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Notice of Meeting

Berkshire Pension Fund Committee
Councillors Simon Bond (Chair), Wisdom Da Costa (Vice-Chair), Neil Knowles, Asghar Majeed, Julian Tisi, Stephen Newton (Wokingham Borough Council), O'Regan (Bracknell Forest), Dennis (Reading) and Zarait (Slough)

www.rbwm.gov.uk
Royal Borough of Windsor & Maidenhead

Monday 18 March 2024 4.00 pm
Council Chamber - Town Hall, Maidenhead & on RBWM YouTube

Agenda

Part I Meeting

9	**LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PUBLIC** 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."	-

Part II Meeting

Item	Description	Page
10	<u>Part II Minutes</u> To approve the Part II minutes of the meeting held on 18 December 2023. ***(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)***	129 - 134
11	<u>Investment Performance, Risk and Business Update</u> To note the report from Ian Coleman, Interim Head of Pension Fund. ***(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)***	135 - 214
12	<u>Part II Any Other Business</u> To discuss any other Part II items of business. ***(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)***	-

By attending this meeting, participants are consenting to the audio & visual recording being permitted and acknowledge that this shall remain accessible in the public domain permanently.

Please contact Mikey Lloyd, Mikey.Lloyd@rbwm.gov.uk, with any special requests that you may have when attending this meeting.

Published: 8 March 2024

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.

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

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 ***<u>or</u>*** *(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.*

<u>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.</u>

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.

BERKSHIRE PENSION FUND COMMITTEE

Monday 18 December 2023

Present: Councillors Simon Bond (Chair), Wisdom Da Costa (Vice-Chair), Neil Knowles and Julian Tisi

Present virtually: Councillors Asghar Majeed

Also in attendance: Alan Cross, Aoifinn Devitt, Joe Peach, Richard Tomlinson and Councillor Stephen Newton (Wokingham)

Officers: Mikey Lloyd, Damien Pantling and Philip Boyton

Introduction Apologies

Apologies for absence were received by advisory members Bob Swarup and Councillor Glenn Dennis, Reading Council

Declarations of Interest

Councillor Stephen Newton, Wokingham Borough Council (Advisory Panel), declared that his wife was a member of the scheme.

Minutes

RESOLVED UNANIMOUSLY: That the Part I minutes of the meeting held on 18 September 2023 be a true and accurate record.

Risk Management

Damien Pantling, Head of Pension Fund, delivered the update on Risk Management and explained they were presenting 46 risks this quarter, including two new risks and three that were removed or merged since the last meeting. It was noted that one new risk involved differences in the fund's performance compared to the wider LGPS. The other risk noted concerned climate impact, split into assets and liabilities. Damien Pantling noted a new table had been included of top risks post-mitigation in the report, with a minor error to be corrected post meeting. It was also mentioned that during the Pension Board meeting it was discussed about a specific risk related to audit delays being documented in the Risk Register from March 2024.

Councillor Stephen Newton, Wokingham Borough Council (Advisory Panel), raised concerns regarding unsigned annual accounts affecting council operations, he emphasised the need for auditors to focus on resolving issues related to the Pension Fund accounts, minimising broader audit concerns.

Councillor Da Costa thanked Damien Pantling for the inclusion of climate risk in the Risk Register and for splitting it between assets and liabilities. He asked a few questions, firstly about how and when will they address operational risk, especially concerning infrastructure and building usability in the face of climate change impacts, secondly what their approach was to quantifying risks in terms of monetary value and considering potential increases in operational costs due to audit related issues?

Damien Pantling explained that Councillor Da Costa's concern extended beyond climate risk and encompassed disaster recovery and business continuity which while not explicitly stated in the Risk Register, Damien Pantling said there were robust disaster recovery and business continuity plans, annually reviewed, that addressed these aspects. He noted that for quantifying climate risk, their methodology aligns with government guidelines. Damien Pantling also noted that climate risk scenario analysis was mandated in their triennial valuation process and was last conducted in 2022.

Councillor Da Costa wanted to clarify that the net risk would be borne by the scheme members rather than those paying the pension? And commented on operation risks, that the Pension Fund Committee should be able to see where they are at with their disaster recovery scenarios, and asked what kind of scenarios are included?

Damien Pantling said what whilst employers bear the risk, it was important to acknowledge that local taxpayers, who fund the employers, are also impacted. As for disaster recovery, it was primarily an operational matter managed across various departments within the administering authority and his focus was solely on the Pension Fund's concerns. Councillor Da Costa believed it was essential to consider the significance of the risk and delegating responsibility was not good enough. He believed they should be aware of, if not directly involved in, addressing the risk.

Alan Cross, Chair of the Pension Board, said that regarding the new risk concerning a different investment approach, it's important to note that the approach aligned with their unique funding level. The Strategic Asset Allocation was thoroughly debated and unanimously agreed upon by the Pension Fund Committee in March. Revaluation would occur during the next Tri evaluation, considering input from advisors and LPPI.

In response to Councillor Newton's concern about local authority audit backlogs, Alan Cross said that it was a national issue receiving consideration at the national level. Wokingham's situation was not unique and had become a significant problem in recent years.

Councillor Tisi had two questions regarding the risk register. Firstly, concerning the new risk regarding the Fund's performance compared to the LGPS and the actual risk to the Fund, and were they satisfied with the current asset allocation, or could there be a need for adjustments? Secondly Councillor Tisi commented on the Risk Register circulated before the meeting and the risk labelled "McCloud Remedy,". He said the net rating of this risk was very high, implying limited control over the situation and wanted clarification on this.

Damien Pantling commented on how the asset allocation differs from other LGPS Funds, mainly due to the Fund's positive cash flow, relative youth, and significantly lower funding level. While it's reasons for this deviation were well-documented and robustly decided, there was a perceived risk associated with this divergence when compared to other LGPS Funds. Secondly, addressing the McCloud Remedy risk, Damien Pantling explained that the residual risk remained high due to ongoing uncertainties despite having a plan in place. He said they were engaging with external advisers and their actuary to finalise the implementation plan, addressing remaining gaps and uncertainties.

Councillor Tisi responded on the McCloud remedy, saying that whilst they have a plan in place, they're adopting a prudent approach due to remaining uncertainties. Acknowledging the need to complete certain steps before assuming effectiveness. He also responded regarding the Fund's unique characteristics and asset allocation, whilst there was a perception difference compared to other LGPS Funds, driven by factors like age, cash flow, and funding level, the actual risk was unclear.

Damien Pantling explained that the real risk associated with the asset allocation compared to the wider LGPS was the slightly higher volatility. However, they closely monitor this through their risk appetite statements, assessing factors like the likelihood of being fully funded over time and the affordability of employer contributions. While there was increased volatility, it was managed and monitored within acceptable parameters.

Philip Boyton, Deputy Head of Pension Fund, added that the Berkshire Pension Fund, like all participating LGPS Funds, received the draft McCloud Remedy regulations, which became final on 1 October. Following this, Officers finalised a project plan by 3 October, outlining criteria, required resources, project structure, milestones, and detailed risk analysis. This living document would be continuously updated as additional guidance was received. He added that it aligned with other LGPS Funds, particularly in the southern area, with ongoing discussions to identify scheme members impacted by the underpin, informing resource and time allocation.

Alan Cross noted that with the budget plan, it was previously shared by Damien Pantling and could be made available to Pension Fund Committee members upon request. He then spoke on the real risk of the investment strategy and explained if shares and equities significantly underperform in the market over the next few years, the funding level suffers, putting them at the bottom of the return pile compared to other authorities. However, they opted for a strategy most likely to improve their position, following the thorough debate in March 2023.

AGREED: That the Pension Fund Committee notes the report;
i) Approves the updated risk register for publication including any changes since the last approval date, suggesting amendments as required.

<u>Good Governance</u>

Damien Pantling introduced the report on Good Governance, firstly giving some background information that in September/October 2021, the CIPFA 2016 risk management framework was introduced to the Fund and adopted for Pension Board and Pension Fund Committee reports. The framework was used to establish the annual risk management policy and formed the basis for the quarterly Risk Register presented to the forum for approval. It was noted there had been a lack of professional second opinion on the interpretation of the framework.

Damien Pantling explained that an internal audit was commissioned a few months ago to thoroughly review the Fund's risk management practices. The outcome of the review was positive, with no high-priority recommendations identified. However, two classified as medium priority and five as low priority recommendations were made. Officers had already begun working on addressing the recommendations, and the deadlines were considered realistic.

Damien Pantling said it was important to note that internal audit reviews were not compulsory but were conducted for reasons of good governance and best practice. These reviews aligned with the Fund's business plan and its goals of continuous improvement.

Councillor Tisi highlighted the positive progress with no high-priority actions required, commenting that of the two medium-priority actions, one of which had already been resolved within the allocated timeframe. Regarding the open action concerning risk controls, Damien Pantling said specific risks identified had been addressed. However, restructuring the risk register remained pending. Damien Pantling highlighted that discussions with RBWM on utilising their risk management software were underway, with plans for a review before the next Pension Fund Committee meeting in March or June. He noted that the software seemed suitable for local authorities, its compliance with LGPS risk management frameworks would be assessed before implementation. If necessary, external procurement options would be explored.

Councillor Newton commended the initiative taken for the voluntary internal audit, noting positive outcomes with minimal priority actions identified, he then inquired about the plan for future audits and updates on pending actions.

Damien Pantling said that whilst there was no specific agenda item for reporting back on these actions, Officers intend to provide updates periodically. This could be included in future Good Governance reports, the annual governance statement, or the annual business plan. The exact reporting mechanism was yet to be decided but would ensure transparency and accountability.

Regarding future audit plans, Damien Pantling highlighted that the administering authority's Audit and Governance Committee sets the internal audit plan. The Pension Fund would coordinate with them to allocate internal audit resources effectively. While annual audits were not guaranteed, efforts would be made to continue this practice for ongoing improvement and oversight.

Councillor Da Costa commended the presentation and expressed agreement with the recommendations put forward. He emphasised the importance of having a formal view and external validation. Councillor Da Costa then inquired about the approach taken by external auditors in assessing the risk program, considering RBWM's existing teams. He sought clarification on how the audit compared to traditional audits, which focus on accounting standards and balance sheets. Councillor Da Costa then asked how and when the risk appetite framework would be reviewed and implemented, acknowledging its significance in framing the approach to risk management. Finally, Councillor Da Costa mentioned about exploring other systems suggested by the LGA's pension fund teams. He expressed the intention to consider additional systems for inclusion in the risk assessment process.

Damien Pantling noted that the audit was conducted by an external partner, which comprised a group of councils with extensive experience auditing local authority accounts and pension funds. Their review focused on best practices in risk management within the LGPS framework, drawing insights from partner Funds and other audits. As for risk appetite, Damien Pantling explained that with 46 risks in the register, setting individual appetites for each would be impractical and constantly evolving. He said they were considering grouping risks into the seven categories to establish a more pragmatic approach. Whilst they had already set appetites for funding and investment risks, defining appetites for the remaining risks was an ongoing process, with a deadline of approximately a year to finalise.

Councillor Tisi made a few points, firstly, regarding the assessment of risk appetite, and that it was sensible to consolidate opinions rather than evaluating each of the 46 risks individually. Secondly, while the recent internal audit reflected positively on the risk management practices, it was prudent to consider the cost-benefit analysis of conducting audits annually, suggesting a flexible approach, such as determining audit frequency based on value-added insights, rather than a fixed schedule.

AGREED: That then Pension Fund Committee notes the report;

i) Considers the findings presented by SWAP Internal Audit; and

ii) Approves the recommendations for implementation by the deadlines disclosed in the Internal Audit report (Appendix 1).

Annual Report and Accounts

Damien Pantling delivered the Annual Report and Accounts and began with a commendation to the team for their hard work in preparing the draft annual report for the Pension Fund, ending on 31 March 2023. It was explained that the purpose of the report was outlined as seeking approval for the draft, which remained unaudited due to ongoing prior audit periods. It was emphasised that the Pension Fund accounts were integral to the RBWM accounts and could not be signed off until the latter were audited. Although external auditors provided a positive verbal update during the Pension Fund pre-meet, formal audit opinions were pending. Pension Fund Committee approval was sought to publish the annual report, marking its first public release, although it was noted the chart of accounts had been previously published alongside RBWM draft accounts in May/June.

Councillor Da Costa acknowledged the effort that had gone into the report and suggested using PNG format for signatures instead of JPEGs. Reflecting on the audit, Councillor Da Costa sought clarification that while most of the testing had been conducted and formal sign-off was pending, the auditors did not raise any issues with the Pension Fund accounts and their feedback suggested no significant concerns?

Damien Pantling explained that auditors had completed most of the testing and verbally confirmed no issues found, but formal assurance awaited partner review. However, due to unaudited prior-year balances and outstanding audits, full assurance was pending.

Councillor Da Costa asked what the process was once the previous outstanding accounts were signed off? Damien Pantling explained that once the auditors sign off on the accounts for the years 2021to 2023, the final audited accounts will be approved by the Audit and Governance Committee of the administering authority. Any material amendments will be brought back to the committee for reapproval. It was also noted that the process for finalising the annual report will follow a similar pattern, with any significant changes requiring Pension Fund Committee approval.

Councillor Da Costa requested that the word ‘draft’ be added to the motion which officers accepted.

Councillor Tisi wanted to clarify the wording in 2.6 of the report that referred to a correction related to scheme assets amounting to £24 million, representing approximately 0.9% of the total assets. He sought clarification if this error was due to an update or adjustment in the reported values of the assets rather than an error in the internal accounting processes. Damien Pantling explained that they reported the information provided to them by their Fund custodian, and it was later discovered that there was a double counting error amounting to approximately £24 million. The error was identified by fund officers approximately two months after the initial reporting and they followed all due processes by reporting the information as received from their third-party custodian. Upon officers discovering the error and raising with the Custodian, they (the custodian) promptly corrected it.

Councillor Tisi asked about potential legislation changes impacting financial reporting requirements, and would they still do the outstanding previous years accounts if it was no longer required? Damien Pantling said he viewed audits as valuable for continuous improvement of controls and processes.

Councillor Newton asked if any significant learnings have emerged from this incident? Damien Pantling said that they had changed their custodian due to performance issues identified during the process and, they had strengthened internal processes for cross-checking asset values, ensuring a more robust control environment.

AGREED: That the Pension Fund Committee notes the report;

- **i) Notes and reviews the amendment to the (prior year) 2021/22 annual draft reports; and**
- **ii) Approves the 2022/23 draft annual report and statement of accounts for publication.**

<u>Administration Report</u>

Philip Boyton delivered the Administration Report, highlighting three key points in the presentation. Firstly, it was highlighted the addition of a new membership type called "Frozen Refund Records" and "Frozen Refund People" to ensure consistency with the annual report and accounts. Frozen refunds referred to former contributors who did not meet the two-calendar year vesting period for a deferred benefit and were entitled to receive a return of their net pension contributions. The number of frozen refunds was higher than desired, prompting plans for a project to reduce this number through an address tracing exercise and utilising the National Insurance database. Philip Boyton then spoke on i-Connect and the report noted a significant increase in employer performance and engagement with Academies and Schools, showing a circa 8% increase compared to the previous quarter, reaching 93.4%. This improvement was attributed to enhanced communication and engagement with third-party payroll providers. Finally, there was discussion focused on increasing the key performance indicator (KPI) for deceased processing from five to 10 working days. The KPI measured the time taken to begin payment of a surviving partner's annual pension after receiving all necessary paperwork. Despite the increase, the timeframe remains within the CIPFA benchmark of two months. The report emphasised the importance of monitoring progress and highlighted the development of less experienced pensions administrators in handling this area.

Councillor Tisi acknowledged the realistic adjustment of the key performance indicator (KPI) benchmark to 10 working days and expressed satisfaction with the progress on adopting the i-Connect system. He commended the team for the efficient transition. However, Councillor Tisi asked for clarification on the graph representing Frozen Refund People, noting a discrepancy in the numbers, and asked for an explanation for the apparent sudden increase in the figures from previous years.

Philip Boyton summarised that the Frozen Refund Records represented individuals who had contributed for less than the vesting period required for a pension entitlement. These individuals were not previously included in the reported figures, hence the sudden appearance in the graph. The team was going to undertake efforts to identify and reduce the number of Frozen Refund Records through an address tracing exercise and utilising the National Insurance database.

Councillor Da Costa highlighted the positive progress outlined in the report but raised concerns about the quality of communications sent to members. Councillor Da Costa also discussed ongoing issues with the McCloud Remedy and the Pensions Dashboard Programme, underscoring the need to identify pressure points and allocate resources accordingly for sustained operational effectiveness.

Philip Boyton reported progress on familiar KPIs, noting that all team members are experienced in delivering except for deceased processing, which less experienced team members are now transitioning to handle, anticipating improved reporting in this area. Philip Boyton discussed communication efforts, including pension surgeries, presentations, employer meetings, and training sessions, led by a dedicated Communications Manager with support from the team. Ongoing projects included addressing the McCloud Remedy and developing the Pensions Dashboards, with a revised timeline for the latter to 2025. It was emphasised the importance of effective communication and collaboration with software providers to successfully deliver on these initiatives.

Councillor Da Costa asked what the merits was of increasing or decreasing communication and if communication was solely statutory or include additional information based on legal requirements or best practices. Philip Boyton said the Pension Fund’s Communication Strategy primarily leverages online platforms to engage with our scheme members, offering real-time updates on LGPS news and facilitating benefit projections. It was noted the platform ensures transparency and accuracy in data utilisation. Additionally, Philip Boyton said they maintain regular communication through quarterly newsletters, which highlight key developments, such as the McCloud Remedy, and outline necessary actions to ensure compliance with pension regulations.

Councillor Newton said it was important to recognise the efforts in place and maintain the integrity of the scheme, ensuring high-quality services for all members. Adding that whilst there may be room for further reduction within the CIPFA framework, urged caution against frequent boundary adjustments.

AGREED: That the Pension Fund Committee notes the report;
i) Notes all areas of governance, administration and the key performance indicators as reported;

Responsible Investment

Damian Pantling introduced the report on Responsible Investment but explained that two colleagues from LPPI were present for questions on the reports. It was emphasised the portfolio's current green-to-brown ratio with 3.4 time more green than brown and consistently better ESG score compared to the benchmark. Damien Pantling noted an outstanding action regarding climate training and the setup of a task and finish group, ensuring it remains on the radar despite resource challenges, with plans to address it in the new financial year.

Councillor Da Costa expanded on Damien Pantling's point regarding climate change training, highlighting its dual purpose of educating Pension Fund Committee members and shaping a responsible investment policy and strategy. This endeavour aimed to align investment objectives with emerging opportunities in green assets and other climate-friendly solutions. Councillor Da Costa emphasised the long-term nature of this project, acknowledging the complexities involved and the need for extensive information and collaboration to formulate a strategy that maximises growth while addressing challenges and opportunities in the changing environment.

Alan Cross noted a point for the benefit of LPPI colleagues regarding the comparison of changes over time, particularly in areas like diversity on boards. He raised the question of whether these changes were driven by shifts in investments or by alterations in board compositions, possibly influenced by actions taken by partners collaborating with these boards. Alan Cross emphasised the importance of delineating between changes resulting from investment shifts and those stemming from board dynamics to better understand progress.

Richard Tomlinson, LPPI, spoke on the difficulty in attributing outcomes to specific actions, especially within a public equity portfolio, it was noted that multiple managers often claim responsibility for the same outcome due to various engagements. This made it challenging to determine whether changes were driven by shifts in composition or in the assets themselves. While efforts were made to analyse these factors, it remained complex as changes were influenced by both portfolio adjustments and advocacy for change. Richard Tomlinson emphasised that preferences for certain types of investments can shape future decisions and engagements to align with desired characteristics. He noted that transparency was encouraged, with a reminder to acknowledge actions taken when attributing outcomes.

The Chair queried the involvement of various organisations mentioned in the report, all of which appeared commendable and committed to effecting change. The International Investors Group on Climate Change (IIGCC) was highlighted for its admirable work over the past decade. The Transition Pathway Initiative (TPI), initiated with the support of organisations like the Church of England, was also noted for its dedication to responsible investment. The Task Force on Climate-related Financial Disclosures (TCFD), championed by Mark Carney, was recognised for its influence in driving change. Mention of the Nature Action 100 initiative on biodiversity was particularly welcomed. The Chair requested additional context on the initiative, particularly regarding the founding participants and other key stakeholders involved.

Richard Tomlinson clarified that the Nature Action 100 initiative is an organisation being supported, with biodiversity and nature emerging as key themes not only for the group but also within broader discourse, as evidenced by increased content on nature and biodiversity in recent COP conferences. Richard Tomlinson discussed the ongoing development of a climate opportunities vehicle with a specific focus on nature and biodiversity, indicating the significance of this theme in the organisation's investment strategy moving forward. Richard Tomlinson emphasised the interconnectedness of addressing biodiversity alongside the transition to Net Zero, viewing them as integral components. He noted while the initiative extends beyond the organisation, they had taken the lead in engaging with three companies, with expectations for momentum to grow over time.

Councillor Da Costa questioned Richard Tomlinson regarding his mention of a new green fund. He inquired about the fund's basis, asset selection criteria, and considerations for transitioning funds into it. Richard Tomlinson suggested discussing these details in part II of the meeting, emphasising the organisation's serious consideration of creating solutions for clients to invest in climate and nature-based initiatives.

Aoifinn Devitt made an inquiry about the level of satisfaction with engagement efforts and their efficacy, particularly given the global portfolio context and regional dynamics around ESG and activism. Richard Tomlinson emphasised the nuanced nature of engagement strategies, differing between internal and external management. He said internal portfolio engagement involves detailed, granular conversations with specific outcomes tracked, while broader engagement with external partners operated at a higher level, representing a larger pool of capital. Richard Tomlinson acknowledged regional differences, noting pushback in the US compared to a more receptive attitude in Europe. Despite these variations, the organisation remained committed to its engagement efforts, with plans to enhance and broaden activities rather than retreat.

Councillor Da Costa noted insights from discussions with investors at the LAPF Forum conference, where some attributed ESG pushback in the US to political motives, questioning its reflection of genuine value amidst significant investments spurred by the Inflation Reduction Act.

Aoifinn Devitt responded that the ESG debate was maturing beyond election-year politics, undergoing robust testing and interrogation, which ultimately strengthened it while revealing instances of greenwashing. She said stakeholders were becoming more demanding, seeking evidence of continuous improvement rather than mere engagement. Aoifinn Devitt then asked Richard Tomlinson whether the report demonstrated this progression towards achieving goals?

Richard Tomlinson responded that progress was seen within the internal portfolio, with direct control allowing for continuous improvement. While broader engagement progress was less directly observable, aggregate analysis revealed significant annual improvement in responsible investment practices. He noted that political dynamics vary by country, influencing dialogues on decarbonisation, yet a clear long-term trend towards decarbonisation persists.

AGREED: That the Pension Fund Committee notes the report;

i) Approves the Fund’s RI dashboard, RI report and Active Engagement report for publication;

<u>Local Government Act 1972 - Exclusion of the Public</u>

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 4.10 pm, finished at 6.36 pm

Chair……………………………………

Date…………………………….........

Report Title:	**Risk Management**
Contains Confidential or Exempt Information	No - Part I
Cabinet Member:	Councillor Bond, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 18 March 2024
Responsible Officer(s):	Ian Coleman, Interim Head of Pension Fund
Wards affected:	None

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Royal Borough of Windsor & Maidenhead

REPORT SUMMARY

A Risk Register is brought to the Royal County of Berkshire 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 in line with the Risk Management policy approved on 13 March 2023.

The Royal County of Berkshire Pension Fund has adopted the 2018 CIPFA risk management framework "Managing risk in the Local Government Pension Scheme".

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee notes the report;

i) Approves the Risk Register for publication.

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 Pension Fund) has a statutory duty to establish and operate risk controls. Failure to implement an adequate and appropriate risk assessment policy and Risk Register could lead to breaches of law. Where the wider implications of not having in place adequate internal controls are likely to be materially significant, the Pensions Regulator 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 is kept under review and is presented to and reviewed by the Local Pension Board and the Royal County of Berkshire Pension Fund Committee on a quarterly basis.

2.3 There remains 46 risks in total identified in this quarter's Risk Register.

2.4 A table of the highest ranked risks has been provided in the body of this report, noting that of the 46 identified risks, just one is flagged as red after mitigations.

Risk ID	Risk Description	Post-mitigation score
PEN026	McCloud remedy will generate considerable additional workloads for the team resulting in potential resource concerns.	32
PEN001	Investment managers fail to achieve returns of at least the actuarial discount rate over the longer term, leading to deterioration in funding levels and increased contribution requirements from employers compared to actuarial assumptions set at the last Triennial valuation	24
PEN014	Impact of increases to employer contributions following the 2025 and future actuarial valuations.	24
PEN027	Failure to comply with Scheme regulations and associated pension law leading to, for example, incorrect pension payments being made. Risk of fines, adverse audit reports and breaches of the law. (Scoring update in September 2023 puts considerable weight on McCloud remedy)	24
PEN030	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.	24
PEN031	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.	24

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

Removed Risks

No risks removed.

New Risks

No new risks.

Amended Risks

No amended risks.

3. KEY IMPLICATIONS

3.1 Failure to maintain and keep under review the Royal County of Berkshire 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 Pension Fund deficit resulting in employers having to pay more.

5. LEGAL IMPLICATIONS

5.1 The Administering Authority is required to govern and administer the 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 reviewed quarterly by the Local Pension Board and the Royal County of Berkshire 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 a material significance.

7.2 Equalities. The Equality Act 2010 places a statutory duty on the council to ensure that when considering any new or reviewed strategy, policy, plan, project, service or procedure the impacts on particular groups, including those within the workforce and customer/public groups, have been considered. An Equality Impact Assessment (EQIA) screening exercise has been completed and approved in respect of this this report and shared with the RBWM Equalities team. It has been determined through the EQIA screening that a full EQIA is not required and is therefore not appended with this report.

7.3 Climate change/sustainability. n/a

7.4 Data Protection/GDPR. GDPR compliance is included as a specific risk on the Risk 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 formal or organised consultation process has been undertaken since the date of last review, however, Local Pension Board Members and Royal County of Berkshire Pension Fund Committee Members undertook a detailed annual review and training session in early 2022 in developing a revised Risk Management policy. The Royal County of Berkshire Pension Fund Committee re-approved the Risk Management Policy again in March 2023 as part of an annual review process and the appended Risk Register is fully consistent with this policy.

8.2 The Risk Register is made publicly available and the Royal County of Berkshire Pension Fund is continuously open to comments from all relevant stakeholders. The Committee and Board Chairs, Independent Advisors and senior Officers are consulted on proposed changes during the preparation of quarterly reports.

8.3 The Royal County of Berkshire Pension Fund Committee re-approved the Risk Management Policy again in March 2023 as part of an annual review process.

8.4 The Royal County of Berkshire Pension Fund's external advisors have been consulted in developing the revised Risk Management Policy.

9. TIMETABLE FOR IMPLEMENTATION

9.1 Ongoing.

10. APPENDICES

10.1 This report is supported by one appendix:

- Appendix 1 – Risk Register

11. BACKGROUND DOCUMENTS

11.1 This report is supported by nil background documents.

12. CONSULTATION

Name of consultee	Post held	Date sent	Date returned
Mandatory:	*Statutory Officer (or deputy)*		
Elizabeth Griffiths	Executive Director of Resources & S151 Officer	**01/03/24**	
Elaine Browne	Deputy Director of Law & Governance & Monitoring Officer	**01/03/24**	**06/03/24**
Deputies:			
Andrew Vallance	Deputy Director of Finance & Deputy S151 Officer	**01/03/24**	**06/03/24**
Jane Cryer	Principal Lawyer & Deputy Monitoring Officer	**01/03/24**	
Helena Stevenson	Principal Lawyer & Deputy Monitoring Officer	**01/03/24**	
Mandatory:	*Equalities Officer – to advise on EQiA, or agree an EQiA is not required*		
Ellen McManus-Fry	Equalities & Engagement Officer	**29/02/24**	**29/02/24**

Mandatory:	*Assistant Director HR – to advise if report has potential staffing or workforce implications*		
Nikki Craig	Assistant Director of HR, Corporate Projects and IT	**01/03/24**	
Other consultees:			
Cllr Simon Bond	Chair – Royal County of Berkshire Pension Fund Committee	**01/03/24**	**02/03/24**
Alan Cross	Chair – Local Pension Board	**01/03/24**	

REPORT HISTORY

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

Report Author: Philip Boyton, Deputy Head of Pension Fund, 07792 324459

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THE ROYAL COUNTY OF BERKSHIRE PENSION FUND

18/12/2023	**Risk Calculation Key**
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AMBER = Score of 16 to 25	
RED = Score of 26 - 75	

ASSET AND INVESTMENT RISKS

Risk Group	Risk Ref.	Trending	Risk Description	IMPACT: Fund	IMPACT: Employers	IMPACT: Reputation	IMPACT: TOTAL	Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk	Owner	Reviewed
Asset & Investment Risk	PEN001		Investment managers fail to achieve returns of at least the actuarial discount rate over the longer term, leading to deterioration in funding levels and increased contribution requirements from employers compared to actuarial assumptions set at the last Triennial valuation	5	4	3	12	3	36	**TREAT** 1) The LPPI/RCBPF 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 with action delegated to be taken as necessary. 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, as advised by LPPI 4) Portfolio rebalancing is considered on a regular basis by the Pension Fund Committee. 5) The Fund's investment management structure is maintained as highly diversified, which lessens the impact of manager risk compared with less diversified structures. 6) Target return (actuarial) benchmark revised for monitoring from March 2023, above the actuarial discount rate **TOLERATE** 1) The actuarial assumptions regarding asset performance are regarded as achievable over the long term based on historical data.	2	24	Head of Fund	14/11/2023
Asset & Investment Risk	PEN002		Significant volatility and negative sentiment in global investment markets following disruptive geo-political uncertainty and/or unforeseen events such as global health and conflicts. 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, a variety of asset classes and a variety of geographical locations and styles. 2) Routinely receiving market updates from LPPI and independent advisors and acting upon the recommendations where appropriate - such as issuing additional/new guidance/instruction to LPPI. 3) Examining portfolio at an individual investment level to fully understand exposure to effected regions and reacting as appropriate.	2	18	Head of Fund	14/11/2023
Asset & Investment Risk	PEN003		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. TCFD regulations impact on LGPS schemes currently expected to come into force during 2024/25.	3	2	4	9	3	27	**TREAT** 1) Published ISS in relation to published best practice (e.g. Stewardship Code) and in compliance with the LGPS 2016 investment regulations. 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, the RI policy was comprehensively reviewed and published in October 2022 ensuring it is fit for purpose. 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	Head of Fund	14/11/2023
Asset & Investment Risk	PEN004		A change in government or existing government policy may result in new 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 consultations and provide views as appropriate to ensure consequences of changes to legislation are understood by (external) policy makers and the Fund.	1	11	Head of Fund	14/11/2023
Asset & Investment Risk	PEN005		Financial failure of third party supplier including fund managers results in service impairment, financial loss, value and confidence loss, increased costs.	5	4	2	11	2	22	**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 take place. 3) Actuarial services and investment management are provided by different providers. 4) Review of internal control reports on an annual basis and regular Internal Audits are undertaken (at least annually) 5) Supplier credit rating and risk of failure reviewed through procurement processes. 6) Fund is reliant upon current adequate investment contract management activity overseen by our investment managers LPPI. 7) Fund is reliant upon alternative suppliers at similar prices being found promptly.	2	22	Head of Fund	14/11/2023
Asset & Investment Risk	PEN006		Investment managers fail to perform in line with expectations (market benchmark) leading to worse performance than the market.	3	5	2	10	2	20	**TREAT** 1) Authority is delegated to LPPI to monitor, engage and make amendments to underlying investment manager relationships including performance management processes. 2) Performance is monitored on various timeframes, noting that poor short-term performance may not be indicative of any material issues, this is fully considered in manager review and selection processes by LPPI 3) Manager governance is kept under review by LPPI, noting that good governance structures and competent management reduce the risk of longer term issues	1	10	Head of Fund	14/11/2023
Asset & Investment Risk	PEN007		The Fund's SAA drives underperformance compared to the rest of the LGPS	4	4	3	11	3	33	**TREAT** 1) Other LGPS Fund's SAA's are reviewed when setting our SAA to identify best practice and ensure there is no significant deviation and there maintains some consistency amid the similarities in LGPS liability profiles. 2) Fund maintains asset allocation 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 in the long run. 3) The investment strategy is continuously monitored and periodically reviewed to ensure optimal risk/reward asset allocation. 4) Full wholistic strategy review takes place every three years in line with the actuarial valuation. 5) Investment strategy reviewed every year and LPPI undertake a health-check more frequently if required. 6) Where there are deviations compared to the wider LGPS, it is important that there is rationale (i.e. Berkshire's funding level compared to average, or Berkshires cash-flow/liability profile	2	22	Head of Fund	14/11/2023
Asset & Investment Risk	PEN008		Climate Change Investment risk - this can generally be categorised as transitory (short term) and physical (long term) risk. This focuses primarily on the Fund's existing asset holdings and the future expected returns associated with these. There is close overlap with Climate Change Liability Risk (PEN0018), particularly on future expected returns for assets that may not yet be owned	2	4	3	9	3	27	**TREAT** 1) The fund undertakes a climate risk assessment at each triennial valuation to determine if adequate prudence has been built into the ongoing discount rate based on available information and industry recognised forecasts at that point in time. 2) Where additional prudence is required in the ongoing discount rate, this may be added and employer contributions may be increased as appropriate (determined by FSS stability and affordability objectives). 3) Where it can be determined that changing the Fund's Strategic Asset Allocation can reduce the amount of prudence required in the ongoing discount rate, this will be considered with amendments made as appropriate and considering the Fund's other objectives and fiduciary responsibility. 4) Assets are analysed independently by LPPI in terms of their risk to the Portfolio's future returns considering transition and physical climate risks. Action (engagement, voting, divestment) is dedicated to be taken as appropriate in line with the Fund's policies.	2	18	Head of Fund	14/11/2023

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RED = Score of 26 - 75	

Risk Group	Risk Ref.	Trending	Risk Description	Fund	Employers	Reputation	TOTAL	Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk		
LIABILITY RISKS														
Liability Risk	PEN009	⇄	Scheme members live longer than expected (increasing mortality rates / reducing longevity rates) 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 hedged (or transferred) the risk of longevity rates increasing for all of the retired and dependent scheme members (c11,000 members) at that point in time. As at December 2022 the number has reduced to c6500 members. The opportunity cost of entering into the longevity contract was the loss of upside benefits associated with decreasing longevity rates - this was an active and measured decision previously taken by the Fund. Since entering into the contract, longevity rates have decelerated substantially and actually reduced over the pandemic period which has had a positive impact on the Fund's liabilities, but negatively offset by a reduction in the value of the longevity swap contract in respect of those members covered by the contract. **TOLERATE** 1) All scheme members that were not part of the longevity swap contract group in 2009 have liabilities exposed to the risk of increasing longevity rates. 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, consideration of liability matching (LDI/CDI)). 2) The impact of increasing longevity rates will be partially reduced because a group of members (c6,500) are still covered by the contract.	1	11	Head of Fund	14/11/2023
Liability Risk	PEN010	⇄	Long-term price inflation is significantly more than anticipated in the actuarial assumptions, negatively affecting the Funding level of the Fund	5	5	1	11	4	44	**TREAT** 1) Maintain material 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, both in dividend income and capital appreciation 3) The actuary has taken a prudent view on long-term 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	Head of Fund	14/11/2023
Liability Risk	PEN011	⇄	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 and communicate with the Fund as appropriate 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) Employer decisions to increase pay more than anticipated would result in increased contributions for that employer at the next triennial valuation to offset the liability impact.	2	18	Head of Fund	14/11/2023
Liability Risk	PEN012	↗	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) Actuary 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) Actuary made prudent assumptions about diminishing workforce when carrying out the 2022 triennial actuarial valuation and will do so for future valuations 3) Review maturity of scheme at each triennial valuation. 4) Cashflow position monitored monthly and 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.	2	16	Head of Fund	14/11/2023
Liability Risk	PEN013	⇄	Ill health costs may exceed "budget" allocations made by the actuary resulting in higher than expected liabilities particularly for smaller employers.	1	5	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	Head of Fund	14/11/2023
Liability Risk	PEN014	↗	Impact of increases to employer contributions following the 2025 and future actuarial valuations.	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 considering affordability and stability of contributions for all employers.	2	24	Head of Fund	06/12/2023
Liability Risk	PEN015	⇄	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 regularly. 2) Cashflow requirement is significant factor in the Fund's Investment Strategy Statement 3) Maintain a material level of cash held within a short duration bond fund, which allows access at short notice.	1	12	Head of Fund	14/11/2023
Liability Risk	PEN016	⇄	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 undertaken at regular interviews (last at March 2023) 3) Setting of Fund specific benchmark relevant to the current position of fund liabilities approved at each Triennial valuation 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	Head of Fund	14/11/2023
Liability Risk	PEN017	⇄	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. 2) Educate members on the long term benefit of remaining in the LGPS vs the short term benefits of a cash lump sum, forums such as AGM	1	10	Head of Fund	14/11/2023
Liability Risk	PEN018	⇄	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	Head of Fund	14/11/2023
Liability Risk	PEN019	⇄	Climate Change Liability risk - this can generally be categorised as transitory (short/medium term) and physical (longer term) risk. This has close links and some overlap with Climate Change Investment risk (PEN007) but focuses more on the drivers of liability growth (Inflation, Longevity, cash-flow, discount rates (future expected returns))	4	4	2	10	2	20	**TREAT** *All of the mitigations identified in PEN007 apply, plus the following:* 1) Increased inflation, or specifically inflation in a low-growth environment (stagflation) may be an effect of climate change physical (longer term) risk, this is treated by maintaining a material proportion of assets in investments that traditionally have inflation protection properties 2) Changes to the proportion of active/retired members as a result of employer budget constraints influenced by transition or physical climate adverse effects may affect Fund operation cash-flows. This is mitigated through careful forward planning and budget setting, both on the operation and investment side of running the Fund 3) Should the make up of the fund's membership profile significantly change and the vast majority become retired/deferred, liability management tools may be explored (Liability driven investment, cashflow driven investment, further longevity hedging) to ensure that adverse swings in Fund liabilities are offset by Asset movements to minimise the effect on Funding.	1	10	Head of Fund	14/11/2023

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EMPLOYER RISK														
Employer Risk	PEN020		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.	2	5	4	11	3	**33**	**TREAT** 1) Employer covenant risk assessment was conducted by BW in 2023 using 2022 valuation data. 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. Fund officers are in contact with the employers flagged through this review 2) 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. 3) Where appropriate seek to agree support from the relevant Local Authority. 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 5) Implementation of pass-through provisions from 1 April 2023 so this risk is fully mitigated for all new admission bodies	2	**22**	**Head of Fund**	14/11/2023
Employer Risk	PEN021		Failure of an admitted or scheduled body leads to unpaid liabilities being left in the Fund to be met by others. - Orphan risk where an employer ceases to exist with insufficient funding or adequacy of bond placement.	5	3	3	11	2	**22**	**TREAT** 1) Transferee admission bodies (term no longer used) were required to have bonds or guarantees in place at time of signing the admission agreement. 2) Regular monitoring of employers and follow up of expiring bonds. 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. 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 5) Regular covenant assessment undertaken, at each triennial valuation, last undertaken in 2023 (2022 valuation) 6) Administering Authority actively monitors prospective changes in membership, maintaining knowledge of employer future plans through regular communication. 7) Contribution rates and deficit recovery periods set to reflect the strength of the employer covenant. 4) Change to minimum risk cessation basis from 1 April 2023, moving way from Gilt yields to "prudence plus" protecting the Fund in a higher rate environment but negative to terminating employer	1	**11**	**Head of Fund**	14/11/2023
Employer Risk	PEN022		Risk of unexpected employer contributions (primary and secondary) and pension strain costs as a result of poor employer budget management i.e. failure to plan and budget for the increased contribution costs. General risk of poor accountability and planning within employers and the Fund. Payment delay or failures may increase funding deficit primarily for that employer but may affect others in the event of failure	2	5	4	11	3	**33**	**TREAT** 1) Employer contributions communicated at every triennial valuation setting levels for the following 3 years in the Rates & Adjustment certificate 2) For largest employers, regular communication on likely contribution increases for budget planning purposes outside of triennial valuation process 3) Early communication with any employer experiencing payment delays or similar issues 4) Periodical review of Pension Strain Cost factors with early communication with all scheme employers offering guidance about requests for early retirement estimates where Pension Strain Cost may be incurred. 5) Risk of increased liabilities resulting from poor budget management of the fund's expenses mitigated through robust business plan, budget setting and budget management **TOLERATE** 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	2	**22**	**Head of Fund**	14/11/2023
RESOURCE AND SKILL RISK				**IMPACT**									**Owner**	**Reviewed**
Resource & Skill Risk	PEN023		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**	**TREAT** 1) Succession planning process to be considered. 2) Ongoing training of Pension Fund Committee members, training plan in place. 3) Pension Fund Committee new member induction programme. 4) Training to be based on the requirements of CIPFA Knowledge and Skills Framework under designated officer. 5) Training to be supported by external parties including but not limited to the actuary, auditor, investment advisor and independent advisors. 6) External professional advice is sought where required	3	**15**	**Head of Fund**	14/11/2023
Resource & Skill Risk	PEN024		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, leading to poor performance, complaints and even breaches of the law. Succession planning is not in place leading to reduction of knowledge when an officer leaves.	4	3	3	10	2	**20**	**TREAT** 1) Person specifications are used in recruitment processes to appoint officers with relevant skills and experience. 2) Training plans are in place for all officers as part of the performance appraisal arrangements, including training and development budget from 2023/24 3) Officers maintain their CPD by attending training events and conferences. 4) Key staff movements to be monitored closely. 5) Ongoing monitoring of administration statistical outcomes and KPI's via Local Pensions Board and Pension Fund Committee.	1	**10**	**Head of Fund**	14/11/2023
Resource & Skill Risk	PEN025		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**	**TREAT** 1) Practice notes in place. 2) Development of team members and succession planning improvements to be implemented. 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. 4) Training plans in place for all officers.	2	**20**	**Head of Fund**	14/11/2023
Resource & Skill Risk	PEN026		McCloud remedy will generate considerable additional workloads for the team resulting in potential resource concerns.	3	3	2	8	4	**32**	**TREAT** 1) Statutory guidance to be issued by government setting out how remedy is to be managed. Regulations came into force from October 2023. 2) All Pension Committee, Advisory Panel and Board Members receive regular updates and actions will be taken by officers once guidance is issued. 3) Increase headcount in this area through recruitment or secondment	4	**32**	**Head of Fund**	14/11/2023

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ADMININSTRATIVE AND COMMUNICATIVE RISK														
Administrative & Communicative Risk	PEN027		Failure to comply with Scheme regulations and associated pension law leading to, for example, incorrect pension payments being made. Risk of fines, adverse audit reports and breaches of the law. (Scoring update in September 2023 puts considerable weight on Mccloud remedy)	5	3	4	12	2	24	**TREAT** 1) Training provided as and when Regulations are updated. 2) Competent software provider maintains up to date systems. 3) Competent external consultants and advisors. 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	2	24	Deputy Head of Fund	14/11/2023
Administrative & Communicative Risk	PEN028		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	Deputy Head of Fund	14/11/2023
Administrative & Communicative Risk	PEN029		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) Testing of Annual Pension Increase by senior officers begins immediately once Pension Increase Order issued and immediately uploaded to test system. 5) Fund undertakes additional data cleansing exercise with the actuary ahead of the triennial valuation. 6) Mortality screening checks undertaken as reported in Risk PEN036 7) Fund undertakes additional data cleansing exercise and testing with software provider ahead of Pensions Dashboards onboarding scheduled for all Public Sector Pension Schemes by October 2026.	1	13	Deputy Head of Fund	14/11/2023
Administrative & Communicative Risk	PEN030		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	3	36	**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. 7) Review of shared files undertaken including Office 365 and implementation of enhanced security measures, including encryption, MFA, additional file passwords and not storing personal information in OneDrive	2	24	Deputy Head of Fund	14/11/2023
Administrative & Communicative Risk	PEN031		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	4	4	12	3	36	**TREAT** 1) Fund to consider developing 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. 7) Mandatory staff training for new joiners on cyber security which is annually refreshed by all staff as part of performance appraisal process.	2	24	Deputy Head of Fund	14/11/2023
Administrative & Communicative Risk	PEN032		Loss of funds through fraud or misappropriation by an employer, agent, contractor or other relevant third party 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 a registered adopter of the Governments Tell Us Once (TUO) service, receives notification of deaths registered with GRO instantly. 3) 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. 4) Regulatory control reports from investment managers and the custodian are obtained. 5) Regulatory controls are in place and reviewed annually or, if earlier, immediately on receipt of guidance from the Local Government Association (LGA) to prevent and protect the Fund from pension scams 6) Fund undertakes a Global Existence Project with its overseas payment provider to prove the existence of in payment scheme members who reside overseas and receive monthly payment to an account in the country of their residence. 7) Policies and procedures are in place which are regularly reviewed to ensure risk of investment loss through fraud 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 and other financial third parties have to provide annual SSAE16, ISAE3402, SOC1/2 or similar documentation (statement of internal controls) that are reviewed by auditors regularly.	1	10	Head of Fund	14/11/2023
Administrative & Communicative Risk	PEN033		Payments continue to be made incorrectly at a potential cost to the Pension Fund. Distress caused to dependents and difficulty recovering Funds in a timely manner or at all.	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). 4) Fund undertakes a Global Existence Project with its overseas payment provider to prove the existence of in payment scheme members who reside overseas and receive monthly payment to an account in the country of their residence. 5) Fund immediately suspends payment of monthly pension on return of a rejected payment.	1	10	Deputy Head of Fund	14/11/2023
Administrative & Communicative Risk	PEN034		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. 4) To invest in staff training on responding to significant IT loss or cyber-attack events, including identifying early signs of an attack, improving general awareness	1	8	Deputy Head of Fund	14/11/2023

THE ROYAL COUNTY OF BERKSHIRE PENSION FUND	
18/12/2023	**Risk Calculation Key**
Author: Damien Pantling, Head of Pension Fund	IMPACT (Total) = IMPACT (Fund) + IMPACT (Employers) + IMPACT (Reputation)
Section 151 officer - Elizabeth Griffiths	Gross Risk Score = IMPACT (Total) x Likelihood
Status: FINAL	Net Risk Score = IMPACT (Total) x Revised Likelihood
GREEN = Score of 3 to 15	Scores all ranked 1 to 5 Please refer to final page for CIPFA guidance, Scoring Matrix and full column heading breakdown
AMBER = Score of 16 to 25	
RED = Score of 26 - 75	

Risk Group	Risk Ref.	Trending	Risk Description	Fund (IMPACT)	Employers (IMPACT)	Reputation (IMPACT)	TOTAL (IMPACT)	Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk	Owner	Reviewed
ADMININSTRATIVE AND COMMUNICATIVE RISK (CONTINUED)														
Administrative & Communicative Risk	PEN035		Late or non-receipt of pension contributions from Scheme employers within statutory deadlines leading to loss of Funds available for 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**	**Head of Fund**	14/11/2023
Administrative & Communicative Risk	PEN036		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) Fund provides all active, deferred and retirement scheme members secure online access to view and model their benefits according to status. 4) Quarterly bulletins issued to Scheme employers providing details of any and all scheme updates. 5) Training provided for Scheme employers. 6) Newsletters available to all active, deferred and retired scheme members. 7) Guides, factsheets and training notes are provided as relevant.	1	**10**	**Deputy Head of Fund**	14/11/2023
Administrative & Communicative Risk	PEN037		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. 3) Personal Development Plans are provided on day one to new staff members with no prior knowledge of LGPS administration that provides clear milestones for learning and development in all areas of the LGPS including team members responsible for delivery of training or alternative method.	1	**7**	**Deputy Head of Fund**	14/11/2023
Administrative & Communicative Risk	PEN038		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. In the interim Fund has registered access to HMRC website to obtain GMP liability values on an as required basis.	1	**8**	**Deputy Head of Fund**	14/11/2023
Administrative & Communicative Risk	PEN039		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**	**Deputy Head of Fund**	14/11/2023
REPUTATIONAL RISK														
Reputational Risk	PEN040		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**	**Head of Fund**	14/11/2023
Reputational Risk	PEN041		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 Annual General Meeting every year for members and employers	2	**10**	**Head of Fund**	14/11/2023

18/12/2023	**Risk Calculation Key**
Author: Damien Pantling, Head of Pension Fund	IMPACT (Total) = IMPACT (Fund) + IMPACT (Employers) + IMPACT (Reputation)
Section 151 officer - Elizabeth Griffiths	Gross Risk Score = IMPACT (Total) x Likelihood
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Risk Group	Risk Ref.	Trending	Risk Description	Fund (IMPACT)	Employers (IMPACT)	Reputation (IMPACT)	TOTAL (IMPACT)	Likelihood	Gross Risk	Mitigating Actions	Revised Likelihood	Net Risk	Owner	Reviewed
REGULATORY AND COMPLIANCE RISK														
Regulatory & Compliance Risk	PEN042		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 by all staff as part of performance appraisal process. 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**	**Head of Fund**	14/11/2023
Regulatory & Compliance Risk	PEN043		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	3	9	3	**27**	**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 closely monitored. 3) Officers maintain knowledge of legal framework for routine decisions. 4) Maintain links with central government and national bodies to keep abreast of national issues. 5) Fund officers to ensure there are regular internal audits and that both internal and external audit recommendations are adhered to	2	**18**	**Head of Fund**	14/11/2023
Regulatory & Compliance Risk	PEN044		Failure to comply with legislative requirements defined in the Fund's published statutory policies 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 acts as an independent scrutiny and assistance function. 3) Compliance with the legislative requirements are reviewed annually through the audit process.	1	**10**	**Head of Fund**	14/11/2023
Regulatory & Compliance Risk	PEN045		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**	**Head of Fund**	14/11/2023
Regulatory & Compliance Risk	PEN046		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 funds that are held directly, ensure that assessment criteria remains robust and that full feedback is given at all stages of the procurement process. 2) Ensure that procurement waivers are kept up to date where applicable	1	**7**	**Head of Fund**	14/11/2023
DELETED RISKS (RISK REF. refers to its reference in the last report before deletion)														
Administrative & Communicative Risk	PEN0025	REMOVED DECEMBER 2023	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**	**TREAT** 1) Administering Authority actively monitors prospective changes in membership, maintaining knowledge of employer future plans through regular communication. 2) Contribution rates and deficit recovery periods set to reflect the strength of the employer covenant. 3) Periodic reviews of the covenant strength and risk categorisation of employers are undertaken and indemnity applied where appropriate, last done in March 2023 using the results from the 2022 triennial valuation. 4) Change to minimum risk cessation basis from 1 April 2023, moving way from Gilt yields to "prudence plus" protecting the Fund in a higher rate environment	2	**20**	**Head of Fund**	24/08/2023
Administrative & Communicative Risk	PEN027	REMOVED DECEMBER 2023	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 2023 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**	**Head of Fund**	29/08/2023
Reputational Risk	PEN0040	REMOVED DECEMBER 2023	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**	**Head of Fund**	24/08/2023

Report Title:	**Statutory Policies**
Contains Confidential or Exempt Information	No - Part I
Cabinet Member:	Councillor Bond, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 18 March 2024
Responsible Officer(s):	Ian Coleman, Interim Head of Pension Fund
Wards affected:	None

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Royal Borough of Windsor & Maidenhead

REPORT SUMMARY

This report covers the key statutory Governance Compliance Statement as required by the Local Government Pension Scheme regulations which are brought back to the Royal County of Berkshire Pension Fund Committee for periodic review and re-approval.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Royal County of Berkshire Pension Fund Committee notes the report;

i) Considers and approves the Governance Compliance Statement including the Committee Member training records.

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

2.1 Regulation 55 of the Local Government Pension Scheme regulations places a statutory responsibility on Pension Fund Administering Authorities to formulate and keep under review a Governance Compliance Statement. The details prescribed in Regulation 55 are all contained within the Pension Fund's Governance Compliance Statement.

2.2 Hymans Robertson published several "Good Governance" recommendations in its Phase 3 report to the Scheme Advisory Board (SAB) (February 2021). Whilst these recommendations are not (yet) backed by legislation, it is good practice to implement these recommendations where appropriate, ahead of any formal guidance. The two relevant recommendations regarding training are as follows (Section D of the SAB report):

2.2.1 Administering Authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.

2.2.2 The Administering Authority should develop a training plan to ensure these training requirements are met and maintain training records of key individuals against the training plan. These records should be published in the Governance Compliance Statement.

3. KEY IMPLICATIONS

3.1 The Administering Authority must produce, publish and keep under review its Governance Compliance Statement. Failure to do so could result in the Pensions Regulator issuing fines to the Authority where it is deemed to have failed in areas of scheme governance.

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 Reporting of the Governance Compliance Statement has no financial implications to the Fund or the Administering Authority.

5. LEGAL IMPLICATIONS

5.1 The Administering Authority has a statutory duty to keep under review its Governance Compliance Statement in accordance with the Regulations.

6. RISK MANAGEMENT

6.1 A detailed Risk Register is brought to the Royal County of Berkshire Pension Fund Committee quarterly for review and approval, the risks associated with poor governance, investment strategy and funding strategy are detailed in the register and the relevant mitigation actions refer to the relevant statutory policies provided as appendices to this 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. The Equality Act 2010 places a statutory duty on the council to ensure that when considering any new or reviewed strategy, policy, plan, project, service or procedure the impacts on particular groups, including those within the workforce and customer/public groups, have been considered. An Equality Impact Assessment (EQIA) screening exercise has been completed and approved in respect of this this report and shared with the RBWM Equalities team. It has been determined through the EQIA screening that a full EQIA is not required and is therefore not appended with 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 Relevant stakeholder groups have been consulted as appropriate.

9. TIMETABLE FOR IMPLEMENTATION

9.1 From 1 April 2024.

10. APPENDICES

10.1 This report is supported by one appendix:

- Appendix 1 – Governance Compliance Statement

11. BACKGROUND DOCUMENTS

11.1 This report is supported by nil background documents:

12. CONSULTATION

Name of consultee	Post held	Date sent	Date returned
Mandatory:	*Statutory Officer (or deputy)*		
Elizabeth Griffiths	Executive Director of Resources & S151 Officer	**01/03/24**	
Elaine Browne	Deputy Director of Law & Governance & Monitoring Officer	**01/03/24**	**06/03/24**
Deputies:			
Andrew Vallance	Deputy Director of Finance & Deputy S151 Officer	**01/03/24**	**06/03/24**
Jane Cryer	Principal Lawyer & Deputy Monitoring Officer	**01/03/24**	
Helena Stevenson	Principal Lawyer & Deputy Monitoring Officer	**01/03/24**	
Mandatory:	*Equalities Officer – to advise on EQiA, or agree an EQiA is not required*		
Ellen McManus-Fry	Equalities & Engagement Officer	**29/02/24**	**29/02/24**
Mandatory:	*Assistant Director HR – to advise if report has potential staffing or workforce implications*		
Nikki Craig	Assistant Director of HR, Corporate Projects and IT	**01/03/24**	
Other consultees:			
Directors (where relevant)			
Cllr Simon Bond	Chair – Royal County of Berkshire Pension Fund Committee	**01/03/24**	**05/03/24**
Alan Cross	Chair – Local Pension Board	**01/03/24**	

REPORT HISTORY

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

Report Author: Philip Boyton, Deputy Head of Pension Fund, 07792 324459

GOVERNANCE

COMPLIANCE

STATEMENT

Last approved – 13 March 2023

1. INTRODUCTION

This document details the compliance of the Royal Borough of Windsor and Maidenhead, as the administering authority of the Royal County of Berkshire Pension Fund, with the guidance issued for governance of the Local Government Pension Scheme by the Secretary of State for Levelling Up, Housing and Communities. It has been prepared as required by Regulation 55 of the Local Government Pension Scheme Regulations 2013 (as amended).

The Regulations require the administering authority to prepare this written statement setting out whether or not it delegates its functions or part of its functions to a committee, a sub-committee or an officer of the authority.

Where the administering authority does delegate all or part of its functions the statement must include the terms, structure and operational procedures of the delegation, the frequency of any committee or sub-committee meetings and whether such a committee or sub-committee includes representatives of Scheme employers and members, and if so, whether those representatives have voting rights.

In addition, the administering authority must state the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not comply, the reasons for not complying.

The administering authority must also set out details of the terms, structure and operational procedures relating to the local pension board established under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended) as inserted by the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015.

This governance compliance statement must be published by the administering authority, kept under review and amended following any material change to any matters included within once any consultation has been concluded.

2. STRUCTURE

The Royal Borough of Windsor & Maidenhead (RBWM) has been designated as the administering authority to the Royal County of Berkshire Pension Fund in accordance with Part 1 of Schedule 3 of the Local Government Pension Scheme Regulations 2013.

For the purposes of managing the Pension Fund, RBWM delegates its powers under the Constitution of the Council where it sets out the functions of the Royal County of Berkshire Pension Fund Committee (hereinafter referred to as ‘the Committee’), the Royal County of Berkshire Pension Fund Advisory Panel (hereinafter referred to as ‘the Advisory Panel’) and the Berkshire Pension Board (hereinafter referred to as ‘the Pension Board’). As such several principles have been set out to ensure compliance with the scheme regulations.

i. The management of the administration of benefits and strategic allocation of fund assets.

Compliant – The Constitution of the Council defines the responsibilities of ‘the Committee’ to manage the Pension Fund.

ii. Representatives of Scheme employers should sit on ‘the Advisory Panel’ to underpin the work of ‘the Committee’.

Compliant – Membership of ‘the Advisory Panel’ includes one Elected Member from each of the other five Berkshire Unitary Authorities.

iii. The structure of 'the Committee' and 'the Advisory Panel' should ensure effective communication across both levels.

Compliant – 'The Advisory Panel' meets concurrently with 'the Committee' with both receiving the same information.

iv. At least one seat on 'the Committee' should be allocated for a member of 'the Advisory Panel'.

Compliant – All five seats on 'the Committee' are allocated to the five non-RBWM members of 'the Advisory Panel'.

v. The structure of 'the Pension Board' must consist of an equal number of Scheme member and Scheme employer representatives all of whom have voting rights.

Compliant – Membership of 'the Pension Board' consists of three Scheme member representatives and three Scheme employer representatives.

3. REPRESENTATION

All key stakeholders should be afforded the opportunity to be represented by 'the Committee', 'the Advisory Panel' and 'the Pension Board'. To ensure compliance, a number of principles have been identified.

The key stakeholders are:

i. Scheme employers.

Compliant – The six Berkshire Unitary Authorities are represented through membership of 'the Committee' and 'Advisory Panel' which meet concurrently. In addition, three Scheme employer representatives make up membership of 'the Pension Board'

ii. Scheme members (including deferred and retired members).

Compliant – 'The Advisory Panel' has representatives from the major employers and in addition 3 Scheme member representatives sit on 'the Pension Board'

iii. Independent Professional Observers.

Compliant – From March 2022, two Independent Advisers attend each meeting of 'the Committee' and 'the Advisory Panel' (formerly three independent advisors). Independent Advisers are also required to attend meetings of 'the Pension Board' as may be requested.

iv. Expert advisers (on an ad-hoc basis)

Compliant – Expert advisers are invited to meetings of 'the Committee' and 'the Advisory Panel' as required. In addition, expert advisers are required to attend meetings of 'the Pension Board' as may be requested.

v. Where lay members sit on either 'the Committee', 'the Advisory Panel' or 'the Pension Board' they are treated equally in terms of access to papers, meetings and training and are given full opportunity to contribute to the decision-making process with or without voting rights.

Compliant – Members of 'the Committee', 'the Advisory Panel' and 'the Pension Board' are treated equally in respect of access to papers, meetings and training. All members are given full opportunity to contribute to the decision-making process although only members of ‘the Committee’ have voting rights.

4. SELECTION AND ROLE OF LAY MEMBERS

Members of ‘the Committee’, ‘the Advisory Panel’ and ‘the Pension Board’ need to be fully aware of the status, role and function that they are required to perform.

Compliant – Bodies nominating individuals for membership of ‘the Committee’, ‘the Advisory Panel’ or ‘the Pension Board’ are periodically reminded that it is their responsibility to ensure that all members are aware of their responsibilities. The Chair of ‘the Committee’ will remind members of both ‘the Committee’ and ‘the Advisory Panel’ of their responsibilities as required. The Chair of ‘the Pension Board’ will remind members of ‘the Pension Board’ of their responsibilities as required. Each set of papers for every Committee/Board meeting contains a reminder to members of their duty in respect to potential conflicts of interest. Members are expected to declare conflicts of interest and abide by RBWM’s rules on conflicts of interest.

5. VOTING

The policy of the administering authority on voting rights must be clear and transparent and include justification for not extending voting rights to each body or group represented on ‘the Advisory Panel’ or ‘the Pension Board’.

Compliant – The Constitution of RBWM sets out the terms of reference and voting rights of ‘the Committee’, ‘the Advisory Panel’ and ‘the Pension Board’.

6. TRAINING / FACILITY TIME / EXPENSES

i. In relation to the way in which statutory and related decisions are taken by RBWM, a clear policy on training, facility time and reimbursement of expenses in respect of members involved in that decision making process must be made.

Compliant – All members of ‘the Committee’ and ‘the Advisory Panel’ are entitled to attend or request training. Members of ‘the Pension Board’ are required to have a working knowledge of the LGPS regulations and other associated legislation as it relates to the governance and administration of the Scheme and so must commit to undertaking the relevant training in order to achieve this requirement. All members of ‘the Committee, ‘the Advisory Panel and ‘the Board’ are entitled to request the use of facilities belonging to RBWM in respect of their respective duties and reasonable expenses incurred will be reimbursed upon request. Furthermore, a training framework/plan is approved by ‘the Committee’ and training records are held by the Fund.

ii. Any policy must apply equally to all members of the Committee/Advisory Panel/Board.

Compliant – No distinction is made between members of ‘the Committee’, ‘the Advisory Panel’ or ‘the Board’.

7. MEETINGS (frequency/Quorum)

i. RBWM will hold meetings of ‘the Committee’ at least quarterly.

Compliant – Meetings are held quarterly. To be quorate two members are required to attend.

ii. RBWM will hold meetings with 'the Advisory Panel' at least twice a year synchronised with the dates for meetings of 'the Committee'.

Compliant – Both 'the Committee' and 'the Advisory Panel' meet concurrently

iii. RBWM will hold meetings of 'the Pension Board' ahead of each meeting of 'the Committee' and 'the Advisory Panel'.

Compliant – 'The Pension Board' meets quarterly at a satisfactorily and mutually agreed date ahead of each meeting of 'the Committee' and 'the Advisory Panel'. To be quorate at least 50% of the Scheme Member representatives and Scheme Employer Representatives must attend with at least one member being present from each group.

iv. Where lay members are included in the formal governance arrangements, RBWM will provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.

Compliant – 'The Pension Board' has three lay member (scheme member) representatives. An annual meeting for scheme members is held in November/December along with a scheme employer meeting being held in March/April. In addition, pension surgeries and employer training events are held throughout the year.

8. ACCESS

Subject to any rules in RBWM's Constitution, all members of 'the Committee', 'the Advisory Panel' and 'the Pension Board' will have equal access to committee papers, documents and advice that falls to be considered at meetings of 'the Committee', 'the Advisory Panel' and 'the Board'.

Compliant – All members of 'the Committee', 'the Advisory Panel' and 'the Pension Board' have equal access to Committee/Advisory Panel/Board papers, documents and advice that falls to be considered at 'Committee', 'Advisory Panel' and 'Board' meetings.

9. SCOPE

RBWM will take steps to bring wider Scheme issues within the scope of their governance arrangements.

Compliant – Wider Scheme issues are considered by 'the Committee', 'the Advisory Panel' and 'the Pension Board' on a regular basis.

10. PUBLICITY

RBWM will publish details of their governance arrangements in such a way that interested stakeholders can express their interest in wanting to be part of those arrangements.

Compliant – The Governance Policy Statement and governance structure is published on the Royal County of Berkshire Pension Fund website (www.berkshirepensions.org.uk) and is available on request from the Pension Fund. The Royal Borough of Windsor and Maidenhead's constitution including terms of reference for the relevant decision-making bodies are available on the council' website

ANNEX 1 – TRAINING RECORDS

	BERKSHIRE PENSION FUND COMMITTEE / ADVISORY PANEL - TRAINING LOG										
		Committee					**Advisory Panel**				
	Training Framework	**SB**	**WD**	**NK**	**JT**	**AM**	**SN**	**RZ**	**GD**	**JC**	**SOR**
	Essential Training: TPR's Public Sector Online Toolkit (7 modules):										
	Conflicts of Interest										
	Managing Risk and Internal Control										
	Maintaining Accurate Records										
	Maintaining Member Contributions										
	Providing Information to Members and Others										
	Resolving Internal Disputes										
	Reporting Breaches of the Law										
Date	**Additional Training**										
19/06/2023	Climate Risk Training (Barnett Waddingham)										
14/06/2023	LGC Net Zero webinar										
27/06/2023	APPG Meeting - 'Local authority pension fund investment in illiquid assets'										
04/07/2023	Mallowstreet - Journey to Net Zero, Impact Investing and Pooling										
10/10/2023	The Local Government Chronicle Net Zero - Day 1										
11/10/2023	The Local Government Chronicle Net Zero - Day 2										
10/10/2023	LGPS Responsible Investment										

Key:	
	SB: Cllr Simon Bond (RBWM)
	WD: Cllr Wisdom Da Costa (RBWM)
	NK: Cllr Neil Knowles (RBWM)
	JT: Cllr Julian Tisi (RBWM)
	AM: Cllr Asghar Majeed (RBWM)
	SN: Cllr Stephen Newton (Wokingham)
	RZ: Cllr Rifaqat Zarait (Slough)
	GD: Cllr Glenn Dennis (Reading)
	JC: Cllr Jeremy Cottam (West Berkshire)
	SOR: Cllr Stephen O'Regan (Bracknell Forest)

BERKSHIRE PENSION BOARD - TRAINING LOG

	Training Framework	AC	AP	JF	NC	JC
	TPR's Public Sector Online Toolkit					
	Conflicts of Interest					
	Managing Risk and Internal Control					
	Maintaining Accurate Records					
	Maintaining Member Contributions					
	Providing Information to Members and Others					
	Resolving Internal Disputes					
	Reporting Breaches of the Law					
	Additional TPR modules					
	Pension scams					
Date	**Training Items April 2022 to March 2025**					
22/06/2022	Barnett Waddingham LGPS Local Pension Board Members' All Day Event					
14/07/2022	CIPFA Conference					
10/10/2023	The Local Government Chronicle Net Zero - Day 1					

Key:	
	AC: Alan Cross
	AP: Arthur Parker
	JF: Jeff Ford
	NC: Nikki Craig
	JC: Julian Curzon

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Report Title:	**Good Governance**
Contains Confidential or Exempt Information	No - Part I
Cabinet Member:	Councillor Bond, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 18 March 2024
Responsible Officer(s):	Ian Coleman, Interim Head of Pension Fund
Wards affected:	None

www.rbwm.gov.uk

Royal Borough of Windsor & Maidenhead

REPORT SUMMARY

This report provides the Royal County of Berkshire Pension Fund's annual business plan and budget for 2024/25 along with the medium-term plan for the next four years.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Royal County of Berkshire Pension Fund Committee notes the report;

1) **Approves the 2024/25 Business Plan including the annual budget and medium term strategy.**

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

2.1 Publication of the Royal County of Berkshire Pension Fund's annual budget, business plan and medium-term strategy demonstrates that the Pension Fund is properly governed, managed and that appropriate controls are in place. The Pension Fund's internal auditors have tested many of these controls and in line with best practice have given a positive opinion on the robustness of the Pension Fund's governance arrangements.

2.2 Key initiatives and targets are outlined for 2024/25 along with results against the key initiatives and targets set for 2023/24 as approved by the Royal County of Berkshire Pension Fund Committee in March 2023.

2.3 In addition to the standard annual business plan and medium-term plan (next 4 years), the Committee are provided with a full Income and Expenditure budget including all income and expenditure in respect of dealings with members, investment operations, controllable and uncontrollable administration and management activities and cash-flow projection and controllable expenditure forecast for 2024/25. The purpose is to outline any liquidity concerns so they can be actioned appropriately and it is in line with best practice from a budget management perspective.

2.4 The setting of a full annual budget for 2024/25 maintains the significant governance improvement, started in respect of 2023/24, which will enable the Head of Fund to actively manage the allocated budget, monitor income and expenditure against the allocated budget and report any applicable budget variances in future years.

2.5 The Royal County of Berkshire Pension Fund Committee are asked to note the 2024/25 budget and delegate authority to the Head of Fund to spend within the controllable budget envelope. Any material forecast overspend shall be brought back to the Committee for formal scrutiny and approval. The uncontrollable items such as dealings with members and investment expenditure in respect of performance shall be monitored and material variances shall be reported back to the Committee as appropriate. Line-by-line financial detail is not provided in this report as it is intended to provide a strategic overview, plus providing a detailed breakdown in the public domain incurs risk of negative influence to the upcoming procurement processes.

3. KEY IMPLICATIONS

3.1 The business plan and medium-term strategy defines desired key initiatives and targets by objective and officers will report achievement against these objectives at each annual review of the business plan.

3.2 The annual budget maintains a significant governance improvement that will continue to enable appropriate budget management, monitoring and future reporting to the Pension Fund Committee on any material variances

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 Increased transparency on controllable budgets and cash-flows with increased officer accountability to the Royal County of Berkshire Pension Fund Committee is in line with good governance and best practice. This process mitigates the risk of unapproved overspend and encourages proper budget management and stewardship.

5. LEGAL IMPLICATIONS

5.1 This report and the relevant appendices are focused on good governance and process improvement as opposed to statutory compliance with the Local Government Pension Scheme regulations.

6. RISK MANAGEMENT

6.1 A detailed Risk Register is brought to the Royal County of Berkshire Pension Fund Committee quarterly for review and approval, the risks associated with poor governance are detailed in the register and a relevant mitigation action is to improve governance processes such as the publication of this report and its relevant appendices.

6.2 The risk of poor, little or no budget management is mitigated through advanced approval of a controllable budget that is delegated as appropriate to the budget holder

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. The Equality Act 2010 places a statutory duty on the council to ensure that when considering any new or reviewed strategy, policy, plan, project, service or procedure the impacts on particular groups, including those within the workforce and customer/public groups, have been considered. An Equality Impact Assessment (EQIA) screening exercise has been completed and approved in respect of this this report and shared with the RBWM Equalities team. It has been determined through the EQIA screening that a full EQIA is not required and is therefore not appended with 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 A budget consultation has been undertaken by Administering Authority Officers. Formal public budget consultation is not required by the constitution for the Pension Fund in the same way it is for the General Fund, however, any budget items that relate to the general fund have been agreed with Administering Authority officers to ensure that there is consistency with the Council’s approved budget.

9. TIMETABLE FOR IMPLEMENTATION

Ongoing.

10. APPENDICES

10.1 This report is supported by one appendix:

- Appendix 1 – 2024/25 Business Plan, Budget and Medium-term strategy

11. BACKGROUND DOCUMENTS

11.1 This report is supported by nil background documents:

12. CONSULTATION

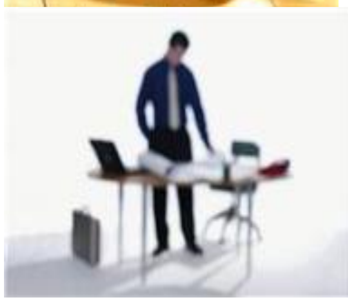
Name of consultee	Post held	Date sent	Date returned
Mandatory:	*Statutory Officer (or deputy)*		
Elizabeth Griffiths	Executive Director of Resources & S151 Officer	**01/03/24**	
Elaine Browne	Deputy Director of Law & Governance & Monitoring Officer	**01/03/24**	**06/03/24**
Deputies:			
Andrew Vallance	Deputy Director of Finance & Deputy S151 Officer	**01/03/24**	**06/03/24**
Jane Cryer	Principal Lawyer & Deputy Monitoring Officer	**01/03/24**	
Helena Stevenson	Principal Lawyer & Deputy Monitoring Officer	**01/03/24**	
Mandatory:	*Equalities Officer – to advise on EQiA, or agree an EQiA is not required*		
Ellen McManus-Fry	Equalities & Engagement Officer	**29/02/24**	**29/02/24**
Mandatory:	*Assistant Director HR – to advise if report has potential staffing or workforce implications*		
Nikki Craig	Assistant Director of HR, Corporate Projects and IT	**01/03/24**	
Other consultees:			
Cllr Simon Bond	Chair – Royal County of Berkshire Pension Fund Committee	**01/03/24**	**05/03/24**
Alan Cross	Chair – Local Pension Board	**01/03/24**	

REPORT HISTORY

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

Report Author: Philip Boyton, Deputy Head of Pension Fund, 07792 324459

2024/25 BUSINESS PLAN, BUDGET AND MEDIUM-TERM STRATEGY



CONTENTS

1. INTRODUCTION

This document is intended to outline how the Royal County of Berkshire Pension Fund will deal with its key responsibilities during the 2024/25 financial year and the over the medium-term from 2025/26 to 2027/28. The Administering Authority to the Royal County of Berkshire Pension Fund is the Royal Borough of Windsor & Maidenhead (RBWM).

The Business Plan will be used to guide and direct the Fund, provide clarity and alignment on goals and objectives and establish key initiatives for the forthcoming year. In addition, it is available to all stakeholders to better understand what the Fund is planning to do to provide an efficient service across the County of Berkshire whilst supporting the overall corporate aims of RBWM as the Administering Authority to the Pension Fund.

This Business Plan will be updated annually and presented to the Pension Fund Committee for adoption. The plan will also review the previous year's plan and detail whether the objectives therein were met.

2. STRATEGIC INTENT – MISSION STATEMENT

The Royal County of Berkshire Pension Fund aims:

To deliver an efficient pension service to all stakeholders in the Fund that:

- *Is cost effective, high quality, innovative and fit for purpose;*
- *Ensures that Scheme members receive the right benefits at the right time;*
- *Ensures Scheme members are kept informed about their benefits and changes in regulations which will affect them;*
- *Recognises that pensions are an important part of employees' reward packages which assists employers to deliver their strategic goals;*
- *Provides staff in the Pension Fund team with a satisfying work environment and career development path.*

3. BUSINESS OBJECTIVES

The Pension Fund's objectives have been drafted considering the Administering Authority's vision, objectives, guiding principles and values to ensure they are free of conflict. A suite of bespoke business aims and objectives for the Fund are presented as follows:

Business Aim	Business Objective
Stakeholder Satisfaction	To deliver an effective pension service that meets the expectations of Scheme members and other stakeholders as measured by a low number of complaints and adherence to agreed KPIs.
Value for Money	To set an investment strategy that achieves the medium-term investment return objective. Achieve value for money in all contracts. Manage all other direct Fund costs associated with the Fund and paying pension benefits.

	To ensure we always remain compliant with legislative and regulatory requirements, avoiding any financial penalties or negative publicity, identifying and reducing business risks and minimising any negative internal and external audit comments and feedback.
Equip Ourselves for the Future	To manage staff effectively in order to deliver high levels of morale, ensuring all staff are effectively performance managed and developed. To transform, develop and improve the Pension Team through creating an evidence-based continuous improvement culture and ensuring that all agreed projects and other initiatives are delivered to time and budget and achieve the expected benefits.
Delivering Together	To work together with Elected Members to deliver the goals and objectives of the Pension Fund Committee, to be measured by positive feedback from Lead Members.

4. VALUES

The pension team will adopt the following values and behaviours, which have been drafted considering the councils core underlying values; “invest in strong foundations, empowered to improve, one team and vision, and Respect and Openness”:

- There will be no ‘ambushing’ or surprises - discuss internally first before raising in public;
- We will always be realistic when negotiating timescales and be considerate of other’s priorities and time;
- Everyone’s view matters and we will always give credit where it is due;
- We will always consider Scheme members and other stakeholders in everything we do;
- We will always look to do something rather than find ways not do it and we will always look to support a reasonable request;
- We will accept being challenged and only challenge ideas not people;
- We will always lead by example;
- We will use electronic/digital forms of communication wherever possible but will always use a stakeholder’s preferred method of contact where possible whether that be face-to-face, via telephone or email;
- We will always respect each other and work together to meet the Fund’s objectives;
- We will promote and celebrate success;
- We will take full responsibility for our actions.

5. 2024/25 PENSION FUND BUDGET INFORMATION AND FORECAST REPORT

The 2024/25 Pension Fund budget is provided in Section 6 to this report and contains several key assumptions, detailed as follows:

- Current year forecast is prepared as at Period 10, 2023/24.
- The Budget for 2024/25 contained within the section "Net (Income)/Expenditure from Dealings with stakeholders directly involved in the Fund" is taken from a combination of; reports provided by the Actuary as part of the 2022 triennial valuation, known experience items through dealings with employers, estimated financial conditions such as pay increases and inflation, and general longevity experience trends.
- The budget for 2024/25 contained within the section "Net (Income)/Expenditure and (Positive)/Negative Return on Investments" is taken from a combination of; investment income forecasts as provided by the Investment Manager and in line with the Fund's Investment Strategy Statement, market value changes estimated using the Actuaries best estimate nominal discount rate (or best estimate of long-term financial returns on investments), management fees provided by Cost Transparency Reporting initiatives minus negotiated efficiencies over the course of the budget period.
- The Budget for 2024/25 contained within the section "Net (Income)/Expenditure from Administration & Governance of the Pension Fund" is effectively the controllable budget by the Budget Manager and has been derived using the following assumptions:
    - General efficiencies are made on Third Party Expenses, through various re-procurements, contract negotiations, in-house provision of previously outsourced tasks.
    - Staff related expenses assumes all vacant posts are filled.
    - Support service recharge overheads and pension deficit payments as agreed in advance with RBWM finance team.
    - Inflation is applied to all budget lines as appropriate, being CPI to the third party fees, 6.7% statutory pensions increase to the dealings with members and local pay arrangements to the staff related expenditure.
- Significant cost efficiencies have been made since 2021/22 across most areas of the Pension Fund and are notable in the Investment Management and Administration and Governance sections of the Budget table.
- Inflation and Cash-flow remain the Fund's two largest risks to meeting the agreed 2024/25 budget, with cash-flow uncertainties influencing investment returns and income as well as inflation influencing all other lines in the budget.

6. 2024/25 PENSION FUND BUDGET TABLE

Royal County of Berkshire Pension Fund - Budget	2023/24 Budget	2023/24 Forecast	*2023/24 Variance*	2024/25 Budget
	£m	**£m**	**£m**	**£m**
Contributions from Members	(32.240)	(30.136)	*2.104*	(31.040)
Employers Normal (Primary) Contributions	(83.480)	(102.524)	*(19.044)*	(91.720)
Employers Deficit Recovery (Secondary) Contributions	(41.130)	(57.078)	*(15.948)*	(47.930)
Employers Augmentation contributions	(1.992)	(1.898)	*0.094*	(1.803)
Transfers in from other pension funds and AVC to purchase LGPS benefits	(10.257)	(26.836)	*(16.579)*	(11.488)
Total Income	**(169.099)**	**(218.471)**	***(49.372)***	**(183.981)**
Pension Benefits Payable	112.853	118.093	*5.240*	129.155
Commutation and lump sum retirement benefits	24.222	20.983	*(3.239)*	22.389
Lump sum death benefits	5.505	2.441	*(3.064)*	2.604
Refunds to members leaving service	1.101	0.674	*(0.427)*	0.719
Group transfers to other pension funds	8.808	0.000	*(8.808)*	8.800
Individual transfers to other pension funds	13.321	21.920	*8.600*	14.360
Total Expenditure	**165.809**	**164.110**	***(1.699)***	**178.027**
Net (Income)/Expenditure from Dealings with members, employers and others directly involved in the Fund	**(3.290)**	**(54.361)**	***(51.071)***	**(5.954)**
Staff costs	1.315	0.966	*(0.348)*	1.162
Administration costs (3rd party supplies, services, premises, other)	1.033	1.302	*0.269*	1.357
Net (Income)/Expenditure from Administration & Governance of the Pension Fund	**2.348**	**2.268**	***(0.079)***	**2.519**
Cost of running and administering the scheme as a % of net CLOSING ASSETS	***0.08%***	***0.07%***		***0.08%***
Investment Income net of taxation	(30.000)	(41.35)	*(11.35)*	(46.16)
Profits and losses on disposal of investments and changes in the market value of investments	(142.019)	(256.20)	*(114.18)*	(187.73)
Investment management, performance, transaction	35.250	28.4	*(6.56)*	30.78
Governance, Compliance, Oversight (included in 2023/24 budget, split for forecast)		0.29		0.31
Net (Income)/Expenditure and (Positive)/Negative Return on Investments	**(136.769)**	**(268.855)**	***(132.085)***	**(202.810)**
Cost of investing and managing the Fund's investments % of net CLOSING ASSETS	***1.19%***	***0.93%***		***0.95%***
Net (increase)/decrease in the net assets available for benefits during the year	**(137.711)**	**(320.947)**		**(206.245)**
Closing Net Assets of the Scheme	*(2,957,694)*	*(3,077.558)*		*(3,283.803)*

7. KEY INITIATIVES AND BUSINESS TARGETS 2024/25

Business Objective	Key Initiatives and targets
To deliver an effective pensions service that meets the expectations of members and other stakeholders as measured by a low number of complaints and adherence to agreed KPIs.	Ensure that Pension Administration Software is kept up to date. To continue to work with the remaining Scheme employers yet to adopt i-Connect and to seek the most practical method of employer communication. Apply Annual Pension Increase Orders and HM Treasury Orders on time. Annual review of the Pension Administration Strategy. Annual review of Communications Policy with the continuing aim to provide Scheme information digitally wherever possible. Keep members up to date via newsletters and Scheme employers up to date via bulletins. Run Pension Surgeries at least twice annually for each Unitary Authority and at least once a year for other Scheme employers upon request. Continue to provide training and literature for Scheme employers to assist them in administering the Scheme on behalf of their employees. Continue to provide presentations and literature for Scheme members to provide greater understanding of their Scheme. Maintain the Pension Fund website to the highest standards ensuring that all information is current and accurate. Ensure the continued development and best use of Member Self Service to the highest possible standard primarily in line with scheme and pension software supplier changes but also endeavouring to reduce printing and postal costs. Continue to improve data quality in line with tPR recommendations in respect of Common and Scheme Specific data. Continue work to ensure timely and accurate implementation of McCloud Remedy. All annual benefits statements (Active and Deferred members) to be issued by 31 August 2024. Ensure that all requirements of the Pensions Dashboards Programme legislation are met as they relate to the LGPS. 95% of critical service standards achieved (stretch 100%).

	90% of non-critical service standards to be achieved (stretch of 95%).
To set an investment strategy in such a way as to achieve the medium-term investment return objective with minimal loss of capital, achieve value for money in all contracts and manage all other direct costs in managing the fund and paying benefits.	Continue to be an Investment Client of Local Pensions Partnership Investment Limited (LPPI) and ensure they implement the Investment Strategy as agreed by the Pension Fund Committee. Maintain quality forecasts and medium-term plans to ensure that no fire-sale of assets is required to meet benefit payments.
To ensure we always remain compliant with legislative and regulatory requirements, avoiding any financial penalties or negative publicity, identifying and reducing business risks and minimising any negative internal and external audit comments and feedback.	Produce Annual Financial Statements so they can be published by 30 November 2024. Complete contributions reconciliation. Achieve an unmodified (clean) audit opinion. Complete Year End procedures in advance of 31 August 2024 to enable prompt issue of annual benefit statements. Annual Benefit Statements (Active and Deferred members) to be issued by 31 August 2024. Apply Pensions Increase and HMT Revaluation Orders. Issue Payslips for April 2024 by 30 April 2024 and P60's by 31 May 2024 in line with statutory legislation. Service the Berkshire Pension Board to operate effectively. Ensure that all Pension Fund policies are current and regularly updated. Ensure continuing compliance with the Pensions Regulator's Code of Practice number 14 and new General Code of Practice. Ensure continued compliance with General Data Protection Regulation (GDPR). Complete GMP Reconciliation in respect of Active and Deferred scheme members by 31 March 2025. Positive feedback from internal and external auditors that controls are better than in previous years. To maintain robust business continuity, disaster recovery and emergency plans for all areas. Reduce risk profile of the Pension Fund.
To manage staff effectively in order to deliver high levels of morale, ensuring all staff are performance managed with aligned objectives being set for all staff.	Monitor staff requirements to ensure a high-quality service is provided to stakeholders. All staff appraisals to be undertaken within required deadlines and areas for improvement identified with relevant objectives being set and monitored by managers.

To transform, develop and improve the Pensions Team through creating an evidence based continuous improvement culture and ensuring that all agreed projects and other initiatives are delivered to time and budget and achieve the expected benefits.	Ensure that staff receive appropriate training internally and from external providers. Deliver 90% of tasks within the pension teams' operational plan (stretch of 95%) – set out in the administration strategy. Deliver all agreed programmes and projects to time and budget.
To work together with Elected Members to deliver the goals and objectives of the Pension Fund Committee, to be measured by positive feedback and external review if applicable.	Ensure Pension Fund Committee, Advisory Panel and Pension Board members receive appropriate training. Ensure that Pension Fund Committee, Advisory Panel and Pension Board members understand the Fund's strategy. Positive feedback from Committee Members on performance and engagement. Positive feedback from external review (external auditors, internal auditors, peer-review)
Continue to review the Pension Team structure to ensure greater resilience and reduce risks incurred by the loss of key staff.	To review all key areas and set out a strategy in 2023 for achieving the business aim of full resilience by 31 December 2024.
To maintain Integrated Risk Management into the management of the Fund	Work with our key stakeholders in identifying at risk scheme employers. Review risk appetite statement with LPPI and ensure training is provided on funding level and contribution risk outputs. Develop best in class risk-framework and ensure it is kept up to date and regularly reviewed.
To work with the Fund's Investment Manager, (LPPI) to ensure the Investment Strategy is fit for purpose and implemented.	Investment aims are met and in line with the Investment Strategy Statement and Strategic Asset Allocation requirements.

8. REVIEW OF 2023/24 KEY INITIATIVES AND TARGETS

In 2023/24 we said that we would:

Business Objective	Key Initiatives and targets	
To deliver an effective pensions service that meets the expectations of members and other stakeholders as measured by a low number of complaints and adherence to agreed KPIs.	Ensure that Pension Administration Software is kept up to date.	Achieved
	To continue to work with the remaining Scheme employers yet to adopt i-Connect and to seek the most practical method of employer communication.	Achieved
	Apply Annual Pension Increase Orders and HM Treasury Orders on time.	Achieved
	Annual review of the Pension Administration Strategy.	Achieved – approved in September 2023
	Annual review of Communications Policy with the continuing aim to provide Scheme information digitally wherever possible.	Achieved – approved in September 2023
	Keep members up to date via newsletters and Scheme employers up to date via bulletins.	Achieved
	Run Pension Surgeries at least twice annually for each Unitary Authority and at least once a year for other Scheme employers upon request.	Achieved
	Continue to provide training and literature for Scheme employers to assist them in administering the Scheme on behalf of their employees.	Achieved
	Continue to provide presentations and literature for Scheme members to provide greater understanding of their Scheme.	Achieved
	Maintain the Pension Fund website to the highest standards ensuring that all information is current and accurate.	Achieved
	Ensure the continued development and best use of Member Self Service to the highest possible standard primarily in line with scheme and pension software supplier changes but also endeavouring to reduce printing and postal costs.	Achieved
	Continue to improve data quality in line with tPR recommendations in respect of Common and Scheme Specific data.	Achieved
	Continue work to ensure timely implementation of McCloud Remedy.	Achieved.
	All annual benefits statements (Active and Deferred members) to be issued by 31 August 2023.	Achieved.

	Ensure that all requirements of the Pensions Dashboards Programme legislation are met as they relate to the LGPS. 95% of critical service standards achieved (stretch 100%). 90% of non-critical service standards to be achieved (stretch of 95%).	Ongoing. Achieved Achieved
To set an investment strategy in such a way as to achieve the medium-term investment return objective with minimal loss of capital, achieve value for money in all contracts and manage all other direct costs in managing the fund and paying benefits.	Continue to be an Investment Client of Local Pensions Partnership Investment Limited (LPPI) and ensure they implement the Investment Strategy as agreed by the Pension Fund Committee. Maintain quality forecasts and medium term plans to ensure that no fire-sale of assets is required to meet benefit payments.	Achieved Achieved
To ensure we always remain compliant with legislative and regulatory requirements, avoiding any financial penalties or negative publicity, identifying and reducing business risks and minimising any negative internal and external audit comments and feedback.	Produce Annual Financial Statements so they can be published by 30 November 2023. Complete contributions reconciliation. Achieve an unmodified (clean) audit opinion. Complete Year End procedures in advance of 31 August 2023 to enable prompt issue of annual benefit statements. Annual Benefit Statements (Active and Deferred members) to be issued by 31 August 2023. Apply Pensions Increase and HMT Revaluation Orders. Issue Payslips and P60's by 31 May 2023 in line with statutory legislation. Service the Berkshire Pension Board to operate effectively. Ensure that all Pension Fund policies are current and regularly updated. Ensure continuing compliance with the Pensions Regulator's Code of Practice number 14. Ensure continued compliance with General Data Protection Regulation (GDPR). Complete GMP Reconciliation in respect of Active and Deferred scheme members by 31 March 2024.	Achieved Achieved Ongoing Achieved Achieved Achieved Achieved Achieved Achieved Achieved Achieved Partially achieved – Work continues to progress with HMRC in respect of value discrepancies.

	Positive feedback from internal and external auditors that controls are better than in previous years. To maintain robust business continuity, disaster recovery and emergency plans for all areas. Reduce risk profile of the Pension Fund.	Achieved Achieved Achieved
To manage staff effectively in order to deliver high levels of morale, ensuring all staff are performance managed with aligned objectives being set for all staff.	Monitor staff requirements to ensure a high-quality service is provided to stakeholders. All staff appraisals to be undertaken within required deadlines and areas for improvement identified with relevant objectives being set and monitored by managers.	Achieved Achieved
To transform, develop and improve the Pensions Team through creating an evidence based continuous improvement culture and ensuring that all agreed projects and other initiatives are delivered to time and budget and achieve the expected benefits.	Ensure that staff receive appropriate training internally and from external providers. Deliver 90% of tasks within the pension teams' operational plan (stretch of 95%) – set out in the administration strategy. Deliver all agreed programmes and projects to time and budget.	Achieved Achieved Achieved
To work together with Elected Members to deliver the goals and objectives of the Pension Fund Committee, to be measured by positive feedback and external review if applicable.	Ensure Pension Fund Committee, Advisory Panel and Pension Board members receive appropriate training. Ensure that Pension Fund Committee, Advisory Panel and Pension Board members understand the Fund's strategy. Positive feedback from Committee Members on performance and engagement. Positive feedback from external review (external auditors, internal auditors, peer-review)	Achieved Achieved Achieved Achieved
To review the Pension Team structure to ensure greater resilience and reduce risks incurred by the loss of key staff.	To review all key areas and set out a strategy in 2023 for achieving the business aim of full resilience by 31 December 2023.	Partially achieved - Will be completed throughout 2024
To maintain Integrated Risk Management into the management of the Fund	Work with our key stakeholders in identifying at risk scheme employers. Review risk appetite statement with LPPI and ensure training is provided on funding level and contribution risk outputs. Develop best in class risk-framework and ensure it is kept up to date and regularly reviewed.	Achieved Achieved Achieved

To work with the Fund's Investment Manager, (LPPI) to ensure the Investment Strategy is fit for purpose and implemented.	Investment aims are met and in line with the Investment Strategy Statement and Strategic Asset Allocation requirements.	Achieved

9. MEDIUM TERM PLAN 2025/28

The following table details the medium-term plan for the Pension Fund for the period 2025 to 2028.

Objective	Rationale	Timescale
Investment Pooling.	Required by the Department for Levelling Up, Housing and Communities (DLUHC).	All investments to be pooled with Local Pensions Partnership Investments Limited (LPP) by the mid-2020's.
Attain accreditation to the Pensions Administration Standards Association (PASA).	Accreditation will confirm that the Pension Administration Team are adhering to industry best practice.	Accreditation to be achieved by 2026.
i-Connect	Will lead to improved quality of data held by Fund and increased efficiency of the service	Work with scheme employers to achieve 100% onboarding (or maximum viable) over medium-term period.
Data Quality	High standards of data quality ensure correct calculation of pension benefits and provides all stakeholders with accurate real-time information.	Ongoing
Maintain sufficient cash-flow to avoid fire-sale of assets to meet benefits payable	Avoid sale of assets at low process negatively impacting long-term sustainability of the Fund	Ongoing
Continuous review of investment strategy	Ensure that investment strategy is "fit for purpose", considering funding level, risk appetite and target discount rate	Ongoing

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Report Title:	**Administration Report**
Contains Confidential or Exempt Information	No - Part I
Cabinet Member:	Councillor Bond, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 18 March 2024
Responsible Officer(s):	Ian Coleman, Interim Head of Pension Fund
Wards affected:	None

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Royal Borough of Windsor & Maidenhead

REPORT SUMMARY

This report deals with the administration of the Pension Fund for the period 1 October 2023 to 31 December 2023. It recommends that Pension Fund Committee Members (and Pension Board members) 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.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee notes the report;

i) Notes all areas of governance, administration and the key performance indicators as reported;

ii) Notes the increase to process Key Performance Indicator “Deceased Processing“ from five to 10 working days with effect from the reporting period commencing 1 January 2024 and reflected in Pension Administration Strategy.

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 Royal County of Berkshire 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 the pension legislation could result in the Administering Authority being reported to the Pensions Regulator where failure is deemed to be of material significance.

7.2 Equalities. The Equality Act 2010 places a statutory duty on the council to ensure that when considering any new or reviewed strategy, policy, plan, project, service or procedure the impacts on particular groups, including those within the workforce and customer/public groups, have been considered. An Equality Impact Assessment (EQIA) screening exercise has been completed and approved in respect of this this report and shared with the RBWM Equalities team. It has been determined through the EQIA screening that a full EQIA is not required and is therefore not appended with 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 The Local Pension Board was consulted in detail through the approval of this report.

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 one appendices:

- Appendix 1 – Administration Report 1 October 2023 to 31 December 2023

11. BACKGROUND DOCUMENTS

11.1 This report is supported by nil background documents:

12. CONSULTATION

Name of consultee	Post held	Date sent	Date returned
Mandatory:	*Statutory Officer (or deputy)*		
Elizabeth Griffiths	Executive Director of Resources & S151 Officer	**01/03/24**	
Elaine Browne	Deputy Director of Law & Governance & Monitoring Officer	**01/03/24**	**06/03/24**
Deputies:			
Andrew Vallance	Deputy Director of Finance & Deputy S151 Officer	**01/03/24**	**06/03/24**
Jane Cryer	Principal Lawyer & Deputy Monitoring Officer	**01/03/24**	
Helena Stevenson	Principal Lawyer & Deputy Monitoring Officer	**01/03/24**	
Mandatory:	*Equalities Officer – to advise on EQiA, or agree an EQiA is not required*		
Ellen McManus-Fry	Equalities & Engagement Officer	**29/02/24**	**29/02/24**
Mandatory:	*Assistant Director HR – to advise if report has potential staffing or workforce implications*		
Nikki Craig	Assistant Director of HR, Corporate Projects and IT	**01/03/24**	
Other consultees:			
Cllr Simon Bond	Chair – Royal County of Berkshire Pension Fund Committee	**01/03/24**	**05/03/24**
Alan Cross	Chair – Local Pension Board	**01/03/24**	

REPORT HISTORY

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

Report Author: Philip Boyton, Deputy Head of Pension Fund, 07792 324459

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ADMINISTRATION REPORT

QUARTER 4 – 2023 (Q3 2023/24)

1 October 2023 to 31 December 2023

Contents

1. ADMINISTRATION

1.1. Scheme Membership

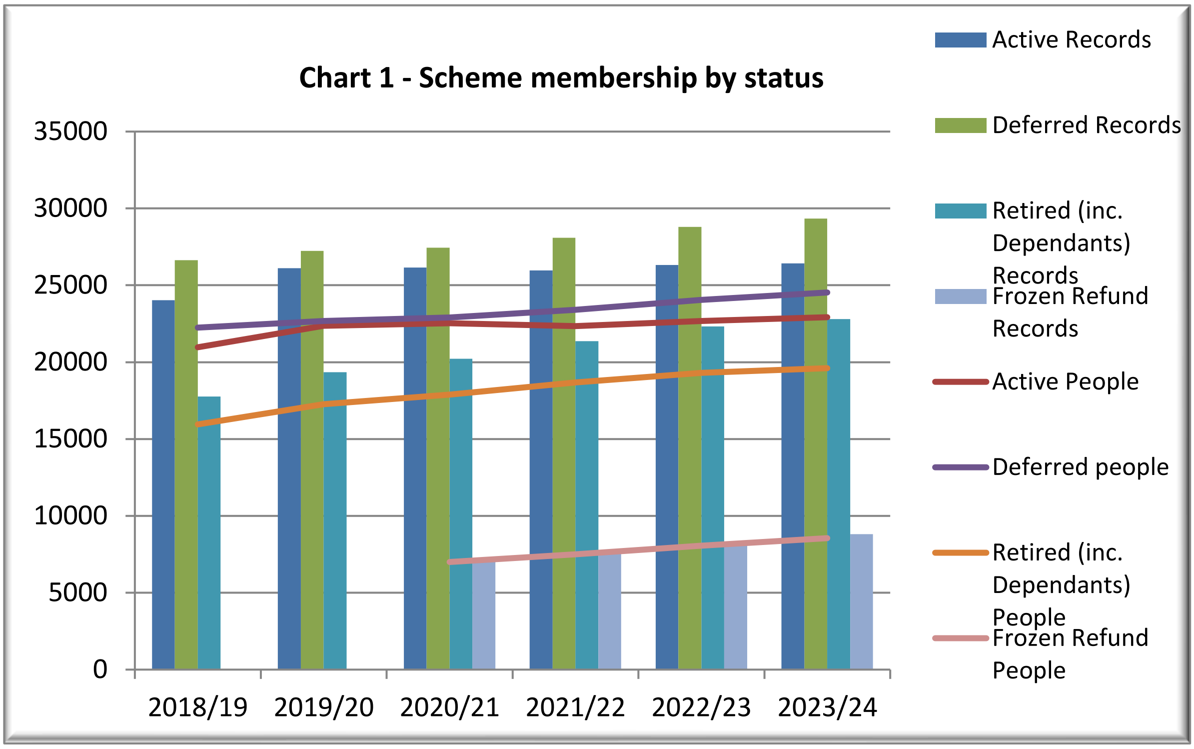


Table 1 – Total Membership as at 31 December 2023

Active Records	26,433	Active People	22,924
Deferred Records	29,338	Deferred People	24,532
Retired Records	22,797	Retired People	19,608
Frozen Refund Records	8,807	Frozen Refund People	8,551
TOTAL	**87,375**	**TOTAL**	**75,615**

1.2. Membership by Employer

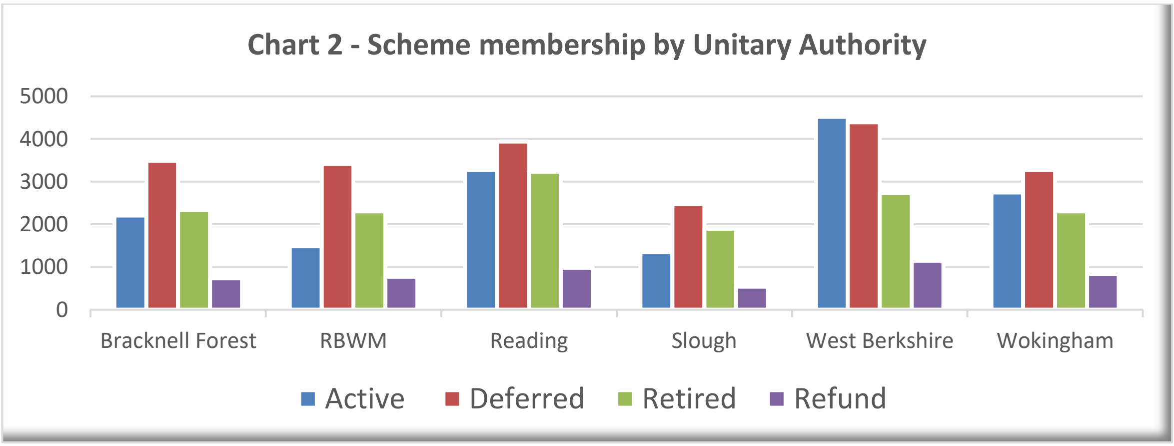
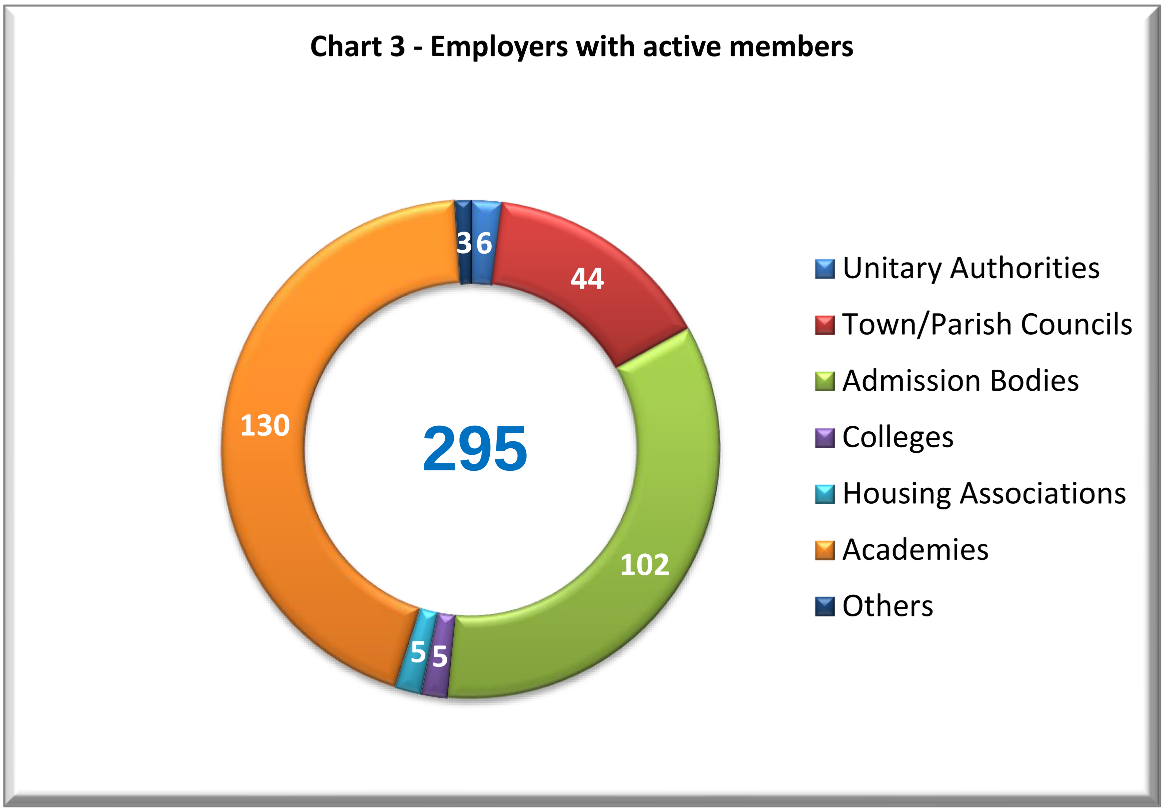


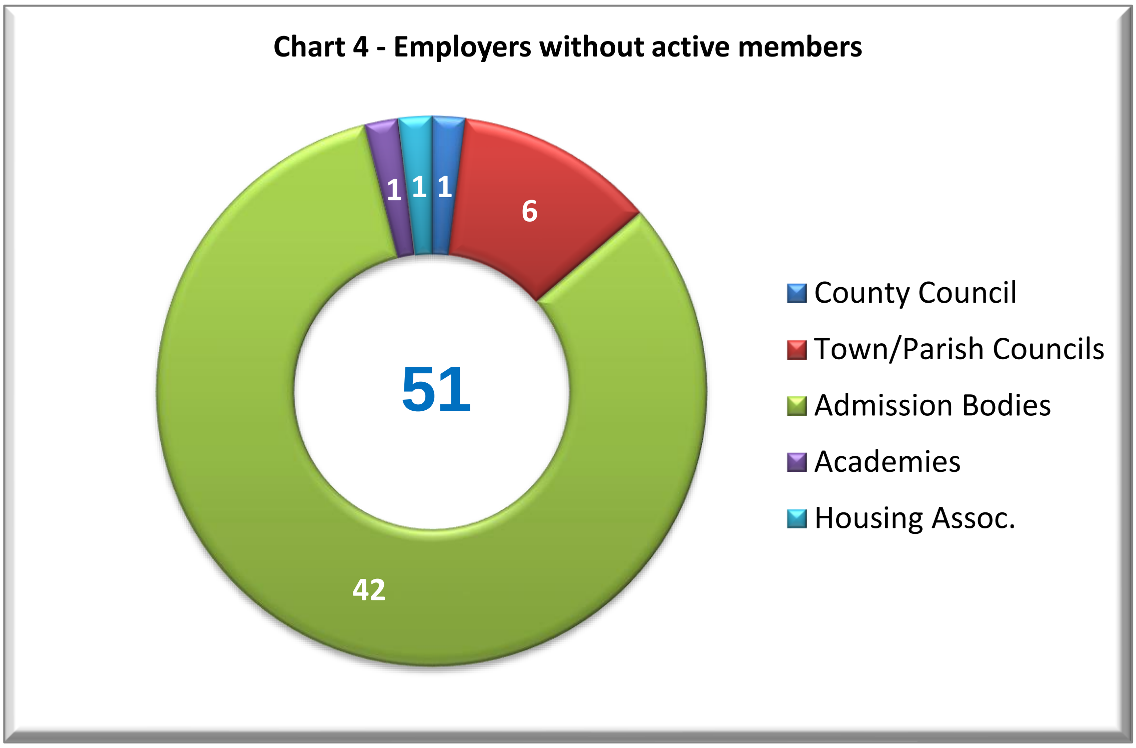
Table 2 - Membership movements in this Quarter (and previous Quarter)

	Bracknell	RBWM	Reading	Slough	W Berks	Wokingham
Active	**-64** +4	**+69** +35	**+25** +13	**+20** -16	**+181** -6	**+4** -87
Deferred	**+5** +12	**-6** -7	**+2** +12	**+20** -1	**+78** +23	**+23** +17
Retired	**+22** +19	**+10** +10	**+19** +19	**+6** +5	**+28** +32	**+15** +24
Refund	**-1**	**-6**	**-6**	**-3**	**-5**	**+2**

1.3. Scheme Employers



<u>New employers since last report:</u>
Admission Bodies: *None*
Academies: *None*
Scheduled bodies: *None*



Exiting employers: None

1.4. Scheme Employer Key Performance Indicators

Table 3 – i-Connect users Quarter 3 (1 October 2023 to 31 December 2023)

Employer	Starters	Leavers	Changes	Total	Submission Received Within Specification
Bracknell Forest Council	170	185	331	686	100%
RBWM	119	63	232	414	100%
Reading BC	265	149	733	1,147	66.66%
Slough BC	95	45	168	418	100%
West Berks Council	298	166	543	1,007	100%
Wokingham BC	101	63	347	511	100%
Academy/ School	695	750	1,107	2,552	84.34%
Others	100	53	180	333	97.24%

NOTES: Table 1A above shows all transactions through i-Connect Software for the second quarter of 2023/2024. Changes include hours/weeks updates, address amendments and basic details updates.

The benefits of i-Connect are:

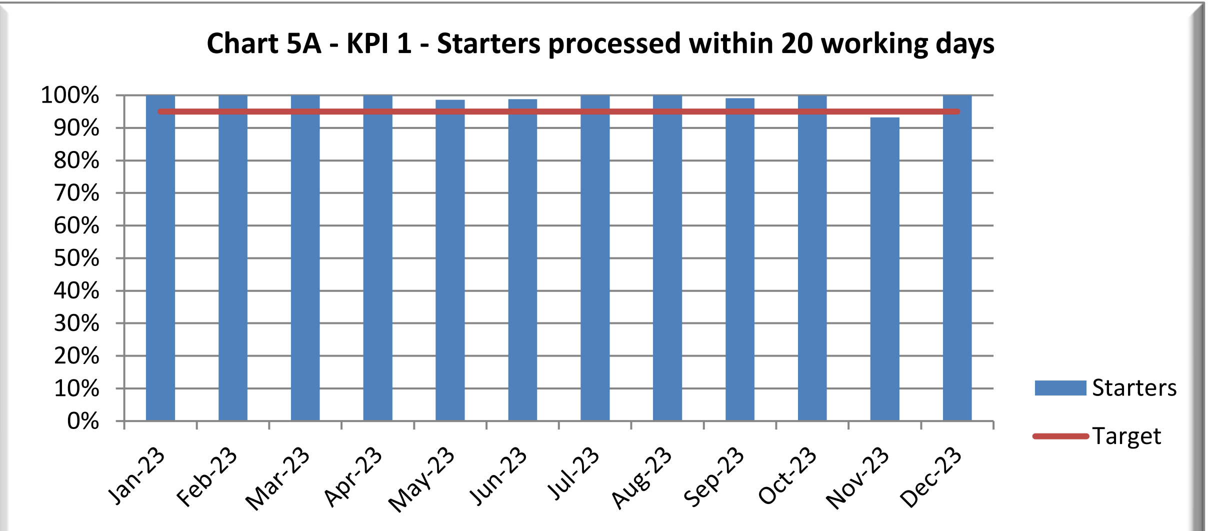
- Pension records are maintained in 'real-time';
- Scheme members are presented with the most up to date and accurate information through "my pension ONLINE" (Member self-service);
- Pension administration data matches employer payroll data;
- Discrepancies are dealt with as they arise each month;
- 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 1 October 2023, one scheme employer has on boarded i-connect Software – Mary Hare Grammar School - representing 118 scheme member records. Officers continue to work closely with Excalibur Academies Trust, Schelwood Academy Trust, The Arbib Education Trust, The Keys Academy Trust and The Pioneer Educational Trust which represents circa 820 scheme member records endeavouring to on board.

Overall, 131 scheme employers are yet to on board i-Connect Software which represents circa. 1,700 scheme member records (6.40% of total active scheme member records).

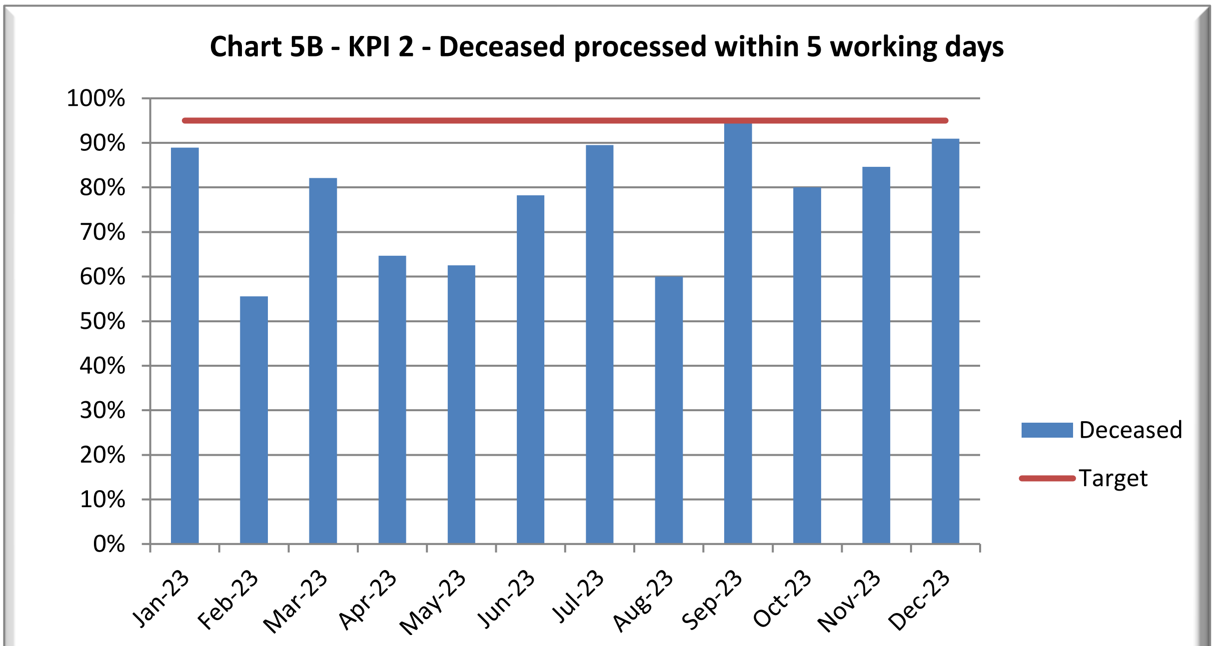
The Pension Fund remains committed to continuing to work with these scheme employers to help them to onboard, where it is possible for them to do so. Scheme employers with fewer than 10 scheme members (81 employers) have the option of using an on-line portal version of i-Connect Software rather than submitting via ".csv".

1.5. Key Performance Indicators



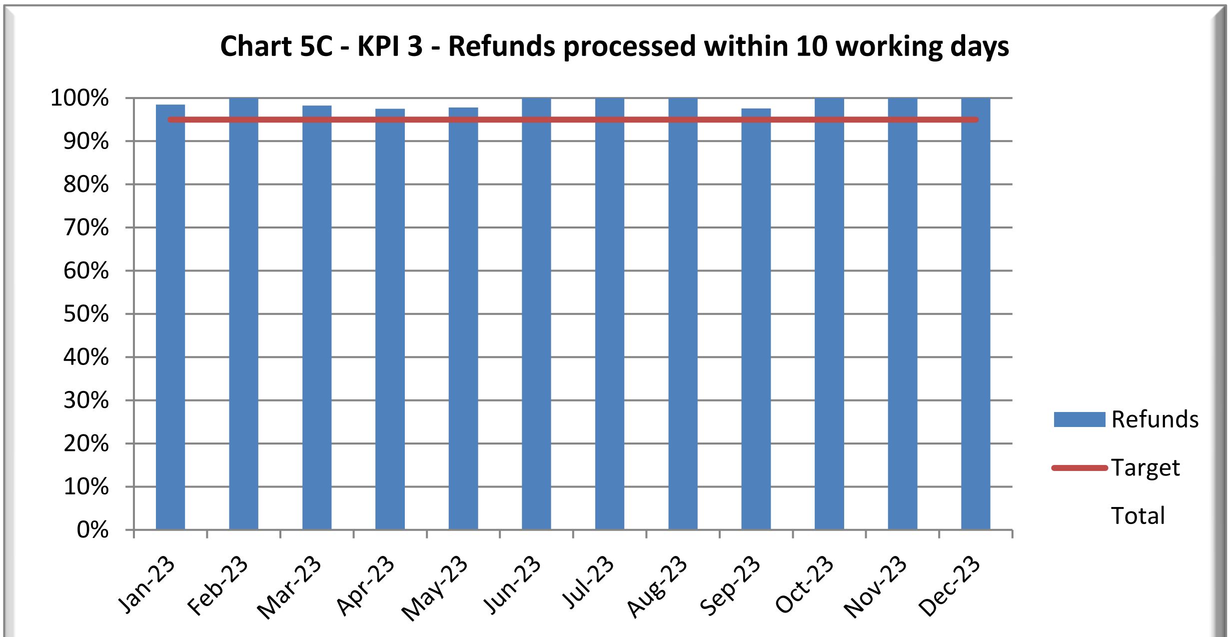
	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Starters	100	100	100	100	98.6	98.8	100	100	99.08	99.91	93.18	100
Target	95	95	95	95	95	95	95	95	95	95	95	95
Total	766	826	678	487	714	667	625	507	436	1115	733	515

CIPFA Benchmark: Two months from date of joining the scheme or if earlier within one month of receiving jobholder information.



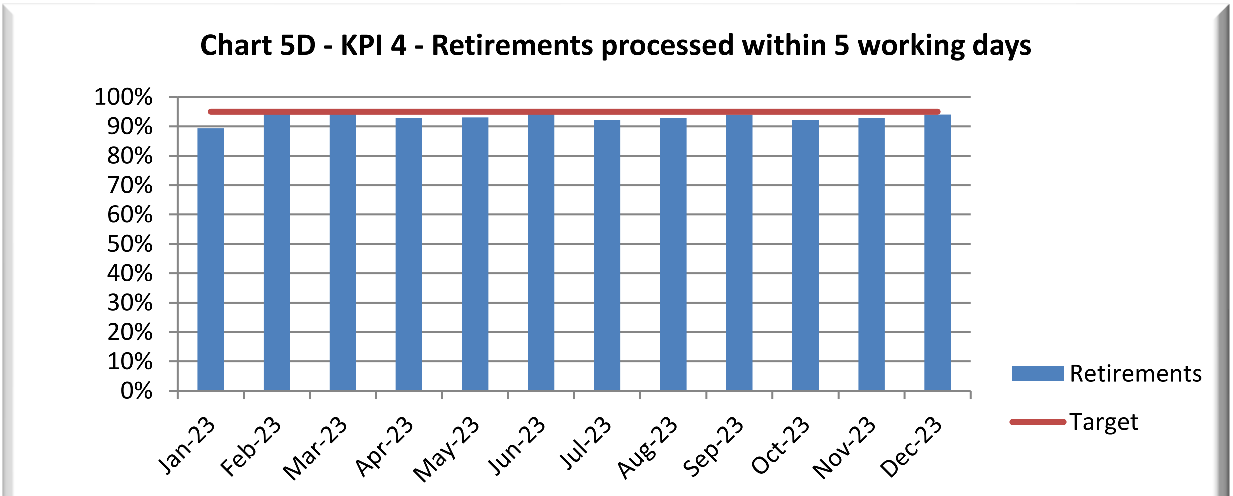
	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Deceased	88.9	55.6	82.1	64.71	62.5	78.26	89.47	60	94.44	80	84.62	90.91
Target	95	95	95	95	95	95	95	95	95	95	95	95
Total	18	18	28	17	32	23	19	15	18	10	26	11

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.



	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Refunds	98.5	100	98.25	97.5	97.78	100	100	100	97.56	100	100	100
Target	95	95	95	95	95	95	95	95	95	95	95	95
Total	68	63	57	40	45	66	49	54	41	37	61	31

CIPFA Benchmark: No more than two months from date of receiving the scheme members signed declaration requesting to receive a refund of employee pension contributions.

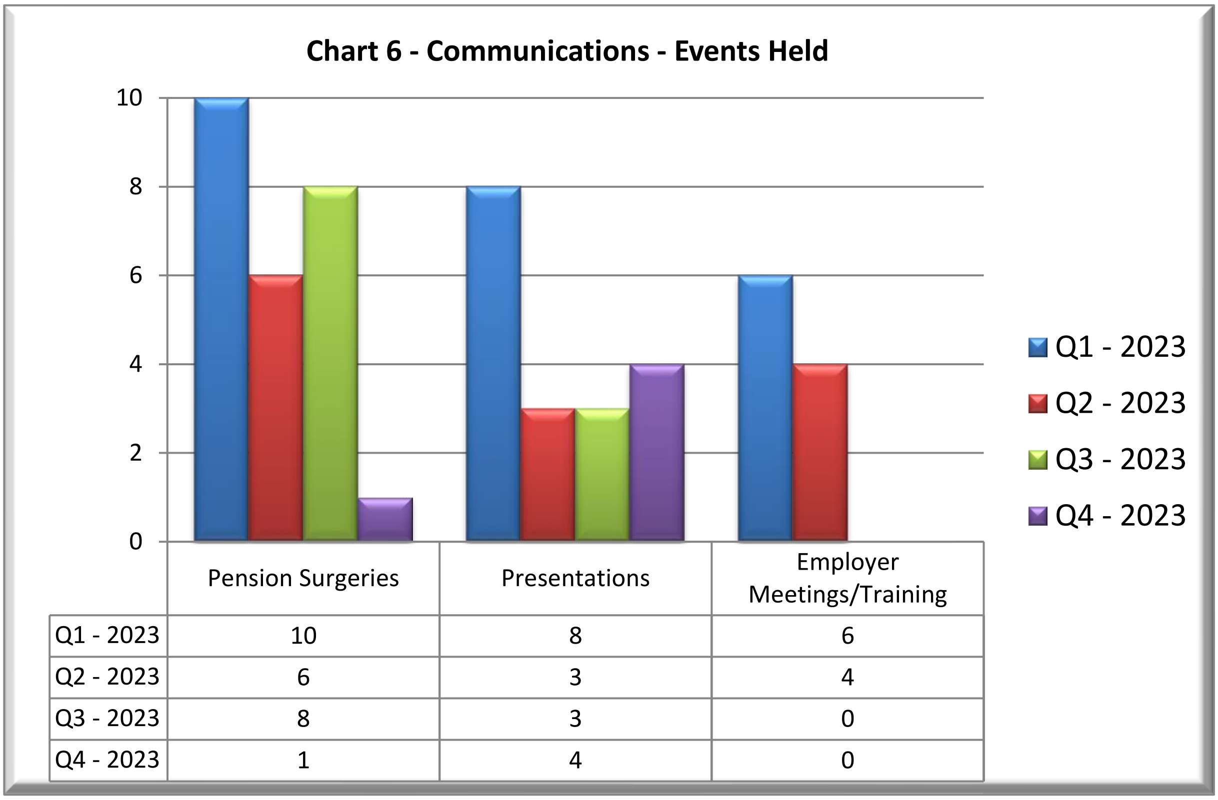


	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Retirements	89.3	95.1	95.4	92.86	93.04	94.49	92.16	92.79	94.02	92.16	92.79	94.02
Target	95	95	95	95	95	95	95	95	95	95	95	95
Total	140	101	87	112	115	127	102	111	117	95	111	64

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

Events shown have been held remotely, including hybrid.



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 second quarter:

Date Received	Method	Feedback
07/11/2023	Telephone	You have such a reassuring voice and answered so quickly giving me so much information.
08/11/2023	E-mail	Great, thank you for being so helpful. Kind regards [NAME]
08/11/2023	E-mail	Thanks [NAME], you are a star!
13/11/2023	Telephone	You are an amazing team in that office.
30/11/2023	E-mail	Whoopee! And once again my thanks to you, [NAME] and anyone else who has worked on my 'never ending story' with kindness and professional efficiency - I am grateful to you all!
19/12/2023	E-mail	Many thanks for all your help. Superb service if only the other pension provider was so easy and efficient.

2. SPECIAL PROJECTS

2.1. McCloud Judgement

In 2014 and 2015 the Government introduced changes to public service pension schemes, including the Local Government Pension Scheme (LGPS), for future service, moving from providing Final Salary to Career Average Revalued Earnings (CARE) benefits and increasing normal pension age to be in line with state pension age.

The changes to the LGPS in England and Wales, effective from 1 April 2014, applied to existing scheme members as well as new scheme members, but older scheme members were given protection against the changes.

As a result, two employment tribunal cases were brought against the Government, the claimants arguing that the underpin protection introduced amounted to unlawful discrimination as the protection only applied to certain older scheme members. The Court of Appeal ruled in the claimant's favour that these changes were discriminatory to younger scheme members leading the Government to commit to make changes to all public sector pension schemes to remove discrimination.

The changes to regulations are effective from 1 October 2023 and present a significant administrative burden to all LGPS Pension Funds. Scheme members in the scope of the protection will have their post 31 March 2014 benefits calculated as the best of CARE and Final Salary in line with a revised underpin protection. The effect will be retrospective; further data for calculating benefits for current contributing scheme members needs to be collated from scheme employers dating back to 1 April 2014 and benefits will need to be recalculated for qualifying scheme members who have left since 1 April 2014. Those older scheme members who were already given protection may also be affected given changes to the methodology of the underpin that was originally introduced when the LGPS changed to CARE in April 2014.

At a fund level Officers will need to identify those scheme members in scope of the extended underpin protection, obtain the data needed to calculate a scheme member’s post 31 March 2014 benefits from scheme employers, update all scheme member records, calculate retrospective benefits, pay any underpayments, communicate with scheme members and scheme employers and make changes to administration systems and processes to carry out ongoing administration under the new regulations.

Following a review of the changes to regulations effective from 1 October 2023 Officers drafted and finalised a budgeted project plan on 3 October 2023 that includes the project criteria, project resources, project stakeholders, project structure and project milestones. The project plan includes a detailed project-specific risk analysis in support of the Pension Fund’s risk management process, risks will be identified and mitigations will be put in place in minimise the likelihood and impact of risks materialising and all risks will be monitored regularly.

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.

The DWP announced on 2 March 2023 a significant delay to the Pensions Dashboards Programme. The statement released explained that the Pensions Dashboards Programme will be unable to meet the connection deadlines set out in legislation, and the timeline will need to be revised. The framework for dashboards will remain unchanged, but DWP will now legislate to provide new deadlines. It is anticipated public sector pension scheme administrators will now begin onboarding during quarter four of 2025 rather than 2024.

Officers recognise it is important not to wait. 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.

Report Title:	**Responsible Investment**
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Simon Bond, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee and Advisory Panel – 18 March 2024
Responsible Officer(s):	Ian Coleman, Interim Head of Pension Fund
Wards affected:	None

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Royal Borough of Windsor & Maidenhead

REPORT SUMMARY

This report aims to update the reader on the Fund's responsible investment activities and outcomes through presenting a Responsible Investment (RI) report and dashboard as aligned with the Fund's RI policy; – noting that climate change is one of the underlying priorities in the Fund's RI policy and thus 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.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee notes the report;

i) Approves the Fund's RI dashboard, RI report and Active Engagement report for publication;

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

2.1 A separate RI policy is not compulsory for LGPS Funds under the Regulations, however, regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations (2016) requires that the Authority's Investment Strategy Statement (ISS) must include its "policy on how ESG considerations are taken into account in the selection, non-selection, retention and realisation of investments". The Fund's ISS 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.

2.2 The Fund's RI policy was last presented for approval by the RI working group (the task and finish group) and approved by the Committee in October 2022 along with a commitment to review regularly. One of the actions taken from the September 2023 Committee meeting concerned the re-establishment of the working group and set up of a project to review the RI policy again for presentation at the March 2024 Committee. As reported in December 2023, it is still intended that the group will be re-established and a revised RI Policy should be presented for approval during 2024/25

2.3 Since December 2021, the Fund has reported publicly on its implementation and outcomes concerning responsible investment. The report and dashboard to Q4 2023 calendar year (or Q3 2023/24 financial year) are included respectively at Appendix 1 and Appendix 2 to this report.

2.4 Notably, the report and dashboard show indicative "green/brown" portfolio exposures to all of the Fund's equity and equity-like assets (listed equity, private equity, and infrastructure) plus corporate bonds within fixed income. The key takeaways from this analysis are as follows:

2.4.1 Investments in brown sectors (extraction, transportation, storage, supply, and generation of energy from fossil fuels) make up just 1.71% of the portfolio.

2.4.2 Investments in green sectors (renewable energy generation, clean technology, and decarbonising activities) make up an estimated 6.55% of the portfolio.

2.5 As illustrated above, the green exposure significantly outweighs the brown exposure by over 3.8x within the identified portfolio.

2.6 LPPI has published a net-zero roadmap (presented at the March 2023 meeting) and its net-zero targets for the LPPI Global Equity Fund, further work is being undertaken by LPPI in relation to Net Zero target setting for additional asset classes with targets for Fixed Income and Real Estate to be published in early in 2024 and shared with the Committee in due course though this quarterly report.

2.7 In addition, LPPI is currently undertaking a project to develop a Climate Solutions Fund with details to be shared in due course for consideration.

2.8 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 increase capacity for active engagement with companies across its credit and equity portfolios, seeking to improve a company's behaviour on ESG related issues. The Fund's active engagement outcomes are reported at Q4 2023 (or Q3 2023/24) on the Fund's website and noted in the background papers section to this report. The key parts of the active engagement report are summarised within the RI report attached at Appendix 1.

3. KEY IMPLICATIONS

3.1 A key implication of publishing this report is to actively put the Fund's RI outcomes and data in the public domain in advance of receiving FOI requests. Officers have thus far seen a significant reduction in the amount of time dedicated to addressing RI related FOI requests as a consequence of proactively publishing this report quarterly since December 2021.

3.2 The Fund seeks to achieve good ESG credentials whilst maintaining strong investment performance. Evidence[1] suggests these two are not mutually

[1] The Journal of Sustainable Finance & Investment (2015) Vol 5 (Issue 4)

exclusive, therefore, the Fund seeks to achieve both over the long run provided it can meet its fiduciary responsibility to scheme members and employers.

3.3 Strong ESG credentials are positive indicators for sustainable companies. Therefore, incorporating material ESG considerations is an important part of both asset selection and active stewardship and is additive to the identification of long-term stable returns, thus assisting the Fund in meeting its fiduciary responsibility.

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 Budget and funding implications should be properly considered if the Committee intend on undertaking additional climate risk analysis work over and above the work already undertaken.

4.2 Re-establishment of the RI working group (task and finish group) may require additional consultancy and advisory costs, but these shall be met within existing service budgets.

5. LEGAL IMPLICATIONS

5.1 Reporting against RI metrics and making a net-zero commitment are not legal or regulatory requirements. Taskforce for Climate Related Financial Disclosures (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 closely.

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 in March 2023) 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 this report, with any relevant changes considered and documented as appropriate in the quarterly 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. The Equality Act 2010 places a statutory duty on the council to ensure that when considering any new or reviewed strategy, policy, plan, project, service or procedure the impacts on particular groups, including those within the workforce and customer/public groups, have been considered. An Equality Impact Assessment (EQIA) screening exercise has been completed and approved in respect of this this report and shared with the RBWM Equalities team. It has been determined through the EQIA screening that a full EQIA is not required and is therefore not appended with this report.

7.3 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.

7.4 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 relevant risk report to the Committee along with the relevant mitigations.

8. CONSULTATION

8.1 The Fund’s fiduciary Investment manager LPPI, independent advisors and independent scheme actuary Barnett Waddingham 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. Specific interim net-zero targets and plans are set out in the relevant appendices to prior Responsible Investment reports presented to the Pension Fund Committee.

10. APPENDICES

10.1 This report is supported by two appendices:

- Appendix 1: Responsible Investment Report Q4 2023
- Appendix 2: Responsible Investment Dashboard Q4 2023
- Appendix 3: LPPI Net Zero and TCFD Update December 2023

11. BACKGROUND DOCUMENTS

11.1 This report is supported by two background documents:

- Responsible Investment Policy (October 2022) is available in the “policies and reports” section of the Pension Fund website;

- Active Engagement Report (Q4 2023) is available in the “Investments” section of the Pension Fund website

12. CONSULTATION

Name of consultee	Post held	Date sent	Date returned
Mandatory:	*Statutory Officer (or deputy)*		
Elizabeth Griffiths	Executive Director of Resources & S151 Officer	**01/03/24**	
Elaine Browne	Deputy Director of Law & Governance & Monitoring Officer	**01/03/24**	**06/03/24**
Deputies:			
Andrew Vallance	Deputy Director of Finance & Deputy S151 Officer	**01/03/24**	**06/03/24**
Jane Cryer	Principal Lawyer & Deputy Monitoring Officer	**01/03/24**	
Helena Stevenson	Principal Lawyer & Deputy Monitoring Officer	**01/03/24**	
Mandatory:	*Equalities Officer – to advise on EQiA, or agree an EQiA is not required*		
Ellen McManus-Fry	Equalities & Engagement Officer	**29/02/24**	**29/02/24**
Mandatory:	*Assistant Director HR – to advise if report has potential staffing or workforce implications*		
Nikki Craig	Assistant Director of HR, Corporate Projects and IT	**01/03/24**	
Other consultees:			
Cllr Simon Bond	Chair – Royal County of Berkshire Pension Fund Committee	**01/03/24**	**05/03/24**
Alan Cross	Chair – Local Pension Board	**01/03/24**	

13. REPORT HISTORY

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

Report Author: Ian Coleman, Interim Head of Pension Fund

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Local Pensions Partnership Investments Ltd

Royal County of Berkshire Pension Fund (RCBPF)
Responsible Investment Report – Q4 2023

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 October - 31st December 2023 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:

- The PRI[R] recently released the results for the 2022/23 reporting cycle, with LPPI achieving 4 and 5 stars and scoring over 70% in each module.
- GLIL[R] Infrastructure has entered a new strategic partnership with the London-listed Bluefield Solar Income Fund, as part of a commitment to drive investments in UK-focussed solar energy assets in 2024.
- LPPI reviewed and updated two current RI policies during Q4 2023, our Shareholder Voting Guidelines and Annex on ESG Integration.
- In Q4 2023 LPPI voted on 98% company proposals, supporting 85% of these.
- Investments in Brown sectors (extraction, transportation, storage, supply, and generation of energy from fossil fuels) are 1.71% of the portfolio.
- Investments in Green sectors (renewable energy generation, clean technology, and decarbonising activities) are 6.55% of the portfolio.

RCBPF RI Policy Priorities (coverage)

This section is a new addition to help reference and link RCBPF's RI policy with the content in this report.

	Theme	Coverage	Location
E	Climate Change	TPI	p. 2-3, 11
		Green & Brown	p. 1, 4-5
		Climate Voting	p. 7
		Net Zero Update	p. 12
	Pollution		
	Biodiversity	Robeco Overview (Nature action 100)	p. 8-9
		Nature Action 100 Update	p. 11
S	Local Investment		
	Affordable Housing		

G	Corporate Governance	Governance Insights	p. 3
		Core Stewardship	p. 5-7
		Robeco Overview (Responsible Executive Remuneration)	p. 10

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 Q4 2023 outlined below.

<u>Listed equities (Dashboard p1)</u>

Sector Breakdown

Categorised by GICS[R] the largest sectoral exposures for the GEF are Information Tech. (24%), Financials (18%), and Industrials (15%).

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 25% of the total LPPI GEF.

In Q4 2023 Microsoft remains the largest holding in the GEF, with Alphabet, Visa, Accenture and Nestle also all remaining in the top five, although Alphabet moved up 1 position above Visa. Adobe, Intuit, London Stock Exchange and Moody's Corp also all remained in the same positions. Booking Holdings was replaced with Autodesk, which makes up the last position in the top 10.

Portfolio ESG Score

The GEF's Portfolio ESG score has not changed, remaining at 5.6 between Q3 and Q4. In the same period the equivalent score for the benchmark was also unchanged at 5.5.

Transition Pathway Initiative (TPI)

TPI[R] has recently released v.5.0 of its Management Quality ratings methodology. As outlined further in section 6 of this report, the update has doubled the number of companies in the TPI assessment universe and introduced a new Level 5 to the assessment staircase which provides greater differentiation and insight into company transition plans.

The increased TPI universe brings a larger number of GEF owned companies into scope compared with the position in Q3 2023. By value, the % of the GEF covered by TPI ratings has increased from 11% to 42%, and the number of GEF companies in scope of TPI scoring has grown by 49, increasing from 31 to 80 companies between Q3 and Q4 2023.

Of the 80 companies in TPI scope:

- 93% (by value) are rated TPI 3 and above – demonstrably integrating climate change into their operational planning (TPI 3), their strategic planning (TPI 4) and into their transition planning and implementation (TPI 5). This is up from 90% in Q3 2023, which confirms most of the 49 additional companies have been rated TPI 3 and above.
- 9 companies are scored below TPI 3 currently and are under monitoring.

Governance Insights

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

The timeseries graph on the RI Dashboard (Page 1), shows the past performance of the governance insights. This allows tracking of changes both quarterly and annually between Q1 2022 and Q4 2023, which provides a more informative perspective for comparison.

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 Q4 2023, an average of 32% of board members were female in the GEF, which is up from 29% in Q4 2022. There was a coverage of 85% data availability (up from 84% in Q4 2022), 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 Q4 2023, on average 69% of board members were independent in the GEF, which is up from 68% in Q4 2022. There was a coverage of 85% data availability (up from 84% in Q4 2022), 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 Q4 2023, an average of 89% were in support for say on pay (up from 88% in Q4 2022), which indicates a high proportion of investors were supportive of the pay policies of investee companies. There was a coverage of 78% data availability (up from 69% in Q4 2022), which was a result of several companies not being in scope of the ISS database.

Other asset classes (Dashboard p2)

Private Equity

The largest sectoral exposure continued to be Health Care, remaining at 40% in Q4 2023. The geographical exposure continued to have a strong presence in the United States, remaining at 41% in Q4 2023.

Infrastructure

The geographical exposures to UK based infrastructure slightly decreased, moving from 49% exposure in Q3 to 48% in Q4 2023. The largest sectoral exposure remained in Traditional Energy, Renewable Energy, Waste, which makes up 40% of the portfolio.

Real Estate

The largest sectoral exposure has now changed from Industrial to Living assets, making up 29% of the portfolio in Q4 2023. The portfolio continued to be largely deployed in the UK, slightly increasing from 75% in Q3 to 77% in Q4 2023.

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. As a result, in Q4 2023, 76.7% of the total portfolio is in scope of Green and Brown. 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 Q3 2023, Brown exposure has decreased from 1.96% to 1.71%. The biggest contribution to the reduced exposure comes from the Infrastructure asset class. The figures reflect one company, identified as Brown, leaving the portfolio from an existing fund which reflects the opportunity to realise assets at an attractive valuation and re-deploy capital in other attractive opportunities. This has reduced infrastructure's Brown exposure from 1.23% in Q3 to 1.08% of the portfolio in Q4 2023. Other contributions were from the GEF asset class, where another company identified as Brown also left the portfolio.

Compared with Q3 2023, Green activities have slightly decreased from 6.76% to 6.55% of the portfolio. The biggest contributor to the decreased exposure is from the Infrastructure asset class. The figures reflect a mark-to-market decrease in the value of Green positions held in portfolio. This has decreased infrastructure's Green exposure from 6.44% in Q3 to 6.28% of the portfolio in Q4 2023.

Investments in renewable energy generation from wind, solar, hydro, and waste make up 61% of total Green exposure, and 96% 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 Equities 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 October – 31st December 2023 encompassed 40 meetings. LPPI voted at 39 (98%) meetings where GEF shares entitled participation, totalling 319 resolutions voted. LPPI did not vote in one meeting:

- LPPI applied "Do Not Vote" at one company due to it being a Russia-linked holding that could not be liquidated prior to the introduction of trading restrictions.

Company Proposals

LPPI supported 85% of company proposals in the period.

Voting against management captured:

- the election of directors: 37% of votes against (addressing issues including overall board independence, and company specific issues such as diversity).
- compensation: 37% of votes against (addressing issues including inadequate disclosure of underlying performance criteria, use of discretion, and the quantum of proposed rewards).

Case Study – Director Related

LPPI voted against 16 director-related resolutions across 10 companies. This was 10% of all director-related votes.

LPPI voted against 1 resolution (which included a bundle of four directors) across one company due to concerns around board independence levels. At XP Inc. (Cayman Islands: Investment Banking & Brokerage), LPPI voted against a group of directors for serving as non-independent members of the key board committee. Result: not disclosed.

LPPI voted against eight directors at two companies in relation to minority shareholder rights. Members of Governance Committees were targeted where problematic governance practices (including the presence of a classified board and multiple share classes with unequal voting rights) existed. For example, at Oracle Corporation (USA: Systems Software), LPPI withheld support for seven incumbent members of the Governance Committee. This was due to substantial pledging activity and significant concerns regarding risk oversight. Result: 24.1% against.

LPPI voted against four directors across four companies due to a lack of board gender diversity. This reflects LPPI’s proxy voting guidelines which require companies in the FTSE350 and Russel 3000 to have at least 30% women on the Board.

Case Study – Compensation

LPPI voted against 16 compensation resolutions at 8 companies. This was approximately 37% of management tabled compensation related votes.

At Oracle Corporation (USA: Systems Software), LPPI voted against the say on pay. This reflected an inadequate evaluation of amendments to the Omnibus Stock Plan, based on an assessment of the estimated cost, plan features, and grant practices using the Equity Plan Scorecard (EPSC). Result: 29.0% against.

At RPM International Inc. (USA: Speciality Chemicals), LPPI voted against the say on pay. This was warranted given that the compensation committee demonstrated only limited responsiveness to last year's low say-on-pay vote result. While the company engaged with investors following last year's annual meeting, the proxy does not detail the portion of investors the company met with, nor if directors participated. Although the company made certain improvements to the pay programs, it is unclear if such changes fully address investor feedback. Lastly, an unmitigated pay-for-performance misalignment was again identified at the company and raised concerns regarding the level of discretion in the annual incentive program and certain overlapping performance periods in the long-term program: 24.2% Against.

At Copart, Inc. (USA: Diversified Support Services), LPPI voted against the say on pay. Following last year's relatively low say-on-pay vote result, the compensation committee demonstrated only limited responsiveness. The company, including independent directors, engaged with investors and disclosed certain feedback received. However, the disclosed shareholder feedback was relatively vague, and the committee made only limited changes to address investor concerns, LPPI voted against. Result: 19.9% against.

Shareholder Proposals

There were 6 shareholder proposals at 2 companies during Q4.

- At Microsoft Corporation (USA: Systems Software), one resolution requested a report on risks of operating in countries with significant human rights concerns, which LPPI supported. Result: 33.6% For.
- At Oracle Corporation (USA: Systems Software), one resolution sought the disclosure of median pay gaps across race and gender which LPPI supported. Result: 31.4% For.

Climate Voting

In Q4, there were no climate-related votes against management.

One company in the CA100+[R] universe held a meeting during Q4, although none of the company proposals were climate related.

Companies typically avoided votes against management where disclosure has improved or there is evidence of adequate progress prior to reporting (e.g. as ascertained through engagement calls).

LAPFF Voting Alerts

There were no LAPFF Voting Alerts for GEF holdings in Q4 23.

4. Active Ownership

Case Study – Manager Engagement

As part of LPPI's second phase of Net Zero target setting, the Fixed Income team undertook an in-depth Net Zero engagement initiative with each external manager in their portfolio. Each manager was provided with a list of requirements, in-line with IIGCC Net Zero Framework, that outlined the specific methodologies and measurements that LPPI would need to set their Net Zero targets for corporate bond holdings. These requirements focused on providing information in the following areas: alignment with the IIGCC categorisation framework, emissions intensity baseline, coverage baseline, engagement baseline and engagement strategy. Focused meetings were also held with each manager on portfolio implications from the different potential net zero targets. In light of these discussions, we opted for a benchmark relative approach, and one based on weighted average carbon intensity.

Overall, we are pleased with the response that our managers have demonstrated. All managers have been able to meet the initial reporting requirements and have also now integrated these metrics into their quarterly reporting packs. This provides LPPI with a platform to monitor and track progress against its Net Zero targets.

5. Robeco Summary

Engagement (Public Markets): Robeco *(Dashboard page 4)*

This section of the dashboard 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). Robeco currently engages with 43 companies in the LPPI Global Equities Fund (GEF) and 15 companies in the LPPI Fixed Income Fund (FIF), accounting for 25.4% and 3.1% of the total portfolios respectively.

Engagement (Public Markets): Robeco *(Dashboard page 5)*

Engagement progress by theme, also shown on page 2 in the Robeco Active Ownership report, summarises their engagement activity for our portfolio over the quarter broken down into sub-sectors, and rated on success/progress (shown as a %). For this quarter, four new themes have been added to the progress chart: Nature Action 100, Modern Slavery in Supply Chains, Tax Transparency and Fashion Transition.

The data reported in our dashboard is specifically related to the companies in LPPI's portfolio and the engagements Robeco undertake on our behalf.

Robeco Active Ownership Report: Content Overview

Modern Slavery in Supply Chains (NEW THEME)

Through their complex supply chains, companies across the globe are exposed to modern slavery and forced labour risks. This is a new engagement theme for Robeco, with the theme focusing on enhancing companies' effectiveness in identifying and addressing modern slavery risks across their supply chains.

Robeco will aim to enhance companies' effectiveness in identifying and addressing the risks associated with modern slavery issues, going beyond formal human rights policies and processes. The engagement will also focus on how companies provide impacted stakeholders with effective remediation measures and prevent future recurrence by working closely with suppliers and establishing the right accountability structures within the organisation.

Modern slavery is present in almost every country in the globalised world economy. The Middle East shows the highest prevalence of it, while the Asia-Pacific region has the largest absolute number of forced labour cases, at over 15 million cases. Nevertheless, the main beneficiaries of modern slavery (through their consumption of products) are the major developed economies. With this in mind, Robeco selected a list of companies to engage with based on their multi-layered supply chains, the nature of operations for raw materials production, and the geographical areas in which they and their suppliers operate.

One of the most important actions is to conduct human rights due diligence. Robeco expect companies to identify risks according to aspects like sourcing from conflict regions, workplace characteristics and the types of raw materials sourced, and to take appropriate actions. One of the challenges they expect to face is lack of quality information regarding lower-tier suppliers which is needed to assess whether the companies under engagement are well positioned to identify and remediate modern slavery risks and impacts.

Nature Action 100 (NEW THEME)

Nature Action 100 was launched in September 2023 against the backdrop of aligning investor action to contribute to the Global Biodiversity Framework (GBF). It mobilises institutional investors to establish a common high-level agenda for engagements, and a clear set of expectations to drive greater corporate ambition and action to stem biodiversity loss.

The initiative targets 100 companies in eight key sectors that are deemed to be systemically important in reversing biodiversity loss by 2030, such as chemicals, food, and metals and mining. As a first step, the 100 companies targeted for engagement have received a letter from the group outlining six timely and necessary corporate actions needed to protect and restore nature. Dialogues will be held from 2024 onwards.

In terms of engagement expectations, companies are encouraged to set a public commitment to minimise biodiversity impacts and to conserve and restore ecosystems by 2030. They should set time-bound, science-based targets that are based on assessments of their nature-related dependencies, impacts, risks and opportunities.

Robeco are a participant in Nature Action 100 and reviewed their investment exposure to biodiversity risks across sectors and markets, as well as taking into account their clients investment exposure, before selecting sectors and companies that they wanted to engage with. They observedthat biodiversity risks are concentrated in three sectors, and exacerbated where allocations are to emerging markets. As a result, they prioritised their engagement with eleven companies across these three sectors: Materials (chemicals), Consumer Staples (retail, food and beverage, household and personal products) and Consumer Discretionary (retail).

Net-zero Carbon Emissions

The Net-zero engagement theme encourages companies to embrace a decarbonisation strategy to ensure their long-term viability, competitiveness and license to operate. Robeco's engagement activities set the expectation for companies to set long-term net-zero targets, and to substantiate them with credible short- and medium-term emissions reduction strategies, implementing transition plans that ensure a reduction in real-world emissions over the next decade.

Since the start of this theme three years ago, and the expansion of the number of companies under engagement in March 2022, Robeco have registered positive progress for almost all the companies under engagement. The industries which have registered the highest level of progress are the steel and cement sectors. Considered to be the hard-to-abate industries, these companies showed meaningful improvements, especially in disclosing detailed capital alignment and decarbonisation strategies.

Although the oil and gas industry has been subject to several initiatives to address the net-zero transition, Robeco feel that there is still room for improvement, especially in outlining reduction targets for Scope 3 emissions, and reallocating capex away from potentially stranded fossil fuel assets. Indeed, as they witnessed in the last three years, setting targets for Scope 3 emissions has been one of the main challenges on the net zero pathway for oil and gas companies. Having originally witnessed early progress coming from this sector, some companies unfortunately have reached a standstill in their decarbonisation pathways after the global energy crisis. Therefore, Robeco plan to intensify and escalate their engagement efforts in the next year to seek further improvements.

Responsible Executive Remuneration (CLOSED THEME)

In 2020, Robeco launched its 'Responsible executive remuneration' engagement theme which is now coming to a close. Throughout the three years of engagement, Robeco reviewed the remuneration policies and disclosures, relevant key performance indicators (KPIs), and incentive structures at a set of European and American companies. Their project focused on four broad objectives: equity compensation; pay for performance; quantum (i.e., height of pay) and the link to equity; as well as structure and oversight.

Overall, Robeco found that executive pay levels have spiralled up, but this trend has been less apparent across the average workforce, hence not necessarily reflecting an increase in productivity.

Nike case study:

In response to the effects of the pandemic, US athletic footwear company Nike implemented a "more flexible" short-term incentive structure based on two equally weighted, six-month performance periods. Robeco flagged their concern regarding the lack of transparency on certain adjusted performance goals, and were satisfied that the company has since transitioned back to the historical design whereby short-term incentive payouts are earned based on year-long targets.

Proxy voting – Market insight

Corporate governance at State-Owned Enterprises (SOEs) continues to be a complex topic, yet it is gaining importance as SOEs' role in global markets grows. SOEs are amongst the largest corporations in many countries and account for a growing share of the corporate landscape. Given their size and positioning in high-impact sectors, SOEs also play a significant role in achieving the Sustainable Development Goals (SDGs). The consequences of poor corporate governance in SOEs will therefore extend far beyond the boardroom.

Good governance in SOEs is, however, far from being a simple matter. If an SOE is run well and sufficient checks and balance are in place, state control can provide stability. If not, political involvement may also have downsides. The growing awareness of the importance of SOEs to our economies and the governance challenges that they face have prompted many countries around the world to roll out reforms. These initiatives point out the fact that there is no one-size-fits-all recipe for reform.

Robeco expect SOEs to have proper safeguards in place, such as the establishment of committees comprising independent members to oversee conflicts of interest, super-majorities or ‘majority of minority’ voting provisions, and a transparent process for board nominations. If they see that insufficient safeguards are in place, they will hold companies accountable. For example, they would oppose article amendments that would lead to a negative impact on minority shareholder rights or to a deterioration in the process for director nominations. Similarly, they would oppose related party transactions that are not subject to an adequate oversight process that ensures minority shareholder rights are protected. Where a company has not ensured adequate minority shareholder protections, Robeco would seek further engagement.

6. 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 Q4 2023.

Nature Action 100 Update

As reported last quarter, LPPI is a founding participant of Nature Action 100, a new global investor engagement focused on driving greater corporate ambition and action to tackle nature and biodiversity loss. The initiative focuses on companies in key sectors deemed to be systemically important in reversing nature and biodiversity loss by 2030.

LPPI applied to be the lead engager on 3 of the initial 100 companies, those held by the internally managed section of LPPI’s Global Equities Fund. We have received confirmation that LPPI will be part of the groups collaborating to engage with two of these companies: PepsiCo and Costco Wholesale Corp.

Nature Action 100 is currently seeking an expert consultant to provide research and analysis on corporate performance on nature related issues.

TPI Update

In November 2023, the Transition Pathway Initiative (TPI[R]) provided an update to investors on the launch of v.5.0 of its Management Quality methodology, releasing data in ‘Beta[1]’ format. The new framework aims to set a higher standard for companies to meet, and to provide greater differentiation of high-performing companies. This reflects the reality that previously stretching indicators have become more standard practice, driven by, for example, greater investor interest in environmental, social and governance (ESG) investment strategies, and a proliferation of corporate net-zero target setting.

Key highlights of the TPI update include:

- The new framework raises the bar by adding a new level (Level 5), which aims to give greater insight into the rigour of companies’ transition plans and whether they are being credibly implemented.
- TPI have increased the number of companies under assessment, adding 469 to the current TPI universe, which takes the total to 1,061 companies. This is the largest

[1] Beta – This is an early version that contains most of the major features, but which is not yet finalised.

expansion to date of the company universe assessed through the TPI MQ framework and materially increases the % of the GEF within ratings coverage.

The updated ratings approach is strongly aligned to the IIGCC Net Zero framework LPPI is using. We are currently considering how best to utilise the new information and the impact that doing so will have on our approach to evaluating Net Zero alignment.

GLIL

GLIL[R] Infrastructure has entered a new strategic partnership with the London-listed Bluefield Solar Income Fund, as part of a commitment to drive investments in UK-focussed solar energy assets in 2024.

As part of the agreement, GLIL is set to invest £200 million in a 247MW portfolio of operational solar energy assets. It will also acquire a 50% stake in a separate 100MW portfolio of solar assets and it will allocate fresh funds for Bluefield Solar's development pipeline. More information outlining the phased approach to the strategic partnership can be found here.

7. Other News and Insights

Principles for Responsible Investment (PRI)

LPPI has been a signatory to the PRI[R] since 2018. We produce and submit detailed reporting on our activities annually, for assessment and scoring.

The PRI has recently released the results for the 2022/23 reporting cycle. LPPI's results are summarised below.

Module	LPPI Scores	PRI Median	AO Peer Group Median	IM Peer Group Median
Policy Governance and Strategy	4 stars (77%)	3 stars (60%)	4 stars (77%)	4 stars (76%)
Indirect – Manager Selection, Appointment and Monitoring - Listed Equity – Active	5 stars (94%)	3 stars (57%)	4 stars (70%)	3 stars (57%)
Indirect – Manager Selection, Appointment and Monitoring - Fixed Income – Active	5 stars (94%)	3 stars (58%)	4 stars (68%)	3 stars (58%)
Confidence Building Measures	4 stars (80%)	4 stars (80%)	4 stars (70%)	4 stars (80%)

Peer group: Asset Owner/Investment Manager, Europe, £10-50bn AUM

This is a very pleasing outcome which demonstrates the high standards LPPI works to. For each module LPPI achieved 4 or 5 stars (5 being the highest score available) and we reached a score of over 70% in each module. We also scored significantly higher than the PRI median and either equalled or were significantly above our peer group median. We cannot compare our scores in 2022/23 like for like with our 2020/21 results because assessment was on a different basis, however, comparison of our headline statistics confirms continued strong performance.

Net Zero Update

In Q4 2023, LPPI formally submitted a second phase of net zero targets covering direct real estate and our corporate bond holdings to the IIGCC's Net Zero Asset Managers Initiative[R]. We are pleased to confirm that these targets were approved as compliant and have now been published on the official NZAM website here.

FCA Industry Code of Conduct for ESG Ratings

The International Capital Market Association (ICMA) and the International Regulatory Strategy Group (IRSG) have launched a voluntary code of conduct for Environmental, Social and Governance (ESG) ratings and data products providers, found here. The FCA appointed the ICMA and IRSG to convene and develop a globally consistent voluntary code for those providing third-party data and ratings which is increasingly being relied upon by the market.

The code of conduct aims to foster a trusted, efficient and transparent market, by introducing clear standards for ESG ratings and data product providers, and clarifies how such providers can interact with wider market participants. Based on IOSCO's (International Organization of Securities Commissions) recommendations, the code sets out six principles with the aim of:

a. improving the availability and quality of information provided to investors at product and entity levels;
b. enhancing market integrity through increased transparency, good governance and sound systems and controls; and
c. improving competition through better comparability of products and providers

The codes six principles:

1. Good governance
2. Securing Quality (Systems and Controls)
3. Conflicts of Interest
4. Transparency
5. Confidentiality (Systems and Controls
6. Engagement (Systems and Controls)

Responsible Investment Policy Review

Our Stewardship Committee's oversight of LPPI's RI Policy includes reviewing existing policies to an annual cycle to ensure they remain up to date.

Two current policies were reviewed and updated during Q4 2023:

Shareholder Voting Guidelines (SVG)
Our SVGs explain the priorities we have identified and the standards we follow in deciding how shares held by LPPI's Global Equities Fund will be voted at company meetings.

Amendments have been made to include the consideration of nature and biodiversity as part of the effective management of climate change, with direct reference made to LPPI's commitment as a signatory to Nature Action 100.

Reflecting new listing rules introduced by the Financial Conduct Authority, we have amended the diversity standards we will apply to nomination committees. LPPI will consider withholding support for the Chair of the Nomination Committee where a UK company Board does not have

- 40% female representation and at least one senior board position held by a woman, unless this has been adequately explained.
- at least one director from a minority ethnic background, unless this has been adequately explained.

Annex on ESG Integration
This Annex outlines LPPI's ESG beliefs and explains our approach to the integration of ESG considerations within investment management. Minor amendments have been made to;

- incorporate reference to the UK Sustainability Disclosure Requirements (SDR) published by the Financial Conduct Authority (FCA) in November 2023

- reflect the operation of decision-making arrangements as part of underwriting under delegation from our Investment Committee to the Chief Investment Officer.

LPPI's Stewardship Committee also considers areas for policy development or for the articulation of our approach to improve transparency. In Q4 2023 LPPI published a new Annex on Human Rights which briefly explains how we manage salient human rights risks in accordance with internationally applicable standards of practice.

All current LPPI RI policies are publicly available from LPPI's corporate website.

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:

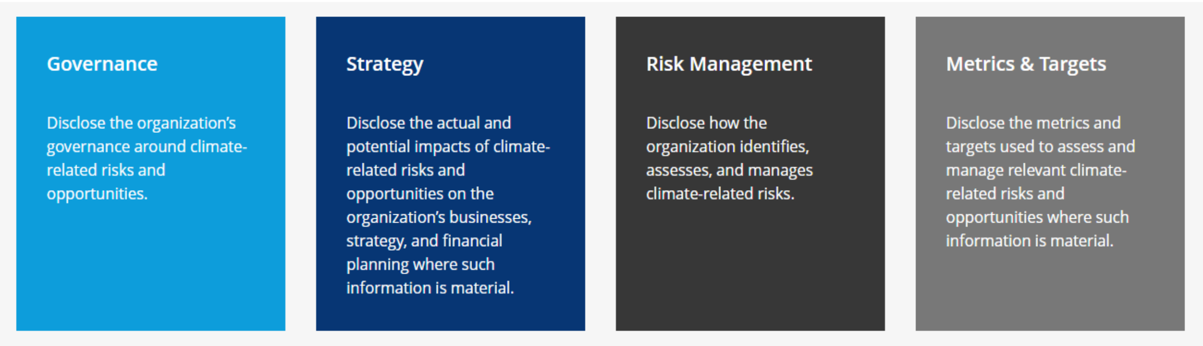
- substantially reduce global greenhouse gas emissions to limit the global temperature increase in this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees,
- review countries' commitments every five years,
- provide financing to developing countries 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. 1,061 companies are rated TPI 0-5* for Management Quality based on 23 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.

IIGCC
Institutional Investor Group on Climate Change. LPPI is a member.

PRI - Principles for Responsible Investment https://www.unpri.org/
A United Nations-supported international network of financial institutions committed to integrating Environmental Social and Corporate Governance considerations into their stewardship practices.

GLIL - https://www.glil.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. LPPI manages the portfolio of assets and is the Alternative Investment Fund Manager.

Responsible Investment Dashboard Q4 2023

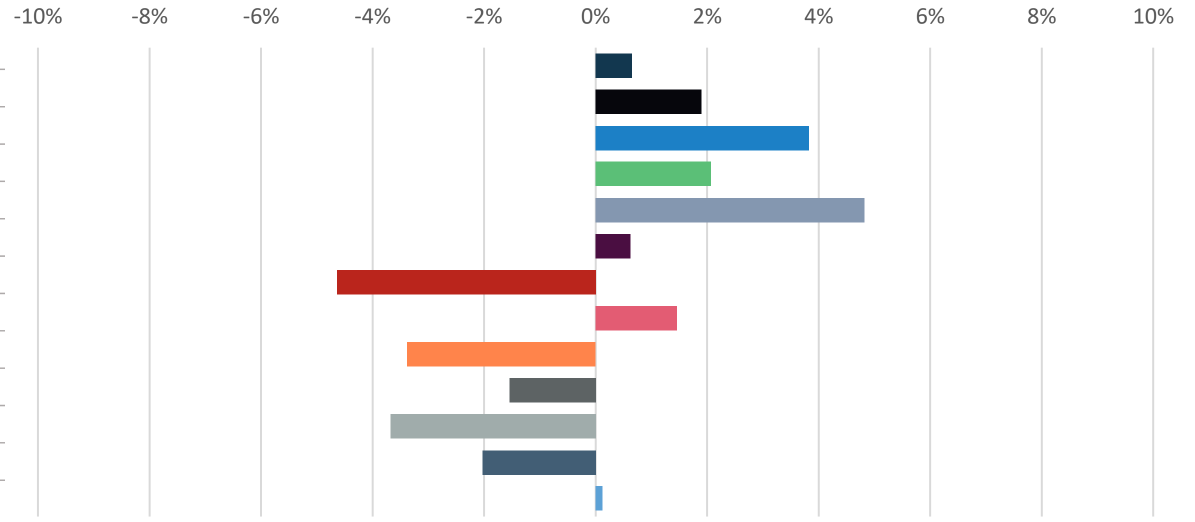
1. Portfolio Insights

Listed Equities (LPPI Global Equities Fund)

Sector Breakdown (%)

Information Tech.	23.6
Financials	17.7
Industrials	14.5
Consumer Discretionary	13.2
Consumer Staples	11.6
Communication Services	7.9
Health Care	6.6
Cash	1.5
Materials	1.1
Real Estate	0.9
Energy	0.8
Utilities	0.6
Others	0.1

LPPI Global Equities Fund Sector Weights vs MSCI ACWI ND



Top 10 Positions

	Portfolio (%)
1. Microsoft Corp	3.9
2. Alphabet Inc	3.8
3. Visa Inc	3.0
4. Accenture Plc	2.7
5. Nestle Sa	2.3
6. Adobe Inc	2.0
7. Intuit Inc	2.0
8. London Stock Exchange	1.8
9. Moody's Corp	1.7
10. Autodesk Inc	1.6

Governance Insights (ISS DataDesk)

Women on the Board (Average)

32%

Coverage of GEF 85%

Board Independence (Average)

69%

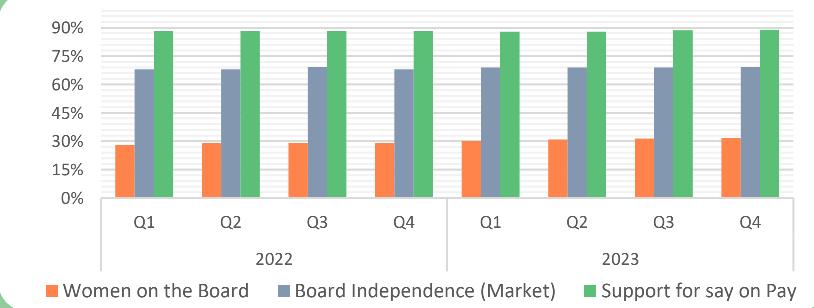
Coverage of GEF 85%

Support for Say on Pay (Average)

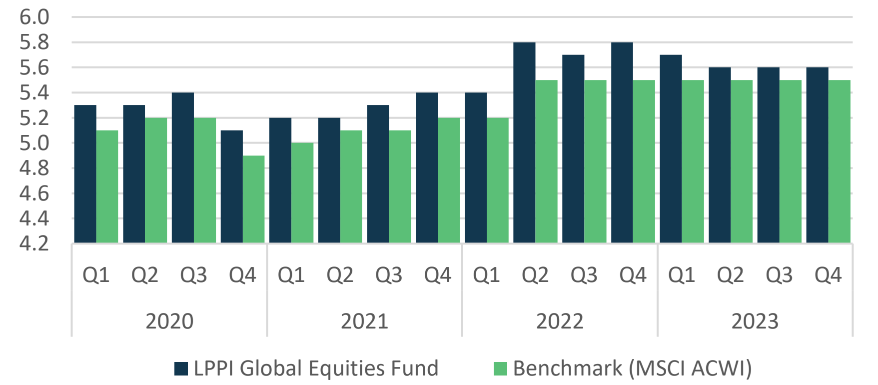
89%

Coverage of GEF 78%

Governance Insights (Timeseries)



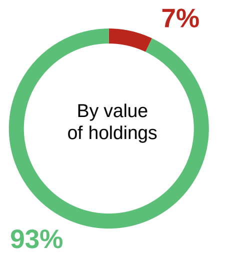
Portfolio ESG Score (MSCI ESG Metrics)

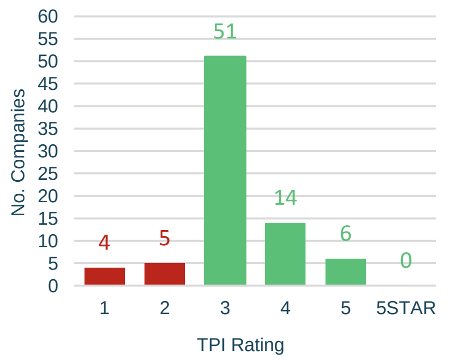


Transition Pathway Initiative – Management Quality Headlines

41.6%

GEF covered by TPI analysis (Q4 2023)





TPI Management Quality Ranking

- 0 - Unaware
- 1 - Aware
- 2 - Building capacity
- 3 - Integrated into operational decisions
- 4 - Strategic assessment
- 5 - Transition planning and implementation

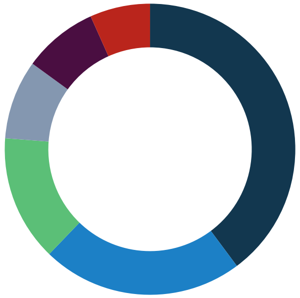
Responsible Investment Dashboard Q4 2023

1. Portfolio Insights

Other asset classes

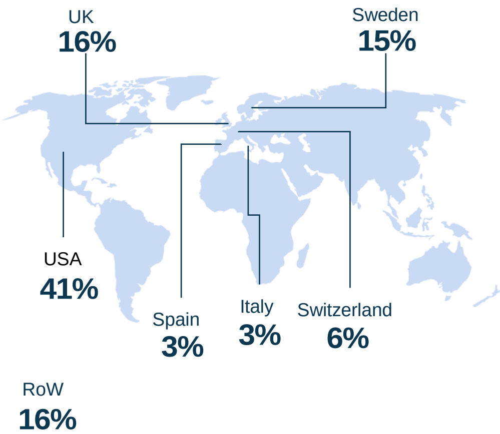
Private Equity

Industry Breakdown (%)



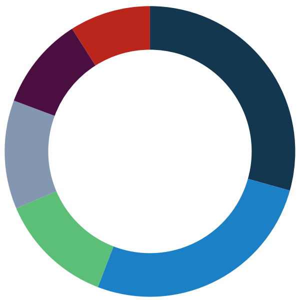
Health Care	40	Remaining Industries	9
Information Technology	22	Other	8
Industrials	14	Consumer Discretionary	7

Region Breakdown (%)



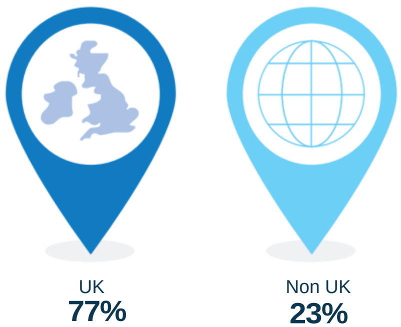
Real Estate (LPPI Real Estate Fund)

Sector Breakdown (%)



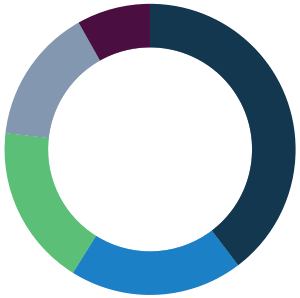
Living	29	Alternative	12
Industrial	26	Retail	10
Office	13	Agriculture	9

Geographical Exposure (NAV %)



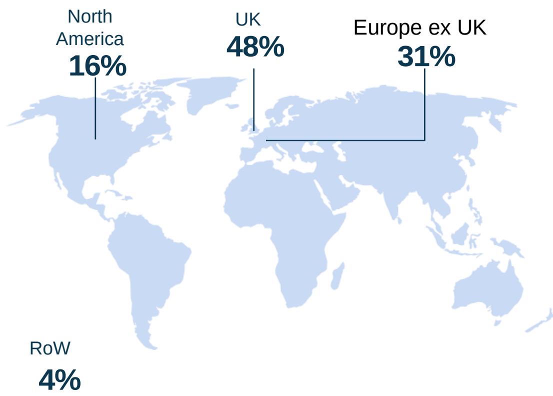
Infrastructure (LPPI Global Infrastructure Fund)

Industry Breakdown (%)



Traditional Energy, Renewable Energy, Waste	40	Social (incl PFI)	18
Transport and Distribution	19	Other	15
		Regulated Assets	8

Region Breakdown (%)



Green & Brown Exposure

Total % of the portfolio that is in scope of Green and Brown

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.

6.55% of portfolio

0.01% Green Bonds | 0.26% Private Equity | 6.28% Infrastructure

0.01% Public Markets | 6.53% Private Markets

4.02% Renewable Energy Generation

0.69% Solar | 2.63% Wind | 0.16% Hydro | 0.54% Other Generation

2.53% Other "Green"

0.55% Clean Tech Funds | 1.98% Decarbonisation

Brown

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

1.71% of portfolio

0.53% Listed Equity | 0.00% Fixed Income | 0.09% Private Equity | 1.08% Infrastructure

0.53% Public Markets | 1.17% Private Markets

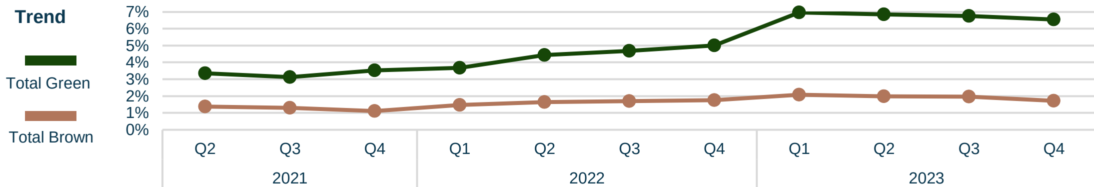
1.51% Energy

0.06% Upstream | 0.65% Midstream | 0.45% Downstream | 0.35% Integrated

0.20% Generation

0.20% Energy Generation

Trend



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 endeavours to provide clients with the most expansive picture of exposure possible.

Shareholder Voting

Shareholder Voting Statistics (LPPI Global Equities Fund)

Headlines

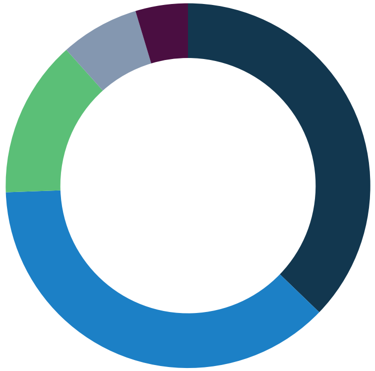
39 Meetings Voted

319 Proposals Voted

Supported **85%**
308 Company Proposals

Supported **55%**
11 Shareholders Proposals

46% Meetings with a vote against Management



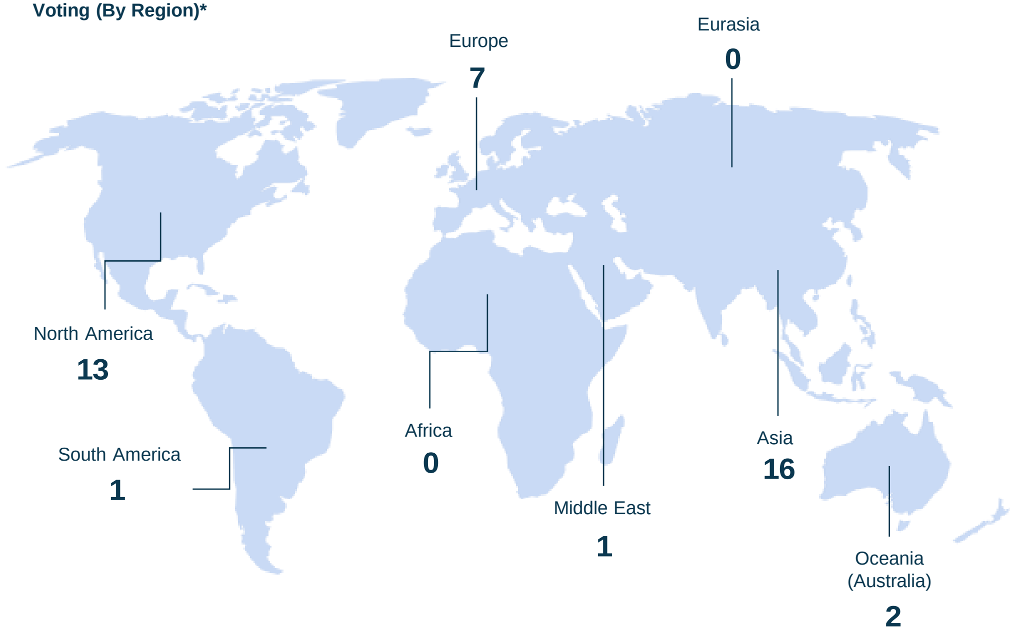
Votes Against Management (By theme)

Compensation	16
Election of Directors (and related)	16
Shareholder Resolutions	6
Capitalisation	3
Routine Business	2
Mergers, Acquisitions and Reorganisations	0
Anti-takeover (and related proposals)	0

Voting (By Theme)

Theme	Against	For
Election of Directors (and related proposals)	16	149
Compensation	16	39
Anti-takeover (and related proposals)	0	1
Audit-related	0	16
Capitalisation	3	33
Routine Business	2	33
Shareholder Proposals	5	6

Voting (By Region)*



*Total votable meetings

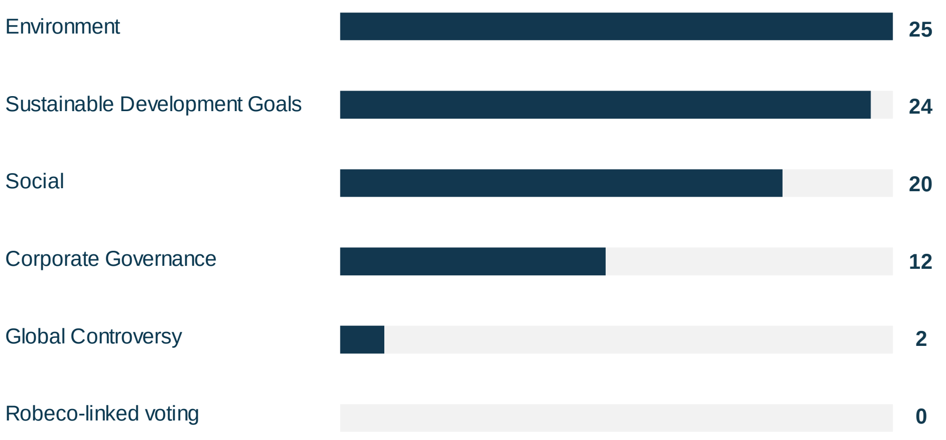
Responsible Investment Dashboard Q4 2023

2. Stewardship Headlines

Engagement (Public Markets): Robeco

The following data is specifically related to the companies in LPPI's portfolio and the engagements Robeco undertake on our behalf.

Activity (By Topic)



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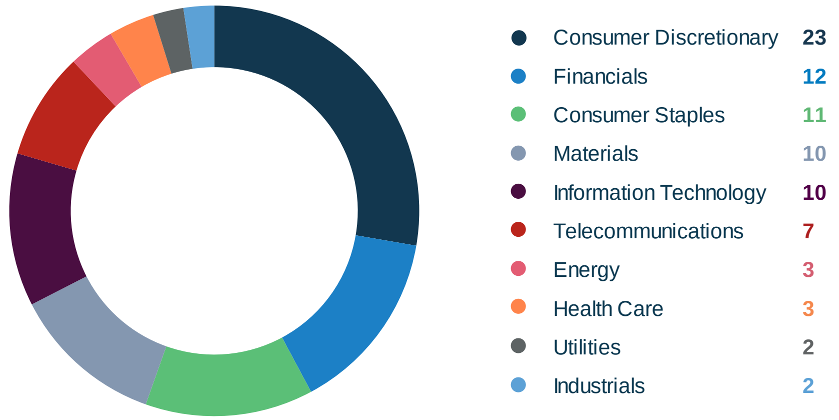
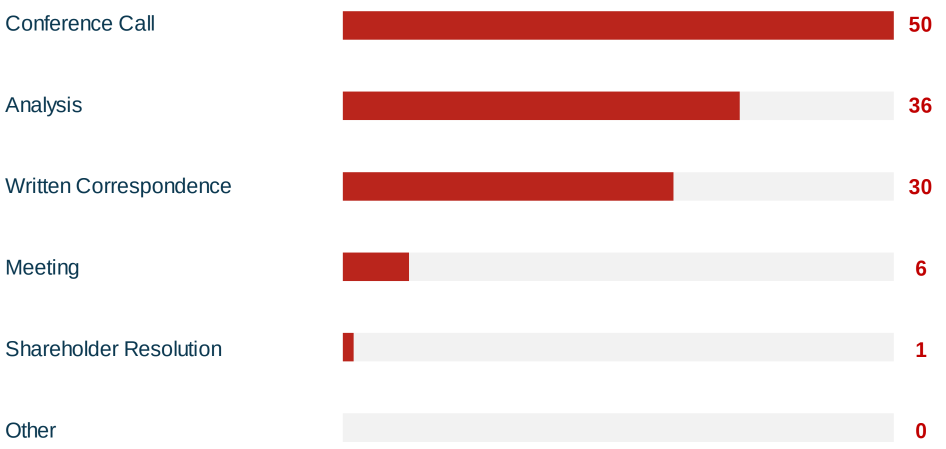
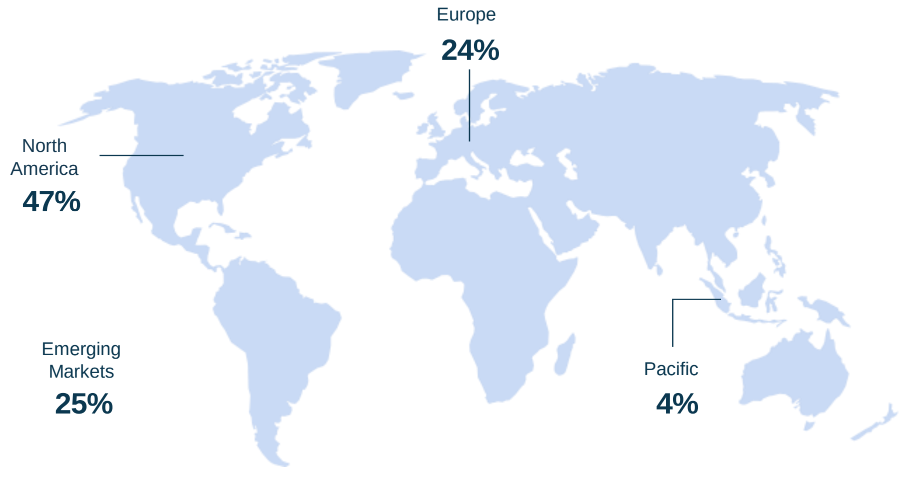
Activity (By Sector)



Activity (By Method)



Activity (By Region) (%)

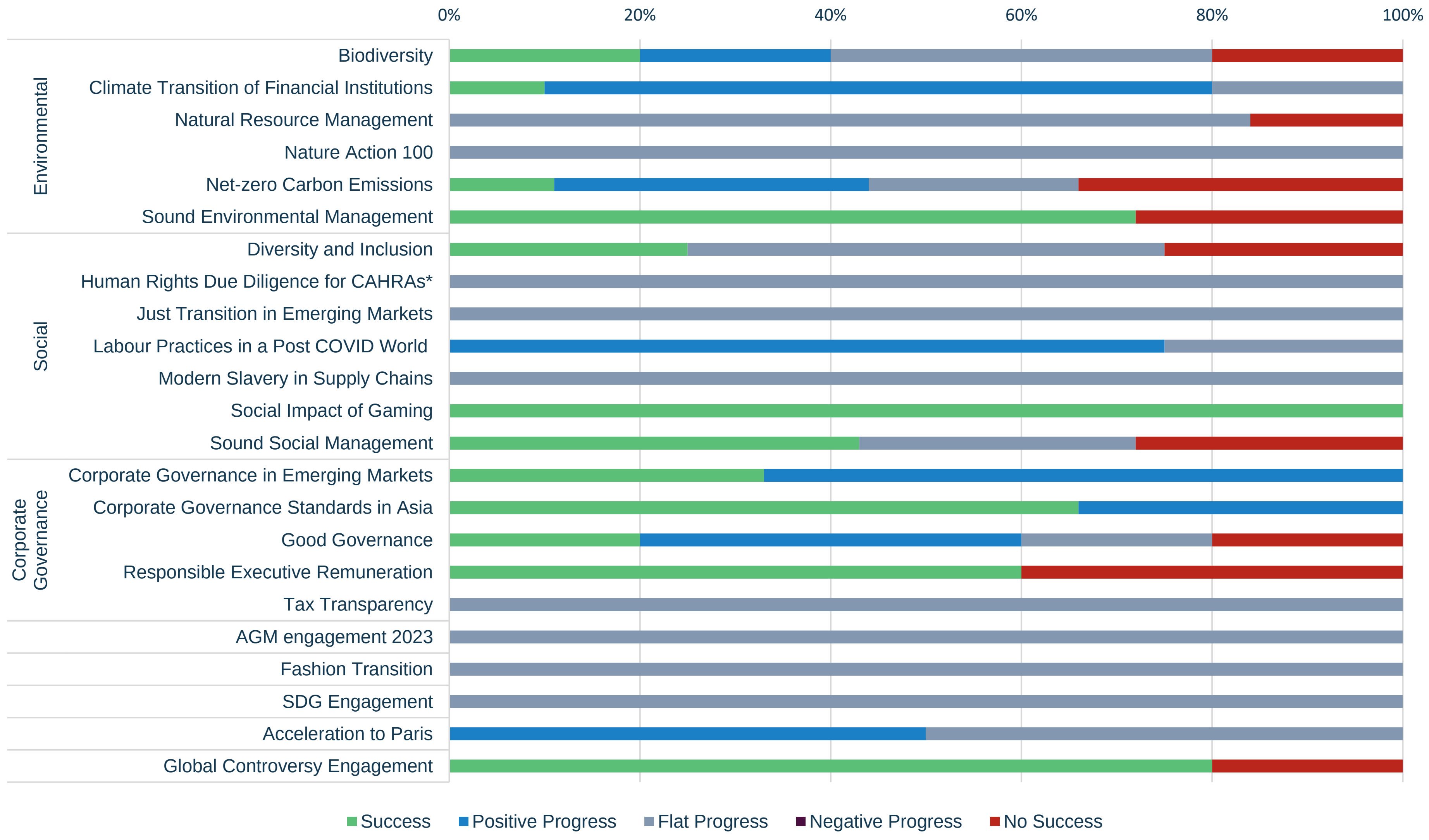


Source: Robeco Active Ownership Report Q4 2023

Engagement (Public Markets): Robeco

The following data is specifically related to the companies in LPPI's portfolio and the engagements Robeco undertake on our behalf.

Engagement Results (by Theme)



*CAHRAs - Conflict-Affected and High-Risk Areas

Source: Robeco Active Ownership Report Q4 2023

1.15% of LPPI Global Equities Fund IPV

ThermoFisher SCIENTIFIC

Thermo Fisher Scientific is a global leader in the life sciences market, providing products and services to pharmaceutical, biotech, and academic research customers.

The company's mission is to enable its customers to make the world healthier, cleaner and safer, whether through accelerating life sciences research, improving patient health via diagnostics or the development of life changing therapies.

96

Drug development

From **early-stage discovery through to development and manufacturing quality assurance**, the company's products are embedded within the core workflows of the **top 50 global pharmaceutical firms** (by revenues). This includes **advancing cancer research** through investing in precision medicine and genomic testing.

Promoting access to affordable healthcare

The company **provides customers in over 100 low-and middle-income countries with affordable and accessible healthcare solutions**, including **HIV drug resistance genotyping kits** as part of a public-private partnership with the Kenyan Ministry of Health.

Food and drink quality/ safety standards

This involves **analysing how food changes under different temperatures**, **evaluating labelling requirements and nutritional value to the safety standards**, as well as assessing quality/safety of the water supply. This includes use of specialist equipment to **detect pesticide content in foods**. Major customers include the US Food and Drug Administration (FDA) and the US Environmental Protection Agency (EPA).

Source: thermofisher.com

0.14% of LPPI Global Equities Fund IPV

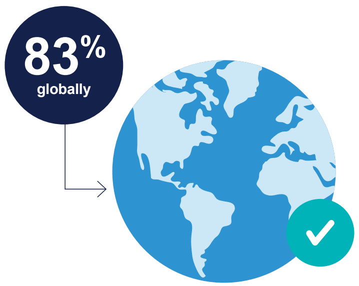
Veeva Systems provides cloud-based customer relationship management software to the life sciences industry. The company partners with 19 of the top 20 global pharmaceutical companies and 45 of the largest 50 life sciences firms.

The company's software enables faster and cheaper clinical trials that are less burdensome and more accessible to patients, therefore helping accelerate life sciences research.

97

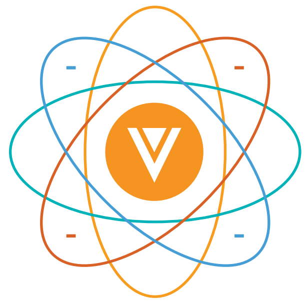
Connected processes and automated data flow

By **connecting clinical trial stakeholders,** Veeva Systems improves trial efficiency through **connected processes and automated data flow.**



New globally approved drugs

In 2022, **83% of new drugs approved globally were launched using the company's software.**



Company flagship software - Veeva Vaults

The company's flagship software, Veeva Vault, has been used in over **500 clinical trials globally** – over the course of these trials, this has resulted in **a reduction in the time required to build clinical databases by 50% or more, a 40% cut in trial master file reconciliation and 90% faster data change request resolution.**

Source: veeva.com

Portfolio Insights (Pages 1 - 2)

Sector Breakdown (%)

- Identifies the Global Equities 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

- **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 to 5*) 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/publications/2023-methodology-report-management-quality-and-carbon-performance-version-5-0

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 Equities, 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.
- 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 - 7)

- This section provides case studies which highlight positive outcomes arising from the Pension Fund's holdings.
- The focus of the real-world outcomes rotates between asset classes for each quarter in the following pattern:
  - Q1 – Infrastructure
  - Q4 – Real Estate
  - Q4 – Private Equity
  - Q4 – GEF
- The case studies offer bite sized insights on positive outcomes being achieved and contributed to by companies held by the portfolio.

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LPPI Net Zero and TCFD Update December 2023

Introduction

Following on from our communication with you earlier in the year regarding how LPPI will support you with the reporting requirements that will arise from the Department for Levelling Up, Housing & Communities ("DLUHC") Taskforce on Climate-related Financial Disclosures ("TCFD") requirements for LGPS Funds, we are updating you on latest developments at LPPI in relation to both TCFD and net zero.

Firstly, it is worth highlighting that the outcome of the consultation from DLUHC on the TCFD requirements for LGPS Funds is still pending. The working assumption is now that compulsory reporting requirements will not come into effect until December 2025 at the earliest.

Nevertheless, LPPI's work in relation to TCFD continues apace. As a regulated asset management firm, we are required to publish our TCFD reports by June 2024 for the calendar year 2022-23.

Our work on climate change incorporates both TCFD and our net zero commitment which are inherently linked. We are taking the opportunity to give an update on our net zero progress, having recently received approval from the Institutional Investor Group on Climate Change ("IIGCC") for our second phase of targets which means 50% of LPPI's Assets Under Management ("AUM") is now within coverage of net zero targets and monitoring (at September 2023 valuations).

Net Zero – Phase One

LPPI's first set of net zero targets were set in November 2022 and covered 100% of the listed equities investments we manage through our Global Equities Fund ("GEF"), which was equivalent to **42%** of LPPI's AUM at that time. We aim to bring **100%** of AUM into scope of net zero target setting over time.

Details of our Phase One targets, as well as our roadmap for achieving net zero, can be found in the LPPI Net Zero Roadmap document available on our website here.

What is LPPI's position relative to these Phase One targets?

Appendix 1 to this document includes a report outlining how LPPI was positioned relative to the Phase One net zero targets, as at 30 June 2023.

The report provides detail and analysis, with the table below providing a brief summary of LPPI's position against the targets at this date.

Net Zero Target (GEF)	Status	Outlook	LPPI Comment
Portfolio Decarbonisation (Scope 1 & 2) Weighted average carbon intensity in tCO2e/$m			Considerably better than target. GEF emissions intensity is **35 tCO2e/$m sales** (down from 43 in Q1 2023). Our target is a reduction of at least 16% between 2019 and 2030. Q2 emissions intensity is **67%** lower than in 2019.
Engagement Threshold (70% of financed emissions in material companies are net zero, aligned or under engagement)			Better than target at **72%** of financed emissions
Coverage Target (32% of AUM in material companies are net zero, aligned or aligning by 2025)			Better than target at **29.5%** of AUM v Q2 2023 target of 23%

As we hope you will agree, LPPI's position relative to the Phase One net zero targets set in November 2022 shows we are in a good position at the current time, as well as looking forwards to 2030.

However, performance against the targets will change as a reflection of portfolio holdings and their valuations, as well as progress made by individual firms. We are not complacent and will continue to monitor and address issues in line with meeting our targets.

Net Zero – Phase Two

Our recently approved Phase Two net zero targets cover corporate fixed income allocations within the LPPI Fixed Income Fund ("FIF") and LPPI Credit Fund, and the directly managed portion of the LPPI Real Estate Fund ("REF"). We also revisited and refreshed the GEF decarbonisation target to incorporate new modelling capability available from MSCI.

Details of our Phase Two targets will soon be available on the IIGCC website and we will share the link with you once they have been published. In the meantime, the targets are summarised in the following table:

Asset Class	Decarbonisation	Coverage	Engagement
Real Estate (Direct)	**- 50%** by **2030** compared to 2022	**>90%** by **2025** **100%** by **2040**	**90%** by **2024**
Fixed Income	- **50%** by **2030** compared to 2019	**Increase the % AUM** in companies within material sectors which are net zero, aligned or aligning by **2025**.	**70%** by **2025**; **90%** by **2030**;
Credit			Set **robust** external manager expectations (high level, qualitative) Prioritise engagement with **highest emitters** (high impact sectors as defined by IIGCC)
Global Equities (Revised)	**-50.8%** by **2030** compared to 2019	*Same as Phase One*	*Same as Phase One*

We have set net zero targets for the directly managed portion of the **LPPI REF** in accordance with the IIGCC Net Zero Investment Framework target setting guidance. Targets encompass 50 assets in the Knight Frank Investment Management portfolio, and 2 additional single asset joint ventures. Collectively they cover c.65% of the LPPI REF's AUM. Work continues to source information on the indirect portion of the REF and a plan will be established which reflects the feasibility of target setting next year based on the data available, and an engagement strategy to address gaps where necessary.

As neither the **FIF** nor the **Credit Fund** invests in fixed income solely or in a fixed proportion, baselining and setting targets is challenging. The approach we have taken reflects what it is practicable to address at this point. The corporate bonds portion is c.18% of the **FIF**.

LPPI plans to assess the feasibility of setting decarbonisation, coverage or engagement targets for the whole **LPPI Credit Fund** during 2024. The degree of data availability and transparency necessary for comprehensive quantitative target setting is not currently available. Our focus in 2023 has been to establish an engagement strategy which sets clear expectations for managers on reporting and engagement as the basis for being able to baseline and set targets going forward. Our conversations with IIGCC have indicated that these measures qualify as an engagement target which legitimately allows the fixed income portion of the Credit Fund to be considered in scope.

Our revision of the original decarbonisation target for **GEF** set in 2022 reflects a commitment made in our Net Zero Roadmap to transition from a benchmark approach to a portfolio emissions budget once modelling capabilities and data allowed. Access to a provisional data set via MSCI has enabled us to revise our target based on a bottom-up emissions methodology. It should be noted that the exact degree of portfolio emissions reduction required by 2030 to be 1.5C aligned is subject to change, pending the formal release of MSCI's updated Implied Temperature Rise (ITR) model scheduled for early 2024.

We will provide you with reports similar to that in Appendix 1 on a six-monthly basis going forwards. This will help keep you informed of LPPI's progress in relation to our net zero targets.

TCFD progress

We set up an internal TCFD implementation project in Q3 2022 to address the Financial Conduct Authority's ("FCA's") and DLUHC's requirements relating to TCFD.

The key elements of the FCA's TCFD proposals are for firms to disclose how they take climate risks and opportunities into account in managing investments on behalf of clients. The core elements of the disclosures are set out under four pillars:

- **Governance** – the organisation's governance around climate-related risks and opportunities;
- **Strategy** – the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning;
- **Risk Management** – the processes used by the organisation to identify, assess, and manage climate-related risks; and
- **Metrics and Targets** – the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

One of the most challenging aspects of the disclosure standard set by TCFD is quantifying the evaluation of systemic (system wide) risks which are complex and multi-dimensional. TCFD requirements prompt organisations to attempt to measure current and future risks as part the 'Metrics and Targets' pillar, whilst the 'Strategy' pillar includes a requirement for scenario analysis focussed on assessing the resilience of strategy under future conditions. Both are new areas where methodologies are nascent, and organisations face challenges and choices about the best approach to take. Work continues in relation to climate scenarios, although as you may have picked up from recent industry comments, this is an area which is coming under additional scrutiny at the current time, in particular, the question of how meaningful the analysis is.

Our work on net zero has significantly contributed to progress with the work required on TCFD. In particular, the emissions metrics used in evaluating decarbonisation targets, amongst others, will form the basis of the metrics & targets elements of our TCFD reporting.

We have invested resource working with MSCI and others to determine the metrics that we will be using for monitoring and reporting across the majority of our asset classes, covering absolute emissions, emissions intensity, data quality and Paris alignment metrics where available. Set out in Appendix 2 is the current picture of the data and metrics available for different asset classes.

Whilst there are some data gaps across certain asset classes, most notably within Private Equity, where the industry itself is very much in its early stages of understanding TCFD requirements, we expect the position to improve over time as the industry and tools available mature.

As part of our own regulatory requirements, we will be producing an entity level TCFD report and product-level TCFD reports for the LPPI funds which fall under the Authorised Contractual Scheme ("ACS") structure, those being the LPPI Global Equity Fund, LPPI Fixed Income Fund and LPPI Real Estate Fund. These reports will be available on our website.

Alongside the above reports, we will develop similar reports covering other asset classes which is intended to provide the building blocks required for reporting to DLUHC when this comes into effect.

As we have previously noted, members of the LPPI team are working closely with the Scheme Advisory Board's Responsible Investment Advisory Group and other industry associations to stay close to developments with DLUHC, to ensure we are able to provide the necessary assistance as well as help shape a sensible and consistent set of requirements which ideally do not deviate materially from what the FCA expects of the asset management industry.

We hope that you have found this a helpful update, and we will continue to keep you updated on further developments. If you have any questions in the meantime, please let us know.

Appendix 1 - LPPI – Net Zero Target Update

Q2 2023

Introduction

This report presents the position at Q2 2023 relative to LPPI's Phase One net zero ("NZ") targets, which address the listed equities investments managed through the LPPI Global Equities Fund ("GEF").

1.1 NZ Universe:

The NZ framework LPPI is using (from the Institutional Investor Group on Climate Change) references material sectors and high impact sectors which are briefly explained below.

Material Sectors

Material sectors refers to NACE industry categories A, B, C, D, E, F, G, H, J, K, and L [1]

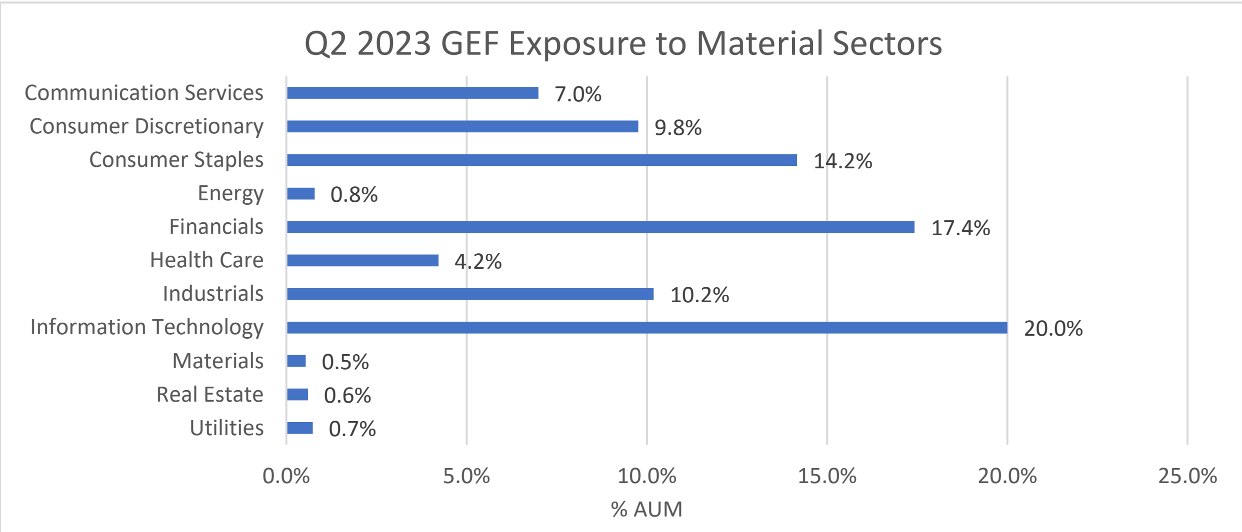
The NACE industry classifications mentioned above (A-H and J-L) translate to the Global Industry Classification Standard (GICS[2]) sectors listed in the appendix at the end of this report. Our reporting of GEF exposure will be based on these GICS sectors.

GEF exposure to Material Sectors:

Number of Companies: 277

Total % AUM: 85.4%

Sector Breakdown:



Source: LPPI, BNYM

[1] https://ec.europa.eu/eurostat/web/nace
[2] https://www.msci.com/our-solutions/indexes/gics

Monitoring exposure to material sectors offers insight into the size of this group as a proportion of total GEF. It also enables observation of how proportions in different sectors change over time. It should be noted that not all sectors and activities within the material group are high emitters. Some are critical enablers of decarbonisation by hard to abate industries and are identified by IIGCC as material to the mitigation of climate change globally on this basis.

High Impact Sectors

High Impact sectors, which are a subset of material sectors, are defined as companies which meet one or more of the following:

- in the Climate Action 100+ focus list (the full list of companies on the focus list can be found on https://www.climateaction100.org/whos-involved/companies/)
- companies which fall into the GICS sector identified by the Transition Pathway Initiative as being a high impact sector. GICS industry group classification of Banks
- GICS sector classification of Real Estate

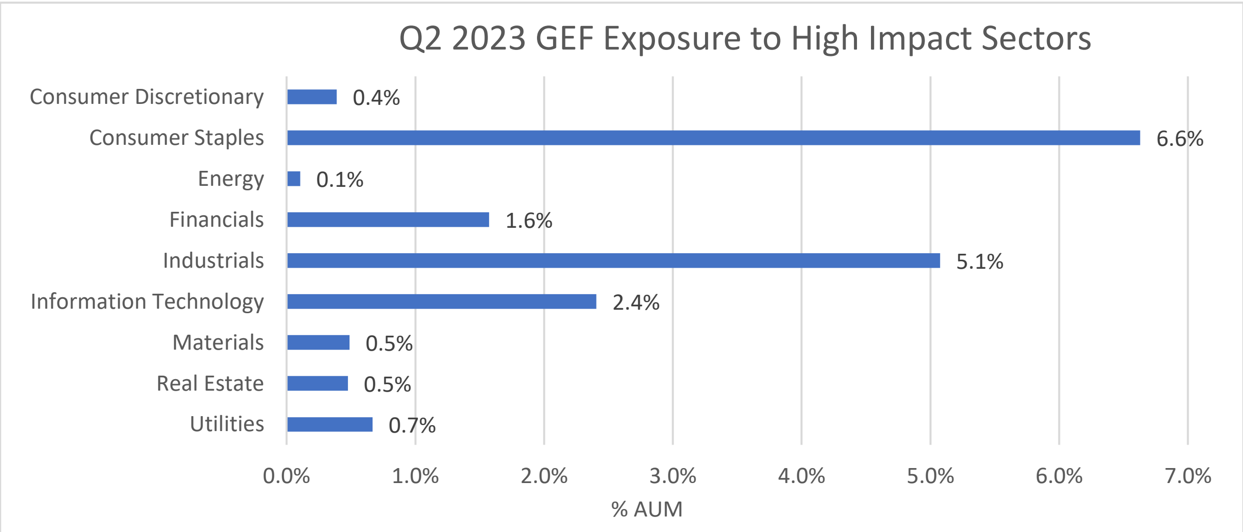
Companies in the high impact sectors fall within industries recognised to be the highest emitters globally. Their alignment with a net zero pathway is critical to achieving 1.5C and on this basis they are a key group who will be prioritised for engagement. They will need to meet stricter criteria to be considered Aligning to Net Zero, Aligned to Net Zero, or Net Zero (we define alignment methodology later in this report). Furthermore, they will be the first in line for escalation through voting if they fail to meet any of the alignment criteria or make slow progress against them.

GEF exposure to High Impact Sectors:

Number of Companies: 71

Total % AUM: 17.8%

Sector Breakdown:



Source: LPPI, BNYM

Monitoring exposure to high impact sectors offers insight into the size of this group as a proportion of total GEF and enables ongoing observation of where the highest exposures are and how proportions in different sectors change over time.

1.2 NZ Targets:

In the following sections, we present our progress towards our Net Zero (NZ) targets.

ESG and climate-related targets play a prominent role our investment decision making. We use ESG and climate data to monitor whether investments are performing in line with their stated intention.

In 2022 LPPI set short- and medium-term net zero targets for the Global Equities Fund to meet our commitment under the Net Zero Asset Managers Initiative. We are required to evidence how we consider our decarbonisation target to be consistent with delivering a fair share of the 50% global reduction in CO_2 emissions by 2030 identified as a requirement in the IPCC special report on global warming of 1.5°C.

These targets are primarily based on three key factors: Decarbonisation, Alignment, and Engagement. Although the Implied Temperature Rise is also discussed below, it is not a part of LPPI's NZ targets.

The below targets and metrics are important measures of how LPPI is integrating climate-related risks in the overall investment strategy. As at Q2 2023, we are pleased to report that the GEF is outperforming each of the NZ targets.

Decarbonisation

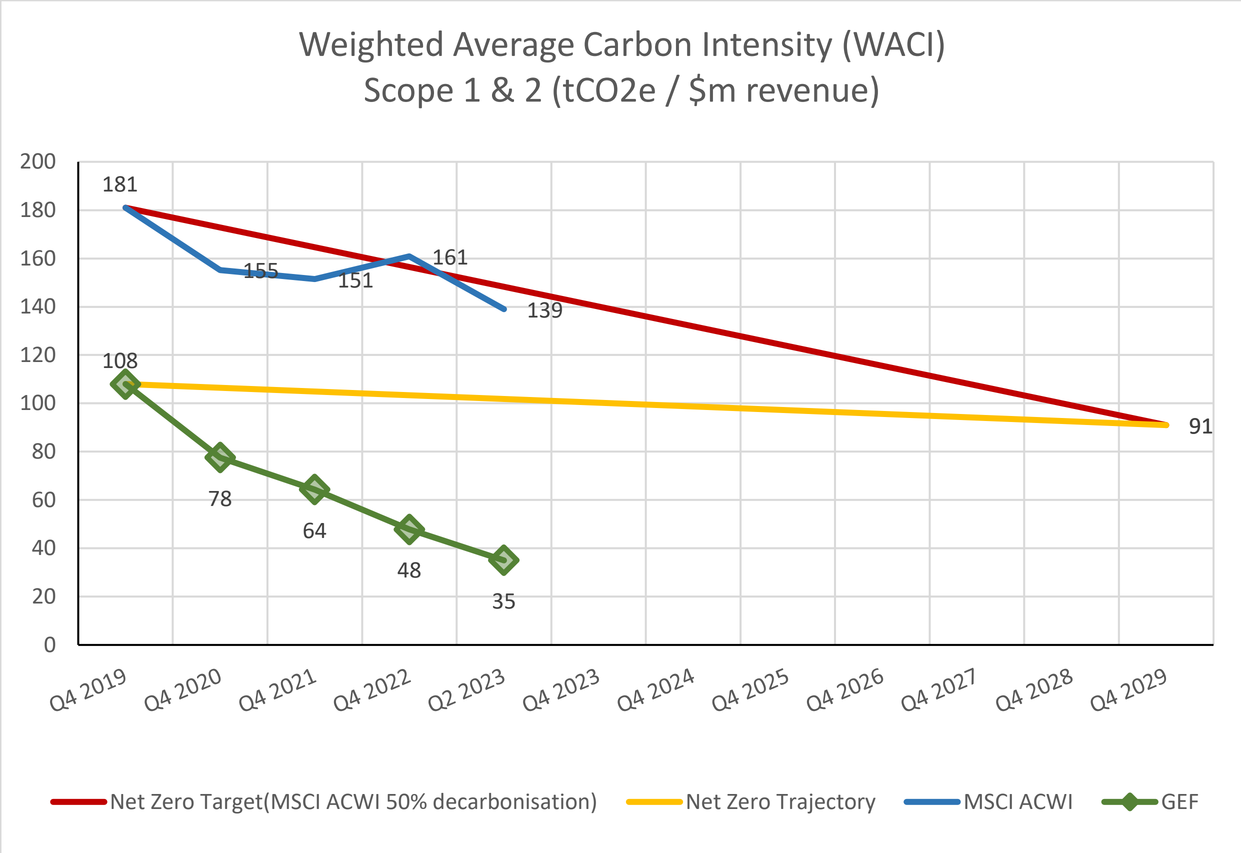
LPPI full target: *The LPPI Global Equities Fund will maintain a carbon intensity lower than the pathway required for the benchmark - MSCI ACWI - to achieve a 50% reduction in carbon intensity (Scope 1 & 2) by 2030 (December 2029), relative to GEF's carbon intensity in 2019. This equates to a carbon intensity target for the GEF of 91 tCO2e/$m revenue by 2030, and a reduction in emissions intensity of 16% from 2019 level.*

Latest position: **June 2023**

Decarbonisation	Q4 2019	Q4 2020	Q4 2021	Q4 2022	Q1 2023	Q2 2023
Weighted Average Carbon Intensity (WACI Scope 1&2 tCO2e/$m revenue)	108	78	64	48	43	35

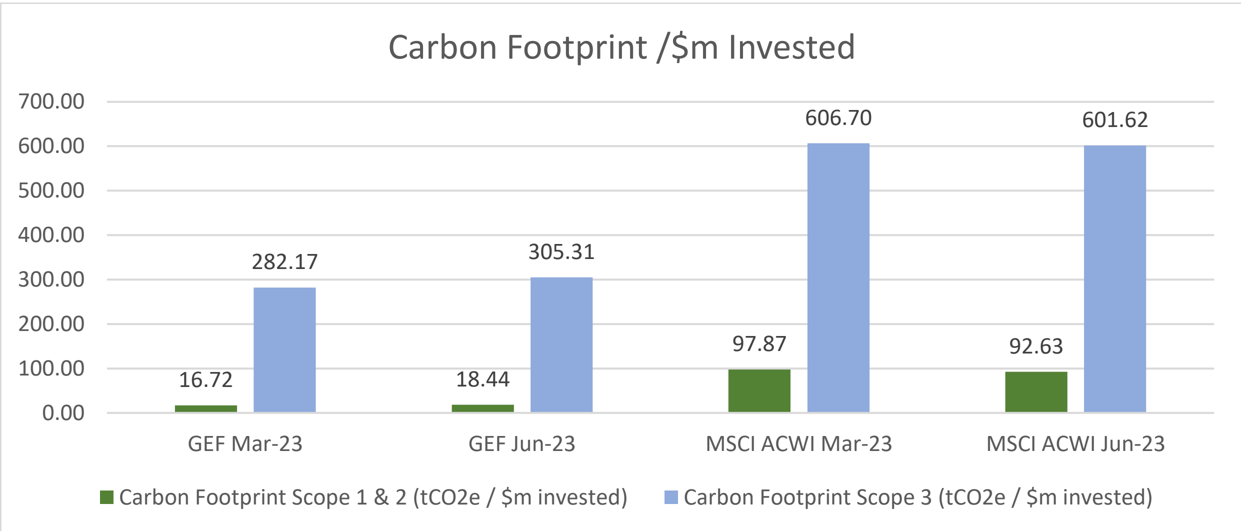
Source: LPPI, BNYM

GEF's WACI (green line), covering Scope 1 and 2 emissions, is reduced from 48 tCO2e/$m revenue in December 2022 to 35 tCO2e/$m revenue in June 2023. It remains well within the Net Zero Target (red line) and is significantly lower compared to WACI of the MSCI ACWI Index (blue line).



Source: LPPI, MSCI

Carbon Footprint metric, expressed as total carbon emissions normalised by market value of the portfolio (tCO2e/$m invested), for GEF and MSCI ACWI is presented below.



Source: LPPI, MSCI

Attribution Analysis

The drop in scope 1 & 2 portfolio carbon footprint between Q4 2022 and Q2 2023 was predominantly due to the Utilities sector. The reduction to the Utilities carbon footprint was largely due to high carbon intensity assets exiting the portfolio, most notably Xcel Energy which was one of the top contributors to the portfolio's carbon footprint. This caused the Utilities % contribution to the portfolio's carbon footprint to reduce by 11 percentage points between Q4 2022 and Q2 2023.

1.2.1 Implied Temperature

The Implied Temperature Rise (ITR) is a forward-looking alignment metric expressed in °C, which is used to estimate GEF's alignment to a 2°C pathway. Although ITR is not included in LPPI's Phase One NZ targets, it is incorporated into the Paris alignment metric being used for Task Force on Climate-related Financial Disclosures (TCFD) reporting.

ITR for GEF in June-23 is estimated as 1.76°C, indicating that GEF undershoots its Carbon Budget and hence is well-aligned to a 2°C scenario. MSCI ACWI's ITR is estimated as 2.09°C in June-23.

Latest position: **June 2023**

Implied Temperature Rise (ITR)	GEF Q2 2023	MSCI ACWI Q2 2023
ITR °C	1.76°C	2.09°C

Source: LPPI, MSCI

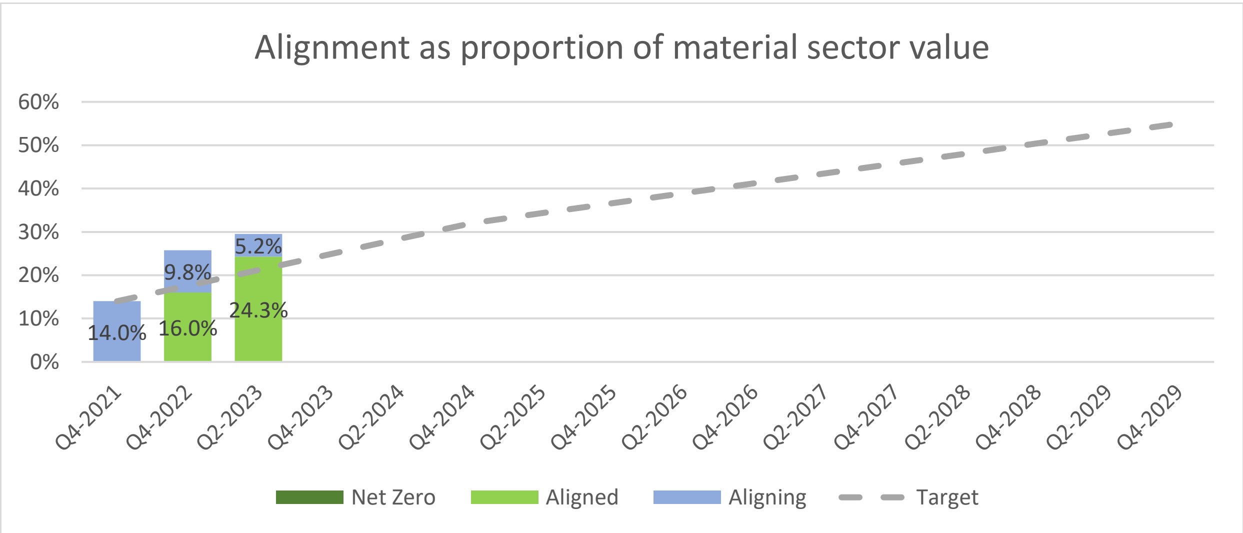
1.2.2 Alignment Goal (Coverage Target)

Target: *32% of AUM in material sectors is considered net zero, aligned or aligning by 2025; 55% by 2030; 100% of AUM in material sectors is considered net zero or aligned to net zero by 2040.*

Latest position: **June 2023**

Alignment	Q4 2021	Q4 2022	Q2 2023
% of AUM that is Net Zero/Aligned/Aligning	14%	26%	29.5%

Source: LPPI, MSCI



Source: LPPI, MSCI

Alignment Methodology

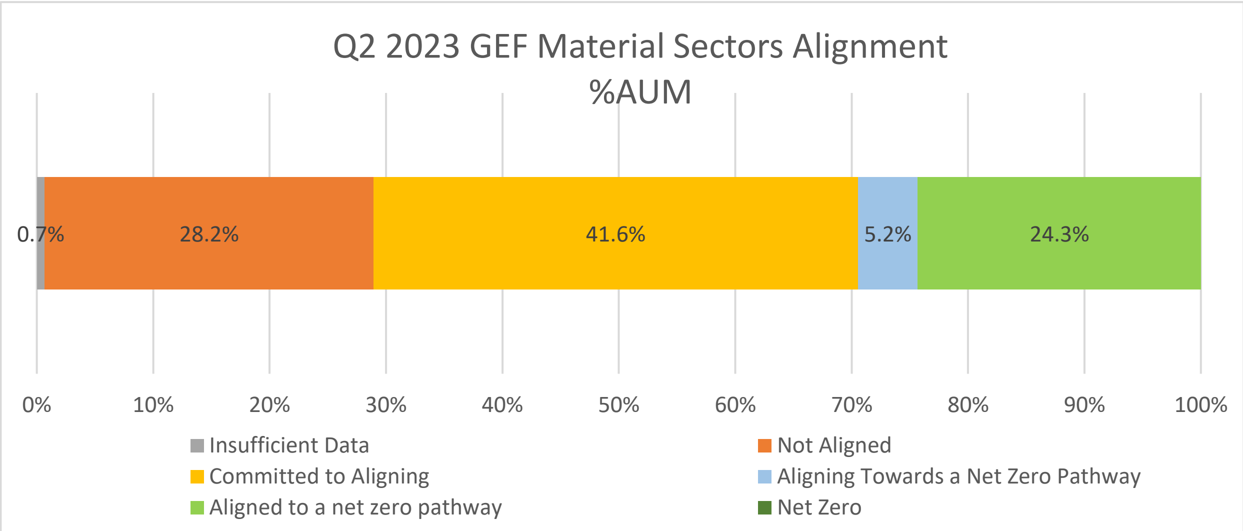
LPPI method for assessing alignment is as follows:

Alignment Category	Criteria for Assessment
Committed	The company pledges to achieve net-zero carbon emissions in the long term.
Aligning (Material but not High Impact)	In addition to a net-zero carbon goal, the company also establishes short and medium-term targets (scope 1, 2 and material scope 3) for emission reduction and provides transparency by disclosing their current emissions.
Aligning (High Impact)	At this stage, the company meets the criteria for 'Aligning (Material but not High Impact)', but with an added **Decarbonisation Strategy**[1]. This strategy is a quantified plan outlining how the company intends to meet their greenhouse gas (GHG) targets, measure their green revenues and monitor any increases in these green revenues.
Aligned (Material but not High Impact)	At this stage, the company meets the criteria for 'Aligning (Material but not High Impact)' and in addition shares its emissions performance relative to its emissions targets.
Aligned (High Impact)	At this stage, the company meets the criteria for 'Aligned (Material but not High Impact)' and in addition the company demonstrates that their capital expenditures align with the goal of achieving net-zero emissions by 2050.
Net Zero[2]	This is the ultimate stage where the company has attained the required emission intensity for 2050, and its ongoing investment plan or business model is designed to sustain this Net Zero performance.

[1]To assess decarbonisation strategies, we have incorporated the results of the CA100+ decarbonisation criteria assessment for those companies in scope of CA100+. Until a more robust method is more widely available, a manual assessment (using the CA100+ methodology) has been carried out on non-CA100+ high impact companies that have the potential to move up an alignment category.

[2]A full assessment of net zero alignment will be carried out at a further progress update following the conclusion of MSCI's planned update to their alignment methodology.

A breakdown of the portion of material sector companies in each category is as follows:



1.2.3 Engagement Target

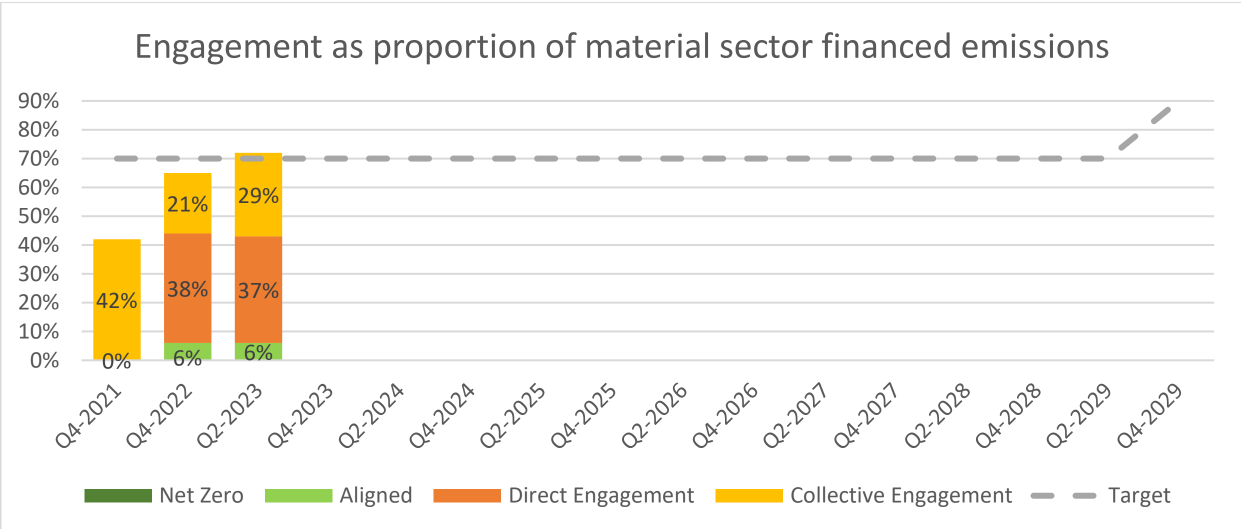
Target: *70% of financed emissions in material sectors will either be assessed as already net zero, aligned with a net zero pathway, or subject to direct or collective engagement and stewardship actions by 2022; 90% by 2030.*

Collective engagement covers engagements by Robeco, CA100+, CDP NDC and the IIGCC NZEI (Net Zero Engagement Initiative). Direct encompasses engagement via our managers and our internal equities team.

Latest position: **June 2023**

Engagement	Q4 2021	Q4 2022	Q2 2023
% Of financed emissions that are Net Zero	0%	0%	0%
% Of financed emissions that are Aligned (If not already Net Zero)	0%	6%	6%
% Of financed emissions that are under collaborative engagement (If not already Net Zero or Aligned)	42%	21%	29%
% Of financed emissions that are under direct engagement (or will be) (If not already Net Zero, Aligned or under collaborative engagement)	0%	38%	37%
Total	42%	66%	72%

Source: LPPI, MSCI



Source: LPPI, MSCI

Under Direct Engagement

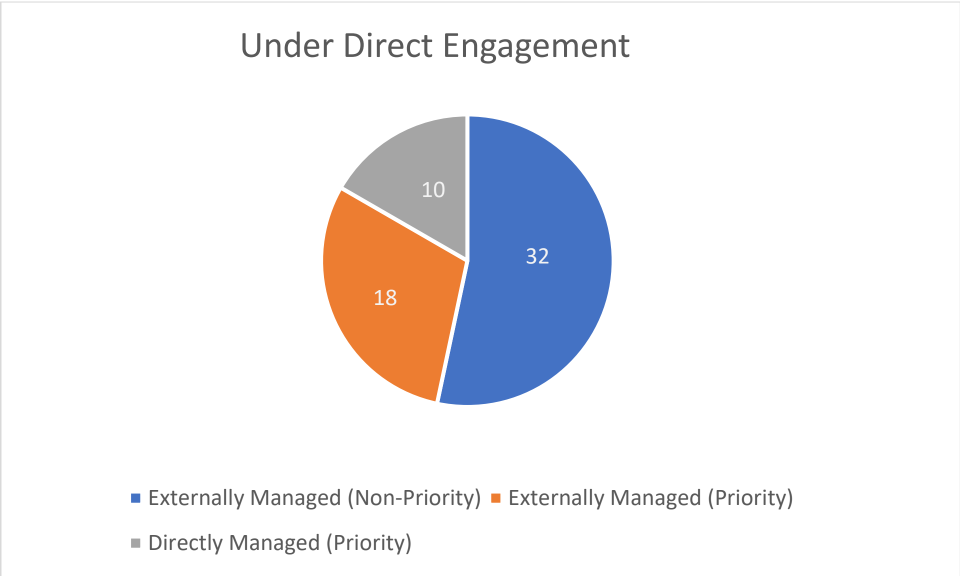
Latest position: **June 2023**

Number of companies: 63

LPPI has created a prioritisation framework to help focus our engagement efforts on those companies where progress is needed the most in order to help us to meet our coverage and engagement targets. The framework takes account of where engagement is already taking place with a company, for example by collaborative engagement initiatives, and aims not to duplicate efforts. Those that are eligible for direct engagement are grouped into 3 categories which identify an engagement priority list that LPPI focuses on. LPPI's engagement priority list is a selection of companies which are in a high impact sector or have a high contribution to the portfolio's carbon intensity and are not otherwise being engaged with which are then chosen to undergo focused engagement activity and are subject to enhanced engagement monitoring.

The 63 companies under LPPI's direct engagement have been bucketed into the following three categories:

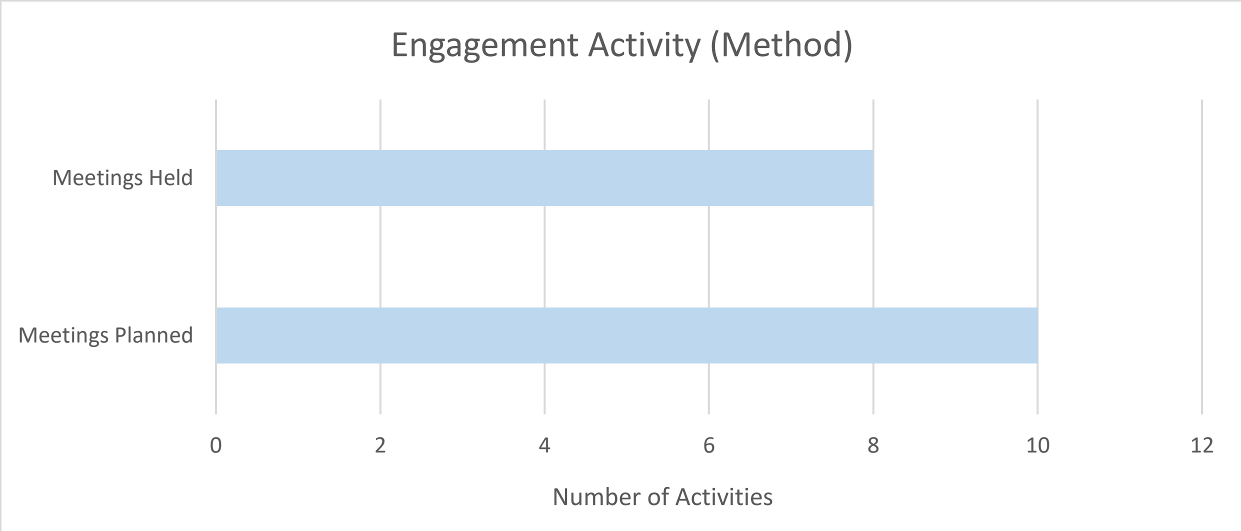
- Externally Managed (Non-priority): LPPI has identified several managers that have a good quality climate-related engagement strategy which allows us to class all assets under these mandates as under engagement and therefore do not need to be part of LPPI's engagement priority list.
- Externally Managed (Priority): For those managers with a less robust engagement strategy, a select number of assets for each manager have been chosen to be part of LPPI's engagement priority list. LPPI has selected these companies in partnership with the managers and requested that the manager carry out engagement with those companies.
- Directly Managed (Priority): For those assets directly managed by LPPI, a select number of assets have been chosen to be part of LPPI's engagement priority list.



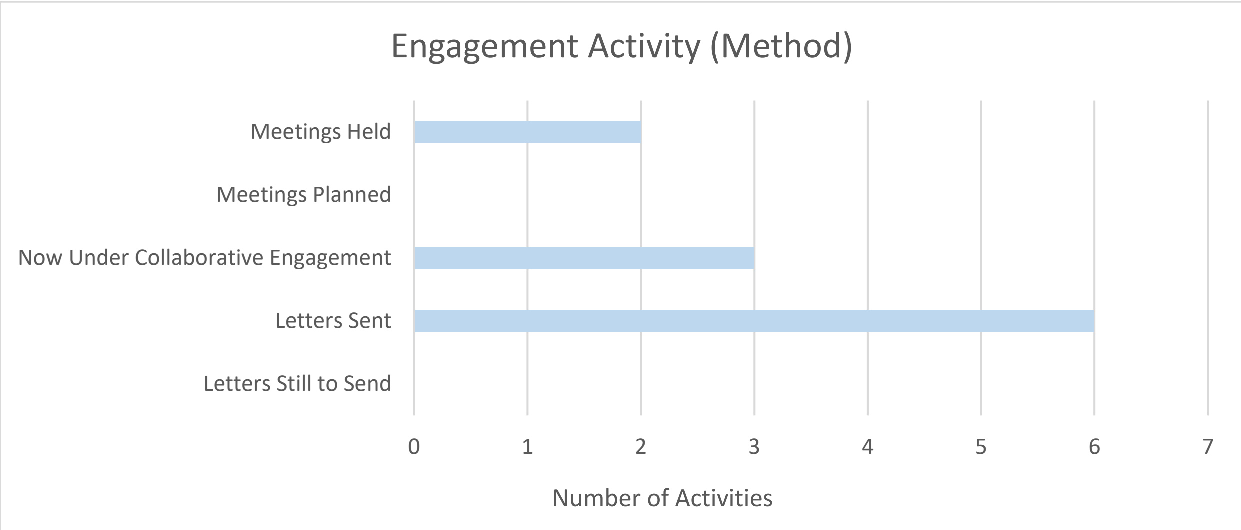
Priority List Engagement Activity

Latest position: **June 2023**

Externally Manged (Priority):



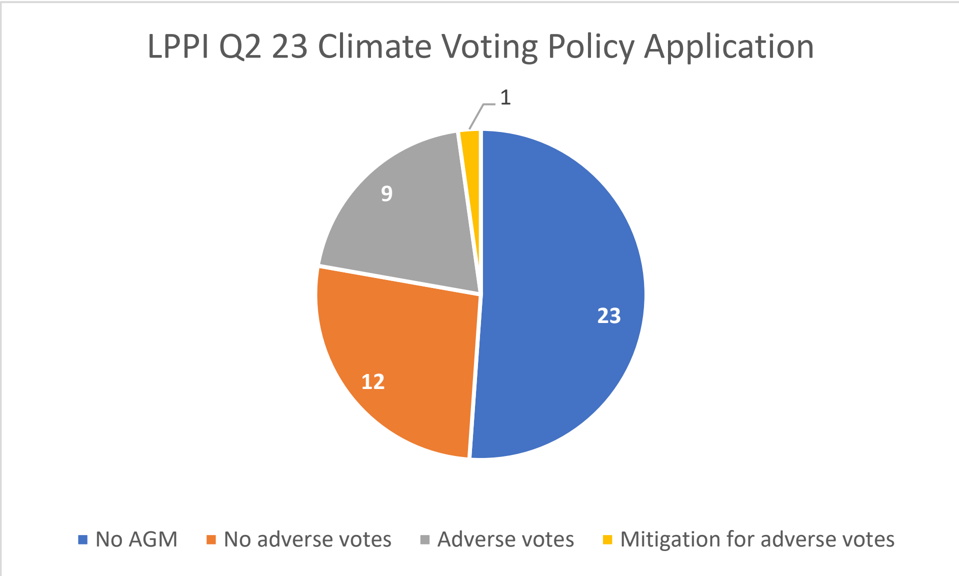
Directly Managed (Priority):*



*Nb. Some directly managed priority companies are now under collaborative engagement because LPPI began direct engagement with them individually before proceeding to join the engagement groups for those companies as part of the IIGCC Net Zero Engagement Initiative.

LPPI Climate Voting Policy

In Q2, the meetings of 23 companies in LPPI's climate voting watchlist occurred. A vote against management was cast at nine holdings (including shareholder resolutions). These were typically cast against the Chair of the Audit Committee, which is the role frequently identified as having oversight for climate-related risks. LPPI also supported relevant shareholder resolutions and votes against reports and accounts. Adverse votes occurred due to poor disclosure against the Net Zero Investment Framework pillars or, where coverage allowed, the CA100+ benchmark. Companies typically avoided votes against management where disclosure had improved or there was evidence of adequate progress prior to reporting (e.g. as ascertained through engagement calls).



Appendix:

GICS Sub Industries classed as Material:

Aerospace & Defense	Financial Exchanges & Data	Multi-Sector Holdings
Agricultural & Farm Machinery	Food Distributors	Multi-Utilities
Agricultural Products	Food Retail	Office REITs
Air Freight & Logistics	Footwear	Office Services & Supplies
Airlines	Forest Products	Oil & Gas Drilling
Airport Services	Gas Utilities	Oil & Gas Equipment & Services
Alternative Carriers	General Merchandise Stores	Oil & Gas Exploration & Production
Aluminum	Gold	Oil & Gas Refining & Marketing
Apparel Retail	Health Care Distributors	Oil & Gas Storage & Transportation
Apparel, Accessories & Luxury Goods	Health Care Equipment	Other Diversified Financial Services
Application Software	Health Care REITs	Packaged Foods & Meats
Asset Management & Custody Banks	Health Care Supplies	Paper Packaging
Auto Parts & Equipment	Health Care Technology	Paper Products
Automobile Manufacturers	Heavy Electrical Equipment	Personal Products
Automotive Retail	Highways & Railtracks	Pharmaceuticals
Brewers	Home Furnishings	Precious Metals & Minerals
Broadcasting	Home Improvement Retail	Property & Casualty Insurance
Building Products	Homebuilding	Publishing
Cable & Satellite	Homefurnishing Retail	Railroads
Coal & Consumable Fuels	Hotel & Resort REITs	Real Estate Development
Commercial Printing	Household Appliances	Real Estate Operating Companies
Commodity Chemicals	Household Products	Real Estate Services
Communications Equipment	Housewares & Specialties	Regional Banks
Computer & Electronics Retail	Hypermarkets & Super Centers	Reinsurance
Construction & Engineering	Independent Power Producers & Energy Traders	Renewable Electricity
Construction Machinery & Heavy Trucks	Industrial Conglomerates	Residential REITs
Construction Materials	Industrial Gases	Retail REITs
Consumer Electronics	Industrial Machinery	Semiconductor Equipment
Consumer Finance	Industrial REITs	Semiconductors
Copper	Insurance Brokers	Silver
Data Processing & Outsourced Services	Integrated Oil & Gas	Soft Drinks
Department Stores	Integrated Telecommunication Services	Specialized Finance
Distillers & Vintners	Interactive Home Entertainment	Specialized REITs
Distributors	Interactive Media & Services	Specialty Chemicals
Diversified Banks	Internet & Direct Marketing Retail	Specialty Stores
Diversified Capital Markets	Internet Services & Infrastructure	Steel
Diversified Chemicals	Investment Banking & Brokerage	Systems Software
Diversified Metals & Mining	IT Consulting & Other Services	Technology Distributors
Diversified Real Estate Activities	Leisure Products	Technology Hardware, Storage & Peripherals
Diversified REITs	Life & Health Insurance	Textiles
Diversified Support Services	Life Sciences Tools & Services	Thrifts & Mortgage Finance
Drug Retail	Managed Health Care	Tires & Rubber
Electric Utilities	Marine	Tobacco
Electrical Components & Equipment	Marine Ports & Services	Trading Companies & Distributors
Electronic Components	Metal & Glass Containers	Trucking
Electronic Equipment & Instruments	Mortgage REITs	Water Utilities
Electronic Manufacturing Services	Motorcycle Manufacturers	Wireless Telecommunication Services
Environmental & Facilities Services	Movies & Entertainment	Cargo Ground Transportation
Fertilizers & Agricultural Chemicals	Multi-line Insurance	Passenger Ground Transportation
Broadline Retail	Commercial & Residential Mortgage Finance	Transaction & Payment Processing Services

Q2 2023 - Material Companies:

AARTI INDUSTRIES LTD	C.H. ROBINSON WORLDWIDE INC	GODREJ CONSUMER PR
AARTI PHARMALABS LTD	CANADIAN NATIONAL RAILWAY CO	GODREJ PROPERTIES
ACCENTURE PLC	CDW CORP	GOLD FIELDS LTD
ADOBE INC	CHARLES SCHWAB CORP	GROEP BRUSSEL LAMBERT NV
ADVANCED MICRO DEVICES INC	CHINA MENGNIU DAIRY CO LTD	GRUPO MEXICO SAB DE CV
ADYEN NV	CK ASSET HOLDINGS	GUOCO GROUP LTD
AERCAP HOLDINGS NV	CLEAN HARBORS INC	HALEON PLC
AERIS IND COM DE EQUP GER ENERGIA SA	CLOUDFLARE INC	HANGZHOU TIGERMED CONSULTING CO LTD
AFFIRM HLDGS INC	COLGATE-PALMOLIVE CO	HD HYUNDAI HEAVY INDUSTRIES CO LTD
AIA GROUP LTD	COMCAST CORP	HD KOREA SHIPBUILDING & MARINE CO LTD
ALIBABA GROUP HOLDING LTD	COMPAGNIE FINANCIERE RICHEMONT SA	HDFC BANK LTD
ALIMENTATION COUCHE-TARD INC	CONSTELLATION SOFTWARE INC	HEICO CORP
ALPHABET INC	CONTEMPORARY AMPEREX TECHNOLOGY CO LTD	HEINEKEN HOLDING NV
AMAZON.COM INC	COPART INC	HENKEL AG & CO KGAA
AMBEV SA	COSTCO WHOLESALE CORP	HERMES INTERNATIONAL SCA
AMERICAN EXPRESS CO	COUPANG INC	HINDUSTAN UNILEVER LTD
AMG CRITICAL MATERIALS NV	CREDICORP LTD	HIROSE ELECTRIC CO LTD
ANALOG DEVICES INC	CUMMINS INC	HONG KONG EXCHANGES AND CLEARING LTD
ANSYS INC	DANAHER CORP	HONGKONG LAND HOLDINGS LTD
AON PLC	DANONE SA	HOSHIZAKI CORPORATION
ARTHUR J. GALLAGHER & CO.	DAVIDE CAMPARI MILANO NV	HOUSING DEVELOPMENT FINANCE CORP
ASML HOLDING NV	DEERE & CO	HUMANA INC
ASSA ABLOY AB	DELTA ELECTRONICS INC	HYSAN DEVELOPMENT CO LTD
ATLASSIAN CORP	DENTSPLY SIRONA INC	HYUNDAI MOBIS CO LTD
AUTODESK INC	DEXCOM INC	ICU MEDICAL INC
AUTOZONE INC	DIAGEO PLC	IDEXX LABORATORIES INC
AYALA LAND INC	DIVI'S LABORATORIES LTD	ILLUMINA INC
B3 SA BRASIL BOLSA BALCAO	DIXON TECHNOLOGIES INDIA LIMITED	IMCD NV
BAE SYSTEMS PLC	DOUGLAS EMMETT INC	INPOST S.A.
BAIDU INC	EDELWEISS FINANCIAL SERVICES	INTACT FINANCIAL CORP
BAJAJ FINANCE LTD	EDENRED SE	INTER & CO INC
BANGKOK BANK PCL	ELEVANCE HEALTH INC	INTERCONTINENTAL EXCHANGE INC
BANK NEGARA INDONESIA	ENGIE	INTUIT INC
BANK OF NEW YORK MELLON CORP	ESTEE LAUDER COMPANIES INC	INTUITIVE SURGICAL INC
BANK RAKYAT INDONESIA (PERSERO) TBK PT	ESTUN AUTOMATION CO LTD	INVESTOR AB
BDO UNIBANK INC	ETSY INC	IPG PHOTONICS CORP
BECTON DICKINSON AND CO	EVERSOURCE ENERGY	ITAUSA S.A.
BEFESA SA	EXPEDITORS INTERN OF WASHINGTON INC	JACK HENRY & ASSOCIATES INC
BERKELEY GROUP HOLDINGS PLC	FANUC CORP	JARDINE MATHESON HOLDINGS LTD
BERKSHIRE HATHAWAY INC	FIDELITY NATIONAL FINANCIAL INC	JD.COM INC
BHARTI AIRTEL LTD	FINECOBANK BANCA FINECO	JIANGSU HENGLI HYDRAULIC CO LTD
BLACK KNIGHT	FLOOR & DECOR HOLDINGS INC	JM FINANCIAL LTD
BLACKROCK INC	FLOWSERVE CORP	KANZHUN LTD
BOSTON PROPERTIES INC	FOMENTO ECONOMICO MEXICANO SAB DE CV	KERING
BRENNTAG SE	FORTIVE CORP	KEYENCE CORP
BRITISH AMERICAN TOBACCO PLC	FULL TRUCK ALLIANCE CO LTD	KINGDEE INTERNATNL SOFTWARE GRP CO LTD
BROOKFIELD CORP	GINKGO BIOWORKS HOLDINGS INC	KINGSOFT CORP LTD
BROWN & BROWN INC	GLOBE LIFE INC	KOMATSU LTD
BUDWEISER BREWING COMPANY APAC LTD	GLODON CO LTD	KOREA AEROSPACE INDUSTRIES
BWX TECHNOLOGIES INC	GODADDY INC	KRAFT HEINZ CO

Q2 2023 – Material Companies (continued):

KT&G CORP	ORKLA ASA	TESLA INC
LEGRAND SA	PDD HOLDINGS INC	TEXAS INSTRUMENTS INC
LG CHEM LTD	PEPSICO INC	TITAN COMPANY LTD
LKQ CORP	PERFORMANCE FOOD GROUP CO NEW	TRANE TECHNOLOGIES PLC
LLOYDS BANKING GROUP PLC	PERNOD RICARD SA	TYLER TECHNOLOGIES INC
LOCALIZA RENT A CAR SA	PHILIP MORRIS INTERNATIONAL INC	U.S. BANCORP
LONDON STOCK EXCHANGE GROUP PLC	POLYUS PJSC	UGI CORP
L'OREAL SA	POWER CORPORATION OF CANADA	UNILEVER PLC
LOTTE HOLDINGS	PPG INDUSTRIES INC	UNION PACIFIC CORP
LOTTE WELLFOOD CO LTD	PRO MEDICUS LTD	UNITEDHEALTH GROUP INC
LOWE'S COMPANIES INC	PROSUS NV	USS CO LTD
LUFAX HLDG LTD	RECKITT BENCKISER GROUP PLC	VAT GROUP AG
LUMINE GROUP INC	RELIANCE INDUSTRIES LTD	VENUSTECH GROUP INC
LVMH MOET HENNESSY LOUIS VUITTON SE	ROBLOX CORP	VISA INC
MARAVAI LIFESCIENCES HOLDINGS INC	ROCKWELL AUTOMATION INC	W. R. BERKLEY CORP
MARKETAXESS HOLDINGS INC	ROLLINS INC	WAL-MART DE MEXICO SAB DE CV
MASIMO CORP	ROSS STORES INC	WALMART INC
MASTERCARD INC	RPM INTERNATIONAL INC	WASTE CONNECTIONS INC
MAX FINANCIAL SERVICES LTD	SAFRAN SA	WEC ENERGY GROUP
MEDTRONIC PLC	SALESFORCE INC	WENDEL SE
MERCADOLIBRE INC	SAMSARA INC	WEST PHARMACEUTICAL SERVICES INC
META PLATFORMS INC	SAMSUNG SDI CO LTD	WEYERHAEUSER CO
MICROSOFT CORP	SANOFI SA	WILLIS TOWERS WATSON
MIDEA GROUP CO LTD	SAP SE	WORKDAY INC
MIPS AB	SBI LIFE INSURANCE COMPANY LIMITED	WULIANGYE YIBIN CO LTD
MITSUBISHI ELECTRIC CORP	SCHINDLER HOLDING AG	XP INC
MITSUBISHI ESTATE CO LTD	SCHLUMBERGER NV	YUNNAN BAIYAO GROUP CO LTD
MOLINA HEALTHCARE INC	SEA LIMITED	
MOODY'S CORP	SHENZHEN MINDRAY BIO-MEDICAL ELECT	
MOTOROLA SOLUTIONS INC	SHENZHOU INTERNATIONAL GRP HLDS LTD	
MS&AD INSURANCE GROUP HOLDINGS INC	SHIMANO INC	
MSCI INC	SHOPIFY INC	
MUTHOOT FINANCE	SITEONE LANDSCAPE SUPPLY INC	
NARI TECHNOLOGY CO LTD	SMC CORP	
NASPERS	SOMPO HOLDINGS INC	
NAVER	SPIRAX-SARCO ENGINEERING PLC	
NEMETSCHEK	SPOTIFY TECHNOLOGY SA	
NESTLE SA	SRF LTD	
NETFLIX INC	STONECO LTD	
NETWORK INTERNATIONAL HOLDINGS PLC	SUZANO SA	
NIKE INC	SVENSKA HANDELSBANKEN AB	
NINTENDO CO LTD	T&D HOLDINGS INC	
NIO INC	T.HASEGAWA CO LTD	
NIPPON LIFE ASSET MGMT LTD	TAIWAN SEMICONDUCTOR MANUFACT CO LTD	
NOMAD FOODS LTD	TATA COMMUNICATIONS LTD	
NOV INC	TATA CONSULTANCY SERVICES	
NOVARTIS AG	TATA CONSUMER PRODUCTS LTD	
NUTRIEN LTD	TECHTRONIC INDUSTRIES CO LTD	
NVIDIA CORP	TENARIS SA	
ORACLE CORP	TENCENT HOLDINGS LTD	

High Impact – GICS

TPI Sector	GICS Sector Name	GICS Sub Industry / Code	GICS Sub Industry (Duplicates Removed)
Electricity utilities	Energy	Integrated Oil & Gas (10102010)	Integrated Oil & Gas
		Electric Utilities (55101010)	Electric Utilities
	Utilities	Independent Power Producers & Energy Traders (55105010)	Independent Power Producers & Energy Traders
		Multi-Utilities (55103010)	Multi-Utilities
Oil & gas	Energy	Integrated Oil & Gas (10102010)	
		Oil & Gas Refining & Marketing (10102030)	Oil & Gas Refining & Marketing
		Oil & Gas Exploration & Production (10102020)	Oil & Gas Exploration & Production
		Oil & Gas Storage & Transportation (10102040)	Oil & Gas Storage & Transportation
	Materials	Diversified Chemicals (15101020)	Diversified Chemicals
Oil & gas distribution	Energy	Oil & Gas Storage & Transportation (10102040)	
		Oil & Gas Exploration & Production (10102020)	
	Materials	Diversified Chemicals (15101020)	
Coal mining	Energy	Coal & Consumable Fuels (10102050)	Coal & Consumable Fuels
		Oil & Gas Refining & Marketing (10102030)	
	Consumer discretionary	Automobile Manufacturers (25102010)	Automobile Manufacturers
	Industrials	Industrial Conglomerates (20105010)	Industrial Conglomerates
		Trading Companies & Distributors (20107010)	Trading Companies & Distributors
	Materials	Diversified Metals & Mining (15104020)	Diversified Metals & Mining
		Steel (15104050)	Steel
Autos	Consumer discretionary	Automobile Manufacturers (25102010)	
Airlines	Industrials	Airlines (20302010)	Airlines
Shipping	Energy	Oil & Gas Storage & Transportation (10102040)	
	Industrials	Marine (20303010)	Marine
Aluminium	Materials	Aluminum (15104010)	Aluminum
		Diversified Metals & Mining (15104020)	
	Industrials	Trading Companies & Distributors (20107010)	
Cement	Materials	Construction Materials (15102010)	Construction Materials
Pulp & paper	Materials	Paper Packaging (15103020)	Paper Packaging
		Paper Products (15105020)	Paper Products
Steel	Materials	Steel (15104050)	
Chemicals	Materials	Commodity Chemicals (15101010)	Commodity Chemicals
		Diversified Chemicals (15101020)	
		Fertilizers & Agricultural Chemicals (15101030)	Fertilizers & Agricultural Chemicals
		Industrial Gases (15101040)	Industrial Gases
		Specialty Chemicals (15101050)	Specialty Chemicals

TPI Sector	GICS Sector Name	GICS Sub Industry / Code	GICS Sub Industry (Duplicates Removed)
Diversified mining	Materials	Diversified Metals & Mining (15104020)	
		Copper (15104025)	Copper
		Steel (15104050)	
Other industrials	Information technology	Electronic Equipment & Instruments (45203010)	Electronic Equipment & Instruments
		Technology Hardware, Storage & Peripherals (45202030)	Technology Hardware, Storage & Peripherals
	Industrials	Aerospace & Defense (20101010)	Aerospace & Defense
		Construction Machinery & Heavy Trucks (20106010)	Construction Machinery & Heavy Trucks
		Heavy Electrical Equipment (20104020)	Heavy Electrical Equipment
		Electrical Components & Equipment (20104010)	Electrical Components & Equipment
	Consumer discretionary	Consumer Electronics (25201010)	Consumer Electronics
	Materials	Construction Materials (15102010)	

High Impact also includes all:

- Banks
- Real Estate
- Companies in CA100+

Q2 2023 - High Impact Companies:

AARTI INDUSTRIES LTD	NIO INC
AERCAP HOLDINGS NV	NUTRIEN LTD
AERIS IND COM DE EQUP GER ENERGIA SA	PEPSICO INC
AMG CRITICAL MATERIALS NV	PPG INDUSTRIES INC
APPLE INC	RELIANCE INDUSTRIES LTD
AYALA LAND INC	ROCKWELL AUTOMATION INC
BAE SYSTEMS PLC	RPM INTERNATIONAL INC
BANGKOK BANK PCL	SAFRAN SA
BANK NEGARA INDONESIA	SAMSUNG ELECTRONICS CO LTD
BANK RAKYAT INDONESIA (PERSERO) TBK PT	SITEONE LANDSCAPE SUPPLY INC
BDO UNIBANK INC	SRF LTD
BERKSHIRE HATHAWAY INC	SUZANO SA
BRENNTAG SE	SVENSKA HANDELSBANKEN AB
BWX TECHNOLOGIES INC	T.HASEGAWA CO LTD
CK ASSET HOLDINGS	TESLA INC
COLGATE-PALMOLIVE CO	TRANE TECHNOLOGIES PLC
CONTEMPORARY AMPEREX TECHNOLOGY CO LTD	U.S. BANCORP
CREDICORP LTD	UNILEVER PLC
CUMMINS INC	WALMART INC
DANONE SA	WEC ENERGY GROUP
DIXON TECHNOLOGIES INDIA LIMITED	WEYERHAEUSER CO
ENGIE	NIO INC
EVERSOURCE ENERGY	NUTRIEN LTD
FINECOBANK BANCA FINECO	PEPSICO INC
GINKGO BIOWORKS HOLDINGS INC	PPG INDUSTRIES INC
GODREJ PROPERTIES	RELIANCE INDUSTRIES LTD
GRUPO MEXICO SAB DE CV	ROCKWELL AUTOMATION INC
GUOCO GROUP LTD	RPM INTERNATIONAL INC
HD HYUNDAI HEAVY INDUSTRIES CO LTD	SAFRAN SA
HD KOREA SHIPBUILDING & MARINE CO LTD	SAMSUNG ELECTRONICS CO LTD
HDFC BANK LTD	SITEONE LANDSCAPE SUPPLY INC
HEICO CORP	SRF LTD
HONGKONG LAND HOLDINGS LTD	SUZANO SA
HOUSING DEVELOPMENT FINANCE CORP	SVENSKA HANDELSBANKEN AB
HYSAN DEVELOPMENT CO LTD	T.HASEGAWA CO LTD
IMCD NV	TESLA INC
INTER & CO INC	TRANE TECHNOLOGIES PLC
ITAUSA S.A.	U.S. BANCORP
JARDINE MATHESON HOLDINGS LTD	UNILEVER PLC
KEYENCE CORP	WALMART INC
KOMATSU LTD	WEC ENERGY GROUP
KOREA AEROSPACE INDUSTRIES	WEYERHAEUSER CO
LEGRAND SA	
LG CHEM LTD	
LLOYDS BANKING GROUP PLC	
LOTTE HOLDINGS	
MITSUBISHI ELECTRIC CORP	
MITSUBISHI ESTATE CO LTD	
NARI TECHNOLOGY CO LTD	
NESTLE SA	

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Appendix 2

The table below provides a summary of the current status of coverage (availability of data & metrics) for the asset classes that LPPI manages.

As expected, coverage is lower within private market asset classes, with many of the challenges related to poor disclosure by underlying companies being an industry-wide issue as opposed to an LPPI-specific issue.

We expect that the data & metrics coverage will increase over time, as disclosure requirements become more standardised and the industry responds to the investor need for consistent comparable data.

Asset Class	Status for Data & Metrics
Global Equities	Data & metrics available for GHG emissions, emissions metrics, alignment metrics and climate risks metrics.
Fixed Income	**Corporate / Sovereign Bonds:** Data & metrics available for GHG emissions, emissions metrics, alignment metrics and climate risks metrics.
	Other instruments (securitised): Not currently available.
Real Estate	**Direct Assets:** Data & metrics available for GHG emissions, emissions metrics, alignment metrics and climate risks metrics.
	Indirect / Fund Investments: emissions data available at the fund level, asset look-through data not yet available. Gaps in emissions metrics/ alignment metrics and climate risks metrics.
Infrastructure	**Direct Assets:** Data & metrics available for GHG emissions, emissions metrics. Alignment and climate metrics either not yet available, or work is required.
	Indirect / Fund Investments: Data & metrics available for emissions through managers. Alignment and climate metrics not yet available.
Private Equity	Data & metrics not currently available. Industry issue as opposed to LPPI specific.
Credit	Data & metrics available for some strategies but not all, through a combination of internally available data and requests sent to managers.
Diversifying Strategies	Approach to data sourcing being evaluated.

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