

Pensions Committee

Agenda

Monday, 13 March 2023 at 6.30 p.m.
**Council Chamber - Town Hall, 160 Whitechapel
Road, London E1 1BJ**

Members:

Chair: Councillor Bellal Uddin

Vice Chair: Councillor Iqbal Hossain

Councillor Abdul Malik, Councillor Abdul Mannan, Councillor Rachel Blake, Councillor Ayas Miah and Councillor Abdal Ullah

Co-opted Members:

Kehinde Akintunde (Trade Union Representative)

Substitutes: Councillor Ahmodur Khan, Councillor Amin Rahman, Councillor Abu Chowdhury, Councillor Asma Islam, Councillor Sirajul Islam and Councillor Amy Lee

[The quorum for the Pensions Committee is 3 voting Members]

Contact for further enquiries:

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<http://www.towerhamlets.gov.uk/committee>



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A Guide to Pensions Committee

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.

Public Engagement

Meetings of the committee are open to the public to attend, and a timetable for meeting dates and deadlines can be found on the council's website.

London Borough of Tower Hamlets

Pensions Committee

Monday, 13 March 2023

6.30 p.m.

APOLOGIES FOR ABSENCE

1. DECLARATIONS OF INTERESTS (PAGES 7 - 8)

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. UNRESTRICTED MINUTES OF THE PREVIOUS MEETING(S) (PAGES 9 - 14)

To confirm as a correct record the unrestricted minutes of the meeting of the Committee held on 12th January 2023.

3. PETITIONS

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

4. SUBMISSIONS / REFERRALS FROM PENSION BOARD – To follow

5. REPORTS FOR CONSIDERATION

5.1 Draft 2022 Triennial Valuation Results - To follow

5.2 Risk Register Quarterly Update December 2022 - To follow



- 5.3 ESG, VOTING, ENGAGEMENT AND STEWARDSHIP UPDATE (Pages 15 - 98)**
- 5.4 PENSION ADMINISTRATION AND LGPS QUARTERLY UPDATE (Pages 99 - 110)**
- 5.5 BUSINESS PLAN- To follow**
- 6. TRAINING EVENTS**
- 7. PENSIONS COMMITTEE WORK PLAN - To follow**
- 8. ANY OTHER BUSINESS CONSIDERED TO BE URGENT**
- 9. 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/Confidential (pink) papers for consideration at the meeting 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 hand them to the Democratic Services Officer present or dispose of them in the confidential bins.

9.1 RESTRICTED MINUTES OF THE PREVIOUS MEETING(S) (Pages 111 - 120)

To confirm as a correct record the restricted minutes of the meeting of the Committee held on 12th January 2023.

- 9.2 ASSET ALLOCATION TRAINING - To follow**
- 9.3 Quarterly Performance Review - To follow**
- 9.4 Update on Investment Changes: LCIV UK Housing Fund Due Diligence To follow**
- 9.5 Investment Strategy Statement To follow**
- 9.6 RESTRICTED MINUTES OF THE PREVIOUS MEETING(S) - MEMBERS ONLY**

TO BE PROVIDED IN A SEPARATE SUPPLEMENT VIA EMAIL.



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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.

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE PENSIONS COMMITTEE

HELD AT 6.30 P.M. ON THURSDAY, 12 JANUARY 2023

**COMMITTEE ROOM ONE - TOWN HALL, MULBERRY PLACE, 5 CLOVE
CRESCENT, LONDON, E14 2BG**

Members Present in Person:

Councillor Bellal Uddin
Councillor Iqbal Hossain
Councillor Abdul Malik
Councillor Rachel Blake
Councillor Abdal Ullah
Councillor Ahmodur Khan Substituting for Councillor Abdul Mannan
Kehinde Akintunde GMB Union Representative

Members In Attendance Virtually:

Councillor Ayas Miah

Apologies:

Councillor Abdul Mannan

Others Present in Person:

Colin Robertson Independent Investment Advisor (Pensions
Committee)
Steve Turner Mercer - Senior Investment Consultant
Sandeep Chandarana Mercer
Barry Dodds Actuary
David Stephen Thompson (Representing Pensions Board)

Officers Present in Person:

Miriam Adams Interim Head of Pensions and Treasury
Carole S Bowes (Employment Lawyer, Legal Services, Directorate
Law, Probity and Governance)
Nisar Visram (Director of Finance, Procurement & Audit)
Farhana Zia Democratic Services Officer

APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Abdul Mannan. Councillor Ahmodur Khan was substituting for Councillor Abdul Mannan.

Apologies for absence were also received from Mr John Jones, Independent Chair of the Pensions Board. Mr David Thompson, vice-chair of the Pensions Board was substituting for Mr Jones.

1. DECLARATIONS OF INTERESTS

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

2. MINUTES OF THE PREVIOUS MEETING(S)

The unrestricted minutes from the meeting of 31st October 2022 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 Pensions Committee is responsible had been received by the Officer.

4. SUBMISSIONS / REFERRALS FROM PENSION BOARD

Mr David Thompson, Vice-Chair of the Pensions Board presented his report on behalf of the Pensions Board.

Mr Thompson referred members to the written submission at page 13 of the agenda and said the Board had met on the 28th November 2022.

He informed members they had received a training session from Wellington Asset Management on Climate Change and ESG which was informative and encouraged discussion on the Fund's climate change policy. Mr Thompson said the Board also discussed the LAPFF voting recommendations and why managers voted opposite to the recommended options.

He said the Board noted the staffing position in relation to the Pensions Team and were very pleased with the progress which had been made.

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

- Members of the Committee had no questions for Mr Thompson relating to this report.

The Chair thanked Mr Thompson for attending the meeting.

5. REPORTS FOR CONSIDERATION**6. TRAINING EVENTS**

Ms Miriam Adams reiterated to Members to complete the training modules that are available from Hymans Robertson. She said she received a monthly update on the number of members who had logged on and completed the

bitesize training modules and said it was vital for members to keep up to date with the regulatory changes and other changes in the pension field.

Ms Adams said this training was provided in addition to the training sessions held by the Committee such as the asset allocation training scheduled for February 2023.

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

- Councillor Iqbal Hossain said he had completed the modules however the website had not updated to show them as completed.
- **Action:** Ms Adams requested Councillor Hossain to contact her so she could help resolve this issue.

7. ANY OTHER BUSINESS CONSIDERED TO BE URGENT

There was no other business to be discussed.

8. EXCLUSION OF 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.”

Councillor Rachel Blake enquired why reports appended to the agenda were restricted and said she did not feel this was appropriate for all the reports before the Committee. Councillor Blake requested the Chair to ensure information that could be in the public domain was in the public domain at future meetings of the Committee.

9. RESTRICTED MINUTES OF THE PREVIOUS MEETING(S)

The restricted minutes from the meeting of 31st October 2022 were agreed to be an accurate record of the meeting and were approved by the Committee.

9.1 Carbon Foot Print Audit 31 March 2022

Ms Miriam Adams, Interim Head of Pensions and Treasury introduced the report and stated the Fund's Weighted Average Carbon Intensity (WACI) score had increased since it was last measured in June 2021. However, Ms

Adams said the Carbon Footprint had reduced by 46% since June 2021 with Absolute Emissions reducing by 33%.

The Pensions Committee **RESOLVED** to:

1. Note the contents of this report and appendix
2. Note the progress in terms of climate change reporting made by the Fund since 2017
3. Agree to a continued dialog with London CIV and other investment managers on their climate related data improvement plan
4. Agree that the data forms the basis of 2021/22 TCFD reporting and updating of the Net Zero pathway.
5. Agree to continue to refine the metrics in future to take into account scope 3 emissions as well as incorporating renewable energy infrastructure investments.

9.2 Actuarial Valuation at 31 March 2022 Initial Results

Ms Miriam Adams, Interim Head of Pensions and Treasury introduced the report and stated that report and appendix provided the Committee with a summary of the whole fund results of the 2022 triennial valuation. Ms Adams said that an LGPS Pension Fund was required under the regulations to undergo a full actuarial valuation every three years, with the results determining the contribution rates for each employer within the Fund for the following three years.

The Pensions Committee **RESOLVED** to:

1. Consider and agree the results (appendix 1)
2. Note that since the last valuation, the main factor driving the funding position improvement was stronger than expected investment returns. These have more than offset the increase in short to medium-term inflation expectations.
3. Note the employer contribution results for the Council (appendix 2)

9.3 Quarterly Investment Performance Review

Ms Miriam Adams, Interim Head of Pensions and Treasury introduced the report and stated the report informed members of the performance of the Pension Fund Investments and its investment managers for the quarter ending September 2022.

The Pensions Committee **RESOLVED** to:

1. Note the content of this report.
2. Note the Independent Adviser quarterly commentary (Appendix 1).
3. Note the performance reports and manager rating (Appendix 2)

9.4 Asset Allocation - Affordable Housing

Ms Miriam Adams, Interim Head of Pensions and Treasury explained that the Committee had over a period considered several strategic asset allocation changes. One of these was investment in the Affordable Housing asset class via the London CIV. Ms Adams said a 5% allocation to the Affordable Housing asset class was being proposed and she said this would be reviewed at the March and June 2023 meetings of the Committee.

The Pensions Committee **RESOLVED** to:

1. Note the report and appendix
2. Agree a 5% strategic asset allocation to Affordable Housing and for this to be funded from a reduction in the London CIV Diversified Growth Fund, managed by Baillie Gifford.
3. Agree to invest in the Affordable Housing asset class via newly set up London CIV UK Housing Fund.
4. Agree that officers confirm the Committee's decision to London CIV.
5. Agree to request that London CIV provide periodic feedback on the risks and mitigants highlighted by the Investment Adviser.

9.5 Absolute Return Bond Fund Review

Ms Miriam Adams, Interim Head of Pensions and Treasury stated the report recommended the review of the investment managers of the Absolute Return Bond Funds whose mandates had been terminated in the past, however due to the speed of LCIV Renewable Energy fund drawdown it had been impossible to fully liquidate both investments.

The Pensions Committee **RESOVLED** to:

1. Note the report and appendix.
2. Consider the suggested investment options.
3. Agree to continue delegation of actions relating to the termination of both managers to the Interim Corporate Director Resources.
4. Note procurement will be outside of LCIV Pool
5. Agree to delegate procurement of a replacement investment option to the Interim Corporate Director Resources.

10. EXCLUSION OF ADVISORS AND GUESTS OF THE COMMITTEE

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.”

ADVISORS AND GUESTS WERE EXCLUDED FOR THE REMAINING ITEM ON THE AGENDA.

10.1 Investment Adviser Objectives and Regulatory Changes to CMA Order

Ms Miriam Adams, Interim Head of Pensions and Treasury updated members on the recent regulatory changes on the Competition and Markets (CMA) Investment Consultancy and Fiduciary Market Investigation Order 2019 (“the Order”) and the performance of the Fund’s Investment Consultants against the strategic objectives set and agreed at their meeting of 28th November 2019, for the Council’s Investment Consultancy providers in accordance with the requirement of the order.

The meeting ended at 8.57 p.m.

Chair, Councillor Bellal Uddin
Pensions Committee

Non-Executive Report of the: Pensions Committee Monday, 13 March 2023	 TOWER HAMLETS
Report of: Caroline Holland, Interim Corporate Director, Resources	Classification: Unrestricted
ESG, Voting, Engagement and Stewardship Update	

The report was not published five clear days in advance of the meeting. Therefore, before this item can be considered at this meeting, the Chair of the Board would need to be satisfied that it is necessary to consider ESG, Voting, Engagement and Stewardship Updates at this meeting, the Board may also take the view that it is important that there should not be an extended period without any member oversight.

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 December 2022.

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 two appendices which are 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) and engagement activities of Local Authority Pension Fund Forum (LAPFF)
- LAPFF Q3 2022 report (Appendix 1)
 - LGIM ESG Impact report (Appendix 2)

LAPFF Engagement Summary

- 3.3 LAPFF engagement takes place in the form of sending correspondences, issuing alerts, meetings, press releases, attending company, site visitations and community engagement. LAPFF engaged with various companies during the quarter on a range of topics including:
- Social Risk
 - Finance and Accounting
 - Employment Standards
 - Audit Practices
 - Governance (General)
 - Environmental Risk
 - Human Rights
 - Climate Change
- 3.4 Appendix 1 to this report details the Forum's activity during the quarter, Climate Change, Human Rights, Employment Standards, Governance and Audit Practices were some of the main engagement themes during the quarter.
- 3.5 Reporting has been limited to companies which the Fund has investments in during the quarter. Engagement took the form of alerts, correspondences issued and received as well as meetings with Chairpersons, Specialist staffs, Executive directors, CEO's and Non-Executive Directors.

LAPFF Company Engagements relating to fund investments during the quarter

Company Engagements

- 3.6 Companies like BHP, Vale and Anglo-American have sent in responses on LAPFF Brazil Report. Responses are being considered by LAPFF as part of their due diligence process.

Say on Climate

LAPFF with Sarasin & Partners, CCLA and Ethos Foundation have written to the chairs of all FTSE listed companies (excluding investment trusts) requesting that boards allow for a shareholder vote on their greenhouse gas emission reduction strategy.

The initiative has gained some useful coverage about the importance of an annual vote to help enhance transparency and accountability on one of the most pressing financially material risks facing investee companies.

AIA

LAPFF was due to meet with AIA Group, one of the Forum's most widely held companies to discuss its approach to climate change and the role that insurers play. Unfortunately, AIA has had to reschedule until after its annual results. LAPFF has sent through the questions that were due to be asked and will follow up with the company for a meeting following the results. This stock is held by Baillie Gifford and RBC.

Collaborative Engagements

Mitsubishi UFJ Financial Group (MUFG) – Asia Research and Engagement (ARE)

LAPFF joined other investors on a collaborative call hosted by ARE to discuss MUFG's ongoing efforts on climate change. The call focused on the company's risk management process and how it was assisting clients with their transition to net zero.

Initiative for Responsible Mining Assurance (IRMA)

IRMA is a third-party certification system of industrial scale mining sites, covering all mined materials. Its voluntary audit certification system publishes publicly available audit reports. LAPFF has met with various auto-manufacturers to discuss responsible mineral sourcing, and IRMA has been mentioned in most of these meetings.

Follow This

Follow This is a group of self-described 'green shareholders in oil and gas companies. It seeks to encourage big oil to take leadership in the energy transition to a net-zero emissions energy system and has filed resolutions at a number of oil and gas majors. LAPFF provided voting alerts to members recommending support for these resolutions at both Shell and BP's AGMs in 2022. As part of a continued engagement with the oil and gas industry

Market Forces

Market Forces is an environmental advocacy project which primarily focuses on financial institutions. It notably coordinated a shareholder resolution at Standard Chartered's AGM last year, which received 11.7 percent support, and has continually engaged and provided commentary on the likes of HSBC and Barclay's.

Consultations

Shareholder Resolutions

Nestlé

There is an opportunity for LAPFF funds to co-file a healthy markets shareholder resolution at Nestlé's 2023 AGM. The aim of the resolution is for the company to set targets to increase sales from healthier products against government endorsed nutrient profiling models. The Nestlé engagement has formed part of LAPFF's involvement with the Healthy Markets Initiative being facilitated by ShareAction. Nearly a third of deaths worldwide are attributable to the consumption of health-harming commodities, including products high in fat, salt, and sugar. Nestlé is the largest producer of food and beverages in the world, and therefore a positive change in the company's approach to nutrition would have a significant impact on public health.

Policy Engagements

Diversity on the LAPFF Executive

- 3.15 Over the next couple of months LAPFF will be inviting member representatives to apply for election to the LAPFF executive committee. A wide range of Members are expected to put themselves forward for election to the executive.

Voting Activities

- 3.16 Voting takes place during company meetings such as Annual General (AGM), Special General meeting or Extra Ordinary General Meeting. Meetings are initiated by either management or shareholders as the case may be.
- 3.17 London CIV (BG) Global Alpha Growth Paris Aligned fund– Voting activity and company engagement over the quarter. A total of 68 resolutions across 5 countries and 8 companies was cast. The manager cast 55 votes FOR, 12 votes cast Against and 1 Withheld vote. The withheld vote on director election was due to concerns about overall board structure.
- 3.18 LCIV (Ruffer) Absolute Return fund – Votes were cast in 5 companies in 4 Countries. The manager cast votes in 43 resolutions all of which were FOR.
- 3.19 LCIV (RBC) Sustainable Equity Fund – Votes were cast in 3 companies all in the US. 33 votes FOR, 6 votes Against and 1 withheld vote. Withheld vote was same company as LCIV(BG)(DGF).
- 3.20 LCIV (BG) Diversified Growth fund – Stewardship voting activities during the quarter involved 9 companies across 4 countries. A total of 55 resolutions were voted on. 52 were voted For and 3 votes Abstained. Meeting types included AGM and Ordinary GM meetings. Abstained votes were in respect of 3 companies. The Manager's reason was due to absence of information and the

manager does not believe that the resolution is in the best interests of clients who vote by proxy.

Engagement

The investment manager met with Nexans and Iberdrola. The engagement with Iberdrola was identified as a top five contributor to portfolio carbon emissions, a number of environmental controversies having been identified and historical concerns remaining regarding relations with indigenous communities related to a Brazilian dam project. This meeting also covered various governance, social and environmental topics.

- 3.21 LGIM Low Carbon funds – Stewardship voting activities during the quarter
Involved 111 companies across 19 countries. A total of 1,041 resolutions were voted on across a combination of annual, annual/special, extraordinary, court, proxy contest, ordinary shareholders, special, and other meetings.

Resolutions covered a very wide range of categories including antitakeover related matters, compensation, capitalisation, climate change Human rights, reorganisations and mergers, climate emissions, tax transparency, emission reduction targets aligned with Paris Agreement goals, director elections and other director related matters, corporate governance, preferential bond holders and social proposals. The manager cast 218 votes Against the resolution, 772 For, 1 Votes allowing only one year for the resolution, 32 Withheld resolutions, 4 Abstain, 3 non-voting items and 11 blanks in respect of non-voting resolutions.

LGIM BHP voting reasons

Significant votes

Company name	BHP Group Limited*
ISIN	AU000000BHP4
Market cap	£128 billion (source: Salesforce, as at 23 December 2022)
Sector	Metals and mining
Issue identified	Climate-policy advocacy and climate disclosure, both of which LGIM considers to be material to the net zero transition. LGIM considers shareholder proposals on an individual basis.
Summary of the resolution	Resolution 14: Approve Policy Advocacy Resolution 15: Approve Climate Accounting and Audit AGM date: 10 November 2022
How LGIM voted	These were both shareholder-proposed resolutions and LGIM voted in favour of both (i.e. against management).
Rationale for the vote decision	Resolution 14 was a request that the company proactively advocate for Australian policy settings that are consistent with the Paris Agreement's objective of limiting global warming to 1.5°C. A vote in favour of this proposal was applied as LGIM believes positive climate-related advocacy is in the best interest of the company and its shareholders. We also note that nothing in this resolution was designed to limit the board's discretion to take decisions in the best interest of the company. Resolution 15 requested that, from 2023, the notes to the company's audited financial statements include a climate sensitivity analysis which includes a scenario aligned with limiting global warming to 1.5°C, presents the quantitative estimates and judgements for all scenarios used, and covers all commodities. While we consider the company to be a leader with respect to its climate-related disclosure, a vote for this proposal was applied as LGIM believes that further quantitative disclosure in the company's financial statements around the impact of climate change scenarios on BHP's material commodity portfolio is important.
Outcome	These resolutions received 12.7% and 18.7% support, respectively, from shareholders. We continue to engage with BHP and, more broadly, to support proposals that are aligned with LGIM's net zero aims and beliefs.
Why is this vote 'significant'?	These votes were significant because of their importance within our climate change engagement.

3.22 LCIV MAC fund (fixed income fund)

CQS engagement – during the quarter, the investment manager continued its on-going engagement with EG Group. EG group published its ESG report in October 2022. The manager also engaged with SFR Group. Following contact from SFR Group, the manager was able to assist the company to take steps on how to incorporate ESG factors into the investment process.

PIMCO engagement - the investment manager held a call with the investor relations team at HSBC focusing on climate change and human rights.

Voting Alert Variances

3.22 Table below shows voting alert variances during the quarter.

LAPFF issued 2 voting alerts during the quarter ending December 22.

Company/Resolutions/LAPFF RECOMMENDATION	LCIV DGF	LCIV Ruffer	LCIV Paris	LCIV RBC	LGIM
KLA Corporation AGM 2 ND November 22	n/a	n/a	n/a	n/a	For

4. Stockholder proposal for a report on net zero targets and climate transition planning FOR					
BHP Group Ltd AGM of 10 November 2022	n/a	n/a	n/a	n/a	n/a
1. Approve the financial statements and reports ABSTAIN 8. Re-elect Ken MacKenzie OPPOSE 12. Approval of equity grants to the CEO OPPOSE 13. Amendment to the Constitution FOR 14. Policy advocacy FOR 15. Climate accounting and audit FOR					

Voting Alerts

- 3.24 During the quarter, LAPFF issued two voting alerts. These alerts were for:
- BHP PLC (AGM on 10 November 2022) with LAPFF recommending voting in favour of resolution 6 resolutions:
 - Abstain on resolution one which asks shareholders to approve the financial statement and reports.
 - Oppose resolution eight which asks shareholders to re-elect Mr. ken MacKenzie, chair of the Board.
 - Oppose resolution 12 which asks shareholders to approve the provision of equity grants to the CEO.
 - Approve shareholder resolution 13 which calls for a constitutional amendment.
 - Approve shareholder resolution which calls for climate policy advocacy, and
 - Approve shareholder resolution 15 which calls for improved climate audit and accounting.
- 3.25 LAPFF issued a voting alert in respect of KLA Corporation climate change.
- Vote for Stockholder proposal for a report on net zero targets and climate transition planning
- The resolution requests 'the Board issue a report, at reasonable expense and excluding confidential information, disclosing how the Company intends to reduce its GHG emissions in alignment with the Paris Agreement's 1.5-degree goal requiring net zero emissions by 2050.'

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 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.

6.3 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 This report provides information demonstrating that investment activity is occurring in line with the Investment Strategy
- 7.3 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.
- 7.4 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 characteristic and those who don't (the public sector duty).
-

Linked Reports, Appendices and Background Documents

Linked Report

- List any linked reports
None

Appendices

- LAPFF Q1 2022 report (Appendix 1)
- LAPFF Workplan 2023/24 (Appendix 2)
- LGIM ESG Impact report June 22 (Appendix 3)

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

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

- NONE.

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Quarterly
Engagement
Report

October-December
2022



Human Rights, Mining, Drax, Renault, Mercedes, Chipotle

LAPFF CONFERENCE



LAPFF Conference 2022

LAPFF held its annual conference in Bournemouth this quarter with a heavy focus on human rights and climate. On the first afternoon, delegates heard from a Total representative about the company’s decision to withdraw from Myanmar and from the Vale Chair about his company’s efforts to move on from the 2015 and 2019 tailings dam disasters in Brazil. The LAPFF Chair also thanked a Brazilian communities’ representative for hosting LAPFF’s visit in August and September, and spoke with José Pugas of JGP Asset Management about his organisation’s work with Vale, as well as on deforestation.

On the second day, the conference delegates heard from a range of asset managers about their experiences of working to implement sustainability in their operations. Moving onto climate specifically, engaging non-executive directors on the topic, and a panel on electric vehicles followed, along with a session on executive remuneration. There was a fascinating, if disturbing, session on the fall of FTX and a panel discussing the growing importance of the ‘S’ in ESG. An LGPS panel on ‘levelling up’ was followed by two sessions on the need for sustainable water use. The day ended with an update on shareholder resolutions requesting racial equity audits.

The final day of the conference opened with a recount of the Covid pandemic from Devi Sridhar, a University of Edinburgh professor who has been vocal about government and societal responses to the pandemic. She was followed by Nell McShane, who has written a book about sex discrimination and harassment against female flight stewardesses and their path to unionising. Brendan Curran from the Grantham Institute at the London School of Economics then spoke about the just transition to a zero-carbon economy. The day ended with a synopsis of the state of affairs globally by political editor and broadcaster, Robert Peston.

COMPANY ENGAGEMENTS

UN Forum on Business and Human Rights

In light of LAPFF's summer visit to Brazil, the LAPFF Chair, Cllr Doug McMurdo, was invited to speak on an investor panel at the 2022 UN Forum on Business and Human Rights in Geneva. He was joined by colleagues from Principles for Responsible Investment, Domini Impact Investments, and Business for Social Responsibility. Cllr McMurdo spoke about the need to engage with affected stakeholders, including communities affected by company operations, in order for investors to understand better the true value of their investments. He implored investors to do more on human rights as a matter of financial materiality.

BHP

Objective: LAPFF attended a BHP webinar on the company's sustainability activities and met with CEO, Mike Henry, informing a position for a voting alert ahead of BHP's November AGM. The LAPFF Chair, Cllr Doug McMurdo, also met with the Australasian Centre for Corporate Responsibility (ACCR) to find out more about why the organisation filed three shareholder resolutions ahead of BHP's AGM.

Achieved: LAPFF issued a voting alert in favour of the ACCR resolutions, recommending that its members oppose the BHP Chair, Ken MacKenzie, and vote in favour of three shareholder resolutions aimed at improving the company's climate practices.

In Progress: While LAPFF was grateful to the CEO for meeting to discuss the shareholder resolutions put to the AGM, there is still concern that the company has denied a meeting on the Samarco tailings dam collapse that occurred in 2015. LAPFF is continuing to engage BHP on both human rights and climate, but the views of both parties diverge significantly at the moment.



Vale Chair, José Penido, speaking at the LAPFF conference

Vale

Objective: One of LAPFF's main objectives with Vale is to have the company engage effectively with stakeholders affected by its operations. While Vale, and particularly the Chair, has remained open to engagement with LAPFF and other investors, LAPFF would still like to see the company engage more effectively with workers and communities affected by its operations.

Achieved: Vale Chair, José Penido, travelled to the LAPFF conference to speak in person to investors about Vale's work to provide adequate reparations and recover reputationally from the Mariana and Brumadinho tailings dam collapses from 2015 and 2019, respectively. LAPFF is therefore encouraged that the company is taking investor action seriously in respect of these disasters.

In Progress: It remains the case that the vast majority of houses in the

various resettlements need to be rebuilt for affected community members. These houses are among many other reparations that still need to be carried out to an acceptable standard. LAPFF also has continued to express concerns that the company is not yet engaging in a meaningful way with affected community members. Fulfilment of Vale's reparations obligations and establishing a process for effective engagement with all stakeholders therefore remain high priorities for LAPFF.

Anglo American

Objective: Cllr McMurdo wrote to Anglo American Chair, Stuart Chambers, and offered to report back on his findings from speaking to communities in Brazil impacted by Anglo American operations.

Achieved: Mr Chambers appeared to be receptive to LAPFF's findings and requested more detailed information from LAPFF.

COMPANY ENGAGEMENT

In Progress: LAPFF is in the process of compiling the detailed findings from the Brazil visit to share with Mr Chambers and his colleagues. After this process has been completed, LAPFF is planning to meet with Anglo American's technical staff to talk them through the findings.

Glencore

Objective: Although LAPFF was keen to meet Anglo American, BHP, and Vale in relation to its Brazil visit, it wanted to share its findings and observations with other mining companies covered in LAPFF's mining and human rights report issued earlier this year. Therefore, Cllr McMurdo met with Glencore Chair, Kalidas Madhavpeddi, to talk about LAPFF's work in Brazil, to discuss concerns community members in Peru have raised about Glencore's activities in that country, and to discuss various bribery and corruption allegations against the company. Glencore's approach to climate was also discussed.

Achieved: For a number of years, LAPFF had requested that Glencore undertake an independent assessment of the company's internal controls. This request stemmed from an investor collaboration spearheaded by Sarasin when details of Glencore's business relationships in the Democratic Republic of Congo raised concerns of bribery and corruption. Although Glencore does not appear to have heeded this request, the company has now entered settlements in numerous countries in relation to various bribery and corruption allegations. It is hoped that these settlements will place internal control requirements on Glencore to prevent the occurrence of future problems in this area.

In Progress: LAPFF is hearing concerns from community members affected by Glencore's operations in Peru that are eerily similar to those LAPFF encountered in Brazil, Colombia, Mexico, Papua New Guinea, and elsewhere. Namely, communities allege that mining companies have polluted, and are continuing to pollute, their water. The companies respond by stating that the water is naturally polluted. LAPFF needs to investigate to understand what is happening in these situations.

Rio Tinto

Objective: LAPFF has been pleased to see some progress made by Rio Tinto after the company's destruction of a 46,000-year-old cultural heritage site at Juukan Gorge, Australia. Rio Tinto has been particularly transparent about its challenges on both community relations and workplace culture. During the year, the company issued both a community engagement update and a workplace culture report by a reputed independent consultant that highlighted a range of practices that need to be improved at the company. LAPFF is keen to ensure that Rio Tinto is undertaking effective social and environmental impact assessments and that the company does not face the same problems in relation to reparations at Juukan Gorge that BHP and Vale are facing in relation to reparations for the Mariana tailings dam collapse in Brazil.

Achieved: LAPFF attended an ESG briefing for investors to discuss the company's new 'Communities and Social Performance (CSP) Commitments Disclosure Final Report'. Given Rio Tinto's description of increased cultural heritage assessments, LAPFF asked if the company has also committed to independent environmental and social impact assessments (ESIAs) as part of its CSP approach.

In Progress: Although it seems that there is a fair amount of external input into various assessments, LAPFF is concerned that the company does not have a consistent or coherent approach to ESIs. The independent assessment at Panguna in response to the OECD National Contact Point complaint on this issue is apparently underway and is to be commended, but it is reportedly a one off. Acknowledging the expense and resources involved in this type of assessment, LAPFF would like to work with a range of mining companies to determine how it could be feasibly done much more widely.

Drax

Objective: LAPFF has been increasingly concerned about the business model of Drax Group plc, which runs the UK's largest power plant at Drax in Yorkshire. Instead of coal, the plant burns imported wood pellets, mainly from North America. The concerns about sustainability flow from the burning of wood on such a scale, as well as the harvesting of wood, removing a near-term living carbon sink (trees) that can only be replaced over a long period.

Achieved: LAPFF requested a meeting with the chair of Drax Group. A meeting was held, and a comprehensive follow-up letter has been sent to the chair as a result.

In Progress: Because discussions are ongoing, further reporting and updates will occur in due course.

Drax Power Station



COMPANY ENGAGEMENT

Chipotle

Objective: LAPFF has been engaging with Chipotle on the company's approach to water stewardship for three years. The focus of the engagement has been to encourage the company to undertake a full value chain water risk assessment. After a period of heightened engagement with the company, LAPFF member Greater Manchester Pension Fund filed a resolution on this issue ahead of Chipotle's 2022 AGM. Following discussions between LAPFF and the company, an agreement was reached that would see the resolution withdrawn from the ballot. The withdrawal was conditional upon formal commitments being made relating to the company's water stewardship programme.

Achieved: LAPFF held a follow-up call with Chipotle to measure progress made against LAPFF's initial asks. In response to the resolution, the company has completed a materiality assessment covering ingredients, its supply chain and restaurants.

In Progress: Given the company now has a better understanding of the water-related risks facing the business, the next phase of the stewardship plan is to develop context-based targets that relate specifically to areas of the operations under high water stress. LAPFF will continue to work with the company to develop these goals.

KLA

Objective: Given the investment risks associated with global warming LAPFF has been issuing climate change voting alerts focused on shareholder resolutions, including those seeking to ensure companies have 1.5°C aligned targets and transition plans.

Achieved: LAPFF issued a voting alert at US company, KLA, regarding a proposal for a report on net zero targets and climate transition planning. LAPFF recognised the work being undertaken by the company. However, given the risks posed by climate change and the need to disclose a strategy for addressing climate risk and carbon emissions (covering Scopes 1, 2 and 3 and targets aligned to



Rolls Royce production site

a 1.5°C trajectory) LAPFF recommended a vote in favour of the resolution. In the end, the resolution secured the backing of a quarter of the votes, sending a strong message to the board about what action a significant minority of shareholders want to see.

In Progress: LAPFF expects companies to reflect and respond to such results given the level of support from shareholders. LAPFF will continue to issue climate-related voting alerts in 2023.

Rolls Royce

Objective: A meeting with Rolls Royce Chair, Anita Frew, was held to follow up on LAPFF's collaborative correspondence to FTSE All Share chairs requesting they set out the company's carbon transition strategy to investors and put an appropriate resolution to shareholders at the AGM.

Achieved: A meeting with the head of sustainability and others covered various aspects of business strategy, targets, governance and disclosure. LAPFF asked

COMPANY/COLLABORATIVE ENGAGEMENT

if a timeline to commercialisation could be given for the company’s development of electric prototypes for commuter aircraft and regional flights, noting that Norwegian airline Widerøe, that Rolls Royce has partnered with, has targeted 2025 for its first commercial launch. A separate meeting of the LAPFF Chair with Anita Frew, provided insight into the workings and chairing of the 13-strong board. Discussions on the company’s carbon impact and transition plan made evident the emphasis placed on the development of new businesses and products.

In Progress: The LAPFF Chair again pressed for the board to put the transition plan to the AGM for shareholder approval. This may be considered too soon for the 2023 AGM but has not been ruled out for future AGMs.

Responsible Mineral Sourcing

Objective: LAPFF has continued its engagement with electric vehicle manufacturers to gain a better understanding of how they are addressing the risks associated with sourcing the minerals they need to produce the batteries for their vehicles. LAPFF met with Renault and General Motors on this issue for the first time this quarter and with Mercedes for the second time.

Achieved: An overview of Renault’s work on risk assessments for the minerals it sources and contingent reporting was discussed. LAPFF also raised the potential benefits of membership of the Initiative for Responsible Mining Assurance (IRMA).

The discussion with Mercedes provided an in-depth view of the work the company was doing with regards to risk assessment of minerals and some of the work the company was doing in the Democratic Republic of the Congo.

General Motors laid out new additions to its board and the skills they would bring in the transition to electric vehicles. The company also spoke about the aspirations it had with its risk assessment process, audit programme and its dialogue with suppliers on the IRMA.

In Progress: LAPFF is continuing to seek engagements with electric vehicle manufacturers, impressing upon them the benefits of transparent reporting and enhanced due diligence, whilst seeking to better understand what work companies are doing and how they are managing a just transition.

Tesco

Objective: Following the military coup in Myanmar in February 2021, it has been widely reported that there has been a drop in human rights and labour standards throughout the country, with union leaders targeted, internet connections cut, wages withheld, and a lack of freedom of assembly for workers. Tesco announced a responsible exit from the country, concluding in May 2022. LAPFF sought a meeting with the company to discuss this responsible exit and gain insight into the company’s global supply chain due diligence.

Achieved: When LAPFF met with Tesco, a range of factors for the company’s withdrawal from Myanmar were discussed. The Ethical Trade Initiative’s recommendations for responsible business in the garment sector arose as a point of reference. There was also a useful discussion about whether companies are able to maintain leverage over factories and the human rights situation on the ground with the Junta in power.

In Progress: LAPFF is continuing to

monitor a number of companies that have supply chain links to Myanmar and will likely seek meetings with those that are seeking to exit the country or have already done so to gain a broader picture of how companies are approaching a ‘responsible exit’.

COLLABORATIVE ENGAGEMENTS

Asia Transition Platform (MUFG, SMBC, Kasikornbank, J Power)

Objective: Meetings were held with Asian financial institutions and coal-exposed power companies in collaboration with investors in the Asia Transition Platform. Meetings with banks focused on strategies to anticipate regulatory developments, mitigate risks to capital and capitalise on investment opportunities. Engagement with J-Power followed up on LAPFF’s voting recommendation for the 2022 AGM, advising support for a resolution requesting carbon emission reduction targets aligned with the goals of the Paris Agreement.

Achieved: Engagement with MUFG sought to elicit further details on the company’s proposed transition plan. LAPFF executive member, Cllr Wilf Flynn, pressed particularly on ostensible support for ammonia co-firing in the power industry, given that it delays transition

Workers ride a ferry truck as they go to a factory in the morning in Yangon, Myanmar



COLLABORATIVE ENGAGEMENT



Metal manufacturing and recycling

to renewables and may not provide much benefit due to marginal emission reductions and high costs relative to renewables.

At SMBC, progress was recognised since the last meeting, with the bank setting absolute reduction targets for the oil, gas and coal sectors. It appeared that targets for investment and underwriting were still under development.

A discussion with the President of Kasikornbank, Khun Krit Jitjang, focused on how to work with client companies and bring industry along, noting work undertaken with members of the Thai bankers' association. It appears that there is now no financing for new coal plants or expansion of existing ones.

A meeting with J-Power's Executive Vice President and Director, Hitoshi Canno, covered the company's target to achieve net zero for all operations. Critical points of discussion included a stable supply of electricity for the Japanese domestic market, and a roadmap on these issues.

In Progress: LAPFF intends to continue challenging J-Power's strategy to invest in carbon capture and co-firing, with the associated risk of being 'locked-in' to coal fired plants. Regular meetings continue with Asia Research and Engagement to determine company-specific coverage for 2023, including Chinese-listed companies.

CA100+ ENGAGEMENTS

Lyondell Bassell

Objective: LAPFF sought an update on the multinational chemical company's decarbonisation strategy, subsequent to Peter Vanacker having taken over as CEO in May.

Achieved: With the arrival of the new CEO, it appears that much work has been put into an overall review of company strategy, with low-carbon initiatives poised to be a major part of company growth going forward. The meeting provided initial feedback on progress against the CA100+ benchmark results, set out investor expectations on lobbying and explored

policy challenges facing the company and where there might be areas for collaboration. Company representatives noted that engagement with the investor group has helped to promote this low-carbon focus.

In Progress: On Lyondell Bassell's lobbying activities, the company discloses the trade associations it is part of but little else. It is hoped that more company policies will be disclosed by next March when the full revised company business strategy is due to be announced.

ArcelorMittal

Objectives: LAPFF has undertaken a number of engagements with ArcelorMittal and wished to determine progress in implementing zero-carbon technologies, as well as press for shareholders to be able to endorse company initiatives through a 'Say on Climate' resolution at the AGM.

Achieved: ArcelorMittal has joined the Energy Transition Commission (a LAPFF request from 2019) and referred to the

COLLABORATIVE ENGAGEMENT

Mission Possible Partnership's 'net zero steel' report which shows two thirds of the US\$5 trillion required to decarbonise the global steel industry is in enabling infrastructure for green hydrogen and renewable electricity. There was a discussion about the Science-Based Targets initiative to develop appropriate methodology for the steel sector. This approach differentiates between primary and secondary steelmaking. The latter is based on recycling scrap steel and accounts for about one-third of production. It is hoped that ArcelorMittal will issue its next climate report after the AGM so it appears there is no plan for a 'transition plan' resolution for the 2023 AGM.

In Progress: The company appears to have made progress in decarbonising primary steelmaking. The Inflation Reduction Act is spurring similar initiatives in the US. In Europe however, the pace of change appears to be slower.

National Grid

Objective: A meeting with National Grid representatives sought to ascertain why the company is not aiming to align with proposed ambitious US state policy for the decarbonisation of heat, and to follow-up on requests around policy disclosure.

Achieved: In the meeting, as ever, the divergence between the US and UK businesses was apparent. The north eastern US states where National Grid operates have set policies for 100% electrification of households in the decarbonisation of heat by 2050. It appears that the company wishes to keep the benefit of existing gas infrastructure. Cllr Chapman attended the meeting and highlighted comments made by the company, which LAPFF shares, that there is no long-term future in gas and that the future is in electrification.

In Progress: Engagement continues to identify and unlock potential policy barriers for National Grid's decarbonisation strategy. LAPFF and other CA100+ investors are interested in partnering with the company in calling for the necessary policies that can unlock the barriers to fast and decisive climate action.

Sarasin – Paris-aligned accounts

Objective: In conjunction with Sarasin, LAPFF co-signed correspondence to the audit committee chairs of Equinor, CRH, Air Liquide and Rio Tinto setting out investor expectations on 1.5°C aligned accounting and audit disclosures.

Achieved: This was a follow up to previous correspondence with the committee chairs, who were also provided with Carbon Tracker's assessment of the company's 2021 audited accounts. In all four cases, there has been evidence of progress. The most substantive was Equinor's accounts where there were additional notes to the accounts and a 1.5°C sensitivity analysis for Property, Plants and Equipment. This led to the identification of a potential impairment of \$11.4 billion, equivalent to just under 30% of reported 2021 equity.

In Progress: Correspondence with all four companies recognised inherent uncertainties in the transition to net zero, and responses were welcomed with a meeting offered to discuss the requests made.

Investor Alliance for Human Rights (IAHR) – The Home Depot

Objective: LAPFF joined the Investor Alliance for Human Rights (IAHR) Uyghur Working Group earlier in 2022 as part of a collaborative effort in engaging companies with alleged Uyghur forced labour in their supply chains. Through this group,



LAPFF has taken the lead on The Home Depot, a company with alleged links to forced labour in its polyvinyl chloride (PVC) supply chain noted in the 'Built on Repression' report produced by Sheffield Hallam University.

Achieved: LAPFF met with The Home Depot in December after an initial letter was sent with multiple expectations. These expectations included asking the company to complete a mapping of its value chain both inside and outside of China. The objective of this mapping is to identify both direct and indirect business relationships that are connected to the East Turkestan/Xinjiang region. Other questions were raised around the company's audit programme, including issues with undertaking thorough audits in Xinjiang.

In Progress: LAPFF is continuing to participate in the IAHR's Uyghur working group and will look to follow up with The Home Depot in 2023 to ask further questions about the company's audit programme and mapping process.

Principles for Responsible Investment (PRI) – Advance Human Rights Initiative

Over the course of the year, the PRI has been developing its [Advance](#) initiative for investors to promote corporate respect for human rights. The programme was launched at the annual PRI in Person conference this quarter. LAPFF has been assigned to investor groups engaging with Anglo American and Vale. Planning for these group engagements is already under way and will complement LAPFF's own work on human rights, as well as its collaborations through IAHR.

Investor Alliance for Human Rights (IAHR) – Investor Statement on the Corporate Sustainability Due Diligence Directive

The PRI, Eurosif, and IAHR drafted an investor statement in relation to proposed changes to the EU's Corporate Sustainability Due Diligence Directive (CSDDD). The statement proposed five improvements, all of which align with LAPFF positions on human rights, corporate governance, supply chain, and climate. These proposed improvements

COLLABORATIVE/POLICY ENGAGEMENT

are aimed at greater inclusion of financial companies and value chains, strengthening board responsibility for human rights and environmental due diligence (including through executive remuneration), and ensuring alignment with other corporate sustainability legislation within the EU. LAPFF signed onto this statement along with other investors.

SHARE – Amazon Sign-On Letter

Canadian investor body, SHARE, circulated a sign-on letter to Amazon for investors to support. The letter followed a shareholder proposal at the company's AGM asking the Board of Directors to produce a report analysing how Amazon's current human rights policies and practices protect the rightful application of the fundamental rights of freedom of association and collective bargaining. The letter requested that the Board conduct an independent third-party assessment of Amazon's commitment, policies, practices on freedom of association to identify, address and prevent any misalignments with the ILO Declaration on Fundamental Principles and Rights at Work and the UN Guiding Principles on Business and Human Rights. LAPFF joined other investors in signing onto this letter.

POLICY ENGAGEMENT

All-Party Parliamentary Group for Local Authority Pension Funds

Objective: LAPFF supports the All-Party Parliamentary Group (APPG) for Local Authority Pension Funds, established to discuss the issues and concerns of local authority pension funds. The APPG hosted a meeting in October to discuss the issue of levelling up. Part of the government's levelling up agenda has been to encourage and support private investment into local areas. The levelling up white paper also highlighted the role that local authority pension funds could play and called for LGPS funds to invest 5% locally. Through this white paper, the UK Infrastructure Bank has been tasked with engaging LGPS funds on supporting local growth. The meeting provided an opportunity to discuss barriers facing funds to reaching a local investment target as well as the potential opportunities.

Achieved: At the meeting chaired by Clive Betts MP, Lord Jim O'Neill, Vice-Chair of the Northern Powerhouse Partnership, set out the role investment could play in supporting local growth and how some LGPS funds had backed Northern Gritstone, which is financing companies being spun out of northern universities. Kate McGavin, Policy and Strategy Director at the UK Infrastructure Bank, focused on risk appetite, green infrastructure opportunities and investment some local authority pension funds had already made. The meeting provided an opportunity to hear about what funds were doing and their focus on their fiduciary duties and securing returns.

In Progress: The APPG for Local Authority Pension Funds will continue to discuss relevant policy issues facing the LGPS.

Party Political Conferences

Objective: LAPFF supports fringe events at political party conferences; they are an effective way to raise issues that LAPFF has been involved in with national politicians and among stakeholders. This year the focus of the meetings was on investing in a just transition, following the [launch of the report](#) into the issue by the LAPFF-supported APPG on Local Authority Pension Funds. The meetings provided the opportunity for LAPFF to highlight the work of the Forum on the just transition and take part in a discussion about the respective roles of government and investors.

Achieved: LAPFF held meetings at Labour, Conservative and SNP conferences, with the Liberal Democrat conference being cancelled due to the Queen's funeral. At the meetings, LAPFF highlighted why ensuring a just transition was important for investors, including reducing the risks of political resistance to climate action. LAPFF set out how it seeks to reduce risks for members by engaging companies on ESG issues and showcased the engagement work that it has undertaken on a just transition. LAPFF Executive representatives were able to discuss the issues with politicians from the respective parties and answer questions from the audience about the work of LAPFF.

In Progress: LAPFF will continue to be involved in discussions with national politicians given the importance legislation and regulation plays in shaping the environment in which LAPFF members operate.

Government Taskforce on Social Factors

Objective: Since it was founded over 30 years ago, LAPFF has been engaging on social issues and highlighting the importance of social factors to investment value. Despite the importance of social risks to responsible investors, it has often not had as much attention as governance and environmental risks. LAPFF has sought to change this situation, including among policymakers by engaging them through events and responding to consultations. In June last year [LAPFF responded](#) to the Department for Work and Pensions' call for evidence on consideration of social risks and opportunities by occupational pension schemes. As part of the Government's response, it decided to establish a Taskforce on Social Factors and LAPFF was invited to be a member.

Achieved: The establishment of the taskforce is to be welcomed and hopefully marks greater emphasis on the social risks that LAPFF engages on, including around human rights and employment standards. It is testament to the work of LAPFF and its members on social issues that it has been invited to take part in the taskforce and shows the importance of engagement with policymakers.

In Progress: The taskforce is running for a year with the expectation that it will culminate in a final report with recommendations.

ENGAGEMENT

CONSULTATION RESPONSES

LGPS Climate Governance and Reporting

In September, the Department for Levelling Up, Housing and Communities issued a consultation on [governance and reporting of climate change risks for LGPS funds](#). The proposals within the consultation would broadly align LGPS funds with the Task Force on Climate-Related Financial Disclosures (TCFD) requirements introduced for DWP regulated funds. LAPFF responded to the consultation welcoming the move and noting LAPFF's long support for TCFD reporting. [The response](#), based on LAPFF's policies and its Climate Change Investment Policy Framework, set out the Forum's positions on alignment with a 1.5°C scenario, the importance of a just transition, and called for further consultation on any guidance to funds that might be issued.

CA100+ Benchmark

LAPFF's [response](#) to proposed amendments for the CA100+ benchmark provided input to several proposed amendments. For example, LAPFF supported a new indicator on climate solutions where the proposed definition was for technologies, infrastructure or other activities "which help displace

fossil fuels". Areas of concern included a new indicator citing 2050, which current indicators do not. LAPFF considers a 2050 focus to be unhelpful, as recent IPCC reports show the global carbon budget for remaining within 1.5°C is very likely to be used up well before then.

WEBINARS

IndustriALL Social Protection Webinar

IndustriALL and LAPFF joined forces to co-host a second webinar on the need for universal social protection. This webinar focused specifically on an ILO employee injury protection pilot project in Bangladesh. Representatives from brands H&M and Associated British Foods spoke about the reason that their companies see the need for this type of social protection. The Rana Plaza factory collapse in Bangladesh was cited as a catalyst for understanding why social protection is so important, but more brand support is needed (although there are fears of freeriding). It is hoped the pilot leads to long-term, permanent, systemic solutions. You can find a film with worker testimonials [here](#) and a brief from IndustriALL [here](#).

MEDIA COVERAGE

Environment

ESG Investor: [Firms Looking for the Right Lever to Lead on Net Zero](#)

Mining and Human Rights:

ESG Investor: ["Work Still to Do" on Brazilian Tailings Dams](#)

Sydney Morning Herald: [BHP investors dial up scrutiny of fatal dam disaster remediation and in the Age](#)

Instit Invest: [Un fonds de pension britannique mène son engagement actionnarial sur le terrain](#)

Responsible Investor: [Investor pressure builds over human rights in mining](#)

Conectas: [Tragedy in Mariana: With no agreement with affected people, companies are under pressure from international investors \[in Portuguese\]](#)

BN Americas: [Horizonte Minerals awards feasibility study contract for Brazil nickel-cobalt project](#)

Health

City Wire: [Firms with €5.7tn in total assets join new health coalition](#)

ESG Investor: [Investors Unite on Public Health](#)

The Actuary: [Investor alliance launched to support "healthier and fairer" societies](#)

Ethical Marketing News: [Global investor alliance managing \\$5.7 trillion unites to improve population health](#)

IPE: [Group of investors form health alliance](#)

Due Diligence

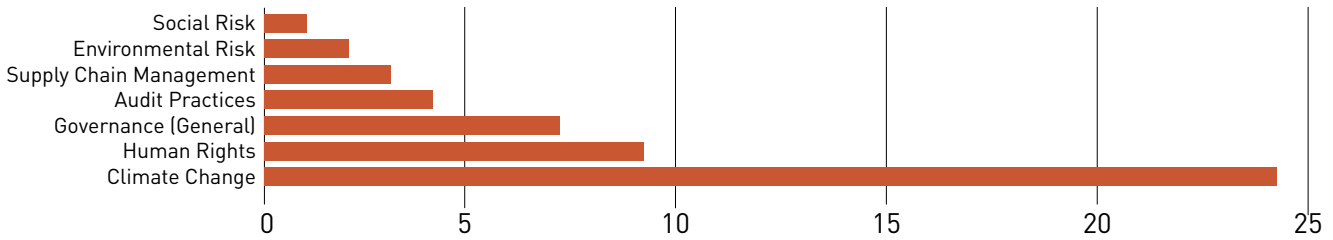
Responsible Investor: [Alarm sounded over push for exclusion of FIs from EU due diligence directive](#)

CHAIR'S QUOTE

"The LAPFF Conference this year showcased the breadth of LAPFF's work and the range of its network and partnerships. All of these endeavours and partnerships are aimed at informing our members in the best possible way so that they can make good, responsible investment decisions."

ENGAGEMENT DATA

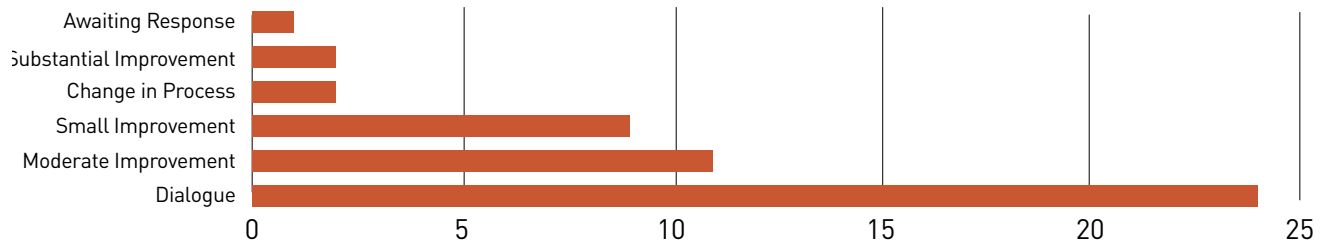
ENGAGEMENT TOPICS



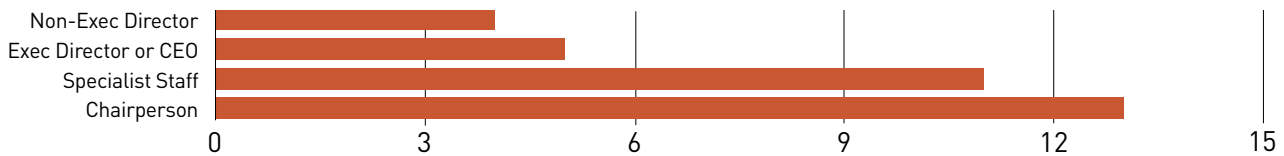
ACTIVITY



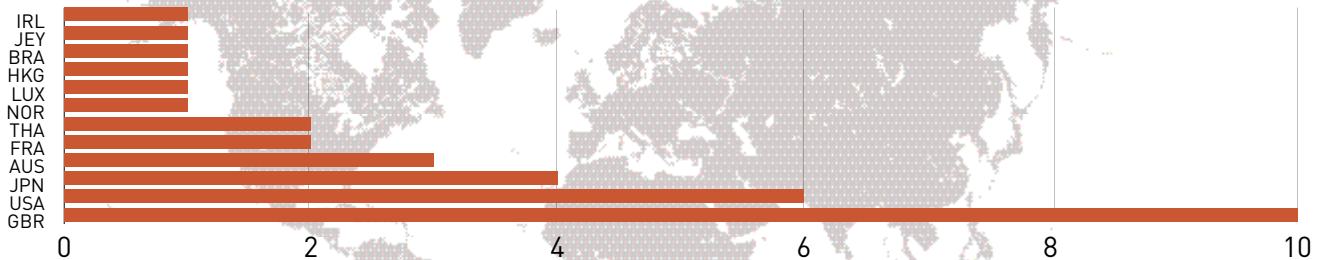
MEETING ENGAGEMENT OUTCOMES



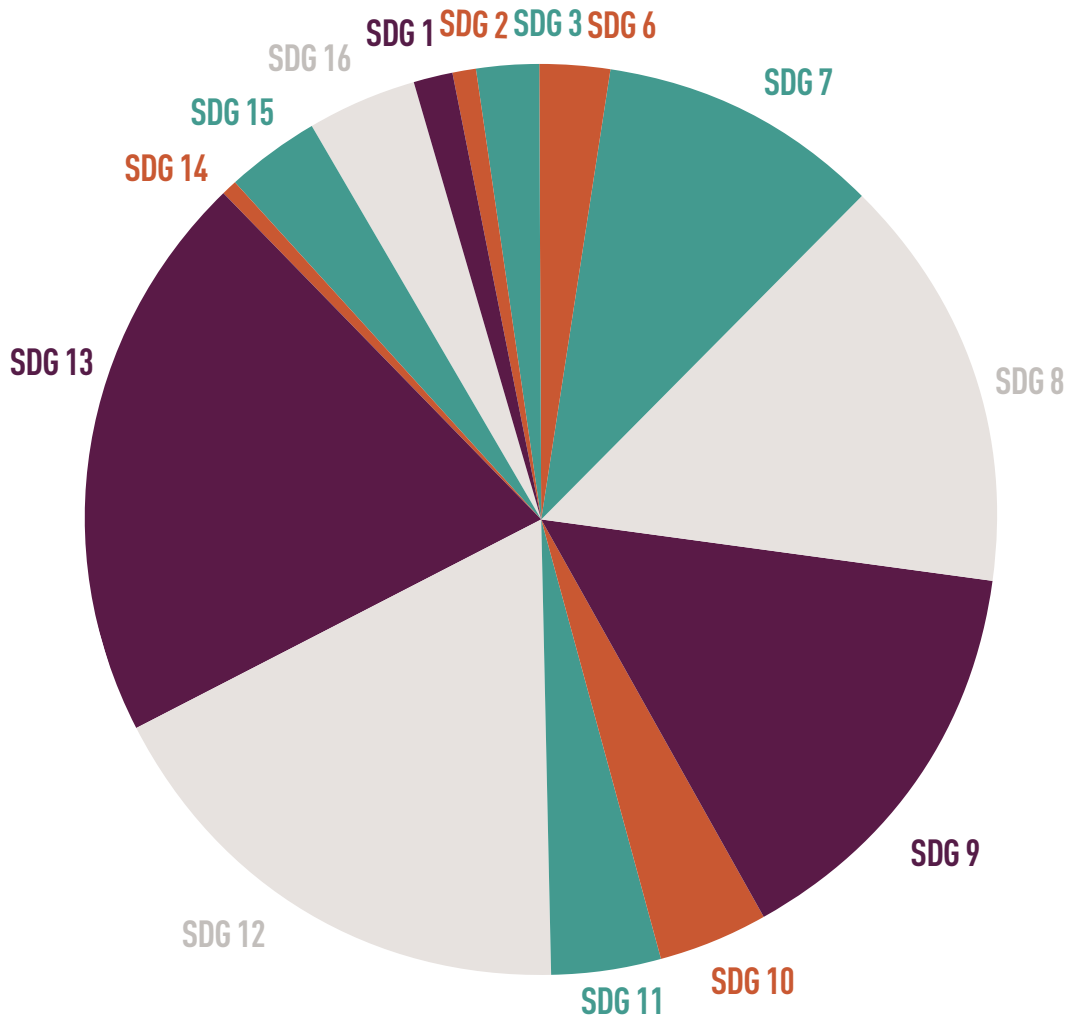
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	2
SDG 2: Zero Hunger	1
SDG 3: Good Health and Well-Being	3
SDG 4: Quality Education	0
SDG 5: Gender Equality	0
SDG 6: Clean Water and Sanitation	3
SDG 7: Affordable and Clean Energy	13
SDG 8: Decent Work and Economic Growth	19
SDG 9: Industry, Innovation, and Infrastructure	19
SDG 10: Reduced Inequalities	5
SDG 11: Sustainable Cities and Communities	5
SDG 12: Responsible Production and Consumption	23
SDG 13: Climate Action	26
SDG 14: Life Below Water	1
SDG 15: Life on Land	4
SDG 16: Peace, Justice, and Strong Institutions	5
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

COMPANY PROGRESS REPORT

26 Companies engaged over the quarter

*The table below is a consolidated representation of engagements so reflects the number of companies engaged, not the number of engagements

Company/Index	Activity	Topic	Outcome
AIA GROUP LTD	Sent Correspondence	Climate Change	Awaiting Response
AIR LIQUIDE SA	Sent Correspondence	Climate Change	Moderate Improvement
ANGLO AMERICAN PLC	Meeting	Human Rights	Dialogue
ARCELORMITTAL SA	Meeting	Climate Change	Moderate Improvement
BHP GROUP LIMITED (AUS)	Meeting	Governance (General)	Dialogue
BHP GROUP LIMITED (AUS)	Alert Issued	Governance (General)	Dialogue
CHIPOTLE MEXICAN GRILL INC	Meeting	Environmental Risk	Moderate Improvement
CRH PLC	Sent Correspondence	Climate Change	Moderate Improvement
DRAX GROUP PLC	Meeting	Climate Change	Dialogue
ELECTRIC POWER DEVELOPMENT CO	Meeting	Climate Change	Small Improvement
EQUINOR ASA	Sent Correspondence	Climate Change	Substantial Improvement
GLENCORE PLC	Meeting	Governance (General)	Change in Process
KASIKORNBANK PCL	Meeting	Climate Change	Moderate Improvement
KELLOGG COMPANY	Sent Correspondence	Social Risk	Dialogue
KLA CORPORATION	Alert Issued	Environmental Risk	Dialogue
LYONDELLBASELL INDUSTRIES N.V.	Meeting	Climate Change	Small Improvement
MITSUBISHI UFJ FINANCIAL GRP	Meeting	Climate Change	Small Improvement
NATIONAL GRID PLC	Meeting	Climate Change	Change in Process
RENAULT SA	Meeting	Supply Chain Management	Small Improvement
RIO TINTO GROUP (AUS)	Meeting	Governance (General)	Dialogue
RIO TINTO PLC	Sent Correspondence	Climate Change	Moderate Improvement
ROLLS-ROYCE HOLDINGS PLC	Meeting	Climate Change	Moderate Improvement
SUMITOMO MITSUI FINANCIAL GROUP	Meeting	Climate Change	Moderate Improvement
TESCO PLC	Meeting	Human Rights	Small Improvement
THE HOME DEPOT INC	Meeting	Human Rights	Small Improvement
VALE SA	Meeting	Governance (General)	Dialogue

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund
Barking and Dagenham Pension Fund
Barnet Pension Fund
Bedfordshire Pension Fund
Berkshire Pension Fund
Bexley (London Borough of)
Brent (London Borough of)
Cambridgeshire Pension Fund
Camden Pension Fund
Cardiff & Glamorgan Pension Fund
Cheshire Pension Fund
City of London Corporation Pension Fund
Clwyd Pension Fund (Flintshire CC)
Cornwall Pension Fund
Croydon Pension Fund
Cumbria Pension Fund
Derbyshire Pension Fund
Devon Pension Fund
Dorset Pension Fund
Durham Pension Fund
Dyfed Pension Fund
Ealing Pension Fund
East Riding Pension Fund
East Sussex Pension Fund

Enfield Pension Fund
Environment Agency Pension Fund
Essex Pension Fund
Falkirk Pension Fund
Gloucestershire Pension Fund
Greater Gwent Pension Fund
Greater Manchester Pension Fund
Greenwich Pension Fund
Gwynedd Pension Fund
Hackney Pension Fund
Hammersmith and Fulham Pension Fund
Haringey Pension Fund
Harrow Pension Fund
Havering Pension Fund
Hertfordshire Pension Fund
Hounslow Pension Fund
Isle of Wight Pension Fund
Islington Pension Fund
Kensington and Chelsea (Royal Borough of)
Kent Pension Fund
Kingston upon Thames Pension Fund
Lambeth Pension Fund
Lancashire County Pension Fund
Leicestershire Pension Fund

Lewisham Pension Fund
Lincolnshire Pension Fund
London Pension Fund Authority
Lothian Pension Fund
Merseyside Pension Fund
Merton Pension Fund
Newham Pension Fund
Norfolk Pension Fund
North East Scotland Pension Fund
North Yorkshire Pension Fund
Northamptonshire Pension Fund
Nottinghamshire Pension Fund
Oxfordshire Pension Fund
Powys Pension Fund
Redbridge Pension Fund
Rhondda Cynon Taf Pension Fund
Scottish Borders Council
Shropshire Pension Fund
Somerset Pension Fund
South Yorkshire Pension Authority
Southwark Pension Fund
Staffordshire Pension Fund
Strathclyde Pension Fund
Suffolk Pension Fund

Surrey Pension Fund
Sutton Pension Fund
Swansea Pension Fund
Teesside Pension Fund
Tower Hamlets Pension Fund
Tyne and Wear Pension Fund
Waltham Forest Pension Fund
Wandsworth Borough Council Pension Fund
Warwickshire Pension Fund
West Midlands Pension Fund
West Yorkshire Pension Fund
Westminster Pension Fund
Wiltshire Pension Fund
Worcestershire Pension Fund

Pool Company Members

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

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Draft LAPFF Workplan 2023/2024

Summary

- LAPFF begins 2023 with a membership body of 86 member funds and six pool companies. This draft LAPFF workplan sets out a range of current and anticipated company and policy engagement areas for the coming year.
- The aim of providing the workplan for comment is to ensure that members are content with LAPFF's areas of focus, and that they have the opportunity to provide comment so that LAPFF's engagements align with these areas of focus.
- In presenting each element of the workplan, overall objectives are set, the method by which engagement or activity is to be progressed is explained, and an indication of longer-term objectives is provided. For thematic engagements, engagement success is reviewed annually, and a decision is made regarding whether it is beneficial for LAPFF to continue these engagements.
- Where members consider extra work should be done for the workplan throughout the year, or where new areas of focus arise outside the existing work plan, scoping papers will be produced providing background research alongside an assessment of the amount of work and other resources that might be needed to undertake these engagements.

Recommendation

- That LAPFF members review and approve the draft work plan.
- That LAPFF members feed back any thoughts on the draft work plan by 28 February 2023.

1. Responsible Investment

1.1. Climate and Strategic Resilience, Environmental Protection, and Fair and Just Transition (ECE)

LAPFF members have indicated that climate change, and in particular carbon emissions reduction at investee companies in line with science-based targets, remains a top priority for them. This issue is increasingly pressing as it becomes clear that the 1.5 degree Celsius threshold for global warming is effectively no longer within reach. This development means that strategic resilience more than ever must cover both mitigation and adaptation to climate impacts and consequent business and investment risks. It is also clear that climate is inter-dependent on a range of other environmental and social issues, including biodiversity, water conservation, and human rights. Therefore, LAPFF's positions and work on climate, environment, and a just transition reflect these developments and inter-connections.

1.1.1. *LAPFF Position on Preferred Transition Pathway*

Objective: LAPFF aims to provide clear, evidence-based decarbonisation pathways. From prior years' research into potential decarbonisation pathways, LAPFF has been able to form a view on the credibility of particular decarbonisation pathways and those that are less credible which has included:

- oil and gas companies in respect of trees (so-called 'natural solutions') and carbon capture and storage (CCS)
- carbon capture and storage in steel making
- biomass in power generation (principally Drax Group plc)

LAPFF has seen notable examples of this greenwashing at Drax and Shell in recent years.

The myths surrounding these pathways have included research papers on technologies such as CCS, hydrogen, nuclear power, steel, direct air capture and tree planting.

It is clear that:

- LAPFF's thinking is ahead of some other investors.
- Greenwash is occurring by some industries and companies making claims about less than credible pathways, essentially with an agenda of keeping carbon in the system.
- It is also clear that following the war in Ukraine, the avoidance of dependency on hydrocarbons is highly relevant from a strategic security perspective as well as net zero perspective.

Method: LAPFF will continue to research and engage, with a sceptical mind, in particular looking for other sources of evidence relevant to a complete and consistent picture. For example, the claim that CCS has a role in steel making has been discredited by statements from steel makers in the UK in December 2022 that they do not need the coal from the proposed new mine in Cumbria because they intend to invest in steel making from “green” hydrogen (obtained from electrolysis from renewables).

A good example of an inappropriate route is the decades old “Sky Scenario” from Shell, which envisages extensive use of hydrocarbons well beyond 2100. As well as being less than credible from a technology, economic, and environmental perspective, it is now lacking credibility from a security of supply perspective.

It will therefore be necessary to ensure that a fulsome, evidence-based analysis drives LAPFF’s work and in particular in any collaborative engagements where some parties have a propensity to be taken in. This analysis and engagement will include ensuring that company TCFD reporting provides information that allows LAPFF members to make useful investment decisions related to climate and investment.

Longer term objective: LAPFF should continue to undertake work and produce materials that deal directly with and debunk misinformation and disinformation. This analysis includes the incentives and vested interests behind some industries continuing with unsustainable practices and business models. The insurance industry might be one area for focus.

SDGs: Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all; Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation; Goal 12. Ensure sustainable consumption and production patterns; Goal 13. Take urgent action to combat climate change and its impacts; 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.

1.1.2. Climate and Paris Aligned Accounts

Objectives: LAPFF’s aim is to ensure that investors have access to accurate company accounts that allow for sound investment decision-making. LAPFF originated the concept of “Paris Aligned accounts” with Sarasin & Partners given a preponderance of initiatives treating the climate change crisis as a “disclosure” issue rather than an crisis requiring action with balance sheet and investment implications. These implications mean it is important to seek clarity on:

- the stranded asset risk of existing assets
- the stranded assets risk from new capital expenditure
- decommissioning and rectification liabilities.

The desire to follow a substantive numbers-based approach has led to the objective of seeking engagement with and action from the major accounting firms. With attention on the right transition issues and risk, the scope to call out bad practice and encourage the good, is increased.

Method: The work has been highly collaborative requiring co-signing of letters to companies and the major audit firms, which are actions that should continue at pace. LAPFF also recommended a vote in favour of a shareholder resolution at BHP's AGM during 2022 calling for Paris-aligned accounts. LAPFF will seek opportunities to support similar viable company resolutions in the coming year, as well as supporting continued engagement with accounting firms on this issue.

Longer term objective: The work is essential to credible numbers as drivers of credible transition pathways. This is an area where the cross referencing of good practice by the large audit firms makes the behaviour of lagging companies more visible with audit risk to them.

SDGs: Goal 13. Take urgent action to combat climate change and its impacts; Goal 16: Build effective, accountable and inclusive institutions at all levels; Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

1.1.3. Strategic Resilience

Objective: LAPFF's aim is to bring together a sustainable environmental and economic basis for company development as set out above with strategic factors such as energy security.

Method: The work is inherently high level, which fits well with LAPFF executive led engagement and challenge. LAPFF is continuing to support the 'Say on Climate' initiative and is writing to the FTSE AllShare (minus investment trusts) to encourage companies to table an annual vote on their net zero strategies. The work is also dependent on rational policy making frameworks. LAPFF will continue to engage with banks, possibly including Barclays and HSBC, on aligning business practices with the Paris Agreement, including a number of Asian-based financial institutions, undertaken through a collaborative engagement with Asia Research Engagement (ARE). Continued engagement with oil and gas companies, including Shell and BP, will take place as appropriate. LAPFF continues to engage with a range of companies through CA100+, and these engagements will continue to be monitored for effectiveness.

Longer-term objective: This work is consistent with initiatives to eliminate disinformation in the form of greenwash given that advanced forms of greenwash may attempt to affect policy making outcomes. LAPFF's strategic objective is for companies to implement a climate action transition plan that is reviewed yearly and is put to shareholders for approval. Where LAPFF has engagement history

with companies on climate, it will consider voting alerts for members at AGMs as well as potential shareholder resolutions where required.

1.1.4. Electric Vehicles

Objectives: As a major contributor to carbon emissions, carmakers face considerable climate risks. These risks include higher regulatory standards on emissions and growing consumer expectations. LAPFF will seek to ensure carmakers are reducing emissions in the short term and have transition plans based on electric vehicle production implied by heightened government intervention. At present few carmakers, bar new entrants, have plans and production levels aligned with a 1.5 degree scenario. Moving to production of electric vehicles will not only require capital investment in making EVs themselves but also charging infrastructure itself. LAPFF will therefore seek assurances around how new infrastructure is being delivered to support existing drivers and encourage increased sales. As significant changes are required to decarbonise the industry and the vehicles the sector produces, LAPFF will seek to ensure the shift is being undertaken in a just way, both for the manufacture of vehicles and in supply chains and the sourcing of raw minerals.

Method: LAPFF will engage the largest carmakers on their transition plans and investment in electric vehicles and charging infrastructure. It will continue to participate in collaborative engagements through CA100+ with US companies, as appropriate, including their work regarding US regulations and lobbying activity of carmakers. It will also undertake specific engagements on responsible mineral sourcing. LAPFF has engaged and will continue to engage EV manufacturers on the importance of due diligence in sourcing materials, encouraging companies to have more transparency and greater reporting around the issue.

Long term objective: The Forum will seek to ensure that carmakers have clear net zero commitments and that these commitments are being met.

SDGs: Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation; Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable; Goal 12. Ensure sustainable consumption and production patterns; Goal 13. Take urgent action to combat climate change and its impacts

1.1.5. Sustainable Commodities and Deforestation, Biodiversity, Plastics, Public Health

Objectives: LAPFF aims to engage with companies to promote positive environmental impacts. First, it seeks to work with companies to mitigate their supply chain risks due to commodities associated with illegal deforestation, ensuring that they are undertaking appropriate due diligence to mitigate their risks. It also seeks to address the harmful environmental impacts of plastic packaging and microfibres. Finally, LAPFF seeks to ensure that retailers and

suppliers recognise public health risks they are creating, and that they take appropriate action to encourage healthy living.

Method: LAPFF supports a number of collaborative engagements relating to deforestation and sustainable commodities. These engagements include the Finance Sector Deforestation Action Initiative, which is taking measures to eliminate agricultural commodity-driven deforestation from portfolios by 2025. The Investor Policy Dialogue on Deforestation is another initiative in which LAPFF participates. This initiative engages with public agencies and industry associations in selected countries on the issue of deforestation. LAPFF is also mindful that the PRI had intended to launch its ‘Sustainable Commodities’ initiative and will monitor the progress of that programme during the year.

LAPFF continues to engage major plastic producers, including brands such as Nestlé and supermarkets such as Sainsburys and Tesco. LAPFF continues to be a member of As You Sow’s Plastic Solutions Investor Alliance and will join collaborative engagements through this initiative on a holdings basis throughout the year.

On public health, LAPFF is part of two collaborative engagements with ShareAction (Long Term Investor’s in People’s Health (LIPH)) and the Access to Nutrition Index (ATNI), where LAPFF co-leads with Kellogg’s. LIPH seeks to elevate health as a systemic risk, and ATNI seeks suppliers and retailers to address healthier living in their food offerings.

Longer-term objectives: LAPFF aims to encourage companies to better recognise risk in their supply chains to mitigate deforestation and the use of plastics. LAPFF also seeks to ensure that companies recognise the risk associated with healthy living and public health and that they will report regularly regarding health and nutrition. This reporting will supply investors with appropriate tools to assess company progress in this area. Biodiversity is a rising area of concern for investors, so LAPFF will explore engagement opportunities in this area.

SDGs: Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture; Goal 12. Ensure sustainable consumption and production patterns; 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; 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

1.1.6. Water Security

Objectives: LAPFF is a founding member and co-chair of the Valuing Water Task Force, a group of global asset owners and financial institutions focused on catalysing systemic change in how water is valued by multinational corporations.

The objective is for investee companies to improve water management practices through the adoption of water stewardship best practice.

Method: The taskforce has now developed a set of corporate expectations relating to water stewardship best practice. The expectations have been informed by The Valuing Water Global Assessment of Private-Sector Water Impacts study, facilitated by CERES, which has highlighted the scientific evidence of the most critical externalities to water resources linked to industries and companies. The expectations are focussed on water quality, water quantity, ecosystem protection, access to water, governance, and public policy engagement. In December 2022, the engagement phase of the initiative commenced with LAPFF nominated as lead investor for Constellation Brands.

Longer-term objectives: LAPFF's ultimate objective is for investee companies to achieve sustainable water management practices. In addition, the initiative is also seeking to contribute to more water-risk informed portfolio and investment decision-making. Water pollution globally has surfaced in particular through LAPFF's mining and human rights engagements, so this issue is addressed further in the human rights section of the work plan.

SDGs: Goal 6. Ensure availability and sustainable management of water and sanitation for all; Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development

1.1.7. Water Companies and Sewage

Objectives: LAPFF aims to ensure plans are in place and progress is being made in reducing the amount of sewage being released into waterways and to reduce the investment risks (reputational, regulatory and legal) of not doing so. LAPFF further aims to ensure that plans for reducing greenhouse emissions are adequate and to ensure companies are meeting regulatory requirements on leaks.

Method: LAPFF will engage water and sewage utility companies on their plans and the progress being made. LAPFF will seek assurances that progress and targets are ambitious to reduce negative water impacts and understand how these can be achieved (including adequate capital investment) given the economic regulation that companies face on charges. LAPFF will engage companies on their climate transition plans.

Longer-term objectives: LAPFF seeks to ensure company commitments to reducing pollution in waterways are being met by tracking progress. Further engagements on valuing water – as covered at the 2022 LAPFF Conference – will be explored as these opportunities present themselves.

SDGs: Goal 6. Ensure availability and sustainable management of water and sanitation for all; Goal 11. Make cities and human settlements inclusive, safe,

resilient and sustainable; Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development

1.1.8. Housebuilders

Objectives: LAPFF's aim is to reduce the climate risks related to investment in the housebuilding industry given that housing is a major contributor to greenhouse gas emissions. LAPFF will also seek to ensure that concerns from consumers and policymakers around leasehold arrangements and build quality are being addressed.

Method: LAPFF will engage the largest UK housebuilders. The engagements will seek to ensure plans are in place to move to net zero homes, have Paris-aligned transition plans, and meet regulatory standards on emissions. The meetings will also engage companies on wider issues facing the sector, including around quality of homes and leaseholder issues.

Longer-term objectives: LAPFF seeks to ensure that there are actual emission reductions for operations and occupied homes that meet targets for a 1.5 degree scenario.

SDGs: Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation; Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable; Goal 13. Take urgent action to combat climate change and its impacts

1.1.9. Policy Engagement and Fair and Just Transition

Objective: LAPFF aims to reduce the investment risks associated with climate change and recognises that this work cannot be achieved by any single actor alone, investors included. Strong regulation is required to ensure the shift to a net zero carbon economy and that the transition is undertaken in a fair and just way. LAPFF therefore wishes to see policies, programmes, and regulations that are reducing the investment risks for LAPFF members.

Method: LAPFF will engage policymakers and companies on policies that support a fair and just transition. Last year, LAPFF produced a report for one business meeting analysing the Climate Change Committee's 2022 report to parliament. The report set out potential areas for engaging regulators aligned to topics LAPFF already engages companies on. LAPFF will, where appropriate, engage relevant regulators and government departments on policies necessary to ensure a fair and just transition, including around land use and carbon offsetting, transition plans standards, charging infrastructure, plastics, housebuilding, aviation and transport, and energy.

Longer-term objective: LAPFF's long-term aim is that regulations increasingly support a fair and just transition to a decarbonised economy. In particular, LAPFF will seek to engage with policy makers and regulators on infrastructure

developments that enables both innovation in energy solutions and fair social consequences (ie, affordable and clean energy).

SDGs: All SDGs are relevant for a just transition.

1.2. Human Rights and Employment Practices (EMP)

Investors are gaining and ever-increasing awareness of the financial implications of investee companies' human rights practices. LAPFF members have gained this awareness through non-governmental organisation letters on the Occupied Palestinian Territories (OPT), through engagements with mining companies and communities affected by mining, and through engagements with companies and workers on employment standards and company supply chain practices. Last year, LAPFF established a human rights strategy to help drive and frame an increasing demand for engagement on human rights.

Objective: The LAPFF human rights workstream aims to implement the LAPFF human rights strategy as set out below. As well as engagement on human rights in a broad sense, this workstream includes work with investee companies to implement acceptable employment standards and supply chain practices.

Method: The LAPFF human rights strategy is based on three components: company engagement, affected stakeholder engagement, and policy engagements. These engagements cover three categories: sovereign-based engagements, sector-based engagements, and issue-based engagements. Collaborative engagements are included under all of these categories. Details of the three engagement categories, LAPFF's collaborative engagement strategy, and the policy component are set out below. A link to a just transition as it relates to human rights is presented in the final section of this topic.

1.2.1. Sovereign-Based Engagements

LAPFF maintains engagements on the Occupied Palestinian Territories (OPT), on companies operating in conflict zones – in particular Myanmar and Ukraine - and in the Xinjiang region of China where the Uyghur population is currently being subject to forced labour. All of these engagements are expected to continue or escalate, either through LAPFF alone or collaboratively where deemed appropriate. LAPFF is a member of investor groups on Myanmar and Uyghur issues through the Investor Alliance on Human Rights (IAHR). It is expected that voting alerts will be helpful in relation to some of these engagements over the course of the coming year. The voting alerts will be determined closer to the times of the company AGMs and will be dependent on company and political developments. Motorola is a company about which a few members have asked so will be looked at closely for a voting alert.

1.2.2. Sector-Based Engagements

Over the last four years, LAPFF has focused on human rights in the mining sector. During 2022, the LAPFF Chair and support staff visited Brazil to further an engagement in relation to mining after a request to do so from affected communities in Brazil. It is foreseeable that other such visits will be requested by affected communities in other countries. Furthermore, an additional engagement with Grupo Mexico is likely in the coming year. This engagement would follow a similar template to the Brazil engagements with companies and communities. Voting alerts will continue to be issued as necessary in relation to these engagements.

There will also be continued engagement with the apparel sector, including in relation to supply chain working conditions and social insurance. In relation to social insurance in the apparel sector, LAPFF held webinars on a new International Labor Organisation social insurance initiative with IndustriALL and is planning to hold additional webinars in the coming year on this topic. LAPFF engages the technology sector through voting alerts, through a technology working group based in IAHR, and through investor sign-on letters to companies. These engagements are expected to continue or escalate during the coming year.

Other possible sectors for engagement include the care sector, the defence sector, the food and beverage sector, and the solar sector.

1.2.3. *Issue-Based Engagements*

Joint ventures remain a major concern for LAPFF in relation to all sectors, but particularly as a result of the mining sector engagement. During the coming year, LAPFF plans to engage a consultant to explore the environmental, social, and governance gaps resulting from joint venture structures, as well as best practices in joint ventures. Discrimination is an umbrella topic for a number of LAPFF engagements covering the 30% Club investor group, which now covers race and gender, and the socio-economic taskforce engagement that LAPFF undertook during the course of the year. On modern slavery, LAPFF is a member of initiatives led by CCLA, Rathbones, and IAHR. It is anticipated that these engagements will continue or escalate over the course of the year. Furthermore, an additional area of engagement – access to resources – is anticipated. This engagement is likely to be prompted by the cost of living crisis, which could exacerbate lack of access to resources such as Covid vaccines, water and natural resources, and energy for vulnerable or low-income populations. These developments could well impact on the resources and profits of investee companies as a result.

1.2.4. *Collaborative Engagements*

LAPFF's primary vehicles for collaborative engagements on human rights are the IAHR and the Principles for Responsible Investment (PRI). Through IAHR, LAPFF will continue to participate in the groups on Uyghurs, Myanmar, and technology.

LAPFF will also seek to initiate a group through IAHR to form a global network of investors to undertake effective engagement with affected workers and communities. This year, LAPFF joined the PRI's Advance human rights programme and has been placed in the collaborative investor groups for Anglo American and Vale.

Although LAPFF will continue to look for opportunities to engage collaboratively with other investors, both through these vehicles and through investor sign on letters and other joint initiatives, LAPFF will be more selective about which investors to partner with. The criteria will be whether the standard of engagement through collaborative engagements is more effective in allowing LAPFF to follow through on its objectives than it has been in the past. Where this criterion is not met, LAPFF will either not engage with a collaborative engagement in the first place or will withdraw from existing engagements that have proven ineffective.

As a general note, LAPFF engagements have become more internationally-oriented over the past five years. It will therefore be increasingly important to partner with international investors with local knowledge to ensure that LAPFF's engagements are both culturally-appropriate and effective.

1.2.5. Policy Engagements

LAPFF's engagement on human rights has escalated exponentially in the last five years, to the point that LAPFF is now seen as a leader in this area. Consequently, LAPFF was invited to join a governmental social taskforce this past year, and participation in this group looks set to continue. There is also a range of new legislation covering human rights and environmental due diligence globally, including the new European Union Corporate Sustainability Due Diligence Directive (CSDDD) that is currently under development and will need to be monitored.

Litigation tracking is another area that LAPFF will need to cover given human rights cases involving BHP, Vale, Anglo American, Glencore, and Shell, among others. LAPFF responded this year to a consultation to update the US National Action Plan to implement the UN Guiding Principles on Business and Human Rights. It is expected that there will be an increasing need to monitor legislative and policy developments on human rights and draft consultation responses in this area.

Longer-term objectives: LAPFF would like to see company boards embrace corporate cultures that enable the companies to uphold their responsibilities to respect human rights in line with the UN Guiding Principles on Business and Human Rights. This culture change should help companies to become more sustainable and resilient in respect of a host of environmental, social, and governance issues. These aspects of culture will become more ever more

financially material for companies as new legislation is brought in like Europe's Corporate Sustainability Due Diligence Directive.

It is likely that the cost of living crisis will create challenges for investee companies and people alike. LAPFF will assess whether any engagements beyond those with care companies are needed in this area. LAPFF will also continue to monitor whether more work needs to be done in engaging pharmaceutical companies on Covid or other emerging infectious diseases.

1.2.6. Fair and Just Transition as it relates to Human Rights

Objective: LAPFF would like to see companies move away from creating silos for ESG issues to understanding how all three elements link together. This interconnected understanding of ESG issues is the foundation for a fair and just transition.

Method: The climate and environment components of human rights are becoming increasingly important as the scale of the climate crisis increases. More and more human rights engagements are focusing on the link between human rights, climate, and the environment, especially as there is now a new recognised human right to a clean and healthy environment. For example, LAPFF currently has an engagement on responsible mineral sourcing with automobile companies that covers both climate and human rights considerations. Therefore, fair and just transition will become a more prominent engagement topic across all of LAPFF's engagements, human rights and otherwise.

Longer-term objectives: LAPFF would like to see a meaningful definition of a fair and just transition developed and espoused by both companies and investors. Until this definition is developed and acted on, the term will continue to be abstract and hard to implement for all parties involved.

SDGs: All of the SDGs are relevant to the realisation of all human rights.

1.3. Leadership: Emerging and Developing Initiatives (LEAD)

Objectives: LAPFF aims 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 the Executive committee. These issues can arise at any point during the year and so do not necessarily align in timing with the development of the LAPFF work plan.

Method: Monitoring and assessment of emerging thematic investment concerns is undertaken during the year, with compelling investment concerns and impacts drawn into the workplan throughout the course of the year. Responsible investment concerns at companies widely held by members will be explored and relevant engagement strategies proposed as will issues raised by the Executive

committee. This process will include identifying initiatives where the Forum could be active or could collaborate and progress engagement.

Longer-term objectives: LAPFF seeks to retain a focus on areas that provide added value for members whilst ensuring priority and emerging engagements or value-added collaborations can be incorporated. One of these emerging areas is split voting.

2. Promoting Good Governance

LAPFF continues to take the view that without effective corporate governance, effective social and environmental standards and practices cannot be implemented at investee companies. Necessary governance practices include adequate board diversity, good practice on anti-bribery and corruption, effective governance of technological development and implementation of this technology, and reliable company accounts. LAPFF engagements in these areas are set out below.

2.1.1. *Anti-Bribery and Corruption (GOV)*

Objectives: LAPFF has engaged a number of companies on anti-bribery and corruption in the past, most recently Glencore. The aim is to ensure that companies have appropriate internal controls in place and are transparent in their relationships with business partners, including their identity, their location, and the exact relationship to the investee company.

Method: To date, LAPFF has engaged investee companies with support from Global Witness, a non-governmental organisation aimed at promoting anti-corruption practices at major multinational companies. This type of engagement will continue where situations arise warranting LAPFF's scrutiny.

Longer-term objectives: LAPFF will seek to monitor investee companies in respect of any bribery and corruption allegations both to determine when it is appropriate to engage and to ascertain whether any policy engagement is necessary in relation to corporate conduct in this area.

2.1.2. *Diversity (GOV)*

Objectives: The Forum seeks to enhance the diversity of boards and the workforce. LAPFF recognises that higher levels of diversity at board level are needed to tackle 'group think'. There are various papers and reports that show links to better company performance where there are higher levels of diversity at board level. FCA rules introduced from 1 April 2022 also now require companies to disclose in their annual reports whether they have met specific board diversity targets on a 'comply or explain' basis.

Method: LAPFF is a member of the 30% Club Investor Group, which seeks to improve gender diversity at board level. This group has extended its remit to incorporate ethnic diversity. LAPFF will continue to engage collaboratively through this group as well as with identified laggard companies. John Gray, LAPFF Vice Chair, previously sat on the City of London's Taskforce on Socio-Economic Diversity which sought to progress discussions and identify best practice in the financial sector. This has now morphed into the 'Progress Together' initiative which Cllr Gray will continue to support.

Longer-term objectives: Given the time limits of both the Parker and Hampton-Alexander reviews alongside the new FCA rules, it is clear where boards have made minimal effort to meet these recommendations. LAPFF will look at whether boards have incorporated diversity into their business strategy and the process undertaken by boards in ensuring diversity considerations are integral to the appointments process. Within this analysis of companies, LAPFF will also take into account pay gap reporting, both on ethnicity and gender, at both board and company level.

SDGs: Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; Goal 5. Achieve gender equality and empower all women and girls; Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; Goal 10. Reduce inequality within and among countries

2.1.3. Technology and Governance (GOV)

Objectives: LAPFF will seek to improve the governance practices of technology companies which fall far short of best practices. The Forum will also seek improved practices for content management on their platforms to reduce human rights risks facing investee companies and therefore shareholder value.

Method: LAPFF will seek to engage with major technology companies, including issuing voting alerts focused on resolutions on governance issues (including dual class shares, majority voting for directors and joint chief executive and chair roles) and on social issues (including human and civil rights policies and practices and content management safeguards). Where appropriate LAPFF will engage collaboratively.

Longer-term objectives: That technology companies' (including those making IPOs) governance arrangements are in line with best practices and that human rights risks around their content are being properly managed.

SDGs: 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

2.2. Reliable Accounts, Capital Market Regulatory Reform (REL)

Objectives: This objective is an umbrella for the climate-related accounts engagement set out above. LAPFF aims to ensure that there is a regulatory environment that ensure companies prepare and report their accounts in line with a true and fair view as established in law.

Deficiencies with accounts and audits became a matter of significant concern following the 2007-2010 banking crisis/credit crunch. LAPFF identified that rather than a liquidity crisis, the problems stemmed from a solvency crisis, in large part due to the accounts of banks a) leaving out likely losses and b) taking unrealisable market only gains on trading books to profit and loss (unrealisable as large-scale selling would deflate what was an asset bubble).

The position was supported by the House of Lords Economic Affairs Committee, the Treasury Select Committee and the Parliamentary Commission for Banking Enquiry (a joint committee of both houses of parliament).

It then became clear that the problematic accounting of the International Financial Reporting Standards (IFRS) International Accounting Standards Board (IASB) were conceptually flawed as the accounting was inconsistent with determining a) whether a company was capable of being assessed as a going concern or not b) whether a company was in a position to pay a dividend lawfully or not (with a) and b) having mutual dependencies, and both being Companies Act requirements).

After years of Parliamentary intervention and enquiries, Parliamentary Questions, Freedom of Information Act requests and legal opinions it has become clear that the problems in resolving matters flow from officials within BEIS. One outcome has been the recommendations of the Kingman Review that the Financial Reporting Council is replaced by the Auditing, Reporting and Governance Authority (ARGA). However, progress in laying legislation to implement those reforms has been hampered by the regular changes in Prime Ministers.

As there are now parallel issues appearing with Liability Driven Investment strategies (LDIs) it is proposed to add work on this topic to the workstream because:-

The EU Directive relevant to occupational pension schemes prohibits pension funds borrowing, but it appears that due to industry lobbying the UK transposition of the Directive changed words to permit borrowing.

LDIs are predicated on “hedging” the number for pension “liabilities” produced by IAS 19 (using a bond rate). Whereas the same pension funds in the hands of insurers use IFRS 17 (Insurance) which permits discounting at a rate based on the actual expected returns of an investment portfolio).

LDIs led to financial instability and forced selling of equities by pension funds at distressed prices. There is therefore a problem with inconsistent, illogical and

value destructive regulation arising from what is essentially policy making outsourced to vested interests that runs contrary, inter-alia, to the intention of Parliament and democratic institutions.

Method: An accounting issues group within the LAPFF Executive is being established. The aims of this group are to break through the jargon and false complexity to deal with the harm that has occurred and is continuing to occur from poor and misleading accounting and audit practices.

Longer-term objectives: Overall the objective is to get in place a rational, public interest framework for accounting, audit and capital market reform that is in the interests of long-term shareholders and the public interest, in the place of piecemeal gerrymandered structures created by vested interests.

The Kingman Review stated the risk of deviating from the public interest in such terms relating to the FRC, however, the broad point is relevant regardless of which regulatory is involved...

“The Review is concerned by what appears to be a widespread assumption that the FRC’s board should in some sense be “representative” of the many stakeholders affected by its work. Many respondents, in fact, asked for additional representatives to be added to the board...

...the purpose of a regulator’s board, ... is not to represent all the multiplicity of views of relevant vested interests and somehow reconcile them in discussion, but rather to ensure that the regulator is doing a highly effective job in protecting and promoting the public interest.”

SDGs: Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

2.3. Holdings Based Engagement, AGM Attendance (HBE)

Objectives: LAPFF aims to communicate with/meet board members of companies most widely held by members in a number of markets, at least bi-annually. It is important to ensure any engagement on behalf of bond holders is differentiated from engagement on behalf of shareholders. LAPFF seeks to participate in UK and non-UK-based company AGMs in a manner that is best targeted to communicate with board members and ensure board access for follow-up meetings.

Method: Holdings data is requested from members from September onwards and collated. This data collection enables LAPFF to undertake engagement where members collectively represent a significant holding in the company (2 percent and over). Engagement is undertaken on identified governance, capital stewardship, and corporate responsibility concerns as well as topics aligned with workplan themes. In undertaking engagement on bonds, there is recognition that

the skills needed to scrutinize bonds are different to those used to deal with equity, as the risks are very different. Engagement will also recognize the conflict of interest between what is best for shareholders and what is best for bondholders. AGM attendance has long moved on from being purely an escalation strategy and is now a regular part of ongoing engagement with companies. Attendance can commend boards for progress as well as press on areas where further progress could be made. Given that most meetings are now virtual or hybrid, LAPFF executive members have greater access and are briefed in advance of such meetings.

Longer-term objectives: LAPFF seeks to build relationships with company boards so that increasingly directors seek out meetings with LAPFF. It also seeks to build further board-level relationships with non-UK company boards, especially where current collaborative engagements may be at investor relations level.

2.4. Policy Engagements (CONS)

Consultation Responses, Networking, Policy Development

Objectives: LAPFF's objectives include promoting the highest standards of corporate governance and corporate responsibility by influencing government, regulatory and market-led policies and norms. In doing so, LAPFF aims to increase its impact by building relationships with like-minded organisations.

Method: LAPFF promotes policies aligned with LAPFF's purposes. In doing so, the Forum will respond to government consultations. Priority will be given to consultations which best serve LAPFF's and its membership's objectives and interests. With a significant volume of new regulation focused on climate change this topic is likely to be a major part of the consultation response work. LAPFF's continued interest in auditing and accounting standards is likely to remain a focus area, as are legislative developments related to human rights and environmental due diligence. Other issues could include interventions regarding the LGPS, responsible investment, and corporate governance standards.

Government consultations are likely to be the main focus but LAPFF may also respond to relevant consultations from collaborative initiatives and NGOs given the potential to influence market standards. Responding to consultations is a good way to build relationships and last year led to LAPFF being invited onto a DWP taskforce on social factors in investing. LAPFF will continue to be involved in this initiative and will also build relationships through networking and speaking engagements.

Climate policy will continue to be informed by LAPFF's interactions with investor partnerships and initiatives, including IIGCC, CERES and PRI. LAPFF will continue to maintain and develop relationships with NGOs, workers, and affected communities to inform its work and further its engagement activities. Feedback

from activities will be provided in the QER and the chair's email and new policies agreed by the LAPFF membership will be updated in the LAPFF [responsible investment guide](#).

Longer-term objectives: LAPFF seeks to enhance its position as a leading voice on responsible investment and corporate governance issues.

3. Positioning the Forum, Communication and Member Services

3.1. Communications, Media Outreach, Publications (COMM)

Objectives: LAPFF aims to maintain regular communication with members on engagement objectives, activities, and outcomes, as well as other pension fund-specific collaborations to drive greater momentum in some areas and to make sure that work is not duplicated in others. It aims to **actively highlight progress and effectiveness of LAPFF engagement** across multiple materials and platforms including media coverage.

Method: Part of LAPFF's success is dependent on the communication of its work to members, to other investors, and to the general public. The chair's e-mail provides weekly updates on LAPFF's work to members. The quarterly engagement report presents a quarterly update on LAPFF's engagement progress, including through publication of a table containing engagement outcomes. The annual report communicates LAPFF engagement themes and trends over the year.

The LAPFF website is a first port of call for information about LAPFF, including recent initiatives, publications, and news. Following Elon Musk's acquisition of Twitter, LAPFF has paused activity on that social media platform. Instead, there is now a LAPFF LinkedIn page to keep interested parties up to date on the Forum's activities. Media outreach will aim to forge stronger relations with journalists as well as facilitating responses to enquiries and issuing press releases. The use of video and film to promote and support LAPFF work will continue.

Meetings and webinars keep members up to date on investment related topics, emerging initiatives and LAPFF policy development and engagement. In the past year, LAPFF has co-hosted two webinars with IndustriALL on social protection for workers in the garment and clothing sectors. Webinars such as these, and webinars with community members affected by mining operations will continue.

LAPFF also issues a range of reports that are usually released publicly. Although voting alerts are generally reserved for LAPFF members and their fund managers, when appropriate, these alerts can also be issued publicly when it is deemed necessary to do so to promote LAPFF's engagement objectives. Voting alerts are usually made public through press releases regarding LAPFF's work. LAPFF also

responds to press requests on a range of topics, including reliable accounts and, increasingly, human rights.

Longer-term objectives: The long-term goal of LAPFF communications is to position LAPFF as a responsible investment leader, based on a strong research, evidence-based analysis, and practical engagement with companies. LAPFF also seeks to become a first 'point of call' for journalists seeking views on ESG investment issues.

3.2. Member Liaison, Services, Support and Training (SUPP)

Objectives: LAPFF aims to support members through the provision of the aforementioned communications, executive and business meetings, and other ad hoc communications responding to various member requests. LAPFF also liaises with executive members to ensure they have access to relevant training opportunities.

Method: Members receive educational and explanatory materials in a range of formats about LAPFF for use by member funds, including during the induction of newly elected members. These materials cover the work and organisation of both LAPFF and its engagement partners, and how funds can become actively involved. The materials also seek to motivate individuals to become directly involved themselves in the work of LAPFF, for example through standing for the Executive Committee. Support also includes responding to queries, maintaining up-to-date contact lists, and ensuring access to the member section of the LAPFF website, where access to information that is private and confidential for LAPFF members is posted.

The member site provides a range of information on LAPFF's activities including information pertaining to LAFF meetings, voting alerts, draft consultations, and the chair's e-mail. It also includes the provision of material that might be helpful for wider dissemination across pension committees and local pension boards in the form of short documents providing members with background information and responses to 'live' issues and concerns as well as responses to stakeholders.

LAPFF holds quarterly Executive and Business meetings, seminars, and conferences. Member holdings are collated to facilitate LAPFF's ability to obtain engagement meetings with investee companies. Records of these engagement meetings with companies are retained on PIRC's server to facilitate further engagement and to enable regular reporting on LAPFF engagement activities and outcomes. Ongoing training is provided for Executive committee members to ensure development needs are met.

Longer-term objectives: LAPFF will seek to ensure information channels are maintained in a manner that suits all members and their changing needs. LAPFF Executive members will also be consulted on whether a more formalised

approach to inducting new members to the LAPFF Executive, or to LAPFF more broadly, is needed.

3.3. AGM, Business, Executive, and Subcommittee Meetings (MEET)

Objectives: LAPFF aims to ensure that executive committee meeting discussions further LAPFF's mission to promote the highest standards of corporate governance and corporate responsibility. These meetings also aim to inform members about outcomes from LAPFF activities and encourage debate in a way that allow them to take useful decisions in driving LAPFF's objectives forward.

Method: Quarterly executive committee meetings allow executive members to discuss and deliberate new proposals as well as review outcomes from engagement. On occasion, other sub-committees are convened to discuss proposals and report back to the executive committee. An annual meeting of the executive in the latter part of the year determines strategy for the year ahead. Quarterly business meetings provide members with the opportunity to debate current initiatives and how LAPFF will engage, as well as to hear updates on engagement outcomes from activity over the previous quarter. The AGM ensures that relevant procedural items are dealt with, such as election of executive committee members and receipt of the annual report.

Longer-term objectives: LAPFF seeks to ensure that meetings continue in a format that will best ensure input and discussion by the LAPFF executive and wider membership.

3.4. APPG, Party Conference Fringe Meetings, Asset Managers, LGPS Events (LGPS)

3.4.1. *All-Party Parliamentary Group (APPG) for Local Authority Pensions Funds*

Objectives: LAPFF supports the APPG for Local Authority Pensions Funds which has been established to discuss LGPS issues with policymakers and stakeholders. The group helps to raise issues of concern, develop policy thinking and inform the work of LAPFF.

Method: LAPFF supports the APPG which arranges meetings with parliamentarians and a broad range of stakeholders. The APPG invites ministers and shadow ministers to speak alongside experts and professionals from the investment world.

Longer-term objectives: LAPFF seeks for the APPG to further raise awareness of the work it is carrying out and to strengthen relationships with key stakeholders.

3.4.2. Party Conference Fringe Meetings

Objectives: The regulatory and legislative environment in which LAPFF operates is shaped by policymakers. To support an environment which helps promote LAPFF's objective of having the highest standards of corporate governance and corporate responsibility, LAPFF will host fringe meetings at the Party conferences.

Method: LAPFF will host fringe meetings at the party conferences to build relationships with parliamentarians and ministers, to raise awareness of responsible investment issues, and to lead the debate on reforms which promote well-functioning markets. These meetings provide an opportunity to engage a wide range of stakeholders on the panel and in the audience. The topics of the meetings will be on specific issues relevant to the Forum's workplan.

Longer-term objectives: LAPFF aims to raise awareness of its work and strengthen its position as a thought leader on responsible investment issues.

3.4.3. LGPS Events, Asset Managers

Objectives: LAPFF aims to maximise its influence both within the investment chain and in respect of investee companies and to promote improvements in practice. One way LAPFF gains influence is through supporting executive participation in external events. LAPFF also aims to ensure good two-way communication between LAPFF fund and pool members.

Method: LAPFF will continue to engage with asset managers, regulatory bodies with responsibility for stewardship and related areas, and other relevant experts on matters such as stewardship practices, shareholder voting, stock-lending and infrastructure. Care will be taken to ensure no cross-cutting in terms of the work done by the Pools in 'managing their managers'. Representatives of the research and engagement partner on occasion present to pension committees, pension boards, and employee AGMs on a variety of aspects of the workplan and initiatives. Representation and support are provided to executive and other members for other external events undertaken on behalf of LAPFF as well as for any outreach by the Chair with member funds. In 2023, this event participation may well have a regional focus. Support will be provided for the chair to meet with pool company chairs, CEOs, and Responsible Investment leads on matters of mutual interest and vote recommendations, ensuring greater communication between LAPFF's engagement strategies and similar strategies undertaken by pools.

Longer-term objectives: LAPFF seeks to have well-developed relationships with major asset managers and to 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.

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Q4 2022

ESG impact report

Global engagement to
deliver positive change

Our mission

We aim to use our influence to ensure:



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



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 seek to deliver long-term success.

Promoting market resilience

As a long-term investor for our clients, it is essential that markets (and, by extension, the companies within them) are able to generate sustainable value. In doing so, we believe companies should become more resilient amid change and therefore seek to benefit the whole market. We use our influence and scale to ensure that issues affecting 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 across markets as a whole.



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Action and impact

In this report, we highlight some of our key activity in the Investment Stewardship team, including our latest Climate Impact Pledge updates, our participation in COP27 and COP15, and a selection of our significant votes.

Environmental | Social | Governance

ESG: Environment

Expanding the Climate Impact Pledge: the next phase of our engagement

At LGIM, climate change and supporting a drive to net zero remain a priority.

As such, we have further expanded our dedicated climate engagement programme, the Climate Impact Pledge, by strengthening our climate expectations and red lines for investee companies, with the goal of accelerating progress towards net zero greenhouse gas (GHG) emissions globally.

We have expanded the scope of our climate engagement programme in three main ways:

1. We have increased the number of sectors to 20

In 2016, our first iteration of the Climate Impact Pledge covered 6 sectors. In 2020 we increased this to 15 and we have now expanded coverage to 20 sectors. These companies are responsible for the majority of global carbon emissions from listed companies and also have been identified as the most carbon-intensive sectors within our portfolio.

Within some existing sectors, we have expanded the sub-industries covered. For example, within apparel we cover not only apparel retail and manufacturers, but also other GICS¹ sub-industries like footwear, apparel luxury goods, and textiles.





















1. GICS – Global Industry Classification Standard





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Climate Impact Pledge sectors (new sectors highlighted in blue)

 airlines	 glass
 aluminium	 insurance
 apparel	 logistics
 banks	 mining
 buildings	 multi-utilities
 cement	 oil & gas
 chemicals	 road transport
 electric utilities	 shipping
 food	 steel
 forestry and paper & pulp	 tech & telecoms

2. Our data-driven assessment now covers more of LGIM's portfolio emissions, raising the number of companies covered from 1,000 to 5,000+

By publishing our climate ratings on our dedicated website, we enable companies to verify their progress and identify areas in their climate disclosures and strategies which need improvement. There may be voting implications for those companies not meeting our minimum standards.

3. We have increased the number of companies subject to direct engagement from 60 to over 100 companies

In October 2022, we began our next cycle of direct climate engagement with selected companies. These companies are influential in their sectors, but not yet leaders on climate change and sustainability; we believe they can and should embrace the transition to net zero carbon emissions in the next few years. Complementing our data-driven approach, this qualitative approach enables our stewardship team sector experts to conduct an in-depth assessment of each company, based on the framework set out in the net zero sector guidelines published on our [website](#). This engagement aims to help companies remove roadblocks and encourage progress.

We expect these in-depth engagement companies to meet our published sector-specific red lines. There are potential voting and divestment implications for companies not meeting these after a certain period of engagement.

Updating our sector expectations

In our 2020 update, we developed sector-specific guides to support companies in aligning to net zero and to outline our sector-specific expectations clearly. And

we have seen progress: of our deeper engagement companies, 53% now have net-zero targets, versus 22% before, and over recent years we have reinstated five companies previously on our Climate Impact Pledge divestment list into relevant funds.²

But a commitment to net zero alone is not enough; further progress is required to translate those commitments into credible pathways and action.

In 2022, we reviewed our [net zero guides](#) and strengthened our expectations to reflect the latest climate science and industry standards. While these expectations vary from sector to sector, we have set a red line for all sectors on the disclosure of lobbying activities. Lobbying is a key lever for decarbonisation and can have a significant impact and influence on the stringency and effectiveness of public climate policy. Ultimately, we expect companies to act in support of climate goals in all areas of their political influence.

Across all sectors, we have placed more emphasis on disclosure of plans, actions and investments to support delivery of commitments, and on linking executive remuneration to short- and medium-term emissions reduction targets.

We have also introduced 'just transition' considerations, and expectations emphasising the essential role of combating deforestation, biodiversity and nature loss in delivering a credible pathway to net zero.

We believe it is in investors' interest to support decarbonisation across our holdings and across all sectors. By expanding our Climate Impact Pledge engagement programme, we continue to hold many of the world's largest companies accountable for their progress towards net zero.

2. [Climate Impact Pledge 2022 - Net zero: going beyond ambition \(lgim.com\)](#)







Deforestation: campaign and collaboration

Campaign update

In the fourth quarter of 2022, we continued our deforestation engagement campaign with portfolio companies. Having communicated initially with around 300 companies in deforestation-critical sectors, we then followed up with direct engagements where requested. For instance, we met with Colgate-Palmolive* and Sime Darby Plantation* to discuss their deforestation policies and approaches.

As communicated in our [deforestation policy](#), we will be sanctioning companies for not meeting our minimum expectations of having a deforestation policy or programme from 2023 onwards.

We will continue to work on achieving our milestones as part of the COP26 Commitment on Eliminating Agricultural Commodity Driven Deforestation from Investment Portfolios, which we signed in 2021.

Collaboration update

In response to commitments made at COP26, LGIM joined with over 30 financial institutions as part of the [Finance Sector Deforestation Action](#) (FSDA) initiative to commit to use best efforts to eliminate agricultural commodity-driven deforestation from our investment portfolios by 2025. Through our involvement in the FSDA initiative, we are working with other investors to accelerate progress in key sectors and across value chains. This is a critical step towards reversing deforestation globally and aligning the financial sector with a Paris Agreement-compliant 1.5°C pathway. The initiative has set out [investor expectations for companies](#) around commitments, disclosure and actions related to deforestation. The FSDA has also identified key companies in deforestation-critical sectors to engage with, and LGIM has taken the lead on four of these engagements.

The FSDA initiative outlines a clear timeline to demonstrate 'best efforts', including:

1. By the end of 2022: complete an assessment of deforestation risk exposure associated with investments related to forest-risk agricultural commodities, adopt policies to address deforestation risk and deepen engagement with clients and holding companies
2. By 2023: disclose deforestation risk exposure and mitigation activities associated with investment portfolios and continue engagement activities
3. By 2025: publicly report on progress and incorporate engagement outcomes into investment decisions

For more details on how LGIM is taking actions to meet these three requests, please see our focus section on deforestation in our [Q3 2022 Quarterly Impact Report](#).



*For illustrative purposes only. This is not a recommendation to buy or sell any security.



Significant votes

Company name	BHP Group Limited*
ISIN	AU000000BHP4
Market cap	£128 billion (source: Salesforce, as at 23 December 2022)
Sector	Metals and mining
Issue identified	Climate-policy advocacy and climate disclosure, both of which LGIM considers to be material to the net zero transition. LGIM considers shareholder proposals on an individual basis.
Summary of the resolution	Resolution 14: Approve Policy Advocacy Resolution 15: Approve Climate Accounting and Audit AGM date: 10 November 2022
How LGIM voted	These were both shareholder-proposed resolutions and LGIM voted in favour of both (i.e. against management).
Rationale for the vote decision	<p>Resolution 14 was a request that the company proactively advocate for Australian policy settings that are consistent with the Paris Agreement’s objective of limiting global warming to 1.5°C. A vote in favour of this proposal was applied as LGIM believes positive climate-related advocacy is in the best interest of the company and its shareholders. We also note that nothing in this resolution was designed to limit the board’s discretion to take decisions in the best interest of the company.</p> <p>Resolution 15 requested that, from 2023, the notes to the company’s audited financial statements include a climate sensitivity analysis which includes a scenario aligned with limiting global warming to 1.5°C, presents the quantitative estimates and judgements for all scenarios used, and covers all commodities. While we consider the company to be a leader with respect to its climate-related disclosure, a vote for this proposal was applied as LGIM believes that further quantitative disclosure in the company’s financial statements around the impact of climate change scenarios on BHP’s material commodity portfolio is important.</p>
Outcome	These resolutions received 12.7% and 18.7% support, respectively, from shareholders. We continue to engage with BHP and, more broadly, to support proposals that are aligned with LGIM’s net zero aims and beliefs.
Why is this vote ‘significant’?	These votes were significant because of their importance within our climate change engagement.

*For illustrative purposes only. This is not a recommendation to buy or sell any security.



Environmental | Social | Governance



ESG: Social

Expansion of our ethnic diversity campaign

Diversity, in all its forms, has long been a key priority for LGIM. The enduring belief behind these efforts is that diversity contributes to better decision-making and therefore better boards, which should, in our view, create better-run, more sustainable companies. Several studies, including the most recent study on employee diversity data, have confirmed that diversity is financially material enough to warrant pressure from investors and other stakeholders.³

Our ethnic diversity campaign: a brief recap of our aims and actions

In 2020, we launched a campaign to engage with the largest 100 companies in the UK and the largest 500 companies in the US on ethnic diversity at board level. Our request was simple: that they should have ethnically diverse representation at board level by 2021, or face voting sanctions.

Of the 79 companies with whom we engaged due to them not meeting our expectations, we ultimately only voted against one US company. But there is still progress to be made – due to turnover during the year and new board appointments, several new companies have been flagged as having no ethnic diversity. Therefore, we continued our focus and wrote during the quarter to the remaining laggards in the FTSE 100 and S&P 500, to remind them of our expectations and that voting sanctions will apply if diversity is not improved. There are six companies within these indices that currently do not have any ethnicity on the board, and voting sanctions will be applied at the 2023 AGM if progress is not made.

3. As You Sow: Workplace Diversity and Financial Performance, December 2022

4. As at time of writing - December 2022

These companies⁴ are:

Dish Network* (S&P 500)
Universal Health Services* (S&P 500)
Caesars Entertainment* (S&P 500)
Dechra Pharmaceuticals* (FTSE 100)
Vodafone Group* (FTSE 100)
Unite Group* (FTSE 100)

*For illustrative purposes only. This is not a recommendation to buy or sell any security.

We have also widened our scope for this campaign and plan to engage those companies failing to meet our minimum expectations within the broader FTSE 250 and Russell 1000 indices. Our expectation for the companies in these additional indices is identical but, in line with the UK’s Parker Review, we allow these smaller companies more time to meet our expectations and will therefore expect compliance by 2024.

Collaborating on diversity: our work in the US

In November 2022, LGIM again supported the Russell 3000 Board Diversity Disclosure Initiative as an investor signatory. This initiative is comprised of a coalition of investor organisations calling on companies in the Russell 3000 Index to disclose the make-up of their boards of directors – inclusive of gender, race and ethnicity – given the correlation between board diversity and long-term performance.⁴ Since 2020, the Illinois treasurer has led this initiative, that includes 26 investor organisations representing over US\$3 trillion in assets.⁵ Each year, the investor coalition sends a letter to Russell 3000 companies asking each to report the racial, ethnic and gender composition of the board of directors in their annual proxy statement.

This year, the initiative wrote three different letters grouped by top performers with individual-level disclosure (386 companies), middle performers with either partial or aggregate-level disclosure (1,847 companies), and bottom performers with no disclosure (702 companies). It is extremely promising to see that the level of disclosure in aggregate or by individual director has increased from 292 companies in 2020, to over 2,200 companies in 2022 – a 13-fold increase over the span of two years.⁶

LGIM will continue to advocate for greater disclosure and transparency around diversity, at board level and throughout an organisation, working collaboratively with our peers, and also leading our own campaigns.

AMR

LGIM in the press

Three members of our team have contributed to the recent Citi GPS publication on [Antimicrobial Resistance: The Silent Pandemic](#), highlighting the financial materiality of Antimicrobial Resistance (AMR) for investors, and the role that investors can play in terms of mitigating the risks, through both direct company engagement and engaging with policymakers and regulators.

For more updates on our latest AMR activity, please see the Policy section of this report.

4. https://illinoistreasurer.govprod.blob.core.usgovcloudapi.net/twocms/media/doc/november2022_russell3000.pdf

5. [Michael W. Frerichs - Illinois State Treasurer: Russell 3000 Board Diversity Disclosure Initiative \(illinoistreasurer.gov\)](#)

6. [Michael W. Frerichs - Illinois State Treasurer: Russell 3000 Board Diversity Disclosure Initiative \(illinoistreasurer.gov\)](#)

*For illustrative purposes only. This is not a recommendation to buy or sell any security.

Nutrition: broadening our engagement through collaboration

Through its impact on a range of sectors, from food retail to healthcare and pharmaceuticals, and on individuals and workforces, the topic of nutrition has the potential to affect a broad range of companies in which LGIM invests around the world, on behalf of our clients.

Building on our previous engagements in this area, in the fourth quarter of 2022 we co-signed, with our peers, letters to 12 food and beverage manufacturers, under the leadership of [ShareAction's Healthy Markets Initiative](#). In the individual tailored letters, we encourage the companies to do more in several areas. These include, for example, transparency around their nutrition strategy, demonstrating progress on their nutrition strategy, committing to disclosures around the proportion of the company's portfolio and sales associated with healthy food and drinks products (using government-endorsed nutrient-profiling models), and setting targets to increase the proportion of these sales. We also praise companies for the positive steps taken so far. The companies we wrote to were Danone*, General Mills*, Kraft Heinz*, Mondelez*, Unilever*, Nestlé*, PepsiCo*, Coca Cola*, Suntory*, Britvic*, AG Barr* and Premier Foods*.

In terms of next steps, we will be monitoring companies' progress over 2023 on the points raised with each, and engaging with them directly, in collaboration with ShareAction, to further improvements on specific areas.



Significant votes

Company name	AVEVA Group plc*
ISIN	GB00BBG9VN75
Market cap	£10 billion (Source: Salesforce, 14 December 2022)
Sector	Technology
Issue identified	<p>The UK-listed software company, AVEVA Group plc, is 59% owned by Schneider Electric. In September, the AVEVA board recommended a takeover by Schneider Electric.</p> <p>LGIM and several other shareholders were not satisfied with the bid, as we believed it to significantly undervalue the company, particularly given that the AVEVA business was in a period of transition.</p> <p>The initial EGM (Extraordinary General Meeting) was set for 17 November; however, following shareholder concerns about the deal and a raised offer from Schneider Electric, the meeting was adjourned to 25 November.</p>
Summary of the resolution	<p>Resolution 1 – Approve matters relating to the recommended cash acquisition of AVEVA Group plc by Ascot Acquisition Holdings Limited.</p> <p>EGM date: 25 November 2022.</p>
How LGIM voted	Against the proposal (and against management recommendation)
Rationale for the vote decision	<p>LGIM joined the collaborative engagement established and led by the investor forum. Our Stewardship team also engaged internally with LGIM's investment teams regarding this proposed deal.</p> <p>LGIM voted against the resolution as we considered the proposed acquisition to significantly undervalue the company.</p>
Outcome	<p>The bidder was forced to increase its offer by 4% in order to gain sufficient support, despite an AVEVA board recommendation.</p> <p>This case illustrates that potential takeover deals are not a foregone conclusion and that target boards are prepared to recommend a bid and then hand the decision over to their shareholders.</p> <p>It also illustrates the power of collaborative shareholder engagement, where the bidder increased their offer due to shareholder dissatisfaction.</p> <p>Given the acquirer, Schneider Electric, already controlled 60% of the AVEVA share capital, there was little chance of the deal not being approved. The deal was approved and the acquisition is expected to close in the first quarter of 2023.</p>
Why is this vote 'significant'?	Mergers and acquisitions – this vote demonstrates the power of collaborative shareholder engagement in a takeover situation where we believed the original offer undervalued the company significantly.

*For illustrative purposes only. This is not a recommendation to buy or sell any security.

Environmental | Social | Governance



ESG: Governance

Update: bringing ESG into remuneration

While we at LGIM still believe that a substantial majority of incentive pay should be linked to delivering financial performance, ESG risks can clearly be financially material to a company's medium to long-term value. Our mantra here is: 'what gets measured gets done': if an action has a direct impact on a director's take-home pay, the attention on it will increase exponentially. It's therefore wise to set tangible ESG objectives against executive remuneration.

However, not all ESG metrics are equally suitable across all companies: the balance of importance and relevance will differ from sector to sector. Currently, when it comes to ESG metrics in executive pay, much, but not all of our focus is on climate. However, certain other ESG issues are also topical and will require addressing across different industries.

LGIM's expectations

ESG metrics may already form part of a company's strategy and be included in its published 'key performance indicators' ('KPIs'). If this is the case, there is no need to reinvent the wheel. However, certain ESG issues are more pressing and will require direct action. We believe companies exposed to high levels of ESG risks should include relevant and clearly measurable targets within their directors' pay, and we have set out the following expectations:

- **Health and safety:** In high-risk sectors, where the health and safety of employees is paramount (and potentially threatened), we expect a health and safety modifier (by way of malus) to ensure that directors are held accountable for loss of life within the workplace
- **Oil and gas:** Remuneration at oil and gas companies should prioritise financial value over fossil fuel production. Measures that directly encourage volume growth (such as reserve replacement ratios or production targets) risk incentivising over-investment
 - Financial measures (such as total shareholder return or balance sheet strength) or other strategic metrics are preferred – volume growth targets may result in a negative vote from LGIM

- **Climate:** Companies in sectors that can have a significant effect on climate change should link part of their pay to delivering on their climate mitigation goals
 - Metrics should be linked to science-based targets transition plans (ideally [SBTi](#)-approved or an equivalent methodology) and aim to achieve net zero by 2050 or sooner
 - Targets should also be set to create new opportunities that not only improve revenue, but have a positive impact on climate

Importantly, as we now have visibility of companies' short- to medium-term goals towards 2030, such targets lend themselves perfectly for inclusion in long-term incentive plans.

Therefore:

- From 2025, to ensure LGIM's support for a new pay policy, we expect climate targets to be included in the long-term incentive plan
- These targets should be in line with stated transition goals for reaching net zero and across the full value chain (scope 1, 2 and material scope 3 emissions)
- These targets should represent at least 20% of long-term incentive plan awards
- Or, where a company has a restricted share plan, one of the vesting underpins should be linked to achieving carbon reduction targets

The sectors that LGIM considers 'climate-relevant' under this policy are:

Autos, Apparel, Aviation, Banks, Cement, Chemicals, Food, Insurance, Mining, Oil & Gas, REITs, Shipping, Steel, Technology, Telecoms and Utilities

Our expectations for UK companies have been published on our website in our recently updated [UK Executive Pay Principles](#).





Significant votes

Company name	Microsoft Corporation*
ISIN	US5949181045
Market cap	£1,528 billion (source: Salesforce, 22 December 2022)
Sector	Technology
Issue identified	In 2021, without seeking prior shareholder approval, Microsoft took the decision to recombine the roles of chair and CEO, which had previously been separate for many years.
Summary of the resolution	Resolution 1.4: Elect Director Satya Nadella AGM date: 13 December 2022
How LGIM voted	We voted against the resolution (against management recommendation).
Rationale for the vote decision	LGIM expects companies to have a separate chair and CEO on account of risk management and oversight considerations, and also because the roles are substantially different and require different skills. Previously, in Microsoft's 2021 AGM, we voted against both the re-election of the chair and of the board nomination committee chair/lead independent director, and we have conveyed our disappointment at this change.
Outcome	94.8% shareholders voted for the resolution (for the re-election of Satya Nadella). Nevertheless, we maintain our belief in the importance of the separation of the chair and CEO roles, on account of the different skillsets and different responsibilities of these roles. We were disappointed that Microsoft took the decision to recombine these roles, and will continue to engage with them on this and other topics.
Why is this vote 'significant'?	LGIM believes that, within the broader topic of board effectiveness, the roles of chair and CEO should be separate.

*For illustrative purposes only. This is not a recommendation to buy or sell any security.



Case study – Climate, Governance and M&A: Capricorn*

Background

At LGIM, we engage across the E, S and G of ESG. While climate change is often at the forefront of investors' minds when it comes to responsible investment, we believe that many ESG elements are linked, and that many decisions relating to climate ultimately come down to governance.

In this case study we demonstrate the combined engagements of LGIM's Stewardship, Investment and Climate Solutions teams in pushing for a better financial and environmental outcome for shareholders, and the power of combined shareholder action.

Identify: climate and governance

The actions of Capricorn's board in 2022 in seeking to merge with other energy companies raised some concerns about the company's governance and decision-making process, given the potential negative impact such decisions would have on Capricorn's shareholders. As a smaller-scale oil and gas company, Capricorn's climate credentials had been reasonable and until the surprising announcements by the board and its subsequent actions, no material governance concerns had previously been raised.

Engage: direct communication

The first proposed merger with Tullow Oil*, an Africa-based oil company, was announced in June 2022. LGIM's Investment Stewardship and Climate Solutions teams spoke directly with Capricorn's management team and directors to voice our concerns about the proposed transaction, as it didn't seem to advance the energy transition strategy for Capricorn's shareholders, in light of the increased exposure to oil prices and geographical risks. Additionally, we believe that such merger would have resulted in increased financial leverage and dramatically elevate climate transition risks.

In further conversations with Capricorn, we asked detailed questions about the process they had gone through in terms of deciding on this merger and whether other alternatives were considered. Nevertheless, despite mounting opposition from LGIM and other shareholders, Capricorn and Tullow initially proceeded with the merger before a decision was taken by Capricorn to abandon it, citing concerns about market conditions and external factors as the reason.

*For illustrative purposes only. This is not a recommendation to buy or sell any security.



The second merger proposal with NewMed*, an Israeli-based natural gas producer, was met with rising suspicion and even less support than the first and we met again with Capricorn to voice our concerns. We are not the only shareholder to have questioned the Capricorn board's actions, and one of its largest shareholders, Palliser Capital*, became more vocal about its objections to the proposed NewMed deal, which has also begun to attract attention and criticism in the press.⁷

Escalate: time for a change of direction

As a result of these unpopular proposals, Palliser Capital has called for an Extraordinary General Meeting to be held in January 2023, for shareholders to vote on a complete overhaul of the board while requesting the deposition of seven directors, including the CEO, and the appointment of six new members instead.

As reported widely in the press,⁸ LGIM has declared its support for the restructure of the board. We believe that there has been a substantial breakdown in relations between the board and its shareholders, to such an extent that a change is now warranted. Adding our voice publicly to this action increases its strength and momentum and – to quote The Guardian – *“LGIM’s intervention has changed the script.”*⁹

At the time of writing,¹⁰ the EGM has not yet taken place, but we will report on its results and our further actions in 2023.

*For illustrative purposes only. This is not a recommendation to buy or sell any security.

⁷ For example, [Capricorn/NewMed: better price would align stars for E&P deal | Financial Times \(ft.com\)](#)

⁸ For example, [Legal & General joins shareholder revolt at Capricorn Energy | Business | The Times](#) and [Activist investor demands shake-up at gas producer Capricorn Energy | Financial Times \(ft.com\)](#)

⁹ [Now would be a good moment for the chair of THG to find his voice | Nils Pratley | The Guardian](#)

¹⁰ December 2022

Public policy update

As a long-term investor, we share a responsibility to ensure that global markets operate efficiently to protect the integrity of the market and address systemic risks, foster sustainable and resilient economic growth, and aim to protect the value of our clients' assets. Part of how LGIM acts on these responsibilities is by engaging in global policy dialogue, providing practical advice to policymakers and regulators on the key systemic issues.

LGIM in the press

For more information on our activities, press comments and quotes from LGIM, please see articles from [Responsible Investor](#), [Portfolio Institutional](#), [We Wealth](#), [Morningstar](#) and [Fundscene](#).



COP27

All eyes were turned to Egypt as COP27 got underway, with high expectations following the momentous commitments made in 2021. Members of LGIM's responsible investment team attended the event, one highlight from which was the agreement for the UN FAO commitment to publish a roadmap for agricultural and food systems by COP28 in November 2023.¹² Food systems currently contribute around a third of global greenhouse gas emissions,¹³ yet efforts to decarbonise the sector have plateaued. LGIM has long advocated for a comprehensive, science-based international plan for sustainable agriculture and land use; recognising the urgency of this issue, global leaders including former Secretary General of the United Nations Ban Ki-Moon and former President of Ireland Mary Robinson joined calls by a group of investors managing US\$18 trillion in assets under management for policymakers and multilaterals (namely the United Nations FAO), to [develop a science-based roadmap](#) for the global agriculture and land-use sector. This effort was co-ordinated by the [FAIRR](#) initiative, a collaborative investor network that LGIM is a member of focusing on ESG risks and opportunities caused by intensive animal production.

In addition to aligning the sectors with a 1.5°C trajectory, it is anticipated that the UN FAO's roadmap will also set out clear targets and deliverables to protect the planet while developing sustainable food systems at a time of heightened food security risk.

At LGIM, we seek an economy that is both net zero and nature-positive, in which ecosystems are restored. We were pleased to see notable 'nature-related' events and 'nature-based solutions' being included in discussions for the first time.

Another highlight from COP27 was the announcement by the Transition Plan Taskforce ('TPT') of the publication of their disclosure framework and implementation guidance. Following on from the UK government's commitment at COP26 to make transition plans mandatory for listed companies and financial institutions, [these publications](#) provide financial institutions with the tools they need to credibly transition to a low carbon economy. The work of the TPT enables consistent and comparable reporting of transition plans, and builds on the UK government's leadership on climate disclosure.

12. [COP27: Investors Give Warm Welcome as FAO Commit to Net Zero Roadmap for Food - FAIRR](#)

13. <https://www.nature.com/articles/s43016-021-00225-9>



Net Zero

Following the High Court's ruling that the UK government's revised Net Zero Strategy was unlawful and lacked sufficient detail, the UK Department for Business, Energy, & Industrial Strategy (BEIS) launched an [independent review of Net Zero](#). As a Group, L&G fed into the review through meetings and formally inputting into the Call for Evidence, highlighting the need for the UK's continued leadership and that there is no trade-off between economic growth and decarbonisation; a 'Just Transition' is key to the UK's long-term prosperity. We focused our input around three pillars: decarbonising our investment portfolio, using our scale and assets to influence, and reducing our operational carbon emissions. The further revised Net Zero Strategy is due to be launched in March 2023.

COP15

Our Investment Stewardship team attended the United Nations Biodiversity conference COP15 in December. LGIM had hoped for a 'Paris moment for nature', calling for a strengthening of disclosure and management, alignment of public finance and global roadmaps, and ambition, co-ordination and accountability.

Whilst in Montreal, the team contributed to panels and discussions, and engaged with other investors and policymakers, continuing our [call for world leaders](#) to agree a global framework that will halt and reverse nature loss over the coming decades. Keynote and central speeches throughout the summit focused on subsidies and a roadmap for the agriculture, food and land-use sectors, areas in which LGIM has been pushing for reform.

LGIM supported two targeted multi-stakeholder collaborations:

- i. **'Ambitious GBF'** – led by UNEP FI, PRI, and Finance for Biodiversity. This statement was signed by 150 financial institutions representing US\$24 trillion. It was targeted at negotiators to agree an ambitious framework
- ii. **'Make it Mandatory'** – led by Business for Nature. This was targeted at negotiators to push for 'mandatory' disclosures from all businesses on their impact and dependencies on biodiversity

And we participated in the following panels:

- **'The Time to Act is Now'** – hosted by ShareAction, covering investors' engagement on biodiversity

- **'Aligning agricultural subsidies with nature and biodiversity goals: Shifting the trillions towards a nature-positive economy'** – hosted by the WWF (World Wildlife Fund), TIFS (Transformational Investing in Food Systems) and FAIRR (Farm Animal Investment Risk and Return), looking at ways to shift government subsidy programmes.

The Kunming-Montreal Global Biodiversity Framework

This is a momentous agreement that we hope will pave the way towards a more sustainable relationship with nature. As with all international agreements of this kind we will need to unpack what this will mean for businesses and investors, but we are pleased that, despite some necessary compromises, negotiators have agreed this ambitious framework, which includes robust 2030 targets to put us on course towards a 2050 goal of 'Living in Harmony with Nature'

We believe LGIM and other investors share the collective responsibility to raise global standards and accelerate action to reduce biodiversity loss. Investors are facing a common challenge presented by the lack of comprehensive data, robust frameworks, standardised metrics and definitions. Whilst some good data sets do exist, they are not at the scale required. The developing 'Taskforce for Nature Related Disclosures' (TNFD) framework, and announcement by the IFRS International Sustainability Standards Board (ISSB) of the inclusion of Nature and a Just Transition into their framework will be crucial. ISSB and TNFD are working closely together, and we are calling for governments to adopt these frameworks to strengthen how corporates manage biodiversity impacts and dependencies and disclose them clearly. The Transition Plans Taskforce is also working to integrate nature into its expectations of good practice transition plans.¹⁴

14. An HM Treasury initiative which LGIM are contributing to that aims to develop a gold standard for private sector climate transition plans



LGIM's actions on biodiversity and deforestation

LGIM has been engaging on these topics for over five years, ahead of this landmark framework, ramping up our own work and commitments on biodiversity. Over the past year we have:

- Launched standalone [biodiversity](#) and [deforestation](#) policies, setting out our current commitments
- Expanded LGIM's [ESG Score](#) to include biodiversity
- Engaged with roughly 350 companies exposed to deforestation risks, as part of our recently launched deforestation campaign
- Expanded our [Climate Impact Pledge](#) to capture biodiversity risks more explicitly
- Engaged with policymakers around the world

Our recent blog posts on [our policy priorities at COP15](#) and [LGIM's approach to tackling biodiversity](#) loss provide more detail on our aims and actions.

Sustainable finance

In the United Kingdom, the Financial Conduct Authority (FCA) has released the long-awaited consultation on [‘Sustainability Disclosure Requirements \(SDR\) and investment labels’](#) that includes a package of measures to strengthen transparency on sustainable investment across the market. LGIM has been engaged with the FCA over the course of 2022 on this topic and will continue to in 2023, including providing a formal response to the consultation in early 2023. LGIM has provided some commentary to strengthen understanding of the SDR proposal in a series of articles, Spotlight on SDR, that can be found here: [Responsible Investing | LGIM Adviser](#).



AMR – Pasteur Act

In December, under the umbrella of [Investor Action on AMR](#), we wrote to the US Congress (the Honourable Nancy Pelosi, Speaker of the House; Chuck Schumer, Majority Leader; Kevin McCarthy and Mitch McConnell, Republican Leaders of the House of Representatives), urging them to enact the [PASTEUR Act](#) in the end-of-year package.

In the letter, we emphasised that we believe the PASTEUR Act would contribute to protecting modern medicine by supporting the development of critically important new antibiotics for bacterial and fungal infections. The Act creates market incentives for the commercialisation of new and novel antibiotics to treat resistant infections. The aim of the Bill, which would disconnect companies' *profits* from the *volume* of antibiotics sold, addresses the market challenges that

have led many pharmaceutical companies to abandon antibiotic development, thereby weakening the pipeline for new, innovative antibiotics. The Act would authorise the US Department of Health and Human Services to enter into subscription contracts for critical-need antimicrobial drugs. These types of subscription contracts also go under the name of the 'Netflix model' for antibiotics and have been adopted in the UK, the first country to use this kind of model for the development of new antibiotics. The Bill has bipartisan support and is widely backed by researchers, healthcare policy experts and drug company executives. But when Consolidated Appropriations Act for 2023 was voted upon just before the Christmas holidays, the PASTEUR Act had been scrapped. The proposed legislation will be re-introduced during next Congress.

Our policy and collaborative work continue to play a key part of our engagement on AMR, an area where evolution of the regulatory environment remains crucial to tackling these challenges.



Governance in Japan

We have observed corporate governance progress in Japan in recent years (increase in the number of outside directors, female directors, reduction in cross shareholdings), but there is more room to improve. As a member of Asia Corporate Governance Association (ACGA) and International Corporate Governance Network (ICGN), LGIM engaged with Keidanren (the largest business federation in Japan), Financial Services Agency (FSA), Ministry of Economy, Trade, and Industry (METI) and Japan Exchange Group/Tokyo Stock Exchange (TSE) on various governance issues. Key topics covered were i) strengthening disclosure of senior advisory position; ii) aligning the publication of securities report with the international norm, i.e. before AGMs; iii) improving gender diversity; iv) Board independence; and v) mandating sustainability corporate reporting and the importance of adopting the IFRS ISSB standards.

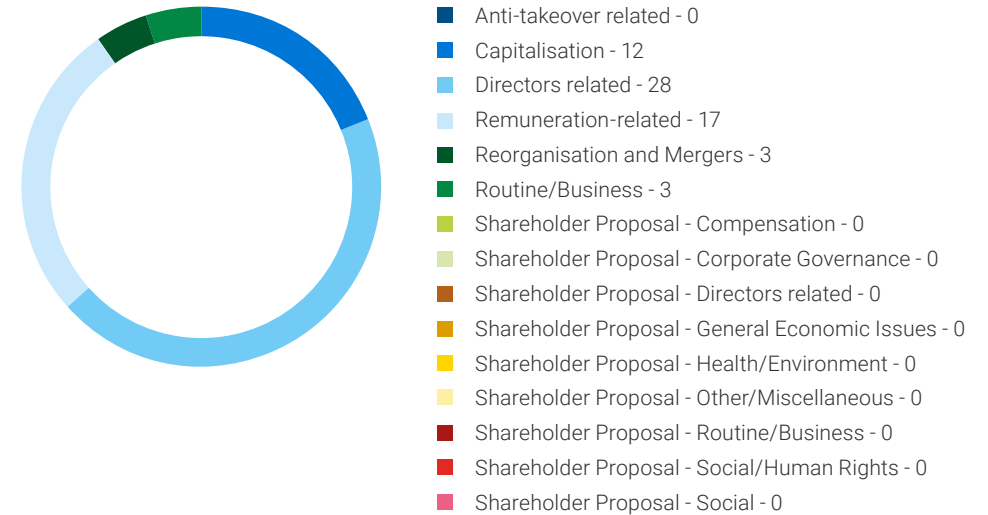
Regional updates

UK - Q4 2022 voting summary

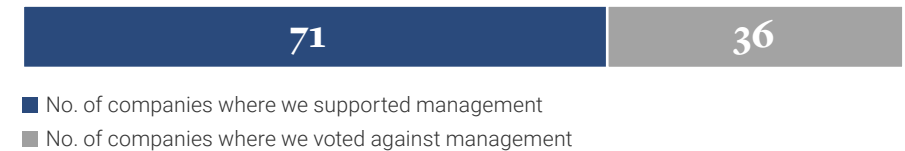
Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	56	0	0
Capitalisation	262	12	0
Directors related	543	28	0
Remuneration related	106	17	0
Reorganisation and Mergers	25	3	0
Routine/Business	270	3	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	0	0	0
Shareholder Proposal - Directors 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	0	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	1262	63	0
Total resolutions		1325	
No.		82	
No. EGMs		34	
No. of companies voted		107	
No. of companies where voted against management /abstained at least one resolution		36	
% no. of companies where at least one vote against management (includes abstentions)		34%	

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Votes against management



Number of companies voted for/against management



LGIM voted against at least one resolution at 34% of UK companies over the quarter.

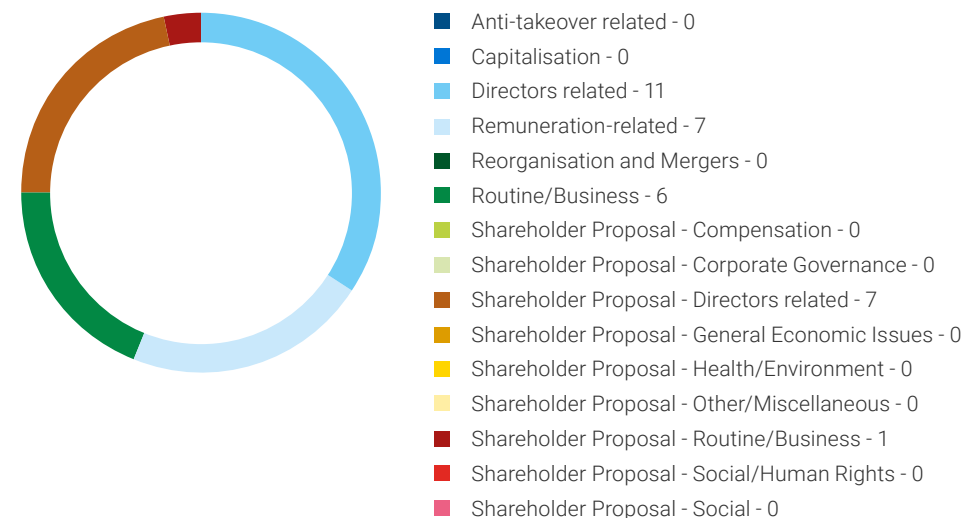


Europe - Q4 2022 voting summary

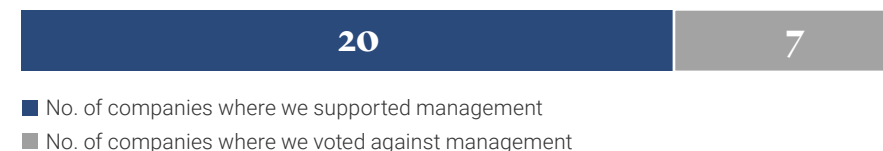
Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	0	0	0
Capitalisation	22	0	0
Directors related	40	8	3
Remuneration related	14	7	0
Reorganisation and Mergers	8	0	0
Routine/Business	61	5	1
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	0	0	0
Shareholder Proposal - Directors Related	7	2	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	0	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	153	22	4
Total resolutions		179	
No. AGMs		10	
No. EGMs		18	
No. of companies voted		27	
No. of companies where voted against management /abstained at least one resolution		7	
% no. of companies where at least one vote against management (includes abstentions)		26%	

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Votes against management



Number of companies voted for/against management



LGIM voted against at least one resolution at 26% of European companies over the quarter.

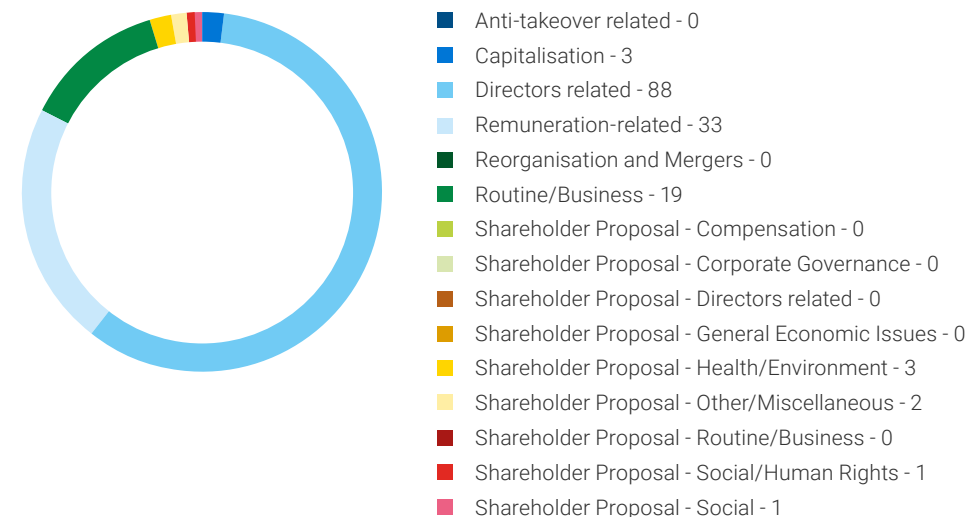


North America - Q4 2022 voting summary

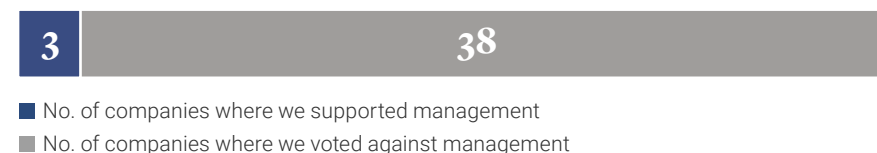
Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	7	0	0
Capitalisation	9	3	0
Directors related	231	88	0
Remuneration related	11	33	0
Reorganisation and Mergers	4	0	0
Routine/Business	21	19	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	0	0	0
Shareholder Proposal - Directors Related	0	1	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	3	2	0
Shareholder Proposal - Other/Miscellaneous	2	4	0
Shareholder Proposal - Routine/Business	0	1	0
Shareholder Proposal - Social/Human Rights	1	1	0
Shareholder Proposal - Social	1	2	0
Total	290	154	0
Total resolutions		444	
No. AGMs		34	
No. EGMs		8	
No. of companies voted		41	
No. of companies where voted against management /abstained at least one resolution		38	
% no. of companies where at least one vote against management (includes abstentions)		93%	

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Votes against management



Number of companies voted for/against management



LGIM voted against at least one resolution at 93% of North American companies over the quarter.

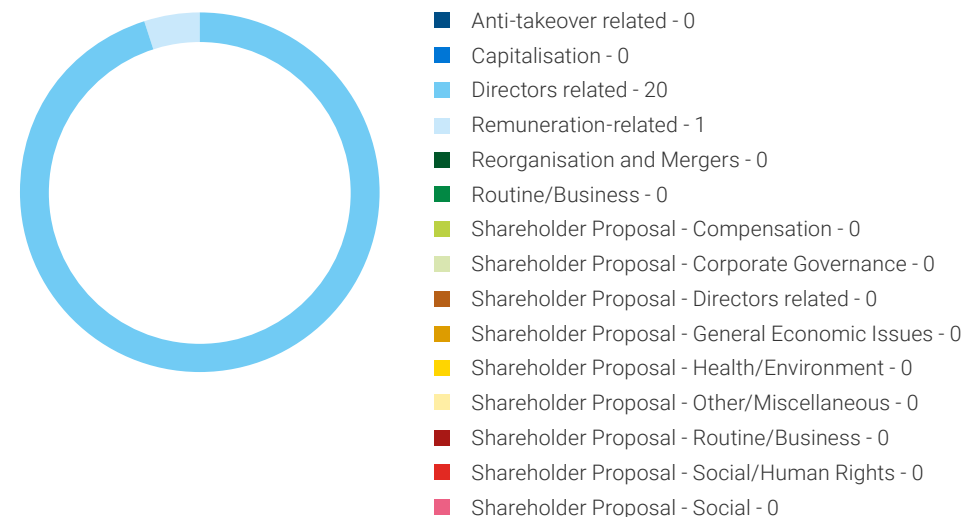


Japan - Q4 2022 voting summary

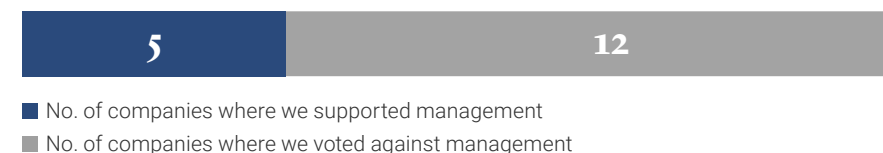
Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	0	0	0
Capitalisation	1	0	0
Directors related	105	20	0
Remuneration related	3	1	0
Reorganisation and Mergers	15	0	0
Routine/Business	8	0	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	0	0	0
Shareholder Proposal - Directors 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	0	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	132	21	0
Total resolutions		153	
No. AGMs		12	
No. EGMs		5	
No. of companies voted		17	
No. of companies where voted against management /abstained at least one resolution		12	
% no. of companies where at least one vote against management (includes abstentions)		71%	

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Votes against management



Number of companies voted for/against management



LGIM voted against at least one resolution at 71% of Japanese companies over the quarter.

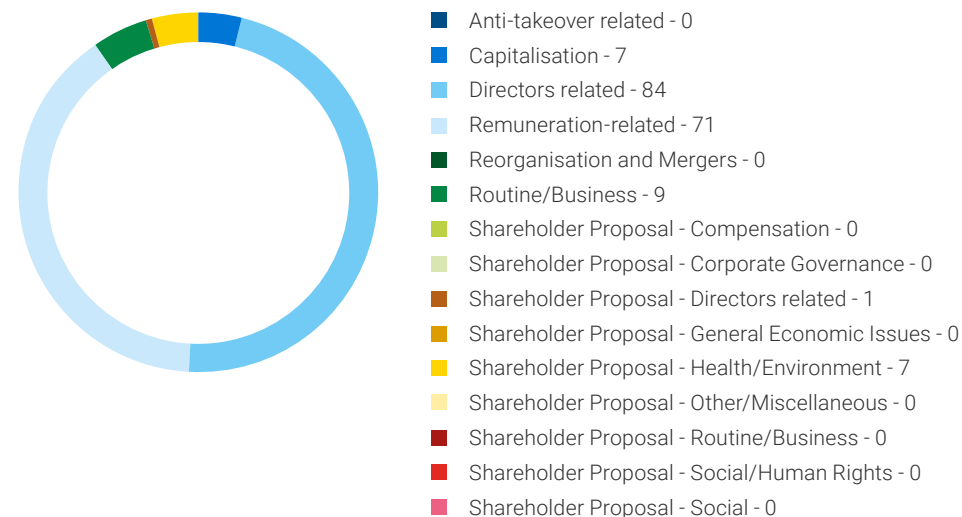


Asia Pacific - Q4 2022 voting summary

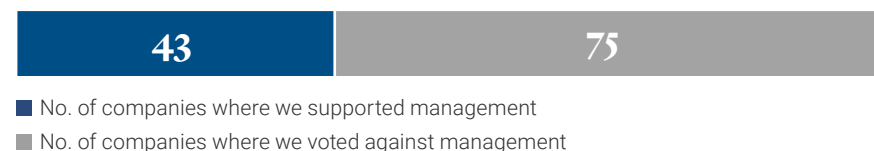
Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	13	0	0
Capitalisation	9	7	0
Directors related	261	84	0
Remuneration related	156	71	0
Reorganisation and Mergers	24	0	0
Routine/Business	43	9	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	0	0	0
Shareholder Proposal - Directors Related	1	3	0
Shareholder Proposal - General Economic Issues	0	0	0
Shareholder Proposal - Health/Environment	7	3	0
Shareholder Proposal - Other/Miscellaneous	0	0	0
Shareholder Proposal - Routine/Business	0	7	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	514	184	0
Total resolutions		698	
No. AGMs		98	
No. EGMs		23	
No. of companies voted		118	
No. of companies where voted against management /abstained at least one resolution		75	
% no. of companies where at least one vote against management (includes abstentions)		64%	

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Votes against management



Number of companies voted for/against management



LGIM voted against at least one resolution at 64% of Asia Pacific companies over the quarter.

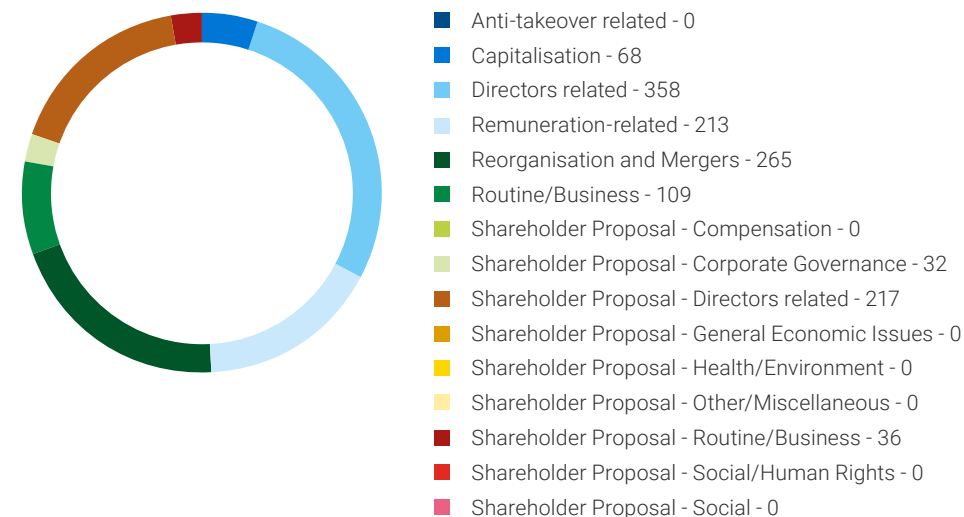


Emerging markets - Q4 2022 voting summary

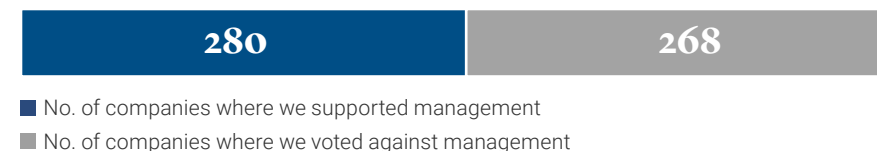
Proposal category	Total for	Total against	Total abstentions
Anti-takeover related	0	0	0
Capitalisation	843	68	0
Directors related	926	205	153
Remuneration related	63	213	0
Reorganisation and Mergers	662	265	0
Routine/Business	538	109	0
Shareholder Proposal - Compensation	0	0	0
Shareholder Proposal - Corporate Governance	32	2	0
Shareholder Proposal - Directors Related	217	31	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	36	3	0
Shareholder Proposal - Social/Human Rights	0	0	0
Shareholder Proposal - Social	0	0	0
Total	3317	896	153
Total resolutions		4366	
No. AGMs		46	
No. EGMs		522	
No. of companies voted		548	
No. of companies where voted against management /abstained at least one resolution		268	
% no. of companies where at least one vote against management (includes abstentions)		49%	

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Votes against management



Number of companies voted for/against management



LGIM voted against at least one resolution at 49% of emerging market companies over the quarter.

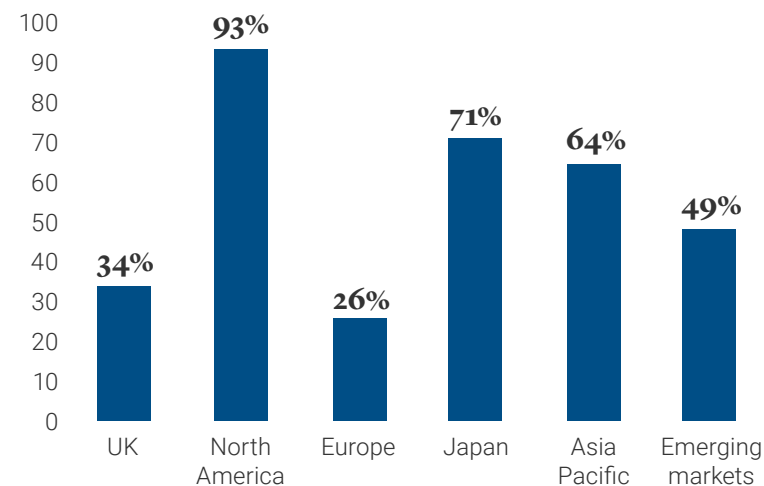


Global - Q4 2022 voting summary

Proposal category	Total for	Total against	Total abstentions	Total
Anti-takeover related	76	0	0	76
Capitalisation	1146	90	0	1236
Directors related	2106	433	156	2695
Remuneration related	353	342	0	695
Reorganisation and Mergers	738	268	0	1006
Routine/Business	941	145	1	1087
Shareholder Proposal - Compensation	0	0	0	0
Shareholder Proposal - Corporate Governance	32	2	0	34
Shareholder Proposal - Directors Related	225	37	0	262
Shareholder Proposal - General Economic Issues	0	0	0	0
Shareholder Proposal - Health/Environment	10	5	0	15
Shareholder Proposal - Other/Miscellaneous	2	4	0	6
Shareholder Proposal - Routine/Business	37	11	0	48
Shareholder Proposal - Social/Human Rights	1	1	0	2
Shareholder Proposal - Social	1	2	0	3
Total	5668	1340	157	7165
Total resolutions				7165
No. AGMs				282
No. EGMs				610
No. of companies voted				858
No. of companies where voted against management /abstained at least one resolution				436
% no. of companies where at least one vote against management (includes abstentions)				51%

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



Number of companies voted for/against management



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



Global engagement summary

At the time of publishing, the engagement data on this page excludes communications in relation to our deforestation and dual-class shares campaigns.



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In Q4 2022, the Investment Stewardship team held

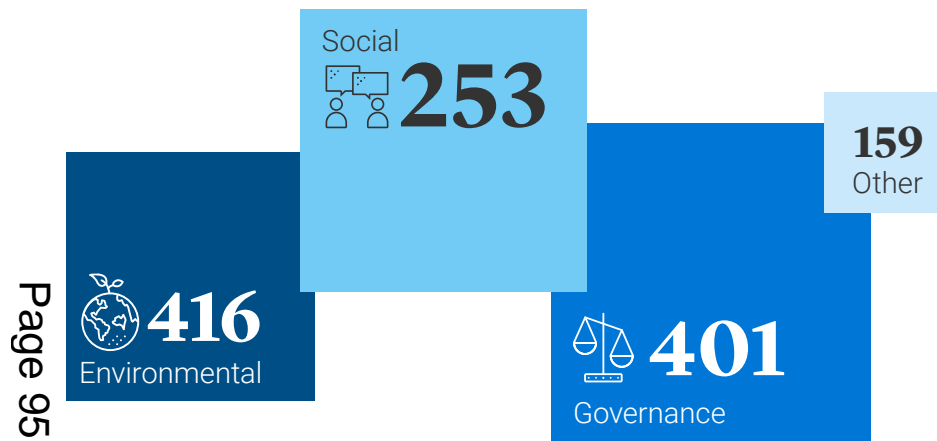
891	with	665
		
engagements		companies

(vs. 137 engagements with 114 companies last quarter)

Breaking down the engagement numbers - Q4 2022

At the time of publishing, the engagement data on this page excludes communications in relation to our deforestation and dual-class shares campaigns.

Breakdown of engagement by themes

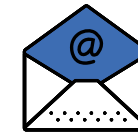


Engagement type



295

Company meetings



596

Emails / letters

Top five engagement topics*



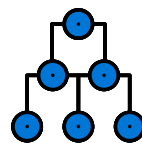
234

Remuneration



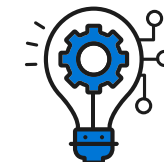
407

Climate change



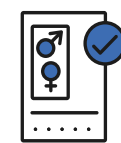
94

Board composition



92

Strategy



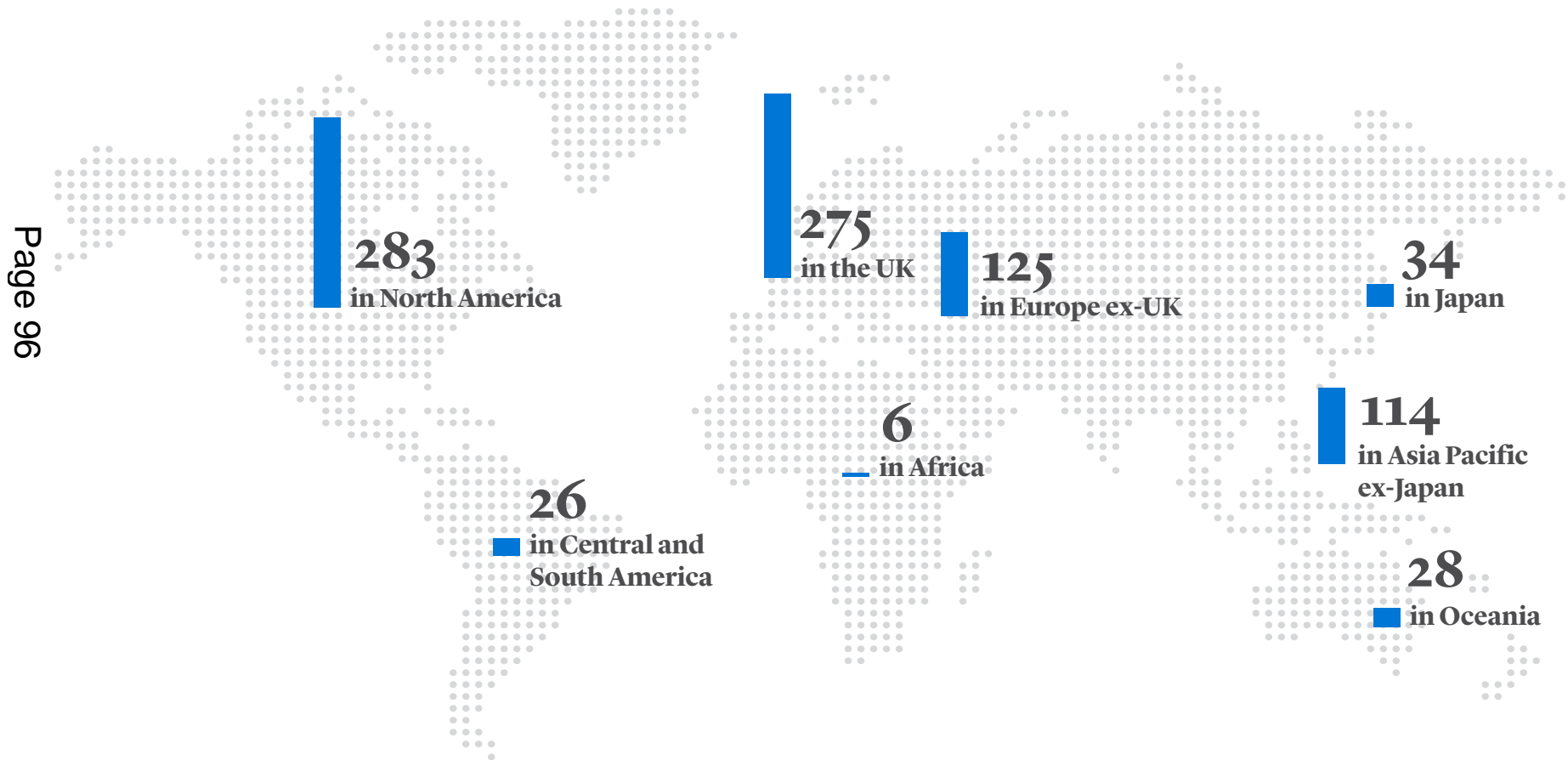
174

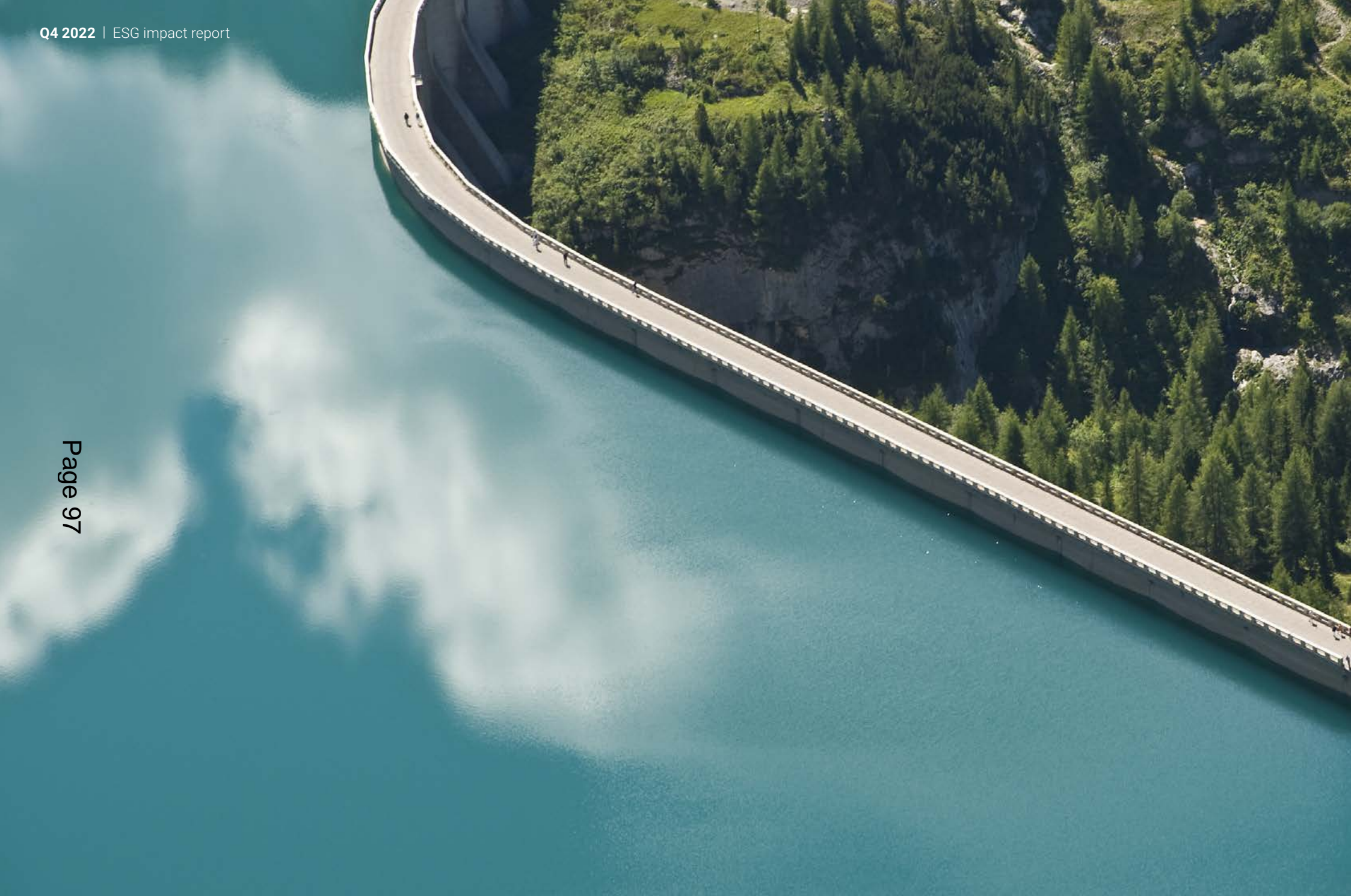
Gender diversity

*Note: an engagement can cover more than a single topic

At the time of publishing, the engagement data on this page excludes communications in relation to our deforestation and dual-class shares campaigns.

Regional breakdown of engagements





Contact us

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

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Key risks

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Non-Executive Report of the: Pensions Committee Monday, 13 March 2023	 TOWER HAMLETS
Report of: Caroline Holland, Interim Corporate Director, Resources	Classification: unrestricted
Pensions Administration and LGPS Quarterly Update – December 2022	

The report was not published five clear days in advance of the meeting. Therefore, before this item can be considered at this meeting, the Chair of the Board would need to be satisfied that it is necessary to consider Quarterly Administration and LGPS updates at this meeting, the Board may also take the view that it is important that there should not be an extended period without any member oversight.

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

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

Scheme Membership at 31 December 2022.

- 3.1 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. Task outstanding reported last quarter slightly moved since reported due to reopening of a few frozen and pensioner cases since quarter end report.

Membership Numbers	Active	Deferred	Undecided	Pensioner	Frozen
LGPS	7,699	8,386	144	7,074	2,759
% of Membership	29.54	32.18	0.55	27.14	10.59
Change from last quarter	7	-11	61	-5	242

Membership Category	At 30/09/22	+/- Change (%)	At 31/12/2022
Active	7,692	0.09	7,699
Deferred	8,397	-0.13	8,386
Undecided	83	73.49	144
Pensioner (incl spouse & dependant members)	7,079	-0.07	7,074
Frozen	2,517	27.91	2,759
Total	25,767	2.57	26,062

- 3.2 The table below shows tasks completed and outstanding on 31 December 2022.

Casetype	Cases Outstanding Sept 2022	New Cases	Cases Closed	Cases Outstanding Sept 22
Transfer in quotes	8	43	32	19
Transfer Out quotes	8	82	72	18
Employee estimates	9	70	69	10
Retirement quotes	10	105	102	13
Preserved benefits	39	87	100	26
Opt out	23	206	204	25
Refund Calculations	18	116	125	9
Refund Payments	9	101	95	15
Death in payment or in service	116	101	148	69
Actual Transfers In	7	36	33	10
Actual Transfers Out	5	62	56	11

Others	38	499	435	102
Starters	5	522	527	0
Leavers	46	144	147	43
Total Case	341	2,174	2,145	370

3.3 The above tables exclude most tasks received via the pension team inbox and telephone queries. Most queries are currently actioned immediately without logging them to avoid further delay to existing backlog. Some queries like refunds, opt outs, death notifications, leavers, retirement quotes are logged as tasks and allocated to members of the team to action.

3.4 2022 Triennial Valuation Update

The Fund held its employer forum on 11 January 2023, the scheme actuary presented the whole fund results, valuation process, draft Funding Strategy Statement in the first half of the Forum after which employer 1-2-1 sessions took place providing employer with opportunity to discuss individual results with the scheme actuary.

Additional 2022 valuation reporting requirement include explicit statements about how climate change risk has been factored into the valuation and clear information on any contribution prepayments have been calculated.

Life Certificates 2023

3.5 All overseas pensioners and dependents are required to complete a Life Certificate each year which serves as an existence check. The 2023 Life Certification process commenced in February. Overseas pensioners who do not return Life Certificates after 2 reminders will have their pensions suspended.

Update on workflows

3.6 All workflows have now been completed for all key pension administration tasks. A total of 42 workflows were produced, this helps ensure consistency, monitoring and KPI's.

Workflow Name/Description	Workflow Name/Description
AHRETA - Retirement (Actual)	AHIHRETQ - Ill Health Retirement (Quote)
AHRETQ - Retirement (Quote)	AHFLXRQ - Flexible Retirement (Quote)
AHRFNDA - Refund (Actual)	AHEARLYQ - Early Retirement (Quote)
AHRFNDF - Refund frozen	AHLATERQ - Late Retirement (Quote)
AHDEFVLV - Deferred Leaver	AHREDUNQ - Redundancy Retirement (Quote)
AHDVRCQA - Divorce (Actual)	AHADDDRES - Change of Address
AHDVRCQ - Divorce (Quote)	AHNOMIN - Nomination

AHTVIQ - Transfer in (Quote)	AHNEWST - New Starter
AHTVOQ - Transfer Out (Quote)	AHDBPAYA - Deferred into Payment (Actual)
AHDEATH - Death	AHDBPAYQ - Deferred into Payment (Quote)
AHDINSA - Death in Service (Actual)	AHMEMENQ - Member Enquiry
AHDDEFA - Death from Deferred (Actual)	AHBENEST - Benefit Estimate (Quote)
AHDDEPA - Death of Dependant (Actual)	AHAGG - Aggregation
AHDINSQ - Death In Service (Quote)	OVERPAYM - Recovery of Overpayment
AHDDEFQ - Death From Deferred (Quote)	AVCREQ - AVC Request
AHDDEPQ - Death of Dependant (Quote)	AVCCNFM - AVC Process
AHIHRETA - Ill Health Retirement (Actual)	APCREQ - APC Request
AHFLXRA - Flexible Retirement (Actual)	APCCNFM - APC Process
AHEARLYA - Early Retirement (Actual)	BANKCHGE - Change of Bank Details
AHLATERA - Late Retirement (Actual)	OPTOPRT1 - Opt out Forms
AHREDUNA - Redundancy Retirement (Actual)	OPTPRT2 - Opt Out Process
	BACSRTN - BACS Return

- 3.7 A review of letters have since commenced to ensure only letters which have the most up to date regulations are in use. Once completed these letters would be linked to specific workflows. The use of barcode letters is also underway to ensure that posts are easily scanned to tasks.
- 3.8 The table below shows performance against CIPFA suggested timelines. Some tasks such as transfers in and out as well as processing of deaths and retirements require initial responses from 3rd parties, other pension funds, lawyers or scheme members which sometimes take time.

			July	August	September
Retirements	Altair Workflow Ref	CIPFA Target Days	% Within Target	% Within Target	% Within Target
Voluntary	AHEARLYA	15	80.00	100.00	45.45
Redundancy	AHREDUNA	15	50.00	-	100
Medical	AHIHRETA	15	100.00	100.00	-
Late	AHLATERA	15	50.00	33.33	100
Flexible	AHFLEXRA	15	100.00	100.00	100
Deferred into Payment	AHDBPAYA	15	30.00	44.44	34.62
Transfers					
Transfer In - Quotes	AHTVIQ	10	63.64	37.50	69.23
Transfer Out - Quotes	AHTVOQ	10	72.73	24.00	50
Transfer In - Actual	IFAIN03 & TVIN03	0	Workflows now completed. Reporting to commence		
Transfer Out - Actual	IFAOUT02 & TVOUT02	0	Workflows now completed. Reporting to commence		
Refunds					
Refund Calculations	AHRFNDF	10	58.49	58.54	81.18
Refund Payments	AHRFNDA	10	78.79	50.00	64.52
Estimates					
Voluntary	AHBENEST & AHEARL'	15	88.24	75.00	57.89
Redundancy	AHREDUNQ	15	100.00	100.00	60
Medical	AHIHRETQ	15	100.00	100.00	0
Late	AHLATERQ	15	50.00	100.00	80
Flexible	AHFLEXRQ	15	100.00	100.00	100
Deferred into Payment	AHDBPAYQ	15	81.63	66.67	83.33
Deferred					
Deferred Calculations	AHDEFLV	30	77.46	96.67	89.87
Opt Out					
Opt Out	OPTOUT	2	Workflows now completed. Reporting to commence		
New Starters					
New Starters	AHNEWST	40	100.00	42.97	54
Nominations					
Nomination Changes	AHNOMIN	10	66.67	50.00	100
Address					
Address Changes	AHADDRES	15	86.36	88.89	86.36
Bank Account					
Bank Account Change	BANK-01	0	Workflows now completed. Reporting to commence		
General Enquiry					
General Enquiry	AHMEMBER	10	67.16	51.28	73.91
Deaths					
Death Cases - General	AHDEATH	15	59.52	73.08	77.14
Average			75.49	71.07	71.79

EMPLOYER UPDATES

3.9 Employers with active members on 31 December 2022.

Administering Authority	Scheduled Bodies
London Borough of Tower Hamlets	Attwood Academy (Ian Mikardo School)

Admitted Bodies	Boleyn Multi-Academy Trust
Age UK East London	Bishop Challoner
Atlantic Cleaning Services	Canary Wharf College
Compass Contract Services Limited	City Gateway
East End Homes	Cyril Jackson Academy
Greenwich Leisure Limited	East London Arts & Music
Juniper Ventures Ltd	Gateway (Bethnal Green & Vic)
Mediquip	Letta Trust (Stebon and Bygrove Schools)
Olive Dining	London Enterprise Academy
One Housing Group (formerly Island Homes)	Mulberry Academy
Phoenix Trust – closed scheme	Paradigm Trust (Culloden, Old Ford and Solebay Primary Schools)
Purgo Supplies Services Ltd	Sir William Burrough
Tower Hamlets Community Housing Limited	St. Pauls Way Community School
Taylor Shaw	Tower Hamlets Homes Limited
Vibrance (formerly Redbridge Community Housing Limited)	Wapping High School
Wettons Cleaning Limited	

Employer Data Quality

- 3.10 The following employers - Council, Tower Hamlet Homes, Mulberry Academy Trust, East End Homes and Bowden House School all of which use the internal payroll service of the council are yet to commence uploading of monthly payroll data to the pensions iconnect system.

The Pensions Admin Team in respect of these employers continues to extract monthly payroll data for populating pension system from council resource link system pending when the payroll team takes on this responsibility. Data extracted still remain incomplete and inaccurate in some instances.

Admission of New Employers

- 3.11 A number of employer admissions are currently in the pipeline. These include Accent Catering CH&CO and COMPASS.

Employer Cessation

- 3.12 Last active employee of Gateway Housing Association (formerly Bethnal Green and Victoria Park Housing Association) left in September 2022. This process triggers a cessation. The actuary has been informed and cessation calculations are underway.

LGPS SCHEME and LEGISLATIVE UPDATES

Contribution Employee Contribution Bands

- 3.13 The table below sets out the employee contribution bands effective from 1 April 2023. These are calculated by increasing the 2022/23 employee contribution bands by the 1 September 2022 CPI figures of 10.1 per cent and then rounding down the result to the nearest £100.

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £16,500	5.50%	2.75%
2	£16,501 to £25,900	5.80%	2.90%
3	£25,901 to £42,100	6.50%	3.25%
4	£42,101 to £53,300	6.80%	3.40%
5	£53,301 to £74,700	8.50%	4.25%
6	£74,701 to £105,900	9.90%	4.95%
7	£105,901 to £124,800	10.50%	5.25%
8	£124,801 to £187,200	11.40%	5.70%
9	£187,201 or more	12.50%	6.25%

Annual Allowance for tax year 2021/ 2022

- 3.14 The issue of Pensions savings statements to scheme members who exceeded their annual allowance in the 2021/22 tax year is ongoing. The process has been delayed in part by data issues and Hymans turnaround time.

McCloud update Progress

- 3.15 LGPS guidance on McCloud is expected at the end of February which is expected to set out options administering authorities in England and Wales may consider if they are unable to collect the data needed to implement the McCloud remedy. It is expected to also cover both missing data and data the Fund is not confident as accurate.

McCloud Legislative Update

Teachers Pensions McCloud remedy and the LGPS implementation of the McCloud remedy in the Teachers' Pension Scheme (T P S) means that some teachers will be retrospectively eligible for the L G P S for the period from 1 April 2015 to 31 March 2022. The Department for Education (D f E) is in the process of identifying affected members. Officials from D f E will, in some cases, need to confirm the employment status of members during the remedy period with their employer. DFE will contact relevant schools. To confirm, affected T P S members are those with a part time employment in addition to a full time employment who are being rolled back into the legacy scheme as part of the McCloud remedy.

- 3.16 The process of data collection from employers is still ongoing templates were issued to employers in July 2022. 30% of employers returned data. However, others are yet to return include Council. The table below provides the current action and future actions in the next quarter.

Consideration is being given on data collection for employers with no active scheme members.

Completed Tasks	Responsible for
<p>The following activities have been completed so far:</p> <ul style="list-style-type: none"> • Kick off call/Employer survey (Fund/ • Run reports and identify all in scope members • Employer contact details supplied • 3rd chaser sent to employers 	<ul style="list-style-type: none"> • LBTH/Heywood • Heywood • LBTH • Heywood
Slippage and remediation actions	
<ul style="list-style-type: none"> • Fund looking into possibility of extracting data from historic payroll records in Resource Link payroll system and transferring over to datasheet. • Implementation study <p>Risks</p> <ul style="list-style-type: none"> • Review time scales 	<ul style="list-style-type: none"> • LBTH • Heywood • LBTH/Heywood

TPR Issues New Version of Transfer Guidance

- 3.17 On 12 January 2023, TPR published a new version of the Dealing with transfer requests guidance, with updates made to the “Direct members to mandatory guidance from MoneyHelper’ section. The guidance assists pension schemes when applying the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021. Schemes are required to sign post members to receive guidance about scams from MoneyHelper, schemes should make it clearer that members must book a MoneyHelper safeguarding guidance appointment rather than the previous Pension Wise advice line.

The guidance also asks pension schemes to advice members who are transferring multiple pensions to wait until they have requested all transfers before booking their MoneyHelper safeguarding guidance appointment. The LGA on 30 January issued a new version of the non-Club transfers out guide to reflect these changes. The team has since updated its procedures to reflect these changes.

Member Self Service (MSS) Roll Out

- 3.18 The role out of Member Self Service (MSS) continues although take up remains Low.

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:

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3rd Floor Mulberry Place, 5 Clove Crescent E14 2BG
Email: miriam.adams@towerhamlets.gov.uk

Monthly Data Submission on 31 December 2022

(Employer data submission is not a guarantee that correct data was submitted)

Employer Name	Employer Code	Employer Type	Payroll Provider	Data Submitted to
Age UK	00045	Admitted Body	In House	31/12/2022
Atlantic Cleaning Services	00037	Admitted Body	In House	31/12/2022
City Gateway	00025	Admitted Body	EPM	31/12/2022
Compass Contract	00027	Admitted Body	Compass Group	31/12/2022
Gateway (Bethnal Green & Vic)	00010	Admitted Body	In House	31/10/2022
Greenwich Leisure Limited	00007	Admitted Body	In House	31/12/2022
Juniper Catering St Saviours	00040	Admitted Body	In House	31/05/2022
Juniper Cleaning St Saviours	00041	Admitted Body	In House	31/12/2022
Medequip	00035	Admitted Body	In House	31/12/2022
Olive Dining	00043	Admitted Body	In House	31/12/2022
One Housing (Toynbee Island)	00011	Admitted Body	In House	31/12/2022
Phoenix Trust (Closed Scheme)	00051	Admitted Body	EPM	30/09/2022
Purgo Supply Cyril Jackson	00039	Admitted Body	In House	31/12/2022
Purgo Supply St Paul's	00042	Admitted Body	In House	31/12/2022
REDBRIDGE CHL (Vibrance)	00004	Admitted Body	In House	31/12/2022
THCH (Closed Scheme)	00003	Admitted Body	In House	31/12/2022
THCH (Open Scheme)	00008	Admitted Body	In House	31/12/2022
Taylor Shaw - Catering	00036	Admitted Body	Elior	31/12/2022
Wettons Cleaning Services Ltd	00034	Admitted Body	In House	31/12/2022
Bowden House	00129	Main Scheme	In House	31/12/2022
Cayley Primary School	00130	Main Scheme	Strictly Education	31/12/2022
TH EPM MPP	00001	Main Scheme	EPM	31/12/2022
Bishop Challinor Catholic Federation of School	00131	Scheduled Body	SGW Payroll	31/12/2022
Canary Wharf College	00021	Scheduled Body	Peter Young	31/12/2022
Clara Grant - Boelyn Trust	00046	Scheduled Body	Access Group	31/12/2022
Cyril Jackson Academy	00044	Scheduled Body	Midland HR	31/12/2022
East London Arts & Music	00030	Scheduled Body	Day One Trust	31/12/2022
Ian Mikardo Academy	00029	Scheduled Body	EPM	31/12/2022
LETTA Trust	00028	Scheduled Body	Access Group	31/12/2022
London Enterprise Academy	00023	Scheduled Body	Strictly Education	31/12/2022
Olga Primary School	00128	Scheduled Body	In House	31/12/2022
Paradigm Trust	00033	Scheduled Body	Neo People	31/12/2022
Sir William Burrough Academy	00018	Scheduled Body	Data Plan	31/12/2022
Stepney Green -Mulberry Trust	00047	Scheduled Body	EPM	31/12/2022
St Pauls Way Trust Academy	00019	Scheduled Body	Midland HR	31/12/2022
Wapping High School	00024	Scheduled Body	In House	31/08/2022
Internal Upload by Pensions Team				
Tower Hamlets LBC	00001	Main Scheme	LBTH	31/12/2022
Itres (Fortnightly Payroll)	00001	Main Scheme	LBTH	27/03/2022
Central Foundation	00001	Main Scheme	LBTH	31/12/2022
East End Homes	00006	Admitted Body	LBTH	31/12/2022
Mulberry Academy	00026	Scheduled Body	LBTH	31/12/2022
Tower Hamlets Homes	00013	Scheduled Body	LBTH	31/12/2022

Appendix 2

Performance Stats detail – December 22

		Oct-22					Nov-22				Dec-22			
		Target days	Cases at Start	New Cases	Cases Processed	Cases Outstanding	Cases at Start	New Cases	Cases Processed	Cases Outstanding	Cases at Start	New Cases	Cases Processed	Cases Outstanding
Retirements	Altair Workflow													
Voluntary	AHEARLYA	15	6	7	7	6	6	8	7	7	7	6	6	7
Redundancy	AHREDUNA	15	0	3	3	0	0	3	1	2	2	1	2	1
Medical	AHIHRETA	15	0	4	3	1	1	2	0	3	3	1	0	4
Late	AHLATERA	15	4	6	6	4	4	3	5	2	2	5	2	5
Flexible	AHFLEXRA	15	1	2	3	0	0	2	2	0	0	0	0	0
Deferred into Payment	AHDBPAYA	15	13	15	9	19	19	13	22	10	10	17	10	17
			24	37	31	30	30	31	37	24	24	30	20	34
Transfers														
Transfer In - Quotes	AHTVIQ	10	6	9	2	13	13	9	12	10	10	5	4	11
Transfer Out - Quotes	AHTVOQ	10	5	32	18	19	19	20	26	13	13	8	11	10
Transfer In - Actual	IFAINO3 & TVIN03		7	7	7	7	7	15	18	4	4	14	8	10
Transfer Out - Actual	IFAOUT02 & TVOUT02		5	13	5	13	13	28	32	9	9	21	19	11
			23	61	32	52	52	72	88	36	36	48	42	42
Refunds														
Refund Calculations	AHRFNDF	10	18	40	41	17	17	45	53	9	9	31	31	9
Refund Payments	AHRFNDA	10	9	45	37	17	17	32	28	21	21	26	30	17
			27	85	78	34	34	77	81	30	30	57	61	26
Estimates														
Voluntary	AHBENEST & AHEARLYQ	15	9	31	25	15	15	25	32	8	8	14	12	10
Redundancy	AHREDUNQ	15	2	1	1	2	2	4	5	1	1	1	1	1
Medical	AHIHRETQ	15	2	1	1	2	2	4	3	3	3	2	1	4
Late	AHLATERQ	15	2	4	3	3	3	4	4	3	3	5	6	2
Flexible	AHFLEXRQ	15	2	0	1	1	1	3	3	1	1	1	1	1
Deferred into Payment	AHDBPAYQ	15	2	17	16	3	3	52	53	2	2	6	3	5
			19	54	47	26	26	92	100	18	18	29	24	23
Deferred														
Deferred Calculations	AHDEFLV	30	39	34	60	13	13	34	34	13	13	19	6	26
Opt Out														
Opt Out	OPTOPRT2	2	23	74	44	53	53	104	110	47	47	28	20	25
New Starters														
New Starters	AHNEWST	40	5	305	194	116	116	120	236	0	0	97	97	0
Nominations														
Nomination Changes	AHNOMIN	10	1	9	8	2	2	9	6	5	5	8	9	4
Address														
Address Changes	AHADDRES	15	4	34	34	4	4	16	13	7	7	15	13	9
Bank Account														
Bank Account Change	BANKCHGE	0	0	1	1	0	0	5	5	1	1	6	3	4
General Enquiry														
General Enquiry	AHMEMBER	10	33	123	118	38	38	170	170	38	38	115	64	89
Deaths														
Death Cases - General	AHDEATH	15	116	36	41	111	111	44	49	106	106	21	58	69
			221	616	500	337	337	502	623	217	217	309	270	226

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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