

NOTICE
OF
MEETING

BERKSHIRE PENSION FUND COMMITTEE

will meet on

MONDAY, 19TH SEPTEMBER, 2022

At 4.00 pm

In the

COUNCIL CHAMBER - TOWN HALL, MAIDENHEAD, AND ON [RBWM YOUTUBE](#)

TO: MEMBERS OF THE BERKSHIRE PENSION FUND COMMITTEE

COUNCILLORS JULIAN SHARPE (CHAIRMAN), DAVID HILTON (VICE-CHAIRMAN), SHAMSUL SHELIM, SIMON BOND AND WISDOM DA COSTA.

ADVISORY MEMBERS: COUNCILLORS LAW, DENNIS, SAFDER ALI, GEE AND LEAKE.

SUBSTITUTE MEMBERS

COUNCILLORS GERRY CLARK, DAVID COPPINGER, GEOFF HILL, ANDREW JOHNSON AND SIMON WERNER

Karen Shepherd – Head of Governance - Issued: 9 September 2022

Members of the Press and Public are welcome to attend Part I of this meeting. The agenda is available on the Council's web site at www.rbwm.gov.uk or contact the Panel Administrator **Becky Oates** becky.oates@rbwm.gov.uk or 01628 796310

Recording of Meetings – In line with the council's commitment to transparency the Part I (public) section of the virtual meeting will be streamed live and recorded via Zoom. By participating in the meeting by audio and/or video, you are giving consent to being recorded and acknowledge that the recording will be in the public domain. If you have any questions regarding the council's policy, please speak to Democratic Services or Legal representative at the meeting.

AGENDA

PART I

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
1.	<u>APOLOGIES</u> To receive any apologies for absence.	-
2.	<u>DECLARATIONS OF INTEREST</u> To receive any declarations of interest.	5 - 6
3.	<u>MINUTES</u> To approve the Part I minutes of the meeting held on 4 July 2022.	7 - 10
4.	<u>RISK REPORTING</u>	11 - 20
5.	<u>STATUTORY POLICIES REVIEW</u>	21 - 94
6.	<u>RESPONSIBLE INVESTMENT UPDATE</u>	95 - 182
7.	<u>ADMINISTRATION REPORT</u>	183 - 196
8.	<u>LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PUBLIC</u> To consider passing the following resolution:- "That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the remainder of the meeting whilst discussion takes place on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1-7 of part I of Schedule 12A of the Act"	183 - 196

PART II - PRIVATE MEETING

<u>ITEM</u>	<u>SUBJECT</u>	<u>PAGE NO</u>
i.	<u>MINUTES</u> To approve the Part II minutes of the meeting held on 4 July 2022. <i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i>	197 - 200

i.	<u>APPOINTMENT OF CUSTODIAN</u>	201 - 244
	<i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i>	
i.	<u>LPPI PERFORMANCE, RISK & BUSINESS UPDATE</u>	245 - 312
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i.	<u>LPPI ADVISORY AND MANAGEMENT AGREEMENT</u>	313 - 420
	<i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i>	
i.	<u>CURRENCY HEDGING</u>	421 - 454
	<i>(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)</i>	

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MEMBERS' GUIDE TO DECLARING INTERESTS AT MEETINGS

Disclosure at Meetings

If a Member has not disclosed an interest in their Register of Interests, they **must make** the declaration of interest at the beginning of the meeting, or as soon as they are aware that they have a Disclosable Pecuniary Interest (DPI) or Other Registerable Interest. If a Member has already disclosed the interest in their Register of Interests they are still required to disclose this in the meeting if it relates to the matter being discussed.

Any Member with concerns about the nature of their interest should consult the Monitoring Officer in advance of the meeting.

Non-participation in case of Disclosable Pecuniary Interest (DPI)

Where a matter arises at a meeting which directly relates to one of your DPIs (summary below, further details set out in Table 1 of the Members' Code of Conduct) you must disclose the interest, **not participate in any discussion or vote on the matter and must not remain in the room** unless you have been granted a dispensation. If it is a 'sensitive interest' (as agreed in advance by the Monitoring Officer), you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted by the Monitoring Officer in limited circumstances, to enable you to participate and vote on a matter in which you have a DPI.

Where you have a DPI on a matter to be considered or is being considered by you as a Cabinet Member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

DPIs (relating to the Member or their partner) include:

- *Any employment, office, trade, profession or vocation carried on for profit or gain.*
- *Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses*
- *Any contract under which goods and services are to be provided/works to be executed which has not been fully discharged.*
- *Any beneficial interest in land within the area of the council.*
- *Any licence to occupy land in the area of the council for a month or longer.*
- *Any tenancy where the landlord is the council, and the tenant is a body in which the relevant person has a beneficial interest in the securities of.*
- *Any beneficial interest in securities of a body where:*
 - a) that body has a place of business or land in the area of the council, 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) the total nominal value of the shares of any one class belonging to the relevant person exceeds one hundredth of the total issued share capital of that class.*

Any Member who is unsure if their interest falls within any of the above legal definitions should seek advice from the Monitoring Officer in advance of the meeting.

Disclosure of Other Registerable Interests

Where a matter arises at a meeting which **directly relates** to one of your Other Registerable Interests (summary below and as set out in Table 2 of the Members Code of Conduct), you must disclose the interest. **You may speak on the matter only if members of the public are also allowed to speak at the meeting** but otherwise **must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation**. If it is a 'sensitive interest' (as agreed in advance by the Monitoring Officer), you do not have to disclose the nature of the interest.

Other Registerable Interests (relating to the Member or their partner):

You have an interest in any business of your authority where it relates to or is likely to affect:

- a) any body of which you are in general control or management and to which you are nominated or appointed by your authority*
- b) any body*
 - (i) exercising functions of a public nature*
 - (ii) directed to charitable purposes or*

one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)

Disclosure of Non- Registerable Interests

Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a DPI) or a financial interest or well-being of a relative or close associate, you must disclose the interest. **You may speak on the matter only if members of the public are also allowed to speak at the meeting** but otherwise **must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation**. If it is a 'sensitive interest' (agreed in advance by the Monitoring Officer) you do not have to disclose the nature of the interest.

Where a matter arises at a meeting which **affects** –

- a. your own financial interest or well-being;
- b. a financial interest or well-being of a friend, relative, close associate; or
- c. a body included in those you need to disclose under DPIs as set out in Table 1 of the Members' code of Conduct

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied.

Where a matter **affects** your financial interest or well-being:

- a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
- b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise **must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation**. If it is a 'sensitive interest' (agreed in advance by the Monitoring Officer, you do not have to disclose the nature of the interest.

Other declarations

Members may wish to declare at the beginning of the meeting any other information they feel should be in the public domain in relation to an item on the agenda; such Member statements will be included in the minutes for transparency.

Agenda Item 3

BERKSHIRE PENSION FUND COMMITTEE

MONDAY, 4 JULY 2022

PRESENT: Councillors Julian Sharpe (Chairman), Shamsul Shelim, Simon Bond, and David Coppinger

Also in attendance: Cllr W Da Costa, Cllr Dennis, Cllr Baldwin, Cllr Gee, Mr Cross, Aiofinn Devitt and Andrew Harrison.

Officers: Damien Pantling, David Cook, Rebecca Oates, Andrew Vallance, Phil Boynton,

APOLOGIES

Apologies for absence were received by Cllr Hilton, Cllr Coppinger joined as a substitute. Cllr W Da Costa joined on line as a none voting member of the committee.

DECLARATIONS OF INTEREST

There were no declarations of interest received.

MINUTES

The Part I minutes of the meeting held on 7th March 2022 were approved as a true and correct record.

The Head of the Pension Fund informed that the Fund's investment performance over the past year had been ranked in the 5th percentile of the PIRC results with a 12.5% return.

RISK REPORTING

The Committee considered the report regarding the latest risk register.

The Head of the Pension Fund informed that the risk register was kept under constant review and shall be presented to the Committee quarterly, however, key changes from the last Committee meeting were shown in section 2.2 of the report.

The Funds risk management policy had last approved on 12 November 2018, an updated version was set out in appendix 2 and sets out all of the changes and provides guidance on their implementation in one clear single document for future reference.

Cllr bond mentioned risk PENO20 and asked that as each transfer was individually calculated why was this a risk. He was informed that the risk was around the Funds cash flow.

Resolved unanimously: that the Pension Fund Committee notes the report and;

- i) Approves the updated risk register including any changes since the last approval date, putting forward any suggested amendments as may be necessary;**
- ii) Approves the updated risk management policy;**
- iii) Approves publication of the updated risk register and risk policy on the Pension Fund website.**

STATUTORY POLICIES

The Committee considered the report regarding the review of statutory policies.

The Head of the Pension Fund informed that there were two statutory policies for review.

The Deferred Debt Agreement and Debt Spreading Agreement Policies were there had been no major changes against the existing policy and the;

Employer Contribution Review Policy where again there had been no significant changes.

The revised policies were appended to the report and it was recommended that they be reviewed by the Committee every three years unless there are major changes required. It was noted that all statutory policies had now been reviewed by the Committee.

Cllr Da Costa said that due to the underfunding it may be best to review employee contributions each year. He was informed that this was reviewed every three year with the triennial review and as the policy did not set contribution levels there would be little value in doing an annual review.

Mr Cross said that he agreed that there was no need to review more then every three years and if required the Pension Board could look at the policies.

Resolved unanimously: that the Pension Fund Committee notes the report and;

- i) Approves the updated policies set out in the Appendices to this report; and**
- ii) Approves publication of the policies on the Pension Fund website.**

GOOD GOVERNANCE

The Committee considered the report regarding the review of three separate non-statutory policies.

The Head of the Pension Fund informed that the report dealt with three separate non-statutory policies that were to be reviewed by the Pension Fund Committee at regular intervals in line with best practice.

The policies were ensuring that the Fund had a policy around assessing and reporting breaches of the law to the Pensions Regulator, a service level agreement between the Fund and the Administering Authority and a training policy and log in place enables the Fund to be managed effectively.

Cllr W Da Costa said that it was important that we had clarity and confidence in reporting breaches of the law. With regards to the SLA he said that we needed assurances in the quality of staff and that they were all trained and capable, greater visibility was required.

The Committee were informed that the Pension Fund staff were employed by RBWM and staff structures were available, all staff were appropriately qualified and experienced to fulfill their roles.

Mr Cross asked if Committee substitutes had to be trained and Cllr Bond agreed that Committee members should be trained, advisory members and also substitutes.

Resolved unanimously: that the Pension Fund Committee notes the report and;

i) Approves the revised policy on reporting breaches of the law;

ii) Approves the revised Service Level Agreement between the RCBPF and RBWM;

iii) Approves the revised 2022/23 training plan;

iv) Reviews the 2021/22 training log for accuracy, identifying any training gaps if applicable.

RESPONSIBLE INVESTMENT

The Committee considered the report regarding the quarterly update on the Fund's responsible investment activities.

The Head of the Pension Fund said that whilst responsible investing and ESG had always been guiding principles in the Fund's investment strategy, the decision to pool funds with LPPI from 2018 enabled more active monitoring and consolidation of its responsible investment outcomes. Feedback from the last report before the Committee had been included with this report.

As detailed in the Fund's Responsible Investment policy the Fund considered engagement to be a route for exerting a positive influence over investee companies and encouraging responsible corporate behavior. The Fund had appointed an engagement partner to ensure active engagement with companies across its credit and equity portfolios, seeking to improve a company's behavior on ESG. The Fund relied upon LPPI's engagement policy.

A responsible investment task and finish group had been established with their terms of reference approved in April 2022 and a report was due back in September 2022.

It was noted that things were moving in the right direction and was pleasing to see that more information was now available in the public domain.

Resolved unanimously: that the Pension Fund Committee notes the report;

i) Acknowledges the Fund's RI dashboard, RI report, active engagement report and achievement of associated outcomes, and;

ii) Acknowledges LPPI's latest shareholder voting policy, updated voting guidelines and engagement policy.

ADMINISTRATION REPORT

The Committee considered the report regarding the administration of the Pension Fund for the period 1 January 2022 to 31 March 2022.

The Pension Administration Manager informed that this was the quarterly report and highlighted the following points:

- Table 1A, i-Connect users. Only one authority did not meet the 100% transfer of data within the 4 days SLA. Since last reported 2 more scheme employers had stated using the system.
- Team Key performance indicators all remained on target.

- Special Projects – Overseas Payments. During March 2022 officers worked together with the Pension Fund’s current overseas payment provider, Western Union, resulting in the issue of a pre-existence Letter to 168 pensioner and dependent scheme members who receive their monthly pension payment to an account in the country and currency of their residence. There had been little resistance and regular updates were provided.
- Year End 2022. Officers are pleased to report all year end processes remain on target to be completed by no later than the statutory deadline of 31 August 2022.

Cllr W Da Costa mentioned that it was important to show that our contractors were professional trained and competent, he also said it would be useful to show in the report any areas of concern. He was reminded that this report dealt with the administrating authorities performance who were RBWM employees.

Resolved unanimously: that Committee notes the report and;

- i) Notes all areas of governance and administration as reported; and**
- ii) Notes all key performance indicators.**

LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PUBLIC

RESOLVED UNANIMOUSLY: That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the remainder of the meeting on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1-7 of part I of Schedule 12A of the Act.

The meeting, which began at 4.00 pm, finished at 5.40 pm

CHAIRMAN.....

DATE.....

Report Title:	Risk Reporting
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 19 September 2022
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

REPORT SUMMARY

On 6 December 2021, the Pension Fund Committee adopted an updated risk management process based on the 2018 CIPFA framework “Managing risk in the Local Government Pension Scheme”. This updated process is detailed in the Fund’s revised risk management policy last approved by the Pension Fund Committee on 4 July 2022.

A risk register is now brought to the Pension Fund Committee quarterly for consideration of all known risks and their respective controls/mitigations, this report deals with the regular reporting of the revised risk register to the Pension Fund Committee.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee notes the report;

- i) Approves the updated risk register including any changes since the last approval date, putting forward any suggested amendments as may be necessary; and,**
- ii) Approves publication of the updated risk register on the Pension Fund website;**

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

2.1. The Scheme Manager (The Royal Borough of Windsor and Maidenhead as the Administering Authority for the Fund) has a legal duty to establish and operate internal controls. Failure to implement an adequate and appropriate risk assessment policy and risk register could lead to breaches of law. Where the effect and wider implications of not having in place adequate internal controls are likely to be materially significant, the Pension Regulator (tPR) must be notified in accordance with the Scheme Manager’s policy on reporting breaches of the law.

2.2. As a live document, this risk register (attached at Appendix 1) is kept under review and shall be presented to the Committee (appended to this report) quarterly, however, key changes from the last Committee meeting to this one

(additions, removals, significant changes to mitigations and/or risk scores) shall be brought to the Committee's attention and are summarised as follows (noting that minor re-wording has not been included in the summary below):

- 2.2.1. PEN001 – Moved from trending sideways to risk increasing as future expected returns particularly in the short run are becoming more uncertain amid increasing economic uncertainty.
 - 2.2.2. PEN003 – Moved from risk reducing to trending sideways as COVID-19 cases are increasing globally and various countries are dealing with this in different ways.
 - 2.2.3. PEN004 – Moved from trending sideways to risk increasing as recent issues have surfaced particularly around trade with Northern Ireland.
 - 2.2.4. PEN006 – Moved from trending sideways to risk increasing as there is expected to a change in government leadership and an increased risk of change in government at the next general election.
 - 2.2.5. PEN014 – Moved from trending sideways to risk increasing as inflation (therefore long term pay expectations) looks higher for longer than in prior reporting periods.
 - 2.2.6. PEN018 – Moved from trending sideways to risk reducing as better cash management processes have been implemented to offset the reduction in cash values.
 - 2.2.7. PEN025 – New risk added to reflect the risks associated with the failure to adequately plan for increased employer contributions.
 - 2.2.8. PEN036 – Moved from trending sideways to risk increasing as a result of an observable increase in cyber-attacks across the asset management industry generally.
- 2.3. The RCBPF's updated risk management policy was last approved by the Pension Fund Committee on 4 July 2022, and this risk register along with its contents are consistent with the updated risk management policy.

3. KEY IMPLICATIONS

- 3.1. Failure to maintain and keep under review the Pension Fund's key risks could lead to a loss in confidence and sanctions being imposed by the Pensions Regulator where failings are deemed to be materially significant for the Pension Fund and its stakeholders.

4. FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1. Failure to monitor identified risks and to implement appropriate strategies to counteract those risks could lead to an increased Fund deficit resulting in employers having to pay more.

5. LEGAL IMPLICATIONS

- 5.1. The Administering Authority is required to govern and administer the Pension Scheme in accordance with the Public Service Pensions Act 2013 and associated Local Government Pension Scheme Regulations. Failure to do so could lead to challenge.

6. RISK MANAGEMENT

- 6.1. The risk register is attached at Appendix 1 to this report, it is reviewed quarterly by the Pension Board and the Pension Fund Committee and updated regularly by officers to ensure all risks are appropriately documented and mitigated where possible.

7. POTENTIAL IMPACTS

- 7.1. Failure to comply with pension legislation could result in the Administering Authority being reported to the Pensions Regulator where failure is deemed to be of a material significance.
- 7.2. Equalities: Equality Impact Assessments are published on the council's website: There are no EQIA impacts as a result of taking this decision. A completed EQIA has been attached at Appendix 2 to this report
- 7.3. Climate change/sustainability: N/A
- 7.4. Data Protection/GDPR. GDPR compliance is included as a specific risk on the register in regard to processing and handling personal data, this is dealt with in the appendix along with the relevant mitigations.

8. CONSULTATION

- 8.1. No specific consultation since the date of last review, however Committee members and Pension Board members undertook a detailed annual review session in January 2022 followed by a risk appetite statement review and training session on 21 April 2022 during the development of the Risk Management Policy approved on 4 July 2022, which the appended risk register is consistent with.

9. TIMETABLE FOR IMPLEMENTATION

- 9.1. Ongoing.

10. APPENDICES

- 10.1. This report is supported by 2 Appendices:
 - Appendix 1 – Risk Register
 - Appendix 2 - EQIA

11. BACKGROUND DOCUMENTS

11.1. This report is supported by 0 background documents:

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory: Statutory Officers (or deputy)</i>			
Adele Taylor	Executive Director of Resources/S151 Officer	18/08/2022	25/08/2022
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	18/08/2022	
<i>Deputies:</i>			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	18/08/2022	06/09/2022
Elaine Browne	Head of Law (Deputy Monitoring Officer)	18/08/2022	24/08/2022
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	18/08/2022	18/08/2022
<i>Other consultees:</i>			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee	18/08/2022	

13. REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Pension Fund Committee decision	Yes/No	Yes/No

Report Author: Damien Pantling, Head of Pension Fund



19/09/2022

Author: Damien Pantling, Head of Pension Fund
 Adele Taylor - Director of Resources (S.151 Officer)
 Status: FINAL

GREEN = Score of 3 to 15
 AMBER = Score of 16 to 25
 RED = Score of 26 - 75

Risk Calculation Key

IMPACT (Total) = IMPACT (Fund) + IMPACT (Employers) + IMPACT (Reputation)
 Gross Risk Score = IMPACT (Total) x Likelihood
 Net Risk Score = IMPACT (Total) x Revised Likelihood

Scores all ranked 1 to 5
 Please refer to final page for CIPFA guidance, Scoring Matrix and full column heading breakdown

Risk Group	Risk Ref.	Trending	Risk Description	IMPACT					Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk	
				Fund	Employers	Reputation	TOTAL	Owner					Reviewed	
Asset & Investment Risk	PEN001		Investment managers fail to achieve returns of at least the actuarial discount rate over the longer term.	5	4	3	12	3	36	TREAT 1) The Advisory Management Agreement (AMA) clearly states expectations in terms of investment performance targets. 2) Investment manager performance is reviewed by LPPI and the committee on a quarterly basis. 3) The Pension Fund Committee should be positioned to move quickly in regards to asset allocation and strategy if it is felt that targets will not be achieved. 4) Portfolio rebalancing is considered on a regular basis by the Pension Fund Committee. 5) The Fund's investment management structure is highly diversified, which lessens the impact of manager risk compared with less diversified structures. 6) Target return benchmark to be developed in due course, expected to be above the actuarial discount rate	2	24	Damien Pantling	15/08/2022
Asset & Investment Risk	PEN002		Significant volatility and negative sentiment in global investment markets following disruptive geo-political uncertainty. Increased risk to global economic stability.	4	4	1	9	3	27	TREAT 1) Maintaining a well diversified portfolio with significant allocation to both public and private markets. 2) Maintaining a well diversified investment portfolio with significant allocations across a variety of asset classes such as (but not limited to) credit, equity and real-assets. 3) Routinely receiving market updates from independent advisors and acting upon the recommendations where appropriate - such as issuing additional/new guidance/instruction to LPPI. 4) Examining portfolio at an individual investment level to fully understand exposure to effected regions and reacting as appropriate.	2	18	Damien Pantling	15/08/2022
Asset & Investment Risk	PEN003		The global outbreak of COVID-19 poses economic uncertainty across the global investment markets.	4	3	2	9	3	27	TREAT 1) Routinely receiving market updates from independent advisors and acting upon the recommendations as appropriate TOLERATE 1) Global investment market returns in aggregate for our SAA have thus far not been adversely affected by the COVID-19 pandemic, therefore, no significant changes to the investment strategy or strategic asset allocation are recommended	1	9	Damien Pantling	15/08/2022
Asset & Investment Risk	PEN004		Volatility caused by uncertainty with regard to the withdrawal of the UK from the European Union and the economic after effects such as labour and supply chain shortages.	4	4	1	9	3	27	TREAT 1) Volatility is reduced through having a relatively low exposure to UK equities and is well diversified with a significant safe-haven focus. 2) Fund has removed the significant GBP hedge and is not undergoing any strategic currency hedging from 6th December 2021, but will seek to review in Summer 2022	2	18	Damien Pantling	15/08/2022
Asset & Investment Risk	PEN005		Increased scrutiny on environmental, social and governance (ESG) issues, leading to reputational damage if not compliant. The administering authority declared an environmental and climate emergency in June 2019, effect on Pension Fund is currently unknown. TCFD regulations impact on LGPS schemes currently unknown but expected to come into force during 2022/23.	3	2	4	9	3	27	TREAT 1) Review ISS in relation to published best practice (e.g. Stewardship Code) . 2) Ensure fund managers are encouraged to engage and to follow the requirements of the published ISS. 3) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and Pensions and Lifetime Savings Association (PLSA), which raises awareness of ESG issues and facilitates engagement with fund managers and company directors. 4) An ESG statement and RI Policy was drafted for the Pension Fund as part of the ISS and approved in March 2021. 5) Officers regularly attend training events on ESG and TCFD regulations to ensure stay up to date with latest guidance. 6) LPPI manage the funds investments and have their own strict ESG policies in place which align with those of the fund.	2	18	Damien Pantling	15/08/2022
Asset & Investment Risk	PEN006		A change in government or existing government policy may result in new wealth sharing policies which could negatively impact the value of the pension fund assets.	5	5	1	11	2	22	TREAT 1) Maintain links with central government and national bodies to keep abreast of national issues. Respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood by (external) policy makers and the Fund.	1	11	Damien Pantling	15/08/2022
Asset & Investment Risk	PEN007		Financial failure of third party supplier results in service impairment and financial loss.	5	4	1	10	2	20	TREAT 1) Performance of third parties (other than fund managers) regularly monitored by Fund officers and the Pension Fund Committee. 2) Regular meetings and conversations with global custodian (currently JP Morgan) take place. 3) Actuarial services and investment management are provided by two different providers.	1	10	Damien Pantling	15/08/2022
Asset & Investment Risk	PEN008		Failure of global custodian or counterparty.	5	3	2	10	2	20	TREAT 2) Review of internal control reports on an annual basis. 3) Credit rating kept under review.	1	10	Damien Pantling	15/08/2022
Asset & Investment Risk	PEN009		Financial failure of a fund manager leads to value reduction, increased costs and impairment.	4	3	3	10	2	20	TREAT 1) Fund is reliant upon current adequate contract management activity overseen by our investment managers LPPI. 2) Fund is reliant upon alternative suppliers at similar prices being found promptly.	1	10	Damien Pantling	15/08/2022
Asset & Investment Risk	PEN010		Global investment markets fail to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.	3	5	2	10	2	20	TREAT 1) Proportion of total asset allocation made up of equities, bonds, property funds, infrastructure and fixed income, limiting exposure to one asset category - this diversification generally reduces risk of any particular market underperformance. 2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal risk asset allocation. 3) Full wholistic strategy review takes place every three years in line with the actuarial valuation. 4) Investment strategy reviewed every year and LPPI undertake a health-check bi-annually. 5) The actuarial assumptions regarding asset performance are regarded as achievable over the long term in light of historical data.	1	10	Damien Pantling	15/08/2022



19/09/2022

Author: Damien Pantling, Head of Pension Fund
Adele Taylor - Director of Resources (S.151 Officer)

Status: FINAL

GREEN = Score of 3 to 15

AMBER = Score of 16 to 25

RED = Score of 26 - 75

Risk Calculation Key

IMPACT (Total) = IMPACT (Fund) + IMPACT (Employers) + IMPACT (Reputation)

Gross Risk Score = IMPACT (Total) x Likelihood

Net Risk Score = IMPACT (Total) x Revised Likelihood

Scores all ranked 1 to 5

Please refer to final page for CIPFA guidance, Scoring Matrix and full column heading breakdown

Risk Group	Risk Ref.	Trending	Risk Description	IMPACT					Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood		Net Risk	
				Fund	Employers	Reputation	TOTAL	Owner				Reviewed			
Liability Risk	PEN011		Scheme members live longer than expected leading to higher than expected liabilities.	5	5	1	11	2	22	TREAT 1) A longevity swap insurance contract was entered into in 2009 which effectively hedged the risk of longevity rates increasing for all of the retired scheme members (c11,000 members) at that point in time. 2) All scheme members that were not part of the longevity swap contract group in 2009 (i.e. all active or deferred members as at 2009 or that have since joined the scheme) have liabilities exposed to longevity risk. Whilst longevity risk in isolation cannot be hedged without further consideration of another longevity contract, it is managed through regular review of the investment strategy (risk profile, cashflows, liability matching)	1	11	Damien Pantling	15/08/2022	
Liability Risk	PEN012		Mortality rates decreasing, or increasing at a lower rate than those assumed in the 2009 longevity contract, leading to an increased contractual liability at present value.	3	4	4	11	2	22	TOLERATE 1) The opportunity cost in entering into the longevity contract was the loss of upside benefits associated with decreasing longevity rates - this was an active decision previously taken. 2) At present, the cost or even the option of exiting the contract has not been explored and may not be possible contractually. Any cost of exit if applicable is likely to far exceed the benefits.	2	22	Damien Pantling	15/08/2022	
Liability Risk	PEN013		Long-term price inflation is significantly more than anticipated in the actuarial assumptions.	5	5	1	11	3	33	TREAT 1) Ensure sizeable holding in real assets (infrastructure and property) which generally act as protection against inflation. 2) The fund's material allocation to equity will provide a degree of protection against inflation. 3) The actuary will take a prudent view on inflation through the valuation process. 4) Material deviations (unexpected increases in inflation) and their impacts are modelled by the actuary through stress test analysis.	2	22	Damien Pantling	15/08/2022	
Liability Risk	PEN014		Employee pay increases are significantly more than anticipated for employers within the Fund.	3	4	2	9	2	18	TOLERATE 1) Fund employers should monitor own experience. 2) Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) should be long term assumptions. Any employer specific assumptions above the actuary's long term assumption would lead to further review. 3) Employers to be made aware of generic impact that salary increases can have upon the final salary linked elements of LGPS benefits (accrued benefits before 1 April 2014). 4) Employee pay rises currently remain below inflation. 5) Employer decisions to increase pay more than anticipated would result in increased contributions for that employer at the next triennial valuation	2	18	Damien Pantling	15/08/2022	
Liability Risk	PEN015		Impact of economic and political decisions on the Pension Fund's employer workforce and government funding level affecting the Councils spending decisions. For example scheme matures more quickly than expected due to public sector spending cuts, resulting in contributions reducing and pension payments increasing.	5	2	1	8	3	24	TREAT 1) Barnet Waddingham uses prudent assumptions on future of employees within the workforce. Employer responsibility to flag up potential for major bulk transfers outside of the fund. The potential for a significant reduction in the workforce as a result of the public sector financial pressures may have a future impact on the Fund. 2) Barnet Waddingham will make prudent assumptions about diminishing workforce when carrying out the triennial actuarial valuation in 2022. 3) Review maturity of scheme at each triennial valuation. Secondary deficit contributions specified as lump sums, rather than percentage of payroll to maintain monetary value of contributions and mitigate risk of reducing workforce on cashflow. 4) Cashflow position monitored monthly.	2	16	Damien Pantling	15/08/2022	
Liability Risk	PEN016		Ill health costs may exceed "budget" allocations made by the actuary resulting in higher than expected liabilities particularly for smaller employers.	4	2	1	7	2	14	TOLERATE 1) Review "budgets" at each triennial valuation and challenge actuary as required. Charge capital cost of ill health retirements to admitted bodies at the time of occurring. Occupational health services provided by the unitaries and other large employers to address potential ill health issues early.	2	14	Damien Pantling	15/08/2022	
Liability Risk	PEN017		Impact of increases to employer contributions following the actuarial valuation.	4	5	3	12	3	36	TREAT 1) Officers to consult and engage with employer organisations in conjunction with the actuary. 2) Actuary will assist where appropriate with stabilisation and phasing in processes.	2	24	Damien Pantling	15/08/2022	
Liability Risk	PEN018		There is insufficient cash available in the Fund to meet pension payments leading to investment assets being sold at sub-optimal prices to meet pension payments.	5	4	3	12	2	24	TREAT 1) Cashflow forecast maintained and monitored. 2) Cashflow requirement is a factor in current investment strategy review. 3) Maintain a material level of cash held within a short duration bond fund, which allows access at short notice.	1	12	Damien Pantling	15/08/2022	
Liability Risk	PEN019		Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy.	5	3	3	11	2	22	TREAT 1) Active investment strategy and asset allocation monitoring by LPPI, overseen by Pension Fund Committee, officers and independent advisors. 2) Strategic asset allocation review was approved in September 2021 with a move out of diversifying strategies and an increase in equities. 3) Setting of Fund specific benchmark relevant to the current position of fund liabilities to be approved in March 2022. 4) Fund manager targets set and based on market benchmarks or absolute return measures. Overall investment benchmark and out-performance target is fund specific.	1	11	Damien Pantling	15/08/2022	
Liability Risk	PEN020		Transfers out increase significantly as members transfer to DC funds to access cash through new pension freedoms, this also includes bulk transfers out.	4	4	2	10	2	20	TREAT 1) Monitor numbers and values of transfers out being processed. If required, commission transfer value report from Fund Actuary for application to Treasury for reduction in transfer values.	1	10	Damien Pantling	15/08/2022	
Liability Risk	PEN021		Inadequate, inappropriate or incomplete investment or actuarial advice is actioned leading to a financial loss or breach of legislation.	5	3	2	10	2	20	TREAT 1) At time of appointment, ensure advisers have appropriate professional qualifications and quality assurance procedures in place. Committee, Board and officers scrutinise and challenge advice provided by all parties.	1	10	Damien Pantling	15/08/2022	
Liability Risk	PEN022		Changes to LGPS Scheme moving from Defined Benefit to Defined Contribution	5	3	2	10	1	10	TOLERATE 1) Political will required to effect the change - this would be a major change to the LGPS, and a significant lead in time, probably with protection for almost all existing benefits, so there would be considerable time to assess the likely impact. 2) Significant and sustained political will be required to make such a change, with likely opposition of existing members to be managed.	1	10	Damien Pantling	15/08/2022	



19/09/2022

Author: Damien Pantling, Head of Pension Fund
Adele Taylor - Director of Resources (S.151 Officer)

Status: FINAL

GREEN = Score of 3 to 15

AMBER = Score of 16 to 25

RED = Score of 26 - 75

Risk Calculation Key

IMPACT (Total) = IMPACT (Fund) + IMPACT (Employers) + IMPACT (Reputation)

Gross Risk Score = IMPACT (Total) x Likelihood

Net Risk Score = IMPACT (Total) x Revised Likelihood

Scores all ranked 1 to 5

Please refer to final page for CIPFA guidance, Scoring Matrix and full column heading breakdown

Risk Group	Risk Ref.	Trending	Risk Description	IMPACT					Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk	Owner	Reviewed
				Fund	Employers	Reputation	TOTAL								
EMPLOYER RISK															
Employer Risk	PEN023		Last active employee of scheduled or admitted body retires leading to cessation valuation liability calculated either on an ongoing or minimum risk basis, the latter applies to community admission type bodies without a bond or appropriate financial security in place. The full cessation at minimum risk could challenge the employer as a going concern and lead to failure.	3	5	4	12	3	36	<p>TREAT</p> <p>1) Employer covenant risk assessment was conducted by LPP in 2019 and presented to committee (<i>formerly panel</i>) on 19 December 2019 based on 2019 valuation results. This identified a number of key at-risk employers in the fund, those were all community admission body type employers at risk of cessation in the near future and without security in place.</p> <p>2) A further review is to be commissioned by the actuary to re-evaluate these risks based on 2022 triennial figures, from this a number of employers can be contacted to discuss possible options and plans.</p> <p>3) A number of employers have either had cessation arrangement decisions taken already through committee or have approached officers to discuss options, demonstrating the proactive rather than reactive nature of treating this risk.</p> <p>4) Where appropriate seek to agree support from the relevant Local Authority.</p> <p>5) Proper use of employer flexibilities introduced in the 2020 amended regulations (deferred debt and debt spreading agreements) to ensure that employer debts are managed appropriately in a way that benefits both the fund and the employer</p>	2	24	Damien Pantling	15/08/2022	
Employer Risk	PEN024		Failure of an admitted or scheduled body leads to unpaid liabilities being left in the Fund to be met by others.	5	3	3	11	2	22	<p>TREAT</p> <p>1) Trustee admission bodies (term no longer used) were required to have bonds or guarantees in place at time of signing the admission agreement.</p> <p>2) Regular monitoring of employers and follow up of expiring bonds.</p> <p>3) Regular reviews of what were formally referred to as community admission bodies, which are deemed high risk as no bond or guarantee was put in place at the time of admission.</p> <p>4) Proper use of employer flexibilities introduced in the 2020 amended regulations (deferred debt and debt spreading agreements) to ensure that employer debts are managed appropriately in a way that benefits both the fund and the employer</p>	1	11	Damien Pantling	15/08/2022	
Employer Risk	PEN025		Risk of unexpected employer contributions (primary and secondary) as a result of poor budget management i.e. failure to plan and budget for the increased contribution costs. General risk of poor accountability and planning within employers. Payment delay or failures may increase liabilities primarily for that employer but may affect others in the event of failure	2	5	4	11	3	33	<p>TREAT</p> <p>1) Employer contributions communicated at every triennial valuation setting levels for the following 3 years in the Rates & Adjustment certificate</p> <p>2) For largest employers, regular communication on likely contribution increases for budget planning purposes outside of triennial valuation process</p> <p>3) Early communication with any employer experiencing payment delays or similar issues</p> <p>4) Risk of increased liabilities resulting from poor budget management of the fund's expenses mitigated through robust business plan, budget setting and budget management</p> <p>TOLERATE</p> <p>1) Common understanding that liabilities are ringfenced on an employer basis. With the largest (unitary council) employers unlikely to fail, liability increases associated with payment delays are likely to be contained within the struggling employer and not affect other employers</p>	2	22	Damien Pantling	15/08/2022	
RESOURCE AND SKILL RISK															
Resource & Skill Risk	PEN026		Change in membership of Pension Fund Committee or Local Pensions Board leads to dilution of member knowledge and understanding - as such, Committee or Board members do not have appropriate skills or knowledge to discharge their responsibility leading to inappropriate decisions.	2	2	1	5	4	20	<p>TREAT</p> <p>1) Succession planning process to be considered.</p> <p>2) Ongoing training of Pension Fund Committee members, training plan in place.</p> <p>3) Pension Fund Committee new member induction programme.</p> <p>4) Training to be based on the requirements of CIPFA Knowledge and Skills Framework under designated officer.</p> <p>5) Training to be supported by external parties including but not limited to the actuary, auditor, investment advisor and independent advisors.</p> <p>6) External professional advice is sought where required</p>	2	10	Damien Pantling	15/08/2022	
Resource & Skill Risk	PEN027		Officers do not have appropriate skills and knowledge to perform their roles resulting in the service not being provided in line with best practice and legal requirements. Succession planning is not in place leading to reduction of knowledge when an officer leaves.	4	3	3	10	2	20	<p>TREAT</p> <p>1) Person specifications are used in recruitment processes to appoint officers with relevant skills and experience.</p> <p>2) Training plans are in place for all officers as part of the performance appraisal arrangements.</p> <p>3) Officers maintain their CPD by attending training events and conferences.</p>	1	10	Damien Pantling	15/08/2022	
Resource & Skill Risk	PEN028		Concentration of knowledge in a small number of officers and risk of departure of key staff. Loss of technical expertise and experience. Risk identified in 2023 of key personnel potentially leaving the Fund.	4	3	3	10	3	30	<p>TREAT</p> <p>1) Practice notes in place.</p> <p>2) Development of team members and succession planning improvements to be implemented.</p> <p>3) Officers and members of the Pension Fund Committee to be mindful of the proposed CIPFA Knowledge and Skills Framework when setting objectives and establishing training needs for senior fund officers.</p> <p>4) Training plans in place for all officers.</p>	2	20	Damien Pantling	15/08/2022	
Resource & Skill Risk	PEN029		McCloud remedy will generate considerable additional workloads for the team resulting in potential resource concerns.	3	4	2	9	4	36	<p>TREAT</p> <p>1) Statutory guidance to be issued by government setting out how remedy is to be managed.</p> <p>2) All Pension Committee, Advisory Panel and Board Members receive regular updates and actions will be taken by officers once guidance is issued.</p> <p>3) If necessary, consider the recruitment of temporary staff.</p>	3	27	Damien Pantling	15/08/2022	
ADMINISTRATIVE AND COMMUNICATIVE RISK															
Administrative & Communicative Risk	PEN030		Structural changes in an employer's membership or an employer fully/partially closing the scheme. Employer bodies transferring out of the pension fund or employer bodies closing to new membership. An employer ceases to exist with insufficient funding or adequacy of bond placement.	2	4	4	10	3	30	<p>TREAT</p> <p>1) Administering Authority actively monitors prospective changes in membership.</p> <p>2) Maintain knowledge of employer future plans through regular communication.</p> <p>3) Contribution rates and deficit recovery periods set to reflect the strength of the employer covenant.</p> <p>4) Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate.</p> <p>5) Risk categorisation of employers exercise undertaken by LPP in December 2019, further work to be undertaken by Actuary as part of 2022 Triennial Valuation.</p> <p>6) Monitoring of gilt yields for assessment of pensions deficit on a minimum risk basis.</p>	2	20	Kevin Taylor	15/08/2022	
Administrative & Communicative Risk	PEN031		Failure to comply with Scheme regulations and associated pension law leading to incorrect pension payments being made. Risk of fines, adverse audit reports and breaches of the law.	5	4	4	13	1	13	<p>TREAT</p> <p>1) Training provided as and when Regulations are updated.</p> <p>2) Competent software provider maintains up to date systems.</p> <p>3) Competent external consultants.</p> <p>4) Comprehensive policy in place on reporting suspected breaches of the law, informing internal stakeholders on process to minimise legal challenge in unlikely event of breach or suspected breach</p>	1	13	Kevin Taylor	15/08/2022	



19/09/2022

Author: Damien Pantling, Head of Pension Fund
Adele Taylor - Director of Resources (S.151 Officer)

Status: FINAL

GREEN = Score of 3 to 15

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RED = Score of 26 - 75

Risk Calculation Key

IMPACT (Total) = IMPACT (Fund) + IMPACT (Employers) + IMPACT (Reputation)

Gross Risk Score = IMPACT (Total) x Likelihood

Net Risk Score = IMPACT (Total) x Revised Likelihood

Scores all ranked 1 to 5

Please refer to final page for CIPFA guidance, Scoring Matrix and full column heading breakdown

Risk Group	Risk Ref.	Trending	Risk Description	IMPACT					Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood		Net Risk	
				Fund	Employers	Reputation	TOTAL					Owner	Reviewed		
Administrative & Communicative Risk	PEN032	↔	Administrators do not have sufficient staff or skills to manage the service leading to poor performance and complaints.	3	2	3	8	3	24	TREAT 1) Review of administration roles and responsibilities to be undertaken in 2022/23. 2) Establishment of key training and development budget from 2022/23. 3) Key staff movements to be monitored closely. 4) Ongoing monitoring of administration statistical outcomes and KPI's via Local Pensions Board and Pension Fund Committee.	2	16	Kevin Taylor	15/08/2022	
Administrative & Communicative Risk	PEN033	↘	Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	5	5	5	15	2	30	TREAT 1) System hosted and backed up in two separate locations. 2) Re-issue previous months BACS file in extreme circumstances.	1	15	Kevin Taylor	15/08/2022	
Administrative & Communicative Risk	PEN034	↘	Failure to maintain a high quality member database leading to loss in member confidence, incorrect calculations of benefits, increased number of complaints, poor performance and loss of reputation.	5	5	3	13	1	13	TREAT 1) Fund undertakes annual data quality exercise required by and reported to TPR. 2) Implementation of I-Connect to enable employers to submit membership data in real time. 3) Fund makes further data checks as part of year end processing. 4) Fund undertakes additional data cleansing exercise with the actuary ahead of the triennial valuation. 5) Mortality screening checks undertaken as reported in Risk PEN037	1	13	Kevin Taylor	15/08/2022	
Administrative & Communicative Risk	PEN035	↘	Failure to hold data securely due to poor processing of data transfers, poor system security, poor data retention and disposal, poor data backup and recovery of data.	4	4	4	12	1	12	TREAT 1) Database hosted off-site and backed up in 2 separate locations every day. 2) Access to systems is limited to a defined number of users via dual password and user identification. 3) Data transferred is encrypted. 4) Compliant with RBWM data protection and IT policies. 5) No papers files all managed via image and system documentation generation. 6) Confidential waste disposed of in line with RBWM policy.	1	12	Kevin Taylor	15/08/2022	
Administrative & Communicative Risk	PEN036	↗	Failure of cyber security measures following a cyber attack or data breach, including information technology systems and processes, leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal scheme membership data.	4	2	5	11	3	33	TREAT 1) Fund to develop its own cyber security risk policy. 2) System provider has robust accredited solutions in place to ensure any cyber-attack can be identified and prevented. 3) Fund shares cyber security systems with the administering authority, these are well funded and up to date. 4) Fund to engage consultancy in due course to independently test systems and recommend any further cyber security measures to implement. 5) Administering authority engages in system penetration checks annually, fund to utilise this service going forward with specific checks in fund IT systems. 6) New internal auditors appointed by administering authority, major focus on IT security going forward and recommendations to come out of internal audits.	2	22	Kevin Taylor	15/08/2022	
Administrative & Communicative Risk	PEN037	↘	Loss of funds through fraud or misappropriation by an employer, agent or contractor leading to negative impact on reputation of the Fund as well as financial loss.	3	2	5	10	2	20	TREAT 1) Fund undertakes National Fraud Initiative (NFI) biannually. 2) Fund is subject to external audit and ad hoc internal audit which can be more frequent than annually - this tests the resilience and appropriateness of controls. New internal audit service is expected to enhance scrutiny in this regard. 3) Regulatory control reports from investment managers and the custodian are obtained. 4) New regulatory controls are in place to avoid pension transfer scams occurring	1	10	Kevin Taylor	15/08/2022	
Administrative & Communicative Risk	PEN038	↔	Payments continue to be made incorrectly at a potential cost to the Pension Fund. Distress caused to dependents.	3	3	4	10	2	20	TREAT 1) The fund undertakes a monthly mortality screening exercise. 2) Additional validation measures are put in place with our overseas payments provider to check the information held in regards to payments to non-UK bank accounts. 3) The fund participates in the biannual national fraud initiative (NFI).	1	10	Kevin Taylor	15/08/2022	
Administrative & Communicative Risk	PEN039	↘	Inability to respond to a significant event leads to prolonged service disruption and damage to reputation.	1	2	5	8	2	16	TREAT 1) Fund has a business continuity plan. 2) Systems hosted and backed up off-site in 2 locations. 3) All officers have the ability to work from home or any location where secure internet access is available.	1	8	Kevin Taylor	15/08/2022	
Administrative & Communicative Risk	PEN040	↘	Late or non-receipt of pension contributions from Scheme employers within statutory deadlines leading to loss of Fund investment. Risk of being reported to the Pensions Regulator with actions and fines being imposed if regulation breach is considered to be materially significant.	4	5	4	13	1	13	TREAT 1) Fund closely monitors receipts of contributions and will chase any employer that is late in making a payment. 2) A notice of unsatisfactory performance will be sent to a Scheme employer who regularly misses the statutory deadline for payment. 3) Fund has power to report a Scheme employer to the Pensions Regulator if it deems the potential loss of investment as a result of the late payment of contributions to be materially significant. 4) Large employers (unitaries) have opted to pay secondary contributions in advance.	1	13	Kevin Taylor	15/08/2022	
Administrative & Communicative Risk	PEN041	↔	Failure to communicate properly with stakeholders leading to Scheme members being unaware of the benefits the Scheme provides so take bad decisions and Scheme employers being unaware of their statutory responsibilities and duties in maintaining the Scheme for their employees.	4	4	2	10	2	20	TREAT 1) Fund has a Communication policy and a dedicated Communications Manager. 2) Pension Fund website is maintained to a high quality standard. 3) Quarterly bulletins issued to Scheme employers providing details of any and all scheme updates. 4) Training provided for Scheme employers. 5) Newsletters available to all active, deferred and retired scheme members. 6) Guides, factsheets and training notes are provided as relevant.	1	10	Kevin Taylor	15/08/2022	
Administrative & Communicative Risk	PEN042	↘	Lack of guidance and process notes leads to inefficiency and errors.	3	3	1	7	2	14	TREAT 1) Desktop procedures have been written for all administrative tasks and are kept under review. 2) All Committee, Advisory Panel and Board Members have received a 'Member Handbook' and are required to undertake the Pension Regulator's online Public Sector toolkit.	1	7	Kevin Taylor	15/08/2022	
Administrative & Communicative Risk	PEN043	↘	Failure to identify GMP liability leads to ongoing costs for the pension fund.	5	2	1	8	2	16	TREAT 1) Fund has carried out and completed a GMP reconciliation against all pensions in payment. 2) Ongoing action is being taken to complete a reconciliation of all GMPs held on active and deferred member records.	1	8	Kevin Taylor	15/08/2022	
Administrative & Communicative Risk	PEN044	↘	Loss of office premises due to fire, bomb, flood etc. leading to temporary loss of service.	5	5	4	14	2	28	TREAT 1) All staff are now able to work remotely. 2) A business continuity plan is in place. 3) Systems are cloud hosted and backed up.	1	14	Kevin Taylor	15/08/2022	



19/09/2022

Author: Damien Pantling, Head of Pension Fund

Adele Taylor - Director of Resources (S.151 Officer)

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				Fund	Employers	Reputation	TOTAL							
REPUTATIONAL RISK														
Reputational Risk	PEN045	↔	Financial loss of cash investments from fraudulent activity.	3	3	5	11	2	22	TREAT 1) Policies and procedures are in place which are regularly reviewed to ensure risk of investment loss is minimised. Strong governance arrangements and internal controls are in place in respect of the Pension Fund. Internal Audit assist in the implementation of strong internal controls. Fund Managers have to provide annual SSAE16 and ISAE3402 or similar documentation (statement of internal controls) that are reviewed by auditors.	1	11	Damien Pantling	15/08/2022
Reputational Risk	PEN046	↘	Financial loss and/or reputation damage associated with poor investment decision making. - through failure of governance and oversight as opposed to fraud	4	3	4	11	3	33	TREAT 1) Specific manager/investment decisions are delegated to, and undertaken by LPPI and are thus subject to rigorous investment manager selection processes involving a team of appropriately qualified and experienced investment professionals 2) LPPI's investment recommendations are presented to the Pension Fund committee for scrutiny by officers, members and independent advisors 3) Where appropriate, additional opinions may be called in i.e. LAPFF, PIRC, or other LGPS funds on matters that are either controversial or non-straightforward. 4) Good governance recommendations regularly reviewed following governance review in 2020, also new Internal Audit team to engage on governance matters and propose additional recommendations where appropriate	2	22	Damien Pantling	15/08/2022
Reputational Risk	PEN047	↔	Inaccurate information in public domain leads to reputation damage and loss of confidence.	1	1	3	5	3	15	TREAT 1) Ensure that all requests for information (Freedom of Information, member and public questions at Council, etc.) are managed appropriately and that Part 2 Exempt items remain so. 2) Maintain constructive relationships with employer bodies, our communications team and LPPI's press team to ensure that news is well managed. 3) Hold AGM every year.	2	10	Damien Pantling	15/08/2022
REGULATORY AND COMPLIANCE RISK														
Regulatory & Compliance Risk	PEN048	↗	Failure to process (Collect, retain, use and disclose) personal data in accordance with relevant data protection legislation including UK GDPR and DPA 2018	3	3	5	11	3	33	TREAT 1) Data sharing with partners is end to end encrypted. 2) IT data security policy adhered to. 2) Implementation of and adherence to RBWM information governance policies and data retention schedules 3) Mandatory staff training for new joiners on GDPR data processing which is annually refreshed 4) Administering Authority has an assigned data protection officer responsible for advising on data protection obligations. 5) Data protection compliance checks to be part of internal audit workplan going forward 6) Staff are aware of data breach process	2	22	Damien Pantling	15/08/2022
Regulatory & Compliance Risk	PEN049	↔	Implementation of proposed changes to the LGPS (pooling) does not conform to plan or cannot be achieved within laid down timescales.	3	2	1	6	3	18	TOLERATE 1) Officers consult and engage with DLUHC, LGPS Scheme Advisory Board, advisors, LPPI, peers, various seminars and conferences. 2) Officers engage in early planning for implementation against agreed deadlines. 3) Uncertainty surrounding new DLUHC pooling guidance.	3	18	Damien Pantling	15/08/2022
Regulatory & Compliance Risk	PEN050	↔	Changes to LGPS Regulations along with failure to comply with legislation leads to ultra-vires actions resulting in financial loss and/or reputational damage - and pensions legislation or regulation changes resulting in an increase in the cost of the scheme or increased administration.	3	3	1	7	3	21	TREAT 1) Fund will respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood. 2) Impact of LGPS (Management of Funds) Regulations 2016 to be monitored. Impact of Regulation on compulsory pooling to be monitored. 3) Officers maintain knowledge of legal framework for routine decisions. 4) Eversheds retained for consultation on non-routine matters. 5) Maintain links with central government and national bodies to keep abreast of national issues. 6) Fund officers to ensure there are regular internal audits and that both internal and external audit recommendations are adhered to	2	14	Damien Pantling	15/08/2022
Regulatory & Compliance Risk	PEN051	↔	Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests.	3	3	4	10	2	20	TREAT 1) Publication of all documents on external website and all appointed managers expected to comply with ISS and investment manager agreements. 2) Local Pensions Board is an independent scrutiny and assistance function. 3) Compliance with the legislative requirements are reviewed annually through the audit process.	1	10	Damien Pantling	15/08/2022
Regulatory & Compliance Risk	PEN052	↔	Failure to comply with recommendations from the Local Pensions Board, resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator.	1	3	5	9	2	18	TREAT 1) Ensure that a co-operative, effective and transparent dialogue exists between the Pension Fund Committee and Local Pensions Board. 2) Chair of Pension Board normally attends the committee and speaks as appropriate.	1	9	Damien Pantling	15/08/2022
Regulatory & Compliance Risk	PEN053	↘	Loss of flexibility to engage with Fund Managers and loss of elective professional status with any or all of the existing Fund managers and counterparties resulting in reclassification. (The Fund is a retail client to counterparties unless opted up).	3	2	2	7	2	14	TREAT 1) More reliance on LPPI to keep Officers and Committee updated. 2) Maintaining up to date information about the fund on relevant platforms. 3) Fund can opt up with prospective managers. 4) Existing and new Officer appointments subject to requirements for professional qualifications and CPD. 5) MIFID2 regulations to be monitored by fund officers and LPPI.	1	7	Damien Pantling	15/08/2022
Regulatory & Compliance Risk	PEN054	↔	Procurement processes may be challenged if seen to be non-compliant with OJEU rules. Poor specifications lead to dispute. Unsuccessful fund managers may seek compensation following non compliant process.	2	2	3	7	2	14	TOLERATE 1) Pooled funds are not subject to OJEU rules, and most of our funds are in LPPI's pooled vehicles. TREAT 1) For those that are held directly, ensure that assessment criteria remains robust and that full feedback is given at all stages of the procurement process.	1	7	Damien Pantling	15/08/2022

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Report Title:	Statutory Policies
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 19 September 2022
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

REPORT SUMMARY

This report brings back to the committee, two policy documents for periodic review in line with the Local Government Pension Scheme Regulations (2013). The Communications strategy was last approved in September 2018 and the Pensions Administration Strategy was last approved in January 2019.

This report also considers the Pensions Administration Service Level Agreement, last approved alongside the Pensions Administration Strategy on 14 January 2019 and is brought back for re-approval alongside the Administration Strategy for completeness.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee notes the report;

- i) Approves the updated policies and administration SLA set out in the Appendices to this report; and**
- ii) Approves publication of the updated policies and administration SLA on the Pension Fund website.**

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1. Regulation 61 of the Local Government Pension Scheme Regulations (2013) (the regulations) states that an administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with its key stakeholders. The revised communications strategy (appendix 1) addresses the key points stipulated in the regulations.
- 2.2. The regulations require that the statement must be revised published following a material change in any matters referred to in the policy. Whilst there have been no material changes to the fundamental methods of communication, this policy has been refreshed to incorporate the use of virtual and hybrid meetings, the streamlining of member newsletter communications and the heightened focus on e-communications where possible. The key changes to the policy are detailed in section 4 of this report.

As per the regulations, the revised statement shall be published on the Pension Fund's website.

- 2.3. In addition to the regulations, the Pensions Regulator's code of practice contains detailed guidance on providing good quality communications to members and other stakeholders. This guidance has been followed in preparing and reviewing the Fund's updated communications strategy. (Referred to in the regulations as the 'statements of policy concerning communications with members and Scheme employers.')
- 2.4. Regulation 59 of the Local Government Pension Scheme Regulations (2013) (the regulations) states that an administering authority may (not must) prepare, maintain and publish a written statement of the authority's policies in relation to its Pension Administration Strategy. The revised Pension Administration Strategy (appendix 2) addresses the key points stipulated in the regulations.
- 2.5. The regulations require that the statement must be published following any change in any matters referred to in the policy. Whilst there have been no material changes (other than presentational) to the fundamentals within the Pensions Administration Strategy, several areas have been revised to ensure it is consistent with other strategy and policy documents recently approved by the Pension Fund Committee. These include:
 - 2.5.1. Reference to the aims and objectives, ensuring that it is clear the aims and objectives relate just to the administration service and not the Fund as a whole to enable consistency with the recently approved Business Plan.
 - 2.5.2. Expansion of the sections referring to the Pension Administration SLA, to ensure the purpose of such an SLA is clear, the parties to the SLA are defined, and that there is no confusion between this and the recently approved RBWM and Pensions Administration team SLA.
 - 2.5.3. Reference to the recently approved Communications Strategy, ensuring there is consistency where the Regulations require that communication is detailed in both strategy documents.
- 2.6. As per the regulations, the revised statement shall be published on the Pension Fund's website.
- 2.7. The Pension Administration and Scheme Employer Service Level Agreement is attached at Appendix 3 to this report and is in place between the Administering Authority and all Scheme Employers including RBWM (notionally) as a scheme employer. This document defines the responsibilities, expectations and KPI's to be provided by the scheme employer, scheme administrator and administering authority.
- 2.8. A separate SLA document was approved by the Pension Fund Committee in July 2022 setting the standards between just the Administering Authority and the Fund, serving a different purpose to the SLA attached at Appendix 3 (i.e. does not consider employer responsibilities).– It is therefore outside of the scope of this report.

- 2.9. The Pension Administration and Scheme Employer SLA has not previously been brought to committee for review, instead it has been reviewed and approved alongside the pensions administration strategy previously to ensure consistency. As a non-statutory document, there is no requirement for committee approval, however, it is being brought for review for completeness alongside the pension administration strategy.
- 2.10. Please note that there have been no material changes to the SLA, other than minor presentational changes, updating of outdated website links and ensuring consistency with other recently approved policy and strategy documents.

3. KEY IMPLICATIONS

- 3.1. Approving the Communications Strategy (Appendix 1) to incorporate the modifications is in line with best practice and the regulations, demonstrating the Fund's position as a well governed LGPS pension scheme.
- 3.2. Approving the Pensions Administration Strategy (Appendix 2) to incorporate the modifications is in line with best practice and the regulations, demonstrating the Fund's position as a well governed LGPS pension scheme.
- 3.3. Approving the Pension Administration and Scheme Employer SLA alongside the Pensions Administration Strategy ensures completeness and consistency, as it is in line with best practice to regularly review and update significant documents.

4. FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1. Several initiatives contained within the revised Communications Strategy are expected to have associated cost savings relating to the saving of paper, printing postage and staff-time resources. These are;
 - 4.1.1. Increasing the de minimis from 50p to £1 as a threshold change in net-pay for the sending of regular payslips to retired members.
 - 4.1.2. Reducing the number of paper publications by combining the active and deferred scheme member newsletters into one publication with multiple sections (the Quill)
 - 4.1.3. Reducing the number of paper communications and newsletters generally by running a member outreach exercise to re-gather preferences for paper vs electronic communications, with increased encouragement for increased e-communications.
 - 4.1.4. Incorporating virtual (and hybrid where more appropriate) meetings into the communication strategy to adapt to new ways of working.
- 4.2. Several objectives contained within the Pensions Administration Strategy have financial implications, however, all additional expenditure is expected to be

managed within existing budgets and there is no requirement for additional financial resources.

- 4.3. There are no financial implications concerned with updating the SLA.

5. LEGAL IMPLICATIONS

- 5.1. The administering authority is required to govern and administer the Pension Scheme in accordance with the Public Service Pensions Act 2013 and associated Local Government Pension Scheme Regulations. Failure to do so could lead to challenge. These policies are prepared to be consistent with the relevant legislation.
- 5.2. Whilst the production of a Pensions Administration strategy is not compulsory, it is referred to in detail in the relevant regulations. It should be noted that it is very abnormal for a LGPS Pension Fund not to have this strategy in place. For reasons of best practice and good governance it is included in these statutory policies report despite its inclusion not being an explicit statutory responsibility.

6. RISK MANAGEMENT

- 6.1. The Pension Fund Committee review and approve a risk register on a quarterly basis, prepared in line with CIPFA's guidance on "managing risks in the LGPS – 2018". The latest risk register (including relevant actions and mitigations) has been prepared alongside the amendments within these revised policies, with any relevant changes considered and documented as appropriate in the quarterly review of the risk management report.

7. POTENTIAL IMPACTS

- 7.1. Failure to comply with Pension legislation could result in the Administering Authority being reported to the Pensions Regulator where failure is deemed to be of a material significance.
- 7.2. Equalities: Equality Impact Assessments are published on the council's website: There are no EQIA impacts as a result of taking this decision. A completed EQIA has been attached at Appendix 4 to this report
- 7.3. Climate change/sustainability: N/A
- 7.4. Data Protection/GDPR. GDPR compliance is included as a specific risk on the register in regard to processing and handling personal data, this is dealt with in the appendix along with the relevant mitigations.

8. CONSULTATION

- 8.1. No external consultation has been undertaken in regard to the review of these policies.

8.2. The LGPS regulations (and the SLA document) require that any changes are communicated to and consulted with scheme employers as appropriate. Given the changes are immaterial and do not change the fundamentals of the service or have any material implications directly on the Scheme Employers, they will instead be notified of the updated document as it is published on the Pension Fund Website once approved by the Pension Fund Committee.

9. TIMETABLE FOR IMPLEMENTATION

9.1. Ongoing.

10. APPENDICES

10.1. This report is supported by 4 Appendices:

- Appendix 1 – Communications Strategy
- Appendix 2 – Pensions Administration Strategy
- Appendix 3 – Pension Administration and Scheme Employer SLA
- Appendix 4 - EQIA

11. BACKGROUND DOCUMENTS

11.1. This report is supported by 0 background documents:

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory: Statutory Officers (or deputy)</i>			
Adele Taylor	Executive Director of Resources/S151 Officer	18/08/2022	25/08/2022
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	18/08/2022	
<i>Deputies:</i>			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	18/08/2022	06/09/2022
Elaine Browne	Head of Law (Deputy Monitoring Officer)	18/08/2022	24/08/2022
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	18/08/2022	18/08/2022
<i>Other consultees:</i>			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee	18/08/2022	

13. REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Pension Fund Committee decision	Yes/No	Yes/No

Report Author: Damien Pantling, Head of Pension Fund

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THE ROYAL COUNTY OF
BERKSHIRE
PENSION FUND



COMMUNICATIONS STRATEGY



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1. INTRODUCTION

This Communications Strategy ('the Strategy') is formulated by the Royal Borough of Windsor and Maidenhead in its role as the Administering Authority for the Royal County of Berkshire Pension Fund in accordance with Regulation 61 of the Local Government Pension Scheme Regulations 2013.



This Strategy deals with the communication of all aspects of the scheme to both Scheme employers and the individual LGPS members (or their representatives).

It should be noted for the purposes of clarification that the reference to 'scheme member' in this statement means an individual who by virtue of his/her employment is an active contributor, deferred beneficiary or retired member of the Royal County of Berkshire Pension Fund.

The aim of the Strategy is to provide clear and consistent information to all scheme members and scheme employers and to communicate this information effectively and accurately.

This Strategy will be kept under review and amended following any material change to:

- i) The provision of information and publicity about the scheme to members, representatives of members and scheme employers;
- ii) The format, frequency and method of distributing such information or publicity; and
- iii) The promotion of the Scheme to prospective members.

Following any revision to the strategy statement, the Administering Authority will publish the statement as revised, otherwise it should undergo a periodic review and refresh at least triennially.

Notwithstanding the introduction, communication strategy is sub-divided into four main areas:

1. Communication with scheme employers;
2. Communication with individual scheme members (or their representatives);
3. Communication with prospective scheme members; and
4. Communication with prospective scheme employers.

Additionally, the Fund's policy on responding to external enquiries is to adopt BRWM's FOI (freedom of Information) process/policy. All enquiries made by existing stakeholders of the Fund, outside of the FOI process, shall be addressed on a best endeavours basis in a reasonable time frame and subject to resource constraints. This includes enquiries from existing members (retired, deferred, active) and councillor enquiries from the six unitary authorities associated with the Fund. The Fund has a policy of not directly responding to enquiries from members of the public (or other external parties), outside of RBWM's FOI request process.



2. COMMUNICATION WITH SCHEME EMPLOYERS

The Royal County of Berkshire Pension Fund has many Scheme employers that satisfy the relevant membership conditions set out within the LGPS Regulations. These scheme employers can be broadly split into 2 groups:

- Group 1: Scheduled Bodies (including Borough, District, Town and Parish Councils, Academies, Berkshire Fire & Rescue Service, Colleges and Housing Associations)
- Group 2: Admission Bodies (including scheme employers previously defined as Community Admission Bodies and Transferee Admission Bodies). This refers to all scheme employers admitted to the scheme other than Scheduled bodies.

2.1. Decision Making Process

The Fund's Governance Compliance Statement covers the involvement of Scheme employers within the decision-making process but should also be seen as an element in the communication process with regard to scheme employers other than the Royal Borough of Windsor & Maidenhead in its role as the Administering Authority for the Fund.

2.2. Scheme Employer Meetings

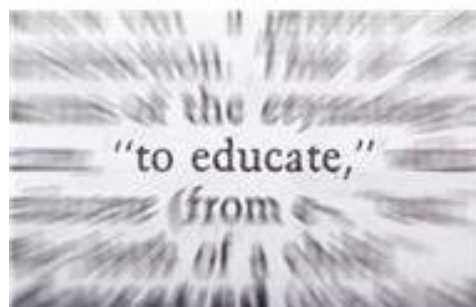
Meetings will be held in person or virtually between the Pension Liaison Officer (or relevant representative) of the six Berkshire Unitary Authorities and the Fund on an annual basis to discuss all current pension-related matters.



A separate annual meeting is held with at least one representative of each scheme employer being invited to attend. Representatives of various professional bodies employed by the Fund such as the Actuary will be present at the meeting to explain the details of any relevant topic and receive questions. The Chair of the Berkshire Pension Fund Committee is invited to attend and chair the meeting. If possible, the Chair of the Pension Board will also attend. The date for this meeting may vary so as to take into account the timing of any specific issues that may arise such as the triennial actuarial valuation results.

2.3. Training for Scheme Employers

Scheme administration guidance is available to all the scheme employers within the Fund via the Pension Fund website. In addition, training meetings may be arranged on an ad hoc basis with the relevant officers within the pension administration team and individual Scheme employers by way of supplementing the guidance provided via the website. These meetings are most applicable for HR and payroll staff representing the scheme employer



2.4. Regular LGPS updates

Regular updates are sent to each scheme employer by the Fund's communication team regarding any changes to the Local Government Pension Scheme. These are mainly in the form of employer newsletters (*'Inscribe'*) posted to the employer section of the Royal County of Berkshire Pension Fund [website](#) but updates may also be provided in the form of letters or e-mails. Bulletins will be issued three or four times a year and will include details of any legislation changes and how the changes impact on scheme employers.

The Royal County of Berkshire Pension Fund operates a [website](#) with sections specifically dedicated to active scheme members, deferred beneficiaries/members, retired members, and scheme employers.

Other details that can be found include:



Standard Fund documentation (guides, leaflets and forms)

Statement of Accounts for the Pension Fund

Investment Strategy Statement

Funding Strategy Statement

Governance Compliance Statement

Copies of Scheme Member newsletters

Links to other web sites

The Berkshire Pension Fund website address is www.berkshirerpensions.org.uk.

2.5. General Guidance and Assistance

The pension administration team can be contacted during normal office hours and is always available to answer any questions raised by Scheme employers and can arrange for ad hoc meetings to be held for pension input into any specific tasks Scheme employers may have e.g., outsourcing of services. The pension administration team can be contacted by telephone on 01628 796668 or by email at info@berkshirerpensions.org.uk.

2.6. Promotional Services

Promotional guides, factsheets and leaflets are produced by the pension administration team and are available from the Fund website. The pension administration team will also commit to attending any events held by the scheme employers where their input would be seen to be of value.

2.7. Scheme Member Data

The Administering Authority's 'Pension Administration Strategy' sets out that the Fund's approach is to accept data from scheme employers via i-Connect, a secure electronic data transfer interface between the scheme employer's payroll system and the Fund's pension administration system. The reasons for this are many but in particular because the data transfer is encrypted providing greater data security, pension information is uploaded in real time meaning that scheme members have access to the most up to date membership information via 'mypension ONLINE', keying and data errors are eliminated and scheme administration is maintained to the highest standards possible.



The Administering Authority will continue to engage and work with scheme employers in implementing i-Connect but until such time as a scheme employer contracts into using i-Connect the scheme administrator will continue to receive pension data from a scheme employer via either a pre-formatted excel spreadsheet or by the completion of standard forms as made available from the scheme employers' section of the Fund's website in both .pdf and Word formats.

With the exception of scheme employers who use i-Connect, all other Scheme employers are required to supply a 'year-end' return (31st March) to the Administering Authority by 30th April in a specified format to enable annual benefits statements to be produced and supplied to active and deferred members within the statutory deadlines set out in Scheme regulations.

2.8. General Data Protection Regulation (GDPR)

GDPR came into force on 25 May 2018 and requires Privacy Notices to be published showing transparency on how personal data is used. The Administering Authority has produced and published on the Berkshire Pension Fund website a Privacy Notice explaining how the Pension Fund collects personal data, what that data is used for, with whom that data is shared and the rights of individuals with regard to their data.

In addition, a Memorandum of Understanding regarding compliance with Data Protection law has been produced and published on the website and scheme employers and members have been advised through their respective newsletters.

2.9. Employer Factsheets

A suite of topical factsheets (known as "**Pension Pointers**") is available to assist scheme employers with the administration of the LGPS. These are available on the Pension Fund website.

3. COMMUNICATION WITH INDIVIDUAL SCHEME MEMBERS

Membership of the Royal County of Berkshire Pension Fund covers the active contributors, those members who have left the Fund but still have a deferred pension awaiting payment from normal retirement age and retired members including their dependants.

The preferred method of communication with scheme members is via '*mypension* ONLINE' a secure member self-service facility provided as part of the pension administration software. '*mypension* ONLINE' is available to all member types and enables the member to update certain personal details online and provides each member type with access to their annual benefit statements, membership certificates and guides/leaflets relevant to their membership type. Where a member requests that information should be supplied in a paper format the scheme administrator will make arrangements for this information to be sent to the member's home address.

Electronic communication is the Fund's preferred mode of communication with members and shall be implemented unless explicitly advised by a member not to.

3.1. Welcome Pack

Upon receipt of a new starter notification from a Scheme employer, a '*mypension* ONLINE' activation key is sent, by the pension administration team, to the home address of the new active member. Access to '*mypension* ONLINE' provides a new scheme member with:

- A membership certificate of entry into the scheme
- An employee guide to the scheme
- A guide to increasing pension benefits
- A guide to making a transfer of pension rights from a previous pension scheme;
- A guide to protections for the family
- An expression of wish form for payment of a death grant
- A guide to civil partnerships
- A guide to working part-time
- A copy of the Pension Fund's Service Standards
- A guide to keeping records up to date
- A guide to making contributions following a period of absence



If a scheme member prefers not to use '*mypension* ONLINE', they can request a full welcome pack to be sent to their home address.

3.2. Annual Benefit Statements

Each active contributor and deferred beneficiary has an Annual Benefit Statement made available via '*mypension* ONLINE' which includes details of:

- Benefits built up within the scheme as of 31 March
- An estimate of benefits to Normal Pension Age.
- The value of the death grant payable from the Scheme
- The member's nominated beneficiaries for receipt of any death grant

If a Scheme member prefers, a paper copy of their annual benefit statement will be sent to their home address upon request. Electronic communication is the Fund's preferred mode of communication with members and shall be implemented unless explicitly advised by a member not to.

3.3. Pension Surgeries

One to one meetings are available at the Pension Fund offices for any scheme member of the Fund and formal Pension Surgeries are held twice yearly at the offices of the six Unitary Authorities or via a virtual link if preferred and on an ad hoc basis at the offices of other Scheme employers as arranged by the scheme employer.

3.4. Newsletters



Newsletters are produced bi-annually for active and retired Scheme members and annually for deferred Scheme members. These newsletters are available via 'mypension ONLINE' or the Pension Fund website although they can be sent out to individual addresses if explicitly requested.

The newsletters are tailored to the recipient according to their membership status and contain an update of all matters relating to the LGPS and the Berkshire Pension Fund. Retired Scheme members receive "The Scribe".

Active and deferred scheme members receive "The Quill", with separate sections tailored to each membership type.



Regular exercises are undertaken to contact members asking for their communication preferences, with the intention of moving more communications from paper to electronic at each liaison exercise. At least one outreach exercise shall be undertaken in 2022/23 with the intention to repeat this as soon as reasonably practical.

3.5. Pre-Retirement Courses

Where pre-retirement courses are run by scheme employers, a member of the pension administration team will be available to attend to explain the details of scheme benefits and how and when pension payments will be made.

3.6. Pension Fund Website

Individual scheme members of the Fund have access to the Pension Fund website which is continually reviewed and updated. Specific sections of the website have been designed for each membership type with downloadable forms, guides, online flipbooks and modellers made available. Access to 'mypension ONLINE' is gained via the Pension Fund website www.berkshirerpensions.org.uk



3.7. Pension Payslips

Pension payslips are available via 'mypension ONLINE'. If a scheme member requires a pay advice slip to be sent to their home address it is the practice of the administering authority to only send out pay advice slips when there is a variation of £1 or more in net pay between consecutive months. A detailed description of a payslip is available on the retired scheme members section of the Pension Fund website.

3.8. P60s

P60s are available via 'mypension ONLINE' but will be sent out to scheme members' home addresses as a matter of course. Every retired scheme member and/or their dependants will receive a P60 each year before the HMRC deadline of 31st May. A detailed description of a P60 is available on the retired scheme members section of the Pension Fund website.

3.9. Annual Pension Increase Letter

Annual Pension Increase letters will be sent out to Scheme members' home addresses. Retired Scheme members will receive a pension increase booklet every April containing their individual increase on their pension (where an increase is to be applied). This letter will include details of the monetary value of their revised annual pension.

3.10. Annual General Meeting

An Annual General Meeting of the Royal County of Berkshire Pension Fund is held with all Scheme members receiving an invite. During 2020 and 2021 these meetings were held virtually and from 2022 they shall be held as hybrid meetings if the technology is available to support this. A restricted number of scheme members will be able to attend in person on a first come first served basis. The main purpose of the meeting is to communicate details of the Fund's Annual Report & Accounts, Investment Strategy and any other specific matters relating to the LGPS Regulations. The date for this meeting may vary so as to take into account certain regulatory matters that may arise.



3.11. Ad Hoc Meetings

Ad hoc meetings may be held from time to time for various groups of scheme members. These may be defined by type of scheme member (active or retired) or location (for a specific scheme employer or group of scheme employers). The timing of these meetings will be dictated either by requests from scheme employers or the need to consult and notify scheme members of any changes that might have occurred.

4. COMMUNICATION WITH PROSPECTIVE SCHEME MEMBERS

A brief guide to the scheme is available to all prospective scheme members and should be provided to all new employees by their scheme employer as part of their contract of employment details. The brief guide is available from the Pension Fund website in both pdf and Word formats and is kept up to date with current regulations at all times.

The Fund website has a dedicated area for employees considering opting into the LGPS.

5. COMMUNICATION WITH PROSPECTIVE SCHEME EMPLOYERS

A guide for admission bodies is available on the Pension Fund website for all prospective scheme employers considering admission to the Royal County of Berkshire Pension Fund and is available as a hard copy upon request.

A template admission agreement has been produced and is available either via the Pension Fund website or as a hard copy upon request.

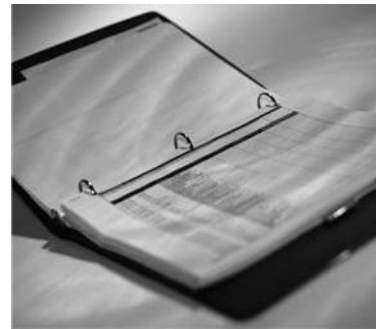
The administering authority has the power to accept various types of scheme employers into the Pension Fund but will only do so subject to a full and open discussion taking place between the parties to any admission agreement and that the final admission agreement (including any covenants, guarantees etc.) has been completed in advance of the agreed admission date.

Approved by the Berkshire Pension Fund Panel: 19 September 2022

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PENSION ADMINISTRATION STRATEGY



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1. INTRODUCTION

This is the Pension Administration Strategy for the Royal County of Berkshire Pension Fund ('the Fund') having been initially developed in consultation with Scheme employers within the Fund.

1 April 2015 was a key milestone in the governance arrangements of the Local Government Pension Scheme (LGPS) as from that date the Pensions Regulator (tPR) took responsibility for setting standards of administration and governance on all administrative aspects of the Scheme. In addition, the local Pension Board now has an independent scrutiny role in assisting the Royal Borough of Windsor and Maidenhead ('RBWM') as the Administering Authority to the Fund, with its regulatory compliance, effective and efficient administration and governance of the Fund.

The LGPS Regulations 2013 allow the Pension Fund Administering Authority (sometimes referred to as the Scheme Manager) to prepare a Pension Administration Strategy ('the Strategy') for the sole purpose of improving the administrative processes within their LGPS Fund. This Strategy replaces any earlier versions and ensures the governance and administration requirements of tPR are properly addressed as they fall to the Fund and its Scheme employers.

1.1. Strategic Aims

The aim of this Strategy is to continue progress towards a seamless, automated pension service, employing appropriate technologies and best practice which both significantly improve the quality of information overall and the speed with which it is processed to provide better information for Scheme employers and stakeholders and a more efficient service to Scheme members. It outlines, in conjunction with the Pension Administration Service Level Agreement, the quality and performance standards expected of all Scheme employers and Admission Bodies within the Fund.

The Strategy is designed to be a road map as to how the highest standards of administration can be achieved by adopting the most efficient and cost-effective practices thereby ensuring a consistent approach to pension administration across all Scheme employers in partnership with the Fund so that all Scheme members ultimately receive the highest standard of service in the most efficient and effective manner possible.

For the avoidance of doubt, the strategic aims and objectives contained within this strategy document refer specifically to the administration function of the Royal County of Berkshire Pension Fund. Wider strategic intent, aims, values and objectives of the Fund as a whole can be found in the Business Plan (last approved by the Pension Fund Committee on 7 March 2022)

1.2. Legislative Framework

The Fund and its Scheme employers must have regard to this Strategy when carrying out their Scheme functions. This Strategy has been made in accordance with Regulation 59 of the LGPS Regulations 2013 which allows the Administering Authority to prepare a Pension Administration Strategy following consultation with its Scheme employers to facilitate best practices and efficient customer service.

As part of Regulation 59 all of the following matters are to be considered to ensure that the aims of this Strategy are achieved:

- Procedures for liaison and communication...

...between the Administering Authority and its Scheme employers with the aim of clarifying the roles and responsibilities of both the Administering Authority and the Scheme employers in administering the LGPS.

- Compliance with statutory requirements...

...setting out clear procedures which aim to secure that the Administering Authority and its Scheme employers comply with those statutory requirements and with any agreement about levels of performance.

- Procedures for improving the flow of communication...

...between the Administering Authority and its Scheme employers to enable the Scheme functions to be carried out effectively and efficiently.

- Establishment of levels of performance...

...that both the Administering Authority and its Scheme employers are expected to achieve including the setting of performance targets, the making of agreements about levels of performance and associated matters and such other matters as the Administering Authority considers appropriate.

- Procedures for producing performance statistics...

...and the publication of an annual report dealing with the extent to which the Administering Authority and its Scheme employers have achieved the levels of performance established.

- Production of a Pension Administration Service Level Agreement (SLA)...

...setting out the various responsibilities of the Administering Authority (on behalf of the Pension Fund) and the Scheme employer with workflows being monitored and findings reported to the Berkshire Pension Fund Committee, Pension Fund Advisory Panel and Pension Board as part of an Administration report.

All Scheme employers are required to accept the Pension Administration Service SLA as part of the admission agreement (or equivalent) process when joining the Scheme, For Scheme employers without an admission agreement explicitly in place, the SLA is still applicable and its agreement is implied by virtue of joining the Scheme.

For the avoidance of doubt, the SLA document referred to here is between the Scheme employer and the Administering Authority (or the Pensions Administration team, employed by the Administering Authority). The Pension Administration Service Level Agreement (SLA) is reviewed in parallel with this strategy document and approved by the Pension Fund Committee on 19 September 2022.

for RBWM, a separate SLA document is approved outside of this process (last approved by the Pension Fund Committee on 4 July 2022), explicitly setting the standards between just the Administering Authority and the Fund, serving a different purpose to the pensions administration SLA referred to above.

- Circumstances for issuing notices of underperformance...

...under Regulation 70 of the Local Government Pension Scheme Regulations 2013 (*Additional costs arising from Scheme employer's level of performance*) on account of the Administering Authority considering that a Scheme employer's performance in

carrying out its Scheme functions has been unsatisfactory and associated matters as considered appropriate.

In addition to the above the Administering Authority has power to consider any other matters that it believes to be appropriate for inclusion in this strategy and will consult with its Scheme employers and such other persons as required.

2. KEY OBJECTIVES

The key objectives of this Strategy align with the Pensions Regulator’s [‘Code of Practice No. 14 – Governance and Administration of Public Service Pension Schemes’](#) and the Pensions and Lifetime Savings Association’s (PLSA) [‘Best practice guide for employers participating in the LGPS’](#) and are designed to ensure that:

- The Fund and Scheme employers are aware of and understand their respective roles and responsibilities under the LGPS Regulations and in the delivery of administrative functions (largely defined in the Pension Administration Service Level Agreement);
- The Fund operates in accordance with LGPS Regulations and is aligned with tPR requirements in demonstrating compliance and Scheme governance;
- Communication processes are in place to enable both the Fund and Scheme employers to proactively and responsively engage with each other and other stakeholders;
- Accurate records are maintained for the purpose of calculating pension entitlements and Scheme employer liabilities, ensuring all information and data is communicated accurately, on a timely basis and in a secure and compliant manner;
- The Fund and Scheme employers have appropriate skills and that training is in place to deliver a high-quality service and effectively contribute to the changing pensions agenda;
- Standards are set and monitored for the delivery of specified activities in accordance with LGPS Regulations and minimum standards set out throughout the Pension Administration Service Level Agreement;
- The Fund and Scheme employers operate a clear and transparent risk management strategy and monitor closely the employer’s ongoing participation in the Fund;
- All payments made to the Pension Fund from the Scheme employer are received within required statutory deadlines

The key objectives for the Fund have been outlined in the Business Plan (last approved on 7 March 2022), however further detail on the key objectives relating to the Administration team are summarised as follows:

OBJECTIVE	DETAIL	TARGET DATE
Implement i-Connect	i-Connect is a secure electronic data transfer system which sits between a Scheme employer’s payroll system and the pension administration software. See section 3.3. The Fund will continue to engage and remains committed to continuing to	Depending on size of employer: 31/03/23

	work with those Scheme employers yet to onboard, where it is possible for them to onboard.	
Scheme surveys	Introduction of an annual Scheme employer survey and Scheme member surveys.	2023/24
PASA accreditation	The Fund is committed to obtaining accreditation with the Pensions Administration Standards Association. See section 3.0.	31/03/24
Issue of Annual Benefit Statements	All Annual Benefit Statements to be issued to all Scheme members within the statutory deadline.	31 st August each year
Data Quality	In consideration of tPR Code of Practice No 14, maintain both Scheme member Common and Scheme Specific data scores reported to tPR above 97%.	30 th November each year

3. ACHIEVING THE OBJECTIVES

There are currently in excess of 250 Scheme employers in the Fund differing in size, structure and capability which represents a significant logistical challenge to the management of information, processes and services within the Fund. As the number of Scheme employers within the Fund grows as does the demand for more accurate and timely information especially with the introduction of the Career Average Revalued Earnings (CARE) Scheme from 1 April 2014. This information is also vital to ensure that Scheme employer liabilities are accurate, and that funding targets and employer contribution rates reflect the correct position. Furthermore, tPR has introduced higher levels of compliance and the Fund has a duty to report breaches of the Regulations where they are considered to be of material significance to the Fund.

This strategy applies not only to existing Scheme employers but will also apply to all new future employers of the Fund. Schools (other than Academies, Free Schools and University Technical Colleges (UTCs)) are included under the Local Education Authority (LEA) of the relevant Council even if they have their own payroll or have outsourced it to a third party.

To assist with compliance in all areas of administration and governance the Fund is committed to obtaining accreditation with the Pensions Administration Standards Association (PASA). PASA has been created from within the pensions industry to become the body to set meaningful pension administration standards, assess compliance with those standards and act as a focal point for Government and the pensions industry on matters relating to pension administration. PASA is focused on three core activities:

- defining good standards of pension administration relevant to all providers, whether in-house, third party;
- publishing guidance to support those standards; and
- being an independent accreditation body, assessing the achievement of good standards for Scheme members and sponsors.

In order to achieve accreditation, the Fund is committed to producing clear, understandable and achievable desktop procedures for all areas of administration that will form the basis for ensuring full compliance with statutory obligations and tPR requirements.

3.1. Legislative Framework

The Fund aims to provide clear, relevant, accurate, accessible and timely information to all of its stakeholders. The Fund's communication strategy is already well developed providing a wide range of solutions for all types of communication. However, with the ever-increasing number of Scheme members and Scheme employers there is an ever-increasing need for information and so the Fund is continually developing its communications strategy by embracing technology in a number of key areas. The Fund's overall strategy is to provide communications digitally to its stakeholders wherever possible and for Scheme data to be transferred electronically between the Fund and its Scheme employers.

The Pension Fund [website](#) is continually under review and provides all stakeholders with a single access point to relevant services and information.

A dedicated Scheme employer area of the [website](#) is maintained which includes (but is not limited to):

- General guidance and information on procedures for administering the Local Government Pension Scheme;
- Employer bulletins (*'Inscribe'*) used to communicate current issues pertaining to the Scheme;
- Copies of all standard forms (on-line where possible) to be used by Scheme employers when providing information to the pension administration team;
- Copies of all publications issued by the Administering Authority including Scheme member newsletters, Scheme guides and factsheets;
- A link to the LGPS Regulations, LGA Circulars, DLUHC (Department for Levelling-Up, Housing and the Communities) Guidance, tPR Guidance and all relevant consultation documents.

Pension administration relies largely on information supplied to the Administering Authority by its Scheme employers. It is therefore key that Scheme member records are maintained to a high standard so that information provided by the Fund to its Scheme members is accurate and up to date at all times.

The pension administration team is contactable during normal office hours on 01628 796668 although direct dial numbers are provided to all Scheme employers. An office e-helpdesk is also available at: info@berkshirerpensions.org.uk.

Each Scheme employer must nominate a Pension Liaison Officer (PLO) to deal with initial enquiries received from the Administering Authority. If preferred a number of officers can be nominated (up to a maximum of 4) by the Scheme employer in Appendix A to the Pension Administration Service Level Agreement, provided that their specific responsibilities are identified (e.g., HR or payroll; formulating policy statements; ensuring payment of monthly contributions and submitting returns). The Scheme employer will inform the Administering Authority immediately if these details are amended in anyway. Furthermore, the PLO(s) will be responsible for ensuring that Pension Fund communications are disseminated to all relevant officers in their organisations who have responsibility for any part of the process in administering the LGPS e.g., payroll officers, HR advisors, Heads of Department and other Senior officers, School Business Managers.

The Scheme employer will provide the following details in respect of their PLO(s)

- Name;
- Position;
- Direct Telephone Number (if direct dial is available);
- Email contact details;
- Business address;
- Specific responsibilities of each officer (if more than one has been nominated).

The Administering Authority will maintain a schedule of PLOs and ensure that all staff concerned with pension administration use the contact details provided by the Scheme employer.

The Administering Authority will meet biannually in person or by virtual meetings primarily with the PLOs of the six Unitary Authorities to discuss current pension issues and administration procedures. An annual meeting will be held to which all Scheme employers will be invited in accordance with the Administering Authority's 'Communications Strategy' (which can be found on the Pension Fund's [website](#)).

Further detailed information on the Fund's liaison and communication activities and processes can be found in the Fund's communication strategy (last approved by the Pension Fund Committee on 19 September 2022, in parallel with this strategy document).

3.2. Compliance with statutory requirements

In carrying out their roles and responsibilities in relation to the administration of the LGPS, the Administering Authority and Scheme employers will, as a minimum, comply with the statutory Scheme regulations and associated legislation. These include (but are not limited to) the following regulations and any amendments thereto:

- The LGPS Regulations 2013 (as amended)
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014
- The Public Service Pensions (Record Keeping and Miscellaneous) Regulations 2014
- The Public Service Pensions Act 2013
- The Automatic Enrolment (Miscellaneous Amendment) Regulations 2013
- The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013
- The Pensions Regulator Code of Practice Number 14 (Governance and administration of public service pension Schemes)
- Earlier versions of the LGPS Regulations as they remain in force and relate to current and former Scheme members
- The Pensions Acts 1995, 2004, 2008
- The Finance Act 2004
- Various related statutory instruments (Government Data Protection Regulation (GDPR), Freedom of Information, Data Subject Access Request, Age Discrimination etc.)

The legislative framework under which this Strategy has been developed can be found at Annex 1 to this strategy document. However, it is vital that every Scheme employer understands the statutory obligations under which they must fulfil their duties in administering the LGPS. This Strategy and associated Service Level Agreement (SLA) sets out agreed quality standards and the methods by which levels of performance will be monitored, reviewed and reported to ensure that those statutory obligations are maintained in line with the requirements of tPR.

The Fund is committed to providing the necessary tools to enable Scheme employers to meet their statutory obligations thereby continually improving the service that Scheme members receive at the same time as reducing, and ultimately eradicating, the risk of intervention from, and possible sanction by, tPR.

The Fund is also subject to a statutory annual audit of its processes and internal controls. The Fund and its Scheme employers will be expected to fully comply with any requests for information from both internal and approved external auditors. Any subsequent recommendations made will be considered by the Fund and, where appropriate, duly implemented, following discussions with Scheme employers where necessary.

3.3. Improving the flow of communication

As mentioned previously the strategic aim of the Fund is to provide a seamless, automated pension service by employing appropriate technologies and best practice to ensure the most effective and efficient service is provided to all of its stakeholders. The key principle is to identify the customer needs and attempt to provide this in the most efficient way.

The Fund will continue to invest and use ICT solutions to assist Scheme employers with the delivery of timely and accurate data. To this end the Fund is committed to working with Scheme employers in implementing and using i-Connect, a secure electronic data transfer system, as the method by which pension data is transferred between the Scheme employer and the Administering Authority.

i-Connect provides many benefits for both the Scheme employer and the Fund that support the strategic aim of improving the flow of communication and ultimately the levels of performance:

- Data is encrypted and submitted in real time on each occasion that a payroll is run meaning that, not only is data transmitted securely, but Scheme members also have instant access to the most up to date membership information;
- The need for Scheme employers to complete paper forms, spreadsheets and year-end returns is removed;
- All membership data is submitted at the correct time thereby ensuring that no data is missing and eliminating the risk of data inputting errors;
- All data protection requirements are met and security risks are significantly reduced;
- Instant reconciliation of Scheme contribution payments;
- Addresses auto-enrolment obligations thereby minimising the risk of fines from tPR;
- Automatically maintains membership data in line with the requirements set out in Record-Keeping regulations and to the standard required by tPR.

The Fund aims to have all Scheme employers employing at least 10 Scheme members to be using i-Connect by March 2023. Discussions will be held with the remaining Scheme employers to determine the best course of action whether that be to use a manual input process to i-Connect or a continuance of hard-copy paper inputs.

To further improve communications the Fund will hold annual in person or virtual meetings with primarily the PLOs of the largest Scheme employers and provide an open invitation to all other Scheme employers to meet with the Fund and discuss any element of pension procedures that they wish.

Furthermore, the Fund will issue regular Scheme employer bulletins ('Inscribe') and issue at least one employer survey per year the outcome of which will be used to further improve communications and administration procedures.

3.4. Establishment of levels of performance (including SLA)

The use of time and accuracy-based targets are vital in delivering a high level and cost-effective service which is measurable, achievable, realistic and time specific whilst complying with statutory obligations.

In establishing acceptable levels of performance, the Fund has tried to ensure that these targets strike a balance between allowing for each Scheme employers' other work pressures and the minimum turnaround times the Fund requires to ensure its system is as up to date as possible. By keeping pension systems up to date, the Fund is able to significantly reduce pension related workloads for both the Fund and the Scheme employer by avoiding the

follow-on problems that can occur as well as improving the service provided to Scheme members.

The Fund has developed a Service Level Agreement (SLA) which is approved by the Pension Fund Committee in parallel with this report (this can be found on the Pension Fund [website](#)) in consultation with Scheme employers which sets out specific targets that apply to all Scheme employers in respect of all pension administration processes, the outcomes of which will be subject to external scrutiny by tPR, the Pension Fund Committee, Pension Fund Advisory Panel and the Local Pension Board. It should be noted that many of the targets are set to ensure compliance with statutory requirements that already exist.

For some smaller Scheme employers, and for areas other than benefit administration, the amount of data typically collected will be too small to assess and report on statistically in a meaningful way. However, these targets will still apply and be considered on a case-by-case basis, particularly where the under of the Fund or the Scheme employer falls well outside the prescribed targets. In these circumstances the appropriate action will be taken where necessary.

3.5. Procedures for producing performance statistics

The Pensions Regulator requires a Scheme Manager (Administering Authority) to keep records of information pertaining to Scheme member data across all membership categories and the Pension Board plays an independent scrutiny role to 'assist' the Scheme Manager with regulatory compliance and has the authority to report any serious concerns to tPR.

Assessment of the levels of administrative performance requires that agreed performance standards are continuously monitored. The level of performance will be included in the Pension Fund's annual report and accounts and reported back to Scheme employers at the annual Scheme employer meeting. A 'Performance Report' will contain the key areas of performance setting out the total number of notifications received against the number received within the prescribed timescale set out in the Scheme employer agreed Service Level Agreement. In order to measure the efficiency of service processes the following areas of administration will be reported:

- New Scheme joiners;
- Refund of pension contributions;
- Retirements – Active and Deferred Scheme members;
- Deaths – Active, Deferred and In Payment Scheme members;
- Payments of contributions (including receipt of monthly schedules);
- Settlement of invoices;
- Year-end returns;
- Scheme member complaints.

The Fund will work with Scheme employers to ensure that overall quality and timeliness is improved and will identify any problem areas and devise an action plan designed to improve service delivery.

The Fund will also present an Administration Report at all meetings of the Pension Fund Committee, Pension Fund Advisory Panel and Pension Board in which the performance of all Scheme employers (and that of the Fund) will be scrutinised and remedial actions considered.

tPR imposes a statutory obligation upon an Administering Authority and the Pension Board to report failures which are likely to be of material significance. All breaches of statutory requirements must be recorded in the breaches log and reported to the Pension Fund Committee, Pension Fund Advisory Panel and Pension Board. This log may also be published on the Pension Fund [website](#) and in the Fund's Annual Report. Where there is a

material breach which represents a reportable event to tPR then the Regulator would expect to see an improvement plan implemented to rectify this position.

3.6. Circumstances for issuing notices of underperformance

The purpose of the Pension Administration Strategy is to secure improvement across the administrative processes of the Fund. Both the Fund and its Scheme employers need to play their part in meeting this objective. However, in areas of continuous poor performance the Fund has a statutory option to apply financial penalties and may ultimately do so but only as a matter of 'last resort'.

In accordance with Regulation 59(2)(e) of the Local Government Pension Scheme Regulations 2013, an Administering Authority has to consider the circumstances in which it may give a written notice to any of its Scheme employers under Regulation 70 of those Regulations (additional costs arising from Scheme employer's level of performance), on account of the Scheme employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established in accordance with this Pension Administration Strategy and associated Pension Administration Service Level Agreement.

The Fund will remind PLOs of the key targets on occasion and where individual cases are found to be significantly outside of the performance targets set, the Fund will provide the Scheme employer with case-tracking information to help the employer understand if structural or procedural changes need to be made.

However, where persistent failure occurs and no improvement is demonstrated by the Scheme employer and/or unwillingness is shown by the employer to resolve the identified issue, the Fund will contact the PLO for the employer to discuss the area of poor performance and to find a satisfactory solution. Where the poor performance continues a formal written notice will be issued to the employer and escalated to a senior officer for action.

The following are circumstances upon which the Administering Authority will issue written notices of unsatisfactory performance:

- Where, in the opinion of the Administering Authority, it has incurred additional costs as a result of a Scheme employer's unsatisfactory performance the Administering Authority will give a written notice to the Scheme employer setting out the reasons for forming its opinion, the amount the Administering Authority has determined the Scheme employer should pay in accordance with Regulation 69(1)(d) and the basis upon which the amount has been calculated;
- Where a Scheme employer fails to make payment of employee and employer contributions by the 19th of the month following the period in relation to which the contributions were deducted;
- Where a Scheme employer persistently fails to provide the necessary documentation in support of the contribution payment;
- Where a Scheme employer has failed to settle an invoice for any additional costs arising as a result of their early retirement decisions within the prescribed 21-day deadline;
- Where a Scheme employer has failed to notify the Administering Authority that one of its employees has become entitled to the release of their pension benefits and, as a result of which, payment of any lump sum is made later than 30 calendar days from the date that pension benefits become payable.

On each occasion that any notice of unsatisfactory performance is issued it will be included in the Administration Report presented at meetings of the Berkshire Pension Fund Committee, Pension Fund Advisory Panel and Pension Board.

Where the Pension Fund has become liable to pay interest due to the unsatisfactory performance of a Scheme employer, consideration will be given to charging that interest payment to the appropriate Scheme employer.

Interest will be calculated in accordance with Regulation 71 of the Local Government Pension Scheme Regulations 2013 (one per cent above the BOE base rate on a day-to-day basis from the due date to the date of payment and compounded with three-monthly rests).

The Administering Authority will always assist the Scheme employer to resolve any issues but where persistent failure by a Scheme employer to meet payment deadlines can be evidenced, or where a Scheme employer continually fails to meet statutory requirements and/or the performance standards set out in the Pension Administration Service Level Agreement, further consideration will be given to whether or not that Scheme employer should be reported to the Pensions Regulator in line with Code of Practice number 14, 'Governance and Administration of Public Service Pension Schemes'.

Should the Fund incur any fine or charge for breach of its statutory duties which is as a result of a Scheme employer's performance failure, the Fund reserves the right to require the Scheme employer to reimburse it within 21 days of the fine or charge having been received by the Fund.

It is vital that all Scheme employers ensure that appropriate record-keeping is maintained and where they outsource their payroll, HR or pension administration functions to a third party, that the Scheme employer is clear that the legal responsibility for the provision of pension data to the Administering Authority lies with the Scheme employer and not the third party. Scheme employers must therefore ensure, as part of any contract entered into with a third party, that the third party has sufficiently robust processes in place to fulfil the statutory duties of the Scheme and the performance levels set out in the Pension Administration Service Level Agreement.

See Annex 2 for a schedule of notices of unsatisfactory performance.

3.7. Disputes

The Fund has a clear internal disputes resolution procedure (IDRP) set out for Scheme members of the LGPS which can be found on the Pension Fund's [website](#). Scheme employers are, however, required to nominate an adjudicator to deal with disputes at stage 1 of the process. Scheme employers are asked to supply the details of their stage 1 adjudicator as part of their discretionary policy statement and should advise the Fund immediately of changes made in this regard.

Where a Scheme employer is in dispute with a decision or action taken by the Fund, the Fund will in the first instance attempt to resolve the matter internally and may seek an independent senior mediator from within RBWM as the Administering Authority to make a final determination. Should this prove to be unsuccessful, a suitable, mutually agreeable and independent third party shall be appointed to determine the outcome of the matter.

4. REVIEW AND CONSULTATION PROCESS

The Fund will review this Strategy to ensure it remains up to date and meets the necessary regulatory requirements. A current version of the Strategy will always be available on the Pension Fund [website](#).

In preparing this Strategy the Fund has consulted with Scheme employers and other persons considered appropriate. Where it is necessary to make material revisions to the Strategy all Scheme employers will be notified of the changes and advised where they can obtain a copy of the revised strategy.

In line with best practice, this document shall be reviewed and refreshed at least triennially and taken to the Pension Fund Committee for approval even with no material changes at each review.

ANNEX 1 – LEGISLATIVE FRAMEWORK FOR THIS STRATEGY

Local Government Pension Scheme Regulations 2013

Pension administration strategy

59.—(1) An administering authority may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate ("its pension administration strategy") and, where it does so, paragraphs (3) to (7) apply.

(2) The matters are—

(a) procedures for liaison and communication with Scheme employers in relation to which it is the administering authority ("its Scheme employers");

(b) the establishment of levels of performance which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions by—

(i) the setting of performance targets,

(ii) the making of agreements about levels of performance and associated matters, or

(iii) such other means as the administering authority considers appropriate;

(c) procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;

(d) procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions;

(e) the circumstances in which the administering authority may consider giving written notice to any of its Scheme employers under regulation 70 (additional costs arising from Scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);

(f) the publication by the administering authority of annual reports dealing with—

(i) the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b), and

(ii) such other matters arising from its pension administration strategy as it considers appropriate; and

(g) such other matters as appear to the administering authority after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

(3) An administering authority must—

(a) keep its pension administration strategy under review; and

(b) make such revisions as are appropriate following a material change in its policies in relation to any of the matters contained in the strategy.

(4) In preparing or reviewing and making revisions to its pension administration strategy, an administering authority must consult its Scheme employers and such other persons as it considers appropriate.

(5) An administering authority must publish—

(a) its pension administration strategy; and

(b) where revisions are made to it, the strategy as revised.

(6) Where an administering authority publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its Scheme employers and to the Secretary of State as soon as is reasonably practicable.

(7) An administering authority and its Scheme employers must have regard to the pension administration strategy when carrying out their functions under these Regulations.

(8) In this regulation references to the functions of an administering authority include, where applicable, its functions as a Scheme employer.

Additional costs arising from Scheme employer's level of performance

70.—(1) This regulation applies where, in the opinion of an administering authority, it has incurred additional costs which should be recovered from a Scheme employer because of that employer's level of performance in carrying out its functions under these Regulations.

(2) The administering authority may give written notice to the Scheme employer stating—

(a) the administering authority's reasons for forming the opinion mentioned in paragraph (1);

(b) the amount the authority has determined the Scheme employer should pay under regulation 69(1)(d) (payments by Scheme employers to administering authorities) in respect of those costs and the basis on which the specified amount is calculated; and

(c) where the administering authority has prepared a pension administration strategy under regulation 59, the provisions of the strategy which are relevant to the decision to give the notice and to the matters in sub-paragraphs (a) or (b).

Statements of policy about exercise of discretionary functions

60.—(1) A Scheme employer must prepare a written statement of its policy in relation to the exercise of its functions under regulations—

(a) 16(2)(e) and 16(4)(d) (funding of additional pension);

(b) 30(6) (flexible retirement);

(c) 30(8) (waiving of actuarial reduction); and

(d) 31 (award of additional pension),

and an administering authority must prepare such a statement in relation to the exercise of its functions under regulation 30(8) in cases where a former employer has ceased to be a Scheme employer.

(2) Each Scheme employer must send a copy of its statement to each relevant administering authority before 1st July 2014 and must publish its statement.

(3) A body required to prepare a statement under paragraph (1) must—

(a) keep its statement under review; and

(b) make such revisions as are appropriate following a change in its policy.

(4) Before the expiry of a month beginning with the date any such revisions are made, each Scheme employer must send a copy of its revised statement to each relevant administering authority and must publish its statement as revised.

(5) In preparing, or reviewing and making revisions to its statement, a body required to prepare a statement under paragraph (1) must have regard to the extent to which the exercise of the functions mentioned in paragraph (1) in accordance with its policy could lead to a serious loss of confidence in the public service.

(6) In this regulation a relevant administering authority in relation to a Scheme employer, is any authority which is an appropriate administering authority for that employer's employees.

Statements of policy concerning communications with members and Scheme employers

61.—(1) An administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with—

- (a) members;
- (b) representatives of members;
- (c) prospective members; and
- (d) Scheme employers.

(2) In particular the statement must set out its policy on—

- (a) the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers;
- (b) the format, frequency and method of distributing such information or publicity; and
- (c) the promotion of the Scheme to prospective members and their employers.

(3) The statement must be revised and published by the administering authority following a material change in their policy on any of the matters referred to in paragraph (2).

Pension fund annual report

57.—(1) An administering authority must, in relation to each year beginning on 1st April 2014 and each subsequent year, prepare a document (“the pension fund annual report”) which contains—

- (a) a report about the management and financial performance during the year of each of the pension funds maintained by the authority;
- (b) a report explaining the authority’s investment policy for each of those funds and reviewing the performance during the year of the investments of each fund;
- (c) a report of the arrangements made during the year for the administration of each of those funds;
- (d) for each of those funds, a statement by the actuary who carried out the most recent valuation of the assets and liabilities of the fund in accordance with regulation 62 (actuarial valuations of pension funds) of the level of funding disclosed by that valuation;
- (e) the current version of the statement under regulation 55 (governance compliance statement);
- (f) for each of the funds, the fund account and net asset statement with supporting notes and disclosures prepared in accordance with proper practices;
- (g) an annual report dealing with—
 - (i) the extent to which the authority and the Scheme employers in relation to which it is the administering authority have achieved any levels of performance set out in a pension administration strategy in accordance with regulation 59 (pension administration strategy), and
 - (ii) such other matters arising from a pension administration strategy as it considers appropriate;
- (h) the current version of the statement referred to in regulation 58 (funding strategy statement);

- (i) the current version of the statement under regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ;
 - (j) the current version of the statement under regulation 61 (statements of policy concerning communications with members and Scheme employers); and
 - (k) any other material which the authority considers appropriate.
- (2) The authority must publish the pension fund annual report on or before 1st December following the Scheme year end.
- (3) In preparing and publishing the pension fund annual report, the authority must have regard to guidance given by the Secretary of State.

Public Service Pensions Act 2013

Administration

17 Regulatory oversight.

- (1) Schedule 4 contains provision relating to the regulation of Schemes under section 1, new public body pension Schemes and connected Schemes.
- (2) The Secretary of State may by order make—
- (a) provision consequential on Schedule 4, and
 - (b) further provision for, or in connection with, the regulation of public service pension Schemes within the meaning of the Pensions Act 2004 (as amended by that Schedule).
- (3) The provision referred to in subsection (2) includes provision made by amending any legislation (including this Act).
- (4) An order under this section may make different provision for different purposes.
- (5) An order under this section is subject to—
- (a) the affirmative procedure, if it amends primary legislation, and
 - (b) the negative procedure, in any other case.

SCHEDULE 4 Regulatory oversight

Amends the Pensions Act 2004 to cover Public Service Pensions and the Pensions Regulator involvement.

16 Records.

- (1) The Scheme manager for a Scheme under section 1 and any statutory pension Scheme that is connected with it must keep such records as may be specified in regulations made by the Secretary of State.

The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014.

Records

3. For the purposes of section 16 of the 2013 Act, the Scheme manager for a public service pension Scheme (1) must keep the records which are specified in regulations 4 to 6.

Records of member and beneficiary information

4.—(1) In respect of member and beneficiary information, the records which are specified are—

- (a) the name of each member and of each beneficiary;
- (b) the date of birth of each member and of each beneficiary;
- (c) the gender of each member and of each beneficiary;
- (d) the last known postal address of each member and of each beneficiary;
- (e) each member's identification number in respect of the Scheme;
- (f) the national insurance number of each member who has been allocated such a number; and
- (g) in respect of each active member, deferred member and pensioner member—
 - (i) the dates on which such member joins and leaves the Scheme;
 - (ii) details of such member's employment with any employer participating in the Scheme including—
 - (aa) the period of pensionable service in that employment; and
 - (bb) the amount of pensionable earnings in each year of that employment.

(2) In respect of each member's rights and, where applicable, of each beneficiary's entitlement, to any benefits which are not money purchase benefits, injury benefits or compensation benefits under the Scheme, the records which are specified are—

- (a) any formula or formulas used for calculating the member's or beneficiary's pension or benefit;
- (b) the percentage to be applied in respect of revaluation for each year to the member's accrued rights to benefits under the Scheme; and
- (c) any increase to be applied to the pensioner member's or beneficiary's pension or benefit in payment in each year.

(3) In respect of each member's rights to any money purchase benefits under the Scheme, the records which are specified are—

- (a) any investment decisions taken by, or in relation to, the member;
- (b) any investments held on behalf of the member; and
- (c) any anticipated date of retirement notified by the member.

(4) In respect of pension credits under section 29(1)(b) of the Welfare Reform and Pensions Act 1999(1) (creation of pension debits and credits) or under article 26(1)(b) of the Welfare Reform and Pensions (Northern Ireland) Order 1999(2) (creation of pension debits and credits), the records which are specified are records of any information relevant to calculating each member's rights under the Scheme which are attributable (directly or indirectly) to a pension credit.

(5) In respect of pension debits under section 29(1)(a) of the Welfare Reform and Pensions Act 1999 or under article 26(1)(a) of the Welfare Reform and Pensions (Northern Ireland) Order 1999, the records which are specified are records of any information relevant to calculating any reduction in each member's rights under the Scheme which are attributable to a pension debit.

Records of transactions

5. In respect of transactions, the records which are specified are—
- (a) any employer contribution or member contribution paid in relation to each active member;
 - (b) payments of pensions and benefits including the date of the payment;
 - (c) except where the payment is a payment under paragraph (b) or (f), payments made by, or on behalf of, the Scheme manager to any person including—
 - (i) the name and address of the person to whom payment was made; and
 - (ii) the reason for that payment;
 - (d) any movement or transfer of assets from the Scheme to any person including—
 - (i) the name and address of the person to whom the assets were moved or transferred; and
 - (ii) the reason for that transaction;
 - (e) the receipt or payment of money or assets in respect of the transfer of members into or out of the Scheme including—
 - (i) the name of that member;
 - (ii) the terms of the transfer;
 - (iii) the name of the Scheme into or out of which the member has been transferred;
 - (iv) the date of the transfer; and
 - (v) the date of receipt or payment of money or assets;
 - (f) payments made to any member who leaves the Scheme, other than on a transfer, including—
 - (i) the name of that member;
 - (ii) the date of leaving;
 - (iii) the member's entitlement at that date;
 - (iv) the method used for calculating any entitlement under the Scheme; and
 - (v) how that entitlement was discharged;
 - (g) payments made to any employer participating in the Scheme;
 - (h) any amount due to the Scheme which has been written off in the Scheme's accounts; and
 - (i) any other payment to the Scheme including the name and address of the person from whom it is received and, where a payment is made in respect of a member, the name of the member in respect of whom it is made.

Records of pension board meetings and decisions

6.—(1) In relation to any pension board meetings, the records which are specified are records relating to any such meeting including—

- (a) the date, time and place of the meeting;
- (b) the names of all the members of the pension board invited to the meeting;
- (c) the name of any person who attended the meeting and the capacity in which each attended; and
- (d) any decisions made at the meeting.

(2) In relation to any other decision made by the members of the pension board in the exercise of their functions as members of the pension board, the records which are specified are records relating to any such decision including—

- (a) the date, time and place of the decision; and
- (b) the names of the members of the pension board who participated in making the decision.

(3) In relation to any decision made by a committee or sub-committee of the pension board which has not been ratified by the pension board, the records which are specified are records relating to any such decision including—

- (a) the date, time and place of the decision; and
- (b) the names of the members of the committee or sub-committee who participated in making the decision.

Amendment of the Occupational Pension Schemes (Scheme Administration) Regulations 1996

7. For regulation 16A of the Occupational Pension Schemes (Scheme Administration) Regulations 1996(1) (exemptions from the requirement to notify the Authority or the member of a late contribution payment) substitute—

“Exemptions from the requirement to notify the Authority or the member of a late contribution payment

16A.—(1) Subject to paragraph (3), where an amount corresponding to any contribution payable on behalf of an active member of an occupational pension Scheme—

- (a) is deducted from that member’s earnings in respect of any employment; and
- (b) is not paid to the trustees or managers of the Scheme within the period of 19 days beginning on the first day of the month after which the deduction is made,

the trustees or managers do not need to give notice of the failure to pay that amount within that period to the Authority or member in the circumstances specified in paragraph (2).

(2) The specified circumstances are where the trustees or managers of the Scheme are exempt from the requirement—

- (a) to secure the preparation, maintenance and revision of a payment schedule for the purposes of section 87(1) of the 1995 Act (schedules of payments to money purchase Schemes), by virtue of regulation 17(2); or
- (b) to prepare, review and if necessary revise a schedule of contributions under section 227 of the 2004 Act (schedule of contributions), by virtue of any of subparagraphs (a) to (i) and (k) to (m) of regulation 17(1) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005(3).

(3) Paragraph (1) does not apply in circumstances where the Scheme is a public service pension Scheme.

(4) For the purposes of this regulation—

“the 2013 Act” means the Public Service Pensions Act 2013;

“connected”, “new public body pension Scheme” and “statutory pension Scheme” have the meanings given in section 37 of the 2013 Act (general interpretation);

“public service pension Scheme” means—

- (a) a Scheme established under section 1 of the 2013 Act (Schemes for persons in public service);

- (b) a new public body pension Scheme;
- (c) any statutory pension Scheme which is connected with a Scheme referred to in paragraph (a) or (b).”

Explanatory note for this amendment

Under section 49 of the Pensions Act 1995 trustees or managers must notify the Pensions Regulator and the member where there is a late payment of a contribution where such late payment is likely to be of material significance to the Pensions Regulator’s function. Regulation 16A of the Scheme Administration Regulations sets out exceptions to that duty. The amendments mean that managers of public service pension Schemes under the 2013 Act cannot benefit from the exception and will now be subject to the duty to notify.

ANNEX 2 – WRITTEN NOTICES OF UNSATISFACTORY PERFORMANCE

1	In accordance with Regulation 69(1)(d), where, in the opinion of the Administering Authority, it has incurred additional costs in line with Regulation 70 as a result of a Scheme employer's unsatisfactory performance, the Administering Authority will give a written notice to the Scheme employer setting out the reasons for forming its opinion, the amount the Administering Authority has determined the Scheme employer should pay and the basis upon which the amount has been calculated.
2A	Failure to make payment of monthly employee and employer contributions by the 19 th of the month following the period to which the contributions relate will result in the Administering Authority issuing a written notice of unsatisfactory performance. Where a Scheme employer persistently fails to make payments within the statutory deadline and the Administering Authority considers that this is of a material significance, the Scheme employer will be reported to the Pensions Regulator.
2B	Where a Scheme employer persistently fails to provide the necessary documentation in support of the contribution payment the Administering Authority will issue a written notice of unsatisfactory performance.
3	Failure to make payment of a capital cost owing to the pension fund within 21 calendar days from the date of issue of an invoice will result in the Administering Authority issuing a written notice of unsatisfactory performance. This will be reported as part of a Stewardship report presented at meetings of the Berkshire Pension Fund Committee, Pension Fund Advisory Panel and Pension Board and steps may be taken to recover the amount of interest lost by the Pension Fund calculated in accordance with Regulation 71 of the Local Government Pension Scheme Regulations 2013.
4	Where, as a result of the Scheme employer's failure to notify the administering authority of a Scheme member's retirement, interest becomes payable on any retirement lump sum paid, the Administering Authority will issue a written notice of unsatisfactory performance. This will be reported as part of a Stewardship report presented at meetings of the Berkshire Pension Fund Committee, Pension Fund Advisory Panel and Pension Board and steps may be taken to recover the amount of interest lost by the Pension Fund calculated in accordance with Regulation 71 of the Local Government Pension Scheme Regulations 2013.

NOTES

1. The Administering Authority has the power to charge a Scheme employer additional costs arising from the Scheme employer's level of performance in accordance with Regulation 70 of the Local Government Pension Scheme Regulations 2013 which will be referred to in all cases.
2. Payment of contributions is set out in clause 4.2.5 of the SLA.
3. Payment of capital costs is set out in clause 6.12 of the SLA.
4. Notifications of retirements is set out in clause 4.2.4 of the SLA. Regulation 71 of the Local Government Pension Scheme Regulations 2013 states that interest must be calculated at one per cent above base rate on a day-to-day basis from the due date to the date of payment and compounded with three-monthly rests. If late payment of a lump sum occurs as a result of a failure by the Scheme member to provide information to the administering authority, the pension fund will be liable for the payment of any interest due.



PENSION ADMINISTRATION AND SCHEME EMPLOYER

SERVICE LEVEL AGREEMENT

Approved: 19 September 2022
Last approved: 14 January 2019



NOTICE

This service level agreement has been produced by the Royal Borough of Windsor & Maidenhead as the Administering Authority to the Royal County of Berkshire Pension Fund.

It is an agreement between the Royal Borough and all Scheme Employers participating in the Royal County of Berkshire Pension Fund.

It is understood that the Administering Authority shall monitor the requirements of this agreement and report its findings to the Berkshire Pension Fund Panel, Pension Fund Advisory Panel and Pension Board on each occasion that they meet. The Administering Authority shall publish statistics on an annual basis as part of its annual report and accounts of the Pension Fund.

It is hereby agreed that each of the parties as defined in section 1.0 (DEFINITIONS) of this agreement and within the Scheme Regulations, shall abide by the requirements of this agreement.

Please retain a copy of this agreement for your records.

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1. DEFINITIONS

For the purpose of this Service Level Agreement:

"Administering Authority" means the Royal Borough of Windsor & Maidenhead;

"Scheme Employer" means a 'scheduled' or 'admitted' employer to the Royal County of Berkshire Pension Fund;

"Scheme Administrator" means the Pension Administration Team of the Administering Authority; and

"i-Connect" means a secure electronic data transfer interface operated between the Scheme Employer and the Administering Authority.

2. THE REGULATIONS – AFFECT ON AGREEMENT

This agreement sets out, for administrative convenience, the manner in which certain duties and responsibilities of both the Administering Authority and the Scheme Employer are expected to be carried out. It does not override any provision or requirement in the Regulations outlined below or any overriding legislation. The intentions of the Regulations in their application to members, potential members, deferred members and retired members must at all times be complied with.

The Regulations forming the basis of this agreement are as follows:

- The Local Government Pension Scheme Regulations 2013 (S.I. 2013 No. 2356) (referred to as the Scheme Regulations) and any amendments thereto;
- The Local Government Pension Scheme (Transitional Provisions, Savings & Amendment) Regulations 2014 (S.I. 2014 No. 525) (referred to as the Transitional Regulations) and any amendments thereto;

Plus

- Those saved provisions in previous Regulations that remain extant and have not been revoked.

3. ADMINISTRATIVE PROCEDURES – GENERAL

3.1. Access to Information

A Scheme Employer's section of the Royal County of Berkshire Pension Fund [website \(www.berkshirepensions.org.uk\)](http://www.berkshirepensions.org.uk) is available to assist employers in administering the LGPS on behalf of its scheme members and to ensure that employers follow certain procedures and policies as covered by the scheme regulations and guidance as issued by the Administering Authority and the Scheme Administrator.

The Administering Authority or the Scheme Administrator may, from time to time as appropriate, inform and amend the [website](http://www.berkshirepensions.org.uk) as required by changes to scheme regulations and the adaptation of procedures in order to adopt these changes and/or improve the administration of the scheme.

3.2. Employer Bulletins

The Scheme Administrator will issue employer bulletins (*'Inscribe'*) as required and post these to the employers' section of the [website](http://www.berkshirepensions.org.uk). These bulletins will be the method by which the Scheme Administrator will, in general, keep Scheme Employers up to date with important changes to the scheme and any issues relating to the LGPS of which the employers need to be informed. A global e-mail will be sent to all

Scheme Employer Pension Liaison Officers notifying them when a new bulletin is posted to the [website](#).

3.3.Pension Liaison Officer

The Scheme Employer shall nominate a person who will be responsible for pension matters and who will act as the Administering Authority's and the Scheme Administrator's primary contact with the Scheme Employer. The name, job title and contact details of the nominated Pension Liaison Officer are shown at Appendix A of this agreement. Should the Scheme employer wish to nominate more than one Pension Liaison Officer (up to a maximum of 4) the above details in respect of each of those officers must be given at Appendix A along with a description as to each officer's specific responsibilities.

3.4.Responsible Officers

Any documents and/or instructions received from the Scheme Employer by either the Administering Authority or the Scheme Administrator must be submitted by a responsible officer. Where documents are submitted in a paper format they must be signed by a signatory that is recognisable to the Administering Authority or the Scheme Administrator. Where data is submitted electronically it will be accepted by the Administering Authority or the Scheme Administrator on the understanding that the data has been submitted by a responsible officer authorised by the Scheme Employer. Only information which has been authorised by a recognised responsible officer will be actioned by the Administering Authority or the Scheme Administrator.

Any proposed change to the Pension Liaison Officer(s) must be notified to the Scheme Administrator immediately.

It is the responsibility of the Scheme Employer to ensure that details of their Pension Liaison Officer(s) are correct at all times.

3.5.Review and Variation of this Agreement

From time to time, those responsible for the services set out in this agreement may wish to undertake a review of the services provided by the Scheme Employer, the Administering Authority and the Scheme Administrator. The review will be held in the form of an in person or virtual meetings of those officers responsible for the services set out in this agreement.

Following any discussion and review, any party to this agreement may notify any other in writing with suggested changes to this agreement.

4. SCHEME EMPLOYER RESPONSIBILITIES

4.1.Duties - General

The main duties of the Scheme Employer are:

- a) To decide who is eligible to become a member of the Scheme and the date from which membership of the Scheme commences;
- b) To decide whether that person is employed in a full time, part time or variable time capacity. If the employee is part time the Scheme Employer must also determine the proportion which the employee's contractual hours bear to the hours of a comparable full-time employee and the proportion which the employee's contractual weeks bear to a whole year (52.143);
- c) To determine an employee's pay for the purposes of calculating pension contributions. NB: a Scheme Employer can specify in an employee's contract what other payments or benefits are to be pensionable, other than

those automatically pensionable under Regulation 20(1)(a) or (b) of the Scheme Regulations and which are not otherwise precluded from being pensionable by virtue of Regulation 20(2) of the Scheme Regulations;

- d) To determine the employee contribution rate payable in respect of each post held by their scheme members in accordance with Regulation 9 of the Scheme Regulations;
- e) To administer appropriately a Scheme member's election to move between the MAIN and 50/50 sections of the Scheme and to provide full and accurate information to the Scheme Administrator;
- f) To determine final pay for the purposes of calculating benefits due from the Scheme for membership built up to 31 March 2014 (and beyond that time for those Scheme members protected by the underpin);
- g) To determine actual pensionable pay each year (1 April to 31 March) for the purposes of calculating pension benefits due from the Scheme for membership built up from 1 April 2014;
- h) To determine assumed pensionable pay (APP) for the purposes of calculating accrued pension during periods of reduced or nil pay as a result of sickness or injury or child-related leave;
- i) On the cessation of a Scheme member's membership of the Scheme to determine the reason for leaving and entitlement to benefit and notify the Scheme Administrator and the Scheme member of the decision;
- j) To supply timely and accurate information to the Administering Authority and the Scheme Administrator to enable the correct calculation of benefits payable from the Scheme;
- k) To collect, pay over and account for the deduction of the correct rate of pension contributions payable by both the employee and the employer, including any additional employee contributions that the Administering Authority or the Scheme Administrator instruct the Scheme Employer to deduct;
- l) Upon receipt of a notification from the Scheme Administrator of an employee's election to pay, vary the amount of or cease Additional Voluntary Contributions, to apply the notification accordingly and where applicable deduct from a member's pay and pay over to the specified AVC provider the contributions as instructed by the Administering Authority;
- m) Upon receipt of a notification from the Scheme Administrator of an employee's election to pay Additional Pension Contributions, to apply the notification accordingly and where applicable deduct from a member's pay and pay over to the Administering Authority, the contributions as instructed by the Scheme Administrator;
- n) To accompany any statement issued to a Scheme member relating to any decision made about the Scheme, with a notice drawing the Scheme member's attention to their right of appeal under the LGPS;
- o) To use an Independent Registered Medical Practitioner (IRMP) qualified in Occupational Health medicine (who has been approved by the Administering Authority) in advising upon ill health retirement;
- p) To appoint an adjudicator to deal with any dispute raised by one of the Scheme Employer's Scheme members (or former Scheme members) at stage one of the Internal Disputes Resolution Procedures (IDRP);

- q) To produce, publish and keep under review an employer policy statement in respect of a number of discretions available to the Scheme Employer under the Scheme Regulations, Transitional Regulations and former Regulations as the case may be.

The above is a summary of the main duties of a Scheme Employer under the Scheme Regulations. In the event of doubt the Regulations must be consulted for clarification and will prevail in the event of any dispute.

4.2.Duties - Specific

4.2.1. New Scheme Members

Upon notification that an individual has entered an employment for which he or she is eligible for membership of the LGPS (under the age of 75 with a contract of employment of at least 3 months duration), the Scheme Employer shall contractually admit (*see note regarding designation bodies) that individual to the LGPS unless a written election, signed and dated after the commencement of employment, has been received from the employee choosing not to join the Scheme.

NOTE: Where an individual elects to opt out of the LGPS upon appointment to a role that is eligible for contractual enrolment into the LGPS, the Scheme Employer must continue to monitor that individual every time that they run their payroll in order to assess whether or not that individual should be re-enrolled into the Scheme under the automatic enrolment legislation. Regardless of whether or not the individual is contractually enrolled or automatically enrolled into the LGPS the Scheme Employer must follow the same procedure, as set out below, for notifying the Scheme Administrator of a new scheme admission.

The Scheme Employer will notify the Scheme Administrator of a new scheme member admission by:

- 1) Submitting a data file created from their payroll system to i-Connect, in the format specified by the Scheme Administrator, by the end of the month in which the new scheme member joins the Scheme or, if later, by the end of the month in which the new scheme member's details first appear on their payroll system;

or, where the Scheme Employer has yet to sign up to the Administering Authority's preferred method of member data transfer i.e., i-Connect, by

- 2) Submitting a spreadsheet containing the new scheme member details in the format specified by the Scheme Administrator to the Scheme Employer via info@berkshirerepensions.org.uk by the end of the month in which the member joined the Scheme or, if later, by the end of the month in which the new scheme member's details first appear on their payroll system;

or, where no alternative method of submission can currently be achieved, by

- 3) Completion of a starter form LGS15A as formatted by the Scheme Administrator (an up to date version of which will always be available on the Fund's [website](#)) sent as a pdf. file to info@berkshirerepensions.org.uk or (where all other forms of submission have been exhausted) in a paper format by the end of the month in which the new scheme member joined the Scheme or, if later, by the end of the month in which the new scheme member's details first appeared on their payroll system.

As part of the employee's appointment process the Scheme Employer will provide their employee with the current version of leaflet LGS1B (an up to date version of which will always be available on the Fund's [website](#)), providing a summary of the LGPS and what it can provide for its members. Upon receipt of the duly completed admission details a member record will be created on the pension administration system and an activation key sent to the Scheme member for access to '[mypension](#)

[ONLINE](#)’ where they will find all relevant documentation (guides and forms etc.) required of a new Scheme member.

*NOTE: DESIGNATION BODIES – In accordance with LGPS regulations designation bodies can choose which employees or group of employees are eligible for membership of the LGPS. If any employee is not included in the employer’s designation concerning eligibility for scheme membership, they cannot be admitted to the pension scheme unless the Scheme Employer amends their designation. This is particularly important now that the Workplace Pensions initiative requires all employers to offer a qualifying pension scheme to all of their employees (the LGPS being a qualifying pension scheme). If a Scheme employer designates any of their employees as not being eligible for membership of the LGPS an alternative pension scheme must be provided for those employees. To be a designation body the Scheme employer must be either a Schedule 2 Part 2 Scheme Employer (which includes parish, town and community councils) or an admission body.

4.2.2. *Contract Variations*

Where a Scheme member has a variation to their contract which will impact on the calculation of pension benefits, the Scheme Employer shall notify the Scheme Administrator of the change in membership status by

- 1) Submitting a data file created from their payroll system to i-Connect, in the format specified by the Scheme Administrator, by the end of the month in which the contract variation takes effect or, if later, by the end of the month in which the contract variation first appears on their payroll system;

or, where the Scheme Employer has yet to sign up to the Administering Authority’s preferred method of member data transfer i.e., i-Connect, by

- 2) Submitting a spreadsheet containing contract variation details in the format specified by the Scheme Administrator to the Scheme Administrator via info@berkshirerepensions.org.uk by the end of the month in which the contract variation took effect or, if later, by the end of the month in which the contract variation first appears on their payroll system;

or, where no alternative method of submission can currently be achieved, by

- 3) Completion of form [LGS15B](#) as formatted by the Scheme Administrator (an up-to-date version of which will always be available for download at sent as a pdf. file to info@berkshirerepensions.org.uk or (where all other forms of submission have been exhausted) in a paper format by the end of the month in which the contract variation took effect or, if later, by the end of the month in which the contract variation first appears on their payroll system.

4.2.3. *Leavers (No Entitlement to Immediate Release of Pension Benefits)*

Upon notification that a scheme member’s period of employment has terminated or should a scheme member elect to opt out of the LGPS, the Scheme Administrator must be notified of all relevant information by the Scheme Employer.

The Scheme Employer will notify the Scheme Administrator of a scheme leaver by:

- 1) Submitting a data file created from their payroll system to i-Connect, in the format specified by the Scheme Administrator, by the end of the month in which the scheme member leaves the Scheme or, if later, by the end of the month in which the scheme member is set as a leaver on their payroll system;

or, where the Scheme Employer has yet to sign up to the Administering Authority's preferred method of member data transfer i.e., i-Connect, by

- 2) Submitting a spreadsheet containing the scheme leaver details in the format specified by the Scheme Administrator to the Scheme Administrator via info@berkshirerepensions.org.uk by the end of the month in which the member leaves the Scheme or, if later, by the end of the month in which the scheme member is set as a leaver on their payroll system;

or, where no alternative method of submission can currently be achieved, by

- 3) Completion of a leaver form LGS15C as formatted by the Scheme Administrator (an up to date version of which will always be available on the Fund's [website](#)) sent as a pdf. file to info@berkshirerepensions.org.uk or (where all other forms of submission have been exhausted) in a paper format by the end of the month in which the scheme member leaves the Scheme or, if later, by the end of the month in which the scheme member is set as a leaver on their payroll system.

NOTE: Where a scheme member opts out of the scheme within the first three months of joining, the Scheme Employer MUST refund all contributions previously paid by the member to the member through the payroll system thereby automatically adjusting the Income Tax and National Insurance record of the employee. Any such payment if made by the Administering Authority would be deemed to be an unauthorised payment by HMRC and must therefore be paid by the Scheme Employer even where the 3-month period spans more than one financial year. On these occasions the Scheme employer is required to manually calculate the revised figures and manually amend their payroll where necessary.

4.2.4. Retirements (Including Normal Age, Redundancy, Efficiency, Ill Health, Flexible and Voluntary Retirements) and Deaths

Once known that a scheme member is to retire (or that he or she has died), the Scheme Employer will notify the Scheme Administrator immediately either by email at info@berkshirerepensions.org.uk or by telephone on 01628 796668. This will enable the Scheme Administrator to contact the Scheme member (or next of kin/representative) and send out certain forms that the member (next of kin/representative) is required to complete before payment of their benefits can be made.

When submitting the leaver details to the Scheme Administrator, the Scheme Employer must ensure that all information as it relates to existing and former Scheme Regulations is supplied. Where the scheme leaver has scheme membership from before 1st April 2014 they will be entitled to pension benefits based on final pay and, so that the Scheme Administrator can calculate the final salary benefits accurately, the Scheme Employer must supply a final pay figure based on the definition of final pay under the LGPS 2008 regulations:

- a) Best of the last 3 years calculated to date of leaving (or possibly best three-yearly average in the last 10 years calculated to 31st March);
- b) Full-time equivalent rate of pay if the scheme member was employed on a part-time basis at the date of leaving; and
- c) Pay excluding any non-contractual overtime payments received during the year.

In addition, the Scheme Employer must supply details of the CARE pay received since 1st April last to the date of leaving.

IT IS IMPORTANT TO NOTE THAT THE PENSION FUND'S SERVICE STANDARDS TO MEMBERS STATES THAT RETIREMENT LUMP SUMS WILL BE PAID WITHIN 30 CALENDAR DAYS OF RETIREMENT. IT IS ESSENTIAL THAT ALL RELEVANT INFORMATION IS SUPPLIED IN A TIMELY MANNER IN ORDER TO ACHIEVE THIS REQUIREMENT.

The Scheme Employer will notify the Scheme Administrator of a scheme member's retirement or death by:

- 1) Submitting a form [LGS15C](#) in the first instance prior to a data file created from their payroll system to i-Connect, in the format specified by the Scheme Administrator, by the end of the month in which the scheme member leaves the Scheme or, if later, by the end of the month in which the scheme member is set as a leaver on their payroll system;

or, where the Scheme Employer has yet to sign up to the Administering Authority's preferred method of member data transfer i.e., i-Connect, by

- 3) By completion of a leaver form LGS15C as formatted by the Scheme Administrator (an up to date version of which will always be available on the Fund's [website](#)) sent as a pdf. file to info@berkshirepensions.org.uk or (where all other forms of submission have been exhausted) in a paper format by the end of the month in which the scheme member left the Scheme or, if later, by the end of the month in which the scheme member is set as a leaver on their payroll system.

NOTE: ILL HEALTH RETIREMENTS

In cases of ill health retirement, the Scheme Employer will arrange for their employee to undergo a medical with their chosen and approved Independent Registered Medical Practitioner (IRMP) qualified in occupational medicine, obtaining a certificate detailing whether in their opinion the member meets both conditions required of the Scheme Regulations:

CONDITION 1

As a result of ill-health or infirmity of mind or body, the Scheme member is permanently incapable of discharging efficiently the duties of the employment they were engaged in.

CONDITION 2

As a result of ill-health or infirmity of mind or body the Scheme member is not immediately capable of undertaking gainful employment (employment at the rate of 30 hours per week for a continuous period of 12 months).

Where both conditions are met the IRMP will be required to indicate on the ill-health certificate whether the Scheme member qualifies for a Tier 1, Tier 2 or Tier 3 ill health retirement.

The Scheme Employer will, having considered the advice provided by their IRMP, decide the level of benefits payable.

Should the Scheme Employer at any time seek to appoint a different IRMP for the purposes of undertaking the responsibilities outlined in the Scheme Regulations, they must seek the approval of the Administering Authority before appointing the new preferred practitioner.

4.2.5. *Payment of Contributions*

The Scheme Employer will ensure that the correct rate of employer contribution is deducted in accordance with the rates and adjustment certificate issued by the Fund Actuary as part of the triennial valuation of the Pension Fund. Where the Scheme Employer 'outsources' its payroll function to a third party the Scheme Employer is responsible for ensuring that notification of any change in the employer contribution rate is sent to their contracted payroll provider.

NOTE: Where a Scheme Employer has appointed a third-party payroll provider the Scheme Employer retains all the responsibilities required of them under the Scheme Regulations and they remain accountable for any failure by the third-party payroll provider to meet those requirements or the requirements set out in this service level agreement. A Scheme Employer must advise the Scheme Administrator of their payroll provider and any changes that may be made in this regard and ensure that their contractual arrangements with their appointed third-party payroll provider are sufficiently robust to avoid underperformance.

The Scheme Employer (or their appointed third-party payroll provider) will make payment of employee and employer contributions to the Administering Authority by the 19th of the month following the end of the month in which contributions have been deducted. ***(It should be noted that this is the legal requirement. However, contributions should always be submitted as soon as is practicably possible. Remember, the contributions paid by scheme members are payments to the Pension Fund and not the revenue account of the Scheme Employer)***. Failure to make payment of the contributions within the statutory deadline will result in a notice of unsatisfactory performance being issued to the Scheme Employer in accordance with the Administering Authority's 'Pension Administration Strategy'.

Even where a Scheme Employer submits data via i-Connect to the Scheme Administrator updating contribution and membership details in real time, the Scheme Employer (or their appointed third-party payroll provider) MUST complete the contribution return spreadsheet as formatted by and in line with guidance issued by the Administering Authority giving full and accurate information. The Scheme Employer (or their appointed third-party payroll provider) will submit the spreadsheet to the Administering Authority's generic email address lgps@rbwm.gov.uk by the 19th of the month in line with the contribution payment. Persistent failure to meet this deadline may result in the Scheme Employer being issued with a notice of unsatisfactory performance in accordance with the Administering Authority's 'Pension Administration Strategy'.

NOTE: It is important that the Scheme Employer (or their appointed third-party payroll provider) ensures the correct month is completed in line with the 'tabs' at the bottom of the spreadsheet and that all relevant fields are completed each month prior to submission.

4.2.6. *Other Conditions Relating to Contributions*

The Scheme Employer (even if they have appointed a third-party payroll provider) is responsible for ensuring that employee contributions are deducted from:

- i) Any pay received by a Scheme member during a period of statutory sickness;
- ii) Any pay received by a Scheme member during a period of child-related leave including half pay and SMP where appropriate; and

The Scheme Employer (even if they have appointed a third-party payroll provider) also remains responsible for ensuring that employer contributions are paid in full during:

- iii) any period of employment during which a Scheme member elects to contribute to the 50/50 section of the Scheme;
- iv) any period that a Scheme member receives reduced or nil contractual pay due to sickness or injury (based on the assumed pensionable pay calculation); and
- v) any period that a Scheme member receives reduced contractual pay as a result of child-related leave (based on the assumed pensionable pay calculation).

NOTE: Any actual pay paid by a Scheme Employer to a reservist during Reserve Forces Service Leave is not pensionable. Whilst on reserve forces service leave the employee and the Ministry of Defence pay contributions on the amount of Assumed Pensionable Pay.

4.2.7. Absences

Where a Scheme member is absent due to:

- i) a period of UNPAID child-related leave; or
- ii) a period of authorised absence,

the Scheme Employer will ensure that their employee is aware of their right to enter into a Shared-Cost Additional Pension Contribution contract within 30 days of returning to work in order to 'buy-back' any 'lost pension' due to being absent.

Where a Scheme member is absent due to a trade dispute (strike) the Scheme Employer will ensure that their employee is made aware of their right to enter into a Full-Cost Additional Pension Contribution contract in order to 'buy-back' any 'lost pension' due to being on strike. There is no 30 days requirement in this regard.

4.2.8. Pensionable Pay and Assumed Pensionable Pay

The Scheme Employer (even if they have appointed a third-party payroll provider) is responsible for ensuring that employee and employer contributions are deducted from all pensionable pay received by a Scheme member in accordance with Regulation 20 of the Scheme Regulations.

Where a Scheme member enters into a period of reduced or nil contractual pay as a result of:

- i) sickness or injury; or
- ii) PAID child-related leave

the Scheme Employer (or their appointed third-party payroll provider) will provide to the Scheme Administrator an Assumed Pensionable Pay (APP) figure calculated in accordance with Regulation 21 of the Scheme Regulations.

4.2.9. Annual Returns

Except where a Scheme Employer submits data via i-Connect to the Scheme Administrator providing contribution and membership information in real time, the Scheme Employer will, by 30th April each year, provide the Scheme Administrator with a 'year-end' schedule in the format prescribed by the Scheme Administrator.

The Scheme Administrator will supply the pre-formatted 'year-end' schedule to all Scheme Employers (with the exception of those using i-Connect) in February each year.

IMPORTANT NOTE: Where a scheme member holds more than one post, the Scheme Employer will ensure that they provide multiple entries detailing each post separately i.e., each post is to be treated as if it is totally independent of all other posts and must be recorded as such on the annual return.

The Scheme Employer will respond within 10 working days to requests made by the Scheme Administrator for further information and clarification of issues raised from the annual return of contributions.

4.2.10. Pension Estimates

The Scheme Employer will, as part of their request for a pension estimate in respect of one of their scheme members, provide the Scheme Administrator with details of the member's proposed date of leaving, the reason for leaving, the assumed final pay, the current year's CARE pay and any additional membership or pension to be granted at the Scheme Employer's discretion. An on-line pension estimate request form is available for completion on the employer section of the pension Fund's [website](#) and should be used wherever possible as it will prompt a Scheme Employer to submit all of the required information.

4.2.11. Scheme Employer Costs

The Scheme Employer will make payment of all early retirement costs as instructed by the Administering Authority and in accordance with LGPS regulations. An invoice will be raised by the Administering Authority for each capital cost that arises and the Scheme Employer will settle the invoice within 21 calendar days of the invoice date. Failure to do so will result in the issue of a notice of unsatisfactory performance in accordance with the Administering Authority's 'Pension Administration Strategy'.

The Scheme Employer will make payment of any actuarial costs incurred as a result of any request made by the Scheme Employer for actuarial information. This could be as a result of the TUPE transfer of a group of employees to a private company, a request for a covenant review or cessation valuation estimate or in the case of an academy, a funding statement at the point of conversion. An invoice will be raised by the Administering Authority on each occasion that the actuary submits a schedule of costs to the Administering Authority which includes fees resulting from a Scheme Employer's request for actuarial information. The Scheme Employer will settle the invoice within 21 calendar days of the invoice date.

4.2.12. Administering Authority/Scheme Administrator Enquiries

The Scheme Employer will respond to enquiries made by the Administering Authority or the Scheme Administrator within 10 working days or sooner where possible. Where an enquiry will take longer than 10 working days to resolve, the Scheme Employer will notify the Administering Authority or the Scheme Administrator as the case may be and keep them up to date with any progress made.

5. SCHEME EMPLOYER DISCRETIONS

The Scheme Employer must produce, publish and keep under review its policy regarding the discretions available under the LGPS regulations and will notify the Administering Authority and scheme members in their employ of any changes to those policies within 30 calendar days of the changes taking effect. (A pro-forma policy statement and guide to completing the policy statement is available on the Fund's [website](#)).

The discretions afforded to a Scheme Employer by the Scheme Regulations and the Transitional Regulations are set out below.

5.1. Mandatory Policy Required

- a) Regulation 16(2)(e) and 16(4)(d) of the Scheme Regulations – Employer Funding of Additional Pension Contributions (APCs);
- b) Regulation 30(6) of the Scheme Regulations – Flexible Retirement;
- c) Regulation 30(8) of the Scheme Regulations – Waiving of Actuarial Reduction;
- d) Regulation 31 of the Scheme Regulations – Award of Additional Pension;
- e) Schedule 2 of the Transitional Regulations – Switching on the 85-Year Rule.

5.2. Additional Policy Recommended

- f) Regulation 9(1) & (3) of the Scheme Regulations – Setting of Employee Contributions Rates;
- g) Regulations 17(1) of the Scheme Regulations - Additional Voluntary Contributions (AVCs) and Shared Cost Additional Voluntary Contributions (SCAVCs);
- h) Regulation 21(5) of the Scheme Regulations – Assumed Pensionable Pay;
- i) Regulation 22 of the Scheme Regulations – Merging of Deferred Member Pension Accounts with Active Member Pension Accounts;
- j) Regulation 100(6) of the Scheme Regulations – Inward Transfer of Pension Rights.

The Administering Authority and the Scheme Administrator undertake that they will not give scheme members any expectation as to how the Scheme Employer will exercise any discretion.

6. SCHEME ADMINISTRATOR RESPONSIBILITIES

6.1. New Scheme Admissions

Where a Scheme Employer submits new scheme member information, the Scheme Administrator will set up a new member record on the pension administration system, send a 'mypension ONLINE' activation key to the new scheme member and produce an on-line membership certificate for the new scheme member within 20 working days of the details having been received from the Scheme Employer.

Where relevant, and once any transfers of pension rights from previous pension schemes have been concluded, the Scheme Administrator will release a revised on-line membership certificate for the Scheme member to view, download or print where additional membership has been awarded as a result of the transfer calculation.

Where additional pension has been awarded as a result of the transfer calculation, confirmation of this amount will be released by the Scheme Administrator in the form of a letter made available on-line for the scheme member to view, download or print.

6.2. Contract Variations

Where a Scheme Employer submits a contract variation via i-Connect the scheme member's record will be updated automatically as part of the submission process. The Scheme Administrator will release an on-line membership certificate for the Scheme member to view, download or print setting out the changes that have been made within 10 working days of the member record having been updated.

Where a Scheme Employer submits a contract variation via either a spreadsheet or a form [LGS15B](#), the Scheme Administrator will release an on-line membership certificate for the Scheme member to view, download or print setting out the changes that have been made within 20 working days of the details having been received from the Scheme Employer

6.3. Scheme Leavers

Where a Scheme Employer submits leaver details (either as a result of a scheme member leaving employment or opting out of the Scheme) via i-Connect the scheme member's record will be updated automatically as part of the submission process. The Scheme Administrator will notify the Scheme member of their benefit options within 20 working days of the member record having been updated.

Where a Scheme Employer submits leaver details (either as a result of a scheme member leaving employment or opting out of the Scheme) via a spreadsheet or form LGS15C the Scheme Administrator scheme member's record will update the member record and notify the Scheme member of their benefit options within 20 working days of the details having been received from the Scheme Employer.

6.4. Retirements

Irrespective of the method by which the Scheme Employer notifies the Scheme Administrator that a Scheme member who has left employment is entitled to the immediate release of their pension benefits, The Scheme Administrator will notify the Scheme member of their benefit options within 5 working days of receipt of all relevant Scheme leaver information from the Scheme Employer. The Scheme Administrator will make payment of any retirement lump sum within 30 calendar days of the date of the Scheme member's 'retirement' subject to all relevant information having been received from both the Scheme Employer and the Scheme member to enable them to do so.

6.5. Changes in Administrative Procedures

The Administering Authority and the Scheme Administrator will ensure that the Scheme Employer is notified of any changes to administrative procedures that may arise as a result of changes in pension scheme regulations and provide copies of revised standard documentation as agreed via the pension fund [website](#). Any other changes to administrative procedures will only take place following discussions with the Scheme Employer.

6.6. Training Sessions, Seminars and Pension Surgeries

The Scheme Administrator will provide the Scheme Employer with training sessions if required in respect of scheme administration procedures.

The Scheme Administrator will also provide ad hoc seminars to scheme members as requested and as organised by the Scheme Employer.

The Scheme Administrator will provide two pension surgeries per year for employees of the Unitary Authorities to which employees of other Scheme Employers are welcome to attend and also provide additional surgeries on an ad hoc basis as required and as organised by the Scheme Employer.

6.7. Scheme Member Database

The Scheme Administrator will maintain a database of all LGPS members employed by the Scheme Employer and provide the Administering Authority and the Scheme Employer with reports as may be requested from time to time.

6.8. Scheme Member Enquiries

The Scheme Administrator will answer enquiries made by scheme members employed by the Scheme Employer and respond to such enquiries within 10 working days or sooner where possible. Where an enquiry will take longer than 10 working days to resolve, the Scheme Administrator will notify the scheme member accordingly and keep them up to date with any progress made.

6.9. Scheme Employer Enquiries

The Scheme Administrator will respond to enquiries made by the Scheme Employer within 10 working days or sooner where possible. Where an enquiry will take longer than 10 working days to resolve, the Scheme Administrator will notify the Scheme Employer and keep the Scheme Employer up to date with any progress made.

6.10. Annual Benefit Statements

The Scheme Administrator will provide an electronic version of the scheme member's annual benefit statement within the statutory deadline (31st August) providing the Scheme Employer has submitted their 'year-end data file and answered all associated queries in accordance with section [4.2.9](#) of this SLA. Annual Benefit Statements will be made available to view, download or print by the Scheme member via 'mypension ONLINE'. Hard copies of the statement will be made available to Scheme members of a Scheme Employer upon request.

6.11. Pension Estimates

The Scheme Administrator will provide an estimate of pension benefits upon request from the Scheme Employer within 5 working days, or sooner where possible, of receipt of all relevant information. Where the estimate is in respect of an early retirement for whatever reason, the Scheme Administrator will provide the Scheme Employer with estimated details of the full capital cost to be paid by them.

6.12. Early Retirements

Upon completion of an actual early retirement calculation by the Scheme Administrator which generates a Pension Fund strain cost (otherwise known as a capital cost), the Administering Authority will raise an invoice and issue it to the Scheme Employer requesting payment, within 21 calendar days of the full capital cost owing to the Pension Fund.

6.13. Employer Meetings

The Scheme Administrator will arrange meetings with the 6 Unitary Authorities on an at least annual basis and with other Scheme Employers on an annual basis.

6.14. Pensions Increase

The Scheme Administrator will apply pensions increase annually to the relevant pensions in payment and deferred pensions retained in the Fund in accordance with the Pensions Increase (Review) Order issued by the Government each year.

7. ADMINISTERING AUTHORITY RESPONSIBILITIES

7.1. Regulations

The Administering Authority will notify the Scheme Employer of any significant changes to:

- i) Scheme regulations that might affect scheme members in their employ;
- ii) The requirements of any policy statements that are maintained by them under the regulations;
- iii) Procedures adopted by them in accordance with this agreement;
- iv) The method of making payments to the Pension Fund or any changes to values of any payments to be made.

Guidance will be given to a Scheme Employer in respect of matters arising from the interpretation and implementation of Scheme Regulations.

7.2. Scheme Contributions

The Administering Authority will allocate all contributions submitted by the Scheme Employer to their respective income codes and reconcile the total contributions paid on a monthly basis where the Scheme Employer submits contribution data via i-Connect otherwise on an annual basis.

7.3. Capital Cost Payments

The Administering Authority will allocate all capital cost payments submitted by the Scheme Employer to their respective income codes and reconcile the payments to the Pension Fund bank account.

7.4. Pension Scheme Recharges

The Administering Authority will calculate and invoice a Scheme Employer, on an annual basis and by the end of April each year, for any pension scheme recharges owing to the Pension Fund where the Scheme Employer has liabilities relating to certain retired scheme members for whom the Pension Fund arrange to make payment through the pension payroll on behalf of the Scheme Employer.

7.5. Presentations

The Administering Authority will provide presentations to the Scheme Employer on an ad hoc basis and as required in respect of all matters relating to the Local Government Pension Scheme.

A Scheme Employer pension forum will be held on an annual basis in order to keep Scheme Employers up to date with matters relating to the performance of the Royal County of Berkshire Pension Fund and LGPS issues.

7.6. Performance Indicators and Management Information

The Administering Authority will, with the assistance of the Scheme Administrator, produce a quarterly Administration Report setting out key performance indicators and statistics relating to the administration of the Scheme. The report will be presented to the Berkshire Pension Fund Committee, Pension Fund Advisory Panel and Pension Board on each occasion that it meets and show the performance of:

- a) All Scheme Employers within the Royal County of Berkshire Pension Fund,

- b) The Scheme Administrator, and
- c) The Administering Authority.

7.7.Fund Actuary

The Administering Authority will correspond with and commission any advice required of the Fund Actuary on behalf of the Scheme Employer in respect of any matters that may arise which require the determination of the Actuary and recharge any such costs that may arise to the Scheme Employer.

The Administering Authority will arrange for the triennial valuation of the Royal County of Berkshire Pension Fund and provide the Scheme Employer with a copy of the Actuary's valuation report and a copy of the annual report and statement of accounts.

The Administering Authority will commission the Actuary to provide an FRS102/IAS19 report as required and requested by a Scheme Employer at its appropriate financial year end date.

7.8.Internal Disputes Resolution Procedure (IDRP)

The Administering Authority will maintain a complaints procedure in accordance with the Local Government Pension Scheme Regulations including the appointment of an adjudicator to deal with cases at stage two of the procedure.

7.9.Publicity and Promotion

The Administering Authority will maintain a supply of scheme publications and ensure that the most up to date versions are always available to print or download from the Pension Fund [website](#).

7.10.Pensions Increase

The Administering Authority will instruct the Scheme Administrator to apply the Pensions Increase (Review) Order as issued annually by the Government.

7.11.Data Protection

The Administering Authority will ensure compliance with Government Data Protection Regulation (GDPR).

8. PRIVATE CONTRACTORS

In accordance with Regulation 3(5) and paragraphs 3 to 12 of Schedule 2 in Part 3 of the Scheme Regulations, the Administering Authority can enter into an admission agreement with an "external contractor" undertaking local government work formerly undertaken by a Scheme Employer.

This ability to become an Admission Body within the LGPS enables Scheme members to retain their rights to contribute to the Scheme and avoids the need for the contractor to offer an alternative pension scheme to the transferring employees.

8.1.Scheme Employer responsibilities:

The Scheme employer will:

Undertake to include the conditions surrounding any possible admission agreement to be made with a chosen service provider (and the Administering Authority) as part of any tendering exercise that it undertakes;

Consult with staff representatives and issue information to staff;

Notify the Administering Authority immediately of any decision that is made to transfer any part of their service to an “external contractor”;

Supply the Administering Authority and/or Scheme Administrator with full and accurate details of all employees, both those contributing to the LGPS and those, for whatever reason, are not contributing to the Scheme but are eligible to do so, involved in any potential transfer from the Scheme Employer to the Admission Body as soon as this information is known. The Administering Authority will supply a data capture spreadsheet for completion by the Scheme Employer;

Sign up to the admission agreement before the start date of the service contract;

Decide whether or not the Admission Body will be required to provide a bond or indemnity as calculated by the Actuary or if they as the Transferor Scheme Employer will act as a guarantor;

Decide whether or not the Admission Agreement will be an Open or Closed agreement;

Notify the Administering Authority immediately if the contract with the Admission Body is terminated;

Pay any outstanding liabilities where they arise and are the responsibility of the Scheme Employer, as calculated by the Fund Actuary, to the Administering Authority in the event of the early termination of a contract with an Admission Body.

8.2. Administering Authority responsibilities

The Administering Authority will:

Obtain details from the Fund Actuary of the potential employer’s contribution rate and level of indemnity or bond required by the Admission Body upon receipt of all information supplied by the Scheme Employer;

Supply a draft admission agreement and draft indemnity/bond agreement and guide to completing an admission agreement;

Obtain details from the Fund Actuary of any outstanding liabilities resulting from the termination of the Scheme Employer’s contract with the Admission Body;

Ensure that all parties to the admission agreement receive a copy of the final admission agreement document.

9. COMPLIANCE

Where it is proven that as a result of any non-compliance by the Scheme Employer in respect of any of the requirements of this service level agreement, the Administering Authority suffer any fine or financial penalty as imposed by The Pensions Regulator or any other statutory body, that penalty shall be transferred to the Scheme Employer for settlement in accordance with the guidelines issued by the relevant Statutory body at the time that the penalty is imposed.

Where it is proven that the Scheme Employer is not responsible for any fine or penalty imposed by The Pensions Regulator or any other statutory body as a result of non-compliance of this service level agreement, any such charge will automatically default to the Administering Authority.

In accordance with Regulation 70 of the Scheme Regulations and in line with its Pension Administration Strategy, the Administering Authority reserves the right to issue to a Scheme Employer a notice of unsatisfactory performance where the

Administering Authority, in its opinion, has incurred additional costs which should be recovered from the Scheme Employer.

APPENDIX A - PENSION LIAISON DETAILS

EMPLOYER NOMINATED PENSION LIAISON OFFICER AND AUTHORISED SIGNATORIES

The following officer is hereby nominated as Pension Liaison Officer to the Administering Authority to deal with all issues relating to the administration of the pension scheme:

Name:

Position:

Signature:

Contact Telephone Number:

Email Address:

Postal Address:

Date: _____

Please provide details of other officers authorised to act as a Pension Liaison Officer.

The following person is nominated as a pension liaison officer with specific duties as described below*

Name:

Position:

Signature:

Contact Telephone Number:

Email Address:

Postal Address:

_____ Date:

*Summary of duties:

The following person is nominated as a Pension Liaison Officer with specific duties as described below*

Name:

Position:

Signature:

Contact Telephone Number:

Email Address:

Postal Address:

_____ Date:

*Summary of duties:

The following person is nominated as a Pension Liaison Officer with specific duties as described below*

Name:

Position:

Signature:

Contact Telephone Number:

Email Address:

Postal Address:

*Summary of duties:

Date:

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ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqlA : Statutory Policies (19/09/2022)

Essential information

Items to be assessed: (please mark 'x')

Strategy	x	Policy	x	Plan		Project		Service/Procedure	x
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Responsible officer	Damien Pantling	Service area	Pension Fund	Directorate	Finance
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Stage 1: EqlA Screening (mandatory)	Date created: 22/08/2022	Stage 2 : Full assessment (if applicable)	N/A
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Approved by Head of Service / Overseeing group/body / Project Sponsor:

"I am satisfied that an equality impact has been undertaken adequately."

Signed by (print):

Dated:

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqlA : Statutory Policies (19/09/2022)

Guidance notes

What is an EqlA and why do we need to do it?

The Equality Act 2010 places a 'General Duty' on all public bodies to have 'due regard' to:

- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advancing equality of opportunity between those with 'protected characteristics' and those without them.
- Fostering good relations between those with 'protected characteristics' and those without them.

EqlAs are a systematic way of taking equal opportunities into consideration when making a decision, and should be conducted when there is a new or reviewed strategy, policy, plan, project, service or procedure in order to determine whether there will likely be a detrimental and/or disproportionate impact on particular groups, including those within the workforce and customer/public groups. All completed EqlA Screenings are required to be publicly available on the council's website once they have been signed off by the relevant Head of Service or Strategic/Policy/Operational Group or Project Sponsor.

What are the "protected characteristics" under the law?

The following are protected characteristics under the Equality Act 2010: age; disability (including physical, learning and mental health conditions); gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

What's the process for conducting an EqlA?

The process for conducting an EqlA is set out at the end of this document. In brief, a Screening Assessment should be conducted for every new or reviewed strategy, policy, plan, project, service or procedure and the outcome of the Screening Assessment will indicate whether a Full Assessment should be undertaken.

Openness and transparency

RBWM has a 'Specific Duty' to publish information about people affected by our policies and practices. Your completed assessment should be sent to the Strategy & Performance Team for publication to the RBWM website once it has been signed off by the relevant manager, and/or Strategic, Policy, or Operational Group. If your proposals are being made to Cabinet or any other Committee, please append a copy of your completed Screening or Full Assessment to your report.

Enforcement

Judicial review of an authority can be taken by any person, including the Equality and Human Rights Commission (EHRC) or a group of people, with an interest, in respect of alleged failure to comply with the general equality duty. Only the EHRC can enforce the specific duties. A failure to comply with the specific duties may however be used as evidence of a failure to comply with the general duty.

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD
EQUALITY IMPACT ASSESSMENT
EqIA : Statutory Policies (19/09/2022)

Stage 1 : Screening (Mandatory)

1.1 What is the overall aim of your proposed strategy/policy/project etc and what are its key objectives?

This report brings back to the committee, two statutory policies for periodic review in line with the Local Government Pension Scheme Regulations (2013). The Communications strategy was last approved in September 2018 and the Pensions Administration Strategy was last approved in January 2019.

This report also considers the Pensions Administration Service Level Agreement, last approved alongside the Pensions Administration Strategy on 14 January 2019 and is brought back for re-approval alongside the Administration Strategy for completeness.

1.2 What evidence is available to suggest that your proposal could have an impact on people (including staff and customers) with protected characteristics? Consider each of the protected characteristics in turn and identify whether your proposal is Relevant or Not Relevant to that characteristic. If Relevant, please assess the level of impact as either High / Medium / Low and whether the impact is Positive (i.e. contributes to promoting equality or improving relations within an equality group) or Negative (i.e. could disadvantage them). Please document your evidence for each assessment you make, including a justification of why you may have identified the proposal as “Not Relevant”.

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Statutory Policies (19/09/2022)

Protected characteristics	Relevance	Level	Positive/negative	Evidence
Age	Yes	Some	Positive	The Fund are prioritising digital (electronic) communication and the move from paper publications (newsletters) to e-communication. Whilst the fund have a preference, members shall be given communication preferences through a survey before any changes are made. This will ensure inclusivity. The Fund are now enabling virtual/hybrid attendance at meetings (such as the annual general meeting). In-person will still also be allowed where appropriate. Giving this option improves inclusivity.
Disability	Yes	Some	Positive	The Fund are prioritising digital (electronic) communication and the move from paper publications (newsletters) to e-communication. Whilst the fund have a preference, members shall be given communication preferences through a survey before any changes are made. This will ensure inclusivity. The Fund are now enabling virtual/hybrid attendance at meetings (such as the annual general meeting). In-person will still also be allowed where appropriate. Giving this option improves inclusivity.
Gender re-assignment			N/A	
Marriage/civil partnership			N/A	
Pregnancy and maternity			N/A	
Race			N/A	<i>Key data: The 2011 Census indicates that 86.1% of the local population is White and 13.9% of the local population is BAME. The borough has a higher Asian/Asian British population (9.6%) than the South East (5.2%) and England (7.8%). The forthcoming 2021 Census data is expected to show a rise in the BAME population. [Source: 2011 Census, taken from Berkshire Observatory]</i>

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqlA : Statutory Policies (19/09/2022)

Religion and belief			N/A	Key data: The 2011 Census indicates that 62.3% of the local population is Christian, 21.7% no religion, 3.9% Muslim, 2% Sikh, 1.8% Hindu, 0.5% Buddhist, 0.4% other religion, and 0.3% Jewish. [Source: 2011 Census, taken from Berkshire Observatory]
Sex			N/A	Key data: In 2020 an estimated 49.6% of the local population is male and 50.4% female. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]
Sexual orientation			N/A	

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Outcome, action and public reporting

Screening Assessment Outcome	Yes / No / Not at this stage	Further Action Required / Action to be taken	Responsible Officer and / or Lead Strategic Group	Timescale for Resolution of negative impact / Delivery of positive impact
Was a significant level of negative impact identified?	No	No	Damien Pantling	N/A
Does the strategy, policy, plan etc require amendment to have a positive impact?	No	No	Damien Pantling	N/A

If you answered **yes** to either / both of the questions above a Full Assessment is advisable and so please proceed to Stage 2. If you answered “No” or “Not at this Stage” to either / both of the questions above please consider any next steps that may be taken (e.g. monitor future impacts as part of implementation, re-screen the project at its next delivery milestone etc).

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Statutory Policies (19/09/2022)

Stage 2 : Full assessment

2.1 : Scope and define

2.1.1 Who are the main beneficiaries of the proposed strategy / policy / plan / project / service / procedure? List the groups who the work is targeting/aimed at.

N/A – No full assessment required

2.1.2 Who has been involved in the creation of the proposed strategy / policy / plan / project / service / procedure? List those groups who the work is targeting/aimed at.

N/A – No full assessment required

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Statutory Policies (19/09/2022)

2.2 : Information gathering/evidence

2.2.1 What secondary data have you used in this assessment? *Common sources of secondary data include: censuses, organisational records.*

N/A – No full assessment required

2.2.2 What primary data have you used to inform this assessment? *Common sources of primary data include: consultation through interviews, focus groups, questionnaires.*

N/A – No full assessment required

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqlA : Statutory Policies (19/09/2022)

Eliminate discrimination, harassment, victimisation

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

06

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Statutory Policies (19/09/2022)

Advance equality of opportunity

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

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ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Statutory Policies (19/09/2022)

Foster good relations

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

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2.4 Has your delivery plan been updated to incorporate the activities identified in this assessment to mitigate any identified negative impacts? If so please summarise any updates.

These could be service, equality, project or other delivery plans. If you did not have sufficient data to complete a thorough impact assessment, then an action should be incorporated to collect this information in the future.

N/A – No full assessment required

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD
EQUALITY IMPACT ASSESSMENT
EqIA : Statutory Policies (19/09/2022)

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Report Title:	Responsible Investment
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 19 September 2022
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

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REPORT SUMMARY

Whilst responsible investing and ESG have always been guiding principles in the Fund’s investment strategy, the decision to pool funds with LPPI from 1 June 2018 enabled more active monitoring and consolidation of its responsible investment outcomes.

The Pension Fund Committee agreed and released an Environmental, Social and Governance (ESG) public statement in late 2020 clarifying its commitment to long-term responsible investment of pension savings. Following this, the fund approved a Responsible Investment (RI) policy on 22 March 2021 supported by several values, principles, and priorities. Since then, the Fund has been continuously improving its approach to RI and have been working towards an updated RI policy that is all encompassing and reflective of the current external environment – this updated RI policy is presented alongside this report in Appendix 4 as presented by the RI working group (Task & Finish group).

This report aims to update the reader quarterly on the Fund’s responsible investment activities and outcomes through presenting an RI report and dashboard – noting that climate change is one of the underlying priorities in the Fund’s revised RI policy and therefore carries material weight in this update. This report also seeks to provide the reader with a suite of key engagement activities undertaken on behalf of the Fund and the outcomes of these engagements.

In addition, this report seeks to update the reader on the significant and positive progress made by LPPI in its net-zero journey as the Fund’s primary asset manager.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee notes the report;

- i) Acknowledges the Fund’s RI dashboard, RI report, active engagement report and achievement of associated outcomes;**
- ii) Acknowledges LPPI’s recent client update on Net-Zero;**

- iii) **Approves and adopts the Fund’s revised RI policy for implementation, and;**
- iv) **Approves the publication of the appendices contained within this report on the Pension Fund website.**

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 Since 1 June 2018, all Fund investments have been pooled and are actively managed by the Fund’s Investment Manager LPPI. Responsible investing is an underpinning principal of LPPI’s investment approach and is documented by a suite of detailed RI policies and reports available on their website.
- 2.2 From December 2021, the Fund has reported publicly on its implementation and outcomes concerning responsible investment. The report and dashboard as at Q2 2022 (or Q1 2022/23) are included at Appendix 1 and Appendix 2 to this report.
- 2.3 Notably, the report and dashboard shows full “green/brown” portfolio exposures to all of the Fund’s equity assets (listed equity, private equity, and infrastructure) plus corporate bonds within fixed income. The key takeaways from this analysis are as follows:
 - 2.3.1 Investments in brown sectors (extraction, transportation, storage, supply, and generation of energy from fossil fuels) make up just 1.63% of the portfolio.
 - 2.3.2 Investments in green sectors (renewable energy generation, clean technology, and decarbonising activities) make up over 4.44% of the portfolio.
- 2.4 As illustrated above, the green exposure significantly outweighs the brown exposure within the identified portfolio, underpinning the principle of “net” zero. Further work is being undertaken by LPPI to report on the green/brown exposure of the whole Fund and this shall be reported in due course.
- 2.5 As detailed in the Fund’s Responsible Investment policy, “the RCBPF considers engagement to be a route for exerting a positive influence over investee companies and encouraging responsible corporate behaviour.” The Fund (via LPPI) has appointed an engagement partner to ensure active engagement with companies across its credit and equity portfolios, seeking to improve a company’s behaviour on ESG (Environmental, Social and Governance) related issues. The Fund’s active engagement outcomes are reported as at Q2 2022 (or Q1 2022/23) at Appendix 3 to this report.
- 2.6 Whilst a separate RI policy is not compulsory for LGPS funds under the regulations, the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, (regulation 7) requires that the authorities Investment Strategy Statement (ISS) must include the authority’s policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments. The fund’s ISS (last approved by the Pension Fund Committee on 7 March 2022) defines that a separate RI policy shall be in place with detailed

guidance on the points within the regulations, and that implementation of said RI policy would be undertaken by LPPI.

- 2.7 A decision was taken by the Pension Fund Committee on 6 December 2022 to set up a RI working group (the Task & Finish Group) of Officers, Committee members, Board members, Advisory Panel members, LPPI and independent advisors. Terms of Reference were agreed and the group first met in April 2022. The Task & Finish group undertook various other meetings and discussions to develop a comprehensive revised RI policy that is modern, consistent with the current external environment, and that it reflects the values, principles and priorities of the Pension Fund Committee. The revised RI policy also serves as a position statement on the Fund's approach to RI.
- 2.8 The revised RI policy is attached at Appendix 4 to this report, reflecting months of work by the Task & Finish group to ensure it is fit for purpose. LPPI have also given a professional opinion that the policy will be implemented in practice and tailored reporting has been reflected in the relevant RI report and dashboard (appendix 1 and 2).
- 2.9 The revised RI policy encapsulates several changes such as the focus on continuous improvement as well as specific priorities of the Fund within the Environment, Social and Governance categories. The policy is underpinned by the fund's fiduciary responsibility to pay scheme members benefits as they fall due as an absolute priority with RI initiatives not expected to contradict the Fund's core duties.
- 2.10 Following LPPI's commitment to achieving Net Zero portfolio emissions by 2050 by signing the IIGCC (Institutional Investor Group on Climate Change) Net Zero Asset Manager Commitment (NZAMC) in November 2021 (as reported to the Pension Fund Committee on 6 December 2021), LPPI have provided a client update on the progress made against this commitment, attached at Appendix 5 to this report. This update focuses largely on the interim target setting as required by the IIGCC within 12 months of making the formal commitment to net-zero emissions.

3. KEY IMPLICATIONS

- 3.1 The Fund are receiving a growing number of Freedom of Information (FOI) requests regarding how the Fund's investment assets are being managed and invested responsibly. Moreover, the recent focus has been on environmental factors concerning carbon emissions and fossil-fuel exposure. The Fund's RI report and dashboard acts as a public document to be updated quarterly and aims to address the majority of public requests for information.
- 3.2 The RI policy has undergone extensive review by the 'Task & Finish' group and has been confirmed by LPPI to be implementable in practice with no material changes to the Fund's investment activities or objectives.

- 3.3 It is in line with best practice to report upon any public commitment previously made, LPPI's net-zero update provides information on the positive progress made since making the net-zero commitment in November 2021.

4. FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1 Net-zero strategy development and LPPI's recent decision to exclude extractive fossil fuel companies from its global equities fund has involved divesting from a relatively small opportunity set. However, these investments consumed disproportionate stewardship resources and the associated costs of maintaining these. Exclusion of these assets enables attention to move to a broader range of sectors impacted by transition risk and are required to decarbonise, providing the fund with future opportunities and an improved framework to manage risk.
- 4.2 At present, the Fund's investment performance and expected returns are not mutually exclusive to the achievement of its revised responsible investment policy outcomes. Therefore, the Fund's fiduciary duty and ultimate goal to pay pensions is not adversely affected by implementation of its revised RI policy but this shall be kept under review.
- 4.3 Well-governed companies are best equipped to manage business risks and opportunities, and this contributes to achieving optimum risk-adjusted returns over the long term.

5. LEGAL IMPLICATIONS

- 5.1 Reporting against RI metrics and making a net-zero commitment are not legal requirements. TCFD reporting requirements, when published, will be a legal requirement and legislated by DLUHC (Department for Levelling up, Housing and Communities). These requirements will likely involve penalties and levies by tPR for non-compliance. TCFD requirements shall be implemented in due course and the Fund shall monitor these developments carefully.
- 5.2 The Fund is compliant with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (regulation 7) which requires that the authority's investment strategy statement (ISS) must include the authority's policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments. The fund's ISS (last approved by the Pension Fund Committee on 7 March 2022 defines that a separate RI policy shall be in place with detailed guidance on the points within the regulations, and that implementation of said RI policy would be undertaken by LPPI. The revised RI policy is this compliant with the regulations.

6. RISK MANAGEMENT

- 6.1 The Pension Fund Committee review and approve a risk register on a quarterly basis, prepared in line with CIPFA's guidance on "managing risks in the LGPS –

2018". The latest risk register (including relevant actions and mitigations) has been prepared alongside the amendments within this report, with any relevant changes considered and documented as appropriate in the quarterly risk management report.

7. POTENTIAL IMPACTS

- 7.1 Equalities. Equality Impact Assessments are published on the [council's website](#). There are no EQIA impacts as a result of taking this decision. A completed EQIA has been attached at Appendix 6 to this report.
- 7.2 Climate change/sustainability. This report is centred around the topic of climate change and sustainability and such impacts are documented in detail through the report and its appendices.
- 7.3 Data Protection/GDPR. There are no additional data protection/GDPR considerations as a result of taking this decision

8. CONSULTATION

- 8.1 The Fund's Investment Advisor LPPI was consulted in preparing this report.

9. TIMETABLE FOR IMPLEMENTATION

- 9.1 Responsible investment outcomes are not subject to any specific timeline and are instead ongoing.

10. APPENDICES

- 10.1 This report is supported by 6 appendices:
- Appendix 1: Responsible Investment Report Q2 2022
 - Appendix 2: Responsible Investment Dashboard Q2 2022
 - Appendix 3: Active Engagement Report Q2 2022
 - Appendix 4: Revised RI policy
 - Appendix 5: LPPI client update on Net Zero
 - Appendix 6: EQIA

11. BACKGROUND DOCUMENTS

- 11.1 This report is supported by 2 background documents available at [Pension Fund Policies | Berkshire Pension Fund \(berkshirepensions.org.uk\)](#)
- Responsible Investment Policy (March 2021)
 - Environmental, Social and Governance (ESG) Statement (December 2020)

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory: Statutory Officers (or deputy)</i>			
Adele Taylor	Executive Director of Resources/S151 Officer	18/08/2022	25/08/2022
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	18/08/2022	
<i>Deputies:</i>			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	18/08/2022	06/09/2022
Elaine Browne	Head of Law (Deputy Monitoring Officer)	18/08/2022	24/08/2022
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	18/08/2022	18/08/2022
<i>Other consultees:</i>			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee	18/08/2022	

13. REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Pension Fund Committee decision	Yes/No	Yes/No

Report Author: Damien Pantling, Head of Pension Fund

This report has been prepared by LPPI for Royal County of Berkshire Pension Fund (RCBPF) as a professional client.

1. Introduction

This report on Responsible Investment (RI) is a companion to the LPPI RI Dashboard (Appendix 1) and the Quarterly Active Ownership Report (Appendix 2).

It covers stewardship in the period 1st April - 30th June 2022 plus insights on current and emerging issues for client pension funds.

^R This symbol indicates a term explained in the reference section at the end of this report.

Key takeaways for the period:

- In Q2 2022 LPPI voted on 98% of company proposals, supporting 89% of these.
- Investments in Brown sectors (extraction, transportation, storage, supply, and generation of energy from fossil fuels) are 1.63% of the portfolio.
- Investments in Green sectors (renewable energy generation, clean technology, and decarbonising activities) are 4.44% of the portfolio.
- LPPI attended the Full Council of the Occupational Pension Scheme Stewardship Council (OPSC) where priority work strands for next year were discussed and agreed preparatory to planning getting underway.
- GLIL^R, has made its first investment in renewable energy generated by offshore wind turbines, helping to support the UK's energy transition and Net Zero ambitions.
- LPPI entered its second year as a supporter of the 10,000 black interns programme, hosting two interns for a 6-week training programme.

2. RI Dashboard – Portfolio Characteristics

This section of the report shares key takeaways from the RI Dashboard at Appendix 1.

Asset class metrics (*Dashboard pages 1 & 2*) offer insights on the composition of the portfolio and its general characteristics. See the summary for Q2 2022 outlined below.

Listed equities (Dashboard p1)

Sector Breakdown

Categorised by GICS^R the largest sectoral exposures for the GEF are Information Tech. (26%), Consumer Staples (16%), and Financials (13%).

Comparing the GEF with its benchmark (MSCI ACWI)^R gives insight into how sector exposures for the fund differ from a global market index. The length of each horizontal bar indicates by how much exposures differ in total (+ or –) compared with the benchmark, which is the

outcome of active managers making stock selection decisions rather than passively buying an index.

Top 10 Positions

The top 10 companies (10 largest positions) make up 24% of the total LPPI GEF.

In Q2 2022 Microsoft remains the largest holding in the GEF. Visa, Nestlé, and Accenture also remain in the top four, although Visa moved up 1 position. Pepsi moved down 3 positions, whilst SPDR Gold Shares and Alphabet moved up 1 and 4 positions respectively. Starbucks was replaced by AutoZone, which makes up the last position in the top 10.

Portfolio ESG Score

The GEF's Portfolio ESG score has increased from 5.4 to 5.8 between Q1 and Q2. In the same period the equivalent score for the benchmark increased from 5.2 to 5.5. Methodology changes implemented by MSCI is the main driving factor for the increased scores.

Transition Pathway Initiative (TPI)

Monitoring against TPI^R Management Quality ratings confirms the GEF continues its relatively low exposure to highly carbon intensive activities with minimal changes in ratings since Q1. By value, the coverage of the GEF represented within the globally high emitting companies under TPI assessment has decreased from 11% to 10%, between Q1 and Q2. This change is a reflection of the fluctuations in the % of market value for the companies under TPI.

The number of GEF companies in scope of TPI scoring has increased by 2 since Q1 2022, changing from 23 to 25. The two new companies came into scope at TPI 2 and TPI 4.

Of the 25 companies in TPI scope:

- 96% (by value) are rated TPI 3 and above – demonstrably integrating climate change into their operational planning (TPI 3) and into their strategic planning (TPI 4). This is unchanged from Q1 2022.
- 5 companies are scored below TPI 3 and are under monitoring.

Governance Insights

These metrics provide insights on governance issues for the GEF using data from ISS DataDesk (Institutional Shareholder Services) our provider of shareholder voting services.

Women on the board: A measure of gender diversity confirming the average proportion of female board members for companies in the GEF (where data is available).

In Q2 2022, an average of 29% of board members were female in the GEF. There was a coverage of 84% data availability, which was a result of several companies not being in scope of the ISS database.

Board independence: The average proportion of board members identified by ISS as independent. Please note independence expectations vary across markets with LPPI generally favouring greater independence as a route to an appropriate breadth of ideas, skills and experiences being drawn upon.

In Q2 2022, on average 68% of board members were independent in the GEF. There was a coverage of 83% data availability, which was a result of several companies not being in scope of the ISS database.

Say-on-pay: The average level of investor support for the most recent say-on-pay vote at a company meeting. Please note not all markets require say-on-pay votes. A vote of greater than 20% against (support < 80%) is generally considered significant.

In Q2 2022, an average of 88% were in support for say on pay, which indicates a high proportion of investors were supportive of the pay policies of investee companies. There was a coverage of 75% data availability, which was a result of several companies not being in scope of the ISS database.

Other asset classes (Dashboard p2)

Private Equity

The largest sector exposure continued to be in Health Care, although reducing down from 42% in Q1 2022 to 39% in Q2. The portfolio continued to have a strong United States presence, increasing slightly from 36% in Q1 2022 to 38% in Q2.

Infrastructure

The geographical exposures to UK based infrastructure slightly increased, moving from 47% exposure in Q1 to 52% in Q2. The largest sectoral exposure remained in Traditional Energy, Renewable Energy, Waste, which makes up 35% of the portfolio.

Real Estate

Sector and geographical exposures remained similar to those reported in Q1 2022. The portfolio continued to be largely deployed in the UK, with 74% assets here. The largest sectoral exposure continued to be Industrial assets, making up 33% of the portfolio.

The Real-World Outcomes section of the dashboard features examples of socially positive investments and this quarter the focus is on Real Estate. Pages 6-7 share information on a selection of investments within the RCBPF portfolio which are based in the UK and abroad.

Green & Brown Exposures

Calculation of the Fund's exposure to Green and Brown activities focusses specifically on equity assets (Listed Equity, Private Equity, and Infrastructure) plus corporate bonds within Fixed Income. Figures give an indication, rather than a precise measure, as an assistance to reviewing the overall position.

Green activities are those directly contributing to real world decarbonisation, principally through renewable energy generation, but include other activities supporting lower emissions including district heating, and waste management. Brown activities are those directly involved with extracting, transporting, storing, and otherwise supplying fossil fuels, or using them to generate energy.

The dashboard presents information on the trend in Green and Brown exposures (commencing in Q2 2021). Quarterly changes in Green and Brown exposure reflect multiple factors at play including funds reaching maturity, assets being revalued, and investments being made and sold. The total value of the Royal County of Berkshire Pension Fund (RCBPF) portfolio (as the denominator) also affects Brown and Green % shares quarterly.

Compared with Q1 2022, Brown exposure has increased from 1.47% to 1.63%. The biggest contributor to the increased exposure is from both Private Equity and Infrastructure asset classes. This quarter, Infrastructure figures reflect a noticeable increase in the proportion of pooled funds RBCPF have allocated. This has increased Infrastructure's Brown exposure from 0.80% in Q1 to 0.92% of the portfolio in Q2. Other contributing factors have been a mark-to-market increase in the respective sector's performance of Brown positions held in Infrastructure and the Private Equity.

Compared with Q1 2022, green activities have increased from 3.67% to 4.44% of the portfolio. The change is a result of a large increased exposure from the Infrastructure asset class. The figures reflect several new companies being added to existing funds, which have been identified as Green. Combined with the increase in proportion of pooled funds RBCPF have been allocated, Infrastructure's Green exposure has increased from 3.43% in Q1 to 4.22% of the portfolio in Q2. Another contributing factor has been a mark-to-market increase reflecting the sector's strong performance of Green positions held in Infrastructure.

Investments in renewable energy generation from wind, solar, hydro, and waste make up 60% of total Green exposure, and 95% of Green exposure is via Infrastructure assets.

3. Core Stewardship

This section of the report gives an overview of stewardship activities in the last quarter. Client pension funds delegate day to day implementation of the Partnership's Responsible Investment approach to Local Pensions Partnership Investments Ltd (LPPI). Ongoing stewardship activities by LPPI include portfolio and manager monitoring and the exercise of ownership responsibilities via shareholder voting, and engagement.

Shareholder Voting - LPPI Global Equity Fund (GEF) (Dashboard page 3)

Shareholder voting is overseen centrally by LPPI rather than by individual asset managers. LPPI receives analysis and recommendations from an external provider of proxy voting and governance research. We follow Sustainability Voting Guidelines focussed on material ESG considerations and liaise with providers and asset managers as needed to reach final voting decisions.

Full details of all shareholder voting by LPPI are publicly available from the LPP website within quarterly [shareholder voting reports](#).

The period 1st April – 30th June 2022 encompassed 233 meetings and 3207 resolutions voted. LPPI voted at 98% of the meetings where GEF shares entitled participation. The shortfall reflects the application of Do Not Vote to a Russian position that was not fully liquidated before trading restrictions were introduced, two companies in shareblocking markets where LPPI applied Do Not Vote, and two custodian errors in the voting chain. LPPI has worked with the custodian to fix the latter.

Company Proposals

LPPI supported 89% of company proposals in the period.

Voting against management concentrated on:

- the election of directors (addressing individual director issues, overall board independence, and over-boarding), 38% of votes against company proposals.
- non-salary compensation (addressing inadequate disclosure of underlying performance criteria, use of discretion, and the quantum of proposed rewards), 18% of votes against company proposals.
- the support of shareholder resolutions, covering topics including climate change, human rights, diversity, and political lobbying (25%).

Case Study – Directors Related

LPPI voted against 145 directors-related resolutions across 66 companies. This was approximately 8% of all directors-related votes.

LPPI voted against 31 resolutions across 11 companies due to a lack of Board independence. Results (where disclosed): 8.9% - 49.3% Against.

LPPI voted against 18 directors across 16 companies due to the lack of diversity on the Board. Results (where disclosed): 0.9% - 63.3% Against.

LPPI voted against four directors across two companies due to overboarding. Results not disclosed.

Case Study – Non-Salary Compensation

LPPI voted against 66 compensation resolutions across 156 companies. This was approximately 22% of compensation-related votes. Of the 66 votes LPPI opposed, five received a majority of votes against.

At Agnico Eagle Mines Limited (USA: Gold), LPPI voted against the say-on-pay. This was driven by the fact that pay, persistently above the peer group median, has not reflected company performance vs the peer group over the one, three, and five year time periods. Result: 75.6% Against.

At Masimo (USA: Health Care Equipment), LPPI voted against the say-on-pay. This was driven by the presence of a single-trigger provision allowing the executive the ability to unilaterally discontinue employment and receive excessive severance pay-outs in the event of a change in control event (e.g. acquisition). Result: 52.6% Against.

At Netflix (USA: Movies and Entertainment), LPPI voted against the say-on-pay. This was driven by a lack of performance conditions linked to significant options grants. It also follows a lack of responsiveness to low support for previous say-on-pays. Result: 72.9% Against.

Shareholder Proposals

LPPI supported 115 out of 163 (71%) shareholder resolutions over the quarter.

LPPI supported 17 out of 22 (77%) diversity related shareholder resolutions. At McDonalds (USA: Restaurants), LPPI supported a shareholder resolution requesting the company oversee a third-party civil rights audit analysing its policies and practices on stakeholders. The vote passed with 55.1% support.

LPPI supported seven out of nine (78%) climate-related shareholder resolutions. At The Travelers Companies (USA: Property & Casualty Insurance), LPPI supported a shareholder resolution requesting the company issue a report considering how it intends to measure, disclose, and reduce GHG emissions associated with its insurance practices in line with the Paris Agreement^R. The vote passed with 55.2% support.

LPPI supported 13 out of 16 (81%) political lobbying related shareholder votes. At Netflix (USA: Movies and Entertainment), LPPI supported a shareholder resolution requesting that the company increase its disclosures on its lobbying expenses and related policies and procedures. The vote passed with 60.1% support.

LPPI supported six out of six human rights specific shareholder resolutions. None of the votes received majority support. At Amazon (USA: Internet & Direct Marketing Retail), LPPI supported two shareholder resolutions seeking greater information around the human rights due diligence processes linked to surveillance technologies. The votes received 40.3% and 40.7% support.

Case Study – Manager Monitoring

Infrastructure

The infrastructure team has undergone a deep dive exercise to further develop its ESG monitoring approach, focused on what information could be readily identified, measured, and compared. For the most recent quarter, 5 managers who manage approximately 50% of externally managed assets and represent 20% of the total NAV in the investment pooling vehicle (IPV) were chosen. Priority was given to these managers on the basis of sector exposure, holding period and size. A combination of a manager ESG call and review of ESG documentation, was used to build a dashboard of key indicators on manager ESG processes. Our engagement found all 5 managers to be PRI signatories who provided or were in the process of providing some level of carbon reporting. However, managers were behind in setting Net Zero targets or formalised physical climate risk monitoring processes. The findings

support LPPI's commitment to engage external managers on developing carbon reporting and integrating physical climate risk assessments into portfolio monitoring.

4. Robeco Summary

Net Zero Emissions

The new Net Zero Emissions theme is an extension of Robeco's existing corporate decarbonisation theme and will work with companies towards achieving net-zero emissions globally by 2050. It will outline expectations for companies to set long-term net-zero targets, and to substantiate them with credible short- and medium-term emissions reduction strategies, as well as transition plans that ensure a reduction in real-world emissions over the next decade reflecting the urgency to act now. Robeco have used external benchmarks such as Climate Action 100+^R to define their objectives.

The Net Zero Emissions theme also brings an expansion to their company selection process for climate engagement, which has resulted in an additional 15 companies. They are also now co-leading the engagement for Climate Acton 100+^R for five of the 15 companies and acting as a collaborative engager for a further five. Robeco expect to see quantitative results in 18-24 months' time.

Good Governance

The AGM season (when most companies hold their annual general meeting of shareholders) presents a unique opportunity for investors to engage with companies. The Covid-19 pandemic forced AGMs to be held virtually, with potentially lasting impacts. While digital meetings have allowed a wider set of shareholders to join meetings, it has led to low accountability as management can avoid awkward questions with little opportunity for shareholders to ask follow-up questions when the answers given are too vague. Hybrid AGM meetings are now being incorporated at many companies, as this allows a broad group of shareholders to attend online AGMs and ask questions from their location, whilst also facilitating an in-person attendance.

Over the 2022 AGM season, Robeco have also seen an increasing number of remuneration reports and policies that have been subject to shareholder dissent. Regulations (such as the EU's amended Shareholder Rights Directive) have given more tools to express disapproval, and the Covid-19 pandemic has changed the perspective of what shareholders consider to be acceptable remuneration practices. Robeco's engagement with companies urge remuneration committees to use pay packages to align incentives with long-term value creation considering both financial returns and sustainability.

Social topics are also gaining support, as shareholders are increasingly using their voting rights to push companies to take responsibility for environmental and social issues. Although shareholder proposals are a good way to flag 'E&S' issues, such resolutions are not filed consistently across markets and geographies. Robeco want to push companies to introduce additional mechanisms e.g., submitting their climate transition plan or improving their risk reporting on sustainability issues.

Single Use Plastics

From 2019 to 2022, Robeco engaged with 10 companies with the aim of driving the global plastics value chain towards a more circular economic model. After three years, they have successfully closed 80% of the engagement dialogues. The results from this engagement saw companies implementing innovative recycling initiatives, but there is little progress towards a fully circular model and evidence of more responsible lobbying efforts regarding regulation was limited. Robeco has been leading the call for a UN treaty on plastics and has urged other investors and financial industry stakeholders to sign up to it.

Digital Innovation in Healthcare (DIH)

In May 2022, Robeco closed the DIH theme with two-thirds of the engagement cases closed successfully. Most companies under engagement have defined a comprehensive digital strategy and supported it by integrating newer digital technologies within their innovation process. When it comes to cybersecurity, companies remain reluctant to share detailed information on external attacks and internal policy adherence failures due to commercial sensitivity issues.

The digital transformation that health care has seen over recent decades is now accelerating on a wider scale. The onset of the Covid-19 pandemic has fast-tracked the adoption of digital technologies in the health care sector and also forced companies to overcome their non-technological barriers to adapt to the new dynamic and remain competitive in the post-pandemic era. Robeco have also seen an increased recognition of the importance of sound cybersecurity, either voluntarily, or sometimes involuntarily through learning their lessons following impactful cybersecurity breaches and taking active steps to mitigate third-party risks. However, the engagements Robeco have undertaken show some bottlenecks, for example, health care centres have tightened their budgets and now have more limited resources to invest in high-tech solutions.

Sustainable Development Goals (SDG) Engagement

The SDGs provide a holistic, measurable roadmap to the world, outlining what countries, civil society, organisations, and corporates should do to solve the planet's most pressing issues. In 2021, Robeco created a new engagement programme, focused on improving companies' contributions to the SDGs. It marks a new engagement approach that focuses on seeking a measurable improvement in the contribution that investee companies can make to the goals. The SDG engagement theme focuses on companies with a high, unfulfilled potential when it comes to positively contributing to one or more of the 17 SDGs. Robeco selects companies for engagement using their proprietary SDG framework, which assesses contribution to the SDGs throughout the companies' products, procedures and potential involvement in controversies.

Guiding the SDG engagement are three key processes:

1. Fundamental analysis and engagement strategy
2. Engagement itself
3. Continued evaluation of the engagement impact

During its first year, Robeco have initiated engagement with 35 companies, engaging them on one or more of the 17 SDGs. While companies recognise that the SDGs are in everyone's interest, more structured and integrated approaches are needed to realise the 2030 goals.

Shareholder Engagement - Robeco Active Ownership

Company and manager engagements are underway on an ongoing basis, directly through board seats and Limited Partner Advisory Committees (LPAC) for private market assets, and more conventionally through shareholder engagement with listed companies.

LPPI's engagement partner Robeco has completed a full quarter of engagement activity. The RI Dashboard (page 4) presents engagement headlines for the quarter which confirm the Robeco Active Ownership Team undertook 39 activities in total, and the predominant focus (by topic) was Environmental Management.

Page 5 of the Dashboard summarises the status of each live engagement theme (as it stood at the end of Q2 2022).

The Active Ownership Report at Appendix 2 provides detailed narrative on thematic engagements underway with listed companies (**representing shares held by the Global Equities Fund, or corporate bonds held by the LPPI Fixed Income Fund**).

5. Collaborations and Partnerships

LPPI participates in a range of investor groups and partnerships which provide opportunities for shared learning and a platform for collective action. The following are headlines for Q2 2022.

OPSC Future Work Streams (Meeting)

LPPI attended the Full Council of the Occupational Pension Scheme Stewardship Council (OPSC) where priority work strands for next year were discussed and agreed preparatory to planning getting underway.

Over the summer, LPPI communicated our areas of focus and ideas for how the OPSC could best support us in 1:1 meeting with the OPSC secretariat. These suggestions were collated across the membership into a longlist of possible themes for the year ahead. LPPI then cast our votes for our priority areas and attended the Full Council meeting where the themes were debated and finalised. The final list includes: climate change and TCFD^R (approaches and best practice), joint engagement with service providers, workshops to streamline reporting, developing portfolio monitoring and engagement practices for private assets.

Investor Statement to Governments in the Climate Crisis 2022

LPPI once again added our name to the 2022 Global Investor Statement to Governments on the Climate Crisis. LPPI has been a signatory to successive Global Investor Statements to Governments on Climate Change since 2018. The annual statements are co-ordinated by The Investor Agenda and are a collective call to governments to rapidly implement priority policy

actions that will enable investment of the trillions in private capital needed to respond to the climate crisis and meet the goals of the Paris Agreement^R. The 2021 Statement had been the most demanding one to date and was directly cited as part of the COP26 discussions in order to demonstrate financial industry support for greater ambition. The most recent statement calls for governments to keep their COP26 pledges and ensure their targets and actions are in line with limiting global emissions to 1.5C. This is a great example of policy advocacy we carry out which supports our Net Zero by 2050 commitment as part of the NZAMI^R.

6. Other News and Insights

GLIL

GLIL^R has made its first investment in renewable energy generated by offshore wind turbines through a stake in Hornsea One, the world's largest operational offshore wind farm which is located off the Yorkshire coast and spans more than 400 square kilometres.

As an investor in GLIL^R, the fund is directly helping to support the UK's energy transition and Net Zero ambitions. Further information on this recent investment is available [here](#).

Consideration of Social Risks by Occupational Pension Schemes

In March 2021, the Department for Work and Pensions launched a call for evidence seeking views on whether Occupational Pension Scheme trustees' policies and practices on social factors are sufficiently robust and what the Government could do to ensure that trustees are able to meet their legal obligations in this respect.

LPPI submitted a response welcoming the focus on 'S' within ESG and suggested the Government's most productive role would be as:

- a facilitator using influence to encourage the investment sector to convene and develop standards that will solve perceived issues in a resource efficient way
- an advocate for the good practice being called for
- an exemplar of the processes and outcomes being urged on pension fund trustees (through incorporating material social factors within Covid recovery planning, and improving the ability of investors to hold companies to account by setting high standards for corporate governance via routes including listing rules).

The DWP published its response to the consultation on 15th July 2022 which confirmed the Department's view that *"it is up to schemes to determine how to consider financially material social risks and opportunities and whether to take an integrated approach to ESG or create standalone policies covering specific social factors. Whichever approach is taken, trustees should – where possible – consider financially material social risks and seize opportunities in this space. This will help trustees fulfil their fiduciary obligations by mitigating against financial risk and thereby safeguarding savers' money"*.

The main outcome is the creation of a new cross-department Minister-led working group which will lead work to:

1. Identify reliable data sources and other resources, which could be used by pension schemes to identify, assess and manage financially material social risks and

- opportunities; and which could be used to inform guidance on investment risks from social factors;
2. monitor and report on developments with the International Sustainability Standards Board, and other international standards.

The DWP response can be read in full [here](#).

FRC - The Impact of the Stewardship Code

The Financial Reporting Council (FRC) commissioned new research into the impact the revised UK Stewardship Code has had on the practice and reporting of asset managers and owners. The research consisted of a survey and interviews, carried out by a team from Minerva Analytics, the Durham University Business School and The Dickson Poon School of Law, King's College London, on behalf of the FRC. 55 asset managers and owners took part and provided evidence, with both groups providing very positive feedback about the impact of the revised 2020 Code. Notably, there was strong evidence of material changes to practice in the areas of governance and resourcing of stewardship, stewardship activities, processes and outcomes, and monitoring and reporting of stewardship.

Some of the key findings are as follows, with the full report found [here](#).

- All organisations in the sample had undertaken some organisational restructuring to better integrate stewardship within their investment decision-making, a new requirement of the Code.
- 96% of the respondents reported increases in the size of their stewardship teams since the introduction of the revised Code and noted opportunities for more formal career progression in stewardship.
- 77% said the quality of engagement was better because of the Code's influence.
- Asset owners reported the most significant way the Code has influenced their approach is that they now feel more empowered to monitor their investment managers and were supportive of the contribution to industry-wide change on long-term goals for the investment community.

Next steps for the FRC, working with the Financial Conduct Authority, the Department of Work and Pensions and the Pensions Regulator, is to carry out a review of the regulatory framework for effective stewardship including the operation of the Code, from 2023. This research is the first step in assessing whether the Code is creating a market for effective stewardship and the need for any further regulation in this area.

Net Zero Update

Significant progress has been made this quarter on developing LPPI's Net Zero climate action plan. MSCI has been brought on board as our preferred climate data provider for listed equities, and we have used their analytical capabilities to understand the Global Equities Fund's emissions baseline and begun to set targets against this using the IIGCC framework for asset managers. Our focus over the next quarter is on developing an engagement strategy which will underpin these targets and prepare for publication in October. Please see our recent client update for more details.

10,000 Black Interns

This summer, LPPI entered its second year as a supporter of the 10,000 black interns programme. Two interns joined us for a 6-week training programme which saw them rotating between different teams, seeing the full breadth of work that we do at LPPI. Both spent a week with the Responsible Investment team and showed great curiosity and enthusiasm for the work we do. Their research projects involved investigating recent incidents of greenwashing across the finance industry and the latest advice on assessing deforestation risk in order to support development of our Net Zero engagement strategy.

Stewardship Code Update

LPPI is preparing its Annual Report on Stewardship and Responsible Investment (2021/22) to the Financial Reporting Council, ahead of the October 2022 deadline. The report is our annual submission as a signatory to the UK Stewardship Code (2020) and reflects LPPI's commitment to high standards of stewardship defined as the responsible allocation, management, and oversight of capital.

This is the second time LPPI is submitting a report under the more demanding requirements of the UK Stewardship Code (2020), we intend to build upon our achievement and continue to improve our stewardship processes. The FRC will assess LPPI's Report and confirm (in early 2023) whether it meets the standard required for retaining signatory status.

For Reference

GICS - Global Industry Classification System

The most widely used approach to categorising activities into industry sectors. The main standard in use for public markets with growing use for other asset classes. For more information on GICS and the activities that fall into each sector, please see:

https://www.spglobal.com/marketintelligence/en/documents/112727-gics-mapbook_2018_v3_letter_digitalspreads.pdf

Climate Action 100+

Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

Paris Agreement

The Agreement is a legally binding international treaty to tackle climate change and its negative impacts. The Agreement includes commitments from all countries to reduce their emissions and work together to adapt to the impacts of climate change. It entered into force on 4 November 2016.

The Agreement sets long-term goals to guide all nations to:

- substantially reduce global greenhouse gas emissions to limit the global temperature increase in this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees,
- review countries' commitments every five years,

- provide financing to developing countries to mitigate climate change, strengthen resilience and enhance abilities to adapt to climate impacts.

<https://www.un.org/en/climatechange/paris-agreement>

MSCI ACWI - MSCI All Country World Index

A stock index designed to track broad global equity-market performance. The LPPI Global Equity Fund's benchmark.

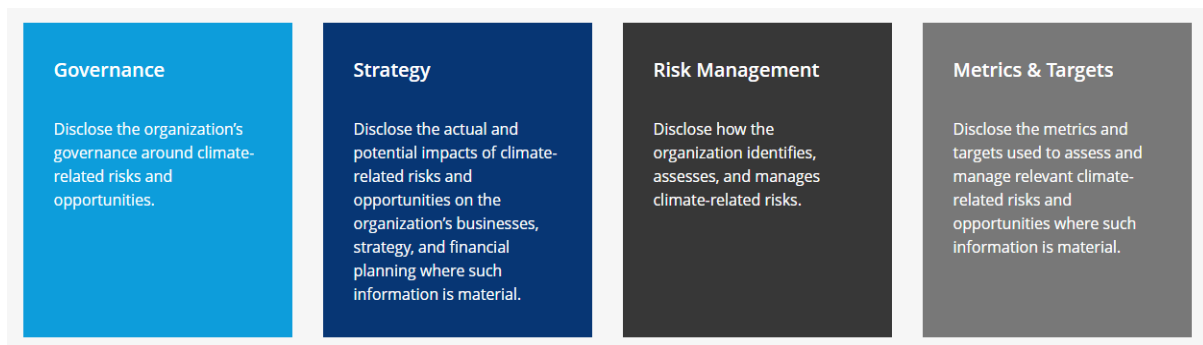
MSCI - Morgan Stanley Capital International

A global index provider.

TCFD - Taskforce on Climate Related Financial Disclosure

The Financial Stability Board created the Task Force on Climate-related Financial Disclosure (TCFD) to improve and increase reporting of climate-related financial information by companies and investors.

Recommendations include annual disclosure under 4 pillars:



TPI - Transition Pathway Initiative <https://www.transitionpathwayinitiative.org/>

The TPI assesses the highest emitting companies globally on their preparedness for a transition to a low carbon economy. 368 companies are rated TPI 0-4* for Management Quality based on 19 separate datapoints. TPI Management Quality scores provide an objective external measure of corporate transition readiness.

NZAMI – Net Zero Asset Managers Initiative <https://www.netzeroassetmanagers.org/>

The Net Zero Asset Managers Initiative launched in December 2020 and aims to galvanise the asset management industry to commit to a goal of Net Zero emissions.

GLIL - <https://www.gliil.co.uk/>

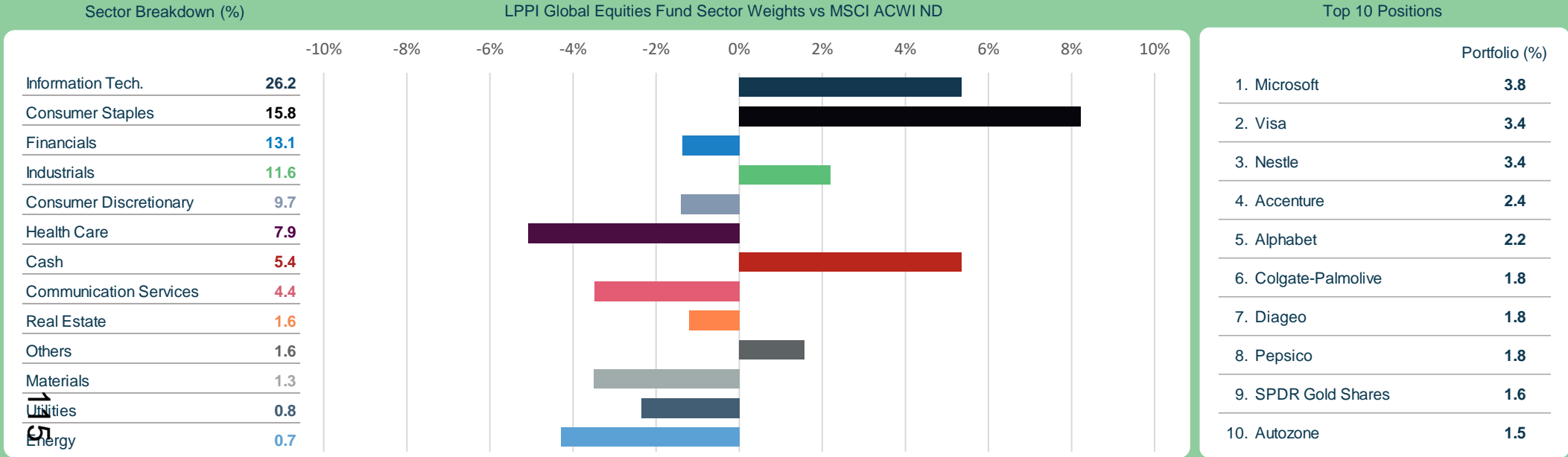
GLIL is an innovative collaboration between aligned and like-minded investors who are seeking investment into core infrastructure opportunities predominately in the United Kingdom.

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Responsible Investment Dashboard Q2 2022

1. Portfolio Insights

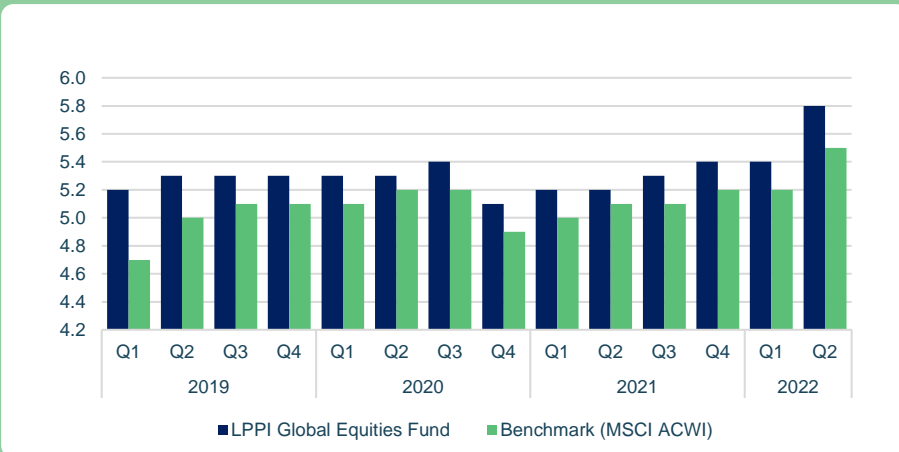
Listed Equities (LPPI Global Equities Fund)



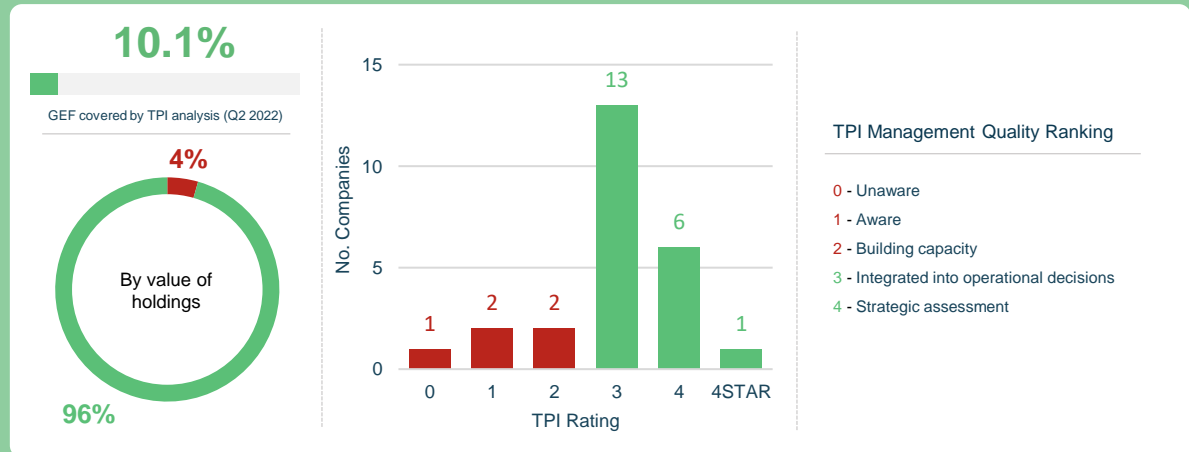
Governance Insights (ISS DataDesk)



Portfolio ESG Score (MSCI ESG Metrics)



Transition Pathway Initiative – Management Quality Headlines



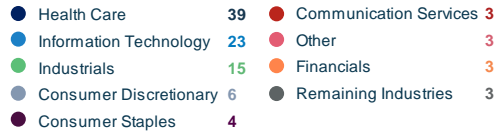
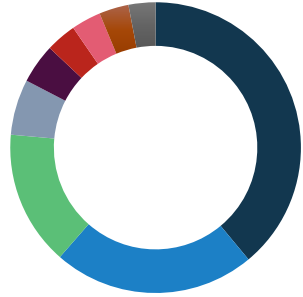
Responsible Investment Dashboard Q2 2022

1. Portfolio Insights

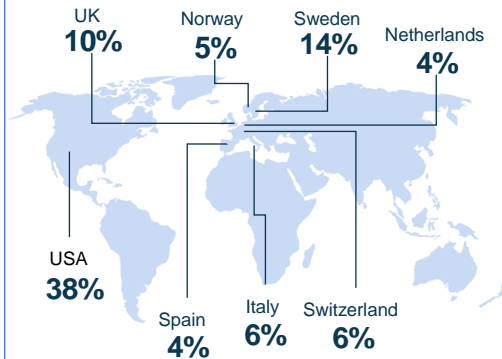
Other asset classes

Private Equity

Industry Breakdown (%)



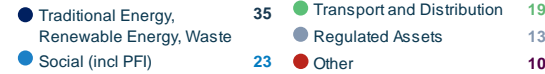
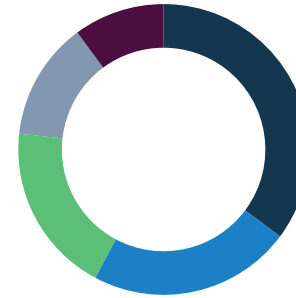
Region Breakdown (%)



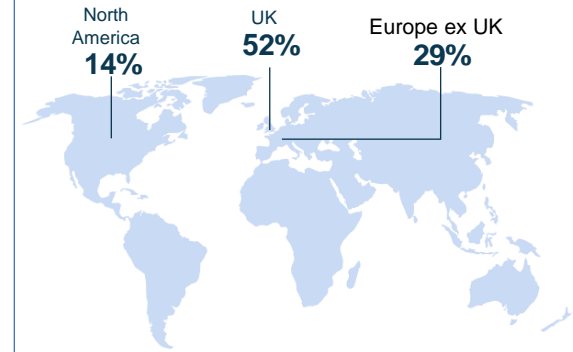
RoW
12%

Infrastructure (LPPI Global Infrastructure Fund)

Industry Breakdown (%)



Region Breakdown (%)



RoW
5%

Green & Brown Exposure

Green

Investments in businesses directly contributing to the global transition to a lower carbon economy, expressed as a % of the total value of the pension Fund.

4.44%
of portfolio



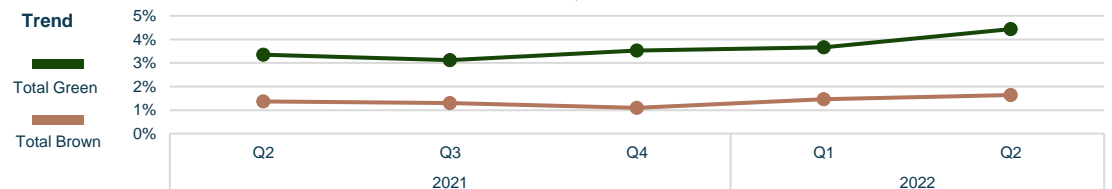
2.67%
Renewable Energy Generation



1.77%
Other "Green"



Trend



Brown

Investments in traditional energy (based on fossil fuels) expressed as a % of the total value of the Pension Fund.

1.63%
of portfolio



1.45%
Energy

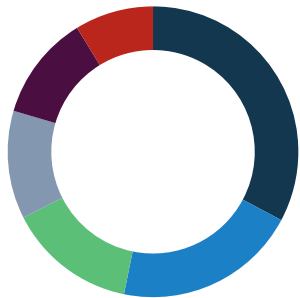


0.19%
Generation

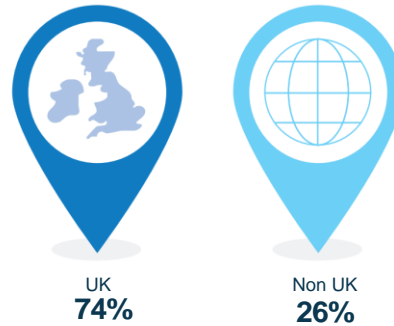


Real Estate (LPPI Real Estate Fund)

Sector Breakdown (%)



Geographical Exposure (NAV %)



The above Green and Brown metrics apply to parts of the portfolio which have exposure to a specific set of activities as per our definition of Green and Brown, and which are quantifiable at the time of publication (please see appendix). LPPI's Responsible Investment team continually endeavour to provide clients with the greatest picture of exposure possible.

2. Stewardship Headlines

Shareholder Voting

Shareholder Voting Statistics (LPPI Global Equity Fund)

Headlines



233

Meetings Voted



3207

Proposals Voted



Supported
89%
3044

Company Proposals



Supported
71%
163

Shareholders Proposals



55%

Meetings with a vote against Management



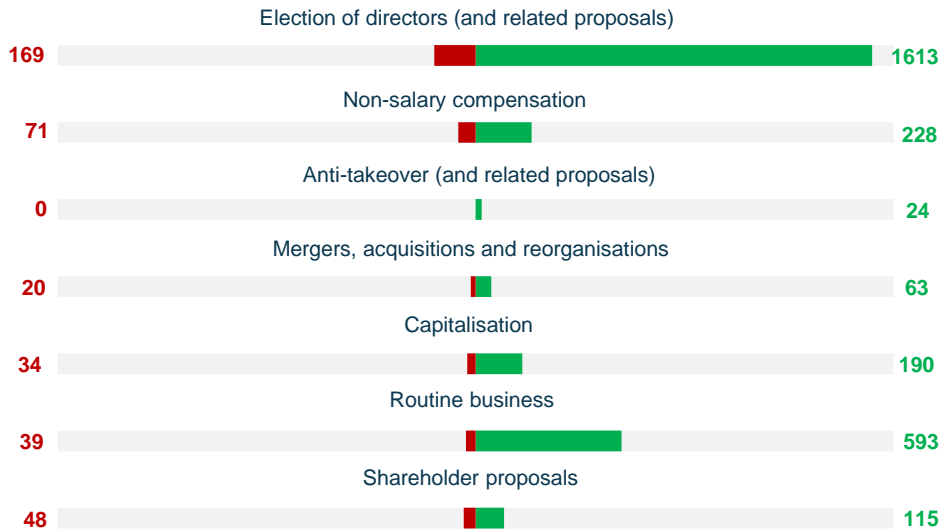
Votes Against Management (By theme)

● Election of Directors (and related)	145
● Shareholder Resolutions	95
● Non-salary compensation	66
● Capitalisation	33
● Mergers, acquisitions and reorganisations	20
● Routine business	18
● Anti-takeover (and related proposals)	0

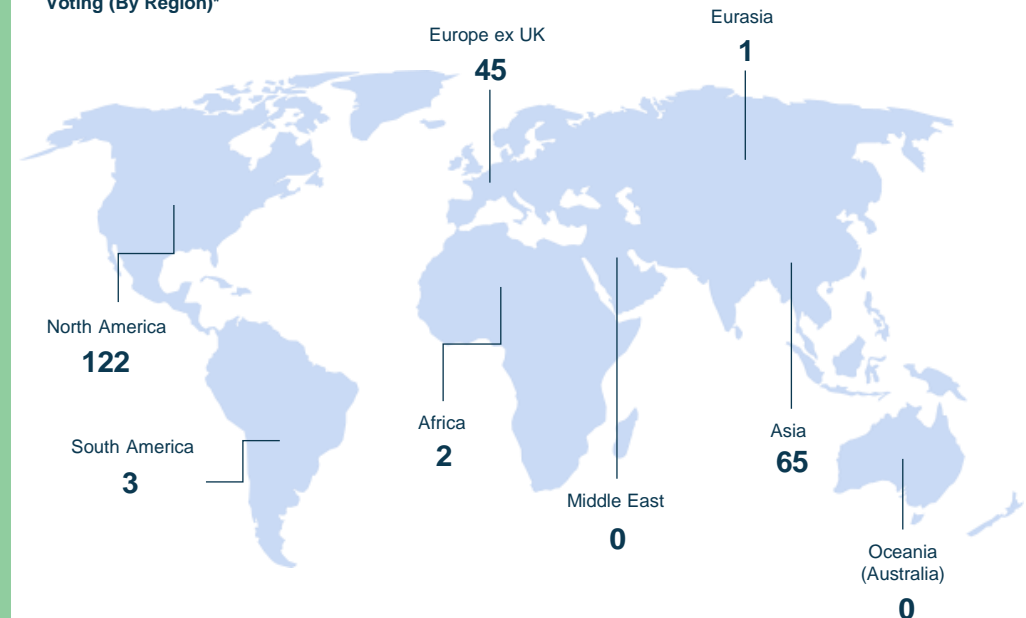
117

Voting (By Theme)

Against For



Voting (By Region)*



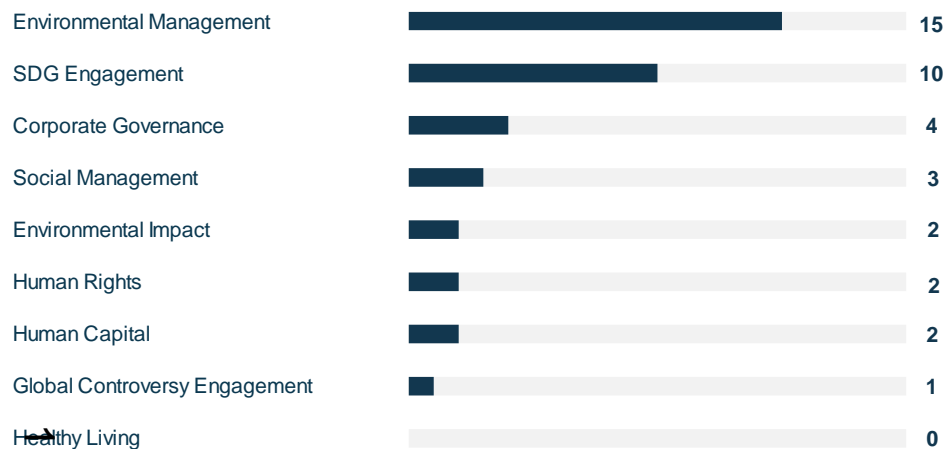
*Total votable meetings

Responsible Investment Dashboard Q2 2022

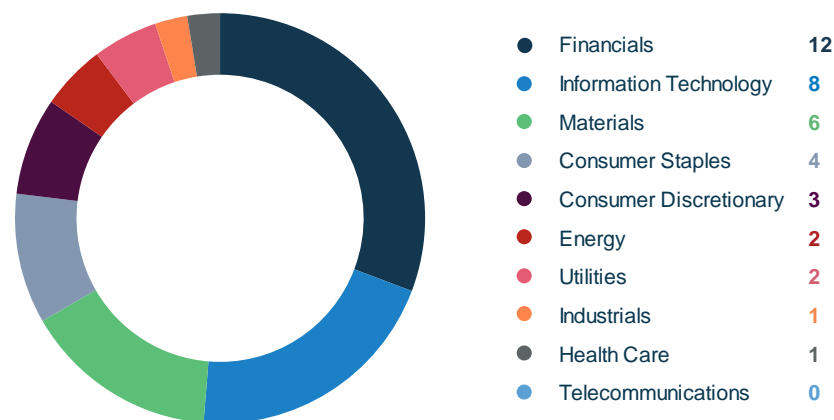
2. Stewardship Headlines

Engagement (Public Markets): Robeco

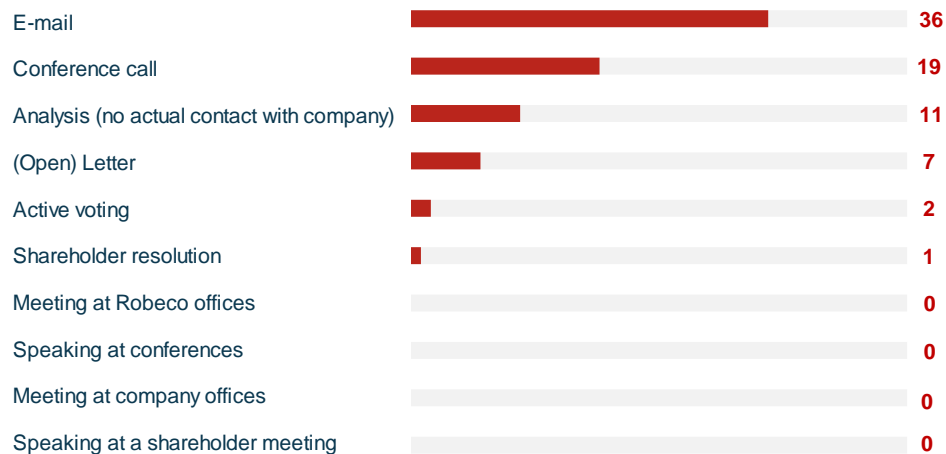
Activity (By Topic)



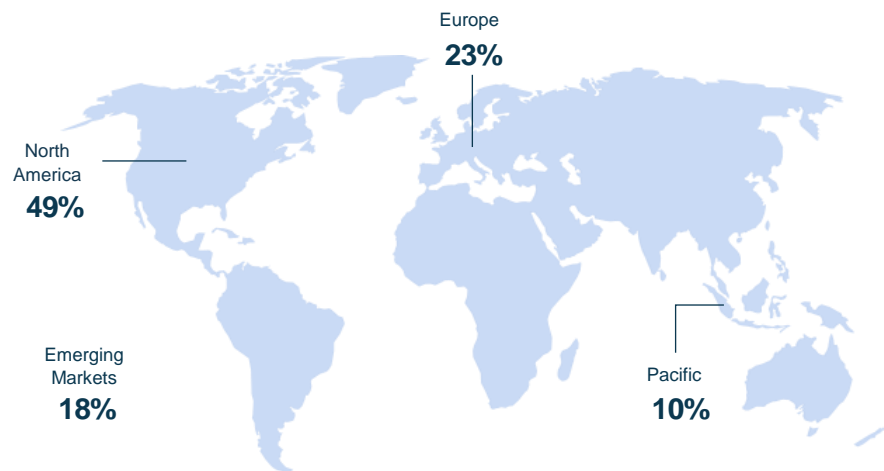
Activity (By Sector)



Activity (By Method)



Activity (By Region) (%)



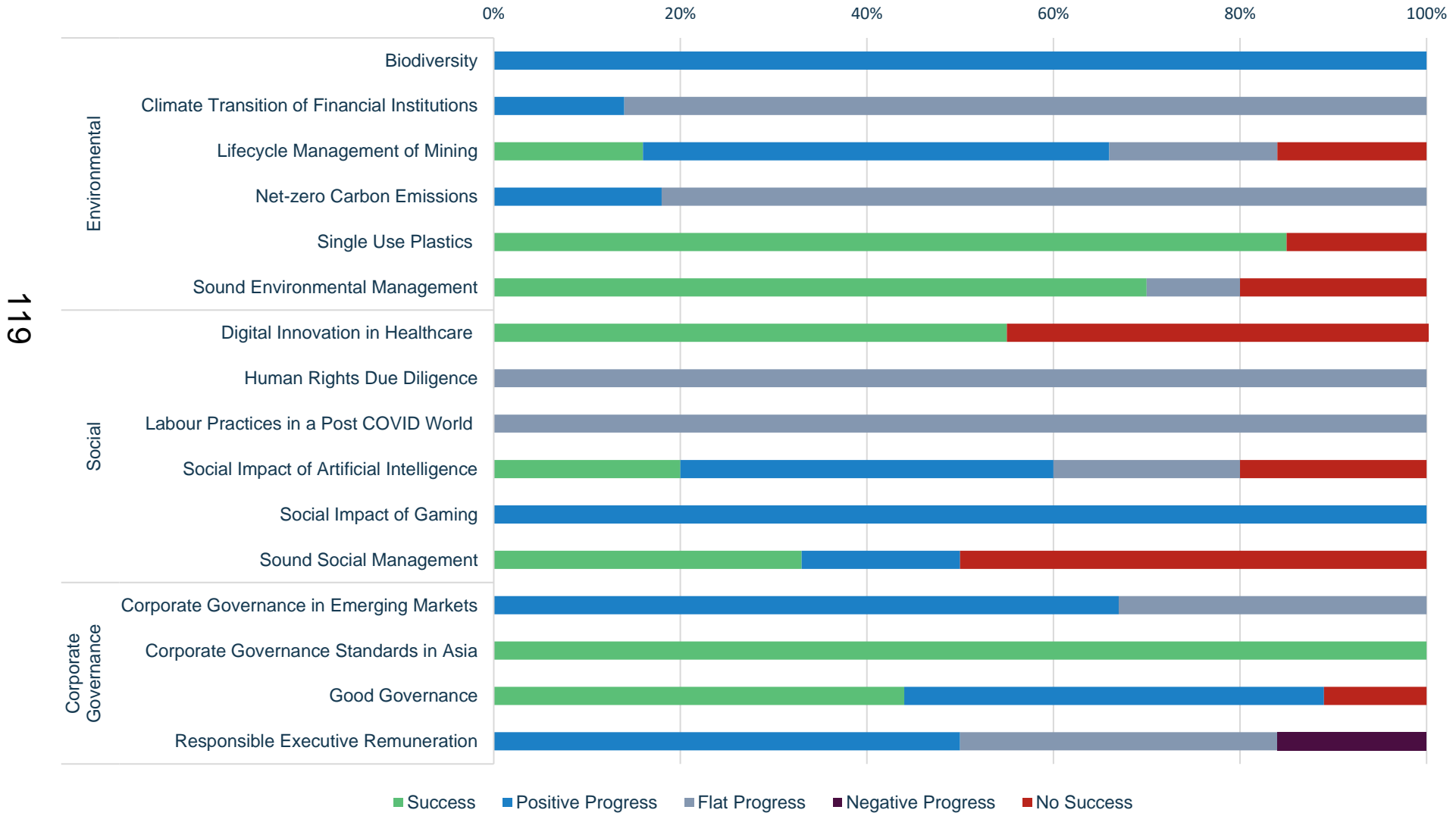
Source: Robeco Active Ownership Report Q2 2022

Responsible Investment Dashboard Q2 2022

2. Stewardship Headlines

Engagement (Public Markets): Robeco

Engagement Results (by Theme)



119

Source: Robeco Active Ownership Report Q2 2022



Direct investments

Direct Real Estate holdings in the UK (examples)

GWR Building
Bristol



120



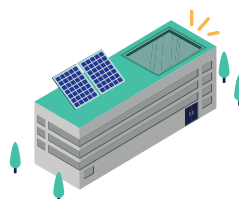
designed with sustainability in mind

- **110,000 sq. ft. mixed-use redevelopment** that will have a ground floor eatery with offices on the floors above
- The development has been designed with **sustainability in mind**, replacing old stock with in-demand energy efficient space that will also **support local growth through new employment opportunities**.
- The development is targeting BREEAM 'Outstanding', the highest possible BREEAM rating
- The asset will be powered by **100% renewable energy**
- The development will benefit from 'green ribbons' of planting along the terraces to support and increase local biodiversity



new planting along the terraces

Hilton Cross
Wolverhampton



natural light through skylights



electric vehicle charging

- Project Wolfpack is the acquisition and development of a site in Hilton Cross, Wolverhampton to create **3 logistics units**
- The units will achieve BREEAM 'Excellent' as well as an EPC 'A'
- The units will be fitted with **high efficiency air source heat pumps and LED lighting**
- The warehouse will benefit from **10% of the roof producing natural light through skylights** as well as **photovoltaic panels** placed on the roofs
- As part of the development of the site there are a number of contributions to both on-site and **local biodiversity projects including financial contribution and wildlife walkways**.
- The units will be fitted with provision for **electric vehicle charging**, both for employees as well as in the loading bays

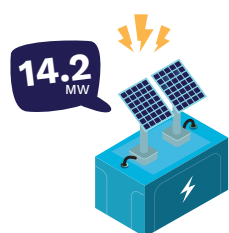


Examples of investments in Real Estate Funds

Charter Hall
Prime Industrial Fund



121



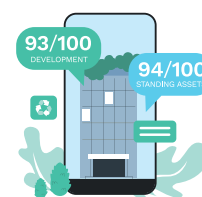
14.2MW of photovoltaic systems installed



partner charities
Morsl and Kickstart

- Charter Hall Prime Industrial Fund (CPIF) provides exposure to Industrial and Logistics assets within Australia
- Charter Hall scored **80** in their most recent **GRESB assessment** placing them in the **2nd quintile in the GRESB universe**
- The CPIF portfolio is powered by **100% renewable energy**, with all assets having climate change and adaptation plans
- The CPIF portfolio also generates **14.2MW of photovoltaic systems** installed and the fund actively partners with tenants to drive low carbon outcomes
- **100% coverage of scope 1 and scope 2** and **88% of Scope 3 emissions**
- CPIF partners with a number of charities: **Morsl**, which focuses on providing tenants with **healthy food options and supports wellbeing**, **Kickstart**, which runs training programs and supports **creating employment for vulnerable youth** and “Property Industry Foundation”, which creates **emergency housing** and focuses on **stopping youth homelessness**

GPT
Wholesale Office Fund



GRESB 5* green rating



reduction in water use since 2005

- **GPT Wholesale Office Fund (GWOF)** provides exposure to office assets across a number of Australia’s Central Business Districts
- GWOF have achieved a **GRESB 5*** green rating, having achieved **93/100 on the development benchmark and 94/100 on the standing assets benchmark**.
- The fund achieved verified **carbon neutral status for 100% of its operating assets** in 2020 (nb. the fund now has some development assets which will remain unrated until they are operational)
- **81% reduction in water use since 2005**
- Using the National Australian Built Environment Rating System (NABERS) the portfolio has an **average score of 6** (maximum available) across all rated buildings
- GPT have established “The GPT Foundation” to engage with their **7 chosen community partners** through skilled and grass roots staff volunteering, the provision of other support using resources available to GPT, and GPT’s work place giving program, Give for Change.

Portfolio Insights (Pages 1 - 2)

Sector Breakdown (%)

- Identifies the Global Equity Fund's ("GEF") sector breakdown and their proportions.

GEF Sector Weights

- Comparison of sector weights against their benchmark.
- The larger the bar the bigger the difference between GEF and benchmark weightings.
- Where a positive number is shown, this indicates the GEF is overweight to a sector.
- Where a negative number is shown, this indicates the GEF is underweight to a sector.

Top 10 Positions

- The top 10 GEF companies as a % of the asset class portfolio.

Governance Insights

122

Women on the board: A measure of gender diversity based on the average proportion of female board members for companies in the GEF.

- **Board independence:** The average proportion of board members identified by ISS as independent. Please note independence expectations vary across markets with LPPI generally favouring greater independence.
- **Say-on-pay:** The average investor support for the most recent say-on-pay vote at a company meeting. Please note not all markets require say-on-pay votes. A vote of greater than 20% against (support < 80%) is generally considered significant.

Portfolio ESG Score

- This is a relative indicator and not a measure of portfolio ESG risk exposure.
- Individual companies are assigned an ESG score (between 0-10). The final numbers shown in the bar chart are the weighted averages of these scores for the stocks held in the GEF vs its benchmark through time.
- This table is a comparison with the benchmark and reviews changes over time.
- LPPI utilise an established methodology (developed by MSCI) for determining the ESG score of stocks within the GEF. Further details can be found here: <https://www.msci.com/documents/1296102/21901542/MSCI+ESG+Ratings+Methodology+-+Exec+Summary+Nov+2020.pdf>
- The higher the score shown, the better the ESG credentials of the GEF / benchmark.

Portfolio Insights (Pages 1 - 2)

Transition Pathway Initiative (TPI) Headlines

- TPI assess how well the largest global companies in high carbon emitting sectors are adapting their business models for a low carbon economy.
- The % of GEF covered by TPI shows the portfolio exposure to high emitting companies.
- The number/proportion of companies with top scores (TPI 3 and 4) is a measure of the quality of transition management by the high emitting companies held within the GEF.
- Detailed TPI methodology can be found through the following link: <https://www.transitionpathwayinitiative.org/methodology>

Private Market Asset Classes

- These metrics indicate the industry sector and regional breakdown as a % of the asset class for Private Equity, Infrastructure and Real Estate investments.

Green & Brown

- These metrics indicate the Pension Fund's total portfolio exposure (%) to green and brown assets. Current coverage extends to: Listed Equity, Fixed Income, Green Bonds, Private Equity, and Infrastructure.
- These are further broken down into their sectors/activities related to green and brown.
- Please be aware that due to rounding within the different breakdowns the totals may not sum correctly.

Green

These are investments in renewable energy and sectors/activities assisting in renewable energy generation, low carbon tech and wider decarbonising activities.

Brown

Investments in energy and power generation based on fossil fuel activities, including: extracting (upstream), transporting (midstream), refining (midstream), supplying (downstream), or some energy companies that legitimately span all aspects (integrated). Fossil fuels used to generate energy is part of electricity generation.

Stewardship Headlines (Pages 3 - 5)

Shareholding Voting

- Key shareholder voting metrics for LPPI's GEF.
- The Headline section provides insight into the scope of voting activity, including how votes against management is concentrated.
- LPPI is responsible for voting on each decision taken, working in partnership with Institutional Shareholder Services to best inform views prior to taking action.
- The map of votes per region is included because different jurisdictions have different voting seasons. This provides context to the reporting of voting statistics quarter to quarter as votes take place in batches depending on the companies domicile at different points throughout the year.

Engagement (Public Markets)

- Engagement is an active, long-term dialogue between investors and companies on environmental, social and governance factors, which can be executed through a variety of channels.
- LPPI has engaged an external provider (Robeco Active Ownership Team) to supplement dialogue underway by LPPI and external delegate managers.
- 124 This section outlines the engagement activities undertaken by Robeco in the public markets by topic, sector, method, and region (indicating the number of companies engaged / geographical distribution).
- "Activity by method" summarises engagements by category / method and can include multiple inputs from the same company.
- The updated Robeco Active Ownership report summarises our engagement activities for the quarter and breaks them down into sub-sectors, where they are rated on success/progress (shown as a %).
- Page 9 of the Robeco stewardship policy outlines further details of their process: <https://www.robeco.com/docm/docu-robeco-stewardship-policy.pdf>

Real World Outcomes (Pages 6 - 8)

- This section provides real world ESG case studies, relevant to the Pension Fund's holdings, which rotate between asset classes each quarter.
- The focus of the real world outcomes rotates between asset classes for each quarter in the following pattern:
 - Q1 – Infrastructure
 - Q2 – Real Estate
 - Q3 – Private Equity
 - Q4 – GEF
- The case studies are an in-depth review of positive ESG practices for current investments within the portfolio over the past year.

The named client pension fund has been assessed as an elective Professional Client for the purposes of the FCA regulations. All information, including valuation information, contained herein is proprietary and/or confidential to Local Pensions Partnership Ltd (LPP) and its subsidiary, Local Pensions Partnership Investments Ltd only (LPPi) (together the "LPP Group"). LPPi is authorised and regulated by the Financial Conduct Authority. This document and its content are provided solely for the internal use of the intended recipient(s) and subject to the terms and conditions of this disclaimer. Unless otherwise required by English law, you shall not disseminate, distribute or copy this document or any of the information provided in it in whole or part, without the express written consent of the authorised representative of the LPP Group. The purpose of this document is to provide fund and performance analysis for the named client pension fund only. It does not provide advice and should not be relied upon for any purpose including (but not limited to) investment decisions. Market and exchange rate movements can cause the value of an investment to fall as well as rise. Past performance is not an indicator of future performance. Without limitation to the aforesaid, this document and its contents are provided 'as is' without any representation or warranty (express or implied), and no member of the LPP Group nor any of their respective directors, officers and employees shall be held liable, as to the appropriateness, accuracy or completeness of the information provided herein.

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ACTIVE OWNERSHIP REPORT

ROBECO | 01.04.2022 - 30.06.2022

LPP

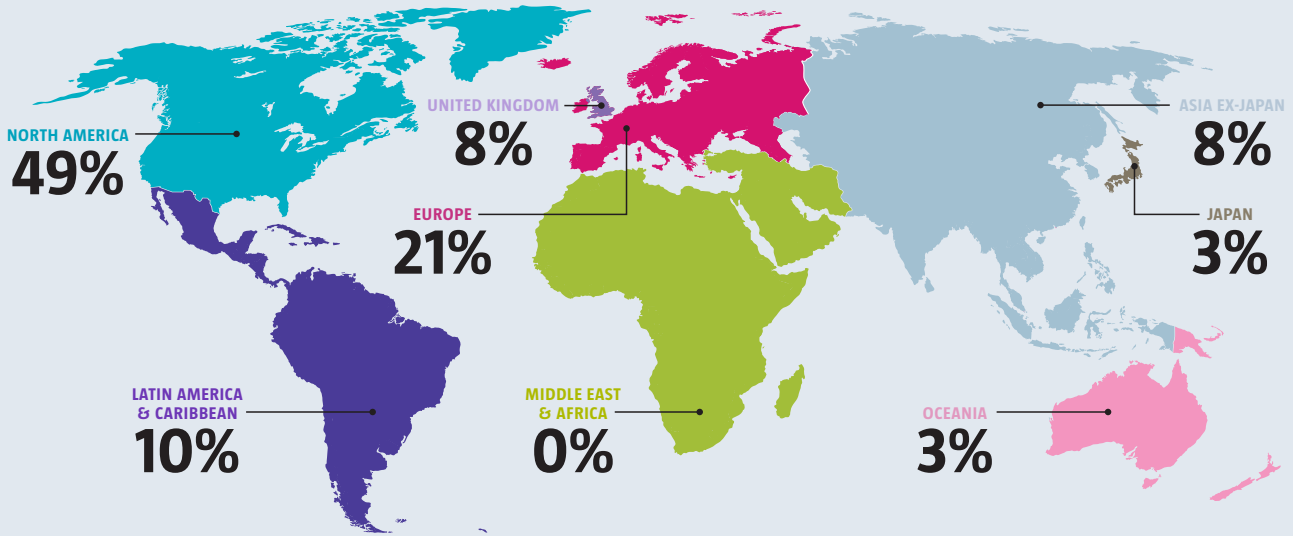
Local Pensions Partnership
Investments

Q2 2022

Sustainable Investing Expertise by
ROBECOSAM

Q2|22 FIGURES ENGAGEMENT

Engagement activities by region



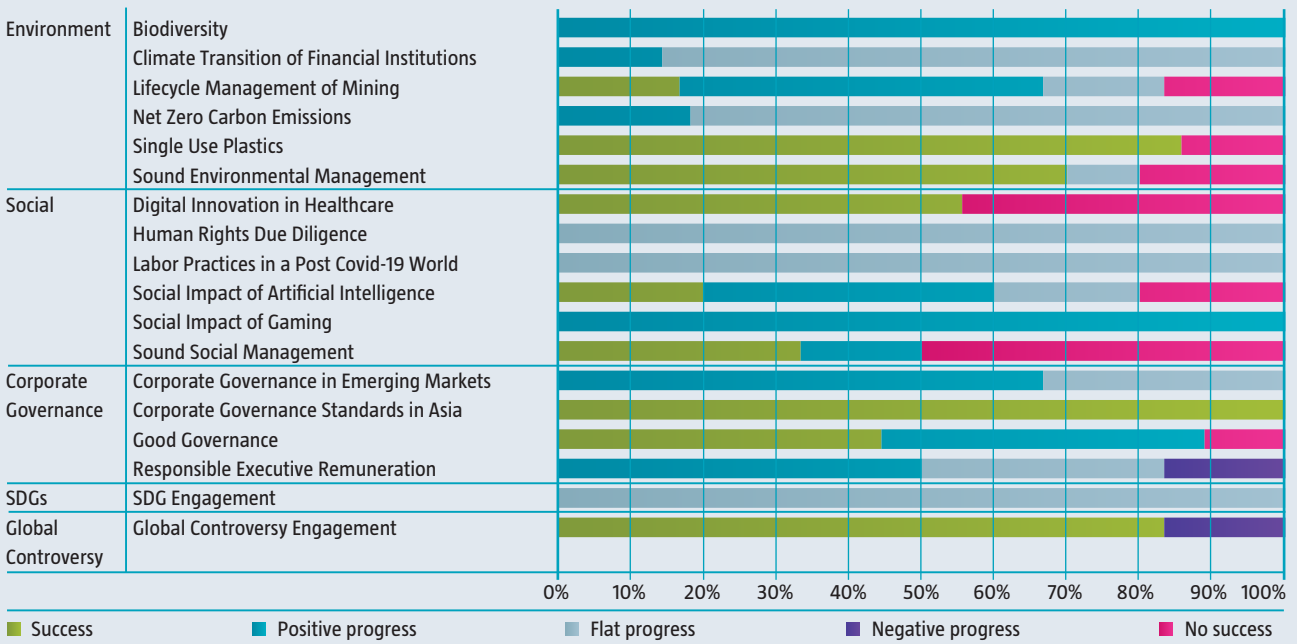
Number of engagement cases by topic

	Q1	Q2	Q3	Q4	YTD
Environment	17	17			22
Social	7	7			12
Corporate Governance	4	4			7
SDGs	7	10			15
Global Controversy	2	1			2
Total	37	39			58

Number of engagement activities per contact type

	Q1	Q2	Q3	Q4	YTD
Meeting	1	0			1
Conference call	26	19			45
Written correspondence	25	43			68
Shareholder resolution	0	1			1
Analysis	4	11			15
Other	0	2			2
Total	56	76			132

Progress per theme



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Net Zero Emissions

The new Net Zero Emissions theme is an extension of our existing corporate decarbonization theme, expanding our climate engagement by additional 15 companies. Nick Spooner guides us through the key changes to the theme, from expanded coverage to an even stronger focus on collaborative engagement.

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Good Governance

Nearing the end of the 2022 AGM season, we take a moment to reflect on the key trends that have marked this year's voting season, from hybrid AGMs to growing discussions around climate and remuneration. By highlighting key AGMs, Michiel van Esch demonstrates the importance of engaging companies around good governance.

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Single Use Plastics

Single use plastics have become an inherent part of our society, however the pollution caused by plastic is catching up with us, calling for innovative solutions to make plastic more sustainable. Sylvia van Waveren takes us along on her three-year engagement with companies from across the packaging value chain, reflecting on the challenging road to circularity.

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Digital Innovation in Healthcare

As Covid-19 is slowly moving to the background, we close our Digital Innovation in Healthcare engagement. Engagement specialist Laura Bosch reflects on the outcomes of the engagement program, as well as some of the key trends, opportunities and challenges that the digital transformation in the health care sector has brought about.

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SDG Engagement

The United Nations' 17 Sustainable Development Goals (SDGs) provide a blueprint for a more sustainable future. Engagement specialist Alexandra Mortimer shares first insights into how our new SDG Engagement program, launched in 2021, uses investor leverage to accelerate corporate contributions to the SDGs, working with companies to integrate sustainable development within their strategy and business models.

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INTRODUCTION



The first half of 2022 has seen a lot of economic turmoil, from the Russia-Ukraine conflict disrupting energy and food markets, to growing uncertainty as inflation and interest rates rise across the world. These global events underline the ever-growing relevance of our corporate engagements: from our accelerated engagements around net zero carbon emissions that are now coinciding with European oil shortages, to our active participation in this year's AGM season, where we have been emphasizing the increasing importance of responsible corporate governance.

And while economic upheaval has been dominating the agenda, climate change continues to take center stage, not only through our engagements, but also during the 2022 AGM season. On the engagement side we have expanded our Net Zero Emissions theme to include 15 more companies to encourage them in their journey to become carbon neutral.

Meanwhile, we have seen growing support for environmental proposals at many AGMs, from investors asking for the reduction of single-use plastics, to requesting more disclosures on companies' climate risks. In our article on Good Governance, we explain how investors can not only put forward a clear message through their votes at AGMs, but can also leverage these shareholder interactions to establish a strong dialogue on corporate social responsibility.

As the 2022 voting season comes to a close, so does our engagement theme on Single-Use Plastics, in which we engaged with 10 companies across the plastic packaging

value chain. Throughout the three year engagement, we saw great progress in promoting plastic recycling; we noticed some exciting innovations, and we were pleased to see growing industry collaboration to reduce plastic waste. Despite the impressive progress for some companies, none of the companies under engagement were able to set up a fully circular business model, leaving room for further improvement there.

As countries have loosened their Covid-19 restrictions, our engagement with the health care sector has come to an end. Through our Digital Innovation in Health Care program, launched in 2019, we have highlighted how the pressures from the pandemic on the health care sector have exposed key innovation and security gaps. Over three years, we joined health care companies on their digital journeys, from setting up concrete digital innovation strategies to growing collaborative initiatives between health care providers, fostering knowledge sharing and wider integration of care solutions. While we closed two-thirds of the engagements successfully, not all companies were able to take sufficient steps in addressing the digitalization risks, whether linked to data privacy, cybersecurity or broader industry evolution.

Lastly, we are proud to introduce our SDG engagement program in this quarterly update, marking a new way of engaging with companies. The theme focuses on the contributions that companies can make to one or more of the 17 Sustainable Development Goals, and calls for the integration of sustainable development principles within these companies' business models. Whether by encouraging animal pharmaceutical companies to expand into emerging markets, contributing to 'Zero Hunger' or underlining editing software companies' critical role in ensuring 'Peace, Justice and Strong Institutions' through their fight against digital content manipulation and the spread of fake news, we hope to exemplify the power of investor action.

The width of our engagement themes and the depth of our dialogues reflect the importance we attribute to sustainability as we move forward into the second half of 2022.

Carola van Lamoen
Head of Sustainable Investing

It is not only about achieving the end goal of net-zero, but how we get there

NET ZERO EMISSIONS

NICK SPOONER – *Engagement specialist*

The new Net Zero Emissions theme, launched in Q1 2022, is an extension of our existing corporate decarbonization theme, expanding our climate engagement by additional 15 companies. In this Q&A, Nick Spooner reflects on the continued urgency for climate action, explains the key changes to the theme and reiterates the importance of collaborative action as we step up our engagement under the Climate Action 100+ investor initiative.



What are the aims of the Net Zero theme?

As its name suggests, this engagement theme will work with companies towards achieving net-zero emissions globally by 2050. This is necessary to reduce greenhouse gas emissions and limit further temperature increases. Research by the Intergovernmental Panel on Climate Change (IPCC) has warned against the devastating impact of not meeting the Paris Agreement goals to combat global warming, with significantly higher levels of physical and economic damage occurring at 2°C of warming compared to pre-industrial levels, versus the lower goal of 1.5°C. Therefore, our collective ambition is to limit temperature increases to 1.5°C, or as close to this as possible.

The framing of net-zero is beneficial in setting out this longer-term goal. However, this framing also creates an overly simplistic conception of what is required, and the differentiation between pathways at a sectoral and regional level. Furthermore, the latest research by the IPCC issues a stark warning about the world needing much more action now to reduce the parts per million of carbon in the atmosphere by 2050. Since it is the cumulative emissions that ultimately matter, it is not only about achieving the end goal of net-zero, but how we get there. Specifically, this relates to how quickly we can bend the curve of emissions over the short and medium term. The current rate of annual emissions means the world will exhaust the carbon budget that would limit warming to 1.5°C within the next decade, and so early action is disproportionately beneficial in buying time to fully transition. Our engagement under this theme sets the expectation for companies to set long-term net-zero targets, and to substantiate them with credible short- and medium-term emissions reduction strategies, as well as transition plans that ensure a reduction in real-world emissions over the next decade.

'WHILE THE FOCUS OF MANY OF OUR ENGAGEMENTS IS ON EMISSIONS REDUCTION TARGETS OVER THE SHORT, MEDIUM AND LONG TERM, IT IS NECESSARY TO ENSURE THAT COMPANIES ARE CLEAR ABOUT THEIR PLANS TO ACHIEVE THIS.'

NICK SPOONER

What is a credible transition plan and what are the objectives that we look for in our engagement?

A credible climate strategy is difficult to define as each company will have its own challenges and approaches to decarbonization. Nevertheless, we can leverage external benchmarks, such as the Climate Action 100+ Net Zero Benchmark, in defining our objectives. We consider this approach to be well-rounded and thoughtful in terms of driving credible transition strategies. While the focus of many of our engagements is on emissions reduction targets over the short, medium and long term, it is necessary to ensure that companies are clear about their plans to achieve this. They need to disclose their climate governance structures, climate-related risks and opportunities, and have plans in place for deploying the capital necessary to decarbonize.

We are closely involved in the evolution of the Climate Action 100+ process and will continue to contribute to the development of metrics and indicators within the benchmark. Recent developments have brought in two new sub-themes around climate accounting and the 'just transition' in which social factors are also incorporated. We are also increasingly focused on the role of carbon offsets, seeking to ensure that companies follow the mitigation hierarchy and are carrying out proper due diligence around offset activities.

The proliferation of net-zero targets has accelerated the debate around carbon offsets. This is due to the fact that it challenges companies to think about what a net-zero business looks like for them as an organization. To reach this final point there is going to be a high degree of variability in abatement costs, both between companies and within companies. It may be the case that there are residual emissions for some companies, particularly in high-emitting, hard-to-abate sectors, meaning that some degree of negative emissions technology is required. When dealing with nature-based carbon offset solutions, we need to be cautious about the level of commitment that any one company makes, and the potential negative externalities associated with these investments, such as impacts on indigenous rights or biodiversity. If there is any one takeaway from the Covid-19 pandemic, it is how inter-related many of these issues are.

How does this engagement program differ from other engagement programs?

The new Net Zero theme, launched in Q1 2022, is an extension of our corporate decarbonization theme which opened in Q4 2020. Here, we have expanded the theme by engaging with an additional 15 companies. What is different about the approach we have taken in this net-zero expansion is the company selection process. As with the Acceleration to Paris engagement theme, we use our 'traffic light' assessment research to categorize companies based on their lack of alignment to the Paris Agreement. The Acceleration to Paris engagement program chose the 13 worst-performing companies to engage with; the Net Zero engagement program expands this by engaging with the next 12 worst-performing companies based on our assessment.

Three mining companies were not selected on this traffic light basis, but because of opportunities that arose within the wider Climate Action 100+ initiative. This brings the total of engaged companies to 15. Despite this divergence from the approach taken with the other companies, we consider these opportunities for collaborative engagement to be extremely valuable in terms of enhancing the impact of our engagement. The importance of the mining sector, both with regard to reducing emissions related to the combustion of fossil fuels and with the expansion of low-carbon mineral extraction, was a major consideration in our selection of these companies.

The addition of these three mining companies is reflective of the broader push we have made to expand our influence under the Climate Action 100+ initiative. In our new Net Zero value engagement theme, we are now co-leading the engagement for Climate Action 100+ for five of the 15 companies and acting as a collaborative engager for another five companies.

How has engagement been progressing so far?

It is still too early in the process to comment around the success of engagement – we hope to see more quantitative results in 18-24 months' time. However, there are some notable cases to highlight so far, such as the one below:

Enel

We have co-led the engagement with Enel under the Climate Action 100+ initiative since 2018. We have seen significant progress across most of our engagement objectives since then. More recently, we have focused our engagement on Enel's climate lobbying and disclosures. Over the last year we have had intense engagement with the company on this topic and provided extensive feedback based on our expectations. In Q2 2022, we have seen positive results from this engagement effort, as the company has significantly improved its disclosures on climate lobbying. In Enel's 2021 Consolidated and Sustainability Reports, the company disclosed for the first time its assessment on the level of alignment with the goals the Paris Agreement. This is something that the industry associations that Enel is member of had been advocating for. Based on the enhanced transparency and adoption of good practice, InfluenceMap – an independent think-tank ranking corporate climate lobbying – has upgraded Enel's score from 21/100 to 57. This means Enel now ranks third among Climate Action 100+ focus companies that have published an industry association review. ■

A new era for AGMs?

GOOD GOVERNANCE

MICHIEL VAN ESCH – *Engagement specialist*

The AGM season, when most companies hold their annual general meeting of shareholders, presents a unique opportunity for investors to engage with companies. With the world moving out of lockdowns, companies are increasingly adopting hybrid AGMs to allow more people to attend. Meanwhile, investors are using AGMs to take stronger stances towards topics such as remuneration, social responsibility and climate action.



Hybrid AGMs; having your cake and eating it

Until the global pandemic, most institutional shareholders cast their votes by proxy well in advance of the AGM. The actual meeting is typically attended in person by retail shareholders. Institutional shareholders only show up to make a public statement in a few cases, with most dialogue happening well before the AGM.

The global health pandemic inherently changed all that. While digital meetings enable a wider set of shareholders to join meetings, they also allow the degree of interaction to be controlled by management or the board. Some companies have made a point of answering all the questions posed even under a digital set-up, yet other companies only answer the questions that were convenient to answer. The fully digital AGM allows many more shareholders to join in, but accountability is low, as management can avoid awkward questions, and there is little opportunity for shareholders to ask follow-up questions when the answers given are too vague.

During the 2022 season, we have seen that many companies are trying to have the best of both worlds. Hybrid meetings allow shareholders that cannot travel long distances to ask questions or make comments from their offices abroad. Shareholders who want to make sure that their messages are not ‘muted’ can show up at the meeting to make their voices heard. Currently, we see many different forms of AGMs taking place across the world. In some industries, the fully digital AGM seems to be preferred, whereas other markets show a clear preference for a return to pre-pandemic meetings in person.

We believe that the future set-up should allow for both; allowing a broad group of shareholders to attend online AGMs, whilst facilitating in-person attendance. In the Netherlands, several companies have already made this hybrid model work. For example, our attendance at the AGM of DSM showed us that meetings can be efficiently held with both shareholders calling into the meeting and asking questions from their location.

Obviously, there are also downsides to the in-person component of hybrid AGMs, such as when special interest groups join meetings as shareholders, claim a podium for themselves, and disrupt the flow of the meeting. An example of this was when several participants of the AGM of Shell (formally known as Royal Dutch Shell) glued themselves to their seats and caused the meeting to be delayed for several hours.

Remuneration; measuring with diverging standards

The time when shareholders viewed remuneration to be the only instrument they could use to align management with creating shareholder returns is over. An increasing number of remuneration reports and policies have been subject to shareholder dissent in

‘WHILE DIGITAL MEETINGS ENABLE A WIDER SET OF SHAREHOLDERS TO JOIN MEETINGS, THEY ALSO ALLOW THE DEGREE OF INTERACTION TO BE CONTROLLED BY MANAGEMENT OR THE BOARD.’

MICHIEL VAN ESCH

recent years. Regulations such as the amended Shareholder Rights Directive (SRD2) in Europe give shareholders more tools with which to express their disapproval of remuneration practices. Additionally, the Covid-19 pandemic has changed the perspective on remuneration, both in the eyes of society and in what shareholders consider to be acceptable remuneration practices.

One example of a shareholder revolt was seen at Philips, where 80% of shareholders voted against the company’s bonus scheme because of re-adjustments of performance targets. The supervisory board claimed that supply chain challenges were simply external issues, and that the lagging performance could not be attributed to management. Even if this were true, shareholders seem to be uncomfortable allowing remuneration committees to adjust the financial outcome for management if this cannot also be applied to the company’s other stakeholders. Phillips’ shareholders suffered a 40% loss of capital due to the supply problems, while its customers were delivered faulty medical equipment and did not receive any compensation.

While in Europe shareholders consider a EUR 1.5 million bonus unacceptable in the light of a poor stakeholder experience, in the US, CEO pay levels are rising to new records, Apple’s CEO was paid USD 98 million for his performance this year. His performance-based long term incentive plan – with a grant date fair value of almost USD 45 million – is based on three-year performance against one sole metric, with a sizeable portion of the award still vesting in the event of below-median performance. Even though his pay package attracted a ‘vote against’ advisory from proxy voting advisor ISS, the vast majority of shareholders (64%) approved his remuneration anyway.

In our engagement with companies, we urge remuneration committees to use pay packages to align incentives with long-term value creation considering both financial returns and sustainability. This also means that we expect companies to apply moderation in their pay awards for CEOs. The concept of accountability for pay for many investors is shifting from a purely shareholder approach to one embracing all stakeholders.

Social topics are gaining support

Shareholders are increasingly using their voting rights to push companies to take responsibility for environmental and social ('E&S') issues.

For example, technology companies in the US are often asked to report on risks associated with privacy issues, or how their products are used in countries that are associated with human rights violations. Shareholder proposals remain unlikely to gain a majority support in technology companies owing to these firms' dual-share classes allowing management to control a significant portion of the vote.

Although shareholder proposals are a good way to flag some shareholders views that companies should make progress on E&S issues, such resolutions are not filed consistently across markets. In the US, shareholder resolutions are much more common and are often used as a starting point for engagement. In Europe on the other hand, constructive dialogue is often the preferred tool to influence management, but this often lacks the teeth of a vote. Therefore, we push companies to introduce additional mechanisms for accountability on E&S performance, for example by submitting their climate transition plans to a vote (the so-called Say on Climate), or by improving their risk reporting on sustainability issues.

European regulations will soon require companies to submit their sustainability reports to the AGM. This seems like a mere technicality, but allowing shareholders to have a specific voting item on sustainability can be a starting point for additional impetus for best practices on sustainability. It is also a means for shareholders to add their voice when demanding companies to make further progress on their sustainability performance. ■

The cost of circularity

SINGLE USE PLASTICS

SYLVIA VAN WAVEREN — *Engagement specialist*

From preserving food to transporting medicine, single-use plastics have become an essential part of modern life. However, the waste it generates is slowly catching up with us, flowing into seas and covering roadsides where there is no efficient waste infrastructure. To safeguard our planetary boundaries, companies must move towards a circular model that can alleviate the drawbacks of single-use plastics and have a positive business impact.

While delivering many benefits, the current use of plastic packaging has drawbacks that are becoming more apparent by the day. Single-use plastic products are made within seconds, used for just minutes, and remain as waste for centuries. From 2019 to 2022, Robeco engaged with 10 companies with the aim of driving the global plastics value chain towards a more circular economic model. After three years, we successfully closed 80% of our engagement dialogues.

Reduce, reuse, and recycle single-use plastic

Plastics are used in almost every part of our modern economy, combining superior functional properties with low cost. Their use has increased 20-fold since the 1970s and this is expected to double again in the next two decades. Today, nearly everyone, everywhere, encounters plastic packaging that is usually used only once on a daily basis. Reducing single-use plastic has become a priority for tackling the high degree of waste that it produces. A circular economy reduces the need for single-use plastics, innovates so that plastics can be reused or composted, and recirculates everything by keeping it within the 'loop' economy and away from the environment.

Challenges and issues

There are numerous, interlinked challenges and struggles with managing plastics, with some challenges arising from these solutions as well. We found that the development of responsible packaging sometimes conflicts with other solutions. For example, bioplastics are seen as a major solution to waste as they degrade

more easily than regular plastics, but this can complicate recycling systems further. Bioplastics are made of non-fossil fuel-based feedstock, which is positive in their ability to reduce climate impact, but often have comparable negative impacts when they are not recycled as regular plastics. Furthermore, these compostable materials are often not of sufficient quality to protect the food that is wrapped in them.

Recycled plastic still too expensive

We also found that there is an urgent need to improve the supply and demand dynamics for recycled plastic. Recycling plastic into new packaging can be costly. Household plastic waste must be sorted, melted into pellets, and turned into new packaging. That is why recycled plastic is often more expensive than new plastic. By recycling more efficiently to create an economical market for recycled plastics, companies can seize the opportunities and adapt their business models accordingly.

Engagement focus

The aim of this theme was to drive the global plastic packaging value chain towards a more circular model and improve the supply and demand dynamics for recycled plastic. This engagement focused on improving sustainability within the plastic industry. The 10 companies that were targeted operate within industries that have the potential to combat plastic waste issues. We engaged with the whole plastics value chain from petrochemicals, plastic packaging and consumer packaged goods to retail companies.

The results of our engagement

Companies are implementing innovative recycling initiatives and are involved in industry-wide collaborations. However, we saw little progress towards a fully circular model, and evidence of more responsible lobbying efforts regarding regulation was limited. In April 2022, we closed eight of the 10 engagements successfully. We found that most companies were able to show good progress toward three of the engagement objectives, namely innovation management, plastic recycling and industry collaboration and partnerships. However, they showed less progress towards responsible lobbying for regulatory change and plastic harmonization.

Many initiatives, but still in early stages

Despite sizeable general progress, we noted that only a few companies have demonstrated concrete efforts to accede to a circular model. There was insufficient overall progress towards effective plastic harmonization efforts, primarily because lessening the effects of complex plastics is a very difficult challenge to mitigate. This could be seen in the earlier example of the paradox of solutions that also bring additional challenges, such as with bioplastics.

'BY RECYCLING MORE EFFICIENTLY TO CREATE AN ECONOMICAL MARKET FOR RECYCLED PLASTICS, COMPANIES CAN SEIZE THE OPPORTUNITIES AND ADAPT THEIR BUSINESS MODELS ACCORDINGLY.'

SYLVIA VAN WAVEREN

Another example of this kind of paradox is a company that has significantly invested in scaling up waste collection in Egypt, providing economic opportunities for unemployed local people while also educating the consumer about the value of recycling. However, this type of fully traceable plastic comes at a much higher cost than virgin plastic. Other examples are a company that launched an innovative drinking ecosystem initiative that was recognized by the UN PRI as a best practice in avoiding waste. Another company launched a recycling facility to return post-consumer plastic waste to its molecular form to be used as feedstock for new plastic materials.

Next steps

Robeco has been leading the call for a UN treaty on plastics and has urged other investors and financial industry stakeholders to sign up to it. This initiative, which began in the summer of 2021, was heavily supported by the Ellen MacArthur Foundation, the WWF, and companies including BASF, Tesco, Coca Cola, Danone, Henkel, Mondelez, Nestle, P&G, PepsiCo, Unilever, and Amcor, among many others. In March 2022, the UN approved a mandate for the International Negotiating Committee to develop a legally binding treaty on plastic pollution. ■

CASE STUDY

An example of a best practice achievement is Nestlé, a Swiss multinational food and drink processing company. It is the largest publicly held food company in the world. The company launched an innovative drinking ecosystem initiative that was recognized by the UN PRI as a best practice in avoiding waste. Nestlé has developed two new packaging innovations for its natural mineral water bottles. The novel water bottles are designed to function just like traditional plastic bottles but with much less plastic.

The material used is an ultra-thin plastic bottle made entirely from recycled content. It uses two times less plastic than a classic 1L bottle. The plastic layer is surrounded by a fibre-based material made from 100% recycled cardboard and old newspapers. Proprietary technologies enable the plastic and fibre-based layers to be locked together to create a functional, sturdy water bottle that can be easily used without any damage.

Digital revolution in health care

DIGITAL INNOVATION IN HEALTHCARE

LAURA BOSCH – Engagement specialist

The digital transformation that health care has seen over recent decades is now accelerating on a wider scale. The onset of the Covid-19 pandemic has not only fast-tracked the adoption of digital technologies in the health care sector. It has also forced companies to overcome their non-technological barriers to adapt to the new dynamic and remain competitive in the post-pandemic era. As we close our engagement with the health care sector, we reflect on some of the key trends, opportunities and challenges that the digital transformation has brought about.



According to Accenture's research, 81% of health care executives say the pace of digital transformation at their organization is accelerating. To be successful, the health care C-suite must adopt a digital-first, people-centric approach across all areas of their organization. Many firms under engagement have written their first vision statements and set targets on utilizing digital innovation. The pharmaceutical industry is lagging slightly behind other industry players such as medical equipment suppliers or health care information technology providers. Until recently, there was no need to change their business-as-usual approach, and historically, there have been limited requests by the outside world for transparency.

For most companies that operate in the health care sector, innovating products or service offerings provides the principal source of competitive advantage, and hence represents the engine of an enterprise's future growth. The key to the success of digital innovation lies in having an integrated approach that allows solutions to be communicated across stakeholders, and which ultimately delivers more efficient, better-integrated care to patients. Through our engagement, we learned that companies are increasingly working towards outcome-based care models that focus on working to find the best patient solutions.

Opportunities and challenges

While business partnerships are not new, we are now seeing the adoption of multi-party systems that use shared data platforms to create a resilient, adaptable and trustworthy foundation for existing and future partnerships. The global pandemic has intensified active collaboration between public and private partners, where knowledge sharing and data exchange is used to serve the broader health care system. According to McKinsey, the number of partnerships will increase as a reflection of the necessary digital integration, as well as answering the subsequent patient privacy concerns. In line with increased partnerships, regulatory changes might facilitate data sharing through secure, interoperable electronic health care databases.

There have been some bottlenecks when it comes to the overall adoption of digital solutions in the health care sector. In light of the pandemic, health care centers have tightened their budgets and now have more limited resources to invest in high-tech solutions. Another challenge that companies flag is that customers expect digital services to be free, and are not willing to pay for it. Pharmaceutical companies have also experienced an increase in demand for digital clinical trials, yet the economic benefits of these remain to be seen. There are also certain trials that cannot be fully digitalized as there is added value from physical contact between patients and doctors.

Cybersecurity is paramount

Threats to cybersecurity are one of the biggest challenges that health systems have faced amid rapid digitalization in the last few years. It is imperative that cybersecurity and privacy is fully integrated by design in the piloting and deployment of new digital health care services and solutions. Industry players are beholden to responsibly embrace the drivers of change and the challenges to come, so they can not only deliver on the promise of the future of health, but can also ensure a safe and secure tomorrow for their consumers.

In our engagements, we observe an increased recognition of the importance of sound cybersecurity, either voluntarily, or sometimes involuntarily through learning their lessons following impactful cybersecurity breaches over recent years. Next to working together with industry stakeholders such as public research centers to mitigate risks, companies are increasingly training their supervisory boards and employees to be aware of these risks. They are gradually integrating cybersecurity by design, and are taking active steps to mitigate third-party risks.

'THE KEY TO THE SUCCESS OF DIGITAL INNOVATION LIES IN HAVING AN INTEGRATED APPROACH THAT ALLOWS SOLUTIONS TO BE COMMUNICATED ACROSS STAKEHOLDERS, AND WHICH ULTIMATELY DELIVERS MORE EFFICIENT, BETTER-INTEGRATED CARE TO PATIENTS.'

LAURA BOSCH

Modernizing sales and marketing

Sales and marketing spending comprises up to half of all the costs of pharmaceutical and biotechnology companies, meaning there is a potential for digital solutions to make the process more cost efficient. Health care sales have historically been a face-to-face process, with representatives going door to door, aiming to

build long-term relationships to achieve a sale. Both the Covid-19 pandemic and the widespread adoption of digital communication in health care have made the traditional sales approach socially challenging and financially unsustainable.

A large number of companies under engagement aim to enhance their existing marketing and distribution infrastructure through digital tools. Developing a strong digital marketing function will depend on how companies can embed it in customer journeys, build internal capabilities, and use data and analytics to personalize communications to meet individual health care professionals' needs. We recognize that one of the largest barriers to success is the digital knowledge gap, which makes it difficult for organizations to find the right people to support their digital transformation.

Closure of engagement theme

In May 2022, we concluded our engagement program and closed two-thirds of the engagement cases successfully. Most companies under engagement have defined a comprehensive digital strategy and supported it by integrating newer digital technologies within their innovation process. Limited progress has been achieved on the engagement objectives 'cybersecurity' and 'sales and marketing strategy', where respectively only 54% and 23% of these were closed successfully. When it comes to cybersecurity, despite having robust policies in place, companies remain reluctant to share detailed information on external attacks and internal policy adherence failures due to commercial sensitivity issues. ■

CASE STUDY

Managed care companies face material data privacy risks given the volume of data collected and the number of contact points with patients. The US health company Anthem is working on an initiative to enhance the data privacy component of their patient data sets. The company creates synthetic data where they register a patient's health representative data, but in a way in which it could be completely delinked from the actual person that the data represents. Synthetic data can be used to share valuable primary care information for AI modelling without compromising patients' privacy.

Engaging for the goals

SDG ENGAGEMENT

ALEXANDRA MORTIMER – *Engagement specialist*

The United Nations' 17 Sustainable Development Goals (SDGs) provide a blueprint for a more sustainable future, with goals ranging from 'No poverty' and 'Industry, Innovation and Infrastructure' to 'Climate action'. Investors have a key role to play in attaining this ambition as they can leverage their influence to accelerate corporate contributions to the SDGs. To help attain these developmental ambitions, we have launched a targeted SDG engagement program, working with companies to improve their positive contributions to the goals.

With an end date of 2030, the SDGs provide a holistic, measurable roadmap to the world, outlining what countries, civil society, organizations and corporates should do to solve the planet's most pressing issues. The first companies are starting to see not only their potential to generate an impact, but also the business opportunities that can be captured by these goals. This could involve providing electricity and internet to remote communities, thereby connecting them to the labor market, facilitating better education or increasing agricultural productivity in emerging markets. In doing so companies can build more sustainable operations and avoid any negative environmental or social impacts that would attract reputational damage, regulatory action or fines.

However, many companies continue to see the SDGs as an add-on to their business, missing an integrated approach that could capture sustainable development opportunities within their business models and operations.

New beginnings

In 2021, this led to the creation of a new engagement program, focused on improving companies' contributions to the SDG's. Although Robeco has engaged with companies on the SDGs for several years, the SDG engagement theme marks a new engagement approach that focuses on seeking a measurable improvement in the contribution that investee companies can make to the goals.

More specifically, the new program has an increased frequency, intensity, and measurement of interactions with stakeholders related to each engagement case. Based on integrated research capabilities and formed around concrete objectives and SDG-relevant milestones, the engagements follow a tailored, yet consistent and structured approach. By echoing the broad scope of topics covered by the SDGs, what sets this theme apart is that it has the flexibility to address any set of issues we deem relevant to the company through a holistic engagement approach.

Our SDG framework

The SDG engagement program is an ongoing theme which focuses on companies with a high, unfulfilled potential when it comes to positively contributing to one or more of the 17 SDGs. Companies are selected for engagement using Robeco's proprietary SDG framework. This assesses contribution to the SDGs throughout the companies' products, procedures and potential involvement in controversies. It scores them on a scale of -3 for those making a highly negative impact on the goals, to +3 for a highly positive impact. The engagement theme focuses on those companies which score in the middle of this scale, from -1 to +1, as we believe in the impact these companies can have if engaged properly.

'MANY COMPANIES CONTINUE TO SEE THE SDGS AS AN ADD-ON TO THEIR BUSINESS, MISSING AN INTEGRATED APPROACH THAT COULD CAPTURE SUSTAINABLE DEVELOPMENT OPPORTUNITIES WITHIN THEIR BUSINESS MODELS AND OPERATIONS'.

ALEXANDRA MORTIMER

The aim of our engagement is to improve the positive and reduce the negative SDG contributions of the selected companies, thereby increasing the number of companies actively creating positive impact, and the likelihood that the SDGs might meet the 2030 deadline set by the United Nations.

An impact-driven approach

Guiding the SDG engagement are three key processes. Before starting an engagement, a fundamental analysis is conducted and an SDG engagement strategy is laid out for each company, setting SMART (specific, measurable, attainable, relevant and time-based) milestones. These are focused around five overarching engagement objectives, asking companies to establish strong corporate processes around impact planning, SDG reporting, target setting, stakeholder engagement and integrated governance.

Second, there is the engagement itself, during which we seek to explore the operational and product links between companies and the SDGs, and consequently encourage companies to strengthen those links in order to deliver a real-world impact.

Lastly, there is a continued evaluation of the engagement impact, from tracking companies' performance on predetermined KPIs, to asking them directly about the effectiveness of our engagement efforts. For the three to five-year engagements to be closed successfully, we require at least four out of five objectives to be met, with most milestones to be completed per objective.

A long road ahead

During its first year, we have initiated engagement with 35 companies, engaging them on one or more of the 17 SDGs. While companies recognize that the SDGs are in everyone's interest, from improving livelihoods to spurring economic growth, more structured and integrated approaches are needed to realize the 2030 goals.

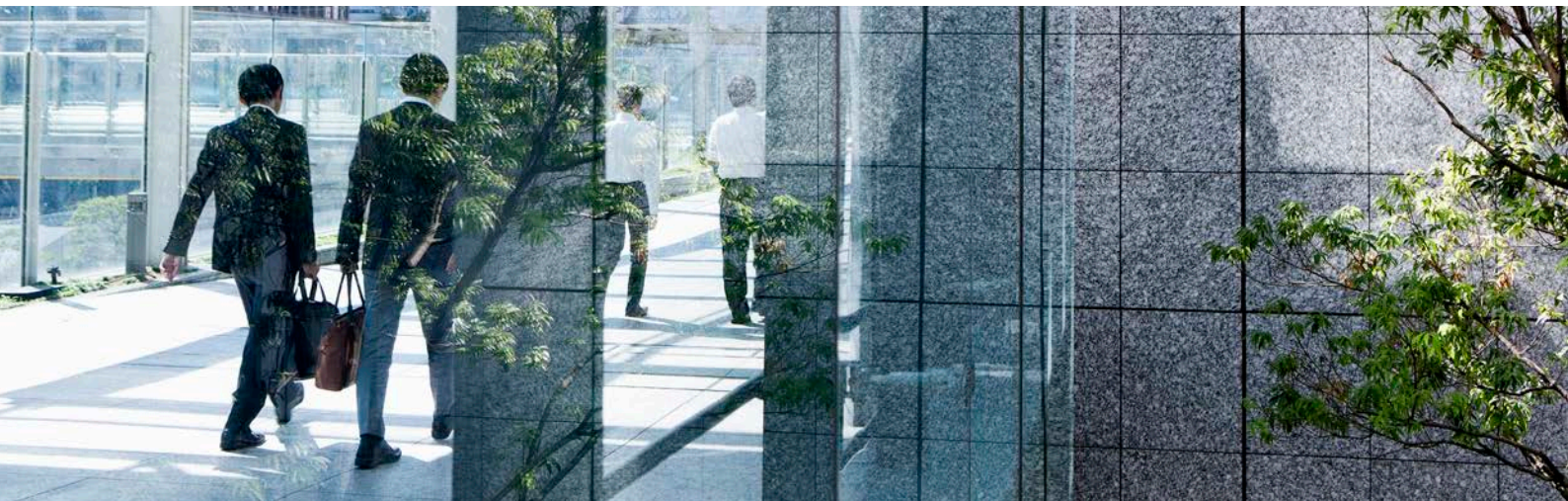
We are aware that the systemic change needed for a sustainable future requires not only company-specific but also global action. By seeking active collaboration and by sharing our journey and research on how we engage with companies on their contributions to the SDGs, we hope to exemplify what investor-led partnerships for the goals can achieve. ■

CASE STUDY

The software company Adobe's most significant link to the SDGs is characterized by its potential involvement in the manipulation of digital content, among which are AI-created 'deepfakes'. The potential for adverse use of products such as Photoshop and its video counterpart, Premier, exposes Adobe to societal risks embodied by SDG 16 (peace, justice and strong institutions).

To address these risks, Adobe has created a digital watermark to facilitate transparency and authentication, and we will encourage that this tool is rolled out to all its products. It has also taken a leading role in a cross-sector collaboration that seeks to create an open industry standard for content authentication, which we support.

COMPANIES UNDER ENGAGEMENT



Lifecycle Management of Mining

Newcrest Mining
Barrick Gold Corp.
Fortescue Metals Group Ltd.
Grupo Mexico SAB de CV
Polyus Gold OAO

Net Zero Carbon Emissions

CRH Plc
WEC Energy Group Inc
Enel
Berkshire Hathaway
Ecopetrol SA
Petroleo Brasileiro

Climate Transition of Financial Institutions

Bank of America Corp.
Barclays Plc
Citigroup, Inc.
HSBC
ING Groep NV
BNP Paribas SA
Sumitomo Mitsui Financial Group, Inc.

Sound Environmental Management

Royal Ahold Delhaize N.V.
Colgate-Palmolive Co.
Danone
Grupo Bimbo SAB de CV
McDonalds
Mondelez International
Nestlé
Wal-Mart Stores

Biodiversity

Mondelez International
Suzano Papel e Celulose SA

Single Use Plastics

Berry Plastics Group, Inc.
Henkel AG & Co. KGaA
Nestlé
PepsiCo, Inc.
Procter & Gamble Co.
Danone

Labor Practices in a Post Covid-19 World

InterContinental Hotels Group Plc
Meituan Dianping
Wal-Mart Stores

Social Impact of Artificial Intelligence

Microsoft
Visa, Inc.
Accenture Plc

Digital Innovation in Healthcare

AbbVie, Inc.
CVS Caremark Corp.
Fresenius SE
Quintiles IMS Holdings, Inc.
HCA Holdings, Inc.
Anthem, Inc.

Social Impact of Gaming

Tencent Holdings Ltd.

Sound Social Management

Teva Pharmaceutical Industries Ltd.
Procter & Gamble Co.
Aon Plc
Reckitt Benckiser Group Plc

Corporate Governance in Emerging Markets

Midea Group Co. Ltd.
Samsung Electronics

Corporate Governance Standards in Asia

Samsung Electronics

Good Governance

Samsung Electronics
Persimmon Plc
Nissan Motor
Sumitomo Mitsui Financial Group, Inc.

Responsible Executive Remuneration

Henkel AG & Co. KGaA
Linde Plc
NIKE
Wolters Kluwer

SDG Engagement

Adobe Systems, Inc.
Alphabet, Inc.
Amazon.com, Inc.
Anthem, Inc.
Apple
Boston Scientific Corp.
Charter Communications, Inc.
Facebook, Inc.
JPMorgan Chase & Co., Inc.
Novartis
Salesforce.com, Inc.
Samsung Electronics
Union Pacific
Capital One Financial Corp.
OTP Bank Nyrt

Global Controversy Engagement

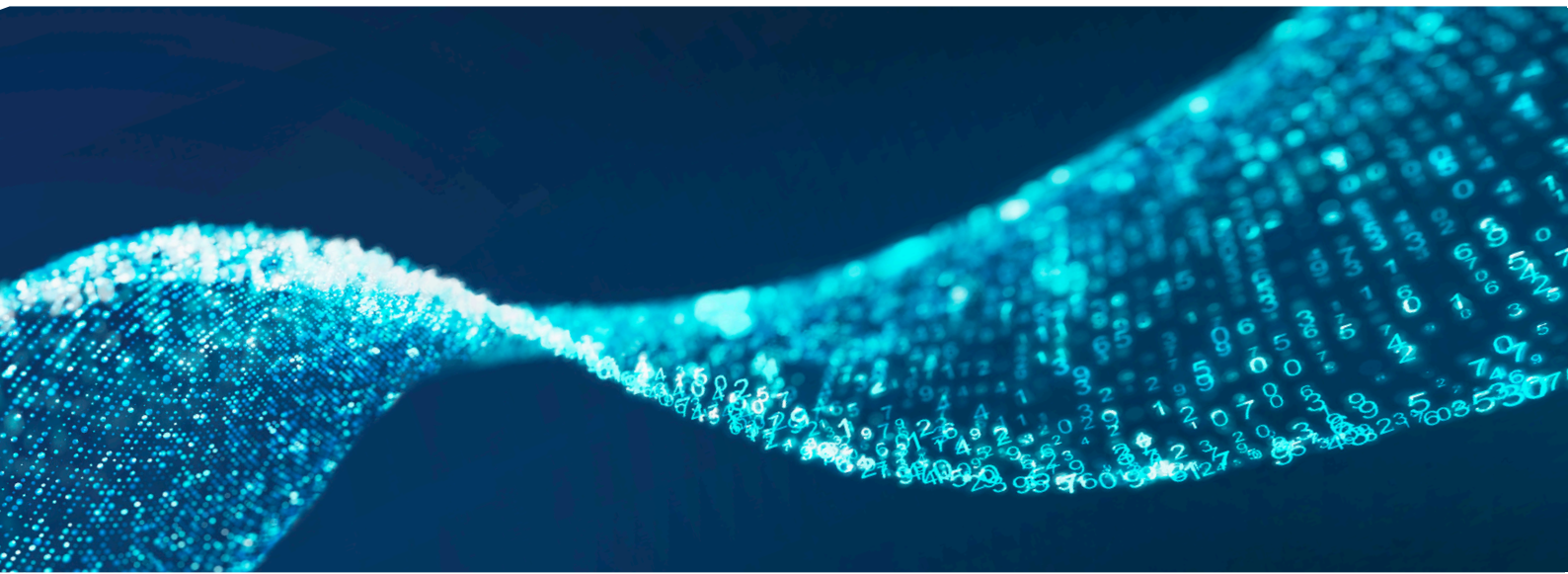
During the quarter, 1 company was engaged based on potential breaches of the UN Global Compact and/or the OECD Guidelines for Multinational Enterprises.

ENGAGEMENT BY ASSET CLASS



Alphabet, Inc.	Equity	Tencent Holdings Ltd.	Equity
Anthem, Inc.	Equity	Union Pacific	Equity
Aon Plc	Equity	Visa, Inc.	Credit/Equity
Apple	Credit/Equity	Wal-Mart Stores	Equity
Bank of America Corp.	Credit	WEC Energy Group Inc	Equity
Barclays Plc	Credit		
Barrick Gold Corp.	Equity		
Berkshire Hathaway	Credit/Equity		
BNP Paribas SA	Credit		
Capital One Financial Corp.	Credit		
Charter Communications, Inc.	Credit		
CRH Plc	Equity		
Danske Bank AS	Credit		
Ecopetrol SA	Credit		
Enel	Credit		
Facebook, Inc.	Equity		
Fortescue Metals Group Ltd.	Credit		
Henkel AG & Co. KGaA	Equity		
HSBC	Credit		
ING Groep NV	Credit		
InterContinental Hotels Group Plc	Credit		
JPMorgan Chase & Co., Inc.	Credit		
Linde Plc	Credit		
Microsoft	Equity		
Midea Group Co. Ltd.	Equity		
Mondelez International	Credit		
OTP Bank Nyrt	Equity		
Petroleo Brasileiro	Credit		
Polyus Gold OAO	Equity		
Procter & Gamble Co.	Credit/Equity		
Samsung Electronics	Equity		
Samsung Electronics	Equity		
Sumitomo Mitsui Financial Group, Inc.	Credit		
Suzano Papel e Celulose SA	Credit/Equity		

CODES OF CONDUCTS



Robeco's Engagement Policy

Robeco actively uses its ownership rights to engage with companies on behalf of our clients in a constructive manner. We believe improvements in sustainable corporate behavior can result in an improved risk return profile of our investments. Robeco engages with companies worldwide, in both our equity and credit portfolios. Robeco carries out two different types of corporate engagement with the companies in which we invest; value engagement and enhanced engagement. In both types of engagement, Robeco aims to improve a company's behavior on environmental, social and/or corporate governance (ESG) related issues with the aim of improving the long-term performance of the company and ultimately the quality of investments for our clients.

Robeco adopts a holistic approach to integrating sustainability. We view sustainability as a long-term driver of change in markets, countries and companies which impacts future performance. Based on this belief, sustainability is considered as one of the value drivers in our investment process, like

the way we look at other drivers such as company financials or market momentum.

More information is available at: <https://www.robeco.com/docm/docu-robeco-engagement-policy.pdf>

The UN Global Compact

One of the principal codes of conduct in Robeco's engagement process is the United Nations Global Compact. The UN Global Compact supports companies and other social players worldwide in stimulating corporate social responsibility. The Global Compact became effective in 2000 and is the most endorsed code of conduct in this field. The Global Compact requires companies to embrace, support and adopt several core values within their own sphere of influence in the field of human rights, labor standards, the environment and anti-corruption measures. Ten universal principles have been identified to deal with the challenges of globalization.

Human rights

1. Companies should support and respect the protection of human rights as established at an international level

2. They should ensure that they are not complicit in human-rights abuses.

Labor standards

3. Companies should uphold the freedom of association and recognize the right to collective bargaining
4. Companies should abolish all forms of compulsory labor
5. Companies should abolish child labor
6. Companies should eliminate discrimination in employment.

Environment

7. Companies should adopt a prudent approach to environmental challenges
8. Companies should undertake initiatives to promote greater environmental responsibility
9. Companies should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

10. Companies should work against all forms of corruption, including extortion and bribery.

More information can be found at: <https://www.unglobalcompact.org/>

CODES OF CONDUCTS

OECD Guidelines for Multinational Enterprises

The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries, and are another important framework used in Robeco's engagement process. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognized standards.

The Guidelines' recommendations express the shared values of the governments of countries from which a large share of international direct investment originates and which are home to many of the largest multinational enterprises. The Guidelines aim to promote positive contributions by enterprises to economic, environmental and social progress worldwide.

More information can be found at: <http://mneguidelines.oecd.org/>

International codes of conduct

Robeco has chosen to use broadly accepted external codes of conduct in order to assess the ESG responsibilities of the entities in which we invest. Robeco adheres to several independent and broadly accepted codes of conduct, statements and best practices and is a signatory to several of these codes. Next to the UN Global Compact, the most important codes, principles, and best practices for engagement followed by Robeco are:

- International Corporate Governance Network (ICGN) statement on
- Global Governance Principles
- United Nations Global Compact
- United Nations Sustainable Development Goals
- United Nations Guiding Principles on Business and Human Rights

- OECD Guidelines for Multinational Enterprises
- Responsible Business Conduct for Institutional Investors (OECD)

In addition to our own adherence to these codes, we also expect companies to follow these codes, principles, and best practices. In addition to our own adherence to these codes, we also expect companies to follow these codes, principles, and best practices.

Robeco's Voting Policy

Robeco encourages good governance and sustainable corporate practices, which contribute to long-term shareholder value creation. Proxy voting is part of Robeco's Active Ownership approach. Robeco has adopted written procedures reasonably designed to ensure that we vote proxies in the best interest of our clients. The Robeco policy on corporate governance relies on the internationally accepted set of principles of the International Corporate Governance Network (ICGN). By making active use of our voting rights, Robeco can, on behalf of our clients, encourage the companies concerned to increase the quality of the management of these companies and to improve their sustainability profile. We expect this to be beneficial in the long term for the development of shareholder value.

Collaboration

Where necessary, Robeco coordinates its engagement activities with other investors. Examples of this includes Eumedion; a platform for institutional investors in the field of corporate governance and the Carbon Disclosure Project, a partnership in the field of transparency on CO₂ emissions from companies, and the ICCR. Another important initiative to which Robeco is a signatory is the United Nations Principles for Responsible Investment. Within this context, institutional investors commit themselves to promoting responsible investment, both internally and externally.

Robeco's Active Ownership Team

Robeco's voting and engagement activities are carried out by a dedicated Active Ownership Team. This team was established as a centralized competence center in 2005. The team is based in Rotterdam, the Netherlands, and Hong Kong. As Robeco operates across markets on a global basis, the team is multi-national and multi-lingual. This diversity provides an understanding of the financial, legal and cultural environment in which the companies we engage with operate. The Active Ownership team is part of Robeco's Sustainable Investing Center of Expertise headed by Carola van Lamoen. The SI Center of Expertise combines our knowledge and experience on sustainability within the investment domain and drives SI leadership by delivering SI expertise and insights to our clients, our investment teams, the company and the broader market. Furthermore, the Active Ownership team gains input from investment professionals based in local offices of the Robeco around the world. Together with our global client base we are able leverage this network to achieve the maximum possible impact from our Active Ownership activities. ■

Robeco Institutional Asset Management B.V. (Robeco) is a pure play international asset manager founded in 1929. It currently has offices in 15 countries worldwide and is headquartered in Rotterdam, the Netherlands. Through its integration of fundamental, sustainability and quantitative research, Robeco is able to offer institutional and private investors a selection of active investment strategies, covering a range of asset classes.

Sustainability investing is integral to Robeco's overall strategy. We are convinced that integrating environmental, social and governance (ESG) factors results in better-informed investment decisions. Further we believe that our engagement with investee companies on financially material sustainability issues will have a positive impact on our investment results and on society.

More information can be found at:
<https://www.robeco.com>

IMPORTANT INFORMATION

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No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein, and any representation to the contrary is an offence. Robeco Institutional Asset Management B.V. is relying on the international dealer and international adviser exemption in Quebec and has appointed McCarthy Tétrault LLP as its agent for service in Quebec.



Contact

Robeco

P.O. Box 973
3000 AZ Rotterdam
The Netherlands

T +31 10 224 1 224

I www.robeco.com

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Approved: 19 September 2022

Last approved: 22 March 2021

1. Introduction

This policy defines the commitment of the Royal County of Berkshire Pension Fund (the Fund) to Responsible Investment (RI). Its purpose is to detail the approach that the Fund aims to follow in integrating Environmental, Social and Governance (ESG) issues into its investment approach. This is consistent with the LGPS Management and Investment of Funds Regulations 2016 (the Regs) which states that the Investment Strategy Statement (ISS) must set out the Fund’s “policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments”. The Fund’s ISS explicitly refers to this policy document as its approach to ESG. This policy is underpinned by the Fund’s overarching and ultimate fiduciary responsibility to act in the best long-term financial interests of its members, considering the Fund’s existing funding position as a priority.

1.1. Definitions

Responsible Investment	Is the integration of ESG considerations into investment management processes and active ownership practices in the belief that these factors can have a positive impact on financial performance. (Based on UN Principles on Responsible Investment)
Fiduciary Duty	<p>Is defined as core responsibility, of such as trustees or equivalent persons, to act in the best interests of the pension scheme beneficiaries in order to ensure that such scheme / fund members in retirement, or dependants in the case of member death, can enjoy the expected income benefits. It includes the requirement that all participants should act in good faith, in the best long-term interests of the client and their beneficiaries, with loyalty and prudence, and in line with generally prevailing standards of decent behaviour.</p> <p>The term “fiduciary duty” is used in different ways by different people. The above definition is intended to reflect the ethos of the Fund and is based on definitions in the UKSIF's trustee best practice guide 2017 (UK Sustainable Investment and Finance Association www.uksif.org) and a Law Commission Report 2014.</p>
ESG	Environmental, Social and Governance factors which may impact on company performance and therefore investment returns. Examples include resource management and pollution prevention, climate change impacts, labour management, product integrity, executive compensation, board independence and audit function.
Corporate Governance	Refers to the authoritative rules, controls and working practices in place within an organisation required to promote openness, inclusivity, integrity, accountability and best practice in the pursuit of the agreed objectives.
Active Ownership	Is the participation, where appropriate, in the governance decision-making of companies and assets in which it invests by way of voting and by engagement with company representatives, either directly or via its fund managers. It also recognises the relevance of engaging with regulatory bodies and other market players to support policies that promote long-term sustainable growth.
Stewardship	Is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. (UK Stewardship Code 2020 of the Financial Reporting Council)

1.2. Approach, context and implementation

The Fund is a Local Government Pension Scheme (LGPS) administered by the Royal Borough of Windsor and Maidenhead (RBWM). It is a Defined Benefit (DB) public sector pension scheme meaning that its members benefits (scheme liabilities) are defined in statute based on several defined factors. Such benefits are made available for payment in future through investing the contributions received today to ensure that there are sufficient scheme assets available in the future to pay these defined benefits.

To remain affordable over the long run (i.e., that scheme assets are available in future to meet scheme liabilities), strong and consistent levels of investment income and capital appreciation (investment returns) are essential to supplement the contributions to the fund. The primary focus of the Fund's investment activities is therefore to achieve these strong and consistent risk-adjusted returns to pay benefits in the future as they fall due.

The Fund has an underlying fiduciary duty and responsibility to protect the financial interests of the scheme members which is exercised through the approach to investment and the evaluation of investment risks and opportunities. In prioritising this fiduciary duty, and staying mindful of the Fund's existing funding level, the Fund seeks to invest in a responsible manner, considering ESG factors, provided this is compatible with its fiduciary duty.

There is a wide array of inconsistent and often conflicting information available that seeks to categorise investor's approach to ESG, however, a clear, useful and all-encompassing model to illustrate one approach is included in Annex 1. The Fund does not seek to define itself as falling within any specific category (for example a Responsible, Sustainable or Impact investor) because the Fund undertakes activities that may fall in any of the categories, and this widely varies by asset class and individual investment. Instead, the Fund wish to make clear in this policy that it is not a "financial-only" investor. Whilst financial returns are a key priority for the Fund, investment decisions are taken through the lens of ESG considerations and in considering the Fund's RI values, principals and priorities.

The implementation of the Fund's RI policy is undertaken by Local Pensions Partnership Investments (LPPI), a Financial Conduct Authority (FCA) regulated Investment Manager responsible for the management of 100% of the Fund's assets, comprising mostly pooled investment vehicles, with a smaller non-pooled allocation (also referred to as being 'on balance-sheet'). Around 75% of the Fund's assets are currently (September 2022) within LPPI's pooled investment vehicles and the Fund is one of three investors in these pooled investment vehicles.

In practice, LPPI's implementation of the Fund's RI policy will be taken alongside LPPI's other two clients RI policies in respect of the pooled investment vehicle assets. As such, the Fund will additionally benefit from the ESG approaches taken by LPPI as mandated by the other clients. Furthermore, the Fund will benefit from the ESG and RI approaches taken by LPPI unilaterally, for example their net-zero carbon emission commitment, their commitment to the UK stewardship code and their business sustainability certifications.

The Fund and LPPI work with a variety of organisations and providers who support the stewardship of the Fund's assets. These external parties assist the delivery of the Funds RI Policy either directly or through the development of tools, guidance and best practice or other support to the fund. A list of key organisations and their areas of focus appears at Annex 2

2. Responsible Investment Values and Principles

The Fund's values and principles reflect the need to deliver strong and consistent investment returns in order to pay pension benefits, prioritising the need to address the Fund's current funding deficit whilst also ensuring that employer contributions remain affordable.

The values and principles recognise the importance of assessing sources of risk and opportunity over an extended time horizon and emphasise the importance of diligent stewardship as part of engaged asset ownership.

2.1. Responsible Investment Values:

Consultative	The RI priorities reflect the views of the members of the Pension Fund Committee, the Local Pension Board and the Pension Fund Advisory Panel, and of evolving best industry practice within the management of LGPS pension funds.
Proactive	A proactive approach to evaluating ESG risks and opportunities is more likely to result in long term benefits for the Fund and is aligned with fulfilling the Fund's fiduciary duty.
Engagement	The Fund considers engagement to be a route for exerting a positive influence over investee companies and encouraging responsible corporate behaviour. The Fund is supportive of targeted dialogue in situations where positive changes can be brought about to align governance standards with the Fund's investment objectives.
Collaborative	The Fund recognises that working collaboratively can achieve greater influence than acting unilaterally. The Fund seeks to align itself with likeminded investors through collective organisations such as the Local Authority Pension Fund Forum (LAPFF), of which the Fund is a member.
Flexible	The Fund considers that its RI policy and approach should be reviewed regularly in order to continue recognising and reflecting best practice and addressing emerging priorities.
Continuous Improvement	The Fund recognises that this policy is set in the context of a continuously changing external environment. Therefore, aside from being regularly reviewed and improved in line with industry best practice, the policy should be forward looking with a view to improvement at each iteration. Where possible, the policy should be developed at each iteration taking relevant advice from industry leaders to ensure its influence is maximised.

2.2. Responsible Investment Principles

The RI principles translate the Fund's values and commitments into Responsible Investment practices which can help to deliver a sustainable and sufficient return on all of the Fund's investments. The Fund's RI principles inform the stewardship arrangements that have been agreed with LPPI as the Fund's provider of investment management services.

A summary of the key Responsible Investment principles are listed as follows:

- Effectively manage financially material ESG risks supporting the requirement to protect returns over the long term;
- Apply a robust approach to effective stewardship;
- Seek sustainable returns from well governed and sustainable assets where possible;
- Achieve improvements in ESG through effective partnerships that have robust oversight and interactions;
- Share and receive ideas on best practice to achieve wider and more valuable RI and ESG outcomes.

3. Responsible Investment Priorities

Identifying core priorities for RI is an important part of focussing the attention of LPPI on the issues of greatest importance to the Fund. It also helps the Fund to monitor the stewardship activities undertaken by LPPI on its behalf. The issues identified as being of primary concern to the Fund as asset owners are listed in sections 3.1 to 3.3. However, it is important to note that these priorities will evolve over time, as the macroeconomic environment changes, as new data and methodologies become available, and as the Fund's risk profile (and appetite) develops and evolves.

3.1. Environment

3.1.1. Climate Change

The Fund recognises the imperative to address and manage climate change as a systemic and long-term investment concern, as it poses material risks across all asset classes (with the potential for loss of shareholder value, including but not limited to stranded assets), as well as material investment opportunities.

The Fund will endeavour to carry out the following in relation to climate change:

- Engage with other LGPS funds, the wider investment community and other stakeholders to improve transparency and reporting, as well as to develop and share best practice.
- The Fund expects all investee companies in all sectors and geographical locations to be able to demonstrate planning for (and over a reasonable timescale the achievement of) the global transition to a low-carbon economy and for the future emissions reduction targets under the Paris Agreement 2015 or other appropriate initiatives. Where they are not, engagement* will be prioritised to encourage reform and behavioural change, with the consideration of divestment as a last resort provided this will result in no material financial detriment to the Fund (either through increased costs or increased investment risk).
- Where existing investments in fossil fuel companies are in place and identified, the Fund expect those companies to be able to demonstrate planning for (and the achievement of) the global transition to a low-carbon economy and for the future emissions reduction targets under the Paris Agreement 2015 or other appropriate initiatives. Where they are not, and opportunities for engagement* and reform of the company or project are not possible or do not exist, the Fund will make all reasonable efforts to divest provided this will result in no material financial detriment to the Fund (either through increased costs or increased investment risk). The fund notes that its investment manager LPPI decided to disinvest extractive fossil fuel companies from its Global Equities Fund at the end of the 2021 calendar year.
- Where the Fund's fiduciary duty allows, the Fund will not consider new investments in fossil fuel companies directly engaged in the extraction of coal, oil and natural gas as sources of energy which are not appropriately addressing the risks of climate change.
- Where the Fund's fiduciary duty allows, the Fund is committed to seeking sustainable investments which include projects that support the global transition to lower carbon products, services and infrastructure including renewable energy generation. In principle and subject to the achievement of its fiduciary duty, the Fund would like to see this proportion of its investment exposure grow over time.

- Examine the incoming legislation in this space, notably the Taskforce for Climate-related Financial Disclosures (TCFD), to inform its statutory reporting requirements and risk monitoring over time.

**All engagement efforts and reporting outputs should be deemed proportionate and thus appropriate to the level of Fund investment in the investee companies. Consideration of materiality and impact should be taken considering the Fund's (or in some cases LAPFF's) influence over said companies based on the quantum of committed or invested capital.*

The Fund expects LPPI to take steps to ensure that the level of exposure to climate change investment risks (physical and transitional) are evaluated and monitored, and also to remain current with the revised reporting standards and targets such as those set out in the Paris Agreement 2015 and subsequent international agreements. This will involve the use of appropriate investigative and analytical tools such as the Transition Pathway Initiative (TPI) to increase information and provide appropriate input around investment decision making. The use of metrics (where available) will be reflected in regular reporting and assurance provided to the Fund to demonstrate the actual progress of companies. The Fund also expects LPPI to be aware of and assess climate related risks as a standard in all investment decision making when determining suitability for the Fund.

3.1.2. Pollution

Pollution is a term used to describe an imbalance created when harmful materials (pollutants) are introduced into the environment where they cause damage to water, air or land through contamination.

The Fund recognises the responsibilities investee companies have for understanding and managing the impact of their operations on the environment and preventing pollution in preference to addressing its negative outcomes retrospectively. Additionally, companies engaged in unsustainable business operations which cause pollution (or pollution that goes unrectified/unmitigated) face potentially increased financial and business risks (such as litigation) as well as erosion of longer-term value, which could reduce the Fund's financial resilience longer-term.

The Fund expects investee companies to plan for and manage the waste materials from their operations to prevent pollution and control the incidence of accidental contamination. The Fund also expects companies to design products and packaging which minimise, mitigate or avoid plastic pollution in use and/or disposal.

The Fund will endeavour to carry out the following in relation to pollution:

- Engage with other LGPS funds, the wider investment community and other stakeholders to improve transparency and reporting, as well as to develop and share best practice.
- Through LPPI and the Fund's asset managers, the Fund expects investee companies to plan for and manage the waste materials from their operations to prevent pollution and control the incidence of accidental contamination.

In addition to the above, the Fund anticipate the introduction of improved company reporting on this issue through future legislation. We will monitor the actual progress companies are making in this area of priority for the Fund and endeavour to adapt reporting as appropriate provided metrics are available, consistent and reliable.

3.1.3. Biodiversity

Biodiversity is a term which describes life on earth in all of its forms, and all of the interactions between biological elements covering plants, animals, insects, and microorganisms. Maintaining diversity is essential for a healthy environment in sustainable balance. The impact of human activity (through extraction, processing, waste and disturbance) is increasingly a concern for society, as it could overwhelm the capacity of natural systems to tolerate and regenerate.

Biodiversity loss has the potential to pose direct financial risk to companies through a negative impact on the availability of natural resources for business purposes, reduced health and productivity of natural capital, and an altered operating environment. This could adversely affect the Fund's level of risk over the longer-term.

Biodiversity is an area of particular interest. The Fund will therefore endeavour to carry out the following in relation to biodiversity:

- Engage with other LGPS funds, the wider investment community and other stakeholders to improve transparency and reporting, as well as to develop and share best practice.
- Examine the incoming research and work in this space, notably the Taskforce for Nature-related Financial Disclosures (TNFD), to inform its reporting and risk monitoring over time.
- As best practice in this space emerges, the Fund expects LPPI to take steps to ensure biodiversity related investment risks are evaluated, monitored, and mitigated over time, provided there is no conflict with the Fund's fiduciary responsibility.

In addition to the above, the Fund anticipates the introduction of improved company reporting on this issue through future legislation. We will monitor the actual progress companies are making in this area of priority for the Fund, and endeavour to adapt reporting as appropriate provided metrics are available, consistent and reliable.

3.2. Social

3.2.1. Affordable Housing

Housing affordability has become a deep-seated issue in the UK, contributing to both inequality as well as increased societal tensions. This has been driven by significant rises in house prices over the last 25 years, accentuated by a lack of sufficient new homes being built to meet current demand. Affordable housing looks to improve access to housing for those segments of society with lower levels of income.

Investing in real assets provides the Fund with both return opportunities and elements of risk mitigation, resulting from the (normally) inflation-linked cashflows that the asset class provides. The Fund has the ability to invest in a wide range of assets within the real estate sector, including affordable housing, with the overall aim of delivering on the Fund's fiduciary responsibility.

Where appropriate affordable housing opportunities are available within the real estate sector, it will be important to ensure they are in line with the Fund's risk appetite and investment requirements and enable the Fund to deliver on its fiduciary responsibility.

3.2.2. Local Investment

Local investment can help support the local economy and create jobs. The UK government has indicated that local government pension schemes should invest a small proportion of their assets into local investment. Our definition of local embraces investment within the UK in general and within the boundaries of the Royal County of Berkshire in particular.

The Fund have a preference for investing locally where appropriate projects or investments are available and are in line with the Fund's risk appetite and investment criteria along with its ability to deliver upon its fiduciary responsibility. The Fund's preference is to examine local investments with substantive security, a low risk profile and which can help the Fund diversify its portfolio investment risks. Additionally, the Fund's preference is to invest locally through LPPI or specialist managers as defined by the Fund.

LPPI (on behalf of the Fund) have recently created a specific place-based allocation within LPPI's Real Estate portfolio reserved for direct investments in commercial and residential property located within the Royal County of Berkshire. The Royal County of Berkshire real estate portfolio will invest in quality buildings meeting high industry standards for construction and refurbishment which exceed minimum requirements for energy efficiency. The selection of appropriate projects and the oversight of buildings owned by the portfolio are delegated to an expert real estate investment manager.

Through owning real estate (in the capacity of landlord) the Fund's investments will help to provide employment, premises, and wider accommodation which directly supports the people and the economy of Berkshire and the United Kingdom.

3.3. Governance

3.3.1. Corporate Governance

Good governance is essential to ensuring that companies act in the best interests of their shareholders, manage risks to the business effectively and ensure the sustainability of the enterprise. Linked to this, transparency is also essential to ensure that investors have sufficient knowledge of material facts which incubates trust. Strong corporate governance is aligned with the Fund's portfolio being financially resilient over time.

As an institutional investor, the Fund has interests in a range of companies, managers and investment vehicles worldwide, spanning multiple sectors and geographies. Corporate governance standards vary across the world, reflecting cultural and regulatory differences. Therefore, it is not likely to be practical or possible to apply one standard to all, but the Fund invests responsibly and recognises the reach and influence companies have through their contractual interactions and broader relationships with employees, customers, suppliers, communities, and wider stakeholder groups taking account of "good" local standards in the context of each investment.

The Fund will endeavour to carry out the following in relation to corporate governance:

- Engage with other LGPS funds, the wider investment community and other stakeholders to improve transparency and reporting, as well as to develop and share best practice in improving corporate governance.
- Have a preference for well managed companies which recognise their corporate responsibilities, uphold high standards, operate (in their local context) fair and just employment practices, promote diverse and inclusive workforces and oversee reasonable and equitable pay arrangements, provided that these companies and related investments are in line with the Fund's investment criteria, risk appetite and fiduciary duty.
- Have a preference for companies with a strong social license to operate, inclusive culture, and engaged workforce, and expect our managers to evaluate corporate governance standards as part of due diligence and oversight.
- The Fund expects LPPI to promote best practice governance, including transparency, across the firm itself as well as the underlying investments within its portfolios. The Fund also expects LPPI to engage to improve and mitigate gaps in governance, and to consider corporate governance standards within its assessment and monitoring of the Fund's investments.

4. Responsible Investment Implementation

The implementation of the Fund's approach to Responsible Investment divides into the following six areas of activity and is underpinned by its partnership with LPPI.

4.1. Training

The Fund recognises that for decisions to be effectively taken in all areas of RI, decision makers must be equipped with the necessary tools and knowledge to consider and make informed decisions.

Responsible Investment and ESG is of growing importance across the LGPS and the wider investment community, as a result there is an abundance of training and development materials available from a variety of third parties as well as RI making its way onto the top of most investment conference/seminar agendas.

The Fund's training frameworks shall be updated to ensure that its decision makers have access to the appropriate materials and thus are able to develop knowledge and understanding in this key complex area. These updated training frameworks shall apply to the Pension Fund Committee, the Pension Fund Advisory Panel, the Local Pension Board and senior Pension Fund Officers.

4.2. Voting Globally

The Fund recognises that effective stewardship arrangements protect the financial interests of scheme beneficiaries and contribute to enhancing the value of our investments. All aspects of shareholder voting form a fundamental part of compliance with the UK Stewardship Code (compliance with the UK Stewardship code 2020 is not mandatory for LGPS funds but has the support of the UK government and is on the Fund's future agenda).

The Fund's stewardship actions are implemented as an integral part of the investment management services of Local Pensions Partnership Investments (LPPI). The Fund's approach to voting globally is to place reliance upon the work undertaken by LPPI.

A shareholder engagement policy, shareholder voting policy and shareholder voting guidelines are all prepared and published by LPPI which the Fund place reliance upon through contract. The shareholder voting policy covers areas including voting arrangements, reporting and disclosures, and voting philosophy.

Practically the Fund recognises that LPPI needs to vote for a pooled fund, which on occasion may require compromise between its different client's views.

4.3. Engagement through Partnerships

The Fund works in partnership with like-minded organisations. We recognise that to gain the attention of companies in addressing governance concerns, we need to join other investors with similar concerns, and we do this through the Local Authority Pension Fund Forum (LAPFF) and by joining appropriate lobbying activities.

In terms of its engagement approach with other investors, it is most significant through LAPFF. This Forum exists to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders to promote corporate social responsibility and high standards of ESG best practice among the companies in which they invest. See the LAPFF website for further details: www.lapfforum.org.

The Fund are members of LAPFF and, as such, representatives of the Fund are invited to attend and contribute to the quarterly business meetings.

4.4. Shareholder Litigation

An approach, adopted by the Fund, in order to encourage corporate management to behave responsibly and honestly, is through shareholder litigation. The Fund has agreed arrangements through direct legal engagements and in conjunction with LPPI which ensure that emerging legal cases are monitored and that our rights and interests are represented via class actions and other shareholder actions globally where possible and where appropriate.

4.5. Active Investing

Since the implementation of asset pooling in 2018, the Fund no longer invests directly but LPPI actively seeks sustainable investments which meet our requirements for strong returns combined with best practice in ESG and corporate governance. Such investments include but are not limited to renewable energy.

As part of its commitment to Active Ownership LPPI seeks to use the ownership rights conveyed by the assets under its management to exert a positive influence in favour of transparent and sustainable management behaviour which recognises and addresses the broader trends which bring both risks and opportunities to their business.

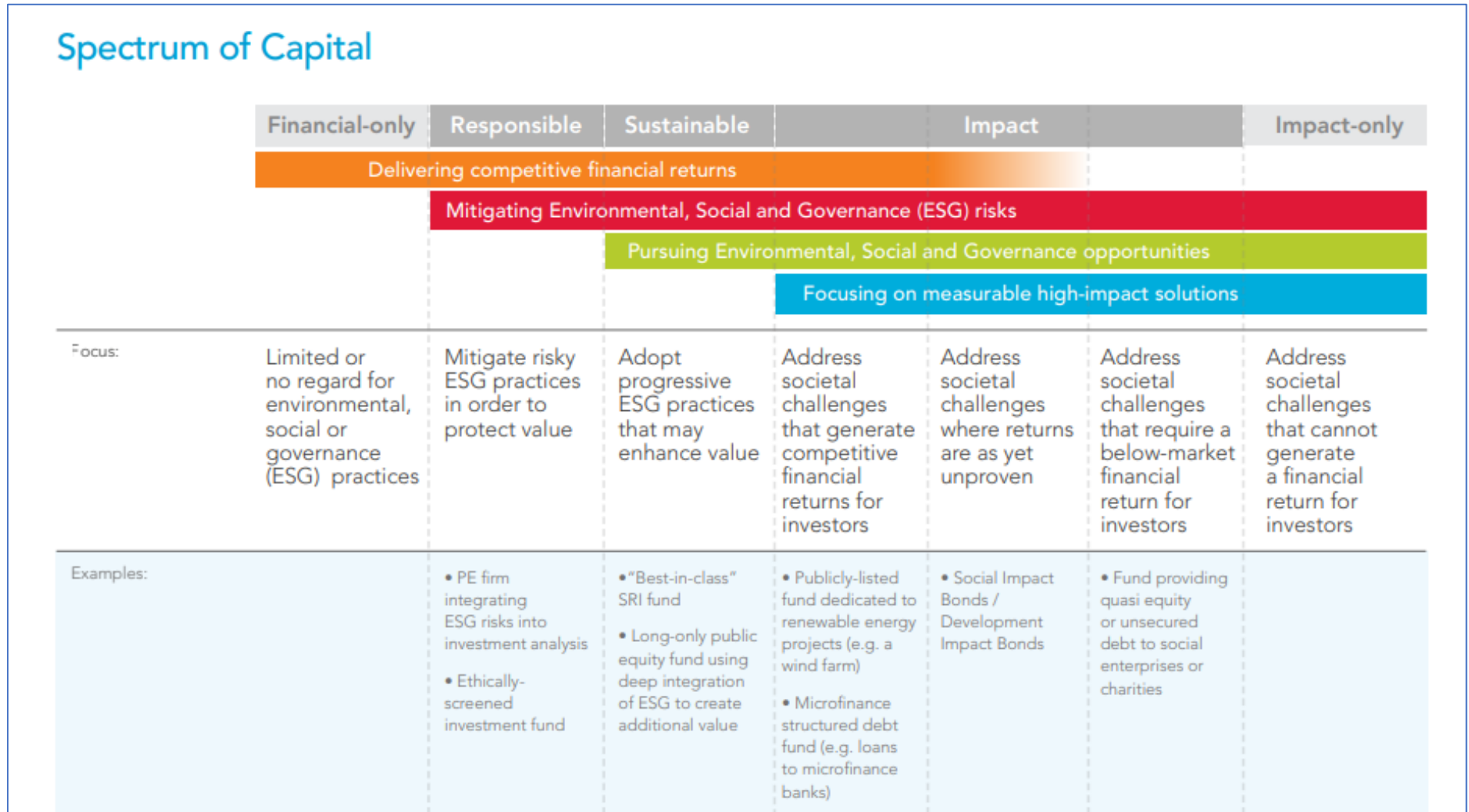
4.6. Divestment

The Fund may, at its discretion, prefer to divest from a particular investment or sector due to RI considerations, provided that this would not result in any material financial detriment, (either through increased costs or increased investment risks). Divestment will usually only be considered where engagement has not resulted in positive change.

The Fund considers engagement to be a route for exerting a positive influence over investee companies and encouraging responsible corporate behaviour and as such is the Fund's preferred approach as opposed to divestment. Where opportunities for engagement and reform of the company or project are not possible or do not exist, the Fund will make all reasonable efforts to divest provided this will result in no material financial detriment to the Fund (either through increased costs or increased investment risk).

Annex 1

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Source: Bridges Fund Management "The Bridges Spectrum of Capital" Nov 2015

Annex 2

External Partner	Full Name	Status	Area of Focus
PRI	Principles for Responsible Investment https://www.unpri.org	Membership organisation/standard setter (LPPI is a PRI signatory)	The world's leading proponent of responsible investment. PRI works to: <ul style="list-style-type: none"> • understand the investment implications of environmental, social and governance (ESG) factors; • support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. PRI signatories commit to 6 principles and report in detail (annually and publicly) on their approach and activities
LAPFF	Local Authority Pension Fund Forum https://lapfforum.org	Membership organisation (RCBPF and LPPI are members)	Responsible Investment forum for Local Government Pension Schemes focussed on promoting high standards of corporate governance in investee companies.
IIGCC	Institutional Investor Group on Climate Change https://www.iigcc.org	Membership organisation (LPPI is a member)	European membership body for investor collaboration on climate change. Works to support and help define public policies, investment practices and corporate behaviours that address the long-term risks and opportunities associated with climate change.
FRC	Financial Reporting Council https://www.frc.org.uk/	UK Regulator/standard setter	Sets and oversees the UK's Corporate Governance and Stewardship Codes. Promotes transparency and integrity in business through work aimed at investors and others who rely on company reporting.
TPI	Transition Pathway Initiative https://www.transitionpathwayinitiative.org	Investor initiative/data provider (LPPI is a supporter and participant)	A global, asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy.

ISS	Institutional Shareholder Services	Service provider (to LPPI) shareholder voting services	External provider of shareholder voting services to the LPPI Global Equities Fund. Proxy voting execution and vote reporting capabilities via an online platform. Governance research and voting recommendations in line with a sustainability voting policy.
Robeco	Robeco Active Ownership Team	Service Provider (to LPPI)	Shareholder engagement with listed companies on material ESG issues. Focussed dialogue addressing material matters to achieve measurable improvement. This external provision supplements engagement underway with investee companies by LPPI and delegate asset managers.
Chronos	Chronos Sustainability	External Consultant (to LPPI)	Expert external consultant advising LPPI on net zero planning.
MSCI	MSCI ESG Research	Provider of portfolio ESG data (to LPPI)	Provision of datasets, tools and research via an online platform. Predominantly public market focussed (listed companies).
PLSA	Pensions and Lifetime Savings Association https://www.plsa.co.uk/	Membership organisation and industry body (RCBPF and LPPI are members)	PLSA represent pension schemes that together provide a retirement income to more than 30 million savers in the UK and invest more than £1.3 trillion in the UK and abroad (DB & DC). Members also include asset managers, consultants, law firms, fintechs, and others who play an influential role in people's financial futures. Objectives include improving policy, engagement, sustainability and bringing the industry together collectively.

LPP Client Update on Net Zero

This is an update on progress made, work underway, and near-term milestones for LPP's net zero project which shares insights with client pension funds on this high priority theme.

As a recap, LPP made a public commitment to the long-term goal of achieving net zero portfolio emissions by 2050 by signing the IIGCC (Institutional Investor Group on Climate Change) Net Zero Asset Manager Commitment (NZAMC) in November 2021. Our net zero approach and planning is being informed by IIGCC's [Net Zero Investment Framework](#) (NZIF) which guides and sets expectations for investors who have made a net zero commitment.

Key requirements under the framework include:

- transparency (to promote accountability)
- translation (of the long-term goal into near term actions through interim targets which facilitate planning, action and progress monitoring).

Investors must publish information on interim targets for measures defined by IIGCC within 12 months of making their net zero commitment.

Making a net zero commitment isn't about preparing to divest and avoid all high emitting assets by radically restricting the investment universe for the next 30 years. It is almost the opposite. It is recognition that all companies contribute to global emissions and must decarbonise activities and manage broader impacts to slow climate change. All companies need to be planning for a net zero future where the emissions of their operations, supply chains and products are minimised, with residual emissions systematically captured or offset via efficient regulated solutions. In not doing this they risk cost increase, value leakage, disrepute relative to peers and (in the worst cases) asset stranding. A net zero commitment in LPP's context is to be informed and vigilant about how climate change creates risks and opportunities for investee companies and integrating this insight into investment decisions. Going forward it will involve pressing companies to plan for and achieve the progress needed to be considered aligned with achieving net zero emissions by 2050, whilst identifying companies which either cannot achieve or will not commit to delivering the progress needed. It is the highest emitting companies which most need to decarbonise and which will make the biggest contribution to real world emissions reduction by instituting change in response to investor pressure.

Assessing a large, diversified investment portfolio for its degree of net zero alignment is a significant challenge. It requires investment in data, tools and expertise as foundations for embedding an entirely new focus and measurement discipline within core investment processes. The number of investors making net zero commitments is rising, but the market is still at an early stage of emerging universally agreed standards and approaches, and the aggregated data sources and modelling tools investors need to deploy these approaches in practice. Current gaps and dependencies influence what can be prioritised and achieved immediately versus those areas which will take more time.

Progress Made to Date

LPP has focussed on putting resources in place to understand requirements, identifying gaps and key dependencies, and making a solid start from which we can build over time.

- [ESG Programme Initiated](#)
Net zero along with numerous other ESG related initiatives, affect our entire AUM and investment, governance and risk processes; as a whole organisation programme, it requires dedicated project management support and well-planned resourcing across LPP. We have appointed a project manager who will work across our ESG Programme, including net zero and TCFD projects and we have a well organised and documented approach to meeting the associated challenges.

- Net zero consultant engaged

As previously advised, LPPI appointed Chronos Sustainability to provide advice and support in the first year of our net zero commitment. Chronos Sustainability have provided, and continue to provide, critical insights and expert advice as we develop our plans and put resources and approaches in place

- Data provider selected for the first asset classes in scope

Net zero is heavily data dependent, involving measurement, modelling, and forward projection to evaluate, set targets and monitor progress. The scope of assets to be included in initial target setting was a key decision, directly influenced by the availability of emissions datasets and net zero pathway modelling capabilities. In this first year LPPI have focused on baselining, (establishing the emissions starting point and determining each investee company's alignment with a net zero pathway) producing targets and starting to monitor the net zero alignment of the LPPI Global Equities Fund. In year two we will work to bring additional asset classes into scope, commencing with corporate bonds and real estate.

Investors with large portfolios require external data partners able to supply aggregated datasets and efficient modelling tools. LPPI has surveyed the market of possible data providers and the datasets and tools currently available to support our net zero work. We recently appointed MSCI as climate change data provider for the first three asset classes due to be in scope (global equities, corporate bonds and real estate). Data and tools are most developed for listed equities, with capabilities in other asset classes currently at an earlier stage of evolution.

- Approach to target setting agreed

LPPI's Management Committee has agreed an approach to setting the targets required under the IIGCC NZIF, which reflects the availability of data and modelling capabilities at this point. With the approach agreed, the focus has shifted to detailed data analysis.

Work Underway

Efforts are currently focussed on target setting, with the Responsible Investment Team utilising MSCI tools to assist baselining. This is time-consuming work which involves the triangulation of several different data sources to evaluate the current position of a company and the trajectory suggested by forward targets and plans.

Baselining establishes how the portfolio is positioned currently as a basis for identifying priority companies for review and engagement. LPPI is working to produce an engagement plan, prioritising those companies which contribute the most to the portfolio's emissions intensity and which are either not yet aligned or are not taking the actions required to be considered "aligning" with net zero. The plan will be the basis for undertaking engagement with underlying companies and asset managers, urging active stewardship to achieve clear outcomes.

Upcoming Milestones

As a signatory to the IIGCC Net Zero Asset Manager Commitment, LPPI must publish initial targets for a first set of prescribed measures (portfolio decarbonisation, % of emissions aligned or under engagement, % of Global Equities either net zero, aligned, or aligning with net zero) by the end of October 2022.

LPPI will publish an initial set of net zero targets as part of a broader Climate Action Plan (CAP) which will contextualise our net zero commitment on behalf of the partnership and explain the approach we are taking. Publishing a CAP is not a compulsory deliverable, but we believe it will be helpful for clients and broader stakeholders to receive a dedicated communication. Following this initial introduction, we intend to report on our net zero activities and their outcomes annually within reporting under the Taskforce on Climate related Financial Disclosure (TCFD).

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqlA : Responsible Investment (19/09/2022)

Essential information

Items to be assessed: (please mark 'x')

Strategy		Policy	x	Plan		Project		Service/Procedure	x
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Responsible officer	Damien Pantling	Service area	Pension Fund	Directorate	Finance
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Stage 1: EqlA Screening (mandatory)	Date created: 22/08/2022	Stage 2 : Full assessment (if applicable)	N/A
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Approved by Head of Service / Overseeing group/body / Project Sponsor:

"I am satisfied that an equality impact has been undertaken adequately."

Signed by (print):

Dated:

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ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqlA : Responsible Investment (19/09/2022)

Guidance notes

What is an EqlA and why do we need to do it?

The Equality Act 2010 places a 'General Duty' on all public bodies to have 'due regard' to:

- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advancing equality of opportunity between those with 'protected characteristics' and those without them.
- Fostering good relations between those with 'protected characteristics' and those without them.

EqlAs are a systematic way of taking equal opportunities into consideration when making a decision, and should be conducted when there is a new or reviewed strategy, policy, plan, project, service or procedure in order to determine whether there will likely be a detrimental and/or disproportionate impact on particular groups, including those within the workforce and customer/public groups. All completed EqlA Screenings are required to be publicly available on the council's website once they have been signed off by the relevant Head of Service or Strategic/Policy/Operational Group or Project Sponsor.

What are the "protected characteristics" under the law?

The following are protected characteristics under the Equality Act 2010: age; disability (including physical, learning and mental health conditions); gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

What's the process for conducting an EqlA?

The process for conducting an EqlA is set out at the end of this document. In brief, a Screening Assessment should be conducted for every new or reviewed strategy, policy, plan, project, service or procedure and the outcome of the Screening Assessment will indicate whether a Full Assessment should be undertaken.

Openness and transparency

RBWM has a 'Specific Duty' to publish information about people affected by our policies and practices. Your completed assessment should be sent to the Strategy & Performance Team for publication to the RBWM website once it has been signed off by the relevant manager, and/or Strategic, Policy, or Operational Group. If your proposals are being made to Cabinet or any other Committee, please append a copy of your completed Screening or Full Assessment to your report.

Enforcement

Judicial review of an authority can be taken by any person, including the Equality and Human Rights Commission (EHRC) or a group of people, with an interest, in respect of alleged failure to comply with the general equality duty. Only the EHRC can enforce the specific duties. A failure to comply with the specific duties may however be used as evidence of a failure to comply with the general duty.

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD
EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment (19/09/2022)

Stage 1 : Screening (Mandatory)

1.1 What is the overall aim of your proposed strategy/policy/project etc and what are its key objectives?

The Pension Fund Committee agreed and released an Environmental, Social and Governance (ESG) public statement in late 2020 clarifying its commitment to long-term responsible investment of pension savings. Following this, the fund approved a Responsible Investment (RI) policy on 22 March 2021 supported by several values, principles, and priorities. Since then, the Fund has been continuously improving its approach to RI and have been working towards an updated RI policy that is all encompassing and reflective of the current external environment – this updated RI policy is presented alongside this report in Appendix 4 as presented by the RI working group (Task & Finish group).

1.2 What evidence is available to suggest that your proposal could have an impact on people (including staff and customers) with protected characteristics? Consider each of the protected characteristics in turn and identify whether your proposal is Relevant or Not Relevant to that characteristic. If Relevant, please assess the level of impact as either High / Medium / Low and whether the impact is Positive (i.e. contributes to promoting equality or improving relations within an equality group) or Negative (i.e. could disadvantage them). Please document your evidence for each assessment you make, including a justification of why you may have identified the proposal as “Not Relevant”.

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment (19/09/2022)

Protected characteristics	Relevance	Level	Positive/negative	Evidence
Age			N/A	Key data: The estimated median age of the local population is 42.6yrs [Source: ONS mid-year estimates 2020]. An estimated 20.2% of the local population are aged 0-15, and estimated 61% of the local population are aged 16-64yrs and an estimated 18.9% of the local population are aged 65+yrs. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]
Disability			N/A	
Gender re-assignment			N/A	
Marriage/civil partnership			N/A	
Pregnancy and maternity			N/A	
Race			N/A	Key data: The 2011 Census indicates that 86.1% of the local population is White and 13.9% of the local population is BAME. The borough has a higher Asian/Asian British population (9.6%) than the South East (5.2%) and England (7.8%). The forthcoming 2021 Census data is expected to show a rise in the BAME population. [Source: 2011 Census, taken from Berkshire Observatory]
Religion and belief			N/A	Key data: The 2011 Census indicates that 62.3% of the local population is Christian, 21.7% no religion, 3.9% Muslim, 2% Sikh, 1.8% Hindu, 0.5% Buddhist, 0.4% other religion, and 0.3% Jewish. [Source: 2011 Census, taken from Berkshire Observatory]
Sex			N/A	Key data: In 2020 an estimated 49.6% of the local population is male and 50.4% female. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]
Sexual orientation			N/A	

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ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment (19/09/2022)

Outcome, action and public reporting

Screening Assessment Outcome	Yes / No / Not at this stage	Further Action Required / Action to be taken	Responsible Officer and / or Lead Strategic Group	Timescale for Resolution of negative impact / Delivery of positive impact
Was a significant level of negative impact identified?	No	No	Damien Pantling	N/A
Does the strategy, policy, plan etc require amendment to have a positive impact?	No	No	Damien Pantling	N/A

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If you answered **yes** to either / both of the questions above a Full Assessment is advisable and so please proceed to Stage 2. If you answered “No” or “Not at this Stage” to either / both of the questions above please consider any next steps that may be taken (e.g. monitor future impacts as part of implementation, re-screen the project at its next delivery milestone etc).

Stage 2 : Full assessment

2.1 : Scope and define

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD
EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment (19/09/2022)

2.1.1 Who are the main beneficiaries of the proposed strategy / policy / plan / project / service / procedure? List the groups who the work is targeting/aimed at.

N/A – No full assessment required

2.1.2 Who has been involved in the creation of the proposed strategy / policy / plan / project / service / procedure? List those groups who the work is targeting/aimed at.

N/A – No full assessment required

2.2 : Information gathering/evidence

2.2.1 What secondary data have you used in this assessment? Common sources of secondary data include: censuses, organisational records.

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ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment (19/09/2022)

N/A – No full assessment required

2.2.2 What primary data have you used to inform this assessment? *Common sources of primary data include: consultation through interviews, focus groups, questionnaires.*

N/A – No full assessment required

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Eliminate discrimination, harassment, victimisation

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment (19/09/2022)

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

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ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment (19/09/2022)

Advance equality of opportunity

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

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ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment (19/09/2022)

Foster good relations

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age					
Disability					
Gender reassignment					
Marriage and civil partnership					
Pregnancy and maternity					
Race					
Religion and belief					
Sex					
Sexual orientation					

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2.4 Has your delivery plan been updated to incorporate the activities identified in this assessment to mitigate any identified negative impacts? If so please summarise any updates.

These could be service, equality, project or other delivery plans. If you did not have sufficient data to complete a thorough impact assessment, then an action should be incorporated to collect this information in the future.

N/A – No full assessment required

**ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD
EQUALITY IMPACT ASSESSMENT**

EqIA : Responsible Investment (19/09/2022)

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Report Title:	Administration Report
Contains Confidential or Exempt Information	No - Part I
Cabinet Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 19 September 2022
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None



REPORT SUMMARY

This report deals with the administration of the Pension Fund for the period 1 March 2022 to 30 June 2022. It recommends that Pension Fund Committee Members (and Pension Board representatives) note the Key Administrative Indicators throughout the attached report.

Good governance requires all aspects of the Pension Fund to be reviewed by the Administering Authority on a regular basis. There are no financial implications for RBWM in this report.

The Committee are asked to note that Administration Reports are provided to each quarter end date (30 June, 30 September, 31 December and 31 March) and presented at each Committee meeting subsequent to those dates.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee notes the report;

- i) Notes all areas of governance and administration as reported;**
- ii) Notes all key performance indicators; and**
- iii) Approves publication of the quarterly Administration report on the Pension Fund website.**

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1. The Royal County of Berkshire Pension Fund Committee has a duty in securing compliance with all governance and administration issues.**

3. KEY IMPLICATIONS

- 3.1. Failure to fulfil the role and purpose of the Administering Authority could lead to the Pension Fund and the Administering Authority being open to challenge and intervention by the Pensions Regulator.

4. FINANCIAL DETAILS / VALUE FOR MONEY

- 4.1. No direct financial implications arising from this report.

5. LEGAL IMPLICATIONS

- 5.1. None.

6. RISK MANAGEMENT

- 6.1. The Pension Fund Committee review and approve a risk register on a quarterly basis, prepared in line with CIPFA's guidance on "managing risks in the LGPS – 2018". The latest risk register (including relevant actions and mitigations) has been prepared alongside the amendments within these revised policies, with any relevant changes considered and documented as appropriate in the quarterly review of the risk management report.

7. POTENTIAL IMPACTS

- 7.1. Failure to comply with pension legislation could result in the Administering Authority being reported to the Pensions Regulator where failure is deemed to be of a material significance.
- 7.2. Equalities: Equality Impact Assessments are published on the council's website: There are no EQIA impacts as a result of considering this report and this report does not require a material decision. No EQIA is published alongside this report.
- 7.3. Climate change/sustainability: N/A
- 7.4. Data Protection/GDPR. GDPR compliance is included as a specific risk on the register in regard to processing and handling personal data, this is dealt with in the appendix along with the relevant mitigations.

8. CONSULTATION

- 8.1. Not applicable.

9. TIMETABLE FOR IMPLEMENTATION

9.1. The Local Pension Board was consulted on the contents of this report

10. APPENDICES

10.1. This report is supported by 1 appendix:

- Appendix 1: Administration Report 1 March 2022 to 30 June 2022

11. BACKGROUND DOCUMENTS

11.1. This report is supported by 0 background documents.

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Mandatory: Statutory Officers (or deputy)			
Adele Taylor	Executive Director of Resources/S151 Officer	18/08/2022	25/08/2022
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	18/08/2022	
Deputies:			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	18/08/2022	06/09/2022
Elaine Browne	Head of Law (Deputy Monitoring Officer)	18/08/2022	24/08/2022
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	18/08/2022	18/08/2022
Other consultees:			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee	18/08/2022	

13. REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Pension Fund Committee decision	Yes/No	Yes/No

Report Author: Kevin Taylor, Pension Services Manager 07992 324393

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THE ROYAL COUNTY OF
BERKSHIRE
PENSION FUND

ADMINISTRATION REPORT

QUARTER 2 – 2022 (Q1 2022/23)

1 April 2022 to 30 June 2022

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1. ADMINISTRATION

1.1 Scheme Membership

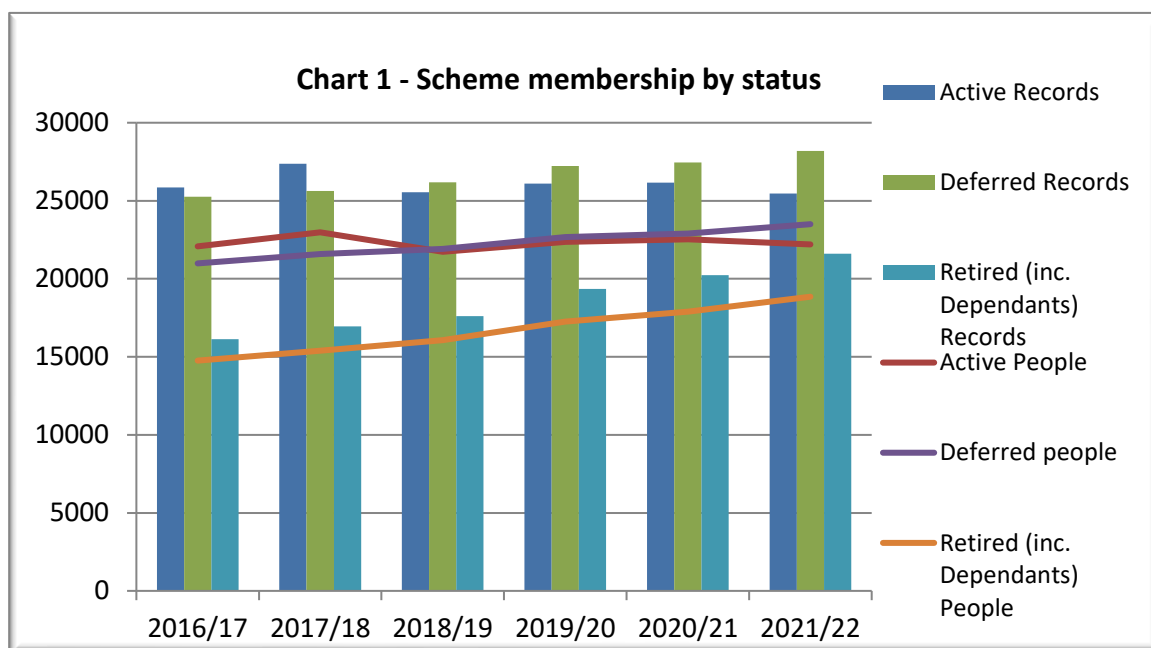


Table 1 – Total Membership

Active Records	25,472	Active People	22,197
Deferred Records	28,186	Deferred People	23,498
Retired Records	21,606	Retired People	18,851
TOTAL	75,264	TOTAL	64,546

1.2 Membership by Employer

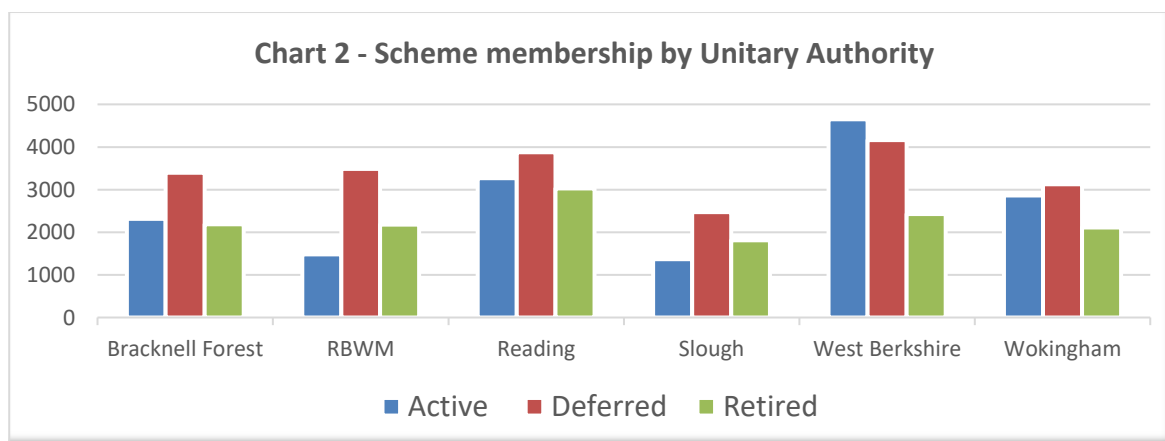
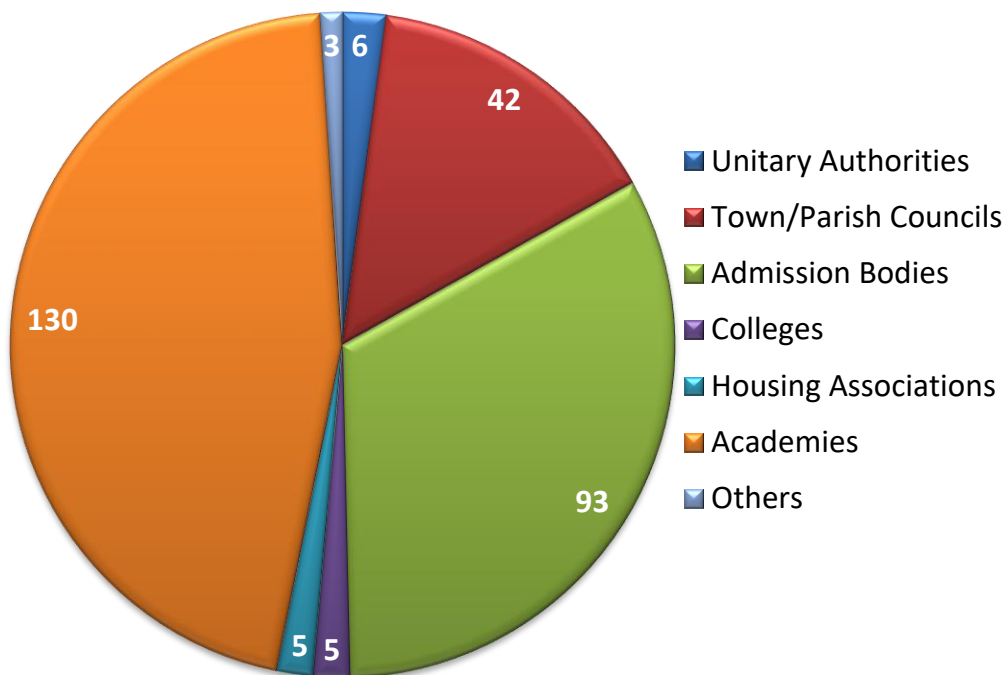


Table 2 - Membership movements in this Quarter (and previous Quarter)

	Bracknell	RBWM	Reading	Slough	W Berks	Wokingham
Active	-38	+19	-44	+24	+73	-54
	-20	-38	45	-40	-2	+34
Deferred	-7	+10	26	+13	+24	+5
	+4	-2	+9	-4	+71	+24
Retired	+43	+15	+40	+13	+23	+34
	+25	+17	+37	+38	+44	+35

1.3 Scheme Employers

Chart 3 - Employers with active members

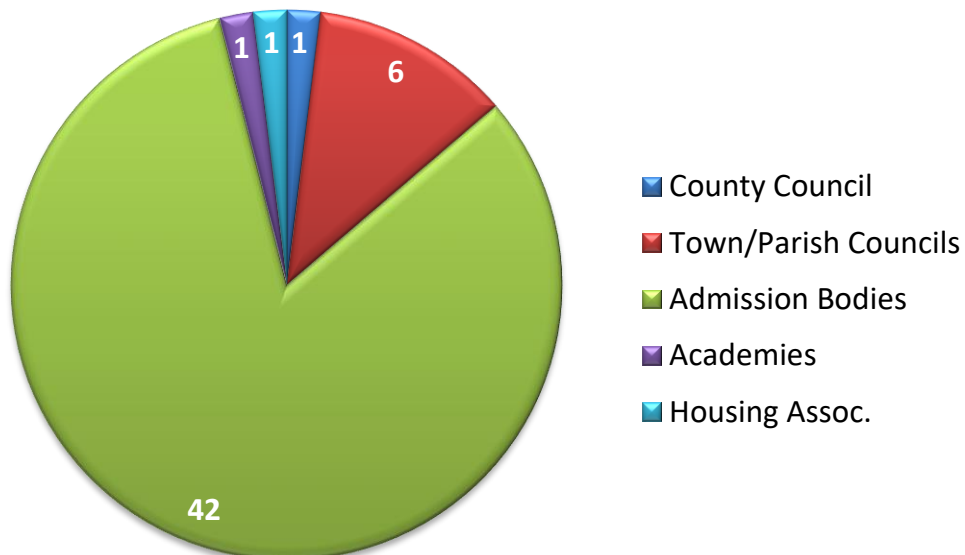


New employers since last report:

Admission Bodies: Impact Food Group (Arbib Academy Trust), Turn It Ion Limited (Maiden Erlegh Trust)

Academies: None

Chart 4 - Employers without active members



Exiting employers: None

1.4 Scheme Employer Key Performance Indicators

Table 3 – i-Connect users Quarter 2 (1 April 2022 to 30 June 2022)

Employer	Starters	Leavers	Changes	Total	Submission Received Within Specification
Bracknell Forest Cncl	236	115	602	953	100%
RBWM	157	71	383	611	100%
Reading BC	279	126	822	1,227	66.67%
Slough BC	116	124	282	522	100%
West Berks Council	324	236	864	1,424	100%
Wokingham BC	148	70	905	1,123	100%
Academy/ School	562	433	2,556	3,551	50.91%
Others	129	73	364	566	70.00%

NOTES: Table 1A above shows all transactions through i-Connect Software for the second quarter of 2022. Changes include hours/weeks updates, address amendments and basic details updates.

The benefits of i-Connect are:

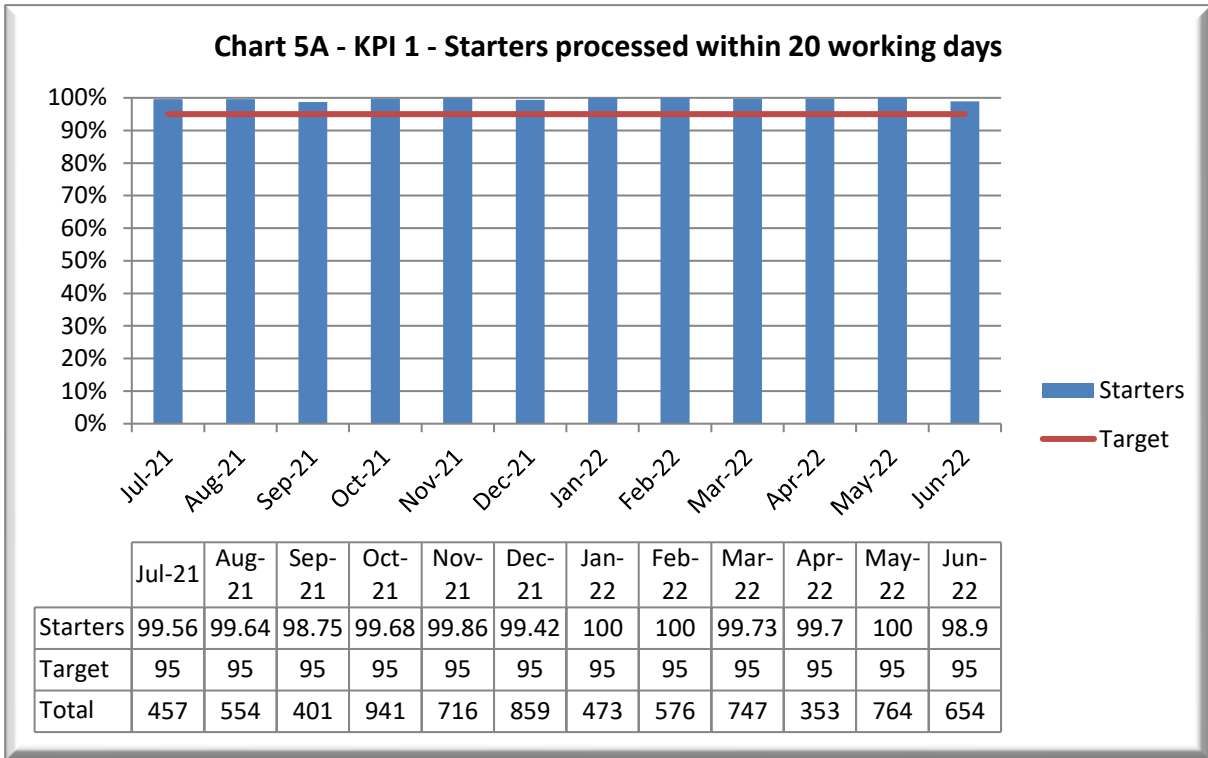
- Pension records are maintained in 'real-time';
- Scheme members are presented with the most up to date and accurate information through "my pension ONLINE" (Member self-service);
- Pension administration data matches employer payroll data;
- Discrepancies are dealt with as they arise each month;
- Employers are not required to complete year end returns;
- Manual completion of forms and input of data onto systems is eradicated removing the risk of human error.

Since the 1 April 2022 Officers are pleased to report the following scheme employers have on boarded i-connect Software with scheme member data received monthly:

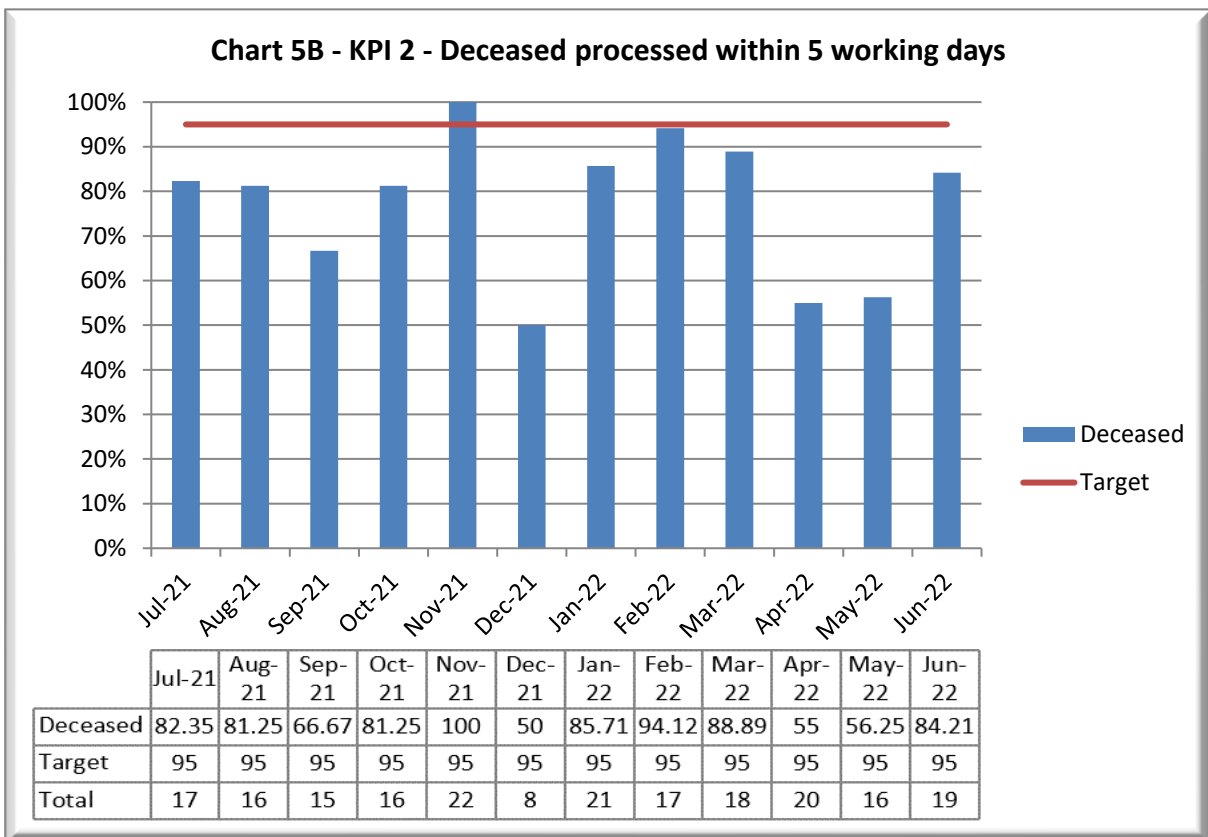
- The Forest School Academy Trust

132 scheme employers are yet to on board i-Connect Software and the Pension Fund remains committed to continuing to work with these scheme employers to help them to onboard, where it is possible for them to do so. Scheme employers with fewer than 10 scheme members (77 employers) have the option of using an on-line portal version of i-Connect Software rather than submitting via ".csv".

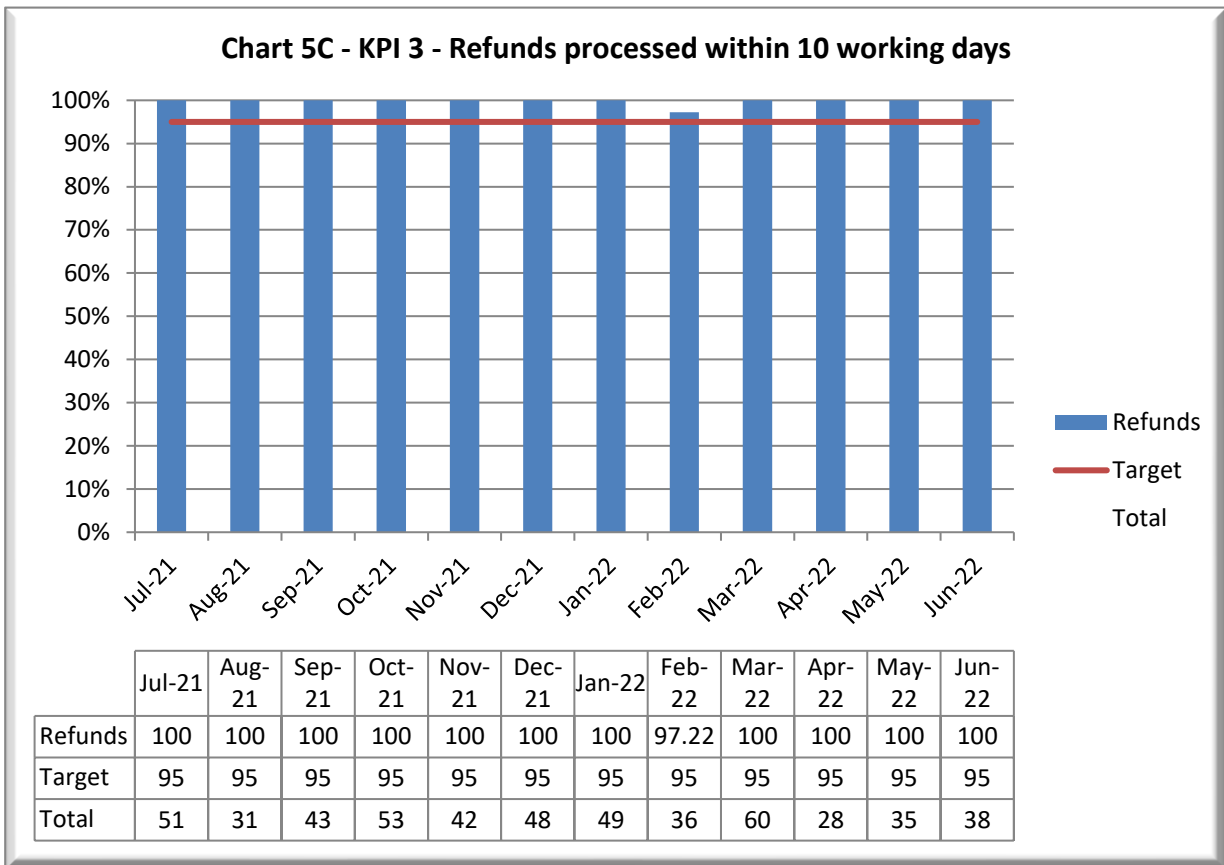
1.5 Key Performance Indicators



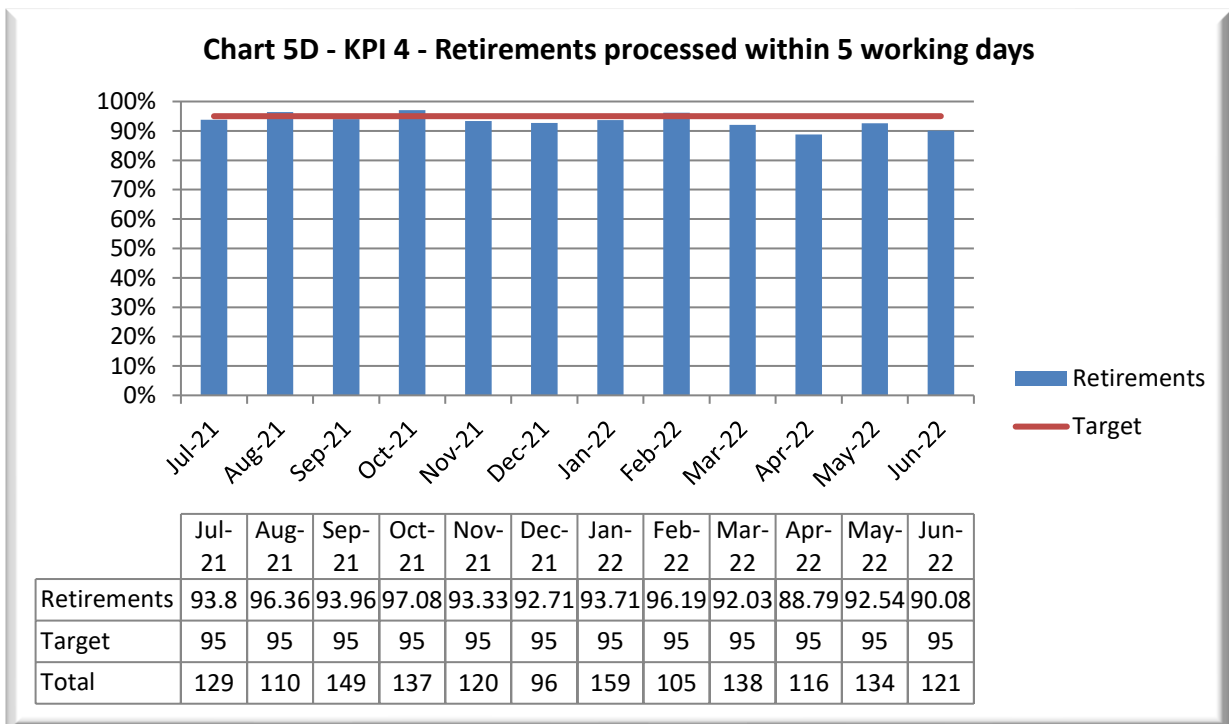
CIPFA Benchmark: Two months from date of joining the scheme or if earlier within one month of receiving jobholder information.



CIPFA Benchmark: As soon as practicable and no more than two months from date of notification of death from scheme employer or deceased’s representative.



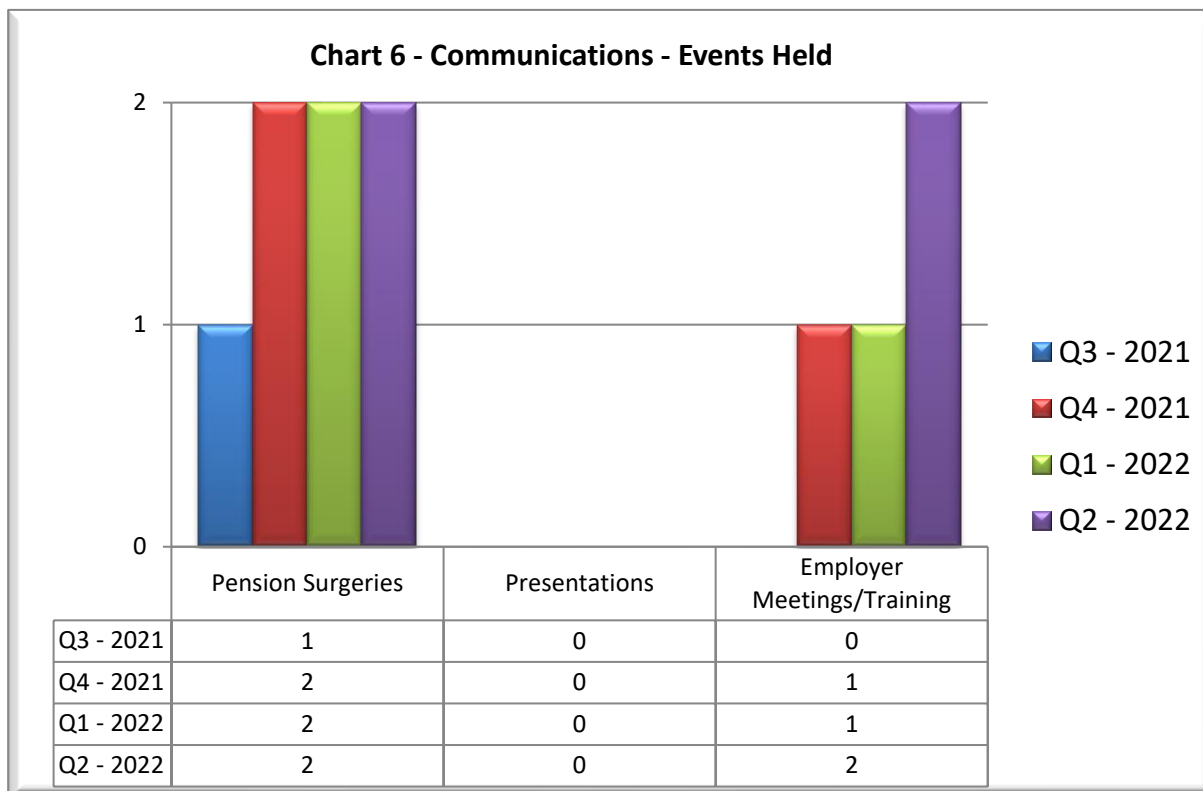
CIPFA Benchmark: To be confirmed.



CIPFA Benchmark: One month from date of retirement if on or after normal pension age or two months from date of retirement if before normal pension age.

1.6 Communications

All events shown have been held remotely.



1.7 Stakeholder Feedback

As part of the Pension Fund's aim to achieve Pension Administration Standards Association (PASA) accreditation it is a requirement to report to Members the comments and complaints received from scheme employers and their scheme members on a periodic basis. Please see below feedback received from stakeholders during the fourth quarter:

Date Received	Method	Feedback
06/04/2022	Email	I would like to compliment one of your staff by the name of [NAME]. I called this morning regarding the above. I am a real novice when it comes to dealing with paperwork. [NAME] was amazing, she went through all of the forms with me step by step. Please tell her I am so grateful for her help and support, she certainly needs recognition.

2 SPECIAL PROJECTS

2.1. McCloud Judgement

In 2014 the Government introduced reforms to public service pensions, meaning most public sector workers were moved into new pension schemes in 2014 and 2015.

In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judges' and firefighters' pension schemes, as part of the reforms, gave rise to unlawful discrimination.

On 15 July 2019 the Chief Secretary to the Treasury made a written ministerial statement confirming that, as ‘transitional protection’ was offered to members of all the main public service pension schemes, the difference in treatment will need to be removed across all those schemes for members with relevant service.

The changes to the LGPS include transitional protection for members who were within 10 years of their Final Salary Scheme normal pension age on 1 April 2012, ensuring that they would receive a pension that was at least as high as they would have received had the scheme not been reformed to a Career Average Revalued Earnings scheme from 1 April 2014.

Officers understand the Department for Levelling Up, Housing and Communities (DLUHC) is to consult on further regulations governing the application of the McCloud remedy to the LGPS.

The DLUHC has confirmed to the Local Government Pension Committee (LGPC), in a recent update, that work continues on the steps to rectify the discrimination as it affects the LGPS in England and Wales, with the government planning to publish its response to the 2020 consultation on amendments to the statutory underpin later this year, after which the LGPS Scheme Advisory Board will resume its McCloud implementation groups.

An updated version of the draft regulations implementing the remedy will be published alongside the consultation response, covering new powers relating to the statutory underpin. However, a further consultation will take place in 2023 to ensure the updated draft regulations are accurate in light of the changes made.

The government will also consult on other aspects of the McCloud remedy which did not feature in our original consultation, such as compensation and rates of interest.

These new regulations are expected to come into force in October 2023, while a consultation will also take place covering new statutory guidance on McCloud implementation.

2.2 *Pensions Dashboard Programme*

A national pensions dashboard has been on the horizon for some time, but now the Pension Schemes Act 2021 has received Royal Assent it is anticipated the Department for Work and Pensions (DWP) will begin to consult on detailed dashboards regulations and work with regulators to begin supporting both private and public sector pension providers and pension schemes to comply with their dashboards compulsion duties. It is anticipated the Pensions Dashboards Programme (PDP) will publish further detailed instructions on how a scheme administrator must operate with the dashboards ecosystem.

Officers recognise it is important not to wait for all this consultation and guidance. Almost every aspect of administering a pension scheme is easier to achieve if data is actively managed and incorporates both Common and Scheme Specific data activities, an area officers have successfully improved over the last three years.

Officers acknowledge Pensions Dashboards, if done well, could be a game changer in getting individuals to better engage with their pensions and a better efficiency of pension scheme management. Officers understand the Pensions Dashboard will go live during 2023 and officers will provide further details to Members in due course.

2.3 *Overseas Pension Payments*

During March 2022 officers worked together with the Pension Fund’s current overseas payment provider, Western Union (WU), resulting in the issue of a “Pre-Existence Letter” to

168 pensioner and dependant scheme members (“the payee”) who receive their monthly pension payment to an account in the country and currency of their residence.

The Pension Fund currently pays in the region of £782,000 of annual pension payments to overseas accounts using the services of WU. In an effort to detect and prevent any fraudulent payments this project will require the payee to present themselves in person at their nearest local WU Bureau Station together with a form of photographic identification.

The “Pre-existence Letter” set out to the payee the reasons for the project being undertaken and to make them aware a further letter will follow during week commencing Monday, 18 April 2022 and confirming the nearest local WU Bureau Station to their address.

The project has received a positive response from the payees Officers contacted with 134 attending their nearest WU Bureau Station as instructed, a reminder letter is due to be sent to remaining 32 payees. There have been two payees actively contact Officers with a subsequent arrangement made for them to complete and return a Life Existence Certificate.

Officers understand the monthly pension payment is a key part of the payee’s quality of life and will therefore always take careful and considered action before suspending the monthly pension payments of those payees who do not provide photographic identification.

2.4 Year End 2021/2022

Officers are pleased to report all year end processes are complete for the period from 1 April 2021 to 31 March 2022 with Annual Benefit Statements made available to all active and deferred Scheme members via the ‘my pension ONLINE’ service.

A total of 1,316 paper copies will be posted to active Scheme members during August whilst 2,087 paper copies were posted to deferred Scheme members during May. The total number of paper copies posted represents 6.30% of the combined active and deferred membership.

With the successful completion of Year End 2022 Officers were able to extensively cleanse and provide all membership data extracts to the Actuary, Barnett Waddingham, on 27 June 2022, this being three days before the agreed date.

2.5 Berkshire Pension Fund Website and other Communication

Officers are only too aware of the need to ensure Scheme employers and their Scheme members are kept, more than ever before, up to date about all changes to the Scheme that impact on them, delivering news about such changes quickly and efficiently.

Officers have begun looking at driving changes to the communication work that they do, this includes reviewing and developing the Pension Fund website to further improve on existing functionality, all aimed at improving engagement with Scheme employers and their Scheme members. This whilst targeting those Scheme members who are yet to register for ‘my pension ONLINE’ and encourage those that still receive a paper copy Annual Benefit Statement to move online.

Officers look to complete such a project by 31 March 2023.

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