Report Title:	**Responsible Investment Update**
Contains Confidential or Exempt Information	No - Part I
Lead Member:	Councillor Julian Sharpe, Chairman Pension Fund Committee and Advisory Panel
Meeting and Date:	Pension Fund Committee 7 March 2022
Responsible Officer(s):	Damien Pantling, Head of Pension Fund
Wards affected:	None

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Royal Borough of Windsor & Maidenhead

REPORT SUMMARY

The Pension Fund Committee agreed and released an Environmental, Social and Governance (ESG) public statement in late 2020 clarifying its commitment to long-term responsible investment of pension savings. Following this, the fund approved an updated Responsible Investment (RI) policy on 22 March 2021 supported by several values, principles, and priorities.

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

Climate Change is one of the underlying priorities in the Fund's RI policy and this report sets out to formally update members on LPPI's most recent amendments to their RI policy (namely on the exclusion of fossil fuel extraction companies), to report on the Fund's responsible investment outcomes and to report on the Fund's recent engagement activities.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That the Pension Fund Committee notes the report and;

i) Acknowledges LPPI's updated Responsible Investment policy (climate change Annex); and

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

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

2.1 Since 1 June 2018, all Fund investments have been pooled and are actively managed by the Fund's Investment Manager LPPI. Responsible investing is an underpinning principal of LPPI's investment approach and is documented by a suite of detailed RI policies available on their website.

2.2 LPPI's active decision to declare a net-zero commitment was reported at the 6 December 2021 meeting, however, this report outlines the LPPI official policy update on this matter (Climate change Annex to LPPI's Responsible Investment Policy dated January 2022).

2.3 Appendix 1 to this report details three key changes to LPPI's Responsible Investment policy (climate change Annex), these are summarised as follows:

2.3.1 Record LPPI's commitment to the goal of Net Zero portfolio emission by 2050 in partnership with its clients. This follows LPPI becoming a signatory to the IIGCC Net Zero Asset Manager Commitment on 1st November 2021.

2.3.2 Confirm the exclusion of extractive fossil fuel companies from the LPPI Global Equities Fund ("GEF") from 31st December 2021.

2.3.3 Reflect that Climate Change management is a priority theme within LPPI's new Shareholder Voting Guidelines (published August 2021) and considered in reaching voting decisions.

2.4 Specifically in regard to divestment (and exclusion) of extractive fossil fuels from the global equities fund, the Fund's own Responsible Investment policy prioritises engagement over divestment. However, in this particular case, these holdings were no longer a natural fit for the fund's enduring quality bias and, considering the size of their weighting, consumed disproportionate stewardship resources hence LPPI's decision to divest and exclude from the portfolio.

2.5 Considering the wider net-zero journey, divestment and exclusion of holdings will not necessarily follow for other assets classes.

2.6 From December 2021, the Fund has reported publicly on its implementation and outcomes concerning responsible investment. The report and dashboard as at Q4 2021 (or Q3 2021/22) are included at Appendix 2 and Appendix 3 to this report.

2.7 In addition to the report provided last quarter, the current report now shows full "green/brown" portfolio exposures to all of the Fund's equity assets (listed equity, private equity, and infrastructure) plus corporate bonds within fixed income. This information was provided in Part-2 last quarter due to a degree of uncertainty regarding the "on balance-sheet" assets but can now be reported accurately and therefore publicly. The key takeaways from this analysis are as follows:

2.7.4 Investments in brown sectors (extraction, transportation, storage, supply, and generation of energy from fossil fuels) are 1.10% of the portfolio.

2.7.5 Investments in green sectors (renewable energy generation, clean technology, and decarbonising activities) are 3.52% of the portfolio.

2.8 As illustrated above, the green exposure significantly outweighs the brown exposure within the identified portfolio. Further work is being undertaken by

LPPI to report on the green/brown exposure of the whole Fund and this shall be reported in due course.

2.9 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 has appointed an engagement partner to ensure active engagement with companies across its credit and equity portfolios, seeking to improve a company’s behaviour on ESG (Environmental, Social and Governance) related issues. The Fund’s active engagement outcomes are reported as at Q4 2021 (or Q3 2021/22) in Appendix 4.

3. KEY IMPLICATIONS

3.1 The Fund are receiving a growing number of Freedom of Information (FOI) requests regarding how the Fund’s investment assets are being managed and invested responsibly. Moreover, the recent focus has been on environmental factors concerning carbon emissions and fossil-fuel exposure. The Fund’s RI dashboard acts as a public document to be updated quarterly and aims to address the majority of public requests for information.

4. FINANCIAL DETAILS / VALUE FOR MONEY

4.1 Net-zero strategy development and LPPI’s recent decision to exclude extractive fossil fuel companies from its global equities fund has involved divesting from a relatively small opportunity set. However, these investments consumed disproportionate stewardship resources and the associated costs of maintaining these. Exclusion of these assets enables attention to move to a broader range of sectors impacted by transition risk providing the fund with future opportunities and an improved framework to manage risk.

4.2 At present, the Fund’s investment performance and expected returns are not mutually exclusive to the achievement of its responsible investment policy outcomes. Therefore, the Fund’s fiduciary duty and ultimate goal to pay pensions is not adversely affected by implementation of its existing RI and ESG policies.

5. LEGAL IMPLICATIONS

5.1 Reporting against RI metrics and making a net-zero commitment are not legal requirements. TCFD reporting requirements, when published, will be a legal requirements and legislated by DLUHC (Department for Levelling up, Housing and Communities). These requirements will likely involve penalties and levies by PR for non-compliance. TCFD requirements shall be implemented in due course.

6. RISK MANAGEMENT

6.1 The below table relates to risk "PEN005" from the risk register considered and approved by Pension Fund Committee on 6 December 2021.

Table 1: Impact of risk and mitigation (PEN005)

Risk Description	**Gross Risk Score**	**Mitigating Actions**	**Net Risk Score**
Increased scrutiny on environmental, social and governance (ESG) issues, leading to reputational damage if not compliant. The administering authority declared an environmental and climate emergency in June 2019, effect on Pension Fund is currently unknown. TCFD regulations impact on LGPS schemes currently unknown but expected to come into force during 2022/23.	**27**	1) Review ISS in relation to published best practice (e.g., Stewardship Code) . 2) Ensure fund managers are encouraged to engage and to follow the requirements of the published ISS. 3) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and Pensions and Lifetime Savings Association (PLSA), which raises awareness of ESG issues and facilitates engagement with fund managers and company directors. 4) An ESG statement and RI Policy was drafted for the Pension Fund as part of the ISS and approved in March 2021. 5) Officers regularly attend training events on ESG and TCFD regulations to ensure stay up to date with latest guidance. 6) LPPI manage the fund's investments and have their own strict ESG policies in place which align with those of the fund.	**18**

7. POTENTIAL IMPACTS

7.1 Equalities. Equality Impact Assessments are published on the council's website. There are no EQIA impacts as a result of taking this decision. A completed EQIA has been attached at Appendix 5 to this report.

7.2 Climate change/sustainability. This report is centred around the topic of climate change and sustainability and such impacts are documented in detail through the report and its appendices.

7.3 Data Protection/GDPR. There are no additional data protection/GDPR considerations as a result of taking this decision

8. CONSULTATION

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

9. TIMETABLE FOR IMPLEMENTATION

9.1 LPPI have already began to implement their plans for net-zero by 2050 from the date of becoming an IIGCC signatory. Responsible investment outcomes are not subject to any specific timeline and are instead ongoing.

10. APPENDICES

10.1 This report is supported by 5 appendices:

- Appendix 1: LPPI Responsible Investment Policy, Climate Change Annex Jan 2022.
- Appendix 2: Responsible Investment Report Q4 2021
- Appendix 3: Responsible Investment Dashboard Q4 2021
- Appendix 4: Active Engagement Report Q4 2021
- Appendix 5: EQIA

11. BACKGROUND DOCUMENTS

11.1 This report is supported by 2 background documents available at Pension Fund Policies | Berkshire Pension Fund (berkshirepensions.org.uk)

- Responsible Investment Policy (March 2021)
- Environmental, Social and Governance (ESG) Statement (December 2020)

12. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Mandatory:	*Statutory Officers (or deputy)*		
Adele Taylor	Executive Director of Resources/S151 Officer	**22/02/2022**	**24/02/2022**
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	**22/02/2022**	
Deputies:			
Andrew Vallance	Head of Finance (Deputy S151 Officer)	**22/02/2022**	**25/02/2022**
Elaine Browne	Head of Law (Deputy Monitoring Officer)	**22/02/2022**	**28/02/2022**
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	**22/02/2022**	**25/02/2022**
Other consultees:			
Cllr Julian Sharpe	Chairman – Berkshire Pension Fund Committee	**22/02/2022**	

13. REPORT HISTORY

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

Report Author: Damien Pantling, Head of Pension Fund

Local Pensions Partnership Investments

Local Pensions Partnership Investments Ltd

Responsible Investment Policy
Annex on Climate Change

1. Introduction

This annex to our Responsible Investment Policy explains our climate change beliefs and describes our approach to understanding and managing the risks and opportunities climate change presents for the portfolios we manage on behalf of clients.

2. Our Climate Change Beliefs

Climate change poses a long-term and material financial risk to client portfolios. It has the potential to impact value across all the asset classes we invest in globally, but the route scale and timing of this impact is both complex and uncertain.

Climate change is a systemic risk which arises from the physical effects of sustained changes in weather patterns due to global warming and from human interventions to mitigate and manage these changes by adapting to new circumstances through regulation, technological innovation, or other cultural shifts.

Climate change will impact companies globally. It has the potential to destroy value where business risks are not being recognised and integrated into effective strategic planning but also presents opportunities for value creation where products and services can be developed which solve problems and meet societal needs.

The scope, dimensions, materiality and long-term significance of climate change as an investment issue merit specific attention as part of our Responsible Investment approach and the processes we develop to implement this in practice. Aiming to align our stewardship with the objectives of the Paris Agreement, we have set the goal of achieving net zero portfolio emissions by 2050 in partnership with our client pension funds. In November 2021 we signed the Institutional Investors Group on Climate Change (IIGCC) Net Zero Asset Manager Commitment which forms part of the IIGCC Net Zero (1.5°C) Investment Framework.

3. Our Climate Change Beliefs Translated into Practice

Our ultimate objective is to be able to identify, quantify, measure, act, monitor and report to clients on our management of climate change risk on their behalf. This is a significant undertaking with numerous challenges, and we recognise that we remain at an early stage of an ongoing task to evolve our capabilities, access insightful data, set appropriate measures and monitor and report on our progress. The implementation of our net zero commitment will expand the range of measures we need to take (for which planning is underway) but the steps already in place and the areas we have identified for further development are briefly set out below.

Investment Selection & Portfolio Monitoring

Our approach to asset selection (for internally managed assets) and to manager selection and monitoring (for assets managed by external managers) is built around detailed risk analysis and an up-to-date understanding of context as part of due diligence. This approach suits the complexity and multi-dimensional nature of climate change and the challenge it poses for strategy integration.

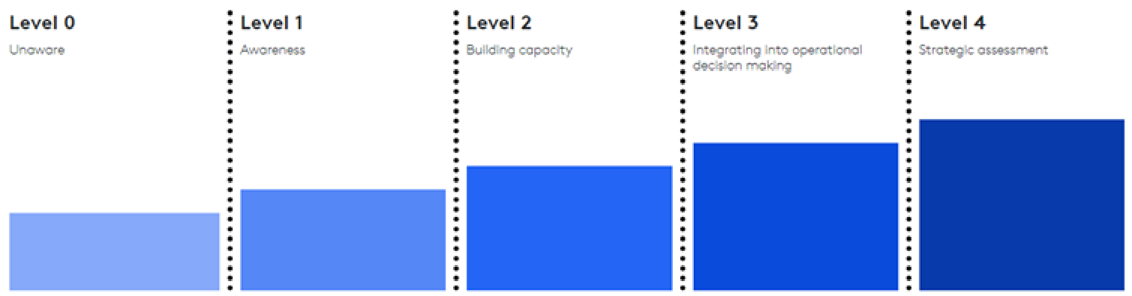
Our starting point is to ensure managers share our beliefs and have the capabilities to meet our requirements. In appointing third party managers we routinely assess their approach to responsible investment and the integration of environmental, social and corporate governance (ESG) factors. Our 'Manager ESG Rating approach' incorporates a detailed Due Diligence Questionnaire which includes specific questions on assessing, monitoring and reporting on climate change. Questionnaire responses inform our detailed selection and appointment process.

Identifying the risks client portfolios face from climate change requires quantitative measurement along with qualitative interpretation. Measurement and monitoring require information. We are continually seeking data and tools to help us to assess the position of individual companies and support our evaluation of the aggregate position at headline level. Use of tools such as Transition Pathway Initiative (TPI) aids our assessment of companies and informs our ongoing dialogue with managers around their own evaluation of the climate change risks their portfolios encompass. Our main focus to date has been on listed equities where information is most readily available, but learning gained here is informing the more challenging (and ongoing) task of assessing the position of wider asset classes.

Our objective is to understand the preparedness of investee companies for the transition to a low carbon economy, support companies which are managing the risks and opportunities on behalf of shareholders and challenge those which are not. Our scrutiny and challenge are based on a consistent measure. We use data from CDP and the TPI to ensure our review of the position of our listed equities investments is referenced against external measures of corporate progress in the planning and management of climate-related business risks. The TPI toolkit is publicly available, refreshed annually and accessible to all managers without the

Transition Pathway Initiative (TPI) – Management Quality Stairway

Companies are assessed to one of 5 levels based on their position in relation to the recognition and management of transition risks. Standard questions are posed and are answered using publicly available data.



need to subscribe to a proprietary data system. We are a long-term supporter and Strategic Asset Owner Partner to the TPI.

We are also utilising data on greenhouse gas emissions to understand the position of different sectors and companies and determine the alignment of our Global Equities Fund with a below 2°C[1] pathway in order to reference our position relative to the goals of the Paris Agreement. We will be developing this methodology further and expanding it to more asset classes as the market for scenario analysis develops. This will generate a more complete picture of the alignment with, as well as resilience of, our portfolio to a below 2°C world.

We recognise that whilst all companies may ultimately be impacted by climate change, some sectors face greater risks due to their emissions intensity or involvement in traditional energy production based on fossil fuels which will need to be significantly curtailed to meet global emissions reduction targets. At a sectoral level, we have identified thermal coal extraction as a particular focus of risk. Coal is the most carbon intensive fossil fuel and the traditional energy source most likely to face declining demand in the face of rising renewable output at a reducing cost. As a consequence, we took the decision (in 2019) to cease investing in thermal coal extraction across our portfolio by progressively divesting existing holdings and placing an exclusion on further investments in this sector[2]. This approach is in line with protecting the long-term financial interests of all clients but presents challenges within private markets if pooled funds lack the facility to exclude sectors, reducing product choice. Our objective is to avoid new (future) exposure to thermal coal via exclusion whilst monitoring and managing existing exposures out of the portfolio over time where this is achievable without significant financial detriment.

Our net zero commitment (November 2021) has tightened our focus on the obligations of asset ownership and the importance of deploying stewardship resources for greatest influence. This has prompted a decision to exclude extractive fossil fuel companies from our Global Equities Fund by the end of 2021.[3] This step is an acknowledgement that the sector is not a natural match for the Fund's enduring quality bias and consumes stewardship resources disproportionate to the small exposure we might select to own long-term and the limited scope for shareholder influence this offers. Removing what has historically been a relatively small opportunity set for our Global Equities Fund will allow attention to move to a broader range of sectors impacted by transition risk and required to decarbonise. We will be considering our position on extractive fossil fuel companies within other asset classes as part of our net zero strategy development. Our approach will consider implementation routes for fulfilling our commitment to stewardship supportive of real-world decarbonisation which contributes to the acceleration of a market-wide transition aligned with the goals of the Paris Agreement.

Going forwards, we will continue to use the TPI as a measurement tool to assess carbon intensive companies and as a signal for engagement priorities with delegate managers.

[1] Under the Paris Agreement (December 2015) countries agreed to work to limit global temperature rise to well below 2°C.The IIGCC Net Zero Investment Framework (Aug 2020) supports investors to plan for net zero emissions by 2050, an ambition aligned with limiting global warming to 1.5°C above pre-industrial levels.
[2]Companies within GICS 10102050 (Coal & Consumable Fuels)
[3]Companies within extractive fossil fuel industries are defined as those within:

- GICS 10101010 (Oil & Gas Drilling)
- GICS 10102010 (Integrated Oil and Gas)
- GICS 10102020 (Oil and Gas Exploration and Production)

Active Ownership (Voting and Engagement)

Our commitment to encouraging good corporate governance through our ownership activities includes a specific focus on climate related issues for investee companies.

Our shareholder voting approach explicitly identifies all upcoming resolutions on environmental themes. In appropriate circumstances we will support resolutions which encourage companies to recognise, evaluate, adapt to and report on climate related business risks and opportunities, or which urge them to evolve their current approach where further development is warranted. This is in line with our Shareholder Voting Policy which recognises the responsibility of asset owners to monitor and engage with investee companies in order to protect value.

Our Shareholder Voting Guidelines provide further clarity on our decision making with regards to our Shareholder Voting Policy. As part of this, we identify effective management of climate change as a priority engagement theme and provide further details on the steps we take if we believe minimum standards, such as TPI scores or alignment of targets and trajectories to the Paris Agreement, are not being met.

As part of our engagement approach, LPPI is networked with a range of organisations working on climate related agendas. These include the Principles for Responsible Investment, the Institutional Investor Group on Climate Change, the Transition Pathway Initiative and Climate Action 100+. Our interactions with these groups inform our thinking and provide opportunities to support collective initiatives which encourage companies to address climate change related business risks and report transparently on their efforts.

We support the recommendations of the FSB's Taskforce on Climate Related Financial Disclosure which identified that inadequate corporate reporting creates significant information gaps which prevent investors from evaluating the quality of climate change governance by investee companies. We encourage investee companies to develop their reporting in line with the disclosures outlined by the TCFD.

We also recognise that TCFD recommendations on enhanced reporting extend to investors and Asset Managers. As part of the evolution of our approach to climate change we reported for the first time against the TCFD disclosure requirements in 2019 on a voluntary basis. We will continue to strengthen our alignment with the TCFD and related regulations and work towards providing enhanced reporting on our activities going forward.

To ensure the continuing effectiveness of our approach to addressing climate change as part of our commitment to Responsible Investment our Stewardship Committee will review this annex to our Responsible Investment Policy on an annual basis and will update it to reflect changes in approach and further progress.

For Professional Clients in the UK Only

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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 2021 plus insights on current and emerging issues for client pension funds.

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

Key takeaways for the period:

- In Q4 2021 LPPI voted on 96% company proposals, supporting 89% of these.
- Investments in Brown sectors (extraction, transportation, storage, supply, and generation of energy from fossil fuels) are 1.10% of the portfolio.
- Investments in Green sectors (renewable energy generation, clean technology, and decarbonising activities) are 3.52% of the portfolio.
- LPPI's first Net Zero update is to confirm the appointment of Chronos Sustainability as our Net Zero consultant.
- The annual emissions snapshot for the LPPI Global Equities Fund, has confirmed a further reduction in the carbon intensity for the portfolio, compared with the same point in 2020. The intensity is also well below that of the fund's benchmark (MSCI ACWI)[R].
- The Climate Change Annex to LPPI's Responsible Investment Policy has been updated and is available from the LPPI website.

2. RI Dashboard – portfolio characteristics

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

As an enhancement, LPPI has developed and added a new section to the end of the RI Dashboard this quarter. The new Client Guide aims to assist the interpretation of metrics presented and is in response to feedback from clients that readers would benefit from additional context and explanation. We welcome comments on the new section piloted in the Q4 2021 Dashboard and feedback on ways it can be further enhanced.

Asset class metrics (*Dashboard pages 1 & 2*) offer insights on the composition of the portfolio and its general characteristics. See the summary for Q4 2021 outlined below.

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

Sector Breakdown

Categorised by GICS[R] the largest sectoral exposures for the Global Equity Fund (GEF) are Information Tech. (27%), Consumer Staples (15%), and Industrials (12%).

Comparing the GEF with its benchmark (MSCI ACWI)[R] gives insight into how sector exposures for the fund differ from a global market index. The length of each horizontal bar indicates by how much exposures differ in total (+ or –) compared with the benchmark, which is the outcome of active managers making stock selection decisions rather than passively buying an index.

Top 10 Positions

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

In Q4 2021 Microsoft remains the largest holding in the GEF. Nestlé and Visa remain in the top three as the second and third largest holdings in the GEF respectively. Accenture, Colgate-Palmolive, Starbucks, and Pepsi's positions remained unchanged (4th, 5th, 6th, and 7th respectively) between Q3 and Q4. Below the top 7 holdings, Costco moved up 2 positions, to 8th largest holding whilst Alphabet and Experian (8th and 9th in Q3) replaced by Apple and Adobe to become 9th and 10th.

Portfolio ESG Score

The GEF's Portfolio ESG score has increased from 5.3 to 5.4 between Q3 and Q4. In the same period the equivalent score for the benchmark increased from 5.1 to 5.2.

Transition Pathway Initiative (TPI)

Monitoring against TPI[R] Management Quality ratings confirms the GEF continues its relatively low exposure to highly carbon intensive activities with minimal changes in ratings since Q3. By value, the coverage of the GEF represented within the globally high emitting companies under TPI assessment remains unchanged from Q3, at 12%.

The number of GEF companies in scope of TPI scoring has decreased by 2 since Q3 2021, changing from 24 to 22.

Of the 22 companies in TPI scope:

- 97% (by value) are rated TPI 3 and above – demonstrably integrating climate change into their operational planning (TPI3) and into their strategic planning (TPI 4). This is up from 90% in Q3 2021, which is a reflection of three companies TPI scores being re-evaluated and improving to TPI 3.
- 4 companies are scored below TPI 3 and are under monitoring.

The Real-World Outcomes section of the dashboard features examples of socially positive investments and this quarter the focus is on Listed Equity. Pages 6-8 share information on a selection of investments within the Berkshire Fund portfolio which are developing solutions in large, small and mid-cap companies.

Other asset classes (Dashboard p2)

Private Equity

Sector and geographical exposures remained unchanged to those reported in Q3 2021. The portfolio continued to have a strong presence in Sweden (34%) and the largest sector exposure continued to be Health Care (47%).

Infrastructure

The geographical exposures to UK based Infrastructure slightly decreased, moving from 47% exposure in Q3 to 43% in Q4. The largest sectoral exposure remained in Traditional Energy, Renewable Energy, Waste, which makes up 37% of the portfolio.

Real Estate

Sector and geographical exposures remained similar to those reported in Q3 2021. The portfolio continued to be largely deployed in the UK, with 71% assets here. The largest sectoral exposure continued to be Industrial assets, making up 29% of the portfolio.

Green & Brown Exposures

As reported for the first time in Q2 2021, LPPI has conducted analysis to identify exposure to Green and Brown activities within the RCBPF portfolio. We will continue to refine and evolve our methodology over time.

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

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

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

Compared with Q3 2021, Brown exposure has decreased from 1.31% to 1.10%. The biggest contributor was the removal of two extractive fossil fuel assets within the GEF. However, this was slightly offset by the addition of 'Brown' assets identified as part of a recent audit (Q4 2021), located within existing pooled funds (Infrastructure and Private Equity). Growth in the value of RCBPF's Fund (as the denominator) between Q3 and Q4, also contributed to the overall reduction in the proportion of Brown assets.

Compared with Q3 2021, Green exposure has increased from 3.12% to 3.52% of the portfolio. The biggest influence on the improved coverage is the overall value of the assets identified as Green, predominantly from a net asset valuation uplift for the Infrastructure assets.

Investments in renewable energy generation from Wind, Solar, Hydro, and Waste make up 50% of total Green exposure, and 94% of Green exposure is via Infrastructure assets.

Certain asset classes and investments lend themselves well to classification of their respective economic activities against our agreed definition of 'Green and Brown', such as Listed Equities and Infrastructure. For example, it is relatively straightforward to assess the economic activity of a windfarm or an oil pipeline, but other investments may present challenges in classification. Within Real Estate, there is no clear consensus on Green and Brown classification, with multiple classifications, reporting frameworks and certifications; each potentially providing a different stance on what may be considered Green or Brown. Moreover, there are also difficulties to classify an asset which on the face of it may have no obvious links to fossil fuel activities, such as a residential building within Real Estate, and thus could not be compared with other asset classes. For other asset classes, such as Credit and Diversifying Strategies, there are challenges in obtaining the level of granular data required to classify an exposure as Green or Brown. As the industry as a whole evolves in practices and reporting we will continue our development to provide as much transparency as possible of The Fund's portfolio.

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 approach to RI at Local Pensions Partnership Investments Ltd (LPPI). Ongoing stewardship activities by LPPI include portfolio and manager monitoring and the exercise of ownership responsibilities via shareholder voting, and engagement.

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

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

Full details of all shareholder voting by LPPI are publicly available from the LPP website within quarterly shareholder voting reports.

The period 1st October - 31st December 2021 encompassed 50 meetings and 337 resolutions voted. LPPI voted at 96% meetings where GEF shares entitled participation. The shortfall reflects an issue under investigation involving interactions in the voting chain between LPPI's proxy voting services provider and local sub-custodian regarding entitlement to vote.

Company Proposals
LPPI supported 89% of company proposals in the period.

Voting against management concentrated on:

- the election of directors (addressing individual director issues, overall board independence, and over-boarding), 43% of votes against company proposals.
- non-salary compensation (addressing inadequate disclosure of underlying performance criteria, use of discretion, and the quantum of proposed rewards), 27% of votes against company proposals.
- the support of shareholder resolutions, covering topics including climate change, human rights, diversity, and political lobbying (23%).

Case Study – Directors Related

- LPPI voted against eight directors across four companies due to a lack of Board independence. At Groupe Bruxelles Lambert (Belgium: Multi-Sector Holdings) for example, LPPI voted against one director nominee due to the lack of overall Board independence. Result: 33.8% Against. No other vote results disclosed.

- At The Estee Lauder Companies Inc. (USA: Personal Products), LPPI withheld support for one director nominee due to over-boarding. Result: 9.2% Against.

- At Guoco Group Limited (Hong Kong: Industrial Conglomerates), LPPI voted against the Chair of the Nomination Committee due to the lack of gender diversity on the Board. Result: 0.4% Against.

Case Study – Non-Salary Compensation

- At Nike (USA: Footwear), LPPI voted against the say on pay. This was due to factors including a significant portion of long-term incentives that were not performance-related (and undesirable metrics for the portion that was), and excessive awards. Result: 28.1% Against.

- At Medtronic (Ireland: Health Care Equipment), LPPI voted against the say on pay. This was due to changes in the long-term incentive plan (LTIP), alongside the additional complexity introduced. Result: 9.7% Against.

Shareholder Proposals

- At Autozone (USA: Automotive Retail), LPPI supported the shareholder resolution requesting the company introduce reporting on short and long-term greenhouse gas emissions reductions targets in line with the Paris Agreement[R]. The vote passed with 70.4% support.

- At Microsoft (USA: Systems Software), LPPI supported a shareholder resolution requesting the company release a transparency report detailing the effectiveness of workplace sexual harassment policies. The vote passed with 78.0% support.

- At Nike (USA: Footwear), LPPI supported a shareholder resolution requesting more comprehensive information regarding their political contributions. The vote resolution did not pass but received support of 30.5%. LPPI also supported a shareholder resolution at Nike requesting the company publish a human rights impact assessment examining the actual and potential impacts of its cotton sourcing. The resolution received support of 27.7%.

Shareholder Engagement

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

LPPI's engagement partner Robeco has completed a fifth full quarter of engagement activity. The RI Dashboard (page 4) presents engagement headlines for the quarter which confirm the Robeco Active Ownership Team undertook 73 activities in total, and the predominant focus (by topic) was Environmental Management.

Page 5 of the Dashboard summarises the status of each live engagement theme (as it stood at the end of Q4 2021).

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

Each quarter, we provide further insights into live themes underway by the Robeco Active Ownership Team, this quarter we share insights on focus themes in the year ahead.

Robeco Active Ownership: new engagement themes for 2022

Each year in Q4, Robeco clients submit engagement priorities and suggestions to inform new themes for the year ahead. These suggestions are aggregated and presented at the annual client panel for further discussion. The four new engagement themes for 2022 are below and will be rolled out across the year.

Net Zero Emissions
Net Zero commitments of asset owners and asset managers require increased climate coverage. This engagement theme will be an expansion of the Net Zero Emission engagement theme launched in 2020, focussing on high carbon emitting companies that are lagging in their transition to net zero.

Natural Resource Management
Water and waste are critical factors that influence environmental stability. Environmental regulation is rapidly increasing for both corporates and investors. This engagement theme will focus on companies that face environmental issues such as seabed and land mining, PFAS emissions, water scarcity, agrochemical waste and plastic waste.

Diversity, Equity, and Inclusion
Companies play a crucial role in creating diverse, equitable and inclusive (DEI) workplaces through their human capital strategy. The theme will aim to improve embedding DEI in companies' human capital strategies. Companies will be expected to set clear targets to strengthen DEI practices and outcomes. Further, companies will be expected to measure and disclose meaningful data and outcomes related to workforce composition, promotion, recruitment, retention rates and equity pay practices.

Nature Action 100
25% of all species on Earth are at risk of extinction by 2050. This engagement will be part of a global collaborative engagement program, building on the lessons learned from Climate

Action 100[R]. The focus of the engagement will be on terrestrial, fresh water and marine biomes. Dependencies and potential impact on biodiversity, such as deforestation, overfishing and pollution will be assessed. The Nature Action 100 governance structure is currently under negotiation and aims to build on the Nature benchmark of the World Benchmarking Alliance.

4. 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 2021.

Net Zero by 2050 Update

In partnership with our client pension funds, LPPI has set the goal of achieving Net Zero portfolio emissions by 2050. In November 2021 we signed the Institutional Investors Group on Climate Change (IIGCC)[R] Net Zero Asset Manager Commitment, which forms part of the IIGCC Net Zero (1.5°C) Investment Framework (NZIF). We will be collaborating with and are well placed to learn from partners, peers and industry leaders through our participation in this IIGCC initiative. More information about this is available from the LPPI website.

The IIGCC 1.5°C framework will inform LPPI's approach to aligning the portfolio we manage with the goals of the Paris Agreement whilst remaining focussed on sustainable investment outcomes for client pension funds. As our Net Zero analysis and planning evolve, we will keep client funds updated and share insights into the actions we are taking, and the progress being made.

Our first update is to confirm LPPI's appointment of Chronos Sustainability as our Net Zero consultant. Chronos will be providing advice, support, and practical assistance for developing LPPI's Net Zero route map and an implementation plan for the initial steps of a long-term pathway towards Net Zero portfolio emissions by 2050.

30% Club

During 2021, the 30% Club[R] expanded its focus to include ethnic diversity in addition to gender diversity. To mark the launch of the new approach, the 30% Club set out a statement on race equity which was originally intended for publication in November 2021. LPPI provided feedback during the drafting process and have been added as signatories to the final statement as members of the 30% Club. The statement will now be published in February 2022 and contains the following targets for 2023:

- *Beyond 30% representation of women on all FTSE 350 boards, including one person of colour.*
- *Beyond 30% representation of women on all FTSE 350 Executive Committees, including one person of colour.*
- *Beyond 30% of all new FTSE 350 Chair appointments to go to women between 2020 and 2023.*

The statement also advocates for a number of actions at UK listed companies including better data collection and disclosure of the ethnic make-up of workforces and action plans to reduce race based inequalities. Signatories to the letter commit to actively engage with board Chairs, nomination committees and executive teams on the issue of racial inequality. Additionally, where insufficient progress is made against targets, 30% Club members will consider voting against the re-election of board directors beginning in 2022.

These commitments are reflective of our existing engagement priorities outlined in our Shareholder Voting Guidelines and align with our ongoing work as investor signatories of the WDI and Asset Owner Diversity Charter.

Workforce Disclosure Initiative

LPPI is an investor signatory for the Workforce Disclosure Initiative (WDI), an investor collaboration platform which seeks to enhance corporate management of workforce issues through increased transparency. At the start of the 2021 engagement cycle, LPPI identified five target companies as priorities to respond to the WDI annual survey and coordinated with other investor signatories to lead a letter campaign to encourage participation for two of these targets. Following engagement, four out of the five target companies responded to the survey providing us with enhanced insights on their workforce management.

5. Other News and Insights

Letter to LGPS Chairs – Occupied Palestine

In December 2021 the LGPS Scheme Advisory Board (SAB) discussed a letter sent to all LGPS Pension Fund Chairs in November 2021 by Michael Lynk, United Nations Special Rapporteur on the Palestinian Territories, which asks a number of questions of LGPS funds regarding their investments. The minutes of the SAB meeting held on 13th December 2021 confirmed the Board was liaising with the Local Authority Pension Fund Forum (LAPFF) regarding a response and would organise a call with Mr Lynk to take place in the early new year.

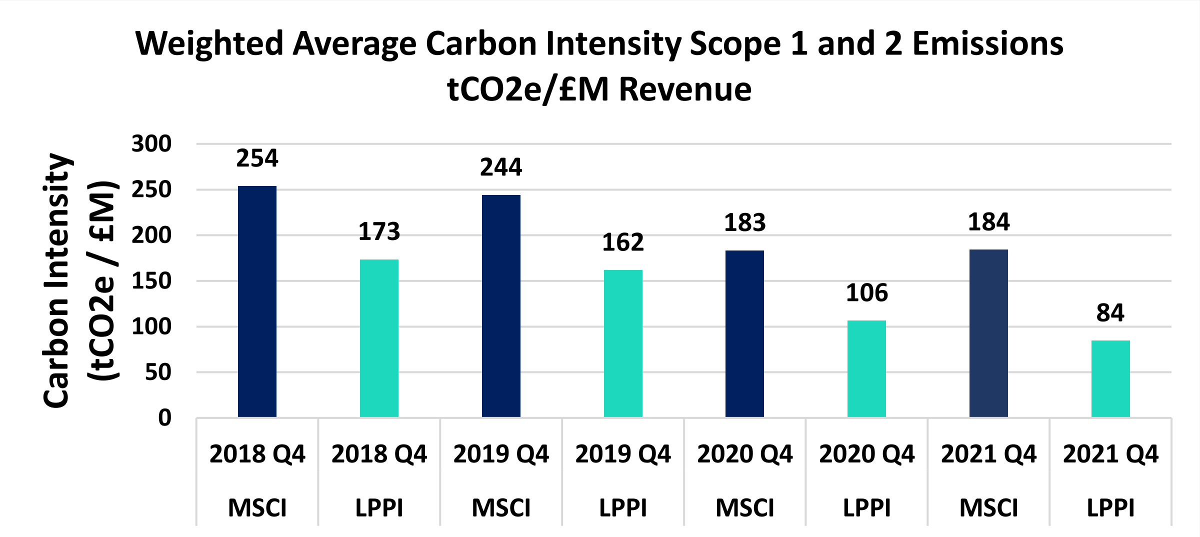
The involvement and mediation of the SAB and LAPFF are helpful given LPGS funds are facing targeted divestment lobbying whilst simultaneously awaiting details of new legislation from the UK Government “to stop public bodies from imposing their own approach or views about international relations, through preventing boycott, divestment or sanctions campaigns against foreign countries” (The Queens Speech 2021 - 11 May 2021, page 151).

GEF Carbon Footprint Analysis

LPPI reviews the carbon intensity of the Global Equity Fund at 31st December each year. The annual snapshot exercise, based on available and modelled data, has confirmed a further reduction in the carbon intensity of the fund compared with the same point in 2020 and an intensity well below that of the fund’s benchmark (MSCI ACWI)[R].

Graph 1 below shows the position using a revenue measure (gross carbon emissions divided by total revenues for Global Equities Fund (GEF) companies) and includes scope 1 and 2 emissions[R].

Graph 1



Note: In calculating these numbers the following are to be considered when reconciling against other LPPI reporting:

- exclusion of cash,
- exclusion of a position in SPDR [Materials exposure] – a physical gold position, which the data provider currently is wrongly assuming as a traditional materials position from a carbon intensity point of view,
- potential rounding effects.

LPPI

Roughly 2/3 of LPPI's drop in scope 1 + 2 portfolio carbon intensity is from Utilities and Industrials sectors. For Industrials, the portfolio as at year end consisted of companies with 50% lower scope 1 + 2 intensity than the previous year. This was due to general churn of the portfolio, where three companies that collectively made up 45% of the previous years' sector carbon intensity were removed. For Utilities, it was a reduction of exposure by 1 percentage point, dropping from 2.5% in 2020 Q4 to 1.5% 2021 Q4.

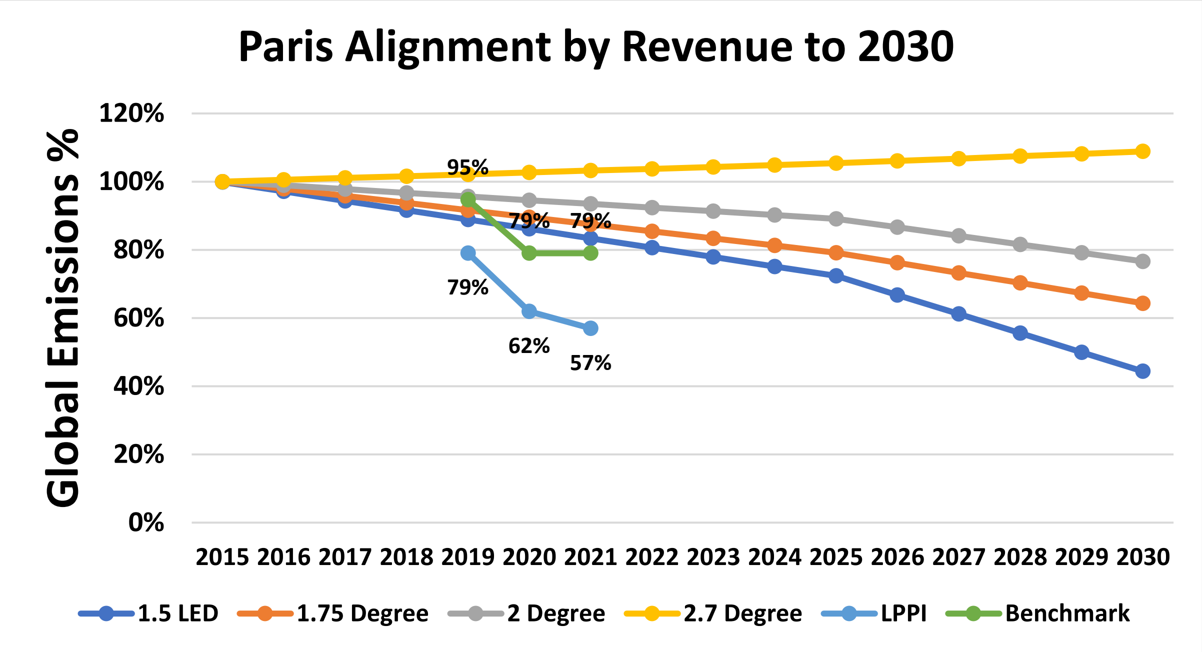
Other noteworthy drivers of the decreased portfolio carbon intensity were from Materials and Energy sectors. In both sectors there was a reduction in exposure; 0.5 percentage point drop to 1.2% overall for Materials and a 0.2 percentage point drop to 0.4% overall in Energy. The reduction of carbon intensity in Energy was due to the removal of two extractive fossil fuel companies from the portfolio, which previously made up 41% of the sector emissions.

MSCI

Our benchmark (MSCI ACWI) had a slight increase in scope 1 + 2 portfolio carbon intensity, which was mainly from Energy and Industrials. For Energy, it was the combination of an increase in sector intensity by 5.7% (an increase of 25 tCO2e / 1M USD revenue) and a sector weight increase of 0.4 percentage points, from 3.0% to 3.4%. For Industrials, it was the increase in sector carbon intensity by 17.5% (an increase of 18.3 tCO2e / 1M USD revenue). Utilities was the most noteworthy driver to a reduction in portfolio carbon intensity, with the sector weight reducing by 0.1 percentage points, a decrease from 3.0% to 2.9%.

In prior years we have shared an additional metric (from our provider of carbon metrics - Urgentem) which plots the GEF's carbon intensity against decarbonisation pathways for different global temperature outcomes by 2050. Graph 2 shows the latest position for this metric using a revenue intensity based measure (portfolio gross carbon emissions divided by portfolio revenue). It reflects scope 1, 2 and 3 emissions[R].

Graph 2



The graph observes that portfolio carbon intensity continued to fall between 2019, 2020 and 2021 for LPPI, indicating a current position beneath the trajectory for achieving the Paris Agreement goal of well below 2°c.

We caution that this complicated metric involves numerous assumptions and has material limitations we fully acknowledge.

In common with other investors, we await the development of robust market-standards for assessing portfolio alignment with the Paris Agreement, which are based on universally accepted, understandable, and decision-useful metrics.

Climate Change Annex Update

The Climate Change Annex to LPPI's Responsible Investment Policy has been updated. Available from the LPPI website, the refreshed document:

- records LPPI's commitment to the goal of Net Zero portfolio emission by 2050 in partnership with our client pension funds,
- confirms the exclusion of extractive fossil fuel companies from the LPPI Global Equities Fund (GEF) from 31 December 2021,
- reflects that climate change management is a priority theme within LPPI's Shareholder Voting Guidelines (published August 2021) and is considered in reaching voting decisions.

The decision to exclude extractive fossil fuels from the GEF is pragmatic. Our Net Zero commitment involves supporting real world decarbonisation by 2050 through encouraging all companies and sectors to transition over time. In practice, resource constraints impose limitations which will require engagement to be prioritised to financially material considerations and the likelihood for positive outcomes. Within the GEF, extractive fossil fuel companies are not a natural fit meaning small positions, conveying limited influence, but with challenging pathways to net zero.

TCFD Update

In previous reports we have highlighted the phased introduction of mandatory TCFD[R] reporting requirements for occupational pension schemes and asset managers. As it pertains to LPPI, the FCA has now issued its final rules for the implementation of climate change disclosure within an updated ESG Factbook. This commits LPPI to publish FCA aligned entity and, where relevant, product level TCFD reports by June 2024.

However, the consultation by the Department for Levelling up, Housing and Communities (previously MHCLG) on how these regulations will be translated for the LGPS has been delayed until the first half of 2022. On publication of the consultation, LPPI and its clients will still have 12 weeks to consider the proposals and provide a response if desired.

LPPI's Annual Report on RI and Stewardship 2020/21

As reported last quarter, LPPI has produced an Annual Report on Responsible Investment and Stewardship 2020/21 which offers a detailed account of our activities. Both the full report and a shorter highlights report are now available from the RI section of the LPPI 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

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

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.

30% Club

The 30% Club is a campaign group of business chairpersons and CEOs taking action to increase gender diversity on boards and senior management teams. It was established in the United Kingdom in 2010 with the aim of achieving a minimum of 30% female representation on the boards of FTSE 100 companies.

IIGCC

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

MSCI ACWI - MSCI All Country World Index

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

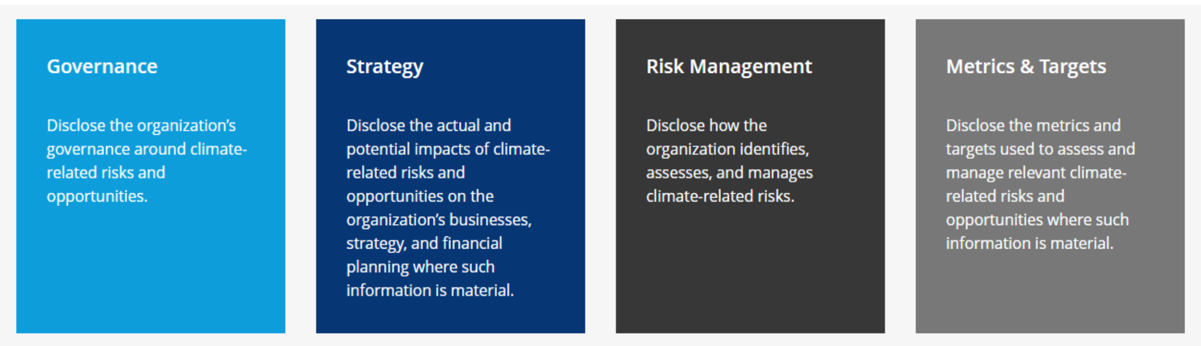
MSCI - **Morgan Stanley Capital International**

A global index provider.

TCFD - Taskforce on Climate Related Financial Disclosure

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

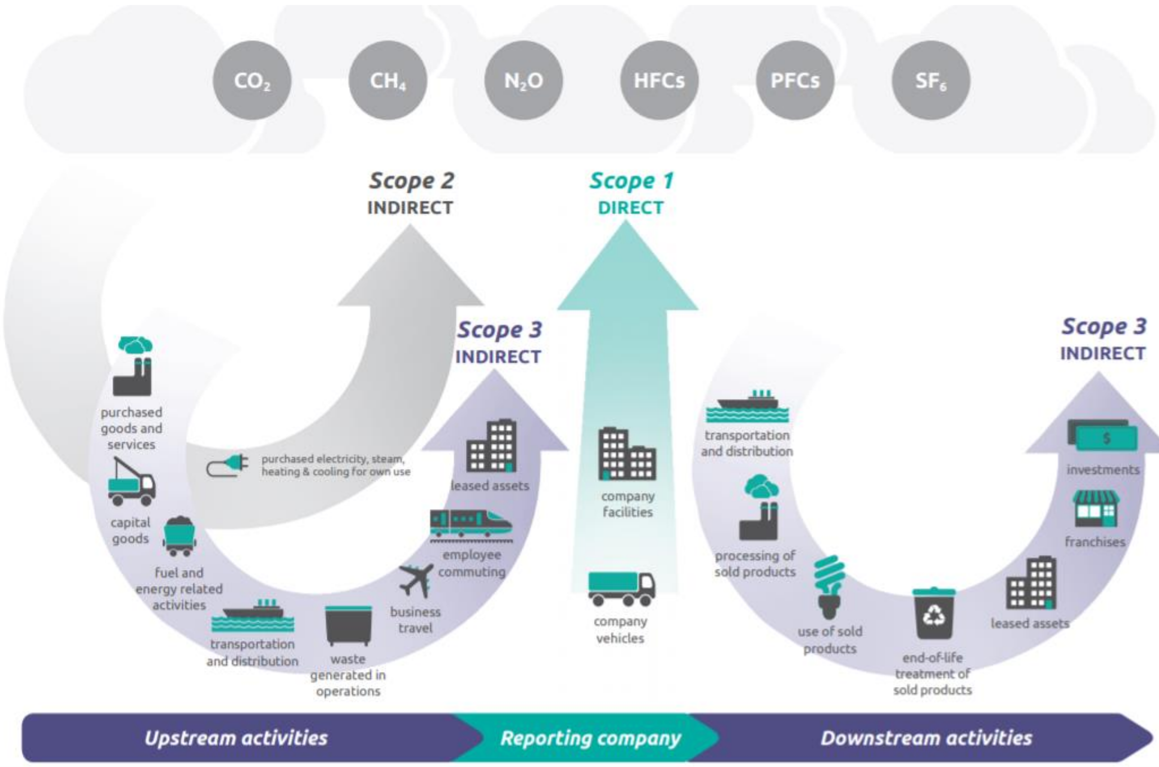
Recommendations include annual disclosure under 4 pillars:



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

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

Scope 1, 2 & 3 Emissions



Source: [GGH Protocol]

Scope 1 covers direct **emissions** from owned or controlled sources.
Scope 2 covers indirect **emissions** from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.
Scope 3 includes all other indirect **emissions** that occur in a company's value chain.

Responsible Investment Dashboard Q4 2021

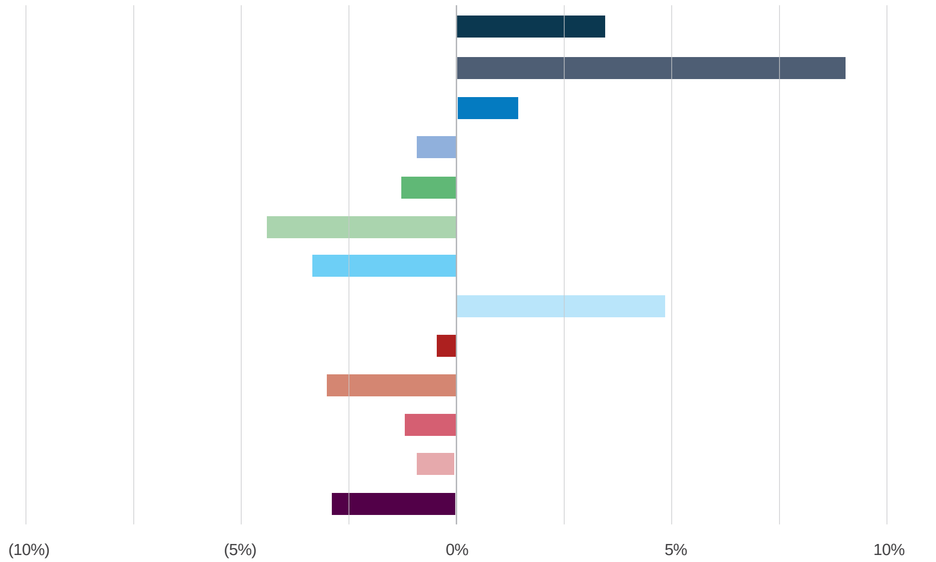
1. Portfolio Insights

Listed Equities (LPPI Global Equities Fund)

Sector breakdown (%)

Information Technology	26.8
Consumer Staples	15.4
Industrials	12.1
Financials	11.9
Consumer Discretionary	10.1
Health Care	6.9
Communications Services	5.6
Cash	4.9
Real Estate	1.9
Materials	1.3
Utilities	1.3
Others	1.0
Energy	0.7

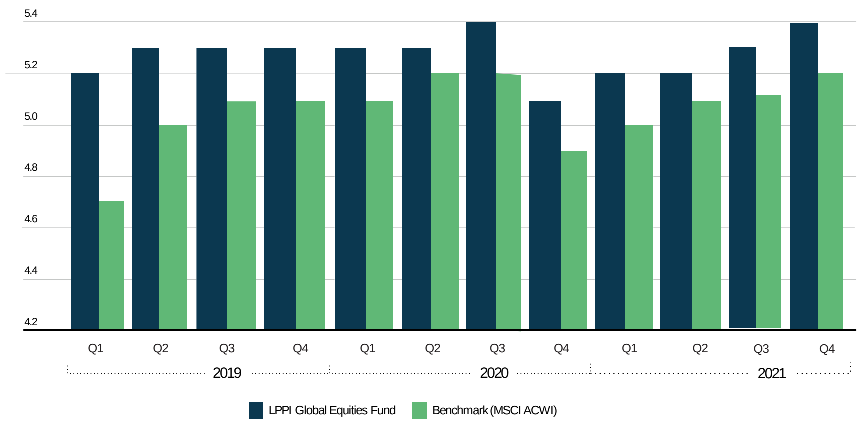
LPPI Global Equities Fund sector weights vs MSCI ACWI ND



Top 10 positions

	Portfolio (%)
1. Microsoft	4.5
2. Nestle	3.4
3. Visa	2.8
4. Accenture	2.6
5. Colgate-Palmolive	2.3
6. Starbucks	2.1
7. Pepsico	2.0
8. Costco	1.6
9. Apple	1.6
10. Adobe	1.5

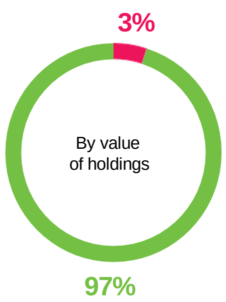
Portfolio ESG Score (MSCI ESG Metrics)

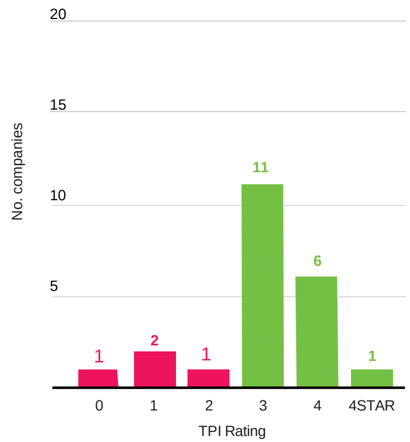


Transition Pathway Initiative – Management Quality Headlines

11.7%

GEF covered by TPI analysis (Q4 2021)





TPI Management Quality Rankings

1 - Unaware
2 - Aware
3 - Building capacity
4 - Integrated into operational decisions
5 - Strategic assessment

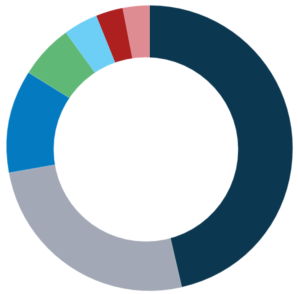
Responsible Investment Dashboard Q4 2021

1. Portfolio Insights

Other asset classes

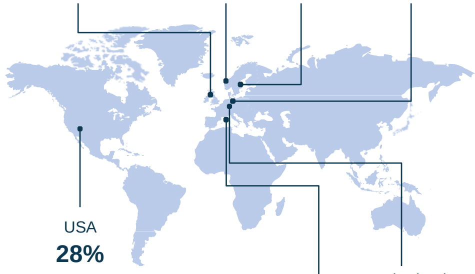
Private Equity

Industry Breakdown (%)



- Healthcare. 47
- IT 26
- Industrials 12
- Consumer Discretionary 6
- Financials 4
- Remaining industries 3
- Consumer Staples 3

Region Breakdown (%)



Real Estate (LPPI Real Estate Fund)

Sector Breakdown (NAV %)

- Industrial 29
- Office 20
- Residential 18
- Retail 11
- Agriculture 10
- Other 10

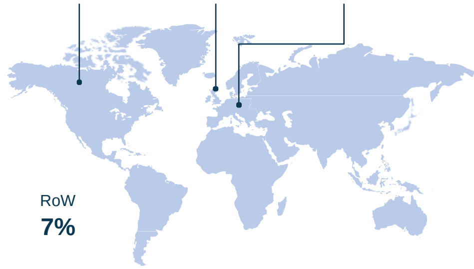
Geographical Exposure (NAV %)

Infrastructure (LPPI Global Infrastructure Fund)

Industry Breakdown (%)

- Traditional Energy, Renewable Energy, Waste 37
- Transport & Distribution 23
- Regulated Assets 17
- Social (incl PFI) 13
- Other 11

Region Breakdown (%)



Green & Brown Exposure

Green

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

3.52% of portfolio

- Green Bonds 0.07%
- Private Equity 0.13%
- Infrastructure 3.32%
- Public Markets 0.07%
- Private Markets 3.46%

1.78% Renewable Energy Generation

- Solar 0.31%
- Wind 1.16%
- Hydro 0.10%
- Other 0.20%

1.75% Other "Green"

- Clean Tech funds 0.51%
- Decarbonisation 1.23%

Brown

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

1.10% of portfolio

- Listed Equity 0.20%
- Fixed Income 0.05%
- Private Equity 0.30%
- Infrastructure 0.55%
- Public Markets 0.25%
- Private Markets 0.85%

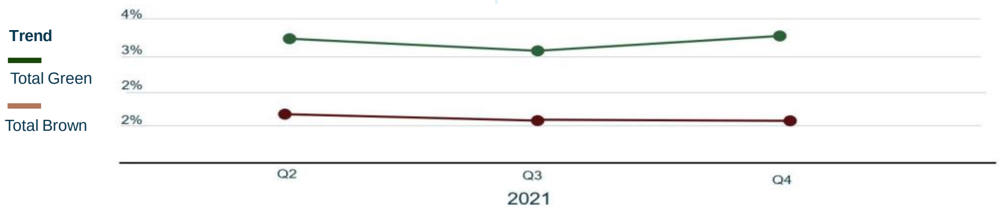
0.95% Energy

- Upstream 0.27%
- Midstream 0.13%
- Downstream 0.34%
- Integrated 0.21%

0.15% Generation

- Electricity Generation 0.15%

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 continually endeavour to provide clients with the greatest picture of exposure possible.

Responsible Investment Dashboard Q4 2021

2. Stewardship Headlines

Shareholder Voting

Shareholder Voting Statistics (LPPI Global Equity Fund)

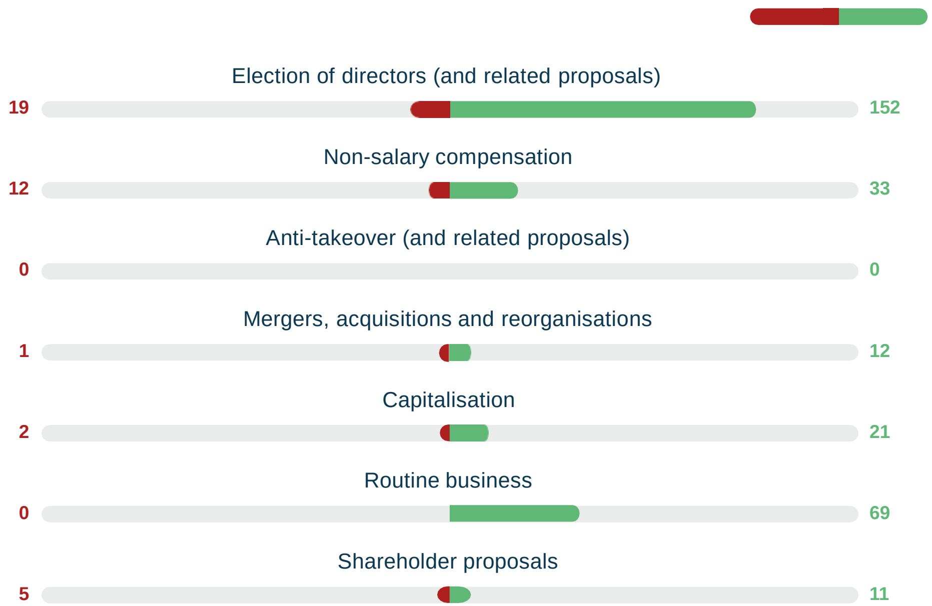
Headlines

		Supported 89%	Supported 69%	
48	337	321	16	38%
Meetings Voted	Proposals Voted	Company Proposals	Shareholders Proposals	Meetings with a vote against Management

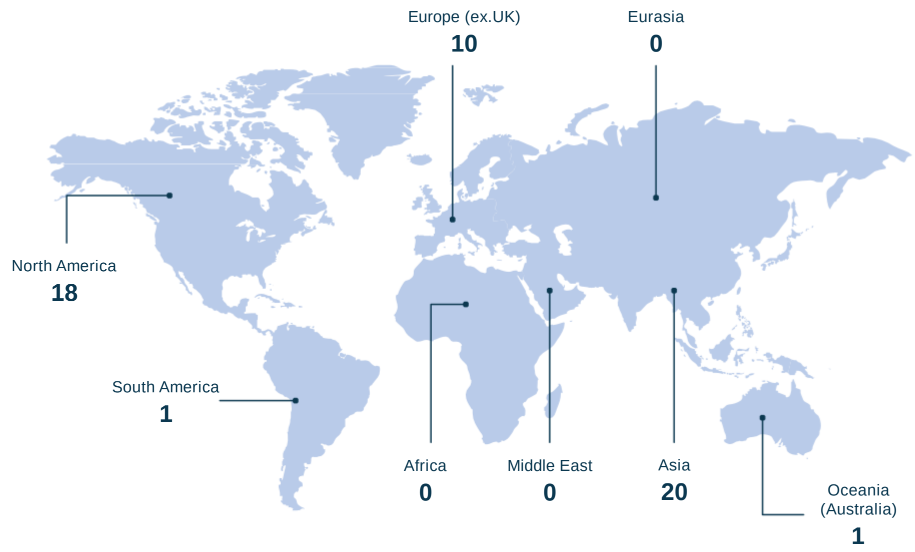
Votes Against Management (By theme)

- Election of directors (and related proposals) 19
- Non-salary compensation 12
- Shareholder resolutions 10
- Capitalisation 2
- Mergers, acquisitions and reorganisations 1
- Anti-takeover (and related proposals) 0
- Routine business 0

Voting (By Theme)



Voting (By Region)*



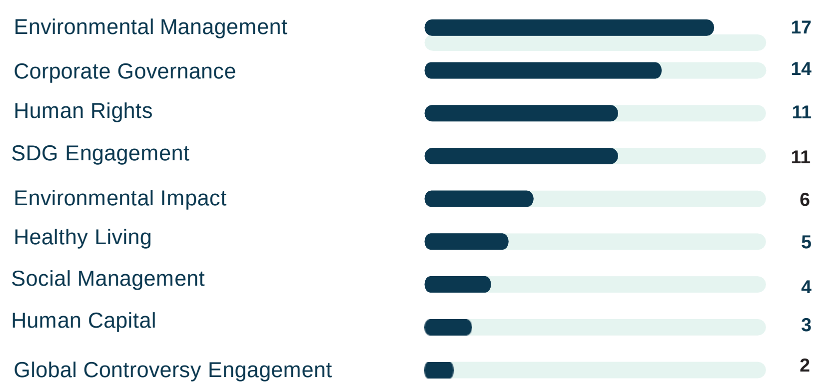
*Total votable meetings

Responsible Investment Dashboard Q4 2021

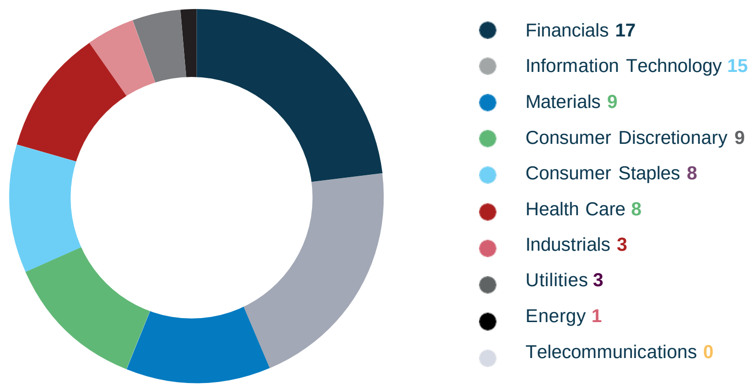
2. Stewardship Headlines

Engagement (Public Markets)

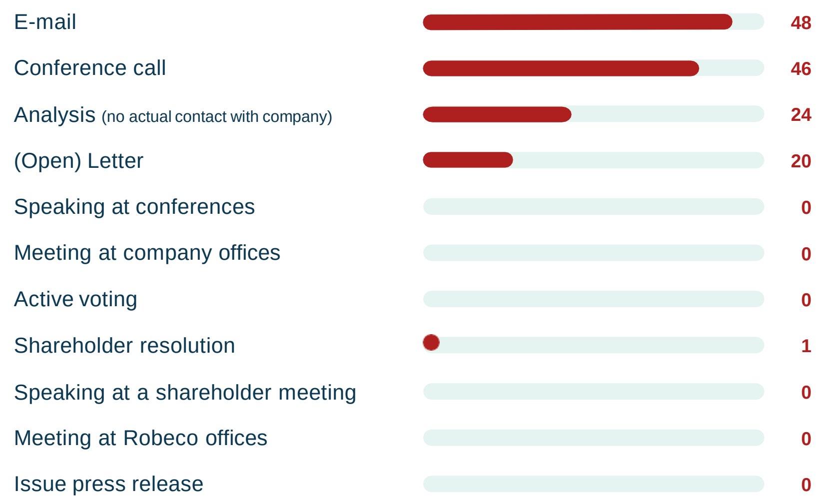
Activity (by Topic)



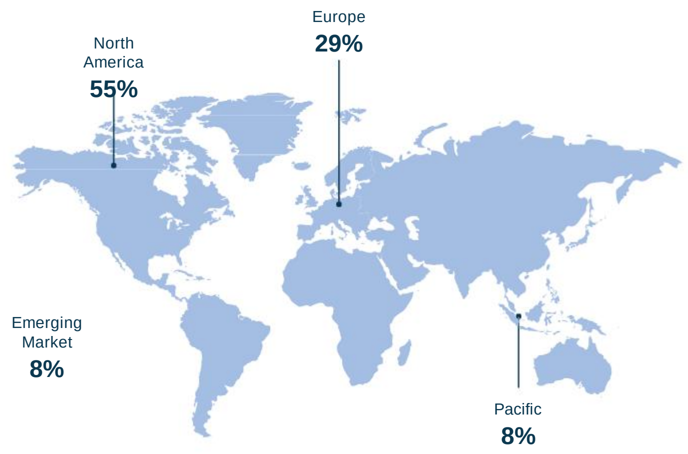
Activity (by Sector)



Activity (by Method)



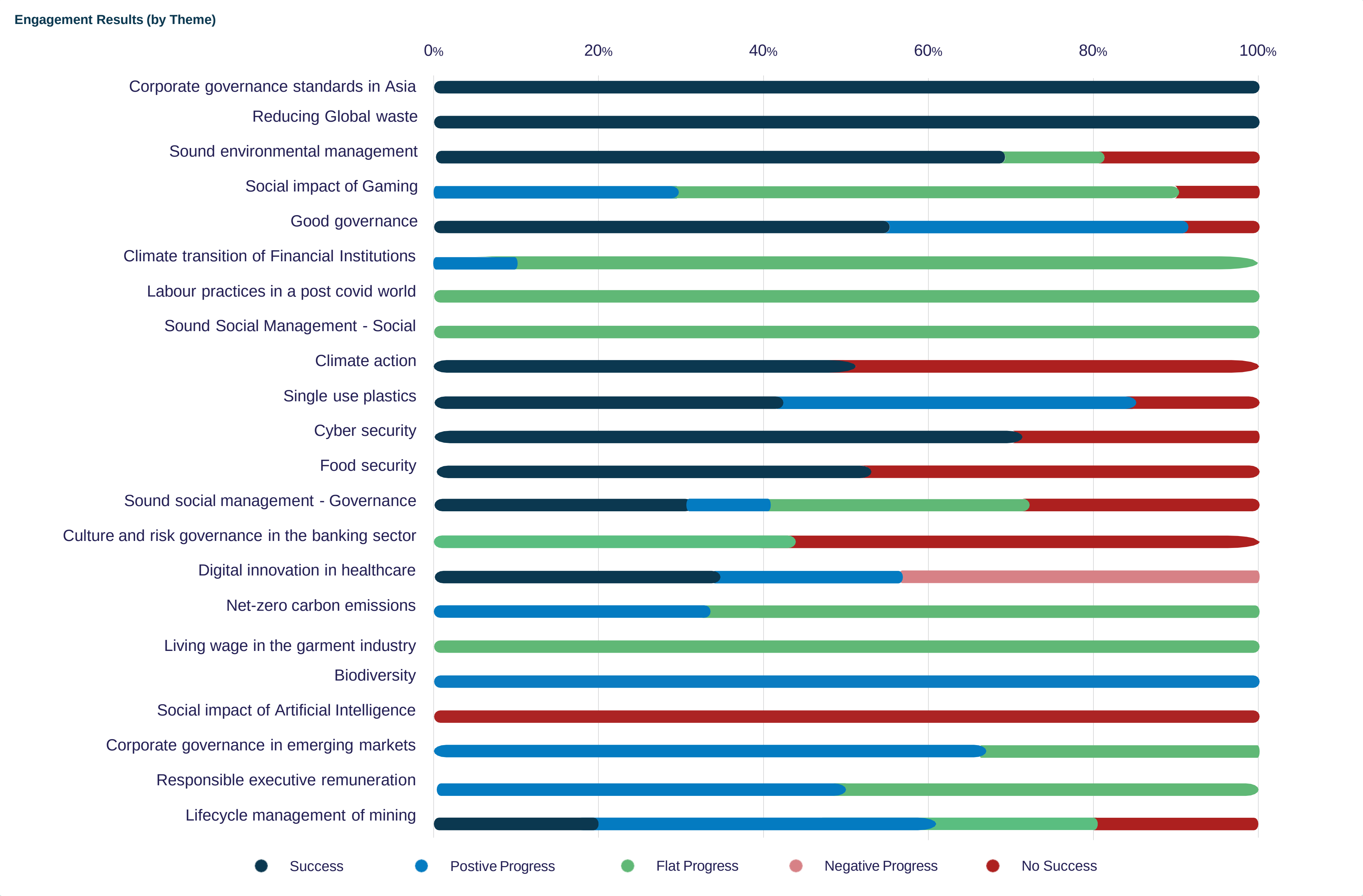
Activity (by Region) (%)



Source: Robeco Active Ownership Report Q4 2021

Responsible Investment Dashboard Q4 2021

Engagement (Public Markets)



COSTCO WHOLESALE

Costco globally operates warehouses through a membership model, offering competitive prices on a limited selection of brands and private label products across fresh and non-perishable food, apparel, pharmaceuticals, electronics, and other appliances.

The company encourages a unique corporate culture that relies, in part, on treating its employees better than the retail industry as a whole and offering them meaningful work in a variety of ways.

This translates into:

- superior levels of employee engagement/satisfaction
- higher customer service
- happier customers
- therefore, higher revenues and profits for the company

7% p.a.

employee turnover averages

Employee turnover averages c.7% p.a., compared to c.50% for the broader retail industry. 60% of employees have been at the firm for 5+ years, 30% for 6-10 years and 10% for over 25 years.

$23

average hourly wage

The company pays an average hourly wage of $23, versus an average c.$13 equivalent in the wider retail industry – or $17 at Walmart. In 2019 the company increased its minimum wage to $14-15, on a par with Amazon and more than double the federal minimum of $7.25.

90%

eligible for medical cover

90% of employees are eligible for medical cover, compared to 60% for the industry, while eligible hourly staff also receive 401k contri-butions and twice-yearly bonuses.

Focus on career development

There is a clear focus on career development and policy of promoting from within, to the extent that 70% of warehouse managers began in hourly positions, while direct warehouse experience is mandatory for head office staff.

abcam

Abcam produces high quality protein research tools and is one of the world's largest suppliers of research grade antibodies, biochemicals, proteins and peptides.

Antibodies play a vital role in biomedical research, and are seen as the gold standard for detecting, quantifying, and modifying proteins in scientific research experiments.

In doing so they help advance the global understanding of biology and causes of disease, leading to scientific breakthroughs in the development of medicines and treatments.

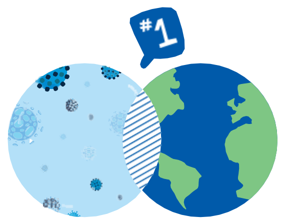
The global pharmaceutical industry continues to face several productivity challenges, which Abcam's products are designed to address:

- From 2010-2019, the cost of bringing a new drug to market almost doubled, while the average project length increased from 9.7 years in the 1990s to 10-15 years in the 2010s.
- Avoidable Experiment Expenditure (AEE) is a significant source of unnecessary spend and effort, with an estimated $17bn lost annually in avoidable experiment R&D expenditure. Low quality antibodies are cited as the key reason for this, due to specificity and batch to batch variability.

750,000

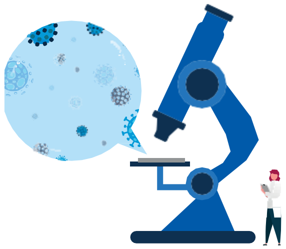
research scientist customers

The company serves **c.750,000 research scientist customers globally** (covering an estimated 2/3rds of global life science researchers).



#1 global company for antibodies

The company was cited as the number one company for research antibodies globally in 2019 (according to life sciences data firm CiteAb), with over half of all life science papers published in the year citing use of an Abcam product.



>450

validated antibodies

Abcam supplies >450 antibodies validated for use on third-party platforms or for diagnostic use.

Largest antibody contributor

The company has been **independently verified as the largest antibody contributor** to peer-reviewed publications in research into Alzheimer's disease.

www.abcam.com

Masimo

Masimo is a global medical technology firm that develops, manufactures, and sells a variety of non-invasive monitoring technologies. The company's mission is to improve patient outcomes and reduce cost of care through non-invasive monitoring.

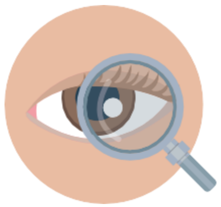
Masimo's core product, the Single Extraction Technology (SET) pulse oximetry, is the industry standard for measuring oxygen saturation levels (how quickly the body is delivering oxygen to the body's tissues) in the blood.

Oxygen saturation is a standard patient vital sign measurement, as it can provide early warning of conditions such as hyperoxemia, which can result in organ damage and even death in extreme instances. This technology is highly trusted by clinicians to safely monitor c.100m patients p.a. for use in everything from ICUs and surgical suites to long term care facilities and home use.

17/20

hospital choice

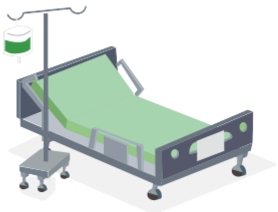
Masimo was chosen as the primary pulse oximeter technology by **17/20 hospitals listed on the US News & World Report Best Hospitals Honour Roll** (for 2017/2018).



> 50%

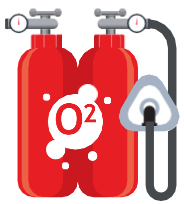
cut rates of retinopathy

In studies of premature babies, use of Masimo's SET has been shown to **cut rates of retinopathy** (disease of the retina) **by more than 50%**.



Annual savings

Studies have shown that a typical **250 bed hospital could save between $315k and $2.4m annually** by using Masimo's technology, compared to rival offerings.



Helping through COVID

It also became clear during the pandemic that oxygen saturation was a predictive measure of higher mortality amongst patients hospitalized with COVID-19, **further increasing the relevance of Masimo's products**.

www.masimo.co.uk

Portfolio Insights (Pages 1 - 2)

Sector Breakdown (%)

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

GEF Sector Weights

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

Top 10 Positions

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

Portfolio ESG Score

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

Portfolio Insights (Pages 1 - 2)

Transition Pathway Initiative (TPI) Headlines

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

Private Market Asset Classes

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

Green & Brown

- These metrics indicate the Pension Fund's total portfolio exposure (%) to green and brown assets. Current coverage extends to: Listed Equity, Fixed Income, Green Bonds, Private Equity, and Infrastructure.
- These are further broken down into their sectors/activities related to green and brown.

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.

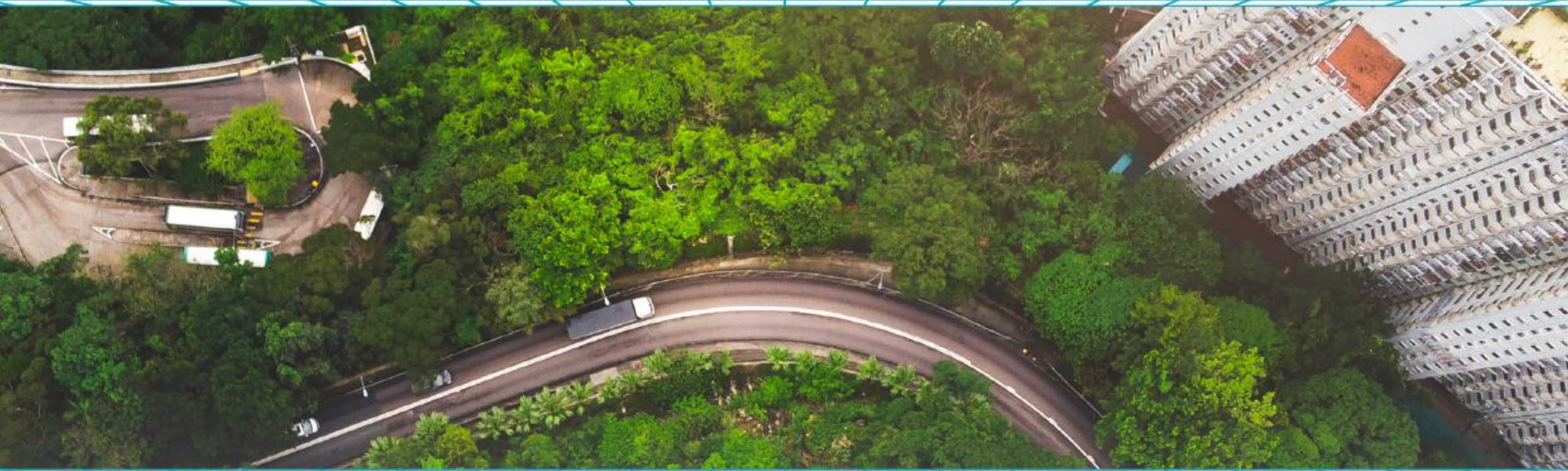
Engagement (Puplic Markets)

- 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.
- This section outlines the engagement activities undertaken in the public markets by topic, sector, method, and region (indicating the number of companies engaged / geographical distribution).
- "Activity by method" summarises engagements by category / method and can include multiple inputs from the same company.
- The updated Robeco Active Ownership report summarises our engagement activities for the quarter and breaks them down into sub-sectors, where they are rated on success/progress (shown as a %).
- Page 9 of the Robeco stewardship policy outlines further details of their process: https://www.robeco.com/docm/docu-robeco-stewardship-policy.pdf

Real World Outcomes (Pages 6 - 8)

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

ROBECO
The Investment Engineers



ACTIVE OWNERSHIP REPORT

ROBECO | 01.10.2021 - 31.12.2021

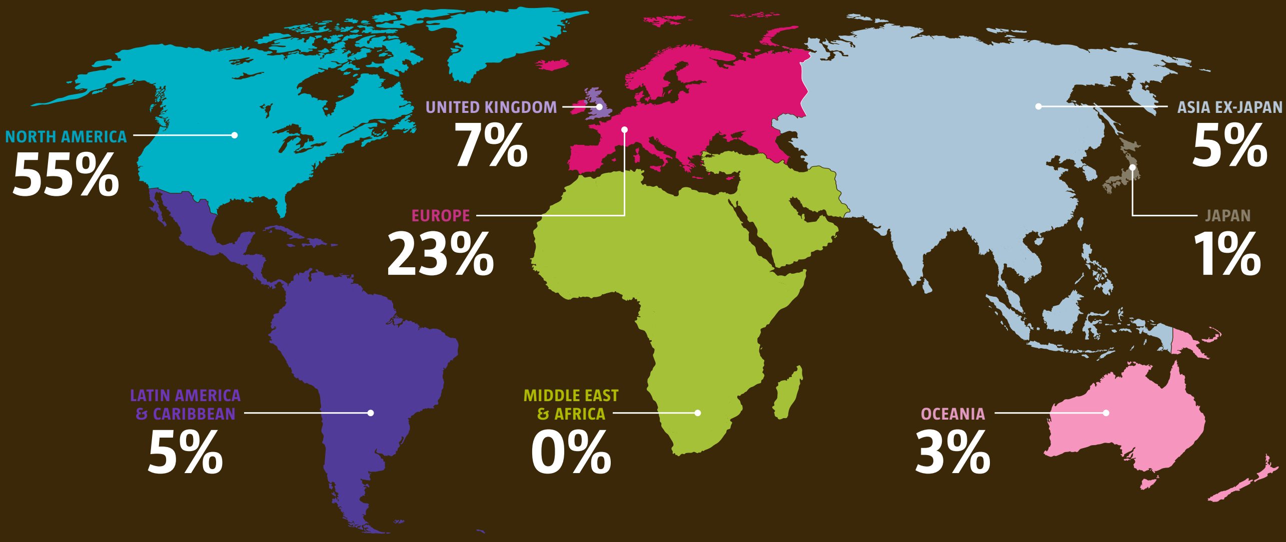
Q4
2021

LPP
Local Pensions Partnership Investments

Sustainable Investing Expertise by ROBECOSAM

Q4|21 FIGURES ENGAGEMENT

Engagement activities by region



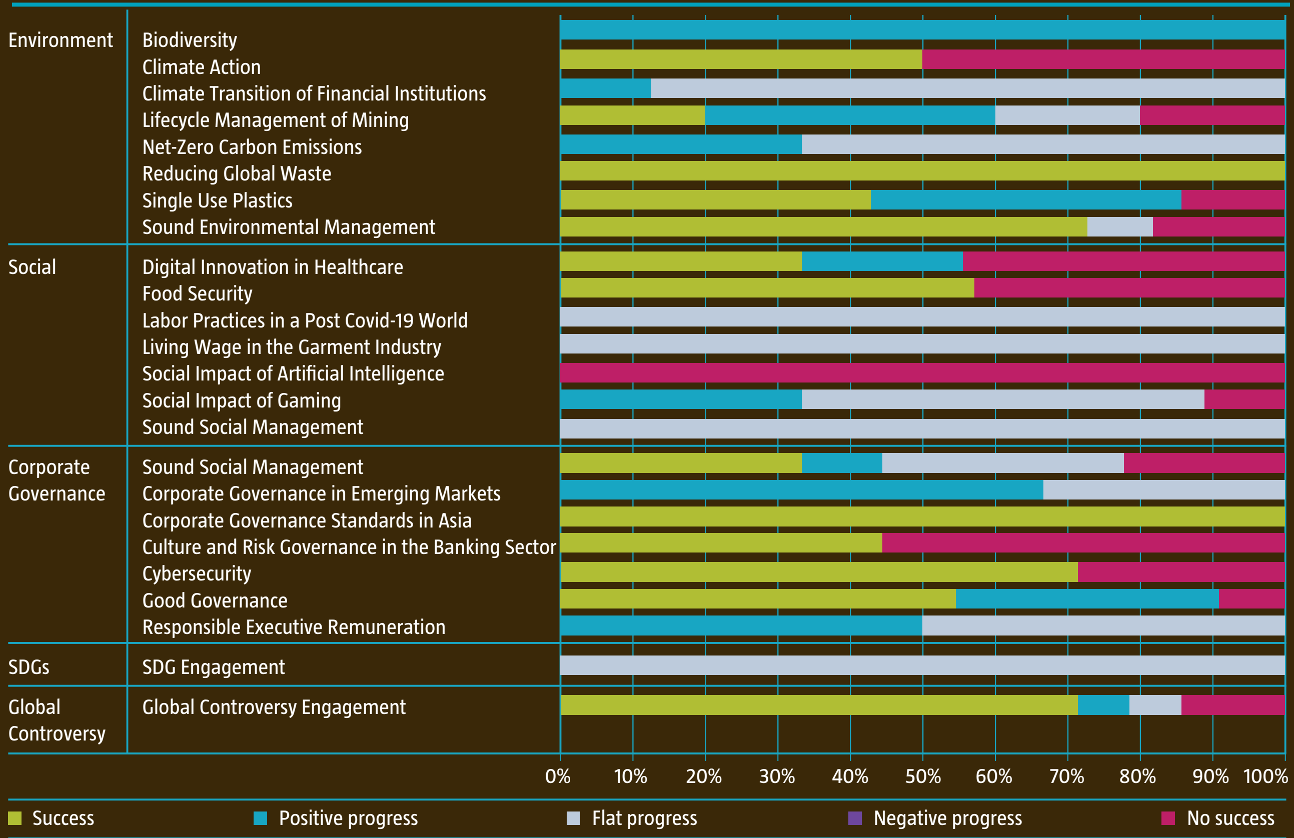
Number of engagement cases by topic

	Q1	Q2	Q3	Q4	YTD
Environment	25	17	8	23	35
Social	18	24	15	23	33
Corporate Governance	9	12	8	14	18
SDGs	-	-	2	11	12
Global Controversy	1	4	3	2	4
Total	53	57	36	73	102

Number of engagement activities per contact type

	Q1	Q2	Q3	Q4	YTD
Meeting	-	1	0	0	1
Conference call	34	38	23	46	144
Written correspondence	37	49	20	68	174
Shareholder resolution	1	0	0	1	2
Analysis	19	9	4	24	56
Other	2	4	0	0	7
Total	93	101	47	139	384

Progress per theme



CONTENTS

INTRODUCTION

Over the last quarter of 2021, we saw a strong collective effort to protect our climate and biodiversity, not only at Robeco but across the world. Companies and governments set new, ambitious goals to reduce their environmental impact during the 26th UN Climate Change Conference (COP26) held in November. Leading up to COP26, Robeco launched its Net Zero roadmap, paving the way to decarbonizing all its assets under management by 2050. Engagement lies at the core of our climate change strategy, reflecting the importance that we attribute to active ownership.

Despite recently expanded commitments, doubts remain whether companies are equipped to sufficiently limit global warming. In our new 'Acceleration to Paris' engagement theme, Robeco focuses on the climate laggards and largest emitters within our investment universe in order to help them ramp up their decarbonization efforts. In light of the urgency of taking action, failure to make progress can be regarded as a breach of global standards, with escalation or even exclusion as potential consequence.

Besides the growing importance that we attach to climate change, we want to stop to reflect on some of our ongoing and concluding engagements. On the social front, we have closed our engagement efforts tackling the payment of living wages across the garment supply chain, an industry in which poverty pay levels and strong power inequalities are common. During the engagement, we followed fashion brands as they took concrete action to address the issue, from integrating living wage definitions into their policies and adopting responsible purchasing practices, to offering transparent grievance mechanisms across their supply chains.

Meanwhile, on the governance side, we concluded our engagement with the financial sector around culture and risk governance. Financial institutions are exposed to numerous governance-related risks, some reaching as far as money laundering or other financial crimes. Thus, carefully drafted incentive and remuneration policies, in-depth processes around non-financial crimes and strong risk governance are key to building a strong financial sector. Through the engagement, we for instance were able to push for more balanced employee and executive remuneration schemes and learned about the importance of corporate culture in defining risk governance.

While we believe that companies can do much to improve their corporate governance, regulatory action is also required to foster systematic change. We provide an update on our policy engagement with stock exchanges, financial regulators, and related stakeholders across emerging markets, during which we provide them with feedback on their corporate governance standards. This report offers insights into our ongoing dialogue with the Korean Corporate Governance Service, reflecting on South Korea's corporate governance codes and the country's enhanced approach towards environmental and social accountability.

Lastly, we have also updated our enhanced engagement program, focusing on companies involved in severe and structural breaches of the United Nations Global Compact (UNGC) or the OECD Guidelines for Multinational Enterprises. We have strengthened the oversight and decision-making process, with a robust underlying dataset aligned with the UNGC and OECD guidelines and with the establishment of a new Controversial Behavior Committee. This renewed process and enhanced engagements with companies will be led by a dedicated Controversy Engagement Specialist we recently onboarded.

As we move into the new year, we are encouraged by the global movement that is putting environmental and social issues at the forefront of their actions.

Carola van Lamoen
Head of Sustainable Investing

“Much like for the countries, many companies have not substantiated these longer-term targets with credible strategies for how these emissions cuts will be achieved”

ACCELERATION TO PARIS

INTERVIEW WITH NICK SPOONER – *Engagement Specialist*

This quarter we launch Robeco’s new ‘Acceleration to Paris’ engagement theme, recognizing the accelerated action needed to achieve the goals of the Paris agreement. We have analyzed 200 of the largest emitters across our investment universe on their climate-risk and selected the 13 worst performers to enter our climate-focused enhanced engagement program. In this Q&A, Nick Spooner explains Robeco’s refined climate engagement approach and reflects on past successes.

What changes do you see in the policy landscape that have the potential to impact corporate climate commitments?

The 26th UN Climate Change Conference (COP26) has now concluded and there is much to reflect on. While the level of ambition has certainly increased, as governments made more specific pledges and targets to cut emissions to combat global warming, there is still a long way to go. Many countries have yet to set out explicit plans for how they will decarbonize their economies by 45% over the next eight years, consistent with the recommendations of the Intergovernmental Panel on Climate Change (IPCC). One overarching outcome from the conference was the success of the ratcheting mechanism, with many countries coming forward with new net zero targets, and others increasing the level of ambition of their existing targets. This has been enabled by a shared sense of responsibility and the risk that some countries could fall behind and face enhanced policy risks such as carbon border adjustment mechanisms which would negatively impact their export markets.

Are companies reacting to policy changes and implementing net zero strategies?

What is true for countries is true for companies. In the private sector, there has been a rapid increase in the number of net zero targets, with 52% of Climate Action 100+ companies now setting one. However, much like for the countries, many of these companies have not substantiated these longer-term targets with credible strategies for how these emissions cuts will be achieved.

There is also a large set of companies that have yet to set greenhouse gas emission reduction targets or a net zero target. It is these companies that face the most significant transition risks; a lack of targets and policies is likely to act as a proxy for the mismanagement of climate-related risks and opportunities.

How does Robeco plan to address this through the climate engagement program?

Our Acceleration to Paris engagement program focuses on these laggards. A number of companies were identified as the largest emitters within Robeco's investment universe. We used a proprietary system that leverages third-party data sources such as the Climate Action 100+ Net Zero Benchmark to assess the top 200 emitters in the universe.

'WE EXPECT THAT SETTING BOUNDARIES TO THE ENGAGEMENT AND ULTIMATUMS FOR THE COMPANIES IN THEIR PROGRESS INCREASES THE PRESSURE ON THEM AND ALSO CREATES GREATER ACCOUNTABILITY AROUND THE ENGAGEMENT PROCESS.'

NICK SPOONER

In addition to looking at key indicators around climate risk management, we included an additional layer that identifies companies which continue to expand thermal coal power infrastructure, which we deem to be incompatible with the Paris Agreement. Through this analysis, we are able to categorize companies based on their performance and target the worst-performing companies. Each of the companies in the program will be receiving a letter outlining our expectations in managing climate-related risks. Those included within the Acceleration to Paris program will receive a tailored letter to initiate our engagement with them.

For 42% of the companies we assessed, there was insufficient data to accurately score them. This highlights a broader systemic issue related to the insufficient disclosure of material climate information and the need for enhanced regulations mandating the disclosure of climate-related financial risks.

How were companies selected for the program and what is the expectation of them in the engagement strategy?

Of the companies that we were able to fully assess, the 13 that ranked lowest were selected for enhanced engagement. These companies show the lowest level of awareness to climate-related risks and opportunities, creating material risks for investors from the energy transition. As these companies are relative laggards, there is already a proven pathway for them to improve and fall into line with the average sectoral performance.

Something that we also hope to achieve is to promote best practices in managing climate-related risks and opportunities that will create a spill-over effect across sectors and regions. We hope this will enhance the systemic impact of the engagement program.

So, by taking a focused approach to engagement, we aim to improve the relative performance of these companies and contribute to the reduction in real-economy emissions. This is also a core component of Robeco's Net Zero strategy, which targets an average annual emissions reduction from our investments of 7% per year. Our goal is to maximize the amount of emissions that are reduced within our investments through engagement with companies to lower their absolute level of emissions, along with the emissions' intensity.

What happens if there is insufficient progress in the engagement?

In recognition of the urgency of the climate crisis, and the short time left to reduce emissions by 45% by 2030, we have created the Acceleration to Paris program to drive rapid changes in corporate behaviors. The engagement program is designed to last for four years, though we will review its progress at regular intervals to assess whether companies have taken sufficient steps to manage climate-related risks and opportunities.

Should any company be making insufficient progress, we will deploy escalation tactics. We expect that setting boundaries to the engagement and ultimatums for the companies in their progress increases the pressure on them and also creates greater accountability around the engagement process.

We will track progress through company-level indicators, engagement indicators and outcomes, and ultimately establish ways to effectively track changes in the real economy. Our traffic light assessment methodology will evolve over the course of the program to establish a more accurate tracking process that enables benchmarking and reporting of progress on an annual basis.

What other actions will be taken to escalate the engagement?

Escalation tactics include, but are not limited to, voting against management on certain annual meeting agenda items, filing shareholder resolutions, and seeking to elect new board directors who are more willing to make the necessary changes.

We will also be working collaboratively with other shareholders as a 'strength in numbers' collective effort has often proven to be more powerful in effecting change. As the methodology for selecting companies has focused on the largest emitters, there is a significant overlap with the Climate Action 100+ initiative (CA100+), which offers an opportunity for collaboration through this forum. Each of these options will be used on a case-by-case basis depending on the perceived benefit.

How will this build on current climate engagements?

The Acceleration to Paris theme is the third pillar of our broader climate engagement program, the other two being the themes Net Zero Carbon Emissions and Climate Transition of Financial Institutions. The Net Zero Carbon Emissions theme launched in 2020 has seen successful outcomes during Q4 2021, two of which are:

Enel commits to full decarbonization by 2040

Throughout 2021, Robeco has been engaging with Enel with a particular focus on setting long-term targets for its scope 3 emissions from natural gas sales to customers, which represent 23% of total emissions, and a decarbonization strategy for its natural gas generation activities. At its Capital Markets Day on 24 November, Enel committed to fully decarbonizing by 2040, bringing forward its previous net zero target by a decade. In order to meet this target, Enel has committed to generate and sell energy exclusively from renewable sources. The company aims to reach 154 GW of capacity in renewables by 2030, which if achieved would make it the largest renewables operator in the world based on peers' current targets.

The target to reduce scope 3 emissions from Enel's natural gas retail business was an explicit request that Robeco made earlier this year as the investor leading the engagement under the CA100+ initiative. Enel's announcement is therefore a huge step forward and places the company in a genuine leadership position as it transitions to a low-carbon business model.

WEC Energy commits to setting targets on scope 3 emissions

Robeco has been engaging with WEC Energy as a member of CA100+. The coalition identified a significant gap in the company's climate strategy as it lacks targets to reduce scope 3 emissions from the sale of natural gas to customers which represent 50% of total emissions.

After engaging through 2021 without seeing significant progress, CA100+ escalated the dialogue by threatening to file a shareholder resolution. In response, in November 2021 WEC Energy committed to setting targets on scope 3 emissions in 2022. In addition, WEC will produce a progress report prior to the 2023 annual shareholder meeting, issuing annual progress reports thereafter, that disclose goals and strategies relative to Scope 3 emissions from the natural gas distribution business.

Fashion victim: Tackling poverty pay in the apparel sector

LIVING WAGE IN THE GARMENT INDUSTRY

LAURA BOSCH – *Engagement specialist*

This quarter, we concluded our engagement theme focused on advancing the payment of living wages across the global apparel supply chain. While around half of the engagement dialogues were closed successfully, we recognize that structural changes in the industry are needed to systematically advance the payment of living wages across the board.

> **'IF THERE WAS EVER A TIME FOR WORKING TOWARDS A PAYMENT OF LIVING WAGES, IT IS NOW.'**
>
> **LAURA BOSCH**

The poverty rate has reached almost 10% of the global population due to the impact of Covid-19, pushing over 100 million workers into poverty worldwide, and increasing the proportion of the so-called 'working poor'. Poverty pay is one of the most pressing issues for workers worldwide, and it is systemically embedded in the global garment and sportswear industries. Workers' wages represent only a fraction of what consumers pay for their clothes because of deep-rooted structural power dynamics. Governments have kept minimum wages low in a bid to create jobs and boost their economies. As a result, a minimum wage – where it exists as a legally binding standard – is far from sufficient to provide for workers and their families' basic needs. Therefore, paying a living wage is instrumental in the battle against poverty reduction across the globe.

Engagement focus

In 2019, we launched an engagement program focused on advancing the payment of living wages in the global supply chain of the apparel industry. We carried this out through the Platform Living Wage Financials (PLWF), a coalition of 18 financial institutions, using their influence and leverage to engage with their investee companies on this topic. We engaged with nine companies in the industry, ranging from fast fashion retailers to luxury brands. The program focused on how companies uphold the payment of living wages across their strategy; how this is supported by responsible purchasing practices and meaningful industry collaborations; and whether they offered remedies when incidents were identified. After three years of engagement, we have seen some positive progress in the sector which has enabled us to successfully close around half of the cases.

Stepping stones towards living wages

While brands are laying out more comprehensive strategies on labor practices across their supply chain, there is still limited evidence of living wages actually being paid in sourcing countries. Over time, most of the companies under engagement have adopted references to living wages across their policies, yet only a handful lay out a strategic plan on how to accelerate the payment of living wages in their supply chain. Without a robust corporate ambition to close the gap between actual wages and living wage estimates, it is challenging to allocate sufficient corporate resources towards this goal.

We have noted progress in the companies' efforts to collect data on the wage levels paid across their supply chains, and to compare those against living wage benchmarks. Although few companies disclose the figures and findings from these assessments, we recognize that conducting this wage gap analysis does represent a significant step forward. These insights allow brands to clearly identify where wide wage gaps are located, enabling them to factor in this information in their decision-making process, such as in sourcing strategies and purchasing practices.

Living wages for workers can be achieved through sector-wide collaborations promoting collective bargaining at the industry level, and by adopting responsible purchasing practices. Several companies in our engagement program showcased positive progress in these two areas, yet there are limited disclosures on how these initiatives contribute to driving wage improvements on the ground. For instance, most brands participate in multi-stakeholder initiatives promoting decent work across their supply chains. However, few brands take ownership of these partnerships by disclosing their outcomes, and whether they contributed to closing the wage gap.

Looking forward

While the payment of living wages will remain on corporates' agenda for the years to come, there are other pressing issues haunting the industry in the midterm. China is the world's largest producer of yarn, textiles and apparel, as well as the second-largest producer of cotton worldwide, with a significant degree of vertical supply chain integration. Allegations of forced labor involving minority communities in the Chinese region of Xinjiang have exposed the supply chains of apparel companies to these risks. We will continue our engagement with apparel companies in our newly launched 'Enhanced Human Rights Due Diligence' engagement theme, focusing on companies' sourcing strategies and efforts to prevent human rights violations in their supply chains.

Regulation is a key piece of the puzzle when it comes to getting fashion companies to take responsibility for global labor issues. The expected EU mandatory environmental and human rights due diligence legislation will steer companies towards respecting and adhering to human rights. Though living wages will not be an explicit reporting element, accurate due diligence will naturally allow for it to be assessed as a salient risk. This legislation is expected to include liability and enforcement mechanisms, as well as access to remedy provisions for victims of corporate abuse.

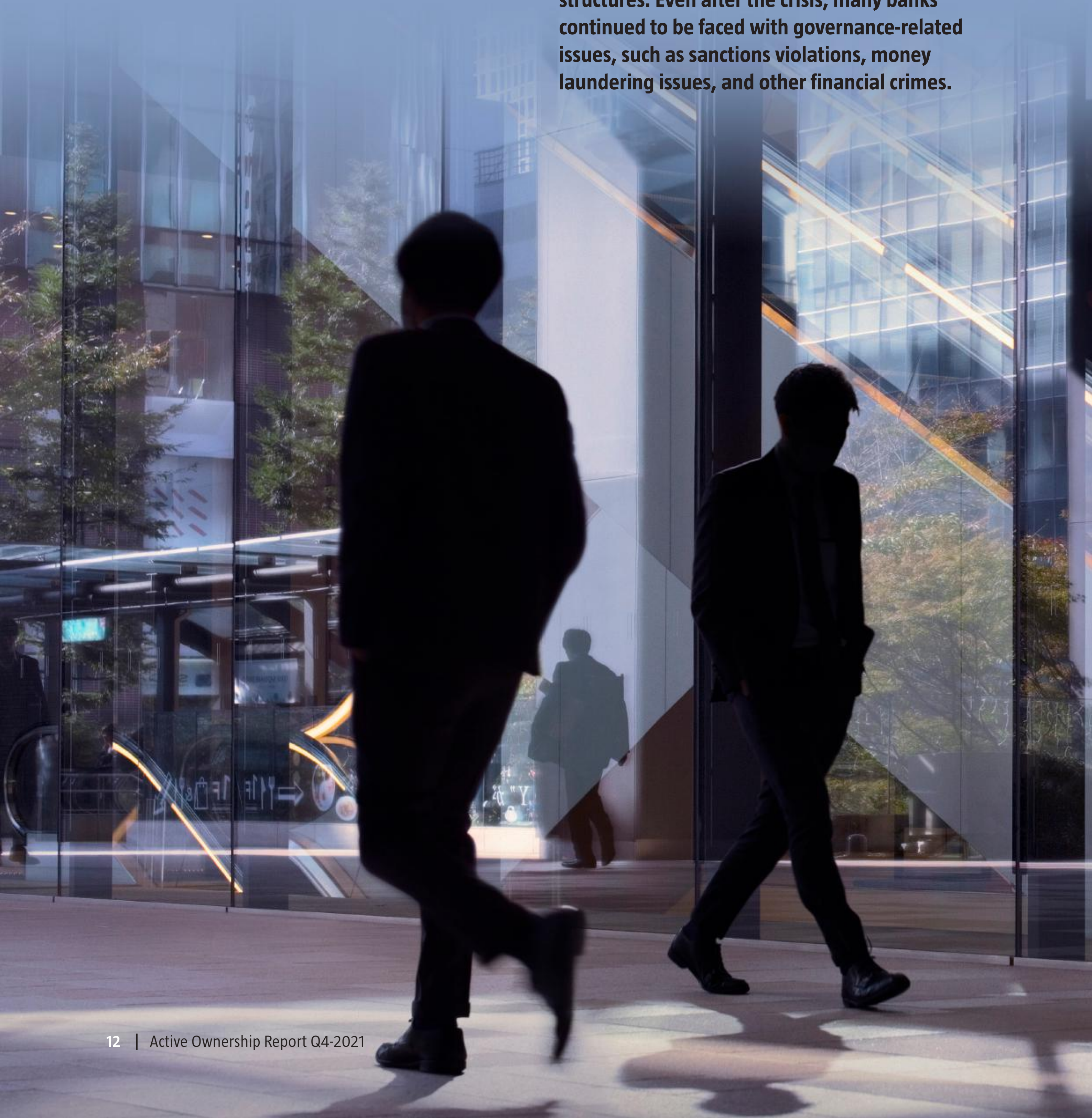
Lastly, financial institutions will soon have to comply with the EU Taxonomy, which obliges investors to perform due diligence and ESG analysis on their investment portfolios. In addition, the 'do no significant harm' checks will need to be performed for all investments to ensure that companies are not contributing negatively to sustainability topics, including a lack of robust human rights due diligence and forced labor risks. While waiting for global legislative breakthroughs, it must be made clear to brands, governments and all other stakeholders that there is no time to sit back and wait. If there was ever a time for working towards a payment of living wages, it is now. ■

Banking on governance

CULTURE AND RISK GOVERNANCE IN THE BANKING SECTOR

MICHIEL VAN ESCH – *Engagement specialist*

This quarter, we are concluding Robeco's engagement project on the quality of risk management and governance in the financial industry, which we started in 2017. Since the global financial crisis, many banks have been forced to redesign their approach to risk management, compliance and incentive structures. Even after the crisis, many banks continued to be faced with governance-related issues, such as sanctions violations, money laundering issues, and other financial crimes.



Our engagement project aimed to address these issues by firstly analyzing the quality of governance on a set of issues, and secondly (where possible) to seek improvements. Four topics were made a priority: incentives for risk-taking personnel; remuneration policies for executives; processes around non-financial crimes; and the quality of risk governance.

Incentive structures: towards a balanced approach that serves all stakeholders

Incentives have been an area of focus for many financial institutions in recent years. One clear example where incentives went wrong were the mis-selling schemes uncovered at Wells Fargo a few years ago. Employees across the firm had structurally opened accounts for customers without their consent. A key driver for these mishaps was the incentive structure of the bank. Employees were encouraged to focus on selling as many products (i.e., cross-selling) as possible for individual clients. And it was not only Wells Fargo that experienced unintended consequences from its incentive structures – it was common at other banks as well.

As a result, many banks have now moved their incentive structures away from meeting sales targets towards a more balanced approach. In recent years, performance evaluation schemes and KPIs for variable pay have changed. Many banks have incorporated so-called scorecards that evaluate employees on a set of metrics including client care, risk management, teamwork and other KPIs rather than only looking at sales targets. In some cases, banks have stripped variable pay altogether, or drastically lowered the amount of bonus pay to avoid so-called perverse incentives.

Executive remuneration: how to appropriately account for risk?

Another aspect closely related to the incentives of employees is the behavior of the executive management. Therefore, we also closely looked at whether the risk appetite of top management was appropriately aligned with prudent risk management and the interests of investors more broadly. We carefully evaluated the remuneration practices of several banks and the processes they had set up for key risk takers, including executives. Option structures that specifically allowed for upside potential are clear red flags, as these can trigger excessive risk-taking behavior.

We noted that companies increasingly consider risk as an important part of their executive remuneration policies. This happens, for example, by limiting payouts above specific return thresholds, or by requiring certain solvency requirements as a requirement for variable pay to begin with. We noted that pay practices differ widely between markets, with many European banks taking a more conservative approach to variable pay for executives than their American counterparts.

Non-financial risks are as material as ever

Non-financial risks are those that don't directly relate to financial developments such as interest rate rises or falls, or changes in the economic environment. They deal with risks linked to regulation, operational incidents, and a wide range of risks stemming from the behavior of employees. Risks linked to financial crimes in particular have come to the fore in recent years. Several banks have been fined heavily for having insufficient controls in place in relation to money laundering. Many banks have subsequently allocated an increasing part of their resources to detect money laundering by implementing Know Your Client (KYC) procedures and by improving the monitoring of suspicious transactions. However, the issue remains difficult to solve, as criminals involved in money laundering use multiple banks for their activities, while monitoring at individual banks can at best capture just one piece of the puzzle. Therefore, initiatives are being developed in several regions for banks to share practices and information with each other.

Risk governance – is it process or culture?

Our final objective related to risk oversight. Even though it may sound straightforward, this is probably the most difficult metrics to measure as an outsider to any financial institution. Some of our expectations dealt with observable qualities, such as whether there was sufficient risk expertise on the board of directors, whether the bank had an adequate risk appetite framework, and whether the risk and compliance functions were set up so that they can operate independently. However, a binary 'yes or no' answer to these questions only provides a partial picture of a more complex oversight system. Even if some of these best practices are met, it is no guarantee that oversight is being performed adequately.

Over the course of our engagement, we have seen banks that had met such best practices still ran into problems with regulatory requirements. The reality is that large banks run a variety of financial services across many different jurisdictions with a variety of different regulations which are continuously changing.

'THE RELEVANT QUESTION IS HOW BANKS CAN QUICKLY ADDRESS EMERGING ISSUES, PUT NEW PROCESSES IN PLACE, AND ESCALATE THREATS APPROPRIATELY.'

MICHIEL VAN ESCH

Therefore, all banks will have at least some degree of regulatory and compliance issues. The relevant question is how banks can quickly address emerging issues, put new processes in place, and escalate threats appropriately.

Banks that ran into severe issues often told us that in the end there was no culture of escalation, or that risk reporting was not sufficiently to the point. These issues can only partially be explained by looking at governance structures and procedures. The other relevant part is cultural and behavioral. Are boards digging deep into the quality of their risk and compliance procedures? Is management creating a culture that addresses risk instead of ignoring it? Discussing these questions with board members or management often gave us the best insights into risk management priorities and the most urgent challenges.

Looking back at the engagement

Looking back at four years of engagement in the financial sector, we note progress on some of our objectives. However, for most banks we still struggle to gain conviction on the quality of their risk management, and can only find external indicators for corporate culture. Therefore, we have been able to close our engagement with less than half of our peer group.

For the banks where the engagement was successfully closed, we were often able to verify that KPIs for executives contained relevant performance indicators in order to improve risk management and take a cautious approach towards risk. For many European banks, we were also able to get a better understanding of how key risk takers within the firm were rewarded, and what type of incentives applied for sales forces. In many instances, we were also able to verify that banks lived up to basic expectations on risk governance, including centralizing risk and compliance reporting, escalation procedures and the level of risk expertise on the supervisory board.

The most difficult objective proved to be the objective on operational risk management and understanding the quality of approaches to counteract money laundering. Even though many banks seem to follow the same processes, it remained hard to get a better understanding of the actual implementation of such processes. Even where banks are making steady progress to improve risk management towards trending risks such as financial crimes, new challenges and regulation put the financial sector in a dynamic in which new enhancements need to be made on a continuous basis.

Governance through governments

CORPORATE GOVERNANCE IN EMERGING MARKETS

RONNIE LIM – *Engagement specialist*

Our engagement program for emerging markets focusses on both policy and company engagement. Policy engagement provides opportunities to provide feedback to stock exchanges, financial regulators and related stakeholders on corporate governance standards, and these engagements may have a wider impact than corporate engagement alone.

We have approached several institutions in China, South Korea, Brazil and Hong Kong. The aim of our engagement is to provide better protection for minority shareholders and improve independent oversight on companies, but also to improve disclosure requirements, including ESG-related reporting. In the second half of 2021, we discussed the recent revision of South Korea's ESG codes together with the Korea Working Group at the Asian Corporate Governance Association.

There were some minor revisions in the ESG codes for corporate governance, but major changes to the environmental and social components. Following feedback from multiple stakeholders, the Korea Corporate Governance Service published its 'ESG Code of Best Practices – Revisions and Key Changes' in August 2021. South Korea now has a meaningful ESG code which is expected to be used by ESG ratings organizations and the country's Fair-Trade Commission, along with the principal Ministries of Justice, Environment and Social Justice, and by domestic companies.

The Code's revisions addressed major issues that were faced by the business community together with international investors' contributions to ESG guidelines. The Code's main characteristics are that it now reflects international norms having made significant changes to the global disclosure requirements for public companies.

The revisions to the Environmental Code have a renewed focus on risk management, emphasizing how companies should prepare and respond to environmental risks, the circular economy, green bonds and the impact of companies in supply chains. It also introduced governance concepts such as those recommended by the Task Force on Climate-Related Financial Disclosures.

The revisions to the Social Code emphasized governance by using the World Business Council on Sustainable Development Enterprise Risk Management Framework. The issues addressed are principally human rights, social responsibility in the supply chain (based on ISO 26000), consumer protection and the 2021 Korea Corporate Manslaughter Act.

The revisions to the Governance Code included key matters which the Korea Working Group has been engaging on, including the responsibilities of the board and its individual directors, ESG risks and succession planning. New emphasis was placed on the responsibilities of the boards of conglomerates to protect the interests of shareholders equally, and to manage potential conflicts of interest in related-party transactions. Other revisions include enhancing transparency with stakeholders on ESG, the appointment of independent directors on an audit committee, and remuneration policies.

A few areas of improvement could be the inclusion of metrics and targets in the Code, and that foreign investors be invited to make formal submissions to future revisions.

In conclusion, the revised code represents a significant improvement in the breadth and content of from the existing corporate ESG norms for South Korean companies, especially in the social and environmental dimensions. We are especially encouraged by the increased expectations for transparency and accountability for businesses, and that it is now largely the responsibility of investors to engage their portfolio companies to commit to tangible targets. ■

'POLICY ENGAGEMENT PROVIDES OPPORTUNITIES TO PROVIDE FEEDBACK TO STOCK EXCHANGES, FINANCIAL REGULATORS AND RELATED STAKEHOLDERS ON CORPORATE GOVERNANCE STANDARDS, AND THESE ENGAGEMENTS MAY HAVE A WIDER IMPACT THAN CORPORATE ENGAGEMENT ALONE.'

RONNIE LIM

COMPANIES UNDER ENGAGEMENT

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

Net-Zero Carbon Emissions
CRH Plc
WEC Energy Group Inc
Enel

Reducing Global Waste
Waste Management, Inc.

Climate Action
Chevron
Cummins, Inc.
Duke Energy Corp.
Enel
Southern Co.

Climate Transition of Financial Institutions
Bank of America Corp.
Barclays Plc
Citigroup, Inc.
HSBC
JPMorgan Chase & Co., Inc.
ING Groep NV
BNP Paribas SA
Sumitomo Mitsui Financial Group, Inc.

Sound Environmental Management
Kinder Morgan, Inc.
Royal Ahold Delhaize N.V.
Colgate-Palmolive Co.
Danone
Grupo Bimbo SAB de CV
McDonalds
Mondelez International
Nestlé
Wal-Mart Stores
Guangdong Investment Ltd.

Biodiversity
Mondelez International
Suzano Papel e Celulose SA

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

Labor Practices in a Post Covid-19 World
InterContinental Hotels Group Plc
Meituan Dianping
Wal-Mart Stores

Food Security
Bayer
CNH Industrial NV
Deere & Co.
Syngenta AG
Yara International

Human Rights Due Diligence for Conflict-Affected and High-Risk Areas
Booking Holdings, Inc.

Living Wage in the Garment Industry
NIKE
Gap

Social Impact of Artificial Intelligence
Alphabet, Inc.
Adobe Systems, Inc.
Microsoft
Apple
Facebook, Inc.
Booking Holdings, Inc.
Visa, Inc.
Accenture Plc

Digital Innovation in Healthcare
AbbVie, Inc.
CVS Caremark Corp.
Fresenius SE
Quintiles IMS Holdings, Inc.
HCA Holdings, Inc.
Anthem, Inc.

Social Impact of Gaming
Tencent Holdings Ltd.

Sound Social Management
Henkel AG & Co. KGaA
Teva Pharmaceutical Industries Ltd.
Bayer
Syngenta AG
Procter & Gamble Co.
Thermo Fisher Scientific, Inc.
Aon Plc
Reckitt Benckiser Group Plc

Corporate Governance in Emerging Markets
Midea Group Co. Ltd.
Samsung Electronics

Corporate Governance Standards in Asia
Samsung Electronics

Good Governance
Heineken Holding
Samsung Electronics
Persimmon Plc
Nissan Motor
Sumitomo Mitsui Financial Group, Inc.

Responsible Executive Remuneration
Henkel AG & Co. KGaA
Linde Plc
NIKE
Wolters Kluwer
Booking Holdings, Inc.

Culture and Risk Governance in the Banking Sector
Wells Fargo & Co.
HSBC
ING Groep NV
Barclays Plc
JPMorgan Chase & Co., Inc.
Citigroup, Inc.
Bank of America Corp.
BNP Paribas SA

Cybersecurity
Reckitt Benckiser Group Plc
Booking Holdings, Inc.
Visa, Inc.
Altice NV
Vodafone
Fidelity National Information Services, Inc.

SDG Engagement
Adobe Systems, Inc.
Alphabet, Inc.
Anthem, Inc.
Apple
Boston Scientific Corp.
Charter Communications, Inc.
Facebook, Inc.
JPMorgan Chase & Co., Inc.
Novartis
Salesforce.com, Inc.
Samsung Electronics
Union Pacific

Global Controversy Engagement
During the quarter, 2 companies were engaged based on potential breaches of the UN Global Compact and/or the OECD Guidelines for Multinational Enterprises.

ENGAGEMENT BY ASSET CLASS

AbbVie, Inc.	Credit
Accenture Plc	Equity
Adobe Systems, Inc.	Equity
Alphabet, Inc.	Equity
Aon Plc	Equity
Apple	Credit/Equity
Atlantia SpA	Credit
Bank of America Corp.	Credit
Barclays Plc	Credit
Barrick Gold Corp.	Equity
Berry Plastics Group, Inc.	Credit
BNP Paribas SA	Credit
Booking Holdings, Inc.	Credit/Equity
Boston Scientific Corp.	Credit
Charter Communications, Inc.	Credit
Citigroup, Inc.	Credit
CRH Plc	Equity
CVS Caremark Corp.	Credit
Danone	Equity
Danske Bank AS	Credit
Enel	Credit
Facebook, Inc.	Equity
Fortescue Metals Group Ltd.	Credit
Fresenius SE	Credit
Gap	Credit
Grupo Mexico SAB de CV	Equity
Guangdong Investment Ltd.	Equity
HCA Holdings, Inc.	Credit/Equity
Heineken Holding	Credit
Henkel AG & Co. KGaA	Equity
HSBC	Credit
ING Groep NV	Credit
InterContinental Hotels Group Plc	Credit
JPMorgan Chase & Co., Inc.	Credit
Linde Plc	Credit/Equity
Meituan Dianping	Equity
Microsoft	Equity
Midea Group Co. Ltd.	Equity
Nestlé	Equity
Newcrest Mining	Equity
NIKE	Equity
Novartis	Equity
PepsiCo, Inc.	Equity
Polyus Gold OAO	Equity
Procter & Gamble Co.	Credit/Equity
Quintiles IMS Holdings, Inc.	Credit
Salesforce.com, Inc.	Equity
Samsung Electronics	Equity
Sumitomo Mitsui Financial Group, Inc.	Credit
Suzano Papel e Celulose SA	Credit/Equity
Tencent Holdings Ltd.	Equity
Thermo Fisher Scientific, Inc.	Credit
Union Pacific	Equity
Visa, Inc.	Equity
Wal-Mart Stores	Equity
WEC Energy Group Inc	Equity
Wells Fargo & Co.	Credit/Equity
Wolters Kluwer	Equity

CODES OF CONDUCTS

Robeco's Engagement Policy

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

Robeco adopts a holistic approach to integrating sustainability. We view sustainability as a long-term driver of change in markets, countries and companies which impacts future performance. Based on this belief, sustainability is considered as one of the value drivers in our investment process, like the way we look at other drivers such as company financials or market momentum.

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

The UN Global Compact

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

Human rights

1. Companies should support and respect the protection of human rights as established at an international level
2. They should ensure that they are not complicit in human-rights abuses.

Labor standards

3. Companies should uphold the freedom of association and recognize the right to collective bargaining
4. Companies should abolish all forms of compulsory labor
5. Companies should abolish child labor
6. Companies should eliminate discrimination in employment.

Environment

7. Companies should adopt a prudent approach to environmental challenges
8. Companies should undertake initiatives to promote greater environmental responsibility
9. Companies should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

10. Companies should work against all forms of corruption, including extortion and bribery.

More information can be found at: https://www.unglobalcompact.org/

CODES OF CONDUCTS

OECD Guidelines for Multinational Enterprises

The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries, and are another important framework used in Robeco's engagement process. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognized standards.

The Guidelines' recommendations express the shared values of the governments of countries from which a large share of international direct investment originates and which are home to many of the largest multinational enterprises. The Guidelines aim to promote positive contributions by enterprises to economic, environmental and social progress worldwide.

More information can be found at: http://mneguidelines.oecd.org/

International codes of conduct

Robeco has chosen to use broadly accepted external codes of conduct in order to assess the ESG responsibilities of the entities in which we invest. Robeco adheres to several independent and broadly accepted codes of conduct, statements and best practices and is a signatory to several of these codes. Next to the UN Global Compact, the most important codes, principles, and best practices for engagement followed by Robeco are:

- International Corporate Governance Network (ICGN) statement on
- Global Governance Principles
- United Nations Global Compact
- United Nations Sustainable Development Goals
- United Nations Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- Responsible Business Conduct for Institutional Investors (OECD)

In addition to our own adherence to these codes, we also expect companies to follow these codes, principles, and best practices. In addition to our own adherence to these codes, we also expect companies to follow these codes, principles, and best practices.

Robeco's Voting Policy

Robeco encourages good governance and sustainable corporate practices, which contribute to long-term shareholder value creation. Proxy voting is part of Robeco's Active Ownership approach. Robeco has adopted written procedures reasonably designed to ensure that we vote proxies in the best interest of our clients. The Robeco policy on corporate governance relies on the internationally accepted set of principles of the International Corporate Governance Network (ICGN). By making active use of our voting rights, Robeco can, on behalf of our clients, encourage the companies concerned to increase the quality of the management of these companies and to improve their sustainability profile. We expect this to be beneficial in the long term for the development of shareholder value.

Collaboration

Where necessary, Robeco coordinates its engagement activities with other investors. Examples of this includes Eumedion; a platform for institutional investors in the field of corporate governance and the Carbon Disclosure Project, a partnership in the field of transparency on CO_2 emissions from companies, and the ICCR. Another important initiative to which Robeco is a signatory is the United Nations Principles for Responsible Investment. Within this context, institutional investors commit themselves to promoting responsible investment, both internally and externally.

Robeco's Active Ownership Team

Robeco's voting and engagement activities are carried out by a dedicated Active Ownership Team. This team was established as a centralized competence center in 2005. The team is based in Rotterdam, the Netherlands, and Hong Kong. As Robeco operates across markets on a global basis, the team is multi-national and multi-lingual. This diversity provides an understanding of the financial, legal and cultural environment in which the companies we engage with operate. The Active Ownership team is part of Robeco's Sustainable Investing Center of Expertise headed by Carola van Lamoen. The SI Center of Expertise combines our knowledge and experience on sustainability within the investment domain and drives SI leadership by delivering SI expertise and insights to our clients, our investment teams, the company and the broader market. Furthermore, the Active Ownership team gains input from investment professionals based in local offices of the Robeco around the world. Together with our global client base we are able leverage this network to achieve the maximum possible impact from our Active Ownership activities. ■

ROBECO

Robeco Institutional Asset Management B.V. (Robeco) is a pure play international asset manager founded in 1929. It currently has offices in 15 countries worldwide and is headquartered in Rotterdam, the Netherlands. Through its integration of fundamental, sustainability and quantitative research, Robeco is able to offer institutional and private investors a selection of active investment strategies, covering a range of asset classes.

Sustainability investing is integral to Robeco's overall strategy. We are convinced that integrating environmental, social and governance (ESG) factors results in better-informed investment decisions. Further we believe that our engagement with investee companies on financially material sustainability issues will have a positive impact on our investment results and on society.

More information can be found at:
https://www.robeco.com

IMPORTANT INFORMATION

ROBECO
The Investment Engineers

Contact

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1318-0222

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

Essential information

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

Strategy		**Policy**		**Plan**		**Project**	x	**Service/Procedure**	

Responsible officer	Damien Pantling	**Service area**	Pension Fund	**Directorate**	Finance

Stage 1: EqIA Screening (mandatory)	Date created: 25/02/2022	**Stage 2 : Full assessment (if applicable)**	N/A

Approved by Head of Service / Overseeing group/body / Project Sponsor:
"I am satisfied that an equality impact has been undertaken adequately."

Signed by (print):

Dated:

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

Guidance notes

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

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

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

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

What are the “protected characteristics” under the law?

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

What’s the process for conducting an EqIA?

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

Openness and transparency

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

Enforcement

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

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

Stage 1 : Screening (Mandatory)

1.1 What is the overall aim of your proposed strategy/policy/project etc and what are its key objectives?
Climate Change is one of the underlying priorities in the Fund's RI policy and this report sets out to formally update members on LPPI's most recent amendments to their RI policy (namely on the exclusion of fossil fuel extraction companies), to report on the Fund's responsible investment outcomes and to report on the Fund's recent engagement activities.

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

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

Protected characteristics	Relevance	Level	Positive/negative	Evidence
Age				*Key data: The estimated median age of the local population is 42.6yrs [Source: ONS mid-year estimates 2020]. An estimated 20.2% of the local population are aged 0-15, and estimated 61% of the local population are aged 16-64yrs and an estimated 18.9% of the local population are aged 65+yrs. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]*
Disability				
Gender re-assignment				
Marriage/civil partnership				
Pregnancy and maternity				
Race				*Key data: The 2011 Census indicates that 86.1% of the local population is White and 13.9% of the local population is BAME. The borough has a higher Asian/Asian British population (9.6%) than the South East (5.2%) and England (7.8%). The forthcoming 2021 Census data is expected to show a rise in the BAME population. [Source: 2011 Census, taken from Berkshire Observatory]*
Religion and belief				*Key data: The 2011 Census indicates that 62.3% of the local population is Christian, 21.7% no religion, 3.9% Muslim, 2% Sikh, 1.8% Hindu, 0.5% Buddhist, 0.4% other religion, and 0.3% Jewish. [Source: 2011 Census, taken from Berkshire Observatory]*
Sex				*Key data: In 2020 an estimated 49.6% of the local population is male and 50.4% female. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]*
Sexual orientation				

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

Outcome, action and public reporting

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

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

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

Stage 2 : Full assessment

2.1 : Scope and define

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

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

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

2.2 : Information gathering/evidence

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

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

Eliminate discrimination, harassment, victimisation

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

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

Advance equality of opportunity

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

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

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update

Foster good relations

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

2.4 Has your delivery plan been updated to incorporate the activities identified in this assessment to mitigate any identified negative impacts? If so please summarise any updates. *These could be service, equality, project or other delivery plans. If you did not have sufficient data to complete a thorough impact assessment, then an action should be incorporated to collect this information in the future.*

ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD

EQUALITY IMPACT ASSESSMENT

EqIA : Responsible Investment Update