and to foster sustainable and resilient economic growth. In this regard, LGIM focuses its ESG policy engagements on issues that we believe are key to achieving this.

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LGIM continues to engage with stakeholders on the UK Listing Review which has been led by Lord Hill. The review is part of a wider push from the government on ensuring the UK market remains attractive to both international investors and innovative growth companies looking to list. Areas of focus for Lord Hill have been on i) allowing dual class share structures in the premium listing segment; ii) reducing the free-float requirements; iii) rebranding the standard listing segment; iv) liberalising rules regarding special-purpose acquisition companies; and v) recommending review of the prospectus regime.

LGIM and the Investment Association have been actively engaging with Lord Hill's team. While supportive of many of Lord Hill's recommendations, there are some concerns about how far to go to ensure that the strong position on, and reputation for, good corporate governance currently held by the UK is maintained. For example, dual-class share structures in the Premium Indices will not sufficiently protect minority and end investors against potential poor management behaviour. This can potentially lead to value destruction and avoidable investor loss. As a result of our stance on this issue, LGIM did not participate in the IPO of Deliveroo* via either our active or index funds.

2021 has brought a step-change in focus on industry regulation as we see increasing signs of countries and governments reviewing the gig economy status. We take our role as a responsible steward of our clients' capital very seriously and engage with several companies in this sector on ESG concerns, like the rights of employees and proposed share-class structures. We believe in the active ownership of the companies in which we invest and think change from within can be the most impactful way to influence positive change in a company, for employees and shareholders alike. LGIM will now engage with the Financial Conduct Authority as they now consider Lord Hill's recommendations.

LGIM has also engaged with the Financial Reporting Council on various topics, including the future of corporate reporting, which is looking at ensuring that reporting continues to meet the needs of all stakeholders in the economy. There are several formal consultations on ESG issues (audit reform, social factors and climate-related disclosures) that have recently been released by the UK's Government that the LGIM team will be engaging with.

*References to any securities are for illustrative purposes only



European Union

As part of our focus on supporting governments to meet their Paris Agreement and net-zero commitments, LGIM has co-authored a paper with policy experts from Chatham House on the European Commission can align the reformed Common Agricultural Policy (CAP) with the Green Deal and EU Climate Law. We brought together an alliance of policy experts, business groups, and investors (representing €2 trillion of assets under management) who have publicly supported our recommendations to the EU. Our [recommendations](#) include:

1. Encourage use of enforceable performance-based targets that link support to member states and farmers, commensurate with the cost of delivering public good or environmental services;
2. Shift away from incentives that prioritise yields at the expense of the climate and environment, and balance this with new monetary incentives that put a value on sustainable agriculture;

3. Decouple support from production metrics for single commodity transfers with high associated greenhouse gas emissions (e.g. beef and dairy);

4. Apply the Just Transition Mechanism to support farmers' social and economic well-being, where impacted by CAP reforms.

Agricultural subsidies constitute a third of the EU's total budget and are pivotal in determining how land across Europe is utilised and which commodities are produced. Reforming the CAP is therefore essential for climate mitigation, negative emissions, and long-term environmental resilience in terms of climate adaptation, biodiversity improvements, and food security. We believe these recommendations will be broadly supported by both markets and regulators.

LGIM also continues to engage with various aspects of the EU's Sustainable Finance Action Plan, including the implementation of Sustainable Finance Disclosure Regulation and the subsequent Regulatory Technical Standards.



Japan

LGIM has continued to work with the International Corporate Governance Network to provide input into the revision of the Japan Corporate Governance Code. We have expressed our views across several topics e.g. board independence and diversity, timing of the securities report and other issues related to the AGM, and disclosures in line with the Task Force on Climate-related Financial Disclosures (TCFD). LGIM will engage in the public consultation.

LGIM has engaged with the Japan Association of Corporate Executives on climate change and energy policy. We encouraged strengthening their position on climate and energy policies, and highlighted the increasing need for companies to align with the goals of the Paris Agreement.

LGIM was also invited to participate in two government studies on stewardship and ESG. The first was led by the Cabinet Office which looked into how investors were approaching gender diversity. The second, commissioned by the Ministry of Economy, Trade and Industry, aimed to explore the views of investors on corporate governance issues in Japan. Full reports of both projects will be published in the coming months.

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United States

The election of a new administration in the United States has – almost overnight – taken the ESG and climate change discussion from ‘why’ to ‘how’. During the election, Joe Biden spoke on a podcast about climate change, saying it is the “number one issue facing humanity. And it’s the number one issue for me”. The US president is living up to his word. Almost within minutes of arriving in the oval office Biden started signing the executive orders, announcing non-enforcement on Department of Labor Rules that would have hampered ESG fund selection, and re-joined the Paris Agreement. It is a huge policy U-turn from the world’s second largest emitter, and the positive implications will be felt not only across the US but also far beyond its borders. LGIM and LGIMA are already stepping up engagements and supporting with the new administration on several ESG topics.

Other markets

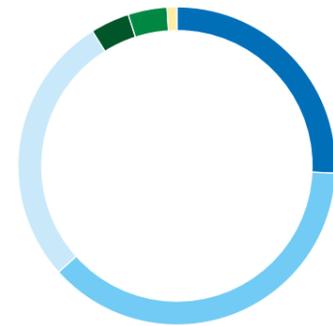
LGIM continues to closely follow and engage with the ESG disclosures landscape. Most recently, we have been pleased to see the IFRS have confirmed their intent to launch a Sustainability Standards Board by the end of the year. It will be important that an ESG disclosure standard is developed quickly and provides decision-useful information for investors. Harmonisation between markets will be important, particularly with regard to the EU’s reform on the Non-Financial Reporting Directive.

Regional updates

UK - Q1 2021 voting summary

Proposal category	For	Against	Abstain
Antitakeover-related	50	0	0
Capitalisation	315	26	0
Director-related	468	38	0
Remuneration-related	89	28	0
Reorganisation and Mergers	24	4	0
Routine/Business	352	4	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	0	0	0
Shareholder Proposal - Director-related	0	0	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	0	0	0
Shareholder Proposal - Other/Miscellaneous	1	1	0
Shareholder Proposal - Routine/Business	0	0	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	1299	101	0
Total resolutions		1400	
No. AGMs		75	
No. EGMs		70	
No. of companies voted on		127	
No. of companies where voted against management on at least one resolution		44	
% of companies with at least one vote against		35%	

Votes against management



- Antitakeover-related - 0
- Capitalisation - 26
- Director-related - 38
- Remuneration-related - 28
- Reorganisation and Mergers - 4
- Routine/Business - 4
- Shareholder Proposal - Compensation - 0
- Shareholder Proposal - Corporate Governance - 0
- Shareholder Proposal - Director-related - 0
- Shareholder Proposal - General Economic Issues - 0
- Shareholder Proposal - Health/Environment - 0
- Shareholder Proposal - Other/Miscellaneous - 1
- Shareholder Proposal - Routine/Business - 0
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 0

Number of companies voted for/against



- No. of companies where we supported management
- No. of companies where we voted against management

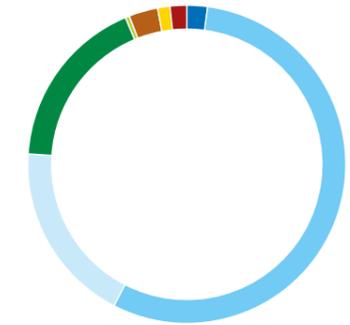
LGIM voted against at least one resolution at **35%** of UK companies over the quarter

Source for all data LGIM March 2021. The votes above represent voting instructions for our main FTSE pooled index funds

Europe - Q1 2021 voting summary

Proposal category	For	Against	Abstain
Antitakeover-related	1	0	0
Capitalisation	97	5	0
Director-related	659	91	41
Remuneration-related	89	44	0
Reorganisation and Mergers	10	0	0
Routine/Business	422	37	5
Shareholder Proposal - Compensation	0	1	0
Shareholder Proposal - Corporate Governance	0	0	0
Shareholder Proposal - Director-related	8	6	1
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	5	3	0
Shareholder Proposal - Other/Miscellaneous	2	0	0
Shareholder Proposal - Routine/Business	3	4	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	1296	191	47
Total resolutions		1534	
No. AGMs		63	
No. EGMs		21	
No. of companies voted on		83	
No. of companies where voted against management on at least one resolution		63	
% of companies with at least one vote against		76%	

Votes against management/ abstentions



- Antitakeover-related - 0
- Capitalisation - 5
- Director-related - 132
- Remuneration-related - 44
- Reorganisation and Mergers - 0
- Routine/Business - 42
- Shareholder Proposal - Compensation - 1
- Shareholder Proposal - Corporate Governance - 0
- Shareholder Proposal - Directors-related - 7
- Shareholder Proposal - General Economic Issues - 0
- Shareholder Proposal - Health/Environment - 3
- Shareholder Proposal - Other/Miscellaneous - 0
- Shareholder Proposal - Routine/Business - 4
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 0

Number of companies voted for/against



- No. of companies where we supported management
- No. of companies where we voted against management (including abstentions)

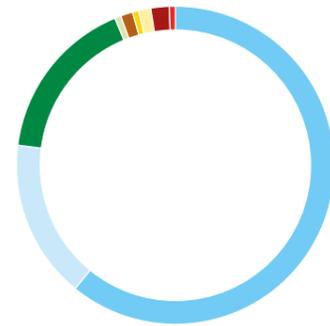
LGIM voted against at least one resolution at **76%** of European companies over the quarter

Source for all data LGIM March 2021. The votes above represent voting instructions for our main FTSE pooled index funds

North America - Q1 2021 voting summary

Proposal category	For	Against	Abstain
Antitakeover-related	3	0	0
Capitalisation	9	0	0
Director-related	324	98	0
Remuneration-related	37	26	0
Reorganisation and Mergers	9	0	0
Routine/Business	37	27	0
Shareholder Proposal - Compensation	3	0	0
Shareholder Proposal - Corporate Governance	0	1	0
Shareholder Proposal - Director-related	3	2	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	0	1	0
Shareholder Proposal - Other/Miscellaneous	0	2	0
Shareholder Proposal - Routine/Business	0	3	0
Shareholder Proposal - Social/Human Rights	0	1	0
Shareholder Proposal - Social	0	0	0
Total	425	161	0
Total resolutions	586		
No. AGMs	44		
No. EGMs	9		
No. of companies voted on	53		
No. of companies where voted against management on at least one resolution	44		
% of companies with at least one vote against	83%		

Votes against management



- Antitakeover-related - 0
- Capitalisation - 0
- Director-related - 98
- Remuneration-related - 26
- Reorganisation and Mergers - 0
- Routine/Business - 27
- Shareholder Proposal - Compensation - 0
- Shareholder Proposal - Corporate Governance - 1
- Shareholder Proposal - Directors-related - 2
- Shareholder Proposal - General Economic Issues - 0
- Shareholder Proposal - Health/Environment - 1
- Shareholder Proposal - Other/Miscellaneous - 2
- Shareholder Proposal - Routine/Business - 3
- Shareholder Proposal - Social/Human Rights - 1
- Shareholder Proposal - Social - 0

Number of companies voted for/against



- No. of companies where we supported management
- No. of companies where we voted against management

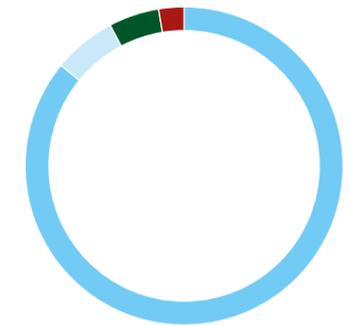
LGIM voted against at least one resolution at **83%** of North American companies over the quarter

Source for all data LGIM March 2021. The votes above represent voting instructions for our main FTSE pooled index funds

Japan - Q1 2021 voting summary

Proposal category	For	Against	Abstain
Antitakeover-related	0	0	0
Capitalisation	1	0	0
Director-related	530	67	0
Remuneration-related	32	5	0
Reorganisation and Mergers	9	4	0
Routine/Business	48	0	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	0	0	0
Shareholder Proposal - Director-related	0	0	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	0	0	0
Shareholder Proposal - Other/Miscellaneous	0	0	0
Shareholder Proposal - Routine/Business	0	2	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	620	78	0
Total resolutions	698		
No. AGMs	67		
No. EGMs	4		
No. of companies voted on	71		
No. of companies where voted against management on at least one resolution	45		
% of companies with at least one vote against	63%		

Votes against management



- Antitakeover-related - 0
- Capitalisation - 0
- Director-related - 67
- Remuneration-related - 5
- Reorganisation and Mergers - 4
- Routine/Business - 0
- Shareholder Proposal - Compensation - 0
- Shareholder Proposal - Corporate Governance - 0
- Shareholder Proposal - Directors-related - 0
- Shareholder Proposal - General Economic Issues - 0
- Shareholder Proposal - Health/Environment - 0
- Shareholder Proposal - Other/Miscellaneous - 0
- Shareholder Proposal - Routine/Business - 2
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 0

Number of companies voted for/against



- No. of companies where we supported management
- No. of companies where we voted against management

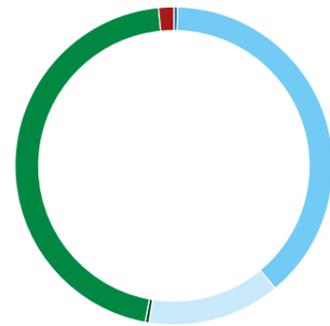
LGIM voted against at least one resolution at **63%** of Japanese companies over the quarter

Source for all data LGIM March 2021. The votes above represent voting instructions for our main FTSE pooled index funds

Asia Pacific - Q1 2021 voting summary

Proposal category	For	Against	Abstain
Antitakeover-related	0	0	0
Capitalisation	11	1	0
Director-related	348	100	0
Remuneration-related	135	35	0
Reorganisation and Mergers	9	1	0
Routine/Business	208	118	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	0	0	0
Shareholder Proposal - Director-related	1	0	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	0	0	0
Shareholder Proposal - Other/Miscellaneous	0	0	0
Shareholder Proposal - Routine/Business	1	4	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	713	259	0
Total resolutions		972	
No. AGMs		131	
No. EGMs		11	
No. of companies voted on		138	
No. of companies where voted against management on at least one resolution		125	
% of companies with at least one vote against		91%	

Votes against management



- Antitakeover-related - 0
- Capitalisation - 1
- Director-related - 100
- Remuneration-related - 35
- Reorganisation and Mergers - 1
- Routine/Business - 118
- Shareholder Proposal - Compensation - 0
- Shareholder Proposal - Corporate Governance - 0
- Shareholder Proposal - Directors-related - 0
- Shareholder Proposal - General Economic Issues - 0
- Shareholder Proposal - Health/Environment - 0
- Shareholder Proposal - Other/Miscellaneous - 0
- Shareholder Proposal - Routine/Business - 4
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 0

Number of companies voted for/against



- No. of companies where we supported management
- No. of companies where we voted against management (including abstentions)

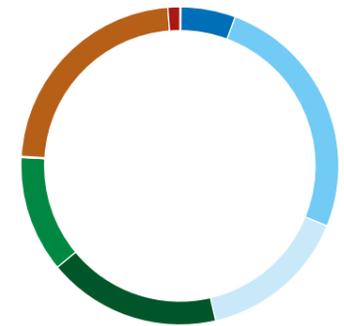
LGIM voted against at least one resolution at **91%** of Asia Pacific companies over the quarter

Source for all data LGIM March 2021. The votes above represent voting instructions for our main FTSE pooled index funds

Emerging markets - Q1 2021 voting summary

Proposal category	For	Against	Abstain
Antitakeover-related	0	1	0
Capitalisation	771	46	0
Director-related	771	152	59
Remuneration-related	62	126	0
Reorganisation and Mergers	481	146	0
Routine/Business	795	98	0
Shareholder Proposal - Compensation	2	0	0
Shareholder Proposal - Corporate Governance	0	1	0
Shareholder Proposal - Director-related	19	189	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	0	0	0
Shareholder Proposal - Other/Miscellaneous	0	0	0
Shareholder Proposal - Routine/Business	10	10	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	2911	769	59
Total resolutions		3739	
No. AGMs		104	
No. EGMs		328	
No. of companies voted on		417	
No. of companies where voted against management on at least one resolution		190	
% of companies with at least one vote against		46%	

Votes against management / abstentions



- Antitakeover-related - 1
- Capitalisation - 46
- Director-related - 211
- Remuneration-related - 126
- Reorganisation and Mergers - 146
- Routine/Business - 98
- Shareholder Proposal - Compensation - 0
- Shareholder Proposal - Corporate Governance - 1
- Shareholder Proposal - Directors-related - 189
- Shareholder Proposal - General Economic Issues - 0
- Shareholder Proposal - Health/Environment - 0
- Shareholder Proposal - Other/Miscellaneous - 0
- Shareholder Proposal - Routine/Business - 10
- Shareholder Proposal - Social/Human Rights - 0
- Shareholder Proposal - Social - 0

Number of companies voted for/against abstentions



- No. of companies where we supported management
- No. of companies where we voted against management (including abstentions)

LGIM voted against at least one resolution at **46%** of emerging markets companies over the quarter

Source for all data LGIM March 2021. The votes above represent voting instructions for our main FTSE pooled index funds. The abstentions were due to technical reasons which prevented us from voting. Where we have the option to vote, it is our policy to not abstain.

Global voting summary

Voting totals

Proposal category	For	Against	Abstain	Total
Antitakeover-related	54	1	0	55
Capitalisation	1204	78	0	1282
Director-related	3100	546	100	3746
Remuneration-related	444	264	0	708
Reorganisation and Mergers	542	155	0	697
Routine/Business	1862	284	5	2151
Shareholder Proposal - Compensation	5	1	0	6
Shareholder Proposal - Corporate Governance	0	2	0	2
Shareholder Proposal - Directors-related	31	197	1	229
Shareholder Proposal - General Economic Issues	0	0	0	0
Shareholder Proposal - Health/Environment	5	4	0	9
Shareholder Proposal - Other/Miscellaneous	3	3	0	6
Shareholder Proposal - Routine/Business	14	23	0	37
Shareholder Proposal - Social/Human Rights	0	1	0	1
Shareholder Proposal - Social	0	0	0	0
Total	7264	1559	106	8929
No. AGMs		484		
No. EGMs		443		
No. of companies voted on		889		
No. of companies where voted against management on at least one resolution		511		
% of companies with at least one vote against		57%		

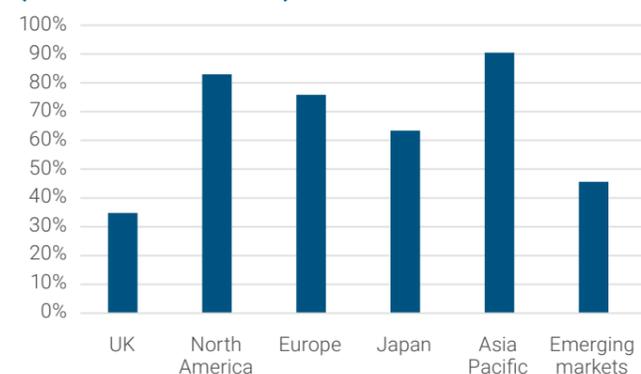
Page 68

Number of companies voted for/against abstentions



- No. of companies where we supported management
- No. of companies where we voted against management (including abstentions)

% of companies with at least one vote against (includes abstentions)



Source for all data LGIM March 2021. The votes above represent voting instructions for our main FTSE pooled index funds



Global engagement summary

Key engagement numbers



Total number of engagements during the quarter



Number of companies engaged with

Engagement type



91

Conference calls



143

Email/letter

Number of engagements on



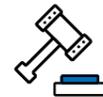
42

Environmental topics



139

Other topics (e.g. financial and strategy)



193

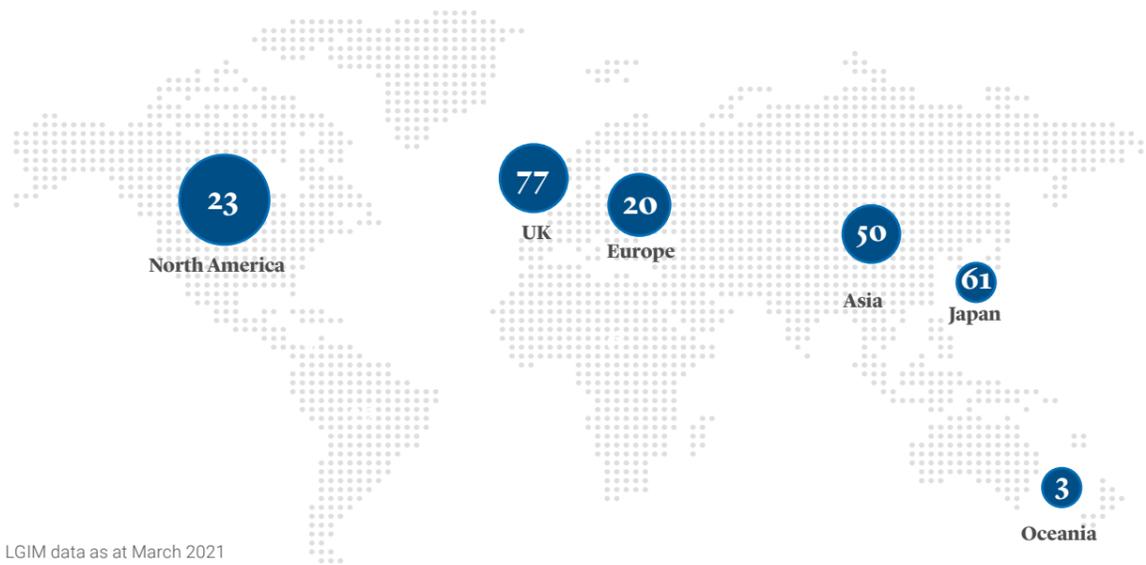
Governance topics



43

Social topics

Breakdown of our engagements by market



LGIM data as at March 2021

Top five engagement topics

1



ESG disclosures (including LGIM ESG score)
108 engagements

2



Remuneration
55 engagements

3



Climate Change
38 engagements

4



Board composition
26 engagements

5



Strategy
19 engagements



LGIM data as at March 2021

Contact us

For further information about LGIM, please visit lgim.com or contact your usual LGIM representative



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LAPFF Business Meeting Agenda, 21 April 2021

1. Apologies
2. Declarations of Interests
3. Approve minutes of 13 Jan 2021 Executive Meeting (*attached*)
4. Note minutes of 27 Jan 2021 Business Meeting (*attached*)

Policy

5. Tracking the sustainable development goals to LAPFF engagement (*attached*)
6. Diversity: socio-economic considerations (*attached*)
7. Mining and human rights – Part I (*attached*)
8. Say on Climate – voting and engagement – fossil fuel extracting companies (*attached*)
9. Climate change and nature-based solutions (*attached*)
10. BEIS select committee consultation ‘Restoring trust in audit and corporate governance’ (*oral*)
11. Invitation for LAPFF to join the Asia Collaborative Engagement Platform for Energy Transition (*attached*)
12. Draft LAPFF Workplan 2020/2021 (*attached*)

Engagement

13. Draft Quarterly Engagement Report *(attached)*

Services

14. APPG Just Transition Inquiry: quarterly update *(attached)*

15. Report of the Hon Treasurer

a) **Income and Expenditure to 28 Feb 21** *(attached)*

b) **Budget 2021/2022 and MTFP to 2025/2026** *(attached)*

16. Forum Officer's Report *(attached)*

17. Update on Scheme Advisory Board *(oral)*

For Information

18. LAPFF Calendar Dates *(attached)*

19. Any other business



Local Authority Pension Fund Forum

LAPFF Executive Meeting Minutes

Wednesday 13 January 2021 at 10.30am

Minutes

1. Apologies and attendance

Apologies:

Councillor Yvonne Johnson

Executive Committee members present:

John Anzani, Rodney Barton, Rachel Brothwood, Cllr Glyn Caron, Cllr Rob Chapman, Cllr Ged Cooney, Cllr Wilf Flynn, Cllr John Gray, Tom Harrington, Cllr Taqueer Malik, Cllr Doug McMurdo, Eddie Pope, Cllr Andrew Thornton,

In attendance:

PIRC Limited: Lara Blecher, Tim Bush, Janice Hayward, Paul Hunter, Alan MacDougall, Tom Powdrill, Neil Sellstrom, Alistair Tucker, Tessa Younger

Keith Bray, Forum officer

2. Declarations of Interest

None.

It was noted that the annual Register of Interests form had been sent to the Executive members with the meeting papers for the meeting, the Chair asked that the completed forms be returned to the PIRC office.

3. Skills and Training Statement 2021

The Chair asked that executive members complete the Skills and Training statement form for 2021 which was circulated to executive members with the meeting papers and return it to the PIRC office.

4. Approve minutes of the 16 September 2020 Executive meeting

The minutes were approved.

5. Approve minutes of the 13 November 2020 Executive Strategy meeting

John Anzani and Councillor Robert Chapman had attended the strategy meeting and their names had inadvertently been missed off the attendee list. Their names will be added to the minutes.

The minutes were approved.

6. Note minutes of the 7 October 2020 business meeting

Rachel Brothwood advised that she had attended the business meeting and was not listed on the attendee list. This will be rectified before the minutes are circulated to the LAPFF members.

The minutes were noted.

Policy

7. Capture and its implications for investors

LB presented the report.

The recommendation was agreed:

- That LAPFF members continue to engage with a range of stakeholders holding various perspectives in order to be aware of the salient issues that need to be investigated to prevent investor capture.

8. COVID-19 and the S in ESG

PH presented the report.

Comments from the executive; that infrastructure as well as private equity should be covered in the report. Very supportive of the paper as the 'S' has been overlooked with COVID making the situation worse and highlighting the 'S'. This affects all of us not least of all because of the investment issues for our funds.

The recommendations were agreed:

- That the Forum undertakes engagements on the management of COVID-19 risks within social care, outsourcing and food processing sectors.
- That 28 days are set aside to undertake these engagements under 'Leadership: Emerging and developing initiatives' category of the workplan.
- The revised list of standard questions on COVID-19 that LAPFF asks in engagements.

9. Pay Gaps and Diversity

PH presented the report.

Comments from the executive; it was noted that a task force is being set up by the City of London to look into social class. As there is little research available currently, propose that LAPFF works with the taskforce to take a lead on the issue with the investment community. The report was welcomed for the scope on diversity and the approach taken.

The executive were advised that a letter from LAPFF had been sent to the secretariat of the task force to engage with them on this issue.

The recommendations were agreed:

- Engagements on diversity with financial services companies with the largest pay gaps who do not currently report in line with the Parker review. These engagements would not only focus on ethnic and gender diversity but also areas such as socio-economic background, sexual orientation and disability.
- Following engagements with companies within the financial services sector, this report recommends consideration of issuing voting alerts at companies not reporting in line with the Parker review, targeting companies held by the largest number of LAPFF member funds.
- That LAPFF policy should be updated to include reference to pay gaps, with a policy that companies should disclose pay gaps in the context of a range of characteristics and seek to narrow pay gaps as an indication of greater diversity. The Forum believes that reducing pay inequalities, helps protect long-term shareholder value through eliminating workforce discrimination.
- The production of a scoping paper on socio-economic background, diversity and company performance. This would require five days to undertake and would take place in the next financial year.

10a. Proposal for Paper on Mining and Human Rights and Additional Resources for Mining Engagement

LB presented the report. LB advised that the paper had previously been presented to the LAPFF Executive Strategy meeting in November 2020 and was being brought to this executive meeting for formal approval.

LB advised that Robert McCorquodale who will be helping to prepare this paper will report to the quarterly business meetings as a standard item.

Questions from the executive; the issue of Chinese coal being sourced from Mongolia.

The Chair advised that LAPFF had already engaged with community members in Mongolia and will continue to do so.

The Chair also advised that a meeting with the Chair of Rio Tinto was already arranged for LAPFF and that questions will be raised regarding this issue.

LB advised that this is likely to be covered in the upcoming paper in relation to a just transition.

The Chair asked that included in the recommendations section should be the fund requirement, which had already been presented and informally agreed at the strategy meeting and could therefore be ratified at this executive meeting. This recommendation is now noted in these minutes.

The recommendations were agreed:

- That LAPFF allocate from the special projects a budget to engage Professor McCorquodale to consult on mining and human rights in two capacities:
- Ad hoc consulting on international human rights legal issues that arise; and
- Drafting of a Forum paper on mining and human rights considerations for investors
- To approve the time cost for producing the paper and utilising the expertise of Professor McCorquodale during the year would equate to 50 days = £30,500.

10b. Mining and Human Rights Implementation Plan

LB presented the report.

The recommendation was agreed:

- That the LAPFF Executive approve this implementation plan.

11. Batteries for Energy Storage, and units of Energy

TB presented the report.

Discussions took place regarding the environmental issues around the mining of cobalt and lithium. Comments from the executive included that as cobalt comes extensively from central Africa that the working practices of the operators should be monitored. Lithium is mined in South Africa and is reliant on a water source, this also should be on the LAPFF radar. Discussions also covered the development of solid state batteries, which may in future make lithium and cobalt redundant and they may be the worst of all worlds.

The recommendation was agreed:

- To note the report for information on this important area and to inform engagement with companies.

12. A further position paper on Carbon Capture Storage (CCS)

TB presented the report.

Executive members welcomed the report and thought that this was an area where LAPFF should take a lead as it is an important part of the work LAPFF is doing on climate change.

Following discussions the Chair asked that this important subject be the subject of a LAPFF webinar and that asset managers be asked to speak, the Chair requested that an invitation is extended to Larry Fink (Blackrock) to talk about CCS at the webinar. The Chair asked that this be part of the recommendations and it is included here.

The recommendations were agreed:

- That LAPFF continues to take a sceptical and challenging stance on CCS.
- That LAPFF consider specific engagement issues for at least; SSE Plc, Drax Group plc and Equinor.
- That LAPFF organises a webinar on Carbon Capture Storage

13a. Draft LAPFF Workplan 2021/22

TY presented the report.

It was noted that this was work in progress and that COVID will be included in the next iteration of the draft work plan.

The recommendation was agreed:

- That LAPFF executive members review, consider additions to, and approve the draft workplan

13b. Draft LAPFF Workplan Budget 2021/22

TY presented the report.

Discussions took place and a request was made that LAPFF engagements be mapped to the Sustainable Development Goals.

It was agreed that a scoping paper be prepared for the executive regarding the mapping of the Sustainable Development Goals.

The recommendation was agreed:

- That LAPFF executive members review, consider additions to, and approve the draft workplan budget.

Engagement

14. Draft Quarterly Engagement Report: October – December 2020

LB presented the report.

LB gave an update on the mining and human rights engagements. TY updated the executive on the shareholder resolution at the HSBC AGM.

The recommendation was agreed:

- That LAPFF executive members review the current draft text of the Quarterly Engagement report.

Services

15. APPG Inquiry into a Just Transition – update report

PH presented the report. The APPG meeting takes place next week and the call for evidence will be launched.

The recommendation was agreed:

- It is recommended that the LAPFF executive note the report.

16. Menu of services

PH presented the report.

It was agreed that the report be amended to delete reference to the annual presentation for funds.

The recommendation was agreed:

- It is recommended that the LAPFF executive agree the outlined menu of services to be offered to members.

17a. Report of Honorary Treasurer – Income and Expenditure to 30 November 2020.

RaB presented the report and emphasised that the income and expenditure report should be considered to be a draft report.

The recommendation was agreed:

- The LAPFF Executive are requested to note the financial position for the period to 30 November 2020 and forecast for the 2020/21 year.

17b. Report of Honorary Treasurer Draft budget 2021/22 and Medium Term Financial Plan to 2025/26

RaB presented the report.

The recommendations were agreed:

- Approve an increase in the membership fee to £10,050 for 2021/22.
- Approve any increase to the consultancy days financed for the 2020/21 year, to enable accurate forecasting and baseline for the MTFP to 2025/26.
- Note that in budgeting for 2021/22 and the MTFP, no allowance is made for any additional services Forum members may commission through the proposed Menu of Services. These will be monitored separately and will not flow through the LAPFF accounts.
- Review the surplus relative to the reserves target and consider approving an advance allocation for special projects during 2021/22.
- Delegate to the Chair and Vice-Chairs, approval of an updated draft 2021/22 budget and Medium-Term Financial Plan through to 2025/26 for presentation to the Forum membership at the Business Meeting on 27 January 2021. This can also incorporate any changes agreed at the January Executive meeting for 2021/22 workplan consultancy days and special projects.

18. Progress against the Work Plan

TY presented the report.

TY advised that up to end November an additional 74 days had been worked against the the pro rata research and engagement budget to that point. .

The Chair said that LAPFF has done exceptionally well in very difficult circumstances and that LAPFF has been able to engage with many companies and individuals within companies with the help of technology.

The recommendation was agreed:

- That Executive members note the summary of work undertaken against the workplan for the 2020/2021 financial year.

19. Forum Officer's report

KB presented the report.

The Chair advised that he and the Vice Chairs were keen to get involved in presentations to members or presentations to promote the Forum to possible new members.

The recommendation was agreed:

- That the report be noted.

20. Update on Scheme Advisory Board

RC advised that the sub committee had not met, and were due to meet on Monday 18 January, and he would report back following that meeting.

For information

21. LAPFF Calendar dates

The paper was noted.

22. LAPFF's Largest holdings

The paper was noted.

23. Any other business

The Chair reported to the executive that LAPFF had been invited to sign the letter to Compass organised by CCLA on the reports concerning school meals. The Chair advised that LAPFF was meeting with Compass at 2.00pm that afternoon to discuss the issue.



Local Authority Pension Fund Forum
LAPFF Business Meeting Minutes – conducted by Zoom
Wednesday 27 January 2021

Minutes

1. Apologies

None

Present by audio/visual:

Mark Foster	Avon Pension Fund
Cllr Steve Pearce	Avon Pension Fund
Ileana Constantinescu	Avon Pension Fund
Richard Orton	Avon Pension Fund
Cllr Doug McMurdo	Bedfordshire Pension Fund
Julie McCabe	Bedfordshire Pension Fund
Ewan McCulloch	Border to Coast Pension Partnership
Jane Firth	Border to Coast Pension Partnership
Helen Price	Brunel Pension Partnership
Julie Edwards	Buckinghamshire Pension Fund
Cllr Heather Johnson	LB Camden Pension Fund
Tony Wainwright	LB Camden Pension Fund
Ieuan Hughes	Clwyd Pension Fund
Matthew Chapman	Cornwall Pension Fund
Gill Welbourn	Cumbria Pension Scheme
Adam Nelson	Derbyshire City Council
David Thomas	Dyfed Pension Fund
Anthony Parnell	Dyfed Pension Fund
Sian Kunert	East Sussex Pension Fund
Ian Brindley	Environment Agency Pension Fund
Cllr Ged Cooney	GMPF
Tom Harrington	GMPF
Sandra Stewart	GMPF
Mushfiqur Rahman	GMPF
Glyn Caron	Greater Gwent Pension Fund
Cllr Heather Johnson	LB Camden Pension Fund
Tony Wainwright	LB Camden Pension Fund
Cllr Robert Chapman	LB Hackney Pension Fund
Oladapo Shonola	LB Haringey Pension Fund
Cllr John Gray	LB Newham Pension Fund
Cllr Jill Whitehead	LB Sutton Pension Fund
Mukhtar Master	Lancashire Pension Fund
Cllr Eddie Pope	Lancashire Pension Fund
Claire Machej	Lincolnshire Pension Fund
Frances Deakin	Local Pensions Partnership
John Anzani	Lothian Pension Fund
Bruce Miller	Lothian Pension Fund
Cllr Pat Cleary	Merseyside Pension Fund
Owen Thorne	Merseyside Pension Fund
Beth Barlow	Merseyside Pension Fund

Caroline Mann	NE Scotland Pension Fund
Cllr Mohammed Malik	NE Scotland Pension Fund
Ciaran Guilfoyle	Nottinghamshire Pension Fund
Yvonne Keitch	Rhondda Cynon Taff Pension Fund
George Graham	South Yorkshire Pensions Authority
Richard Keery	Strathclyde Pension Fund
Cllr Jill Whitehead	LB Sutton Pension Fund
Sue Smithyman	Teesside Pension Fund
Andrew Lister	Tyne & Wear Pension Fund
Rachel Brothwood	West Midlands Pension Fund
Rachael Lem	West Midlands Pension Fund
Patricia McAllister	Westminster Pension Fund

In Attendance:

Keith Bray, LAPFF Officer

Lara Blecher, Tim Bush, Janice Hayward, Paul Hunter, Alan MacDougall, Tom Powdrill, Alistair Tucker, Tessa Younger, PIRC Limited, Research and Engagement partner.

2. Declarations of interest

None

3. Approve minutes of the 7 October 2020 Business meeting

The minutes were approved.

4. Note Minutes of 16 September 2020 Executive Meeting

The minutes were noted.

Policy

5. Capture and its implications for investors

The report was as circulated.

The recommendation was agreed:

- That LAPFF members continue to engage with a range of stakeholders holding various perspectives in order to be aware of the salient issues that need to be investigated to prevent investor capture.

6. Covid-19 and the S in ESG

PH presented the report.

Discussions took place on the proposed sector coverage. Questions over whether engagement in the care sector would be successful given that the sector is too fragmented and some parts owned by private equity firms. Also whether LAPFF's ability to intervene and the allocation of the time in the work plan would relate to LAPFF's long term investment.

In response members advised that reputational and financial risks were of concern to LGPS funds as it could be considered similar to those risks that arose from tobacco investments. Also that there are some class actions being considered in relation to the big commercial operations.

PH also advised that given that social care has been such a prominent issue with the spread of Covid, this sector will be scrutinised, including its investors and ultimate asset owners.

Also asked was due to the size of holdings of LAPFF members and the impact of COVID has had on distribution centres for example that this sector should be part of the research paper.

Following the discussions with members it was agreed that distribution centres and supermarkets be included in the engagement on the management of Covid-19 risks and be included in the recommendations:

The recommendations were agreed:

- That the Forum undertakes engagement on the management of Covid-19 risks within social care, outsourcing and food processing sectors. Also as agreed at the meeting with distribution centres and supermarkets.
- That 28 days are set aside to undertake these engagements, the preparatory work writing to companies under 'Leadership: Emerging and developing initiatives' category in the current workplan, the remainder incorporated into the next iteration of the draft workplan.
- The revised list of standard questions on Covid-19 that LAPFF asks in engagements.

7. Pay Gaps and Diversity

PH presented the report.

PH advised that the report gives an overview of the evidence of under representation and pay gaps and highlights the investment risks from lack of diversity. It is proposed to focus on the largest LAPFF holdings in the financial sectors. Also consideration will be given to issuing voting alerts on companies that are not adhering to the Parker review.

AT reported that there has not been much research carried out on socio-economic background diversity. A new Task Force has been commissioned by HM Treasury and the Department for Business, Energy and Industrial Society (BEIS) and this involves the City of London Corporation. LAPFF are writing to City of London Corporation to arrange a meeting to discuss the task force.

The recommendations were agreed:

- Engagements on diversity with financial services companies with the largest pay gaps who do not currently report in line with the Parker review. These engagements would not only focus on ethnic and gender diversity but also areas such as socio-economic background, sexual orientation and disability.
- Following engagements with companies within the financial services sector, this report recommends consideration of issuing voting alerts at companies not reporting in line with the Parker review, targeting companies held by the largest number of LAPFF member funds.
- That LAPFF policy should be updated to include reference to pay gaps, with a policy that companies should disclose pay gaps in the context of a range of characteristics and seek to narrow pay gaps as an indication of greater diversity. The Forum believes that reducing pay inequalities, helps protect long term shareholder value through eliminating workforce discrimination.
- The Production of a scoping paper on socio-economic background, diversity and company performance. This would require five days to undertake and would take place in the next financial year.

8. Mining and Human Rights Implementation Report

LB presented the report.

LB advised that Professor Robert McCorquodale a top international human rights lawyer will be working with LAPFF to produce this report and the intention is that Professor McCorquodale will report to LAPFF at their quarterly business meetings.

The recommendation was agreed:

- That the LAPFF membership note this implementation report and provide comment to the research and engagement team, if desired.

9. Batteries for Energy Storage, and Units of Energy

TB presented the report.

The report covers the comparable units of energy and batteries. Discussions took place on the energy measurements.

The recommendation was agreed:

- To note the report for information on this important area and to inform engagement with companies.

10. A further position paper on Carbon Capture and Storage (CCS)

TB presented the report.

TB advised that LAPFF had engaged with the Global CCS Institute and from that engagement and also the indication of support from the government for CCS schemes in the UK, that there should be continuing analysis and vigilance on the facts.

The recommendations were agreed:

- That LAPFF continues to take a sceptical and challenging stance on CCS.
- That LAPFF consider specific engagement issues for at least; SSE plc, Drax Group plc and Equinor.
- The Executive requested on presentation of this paper to hold a webinar on these issues in March 2021.

11a. Draft LAPFF Workplan 2021/22

TY presented the report.

TY emphasised that the workplan was draft and that what was most important was for it to reflect LAPFF members' priorities and objectives. She advised it would be e-mailed to all members with a request for input by a specified date. The executive will then review this input and a revised workplan will be put for discussion and approval to the April Business meeting..

TY also advised that the LAPFF executive committee wished to emphasise the proposal to map LAPFF engagement to the Sustainable Development Goals.

The recommendations were agreed:

- That the LAPFF membership note the proposal as regards sustainable development goals.
- That members review, consider additions to, and approve the draft workplan.

11b. Draft LAPFF Workplan Budget 2021/22

TY presented the report.

The recommendation as agreed:

- That the LAPFF membership reviews, considers additions to, and approves the draft workplan budget.

Engagement

12. Draft Quarterly Engagement report: January to March 2020

LB presented the report.

The Chair reported on LAPFF's engagement with Compass with regard to the issues on the supply of school meals. The Chair also reported on LAPFF's engagement with Rio Tinto and Vale.

Councillor Rob Chapman reported on LAPFF's support for 'Say on Climate' and on engagement with National Grid, Tom Harrington reported on engaging with Altice and Councillor Glyn Caron reported on the engagement with Tesco.

TB also gave an update on LAPFF's work on reliable accounts.

The recommendation was agreed:

- That LAPFF membership review the current draft text of the Quarterly Engagement report.

Services

13. APPG inquiry into a Just Transition – Update report

PH presented the update and advised that the inquiry had been launched at an APPG meeting on the 20 January 2021.

The recommendation was agreed:

- That the LAPFF membership note the report.

14. Menu of services

PH presented the report.

The Chair also advised the meeting that lengthy consideration had been given by the LAPFF Executive to offer additional services. He also emphasised that all the current services provided by LAPFF would not be affected and the additional services were available to members for their choice and decision.

The recommendation was agreed:

- That the LAPFF membership agreed the outlined menu of services to be offered to members.

15a. Report of Honorary Treasurer – Income and Expenditure to 30 November 2020

RaB presented the report.

RaB gave an overview of the differences between the budget forecasts and the actual expenditure.

The recommendation was agreed:

- Forum members are requested to note the financial position for the period to 30 November 2020 and forecast outturn for the 2020/21 year.

15b. Report of Honorary Treasurer – Draft budget 2021/22 and Medium-Term Financial Plan to 2025/26

RaB presented the report.

The recommendations were agreed:

- A membership fee of £10,500 for 2021/22
- The Executive Committee review and agreed to an allocation from reserves to Special Projects for 2021/22, with expenditure subject to identification and approval of appropriate projects during the year.

16. Forum Officer's Report

KB presented the report.

The recommendation was agreed:

- That the report be noted.

17. Update on Scheme Advisory Board

The Chair asked RC for an update. It was agreed that when there is some feedback from SAB it will be communicated to members in the Chair's weekly e mail to members.

Presentation

18. Carmen Nuzzo, PRI – Fixed income and ESG

Carmen presented an overview of developing a strategy for addressing ESG in fixed income products. Carmen's presentation can be accessed on the LAPFF members' website.

For information

19. Holdings paper

Noted

20. LAPFF calendar dates

Noted

21. Any other business

None



Tracking the Sustainable Development Goals to LAPFF engagement

Summary

- The UN's Sustainable Development Goals (SDGs) are an ambitious set of objectives to support sustainable growth globally and reduce poverty.
- Although the goals are aimed at nation states they are used by asset managers and owners and companies to assess and shape how their activities can and do support sustainable development.
- Since 2017 the SDGs have been part of the Forum's policy framework and LAPFF has undertaken a series of engagements focused on specific SDGs. However, other topics covered in LAPFF engagements feature within the SDG framework.
- This report outlines how all the Forum's engagements can be reported against the SDGs.
- The report provides a template of how engagement themes fit within each of the main 17 SDGs.
- The report looks back over engagements in 2020 to give an overview of where LAPFF engagements have focused and what reporting would like.
- The report then looks at how engagements could be reported against in the future.

Recommendations

It is recommended that LAPFF members approve that:

- LAPFF engagements are reported against the SDGs in the annual report and quarterly engagement reports
- In the annual report, narrative is provided on how LAPFF engagements relate to the SDGs.

1. The SDGs and LAPFF

- 1.1 In 2015, UN member states adopted the 2030 Agenda for Sustainable Development. This aimed to provide a 'blueprint for peace and prosperity for people and the planet, now and into the future'.¹ At the centre of the 2030 Agenda were 17 Sustainable Development Goals (SDGs). These were aimed at developing and developed nations and sought to improve health and education, end poverty, reduce inequality to help spur growth while doing so in way that tackles climate change and protected the environment.
- 1.2 While focused on nation states, the adopted UN resolution stated that: 'All countries and all stakeholders, acting in collaborative partnership, will implement this plan'. As such, the SDGs are used by some asset managers and owners to assess where their activities are focused. Some companies also use the goals to highlight the impact the impact of their operations.
- 1.3 The SDGs are not without critics. For example, there have been concerns that it potentially enables companies to pick and mix between which SDGs they report against and how. There are also concerns that for some companies and investors the focus overly concentrated on the SDGs, which can be interpreted in different ways, rather than legal standards (see the report to the last executive on 'Capture and its Implications for Investors'). Some of the SDGs are also likely to be less relevant to engagement work as goals are targeted at nation states rather than companies or investors. This means that in the mapping exercise below engagement themes may not at times fit neatly into the SDG framework, some engagement areas do not fit into the SDGs and the titles of some SDGs may not clearly or intuitively describe the engagement themes contained within them.
- 1.4 Nevertheless, they provide a way of articulating and demonstrating how engagement work supports a wide range of development goals.
- 1.5 In 2017, a report was presented to LAPFF executive on the SDGs. This outlined the benefits of using the SDGs and recommended that LAPFF undertake engagement focused on two goals: sustainable cities and clean water and sanitation. The sustainable cities work included engagements with carmakers which continue today. The SDGs were also included in the LAPFF policy document which states: 'LAPFF supports the alignment of SDGs with responsible investment strategies, including a just transition to a net-zero carbon economy.'
- 1.6 The goals are now well established and as part of the workplan it was agreed that LAPFF engagements would be mapped against the SDGs.

¹ <https://sdgs.un.org/goals>

1.7 At present LAPFF currently reports engagement by their specific issue (for example, human rights) in the Quarterly Engagement Reports and Annual Report but not for SDGs.

2. Mapping the SDGs to engagements

2.1 There are 17 headline SDGs and under these there are a set of targets and 231 unique indicators.

2.2 Using the goals and indicators, a framework for mapping LAPFF engagements to the SDGs has been created. The table below outlines the SDGs and what types of engagements would fall within which SDG. LAPFF may not have undertaken all these types of engagements but nevertheless could conceivably do so (and therefore keep within the framework below).

2.3 Some engagements fall under more than one SDG and would therefore be covered by more than one SDG. For example, recent engagements with carmakers on EVs could fall under both sustainable cities and reducing emissions.

SDGs	Engagement areas
Goal 1. End poverty in all its forms everywhere	<ul style="list-style-type: none"> • Living wages; • Decent pay and conditions for lower skilled workers; • Precarious work
Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture	<ul style="list-style-type: none"> • Food poverty; • Healthy eating; • Sustainable agriculture
Goal 3. Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> • Support vaccines/medicines and access to them; • Addiction (alcohol, tobacco and pharmaceuticals); • Road deaths; • Health protection; • Air pollution; • Clean water
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> • Workplace training; • Progression; • Equal access to training opportunities; • Child labour
Goal 5. Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> • Women in the boardroom; • Workplace diversity; • Gender pay gap
Goal 6. Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> • Water use; • Water pollution; • Protection of water eco-systems; • Water sanitation

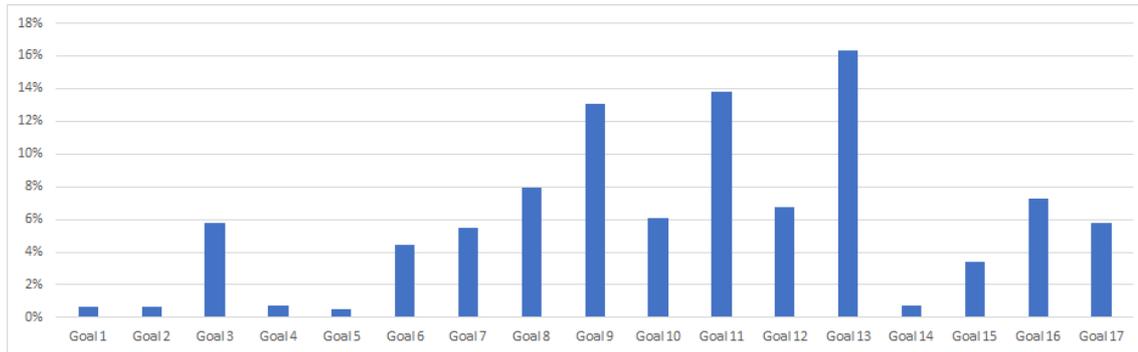
<p>Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<ul style="list-style-type: none"> • Affordable energy; • Increase renewable energy; • Increase energy efficiency; • Clean energy research; • Clean energy infrastructure
<p>Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> • Employment standards; • Human capital management; • Decouple growth from environmental degradation; • Decent work for all (men, women, people with disabilities); • Equal pay for equal work; • Modern day slavery; • Labour rights; • Health and safety; • Financial services for all; • Youth employment
<p>Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<ul style="list-style-type: none"> • Retrofit industries to make sustainable; • Support local/regional sustainable infrastructure; • Access to affordable internet; • Access to affordable credit
<p>Goal 10. Reduce inequality within and among countries</p>	<ul style="list-style-type: none"> • Pay ratios; • Executive pay; • Diversity; • Equal rights; • Improve regulation of financial markets
<p>Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<ul style="list-style-type: none"> • Affordable housing; • Affordable, accessible and sustainable transport; • Safeguard cultural and natural heritage; • Protect against disasters (i.e. water-related); • Air quality and waste management; • Climate adaptation
<p>Goal 12. Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> • Reduction, recycling, reuse (e.g. plastics); • Use of natural resources; • Food waste; • Management of chemical waste; • Reduce fossil fuel subsidies
<p>Goal 13. Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none"> • Reduce GHG emissions; • Climate change resilience; • Climate change integrated into plans/strategies
<p>Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>	<ul style="list-style-type: none"> • Reduce marine pollution; • Manage marine and coastal ecosystems; • Stop over-fishing

<p>Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<ul style="list-style-type: none"> • Conservation of forests, wetlands, mountains and drylands; • Deforestation; • Soil quality; • Biodiversity
<p>Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> • Child exploitation (e.g. use of child labour); • Corruption and bribery; • Protect freedoms according to national legislation and international agreements; • Adhering to the rule of law; • Cyber security (combat organised crime); • Accountable and inclusive institutions at all levels
<p>Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development</p>	<ul style="list-style-type: none"> • Macro-economic stability - true and fair accounts, financial regulation; • Debt relief/restructuring for high-indebted poor countries; • Financial resources for developing countries

3. Mapping the SDGs to engagements

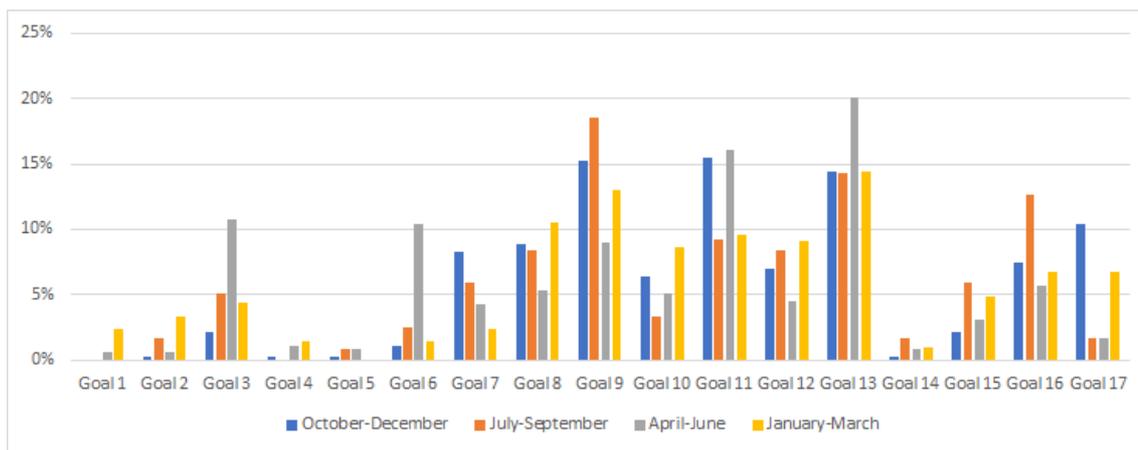
- 3.1 To understand how LAPFF engagements would likely map against the SDGs, LAPFF’s 2020 engagements have been mapped against the SDGs. Covering a whole year of engagement enables a comprehensive view of the topics covered and how it would look if the Forum was to report on the SDGs every three months in the Quarterly Engagement Report.
- 3.2 LAPFF engagements with companies can cover a variety of topics. Rather than focus on all the areas discussed, the main meeting objectives (most meetings, for example, tend to have two or three objectives) were mapped with the SDGs.
- 3.3 The results are outlined below and show that the main engagement areas are climate action (goal 13) sustainable cities and communities (goal 11) and sustainable and resilient infrastructure (goal 9). Engagement also focused on decent work (goal 8) and peace, justice and strong institutions (goal 16).
- 3.4 Over the year LAPFF covered all 17 goals, but some had relatively few engagements.

Engagements by SDGs, 2020



3.5 The picture for each quarter of 2020 shows that while engagements by goal fluctuated by quarter, there was a good spread in each of the periods.

Engagements by SDGs, Quarterly 2020



4. Future reporting of SDGs

4.1 The SDG framework in section 2 and the mapping exercise highlights how LAPFF engagements can be reported against according to the SDGs.

4.2 The data from 2020 indicates that the Forum engages across all 17 SDGs. While it is possible in some years that this will not be the case, it is expected that most of the SDGs will be reported against each year. The data on quarterly engagements highlights that engagements by SDGs do fluctuate. Nevertheless, there was a good spread each quarter.

4.3 Given the data for 2020, it is therefore recommended that existing reporting of LAPFF engagements is extended to include the SDGs. Specifically, it is recommended that:

- LAPFF engagements are reported against the SDGs in the annual report and quarterly engagement reports; and



- in the annual report, narrative is provided on how LAPFF engagements relate to the SDGs.



The material implications of socio-economic diversity

Summary

- At the January business meeting, it was agreed that a scoping paper on socio-economic background, diversity and company performance would be produced.
- The report outlines how socio-economic background effects adult career prospects and leadership of FTSE companies and the level of the class pay gap.
- The report examines the research into the material implications of a lack of social mobility. No studies could be found about socio-economic diversity in the boardroom and firm performance. However, data does point towards it as a way of increasing diversity of approaches/views to guard against group-think. Research from the OECD and World Economic Forum highlights the benefits of social mobility to economic outcomes at a national level. Studies also show benefits apply at a firm level, including around talent, innovation and teamwork.
- This view about best use of the talent available is the rationale behind the recently announced HM Treasury and BEIS commissioned taskforce into socio-economic diversity in financial and professional services, which LAPFF has met with.

Recommendations

It is recommended that LAPFF members agree:

- That the LAPFF policy document is amended to explicitly mention socio-economic status as part of its position on workforce and boardroom diversity.
- Future engagements on diversity should cover socio-economic background and social mobility.
- LAPFF continues to engage with the government-commissioned taskforce into socio-economic diversity in financial and professional services.

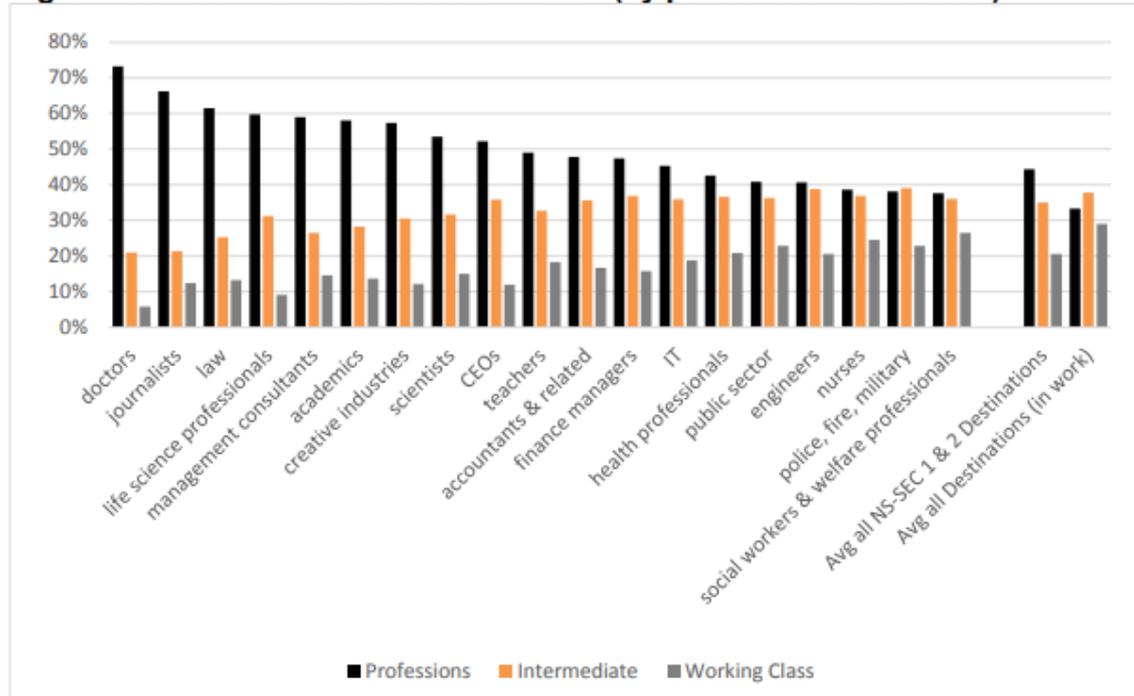
1. Social class and social mobility

- 1.1. LAPFF supports the principle of diversity across a range of employment characteristics. One characteristic of diversity that is receiving increased focus by Government is socio-economic background. However, at present it is not explicitly mentioned in the LAPFF policies document.
- 1.2. Socio-economic background (SEB) or social class can be defined by a number of factors, including parents' educational qualifications, parents' occupations and household income. While numerous studies have outlined the impact of socio-economic background on adult life chances it is not considered to be a protected characteristic under the Equality Act 2010, although was originally intended to be so. Related to the issue of socio-economic background is the concept of social mobility or 'how someone's adult outcomes relate to their circumstances as a child'.¹
- 1.3. Unlike gender, employment status, age or location pay gaps by socio-economic background has historically not consistently been reported at a national let alone at a firm level.
- 1.4. However, questions recently added to the Labour Force Survey have enabled researchers to examine in more detail the so-called 'class ceiling'. A study for the government's Social Mobility Commission noted that while 33% of the population come from professional or managerial backgrounds, the average figure among top occupations is 44%. The chart below from the report shows how certain professions are disproportionately occupied by those with the parents from professional backgrounds. The report also noted within professions those from working class backgrounds earned £6,8000 less than colleagues from professional backgrounds. Even holding for education and human capital there was still a £2,200 class pay gap and women and those from ethnic minorities faced a double disadvantage.²

¹ [Oxera-report WEB FINAL.pdf \(suttontrust.com\)](#), pg 4

² Friedman, S et al Social Mobility, the Class Pay Gap and Intergenerational Worklessness: New Insights from The Labour Force Survey (Social Mobility Commission, 2017)

Figure 1: Access to Selected Professions (by parental NS-SEC class)



1.5. The Social Mobility Commission’s own research found that:³

- There is a class pay gap⁴ of 24%.
- Those better off are 80% more likely to find their way into professional jobs than those from working class backgrounds.
- The issue is compounded by the interaction with gender, ethnicity and disability. For example, women from working class backgrounds in professional jobs earn 36% less than men (£16,000) from a professional background in the same profession.

1.6. Research has also highlighted noticeable differences within the leadership of listed companies. A joint study by the Sutton Trust and Social Mobility Commission found that 48% of the FTSE 350 chief executives educated in the UK attended private school (compared with 7% nationally), which is often used as a proxy for class and to measure social mobility.⁵

1.7. The issue has also been examined at a sector level. Within the financial sector, the Bridge Group, a consultancy to promote social equality, found that 51% of respondents across all levels of seniority were from a higher socio-economic background (as defined by parental occupation). This compares with 33% of the economy-wide working population across the UK.

³ Social Mobility Commission, State of the Nation 2018-19: Social Mobility in Great Britain (2019)

⁴ The class pay gap refers to the full-time median pay gap for those aged 25-60 from working class backgrounds and professional backgrounds

⁵ [Elitist-Britain-2019.pdf \(suttontrust.com\)](#), pg 4

The report also found that employees from lower socio-economic backgrounds took 25% longer to progress through grades, increasing to 32% when considering those from lower socio-economic backgrounds who identify as people of colour, despite no evidence of poorer performance.⁶ Inclusive Boards analysed the tech sector and found in the UK's top tech firms 36.6% of board members and 31.3% of senior executives attended private school compared to just 7% of the wider population.⁷

2. Does social class matter for companies and investors?

- 2.1. LAPFF's policy on diversity rests on two main arguments. First, that the lack of diversity encourages groupthink which can lead to poor decision making at board level (and it can also hinder innovation across the workforce). Second, that lack of diversity risks under-utilising talent and encouraging diversity widens and deepens the talent pool. The second also relates to the first because without a diverse pipeline of candidates, companies will struggle to fill senior and boardroom positions with diverse candidates.
- 2.2. Theoretically increasing socio-economic background of board members would increase diversity of thought and also experience. For example, socio-economic background is associated with differing attitudes to risk, altruism and patience.⁸ More relevant to the question of leadership of companies, an academic study from the US found that there appeared to be a relationship between risk-taking and social background of chief executives with both lower and upper social class corporate leaders taking greater risks than those who grew up in middle class families.⁹ A [study examining](#) the relationship between social background and leadership qualities in the army found that as parental income exerts indirect impacts on task, relational and change-oriented leaders and also engagement with people they are leaders of. Studies have also shown that 'class transitioners' - those moving between class - are more likely to be able to relate to people in a more skilled way, particularly useful in group situations.¹⁰
- 2.3. Despite such studies there has been little if any research about the relationship between socio-economic background of board members and

⁶ Bridge Group, [Who gets ahead and how?](#)

⁷ <https://www.inclusiveboards.co.uk/challenging-perspectives-socioeconomic-background-in-the-uk-tech-sector>

⁸ Deckers, T How Does Socio-Economic Status Shape a Child's Personality? IZA. April 2020

⁹ Jennifer J. Kish-Gephart and Joanna Tochman Campbell, You Don't Forget Your Roots: The Influence of CEO Social Class Background on Strategic Risk Taking, Academy of Management Journal Vol. 58, No. 6, 11 Nov 2014

¹⁰ R. Martin and Stéphane Côté, Social Class Transitioners: Their Cultural Abilities and Organizational Importance, Academy of Management Review Vol. 44, No. 3, 9 Jul 2019

firm performance – in contrast to gender diversity where there have been numerous studies. Indeed, a search of Google Scholar resulted in no relevant articles on the issue.

- 2.4. There has been more examination of the link between social mobility and economic growth. Several OECD reports have examined the issue. Its 2008 'Growing Unequal' report noted that 'If the degree of intergenerational transmission of disadvantage can be reduced, the aptitudes and abilities of everyone in society are likely to be used more efficiently, thus promoting both growth and equity.'¹¹ A later report also found, similar to other studies, that more equal countries have greater levels of social mobility (the so-called Great Gatsby Curve). It went on to find that greater income inequality within a country affected skills development/investment in skills amongst those whose parents had lower educational attainment and that in turn led to both lower social mobility and weaker economic growth.¹² Such findings are particularly important in a UK context where there is less social mobility than in other advanced economies.
- 2.5. Similarly, the Sutton Trust commissioned research which found that an increase in the UK's social mobility to the average level found across western Europe: 'could be associated with an increase in annual GDP of approximately 2%, equivalent to £590 per person or £39bn to the UK economy as a whole (in 2016 prices).'¹³ The report goes on to note that 'greater mobility means that both the talents of all young people are recognised and nurtured, and that the barriers to some jobs are reduced – these entry barriers exist because of biases in recruitment processes or inequality of educational opportunity. In a more mobile society it is more likely that a job will be filled by someone with the highest level of potential to perform well in that job, rather than someone who may be less well suited but, for example, well connected.'
- 2.6. The World Economic Forum have also found that an increase in social mobility would increase global growth sizeably.¹⁴ At a company level they note: 'More inclusive businesses can rely on a more educated, engaged and diverse workforce that drives innovation; are more representative of and better able to understand their customers; and can foster a corporate culture of acceptance and respect from customers and stakeholders.'
- 2.7. McKinsey have also examined the issue of diversity, including socio-economic background, at a firm level. They found that through effective

¹¹ OCE, Growing Unequal (2008)

¹² OECD, A Family Affair: Intergenerational social mobility across OECD Countries (2015)

¹³ [Oxera-report_WEB_FINAL.pdf \(suttontrust.com\)](#)

¹⁴ WEF, Global Social Mobility report

inclusion and diversity policies a company will increase employee satisfaction, reduce conflict between groups, improving collaboration and loyalty which in turn, provides a more attractive environment for high performers.¹⁵

2.8. The theme of making the most of talent was a central rationale for the recently announced HM Treasury/Department for Business, Energy and Industrial Strategy taskforce on socio-economic diversity in financial and professional services. In the commissioning letter the departments state: 'The Government is committed to maintaining a strong and globally competitive financial and professional services sector in the UK. Getting the right leadership is key to tackling the range of strategic challenges and opportunities facing these critical areas. The best way to get the right people at the top is to ensure that all talented people have the opportunity to succeed.'¹⁶

2.9. LAPFF may also wish to consider the issue in reputational terms. Polling has shown public concern that the 'economy is rigged against them', that people do not have equal opportunities to get ahead, and the public have low trust in big business. Public attitudes about social mobility have worsened with increasing numbers stating getting ahead in life is about knowing the right people.¹⁷ The World Economic Forum notes the link between pessimism about social mobility and disengaging with economic life and weakening social cohesion.¹⁸ These perceptions and attitudes may therefore result in reputational damage to investee companies not seen to be addressing social mobility and leadership reflective of society.

3. LAPFF's policy position and future engagement on socio-economic background

3.1. The evidence suggests that greater social mobility is associated with better economic performance at a national level, and at a firm level that it helps ensure talent is used effectively, improves workplace satisfaction and strengthens teamwork. While no studies could be found between socioeconomic background of boards and firm performance, given the Forum's position regarding groupthink and diversity then a socio-economically diverse board may help safeguard against poor decision making. Furthermore, as the government's taskforce notes, if social mobility

¹⁵ [delivering-through-diversity_full-report.ashx \(mckinsey.com\)](#), pg 24

¹⁶ HMT BEIS commissioning letter for socio-economic diversity taskforce, 24 November 2020

¹⁷ Ipsos Mori, Social Mobility in Britain, 2017

¹⁸ WEF, The Global Social Mobility Report 2020 Equality, Opportunity and a New Economic Imperative (2020)

ensures the best talent rises to the top then socio-economically diverse boardrooms could be an indication of talent utilisation.

- 3.2. Given the evidence it is recommended that the LAPFF policies document is amended to explicitly mention socio-economic status as part of its position on workforce and boardroom diversity.
- 3.3. With a change in policy, future engagements on diversity should cover the socio-economic background and social mobility elements of company analysis. Engagement on the issue is likely to cover similar themes to other areas of diversity around recruitment and retention, target setting and mentoring to support progression.
- 3.4. There are also distinct issues which may create barriers to access, not least concerns around unpaid internships, which would be explored in engagements on the issue. As Sutton Trust note, 70% of internships are unpaid, large numbers never openly advertised, and completing an internship is associated with higher salaries.¹⁹ The World Economic Forum also highlights other areas which matter: 'Companies can contribute to improving social mobility by a set of inter-connected priorities: a focus on promoting a culture of meritocracy in hiring; active participation in vocational and technical education programmes; providing timely and comprehensive reskilling and upskilling curricula to employees; and paying fair wages that allow employees to meet their basic needs'. Efforts to overcome geographical barriers to social mobility is also commonly cited.²⁰
- 3.5. The World Economic Forum note that growth-enhancing social mobility is most prevalent in countries with stakeholder models of capitalism. One component of the stakeholder model is stakeholder involvement in corporate governance arrangements. The Forum is supportive of companies appointing employee representatives as part of the revised UK corporate governance code. This could be a way of increasing socio-economic diversity on boards and in turn support greater social mobility. As such employees on the board could feature in engagements with companies on the issue.
- 3.6. The Forum has met with a representative from Deloitte who are supporting the government-commissioned taskforce on socio-economic background in financial and professional services. It is recommended that LAPFF continues to be in contact with the taskforce.

¹⁹ [Pay-As-You-Go-1.pdf \(suttontrust.com\)](#)

²⁰ Mentioned by both the Sutton Trust and the World Economic Forum



Mining and Human Rights – Part I

Summary

- A paper on the mining industry and human rights was requested by the LAPFF Executive to facilitate LAPFF's engagement in this area.
- International human rights law expert, Robert McCorquodale, was commissioned to write this paper.
- It was agreed that his first instalment of the paper would cover the international human rights law framework.
- Therefore, this paper presents an overview of the international human rights law framework, including how this framework applies to local government pension schemes.
- Professor McCorquodale will present this paper to the next LAPFF Business Meeting

Recommendation

- That the paper be accepted as the introduction to the LAPFF mining and human rights paper.

1. Introduction

1.1. There have been protections of human rights in national laws for centuries. These include references in national constitutions in most States in the world and there are usually specific pieces of legislation in many States concerning a human right, such as for the protection of children. However, as most breaches of human rights are caused by a State acting against its own nationals or others living in its territory, and where remedies for these breaches are not available within the State, this has led to the creation of an international human rights legal framework. This framework is beyond the national legal system in order to afford redress to those whose human rights are infringed and to provide an international standard by which States can be compared.

1.2. The major development in the creation of this international legal framework for the protection of human rights was the United Nations Charter 1945, developed immediately after the end of the Second World War. It begins with these words:

‘We the Peoples of the United Nations determined... to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women’.

1.3. This acknowledgement of the importance of human rights by all States has done much to stimulate the large amount of international law protecting human rights now in place. While there were some international treaties (being agreements between States) which protected human rights prior to 1945, such as on labour rights and rights of minorities, the development of the protection of human rights in international law has generally been subsequent to the United Nations Charter.

1.4. Today, international human rights law (IHRL) is contained within **international human rights treaties** (including regional treaties) and **customary international law**. International human rights treaties place legal obligations on all States which are party to them, i.e. State parties are those States that have “ratified” by a statement to an international body, such as the UN, that the State is willing to be legally bound; it is not about whether or not the State has implemented the treaty in national legislation. All States (out of the 193 States which are members of the United Nations) are party to at least one international human rights treaty.¹ This does not mean that any State implements its treaty obligations fully (see below), but it does mean that they accept that there are international human rights legal standards which apply to them.

¹ See Office of the High Commissioner of Human Rights, <https://indicators.ohchr.org>.

- 1.5. Human rights that are part of customary international law legally bind every State as they are all members of the international community. The International Court of Justice (ICJ), being the only international court open to all State disputes, has confirmed this when it held:

*Wrongfully to deprive human beings of their freedom and to subject them to physical constraint in conditions of hardship is in itself manifestly incompatible with the principles of the Charter of the United Nations, as well as with the fundamental principles enunciated in the Universal Declaration of Human Rights.*²

- 1.6. Above all, human rights are accepted as being a matter of international law, as States have acknowledged that “the promotion and protection of all human rights is a legitimate concern of the international community”,³ so human rights are not just a matter of national interests.

2. What are Human Rights?

- 2.1. What are human rights has been debated by philosophers and others for centuries. A common idea is that human rights arise out of the protection of human dignity. However, for our purposes, the focus is on how law, especially international law, has defined and clarified human rights. The core premise in international law is that the rights of humans do not depend on an individual’s nationality and so the protection of these rights cannot be limited to the jurisdiction of any one State.

- 2.2. It can be tempting to draw up a hierarchy of human rights. This would place some rights as being more important than other rights. For example, many people consider that the right to life is the most important right. However, under IHRL, the right to life is essentially the right not to be deprived of life rather than a right to existence. There may be other human rights, such as the right to water, the right to food, the right to shelter and the right to an adequate standard of living, which could be considered more important as they enable someone to live. Others may consider that the right to a fair trial is more important, as without it then none of the other rights can be effective. In essence each human right is interrelated with other rights and any particular right is important for the person who seeks to have it protected for them. The United Nations (UN) has made this clear.

*[A]ll human rights are universal, indivisible, interrelated, interdependent and mutually reinforcing, and that all human rights must be treated in a fair and equal manner, on the same footing and with the same emphasis.*⁴

² *United States Diplomatic and Consular Staff in Tehran*, ICJ Judgment, ICJ Reports 1980, p.3.

³ Vienna Declaration and Programme of Action on Human Rights 1993, Article 4.

⁴ UN General Assembly Resolution 60/251 of 15 March 2006, which established the Human Rights Council of the UN.

2.3. So a hierarchy of rights is not consistent with the international legal protection of human rights.

2.4. While there is no hierarchy of rights, the main IHR treaties (which often have a range of names for a treaty, such as Convention, Covenant and Protocol) tend to categorise human rights. While these categories are not clearly differentiated, some examples of the key ones are the following:

2.4.1. *Civil Rights*

These are rights which protect a person’s physical and mental integrity, such as the right to freedom from torture and the right to privacy.

2.4.2. *Cultural Rights*

These are rights which enable people to express their own cultural heritage, such as the protection of rights of minorities to enjoy their own culture and to use their own language.

2.4.3. *Economic Rights*

These are rights related directly to economic activities, such as the right to safe and healthy working conditions and the right to join a trade union.

2.4.4. *Political Rights*

These are rights which enable political participation in the broadest sense, such as the right to freedom of expression and the right to assembly.

2.4.5. *Social Rights*

These are rights which enable social development, such as the right to education and the right to health care.

2.4.6. *Group Rights*

Not all human rights are individual rights, so there are rights which protect a group as a group, such as the right to freedom from genocide and the right to self-determination.

2.4.7. *Cross-Cutting Rights*

There are some rights which apply with all other human rights, such as the right not to be discriminated and the right to equality.

2.5. Some treaties cover many categories of rights, such as the International Covenant on Economic, Social and Cultural Rights (ICESCR) and the International Covenant on Civil and Political Rights (ICCPR). Other treaties are limited to specific human rights, such as the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT),

and some treaties focus on the human rights of a specific group, such as the Convention on Elimination of Discrimination against Women (CEDAW) and the Convention on the Rights of the Child (CRC). There are also treaties which are restricted to regions, such as the European Convention on Human Rights (ECHR), the European Social Charter (ESC) the Inter-American Convention on Human Rights (IACHR) and the African Charter of Human and Peoples' Rights (ACHPR).

- 2.6. The human rights which are most often included as being part of customary international law are the right to non-discrimination, the right to life, the right to freedom from slavery, the right to freedom from torture, the right to freedom from genocide, and the right of self-determination.⁵

3. Human Rights Obligations

- 3.1. The IHR treaties all place similar obligations on States which are party to the treaty. For example, the CRC, which has 196 States parties (including 4 States which are not members of the United Nations and the absence of the United States of America as a party), sets out the primary implementation obligations on States in Article 4:

States Parties shall undertake all appropriate legislative, administrative, and other measures for the implementation of the rights recognized in the present Convention. With regard to economic, social and cultural rights, States Parties shall undertake such measures to the maximum extent of their available resources and, where needed, within the framework of international co-operation.

- 3.2. This indicates that each State should take a range of measures to implement the rights, including by legislation and other practices. Some rights must be **immediately implemented**, such as rights about prohibitions (on torture, slavery, non-discrimination) and others require **steps to be taken** over time due to resources constraints, such as the right to health and the right to a fair trial. Depending on a State's constitution, customary international human rights may automatically be implemented into domestic law.
- 3.3. Who is the "State" for the purposes of these obligations? It includes all organs of the State, such as the executive, legislature, judiciary, police and military. It also includes sub-State entities, such as all parts of a federal or devolved State, and all governmental bodies, including local government and most public bodies. This is often evident in a State's constitution or main legal documents, such as which bodies are subject to legislation on human

⁵ Most of these customary international law rights may be *jus cogens* i.e. a more binding international law, in a similar way to most State's constitutional principles.

rights. In my view, the human rights obligations on a State would include a local authority in relation to its activities.

- 3.4. These obligations are sometimes considered obligations to **respect, protect and fulfil rights**. This means that a State must not take measures which would result in a breach of a human rights, must be proactive to ensure that there are no human rights violations, and must implement human rights and provide remedies.
- 3.5. These obligations do not mean that a State can never take action to limit the enjoyment of any human right. Most human rights have **limitations on them which are to protect society in general and to prevent the infringement of other human rights**. Therefore, a State can act to restrict freedom of movement in a pandemic and can limit freedom of expression where someone's privacy is likely to be infringed (such as defamation). There can be occasions when two human rights seem to conflict, perhaps where a protest (being an exercise of the right to freedom of assembly) is about a religious practice (the right to freedom of religion). In those instances, the approach is to try to ensure that each right is protected to the widest extent possible, perhaps by changing the route of the protest away from a religious building. In addition, the bodies which monitor compliance with the IHR treaties (see below) make clear that any limitations on human rights must be narrowly construed to ensure the broadest possible enjoyment of every human right. However, there are a few human rights for which there are no circumstances when a State can limit them, such as the prohibition on torture. The right to life does have limitations on it, such as in self-defence (being protecting another's right to life) and in armed conflict.
- 3.6. States can place restrictions on their obligations under IHR treaties. Such restrictions, called **reservations**, are allowed in certain circumstances and must be made at the time the State becomes party to a treaty. Reservations reflect the diversity of social, economic, cultural and political contexts of States. For example, a State may place a reservation on a treaty obligation under the CRC to have separate adult and children's detention facilities, where to do so would inhibit the possibilities of a child's parents visiting that facility due to distance. However, a reservation which goes to the core of the object and purpose of a treaty, such as a reservation that severely limits the protection of all women under CEDAW, would usually be seen as of no legal effect. There is also an expectation on all States that they will withdraw their reservations as soon as possible.
- 3.7. In addition, where there is a situation of extreme emergency which threatens the life of a State, then it can place a **derogation** (or restriction) on the application of specific human rights. For example, the UK placed a limitation on the right to a fair trial immediately after a series of bombings in Northern

Ireland. There is also an expectation on all States that they will withdraw their derogations as soon as the state of emergency is no longer in existence.

4. Monitoring of Compliance

- 4.1. Each of the major international and regional human rights treaties have monitoring bodies which check that States are complying with them. The regional human rights treaties tend to have courts, with legally binding powers, while the international human rights treaties have Committees, which have strong influential powers, in that they are the body which all State parties to that treaty have agreed to confer monitoring or supervisory jurisdiction.
- 4.2. These international human rights Committees include the Committee Against Torture (under the CAT), the Human Rights Committee (under the ICCPR) and the Committee on Economic, Social and Cultural Rights (under the ICESCR). They usually undertake period reviews (usually every 5 years) of State reports on their compliance with the treaty and issue “concluding observations” on such compliance. They can accept complaints from individuals and groups about specific human rights actions and issue their views as to whether there has been a violation by a State. They also issue “General Comments”, which set out their clarifications of what specific rights require of States in order for them to comply with that human right.
- 4.3. What these monitoring bodies show is that every human right is justiciable, i.e. able to be considered by a legal body, and that there can be a remedy for a violation of a human right. Enforcing that remedy and ensuring that the victim/s obtain a remedy, though, is usually not easy. In many instances the interpretation and enforcement of a human right may occur at domestic level after an international or regional monitoring body has considered the issue.
- 4.4. When bringing a complaint to any of these bodies, there are usually some legal requirements which must be met before a complaint can be heard. A key one of these is that the individual or group must first exhaust all effective domestic remedies. This means that a complaint to an international or regional monitoring body can normally only be accepted by that body if the person or group have first brought a case before the courts in the relevant States. The rationale for this is that the State itself must have the first opportunity to resolve it through its legal system. There are instances where this is not needed, for example, where there are no relevant legal processes within the State for the type of complaint or where the law is so clear within the State.
- 4.5. While States might appear to consider that a decision of a court is more legally binding, the determinations of the treaty Committees can lead to

changes by a State of its laws and practices. Other States and civil society can also place pressure on a State to comply with the views of the treaty monitoring bodies, including using financial and other sanctions. For example, the government of Peru did eventually re-join a key part of the Inter-American Convention on Human Rights after international and national pressure. However, there are still many instances in which States do not comply with these determinations by human rights treaty monitoring bodies.

- 4.6. There are also some monitoring bodies within the United Nations (UN) system which can be used, especially where there is an allegation of a breach of customary international law (i.e. not based on a treaty provision). These bodies operate under the special procedures of the UN Human Rights Council and include Special Rapporteurs (independent investigators) on specific human rights (e.g. the Special Rapporteur on Rights of Person with Disabilities), on thematic human rights issues (e.g. the Special Rapporteur on Disappearances) and on particular issues on States (e.g. the Special Rapporteur on Human Rights Situation in Belarus), as well as fact-finding missions. There is also a general complaints procedure to the UN Human Rights Council, where the allegations concern consistent patterns of gross and reliably attested violations of all human rights, though this is rarely used.

5. Human Rights and Business

- 5.1. The IHR treaties create obligations on States alone. While it is generally accepted that these human rights legal obligations may extend to international organisations created by States, such as the UN organisation itself, the general view is that businesses are not directly subject to any of these treaty-based obligations. Of course, a State may implement a treaty or customary international law obligation into their domestic law, and then create obligations on businesses but the IHR legal obligation is not directly applicable to businesses.
- 5.2. It may also be the position that a State has, for example, instructed, directed or controlled a business, in which case the State is accountable if that business acts in a way which impacts on human rights. In addition, there is a range of case law by which a State is found to have violated their human rights obligations through their lack of regulation of a business activity. For example, in a case concerning the human rights impacts of oil pollution in Nigeria, the African Commission on Human and Peoples' Rights held:

[Nigeria is in violation] of local people’s rights to... health... and life [by] breaching its duty to protect the Ogoni people from damaging acts of oil companies.⁶

5.3. The State was held to be in breach of its human rights obligations to its people by not acting to protect them from the actions of the oil companies.

5.4. However, there have been some significant developments which have indicated that businesses do have their own human rights responsibilities and not just responsibilities which are dependent on a State’s obligations and legislation. The most authoritative foundation for this is the UN Guiding Principles on Business and Human Rights (UNGPs). This was accepted by the UN Human Rights Council in 2011 and has since been included in major documents, such as the OECD Guidelines on Multilateral Enterprises 2011 (OECD Guidelines), the International Labour Organisation Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy 2017 and the International Finance Corporation (part of the World Bank) Sustainability Performance Standards 2012.

5.5. The UNGPs are based on three pillars: the state duty to protect human rights, the corporate responsibility to respect human rights, and access to effective remedies. The State duty to protect human rights largely reinforces the existing international human rights legal obligations on States set out above. The core aspect of the corporate responsibility to respect human rights is that business enterprises have a responsibility to:

(a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur;

(b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.⁷

5.6. This provision establishes that business enterprises have a responsibility not to infringe human rights by their own actions and a responsibility to exercise ‘leverage’ over those with whom they have business relationships to prevent them from infringing human rights.⁸ It further clarifies that:

In order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to their size and circumstances, including:

(a) A policy commitment to meet their responsibility to respect human rights;

⁶ *Social and Economic Rights Action Centre and Centre for Economic and Social Rights v. Nigeria* (2001, ACommnHPR), para 59.

⁷ Guiding Principle 13.

⁸ See Commentary to Guiding Principle 19.

(b) A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;

(c) Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.⁹

5.7. A key element of this corporate responsibility to respect human rights is that a business undertakes human rights due diligence. There are four essential components of human rights due diligence:

- assessing actual and potential human rights impacts;
- integrating and acting upon the findings;
- tracking responses; and
- communicating how impacts are addressed.¹⁰

5.8. The UNGPs highlight that human rights due diligence should cover not only the company's own adverse human rights impacts which it has caused or contributed to, but those which may be directly linked to its operations, products or services by its business relationships, including its suppliers. Human rights due diligence is an ongoing process which will vary in complexity with the size of the business enterprise, the risk of severe human rights impacts, and the nature and context of its operations.¹¹ It is thus distinct and different to normal business due diligence, which is usually one-off and focusses on the direct risk to the corporation, while human rights due diligence focusses on the impact on human rights of those affected by the corporation's activities, though this then carries risks to the business in terms of reputational, operational, litigation and other risks.¹²

5.9. There are also requirements on businesses to ensure that, in order to gauge the relevant human rights risks to the rights holders, they should draw on internal and independent external human rights expertise. They should also undertake:

[M]eaningful consultation with potentially affected groups and other relevant stakeholders, as appropriate to the size of the business enterprise and the nature and context of the operation.¹³

5.10. This consultation is especially important as businesses should not predetermine the human rights risks to stakeholders (including employees and the community) and should put in place operational grievance

⁹ Guiding Principle 15.

¹⁰ Guiding Principle 17.

¹¹ Guiding Principle 17.

¹² See Jonathan Bonnitcha and Robert McCorquodale 'The Concept of 'Due Diligence' in the UN Guiding Principles on Business and Human Rights' (2017) 28 *European Journal of International Law* 899.

¹³ Guiding Principle 18.

mechanisms. These grievance mechanisms should be independent of the business, and enable disputes to be raised and remediated. Related to this, States should ensure that there is the ability of those who have had their human rights impacted by businesses should have access to judicial remedies.¹⁴

5.11. While the UNGPs, and most of the international instruments which have incorporated them such as the OECD Guidelines, are not legally binding, they are influential in international regulation and business practices. They are also being used as the basis for national and regional legislation, such as the French Duty of Vigilance Act 2017, The Netherland Child Labour Due Diligence Act 2019 and the proposed European Union Directive on Corporate Human Rights Due Diligence.

6. Next Research Steps

6.1. Mining and Human Rights Law

- a. Link to UNGPs i.e. that they apply to all sectors, including mining and to all human rights (and see below for examples).
- b. Legislation relevant to mining and human rights, including developments in mandatory human rights due diligence.
- c. Case law relevant to mining and human rights.
- d. Industry standards relevant to mining and human rights, including the international council on mining and metals, ipieca and the corporate human rights benchmark.
- e. Voluntary Principles on Security and Human Rights.
- f. ESG matters?

6.2. Human Rights in the Mining Sector

- a. Link to previous section where eggs of case law and human rights complaints show relevance of human rights. Look at some specific examples, as informed by LAPFF's engagements with representatives of affected communities.
- b. the right to liberty and security, including the right to non-discrimination with a focus on gender.
- c. the right to adequate standard of living, including water and the right to shelter, and environmental rights.
- d. Labour rights, including forced labour and trade union, ad the right to assembly.
- e. Indigenous rights/cultural heritage rights.
- f. Access to remedies.

¹⁴ Guiding Principle 26.



Say on Climate – voting and engagement – fossil fuel extracting companies

Summary

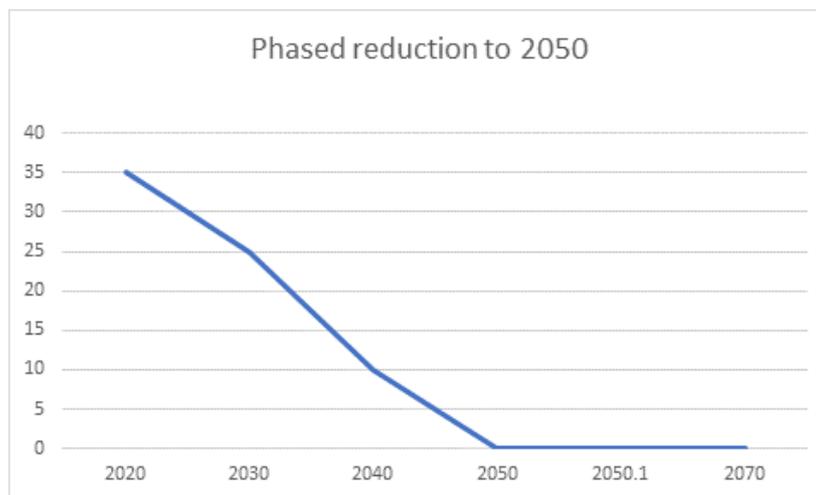
- The purpose of this report is to give a pre-vote synopsis for the LAPFF Executive to help achieve a consistent and credible position on voting on climate matters at general meetings for fossil fuel extracting companies, i.e. coal, oil, and gas.
- We are at a turning point in dealing with Climate Change and the reduction in fossil fuel consumption as a result, at the same time as the COVID crisis.
- Some companies are also putting 'say on climate' resolutions for shareholder approval voluntarily this year, often after engagement by shareholders pushing for this, in the context of resolutions in the past having been tabled by shareholders.
- This report recommends that a positive vote, where companies put forward resolutions, isn't given merely for having given a say on climate. It isn't appropriate to give credit for merely recognising climate change exists. Where this vote is not made available, there are alternative voting strategies identified, for example by voting on director elections, e.g. seeking to replace the company's leadership. An example of this is the LAPFF voting recommendations for Exxon in 2019 and 2020. Credit should only be given for putting forward a credible net zero transition plan'.
- The concern is that if any emission reduction plan makes inappropriate or insufficient proposals, and shareholders vote in favour of the advisory vote on this plan, then shareholders may have relieved management of their accountability

Recommendations

- To note the report for information on this important area and to inform voting and engagement with companies.
- That Say on Climate Resolutions are assessed based on 2030 as well as 2050 targets and plans.

LAPFF policy

- LAPFF’s advice from 2016, as set out in in [‘Engaging for a Low Carbon Transition’](#) report issued jointly with Carbon Tracker, led to LAPFF’s policy that the fossil fuel industry needed to be in managed decline. That is clearly investment as well as Paris-goal relevant. This report and subsequent policy were based on an accurate assessment of the transition towards cheaper renewables.
- That policy was not an argument for member funds to disinvest, but where invested, to be attentive to how companies are investing and engage with companies. Carbon Tracker has for example reported 50% falls in revenue from [Petrostates by 2040](#).
- If fossil fuel companies invest in a future that has no place for them in 2040, then rather than a managed decline there may well likely be an abrupt ending following a period of misplaced investment. As such this may warrant nationalisation in some cases (although some major producers are already state controlled and there may be strategic reasons for nationalisation).
- In 2020 there was a fall in fossil fuel demand and a large scale exit from coal due to renewables and storage being cheaper. That has rather changed the concept of a smooth transition for fossil fuel companies, heavily dependent on offsets with the maintenance of extraction. [Shell’s Sky Scenario](#) for example is still showing coal dependency in 2100 and envisages overshoot of the Paris 2050 targets.
- Paris targets also include reductions prior to 2030. The UN environment programme envisages that to limit global temperature rise to 1.5 °C, annual emissions must be below 25 gigatons (Gt) by 2030. Such a phased reduction looks like this in graphical form¹:-



¹ Source – Energy related emissions. International Energy Authority <https://www.iea.org/articles/global-co2-emissions-in-2019>

- Contrast that with maintaining 35GT for 30 years (1,050 GT in total) approximately twice as much carbon emission.
- Asset managers also need to be aware of disclaimers that may underly any announcements.
- Shell’s ‘net zero by 2050’ [statement of February 2021](#) makes claims on both nature based solutions (by 2030) and Carbon Capture and Storage (by 2035) without any detail on amounts, cost or achievability (see also Nature Based Solutions report).
- However, as well as that problem, the Shell climate statement contains a legal disclaimer after it [underlines added]:-

“Shell’s operating plans and budgets do not reflect Shell’s Net-Zero Emissions target. Shell’s aim is that, in the future, its operating plans and budgets will change to reflect this movement towards its new Net-Zero Emissions target. However, these plans and budgets need to be in step with the movement towards a Net Zero Emissions economy within society and among Shell’s customers.”
- That small print reveals that Shell doesn’t have any plans, and when it eventually does, those plans will be conditional.

CA100+ summary of assessment of fossil fuel companies – March 2021

Attribute	BP	RD Shell	Total	Exxon	ENI	Equinor
Net-zero GHG emissions by 2050 (or sooner) ambition	P	P	P	N	P	Y
Long-term (2036-2050) GHG reduction target(s)	P	P	P	N	P	P
Medium-term (2026-2035) GHG reduction target(s)	P	P	P	N	P	P
Short-term (up to 2025) GHG reduction target(s)	P	P	P	P	P	P
Decarbonisation strategy	P	P	P	N	Y	Y
Capital allocation alignment	P	N	P	N	N	N
Climate policy engagement	P	P	P	P	Y	P
Climate Governance (matter for board)	P	Y	Y	P	Y	Y
Just Transition	NA	NA	NA	NA	NA	NA
TCFD Disclosure	P	P	P	P	P	Y
Yes No Partial Not assessed						

- The investor CA100+ (Climate Action 100+ which has the TPI (Transition Pathway Initiative) as one of its information providers) envisages dialogue with all companies should be around a transition to net-zero emissions. For a non-fossil company, e.g. a power purchasing food retailer, such a transition may not be survival critical, if costs can be passed through to consumers. Indeed such a transition may be beneficial if costs could in fact be cheaper.
- Indications of the transition in Steel are encouraging, for example increased costs in the Hybritt scheme in Sweden, which uses renewable power and a hydrogen in the process, are not prohibitive. Having said that, this steel does command a premium price, and currently volumes produced are not high. A factor is that direct reduction of iron oxide by hydrogen requires considerably

lower high temperatures than coking reduction (indirect reduction). Processes that have not been tried on an industrial scale before may in some cases be simpler and more cost effective than existing technology (as with solar power).

- CA100+ has recently benchmarked² the 167 focus companies selected for engagement. A summary of the CA100+ benchmark for energy companies is set out on page 3 of this report. The analysis shows, for example, only BP plc and Total SA show progress towards reducing capital expenditure on extraction. Only Equinor appears to have an ambition capable of being net zero by 2050, but even then, it's current capital allocation is not in alignment with the Paris Agreement's objective of limiting global warming to 1.5° Celsius.

A sceptical approach to engagement

- The suggested consequences for engagement are to be sceptical and realistic about what engagement can achieve. The worst engagement outcome is to offer support and encouragement for a company that is doing the wrong thing (Shell). Collaborative engagement must be on appropriate terms.
- LAPFF is a member of the CA100+ collaborative engagement group on Shell. The two lead investors (Robeco and the Church of England) entered into a non-disclosure agreement with Shell prior to its February 2021 climate statement and publicly endorsed it by press releases. No other members of the CA100+ group were asked or informed. One of the group (The Church of England) made a statement to the press that the Shell statement provided “no wiggle room”. It is difficult to reconcile that with the fact that the statement contains the disclaimer (see above). It has no plans for 2030, or 2050.
- Problems in general to look out for can be summarised as:
 - statements for net zero that address 2050 but do not have targets for 2030 and the steps required up to 2050;
 - statements that contain disclaimers.
 - statements that rely on negative emissions or nature based solutions or CCS.
- In collaboration with other investors, led by Sarasin and partners and co-ordinated through the Investor Group on Climate Change (IIGCC) LAPFF has also written to 36 companies to call on them to properly reflect the implications of global commitments to limit temperature increases to well below 2°C, and ideally to 1.5°C, in their financial statements: Of these, ten

² <https://www.climateaction100.org/news/climate-action-100-issues-its-first-ever-net-zero-company-benchmark-of-the-worlds-largest-corporate-emitters/>

were European Energy companies, and the LAPFF chair has directly engaged with Eon on their disclosure. For these companies, where these expectations are not met, consideration should be given to voting recommendations on audit committee directors and on the auditors.



Climate Change and nature-based solutions

Summary

- Nature based solutions are being proposed by various parties aimed at delivering the goals of the Paris Agreement.
- By 'nature-based solutions' this paper means the large scale, non-industrial, natural capturing of carbon by trees or other species, for example, peat bogs and wetlands, by normal biological processes.
- The paper holds that nature-based solutions are desirable as an objective for climate change, and from a properly managed ecological perspective as a desirable objective. But there can be physical constraints on available land, and there are ecological and community matters to be considered.
- From a public policy perspective the purpose of nature based solutions to deal with **difficult to abate residual** carbon emissions. There are risks that fossil fuel companies will moot nature-based solutions as a first resort to prolong the extraction of fossil fuels. This can already be seen with recent claims by [Royal Dutch Shell](#).
- Problems include not enough land space, and not enough time for growth to reach maximum absorption potential.
- The purpose of this paper is to inform the LAPFF position, on appropriate use of nature-based solutions as policy is currently being formulated by governments and companies

Recommendations

- To note the paper for information on this important area and to inform engagement with Government and companies.
- To pay particular attention to nature-based solutions being necessary to deal with residual emissions in those difficult to abate sectors.

Executive Summary

- Various scenarios to achieve Paris Climate goals. e.g., Intergovernmental Panel on Climate Change (IPCC) and the International Energy Authority (IEA) envisage 'nature-based solutions' i.e. nature based carbon sinks.
- The paper holds that nature-based solutions are desirable as an objective and from a properly managed ecological perspective as a desirable objective in its own right.
- Generally discussions focus on the planting of trees. But another important area is peat bog and swamp. LAPFF's very first engagement in 1991 was on Fisons and peat cutting where LAPFF argued that peat production was unsustainable and was damaging the company's reputation
- Nature based solutions can involve:-
 - compensating for existing loss of forest/bogs (i.e. rebuilding the stock), e.g., reforestation.
 - afforestation (new stock)
 - preventing deforestation.
- From a public policy perspective, the purpose of nature-based solutions to deal with difficult to abate residual carbon emissions.
- However, from the perspective of fossil fuel companies there is a risk that nature-based solutions are used as a first call to prolong the extraction of fossil fuels.
- The position of this paper is not to be sceptical about the objective but rather about false or nebulous claims to be using it. Issues include:-
 - any perverse incentives that may arise where a financial incentive is given in a country not to cut an area of forest down, for forest to be cut down elsewhere in the same country. This is described by Greenpeace as 'leakage'. [An example is the Noel Kempf Forest in Bolivia](#). A solution to this is no grants for reforestation if a country is also deforesting.
 - hollow promises on basis of timescales and/or areas needed to achieve claimed volumes of extraction
 - creative accounting for emissions (beyond the scope of this paper).
 - weighing up effect of competition from Biomass, including Biomass Energy Carbon Capture and Storage (BECSS). LAPFF ran a webinar on this in March 2021.
 - there is inevitably risk and scope for corruption.

- The United Nations regards Nature Based Solutions as part of [a global effort](#) they are not to be used as a pathway to sustain fossil fuel companies to avoid transition. But Shell's climate ambitions announced [in February 2021](#), rather than making reductions in emissions by 2030 cites Nature Based solutions, but with no explanation of what they are, and despite the fact this is not the right use of nature based solutions.
- In terms of quantities and aspects of land use, an attempt is made in this paper to quantify land areas needed for various emissions in order to place some claims and requirements in perspective.

Nature-based solutions – ecology and communities

- Conditions dealing with trees are well set out by the Kew based [Botanic Gardens Conservation International](#). Its approach deals with the appropriate species, and ecological development, and includes community-based approaches, i.e. not to achieve a decarbonisation equivalent of displacement like the Highland Clearances.
- Kew also deals with timescale and cites that a new forest will take 100 years to reach an appropriate ecological state, including ground cover and species diversity.
- This is not a paper on horticultural aspects of Kew's recommendations in detail. But the fact that Kew sets a high standard indicates a need for accreditation to that standard.
- There are also questions of ownership.
 - is it desirable for fossil fuel companies to pay for private estates of long-term carbon sinks, who owns these areas?
 - private sector 'offsetting' schemes can already be seen. Is anything tangible happening and is there material marginal benefit from what is being done?
 - if carbon sinks are of global benefit, what should an ownership model look like?
- Ownership of forests is also relevant if there is any doubt that fossil fuel companies may not be around to fulfil any ownership obligations. A recent Carbon Tracker publication '[Beyond Petrostates](#)' indicates that by 2040 some oil dependent petrostates (including Nigeria) may see revenues fall by 50% due to falling output and demand. That was not challenged by national government representatives present at a seminar held on the launch of the publication. These representatives spoke in terms of dealing with revenue shortfalls. In line with that view of the future, it may well be the case that non-state owned oil and gas companies will be squeezed out of markets first.

What is nature doing?

- Plants are part of a carbon cycle that is more complex than merely capturing carbon. Plants absorb CO₂ for growth, which for trees is captured as principally cellulose in wood (which is released again if burned or it rots) and leaves which tend to be less permanent and have a different cycle of growth and decay.
- However, in addition plants have energy needs and respire, releasing CO₂ (in releasing energy captured using photosynthesis).
- The UK is highly advanced for example in awarding grants only on the basis of very detailed modelling of capture, phases of growth, rotting rate, destination of debris, i.e., it deals with the likely cycle of capture and eventually (where applicable) rotting back to atmospheric carbon.

Nature-based solutions – land resource is limited

- As a precursor to a more adaptive tool, various claims on carbon dioxide removal are set out in terms of area required here:-
- Shell's (uncosted) ambition of 120MT removal per year by 2030 would require a new forest the size of Washington State (240,000 km²). That is based on mid-range capture rate applicable for temperate forest, and would be out of range for coniferous forest, which would require 400,000 km². That could potentially fall to 170,000 km² if tropical forest was the mechanism for that¹. But tropical forest can only be planted in the tropics.
- If five other companies made the same claim as Shell (600MT) then this would require 1,200,000 km² which is more than twice the size of Sumatra, and larger than Greenland, the world's largest island, to emerge in a forested state by 2030.
- To capture 10% of current emissions (10% of 35,000 MT) would require temperate forest of 7,000,000 (the size of Canada is 10,000,000 km²).
- To put things into further context, Africa is 30,000,000 km² and Eurasia 50,000,000 km².
- The point in setting out the above is that land resources are not infinite, and growing tree cover takes time. Some areas are already spoken for (e.g., existing forest in e.g. Sumatra) others are not feasible as sites or desirable as habitat.

¹ Sources: The Forestry Commission.

Nature-based solutions – Biomass Energy Carbon Capture and Storage

- A LAPFF webinar was held on Drax Group plc in March 2021. Drax, has converted from burning coal to produce electricity to burning wood. The wood is sourced primarily from southern states of the United States.
- Land mass issues were covered and the situation for Drax is made more complicated by the fact that Drax uses dynamic carbon sinks to justify its claims, i.e., forests are harvested and the wood is burned, and wood creates more carbon emissions than even coal, per unit of energy obtained.
- The issue of BECCS – where forests are cut down - needs to be placed in context with forests as carbon sinks for Nature Based Solutions.



The Asia Collaborative Engagement Platform for Energy Transition

Summary

- LAPFF has been invited by Asia Research and Engagement (ARE) to join the Asia Collaborative Engagement Platform for Energy Transition. Engagement in Asia on climate change much more limited than in European, North American or Australian markets. There is limited capacity among investors based in the region, limited research on the issues and hence limited willingness to engage more actively.
- The Asia Collaborative Engagement Platform provides institutional investors with collaborative engagements with the region's largest listed financial institutions and buyers and producers of fossil fuels, backed by research into the primary issues at market, sector, and company level. 18 companies have been identified for engagement in 2021 with engagement with the power companies most advanced.
- Where initial approaches fail, this engagement provides an appropriate mechanism to escalate concerns into voting recommendations. This approach would enable LAPFF to be represented in engagements without an associated heavy workplan resource intensity.
- There are two levels of involvement: a core group of investors that are prepared to escalate their concerns with the relevant companies and financial institutions. A broader group retain the option to join some collaborative efforts and not others, while encouraging them to participate across all engagements. A mapping of suggested companies to engage on this basis with LAPFF holdings is provided overleaf as is participating investors.
- It is suggested that initial work for LAPFF participation is resourced from the 'leadership' category of the workplan (estimated two days) and follow-up work from resourced from the 'climate' category (estimated at seven days).

Recommendation

- That LAPFF members review the proposal to join the engagement platform as member of the 'broader group' with engagements aligned with the LAPFF workplan, climate risk engagement and member holdings.

Company	Sector	Market	Comment	LAPFF member holdings
BOC	Bank	China	Engagement started	23
DBS Group	Bank	Singapore	Letter to chair on Say on Climate	27
Tenaga (TNB)	Power	Malaysia	Detailed research undertaken	15
Mizuho	Bank	Japan	Continue engagement	26

- From e-mail circulations, it appears that investors and asset managers involved to date include AVIVA, Allianz, LGIM, BMO, BNP Paribas, APG Asset Management, Robeco and USS.



Draft LAPFF Workplan 2021/2022

Summary

- The initial draft workplan 2021/2022 was put to the January Business meeting for discussion and review. It was then sent to member to solicit input and flagged up in the chair's e-mail to members.
- Some common themes emerged from feedback around reporting, the stewardship code, setting objectives and outcomes. This and all other feedback has been reviewed by the LAPFF executive committee and appropriate amendments made to the draft workplan.
- Two engagements that had been in the 2020 workplan were not included in the 2021/22 workplan. These were on transparency in corporate tax arrangements and engagement with palm oil producing companies. The first was not included in response to the request for a smaller range of topics for LAPFF to focus on and other issues identified as having greater priority. On palm oil, the work of the PRI group that LAPFF was involved in has been subsumed into a 'sustainable commodities' group, in which LAPFF continues to participate.
- It is proposed a scoping paper address the request from Tyne and Wear on assessing the role of private markets in managing climate risk, on guidance on practical steps Funds could take in this area and for LAPFF to work with some leading LGPS managers in private markets to create some examples of good practice.
- Further commentary from the LAPFF April executive committee has been included in this version.

Recommendations

- That LAPFF members approve a scoping paper on assessing the role of private markets in managing climate risk and identifying good practice
- That LAPFF members review and approve the updated draft workplan.

1. Overview

The LAPFF executive strategy meeting in November discussed how to take LAPFF's unique and effective approach to engagement further. This reviewed how to make engagement performance more measurable, with engagement objectives lending themselves to this ideal. Articulating LAPFF's approach to engagement in conjunction with members, will be further developed throughout 2021. While the Forum takes an engagement approach rooted in law, it recognises other developments such as codes of conduct and stewardship codes. Reporting engagement activities and outcomes and how environmental, social and governance concerns are integrated will facilitate reporting on investment stewardship for members. In setting out each element of the workplan, overall objectives are set, the method by which engagement or activity is to be progressed, and an indication of longer-term objectives provided. For thematic engagements, engagement success is reviewed annually and after three years, or as agreed by members in each specific proposal, a decision is made whether it is necessary to continue.

2. Responsible Investment

2.1. Climate; strategic resilience, electric vehicles and net zero

2.2. Strategic resilience

Objective: LAPFF's strategic objective is for companies to implement a business strategy aligned with a 1.5 degrees scenario, which is when emissions of carbon dioxide reach net-zero on average. As a shorter-term objective this should be embodied in a transition plan with targets up to 2030.

Method: a clear message from the Forum's membership is that addressing climate risk is a priority with the 'Just Transition' an essential element in addressing this challenge. Engagement will continue with a strong focus on how boards ensure resilience and implement transition plans for the required net zero goal particularly in the 2020 to 2030 period. As the Committee for Climate Change's 6th carbon budget says 'The 2020s must be the decisive decade of progress and action'. With the UN climate change conference (COP26) being held in November in Glasgow, there is strong momentum from investors to push for meaningful and appropriate targets backed up by a realistic transition plan. LAPFF's support for a yearly 'say on climate' vote will be pursued with other asset owners and managers, both in the UK and globally. Participation in collaborative initiatives such as Climate Action 100+, the Asia Collaborative Programme for Energy Transition and the Transition Pathway initiative ensures that LAPFF is best placed not only to support members in filing resolutions but also have the tools to measure performance and provide voting alerts at relevant companies. Within CA100+ LAPFF is joint lead investor for ArcelorMittal, National Grid and Suzano and part of the collaborative engagement groups for Anglo-American, BHP Billiton, Centrica, Exxon, Ford, GM Motors, LaFargeHolcim, Rio Tinto,

Royal-Dutch and Shell. Progress in CA100+ engagement is measured by means of the CA100+ benchmark, first published in March 2020, which includes an assessment of progress against short, medium and long-term emission reduction targets. Addressing company lobbying on climate regulation, both direct and indirect, will continue, including looking at the role of media companies such as News Corp that reject or cast doubt on climate science and undermine those that advocate urgent action on climate change. LAPFF will also continue to engage with banks on aligning business practices with the Paris agreement. The Forum will continue to encourage companies to align their climatic and financial reporting including using the Taskforce on Climate-related Financial Disclosure guidelines and will consider how 'compliance' in terms of progress on this might be reported. Attention will continue to be given to the Net Zero Asset Owners Alliance and the Net Zero Asset Managers' initiative to see where these can be best supported. A scoping paper will look at the role of private markets in managing climate risk, what guidance on practical steps Funds could take in this area and if LAPFF could work with some leading LGPS managers in private markets to create some examples of good practice.

Longer-term objective: LAPFF's strategic objective is for companies to implement a net-zero business transition plan that is reviewed yearly and put to shareholders for approval.

2.3. Electric vehicles

Objectives: Road transport is a major contributor to carbon emissions and increasingly targeted by regulators seeking to meet national climate commitments. The objective is to ensure companies are reducing fleet emissions in the short term and moving towards electric vehicle production to adjust to changes in policy and consumer preferences.

Method: The Forum will continue to engage the world's largest carmakers, such as BMW, VW, GM and Ford, on how they are seeking to move to electric vehicle production and sales.

Long term objective: The Forum wishes to ensure carmakers have clear commitments on reaching net zero, and that their plans ensure a just transition.

2.4. 'Netting' factors being claimed to contribute to net zero including carbon, capture and storage (CCS)

Objectives:

- With fossil fuel companies increasingly under pressure with rapid decarbonisation due to the fast roll out of renewables, some companies have been pushing CCS as a solution, LAPFF will aim to articulate and publicise an independently researched position to engage with.

- Climate change accounting is also coming to the fore. LAPFF will challenge accounts of fossil fuel companies to ensure they are not overstating assets and understating liabilities

Method:

- LAPFF will continue to do its own original research to build on the understanding already obtained in 2020. With the record of CCS to date in the power sector being more of a delaying tactic to keep coal plants open the power sector, LAPFF will be looking at potential roles for CCS in harder to decarbonise sectors, such as steel and hydrogen. But even there, the momentum has been towards investment in zero carbon solutions using electrolysis from renewal power. LAPFF will also collate its existing research to encapsulate a LAPFF position on Gross Emissions reductions; Offsets, CCS, BECCS and Nature based solutions; Renewable alternatives – including green hydrogen, wind and solar and batteries; Other alternatives – including fossil fuel hydrogen and steel and other processes. This research will be collated into a summary document, made public and feedback sought from other investors.
- LAPFF’s position on climate change accounting has been ground-breaking with oil and gas companies making asset write-downs further to engagement with the Investor Coalition. A new stream of work will look at the liabilities position, given that International Accounting Standards allow for the discounting (i.e. reduction) of environmental liabilities, despite this being a concept borrowed from the insurance sector where the discount is justified on the basis of holding specific ring-fenced assets that will generate a return. The problem is relatively simple to explain and has significant effect. Not only do fossil fuel companies not hold ring fenced financial assets to meet liabilities their asset base carries the risk of being stranded assets, i.e. companies may be overstating assets and understating liabilities. This also connects with LAPFF’s work on capital stewardship.

Longer term objectives:

- to ensure that LAPFF funds are well positioned with independent information on the best investment routes to decarbonisation, by 2050 or earlier
- to develop a broader critique of International Accounting Standards in connection with environmental liabilities.

2.5. Employment practices, Covid, Executive pay, Human Rights, Diversity

2.6. Employment standards

Objective: The objective on employment standards is to ensure that investee companies engage in employment practices that do not undermine the value of the companies and that set the conditions for creating shareholder value through a respectful work environment that allows staff to innovate and provide a wide range of perspectives and ideas in contributing to the business. LAPFF looks to

international human rights and labour law standards to determine what is right and wrong in this area. Engagement with companies is aimed at ensuring they are upholding employment standards in line with this law.

Method: The method of implementing this objective is through LAPFF engagement meetings with companies deemed to require feedback on their employment practices and through collaborative engagements, such as the Workforce Disclosure Initiative (WDI) and Rathbone’s and CCLA’s initiatives on the Modern Slavery Act. The Forum will also continue to support shareholder resolutions that promote good employment standards, such as those that have arisen at Amazon in recent years. In the context of the UK Corporate Governance Code which requires board engagement with workers, the Forum will also continue to encourage companies to appoint employees to their boards. Apart from Amazon, the particular companies engaged will be dictated by the needs of the collaborative engagements and where issues arise in real time that need LAPFF’s attention.

Longer-term objectives: In the longer term, the Forum will also seek to build WDI questionnaire responses into its engagement activities. This inclusion will take place more and more as the WDI receives more responses and more detailed information in response to its surveys. Having a critical mass of UK companies with workers on boards will be another long-term objective.

2.7. Covid risks

Objectives: Covid-19 has highlighted the importance of the S in ESG. High Covid death rates are positively correlated with certain occupations while some sectors have seen high-profile Covid outbreaks risking both staff and customers. LAPFF will seek to ensure high employment and health and safety standards to reduce exposure of workers to Covid-19 which carries with it reputational, operational and legal risks.

Method: LAPFF has identified certain sectors where employees appear to have faced higher risks from Covid, including outsourcing, food processing, social care and distribution. The Forum will engage companies from these sectors to ensure and, where required, push for improved practices and safeguards. As the pandemic has affected all companies, standard questions about ensuring health and safety, including changed work arrangements such as home working, will be asked in most engagement meetings. Companies include Compass, Serco, Capita, Teleperformance, Unilever, Tesco, Associated British Foods, Sainsbury's, Cranswick and Greencore Group.

Longer-term objectives: LAPFF will seek to encourage target companies improve employment standards to protect against future pandemic risks and minimise a wider range of social risks associated with certain employment practices (outlined in the section above) which are more prevalent in the sectors

identified. For the standard engagement questions, LAPFF will seek to ensure that companies are adequately ensuring the health and wellbeing and respecting the employment rights of those staff working remotely.

2.8. Executive Pay and Company Resilience

Objectives: The world of Executive Remuneration has undergone significant change not least as a result of the Covid 19 pandemic. The Forum last undertook a wholesale revision of its policy on remuneration, particularly Executive pay at Board level, in 2013. This last review was published as ‘Expectations for Executive Pay’ and has been incorporated into the LAPFF policy document. It is proposed to undertake a new review of this policy area in 2021/2022. In addition the Forum has researched and analysed a number of corporate collapses in the UK in particular over the last five years, where individual company balance sheet weaknesses, amongst other business model weaknesses, have led to corporate failure. In the Forum’s view these phenomena require the adaptation of more critical evaluation of company business models in order to alert and prepare strategies for long term investors such as pension funds. This requires a review of critical factors that lead to companies’ inability to resist challenges to accounting practices and business strategies to reveal key threats to company resilience.

Method: Following collaboration between the Forum’s research and engagement partner and some academic and practitioner institutions, a report is to be prepared during the course of Q2 to Q4 2021, reviewing investor options in regard to corporate resilience. This report will be the precursor to a series of engagement meetings with representatives of failed companies and regulators. In addition it will consider options for alerting investors to certain common themes exhibited by the actual company collapses over the five year period under review.

Longer-term objectives: subject to the meetings with companies and regulators, short-term objectives will be reviewed in terms of engagement in subsequent years.

2.9. Human Rights

Objective: The objective on the tailings dam engagement is to ensure there is appropriate remediation and compensation by companies to affected communities and to prevent future disasters. Members have also raised concerns about the US health care system and the opioids epidemic, both of which raise questions about the human right to health in the US.

Method: The tailings dam objective is being pursued through engaging both companies and affected communities to identify gaps in their accounts that need to be reconciled. The US health and opioids engagement is being pursued mainly through the Investors for Opioid and Pharmaceutical Accountability group (IOPA). During this year, IOPA has also focused on pharmaceutical company responses

to Covid and the Forum will continue to be involved in that engagement for as long as is necessary.

Longer-term objectives: The longer-term objective of this engagement is to establish a credible methodology through which to balance the input of companies and communities to ensure that as investors LAPFF members are getting as accurate an account of their investment propositions as possible. The health care engagements will be monitored for progress to determine if they will need further engagement after this year.

2.10. Diversity

Objectives: The Forum seeks to enhance the diversity of boards and the workforce. Ensuring diversity within boards helps to tackle group think while improving diversity in the workplace helps ensure that all talent available to companies is utilised.

Method: The Forum intends to continue to engage, both individually and collaboratively, with companies on improving diversity. This will include engaging on gender and ethnicity but also a range of other characteristics, with the intention to explore the issue of social class and company performance. The engagement work will use pay gap disclosures as an indicator of diversity. LAPFF will engage with companies where significant pay gaps and diversity issues have been identified and with them to discuss what the individual company is doing to address this issue and why they are an outlier compared to peers. LAPFF has already had a meeting with the City of London relating to their taskforce on socio-economic diversity and is in discussion with Deloitte, the delivery partner, as to how LAPFF can be involved. At this time, LAPFF has initially written to Standard Life Aberdeen, Lloyd's Banking Group, Aviva and St James's Place to discuss diversity after the finance industry was marked as having large pay gaps and poor gender and ethnic diversity.

Longer-term objectives: Recognition of the Parker Review recommendations throughout the FTSE 100 and 350 will be a marker of success on ethnic diversity in the boardroom. The Forum would like to see companies taking active steps to address pay gaps alongside inclusion and diversity at all levels of the business, inclusive of a wider set of diversity issues such as socio-economic background.

2.11. Sustainability and Shareholder Value

Objectives:

- continue targeted engagement with companies that have a supply chain risk with forest risk commodities in areas susceptible to illegal deforestation; continue dialogue with policy makers in regions such as Brazil and Indonesia where deforestation is a material climate risk; LAPFF will aim to get companies that it is engaging with, to publicly disclose targets to mitigate material risks in their supply chain in relation to deforestation and for companies that have exposure to these risks. For deforestation, the main aim

will be to get companies to commit to removing deforestation risks from their supply chain.

- undertake dialogue with companies that have exposure to plastics and micro plastics within their business operations; aim to get washing machine manufacturers to fit, as a standard feature, filters to their products to prevent release of plastic microfibres to marine ecosystems.
- engage with housebuilders as part of the Forum's work on sustainable cities to ensure that new homes are aligned with climate commitments, adapt to climate change and supporting inclusive communities;
- map these and other areas of the workplan to the Sustainable Development Goals.

Method:

- LAPFF is part of two initiatives related to deforestation, the Investor Policy Dialogue on Deforestation which had initial meetings in 2020 with members of the lower House of the National Congress of Brazil, and the Sustainable Commodities Initiative. These initiatives undertake targeted engagement with policy makers and companies with exposure to material risks involving forest risk commodities. LAPFF joined the Investor Initiative for Sustainable Forests in September 2020. This initiative is now being subsumed into the Sustainable Commodities Initiative which will have focus on soy, cattle and palm oil supply chains. Through this, LAPFF will look to lead on engagements with companies where it has significant holdings when the companies through the initiative are disclosed.
- To date, LAPFF has engaged with supermarkets regarding their use of plastics aiming to ascertain how they are assessing the associated risks with plastic packaging, how any goals regarding plastic use have been affected by COVID and to progress working towards reducing plastic use. The Forum is also part of a collaborative initiative headed by First Sentier Investors, tackling microplastics in the form of microfibres from clothes washes in washing machines. Target companies for this for LAPFF to lead/co-lead on are Dixons Carphone, Sainsbury and Haier Group.
- The Forum has engaged housebuilders as part of its focus on sustainable cities as well as broader governance concerns which will continue over the workplan period.
- On sustainable development goals, a mapping exercise will be undertaken over LAPFF holdings, to determine where resources might best be focussed.

Longer-Term objectives:

- encourage companies to recognise risk in their supply chain and take the appropriate action to mitigate deforestation and the use of plastics; encourage policy makers globally to enforce legislation that will halt any illegal deforestation;

- ensure housebuilders are supporting more sustainable cities through climate change targets and supporting affordable housing production, and ensure progress has been made on previous ESG concerns that the Forum has raised
- note actions and progress on these and other engagements against the Sustainable Development Goals.

2.12. Water Security

Objectives: to further develop LAPFF’s policy regarding mitigating water risk within investee companies and to contribute to new ideas on how to better value water as a critical natural and economic resource.

Method: During 2020 LAPFF became a founding member of the Valuing Water Task Force the aim of which is to catalyse systemic change in how water is valued by corporations, as a resource critical to virtually all life and economic activity. LAPFF will work alongside other taskforce members to develop a set of valuing water expectations for companies. Outlining these expectations to investee companies will then form a part of the forums sectoral engagement activity with water intensive industries across member portfolios. LAPFF will also continue to engage with companies with regards to the disclosure of water consumption related metrics as part of the CDP’s non-disclosure campaign.

Longer-term objectives: to drive more effective investor-corporate water engagement that will lead to more resilient global water resources, supporting the Sustainable Development Goals and meeting investors’ and companies’ long-term fiduciary and financial goals. The first phase of this objective will be achieved through the development of a set of investor expectations with which to engage. Also, to increase the number investee companies disclosing to the CDP’s water security initiative.

2.13. Leadership: Emerging and Developing Initiatives

Objectives: to identify emerging thematic investment concerns as well as to respond to responsible investment concerns at companies widely held by members, on issues raised by members and as determined by the Executive committee.

Method: The range of impacts of the coronavirus in the economy as a whole, and the associated governance and responsible investment challenges was front and centre for LAPFF during 2020 and will remain a central component in 2021 as the impact of the health crisis plays out in the global economy. The impacts on particular sectors, particularly for employees, will be explored with engagement orientated to formulating and delivering on strategies to address these. Monitoring and assessment of emerging thematic investment concerns will be undertaken throughout the course of the year. Any responsible investment concerns at companies widely held by members will be explored and relevant engagement strategies proposed as will issued raised by the Executive committee. This will

include reviewing investment classes beyond equity, including infrastructure allocations and identifying initiatives where the Forum could be active or could collaborate, and progressing engagement.

Longer-term objective: that the Forum retain a focus on areas that provide added value for members whilst ensuring priority and emerging engagements or value-added collaborations can be incorporated

3. Promoting Good governance

3.1. Reliable Accounts, Capital Market Regulatory Reform

Objectives: LAPFF's attention to accounting followed the financial crisis in banking and left to a broader critique of the auditing industry, accounting standards and the UK regulator the Financial Reporting Council. LAPFF's position, with the support of Parliamentarians, was a substantial factor in the commissioning of the Kingman Review whereby the FRC will be replaced by ARGA. There are also related issues in the listing regimes with 1) the regime relying on the faulty accounting model, 2) a problem of quality with new entrants to the listed market with the perceived reduction in the quality of the standards to list. NMC Heath and Finablr are recent examples.

Methods: LAPFF's work will follow the developments as the FRC transitions to ARGA, and the matter of UK endorsement of new accounting standards post-Brexit will be particularly important. The LAPFF website will be used to set out the extent and history of problems, and with specific reference to individual accounting problems which (as above) include climate change accounting. The Listing Regime will continue to be a point of focus.

Longer term objective: to achieve substantial reform of the factors affecting the quality of 'reliable accounts' both market led and institutional factors.

3.2. Holdings Based Engagement and AGM attendance

Objectives:

- communicate with or meet with board members of companies most widely held by members in a number of markets, at least bi-annually; engage with companies where members represent a significant holding in the company (2% and over)
- include AGM attendance as part of an escalation strategy or to commend a board for progress made.

Methods:

- Holdings data is collated from members to enable LAPFF to undertake engagement with companies most widely held and includes a focus on

engaging with companies where members represent a significant holding in the company (2% and over). LAPFF will continue to collaborate with pool companies to ensure greater capture of equity holdings. Engagement is undertaken on specific governance, capital stewardship and corporate responsibility issues identified as well as on specific areas of concern identified by members aligned with workplan themes. As with all engagement meetings, objectives are set and outcomes reported to members post-meeting. A paper is provided to the January Business meeting listing the top LAPFF holdings broken down into the following markets: UK, Europe, US, Asia (excl Japan), Japan, and Australia.

- AGM attendance focusses on companies where particular concerns have been identified, as well as those most widely held by LAPFF members and can be used both to publicly commend companies for progress as well as part of an escalation strategy. Given the current health crisis, there may be the opportunity to attend more AGMs outside of the United Kingdom with hybrid meetings becoming more common place. LAPFF executive members are alerted to meeting dates and times and provided with briefings in advance of such meetings.

Longer term objective: to build relationships with company boards so that increasingly directors seek out meetings with LAPFF

3.3. Anti-Bribery and Corruption; Asset Managers and cybersecurity

3.4. Anti-Bribery and Corruption

Objective: The objective of this engagement is to ensure that the anti-bribery and corruption processes of investee companies are adequate to prevent scandals and inappropriate relationships that could compromise the operations, reputations, and financial viability of the companies and lead to legal challenge .

Method: The method of carrying out this engagement is to explain to companies the importance of |separate chair and CEO positions from the perspective of anti-bribery and corruption, and request independent reviews of company internal controls and compliance systems where deemed necessary.

Longer-term Objectives: In the longer term, the objective is to link the anti-bribery and corruption engagement to the Forum's mining and human rights work to ensure that bribery and corruption issues do not compromise human rights practices and any knock-on financial outcomes.

3.5. Asset Managers

Objectives: The objectives of this area of work are to seek to maximise the Forum's influence both within the investment chain and in respect of investee companies, and to promote improvements in practice.

Method: The Forum will engage with asset managers, regulatory bodies with responsibility for stewardship and related areas and other relevant experts, on issues such as stewardship practices, shareholder voting, stock-lending and infrastructure. In doing so, care will be taken to ensure this will not cut across the work done by the Pools in ‘managing their managers’. Improved communication in this area will be encouraged.

Longer-term Objective: In the longer term, LAPFF seeks to have well-developed relationships with major asset managers.

3.6. Technology and governance

Objectives: Cyber security is widely recognised as a significant risk. LAPFF will seek to improve governance arrangements around cyber security to ensure business continuity and protect company reputation to help safeguard members’ investments. For some technology companies, the Forum wishes to see improvements in the way that risks around inappropriate content hosted on their platforms are managed and disclosed to reduce financial, legal and reputational risks around hate speech, discrimination and human rights violations.

Method: The Forum will engage with companies on cyber security, with a focus on those sectors most at risk, such as financial services and logistics. The Forum will issue voting alerts backing resolutions that support greater consideration and disclosure of efforts to improve content management as well as specific governance concerns (e.g. dual class shares).

Longer-term objectives: The Forum aims to ensure companies follow what the Forum considers best practice on cyber security, including disclosing cyber security policies. The Forum expect to see greater disclosure around content management and shift in governance arrangements (independent chairs, majority voting and one share-one vote), including at those companies making IPOs.

3.7. Consultation responses, policy development, networking, training

Objectives: respond to identified consultations to best progress priorities in LAPFF’s policy agenda; ensure LAPFF policy reflects emerging member consensus; maintain positive relationships with collaborative investor initiatives, NGOs and campaigning groups to inform and support the Forum’s engagement objectives; liaise with executive members for relevant training opportunities

Method: members identified audit, accounting and climate as priority for policy engagement with a focus on Just Transition in 2020, as reinforced by meetings with pool company members. Climate policy development is fostered through investor partnerships including with IIGCC and PRI. Other policy areas relevant to workplan priorities are kept under review including through monitoring of consultation papers from the UK Government and national and international regulatory bodies. These are responded to where it is considered they can best

progress LAPFF priorities. LAPFF's [collated policies](#) are kept up to date as members approve new policy stances. Partnerships are maintained and developed with a range of other stakeholders including non-governmental organisations (NGOs) and campaigning bodies that lobby member funds as well as other topic-specific investor groups. Participation continues in appropriate networks and relevant events in order to keep abreast with current investor initiatives, with feedback provided to members where considered of interest. Ongoing training is provided for Executive committee members to ensure development needs are met.

Longer-term objectives: maintain active monitoring of opportunities to progress policy development on priority areas identified by the LAPFF membership

4. Positioning the Forum

4.1. Communications, media outreach and publications

Objectives: prioritise regular communication with members; ensure appropriate media coverage; actively highlight progress and effectiveness of LAPFF engagement across multiple materials and platforms.

Method: Introduced in 2020, the 'chair's e-mail' has been well received and will continue. On occasion, the addition of alerts or materials in the public domain can be included to help disseminate information to members, but this will be balanced with the need for a manageable information flow. Other regular communication with members is provided by means of the e-bulletin which links wider initiatives in the market place to ongoing LAPFF involvement, and the public quarterly engagement report and annual report signpost engagement outcomes. The use of video and film has been introduced to good effect for promoting and supporting LAPFF work, and will continue where it can best promote LAPFF activities and outcomes. The LAPFF website, now streamlined and focussed, is regularly updated and the twitter account made good use of, to disseminate progress. Media outreach is provided through cultivating relevant contacts, facilitating responses to media enquiries and by issuing timely press releases. The research and engagement partner presents to pension committees, pension boards and employee AGMs on a variety of aspects of the workplan and initiatives. Virtual meetings and webinars ensure members are kept up-to-date on investment related topics and upcoming initiatives as well as LAPFF policy development and engagement. These include input from external experts and commentators.

Longer-term objective: position LAPFF as a leader, based on a strong research base and practical engagement with companies, where consensus from other investors often follows (as exemplified by stakeholder engagement on tailings dams and support for 'say on climate' vote).

4.2. Member liaison, services and support

Objectives: support members in information provision, transparency and disclosure

Method: Member support is provided from new members joining the Forum through to the provision of the variety of support services throughout the year. This includes liaising with the LGA and providing tailored information to members who are PRI signatories to respond to the annual PRI reporting framework. Ongoing support work includes maintaining up-to-date member contact lists, responding to queries and supporting access to the member section of the LAPFF website. This redesigned information provision includes LAPFF's approach to particular investment issues and guidance to help answer queries member funds receive from beneficiaries or in relation to freedom of information or other requests. IT support is provided for a range of Forum functions including webinars, facilitating virtual and hybrid Business Meetings, seminars and conferences; maintenance of the LAPFF website and the collation of member holdings and records of engagement with companies.

Longer-term objective: ensure information channels are maintained in a manner that suits all members wherever geographically located.

4.3. Executive and Business meetings and the AGM

Objectives:

- Ensure executive committee meeting agendas and discussions further LAPFF's mission to promote the highest standards of corporate governance and corporate responsibility
- ensure member meetings are best structured to encourage debate and inform members about outcomes from LAPFF activities

Method: Quarterly executive committee meetings review outcomes from LAPFF engagement and discuss and deliberate new proposals. A yearly meeting is dedicated to a strategic review of LAPFF activity. Provision is made for ad-hoc where a timely response is required. Quarterly Business meetings, currently undertaken virtually, provide members with updates on outcomes from activity over the previous quarter and the opportunity to debate current initiatives and to help shape new proposals. Executive members are able to speak to specific company engagements. As lock-down restrictions lift, consideration will be given to the most appropriate mix of virtual / in person meetings. On occasion, other sub-committees are convened to discuss proposals and report back to the executive committee. AGMs and EGMs ensure that relevant constitutional and procedural items are dealt with such as election of executive committee members and review of the constitution.

Longer-term objective: Ensure that current virtual meetings are continued in a hybrid format to best ensure input and discussion by the LAPFF executive and wider membership.

4.4. APPG, fringe meetings, events, stewardship

4.5. Support for the APPG inquiry into a just transition

Objectives: Failure to consider the social implications of a transition to net zero risks undermining support for the transition itself. At present there remains little attention amongst policy makers to the just component of a just transition. The Forum intends to raise awareness of the issue amongst policymakers and provide information and guidance for investors to ensure there is just transition.

Method: The Forum is supporting an Inquiry into a just transition undertaken by the APPG for Local Authority Pension Funds. The Inquiry, chaired by Clive Betts MP, will hear from a range of voices on the issue and seek to engage government, regulators, investors and companies.

Longer-term objectives: Alongside helping to inform the approach to the issue of the Forum and members, it is intended to influence the thinking of parliamentarians and government as well as forging greater consensus on the need for a just transition.

4.6. Fringe meetings

Objective: government regulations and broader policy shape the engagement work that is undertaken by the Forum. Building good relationships with parliamentarians and ministers and leading debates and discussions with policymakers is important part of realising favourable policy change.

Method: The Forum will host fringe meetings at the political party conferences. These will seek to engage parliamentarians on a specific issue that forms part of the Forum's workplan.

Longer-term objectives: That the Forum raises its profile amongst policymakers and wider stakeholders and shape government thinking to support the Forum's responsible investment objectives.

4.7. LGPS Events and initiatives

Objectives: support executive participation in external events; ensure good two-way communication between LAPFF fund and pool members

Method: Representation and support is provided to executive and other members for other external events on behalf of LAPFF as well as for any outreach by the Chair with member funds. Support will be provided for the chair to meet with pool company chairs, CEOs and RI leads on matters of mutual interest and vote recommendations, ensuring greater communication between the Forum's

engagement strategies and that undertaken by pools. The potential for a series of webinars on private markets will be explored

Longer-term objective: ensure that the requirements of both fund and pool members are understood by the LAPFF chair and executive through regular communication and integrated into the LAPFF workplan where appropriate.

4.8. Stewardship

Objective: The objective of this work will be to elaborate on the suggestions made in the LAPFF stewardship paper for each of the components set out in the UK Stewardship Code.

Method: The method will be to go into detail with each principle, one by one, to explore what LAPFF and its members can do fulfil the objectives of the principles and create the desired impact. This detail will build on the overarching approach set out in the 2020 LAPFF Annual Report.

Longer-term Objectives: The longer-term objectives will focus on linking LAPFF and member activities to the desired impact as set out in the Code.



Draft Quarterly Engagement Report: January – March 2021

Recommendation

- That LAPFF members review the current draft text of the Quarterly Engagement Report.

QUARTERLY ENGAGEMENT REPORT

January to March 2021

[FRONT PAGE HEADLINES]

- BHP, Centrica, Compass Group, Heidelberg Cement, HSBC, National Grid, Rio Tinto, Vale

National Grid Commits to Vote on Climate

Objective: LAPFF has promoted a ‘Say on Climate’ at the National Grid AGM as a crucial mechanism for investors to be able to approve (or otherwise) the company’s net zero transition plans, preferably on an annual basis.

Achieved: Following a series of meetings held with the chair, the board announced in March that an advisory vote would be provided for shareholders at the 2021 AGM to put the company’s climate change-related targets and action plan to the 2022 AGM for review and approval.

In Progress: Within the Climate Action 100+ (CA100+) investor initiative, National Grid has come to be identified as a ‘leader’ in many respects, not least due to its ambition to operate a zero-carbon electricity system in the UK by 2025 and for the entire company to be net zero by 2050. In engaging we have continued to push on the long-term objective for the company to set targets for its scope 3 emissions and for it to identify a 1.5 degree scenario for the business. For National Grid, the biggest challenge for scope 3 emissions comes from the US electricity and gas distribution businesses and from the carbon-intensity of heat in UK homes. In October 2020, the company announced scope 3 carbon emission reduction targets for the electricity and gas sold to customers of 20% reduction by 2030. This was welcome, and was a target aligned with the Science Based Targets Initiative’s two degrees pathway. CA100+ has issued its benchmarking analysis for National Grid, and engagement will pick up on those areas where further action can better align the company with a 1.5 degree pathway.

Heidelberg Cement Commits to Review of Lobbying Activity

Objective: An ‘explicit and decisive’ response was sought from Heidelberg Cement to towards complying with investor expectations relating to corporate climate lobbying.

Achieved: A collaborative letter, under the auspices of the CA100+ initiative, set out a request for public disclosure of a comprehensive corporate lobbying review

to assess the alignment of lobbying activities with the Paris Goals, and to set out what steps the Company intends to take in the event of areas identified in misalignment. After a call from lead investors, a response was forthcoming. The company noted it has pushed its associations to take a pro-active stance towards industry transformation in alignment with the Paris agreement and that these actions had already changed the stance of key organisations leading to the publication of carbon-neutrality road-maps by them.

In Progress: The company has fully committed to a review to be published before the 2021 AGM.

HSBC Resolution Pulled after Shareholder Requests Met

Objective: A shareholder resolution was filed for the 2021 HSBC AGM asking for publication of a strategy, with short, medium and long-term targets, to reduce the company's exposure to fossil fuel assets on a timeline aligned with the goals of the Paris agreement.

Achieved: The LAPFF chair engaged with HSBC in July 2020 on the group's approach to climate change, with a particular focus on the insurance side of the business, raising concerns over the lack of clarity on climate and business strategy. Following the resolution filing, LAPFF participated in a meeting in February 2021 hosted by Investor Forum with the CEO & Chair to discuss the resolution. The company has acknowledged that 'expansion of coal-fired power is incompatible with the goals of the Paris agreement, and has committed to phasing out coal-fired power and thermal coal mining in the EU and OECD by 2030 and other regions by 2040. Further, in line with the resolution, HSBC has committed to set, disclose and implement a strategy with short- and medium-term targets to align its financing across all sectors with the goals of the Paris climate agreement. It will use 1.5C pathways that are not overly reliant on negative emissions technologies.

In Progress: Commitments made by the company are set out in a special resolution tabled by the bank for its 2021 AGM. The bank has committed to publishing a new coal policy by the end of 2021.

New LAPFF Monitoring Pledge on Samarco Dam Collapse

Objective: LAPFF has been engaging with Vale and BHP for around two years now in relation to both the Samarco and Brumadinho dam collapses. Samarco is a particular concern in relation to the time it is taking to make appropriate reparations. Over five years from the dam collapse in Mariana, Brazil, only five of the over 500 houses destroyed have been re-built, and none of them are occupied. Houses represent only one aspect of the reparations needed, including

a restoration of water quality in the Doce River, community cohesion, and mental health services for people suffering from the impacts of the dam collapse.

The reparations were meant to be undertaken by the Renova Foundation, a joint venture established through Vale and BHP in partnership with Brazilian officials. However, Renova has been unable to follow through to date. Part of the problem appears to be that the affected communities do not trust Renova to act on their behalf. In fact, there has now been a lawsuit filed by the Brazilian Public Prosecutor in Minas Gerais, where Mariana is located, calling for Renova to be disbanded. The suit alleges that Renova has served to limit the liability of BHP and Vale rather than pursue the interests of the communities in the reparations process.

Given these obstacles and delays, LAPFF's primary objective is to put pressure on BHP, Vale, and Renova to speed up the reparations process. A corollary of this objective has been to determine what the specific community asks of the companies and of Renova are.

Achieved: While BHP Chair, Ken MacKenzie, does not appear to be eager to engage, Cllr McMurdo had another useful meeting with Sandra Guerra, a non-executive director at Vale. He also met with Renova Foundation's CEO, Andre de Freitas. Neither Ms. Guerra nor Mr. de Freitas is happy with the slow pace of reparations, but they both pointed to obstacles they believe have prevented a faster process.

Cllr McMurdo also joined Adam Matthews and John Howchin in LAPFF's quarterly discussion with affected community members. The community members present urged the investors to do more and emphasised the slow pace of reparations. The meeting was quite frustrating in that LAPFF was unable to ascertain exactly what the community is asking of BHP, Vale, and Renova. However, subsequently it became clear that they would like to see Renova disbanded and replaced with an entity that better respects and incorporates community voice into reparations decision-making.

LAPFF does not doubt that there are significant obstacles to providing reparations. Nonetheless, over five years on, it is also clear that no excuses can be made. Cllr McMurdo was clear in both meetings that notwithstanding the obstacles articulated, both Vale and Renova, along with BHP, must find a way to speed up the reparations process. LAPFF therefore expressed its intention to all three parties to post monthly on the LAPFF website the number of houses that have been re-built. It is hoped that all houses will be re-built by 5 November, the next anniversary of the Samarco dam collapse. This first post on the LAPFF website will take place in early April.

In Progress: LAPFF will continue to engage with BHP, Vale, the Renova Foundation, and affected communities in the hopes of speeding up reparations. It will check in monthly with Renova and the communities to ensure that it has the accurate number of houses to post on the LAPFF website. This process continues to highlight the importance of ensuring that companies prevent these disasters rather than scrambling to make reparations, where these are even possible, after the fact.

Resolution Copper Developments on Hold

Objective: LAPFF has been engaging with BHP and Rio Tinto on the joint venture, Resolution Copper, to ensure that the project is being undertaken responsibly. Concerns have been raised about the type of engagement the companies have had with communities affected by the project. In particular, the San Carlos Apache Tribe in Arizona has objected to the project, claiming that the proposed copper mine would destroy one of the tribe's sacred sites. Other groups have expressed concerns that Resolution Copper and Rio Tinto – the operating partner in Resolution Copper – have not taken adequate steps to protect natural resources, such as water, affecting surrounding communities. Therefore, meaningful community engagement and protection of natural resources, including water, are the two overarching objectives of this engagement.

Achieved: For Resolution Copper to move forward, the US Forest Service must issue an impact assessment that allows for a land swap from the federal government to Rio Tinto. In the final days of the Trump Administration, this impact assessment was issued, and it was assumed that the land swap would follow within 60 days, as prescribed by the law governing the exchange. LAPFF spoke with representatives of Resolution Copper and Rio Tinto, including a representative of the Hopi tribe which, along with the San Carlos Apache, is affected by the Resolution Copper project to obtain the companies' view of the project. LAPFF also reviewed the Forest Service impact assessment.

What emerged from this research was that there were huge gaps in the information provided by the Forest Service impact assessment. Neither the Resolution Copper nor Rio Tinto representatives have provided LAPFF with impact assessments of the mine itself, despite repeated requests to both parties for this information. They only provided 36 cultural impact assessments pertaining to the land surrounding the mine. The Forest Service impact assessment also refused to assess the mine's impact on the grounds that it would soon be private land and therefore not within the purview of its analysis. This assessment was issued notwithstanding the fact that the lands are still public and there is some question about the legality of transferring them to a private actor. In LAPFF's view, the quality of this assessment was also extremely poor overall. Among other

deficiencies, it failed to address water supply issues for the surrounding communities in any useful way.

The water concerns surfaced in a meeting between LAPFF Chair, Cllr Doug McMurdo, and Mayor of Superior, Arizona, Mila Besich. This meeting was very interesting because Mayor Besich is very keen for the Resolution Copper project to proceed. She believes it will bring significant economic benefits to her town, which has suffered from job losses and economic woes since the 1980s. However, she spoke about her struggles in engaging with Resolution Copper and Rio Tinto. Specifically, she found the companies dismissive of her community's needs, including access to water. Moreover, she expressed the opinion that what the companies needed to do to fix the water access concerns would have cost the equivalent of a rounding error to them.

LAPFF was concerned after this engagement that there was not enough information to make a good assessment about the risks of the project. Additionally, in LAPFF's view, it made no sense to proceed with the land swap without understanding if the project was viable first. Therefore, LAPFF wrote to Deb Haaland, who was confirmed on 15 March as the new – and first ever Native American - US Secretary of the Interior. The letter expressed LAPFF's concern about the risks surrounding the Resolution Copper project and the need for the companies to engage in a positive way with communities affected by their project.

Just after the Biden Administration took office, LAPFF received notification from a community representative that the US Forest Service impact assessment had been rescinded and that consequently the land swap would be postponed. The US Forest Service will issue a new impact assessment, presumably to help address some of the shortcomings of the rescinded assessment. The time frame for the new Forest Service assessment and land swap is not clear at this point.

In Progress: LAPFF has made clear to both BHP and Rio Tinto that there cannot be another Juukan Gorge (the event in Western Australia where Rio Tinto blew up two culturally significant caves against the will of the affected Aboriginal community). LAPFF has also made clear that it makes no sense for the land swap to proceed unless there is clear evidence of Resolution Copper's viability. There are continuing discussions with both BHP and Rio Tinto on these issues. LAPFF continues to be open to discussion with a San Carlos Apache representative who has been invited to discuss the issue with Cllr McMurdo. It is also hoped that with Ms. Haaland's confirmation, she might meet with Cllr McMurdo to share her thoughts on the project.

Compass Group Food Parcels Questioned

Objective: In January 2021, multiple media articles came to light about Chartwell (a subsidiary of Compass Group Plc) and its contract awarded by the government to supply £30 for free school meals. The articles and pictures of school meals in the press presented what a family had been supposedly been provided for ten days and were highly critical of the allocation. Cllr McMurdo immediately reached out to Compass Group to ascertain what had gone wrong in Chartwell's supply chain. He asked why there had been governance failings and what was being done to ensure this did not happen again.

Achieved: After a thorough conversation around where these failings had happened and why, Compass discussed how it was ensuring that this would not happen again with more thorough procedures in place in certain parts of theirs and Chartwell's business operations, to ensure that all food parcels were of adequate standard. Compass also publicly made a commitment that free breakfast was going to be included in the food parcels for every child eligible for free school meals from the 25th of January, as a gesture of goodwill.

In Progress: The Forum has since reached out to Compass Group to discuss the company's governance as a whole during the pandemic and met with the company's Investor Relations representatives on the 31st of March.

Amazon Investor Letter Questions Company's Trade Union Practices

Objective: LAPFF signed onto a letter coordinated by Folksam and Ohman to ensure that Amazon is respecting workers' rights to free association and collective bargaining at the company's facility in Bessemer, Alabama in the US. The request includes reassurance that a free and fair union election will take place at the facility.

Achieved: There are now investors with just over US\$7.1 trillion in support of this initiative. To date, Amazon has responded in letter form that it has appropriate human rights and labour standards in place. The company stated that it respects trade union rights and has good relationships with its employees. However, the investors in this collaborative engagement have not been satisfied with the company's response. This is in part due to reports that Amazon has hired a consulting company to obstruct trade union activities.

In Progress: There has been a follow up letter sent requesting a meeting with Amazon to discuss this issue further. The investors are awaiting a response from the company.

LAPFF Challenges Shell on Climate Transition Plan

Objective: LAPFF continues to engage with Shell. In addition to its own engagement, LAPFF is engaging via the CA100+ group of investors on Shell. The Forum is very keen to continue the collaboration with other investors, and make sure that investors collectively communicate a consistent and robust case to ensure all aspects of the company's financial outcomes and performance are understood fully.

Achieved: Last year, 2020, LAPFF recommended voting for a shareholder resolution at the Shell AGM that requested specific targets for Shell's claimed climate change ambitions. However, on 11 February 2021 Shell published goals that are ambiguous. For example, it claims to remove 120 million tonnes of carbon dioxide by introducing nature-based solutions (trees) by 2030. Achieving that target would require a mature forest the size of Washington State, which is difficult to envisage. In addition, Shell claims to want to remove 25 million tonnes of carbon dioxide by carbon capture and storage (CCS) by 2035. This has not been detailed or scheduled in any other material. The claim represents ten times the largest existing CCS project – [Gorgon Project](#) (Shell 25 percent, Chevron 75 percent) and this project in Australia continues to experience problems. Shell's announcement includes increasing liquid natural gas output by 20 percent by 2030 and only plans for a 17 percent reduction in oil extraction, compared to BPs 40 percent.

In Progress: Shell has proposed a non-binding shareholder resolution on its climate change plans. The LAPFF position will be guided by research and further engagement. At present, it is considered much more detail and evidence is required before any conclusions can be drawn about what vote is advisable.

Israeli-Palestinian Letters

Objective: The Israeli-Palestinian Territories have long been fraught with controversy. In February 2020, the Office of the United Nations High Commissioner for Human Rights published a list of 112 business entities that it had identified as having business activities related to settlements in these territories. The Forum has been monitoring the ongoing situation in the territories and reached out to 16 companies in which a number of member funds hold to seek an engagement meeting. The aim of these engagement letters was to ascertain whether these companies had undertaken human rights impact assessments on their operations and if not, ask them to do so.

Achieved: Out of the 16 companies, LAPFF had one engagement meeting in the third quarter of 2020 with Altice Europe N.V and received a number of responses from other companies. As a general blanket response from those whom responded in only written form, companies considered that they were acting in accordance with local law by not discriminating against any residents of the territories in which they were operating. These companies were concerned that simply operating in these areas was justification enough for them to be included on what many observers have dubbed a 'blacklist' from the UN.

In Progress: The Forum reached out to the UN OHCHR, seeking a meeting to engage on a couple of aspects of the UN list: (1) the methodology used when deciding what companies would be included on the their list; and (2) what the UN considers companies have to do or provide for them to be removed from the list. This meeting took place at the end of March. The Forum has also been investigating models for a human rights impact assessments as a baseline to provide companies with in what the Forum might expect them to be undertaking.

Suzano and CA100+

Objective: Suzano, the Brazilian-based pulp and paper company, has been identified by CA100+ as critical to the net-zero energy transition. As one of two lead investors, LAPFF has been engaging with the company over the last 18 months, pushing it to take action to reduce greenhouse gas emissions, improve disclosures, and implement a strong governance framework from which company decision making can be made accountable. In January, LAPFF met with the company to encourage a response to the CA100+ net zero company benchmark. The benchmark will enable comparative assessment of the world's key emitters and the extent to which businesses have aligned with a 1.5 degree global temperature rise.

Achieved: Since LAPFF began engaging with Suzano 18 months ago the company has set a target to reduce emissions intensity of scope 1 & 2 emissions by 15% by 2030. The company has also set a goal of removing an additional 40 million tons of carbon from the atmosphere by 2030, this on top of the already established target of carbon neutrality. Suzano has a forest base of approximately 2.2 million hectares and therefore the degree to which carbon can be sequestered naturally is significant. The company recognises the contribution its natural asset base can make to global net-zero efforts which is reflected in its carbon-negative ambition. In terms of disclosure, the company submitted a response to the CA100+ global benchmark during January 2021. After the data has been collated, LAPFF will be able to identify areas of the Suzano's carbon reduction strategy in which it is excelling as well as those areas improvements are required.

In Progress: LAPFF will continue to focus on the company's carbon reduction strategy with a focus on setting more ambitious scope 1 & 2 emission reduction targets. It is important that Suzano's natural offsetting capability is not used as a distraction from reducing its operational emissions. There is a finite carbon budget available all of which will be required to support industry in sectors that are harder to abate.

Tesco and Nutrition

Objective: During January 2021, LAPFF met with Tesco to discuss the company's long-term strategy relating to health and nutrition. Part of the objective of this engagement was to encourage the company to disclose metrics relating to the proportion of healthy versus unhealthy produce available to customers and to set relevant targets to improve the availability of healthy items. This engagement aligns with the Healthy Markets initiative being coordinated by ShareAction.

Achieved: Tesco outlined that it already collected data relating to health and nutrition. Since the engagement took place, ShareAction has announced the filing of a resolution at the upcoming Tesco AGM requesting that the company disclose the share of total food and non-alcoholic drink annual sales by volume made up of healthier products and publish a target to significantly increase that share by 2030.

In Progress: LAPFF is monitoring the company response to the shareholder resolution and will issue guidance to members in due course.

Volkswagen and General Motors on Electric Vehicles and Climate Change

Objective: Vehicle emissions are a major contributor to carbon emissions. As a result, carmakers are facing tightening regulatory environments. Rapidly changing emissions standards present financial risks to those carmakers not seeking to move to electric vehicle production. LAPFF has sought to engage with the auto industry to ascertain how car makers will be approaching the challenges of electrifying their fleets, to push for net zero commitments, and to ensure that plans would support a just transition to net zero.

Achieved: The Forum met with General Motors (GM) and Volkswagen (VW). Both companies outlined their commitments to investing in and scaling up electric vehicle production. VW stated that it was committed to achieving net zero by 2050 and highlighted the reputational damage to the company caused by the emissions scandal.

GM stated that it was aiming for an all-electric future, was aiming for carbon neutrality, and was working with the Science-Based Taskforce Initiative on this aim. Two weeks after the engagement GM formally announced its plans for carbon neutrality by 2040 in products and operations and its aspiration to eliminate tailpipe emission for light-duty vehicles by 2035. The meeting also covered the level of investment in carbon reduction methods relative to other carmakers in electric vehicles and when price parity between electric and internal combustion engine vehicles would be achieved.

At both meetings, the just transition to net zero was discussed. This discussion included assurances from both companies about how they were seeking to support their workforce and ensure high standards within their supply chain, including the human rights of miners in the Congo.

In Progress: LAPFF hopes that manufacturers that haven't already set science-based targets for their scope 3 emissions will do so imminently and also expects investee companies to ensure that they are sufficiently capable of electrifying their fleets. The Forum intends to continue engagements with carmakers to ensure that they are meeting their targets and that short-term emission reductions are being achieved. This goal is especially important given the rise in the sales of larger vehicles which in some cases is offsetting gains from greater fuel efficiency and increased electric vehicle sales.

AngloAmerican on Climate

Objective: LAPFF wrote to AngloAmerican in November 2020 as part of a collaborative initiative coordinated by Sarasin and Partners, underscoring the vital role of accounting and audit in driving the net-zero transition. An Investor Expectation document provided guidance for ensuring material climate risks associated with the transition to a 2050 net zero pathway are fully incorporated into the financial statements. The letter asked that the guide be shared with all members of the Audit Committee as well as the auditor, from whom independent assurance on Paris-alignment is also being sought.

Achieved: One of the best responses received to date to a total of 36 letters sent to European companies in the energy, transportation and materials sectors was from the Audit Committee Chair who clearly understands what was asked for and addresses it directly. He stated that the company has undertaken a review of climate risks in its financial statements and will publish the results in the forthcoming Annual Report and Accounts. The committee chair referred to specific risk areas including valuation of assets (i.e. impairment testing) where the committee considers carbon pricing and the impacts for assets and to asset exposure to physical risks – specifically the Chile copper mines to water scarcity – all of which feeds into the viability statement analysis.

In Progress: The audit committee chair has asked that, due to clear parallels, issues raised in this engagement be aligned with CA100+ engagement. LAPFF is also a member of the CA100+ collaborative investor group for Anglo-American.

LAPFF Socio-Economic Diversity Engagement Kicks Off

Objective: LAPFF seeks to enhance the diversity of both boards and the workforce at investee companies. Ensuring diversity across a range of characteristics within boards helps to tackle group think while improving diversity in the workplace helps ensure that all talent available to companies is utilised.

Achieved: HM Treasury and BEIS have commissioned an independent taskforce to improve socio-economic diversity at senior levels in financial and professional services across the UK. The taskforce is being run by City of London Corporation with support from Deloitte. LAPFF met with a representative from Deloitte to discuss the taskforce and highlight the role of investors. Alongside this meeting, the Forum also attended the latest meeting of 30% Club investor group.

In Progress: Over the next quarter the Forum will be meeting with companies from the financial services sector, which has a wide gender pay gap, to push for greater diversity. The Forum intends to stay in contact with the socio-economic diversity taskforce.

COLLABORATIVE ENGAGEMENTS

Asset Manager Engagements

LAPFF Chair, Cllr Doug McMurdo, has met with a range of large global asset managers to discuss their approaches to responsible investment. Topics have covered climate change, human rights, and audit, among others. The goal of these engagements is to ensure that asset managers are engaging on behalf of LAPFF members in a way that facilitates LAPFF's responsible investment policies and objectives. There is some indication that asset managers are starting to take LAPFF's input on board and engage more meaningfully on areas like climate and human rights in the wake of these meetings, but it appears there is a long way to go.

CCLA and Rathbones Modern Slavery Engagements

LAPFF has signed up to CCLA's 'Find It, Fix It, Prevent It' engagement and has re-joined the Rathbones modern slavery engagement. Both initiatives pair LAPFF with other responsible investment partners to improve employment standards in companies' supply chains. Rathbones is re-running its vote against slavery

engagement in 2021 with 69 FTSE350 companies after success in 2020 in getting target companies to comply with the UK Modern Slavery Act.

IIGCC Shareholder Resolutions Sub-Group meeting

LAPFF has been participating nearly weekly in the IIGCC shareholder resolutions sub-group meeting regarding climate resolutions expected to arise over the course of 2021.

IOPA engagement meetings

LAPFF has participated in the monthly IOPA meetings around after signing on to a number of letters last year calling for better governance at big pharmaceutical companies around employee safety and bonus structures in light of the current pandemic. There have been multiple resolutions filed through IOPA, one of which recently saw investors revolt against a ‘Say on Pay’ vote at AmerisourceBergen with 48% of all investors voting against the pay which was made up of 72% non-insiders.

LAPFF Webinars

Webinar on securities lending and responsible investment

Webinar with Colombian Community Representatives Affected by Cerrejon

The burning of wood by Drax. Is it net zero, sustainable, and replicable?

Addressing Rio Tinto’s legacy on Bougainville: ongoing environmental and human rights impacts of the Panguna mine

Quote: Cllr Doug McMurdo, LAPFF Chair: “We continue to hear from community members affected by mining companies how little the companies engage with them, if at all. The companies then tell us they are engaging with communities and cherry pick people to extol the companies’ virtues. This goes across the industry. Such a massive failure of communication is astounding to me. How do the companies begin to assess their social and environmental risks if they are so selective in their engagements that they don’t speak to the people they are impacting the most?”

CONSULTATION RESPONSES

LAPFF Just Transition Inquiry

LAPFF has now held two inquiry sessions on the just transition through the All Party Parliamentary Group on local government. In the first session, attendees heard from Rachel McEwen, SSE PLC & Scottish Just Transition Commission,

Katrina Szwarc, Grantham Research Institute on Climate Change, Tom Harrington, GMPF, and Alison Tate, International Trade Union Confederation. Lord Deben (Chair, Committee on Climate Change) and Polly Billington (Chief Executive, UK100) spoke at the next evidence session in mid-March. This inquiry will span the whole of 2021 and interim findings are reported at quarterly LAPFF Business Meetings. A final report will be made at the end of the year. A video of the launch on 20th January is [available here](#).

EU Human Rights and Environmental Due Diligence Consultation

LAPFF submitted a response to the European Union's consultation on whether to implement a legal framework on human rights and environmental due diligence. This consultation prompted over 100,000 responses, according to Didier Reynders of the EU. The EU's consultation comes after passage of and referenda on such laws in EU countries including France and Germany. Switzerland also narrowly rejected a human rights and environmental due diligence law, although the proposal received the majority of the popular vote.

LAPFF supported the proposal for an EU legal framework on human rights and environmental due diligence. This position is rooted in LAPFF's engagement work which suggests that there are real financial benefits linked to good social and environmental conduct by investee companies. LAPFF's consultation response pointed to LAPFF engagements on climate and human rights to demonstrate how these issues are financially material. On climate, LAPFF has seen the fear of stranded assets come into full focus during the Covid pandemic with companies like Shell failing to offer cogent and convincing climate transition plans. On human rights, LAPFF's work with community members affected by mining projects has highlighted the importance of companies' social licenses to operate as a means of producing sustainable financial returns for investors.

It remains to be seen whether the EU decides to enact such legislation. All indications are that it will. However, there was a lot of debate about what the law might look like, including the role of director duties in this legislation, so we will have to see what form the draft law ultimately takes.

MEDIA COVERAGE

<https://www.ipe.com/news/lapff-backed-parliamentary-group-launches-just-transition-inquiry/10050135.article>

<https://www.reuters.com/article/resolution-copper-lapff/uk-local-government-pension-group-raises-concerns-over-rio-bhp-arizona-mine-idUSL1N2JJ1XN>

<https://www.ft.com/content/30d2fc62-aa44-11e9-984c-fac8325aaa04>

<https://www.newsroom.co.nz/2019/08/20/762606/nz-super-fund-corrals-15tn-for-livestreaming-action>

<https://www.itv.com/news/2021-03-25/will-deliveroo-stumble-on-its-stock-market-debut>

COMPANY PROGRESS REPORT

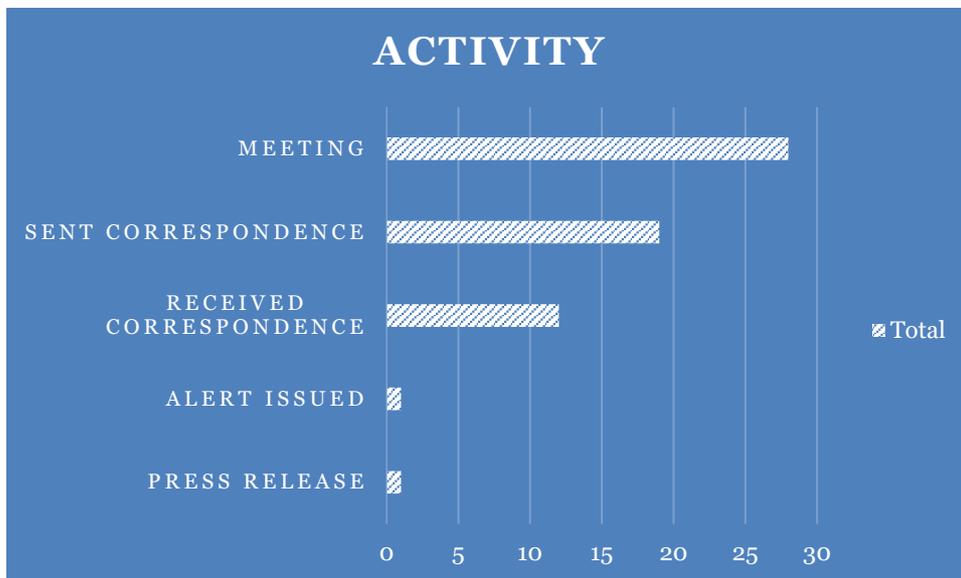
39 Companies engaged over the quarter

Company/Index	Activity	Topic	Outcome
AIR LIQUIDE SA	Sent Correspondence	Climate Change	Dialogue
AMAZON.COM INC.	Sent Correspondence	Employment Standards	Dialogue
ANGLO AMERICAN PLC	Received Correspondence	Climate Change	Substantial Improvement
ARCELORMITTAL SA	Meeting	Climate Change	Dialogue
AVIVA PLC	Sent Correspondence	Board Composition	Awaiting Response
BARCLAYS PLC	Meeting	Climate Change	Small Improvement
BHP GROUP PLC	Sent Correspondence	Human Rights	Dialogue
BLACKROCK INC	Meeting	Climate Change	Satisfactory Response
CAPITA PLC	Meeting	Employment Standards	Dialogue
CENTRICA PLC	Meeting	Climate Change	Change in Process
CITIGROUP INC.	Meeting	Climate Change	Small Improvement
COMPAGNIE DE SAINT GOBAIN	Received Correspondence	Climate Change	Change in Process
COMPASS GROUP PLC	Meeting	Governance (General)	Small Improvement
DAIMLER AG	Received Correspondence	Climate Change	Dialogue

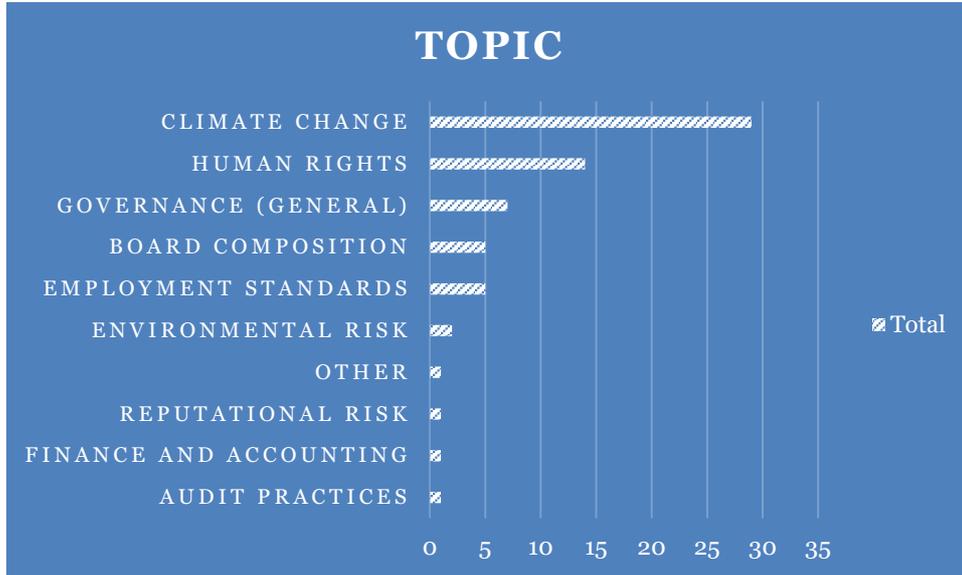
DIXONS CARPHONE PLC	Meeting	Environmental Risk	Dialogue
E.ON SE	Meeting	Climate Change	Small Improvement
ENDESA SA	Received Correspondence	Climate Change	Substantial Improvement
ENEL SPA	Received Correspondence	Climate Change	Substantial Improvement
ENGIE SA.	Sent Correspondence	Climate Change	Dialogue
GENERAL MOTORS COMPANY	Meeting	Climate Change	Small Improvement
HEIDELBERGCEMENT AG	Received Correspondence	Climate Change	Substantial Improvement
HSBC HOLDINGS PLC	Meeting	Climate Change	Moderate Improvement
LLOYDS BANKING GROUP PLC	Sent Correspondence	Board Composition	Awaiting Response
LONDONMETRIC PROPERTY PLC	Received Correspondence	Governance (General)	Substantial Improvement
LYONDELLBASELL INDUSTRIES N.V.	Sent Correspondence	Climate Change	Change in Process
RIO TINTO PLC	Meeting	Climate Change	Substantial Improvement
ROYAL DUTCH SHELL PLC	Meeting	Climate Change	No Improvement
SAINSBURY (J) PLC	Received Correspondence	Environmental Risk	Dialogue
SERCO GROUP PLC	Sent Correspondence	Employment Standards	Awaiting Response
ST JAMES'S PLACE PLC	Sent Correspondence	Audit Practices	Awaiting Response
STANDARD LIFE ABERDEEN PLC	Received Correspondence	Board Composition	Dialogue

SUMITOMO MITSUI FINANCIAL GROUP	Meeting	Board Composition	Change in Process
SUZANO SA	Meeting	Climate Change	Small Improvement
TELEPERFORMANCE SE	Sent Correspondence	Employment Standards	Awaiting Response
TESCO PLC	Meeting	Other	Dialogue
TOTAL SE	Sent Correspondence	Climate Change	Moderate Improvement
VALE SA	Meeting	Governance (General)	Dialogue
VOLKSWAGEN AG	Meeting	Climate Change	Change in Process
WYEVALE GARDEN CENTRES PLC	Sent Correspondence	Human Rights	Dialogue

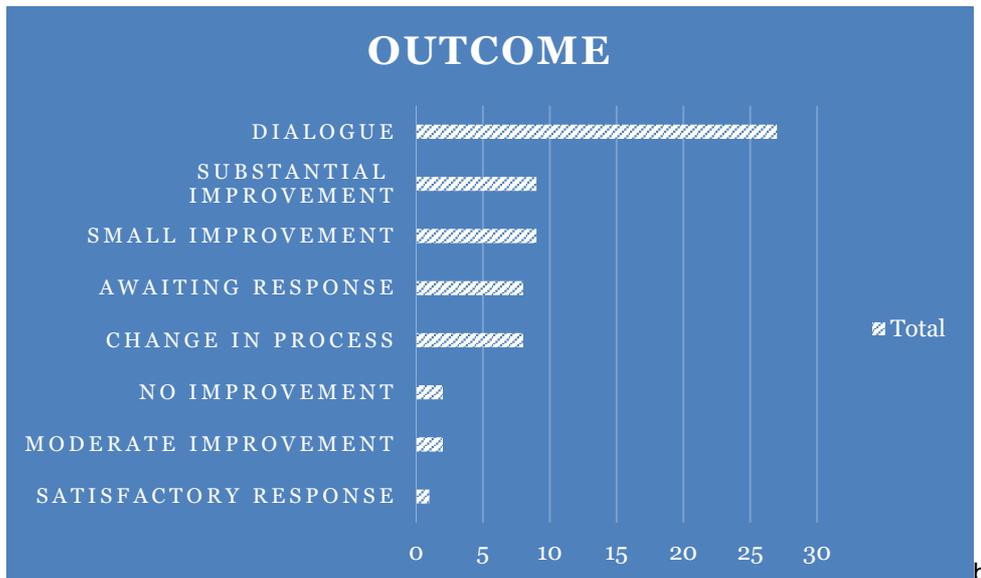
Company engagement activities



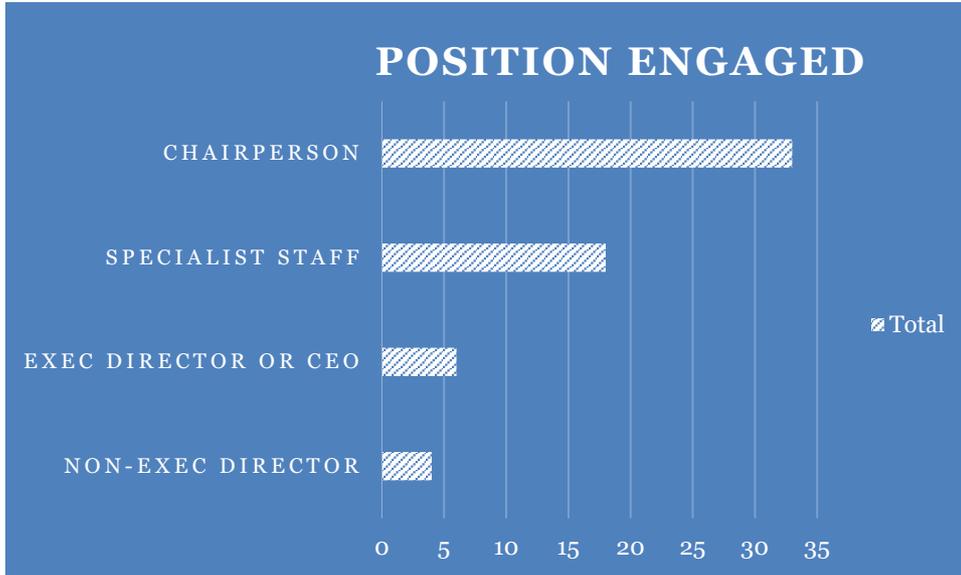
Topic



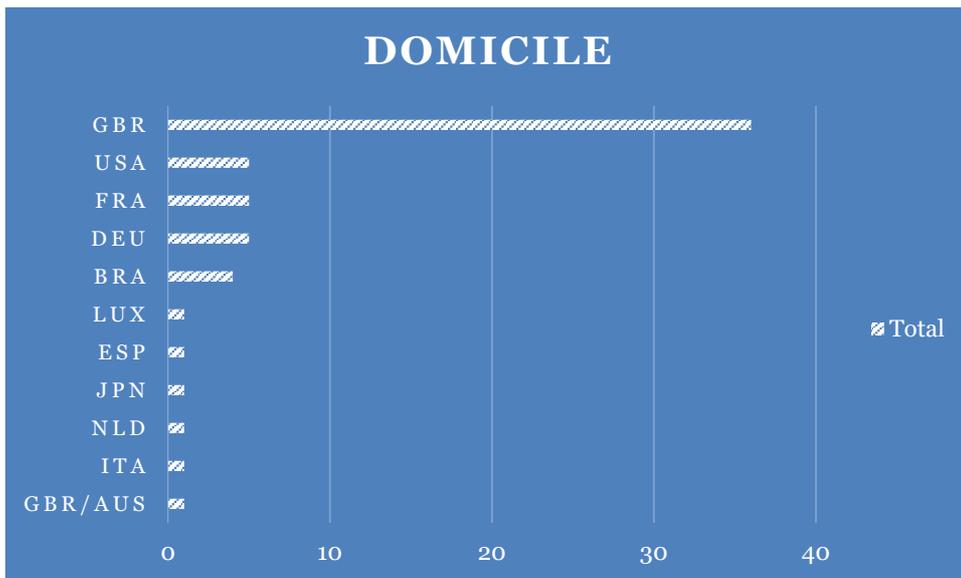
Outcome



Position engaged



Company domiciles



LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund
Barking and Dagenham (London Borough of)
Barnet LB
Bedfordshire Pension Fund
Bexley (London Borough of)
Berkshire Pension Fund
Brent (London Borough of)
Camden (London Borough of)
Cardiff and Vale of Glamorgan Pension Fund
Cambridgeshire Pension Fund
Cheshire Pension Fund
City and County of Swansea Pension Fund
City of London Corporation
Clwyd Pension Fund
Cornwall Pension Fund
Croydon LB
Cumbria Pension Scheme
Derbyshire County Council
Devon County Council
Dorset County Pension Fund
Durham Pension Fund
Dyfed Pension Fund
Ealing (London Borough of)
East Riding of Yorkshire Council
East Sussex Pension Fund
Enfield (London Borough of)
Environment Agency Pension Fund
Essex Pension Fund
Falkirk Council
Gloucestershire Pension Fund
Greater Gwent Fund
Greater Manchester Pension Fund
Greenwich Pension Fund
Gwynedd Pension Fund

Hackney (London Borough of)
Hammersmith and Fulham (London Borough of)
Haringey (London Borough of)
Harrow (London Borough of)
Havering LB
Hertfordshire
Hounslow (London Borough of)
Islington (London Borough of)
Kingston upon Thames Pension Fund
Lambeth (London Borough of)
Lancashire County Pension Fund
Leicestershire
Lewisham (London Borough of)
Lincolnshire County Council
London Pension Fund Authority
Lothian Pension Fund
Merseyside Pension Fund
Merton (London Borough of)
Newham (London Borough of)
Norfolk Pension Fund
North East Scotland Pension Fund
North Yorkshire County Council Pension Fund
Northamptonshire County Council
Nottinghamshire County Council
Oxfordshire Pension Fund
Powys County Council Pension Fund
Redbridge (London Borough of)
Rhondda Cynon Taf
Shropshire Council
Somerset County Council
South Yorkshire Pensions Authority
Southwark (London Borough of)
Staffordshire Pension Fund
Strathclyde Pension Fund
Suffolk County Council Pension Fund
Surrey County Council
Sutton (London Borough of)



Teesside Pension Fund
Tower Hamlets (London Borough of)
Tyne and Wear Pension Fund
Waltham Forest (London Borough of)
Wandsworth (London Borough of)
Warwickshire Pension Fund
West Midlands Pension Fund
West Yorkshire Pension Fund
Westminster CC
Wiltshire County Council
Worcestershire County Council

Pool Company Members

Border to Coast Pensions Partnership
Brunel Pensions Partnership
LGPS Central
Local Pensions Partnership
London CIV
Northern LGPS
Wales Pension Partnership



APPG Inquiry into a Just Transition – Update report

Summary

- At the September executive it was agreed that the Forum would undertake an inquiry into a just transition through the Local Authority Pension Funds APPG. To track progress and the budget it was agreed that quarterly updates would be provided to the executive.
- This report outlines the second quarter of work. During the period, the focus was on delivering the launch, circulating the call for evidence, arrangements for the second meeting, discussions with relevant organisations and seeking to engage with the membership on the inquiry.
- Within this quarter the first meeting took place on 20 January with speakers including representatives from SSE, Grantham Institute, ITUC and GMPF. The second inquiry meeting took place on 17 March with Lord Deben, Chair of Climate Change Committee and Polly Billington, Director of UK 100.
- The inquiry has been highlighted amongst members directly and through the chair's weekly email. An invitation for members to speak to LAPFF has been circulated and the findings from these conversations will be fed into the inquiry.
- The aim is to complete the work ahead of COP 26 to maximise the impact of the Inquiry and the influence of the findings. As such the objective is have a final report ready for October 2021.
- The future dates of the APPG have been agreed with Clive Betts MP to hold inquiry meetings all running 2pm – 3.30pm on:
 - 19 May 2021 (evidence session)
 - 14 July 2021 (meeting to discuss the report)
 - 20 October 2021 (launch)
- The work is on track to be completed on time.
- In the next quarter, alongside the next evidence session, further background research will be undertaken, discussions with organisations will continue alongside interviews with members and two roundtable events will take place.
- Over the quarter (January to March 2021) 12 days of work were undertaken. Added to previous days a total of 18 days have been used out of a total of 88 allocated.
- The work is currently on track to be on budget.

Recommendation

- It is recommended that LAPFF members note the report.



Report of Honorary Treasurer – Income and Expenditure to 28 February 2021

Summary

- The following report details the approved budget for 2020/21 and Income and Expenditure to 28 February 2021.

Recommendation

- Forum members are requested to note the financial position for the period to 28 February 2021 and forecast for the 2020/21 year.

1. Progress against the 2020/21 budget

- 1.1. The following details the approved budget for 2020/21 and the Income and Expenditure in year, based on receipts to 28 February 2021 and forecast to 31 March 2021.
- 1.2. The Forum members are requested to note the un-audited position against the 2020/21 budget as detailed in the table below. The projected annual forecast has been adjusted to reflect areas of lower expenditure based on in-year savings from changes in service delivery and change in communication approach in the context of COVID-19 restrictions.

	Original Budget for 2020/21 As approved in June 2020	Projected Annual Forecast for 2020/21	Actual to 28/02/2021	Variance between Budget and Forecast for the Year
	£	£	£	£
1. Income				
Membership Fees*	(830,000)	(832,500)	(832,500)	(2,500)
Interest on cashflow	(3,864)	(744)	(744)	3,120
	(833,864)	(833,244)	(833,244)	620
2. Expenditure				
<u>Forum Officer -</u>				
o Consultancy	40,940	24,250	22,796	(16,690)
o Consultancy Expenses	9,309	1,713	996	(7,596)
<u>Engagement Partner -</u>				
o Corporate Governance Service	539,447	602,070	543,327	62,623
o Costs to support the Work Programme	5,881	650	-	(5,231)
o Secretariat Support	6,185	6,100	6,100	(85)
o Conference and meetings	7,605	1,174	866	(6,431)
<u>Additional workplan projects and support:</u>				
o Special Projects	91,347	47,080	10,580	(44,267)
o Publications, Communications and Marketing	30,000	34,800	33,940	4,800
o Subscriptions	9,091	9,380	6,313	289
<u>Business and Executive meeting facilities:</u>				
o Accommodation and catering for meetings	32,448	-	-	(32,448)
Total Expenditure	772,253	727,217	624,917	(45,036)
Net Deficit / (surplus)	(61,611)	(106,027)	(208,327)	(44,416)
Surplus b/f	(346,015)	(346,015)	(346,015)	
Surplus c/f	(407,626)	(452,042)	(554,342)	

* Budgeted membership 83, current membership 84

- 1.3. The budget for 2020/21 assumes income of £830,000 from membership subscriptions at rate of £10,000 for 2020/21. This is based on the membership level at the start of the year of 83 full-year and paying Forum memberships. All Members have paid subscription fees for 2020/21, with additional income generated from one new membership.

Interest on cashflow was budgeted against the Bank of England Base Rate in February 2020 which stood at 0.75%. Since then, base rates have significantly reduced to 0.1% and the forecast has been revised to reflect this movement creating a reduction against the original budget.

- 1.4. The budget for the Forum Officer Consultancy and Expenses are based on 85 days consultancy. Actual expenditure covers Consultancy up to 28 February 2021.
- 1.5. The budget for Engagement Partner Corporate Governance Service expenditure is based on agreed workplan days. Actual expenditure covers Corporate Governance Services to 28 February 2021 and direct expenses to 31 December 2020. Services delivered to 28 February 2021 have utilised around 100 more workplan days than budgeted with the forecast to March 2021 predicting 120 days more than the workplan at the start of the year. Additional days have included more webinars, a higher volume of engagement meetings, an increasing focus on communications to members including the weekly e-mail to members and time to refresh website content including the website film. Further detail is included within the “Progress against the workplan report”. The forecast annual expenditure is expected to exceed the budget by £62,600, offset by savings identified below.
- 1.6. The budget for the costs to support the work programme includes allowance for Executive Induction, photography, filing fees, engagement partner transport to meetings and sundry items. Travel costs have not been incurred during the year and the projected forecast has been adjusted to reflect an anticipated saving of £5,000 against budget.
- 1.7. The budget for Conferences and Meetings includes attendance at an LGA Conference and exhibition. The event has not been attended this year due to the impact of Covid-19, the projected annual forecast has been adjusted to reflect an anticipated saving of £6,000 against budget.
- 1.8. The budget for Special Projects includes allowance for expenditure for APPG and Fringe meeting support at party political conferences during the year. Following approval at the November Executive Strategy meeting, the projected annual forecast has been increased by £30,500 to reflect allowance for additional consultancy work to support engagement on international human rights and production of a Forum paper on Mining and Human considerations for investors. Otherwise the forecast represents actual expenditure to date and anticipated third party costs for APPG meetings in February and March.
- 1.9. The budget for Publications, Communications and Marketing includes allowance for improvements to the digital platform during 2020/21. Printing requirements have been reduced with the LAPFF Annual Report published in a PDF format this year and no other publications in

production, the projected annual forecast has been adjusted to reflect estimated spend to 31 March 2021, exceeding budget by £5,000.

- 1.10. The projected expenditure on Accommodation & Meetings has been adjusted to forecast an underspend of £32,448 as a result of no physical face to face meetings in the year, due to the impact of Covid-19.
- 1.11. The surplus carried forward from 2019/20 was £346,015. The projected surplus for the year is £106,027 which would increase the reserves to £452,042 at the end of the year.
- 1.12. Projected expenditure is reviewed quarterly based on invoices received monthly, (noting there could be a slight lag where third party's invoice less frequently or via the Engagement Partner) and expected costs to the work plan identified prior to commitment.



Report of Honorary Treasurer – Budget 2021/22 and Medium-Term Financial Plan to 2025/26

Summary

- The following report details updated draft 2021/22 budget and Medium-Term Financial Plan (MTFP) through to 2025/26.
- The 2021/22 budget is subject to approval of the workplan and associated projects.

Recommendation

- Forum members are recommended to review and approve the budget for 2021/22 and the Medium-Term Financial Plan.

1. Background to the Medium-Term Financial Plan to 2025/26

1.1. The Medium-Term Financial Plan (MTFP) covers the five-year period through to 2025/26. It has been developed following review of actual and forecast income and expenditure for 2020/21, based on monitoring to 28 February 2021. This takes into consideration preliminary discussions on workplan requirements and projects for 2021/22 and the associated budget implications.

1.2. 2020/21 has seen total Forum membership remain at 88 with 84 paying memberships at year end (including 2 paying investment pools) and 4 non-paying memberships (investment pools where all pool funds are already members of LAPFF). During the year, one paying membership has ceased (Northumberland County Council Pension Fund, as a result of Fund merger), and one new membership has joined (the Royal County of Berkshire Pension Fund). Pending confirmation that the Local Pensions Partnership will now also join as a non-paying investment pool, membership for 2021/22 will increase to 89 members of which 84 are paying memberships and 5 non-paying pool memberships.

At the Business Meeting on 27 January 2021 a membership fee increase to £10,050 for 2021/22 was agreed (reflecting CPI-increase of 0.5% p.a. as at September 2020), with invoices to be issued in April 2021.

Expenditure primarily relates to delivery of the workplan and time-cost for the Engagement Partner and Forum Officer in supporting and promoting the work of the Forum.

1.3. The contract for the Forum Officer is reviewed and confirmed annually. In addition to the main contract holders, work is carried out and payments are made to third parties who support the Forum, most notably the Smith Institute who facilitate APPG and Fringe meetings and contractors supporting publication, communications and marketing work.

1.4. Annual and cumulative surplus are monitored relative to the target set by the Reserves policy. This requires the Forum to aim to hold 1/3rd (4 months) of budgeted annual expenditure in surplus at the year end. The policy, introduced from 2016, noted that additional funds held over and above the target amount could be used to finance future projects and special initiatives, subject to any projected in year deficit.

1.5. The MTFP, Appendix A, is sensitive to the number of Forum members, membership fee rates, the demands on the workplan and costs incurred in its delivery. Membership numbers and workplan days are assumed to remain static for the purposes of the projection, with income and most items of expenditure assumed to be linked to inflation from 2022/23, for the purpose of the MTFP.

1.6. Appendix B and C to this paper outline the growth in membership and membership fee income, together with the increase in workplan days over the last 15 years.

1.7. Appendix D outlines the development of the Forum’s financial surplus and projected excess relative to the target set in the Reserves policy, subject to outturn for 2020/21 and pending any allocation of excess to Special projects for 2021/22, discussed further below.

2. Budget for 2021/22

2.1 The table in Appendix A details the Budget for 2021/22 and Medium- Term Financial Plan (MTFP) for 2021/22 to 2025/26. Both are based on forecast income and expenditure for 2020/21.

2.2 Fee income is expected to increase to £844,200 (compared to actual of £832,500 for 2020/21) with the increase in membership fee rate and retention of current paying memberships. No allowance is made for further members to join or leave during the period, with notice periods in place to project against a fall in membership income in the first year.

2.3 Engagement Partner workplan days have increased to a projected 987 during 2020/21. This plan has been prepared allowing for a proposed increase to 995 consultancy days. This includes additional days already agreed by the membership to consider the social impacts of COVID-19 over 2021/22. Further commentary to support the increase in workplan is covered in a separate paper to this meeting of the Executive Committee.

2.4 In addition to review of the workplan and allocation of days across the workplan a number of ongoing and additional projects have been identified and proposed and these have been incorporated within the 2021/22 budget and MTFP as follows:

Additional workplan projects and support	Budget	Allowance
Special projects		
- APPG and fringe meetings	£28,000	Ongoing
- APPG Just transition inquiry	£65,000 (*)	2020/21 & 2021/22
- Tailings dam	£15,000	Deferred to 22/23
- Mining and human rights research	£30,500 (**)	2021/22
- Ongoing additional resource for mining projects	£30,000	Ongoing
- Contingency	£15,000	Ongoing
Sub-total	£183,500	
Publications, communications and marketing		
- Website maintenance and improvement	£10,000	2021/22 only
- Webinars, films and podcasts	£30,000	Ongoing
- LAPFF history document	£20,000	2021/22 only
- Quarterly report and Annual Report	£10,000	Ongoing
Sub-total	£70,000	

(*) £65,000 approved over 2 years anticipating £4,500 expenditure in 2020/21

(**) Expenditure incurred in 2020/21 to be confirmed. 2021/22 budget allows for full cost in-year

- 2.5 Expenditure is budgeted at £951,892 (compared to £772,253 for 2020/21 budget) noting the anticipated deferral of some projects and budgeting of additional work including communications and marketing activity planned for 2021/22. The budget for meeting facilities has, at this stage, been retained in line with 2020/21, allowing for a similar programme of face-to-face meetings to be re-established.
- 2.6 At the start of 2021/22 and based on forecasts at 28 November 2021, the Forum is forecast to hold a surplus of £452,042, increased from £346,015 during the year. As is shown in Appendix D, the increase in surplus has developed following the increase in membership fees, good membership retention and growth, generating increasing income in excess of increasing expenditure in over the last 2-3 years. Expenditure during 2020/21 has been more limited as a result of the pandemic. Under the budgeted income and expenditure for 2021/22, the Forum would generate an in-year deficit in the region of £107,000, reducing the surplus back to the level at March 2020.
- 2.7 The tables in section 4 below provide an indication of the sensitivity of income and reserves to changes in membership and workplan expenditure.

3. Medium-Term Financial Plan 2021/22 through to 2025/26

- 3.1. The table in Appendix A details the Medium-Term Financial Plan for 2021/22 to 2025/26 and has taken account of the factors detailed above.
- 3.2. For the purposes for this projection, costs have been estimated based on an assumed programme of work informed by activity over 2021/22. Income is assumed to be underpinned by stable membership and the fee rate for all members linking to CPI from 2021. Most of the expenditure is also assumed to link to CPI.
- 3.3. Historic information on membership levels is detailed in Appendix B and shows the on-going growth in membership from 2005/6 onwards. Retention of membership numbers and ongoing collation of membership fees are critical to funding the work of the Forum. Collective rates during 2020/21 have been very good (at 100%) with improved timeliness of payment.
- 3.4. Historic information on workplan days is detailed in Appendix C. This shows the on-going growth in the work plan from 2005/6 onwards, broadly in proportion to membership numbers to 2017/18.
- 3.5. Retaining an appropriate level of reserves provide some protection against any unexpected costs, rising costs from increased demand for engagement activity (as we have seen in 2020/21), rising operational costs including those linked to increasing Forum member engagement and communication, and reducing income, in the event of a fall in membership level.

4. Sensitivity review

4.1. Forum membership levels have increased substantially over the last 5 years, with coverage of the LGPS funds and pools in England, Wales, Scotland and Northern Ireland increasing from around 60% to 80%. Growth from here is expected to be more modest and there is risk of loss or falling income from changing within LGPS, as we have seen to date with a couple of Fund mergers.

4.2. An indication of the sensitivity to membership numbers and the associated impact on reserves is set out below:

Impact of gain / loss of five members upon financial position and position against Reserves Policy

Year	Gain 5 members	£	Lose 5 members	£
2021/22	In year surplus	- 56,720	In year surplus	- 157,220
	Surplus c/f	395,322	Surplus c/f	294,822
	Reserves Policy	+ 78,025	Reserves Policy	+ 22,475
2025/26	In year surplus	+ 58,586	In year surplus	- 48,469
	Surplus c/f	615,603	Surplus c/f	202,189
	Reserves Policy	+ 317,291	Reserves Policy	- 96,123

4.3. The scope of Forum work continues to rise as does the need for operational support (e.g. with communications) and member demand for support services. With this in mind, the expenditure requirements could change substantially. The table below provides an indication of the sensitivity to expenditure on special projects, for illustration:

Impact of percentage increase in Special Projects upon financial position and position against Reserves Policy

Year	Costs increase 10%	£	Costs increase 20%	£
2021/22	In year surplus	- 123,763	In year surplus	- 140,613
	Surplus c/f	328,279	Surplus c/f	311,429
	Reserves Policy	+ 5,365	Reserves Policy	- 17,102
2025/26	In year surplus	- 2,730	In year surplus	- 10,518
	Surplus c/f	308,231	Surplus c/f	259,597
	Reserves Policy	+ 7,322	Reserves Policy	- 43,908

5. Risks

5.1. The main risks are:

- Loss of membership leading to decline in fee income
- Increasing demands on the work programme leading to higher expenditure and/or pressures on utilisation of workplan days
- Increase expenditure on support and operations required to deliver Forum objectives

5.2 Risk controls have been implemented as follows:

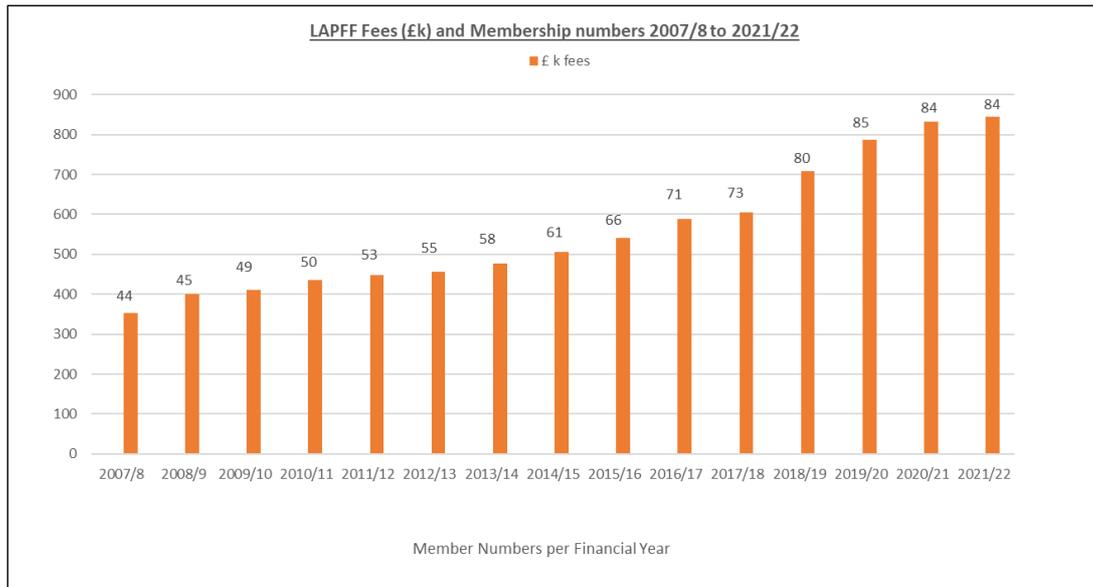
- Dedicated Forum Officer to focus on recruitment and retention
- Notice period for membership lapse within the constitution
- Quarterly monitoring of income and expenditure reported to and reviewed by the Executive
- Annual Executive Strategy review meeting
- Regular review of contracted services and fee rates

Appendix A: Medium Term Financial Plan

	2021/22 Projected Budget	2022/23 Projected Budget	2023/24 Projected Budget	2024/25 Projected Budget	2025/26 Projected Budget
Income					
Number of Paying Members	84	84	84	84	84
Membership Fees (see note 1)	844,200	854,330	867,573	882,408	899,262
Interest on cashflow	778	721	722	728	734
Total Income	844,978	855,052	868,294	883,136	899,996
Expenditure					
Forum Officer-					
Consultancy	43,000	43,667	44,413	45,261	46,167
Consultancy Expenses	9,421	9,567	9,730	9,916	10,114
Engagement Partner -					
Corporate Governance Service (see note 2)	606,950	616,358	626,897	638,871	651,649
Costs to support the Work Programme (see note 3)	5,952	6,044	6,147	6,265	6,390
Secretarial Support	6,173	6,269	6,376	6,498	6,628
Conferences and meetings	7,696	7,816	7,949	8,101	8,263
Additional workplan projects and support:					
Special Projects (see note 5)	168,500	88,667	74,926	76,357	77,884
Publications, Communications and Marketing (see note 6)	70,000	40,620	41,315	42,104	42,946
Subscriptions	9,669	9,819	9,987	10,177	10,381
Business and Executive meeting facilities (8 per year):					
Accommodation and catering for meetings	24,531	32,646	33,205	33,839	34,516
Total expenditure	951,892	861,471	860,946	877,390	894,937
Surplus / (Deficit) in year	(106,913)	(6,419)	7,349	5,747	5,059
Surplus brought forward	452,042	345,129	338,710	346,059	351,806
Surplus carried forward	345,129	338,710	346,059	351,806	356,864
Target level of reserves at 1/3rd of gross annual expenditure	317,297	287,157	286,982	292,463	298,312

- 1) Assumes number of paying Forum membership of 84 with level fee rate for all of £10,050 for 2020/21 and increasing by previous year CPI inflation factor thereafter
- 2) Expected based on proposed workplan with 995 days
- 3) Includes allowance for Executive Induction, photography, filing fees, transport to meetings and sundry items
- 4) All income and expenditure linked to CPI inflation factor for the year
- 5) Includes allowance both ongoing and addition projects indicated in the body of the report
- 6) Includes allowance for increase in webinar and media activity

Appendix B: Historic fees & membership information



Membership fees: 2002/3 £7,500

2003/4 onwards £8,460 and £8,250 for a 1 and 3-year membership respectively

2018/19 increased fee rate of £9,000

2019/20 increased fee rate of £9,500

2020/21 increased fee rate of £10,000

2021/22 increased fee rate of £10,050, linked to CPI as at September 2020, in line with Pension Increase Legislation

Going forward 2022/23 increased fee rate in line with CPI thereafter

Paying membership for 2020/21 stood at 84, following additional new memberships offsetting ceased memberships.

Appendix C: Work plan days 2007/8 to 2021/22



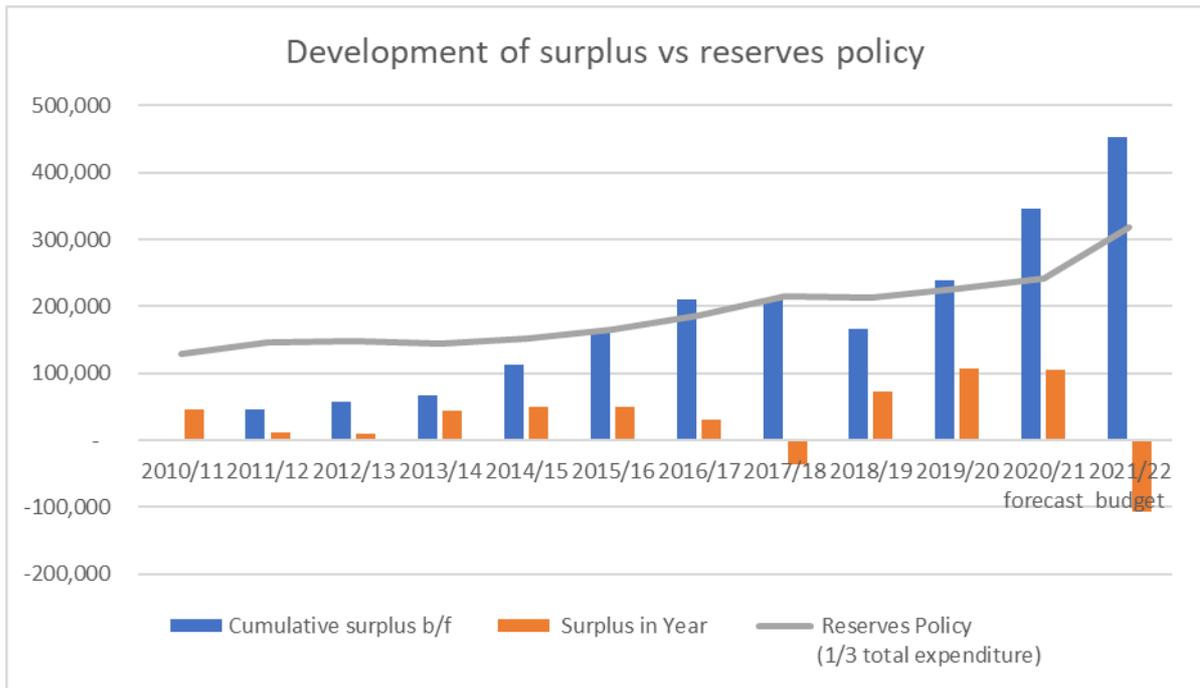
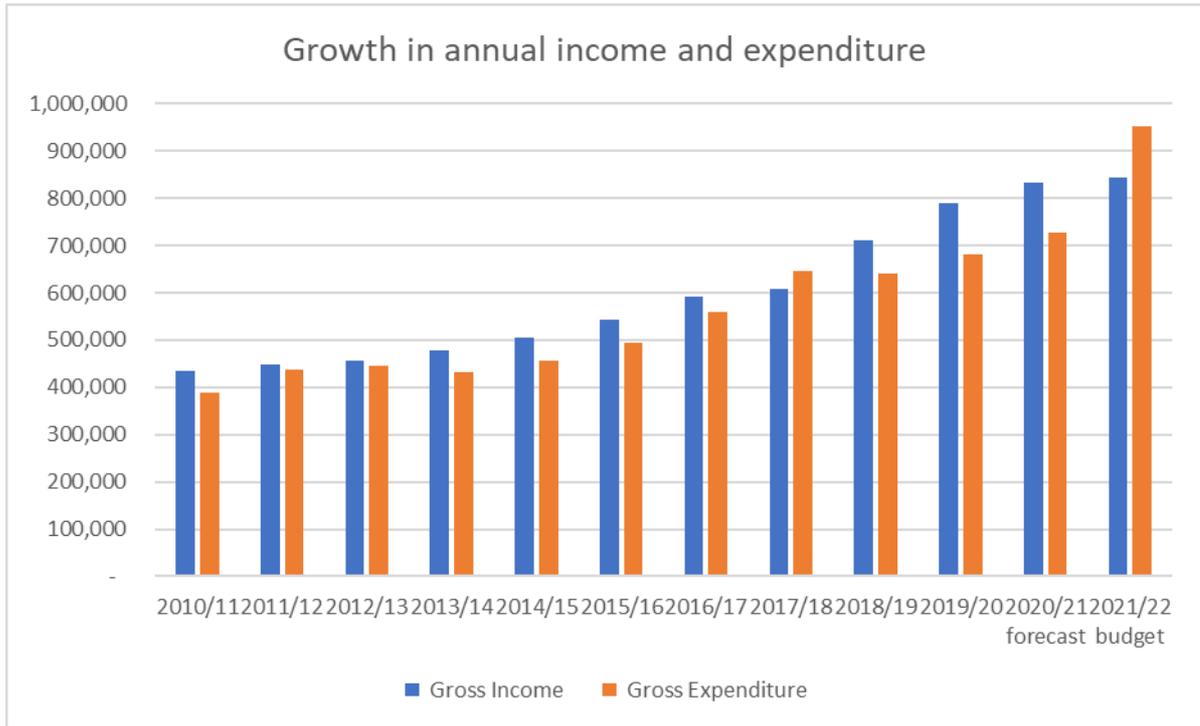
Data source: Reports within LAPFF website members' area

Notes:

- 1) The graph shows the number of work plan days for each financial year, agreed with the Research & Engagement Provider.
- 2) 2016/17 included an additional 27 days above the budgeted 828 days as approved by Executive.
- 3) 2017/18 reflects the implementation of the new contract during the year, resulting in a higher daily rate.
- 4) 2020/21 workplan days were increased to 987. The additional 12 workplan days reflect increased webinars, a higher volume of engagement meetings, an increasing focus on communications to members including the weekly e-mail to members and time to refresh website content including the website film.
- 5) 2021/22 and this budget and MTFP has been prepared based on the proposed workplan of 995 days.



Appendix D: Development of the Forum’s financial surplus





Forum Office's Report

Summary

- I am in contact with all non-member funds about the benefits of LAPFF membership and I am getting some encouraging reactions. I anticipate that membership will continue to grow over the weeks and months ahead.
- I made a presentation to RCT during March, accompanied by Tessa Younger, which was well received.
- I have attended various events during the last quarter and will attend further events to assist with the development and maintenance of my network.

Recommendation

- That the report be noted

1 Membership

- 1.1. I am in contact with all non - member funds about the benefits of LAPFF membership by phone and/or email, and in some cases by 'meeting' fund representatives in 'meeting rooms' at online events. I am receiving some encouraging reactions and responses and I anticipate that membership will continue to grow over the weeks and months ahead.
- 1.2. I am inviting non - member funds to 'attend' this meeting as observers.

2 Visits to member funds

- 2.1 I made an online presentation to a joint meeting of the Rhondda Cynon Taf (RCT) Committee and Board on 22nd March, accompanied by Tessa Younger, which was well received.
- 2.2 Members are reminded that I, and members of the LAPFF Executive, are available to make (currently online) presentations about the benefits of LAPFF membership to Committees, Boards or at training sessions. There is no charge for this service.

3 Other Events

- 3.1 I attended the LAPF Strategic Investment Forum and have also attended several other events including the SPS conference, LGC events, 'conversations' for LGPS advisers and various webinars, including our own, of course.
- 3.2 I will attend the LAPF Responsible Investment Seminar on 28th and 29th April, the PLSA Local Authority conference on 18th and 19th May, the LGC Seminar on 11th and 12th June and several other events. As mentioned above many of these events have 'meeting rooms' where you can 'meet' others via Zoom or one of the other platforms. In present circumstances they offer excellent opportunities for maintaining and developing networks.
- 3.3 At the time of writing the LGC are planning to hold their Annual Summit in person at the Armoury, Leeds on 9th and 10th September.



LAPFF calendar dates

Dates for 2021

- Business Meeting, Wednesday 21 April 2021
- APPG Evidence Session, Wednesday 19 May 2021
- Business Meeting, Wednesday 14 July 2021
- APPG Meeting to discuss the report, Wednesday 14 July 2021
- Business Meeting & AGM, Wednesday 6 October 2021
- APPG Enquiry Launch, Wednesday 20 October 2021
- LAPFF Conference, 8 to 10 December 2021 (Bournemouth Hilton)

Business meetings will continue to be held online via Zoom but this will be kept under review as the year goes on. All APPG meetings will be held between 2 and 3.30pm on their given dates. Draft consultation responses will be flagged up over the course of the year.

Non-Executive Report of the: Pensions Committee Thursday, 24 June 2021	 TOWER HAMLETS
Report of: Kevin Bartle, Interim Corporate Director, Resources	Classification: Open (Unrestricted)
Pensions Administration and LGPS Quarterly Update – March 2021	

Originating Officer(s)	Miriam Adams
Wards affected	(All Wards)

Executive Summary

To provide Members with information relating to the administration and performance of the Fund over the last quarter as well as update on key LGPS issues and initiatives which impact the Fund.

Recommendations:

The Pensions Committee is recommended to:

1. Note and comment on the contents of this report and appendix; and
2. Agree the admission of Purgo Supply Services Limited to the Scheme.

1. REASONS FOR THE DECISIONS

- 1.1 This Committee need to receive this report on a regular basis to discharge its duty.

2. ALTERNATIVE OPTIONS

- 2.1 There are no alternative options to this report.

3. DETAILS OF THE REPORT

ADMINISTRATION UPDATE

- 3.1 Scheme Membership at 31 March 2021. A core part of running the pension fund is the maintenance of scheme membership records that enable scheme benefits to be calculated in addition to dealing with new members joining and members leaving the scheme. This activity is carried out in house. The team also deals with employer related issues, including new employers and cessation.

Membership Numbers	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	7,263	7,992	306	6,693	1,826
% of Membership	30.16	33.19	1.27	27.79	7.58
Change from last quarter	-75	79	97	14	126

Membership Category	At 31/12/20	+/- Change (%)	31/3/21
Active	7,338	1.03%	7,263
Deferred	7,913	-0.99%	7,992
Pensioner (incl spouse & dependant members)	6,679	-0.21%	6,693
Undecided	209	-31.70%	306
Frozen	1,700	-6.90%	1,826
Total	23,839		24,080

- 3.2 Employers with active members at 31 March 2021.

Administering Authority	Scheduled Bodies
London Borough of Tower Hamlets	Attwood Academy (Ian Mikardo School)
Admitted Bodies	Canary Wharf College
Agilisys Limited	City Gateway
Compass Contract Services Limited	East London Arts & Music
East End Homes	London Enterprise Academy
Gateway Housing Association (formerly Bethnal Green and Victoria Park Housing Association)	Letta Trust (Stebon and Bygrove Schools)
Greenwich Leisure Limited	Mulberry Academy
One Housing Group (formerly Island Homes)	Paradigm Trust (Culloden, Old Ford and Solebay Primary Schools)
Tower Hamlets Community Housing Limited	Sir William Burrough
Vibrance (formerly Redbridge Community Housing Limited)	St. Pauls Way Community School
Wettons Cleaning Limited	Tower Hamlets Homes Limited
Mediquip	Tower Trust (Clara Grant and Stepney Green Schools)
Atlantic Cleaning	Wapping High School
Purgo Supplies Services Limited	

3.3 The table below shows tasks completed and outstanding at 31 March 2021.

Task type	Tasks Outstanding 31/12/20	New Tasks	Tasks Closed	Tasks Outstanding 31/3/21
Transfer in quotes	32	50	66	16
Transfer Out quotes	17	32	29	20
Employee estimates	14	92	81	25
Retirement quotes	11	147	134	24
Preserved benefits	37	85	97	25
Opt out	8	121	123	6
Refund Calculations	30	117	122	25
Refund Payments	4	74	56	22
Death in payment or in service	26	138	121	43
Actual Transfers In	28	27	45	10
Actual Transfers Out	9	7	2	14
Others	72	221	242	51
Starters	0	352	278	74
Leavers	41	125	132	34
Total Tasks	329	1588	1528	389

EMPLOYER UPDATES

3.4 As at the time of writing of this report all data for March 2021 has been uploaded to the i-connect pensions portal although the pensions team currently uploads for the employers listed below. The team is currently working on reviewing data in readiness for Annual Benefit Statements due on 31 August 21.

The focus remains to get the following employers, LEA schools and their payroll provider to onboard the uploading of monthly employee payroll data to the i-Connect pensions portal.

- Mulberry Academy Trust
- Tower Hamlets Council
- Tower Trust
- St Pauls Way Trust
- Tower Hamlet Homes
- East End Homes
- Bowden House School
- Cayley School

Admission of New Employers

3.5 Purgo Supply Services Limited was admitted to the Fund on 1 April 2021. The employer provides cleaning services to St Pauls Way Trust Academy.

A total of 10 employees of the Trust TUPE over to the new employer on a pass through admission agreement basis. The Academy Trust in this case becomes the fall back employer.

LGPS UPDATES

SAB A-Z Guide

- 3.6 Scheme Advisory Board launches online A-Z guide to Responsible Investing. Although not a complete guide it provides a glossary of Responsible Investing terms.

McCloud Updates

- 3.7 Ministerial Statement on McCloud issued setting out the high level objectives of government in applying the remedy in England and Wales following consultation.

The key points are:

- Underpin protection will apply to LGPS members who meet the revised qualifying criteria, principally that they were active in the scheme on 31st March 2012 and subsequently had membership of the career average scheme without a continuous break in service of more than five years.
- The period of protection will apply from 1st April 2014 to 31st March 2022 but will cease earlier where a member leaves active membership or reaches their final salary scheme normal retirement age (normally 65) before 31st March 2022.
- Where a member stays in active membership beyond 31st March 2022, the comparison of their benefits will be based on their final salary when they leave the LGPS, or when they reach their final salary scheme normal retirement age, if earlier.
- Underpin protection will apply to qualifying members who leave active membership of the LGPS with an immediate or deferred entitlement to a pension.
- A 'two stage process' will apply for assessing the underpin so that, where there is a gap between a member's last day of active membership and the date they take their pension, members can be assured they are getting the higher benefit.
- Scheme regulations giving effect to the above changes will be retrospective to 1st April 2014.

A full Government response, containing further detail on the matters addressed above, and on other issues which were covered in the consultation, will be published later this year. The Government also announced the Public Service Pensions and Judicial Office Bill that will deal with the amendments required for McCloud remedy.

Exit Payment Update

- 3.8 MHCLG wrote to all chief financial officers of councils and combined authorities in England, letting them know about a new requirement to provide data on exit payments. Councils will be asked to provide data on all redundancy payments, pension strain payments and other special payments made in consequence of an exit for 2014/15 to 2020/21 by the end of May 2021. The data will be used to inform delivery on exit payment policy.

Member Self Service (MSS) Roll Out

- 3.9 The implementation of Member Self Service (MSS), the pensions portal to enable scheme members access their records, update home address, nominations and telephone numbers. Scheme members can also print out simple estimates. It is envisaged that this will in future reduce the number of such queries received from members.

A phased roll out approach will be utilised to allow the team time to action set up queries received.

Roll out will commence with active scheme members circa 7,263. Upon completion of active scheme member roll out, deferred members will commence in September circa 7,992.

4. EQUALITIES IMPLICATIONS

- 4.1 There are no specific equalities implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
 - Data Protection / Privacy Impact Assessment.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 There are no direct financial implications arising from the contents of this report.

7. COMMENTS OF LEGAL SERVICES

7.1 The Pensions Committee is required to consider pension matters and ensure that the Council meets its statutory duties in respect of the Fund. It is appropriate having regard to these matters for the Committee to receive information from the Pensions Administration team about the performance of the administration functions of the pension fund and updates on the LGPS generally.

7.2 When carrying out its functions as the administering authority of its pension fund, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector duty).

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- NONE

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

<https://ri.lgpsboard.org/items>

Officer contact details for documents:

Miriam Adams – Interim Head of Pensions & Treasury Ext. 4248

3rd Floor Mulberry Place, 5 Clove Crescent E14 2BG

Email: miriam.adams@towerhamlets.gov.uk

Monthly Data Submission at March 2021 Position

Employer Name	Employer Code	Employer Type	Monthly data uploaded	Data Submitted to
Wapping High School	00024	Scheduled Body	Employer/Payroll provider	31/03/2021
Paradigm Trust	00033	Scheduled Body	Employer/Payroll provider	31/03/2021
Canary Wharf College	00021	Scheduled Body	Employer/Payroll provider	31/03/2021
City Gateway	00025	Admitted Body	Employer/Payroll provider	31/03/2021
Tower Trust	00031	Scheduled Body	Employer/Payroll provider	31/03/2021
REDBRIDGE CHL (Vibrance)	00004	Admitted Body	Employer/Payroll provider	31/03/2021
Greenwich Leisure Limited	00007	Admitted Body	Employer/Payroll provider	31/03/2021
Gateway (Bethnal Green & Vic)	00010	Admitted Body	Employer/Payroll provider	31/03/2021
Sir William Burrough Academy	00018	Scheduled Body	Employer/Payroll provider	31/03/2021
Agilisys	00022	Admitted Body	Employer/Payroll provider	31/03/2021
London Enterprise Academy	00023	Scheduled Body	Employer/Payroll provider	31/03/2021
Medequip	00035	Admitted Body	Employer/Payroll provider	31/03/2021
LETTA Trust	00028	Scheduled Body	Employer/Payroll provider	31/03/2021
THCH (Closed Scheme)	00003	Admitted Body	Employer/Payroll provider	31/03/2021
THCH (Open Scheme)	00008	Admitted Body	Employer/Payroll provider	31/03/2021
Compass Contract	00027	Admitted Body	Employer/Payroll provider	31/03/2021
One Housing (Toynbee Island)	00011	Admitted Body	Employer/Payroll provider	31/03/2021
Ian Mikardo Academy	00029	Scheduled Body	Employer/Payroll provider	31/03/2021
Olga Primary School	00128	Scheduled Body	Employer/Payroll provider	31/03/2021
Wettons Cleaning Services Ltd	00034	Admitted Body	Employer/Payroll provider	19/03/2021
Atlantic Cleaning Services	00037	Admitted Body	Employer/Payroll provider	31/03/2021
East London Arts & Music	00030	Scheduled Body	Employer/Payroll provider	31/03/2021
Bishop Challinor Catholic Federat	00131	Scheduled Body	Pensions Admin Team	31/03/2021
EPM Live	00001	Main Scheme	Employer/Payroll provider	31/03/2021
Bowden House	00001	Main Scheme	Employer/Payroll provider	31/03/2021
LBTH Payroll				
Tower Hamlets LBC	00001	Main Scheme	Pensions Admin Team	31/03/2021
Cayley Primary School	00001	Main Scheme	Pensions Admin Team	31/03/2021
Itres (Fortnightly Payroll)	00001	Main Scheme	Pensions Admin Team	28/03/2021
Central Foundation	00001	Main Scheme	Pensions Admin Team	31/03/2021
East End Homes	00006	Admitted Body	Pensions Admin Team	31/03/2021
Mulberry Academy	00026	Scheduled Body	Pensions Admin Team	31/03/2021
St Pauls Way Trust Academy	00019	Scheduled Body	Pensions Admin Team	31/03/2021
Tower Hamlets Homes	00013	Scheduled Body	Pensions Admin Team	31/03/2021

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Non-Executive Report of the: Pensions Committee Thursday, 24 June 2021	 TOWER HAMLETS
Report of: Kevin Bartle, Interim Corporate Director, Resources	Classification: Open (Unrestricted)
Training	

Originating Officer(s)	Miriam Adams
Wards affected	(All Wards);

Executive Summary

This report sets out a training option following the results of the National Knowledge Assessment conducted by Hymans Robertson shared in July 2020. The assessment covered the CIPFA Knowledge and Skills Framework and the Pensions Regulator’s (TPR) Code of Practice 14.

Recommendations:

The Pensions Committee is recommended to:

1. Consider the Hymans Online Academy as a training option for both Committee and Board; and
2. Note the associated cost for licences per Committee and Board Member.

1. REASONS FOR THE DECISIONS

1.1 Governance is defined as the action, manner or system of governing. Good governance is vital and is promoted in context of a pension scheme /fund by having Members and Observers on the decision-making body who have the ability, knowledge and confidence to challenge and to make effective and rational decisions. The Online training courses provide added support to Members of the Board and Committee with the objective of improving knowledge and skills in the relevant areas of the activity of both Committees.

2. ALTERNATIVE OPTIONS

2.1 The Committee can choose to continue with the CIPFA Knowledge and Skills

Framework and online TPR training tools, however the online platform are meant to complement existing conferences, one off training courses arranged by officers and consultants.

3. DETAILS OF THE REPORT

- 3.1 In recent years, there has been a marked increase in the scrutiny of public service pension schemes including LGPS. Additionally, the Scheme Advisory Board have emphasised the need for the highest standards of governance in the LGPS.
- 3.2 Section D of Good Governance: Phase 3 report to Scheme Advisory Board introduces a requirement in the Guidance for key individuals with the LGPS, including LGPS officers and Pensions Committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively.
- 3.3 Section D2 introduces a requirement for s151 officers to carry out LGPS relevant training as part of CPD requirements to ensure good levels of knowledge and understanding while section D3 of the report requires Administering Authorities to publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements. Section 4 requires CIPFA to produce appropriate guidance and training modules for s151 officers.
- 3.4 In June and July 2020, the Committee and Board received the results of the results of the online Hymans Knowledge Assessment results. Based on the results, the Committee adopted the suggested training plan and agreed that a plan for the delivery of training over a 6-month period while lock down restrictions continued should be the initial step. Since then, the Committee and Board have had training on asset allocation, ESG, Responsible Investment and actuarial training.

Suggested Training Programme 2021/22 and 22/23.

- 3.5 The suggested training programme following the assessment and individual training request is below:

Date	Event and Core Knowledge & Skills Areas Covered	Potential Attendees	Current status/Action
Sep – Dec 20	<ul style="list-style-type: none"> • The impact of COVID-19 on the Fund 	All	Completed
	<ul style="list-style-type: none"> • Pensions administration 		Moved to Jan 22
Jan – Mar 21	<ul style="list-style-type: none"> • Pensions Governance 	All	Moved to Jun 22
	<ul style="list-style-type: none"> • ESG 		Completed

Apr – Jun 21	<ul style="list-style-type: none"> • Pension governance and good governance • Investment performance & risk management • Actuarial methods 	All	Moved to June 22. June 21 December 21
July – Sept 21	<ul style="list-style-type: none"> • Procurement • Relationship management 	All	
Oct – Dec 21	<ul style="list-style-type: none"> • Valuation training – purpose, roles, outcomes 	All	
Jan – Mar 22	<ul style="list-style-type: none"> • Pensions administration 	All	
Apr – Jun 22	<ul style="list-style-type: none"> • Governance • Relationship Management 	All	
Jul – Oct 22	<ul style="list-style-type: none"> • Investment Performance 	All	

Hymans Robertson online training video

- 3.6 Since July 2020, Hymans Robertson has developed online training video tool designed to last for no more than 20 minutes per topic and video. The Committee is asked to consider this mode of training for both Board and Committee members at an annual cost of £300 per licence holder for 10 licence holders and £200 per licence holder for 20 licences. Estimated cost for Pensions Committee and Board is £4,800 per annum for 16 licences.
- 3.7 Topic expected to be covered are listed below. Each licence holder can work at their own pace. The option also provides evidence if required for MIFID II registration.

- **Module 1 - Introduction**
 - Introduction to the LGPS
 - Role of Elected Members on Committee (podcast)
- **Module 2 – Governance & Regulators**
 - LGPS Governance
 - LGPS Oversight Bodies & Regulators (TPR)
 - LGPS Oversight Bodies & Regulators (Section 13)
 - Business Planning
- **Module 3 – Administration & Management**
 - Introduction to Administration
 - Policies and Procedures
 - Public Procurement
 - Additional Voluntary Contributions
 - Accounting & Audit
- **Module 4 – Funding & Actuarial Matters**
 - Introduction to Funding Strategy
 - LGPS Actuarial Valuations (Process)
 - LGPS Actuarial Valuations (Technical Aspects)
 - LGPS Employers
- **Module 5 – Investments**
 - Introduction to Investment Strategy
 - Performance Monitoring
 - Pooling
 - Responsible Investment
 - MiFID II
- **Module 6 – Current Issues**
 - McCloud
 - Goodwin
 - Cost-sharing

4. **EQUALITIES IMPLICATIONS**

- 4.1 There are no direct equalities implications from this report.

5. **OTHER STATUTORY IMPLICATIONS**

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
 - Data Protection / Privacy Impact Assessment.

Risk Management Implications

- 5.2 Any form of decision-making process inevitably involves a degree of risk. Effective training and development will help Members to gain sufficient knowledge and skills necessary to make appropriate decisions in minimising risk associated with their roles and responsibilities.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This report details the pension fund commitment to training and revised training plan for 2021/22. Costs associated with delivering training to the Committee and Board Members will be met by the pension fund.

7. COMMENTS OF LEGAL SERVICES

- 7.1 Whilst there are no immediate legal consequences arising from this report. It is important that members are trained appropriately so that decisions are made from a sound knowledge base thereby minimising the risk of any legal challenge.

Linked Reports, Appendices and Background Documents

Linked Report

- List any linked reports
- **NONE**

Appendices

- List any appendices [if Exempt, Forward Plan entry MUST warn of that]
- **NONE.**

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- **NONE.**

Officer contact details for documents:

Miriam Adams, Interim Head of Pensions & Treasury Ext 4248

Email: miriam.adams@towerhamlets.gov.uk

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<p>Non-Executive Report of the:</p> <p>Pensions Committee</p> <p>Monday, 5 July 2021</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Corporate Director, Resources</p>	<p>Classification: Open (Unrestricted)</p>
<p>Revised Responsible Investment Policy</p>	

Originating Officer(s)	Miriam Adams
Wards affected	(All Wards);

Executive Summary

This report provides an update on the Responsible Investment Policy for the London Borough of Tower Hamlets Pension Fund.

Recommendations:

The Pensions Committee is recommended to:

1. Note the content of this report and
2. To review, comment and approve the revised LBTH Pension Fund Responsible Investment (RI) Policy 2021 and Corporate Governance & Voting Guidelines 2021.

1. REASONS FOR THE DECISIONS

- 1.1 Both Responsible Investment Policy and Corporate Governance & Voting Guidelines are due to be reviewed annually or whenever revisions are proposed.

2. ALTERNATIVE OPTIONS

- 2.1 There are no alternatives to this report.

3. DETAILS OF THE REPORT

- 3.1 The term 'responsible investment' refers to the integration of financially material environmental, social and corporate governance ("ESG") factors into investment processes. It has relevance both before and after the investment

decision and is a core part of our fiduciary duty. It is distinct from 'ethical investment'.

- 3.2 RI is an essential part of the Fund's approach to investing. This is reflected in the Investment Strategy Statement.

The UK Stewardship Code 2020

- 3.3 The UK Stewardship Code sets out expectations for those responsible for investing money to help them better to exercise their stewardship responsibilities. Compliance with the code is not mandatory for LGPS funds but they have support of the UK Government and Local Authority Pension Fund Forum (LAPFF).
- 3.4 The 2020 Stewardship Code represents a significant increase in level of ambition compared to the 2012 version. In November 2020, the Fund embraced the 12 principles of the Financial Reporting Council's UK Stewardship Code 2020 and is actively considering the most appropriate way to improve stewardship reporting going forward (whilst remaining cognisant of the Fund's wider objectives and the governance constraints on Officers).
- 3.5 In March 2021, the received and approved the 2021/22 Investment Strategy Statement. The Committee agreed to set a date aside for the training and drafting of the Responsible Investment Policy and Climate Change Policy. This took place on 22nd April 2021, the revised draft RI Policy is attached as appendix 1 to this report.
- 3.6 The Committee is asked to approve the revised Responsible Investment Policy.

4. EQUALITIES IMPLICATIONS

- 4.1 There are no direct equalities implications from this report.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
 - Data Protection / Privacy Impact Assessment.

Risk Management Implications

- 5.2 Risk management is central to the LGPS; which are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future liabilities by creating a reserve from which future liabilities will be met.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 There are no direct resources issues for the council however changes in the financial performance of the pension fund affects the pension fund deficit reflected in the council's accounts and the level of contributions payable by the Council and other employers.
- 6.2 Investment management expenses are met directly from the Fund.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The Constitution delegates to the Pensions Committee the function of setting the overall strategic objectives for the Pension Fund.
- 7.2 The LGPS (Management and Investment of Funds) regulations 2016 (Regulation 7(7)) requires the Committee to periodically (at least every three years) to review and if necessary, revise the investment strategy.
- 7.3 When performing its functions as administrator of the LBTH pension fund, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector duty).
-

Linked Reports, Appendices and Background Documents

Linked Report

- 25 March 2021 – Investment Strategy Statement
<https://democracy.towerhamlets.gov.uk/ieListDocuments.aspx?CId=392&MId=11917&Ver=4>
- November 2020 – Responsible Investment (RI) and RI Accreditations
<https://democracy.towerhamlets.gov.uk/ieListDocuments.aspx?CId=392&MId=11803&Ver=4>

Appendices

- Revised Responsible Investment Policy - Appendix 1

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

- None

Officer contact details for documents:

Miriam Adams Interim Head of Pensions & Treasury Ext 4248
Email: miriam.adams@towerhamlets.gov.uk

Responsible Investment and Climate Change Policy

Members of the Pensions Committee (the “Committee”) have a fiduciary duty to act in the best interests of Fund members and other beneficiaries in all financial and non-financial decisions. With respect to the Fund’s investments, to do this effectively there is recognition of the importance of generating sustainable long-term returns. This involves more than an appraisal of financial factors but also takes into account non-financial factors such as Environmental, Social and Corporate Governance (“ESG”) issues, including notably, climate change, which the Committee believes will be financially material to the Fund’s investments. The Committee recognises the growing urgency and continual regulatory developments with regard to long-term sustainability issues and believes that it is imperative that ESG and stewardship (or active ownership) considerations are integrated throughout investment processes and that they are taken into account as part of funding and investment strategy setting.

1. ESG integration

Effective management of ESG issues is a key determinant of long-term shareholder value and good risk management. Their consideration is part of the Fund’s fiduciary duty to beneficiaries. The Fund therefore recognises the importance of its investment managers integrating all material financial and non-financial factors, including ESG considerations, into the decision-making process for fund investments and the ongoing monitoring of these same issues.

The Fund invests via pooled funds and the underlying investment managers therefore ultimately have discretion in assessing and integrating ESG factors. The Committee has directed investment managers to consider the effects of ESG issues on the performance of a fund when considering the acquisition, retention or realisation of investments, however. The LCIV also performs a similar assessment of ESG, stewardship and the consideration of sustainable opportunities before any investment manager is appointed to the Pool.

The Committee will seek assurance via interactions with the LCIV and underlying investment managers held outside the Pool, that they are meeting the Fund’s requirements with regards to ESG integration. In particular, all current investment managers within the equity portfolio (50% of Fund assets) fully integrate ESG (as well as wider RI) considerations into their portfolios and see these issues as fundamental to their investment strategies.

Whilst the progress made in relation to the E in ESG is increasingly in focus and can often be more easily measured (see also the climate change section below), the Committee is similarly committed to developing its policy in relation to Social and Governance considerations.

In respect of social concerns, the Fund’s investment managers are expected to actively engage with underlying companies on all social issues including employee health and safety, demographics and diversity, labour and supply chain management etc. The Committee will also assess the viability of specific social investments on an ongoing basis, such as UK social housing.

The Fund receives periodic reporting on the degree to which the Fund's investment managers integrate ESG within their investment practises. Where managers are lagging behind their peers (or the Committee's expectations) engagement will be undertaken with the respective manager to encourage them to improve. In addition, ongoing ESG developments are monitored through quarterly performance reporting.

2. Stewardship – exercise of voting rights and engagement

Good stewardship can protect and enhance value for companies and markets as a whole. The Fund is committed to being a long-term steward of the assets in which it invests. It believes in the importance of managers acting as active asset owners through proactive voting and engagement with companies. In addition, the Fund believes that acting collectively with other investors is an effective way to engage with companies.

The Committee has delegated the exercise of voting rights to investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long-term shareholder value. For investments held within the LCIV pool, the manager has implemented its own RI policy that covers voting, which it expects all managers on the platform to adopt.

The Fund is also a member of the Local Authority Pension Fund Forum ("LAPFF") which aims to protect the long-term investment interests of beneficiaries by promoting the highest standards of corporate governance and corporate responsibility amongst investee companies. Further details can be found on the [LAPFF website](#).

In collaboration with other like-minded investors, the Fund may engage with public policy makers, regulators, trade bodies, indexes and other players in the financial markets to further support the Fund's fiduciary responsibilities. The Fund considers these initiatives on a case-by-case basis.

The Fund embraces the 12 principles of the Financial Reporting Council's UK Stewardship Code 2020 and is actively considering the most appropriate way to improve stewardship reporting going forward (whilst remaining cognisant of the Fund's wider objectives and the governance constraints on Officers). The Fund provides voting, engagement and stewardship updates to the Committee and has also agreed to take an annual 'deep dive' on its investment managers in this area.

From a Pooling perspective, the LCIV is supportive of the UK stewardship Code. The Pool also encourages investment managers to sign up to the Code and the United Nations supported Principles of Responsible Investment (UNPRI).

3. Human rights

Human rights include civil, political, economic, and social and cultural rights, such as the right to life, the right to freedom of association or the right to health. The ability and commitment to human rights issued reflects the strength of a company's culture and risk management. As a member of LAPFF, the Fund has been supportive of the LAPFF focus on valuing and supporting greater diversity on company boards.

LAPFF stewardship work incorporates a drive for wider-ranging action on equality and inclusion to drive change and increase representation and involvement by all.

4. Climate Change

The Fund believes that climate change presents risks over the short, medium and long-term that the Fund should better understand and mitigate where possible. The Fund recognises these risks as well as the Council's own targets in this regard and the views and aspirations of other employers and members. Climate risk is recorded as a key risk in the Fund's Risk Register.

The Committee have been on a journey to lower the Fund's carbon footprint for several years by annually monitoring fossil fuel exposure and the Fund's wider carbon footprint (measuring carbon intensity and fossil fuel reserve exposure) to better understand opportunities and risks within the Fund's portfolio.

Given the proactive steps taken in this area the Fund's equity portfolio has shown materially lower carbon intensity relative to the benchmark over all periods reviewed. The equity assets are invested in a diversified and innovative way, with dedicated allocations to Low Carbon equities, a Paris-Aligned equity strategy and broad based Sustainable equities. Looking forward, the Committee have discussed setting explicit decarbonisation targets and these will be considered further in due course.

Separately, the Committee is also actively working with advisors regarding the adoption of the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), which was established with the objective of creating a consistent climate disclosure framework to be used by companies, asset managers and asset owners, further showcasing the Fund's ongoing commitment to managing climate change. As part of this reporting framework, the Fund plans to build on its existing annual carbon monitoring report by undertaking climate change scenario analysis. This analysis seeks to understand the climate impact on return at the total Fund and asset class level across different warming scenarios and help the Fund to further its decision-making. The Fund is looking to be an early mover and adopt these recommendations over 2021.

5. Thematic sustainable investments opportunities

Long-term sustainability trends, including climate change, present opportunities that require explicit consideration. The Fund actively considers investing in strategies that target long-term ESG themes (e.g. energy, water, demographic trends) on the basis that such opportunities will generate good risk-adjusted investment returns.

The Fund has a representative on the Responsible Investment Reference Group (RIRG) which was set up to progress the RI agenda for London based Pension Funds. The Committee has also worked closely with the LCIV separately to encourage the set-up of specific sustainable investment mandates that the Fund now invests in. In particular, the Fund has worked with the LCIV to introduce;

- A renewable energy infrastructure mandate, in order to invest Fund assets in clean, renewable energy and further contribute to the transition towards to a lower carbon economy.

- An equity sub-fund with a more explicit view on reducing carbon exposure and increasing sustainable equity exposure via alignment with the Paris Agreement.

The Fund will consider further investment initiatives with environmental or low carbon themes or where there is a social benefit in future, providing they also meet the Fund's fiduciary requirements. Work is ongoing to explore the potential introduction of targets and the monitoring of sustainable exposures via annual reporting.

6. Pooling

The Fund is a participating Fund in the LCIV Pool and works collaboratively with LCIV to set clear expectations and help define the strategic requirements of the Fund in respect to Responsible Investment, believing that it is important that LCIV offer funds to investors that integrate ESG considerations into their investment. It is expected that the Fund's ability to implement its own Responsible Investment Policy will be enhanced through the LCIV Pool, due to the inherent benefits of scale and improved governance and stewardship practices that will result from the collaboration.

For the investments that are held within the Pool, LCIV recognises that it has a responsibility to be an active steward and to promote good corporate governance and management of the companies within the sub-funds and has developed a comprehensive Responsible Investment Policy that it expects investment managers to follow. More information can be found here [LCIV-Responsible-Investment-Policy.pdf \(londonciv.org.uk\)](https://www.londonciv.org.uk/LCIV-Responsible-Investment-Policy.pdf).

The Fund is committed to continue working with LCIV and the underlying partner funds to further develop the Responsible Investment approach and the pool level reporting.

<p>Non-Executive Report of the:</p> <p>Pensions Committee</p> <p>Thursday, 24 June 2021</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Interim Corporate Director, Resources</p>	<p>Classification: Open (Unrestricted) Appendix A and B are restricted</p>
<p>Quarterly Performance Review</p>	

Originating Officer(s)	Miriam Adams
Wards affected	(All Wards);

Appendices A and B to this report are not for publication as they contain exempt information relating to the financial or business affairs of a particular person as defined in and paragraph 3 of schedule 12A of the Local Government Act 1972.

Executive Summary

This report informs Members of the performance of the Pension Fund investments and its investment managers for the quarter ending March 2021.

Recommendations:

The Pensions Committee is recommended to:

1. Note the content of this report.
2. Note the Independent Adviser quarterly commentary (Appendix A).
3. Note the suggested asset allocation categorisation by the Independent Adviser (Appendix A).
4. Note the performance reports and manager rating (Appendix B) and
5. Note the performance report prepared by Fund Custodian Northern Trust (Appendix C).

1. REASONS FOR THE DECISIONS

- 1.1 The report informs the Pensions Committee of the performance of Pension Fund managers and overall performance of the Tower Hamlets Pension Fund.

2. ALTERNATIVE OPTIONS

- 2.1 The Pension Fund Regulations require that the Council establishes arrangements for monitoring the investments of the Fund so there is no alternative but to report the performance to those charged with governance of the Fund on a regular basis.

3. DETAILS OF THE REPORT

- 3.1 The Pension Fund Regulations require that the Council as administering authority establishes arrangements for monitoring the investments of the Fund. It considers the activities of the investment managers including the London CIV and ensures that proper advice is obtained on investment issues.
- 3.2 The Fund's Investment Adviser prepares quarterly detailed investment performance reports on the Fund's investment and manager performance.

This report includes a performance update at 31 March 2021.

SUMMARY OF THE PENSIONS FUND INVESTMENTS AT 31 MARCH 2021

- 3.3 Over the quarter to 31 March 2021, the Fund generated a return of 2.0% which marginally underperformed the benchmark by 0.3%. On a year to date, the Fund's return of 28.2% outperformed benchmark by 6.6%. On a 3 year to date, the Fund's return of 10.3% outperformed benchmark by 2.0%.
- 3.4 Although several rebalancing exercises was undertaken during the year to 31 March 2021, continued good performance in equities has meant that the Fund remained overweight in equities at the end of the quarter. Legal and General Low Carbon Fund combine overweight at end of quarter was 3.0% above strategic asset allocation. Total equity portfolio overweight during the quarter was 4.3%, offsetting the underweight in property and bonds.
- 3.5 LCIV (Ruffer) Absolute Return fund had a strong quarter while LCIV (BG) Diversified Growth fund and LCIV (BG) Global Equities lagged their benchmark by 1.4% and 1.6% respectively. Goldman Sachs Absolute Return Bond fund lagged its benchmark by 3.8%.
- 3.6 Appendix B to this report is the detailed report prepared by Mercer.

Manager Ratings

- 3.7 The table below shows Mercer Manager research review at 31 March 2021.

Investment Manager	Asset Class	12m Perf	3yr Perf	Rating	Strategy Rating Change	ESG
Baillie Gifford	Global Equity	●	●	A		2
LGIM	Global Equity	●	--	A		p1
LGIM	Global Equity	●	●	A		p1
Ruffer	Absolute Return	●	●	A		2
Baillie Gifford	Multi-Asset	●	●	B+	Watch (W) status removed in April 2021	3
Schroders	Property	●	●	A		3
CQS	Multi Asset Credit	●	--	B+ (W)		3
Insight	Absolute Return Bonds	●	●	A		2
GSAM	Absolute Return Bonds	●	●	B+		3

	Active Funds, Target Specified	Active Funds, Target Not Specified	Passive Funds
● Meets criteria	Target or above performance	Benchmark or above performance	Within tolerance range
● Partially meets criteria	Benchmark or above performance, but below target	--	--
● Does not meet criteria	Below benchmark performance	Below benchmark performance	Outside tolerance range
● Not applicable	--	--	--

3.8 Appendix A to this report is the economic, market and manager report prepared by Independent Investment Adviser.

3.9 The Committee is asked to note the suggested asset allocation categorisation and request Mercer to consider this during the asset allocation review exercise.

Libor Transition Update

3.10 The Committee was presented with a paper on Libor Transition in March 2021, since then, officers continue to liaise with custodian and investment managers affected. London CIV expects to make necessary transition in benchmark in September 2021 while Goldman Sachs expects to implement the transition in the coming months.

4. EQUALITIES IMPLICATIONS

4.1 There are no direct equalities implications arising from this report.

5. OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

Risk Management

- 5.2 Any form of investment inevitably involves a degree of risk.
- 5.3 To minimise risk, the Pensions Committee attempts to achieve a diversified portfolio. Diversification relates to asset classes and management styles.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 The Council as Administering Authority has the responsibility of ensuring that the Pension Fund is administered effectively and efficiently and that arrangements for financial management are properly scrutinised.
- 6.2 This is a noting report which fulfils the requirement to report quarterly performance of the Pension Fund investments portfolio to those charged with governance. There are no direct financial implications arising from this report, however the long-term performance of the Pension Fund will impact employer pension contribution rates set by the Committee.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The Local Government Pension Scheme (Management and Investment of Funds) Regulation 2016 govern the way in which administering authorities should manage and make investments for the fund. There are no longer explicit limits on specified types of investment and instead administering authorities should determine the appropriate mix of investments for their funds. However, administering authorities must now adhere to official guidance; broad powers allow the Government to intervene if they do not. Under regulation 8, the Secretary of State can direct the administering authority to make changes to its investment strategy; invest its assets in a particular way; that the investment functions of the authority are exercised by the Secretary of State and that the authority complies with any instructions issued by the Secretary of State or their nominee.
- 7.2 The Council must take proper advice at reasonable intervals about its investments and must consider such advice when taking any steps in relation to its investments.
- 7.3 The Council does not have to invest the fund money itself and may appoint one or more investment managers. Where the Council appoints an investment manager, it must keep the manager's performance under review. At least once every three months the Council must review the investments that the manager has made and, periodically, the Council must consider whether or not to retain that manager.
- 7.4 One of the functions of the Pensions Committee is to meet the Council's duties in respect of investment matters. It is appropriate, having regard to these matters, for the Committee to receive information about asset allocation and the performance of appointed investment managers. The Committee's consideration of the information in the report contributes towards the achievement of the Council's statutory duties.

- 7.5 When reviewing the Pension Fund Investment Performance, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector duty). The Committee may take the view that good, sound investment of the Pension Fund monies will support compliance with the Council's statutory duties in respect of proper management of the Pension Fund.
-

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- Appendix A – Independent Adviser's Quarterly Report March 2021
- Appendix B – LBTH Investment Performance Quarterly Report by Mercer (not for publication)
- Appendix C – March 2021 Performance Report by Northern Trust

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

- NONE

Officer contact details for documents:

Miriam Adams, Interim Head of Pensions & Treasury

Tel: 0207 3644248

Email: miriam.adams@towerhamlets.gov.uk

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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of the Local Government Act 1972.

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NORTHERN
TRUST

LB of Tower Hamlets

Investment Risk & Analytical Services

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March 31, 2021

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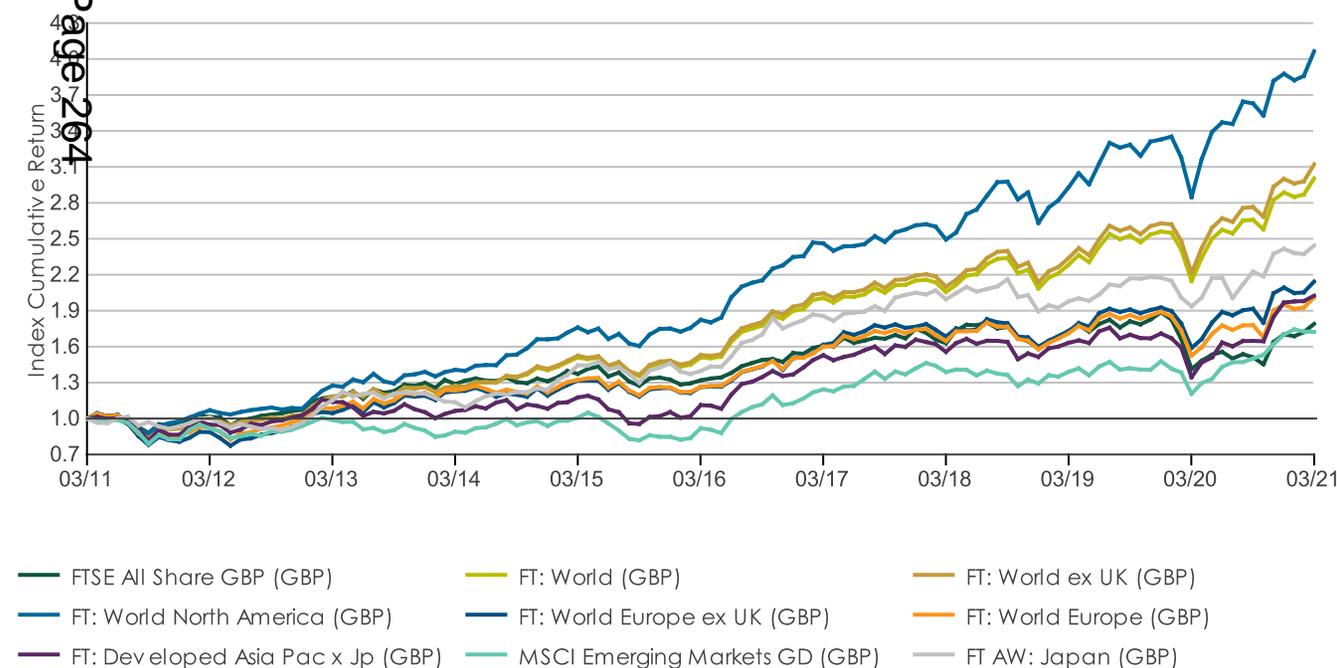
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Equity Indices

RISK STATISTICS

Index Name	CCY	Index Return		Index Sharpe Ratio		Index Standard Deviation	
		3 Yrs	5 Yrs	3 Yrs	5 Yrs	3 Yrs	5 Yrs
FTSE All Share GBP	GBP	3.19	6.29	0.15	0.41	16.22	13.57
FT: World	GBP	13.48	14.77	0.88	1.13	14.43	12.50
FT: World ex UK	GBP	14.11	15.32	0.92	1.16	14.47	12.58
FT: World North America	GBP	17.69	17.39	1.09	1.25	15.46	13.35
FT: World Europe ex UK	GBP	8.38	11.16	0.49	0.77	15.40	13.54
FT: World Europe	GBP	6.87	9.72	0.40	0.68	15.27	13.20
FT: Developed Asia Pac x Jp	GBP	9.18	12.74	0.50	0.80	16.76	15.11
MSCI Emerging Markets GD	GBP	7.46	13.40	0.47	0.88	14.18	14.47
FT AW: Japan	GBP	7.00	11.83	0.48	0.92	12.93	12.19

INDEX PERFORMANCE



QUARTERLY PERFORMANCE

Quarter	FTSE All Share GBP	FT: World	FT: World ex UK	FT: World North America
Q1 '21	5.19	4.09	4.04	4.86
Q4 '20	12.62	8.61	8.50	6.83
Q3 '20	-2.92	3.22	3.55	4.54
Q2 '20	10.17	19.92	20.49	21.90
Q1 '20	-25.13	-16.14	-15.67	-14.46
Q4 '19	4.16	1.39	1.29	1.36
Q3 '19	1.27	3.78	3.94	4.94
Q2 '19	3.26	6.53	6.72	6.82
Q1 '19	9.41	9.56	9.55	11.29
Q4 '18	-10.25	-10.90	-10.96	-11.55
Q3 '18	-0.82	6.19	6.66	8.46
Q2 '18	9.20	7.16	7.00	10.05

Min -25.13 Max 21.90

ANNUAL PERFORMANCE

Quarter	FT: World Europe	FT: Developed Asia Pac x Jp	MSCI Emerging Markets GD	FT AW: Japan
Q1 '21	3.06	2.92	1.40	1.20
Q4 '20	9.64	19.43	13.28	8.53
Q3 '20	0.15	0.81	4.85	2.44
Q2 '20	16.42	21.56	18.60	12.24
Q1 '20	-19.28	-21.32	-18.34	-10.98
Q4 '19	1.47	0.60	4.11	0.24
Q3 '19	1.47	-1.64	-0.96	6.60
Q2 '19	7.28	5.86	3.14	2.88
Q1 '19	8.44	7.75	7.47	4.46
Q4 '18	-10.64	-7.58	-5.18	-12.42
Q3 '18	2.00	0.90	0.28	4.97
Q2 '18	5.11	4.35	-2.09	3.24

Min -21.32 Max 21.56

Equity Commentary

MARKET OVERVIEW

There are many ways that people can sense anxiety in both themselves and others. There is even an index maintained by Investopedia which at the time of writing was trending slightly above neutral (to anxious). One subtler way that tension can be seen to be lifting is when the forefront worries are smaller than they used to be. Concerns about the liquidity trap as companies and households continue to save despite record low interest rates or fearing out of control inflation as economies restart and the floodgates open are arguably nicer worries to have than an out of control virus and no prospect of a return to living life. In the investment environment there is much to support the view that the pandemic has been overcome and that vaccination programs are working. In the US and UK results are already being seen and European equity indexes have outperformed global counterparts despite vaccine supply chain issues.

Value stocks rebounded in Q1 to outperform growth stocks by 2%. The junk rally in the second half of 2020 helped to make higher quality stocks look more affordable by comparison and their fundamentals for the longer term have appealed to analysts. Investors are favouring cyclical sectors such as financials and energy over more defensive stocks (e.g. Healthcare and Staples) and also technology – the lockdown winners. This indicates optimism and is part of the reason for European success as that region is more heavily weighted to the cyclical segment by global comparison.

The one year returns are truly transformed as quarter 1 2020 drops out of the longer term; the MSCI World returned -21% in US dollar terms quarter 1 of last year. Companies started 2021 at breakneck speed raising \$400bn, before January was finished, in global bond and equity issuance. Equity valuations have rebounded since March 2020 as if the pandemic wasn't happening, central government support has underpinned that recovery and enticed some private companies to take advantage and go public. Bumble, Roblox and Esports are some of the names that have listed IPOs so far this year and are thriving at this point in time. Deliveroo, Robinhood and Trustpilot are some familiar names expected to come to market in 2021. Globally, the Energy sector maintained its strong end of 2020 to begin 2021 as the best performing sector over the quarter again. Consumer staples was the only negative returning sector over Q1. It's been a very strong 12 months for all sectors since the shock of Q1 2020 passed, utilities is the weakest performer over 1 year though just behind consumer staples. Consumer discretionary is the strongest sector by some way over the last year, moving ahead of IT from the end of 2020. Oil was up again from \$50 to \$60 per barrel over 3 months. The FTSE World was up 4.1% (GBP) over the first quarter of 2021 and returned 39.9% (GBP) over one year.

The US economy grew by 4.1% over Q4 following the 33% post war record set in Q3. The prediction for 2021 growth is currently around 8%.

Hedge funds scaled back bets after an onslaught from amateur traders pushed some companies way above expected valuations causing heavy losses when unwinding short positions. At quarter end GameStop, a company previously thought to lack a bright future and valued at under \$1bn in December was worth \$13bn, the same market capitalisation as vaccine maker Novavax.

Looking at US sectors, consumer staples and IT were weakest over Q1. Energy continued its resurgence from Q4 to finish strongest for a second consecutive quarter. 12 month performance was very strong generally in the US, utilities was conspicuous as weakest being the only sector to return less than 20%. Consumer discretionary was again notably strong, outperforming second best materials by more than 10%. The FTSE North America index returned 4.9% (GBP) over the first quarter and 42.8% (GBP) over the year.

The UK tech sector outpaced hubs France and Germany despite Brexit fears; \$8bn of investment was secured over Q1 in growing companies like Starling Bank and Zego insurance.

The UK economy contracted by 9.9% in 2020, the largest annual fall ever recorded. Materials was the strongest sector over Q1 narrowly ahead of cyclical siblings energy and financials. Healthcare was weakest both short and long term struggling alongside other defensive sectors as more optimism infects investors. Materials also comes in as top UK sector over the last year after an outstanding end to 2020 when it posted the only positive sector return for the full year. The FTSE All Share was up 5.2% (GBP) over Q1 building on the 12.6% (GBP) returned for Q4 2020 and bringing the 1 year return out of the red and marginally ahead of the FTSE Japan with 26.7% (GBP).

MARKET OVERVIEW

Nissan embraced the opportunities created by Brexit by moving battery making to its Sunderland plant and claiming that the break from EU had secured the future of Britain's biggest car factory. Japan's healthcare sector is the 2nd largest in the world but the slow vaccination program and widescale dissatisfaction have negatively affected performance and resulted in the only negative sector level return for Q1. Energy was far and away the strongest sector over 3 months. Materials built on solid performance in quarter 4 to lead Japanese sectors over 1 year and utilities returned the weakest sector level performance. The FTSE Japan returned 1.2% (GBP) over quarter one, trailing all the major indexes. The FTSE Developed Asia Pacific ex Japan returned 2.9% (GBP) over the first quarter 2021 and was the leading index over the last year with 50.6% (GBP).

China's economy grew by 18% over Q1 2021 highlighting the rapid pace of recovery there. A fast restart to industrial activity and low rates of infection pushed growth above the performance of the other big economies. Consumer spending patterns changed beyond recognition during lockdown and shipping costs rose fast following sailing cancellations and reduced port capacities due to Covid-19. Supply lines were then further restricted when the Ever Given became lodged in the Suez canal for 6 days. Inflationary pressure could hit home hardest in the emerging markets where manufacturers will have to pass costs on due to already tight margins.

Samsung profits rose 44.2% year on year in Q1 despite the problems with chip production in Austin. Gold dipped at quarter end to \$1,680 before bouncing back but was down from \$1900 over the first quarter. Still up from \$1,570 at the beginning of 2020. The MSCI Emerging Markets index returned 1.4% (GBP) over the first quarter and 42.8% (GBP) for the year.

A 3rd wave of virus outbreaks has caused much of Europe to retreat from lockdown easing. Italy has the additional worries of a severe recession and yet another new administration tasked with spending 200bn euro from the EU recovery fund.

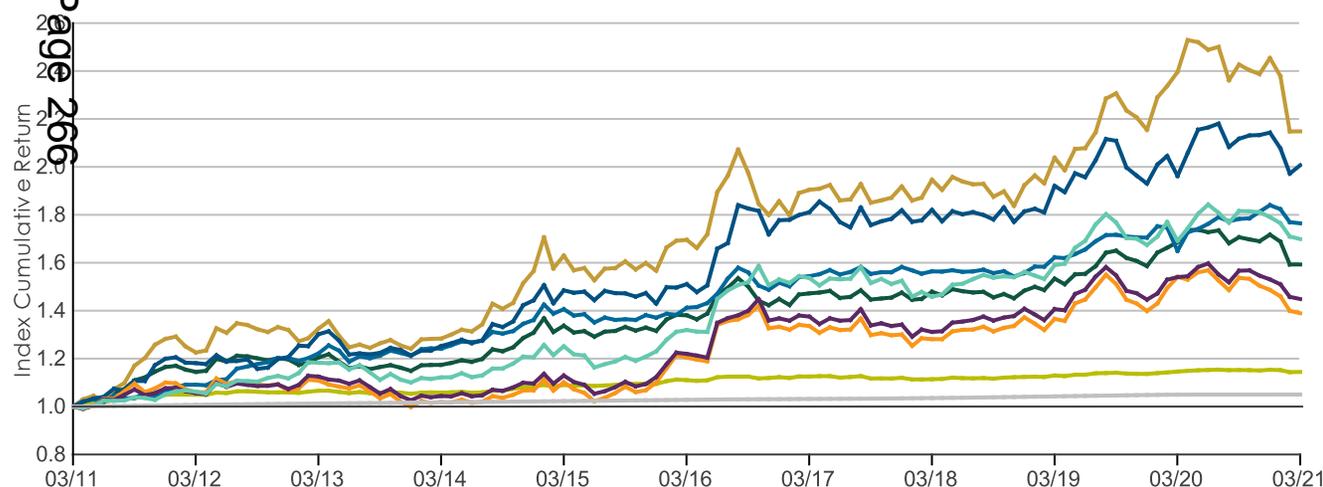
Energy was the strongest European sector over Q1 following on from a positive end to 2020. Real estate was the weakest over the 3 months to March. Consumer discretionary posts the strongest 12 month sector return. Health care was weakest by some way longer term as it was in all major regions outside of the US. The FTSE World Europe ex UK index returned 2.4% (GBP) over quarter one and 34.9% (GBP) over the year.

Fixed Income Indices

RISK STATISTICS

Index Name	CCY	Index Return		Index Sharpe Ratio		Index Standard Deviation	
		3 Yrs	5 Yrs	3 Yrs	5 Yrs	3 Yrs	5 Yrs
FTSE All Stock Index	GBP	2.50	2.90	0.26	0.32	6.62	6.92
FTSE All Stock 0-5 Yr. Gilts	GBP	0.90	0.61	0.14	-0.06	0.87	1.13
FTSE All Stock > 15 Yr. Gilts	GBP	3.34	4.85	0.22	0.34	11.83	12.37
ICE Bofa STG Non-Gilts	GBP	4.11	4.56	0.58	0.67	5.75	5.82
FTSE Index Linked	GBP	3.30	5.85	0.25	0.47	10.08	11.07
JPM GBI Global	GBP	2.74	2.91	0.23	0.22	8.42	9.99
BB Barc Global Aggregate	GBP	3.37	3.50	0.35	0.30	7.45	9.29
BB Barc Global Agg Corp	GBP	5.23	5.19	0.58	0.50	7.67	8.99
1 Month Sterling LIBOR	GBP	0.47	0.43	-3.47	-3.38	0.09	0.07

INDEX PERFORMANCE



- FTSE All Stock Index (GBP)
- FTSE All Stock 0-5 Yr. Gilts (GBP)
- FTSE All Stock > 15 Yr. Gilts (GBP)
- ICE Bofa STG Non-Gilts (GBP)
- FTSE Index Linked (GBP)
- JPM GBI Global (GBP)
- BB Barc Global Aggregate (GBP)
- BB Barc Global Agg Corp (GBP)
- 1 Month Sterling LIBOR (GBP)

QUARTERLY PERFORMANCE

Quarter	FTSE All Stock Index	FTSE All Stock 0-5 Yr. Gilts	FTSE All Stock > 15 Yr. Gilts	ICE Bofa STG Non-Gilts
Q1 '21	-7.24	-0.80	-12.46	-4.12
Q4 '20	0.63	0.10	1.11	3.22
Q3 '20	-1.23	-0.01	-2.47	1.17
Q2 '20	2.45	0.56	3.85	6.83
Q1 '20	6.32	0.87	11.21	-3.24
Q4 '19	-3.89	-0.43	-6.58	-0.69
Q3 '19	6.20	0.71	10.99	3.69
Q2 '19	1.31	0.32	1.97	2.04
Q1 '19	3.38	0.51	5.95	4.18
Q4 '18	1.92	0.63	2.55	0.02
Q3 '18	-1.73	-0.18	-3.28	-0.33
Q2 '18	0.16	0.41	-0.37	-0.11

Min -12.46 Max 11.21

ANNUAL PERFORMANCE

Quarter	FTSE Index Linked	JPM GBI Global	BB Barc Global Aggregate	BB Barc Global Agg Corp
Q1 '21	-6.35	-6.53	-5.34	-5.13
Q4 '20	1.21	-3.29	-2.32	-1.39
Q3 '20	-2.18	-2.00	-1.88	-1.47
Q2 '20	10.32	1.82	3.68	8.94
Q1 '20	1.64	10.15	6.49	1.05
Q4 '19	-8.47	-7.47	-6.53	-5.31
Q3 '19	7.76	4.46	4.02	4.52
Q2 '19	1.89	5.96	5.76	6.41
Q1 '19	5.88	-0.48	-0.11	1.80
Q4 '18	1.87	4.44	3.62	1.56
Q3 '18	-1.21	-0.48	0.31	1.66
Q2 '18	-1.00	3.03	3.30	3.74

Min -8.47 Max 10.32

Fixed Income Commentary

MARKET OVERVIEW

Fixed income markets experienced negative performance in the 1st quarter of 2021 as the U.S. equity markets hit all-time highs with expectations of improving global growth and higher inflation. The Barclays Global Aggregate Index suffered a large quarterly decline and returned -5.34% for the quarter. In addition, the world central banks, including the U.S. Federal Reserve, signalled accommodative policies would continue for 2021. Unprecedented amounts of central bank intervention have been observed over the last 12 months since the start of the global pandemic, with historically low (and even negative) interest rates. As well as this overt, political pressure for added accommodation has been evident at this time, when sovereign deficits have ballooned to historic (some believe unsustainable) levels globally. Most fixed income sectors have offered anaemic cash flows, by historical perspective causing the negative performance seen so far this year.

In the US, the Federal Reserve reinforced its message that current levels of quantitative easing would stay. Emergency asset purchases would continue into 2021, \$80 billion in Treasuries and \$40 billion in mortgage-backed bonds per month. US 10 year yields were significantly higher at the end of Q1 finishing the quarter at 1.74% (compared to 0.91% at the end of 2020). This recorded the second worst quarter since 1980 for US treasuries.

The JPM US Government bonds index returned -5.53% for the quarter. Whilst in Singapore and Canada yields were above 1% subsequently impacting returns in these regions. It seems clear that the financial markets were factoring in the effects of an extremely accommodating Fed, very substantial amounts of ongoing fiscal stimulus, and continued favourable news regarding vaccinations and the pandemic.

In the Asia Pacific region, whilst Japan looks set to host the Olympic games later this year the story of low yields and negative interest rates remains. The JPM Japanese Government bonds index returned -7.89% for Q1. The central bank has for the last eight years tried to use monetary stimulus to reach its 2% inflation target and has now indicated that they will allow interest rates to fluctuate to a 'certain degree'. Japanese 10 yr yields ended the quarter at 0.09%.

Tensions between China and the U.S. (and more broadly, the west) have been heightening over different ideologies to date. Overall economic performance in China remains strong and China's government has been careful to manage its credit slowdown. FTSE Russell confirmed on March 31st that Chinese Government bonds would be included in its World Government Bond index bringing approx. \$131.2bn of foreign inflows into Chinese onshore government bonds. The Chinese 10 year bond yield ended the year at 3.24%.

In the European region, the European Central Bank announced that they would leave coronavirus stimulus measures unchanged in its March meeting. The pandemic emergency purchase programme was to remain at €1.85trillion to last until March 2022. The first quarter saw the central banks bond purchases somewhat lower than usual however it is expected that the pace will pick up later this year according to the ECB. The BofA Euro Aggregate Corps index achieved -5.48% for quarter one.

Bond yields have been rising in the Eurozone since February following the US announcement of their fiscal stimulus plan. Rising yields are a concern for the economic recovery in Europe as it raises borrowing costs for countries already struggling with the coronavirus crisis. 10 year bond yields in Germany were -0.33% (an increase from -0.57%) and countries such as Switzerland and the Netherlands also reflected negative yields for Q1. Italy's 10-year yield rose from 0.52% to 0.63%, reflecting some political uncertainty in that region and Spain's rose from 0.06% to 0.34%.

MARKET OVERVIEW

The inflationary target set to be close to 2% hasn't yet materialised and the ECB estimates rates of 1.5% in 2021 with volatility expected in the coming months. The central bank decided to keep interest rates unchanged at their last meeting.

Green bond sales have increased significantly since 2015. During 2020 a record breaking \$269bn was issued ranging from car manufacturers and financial institutions to utility companies and sovereign states.

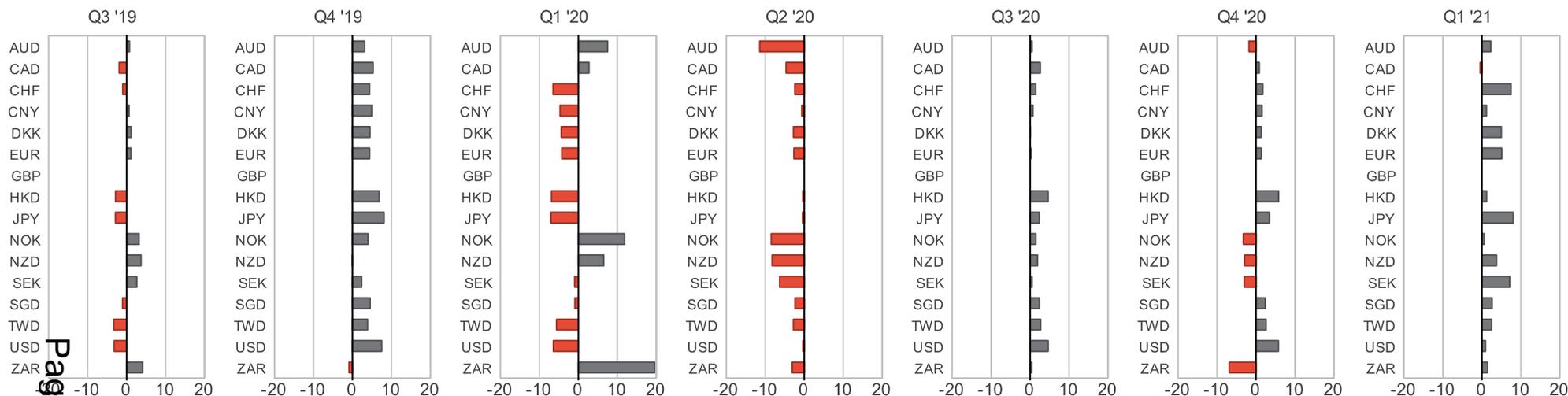
The UK has been keen to present itself as a green leader ahead of hosting COP 26 climate change summit although the EU is still leading the way in terms of green government bond issuance. In the Global markets, green bonds recorded growth last year to \$270bn. The European Union has identified green bonds as a way for it to merge its sustainable targets and support its economic recovery from the pandemic.

In the UK, sentiment suggests COVID-19 may not go away completely, but that the pandemic will. Negative COVID-19-related headlines (including an uptick in cases and a small number of variants) will not derail the ongoing economic expansion. Government policy continues to shift to "living with" rather than "eradicating" the virus. In the fixed income markets, bond yields rose markedly in Q1 amid the swift continued rollout of COVID-19 vaccinations. The UK 10 year yield increased by 65 basis points to 0.81%. The Bank of England left interest rates unchanged at +0.1% and revised down its growth forecasts for 2021.

The FTSE All Stock Index finished the quarter down by -7.24% and recorded -5.54% for the 12 month period. According to the PPF 7800 Index at the end of March, the funding ratio across 5,318 schemes increased to 102%. Compare this to the funding ratio seen in March last year at the start of the pandemic, which was 92.5%. Corporates outperformed government bonds. The ICE BofA £ Non Gilts index returned -4.12% for the period.

Alternatives Indices

CURRENCY PERFORMANCE (GBP)



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CURRENCY PERFORMANCE (GBP)

Currency	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
AUD - Australian Dollar	2.26	2.26	-10.58	-0.32	-0.62	1.57
CAD - Canadian Dollar	-0.43	-0.43	-1.75	-1.39	-1.38	1.07
CHF - Swiss Franc	7.46	7.46	8.23	-1.12	-1.16	-1.21
CNY - Chinese Yuan Renminbi	1.17	1.17	2.83	0.82	-0.55	-1.48
DKK - Danish Krona	4.99	4.99	3.53	0.89	-1.46	0.36
EUR - European Union Euro	5.08	5.08	3.88	0.96	-1.43	0.39
GBP - British Pound sterling	0.00	0.00	0.00	0.00	0.00	0.00
HKD - Hong Kong Dollar	1.20	1.20	11.61	-0.86	-0.77	-1.49
JPY - Japanese Yen	8.03	8.03	13.89	0.73	-1.15	1.39
NOK - Norwegian Krone	0.63	0.63	-9.55	2.26	-0.19	2.88
NZD - New Zealand Dollar	3.76	3.76	-5.81	0.43	-0.99	-0.64
SEK - Swedish Krona	7.12	7.12	-2.11	0.78	0.63	1.75
SGD - Singapore Dollar	2.61	2.61	5.00	0.26	-0.86	-0.86
TWD - New Taiwan Dollar	2.50	2.50	4.98	-1.27	-3.17	-1.79
USD - United States Dollar	0.93	0.93	11.27	-0.55	-0.81	-1.49
ZAR - South African Rand	1.47	1.47	-8.00	7.02	-0.74	6.52

FOREIGN EXCHANGE RATES (vs. GBP)

Currency	31/12/2020	31/03/2021	Rate of Return
AUD - Australian Dollar	1.77	1.81	2.26
CAD - Canadian Dollar	1.74	1.73	-0.43
CHF - Swiss Franc	1.21	1.30	7.46
CNY - Chinese Yuan Renminbi	8.94	9.04	1.17
DKK - Danish Krona	8.32	8.73	4.99
EUR - European Union Euro	1.12	1.17	5.08
GBP - British Pound sterling	1.00	1.00	0.00
HKD - Hong Kong Dollar	10.60	10.73	1.20
JPY - Japanese Yen	141.13	152.46	8.03
NOK - Norwegian Krone	11.70	11.78	0.63
NZD - New Zealand Dollar	1.90	1.97	3.76
SEK - Swedish Krona	11.23	12.03	7.12
SGD - Singapore Dollar	1.81	1.85	2.61
TWD - New Taiwan Dollar	38.41	39.37	2.50
USD - United States Dollar	1.37	1.38	0.93
ZAR - South African Rand	20.08	20.37	1.47

Currency

MARKET OVERVIEW

The **US dollar** bounced back versus EUR and JPY but was down against GBP over Q1. Following weak growth and criticism of the US' handling of the pandemic, many forecasters were predicting further depreciation of USD during 2021. However, the opposite was true during the first few months of the year, and while a stronger dollar might be a benefit for US importers it could have a negative impact on emerging currencies.

The **Federal Reserve** observed rising Treasury Yields and an improved economic outlook, however held rates at 0-0.25% and kept asset purchases at their current level. Inflation concerns caused global equity markets to pull back during the quarter. Annual inflation was up to 1.7% in February, the highest level since last February, pushed higher mainly by rising energy costs. US unemployment has fallen steadily since hitting an all-time high of 14.8% in April 2020 and now lies at 6% as of March. US consumer sentiment jumped to 84.9 in March, the largest increase since May 2013.

The dollar closed the quarter 4.1% stronger versus the Euro, 7% stronger versus the Yen and -0.9% weaker versus GBP.

The astonishing growth of Bitcoin continued unabated during Q1. Despite a couple of wobbles, the cryptocurrency has managed to double in price and that comes after it tripled during 2020. Wall St remains divided on the future of bitcoin, with some insisting it's purely a speculative trade. Others such as Citigroup are suggesting it could even become the preferred currency for global trade, eventually replacing the US dollar. Elon Musk seems to have confirmed where he sits on this debate, tweeting in March that Tesla cars will soon be sold in bitcoin.

An emerging development in the crypto space is that of **Central Bank Digital Currencies (CBDC)**, with China, Sweden and Thailand now adopting theirs. Most other central banks including the US, UK and the eurozone are now actively researching the idea.

UK Pound Sterling rose steadily throughout the quarter versus EUR and JPY, before coming up against some relative strength from the USD late February but remaining ahead of all three major currencies at the close of Q1. The efficiency with which Covid vaccinations have been distributed was a boon for the UK government, which has come under heavy criticism during the coronavirus pandemic. This is despite doubts being raised over the Astra Zeneca vaccine's efficacy and possible side effects and supply problems.

In their March meeting, the BoE voted unanimously to hold interest rates at their historic low of 0.1% and to maintain their bond-buying program at its current level. GDP is forecast to return to pre-pandemic level during 2021 and inflation is expected to climb over the coming months. As of February, the annual rate of inflation rate was 0.4%, down from 0.6 at year end.

The **UK unemployment rate** remains at its highest level for 5 years (5% as of January). However activity in the UK Services sector (IHS Markit/ CIPS PMI) rose to 56.3 in March, its highest level since August. Consumer confidence increased as the British public welcomed the gradual lifting of lockdown restrictions.

By the end of Q1, GBP had gained 0.9% versus USD, 5.1% versus the Euro and 8% against the Yen.

The **Euro** began the quarter brightly but faded, falling versus GBP and USD, largely due to the slower roll out of the bloc's Covid vaccination program. Nevertheless, it was stronger against JPY.

The eurozone has fallen behind the likes of the US and UK in terms of its vaccination program, with only 10% of the population having been vaccinated. This is a result of supply difficulties and inconsistent messaging around efficacy and safety, which has resulted in stockpiles of unused vaccines as people refused to take them. News of a third wave of infection suggests that the eurozone's rate of recovery may be further delayed.

MARKET OVERVIEW

At their March meeting, the ECB held interest rates at zero (deposit rate -0.5%). They intimated that emergency bond purchases will continue at a higher pace over the next quarter, aiming to reduce government bond yields and to boost the economic recovery. The ECB have since hinted at a reduction of its bond purchasing program over Q3 provided that encouraging financing conditions prevail.

Inflation climbed to 1.3% during March (up from -0.3% in December) pushed higher mostly by energy prices. Eurozone manufacturing leapt to 62.5 (above 50 is an expansion) according to the IHS Markit PMI Eurozone Manufacturing index, the largest monthly increase on record. Unemployment remained stable at 8.3%, below the high of 8.7% in September but above pre-pandemic levels of 7%. Consumer confidence within the eurozone remained negative but is improving, reaching -10.8 in March, its highest level since February 2020.

The Euro ended 2020 weaker than USD and GBP and stronger against JPY by -4.8%, -3.9% and 2.8% respectively. In Asia, the **Japanese Yen's** weakness at the tail end of 2020 continued, falling significantly versus USD and GBP and to a lesser extent against EUR.

The **BoJ held short-term interest rates at its historic low (-0.1%)** while trying to maintain its loose monetary policy. By also increasing the limit of its ETF purchasing program and relaxing controls around long-term yield targets. Inflation year-on-year was -0.4% in March, which although negative has risen from -1.2% at year end.

The Yen weakened substantially during Q1, closing the quarter down -7.4% versus GBP, -6.6% versus the US dollar and -2.7% versus the Euro.

Following a particularly strong 2020, the **Chinese Renminbi** pulled back slightly versus USD as investors began to worry that the removal of economic stimulus could slow China's recovery. More than 1 trillion RMB flowed into equity and bond markets last year because of China's relatively swift recovery from Covid-19, which saw the RMB gain 6.7% on the dollar in 2020.

The People's Bank of China might welcome some weakness in the currency to help boost exports however, analysts are not expecting this to signal the beginning of a significant slide versus the dollar.

Client Commentary

Scheme Performance

The London Borough of Tower Hamlets Pension Fund posted an absolute return of +1.98% in the first quarter of 2021 on a net of fees basis, falling short of the Fund Benchmark return of +2.26%. There was a divergence of manager returns in the quarter with LCIV Ruffer Absolute Return growing an absolute +7.39%, through to Schroders Equity Protection Strategy posting an absolute loss of -4.35%. Diversified Growth (51bps) achieved a stock selection gain. This was more than offset as Schroders Equity Protection Strategy fell short of its benchmark (-51bps), worsened by Global Equities (-28bps) and Pooled Bonds (-12bps). Considering allocation against benchmark, there were no notable effects. Selection decisions caused a loss of -31bps whilst allocation benefitted by 3ps during the quarter.

The Fund has posted an absolute return of +28.24% over the fiscal year to March 2021. Following the preceding quarters strong excess performance, this is equivalent to an outperformance of 6.54% compared to a benchmark return of +21.70% over 12 months. Asset allocation decisions were beneficial by 95bps whilst stock selection added 4.39%. Over the rolling three year period the fund has returned +10.32% against the benchmark return of +8.31%, resulting in an excess outperformance of 201bps. Over 10 years a surplus of 79bps is recorded with an absolute return of +8.83%, whilst since inception the Fund has delivered an absolute return of +8.03%.

Scheme Allocation

Over the quarter there was a net withdrawal of £4.3 million from the Fund; £6.6 million net income was received and £31.1 million was gained through the appreciation of asset values. The net result was an increase in the total market value from £1,925 million at the end of Q4 2020 to £1.959 million at the end of Q1 2021. The Equity Protection Strategy weight was reduced in the interval with the proceeds in the cash account.

By the end of the period the Equity Protection programme was 0.99% underweight (14.01% vs 15.0%) compared to the benchmark allocation. Global Equity maintained its overweight position against the benchmark with 44.64% against 41.0%. This was at the expense of each of Property (8.33% vs 12.0%) and Pooled Bonds (5.28% vs 6.0%). Multi Asset Credits were steady at 5.98% against the 6.0% benchmark allocation. Diversified Growth saw an increase (20.32% vs 20.0%).

Manager Performance

LCIV BG Global Alpha (LBTH01)

The strategy and assets selected to be held in the LCIV portfolio earned a return of +2.18% over the quarter, underperforming the MSCI AC World ND benchmark return of +3.61% by -142bps. Following the previous three successive quarters of strong excess performance, over the fiscal year the manager exceeds the benchmark by more than 17 per cent earning an absolute return of +56.28%. Over three years the absolute return is +18.83% which is more than six per cent in excess of the yardstick. Since inception when the benchmark has posted +8.95% the manager has delivered an excess return of 3.52% and has earned +12.46%.

L&G MSCI World Low Carbon (LBTH05)

In the quarter the fund was -2bps behind of the benchmark whilst growing by an absolute return of +6.00%. Over the fiscal year the index posted a gain of +50.19%, against this the fund posted +49.99%. Over three years the absolute return is +12.62% which is 4bps ahead of the yardstick. Since inception the fund has earned a return of +10.69% and delivers an excess return of 3bps.

LGIM MSCI Wld Low Carb Tar Idx (LBTH16)

During the quarter whilst the MSCI World Low Carbon Target index delivered a return of +3.87%, the manager matched it and earned +3.85%. For the fiscal year the account has earned +39.03%, however falls short of the benchmark by -18bps. Since inception the account has fallen -11bps short of the benchmark with an absolute return of +13.68%

LCIV BG Diversified Growth Fd (LBTH02)

The Diversified Growth fund suffered a loss with an absolute return of -0.68% over the quarter, falling short of the 3 Month LIBOR +3% benchmark return of +0.75% by -142bps. Over the fiscal year the portfolio has grown by +17.96%, which is 14.60% ahead of the benchmark. Over three years the absolute return is +2.55% which is -124bps short of the yardstick. Since inception when the benchmark posts +3.65% the manager has earned a return of +4.36%, equivalent to an excess of 71bps.

LCIV Ruffer Absolute Return Fd (LBTH03)

The absolute return fund ended the period with a return of +7.39%, outperforming the benchmark of +0.75% by 6.65% in Q1. The portfolio returned +20.71% over the fiscal year, 17.35% ahead of the benchmark return of +3.36%. Over three years the absolute return is +7.41% which is 3.62% ahead of the yardstick on an excess basis. Considering the benchmark is the 3 Month LIBOR+3 over the last 12 quarter ends the manager has fallen short over rolling three year periods on eight occasions. Since inception when the benchmark posted +3.65% the manager has delivered an excess return of 164bps and earned +5.29%.

Schroders Real Estate (LBTH10)

The Schroders real estate comingled account delivered an absolute return of +2.20% over the quarter, outpacing the benchmark return of +1.80% by 40bps in excess terms. The portfolio grew +2.89% over the fiscal year versus the benchmark return of +2.06%. Over three years the absolute return is +2.93%, which is a performance that is 64bps in excess of the yardstick. Since inception when the benchmark has recorded +4.83%, the manager has delivered an excess return of 37bps and earned a return of +5.20%.

LCIV (CQS) MAC (LBTH12)

The Multi Asset Credit fund posted an absolute return of +2.07% during Q1, outperforming the liquidity benchmark of +0.99% by 108bps. Over one year the account has posted a return of +25.26% against the yardstick of +4.36%. Since inception the fund underperforms the 3 Month LIBOR +4% benchmark by -132bps, with an absolute return of +3.44%.

GSAM Star II (LBTH08)

GSAM Star II experienced an absolute loss with a return of -2.77% for Q1 against the LIBOR 3 Month hurdle benchmark return of +0.99%. Over the one year period the absolute return was +7.85% against the index of +4.36%. Over three years the absolute return is +1.43% which is -3.36% behind of the benchmark. Considering the benchmark is the 3 Month LIBOR+4 over the last eight quarter ends the manager has fallen short over rolling three year periods on all occasions. In the interval since inception the yardstick has earned +4.64%, against this the account has fallen short posting an absolute return of +1.55%.

Insight BNY Mellon Absolute Return (LBTH09)

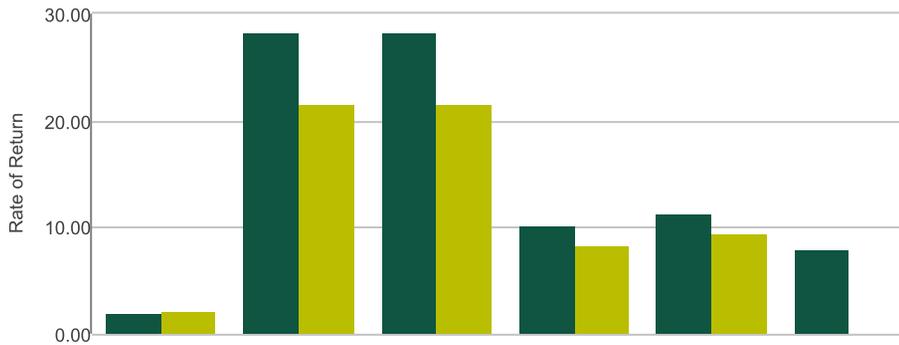
In the quarter the BNY Mellon fund achieved an absolute return of +0.75% whilst the LIBOR index plus 4% hurdle earned +0.99%. Over the fiscal year the account posted a return of +7.96% which is 3.60% ahead of the yardstick of +4.36%. Over three years the absolute return is a loss of -0.67% which is more than five per cent behind of the benchmark. Considering the benchmark is the 3 Month LIBOR+4 over the last seven quarter ends the manager has fallen short over rolling three year periods on all occasions. Since inception when the liquidity plus hurdle benchmark posts +4.64% the manager has suffered a negligible absolute return of +0.07%.

Schroders Equity Protection (LBTH14)

During the quarter where the blended benchmark incurred a shortfall of -0.71%, the manager incurred an absolute loss with a return of -4.35%. This was equivalent to an -3.64% underperformance. Since inception on March 31st 2020 the manager has earned a return of +8.13% against +23.42% for the benchmark.

Executive Summary

LB OF TOWER HAMLETS TOTAL FUND NET OF FEES



	Three Months	Fiscal YTD	One Year	Three Years	Five Years	ITD
Fund	1.98	28.24	28.24	10.32	11.43	8.03
Index	2.26	21.70	21.70	8.31	9.56	-

Index: Total Plan Benchmark

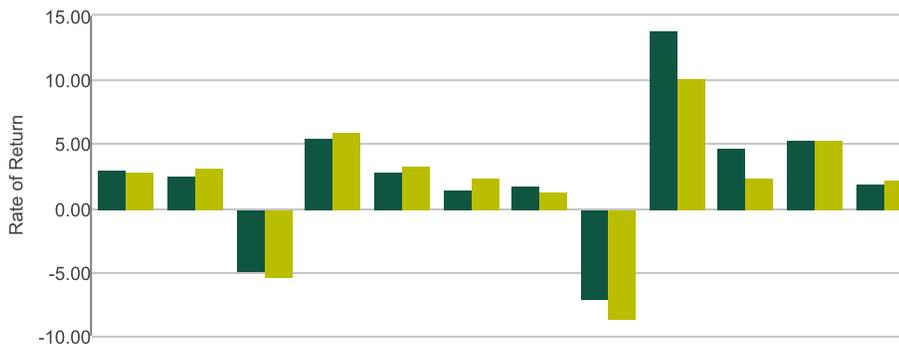
RISK STATISTICS

	1 Yr	3 Yrs	5 Yrs
Return	28.24	10.32	11.43
Index Return	21.70	8.31	9.56
Excess Return	6.54	2.01	1.87
Standard Deviation	7.87	7.60	6.75
Index Standard Deviation	6.78	7.52	6.60
Tracking Error	2.62	2.02	1.80
Information Ratio	2.49	0.99	1.04
Sharpe Ratio	3.54	1.26	1.59
Index Sharpe Ratio	3.15	1.00	1.35
Jensen's Alpha	3.57	2.06	1.85
Relative Volatility (Beta)	1.10	0.98	0.99
R Squared	0.89	0.93	0.93
Beginning MV (in 000s)	1,523,834	0	0
Net Contributions (in 000s)	3,928	1,457,164	1,457,164
Income (in 000s)	16,312	46,716	46,716
Appreciation (in 000s)	414,767	454,959	454,959
Ending MV (in 000s)	1,958,840	1,958,840	1,958,840

Index: Total Plan Benchmark. Risk Free Index: JP Morgan 3 month Cash (GBP)

Category: Total Fund Net of Fees. Calculation Frequency: Monthly

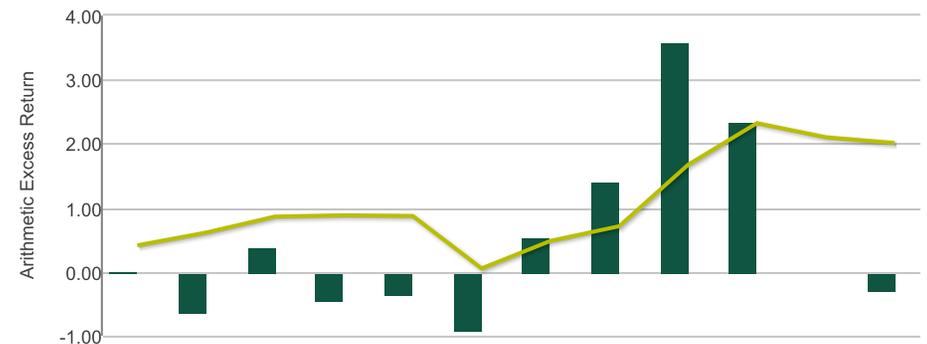
LB OF TOWER HAMLETS ROLLING QUARTERS TOTAL FUND NET OF FEES



	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21
Fund	2.97	2.53	-4.91	5.54	2.92	1.46	1.87	-7.12	13.85	4.74	5.45	1.98
Index	2.93	3.16	-5.31	5.99	3.28	2.36	1.33	-8.55	10.24	2.37	5.45	2.26

Index: Total Plan Benchmark

LB OF TOWER HAMLETS ROLLING QUARTERS TOTAL FUND NET OF FEES



	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21
3M Excess	0.04	-0.63	0.40	-0.45	-0.36	-0.90	0.54	1.43	3.61	2.36	0.00	-0.28
3Y Excess	0.41	0.61	0.86	0.88	0.87	0.05	0.48	0.71	1.67	2.32	2.10	2.01

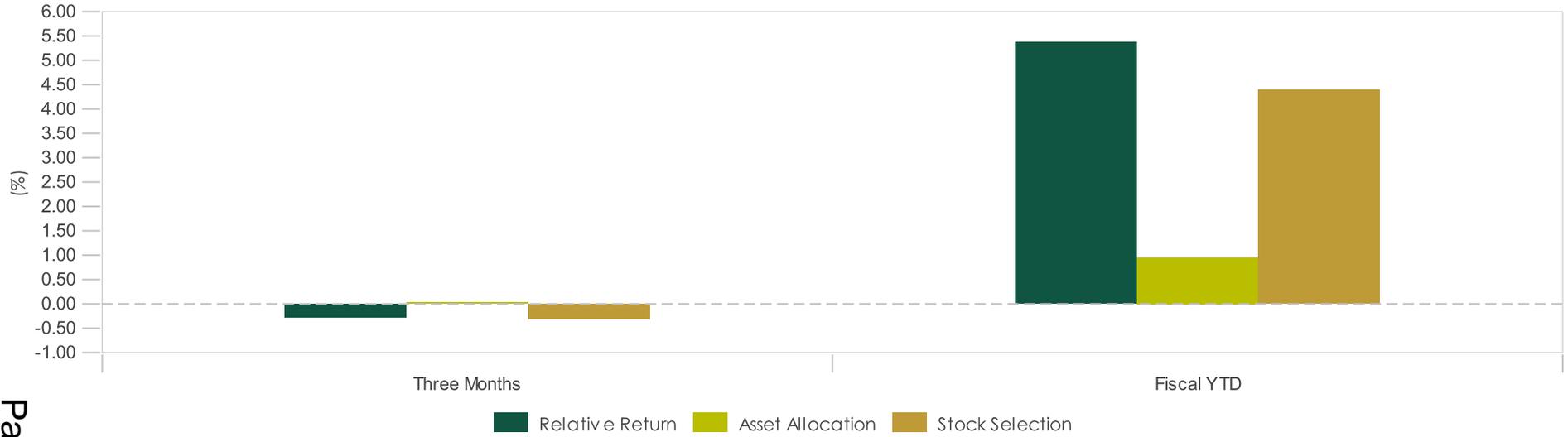
Index: Total Plan Benchmark

Investment Hierarchy

Account/Group	Ending Market Value GBP	Ending Weight	Policy Weight	% Rate of Return							
				One Month	Three Months	Fiscal YTD	One Year	Three Years	Five Years	Inception to Date	Inception Date
LB of Tower Hamlets	1,958,839,891	100.00	100.00	1.05	1.98	28.24	28.24	10.32	11.43	8.03	31/03/1987
Total Plan Benchmark				2.39	2.26	21.70	21.70	8.31	9.56	-	31/03/1987
Excess Return				-1.33	-0.28	6.54	6.54	2.01	1.87	-	31/03/1987
Total Plan ex Equ Protection	1,958,839,891	100.00		1.05	1.98	28.24	28.24	10.31	11.43	8.03	31/03/1987
Global Equity Phys & Synthetic	874,336,024	44.64	41.00	1.89	3.94	51.95	51.95	-	-	17.52	31/08/2018
Global Protected Eq BM				4.24	4.58	43.35	43.35	-	-	10.74	31/08/2018
Excess Return				-2.35	-0.64	8.60	8.60	-	-	6.79	31/08/2018
Global Equities	874,336,024	44.64	41.00	1.89	3.94	51.95	51.95	15.59	16.33	11.06	31/03/2005
Global Equities BM				4.24	4.58	43.35	43.35	12.47	13.65	10.04	31/03/2005
Excess Return				-2.35	-0.64	8.60	8.60	3.12	2.68	1.01	31/03/2005
L&G MSCI World Low Carbon	362,462,284	18.50		4.30	6.00	49.99	49.99	12.62	-	10.69	30/11/2017
MSCI World Low Carbon GBP Hedg				4.31	6.02	50.19	50.19	12.58	-	10.66	30/11/2017
Excess Return				-0.01	-0.02	-0.20	-0.20	0.04	-	0.03	30/11/2017
LCIV BG Global Alpha	403,177,244	20.58		-0.92	2.18	56.28	56.28	18.83	20.51	12.46	30/06/2007
MSCI AC World ND				4.04	3.61	38.94	38.94	12.69	14.16	8.95	30/06/2007
Excess Return				-4.96	-1.42	17.34	17.34	6.14	6.35	3.52	30/06/2007
LCIV MSCI Wld Low Carb Tar Idx	108,696,496	5.55		4.81	3.85	39.03	39.03	-	-	13.68	18/12/2019
MSCI World Low Carbon Target				4.82	3.87	39.21	39.21	-	-	13.79	18/12/2019
Excess Return				-0.01	-0.02	-0.18	-0.18	-	-	-0.11	18/12/2019
Pooled Bonds	103,427,415	5.28	6.00	0.26	-1.15	7.90	7.90	0.44	0.82	0.37	31/03/2010
Pooled Bonds BM				0.33	0.99	4.36	4.36	4.79	4.57	-	31/03/2010
Excess Return				-0.07	-2.14	3.54	3.54	-4.35	-3.75	-	31/03/2010
GSAM Star II	54,792,159	2.80		0.46	-2.77	7.85	7.85	1.43	1.55	1.55	31/03/2016
LIBOR 3 Month +4%				0.33	0.99	4.36	4.36	4.79	4.64	4.64	31/03/2016
Excess Return				0.12	-3.76	3.49	3.49	-3.36	-3.09	-3.09	31/03/2016
Insight BNY Mellon Abslut Ret	48,635,256	2.48		0.05	0.75	7.96	7.96	-0.67	-	0.07	30/06/2016
LIBOR 3 Month +4%				0.33	0.99	4.36	4.36	4.79	-	4.64	30/06/2016
Excess Return				-0.28	-0.24	3.60	3.60	-5.45	-	-4.57	30/06/2016
Multi Asset Credits	117,230,607	5.98	6.00	0.47	2.07	25.26	25.26	-	-	3.44	31/05/2018
Private Debt Benchmark				0.33	0.99	4.36	4.36	-	-	4.76	31/05/2018
Excess Return				0.14	1.08	20.90	20.90	-	-	-1.32	31/05/2018
LCIV (CQS) MAC	117,230,607	5.98		0.47	2.07	25.26	25.26	-	-	3.44	31/05/2018
3 month LIBOR + 4%				0.33	0.99	4.36	4.36	-	-	4.76	31/05/2018
Excess Return				0.14	1.08	20.90	20.90	-	-	-1.32	31/05/2018

Account/Group	Ending Market Value GBP	Ending Weight	Policy Weight	% Rate of Return							
				One Month	Three Months	Fiscal YTD	One Year	Three Years	Five Years	Inception to Date	Inception Date
Diversified Growth	397,958,755	20.32	20.00	1.29	3.34	19.32	19.32	5.00	5.62	4.56	31/01/2011
<i>Diversified Growth BM</i>				0.25	0.75	3.36	3.36	3.79	4.89	4.21	31/01/2011
<i>Excess Return</i>				1.04	2.59	15.96	15.96	1.21	0.73	0.36	31/01/2011
LCIV BG Diversified Growth Fd	192,168,551	9.81		-0.17	-0.68	17.96	17.96	2.55	4.35	4.36	31/01/2011
<i>3 Month LIBOR +3%</i>				0.25	0.75	3.36	3.36	3.79	3.64	3.65	31/01/2011
<i>Excess Return</i>				-0.42	-1.42	14.60	14.60	-1.24	0.71	0.71	31/01/2011
LCIV Ruffer Absolute Return Fd	205,790,204	10.51		2.69	7.39	20.71	20.71	7.41	6.80	5.29	28/02/2011
<i>3 Month LIBOR +3%</i>				0.25	0.75	3.36	3.36	3.79	3.64	3.65	28/02/2011
<i>Excess Return</i>				2.44	6.65	17.35	17.35	3.62	3.17	1.64	28/02/2011
Property	163,252,327	8.33	12.00	1.22	2.20	2.89	2.89	2.93	4.73	6.63	31/03/1989
<i>Property BM</i>				0.67	1.80	2.06	2.06	2.29	4.09	-	31/03/1989
<i>Excess Return</i>				0.55	0.40	0.82	0.82	0.64	0.65	-	31/03/1989
Schroders Real Estate	163,252,327	8.33		1.22	2.20	2.89	2.89	2.93	4.61	5.20	30/09/2004
<i>MSCI UK All Property Index</i>				0.67	1.80	2.06	2.06	2.29	4.09	4.83	30/09/2004
<i>Excess Return</i>				0.55	0.40	0.82	0.82	0.64	0.52	0.37	30/09/2004
Schroder Equity Protection	274,417,480	14.01	15.00	-1.30	-4.35	8.13	8.13	-	-	8.13	31/03/2020
<i>Schroders Blended Benchmark</i>				3.19	-0.71	23.42	23.42	-	-	23.42	31/03/2020
<i>Excess Return</i>				-4.49	-3.64	-15.29	-15.29	-	-	-15.29	31/03/2020
Schroders Equity Pro Strategy	274,417,480	14.01		-1.30	-4.35	8.13	8.13	-	-	8.13	31/03/2020
<i>Schroders Blended Benchmark</i>				3.19	-0.71	23.42	23.42	-	-	23.42	31/03/2020
<i>Excess Return</i>				-4.49	-3.64	-15.29	-15.29	-	-	-15.29	31/03/2020
Residual	97,667	0.00		-	-	-	-	-	-	-	31/03/2018
Legacy Mandates	97,667	0.00		-	-	-	-	-	-	-	31/03/2018
Cash	28,119,616	1.44		0.00	-0.00	0.00	0.00	0.00	0.32	3.67	31/03/1997
<i>Cash Benchmark</i>				-0.01	-0.02	-0.07	-0.07	0.33	0.33	5.26	31/03/1997
<i>Excess Return</i>				0.01	0.02	0.07	0.07	-0.33	-0.02	-1.59	31/03/1997
Internal Cash Management	28,119,616	1.44		0.00	-0.00	0.00	0.00	0.00	0.32	3.67	31/03/1997
<i>7 Days LIBID GBP</i>				-0.01	-0.02	-0.07	-0.07	0.33	0.33	5.26	31/03/1997
<i>Excess Return</i>				0.01	0.02	0.07	0.07	-0.33	-0.02	-1.59	31/03/1997

Policy Level Attribution Overview



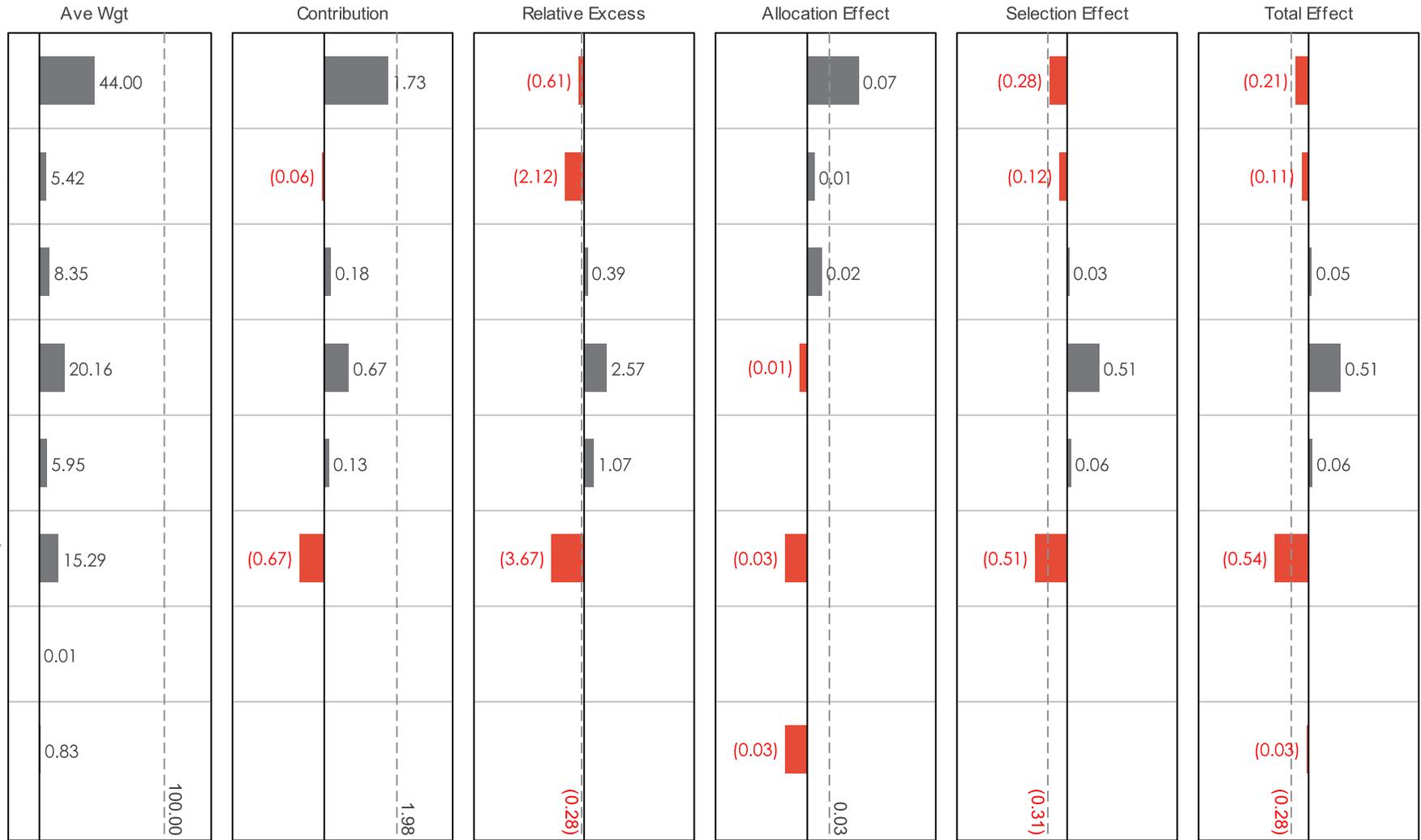
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Time Period	Rate of Return			Relative Asset Allocation	Relative Stock Selection	Residual
	Group	Index	Relative			
Three Months	1.98	2.26	-0.28	0.03	-0.31	0.00
Fiscal YTD	28.24	21.70	5.37	0.95	4.39	-0.01

The above Attribution Model is based on the Geometric methodology.

Policy Level Attribution Detail - Three Months

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The above Attribution model is based on Geometric methodology. The chart depicts the Top & Bottom accounts/groups based on Total Management Effect. The vertical dotted line represents the total consolidated result for a given metric.

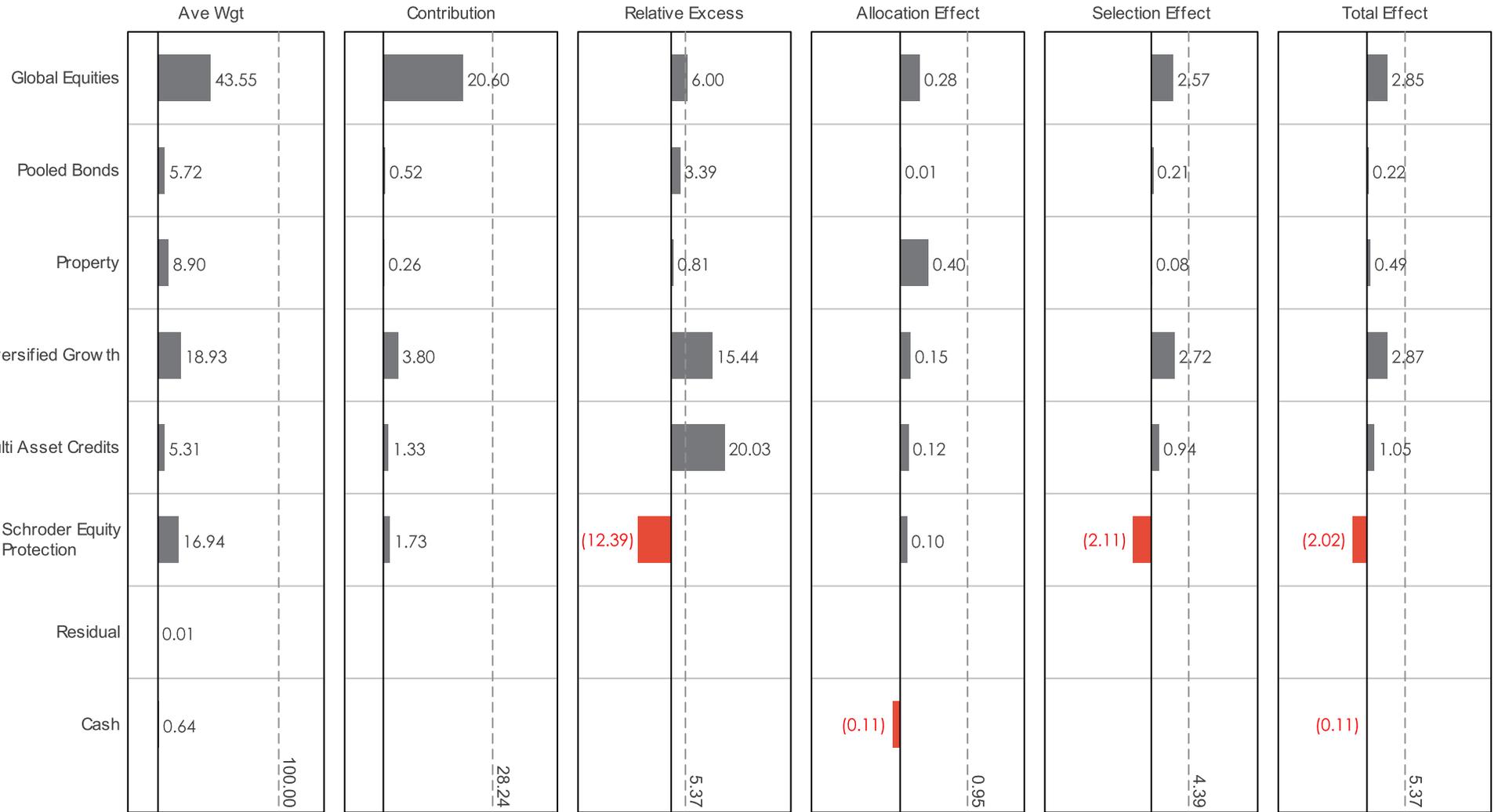
Policy Level Attribution - Three Months

	Weights		Rate of Returns				Attribution Effects		
	Average Weights	Average Excess Weight	Return	Contribution	Excess Return	Relative Excess Return	Relative Asset Allocation	Relative Stock Selection	Total Effect
LB of Tower Hamlets	100.00	0.00	1.98	1.98	-0.28	-0.28	0.03	-0.31	-0.28
<i>Total Plan Benchmark</i>	<i>100.00</i>		<i>2.26</i>	<i>2.26</i>					
Global Equities	44.00	3.00	3.94	1.73	-0.64	-0.61	0.07	-0.28	-0.21
<i>Global Equities BM</i>	<i>41.00</i>		<i>4.58</i>	<i>1.88</i>					
Pooled Bonds	5.42	-0.58	-1.15	-0.06	-2.14	-2.12	0.01	-0.12	-0.11
<i>Pooled Bonds BM</i>	<i>6.00</i>		<i>0.99</i>	<i>0.06</i>					
Property	8.35	-3.65	2.20	0.18	0.40	0.39	0.02	0.03	0.05
<i>Property BM</i>	<i>12.00</i>		<i>1.80</i>	<i>0.22</i>					
Diversified Growth	20.16	0.16	3.34	0.67	2.59	2.57	-0.01	0.51	0.51
<i>Diversified Growth BM</i>	<i>20.00</i>		<i>0.75</i>	<i>0.15</i>					
Multi Asset Credits	5.95	-0.05	2.07	0.13	1.08	1.07	-0.00	0.06	0.06
<i>Private Debt Benchmark</i>	<i>6.00</i>		<i>0.99</i>	<i>0.06</i>					
Schroder Equity Protection	15.29	0.29	-4.35	-0.67	-3.64	-3.67	-0.03	-0.51	-0.54
<i>Schroders Blended Benchmark</i>	<i>15.00</i>		<i>-0.71</i>	<i>-0.10</i>					
Residual	0.01	-	-2.06	-0.00	-	-	-0.00	0.00	-0.00
Cash	0.83	-	-0.00	0.00	-	-	-0.03	0.00	-0.03
Residual									0.00

The above Attribution Model is based on the Geometric methodology.

Policy Level Attribution Detail - Fiscal YTD

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The above Attribution model is based on Geometric methodology. The chart depicts the Top & Bottom accounts/groups based on Total Management Effect. The vertical dotted line represents the total consolidated result for a given metric.

Policy Level Attribution - Fiscal YTD

	Weights		Rate of Returns				Attribution Effects		
	Average Weights	Average Excess Weight	Return	Contribution	Excess Return	Relative Excess Return	Relative Asset Allocation	Relative Stock Selection	Total Effect
LB of Tower Hamlets	100.00	0.00	28.24	28.24	6.54	5.37	0.95	4.39	5.37
<i>Total Plan Benchmark</i>	<i>100.00</i>		<i>21.70</i>	<i>21.70</i>					
Global Equities	43.55	2.55	51.95	20.60	8.60	6.00	0.28	2.57	2.85
<i>Global Equities BM</i>	<i>41.00</i>		<i>43.35</i>	<i>16.61</i>					
Pooled Bonds	5.72	-0.28	7.90	0.52	3.54	3.39	0.01	0.21	0.22
<i>Pooled Bonds BM</i>	<i>6.00</i>		<i>4.36</i>	<i>0.28</i>					
Property	8.90	-3.10	2.89	0.26	0.82	0.81	0.40	0.08	0.49
<i>Property BM</i>	<i>12.00</i>		<i>2.06</i>	<i>0.28</i>					
Diversified Growth	18.93	-1.07	19.32	3.80	15.96	15.44	0.15	2.72	2.87
<i>Diversified Growth BM</i>	<i>20.00</i>		<i>3.36</i>	<i>0.72</i>					
Multi Asset Credits	5.31	-0.69	25.26	1.33	20.90	20.03	0.12	0.94	1.05
<i>Private Debt Benchmark</i>	<i>6.00</i>		<i>4.36</i>	<i>0.28</i>					
Schroder Equity Protection	16.94	1.94	8.13	1.73	-15.29	-12.39	0.10	-2.11	-2.02
<i>Schroders Blended Benchmark</i>	<i>15.00</i>		<i>23.42</i>	<i>3.52</i>					
Residual	0.01	-	11.80	0.00	-	-	-0.00	0.00	-0.00
Cash	0.64	-	0.00	0.00	-	-	-0.11	0.00	-0.11
Residual									-0.01

The above Attribution Model is based on the Geometric methodology.

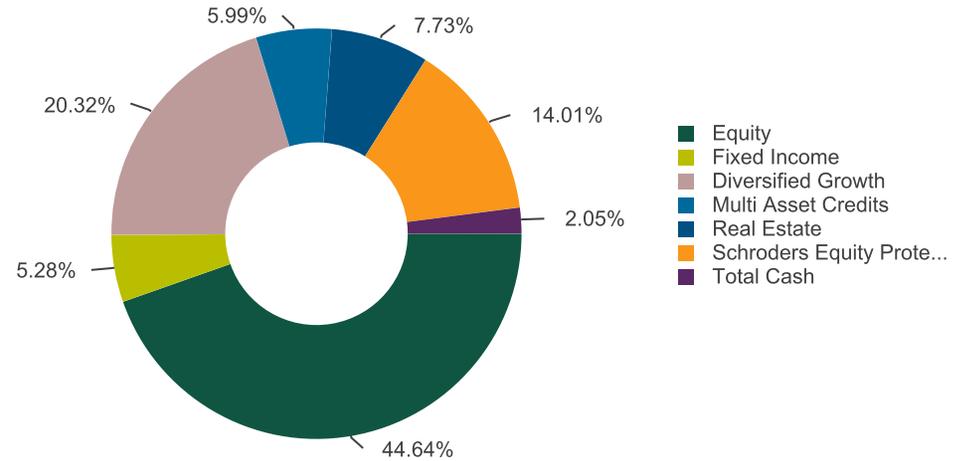
Market Value Summary - Three Months

Account/Group	Rate of Return	Change in Weight	31/12/2020 Market Value	Net Contribution*	Income	Fees	Appreciation	31/03/2021 Market Value	31/12/2020 Weight	31/03/2021 Weight
LB of Tower Hamlets	1.98	0.00	1,925,266,890	-4,272,989	6,609,015	-66,843	31,236,975	1,958,839,891	100.00	100.00
Total Plan ex Equ Protection	1.98	0.00	1,925,266,890	-4,272,989	6,609,015	-66,843	31,236,975	1,958,839,891	100.00	100.00
Global Equity Phys & Synthetic	3.94	0.95	841,156,231	0	146,025	0	33,033,769	874,336,024	43.69	44.64
Global Equities	3.94	0.95	841,156,231	0	146,025	0	33,033,769	874,336,024	43.69	44.64
L&G MSCI World Low Carbon	6.00	0.74	341,931,162	0	0	0	20,531,122	362,462,284	17.76	18.50
LCIV BG Global Alpha	2.18	0.09	394,560,634	0	146,025	0	8,470,585	403,177,244	20.49	20.58
LGIM MSCI Wld Low Carb Tar Idx	3.85	0.11	104,664,435	0	0	0	4,032,061	108,696,496	5.44	5.55
Pooled Bonds	-1.15	-0.15	104,627,306	0	0	-63,707	-1,199,891	103,427,415	5.43	5.28
GSAM Star II	-2.77	-0.13	56,355,189	0	0	-63,707	-1,563,029	54,792,159	2.93	2.80
Insight BNY Mellon Abslut Ret	0.75	-0.02	48,272,118	0	0	0	363,138	48,635,256	2.51	2.48
Multi Asset Credits	2.07	0.02	114,856,777	0	3,956,261	0	-1,582,431	117,230,607	5.97	5.98
LCIV GQS) MAC	2.07	0.02	114,856,777	0	3,956,261	0	-1,582,431	117,230,607	5.97	5.98
Diversified Growth	3.34	0.31	385,101,371	0	1,342,588	0	11,514,796	397,958,755	20.00	20.32
LCIV BG Diversified Growth Fd	-0.68	-0.24	193,480,517	0	960,296	0	-2,272,263	192,168,551	10.05	9.81
LCIV Ruffer Absolute Return Fd	7.39	0.55	191,620,854	0	382,292	0	13,787,059	205,790,204	9.95	10.51
Property	2.20	0.04	159,744,735	0	1,164,220	-3,136	2,343,372	163,252,327	8.30	8.33
Schroders Real Estate	2.20	0.04	159,744,735	0	1,164,220	-3,136	2,343,372	163,252,327	8.30	8.33
Schroder Equity Protection	-4.35	-1.95	307,288,141	-19,999,998	0	0	-12,870,663	274,417,480	15.96	14.01
Schroders Equity Pro Strategy	-4.35	-1.95	307,288,141	-19,999,998	0	0	-12,870,663	274,417,480	15.96	14.01
Residual	-	-0.00	99,723	-2	-79	0	-1,976	97,667	0.01	0.00
Legacy Mandates	-	-0.00	99,723	-2	-79	0	-1,976	97,667	0.01	0.00
Cash	-0.00	0.79	12,392,605	15,727,011	0	0	0	28,119,616	0.64	1.44
Internal Cash Management	-0.00	0.79	12,392,605	15,727,011	0	0	0	28,119,616	0.64	1.44

*Net Contributions include Cash Contributions/Distributions, Security Deliveries/Receipts, Fees/Fee Rebates, Inter Account transfers for Consolidations & Benefits Payments.
Copied History or Backloaded Data may not display the correct Contributions/Withdrawals creating misrepresentation.

Asset Allocation Overview

LB OF TOWER HAMLETS ASSET CLASS WEIGHTS



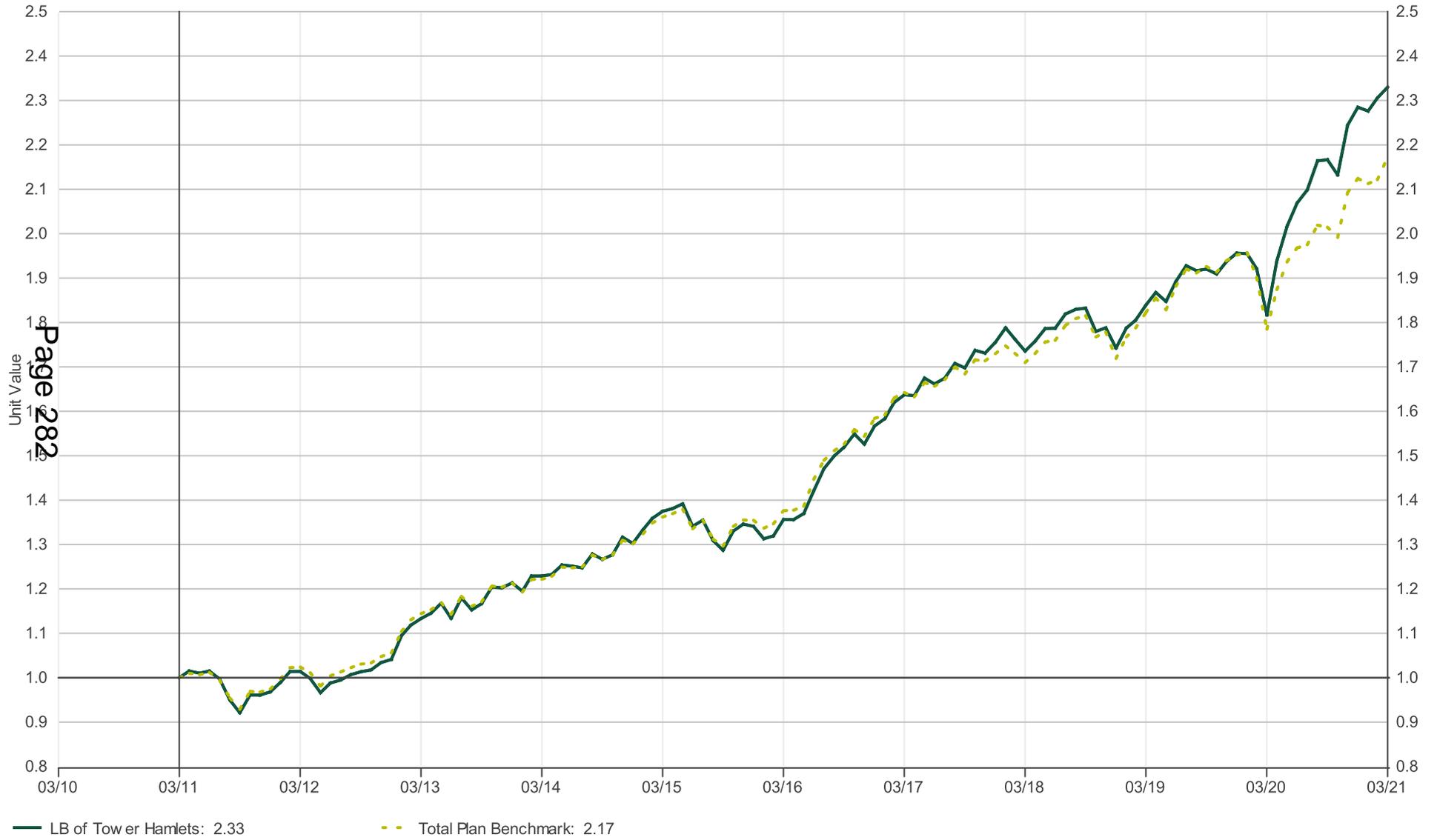
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Program Consolidation	Ending Market Value GOF GBP	Actual Weight	Target Weight	Equity	Fixed Income	Diversified Growth	Multi Asset Credits	Real Estate	Schroders Equity Protection	Total Cash
Global Equities	874,336	44.64	41.00	874,336						
Pooled Bonds	103,427	5.28	6.00		103,427					0
Property	163,252	8.33	12.00					151,373		11,880
Diversified Growth	397,959	20.32	20.00			397,959				
Multi Asset Credits	117,231	5.98	6.00				117,231			
Schroder Equity Protection	274,417	14.01	15.00						274,417	
Residual	98	0.00		0						98
Cash	28,120	1.44								28,120
LB of Tower Hamlets	1,958,840	100.00	100.00	874,336	103,427	397,959	117,231	151,373	274,417	40,097
LB of Tower Hamlets Percent				44.64	5.28	20.32	5.98	7.73	14.01	2.05

*Market Values are represented in thousands.

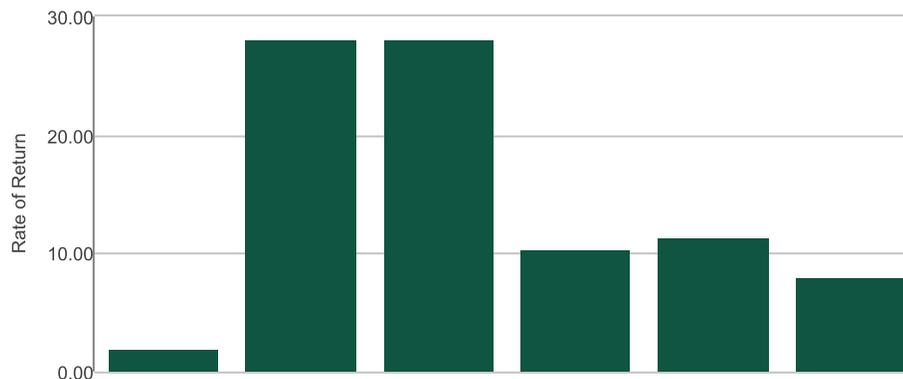
*Underlying assets of the fund have been included in the market value and allocation.

Growth Over Time - Ten Years



Executive Summary

TOTAL PLAN EX EQU PROTECTION TOTAL FUND NET OF FEES



	Three Months	Fiscal YTD	One Year	Three Years	Five Years	ITD
Fund	1.98	28.24	28.24	10.31	11.43	8.03

RISK STATISTICS

	1 Yr	3 Yrs	5 Yrs
Return	28.24	10.31	11.43
Index Return	-	-	-
Excess Return	-	-	-
Standard Deviation	7.87	8.66	7.48
Index Standard Deviation	-	-	-
Tracking Error	-	-	-
Information Ratio	-	-	-
Sharpe Ratio	3.54	1.10	1.44
Index Sharpe Ratio	-	-	-
Jensen's Alpha	-	-	-
Relative Volatility (Beta)	-	-	-
R Squared	-	-	-
Beginning MV (in 000s)	1,523,834	0	0
Net Contributions (in 000s)	3,928	1,457,164	1,457,164
Income (in 000s)	16,312	46,716	46,716
Appreciation (in 000s)	414,767	454,959	454,959
Ending MV (in 000s)	1,958,840	1,958,840	1,958,840

Index: null. Risk Free Index: JP Morgan 3 month Cash (GBP)
 Category: Total Fund Net of Fees. Calculation Frequency: Monthly

TOTAL PLAN EX EQU PROTECTION ROLLING QUARTERS TOTAL FUND NET OF FEES



	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21
Fund	2.97	2.53	-7.88	7.74	3.50	1.69	3.30	-8.12	13.85	4.74	5.45	1.98

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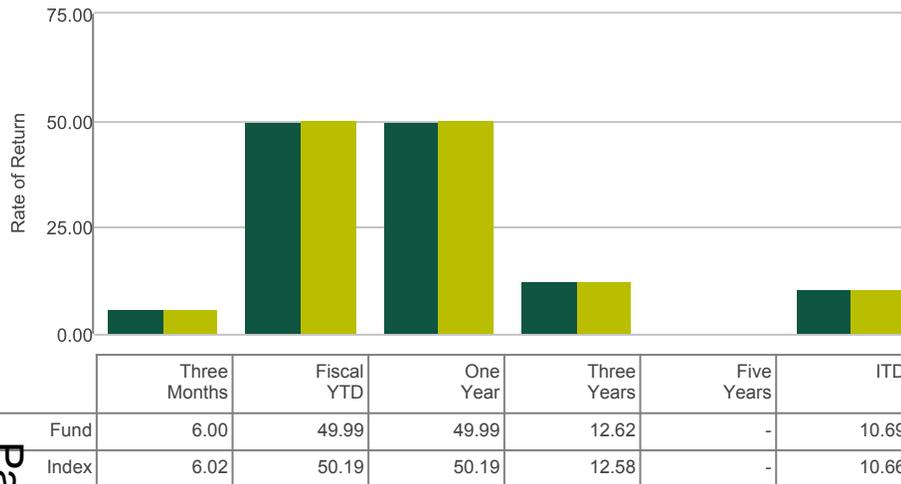
Growth Over Time - Ten Years



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Executive Summary

L&G MSCI WORLD LOW CARBON TOTAL FUND NET OF FEES



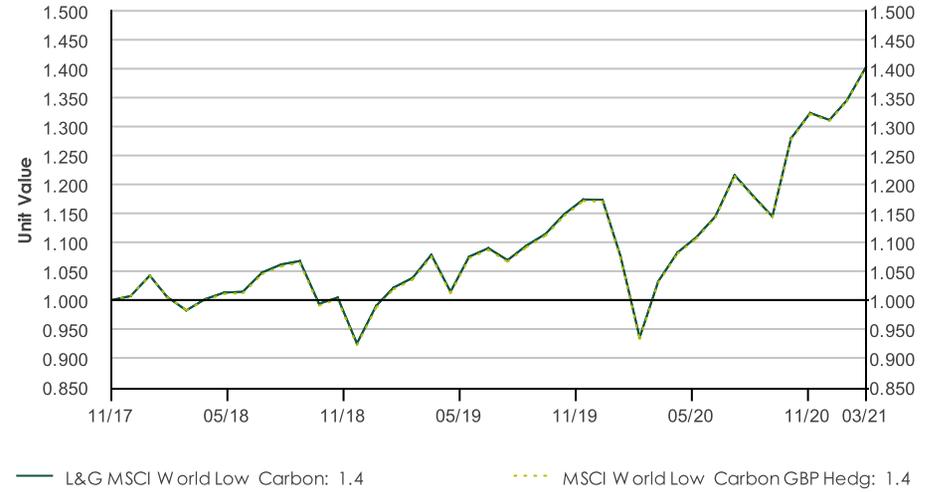
Index: MSCI World Low Carbon GBP Hedg

L&G MSCI WORLD LOW CARBON ROLLING QUARTERS TOTAL FUND NET OF FEES

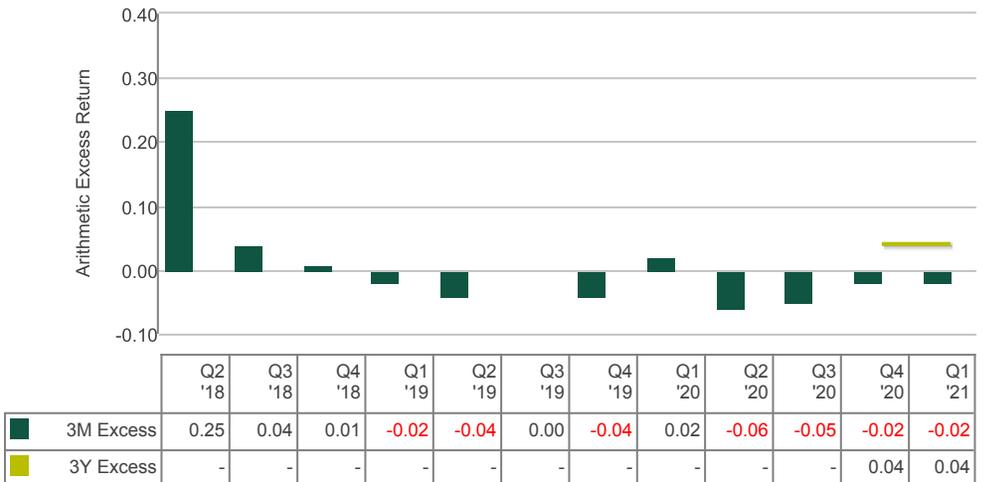


Index: MSCI World Low Carbon GBP Hedg

GROWTH OVER TIME - INCEPTION TO DATE - TOTAL FUND NET OF FEES



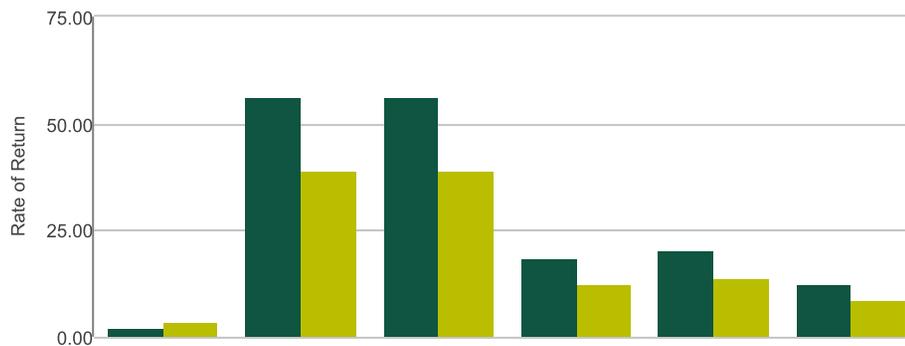
L&G MSCI WORLD LOW CARBON ROLLING QUARTERS TOTAL FUND NET OF FEES



Index: MSCI World Low Carbon GBP Hedg

Executive Summary

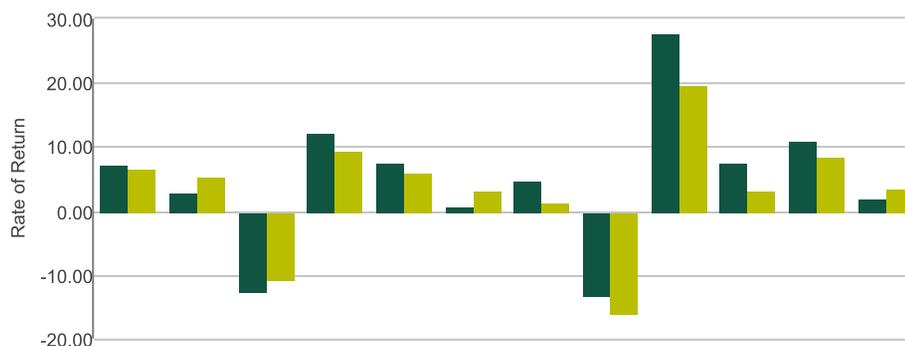
LCIV BG GLOBAL ALPHA TOTAL FUND NET OF FEES



	Three Months	Fiscal YTD	One Year	Three Years	Five Years	ITD
Fund	2.18	56.28	56.28	18.83	20.51	12.46
Index	3.61	38.94	38.94	12.69	14.16	8.95

Index: MSCI AC World ND

LCIV BG GLOBAL ALPHA ROLLING QUARTERS TOTAL FUND NET OF FEES



	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21
Fund	7.30	3.04	-12.47	12.39	7.70	0.66	4.88	-13.17	27.94	7.57	11.12	2.18
Index	6.82	5.57	-10.67	9.64	6.08	3.25	1.35	-15.99	19.64	3.35	8.46	3.61

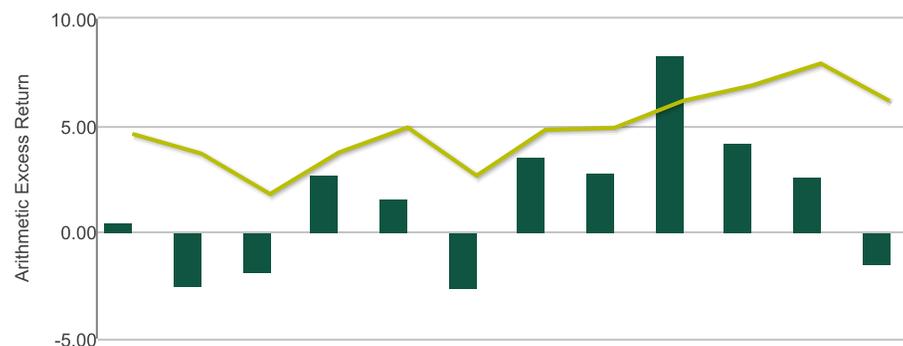
Index: MSCI AC World ND

RISK STATISTICS

	1 Yr	3 Yrs	5 Yrs
Return	56.28	18.83	20.51
Index Return	38.94	12.69	14.16
Excess Return	17.34	6.14	6.35
Standard Deviation	14.19	15.98	13.42
Index Standard Deviation	12.49	14.04	12.27
Tracking Error	7.00	5.54	5.50
Information Ratio	2.48	1.11	1.16
Sharpe Ratio	3.94	1.13	1.48
Index Sharpe Ratio	3.09	0.85	1.10
Jensen's Alpha	13.59	4.91	5.81
Relative Volatility (Beta)	0.99	1.07	1.00
R Squared	0.75	0.88	0.83
Beginning MV (in 000s)	294,846	0	0
Net Contributions (in 000s)	-57,300	206,604	206,604
Income (in 000s)	2,119	8,339	8,339
Appreciation (in 000s)	163,512	188,234	188,234
Ending MV (in 000s)	403,177	403,177	403,177

Index: MSCI AC World ND. Risk Free Index: JP Morgan 3 month Cash (GBP)
 Category: Total Fund Net of Fees. Calculation Frequency: Monthly

LCIV BG GLOBAL ALPHA ROLLING QUARTERS TOTAL FUND NET OF FEES

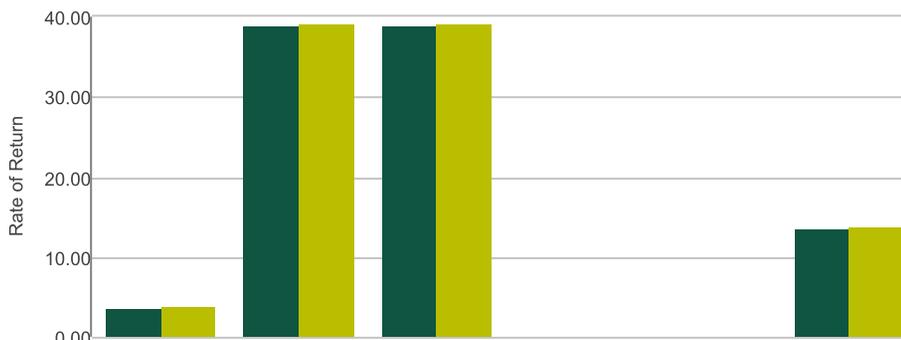


	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21
3M Excess	0.48	-2.53	-1.80	2.75	1.61	-2.59	3.53	2.82	8.31	4.23	2.66	-1.42
3Y Excess	4.60	3.68	1.78	3.73	4.90	2.64	4.79	4.88	6.15	6.87	7.90	6.14

Index: MSCI AC World ND

Executive Summary

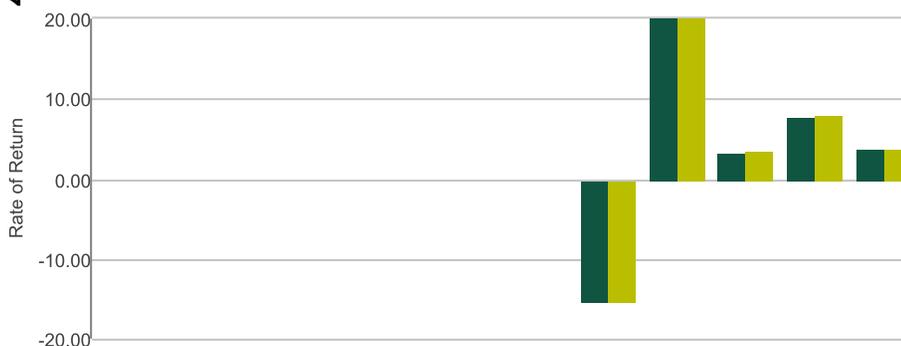
LGIM MSCI WLD LOW CARB TAR IDX TOTAL FUND NET OF FEES



	Three Months	Fiscal YTD	One Year	Three Years	Five Years	ITD
Fund	3.85	39.03	39.03	-	-	13.68
Index	3.87	39.21	39.21	-	-	13.79

Index: MSCI World Low Carbon Target

LGIM MSCI WLD LOW CARB TAR IDX ROLLING QUARTERS TOTAL FUND NET OF FEES



	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21
Fund	-	-	-	-	-	-	-15.32	19.89	3.44	7.95	3.85	
Index	-	-	-	-	-	-	-15.32	19.94	3.48	7.98	3.87	

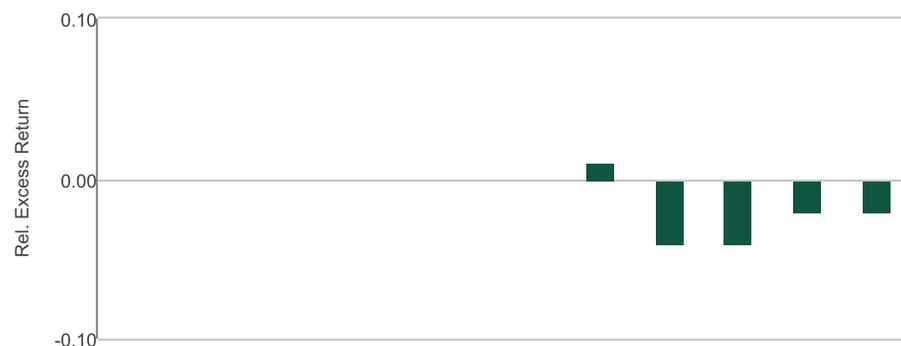
Index: MSCI World Low Carbon Target

RISK STATISTICS

	1 Mo	3 Yrs	5 Yrs
Return	4.81	-	-
Index Return	4.82	-	-
Excess Return	-0.01	-	-
Standard Deviation	-	-	-
Index Standard Deviation	-	-	-
Tracking Error	-	-	-
Information Ratio	-	-	-
Sharpe Ratio	-	-	-
Index Sharpe Ratio	-	-	-
Jensen's Alpha	-	-	-
Relative Volatility (Beta)	-	-	-
R Squared	-	-	-
Beginning MV (in 000s)	103,705	-	-
Net Contributions (in 000s)	0	-	-
Income (in 000s)	0	0	0
Appreciation (in 000s)	4,991	16,512	16,512
Ending MV (in 000s)	108,696	108,696	108,696

Index: MSCI World Low Carbon Target. Risk Free Index: JP Morgan 3 month Cash (GBP)
 Category: Total Fund Net of Fees. Calculation Frequency: Monthly

LGIM MSCI WLD LOW CARB TAR IDX ROLLING QUARTERS TOTAL FUND NET OF FEES

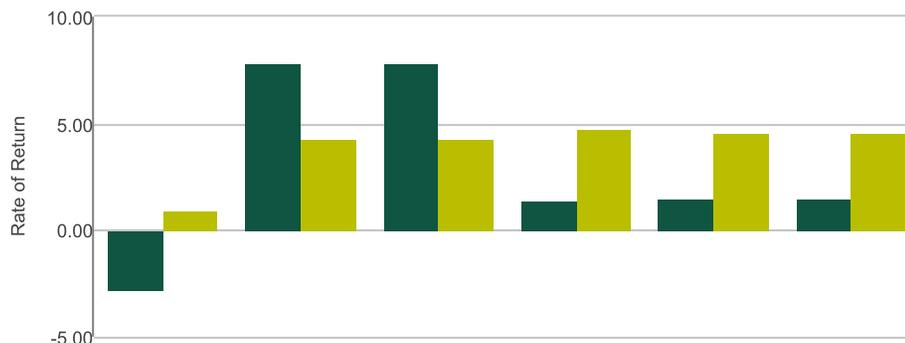


	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21
3M R.Excess	-	-	-	-	-	-	-	0.01	-0.04	-0.04	-0.02	-0.02
3Y R.Excess	-	-	-	-	-	-	-	-	-	-	-	-

Index: MSCI World Low Carbon Target

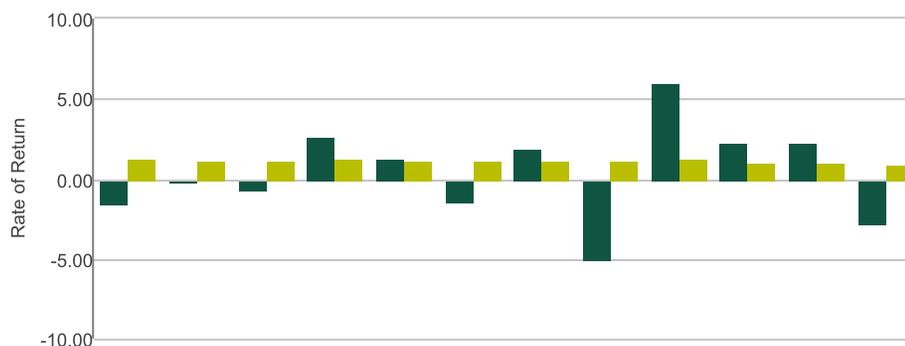
Executive Summary

GSAM STAR II TOTAL FUND NET OF FEES



Index: LIBOR 3 Month +4%

GSAM STAR II ROLLING QUARTERS TOTAL FUND NET OF FEES



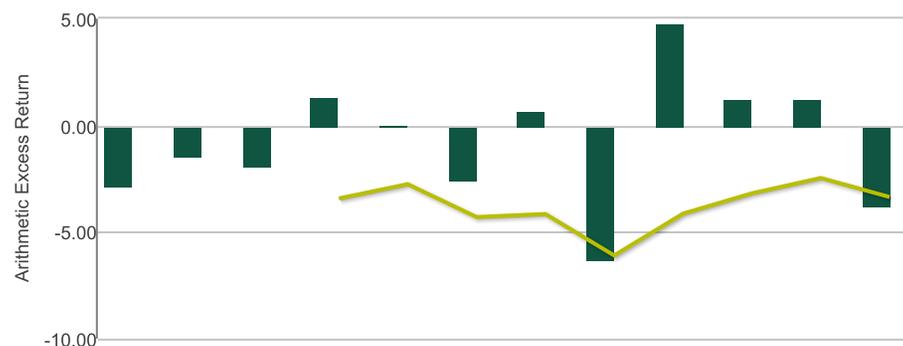
Index: LIBOR 3 Month +4%

RISK STATISTICS

	1 Yr	3 Yrs	5 Yrs
Return	7.85	1.43	1.55
Index Return	4.36	4.79	4.64
Excess Return	3.49	-3.36	-3.09
Standard Deviation	5.33	5.01	4.29
Index Standard Deviation	0.15	0.13	0.12
Tracking Error	5.24	5.00	4.27
Information Ratio	0.67	-0.67	-0.72
Sharpe Ratio	1.40	0.13	0.20
Index Sharpe Ratio	25.98	30.78	34.00
Jensen's Alpha	-99.17	-93.16	-47.87
Relative Volatility (Beta)	102.72	61.64	16.63
R Squared	0.03	0.04	0.01
Beginning MV (in 000s)	50,806	0	0
Net Contributions (in 000s)	0	52,604	52,604
Income (in 000s)	0	370	370
Appreciation (in 000s)	3,987	1,818	1,818
Ending MV (in 000s)	54,792	54,792	54,792

Index: LIBOR 3 Month +4%. Risk Free Index: JP Morgan 3 month Cash (GBP)
 Category: Total Fund Net of Fees. Calculation Frequency: Monthly

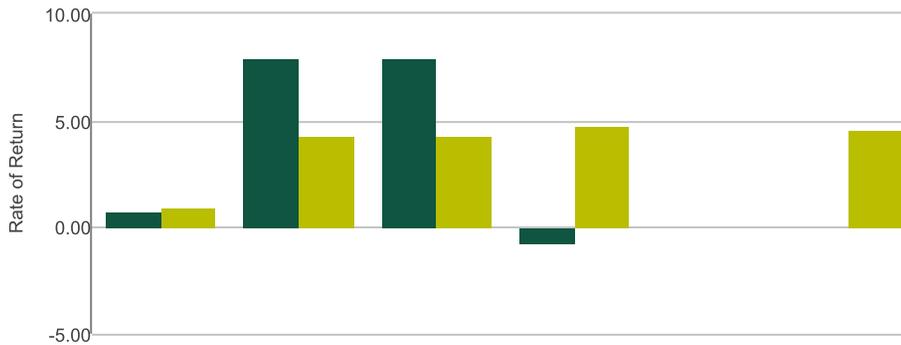
GSAM STAR II ROLLING QUARTERS TOTAL FUND NET OF FEES



Index: LIBOR 3 Month +4%

Executive Summary

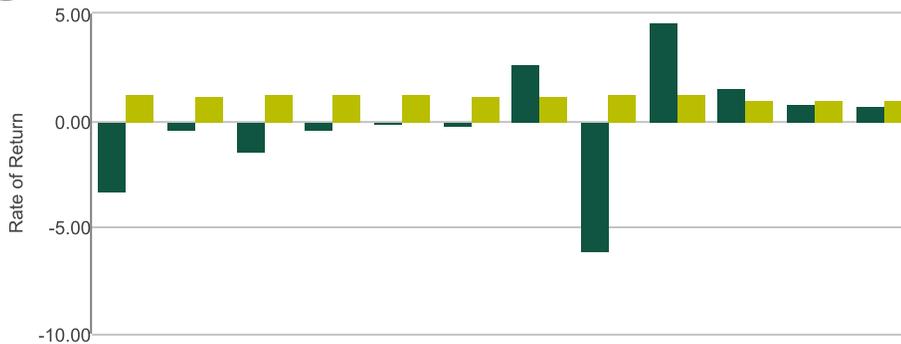
INSIGHT BNY MELLON ABSLUT RET TOTAL FUND NET OF FEES



	Three Months	Fiscal YTD	One Year	Three Years	Five Years	ITD
Fund	0.75	7.96	7.96	-0.67	-	0.07
Index	0.99	4.36	4.36	4.79	-	4.64

Index: LIBOR 3 Month +4%

INSIGHT BNY MELLON ABSLUT RET ROLLING QUARTERS TOTAL FUND NET OF FEES



	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21
Fund	-3.28	-0.43	-1.46	-0.39	-0.15	-0.21	2.63	-6.07	4.63	1.58	0.81	0.75
Index	1.25	1.20	1.23	1.29	1.23	1.19	1.19	1.24	1.28	1.02	1.00	0.99

Index: LIBOR 3 Month +4%

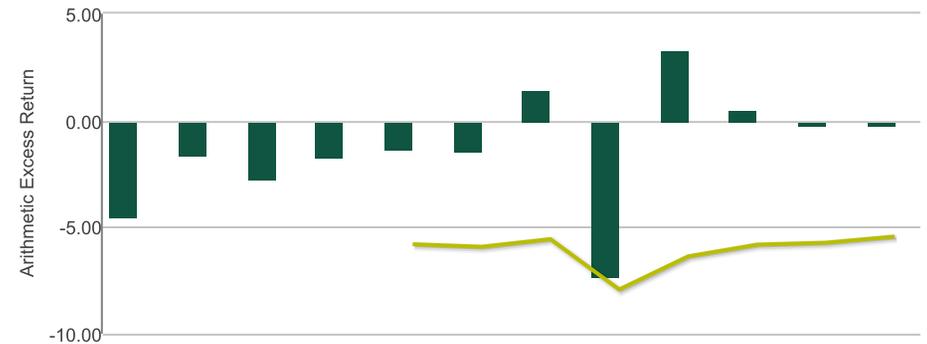
RISK STATISTICS

	1 Yr	3 Yrs	5 Yrs
Return	7.96	-0.67	-
Index Return	4.36	4.79	-
Excess Return	3.60	-5.45	-
Standard Deviation	2.80	4.85	-
Index Standard Deviation	0.15	0.13	-
Tracking Error	2.74	4.88	-
Information Ratio	1.31	-1.12	-
Sharpe Ratio	2.71	-0.30	-
Index Sharpe Ratio	25.98	30.78	-
Jensen's Alpha	-99.99	-90.21	-
Relative Volatility (Beta)	166.11	53.66	-
R Squared	0.32	0.03	-
Beginning MV (in 000s)	45,051	0	-
Net Contributions (in 000s)	0	50,079	-
Income (in 000s)	0	0	0
Appreciation (in 000s)	3,584	-1,444	-1,444
Ending MV (in 000s)	48,635	48,635	48,635

Index: LIBOR 3 Month +4%. Risk Free Index: JP Morgan 3 month Cash (GBP)

Category: Total Fund Net of Fees. Calculation Frequency: Monthly

INSIGHT BNY MELLON ABSLUT RET ROLLING QUARTERS TOTAL FUND NET OF FEES

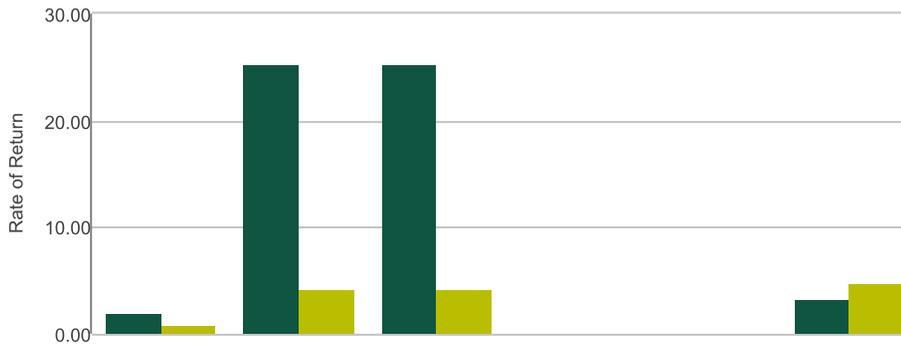


	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21
3M Excess	-4.53	-1.63	-2.70	-1.68	-1.38	-1.40	1.44	-7.31	3.35	0.56	-0.19	-0.24
3Y Excess	-	-	-	-	-5.81	-5.93	-5.57	-7.93	-6.38	-5.83	-5.74	-5.45

Index: LIBOR 3 Month +4%

Executive Summary

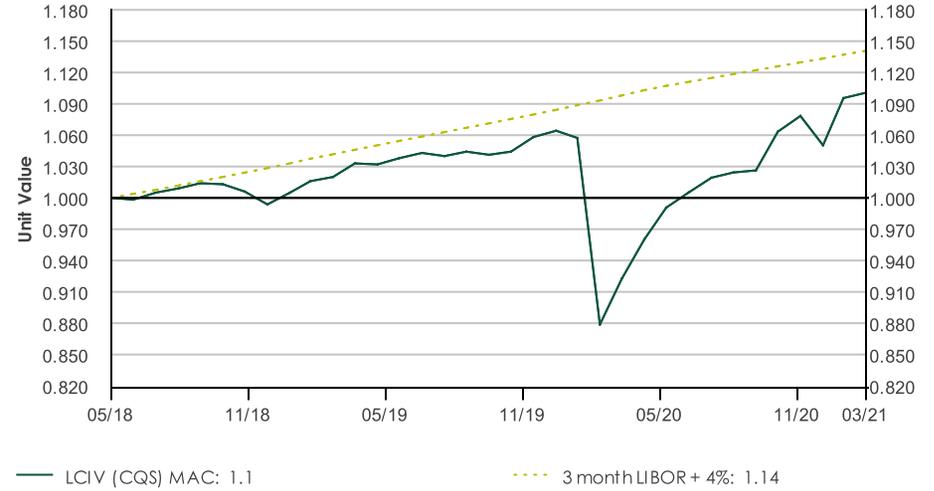
LCIV (CQS) MAC TOTAL FUND NET OF FEES



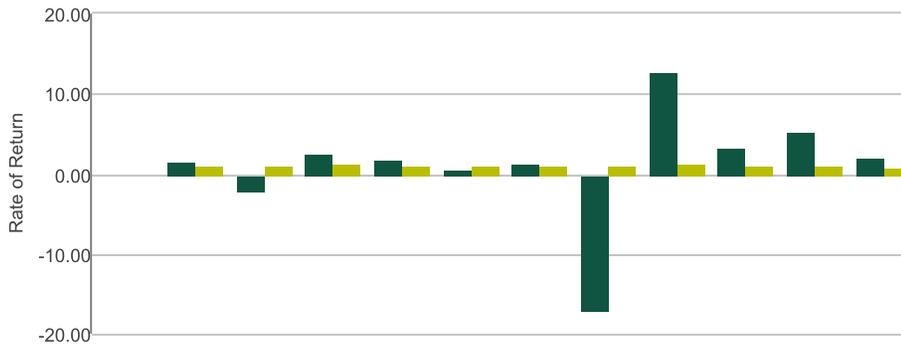
	Three Months	Fiscal YTD	One Year	Three Years	Five Years	ITD
Fund	2.07	25.26	25.26	-	-	3.44
Index	0.99	4.36	4.36	-	-	4.76

Index: 3 month LIBOR + 4%

GROWTH OVER TIME - INCEPTION TO DATE - TOTAL FUND NET OF FEES



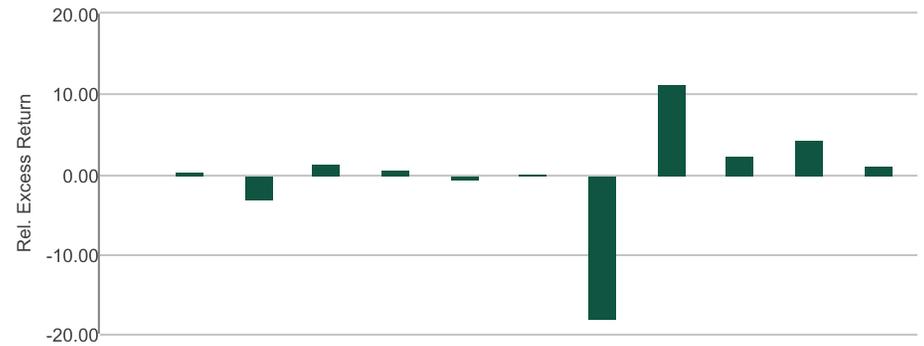
LCIV (CQS) MAC ROLLING QUARTERS TOTAL FUND NET OF FEES



	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21
Fund	-	1.57	-2.00	2.65	1.76	0.60	1.34	-16.96	12.73	3.40	5.28	2.07
Index	-	1.20	1.24	1.29	1.23	1.19	1.19	1.24	1.28	1.02	1.00	0.99

Index: 3 month LIBOR + 4%

LCIV (CQS) MAC ROLLING QUARTERS TOTAL FUND NET OF FEES

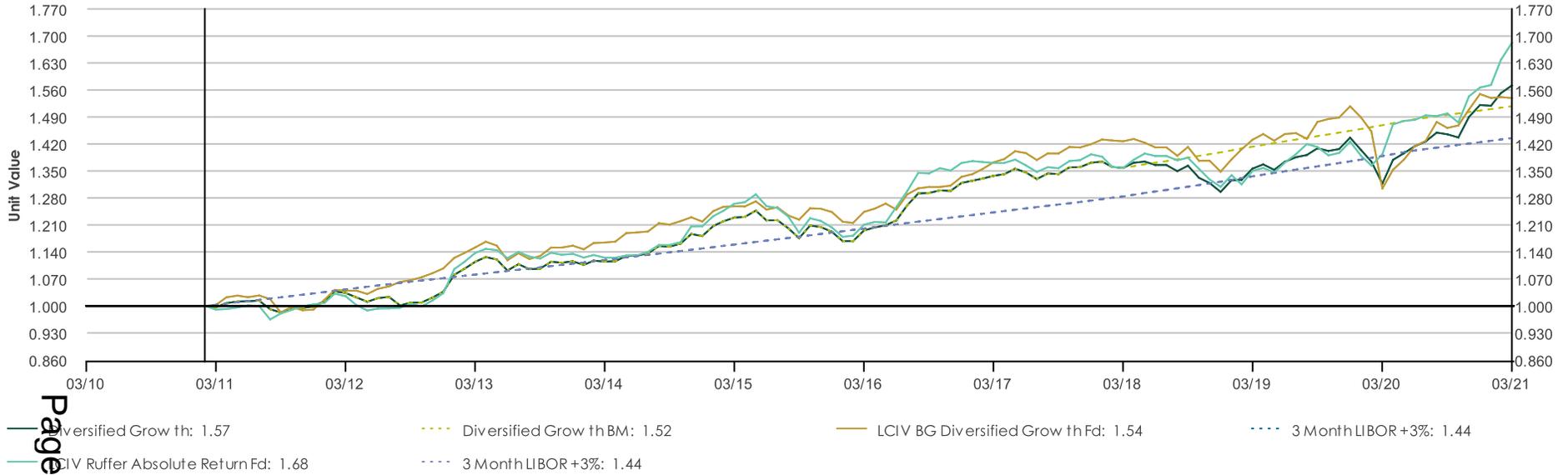


	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21
3M R.Excess	-	0.37	-3.20	1.34	0.53	-0.58	0.15	-17.98	11.30	2.36	4.24	1.07
3Y R.Excess	-	-	-	-	-	-	-	-	-	-	-	-

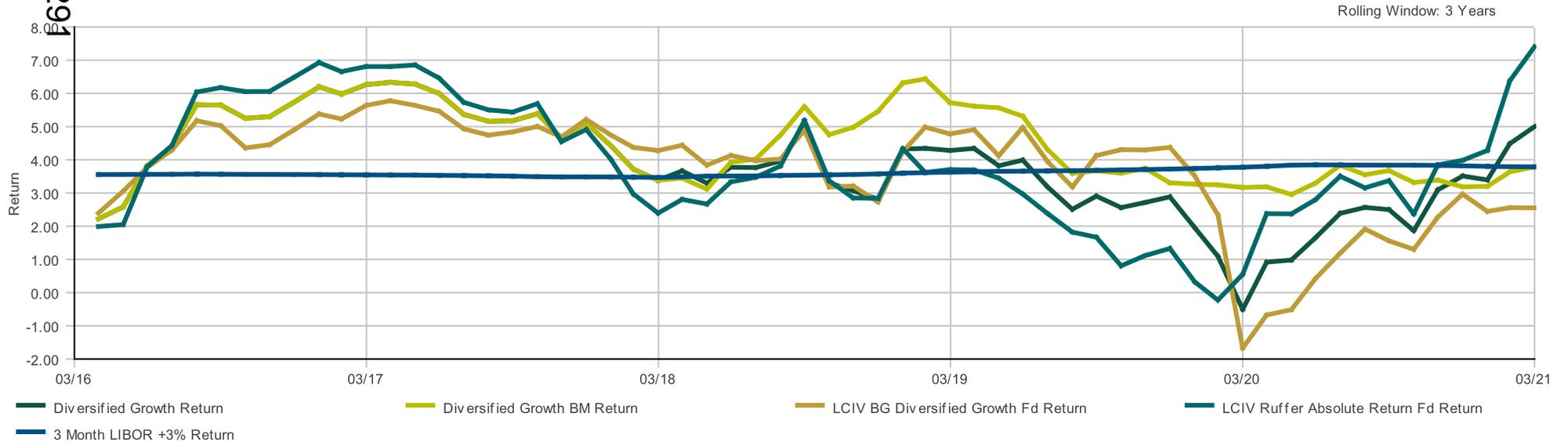
Index: 3 month LIBOR + 4%

Portfolio Windows

GROWTH OVER TIME - YOUNGEST INCEPTION TO DATE - TOTAL FUND NET OF FEES

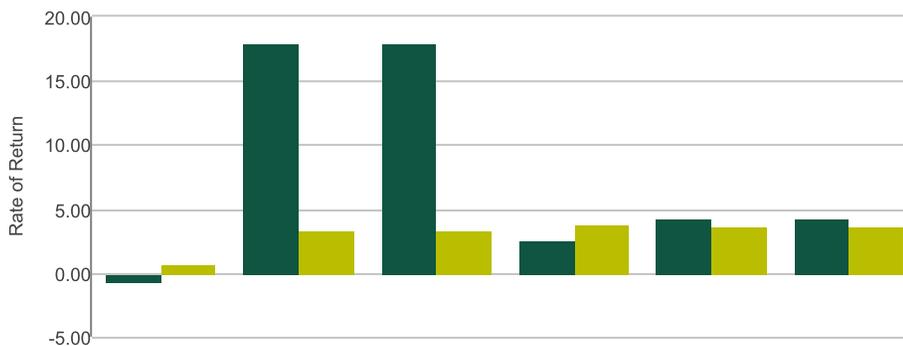


ROLLING THREE YEAR TIME SERIES



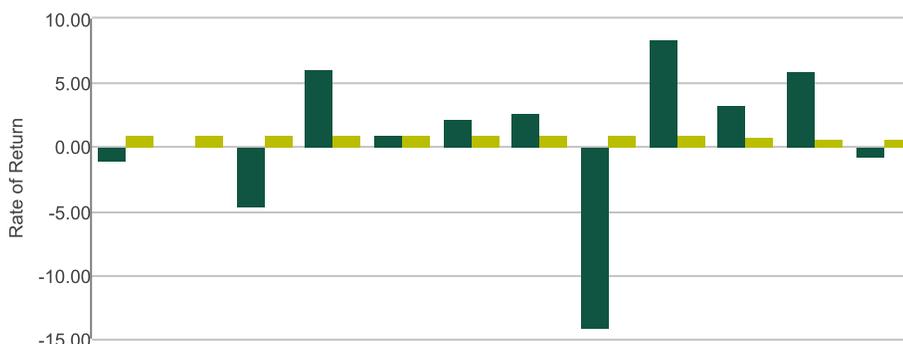
Executive Summary

LCIV BG DIVERSIFIED GROWTH FD TOTAL FUND NET OF FEES



Index: 3 Month LIBOR +3%

LCIV BG DIVERSIFIED GROWTH FD ROLLING QUARTERS TOTAL FUND NET OF FEES



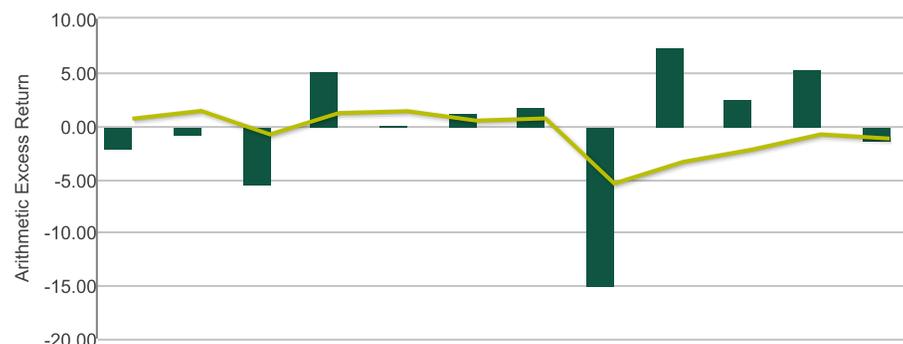
Index: 3 Month LIBOR +3%

RISK STATISTICS

	1 Yr	3 Yrs	5 Yrs
Return	17.96	2.55	4.35
Index Return	3.36	3.79	3.64
Excess Return	14.60	-1.24	0.71
Standard Deviation	5.47	8.41	6.85
Index Standard Deviation	0.15	0.13	0.12
Tracking Error	5.40	8.43	6.87
Information Ratio	2.70	-0.15	0.10
Sharpe Ratio	3.22	0.21	0.54
Index Sharpe Ratio	19.45	23.07	25.35
Jensen's Alpha	-95.30	-92.90	31.21
Relative Volatility (Beta)	96.95	81.19	-8.14
R Squared	0.03	0.02	0.00
Beginning MV (in 000s)	143,505	0	0
Net Contributions (in 000s)	23,100	181,232	181,232
Income (in 000s)	3,542	10,421	10,421
Appreciation (in 000s)	22,022	515	515
Ending MV (in 000s)	192,169	192,169	192,169

Index: 3 Month LIBOR +3%. Risk Free Index: JP Morgan 3 month Cash (GBP)
 Category: Total Fund Net of Fees. Calculation Frequency: Monthly

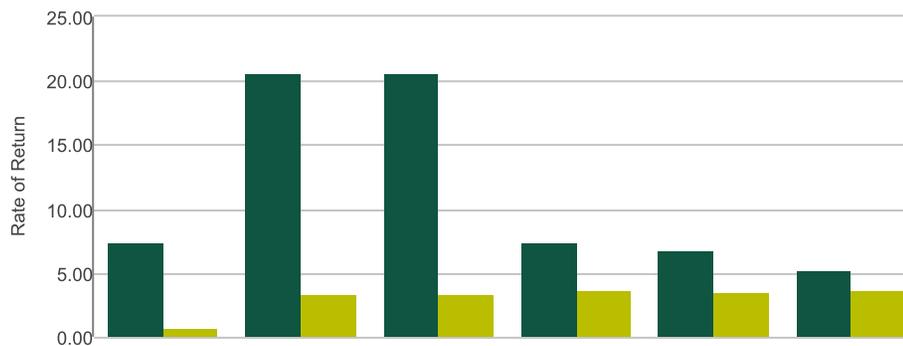
LCIV BG DIVERSIFIED GROWTH FD ROLLING QUARTERS TOTAL FUND NET OF FEES



Index: 3 Month LIBOR +3%

Executive Summary

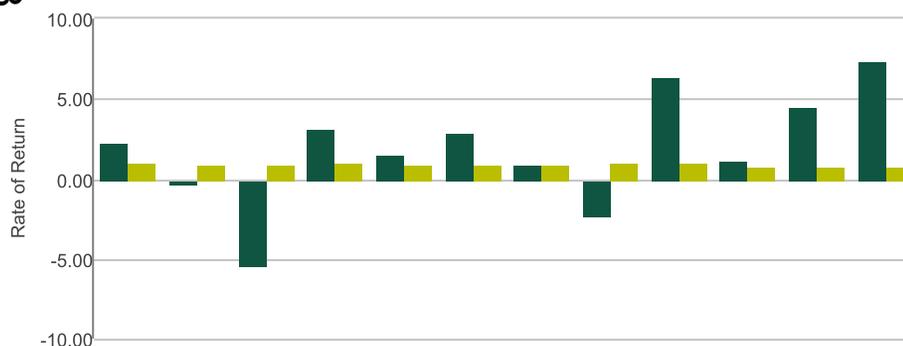
LCIV RUFFER ABSOLUTE RETURN FD TOTAL FUND NET OF FEES



	Three Months	Fiscal YTD	One Year	Three Years	Five Years	ITD
Fund	7.39	20.71	20.71	7.41	6.80	5.29
Index	0.75	3.36	3.36	3.79	3.64	3.65

Index: 3 Month LIBOR +3%

LCIV RUFFER ABSOLUTE RETURN FD ROLLING QUARTERS TOTAL FUND NET OF FEES



	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21
Fund	2.30	-0.33	-5.44	3.15	1.59	2.94	0.99	-2.28	6.38	1.12	4.49	7.39
Index	1.01	0.96	0.99	1.04	0.99	0.95	0.95	1.00	1.04	0.78	0.76	0.75

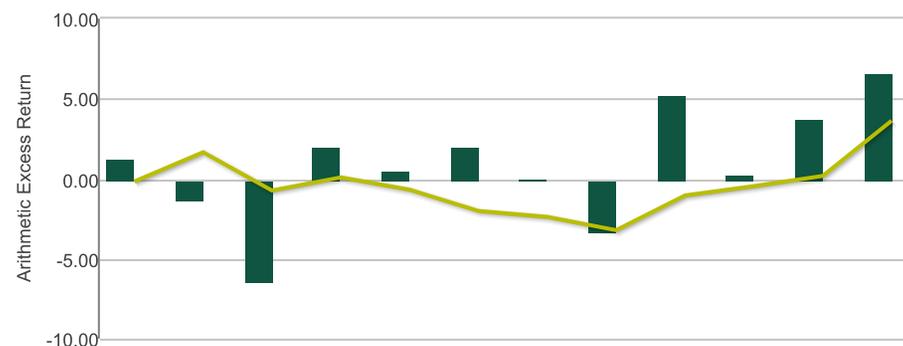
Index: 3 Month LIBOR +3%

RISK STATISTICS

	1 Yr	3 Yrs	5 Yrs
Return	20.71	7.41	6.80
Index Return	3.36	3.79	3.64
Excess Return	17.35	3.62	3.17
Standard Deviation	7.17	6.64	5.94
Index Standard Deviation	0.15	0.13	0.12
Tracking Error	7.15	6.66	5.95
Information Ratio	2.43	0.54	0.53
Sharpe Ratio	2.84	1.00	1.03
Index Sharpe Ratio	19.45	23.07	25.35
Jensen's Alpha	-100.00	-81.36	15.47
Relative Volatility (Beta)	463.76	55.39	-2.88
R Squared	0.35	0.01	0.00
Beginning MV (in 000s)	155,916	0	0
Net Contributions (in 000s)	16,400	169,138	169,138
Income (in 000s)	1,228	5,431	5,431
Appreciation (in 000s)	32,246	31,221	31,221
Ending MV (in 000s)	205,790	205,790	205,790

Index: 3 Month LIBOR +3%. Risk Free Index: JP Morgan 3 month Cash (GBP)
 Category: Total Fund Net of Fees. Calculation Frequency: Monthly

LCIV RUFFER ABSOLUTE RETURN FD ROLLING QUARTERS TOTAL FUND NET OF FEES

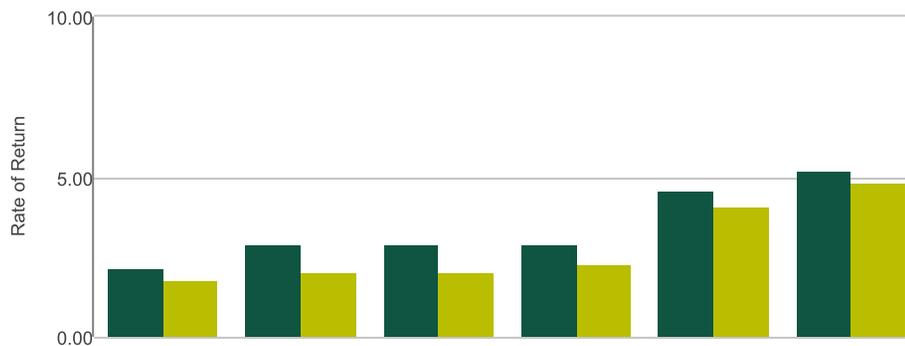


	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21
3M Excess	1.30	-1.28	-6.44	2.10	0.61	1.99	0.04	-3.28	5.34	0.34	3.73	6.65
3Y Excess	-0.18	1.65	-0.74	0.08	-0.69	-2.02	-2.39	-3.22	-1.05	-0.47	0.17	3.62

Index: 3 Month LIBOR +3%

Executive Summary

SCHRODERS REAL ESTATE TOTAL FUND NET OF FEES

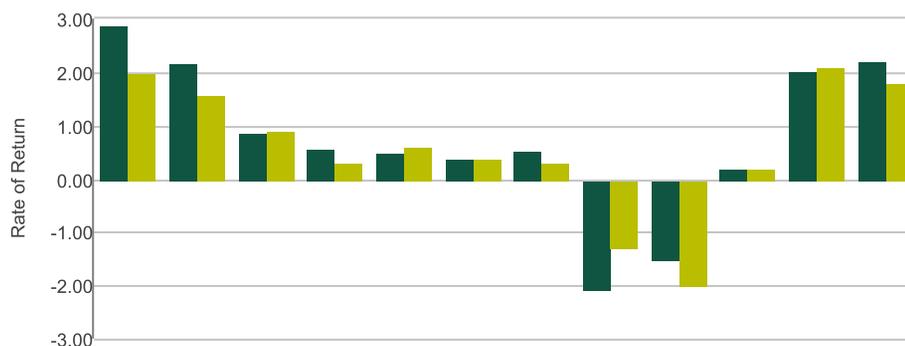


	Three Months	Fiscal YTD	One Year	Three Years	Five Years	ITD
Fund	2.20	2.89	2.89	2.93	4.61	5.20
Index	1.80	2.06	2.06	2.29	4.09	4.83

Index: MSCI UK All Property Index

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SCHRODERS REAL ESTATE ROLLING QUARTERS TOTAL FUND NET OF FEES



	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21
Fund	2.89	2.19	0.89	0.57	0.51	0.40	0.53	-2.05	-1.50	0.19	2.02	2.20
Index	2.00	1.60	0.90	0.30	0.60	0.40	0.30	-1.30	-2.00	0.20	2.10	1.80

Index: MSCI UK All Property Index

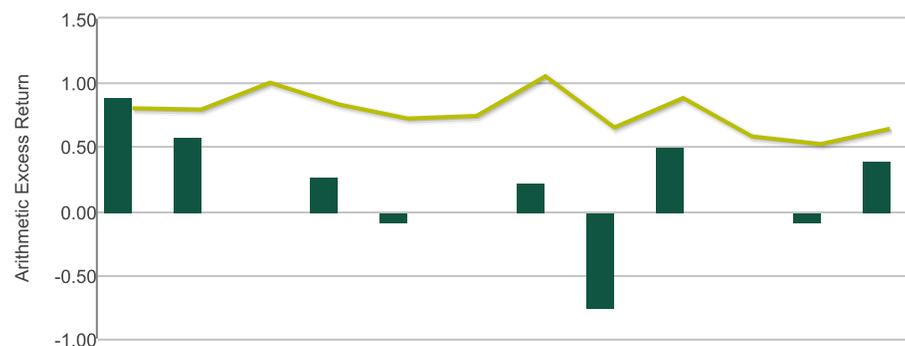
RISK STATISTICS

	1 Yr	3 Yrs	5 Yrs
Return	2.89	2.93	4.61
Index Return	2.06	2.29	4.09
Excess Return	0.82	0.64	0.52
Standard Deviation	2.18	2.44	2.31
Index Standard Deviation	2.13	1.83	1.77
Tracking Error	2.13	1.65	1.52
Information Ratio	0.39	0.39	0.34
Sharpe Ratio	1.16	0.88	1.70
Index Sharpe Ratio	0.80	0.83	1.92
Jensen's Alpha	1.59	0.69	0.60
Relative Volatility (Beta)	0.55	0.97	0.98
R Squared	0.31	0.55	0.58
Beginning MV (in 000s)	158,673	0	0
Net Contributions (in 000s)	-0	149,536	149,536
Income (in 000s)	5,455	17,888	17,888
Appreciation (in 000s)	-875	-4,172	-4,172
Ending MV (in 000s)	163,252	163,252	163,252

Index: MSCI UK All Property Index. Risk Free Index: JP Morgan 3 month Cash (GBP)

Category: Total Fund Net of Fees. Calculation Frequency: Monthly

SCHRODERS REAL ESTATE ROLLING QUARTERS TOTAL FUND NET OF FEES



	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q3 '19	Q4 '19	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21
3M Excess	0.89	0.59	-0.01	0.27	-0.09	0.00	0.23	-0.75	0.50	-0.01	-0.08	0.40
3Y Excess	0.80	0.79	1.00	0.83	0.72	0.74	1.05	0.65	0.88	0.58	0.52	0.64

Index: MSCI UK All Property Index

From 31/03/2020

Group/Account

		End Weight	
	Total Plan Benchmark	100.00	
Schroders Equity Protection Strategy	Schroders Blended Benchmark	15.00	LBTH14
Schroders Real Estate	HSBC/IPD Pooled All Balanced Funds Average	12.00	LBTH10
LCIV BG Global Equities	MSCI AC World NDR	20.00	LBTH01
L&G MSCI World Low Carbon	MSCI World Low Carbon Target Index - GBP Hedged	16.00	LBTH05
LCIV(CQS) MAC	3 month LIBOR + 4%	6.00	LBTH12
L&G Low Carbon Currency	MSCI World Low Carbon Target Index	5.00	LBTH16
LCIV BG Diversified Growth Fund	3 Month LIBOR +3%	10.00	LBTH02
LCIV Ruffer Absolute Return Fund	3 Month LIBOR +3%	10.00	LBTH03
GSAM	LIBOR 3 Month +4%	3.00	LBTH08
Insight BNY Mellon Absolute Return Bond Fund	LIBOR 3 Month +4%	3.00	LBTH09
Internal Cash Management	7 day LIBID		LBTH13
L&G ALL WORLD EQUITY INDEX	FTSE All World Index		LBTH06
L&G FTSE All World Index GBP hedged	FTSE All World Hgd		LBTH04

To 31/03/2020

Group/Account

		End Weight	
	Total Plan Benchmark	100.00	
Schroders Equity Protection Strategy (IL)	FTSE A Gov Index-Linked > 5 yrs	6.00	LBTH15003
Schroders Real Estate	HSBC/IPD Pooled All Balanced Funds Average	12.00	LBTH10
LCIV BG Global Equities	MSCI AC World NDR	20.00	LBTH01
L&G MSCI World Low Carbon	MSCI World Low Carbon Target Index - GBP Hedged	16.00	LBTH05
LCIV(CQS) MAC	3 month LIBOR + 4%	6.00	LBTH12
Synthetic Equities & Cash	MSCI World Net	9.00	LBTH15001
L&G Low Carbon Currency	MSCI World Low Carbon Target Index	5.00	LBTH16
LCIV BG Diversified Growth Fund	3 Month LIBOR +3%	10.00	LBTH02
LCIV Ruffer Absolute Return Fund	3 Month LIBOR +3%	10.00	LBTH03
GSAM	LIBOR 3 Month +4%	3.00	LBTH08
Insight BNY Mellon Absolute Return Bond Fund	LIBOR 3 Month +4%	3.00	LBTH09
Internal Cash Management	7 day LIBID		LBTH13
L&G FTSE WORLD EQUITY INDEX	FTSE All World Index		LBTH06
L&G FTSE All World Index GBP hedged	FTSE All World Hgd		LBTH04

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PENSIONS COMMITTEE

WORK PLAN 2021/22

Contact Officer:	Miriam Adams Interim Head of Pensions and Treasury
Email:	miriam.adams@towerhamlets.gov.uk
Telephone:	020 7364 4248
Website:	www.towerhamlets.gov.uk/committee
Last updated:	25 th June 2021

Date of Meeting	Items	Title of Report / Presentation
24 June 2021		
	1	Member Training – Governance
	2	Quarterly Administrative Update and Key Performance Indicators and LGPS Update Report
	3	2020/21 draft pension fund accounts, audit plan and annual report
	4	Report on Corporate Governance, Stewardship, Engagement & Share Voting
	5	Quarterly Investment Performance Reporting and update on emerging /current issues <ul style="list-style-type: none"> • Report of Independent Adviser market and manager update • Whole Fund and manager quarterly performance • LCIV updates
	6	Review of Fund Manager and Custodian Internal Controls
	7	Responsible Investment Policy Review
	8	Review of Additional Voluntary Contribution (AVC)
	9	Portfolio Update and Strategic Asset Allocation Changes
	10	Knowledge Assessment and training plan
23 September 2021		
	1	Member Training

Date of Meeting	Items	Title of Report / Presentation
	2	Pension Fund Accounts and Annual Report and Audit Plan
	3	Report on Corporate Governance, Stewardship, Engagement & Share Voting
	4	Quarterly Administrative Performance and LGPS Update Report
	5	Quarterly Investment Performance Reporting and update on emerging /current issues <ul style="list-style-type: none"> • Report of Independent Adviser market and manager update • Whole Fund and manager quarterly performance • Equity Protection Update • LCIV Updates
	6	Annual Carbon Footprint Audit
	7	Review of Governance Compliance
	8	Portfolio Update and Strategic Asset Allocation Changes
	9	Knowledge Assessment and training plan
25 November 2021		
	1	Member Training
	2	Pension Fund Accounts and Annual Report
	3	Report on Corporate Governance, Stewardship, Engagement & Share Voting
	4	Quarterly Administrative Performance and LGPS Update Report
	5	Quarterly Investment Performance Reporting and update on emerging /current issues

Date of Meeting	Items	Title of Report / Presentation
		<ul style="list-style-type: none"> • Report of Independent Adviser market and manager update • Whole Fund and manager quarterly performance • LCIV Updates
	6	LCIV Update and Development
	7	Annual Carbon Footprint Audit
	8	Review of Governance Compliance
	9	Quarterly Performance Reporting of Fund Managers and update on emerging /current issues
	10	Knowledge Assessment and training plan
24 March 2022		
	1	Member Training – triennial valuation
	2	Quarterly Investment Performance Reporting and update on emerging /current issues <ul style="list-style-type: none"> • Report of Independent Adviser market and manager update Whole Fund and manager quarterly performance
	3	Quarterly Administrative Update and Key Performance Indicators Report
	4	Review of Pension Fund Policy Statements
	5	Asset Liability Modelling
		Investment Strategy Statement
	6	Report on Corporate Governance, Stewardship, Engagement & Share Voting

Date of Meeting	Items	Title of Report / Presentation
	7	Pension Fund Audit Plan 2021/22
	8	Fund liquidity and Cash Flow 2022/23
	9	GMP Progress Report
	10	McCloud Progress
	11	Knowledge Assessment and training plan

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