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GREATER MANCHESTER PENSION FUND - MANAGEMENT/ADVISORY PANEL

Day: Friday
Date: 18 September 2020
Time: 10.00 am
Place: Zoom Meeting

Item No.	AGENDA	Page No

GENERAL BUSINESS

1	**CHAIR'S INTRODUCTORY REMARKS 10.00AM**	
2	**APOLOGIES FOR ABSENCE**	
3	**DECLARATIONS OF INTEREST** To receive any declarations of interest from Members of the Panel.	
4	**MINUTES**	
4a	**MINUTES OF THE PENSION FUND ADVISORY PANEL** To approve as a correct record the Minutes of the meeting of the Pension Fund Advisory Panel held on 17 July 2020.	1 - 22
4b	**MINUTES OF THE PENSION FUND MANAGEMENT PANEL** To approve as a correct record the Minutes of the meeting of the Pension Fund Management Panel held on 17 July 2020.	23 - 30
5	**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**	
5a	**URGENT ITEMS** To consider any items which the Chair is of the opinion shall be considered as a matter of urgency.	
5b	**EXEMPT ITEMS** The Proper Officer is of the opinion that during the consideration of the items set out below, the meeting is not likely to be open to the press and public and therefore the reports are excluded in accordance with the provisions of the Schedule 12A to the Local Government Act 1972.	

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Carolyn Eaton, Principal Democratic Services Officer, to whom any apologies for absence should be notified.

Items	Paragraphs	Justification
8, 9, 10, 11, 12, 13, 14, 15, 16, 20, 21, 22, 23 24, 25, 26, 27, 28, 29, 30, 31	3&10, 3&10	Disclosure would, or would be lik prejudice the commercial interests Fund and/or its agents which could affect the interests of the benefi and/or tax payers.

ITEMS FOR DISCUSSION/DECISION

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Carolyn Eaton, Principal Democratic Services Officer, 0161 342 3050 or carolyn.eaton@tameside.gov.uk to whom any apologies for absence should be notified.

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11	**EXIT PAYMENT CAP 11.20AM**	95 - 100
	To consider the attached report of the Assistant Director, Funding and Business Development.	
12	**COVID 19 - RISK MANAGEMENT AND BUSINESS PLANNING 11.30AM**	101 - 108
	To consider the attached report of the Director of Pensions.	
13	**INVESTMENT MANAGEMENT ARRANGEMENTS 11.40AM**	109 - 112
	To consider the attached report of the Assistant Director of Pensions Investments.	
14	**PERFORMANCE DASHBOARD 11.50AM**	113 - 144
	Report of the Assistant Director of Pensions Investments, attached.	
15	**IPD PROPERTY FUND INDICES - WHAT IT ALL MEANS - (TRAINING PRESENTATION) 12 NOON**	145 - 146
	To consider a report of the Assistant Director of Pensions, Local Investments and Property and to receive a presentation of representatives of MSCI.	
16	**GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2019-2020**	147 - 148
	To consider the attached report of the Assistant Director, Local Investments and Property.	
17	**ADVISOR COMMENTS AND QUESTIONS 12.25PM**	

ITEMS FOR INFORMATION

18 FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities are available as follows. Further information/details can be obtained by contacting Loretta Stowers on 0161 301 7151.

PLSA Annual Conference, ACC Liverpool	14-16 October
Schroders Trustee Training, Leeds	20 November
LAPFF Annual Conference, Bournemouth	2-4 December

19 DATES OF FUTURE MEETINGS

To note the dates of future meetings to be held on:-

Management/Advisory Panel	11 Dec 2020 19 Mar 2021 16 July 2021 17 Sept 2021 10 Dec 2021 18 Mar 2022
Local Pensions Board	1 Oct 2020

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Carolyn Eaton, Principal Democratic Services Officer, 0161 342 3050 or carolyn.eaton@tameside.gov.uk to whom any apologies for absence should be notified.

	14 Jan 2021 8 April 2021 29 July 2021 30 Sept 2021 13 Jan 2022 7 April 2022
Policy and Development Working Group	26 Nov 2020 4 Mar 2021 24 June 2021 2 Sept 2021 25 Nov 2021 3 Mar 2022
Investment Monitoring and ESG Working Group	2 Oct 2020 22 Jan 2021 16 April 2021 30 July 2021 1 Oct 2021 21 Jan 2022 8 April 2022
Administration and Employer Funding Viability Working Group	2 Oct 2020 22 Jan 2021 16 April 2021 30 July 2021 1 Oct 2021 1 Jan 2022 8 April 2022

WORKING PAPERS - APPENDICES

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31	**APPENDIX 14A - MSCI EXECUTIVE SUMMARY**	209 - 214

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Carolyn Eaton, Principal Democratic Services Officer, 0161 342 3050 or carolyn.eaton@tameside.gov.uk to whom any apologies for absence should be notified.

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GREATER MANCHESTER PENSION FUND ADVISORY PANEL

17 July 2020

Commenced:	**10.00am**	**Terminated: 12.30pm**
Present:	**Councillor Warrington (Chair)** **Councillors: Andrews (Manchester), Cunliffe (Wigan), Grimshaw (Bury), Jabbar (Oldham), Mitchell (Trafford), O'Neill (Rochdale), and Taylor (Stockport)** **Employee Representatives:** **Mr Drury (UNITE), Mr Flatley (GMB), Ms Fulham (UNISON), Mr Llewellyn (UNITE), Mr McDonagh (UNISON) and Mr Thompson (UNITE)** **Fund Observers:** **Councillors Pantall and Ryan** **Local Pensions Board Members (in attendance as observers):** **Councillor Fairfoull** **Advisors:** **Mr Bowie, Mr Moizer, Mr Powers and Ms Brown**	
Apologies for absence:	**Councillor Barnes (Salford)**	

1. CHAIR'S OPENING REMARKS

The Chair welcomed everyone to the meeting and commented on an exceptional 12 month period for everyone. She made reference to unforgiving global stock markets and the unprecedented scale of the fiscal response. She hoped, however, that after 116 days of lockdown, everyone would emerge from the experience stronger and more resilient.

Throughout this period the safety and welfare of employees had been paramount and investment and service delivery had to be quickly adapted to accommodate the lockdown restrictions.

The Chair explained that the most obvious continuing change in day to day routine was that much of the work of the Pension Fund had moved into the home and the virtual world. This included critical processes, including the payment of member benefits, retirement processing and bereavement services. The Fund was also being vigilant in protecting against scammers who were unfortunately seeking to take advantage of the uncertain situation. The need to respect social distancing had meant that all face to face member events scheduled for the next few months had been cancelled and the offices in Guardsman Tony Downes House in Droylsden remained closed to all visitors. However, all pension fund members continued to have access to administration services, including their 'My Pension' online account.

The Chair was pleased to announce that ongoing relationships, often through new ways of communicating, had been sustained. Technology had remained resolute and new channels of communication had been a revelation as to their widespread adoption, use and bandwidth.

The Investment Strategy had also remained resilient despite market headwinds. The long-term approach of the Fund remained committed irrespective of the challenges.

In terms of liquidity, significant working capital was retained to cover the payroll for the foreseeable future without the need to raise additional funds, taking into account that some employers may be experiencing their own financial difficulties. It was also clear how and where any additional cash would be sourced should that be necessary. Two thirds of listed portfolios by value were actively managed, giving the flexibility to react to events, and the overall long term asset allocation factors in all risks, including left tail risks from events such as a pandemic.

Even looking beyond the coronavirus pandemic, the past twelve months had been a very busy time for the LGPS as a whole and GMPF in particular, with significant changes to the law, rules and the interpretation of them, through the courts.

Whilst turbulence in the markets and the start of the pandemic meant that the Fund closed out at £22.0 billion down from £23.8 billion last year, the Chair was pleased to advise that as at today it was back up at £24.5 billion.

However, whilst last year had been a difficult one financially, the Chair was pleased to note that the abilities and capacity of the Fund continued to strengthen, which had been externally recognised as last year started with:

- The Director of Pensions and Governance being announced as the Municipal Journal first Corporate Director of the Year, at the MJ Awards;
- GMPF Administration Team winning the LAPF Investments Awards 2019 Scheme Administration Award; and
- Infrastructure partnership GLIL wining the European Pensions Award for "Infrastructure Manager of the Year".

Additionally, amongst other notable achievements, there was the transition to a new common custodian for the Northern LGPS, unlocking significant savings.

The Chair informed Members that GMPF's carbon foot printing exercise found that the active equity holdings were 25% more efficient than the combined benchmark on the weighted average carbon intensity method, as recommended by Task Force on Climate-related Financial Disclosures (TCFD). Furthermore, a key element of the Fund's commitment to an orderly transition to a low carbon economy was implemented, involving the replacement of £2.5 billion of GMPF's passive, index tracking investments, with an enhanced approach that has significantly reduced GMPF's exposure to carbon emissions and intensity. This was the biggest divestment by any Local Authority taken anywhere in the UK.

As was expected, Responsible Investment and Environmental Social and Governance continued to be regular and high priority items. The Chair was delighted to say that the work of the GLIL platform had secured two new major investments over the past eighteen months in Forth Ports Group, which operated eight major ports in strategic areas such as Tilbury (London), Dundee and Grangemouth, and in Cubico, a leader in sustainable investments in the wind and solar power industries.

The Fund's engagement with companies through the Local Authority Pension Fund Forum (LAPFF) also met with success this year as, in conjunction with Share Action and Barclays plc, because of the size of holdings that was able to be supported, a successful climate resolution at Barclays AGM requesting that the multi-national bank set and disclose targets to phase out the provision of financial services to the energy sector and gas and utility companies that were not aligned with the Paris Agreement. The proposal was the first to refer to the 'Just Transition' wording in the Agreement, which stated that tackling climate change required the transformation of sectors and economies with important implications for the global workforce.

The Chair reiterated that the full impact of the pandemic on the health of citizens, businesses and economies had yet to be understood. The future was uncertain, yet from that uncertainty had arisen greater clarity: that short-term demands for stimulus measures arising from COVID-19 must align with the long-term imperative of transitioning to a net-zero carbon economy the world over. The pandemic did not make the urgency of addressing climate change any less critical or its potential impact less catastrophic. It was in fact a reminder of the need to build systems for resilience and inclusion in order to mitigate the impacts of future shocks, many of which, it was predicted would be environmental and social in nature.

The Chair added that, before COVID-19, there wasn't a coherent, scientifically supported high-carbon route to economic prosperity. Instead, there was widespread recognition that the pathways to prosperity were the same as the pathways to net zero. A newly optimistic narrative for green finance was increasingly coming to the fore – one that focused on creating new green jobs and rebuilding communities through investing in sustainable infrastructure, clean technology, resilient supply chains and healthy ecosystems.

More than ever, examples of what could work were required: financial solutions that generated acceptable, risk-adjusted returns; investable policy pathways that were also informed by finance practitioners; and definitions, data and analysis that supported financial innovation, all focused on deploying capital where it was needed in the real economy.

The Fund's vision was of a greener future made possible by finance, a society transformed through better investment and it was recognised that the finance sector could only unlock the funding for the transformation of the global economy through collaboration that global challenges could be solved. Responsible Investing would continue to be an important part of the fabric of GMPF so the Chair was pleased to announce a new standing report on the agenda which highlighted the leading work undertaken by the Fund in relation to Responsible Investment.

At a high level, through partnerships and collaborations, the Fund lobbied and engaged with policy makers, regulators, stakeholders and companies. The Fund added its voice to those of hundreds of other major global investors on the need for a green and sustainable recovery to the pandemic, recognising the need to Build Back Better. The Fund had moved quickly on specific key emerging issues, with recommendations for meat processors during COVID19, and calling for a reversal to escalating deforestation in Brazil.

The Fund was also encouraging companies to improve. Fundamentally using its voice for positive change, rather than divesting and 'passing the buck' to someone who, perhaps, wouldn't use their shareholding to create change. The Northern LGPS stewardship report and the Local Authority Pension Fund Forum engagement report demonstrated the results of efforts on topics that were vitally important.

The Chair stated that environmental issues were at the top of the Fund's agenda. However there was also a need to raise awareness of social issues. The transition to a low carbon economy should be a just transition, creating decent jobs and not neglecting the most vulnerable parts of society, in Greater Manchester, and also in the Fund investments across the world.

To further help in raising awareness of these issues, and to galvanise interest, the Chair announced that approval was being sought for the Fund to become a partner of the Make My Money Matter campaign, which was being spearheaded by the film director Richard Curtis, supported by Mark Carney former Governor of the Bank of England. Make My Money Matter wanted to unlock the power of £3 trillion of pension's savings and they had recognised the Fund as a leader in the field.

The Chair concluded by reporting that work continued with the Director of Pensions and consultants, Hymans Robertson, to build on the Fund's work to ensure that GMPF's governance remained not only the best in UK local government, but an exemplar for pension funds worldwide. Following the release of the Phase II Good Governance Report at the end of last year, the Scheme Advisory Board's review continued to gather momentum and while some of the details still needed to be finalised, the overall direction of travel was clear. In March, Hymans Robertson also undertook the first-ever LGPS National Knowledge Assessment to provide funds with a clear insight into the knowledge levels of their key decision makers on a national basis. By participating in the assessment, GMPF had been able to benchmark its position against other LGPS funds and receive bespoke feedback and training plans for Pensions Committee and Pensions Board and, the Chair was pleased to say, Committee Members and the Local Board were recognised as the most engaged with the most knowledge.

As one of the largest funds in the UK, the Fund had broadened and deepened its relationship with the Pension Regulator in the hope that GMPF and other funds could be made better for its members. In the face of the gravest public health and economic crisis faced in living memory, staff, advisors and members had carried out their work with diligence and professionalism.

2. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

3. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 17 April 2020 were signed as a correct record.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 17 April 2020 were noted.

4. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

(a) Urgent Items

The Chair announced that there were no urgent items for consideration at this meeting.

(b) Exempt Items

RESOLVED
That under Section 100 (A) of the Local Government Act 1972 the public be excluded for the following items of business on the grounds that:
(i) they involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the act specified below; and
(ii) in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information for reasons specified below:

Items	**Paragraphs**	**Justification**
8, 9, 10, 11, 12, 13, 14, 15, 16, 25, 26, 27, 28, 29, 30, 31, 32, 33	**3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10**	**Disclosure would or would be likely to prejudice the commercial interests of the Fund and/or its agents, which could in turn affect the interests of the stakeholders and/or tax payers.**

5. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 25 June 2020 were considered.

The Chair of the Working Group, Councillor Warrington, advised that the Working Group along with the Advisors, had devoted substantial time to considering a draft of the Investment Strategy report for the Main Fund. Feeding into this were detailed reviews of strategy and implementation covering the internally managed portfolios of Alternative Investments. The final report would be presented later in the agenda.

Separately, over two years ago the Fund implemented a Global Equity Trigger Process, which was designed to either protect the Fund when the stock market became very expensive, or enhance the Fund's returns by investing at times of extreme stock market lows.

The Working Group were provided with an overview of the evolution of the Global Equity metric over 2019/20.

In accordance with the agreed process, Officers provided Members with an updated estimate of Fair Value and an update in relation to the size of the maximum asset switch to be targeted.

As a refinement to the process, the report also proposed a modest but significant narrowing of the range between the upper 'sell' and lower 'buy' trigger points which would make it more likely that a trigger would be activated.

RECOMMENDED

(i) In respect of Private Equity – Review of Strategy and Implementation:

(i) that the medium-term strategic allocation for private equity remains at 5% by value of the total Main Fund assets; and

(ii) The target geographical diversification of the private equity portfolio remains:

Geography	Target Range
Europe inc UK	35% to 50%
USA	35% to 50%
Asia & Other	10% to 20%

(iii) The investment stage diversification of the private equity portfolio remains:

Stage	Target Range
Lower Mid-Market & Growth	10%-20%
Mid-Market	45%-55%
Large Buyout	30%-40%

(iv) The pace of Primary Fund commitments to be £120m pa so that, together with co-investment deployment of approximately £38m pa, private equity exposure is maintained at or around the 5% target strategic Main Fund allocation;

(v) GMPF's private equity strategy is implemented by appropriately sized commitments to Northern Private Equity Pool such that the anticipated deployment will be consistent with the pacing recommendation as above;

(vi) It is recognised that the portfolio may not fall within the target ranges above from time to time to reflect, inter alia, portfolio repositioning; and

(vii) That the advisory and reporting relationship with Capital Dynamics is formally terminated.

(ii) In respect of Private Debt – Review of Strategy and Implementation:

(a) The medium term strategic allocation for private debt remains at 5% by value of the total Main Fund assets;

(b) The target geographical diversification of the private debt portfolio remain as follows:

Geography	Target Range
Europe	40% to 50%
USA	40% to 50%
Asia & Other	0% to 20%

(c) The portfolio should continue to be populated by partnership commitments to funds where the vast majority of investments are senior secured loans;
(d) The scale of commitment to funds to be £375m per annum, to work towards achievement of the strategy allocation by 2023; and
(e) It is recognised that the portfolio may not fall within the target ranges above from time to time to reflect, *inter alia*, portfolio repositioning.

(iii) In respect of Infrastructure Funds – Review of Strategy and Implementation:
(a) The medium term strategic allocation to Infrastructure Funds remains at 5% by value of total Main Fund assets;
(b) The target geographical diversification of the infrastructure portfolio remains:

Geography	Target Range
Europe	50% to 70%
North America	20% to 30%
Asia & Other	0% to 20%

(c) The target stage diversification of the infrastructure portfolio remains:

Investment Stage	Relative Risk	Target Range
Core & Long Term Contracted	Low	30% to 40%
Value Added	Medium	40% to 60%
Opportunistic	High	0% to 20%

(d) The pace of new fund commitments is maintained at £240m per annum to work towards achievement of the strategy by 2022/23;
(e) The Private Markets team to continue to implement the Infrastructure strategy via commitments to private partnerships; and
(f) It is recognised that the portfolio may not fall within the target ranges above from time to time to reflect, *inter alia*, portfolio repositioning.

(iv) In respect of the Special Opportunities Portfolio – Review of Strategy and Implementation:
(a) The allocation to the Special Opportunities Portfolio remains at <u>up to</u> 5% by value of the total Main Fund assets;
(b) The main strategic control to remain the Type Approval mechanism as described in the report; and
(c) An exposure cap of 2% of Main Fund Assets is placed on aggregate Type Approvals under the banner of Credit Opportunities.

(v) In respect of the Overseas Property Portfolio – Review of Strategy and Implementation:
(a) That the medium-term strategic allocation for the Overseas portfolio remains at 2% by value of the total Main Fund assets;
(b) That the Overseas Property target risk remains:

Risk Factor	Investment Characteristics	Outperformance over UK IPD	Target Portfolio Weight	Range
Matching (core and core plus strategies which are intended to match long running UK IPD – whilst providing diversification benefits)	Low to moderate use of leverage, benchmark level active management, and high-income return component.	0% (Europe and US) 2% (Rest of World)	50%	40 – 60%
Enhancing (value add and opportunistic strategies which are intended to enhance long running UK IPD through active management)	Moderate to high use of leverage, above benchmark level of active management and high capital value return component.	4% (Europe and US) Enhancing strategies in the Rest of the World will not be considered.	50%	40 – 60%

(c) That the Overseas Property target geographic diversification remains:

Geography	Target Portfolio Weighting	Range
US	45%	30 – 60%
Europe	45%	30 – 60%
Rest of the World	10%	0 – 20%

(d) That the pacing of commitment to funds to continue at between £100 - £150m per annum in order to meet a "realistic" target of allocation of 2% of the Main Fund allocation by end of 2024/25; and

(e) That it is recognised that the portfolio may not fall within its target ranges from time to time to reflect, *inter alia*, portfolio repositioning.

(vi) Property Venture Fund – Review of Strategy and Implementation;

(i) The medium term strategic allocation for the GMPVF portfolio remains at 3% by value of the total Main Fund assets;

(ii) The target geographical diversification of the GMPVF portfolio remains:

Geography	Target Range
Greater Manchester	60%-100%
Northern LGPS Area (ex GM)	0%-40%

(iii) The investment stage diversification of the GMPVF portfolio remains

Stage	Target Range
Income Generating Property	20%-45%
Development Equity	5%-25%
Development Mezzanine Debt	15%-35%
Development Senior Debt	15%-35%

(iv) The sector diversification of the GMPVF Income Generating Properties remains:

Stage	Target Range
Industrial	25%-45%
Offices	25%-45%
Other (Retail, Leisure, Housing, Alts.)	20%-40%

(v) The permitted range of exposure to speculative risk, based on a percentage of the total amount committed by GMPVF, remains:

	Range
	% of Committed
Pre - Let	20-100
Speculative	0-80

(vi) Commitments to projects continue to be scaled and timed such that, combined with investments in income producing property and likely realisations of existing developments, the allocation is deployed over the medium term; and

(vii) It is recognised that at any given time the portfolio may vary significantly from the target ranges as detailed in the report.

(vii) Impact and Invest for Growth Portfolio – Review of Strategy and Implementation:

(a) The medium-term strategic allocation for the Impact portfolio remains at 2% by value of the total Main Fund assets;

(b) The Impact Theme target diversification for the Impact portfolio remains:

Impact Themes	Target % Range
Loans to SME's	30% - 40%
Social Infrastructure	20% - 30%
Property Dev in underserved markets	15% - 25%
Renewable Energy Infrastructure	10% - 20%
Social Impact Bonds	5% - 10%
Equity Invest in Underserved Markets	20% - 30%
Total	100%

(c) The pacing of commitment to funds to continue at £80m pa, to meet the “realistic” target of allocation of 1.5% of Main Fund allocation by end of 2020/21; and

(d) That it be recognised that the portfolio may not fall within the target ranges at 8.3 from time to time to reflect, *inter alia*, portfolio repositioning.

(viii) In respect of Update and Leverage on Private Debt; that the content of the report be noted and the proposed way forward, as detailed in Section 5 of the report, be agreed.

(ix) In respect of Global Equity 'Purchase/Sale' Trigger Process – Update of Fair Value Estimate, Trigger Points and Size of Switch;

(a) That the content of the report be noted; and

(b) That the updated Fair Value estimate, the associated updated trigger points and the updated ‘size’ of the maximum asset switch to be targeted, as detailed in the report, be adopted by the Panel.

6. WORKING GROUP MEMBERSHIP 2020/21

Consideration was given to a report of the Director of Pensions, which gave details of the appointments to the Working Groups, Scheme Governance and Terms of Reference.

It was noted that there were no changes to the Members of the Panel from the 2019/2020 municipal year.

RECOMMENDED
That the content of the report including the membership of the Working Groups, Scheme Governance and Terms of Reference, be noted.

7. RESPONSIBLE INVESTMENT UPDATE Q2 2020

The Assistant Director of Pensions Investments, submitted a report providing Members with an update on the Fund's responsible investment activity during Q2 2020.

It was explained that the Fund was a signatory to the Principles for Responsible Investment (PRI). As a signatory to the PRI, the Fund was required to publicly report its responsible investment activity through the PRI's 'Reporting Framework'.

Upon becoming a PRI signatory, the Fund committed to the following six principles:

1. *We will incorporate ESG issues into investment analysis and decision making processes.*
2. *We will be active owners and incorporate ESG issues into our ownership policies and practices.*
3. *We will seek appropriate disclosure on ESG issues by the entities in which we invest.*
4. *We will promote acceptance and implementation of the Principles within the investment industry.*
5. *We will work together to enhance our effectiveness in implementing the Principles.*
6. *We will each report on our activities and progress towards implementing the Principles*

A summary of the Fund's Responsible Investment activity for Q2 2020 against the six PRI principles was detailed in the report.

It was further explained that the Fund had been approached by the Make My Money Matter campaign, a people-powered campaign fighting for a world where those saving towards a pension or in receipt of one, know where their money goes, and where they could demand it was invested to build a better future. The aim of the campaign was starting with pensions, to enable people to find out where their money was going, and to help them to demand it did better. As part of the campaign, they were asking businesses and other organisations to think about whether their pensions were aligned with their organisational values, whether they were having conversations about their pension investments with their employees.

The Fund had been approached because of its leading in the area of sustainable pensions and the Make My Money Matter campaign would like the Fund to support the campaign by becoming a partner and using the Fund as a case study for others to follow.

The report concluded that it was believed that being a partner would be in line with the Fund's values and beliefs: Further information about the organisation and what they would be seeking of the Fund were set out in an appendix to the report.

RECOMMENDED
(i) That the content of the report be noted; and
(ii) That the Fund become a Partner of the Make My Money Matter campaign.

8. COVID 19 RISK MANAGEMENT AND BUSINESS PLANNING

Consideration was given to a report of the Director of Pensions providing an update on the following key items:

- Business continuity and overarching approach;
- Effects on each area of GMPF's operation; and
- The risk log for this event and the impact on the assessment of risks in the GMPF risk register.

It was explained that, as reported to the April 2020 meeting of the Management/Advisory Panel the operating arrangements of GMPF had changed significantly in response to the Coronavirus outbreak in order to ensure business continuity, however GMPF remained fully operational. GMPF's Senior Management Team met by conference call thrice weekly to ensure all necessary tasks were undertaken and risks were being actively managed and monitored. Over 95% of GMPF officers were working from home. The remaining 5% were working from home on some days and from the office on others, in order to deal with incoming post and to print documents that needed to be sent to pension fund members. When in the office, staff were positioned to ensure the social distancing guidance was being met.

All staff had laptops and all other equipment they needed to be able to work safely from home. All systems could be accessed securely, and staff were able to use Microsoft Teams to contact colleagues and external suppliers through video calls and instant messaging. Staff were being supported to work more flexibly in order to assist them with caring responsibilities and adapting to the change of working environment.

The Senior Management Team had continued to monitor communications issued by pension industry partners and linked organisations. There had been initiatives across industry partners to provide support and advice, and officers were regularly attending webinars and online meetings to ensure they kept up to date with the latest news and thinking as the situation changed.

The key priorities had not changed and remained the focus of the Team, being:

- Continuing to pay existing pensioners and paying new retirement benefits;
- Processing notifications of death and paying dependants;
- Managing cash flow and liquidity; and
- Ensuring good communication.

Risks were continuing to be regularly and closely monitored. Although the peak of the pandemic in the UK had passed, officers were mindful that there was still the risk of a second wave and things were far from returning to the new normal. Therefore, the approach to risk remained broadly the same as it was in April 2020, with new risks or potential risks being considered regularly.

Each Assistant Director then addressed the Panel and gave an update with regard to the current situation in their area of the service as follows:

Administration – the Assistant Director of Pensions Administration reported that the day to day running of the section and the completion of tasks remained essentially unchanged. Most activities were being carried out as normal and completed within the usual timescales. All payrolls had been run successfully and on time, annual statements for members with benefits on hold had been produced and issued, and all year end returns for those employers not yet onboarded to the monthly system had been received and processed. The website development project had continued and work on producing annual benefit statements for contributors was underway. Recruitment to several posts had also been completed.

The possibility of a second wave of infection remained a key risk. The government's advice continued to be for people to work from home where they could, and so the risks linked to this also remained. Specific areas of risk being actively managed included:

- Staff resilience;

- Workloads;
- Communication with members and liaison with employers;
- Third party suppliers and partners; and
- Strategic and Business Planning objectives.

Employer Funding – The Assistant Director of Pensions, Funding and Business Development, reported that, whilst many GMPF employers were likely being severely impacted by the ongoing economic restrictions, as yet there were no confirmed employer insolvencies. However, it remained likely that some GMPF employers would face insolvency over the next few months.

GMPF had issued a survey to employers to try and assess the usage of the Government's Coronavirus Job Retention Scheme (commonly known as the 'furlough scheme') which had received 119 responses.

Whilst GMPF had always required monthly payment of contributions, the LGPS Regulations only stipulated that contributions were paid by the end of the Scheme year, with the frequency of payment left to the discretion of the relevant administering authority. This gave administering authorities the ability to defer the contributions of individual employers where appropriate. Whilst no GMPF employers had yet formally requested a deferral of contributions, a draft policy on considering such requests had been drafted for review by the working group. The draft policy was appended to the report at Appendix C.

The impact of the ongoing economic restrictions would vary considerably between different sectors. Sectors expected to be severely impacted, or where considerable uncertainty remained included sport/leisure providers, bus companies and further and higher education.

A high-level covenant review of most GMPF employers was conducted as part of the 2019 actuarial valuation process. A more in-depth review of GMPF's higher education employers was appended to the report. Encouragingly, on average, the covenant of GMPF's higher education employers appeared to be stronger than the UK sector average.

Wherever possible, employer funding plans were tailored to the funding risk of the employer. Therefore, employers that were not tax-raising bodies or that did not have a guarantee from a tax-raising body tended to have a higher funding level and/or lower risk investment strategy. This reduced the risk of GMPF incurring material losses on unexpected employer cessation events.

Local authorities had also been notified of the risks of acting as guarantor to GMPF admission bodies.

Investments – The Assistant Director of Pensions Investments provided provisional valuation and performance data for periods to 31 May 2020 and actual performance data for the quarter to 31 March 2020.

From a risk management perspective, a significant update provided since the position set out at the April 2020 meeting of the Management Panel related to cashflow. The Main Fund had a 3.2% strategic allocation to cash. The split was displayed in a table in the report along with the actual allocations as at 31 March 2020 and 31 May 2020.

The availability of actual cashflow data had allowed for experience to 31 May 2020 to be analysed. Although covering only a short period, officers had compared actual cashflow versus that estimated. The April forecast of cashflow was broadly correct.

There was an inherent difficulty in estimating private market cashflows and given current market conditions, there was likely to be a greater variance from month-to-month than had historically been the case. In addition, estimates of net cashflow would be very sensitive to the assumptions made and the use of alternative assumptions could lead to materially different estimates.

As a result of the experience across April and May and the ongoing heightened uncertainty, officers did not propose any revisions to the previously provided estimate nor the proposed course of action, that was, no action was proposed in terms of raising additional cash or investing surplus cash and the tactical overweight to internal cash would be retained. This position would be kept under review at forthcoming meetings of the Policy and Development Working Group and the Panel.

Local Investments, Property and Direct Infrastructure/Accountancy and Legal – The Assistant Director of Pensions, Local Investments and Property explained that for direct property, rental collections had been severely impacted by both the underlying economic effects of the crisis and government advice effectively suspending recovery action on rents for the current quarter. The effect was that rental payments for the main portfolio were 75.6% compared to 99% for the corresponding period last year. It was expected that the June quarter would be substantially worse. It was too early to speculate on the longer-term impact on valuation, but this was likely to be severe particularly in the retail sector, which was extremely weak before the crisis. Offices were likely to be impaired going forward whilst logistics may benefit. GMPF has re-valued properties as at 31 March 2020 for accounting purposes and the value was down 5.7% during the quarter, but such valuations were caveated by the valuers.

For development properties, construction had recommenced during May. A risk register and enhanced monitoring regime for all development projects had been set up. The developers were working through revised plans to take into account increased costs, delays and impact on ultimate values. There may be some material impact to overall viability which was as yet unquantifiable. GMPF had an emphasis on the debt part of capital structure, which would in some part mitigate the risk, as would the relationship with the GMCA housing fund which was the senior lender in several of the equity exposures. Requests were expected to come in shortly from developers and borrowers for financial restructuring and appropriate governance arrangements for consideration of these matters had been set up.

GMPF's direct infrastructure vehicle, GLIL, was working on specific asset management issues with no new material risks arising yet directly from COVID 19. The asset management partners were assessed as having the capability to deal with any issues that arose.

GMPF's Impact portfolio would have similar issues as the main private equity portfolio with an emphasis on exposure to SME lending and equity. Officers were working with fund managers to resolve these issues as they arose.

The delivery of Accountancy and Legal services was consistent with Administration as set out above. The key priorities for Accountancy in the short term had been to support the Administration and Investment functions to ensure payments to pensioners and other creditors and collection of all income. This had been done whilst ensuring security of bank accounts and integrity of records. The section had been able to undertake recruitment and had successful integration which had created more resilience for transaction authorisation.

For Legal services, the key focus had been to maintain the ability to give advice and execute any required amendments to contracts arising from the crisis. This had been implemented successfully.

The report concluded by giving details of the risk log for this specific business continuity event and the high level risk register, both which were appended to the report.

The Advisors were then asked to comment.

Ms Brown, Mr Bowie, Mr Moizer and Mr Powers all expressed their thanks to the Director of Pensions and Assistant Directors for an extremely informative and comprehensive report and updates and added that they were very reassured by the granularity of the response of the Fund to the current unprecedented situation.

Mr Bowie commented on a vulnerability of many organisations in the monitoring of incoming phone calls to the Fund. The Assistant Director, Pensions Administration, acknowledged concerns in this area and gave details of work underway to improve the resilience/reliability of software, in order improve such monitoring.

The Director of Pensions also gave details of different channels of communication being explored and developed, whilst being mindful of the needs of some Fund members who may not have access to/be conversant with, digital technology.

RECOMMENDED
That the content of the report be noted.

9. LGPS NATIONAL KNOWLEDGE ASSESSMENT

A report was submitted by the Assistant Director of Pensions, Funding and Business Development, explaining that Hymans Robertson, Actuary to GMPF and many other LGPS funds, had approached members of LGPS Pension Committees and Local Pension Boards around the country to complete an online assessment of their pension's knowledge and understanding of the LGPS. Completion of the assessment provided funds with an indication of how their trustees' knowledge and understanding compared to that of other funds and would help funds develop training programmes. The report summarised the findings of the National Knowledge Assessment for GMPF.

It was reported that 18 LGPS Funds had participated in the NKA. GMPF had the highest level of participation and achieved the highest score out of all participating funds. Overall Panel and Board members achieved similar average scores of around 80% per participant in the NKA, but with some variation in areas of knowledge. A breakdown of results for the Fund and suggested areas for further development were set out in an appendix to the report.

The Chair thanked everyone for their engagement and commitment to keeping their skills and knowledge up to date.

RECOMMENDED
That the content of the report and the results of the National Knowledge Assessment be noted, including GMPF's performance compared to other LGPS funds and the further development areas highlighted in the appendix to the report.

10. LGPS PERFORMANCE UPDATE – TRAINING ITEM

Neil Sellstrom of PIRC, attended before Members and delivered a presentation, which provided an overview of the Fund's investment performance within a long-term, peer group context to enhance governance and improve decision making.

The Chair thanked Mr Sellstrom for a thought provoking and helpful presentation.

RECOMMENDED
That the content of the presentation be noted.

11. INVESTMENT STRATEGY AND TACTICAL POSITIONING

Consideration was given to a report and presentation of the Assistant Director of Pensions, Investments, to review the benchmark asset allocations for the Main Fund and Investment Managers and to consider changes to the investment restrictions.

It was reported that the Investment Managers and Advisors believed that the current investment strategy was broadly capable of delivering the required returns over the long term (albeit there were short/medium term caveats). Economic uncertainties remained, with a medium term outlook which could potentially encompass a number of unattractive scenarios. In such circumstances, it was not apparent that any significant changes to the Fund's approach would prove beneficial, other than the diversification methods already being employed by the Fund.

The increasing maturity profile of Fund employers, as public sector spending reductions continued, were likely to reduce the tolerance of the Fund to its volatility of returns between years. Officers continued to work with Hymans Robertson (Hymans) on this issue. Options were being considered for better aligning Employers' investment strategies to their own funding position, which would help to reduce the funding level volatility of individual employers, and therefore the Fund as a whole. The asset liability modelling work currently being undertaken by Hymans would assist in this matter.

Attention would continue to be devoted to the investment issues surrounding the particular circumstances of specific employers as sought to follow up issues that had been raised during the 2019 Actuarial Valuation.

Members were informed that, historically, the Main Fund benchmark had contained an allocation of 10% to Property. Actual exposure to Property had long under-achieved this target exposure and currently amounted to around 8% of Main Fund assets. Separately, 'realistic' benchmarks for Private Equity, Infrastructure Funds, Private Debt and Local Investments would be increased to reflect the progress made in implementing these portfolios during 2019/20. The likelihood of reaching these strategic benchmark weights would depend on how markets behaved over that timeframe. Notwithstanding the very recent equity market falls, the rapidly rising equity markets of recent years had meant an increased £ amount allocation was required to reach the target weights. One immediate implication of the increasing maturity of the Fund was the change in the balance of cashflows between inflows (from employer and employee contributions) and outflows (for pension payments) whereby the latter now significantly exceeded the former with the net outflow growing year by year. The need to fund the increasing investments in Alternative, Property and Local assets, and to preserve an appropriate allocation to cash, were likely to necessitate additional withdrawals of assets from the Fund's Investment Managers over the coming years.

However, in the short-term, over the course of 2020/21, it was anticipated that a large proportion of cash outflows would be met from inflows received and existing strategic cash held within the Fund. In April 2020, several of the Local Authority employers within the Fund confirmed their desire to make advanced payments of their contributions. These advanced payments had been retained as cash, on a tactical and risk management basis, and would be used to fund cash outflows. As in previous years, additional cash required over and above that currently held within the Fund would be sourced from the L&G policy that was formed following the assimilation of the Probation Assets and, in that case, would continue to reduce somewhat the post assimilation concentration of assets with L&G.

In line with the recommendations from the 2019/20 Investment Strategy Review, Officers funded the 10% Main Fund allocation to the Factor Based Investment and the 2% increase in the global equity mandate managed by Investec during the second half of 2019. Funding was sourced from the legacy Capital mandate that was temporarily held with L&G pending the implementation of these replacement arrangements.

Following the 2017/18 Investment Strategy Review, the Fund introduced a Main Fund allocation to Private Debt, funded from a reduction in equities, to diversify the Main Fund, reducing the reliance on Public Equities as the source of growth assets. The Senior Private Debt allocation within the Special Opportunities Portfolio was promoted into a standalone Main Fund allocation. Additional commitments to Private Debt had since been made and the portfolio was now 2% of the total value of the Main Fund. Officers had reviewed the Fund's current exposures to Private Debt across the Main Fund to potentially enhance portfolio construction, oversight and monitoring

It was concluded that the Fund was facing a range of strategic and tactical investment related issues, each having their own 'research agenda' in terms of background work, policy formulation and practical implementation. How the Fund addressed these issues and implemented suitable changes would be a critical determinant of its standing in 5 or 10 years' time.

The Advisors commented on cash flow and the consequences of diversification. There was a broad consensus that the current position was the right one, however, a need for close monitoring of the strategy was required, going forward.

RECOMMENDED

(i) Change the reference inflation rate used in defining the long-term target return from RPI to CPI. The target return would thus be defined at present as CPI plus 2.0% to 2.5% pa.

(ii) Main Fund Overall Asset Allocation
- **(a) No changes proposed for the 'fully implemented' benchmark asset allocation.**
- **(b) Adjust the Public Equity to take account of the changes in 'realistic benchmark' allocations to Private Debt, Infrastructure, Special Opportunities Portfolio and Local Investments [see 6. (f), 7. (a), 8. and 9. below]. More specifically, reduce the Public Equity allocation by 2.5% (from 49.8% to 47.3%) to take account of these changes.**

(iii) Public Equity Allocation
- **(a) Maintain the Public Equity mix of 30% UK : 70% Overseas.**
- **(b) Maintain the Overseas equity split at : North America 32.5%; Europe (ex UK) 27.5%; Japan 15%; Pacific 10% and Emerging Markets 15%.**

(iv) Debt Related Investments (inc Bonds)/Cash Allocation
- **(a) No changes proposed for the overall bond position – maintain current overall benchmark allocation for bonds.**
- **(b) No change to the 3.2% allocation to Strategic Cash. Note, in the short-term, additional cash is to be held on a tactical basis for liquidity risk management purposes.**
- **(c) Formally adopt the 'liquidity waterfall' defined under Section 11 and in line with it source the 2020/21 cash requirements from : (1) internal In House cash, (2) L&G. Use the annual rebalance to top-up cash and/or L&G as required.**

(v) Environmental, Social and Governance Factors
- **(a) No changes proposed for the Fund's incorporation of ESG factors into the strategic benchmark and investment strategy**

(vi) Alternative Investments
- **(a) Private Equity: The recommendations of the Policy & Development Working Group be adopted (minute 4 refers).**
- **(b) Infrastructure: The recommendations of the Policy & Development Working Group be adopted (minute 6 refers).**
- **(c) Private Debt: The recommendations of the Policy & Development Working Group be adopted (minute 5 refers).**
- **(d) Special Opportunities Portfolio: The recommendations of the Policy & Development Working Group be adopted (minute 7 refers).**
- **(e) Maintain the strategic target allocation to private equity at 5%.**
- **(f) Change the realistic allocation to Infrastructure from 3.0% to 3.5%, Private Debt from 1.0% to 2.0% and Special Opportunities Portfolio from 2.5% to 2.0%.**
- **(g) All increases in realistic allocations to Infrastructure and Private Debt to come entirely from Public Equities.**

(vii) Direct UK Infrastructure
- **(a) Increase the realistic allocation to GLIL from 2% to 3%.**
- **(b) The commitment to GLIL be maintained at £1bn, with the phasing of commitments above the current £650m being at the discretion of the Director of Pensions.**

(viii) Property

(a) Maintain the overall strategic target exposure to property at 10% and maintain the phased increase in 'realistic benchmark' allocation over two years reflecting the forecast investment programmes, and moving to the 10% target.

(b) Continue to phase in 'realistic benchmark' allocations and movement towards the 10% target, as follows:

	2021 Realistic% Range% Cash flow	2022 Realistic% Range% Cash flow	2023 Realistic% Range% Cash flow
Main Portfolio External	5 5-7 tbc	5 5-7 tbc	5 5-7 tbc
Indirect	2 0-2 n/a	2 0-2 n/a	2 0-2 n/a
Overseas	1.5 1-3 £50m	1.75 1-3 £50m	1.75 1-3 £100m
Other	1 0-1 £100m	1.25 0-1 £50m	1.25 0-1 £50m
Total	9.5 6-14 £50m-£150m	10 6-14 £250m-£350m	10 6-14 £250m-£300m

(ix) Local Investment

(a) Maintain the overall limit on those assets which are locally invested at 5% of Main Fund as agreed at the July 2011 Panel.

(b) Continue to phase in 'realistic benchmark' allocations to reflect the movement towards the respective targets, as follows:

	2021 Realistic% Range% Cash flow	2022 Realistic% Range% Cash flow	2023 Realistic% Range% Cash flow
GMPVF & housing	2 1-2 £100m	2 1-2 £100m	2.5 2-3 £100m
Impact Portfolio & legacy I4G	1 1-2 £80m	1.5 1-2 £80m	1.5 1-2 £80m
Total	3.0 2-4 £180m	3.5 2-4 £180m	4 3-5 £180m

(x) Currency hedging

(a) Maintain the existing currency hedging arrangements and review at future reviews of investment strategy. No other changes are proposed to the management of currency exposure elsewhere within the Fund at this stage.

(xi) Rebalancing

(a) Continue to monitor the Main Fund formally once each year immediately following the review of Investment Strategy and rebalance back to the Main Fund benchmark allocation as necessary.

(b) Take account of aspirational targets for the split of assets managed actively versus index tracking at 2/3 active : 1/3 index tracking and the aspiration to retain the UBS' 'deep value' proposition wherever possible.

(xii) Risk Budgeting

(a) That further development work be undertaken in relation to risk budgeting and be reported back to a future Panel.

(xiii) Implementation

(a) The nature, timing and detailed implementation of any benchmark changes necessary to reflect the decisions of the Panel be settled by the Director of Pensions following consultation with the Advisors and/or managers where appropriate.

12. PERFORMANCE DASHBOARD

Consideration was given to a report of the Assistant Director of Pensions Investments, providing high level, investment performance information, including the value of the Pension Fund Investment Portfolio, the performance of the Main Fund, and the over/under performance of the external Fund Managers against benchmark.

The key information from the Quarter 1 (2020) Performance Dashboard was summarised. The current market environment was characterised by huge uncertainty and the potential for prolonged periods of high volatility. The broad upward trend in markets for risky assets seen in recent years came to an abrupt end from late February 2020, as it became clear that the coronavirus (COVID-19) virus was likely to spread worldwide.

Q1 2020 had been one of the most volatile periods in the history of modern financial markets. March 2020 alone included the COVID-19 pandemic, a historic market sell-off and remarkable global policy measures. Just this one month bore resemblance to several prior market shocks, such as 1987, 2007–08 and 2011. In addition, Q1 2020 saw one of the sharpest changes in market regime (momentum reversal) over the past 20 years and the largest ever spike in stock correlations on record. Volatility intensified with the VIX index exceeding what were considered extreme levels of the Global Financial Crisis.

Markets were stabilised by the speed and the quantum of the policy response, as policymakers globally announced widespread stimulus measures to add necessary support to their respective economies. Collectively, the initiatives taken by central banks would likely have substantially reduced the risk of a financial crisis. However, potential economic downside would be contingent on a combination of both monetary and fiscal policy. Central banks had reiterated that they were prepared to respond accordingly, should conditions deteriorate further, and regional governments were in the process of developing fiscal packages.

Global equity markets fell 20% in local currency terms (15.9% in sterling terms). The UK equity market was the worst performer with the FTSE 100 posting its biggest fall since 1987 as its sectoral composition and exposure to oil & gas hurt performance. Global equities did recover some losses towards the end of the quarter, as market sentiment improved on the back of fiscal and monetary support measures. Market leadership had been driven by stocks with highly correlated characteristics: one region (the US over all other regions), one style ('safety' or quality over value), one size (large cap over mid-and small), one sector (technology over all other sectors).

Within fixed income markets, assets seen as safe havens unsurprisingly fared best over the quarter, with yields on benchmark bonds such as Treasuries and German bunds reaching their lowest ever levels earlier in March. Even these were not immune from the general market turbulence, though, and yields generally climbed later in the month as investors demand for cash increased. Corporate bond spreads widened with sharp falls in the value of more risky debt (e.g. high yield debt). Credit spreads in speculative grade markets moved to levels which historically had represented attractive entry points. However, this had been accompanied by a sharp deterioration in the outlook for earnings and defaults.

Over the quarter total Main Fund assets decreased by £2,983 million to £21.0 billion. Allocations to alternative assets, whilst increasing, remained below their long-term targets. Funding continued apace with allocations expected to increase further over the coming years. The Panel resolved to increase the Global Equity weight to 7% and introduce a 10% strategic allocation to a Developed Global Equities portfolio employing a Factor Based Investing approach, these changes were implemented (in Q2 & Q3 2019). Following the review of Investment Strategy, further changes to the 'realistic' strategic allocations to alternatives were made in Q1 2020 along with implementation of changes to the allocation to Investment Grade bonds (via UBS and L&G) and cash (via L&G). Within the Main Fund, there was an overweight position in cash (of around 1.3% versus target respectively). There was an underweight position in equities (of around 2.8% versus target) and the property allocation continued to be underweight (by around 2.0%) versus its benchmark. This was offset by an overweight position in Alternatives.

On a cumulative basis, over the period since September 1987, the Main Fund had outperformed the average LGPS, equating to over £2.8 billion of additional assets. The Main Fund underperformed its benchmark over Q1 2020. Relative performance over 1, 3 and 5 years was now negative. The Main Fund was broadly in line with its benchmark over 10 years and performance since inception remained strong. Active risk of the Main Fund was broadly consistent at around 1% over 1, 3, 5 and 10 years. Risk in absolute terms (for both portfolio and benchmark) increased substantially over Q1 2020 and was now above that observed historically. This was largely a reflection of the significant volatility seen in markets due to the coronavirus pandemic. Whilst risk was expected to remain elevated, it was expected to moderate over the coming months as the effects of the pandemic subsided.

RECOMMENDED
That the content of the report be noted.

13. LONG TERM PERFORMANCE – MAIN FUND AND ACTIVE MANAGERS

The Assistant Director of Pensions Investments, submitted a report, which advised members of the recent and longer term performance of the Main Fund as a whole and of the external Public Markets active Fund Managers. Detailed results covering periods up to 30 years were given.
It was reported that the Main Fund was in the top 10% of the Local Authority Pension Funds surveyed over 30 years.

The performance of UBS over their time as a Manager for the Fund and short term only performance for Investec since their inception in 2015/16, were displayed.

RECOMMENDED
That the content of the report be noted.

14. CASH MANAGEMENT

A report was submitted by the Assistant Director of Pensions Investments, which explained that the Fund adopted a relatively prudent approach to its cash management. The report outlined the constraints in place to ensure an appropriate level of prudence, focusing primarily on capital preservation and secondly on higher returns. It also detailed the performance achieved over the last three years.

The report concluded that the Pension Fund's cash had been generally well managed. Performance in 2019/20 exceeded market returns and total interest received was £5.4 million.

RECOMMENDED
That the content of the report be noted.

15. UK PROPERTY PERFORMANCE REPORT

Consideration was given to a report of the Assistant Director of Pensions, Local Investments and Property, updating Members on the 2019 performance of the main UK property portfolio managed by LaSalle Investment Management and the internally managed UK Balanced Funds. The report also provided detail of H1 2020 valuation impact of Covid-19 of the main UK property portfolio.

It was reported that the performance of the LaSalle Portfolio remained disappointing, in particular the assets that had been acquired by LaSalle.

It was explained that a strategic review into the property allocation, conducted by officers and GMPF's strategic advisors had been on-going. This had led to the establishment of a new Northern LGPS Property Framework, whereby GMPF and its pooling partners (either individually or collectively) could procure managers for the various services it required during the length of the framework (7 years). Further recommendations would be made in the future with regard to the current LaSalle mandate.

The UK Balanced Fund portfolio had delivered a strong performance over a 1 and 3 year period. Monitoring of this exposure would continue by the internal team.

Discussion ensued with regard to the information contained in the report and, in particular the disappointing performance of the LaSalle Managed Portfolio. The Assistant Director, Local Investments and Property acknowledged the concerns raised and reiterated that ongoing monitoring of the LaSalle mandate would continue and any further recommendations would be reported to future Panel meetings.

RECOMMENDED
That the content of the report be noted.

16. GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2019-2020

The Assistant Director of Pensions, Local Investments and Property, submitted a report explaining that there were changes this year to the governance procedures for approval of GMPF Annual report and accounts due to the impact of the Covid 19 crisis. In addition to the operational challenges there had been concerns over the valuation of illiquid investments caused by acute public market volatility at the yearend date. The draft accounts were presented at the meeting and it was noted that the audit process had commenced.

The report gave details of:

- Governance Arrangements for the approval of the accounts;
- Audit Strategy Memorandum;
- Simplified summary of the accounts for this year; and
- Annual Report including draft accounts.

RECOMMENDED
(i) That the governance arrangements for approval of GMPF accounts be noted;
(ii) That the Audit Strategy Memorandum from Mazars, as appended to the report, be noted;
(iii) That the unaudited accounts, as appended to the report, be noted;
(iv) That the Financial Report as appended to the report, be approved for later inclusion in Annual reports subject to any audit amendments; and
(v) That the Draft Annual Report, as appended to the report, be approved.

17. LGPS UPDATE

Consideration was given to a report of the Director of Pensions providing the Panel with an update on the latest developments regarding the Local Government Pension Scheme, as follows:

- Delay to Retail Price Index ('RPI') consultation announced by HM Treasury;
- Supreme Court Judgement on LGPS boycotts;
- Work carried out by the LGA relating to Covid-19;
- Cost Transparency Initiative (CTI) launch of additional tools;
- 2019 LGPS annual scheme report;
- McCloud update;
- GAD 2020 data collection update;
- MaPS pension dashboard update;
- Guidance issued by the Pensions Regulator; and
- Court proceedings relating to the cost control mechanism 'pause'.

RECOMMENDED
That the content of the report be noted, including the potential impact and implications for the LGPS and GMPF.

18. GMPF WEBSITE UPDATE

Consideration was given to a report of the Assistant Director, Pensions Administration, which provided an update on the project to redesign the GMPF website.

RECOMMENDED
That the content of the report be noted.

19. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

LGC Investment & Pensions Summit, Leeds	**9 - 11 September 2020**
PLSA Annual Conference, ACC Liverpool	**14 – 16 October 2020**
Schroders Trustee Training, Leeds	**20 November 2020**
LAPFF Annual Conference, Bournemouth	**2 – 4 December 2020**

20. DATES OF FUTURE MEETINGS

Management/Advisory Panel	**18 Sept 2020** **11 Dec 2020** **19 Mar 2021** **16 July 2021** **17 Sept 2021** **10 Dec 2021** **18 Mar 2022**
Local Pensions Board	**1 Oct 2020** **14 Jan 2021** **8 April 2021** **29 July 2021** **30 Sept 2021** **13 Jan 2022** **7 April 2022**
Policy and Development Working Group	**3 Sept 2020** **26 Nov 2020**

	4 Mar 2021 **24 June 2021** **2 Sept 2021** **25 Nov 2021** **3 Mar 2022**
Investment Monitoring and ESG Working Group	**2 Oct 2020** **22 Jan 2021** **16 April 2021** **30 July 2021** **1 Oct 2021** **21 Jan 2022** **8 April 2022**
Administration and Employer Funding Viability Working Group	**2 Oct 2020** **22 Jan 2021** **16 April 2021** **30 July 2021** **1 Oct 2021** **1 Jan 2022** **8 April 2022**

CHAIR

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GREATER MANCHESTER PENSION FUND MANAGEMENT PANEL

17 July 2020

Commenced:	**10.00am**	**Terminated:12.30pm**
Present:	**Councillor Warrington (Chair)** **Councillors: Andrews (Manchester), Cooney, Cunliffe (Wigan), Grimshaw (Bury), J Homer, Jabbar (Oldham), Mitchell (Trafford), Newton, O'Neill (Rochdale), Parkinson (Bolton), Ricci, Sharif, M Smith, Taylor (Stockport), Wills and Ms Herbert** **Fund Observers:** **Councillors Pantall (Stockport) and Ryan**	
Apologies for Absence:	**Cllrs Barnes (Salford) and J Fitzpatrick, Patrick and Ward**	

1. CHAIR'S OPENING REMARKS

The Chair welcomed everyone to the meeting and commented on an exceptional 12 month period for everyone. She made reference to unforgiving global stock markets and the unprecedented scale of the fiscal response. She hoped, however, that after 116 days of lockdown, everyone would emerge from the experience stronger and more resilient.

Throughout this period the safety and welfare of employees had been paramount and investment and service delivery had to be quickly adapted to accommodate the lockdown restrictions.

The Chair explained that the most obvious continuing change in day to day routine was that much of the work of the Pension Fund had moved into the home and the virtual world. This included critical processes, including the payment of member benefits, retirement processing and bereavement services. The Fund was also being vigilant in protecting against scammers who were unfortunately seeking to take advantage of the uncertain situation. The need to respect social distancing had meant that all face to face member events scheduled for the next few months had been cancelled and the offices in Guardsman Tony Downes House in Droylsden remained closed to all visitors. However, all pension fund members continued to have access to administration services, including their 'My Pension' online account.

The Chair was pleased to announce that ongoing relationships, often through new ways of communicating, had been sustained. Technology had remained resolute and new channels of communication, had been a revelation as to their widespread adoption, use and bandwidth.

The Investment Strategy had also remained resilient despite market headwinds. The long-term approach of the Fund remained committed irrespective of the challenges.

In terms of liquidity, significant working capital was retained to cover the payroll for the foreseeable future without the need to raise additional funds, taking into account that some employers may be experiencing their own financial difficulties. It was also clear how and where any additional cash would be sourced should that be necessary. Two thirds of listed portfolios by value were actively managed, giving the flexibility to react to events, and the overall long term asset allocation factors in all risks, including left tail risks from events such as a pandemic.

Even looking beyond the coronavirus pandemic, the past twelve months had been a very busy time for the LGPS as a whole and GMPF in particular, with significant changes to the law, rules and the interpretation of them, through the courts.

Whilst turbulence in the markets and the start of the pandemic meant that the Fund closed out at £22.0 billion down from £23.8 billion last year, the Chair was pleased to advise that as at today it was back up at £24.5 billion.

However, whilst last year had been a difficult one financially, the Chair was pleased to note that the abilities and capacity of the Fund continued to strengthen, which had been externally recognised as last year started with:

- The Director of Pensions and Governance being announced as the Municipal Journal first Corporate Director of the Year, at the MJ Awards;
- GMPF Administration Team winning the LAPF Investments Awards 2019 Scheme Administration Award; and
- Infrastructure partnership GLIL wining the European Pensions Award for “Infrastructure Manager of the Year”.

Additionally, amongst other notable achievements, there was the transition to a new common custodian for the Northern LGPS, unlocking significant savings.

The Chair informed Members that GMPF’s carbon foot printing exercise found that the active equity holdings were 25% more efficient than the combined benchmark on the weighted average carbon intensity method, as recommended by Task Force on Climate-related Financial Disclosures (TCFD). Furthermore, a key element of the Fund’s commitment to an orderly transition to a low carbon economy was implemented, involving the replacement of £2.5 billion of GMPF’s passive, index tracking investments, with an enhanced approach that has significantly reduced GMPF’s exposure to carbon emissions and intensity. This was the biggest divestment by any Local Authority taken anywhere in the UK.

As was expected, Responsible Investment and Environmental Social and Governance continued to be regular and high priority items. The Chair was delighted to say that the work of the GLIL platform had secured two new major investments over the past eighteen months in Forth Ports Group, which operated eight major ports in strategic areas such as Tilbury (London), Dundee and Grangemouth, and in Cubico, a leader in sustainable investments in the wind and solar power industries.

The Fund’s engagement with companies through the Local Authority Pension Fund Forum (LAPFF) also met with success this year as, in conjunction with Share Action and Barclays plc, because of the size of holdings that was able to be supported, a successful climate resolution at Barclays AGM requesting that the multi-national bank set and disclose targets to phase out the provision of financial services to the energy sector and gas and utility companies that were not aligned with the Paris Agreement. The proposal was the first to refer to the ‘Just Transition’ wording in the Agreement, which stated that tackling climate change required the transformation of sectors and economies with important implications for the global workforce.

The Chair reiterated that the full impact of the pandemic on the health of citizens, businesses and economies had yet to be understood. The future was uncertain, yet from that uncertainty had arisen greater clarity: that short-term demands for stimulus measures arising from COVID-19 must align with the long-term imperative of transitioning to a net-zero carbon economy the world over. The pandemic did not make the urgency of addressing climate change any less critical or its potential impact less catastrophic. It was in fact a reminder of the need to build systems for resilience and inclusion in order to mitigate the impacts of future shocks, many of which, it was predicted would be environmental and social in nature.

The Chair added that, before COVID-19, there wasn’t a coherent, scientifically supported high-carbon route to economic prosperity. Instead, there was widespread recognition that the pathways to prosperity were the same as the pathways to net zero. A newly optimistic narrative for green finance was increasingly coming to the fore – one that focused on creating new green jobs and rebuilding communities through investing in sustainable infrastructure, clean technology, resilient supply chains and healthy ecosystems.

More than ever, examples of what could work were required: financial solutions that generated acceptable, risk-adjusted returns; investable policy pathways that were also informed by finance practitioners; and definitions, data and analysis that supported financial innovation, all focused on deploying capital where it was needed in the real economy.

The Fund's vision was of a greener future made possible by finance, a society transformed through better investment and it was recognised that the finance sector could only unlock the funding for the transformation of the global economy through collaboration that global challenges could be solved. Responsible Investing would continue to be an important part of the fabric of GMPF so the Chair was pleased to announce a new standing report on the agenda which highlighted the leading work undertaken by the Fund in relation to Responsible Investment.

At a high level, through partnerships and collaborations, the Fund lobbied and engaged with policy makers, regulators, stakeholders and companies. The Fund added its voice to those of hundreds of other major global investors on the need for a green and sustainable recovery to the pandemic, recognising the need to Build Back Better. The Fund had moved quickly on specific key emerging issues, with recommendations for meat processors during COVID19, and calling for a reversal to escalating deforestation in Brazil.

The Fund was also encouraging companies to improve. Fundamentally using its voice for positive change, rather than divesting and 'passing the buck' to someone who, perhaps, wouldn't use their shareholding to create change. The Northern LGPS stewardship report and the Local Authority Pension Fund Forum engagement report demonstrated the results of efforts on topics that were vitally important.

The Chair stated that environmental issues were at the top of the Fund's agenda. However there was also a need to raise awareness of social issues. The transition to a low carbon economy should be a just transition, creating decent jobs and not neglecting the most vulnerable parts of society, in Greater Manchester, and also in the Fund investments across the world.

To further help in raising awareness of these issues, and to galvanise interest, the Chair announced that approval was being sought for the Fund to become a partner of the Make My Money Matter campaign, which was being spearheaded by the film director Richard Curtis, supported by Mark Carney former Governor of the Bank of England. Make My Money Matter wanted to unlock the power of £3 trillion of pension's savings and they had recognised the Fund as a leader in the field.

The Chair concluded by reporting that work continued with the Director of Pensions and consultants, Hymans Robertson, to build on the Fund's work to ensure that GMPF's governance remained not only the best in UK local government, but an exemplar for pension funds worldwide. Following the release of the Phase II Good Governance Report at the end of last year, the Scheme Advisory Board's review continued to gather momentum and while some of the details still needed to be finalised, the overall direction of travel was clear. In March, Hymans Robertson also undertook the first-ever LGPS National Knowledge Assessment to provide funds with a clear insight into the knowledge levels of their key decision makers on a national basis. By participating in the assessment, GMPF had been able to benchmark its position against other LGPS funds and receive bespoke feedback and training plans for Pensions Committee and Pensions Board and, the Chair was pleased to say, Committee Members and the Local Board were recognised as the most engaged with the most knowledge.

As one of the largest funds in the UK, the Fund had broadened and deepened its relationship with the Pension Regulator in the hope that GMPF and other funds could be made better for its members. In the face of the gravest public health and economic crisis faced in living memory, staff, advisors and members had carried out their work with diligence and professionalism.

2. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

3. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 17 April 2020 were noted.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 17 April 2020 were signed as a correct record.

4. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

(a) Urgent Items

The Chair announced that there were no urgent items for consideration at this meeting.

(b) Exempt Items

RESOLVED
That under Section 100 (A) of the Local Government Act 1972 the public be excluded for the following items of business on the grounds that:
(i) they involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the act specified below; and
(ii) in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information for reasons specified below:

Items	Paragraphs	Justification
8, 9, 10, 11, 12, 13, 14, 15, 16, 25, 26, 27, 28, 29, 30, 31, 32, 33	**3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10, 3&10**	**Disclosure would or would be likely to prejudice the commercial interests of the Fund and/or its agents, which could in turn affect the interests of the beneficiaries and/or tax payers.**

5. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 25 June 2020 were considered.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted

6. WORKING GROUP MEMBERSHIP 2020/21

A report of the Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted

7. RESPONSIBLE INVESTMENT UPDATE Q2 2020

A report of the Assistant Director of Pensions Investments, was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted

8. COVID 19 RISK MANAGEMENT AND BUSINESS PLANNING

A report of the Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

9. LGPS NATIONAL KNOWLEDGE ASSESSMENT

A report of the Assistant Director of Pensions, Funding and Business Development, was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

10. LGPS PERFORMANCE UPDATE – TRAINING ITEM

A presentation was delivered by Neil Sellstrom of PIRC.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

11. INVESTMENT STRATEGY AND TACTICAL POSITIONING

A report was submitted and presentation delivered, by the Assistant Director of Pensions Investments.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

12. PERFORMANCE DASHBOARD

A report of the Assistant Director of Pensions Investments was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

13. LONG TERM PERFORMANCE – MAIN FUND AND ACTIVE MANAGERS

A report of the Assistant Director of Pensions Investments was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

14. CASH MANAGEMENT

A report of the Assistant Director of Pensions Investments was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

15. UK PROPERTY PERFORMANCE REPORT

A report of the Assistant Director of Pensions, Local Investments and Property was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

16. GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2019-2020

A report of the Assistant Director of Pensions, Local Investments and Property was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

17. LGPS UPDATE

A report of the Director of Pensions was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

18. GMPF WEBSITE UPDATE

A report of the Assistant Director of Pensions Administration was submitted.

RESOLVED
That the recommendations of the Pension Fund Advisory Panel on this matter be adopted.

19. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

LGC Investment & Pensions Summit, Leeds	**9 - 11 September 2020**
PLSA Annual Conference, ACC Liverpool	**14 – 16 October 2020**
Schroders Trustee Training, Leeds	**20 November 2020**
LAPFF Annual Conference, Bournemouth	**2 – 4 December 2020**

20. DATES OF FUTURE MEETINGS

Management/Advisory Panel	**18 Sept 2020** **11 Dec 2020** **19 Mar 2021** **16 July 2021** **17 Sept 2021**

	10 Dec 2021 **18 Mar 2022**
Local Pensions Board	**1 Oct 2020** **14 Jan 2021** **8 April 2021** **29 July 2021** **30 Sept 2021** **13 Jan 2022** **7 April 2022**
Policy and Development Working Group	**3 Sept 2020** **26 Nov 2020** **4 Mar 2021** **24 June 2021** **2 Sept 2021** **25 Nov 2021** **3 Mar 2022**
Investment Monitoring and ESG Working Group	**2 Oct 2020** **22 Jan 2021** **16 April 2021** **30 July 2021** **1 Oct 2021** **21 Jan 2022** **8 April 2022**
Administration and Employer Funding Viability Working Group	**2 Oct 2020** **22 Jan 2021** **16 April 2021** **30 July 2021** **1 Oct 2021** **1 Jan 2022** **8 April 2022**

CHAIR

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GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

30 July 2020

Commenced: 15:00 **Terminated: 16:50**

Present:	**Councillor Fairfoull**	**Employer Representatives**
	Jayne Hammond	**Employer Representatives**
	Paul Taylor	**Employer Representatives**
	Michael Cullen	**Employer Representatives**
	David Schofield	**Employee Representatives**
	Chris Goodwin	**Employee Representatives**
	Pat Catterall	**Employee Representatives**
	Catherine Lloyd	**Employee Representatives**

Apologies for Absence: **Councillors Cooper, Mark Rayner**

1 DECLARATIONS OF INTEREST

There were no declarations of interest.

2 MINUTES

The minutes of the meeting of the Local Pensions Board on the 9 January 2020 were approved as a correct record.

3 GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2019-2020

Consideration was given to the report of the Director of Pensions / Assistant Director for Local Investments and Property, which outlined the governance procedures for approval of GMPF Annual report and accounts due to the Covid 19 crisis. Further, the report detailed operational challenges and there had been concerns over the valuations of illiquid investments caused by acute public market volatility at the year-end date. In addition, the report outlined the draft accounts.

The key decision making body for the Council was the Audit Panel which received accounting policy reports and the report of the external auditor following the audit of the accounts, for both GMPF and the Council. The Council retained overall responsibility for the accounts of both, and the follow-up on the audit reports received for both, but in practice delegated the responsibility for GMPF to GMPF.

The Audit Strategy Memorandum, and Annual Report were appended to the report.

The Assistant Director for Local Investments and Property outlined the key financial movements during the financial year to 31 March 2020 taken from the accounts.

RESOVLED
That the report be noted.

4 BUSINESS PLANNING AND RISK MANAGEMENT IN LIGHT OF COVID-19 PANDEMIC

Consideration was given to a report of the Director of Pensions, which provided an update on business continuity and overarching approach, effects on each area of GMPF's operation and the risk log for this event and the impact on the assessment of risks in the GMPF risk register.

It was explained that the operating arrangements of GMPF had changed significantly in response to the Coronavirus outbreak in order to ensure business continuity. GMPF's Senior Management Team met daily initially by conference call to ensure all necessary tasks were undertaken and risks were being actively managed and monitored. This reduced to thrice weekly and had recently reduced to weekly reflecting business continuity needs.

It was stated that the situation regarding home working was that over 95% of GMPF officers were working from home. The remaining 5% were working from home on some days and from the office on others.

The Senior Management Team had been actively monitoring communications issued by pension industry partners and linked organisations. There had been initiatives across industry partners to provide support and advice, and officers were regularly attending webinars and online meetings to ensure they kept up to date with the latest news and thinking as the situation changes.

Risks were continuing to be regularly and closely monitored. Although the initial peak of the pandemic in the UK had passed, officers were mindful that there was still the risk of a second wave and things were far from returning to the new normal. Therefore, the approach to risk remained broadly the same as it was in April 2020, with new risks or potential risks being considered regularly.

Members were advised as to the effects on each area of GMPF's operations.

With regards to the Administration service, the day to day running of the section and the completion of tasks remained unchanged. Most activities were being carried out as normal and completed within the usual timescales.

It was reported that so far, impacts of the pandemic could be seen in two areas. The number of death notifications received in April 2020 was around double the number normally received in April. However, the total number was not significantly more than was normally received in the month of January. So, the impact had been manageable and turnaround times had not been particularly affected. The second area where there had been an impact is Customer Services, where there had been challenges in dealing with the number of general calls and emails received from members.

Two other areas that had been closely monitored were the number of members choosing to opt out of the Scheme and the number of transfer information requests.

Although not yet apparent from the statistics, anecdotal evidence suggested that there would be an increase in members with benefits on hold electing to take those benefits earlier than planned, in order to supplement their incomes. Therefore, this area we would be monitored closely.

There were two key changes to normal procedures to note. Work to move procedures online had progressed and now all new joiners and all leavers with deferred benefits received documents through their My Pension online account. Work had now started on transitioning the next procedures to be moved fully online. Online presentations were also now being offered in place of face-to-face roadshows and are proving very popular. There had been an increase in the number of members registered for My Pension. An additional 24,567 members had registered since January 2020, bringing the total number of members registered to 128,945.

The section's ability to continue to provide the same level of service going forward remained dependent on several key factors. With so many colleagues working from home, IT infrastructure needed to be maintained. There was a dependency on colleagues adhering to the social distancing and self-isolation guidance in order to maintain high attendance levels.

There was also an increased risk of a cyber-security breach, and so colleagues would need to remain vigilant and aware of this risk. A flexible approach to working hours continued to be adopted to support those with childcare and similar responsibilities.

The possibility of a second wave of infection remained a key risk. The government's advice continued to be for people to work from home where they can, and so the risks linked to this also remained. Specific areas of risk being actively managed included:

- Staff resilience,
- Workloads,
- Communication with members and liaison with employers,
- Third party suppliers and partners
- Strategic and business planning objectives

Whilst many GMPF employers were likely being severely impacted by the ongoing economic restrictions, as yet there were no confirmed employer insolvencies. However, it remained likely that some GMPF employers would face insolvency over the next few months. The Board were advised that accordingly a more in-depth review of the covenant of GMPF's higher education employers had been carried out.

GMPF issued a survey to employers to try and assess the usage of the Government's Coronavirus Job Retention Scheme. The survey received 119 responses and the key findings were discussed.

With regards to operations in Investments, Members received provisional valuation data for periods to 31 May 2020 and actual performance data for the quarter to 31 March 2020.

It was explained that from a risk management perspective that a significant update was provided to Panel since the position set out at the April 2020 meeting of the Management Panel related to cashflow. The Main Fund had a 3.2% strategic allocation to cash.

Several Local Authority employers within GMPF had made advanced payments of some or all of their employer contributions. This had resulted in GMPF having £990m in cash as at 31 May 2020.

At the 17 April 2020 Panel meeting, officers provided an estimate of the total net cash needed over the following 6 months from 31 March 2020

The availability of actual cashflow data had allowed for experience to 31 May 2020 to be analysed. Although covering only a short period, Officers had compared actual cashflow versus that estimated. The April forecast of cashflow was broadly correct. Contributions received and outflows for payroll were in line with projections at around £55m and £75m per month respectively. The main variances to the forecast result from the receipt of an additional £27m from advanced payment of employer contributions and a lower cash outflow than assumed from private market investments of £35m.

As a result of the experience across April and May, and the ongoing heightened uncertainty, Officers did not propose any revisions to the previously provided estimate nor the proposed course of action, no action was proposed in terms of raising additional cash or investing surplus cash and the tactical overweight to internal cash will be retained.

For direct property, rental collections had been severely impacted by both the underlying economic effects of the crisis and government advice effectively suspending recovery action on rents for the current quarter. The effect was that rental payments for the main portfolio were lower compared to the corresponding period last year. In terms of impact on specific sectors of the property market, offices were likely to be impaired going forward whilst logistics could benefit.

For GMPF development properties, construction recommenced during May. Developers were working through revised plans to take into account any increased costs, delays and impact on ultimate values.

GMPF had an emphasis on the debt part of capital structure, which would in some part mitigate the risk, as would the relationship with the GMCA housing fund which was the senior lender in several of the equity exposures.

GMPF's direct infrastructure vehicle, GLIL, was working on specific asset management issues. None of GLIL's operational assets face material risks as a result of COVID-19. Four of GLIL's assets are under various stages of construction and the smallest, a rail deal, was facing significant delays and additional risk arising from COVID 19, albeit it was believed these risks could be managed to a successful conclusion.

GMPF's Impact portfolio would have similar issues as the main private equity portfolio with an emphasis on exposure to SME lending and equity. Officers continued to work with fund managers to resolve these issues as they arise.

It was reported that the key priorities for Accountancy in the short term had been to support the Administration and Investment functions to ensure payments to pensioners and other creditors and collection of all income. This had been done whilst ensuring security of bank accounts and integrity of records.

Both GMPF and many of its employers had 31 March year end dates. The statutory deadlines for accounts had been changed to 30 August for publishing of draft accounts and 30 November for audit of accounts. Despite early musings by CIPFA there will be no simplification of reporting requirements for local authority accounts for this financial year.

It was stated that for legal services, the key focus had been to maintain the ability to give advice and execute any required amendments to contracts arising from the crisis. This had been done successfully. The changes made in recent years to reduce reliance on hard copies of documents as helped enormously in the transition the section has made to working remotely.

RESOLVED
That the Local Pensions Board note the report.

5 SUMMARY OF GMPF DECISION MAKING

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Funding and Business Development, which summarised the recommendations made by the GMPF Working Groups over the period from December 2019 to July 2020, which were approved at the Management Panel meetings on 17 April and 17 July 2020. It also summarised the decisions made by the Management Panel at the 17 April and 17 July meetings.

RESOLVED
That the report be noted.

6 NATIONAL KNOWLEDGE ASSESSMENT

Consideration was given to a report of the Director of Pensions and Assistant Director for Funding and Business Development, which summarised the findings of the National Knowledge Assessment for GMPF.

It was reported that the National Knowledge Assessment (NKA) opened to responses on the 17 March and closed on the 31 May 2020.

Members of the Management Panel and Local Pensions Board were invited to complete an online knowledge assessment. 18 LGPS Funds participated in the NKA. The GMPF had the highest level of participation and achieved the highest average score out of all participating funds.

Overall Panel and Board members achieved similar average scores per participant in the NKA, but with some variation in areas of knowledge. Management Panel members scored more highly in Procurement and Relationship Management. On the other hand, Local Board members scored higher on Pensions Accounting and Audit Standards.

Management Panel and Local Board scored equally high scores in 'Committee Role and Pensions Legislation', 'Actuarial Methods, Standards and Practices', and 'Financial Markets and Product Knowledge'.

Based on the analysis provided the suggested areas for further development for Management Panel members were 'Procurement' and 'Pensions Accounting'. Whereas the results showed that Local Board may wish to provide further development opportunities in relation to 'Procurement' and 'Pensions Administration'.

RESOLVED
That the Board note the results of the National Knowledge Assessment, GMPF's performance compared to other LGPS funds and further development areas highlighted in the appendix to the report.

7 THE PENSIONS REGULATOR (TPR)

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development / Assistant Director for Pensions Administration, which provided a summary of the current breaches log and decisions made by the Scheme Manager regarding the reporting of these breaches, including details of any late payment of contributions. Further the report provided an update on GMPF's correspondence with TPR and summarised relevant announcements from TPR.

Members received a copy of the current breaches log and the criteria that officers used to assist them in assessing whether a breach would be deemed material was appended to the report.

With regards to late payment of contributions and escalation procedures, Members received a detailed outline of the expected contribution payments, which had not been received by GMPF by the 19th of the month following the month to which they related for the period from March 2020 to May 2020.

It was reported that on 27 March 2020 TPR published guidance to help pension schemes navigate the complications arising from Coronavirus pandemic.

On 27 March 2020 (subsequently updated on 16 June 2020) TPR published guidance to help pension schemes navigate the complications arising from the Coronavirus pandemic. Further, the TPR provided additional guidance on how to communicate with members during the coronavirus pandemic.

RESOLVED
That the Local Pensions Board note the relevant developments set out in the report.

8 PENSION SCAMS

Consideration was given to a report of the Director of Pensions / Head of Pensions Administration, which provided the Local Pensions Board with an update of the regulatory information and other guidance for funds about pensions scams; procedures in place to reduce the risk of a member falling victim to a pensions scams; GMPF's freedom and choice transfer experience to date; and work being carried out at present to try to further strengthen controls to improve awareness.

It was explained that GMPF undertook regular reviews of all processes to ensure that statutory guidance and best practice was followed. When dealing with all requests for non-club transfers, GMPF uses the Pensions Regulator's scheme transfer checklist to highlight whether there was any cause for concern. The process for all requests for non-club transfers was detailed to Board Members. It was further explained that in addition to the usual procedures in place outlined, further measures had been put in place to protect members from scams during the Covid-19 pandemic.

GMPF had produced a leaflet for members looking to transfer out of the Fund, specifically relating to the increased risk of members being targeted at this time.

It was reported that a small number of transfers had been refused following notification from HMRC that the receiving scheme was not a legitimate scheme. Where this had been the case, GMPF had notified the member that the transfer cannot proceed and had provided members with evidence of the HMRC notification. The number of complaints received from members who had been refused a transfer out of GMPF remained low.

There have been several Ombudsman rulings related to cases involving pension scams, including several public sector scheme transfers. When a determination was issued by the Pensions Ombudsman, GMPF reviews the case and current processes to assess whether there were any learning points or changes to processes required.

In August 2019, the Pensions Ombudsman issued a determination regarding a pension liberation fraud case where the appeal was upheld, and the transferring scheme was required to reinstate the members' benefits.

In July 2019, The Pensions Administration Standards Association (PASA) issued guidance for pension schemes on the processes to be followed for 'Standard' or straightforward transfer cases.

It was stated that PASA was intending to release further guidance for funds for 'Non-Standard' cases but has instead released a consultation to cover all DB transfers and had asked funds to provide responses to the consultation before 30 September 2020. GMPF intended to respond to the consultation.

It was explained that along with its software provider and other LGPS funds, GMPF was looking into whether *My Pension* could be used to provide members with transfer quote information. Funds felt there was an opportunity to use the online service to strengthen controls and raise awareness of potential of scams to members. By using the online system, it should be possible to ensure members read the information on scams.

RESOLVED
That the Local Pensions Board Note the information provided within the report and note the intention to respond to the PASA consultation.

9 CYBER SECURITY

Consideration was given to a report of the Director of Pensions / Head of Pensions Administration, which provided an update on the Pensions Regulator's guidance regarding cyber security; the provision of cyber security training for trustees and GMPF officers; and the work being undertaken to develop a new cyber security policy.

To help ensure that trustees and GMPF colleagues were well equipped to understand the risks associated with cyber security and to assess whether the provisions in place were adequate, GMPF arranged training sessions for senior officers and trustees. These sessions were well attended and highlighted the different types of cyber security threats.

GMPF were transitioning to a new IT infrastructure and as a result of this and guidance issued by the Pensions Regulator, there was a requirement to develop a new Cyber Security Policy.

The new policy would better reflect cyber security requirements following the move to the new infrastructure and would consider the specific nature of the data sharing relationships that GMPF has with stakeholders.

Several areas were being considered in the development of the new cyber security policy.

The cyber security policy was being drafted, and once finalised, a copy of the new policy would be circulated. It was anticipated that this would be finalised in the next quarter.

Members of the Board discussed the importance of the new cyber security policy reflecting and taking into account the new working from home arrangements in light of Covid-19.

RESOLVED
That the Local Pensions board note the information provided within the report.

10 ADMINISTRATION UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director for Pensions Administration, which provided the Local Pensions Board with a summary of the 2019/2020 business planning objectives set by the Administration section and planning for the 2020/21 objectives. In addition to the strategic and service improvement administration projects being worked on currently, comments on performance and an update on the review of performance indicators taking place. Further the report included comments on complaints and disputes; and wider LGPS issues and items of note.

The six key business plan items for this financial year were detailed to Members of the Board. The objectives where most progress had been made was on Data retention, security and storage; Customer journeys; and information and education about saving for retirement and retirement living standards.

Preliminary work on developing a new data retention plan and policy was underway. This would support the work needed to transfer files to Microsoft OneDrive and SharePoint. Although work on documenting all key customer journeys had not yet begun, work on investigating and implementing new call centre functionality was underway.

Information and guidance developed by the Pension and Lifetime Savings Association on retirement living standards had been incorporated into the new GMPF website. Officers had also been contributing to several discussions, surveys and initiatives linked to the pension dashboard and would continue to do so as this project develops.

With regards to performance levels, performance levels remained relatively consistent across all areas except for deferred benefits being issued to members. There had been a decrease in the number of deferred benefits being processed within the target timescales.

The number of service complaints received since the last meeting was reported. A significant proportion of these related to delays in answering calls to the helpline or difficulties with accessing or using My Pension. The remaining related to a variety of matters, such as delays to receiving information in respect of pension benefits, rejections of ill health retirement applications by employers and rejection of trivial commutation requests.

A total of 82 compliments were submitted through the feedback zone, about several different areas. Many of these were compliments about the quality of the service members received. Words like efficient, sensitive, helpful and patient were used several times when explaining the service and the way in which it was delivered.

RESOLVED
That the Local Pensions Board note the information provided within the report.

11 RISK MANAGEMENT AND AUDIT SERVICES 2020/21

Consideration was given to a report of the Head of Risk Management and Audit Services, which summarised the work of the Risk Management and Audit Service for the period 1 April to 26 June 2020.

The Head of Risk Management and Audit Services detailed the Final Reports and Draft Reports issued during the period.

It was stated that the results of the draft reports would be reported to the next meeting of the Local Board.

Advice and support continue to be given on request to GMPF officers. During this period advice was given on iConnect, the Target Address Tracing Project and the new website.

RESOLVED
That the report be noted.

12 RISK MANAGEMENT AND AUDIT SERVICES PLANNED WORK 2020/21

Consideration was given to a report of the Head of Risk Management and Audit Services, which presented the planned work for the Risk Management and Audit Services for 2020/21.

It was stated that 320 days would be provided to the Greater Manchester Pension Fund in 2020/21. Members received the Annual Audit Plan for 2020/21 appended to the report. Where appropriate each audit had been linked to a risk in the Greater Manchester Pension Fund Risk Register to ensure that the plan was providing audit coverage in the areas deemed to be of significant risk to the Pension Fund.

The staffing of the internal audit team was outlined to Members of the Board. A Computer Auditor would be procured from Salford MBC Computer Audit Services using the AGMA Collaboration Computer Auditor agreement to help deliver the ICT Computer Audit Plan. The Internal Audit Team had complete organisational independence and is not responsible for any non-audit work.

Members were advised of the internal audit reporting process and received the Internal Audit Strategy and Internal Audit Charter appended to the report.

The Head of Risk Management and Audit Services explained that time was required each year for investigation of frauds and irregularities that were notified to Internal Audit. A control report was provided in response to investigations/advice and support work to ensure that the control environment is improved to try to minimise any future re-occurrence. The Standards Panel would be notified of all cases reported and kept informed of progress on a regular basis and direction/guidance from the Panel was provided where appropriate.

It was stated that the Risk, Insurance and Information Governance Team provided services to the whole Council including schools, and the Greater Manchester Pension Fund. The key priorities for the team during 20202/21 were:

- To work with the Single Leadership Team to review the Corporate Risk Register and link it to the updated Corporate Plan Themes and Priorities.
- To facilitate the continued implementation of the Information Governance Framework, ensuring that the Council was compliant with all Data Protection legislation.
- Following the review of Business Continuity Plans across services, work would be concentrated on producing the Corporate Business Continuity Plan and determining how to introduce a testing regime for both service plans and the corporate plan in response to a major incident.

- To work with our Insurance Brokers to compile all the information needed for the Insurance Tender so that the contract can be awarded by 1 April 2020.
- To review the insurance database used to ensure it is fit for purpose and that the reporting functionality was efficient and effective.
- To continue to support managers to assess their risks as services were redesigned to ensure that changes to systems and procedures remain robust and resilient offering cost effective mitigation and that claims for compensation can be successfully repudiated and defended should litigation occur.
- To attend management team meetings quarterly to provide updates on insurance, information governance, risk management and business continuity.

In accordance with Tameside methodology, the performance of the service would be monitored against targets and performance indicators. The Audit Plan would be continually monitored via monthly progress meetings between the Audit Management Team and regular update meetings with Executive Members, Senior Managers and External Audit and quarterly reports to the Local Board. The target for achievement was 90% of the agreed plan.

RESOLVED
That Members of the Local Board:
(i) note Internal Audit Plan for 2020/21 shown at Appendix 1 and note the planned work for the Risk Management and Insurance Team.
(ii) note the Audit Strategy for 2020/21 shown at Appendix 2.
(iii) note the Audit Charter for 2020/21 shown at Appendix 3.
(iv) note the Quality Assurance and Improvement Programme for 2020/21 shown at Appendix 4.

13 RISK MANAGEMENT AND AUDIT SERVICES - ANNUAL REPORT 2019/20

Consideration was given to a report of the Head of Risk Management and Audit Services, which summarised the work performed by the Services Unit and provided assurances as to the adequacy of the Greater Manchester Pension Fund's system of internal control.

Members received a detailed breakdown of the 2019/20 Audit Plan. It was reported that the delivery of the Audit Plan was not affected by Covid-19 in the last two weeks of March, when the Council and the rest of the UK went into lockdown. All members of the team were able to work from home successfully and had continued to do so.

It was explained that the delivery of the plan could be measured in two ways. Either, the Actual Productive Audit Days Delivered against the Plan, which was 289 compared to the revised plan of 311, which represented 93%. Or, the Percentage of Planned Audits Completed, the figure for 2019/20 was 92%, which was comparable with the previous year 2018/19.

With regards to Anti-Fraud Work, Members were advised that there had been 1 case of Pension Overpayment, the investigation was ongoing.

The National Fraud Initiative Findings were outlined to Members, it was reported that the NFI data was closed for the 2018 exercise as preparations were underway for the 2020 exercise which would commence in October 2020 when all data sets were uploaded.

Due to capacity issues caused by vacancies in the Risk Management and Insurance team, work during Quarter 4 had concentrated on:

- Information Governance - work had been prioritised to respond to requests for support and assistance in completing Data Protection Impact Assessments (DPIA), sharing and processing agreements to enable new projects to commence and the review/investigation of information incidents and near misses.

- Reactive work in dealing with Insurance Claims has continued to ensure all necessary timescale were adhered to.
- Considerable work had been undertaken in finalising the Insurance procurement exercise and all insurance covers were in place by 1 April 2020.
- However, work in relation to the review and development of the risk registers and business continuity planning had not progressed as planned due to the number of vacancies. This work would be prioritised in 2020/21 once the Risk, Insurance and Information Governance Manager is in post.

The key performance indicators for the Internal Audit for 2019/20 were presented to the Board. Four of the five targets had been achieved for 2019/20, the unachieved target related to the percentage of recommendations implemented.

In line with the Public Sector Internal Audit Standards the Head of Internal Audit had to present an Audit Opinion annually.

The Head of Internal Audit stated that the COVID-19 pandemic had not undermined the controls in place for 2019/20, as it was based on the audit work undertaken and the levels of assurance allocated to completed audits which were almost complete prior to the lockdown commencing. Looking to 2020/21 Internal Audit had been involved in advising on changes to systems and processes and despite the whole workforce working from home, Audit were still able to conduct audits and were keeping in contact with Directors and Assistant Directors to offer support and assistance where required.

As stated in previous years it had to be accepted that the gross risk for the Council had increased in recent years. The finding of our work was that controls were in place to mitigate these risks and where improvements had been highlighted, managers had agreed to implement the suggested recommendations. This would aid the management of risks and support the overall control environment.

RESOLVED
That the Local Board to note the report and the performance of the Risk Management and Audit Service during 2019/20.

14 ANNUAL REPORT

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Funding and Business Development.

The Assistant Director for Funding and Business Development advised Members that the guidance for establishing and operating local pension's boards issued by the LGPS Scheme Advisory Board recommended that it is good practice for local boards to publish an annual report of their activities.

Consideration and support was given to the draft GMPF Local Board annual report for 2019/20.

RESOLVED
That the report be noted.

15 LGPS UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions, which provided an update on the latest developments affecting the Local Government Pension Scheme (LGPS).

Members were advised on the 11 March 2020 HM Treasury released a consultation on the reform to the Retail Prices Index methodology the consultation was intended to close for responses on 21 August 2020.

On the 29 April 2020, the Supreme Court released its final judgement on LGPS boycotts. The ruling provided clarity on investment activity and would allow LGPS funds to make a conscious decision not to invest in UK defence or a specific foreign country providing the decision complies with the principles of the Law Commission report.

Members of the Board heard that the results of the Covid-19 governance survey were available, from 1 to 15 May 2020 administering authorities undertook a survey to understand how the governance of the LGPS had been affected by Covid-19.

With regards to the Cost Transparency Initiative (CTI), Members were advised that on the 19 June 2020 additional CTI resources were released covering a new Fiduciary Management template, additional reporting fields on Liability Driven Investments template, property investment template guidance, mapping guidance for private equity investments and additional FAQs, guidance, case studies and webinar resources for users.

The Scheme Advisory Board (SAB) had released its 2019 Annual Scheme Report. The key highlights were detailed to the Board.

To carry out the 2020 scheme level valuation, the Government Actuary's Department (GAD) would request data as at 31 March 2020 from administering authorities in September this year. In preparation, GAD reviewed the 2019 valuation data and recently gave individual feedback to administering authorities. GAD planned to provide a central report on LGPS data quality as part of the valuation advice to MHCLG. Despite the revised timetable, GAD planned to request the data as at 31 March 2020 in September this year.

On 8 April 2020 the Money and Pensions Service (MaPS) published its Pensions Dashboard Programme Progress Update Report. The MaPS intended to release a progress report every six months. The MaPs published two further papers in April 2020; the Pensions Dashboards Data Definitions Working Paper and Pensions Dashboards Data Scope: Working Paper.

It was stated the Pensions Regulator released initial Covid-19 guidance on 16 June 2020 and the TPR provided additional guidance on how to communicate with members during the pandemic. Further, the Pensions Regulator published its Corporate Plan for 2020-21 on 29 June 2020 and the officers were reflecting on how best to address them.

On January 2019 the Government announced a pause in the cost control mechanism process due to the McCloud decision. It was stated that on the 25 April 2020 four unions filed court proceedings against the Government because they claimed that the pause in the cost control mechanism was unlawful. The legal proceedings between the four unions and the Government was ongoing.

RESOLVED
That the Local Pensions Board note the report.

16 URGENT ITEMS

There were no urgent items.

CHAIR

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GREATER MANCHESTER PENSION FUND - INVESTMENT MONITORING AND ESG WORKING GROUP

31 July 2020

Commenced: 09:00 **Terminated: 10:50**

Present: Councillors Cooney (Chair), Andrews, Ricci, Newton, Mitchell, J Homer, M Smith, O'Neill,

Mrs Fulham Mr Drury and Mr Llewellyn

Fund Observer Councillor Pantall

In Attendance:

Sandra Stewart	Director of Pensions
Tom Harrington	Assistant Director of Pensions (Investments)
Paddy Dowdall	Assistant Director of Pensions (Local Investments and Property)
Steven Taylor	Assistant Director of Pensions (Special Projects)
Mushfiqur Rahman	Investments Manager
Richard Thomas	Investments Officer
Michael Ashworth	Senior Investments Manager
Kevin Etchells	Senior Investment Manager (Property)
Lorraine Peart	Investments Officer

Apologies for Absence: Councillors Ward, J Fitzpatrick, Parkinson, Jabbar, Taylor and Barnes

Mr Flatley.

Fund Observer Councillor Ryan

23. DECLARATIONS OF INTEREST

There were no declarations of interest.

24. MINUTES

The Minutes of the meeting of the Investment Monitoring and ESG Working group held on the 20 December 2019 were approved as a correct record.

25. UBS ESG UPDATE

The Working Group welcomed representatives from UBS, Malcolm Gordon, Managing Director, Head of UK Institutional, Francis Condon, Executive Director, Sustainable and Impact Investing Research Analyst and Steven Magill, Managing Director, Head of European Equity Value who attended to present a report on the Environmental, Social and Governance activity in the last 12 months and provide an update on energy stocks and share views on climate transition.

Members of the Working Group were presented with an overview of the proprietary UBS ESG Risk Dashboard. It was explained that this was an ESG integration tool utilised to identify and monitor ESG risks across four dimensions, encompassing sector-relative ESG risk and the identification of 'Outliers'. Members were informed that this methodology covered over 10,000 companies with a consensus score built from internal and external sources resulting in one clear actionable signal leading to the prioritisation of research and company engagement.

It was reported that during 2019 UBS held over 1,400 meetings with prospective investee companies, of these 358 met the definition of engagement. They covered 231 companies across regions and sectors, and 13% of these engagements were collaborative with other investors.

With regards to the Energy Sector Steven Magill explained to the Group that UBS saw a positive role for Energy Companies in driving transition to a lower carbon energy mix, and that they have also reflected their assessment of Climate and Energy transition into their valuations of Energy Stocks.

RESOLVED
That the report be noted.

26. UBS: REPORT ON TRADING COSTS

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Investments, which facilitated Members' scrutiny of UBS's approach to, and practice with regard to trading costs.

Members of the Working group received UBS's current Best Execution and Order Handling Policy which was appended to the report. It was explained that there had been no significant changes to the policy previously reviewed by the Working Group in July 2019.

Malcolm Gordon of UBS presented the Working Group with a detailed report of trading costs for the 12 month period to 31 December 2019. The report had been received by officers of the Fund, and the questions arising from the review had been satisfactorily answered by UBS.

RESOLVED
That the report be noted.

27. NINETY ONE - ESG UPDATE

The Working Group welcomed representatives of Ninety One, Therese Niklasson, Global Head of ESG and Stephen Lee, Director, Head of Institutional Sales who attended to present a report on the Environmental, Social and Governance activity in the last 12 months.

Members of the Working Group received highlights for the last year regarding Ninety One's ESG Integration and Investments and Active Ownership. Therese Niklasson, explained that there were four ESG focus areas consisting of ESG in Investments, Advocacy, Clients and Communication, and Research and Learning.

The Working Group were provided with details of Ninety One's best practice assessment framework and the results of the active engagements which took place throughout the year. Therese Niklasson presented the 2019 Progress Report which included the focus for the year along with details of progress achieved. Recent developments and Transition Pathway Initiative crossover were also shared with the Group.

RESOVLED
That the report be noted.

28. NINETY ONE - REPORT ON TRADING COSTS

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Investments, which facilitated Members scrutiny of Ninety One's approach to, and practice which regards to trading costs.

Members of the Working Group received Ninety One's current 'Order Execution' policy, which was appended to the report. It was explained that there had been a small number of minor changes to the policy previously reviewed by the Working Group in March 2019, none were considered material by GMPF officers.

Stephen Lee of Ninety One presented the Working Group with a detailed report of trading costs for the 12 month period to 31 December 2019. The report had been received by officers of the Fund, and the questions arising from the review had been satisfactorily answered by Ninety One.

RESOLVED
That the report be noted.

29. HYMANS ASSET LIABILITY MODEL OF THE MAIN FUND AND CLIMATE CHANGE SCENARIOS

The Working Group welcomed a representative of Hymans Robertson, Elaine Torry, Partner and consideration was given to a report, which set out the results of the climate risk analysis that was carried out in conjunction with recent Asset Liability Modelling analysis for the Main Fund.

Three climate scenarios were explored with the Group along with the relating economic, financial and longevity impacts of each. Results, conclusions and observations from the climate modelling analysis were also explained.

RESOLVED
That the report be noted.

30. UK PROPERTY PERFORMANCE REPORT

Consideration was given to a report of the Director of Pensions / Assistant Director for Local Investments and Property, which sought to inform Members of the annual and longer-term performance of the UK Property portfolios.

The allocations to property investments and their current weightings as at December 2019 and June 2020 were outlined to Members.

It was reported that as of December 2019 LaSalle's portfolio was valued at £857 million across 42 direct assets. The internal property team replaced LaSalle as the administrators of the specialist in-directs from the 30 September 2019 and as of December 2019 these funds were valued at £105m.

In 2018, the Fund's total return for the LaSalle Managed Portfolio was 3.4% compared with the benchmark (IPD All-Property Universe) of 5.2%. This resulted in an overall ranking for GMPF in the 81st percentile of the All-Funds IPD Universe. The portfolio delivered a Total Return of -2.5% against the benchmark of 0.7%.

It was highlighted that the risk profile of the LaSalle portfolio was a concern. The strategic review concluded that enhanced monitoring of LaSalle was required.

It was reported that the UK Balanced Fund portfolio had delivered good performance over a 1, 3 and 5 year period. Officers would continue to explore routes to increase the expose where relevant.

The deadline for submission of tenders to the Northern LGPS Property Framework was on the 3 July. Hymans is currently reviewing all submissions, and will be reporting to the fund's respective directors in September with its findings.

RESOLVED
That the report be noted.

31. UPDATE ON ACTIVE PARTICIPATION IN CLASS ACTIONS

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Investments which provided Members with an update on litigation in which the Greater Manchester Pension Fund sought to actively recover losses in the value of its shareholdings in various companies as a result of actions taken by those companies.

The report included an update explaining active Class Actions and Antitrust Litigations which remained outstanding along with recent developments relating to each action.

RESOLVED
That the Fund adopts the approach to active participation in class actions as set out in the report.

32. UNDERWRITING, STOCKLENDING AND COMMISSION RECAPTURE

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Investments, which advised Members of the activity and income generated on Underwriting, Stocklending and Commission Recapture during the year ended March 2020.

It was reported that the Fund did not participate in any sub-underwriting via UBS during the year. Stocklending income during the year was £771,430 and compared with £712,065 in the year ending March 2019 The value of securities on loan as at 31 March 2020 was £313.8m (1.4% of GMPF assets) and collateral valued at £333.7m was held against these loans. Commission recaptured during the year was £11,977 and compared with £16,637 in the year ending March 2019.

The report outlined that income from these activities was opportunistic in nature and very sensitive to market conditions. The amounts generated were therefore expected to vary, potentially significantly from one year to another.

RESOLVED
That the report be noted.

CHAIR

GREATER MANCHESTER PENSION FUND - ADMINISTRATION, EMPLOYER FUNDING AND VIABILITY WORKING GROUP

31 July 2020

Commenced: 10:00 **Terminated:** 11:30

Present:	Councillors M Smith (Chair), Ricci, Patrick, Drennan, Wills, Cooney, Andrews, O'Neill and Mitchell,	
	Mr Drury and Mr Llewellyn	
	Fund Observer Councillor Pantall	
In Attendance:	Sandra Stewart	Director of Pensions
	Euan Miller	Assistant Director of Pensions (Funding and Business Development)
	Paddy Dowdall	Assistant Director of Pensions (Local Investments and Property)
	Tom Harrington	Assistant Director (Investments)
	Emma Mayall	Assistant Director (Pensions Administration)
	Victoria Plackett	Head of Pensions Administration
	Matthew Simensky	Section Manager Pensions Administration
	Rachael Foster	Investment Officer

Apologies for Absence: Councillors Sharif, Parkinson, Jabbar, Grimshaw and Cunliffe,

McDonagh and Mr Flatley

Fund Observer Councillor Ryan

41 DECLARATIONS OF INTEREST

There were no declarations of interest.

42 MINUTES

The minutes of the meeting of the Administration, Employment Funding and Viability Working Group held on the 20 December 2019 were approved as a correct record.

43 ADMINISTRATION STRATEGIC SERVICE UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development / Assistant Director for Administration, which provided the Working Group with a summary of the strategic improvement administration projects or areas that were being worked on by the Administration, Funding and Accountancy teams.

It was reported that business continuity plans and the approach being taken to manage the impact of the Coronavirus outbreak on the service remained the same as outlined at the last Management Panel meeting. There continued to be a higher than average number of death notifications being received but the numbers remained manageable.

The statutory deadlines for accounts had been changed to 30 August for publishing of draft accounts and 30 November for audit of accounts. This had required changes to be made to normal plans and timescales in order to deliver the accounts and IAS19 reports on time.

It was reported that work on the annual report and accounts had taken place this quarter, the accounts would be audited and scheduled for approval as part of Tameside's MBC's accounts in November 2020.

Work on several objectives being undertaken to meet or strengthen compliance with the Pension Regulator's Codes had continued. The transition to monthly data collection from employees had continued.

To carry out the 2020 scheme level valuation, the Government Actuary's Department would request data as at 31 March 2020 from administering authorities in September 2020.

Following the appointment of a new contractor to carry out the waste management services, GMCA requested that GMPF accept a bulk transfer of members' benefits from the Citrus Pension Plan in order to help simplify arrangements for members. GMCA were undertaking a communications exercise for members alongside the new contractor to ensure members understood the process and the options available.

Members heard how GMPF had engaged with data specialists ITM ltd to review GMPF's data in respect to the McCloud/Sargeant judgement. MHCLG had confirmed that they expected a consultation on the proposed remedy to be issued in July 2020 or shortly thereafter. The SAB had set up an implementation group that had three subgroups looking at communications software issues and data collection. A set of FAQs for scheme members and draft wording that administering authorities could use when communicating with Members about this issue and the Fund was reviewing its documentation.

RESOLVED
That the report be noted.

44 ADMINISTRATION MEMBER SERVICES UPDATE

Consideration was given to a report of the Director of Pensions / Head of Pensions Administration, which provided a summary of the work and projects being carried out by the Member Services area of Pension Administration.

With regards to Key work items across the Member services section, it was stated that in addition to the usual work items undertaken across the section, work relating to changes in legislation or following judgements continued to be progressed. Of the 44 cases identified for review following the Brewster judgement, the Bereavements team had reviewed 43 cases with one still to be reviewed, of these 39 potential beneficiaries had been written to and nine of these cases had now been processed for payment.

Further, it was reported that the review of the area of work relating to pensions overpayment continued and an analysis of the current outstanding member related debt was appended to the report. The transition of the Payment of AVC's to the respective benefit teams was complete and work was underway to adopt the approach that that many other LGPS funds take by paying AVC's directly to members at the point of retirement. Also all correspondence for the benefits on hold and new starter notification processes was now able to be uploaded to members My Pension online account.

It was stated that following the Pensions Saving Statement exercise for 2018/19, 54 scheme pays requests had been received and processed. Members had until 31 July 2020 to make mandatory scheme pay requests. 2020 Annual Benefit Statements for Members with benefits on hold had all been issued. Statements for contributing Members were in the process of being issued.

A review of the Key Performance Indicators was underway. A significant amount of work had already been undertaken to determine the tasks to be measured and the associated statutory deadlines. Work was carried out to ensure the Altair workflow functionality associated with the tasks could provide necessary reporting. Performance levels remained relatively consistent across all areas except for deferred benefits being issued to members. There had been a decrease in the number of deferred benefits being processed within the target timescales. Resource requirements and procedures were being reviewed to ensure the work was being processed as efficiently as possible.

It was reported that GMPF issued surveys to members to obtain a view of member experience for many of our key processes. Members received information on the survey responses received for bereavements first stage process, retirement offers, deferred benefit officers and deferred refund processes for the period. Overall feedback was positive, surveying activities were suspended due to the transition to home working but recommenced from July 2020.

On planned changes to the early leaver process, it was explained that the monthly data collection and implementation of the new website had enabled the leaver notification process to be changed. This would improve the process for employers. Employers would be able to notify GMPF that a member had left on their monthly return and would be able to supply any additional information needed for those members who had pre 2014 benefits by completing and uploading a spreadsheet through the website. This would replace the current process where employers completed an individual leaver form for each member who had left their employment.

A data extract which contained a list of members for whom there were no home address on record had been supplied to Target Professional Services, the company provide tracing and mortality screening services to GMPF. Target were writing to around two-thirds of these following an automated search. The next phase would involve the manual tracing of the remaining members where an address was not found through the automated trace process.

RESOLVED
That the Working Group note the intention to change the leaver notification process and note the content of the report.

45 ADMINISTRATION EMPLOYER SERVICES UPDATE

Consideration was given to a report of the Director of Pensions / Head of Pensions Administration, which provided the Working Group with a summary of the work and projects being carried out by the Employer Services area of Pension Administration.

It was stated that here continued to be a significant number of employers applying to join GMPF with 45 applications being progressed. A further 25 enquiries had also been made by employers considering applying for admission.

GMPF continued to work with those employers who had not yet transitioned to monthly data collection. A total of 574 employers had now on-boarded onto iConnect, leaving 38 employers still to on-board; 12 of these related to a single GM Local Authority and their associated employers and a further 10 related to new employers only recently admitted to the Fund. All remaining employers yet to on-board had been given a deadline of 31 July 2020, this had been extended due to the coronavirus pandemic to the 31 December 2020.

With regards to Year-end Returns, the only remaining queries for the 2018/19 year-end project related to employers not yet on-boarded and would be cleared as part of on-boarding process. Employers not on-boarded by 31 March 2020 had sent in year-end returns for 2019/20. Fifty year-end returns were received in total and all were submitted by the 7 May deadline. Due to on-boarding most employers by 31 March 2020, year-end queries had reduced significantly.

It was explained that an indication of performance of GMPF’s larger employers had been gained in the past by recording data about the timeliness of new starter and early leaver information and the age of queries with those employers. However due to the change in monthly data collection, the Employer Support team were working on a new set of performance measures for GMPF employers.

The LGA-run '*Understanding the Employer Role'* would normally be held regularly throughout the year at offices in Droylsden. Due to Covid-19, this would be held remotely for the foreseeable future.

The new GMPF website had recently been launched and contained a new secure area for employers with several new features. Every user now required their own personal user account to access information within this section of the website. The Employer Support team were involved in the creation of 600 new user accounts for all authorised signatories held for each employer and third-party payroll providers. The team also provided communications to employers to assist in explaining the changes.

RESOLVED
That the report be noted.

46 ADMINISTRATION DEVELOPMENTS & TECHNOLOGIES UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director for Pension Administration, which provided a summary of the work and projects being carried out by the Developments & Technologies area of Pension Administration.

It was reported that work had continued to progress since the last meeting to renew the IT hardware and software infrastructure of GMPF. All GMPF colleagues were issued with replacement laptops in January and February 2020 installed with Windows 10 and Microsoft Officer 365. The team were working with colleagues in the IT department at Tameside MBC to plan the transition for some colleagues that use Tameside MBC email accounts to GMPF email accounts. Work had begun on transferring all GMPF data files to the cloud again using services hosted by Microsoft. This project would take several months to complete and would be run alongside the implementation of a new document retention plan.

Work was underway on producing a cyber-security policy specifically for the Fund following guidance from the Pensions Regulator and a recognition that it may not be appropriate for LGPS pension funds to adopt the cyber security policies of the administering authority. GMPF had been working in collaboration with an IT consultant to assess current practices and determine what aspects the policy should cover and steps required to be taken to ensure that robust measures were in place to reduce the risk of cyber security incident occurring. A draft policy was almost complete, Systems Developments team were considering actions that could be taken to strengthen GMPF's position in this area and a progress report on these actions would be brought to a future meeting together with the policy.

The Complaints and Disputes Board continued to meet monthly and all learning points were passed back to the relevant team. The number of cases had continued to decrease, which implied the work being done to ensure learning points were captured and subsequent changes implemented was proving successful.

A Developments & Technologies strategy had been developed, the strategy outlined GMPF's approach to technology and confirmed the objectives set for the next twelve to eighteen months linked to digital transformation. The strategy would be in place from July 2020 to December 2021 and progress against the objectives set would be reported at future working group meetings.

RESOLVED
That the working group note the updates provided within the report and approve the new Developments & Technologies internal strategy and objectives.

47 ADMINISTRATION COMMUNICATIONS & ENGAGEMENT UPDATE

Consideration was given to a report of the Director or Governance and Pensions / Assistant Director for Pensions Administration, which provided a summary of the work and projects being carried out by the Communications & Engagement area of Pensions Administration.

It was stated that in line with current Business plan objectives, work had been undertaken in recent months to review the contact centre functionality that was available in the market that would support the move to providing a greater digital offering to members. Market research would be carried out to assess products available. A procurement exercise would then be undertaken to purchase suitable software with greater functionality. Indicative costs for this had already been included within the budget.

Work on the website redevelopment project had been put on hold whilst business continuity plans were put in place due to the coronavirus outbreak. Work recommenced in May 2020 and the new website was launched shortly afterwards. Further work had been carried out to add additional content and features to the website. A key focus over the next six months would be to gather feedback through surveys and focus groups.

It was reported that Over 128,500 members had now registered for the online service, My Pension. There had been several new developments providing more online functionality in My Pension. This had become a higher priority area of work in order to reduce the risks for both members and officers linked to the Covid-19 situation. Members were now able to upload copies of certificates to their account. New starters and those leavers entitled to deferred benefits now received all correspondence through their online account and could download and upload forms. Procedures would shortly be amended to enable those entitled to refunds and the payment of retirement benefits to also be able to complete transactions through their online account. In addition, all pensioners were issued with an eP60 in April, which was uploaded to their account for the first time.

Registration figures had sharply increased over the past 18 months following several disclosure notifications being posted to members. To further increase registration, campaigns would be run in collaboration with scheme employers whilst utilising the new GMPF website. The Customer Service helpline team would continue to promote My Pension on each interaction.

Members of the Working Group were given an update on the customer services activities for the last quarter. Call volumes had dropped when compared to the same period in 2019, however, queries by email and the GMPF website had started to increase. Since the end of March 2020, the customer service phone lines had been opened for slightly shorter times, to help focus on incoming emails. This would revert to the standard hours following monitoring over the next six to eight weeks.

With regards to complaints suggestions and compliments received, since the last meeting 87 service complaints had been received. A total of 82 compliments were submitted through the feedback zone.

Feedback from the 2019/20 surgery events that came to an end in January 2020 was positive with many comments suggesting that they should be run regularly. Surgeries could not be held currently due to social distancing measures being in place. Several online presentation events had been advertised in conjunction with the issuing of the 2020 annual benefit statements. These were available for member to register for on the events page on the GMPF website.

RESOLVED
That the report be noted and that the Director for Pensions be authorised to procure new contact centre software within the available budget.

48 RETAIL PRICES INDEX UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Funding and Business Development, which highlighted recent developments on the continuity of the Retail Prices Index. The UK Statistical Authority had signalled a desire to move away from using RPI to using the Consumer Prices Index including owner occupiers' Housing costs ('CPIH') measure.

Members heard that many pension schemes would be impacted by changes to RPI. In particular, the CPIH formulae could be expected to produce an inflation measure that was around 1% per annum lower than the RPI formulae.

The benefits provided by many private sector defined benefits schemes were increased in line with RPI. Consequently, pensioners in these schemes could expect to receive lower pension increases beyond 2030 than they otherwise would have had. Many individual annuities would also be linked to RPI. The difference in value for individuals impacted would likely be relatively material, with some estimates as high as 20%.

Pension schemes that have predominantly RPI-linked pension increases should experience a financial gain from the change (to the detriment of members). However, where pension schemes had predominantly CPI-linked pension increases, schemes were likely to suffer a net financial loss from the change. The loss will be more severe for those schemes that have a significant proportion of their assets invested in RPI-linked instruments (such as index-linked gilts).

Index-linked gilts would likely appear less attractive to investors leading up to and following any change to RPI. However, there was only a relatively small reduction in index-linked gilt prices immediately following the announcements. It is possible that investors may be compensated for any losses they incur as a result of the changes, which could explain why the market impact was not more pronounced.

Overall, Hymans Robertson estimate that the proposed changes could result in an arbitrary transfer of value to the state of up to £100bn.

Implementation of the proposed changes would reduce the expected returns from the index-linked gilts that GMPF holds. Index-linked gilts had a benchmark allocation in the GMPF Main Fund of around 2%, equivalent to around £500m. However, there could be some form of compensation provided to ensure that investors were not adversely affected by the changes. There was however considerable uncertainty over how any compensation scheme would operate.

Pensions in the LGPS increased in line with the Consumer Price Index ('CPI') meaning members' annual pension increases would not be affected by any changes to RPI and there would not be any direct impact on the value of GMPF's liabilities. Given there could be some reduction in asset values but without any corresponding fall in the value placed on the liabilities, this change was expected to be negative for GMPF overall, although the impact should not be material at the whole-fund level.

For employers that had a lower-risk investment strategy via the Designated Fund, the allocation to index-linked gilts tended to be higher, with one employer having an allocation to pooled inflation-protection funds which were linked to RPI.

GMPF is planning to submit a response supporting the points made by Hymans Robertson and provide an estimate of the impact for the GMPF employers with bespoke investment strategies involving index-linked gilts and RPI based inflation swaps.

RESOLVED
That the Working Group note the report and the proposed approach to preparing a consultation response set out in Section 3.5.

49 ASSET LIABILITY MODELLING FOR INDIVIDUAL EMPLOYERS/POOLS

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Funding and Business Development. GMPF had for some time worked with some of the larger employers with mature liability profiles to assess whether an investment strategy different to the Main Fund was appropriate and explore the practical ways of achieving this. Consideration had also been given to whether alternative investments strategies for other employers should be introduced and if so, how this could be done whilst ensuring the governance of any approach remains manageable. This report summarised the method used in this process, the employers and employer groups chosen for consideration and the investment strategies considered.

It was reported that following the completion of the actuarial valuation process, Hymans Robertson had undertaken an Asset-Liability Modelling exercise for 5 employers or groups of employers with similar liability profiles.

It was stated that various alternative strategies were modelled for each employer/employer group as agreed. Many of these strategies were also modelled for the Main Fund as a whole.

For most of the employers/employer groups considered, the output of the modelling suggested the current strategies remained appropriate, particularly when the agreed changes to GMPF Main Fund strategy were fully implement.

RESOLVED
That the report be noted and the proposed next steps set out in section 5 of the report.

50 BUDGET/COSTS UPDATE REPORT

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Local Investments and Property, which compared the administration expenses budget against the actual results for the 2 months to May 2020.

Comparison was made against the budget for the same period of £6,764,000 which is derived from the Original Estimate for 2020/2021 approved by the members at the Management Panel Meeting of 17 January 2020.

In the two months to 31 May 2020 there is an under-spend of £857,000 against the budget of £6,764,000 for that period.

RESOLVED
That the report be noted.

51 TEMPORARY FUNDING OF PORTFOLIOS WITHIN THE DESIGNATED FUND

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Investments, which addresses the approach to take in instances where GMPF may be asked to temporarily fund a Designated Fund portfolio.

It was stated that GMPF managed a small number of bespoke investment strategies for a select few employers. At present, each bespoke investment strategy was implemented via a separate distinct investment portfolio and these portfolios form the “Designated Fund”. Some of the Designated Fund portfolios employ hedging strategies that aimed to reduce certain risks usually via the use of derivatives. The use of derivatives may require some cash to be held in the portfolio to be used as collateral.

It reported that in some circumstances, the Main Fund could in theory temporarily fund a Designated Fund portfolio. This could be considered as assets (or cash) being ‘borrowed’ from the Main Fund.

This could be viewed as providing an unfair advantage to those employers with a bespoke strategy and a form of subsidy to the related employer, increasing liquidity and covenant risks to the Main Fund, increasing operational complexity and therefore operational risk and increasing costs.

For the above reasons and on balance, it had been considered that, wherever possible and practicable, negative asset or cash balances in the Main Fund that may arise from the implicit or explicit funding of bespoke investment strategies in the Designated Fund would be avoided. That is, ordinarily, the assets of the Main Fund should not be used to temporarily supplement the assets or meet the cashflow needs of any portfolio within the Designated Fund.

RESOLVED
That the Working Group agree that the following position be adopted.

Ordinarily, the assets of the Main Fund should not be used to temporarily supplement the assets, or meet the cashflow needs, of any portfolio within the Designated Fund.

52 URGENT ITEMS

There were no urgent items.

CHAIR

GREATER MANCHESTER PENSION FUND - POLICY AND DEVELOPMENT WORKING GROUP

3 September 2020

Commenced: 11:00 **Terminated:** 12:30

IN ATTENDANCE

Councillor Warrington (Chair)	
Councillor Cooney	
Councillor M Smith	
Councillor Pantall	**Fund Observer**
Councillor Ryan	**Fund Observer**
John Thompson	**Trade Union Representative (UNITE)**
Ronnie Bowie	**Advisor to the Fund**
Lyn Brown	**Advisor to the Fund**
Mark Powers	**Advisor to the Fund**
Sandra Stewart	**Director of Pensions**
Tom Harrington	**Assistant Director of Pensions (Investments)**
Paddy Dowdall	**Assistant Director of Pensions (Local Investments & Property)**
Steven Taylor	**Assistant director of Pensions (Special Projects)**
Neil Cooper	**Head of Pension Investment (Private Markets)**
Kevin Etchells	**Investment Manager (Local Investments)**
Andrew Hall	**Investment Manager (Local Investments)**
Dan Hobson	**Head of Real Assets**
Misodzi Dent	**Investment Officer**
Rachael Foster	**Investment Officer**

Apologies for Absence: Ms Herbert and Peter Moizer

15. DECLARATIONS OF INTEREST

There were no declarations of interest.

16. MINUTES

The minutes of the meeting on the 20 December 2019 were approved as a correct record.

17. REPORT OF THE MANAGER

Malcolm Gordon, Head of UK Institutional, Steve Magill, Head of European Value and Jonathan Davies, Senior Portfolio Manager Investment Solutions, UBS, attended before Members and gave a presentation detailing their performance up to 30 June 2020.

Mr Gordon began by explaining the very disappointing performance of the portfolio over the prior 12 months. Whilst the portfolio performance currently lagged the benchmark for short- and medium-term time horizons, the since inception relative return remained strongly ahead of benchmark.

Mr Magill gave a detailed account of UK and European ex UK equity performance, including the impact of COVID-19 on the value style of investing. While the underperformance in the portfolio had been substantial in the quarter and over the past year, it was believed this reflected extreme market conditions. This period had been used to buy companies at substantial discounts to Fair Value and this should lead to a strong recovery in performance as economies normalise.

Asset allocation was detailed including an overweighting in Japanese and Emerging Market equities and an underweighting in US equities. There was also an overweight to UK Corporate Bonds and underweight to UK Government Bonds.

An overview of the historical outperformance of stocks with value characteristics was provided, and it was explained that the last ten years had been an exception to this, coinciding with the bulge in pre-retirement baby boomers. It was explained that this boom had now peaked, and that the demand for assets with stable cash flows was no longer intensifying.

Wide ranging discussion ensued with regard to the content of the presentation, in particular as to whether economies were on the path to normalisation with regards to COVID-19.

RECOMMENDED
That the report be noted.

18. UPDATE ON PERFORMANCE MEASUREMENT

Consideration was given to the report of the Director of Pensions, which updated the Working Group on the proposed enhancements to the reporting of performance for the internally managed portfolios.

In the last few years the Fund had developed a performance measurement dashboard, and had worked with its independent performance measurement provider, Portfolio Evaluation, to incorporate high level analysis of performance on a single page within the dashboard, which was considered by the Management Panel quarterly. The purpose of this was to facilitate evaluation of the relative contributions of all portfolios to the overall performance of the Fund.

The next proposed phase in the development of enhanced performance reporting involved a focus on the internally managed portfolios of non-public market assets.

In considering the proposed enhancement of performance reporting, a number of aims and objectives are to be considered. These would include:

In considering the proposed enhancement of performance reporting, a number of aims and objectives are to be considered. These would include:

- so far as possible, a *standardised* approach across all internally managed portfolios should facilitate evaluation of performance;
- where there was more than one portfolio within an asset class (e.g. infrastructure and property) a pragmatic holistic view of the asset class should facilitate evaluation of the different portfolios;
- portfolio managers should provide context and qualitative analysis of performance; and
- performance data should be calculated externally and independently of the portfolio

The Assistant Director of Pensions for Investments would take a lead in the development of enhancements consistent with the above aims and objectives and report back to future meetings with clarity that as with all our Fund Managers accountability would remain with the relevant investing officer.

Ronnie Bowie, advisor commented that this was a sensible and right direction to go in particularly given the increasing reliance upon diversification into alternatives away from public markets to provide the necessary income for the Fund to pay pensions, which required the Fund to have external independent assurance.

RECOMMENDED
That the report be noted.

19. PRIVATE EQUITY PORTFOLIO - REVIEW OF PERFORMANCE

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Investments, which updated the Working Group on the returns achieved by GMPF's Private Equity portfolio to the end of 2019.

Members of the Working Group were presented with GMPF's Private Equity Portfolio returns. It was explained that the first quarter of 2020 saw a significant widening in the gap between private and public equity performance with public market indices falling in excess of 20% but GMPF's PE portfolio only falling 7% when adjusted for cash flows and foreign currency moves. The second quarter of the year saw a dramatic recovery in public equity markets, particularly in the US which, in sterling terms, was showing a positive year to date return at the end of June. This was likely to close a large part of the incremental spread between private and public market returns that was established in the first quarter.

GMPF officers, and their Northern LGPS colleagues who contributed to implementation through Northern Private Equity Pool, continued to seek out and invest with managers that had sufficient human resource to enable an active approach to ownership to be taken. Diversification was also a key consideration, which the impact of COVID-19 had illustrated the importance of.

It was stated GMPF's private equity programme continued to compare well against any reasonable set of objectives. It had delivered returns that were good in absolute terms and that were also good when compared to appropriate public and private market comparators.

The investment team continued to seek to achieve such returns going forward and this forms the basis for pursuing the strategy presented to the June 2020 meeting of the Policy & Development Working Group and approved by the July 2020 Management Panel.

RECOMMENDED
That the report be noted.

20. PRIVATE DEBT PORTFOLIO - REVIEW OF PERFORMANCE

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Investment, which updated the Working Group on the returns achieved by GMPF's Private Debt portfolio to the end of 2019.

Members were presented with the GMPF Private Debt portfolio returns. It was explained that as at December 2019, investment commitments amounting to £925m had been made in recent years. Whilst Private Debt funds matured faster than Private Equity funds, officers believed that three years was an appropriate cut off for the definition of "maturity". As a result, recent investments fell into the "immature" category.

GMPF's debt portfolio, as at 31 December 2019, had not faced any material or noteworthy performance issues. Deployment had been in line with officers' expectations.

With regards to 'Near Term Observations', the near term, senior loan funds, had shown themselves to be amongst the least affected asset classes in the face of COVID-19 induced turmoil across finance markets.

Members of the Working Group were advised that it was too early to make any meaningful conclusions regarding the performance of the investment commitments that had been made in recent years leading up to and following the creation of the Private Debt strategic allocation within the Main Fund.

RECOMMENDED
That the report be noted.

21. INFRASTRUCTURE FUNDS PORTFOLIO - REVIEW OF PERFORMANCE

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Investments, which updated the Working Group on the returns achieved by the GMPF's Infrastructure Funds portfolio to the end of 2019.

Members were advised that Infrastructure was an asset class generally comprising assets and resources providing basic services essential for a functioning economy and society. Assets typically encompass energy, water, communication, social infrastructure and transport infrastructure and given the essential nature of and demand for use of infrastructure, the investments tended to have relatively low business risk, often in natural monopoly positions and with high barriers to entry.

It was reported that markets for private infrastructure assets and businesses remained reasonably buoyant during 2019. Unrealised gains were more muted than in recent years and activity levels within the GMPF portfolio had dipped a little, reflected in lower cash drawdown rates.

Of the 38 fund commitments made under the Infrastructure Funds programme, 25 were sufficiently old to be meaningfully reported upon. By value, the 25 mature funds now represented around 37% of total commitments made under the programme as at 31 December 2019.

The mature Infrastructure Funds portfolio had outpaced expectations and benchmark returns in the most recent decade. Returns in Value Add funds, in particular, had benefited from a rising valuation environment and foreign currency gains. These drivers argued against extrapolating the experience of the 2010s into the future. Officers expect more modest returns in the current decade**.**

RESCOMMENDED
That the report be noted.

22. SPECIAL OPPORTUNITIES PORTFOLIO - REVIEW OF PERFORMANCE

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Investments, which updated the Working Group on the returns achieved by GMPF's Special Opportunities Portfolio to the end of 2019.

RECOMMENDED
That the report be noted.

23. MANAGER MONITORING REGIME INCLUDING MONITORING ESCALATION

Consideration was given to a report of the Director of Pensions / Assistant Director for Investments, which summarised the results from the Monitoring Escalation Protocol as at 30 June 2020.

It was stated the Fund's approach to Securities Manager monitoring had been enhanced by the adoption of a codified and structured Monitoring Escalation Protocol. The Overall Status Levels and courses of action taken in relation to the results from the most recent Monitoring Escalation Protocol were provided for each manager appended to the report.

The Manager Escalation Protocol included performance as the sole metric by which the Securities Managers were initially assessed. There were a number of less quantitative, softer dimensions, which could be used to form a view on the Manager's prospects of outperforming going forward. These included the quality of the staff and turnover of key personnel, a coherent and robust approach to linking the underlying philosophy of investing to the actual purchases and sales made, and the underlying investment philosophy itself.

In addition, a traffic light approach (Green, Amber, Red) had been developed to provide a single overall indicator that summarised Officers' current subjective assessment of People, Process and Philosophy for each Manager. The respective traffic light should be viewed as providing additional context to supplement the codified Status Levels of the Monitoring Escalation Protocol.

RECOMMENDED
That the report be noted

24. IMPACT AND INVEST FOR GROWTH PORTFOLIOS

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Local Investments and Property, which provided an update on the financial returns by the growth portfolios.

It was stated that the "dashboard" information, showed a breakdown of the investments made to date for both the Impact and Invest for Growth portfolios and the performance of these portfolios as at 31 December 2019. The Impact Portfolio was still in its infancy and therefore performance data at this early stage was not meaningful.

It was reported that the level of commitments at 31 December 19, against the allocation for both the Impact Portfolio and Invest for Growth Portfolios was £437 million, with £207 million of funds drawn to date. This was an increase in commitments of £56m and an increase in funds drawn-down by £45m, from the position previously reported, as at 31 December 18.

The IRR position for the Impact portfolio is 3.3% with the total value of investments being £172.4m as at 31 December 2019. As mentioned above, this portfolio was relatively young and it was expected that returns would increase as investments mature. The Invest for Growth portfolio had an IRR of 7.5% and a total value of £44.7m as at 31 December 19.

It was explained that in the normal course of events these performance reports were focused on looking back on the previous calendar year. In the light of the unprecedented impact of Covid 19 it was vital to comment on the implications for the impact portfolio. So far, the effect on valuations had been less than might be expected at a downward movement of 2.0% as at 31 March 2020. This was due primarily to the usual lag in reporting and was expected to be more severe when figures were known.

The performance of both portfolios was monitored on a regular basis by the local investment team, with regular meetings taking place with fund managers to understand how the investment strategy was being implemented.

It was not anticipated that the effects of Covid 19 would require any changes to the long term programme for impact investment. Whilst valuations of existing holdings may be reduced in the near term, the rolling nature of the commitment programme to the impact portfolio largely through limited partnerships, gives the fund managers the ability to profit from opportunities as they arise. The programme controlled risk through diversification across different sectors and vintage. There was an argument that the crisis creates opportunities for impact investment to be effective both in its investment aims and impact objectives.

The Impact Portfolio was at an earlier stage of investment and was currently showing an IRR of 3.3%. It was expected that as it matures it will grow to achieve the local investments target of RPI plus 4%. The Invest for Growth portfolio was slightly more mature in nature and is delivering an IRR of 7.5%, this being in line with the target expectations for the portfolio. The economic conditions following C-19, would mean that particular care would be needed at both the portfolio and fund manager level when reviewing investment opportunities, to fully understand the investment risk being proposed.

RECOMMENDED
That the report be noted.

25. GREATER MANCHESTER PROPERTY VENTURE FUND - REVIEW OF PERFORMANCE

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Local Investments and Property, which provided an update to the Working Group on the returns achieved by the GMPFVF portfolio to the end of 2019.

Members of the Working Group received a detailed breakdown of the performance of the portfolio and sub-portfolios to 31 December. The portfolio consisted of 36 investments, 23 are current and on-going with the 13 exited investments generating a cash return in excess of cost of £52m. The 23 current investments represented cash drawn of £323m, being 45% of the allocation to GMPVF

It was reported that the annualised return of the total portfolio at 5.35% was lower than the strategic benchmark of 6.8%. It was believed that the portfolio was on track to achieve the strategic return objective over the medium to long-term and indeed, the performance had improved on that reported to December 2018.

The current GMPVF portfolio was relatively immature, with £172m of capital being deployed in the last two years. In that context, the current IRR of 5.4%, together with the positioning of the portfolio, progress on current developments and the returns achieved for the exited investments was strong evidence that the portfolio was on track to achieve the strategic return objective over the medium to long-term.

RECOMMENDED
That the report be noted.

26. OVERSEAS PROPERTY FUNDS PORTFOLIO - REVIEW OF PERFORMANCE

Consideration was given to a report of the Director for Pensions / Assistant Director of Pensions for Local Investments and Property, which updated the Working Group on the returns achieved by GMPF's Overseas Property portfolio to the end of 2019.

Members heard the background and market context to the performance of the Overseas Property Funds portfolio, featuring strong US growth in 2019, political uncertainty and the impact of Covid-19.

It was stated that the Overseas Property Portfolio was part of GMPF's wider allocation to Property, which was benchmarked against the UK IPD Index. With an IRR of 10.5% and a TWR of 11.0% the portfolio has comfortably exceeded the wider Property benchmark by more than 4.0%.

In recognition that the Overseas Property Portfolio was higher risk than the benchmark against which the wider allocation to Property was judged, the Overseas Property Portfolio had a portfolio specific benchmark. Since inception, the Overseas Property Portfolio had exceeded its specific benchmark by 1.4% on a TWR basis.

The performance of the Matching investments, which were amongst first that GMPF made, had been enhanced by currency gains. The Enhancing category had, as expected, delivered good returns in both fund currency and GBP returns, with not much divergence between the two.

It was explained that the Overseas Property Funds portfolio was still very immature, having only made its first investment in 2015. Notwithstanding, it had delivered returns in excess of the programme's target benchmark return of long running UK IPD+2% per annum

RECOMMENDED
That the report be noted.

27. GLIL UPDATE

Consideration was given to a report of the Assistant Director of Pensions for Local Investments and Property, which provided an update on the financial returns received.

It was reported the investment team had spent considerable resources and effort on working with management teams over the period to understand the impact on assets and prepare in areas that are more exposed. The portfolio had benefited from the diversification within our asset base as well as the underlying characteristics of these businesses, the essential nature of many of the assets has helped protect revenues during the crises.

GLIL implemented its Business Continuity Plan in mid-March and had adapted very well to working remotely; the collaborative nature of GLIL ensured that the platform was able to adapt quickly to the changing circumstances brought about by the crisis

Over the quarter GLIL closed on its acquisition of 49% of the Cubico UK renewable energy portfolio, taking GLIL to 69% deployed. Elsewhere in the portfolio Semperian continued to demonstrate strong operational performance and completed the acquisition of a 33% stake in the Aberdeen West Peripheral Route. Clyde Windfarm continued to display strong operational performance and whilst external factors such as wind resource, power prices and grid charges cannot be controlled, strategic planning, risks and day to day operations are exceptionally well managed. GLIL had generated a 6% IRR for investors since inception

RECOMMENDED
That the report be noted.

CHAIR

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Agenda Item 7

Report to :	**PENSION FUND MANAGEMENT PANEL**
Date :	18 September 2020
Reporting Officer :	Sandra Stewart, Director of Pensions Tom Harrington, Assistant Director of Pensions (Investments)
Subject :	**QUARTERLY UPDATE ON RESPONSIBLE INVESTMENT ACTIVITY**
Report Summary :	This report provides Members with an update on the Fund's responsible investment activity during the quarter.
Recommendation(s) :	That the report be noted.
Links to Core Belief Statement:	The relevant paragraph of the Fund's Core Belief Statement is as follows : "2.6 Well governed companies that manage their business in a responsible and sustainable manner will produce higher returns over the long term."
Financial Implications : **(Authorised by the Section 151 Officer)**	There are no direct material costs as a result of this report.
Legal Implications : **(Authorised by the Solicitor to the Fund)**	The provisions underlined by the Regulation 7 guidance for the formulation and maintenance of their ISS, clearly address issues of responsible investment by the Local Government Pensions Scheme administering authorities. Regulation 7(2)(e) requires funds to follow pertinent advice and act prudently when making investment decisions, *"…a prudent approach to investment can be described as a duty to discharge statutory responsibilities with care, skill, prudence and diligence".* They must consider any factors that are financially material to the performance of their investments, including ESG factors contemplating the time horizon of the liabilities along with their approach to social investments. Regulation 7(2)(f), emphasises that *"administering authorities are encouraged to consider the best way to engage with companies to promote their long-term success, either directly, in partnership with other investors or through their investment managers, and explain their policy on stewardship with reference to the Stewardship Code."* Administering authorities are strongly encouraged to either vote their shares directly or ask their fund managers to vote in line with their policy under the Regulation 7(2)(f) and to publish a report of voting activities as part of their pension fund annual report under Regulation 57 of the 2013 Regulations. Regulation 7 (6) underlines that the ISS must be published by 1 April 2017 and requires it to be reviewed at least every three years.

Risk Management : Increasing net investment returns needs to be delivered without materially increasing Fund's exposure to investment risks. We want everyone to have a pension they can be proud of – one which builds a better world, without compromising on returns.

ACCESS TO INFORMATION : **NON CONFIDENTIAL**

This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

Background Papers :

APPENDIX 7A	GMPF's Responsible Investment Partners and Collaborations
APPENDIX 7B	Press Release
APPENDIX 7C	Investor Collaboration Proposal – Marine Microplastic Pollution
APPENDIX 7D	Northern LGPS Stewardship Report
APPENDIX 7E	LAPFF Quarterly Engagement Report

All the background papers to this report contain exempt information. Any enquiries should be directed to: Mushfiqur Rahman, Investments Manager, on 0161-301 7145 (email: mushfiqur.rahman@gmpf.org.uk).

1. BACKGROUND

1.1 The Fund's approach to Responsible Investment is set out in its Investment Strategy Statement. The Fund has also published a more detailed Responsible Investment policy on its website.

1.2 The Fund is a signatory to the Principles for Responsible Investment (PRI). As a signatory to the PRI, the Fund is required to publicly report its responsible investment activity through the PRI's 'Reporting Framework'.

1.3 Upon becoming a PRI signatory, the Fund committed to the following six principles:

1. *We will incorporate ESG issues into investment analysis and decision-making processes.*
2. *We will be active owners and incorporate ESG issues into our ownership policies and practices.*
3. *We will seek appropriate disclosure on ESG issues by the entities in which we invest.*
4. *We will promote acceptance and implementation of the Principles within the investment industry.*
5. *We will work together to enhance our effectiveness in implementing the Principles.*
6. *We will each report on our activities and progress towards implementing the Principles.*

2. RESPONSIBLE INVESTMENT ACTIVITY DURING THE QUARTER

2.1 A summary of the Fund's Responsible Investment activity for the latest quarter against the six PRI principles is provided below.

We will incorporate ESG issues into investment analysis and decision-making processes.

2.2 The majority of the Fund's assets are managed by external investment managers. The Fund's approach to Responsible Investment is incorporated into the mandates of each Fund Manager via their respective Investment Management Agreement. Managers take into consideration ESG issues as part of their investment analysis and decision-making process and engage regularly with companies that are held within the portfolio. The Fund's public equity managers' report annually on their Responsible Investment activity to the Investment Monitoring and ESG Working Group.

2.3 The Fund has allocated 1.5% to Impact Portfolio investments. In July a commitment of £40 million was approved from the Impact Portfolio and a further £10 million commitment was approved in August. The £40 million commitment made in July aims to support small and medium businesses in the UK by lending necessary funds for them to grow. The August commitment of £10 million is to purchase and refurbish residential properties in the North West region with the aim of accommodating families at risk of homelessness.

We will be active owners and incorporate ESG issues into our ownership policies and practices.

2.4 Voting and engagement is a cornerstone to the Fund's RI activities. The Fund retains maximum possible authority to direct voting, rather than delegating authority to the external Investment Managers. The Fund is able to engage with companies both directly and indirectly through its long-standing membership of the Local Authority

Pension Fund Forum and as part of the Northern LGPS pool. The Fund's voting record can be found using the link below.

https://votingdisclosure.pirc.co.uk/?cl=Uyc0NScKLg==&pg=1

2.5 The Fund joined at a webinar organised by the Local Authority Pension Fund Forum to hear from members of the Aboriginal community affected by the actions of Rio Tinto in the Jukkan Gorge, which destroyed the cultural heritage site. A recording of the webinar can be found in the link below. LAPFF and the Fund's investment managers have engaged with Rio Tinto, and the Chief Executive has announced he is stepping down.

https://lapfforum.org/engagements/lapff-hears-from-community-devastated-by-rio-tinto-explosion/

2.6 Following on from the climate related shareholder resolutions filed by the Fund, further engagement took place with Delta Airlines. The company recognised that technologies such as electric aircrafts are not yet available. They informed investors of the investments they are making to offset emissions, fly more efficiently and develop clean energy systems, in line with their aim to be carbon neutral for the decade from 2020 to 2029. Details of their commitment can be found below:

https://news.delta.com/delta-commits-1-billion-become-first-carbon-neutral-airline-globally

2.7 The Fund's passive investment manager, Legal and General, published its ESG Impact report during the quarter.

https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/cg-quarterly-report.pdf

We will seek appropriate disclosure on ESG issues by the entities in which we invest.

2.8 Improved disclosure means companies can better assessed for their long-term resilience and the Funds investment managers can make informed investment decisions.

2.9 Northern LGPS is a member of the Workforce Disclosure Initiative (WDI). The aim of this initiative is for greater transparency on workforce policies and practices in their direct operations and supply chains. During the quarter, Officers of the Fund attended a number of update meetings to discuss the companies being engaged with, and associated outcomes. The aims of this initiative complement the Fund's thematic Responsible Investment priority of employment standards and human capital management. The WDI also held a workshop on 'Fast Fashion', which gave an insight into the working conditions for employees in garment factories, including a discussion on best practice from industry experts.

We will promote acceptance and implementation of the Principles within the investment industry.

2.10 All of the Fund's external public markets investment managers are PRI signatories. Many of the Fund's external private markets investments managers are also PRI signatories, and those who are not are encouraged to do so.

We will work together to enhance our effectiveness in implementing the Principles.

2.11 Where possible the Fund works in collaboration with other like-minded investors to amplify the investor voice and effect positive change. The Fund participates in several initiatives and forums across the full spectrum of ESG issues. A description of the Fund's main RI partners and collaborative bodies is attached as **Appendix 7A**.

2.12 In response to the letter to the Brazilian embassy on 22 June 2020 that the Northern LGPS supported, the investor group was invited to engage with the Brazilian government in July on the issue of the sustainable management of the Amazon Rainforest. This marks the beginning of the dialogue in which five main issues were raised as being important in assessing progress. Reaction to the original letter sent to the embassy was reported in the Financial Times, and the press release following the meeting with the Brazilian government can be seen at **Appendix 7B.**

2.13 The Northern LGPS joined a collaborative engagement on plastic waste during the quarter. The aim is to target washing machine manufacturers who have not integrated filters into their products which reduce the amount of micro plastics entering the ocean that have a negative impact on marine life. Background and research is attached at **Appendix 7C**.

2.14 The Institutional Investor Group on Climate Change's Paris Aligned Investment Initiative launched the Net Zero Investment Framework which asset owners can use to define and implement strategies to align their portfolios to the Paris Agreement. It provides recommendations for approaches and methodologies that investors can use to ensure portfolios are net zero. The Fund will seek to incorporate emerging best practice from the Net Zero Investment Initiative into its approach. Further details are available here:
https://www.iigcc.org/download/net-zero-investment-framework-consultation/?wpdmdl=3602&refresh=5f3522b4ca1c91597317812

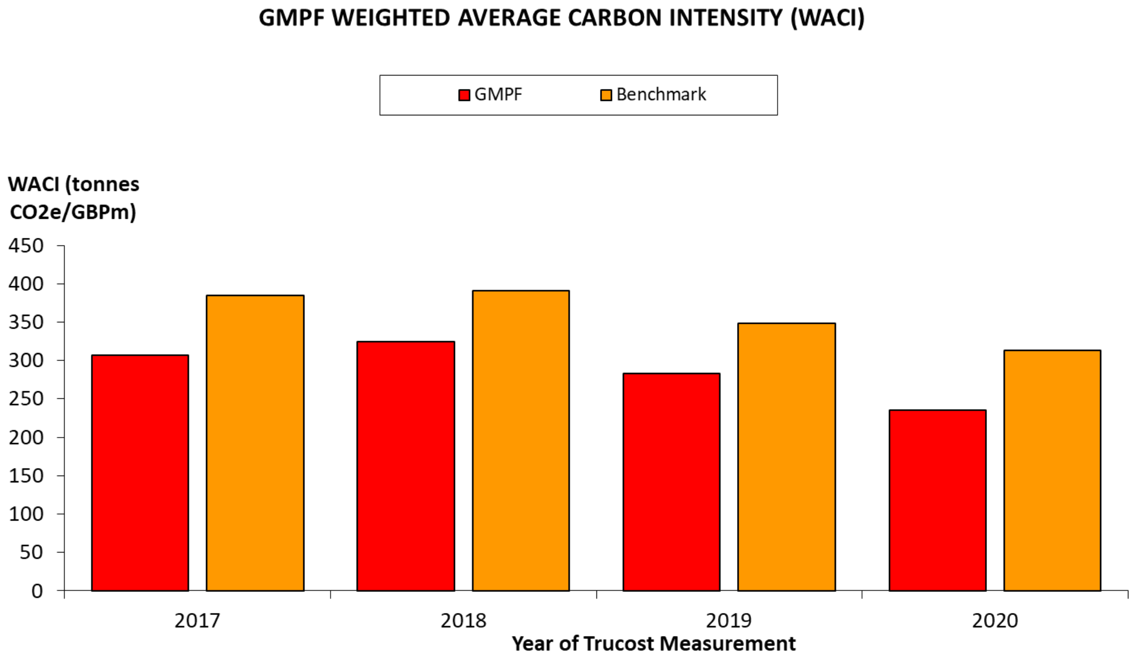
We will each report on our activities and progress towards implementing the Principles.

2.15 The Northern LGPS Stewardship Report and the LAPFF Quarterly Engagement Report for Q2 2020 are attached as **Appendix 7D** and **Appendix 7E** respectively.

2.16 Officers of the Fund completed the annual carbon footprinting exercise of its listed equity and corporate bonds during the quarter. The backward-looking analysis takes a snapshot of the holdings as at 31 March each year and the carbon footprint is measured using an external provider. The forward-looking measure takes the holdings as at 31 December each year and companies are assessed on their alignment to a sub-2°C global temperature increase based on publicly available plans.

2.17 The Taskforce for Climate-Related Financial Disclosures (TCFD), of which the Fund is a supporter, recommends the measurement and disclosure of a metric known as the weighted average carbon intensity (WACI). The WACI provides an indication of a portfolio's exposure to carbon intensive companies.

2.18 The graph below shows the Fund's WACI over time. Over the four years the Fund has measured this metric, the Fund's WACI has been significantly below the benchmark WACI, with both the benchmark and the Fund's WACI trending downwards since 2018.



3. RECOMMENDATION

3.1 As per the front of the report.

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of the Local Government Act 1972.

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Report To:	**GMPF MANAGEMENT PANEL**
Date:	18 September 2020
Reporting Officer:	Sandra Stewart, Director of Pensions Paddy Dowdall Assistant Director (Local Investments and Property)
Subject:	**GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2019-2020**
Report Summary	This report is submitted for information and Members are asked to note the progress of the governance arrangements for the audit of GMPF Accounts 2019/20.
Recommendations:	Members are asked to note the report.
Policy Implications:	None.
Financial Implications: **(Authorised by the Section 151 Officer)**	As the administering authority, Tameside MBC has statutory responsibilities in relation to the Greater Manchester Pension Fund. As the largest fund in the Local Government Pension Scheme, the Fund also has significant resources it deploys to meet those responsibilities. This report sets out where the responsibilities lie. The assumptions used for valuing assets will have an impact on the value of assets reported in the accounts. In most circumstances the impact is unlikely to be material.
Legal Implications: **(Authorised by the Solicitor to the Fund)**	The administering authority must produce an annual report and accounts in line with statutory provisions.
Risk Management:	GMPF's accounts are used to provide information to a variety of users and for a variety of purposes. The accuracy of the statements is critical in the determination of employer costs and there are clearly reputational issues relating to the validity of the accounts. The audit process provides reassurance on the integrity of the statements and mitigates against the possibility of material misstatement
ACCESS TO INFORMATION:	**NON-CONFIDENTIAL** **This report does not contain information which warrants its consideration in the absence of the Press or members of the public.**
Background Papers:	For further information please contact Paddy Dowdall, Assistant Director – Local Investments and Property, tel 0161 301 7140, email paddy.dowdall@tameside.gov.uk.

1. INTRODUCTION

1.1 This report provides an update on the last report to Panel on 17 July 2020. As reported at that time there are changes this year to the governance procedures for approval of GMPF Annual report and accounts due to the impact of the Covid 19 crisis. The deadline for the Audit of local government accounts was changed to 30 November 2020. For GMPF the main concerns were the valuation of illiquid investments caused by acute public market volatility at the year-end date. The draft accounts were presented at the last meeting and the audit is close to completion.

2. UPDATE ON PROGRESS AND NEXT STEPS

2.1 The auditors have been conducting their work on the GMPF Audit and IAS 19 assurance during July and August. At the present time there are no indications of material concerns.

2.2 Letters of Assurance from the management of the Fund and those charged with governance will be provided to the auditors.

2.3 At completion of audit a findings report will be agreed with management and will be presented to Tameside Audit Panel ahead of the statutory deadline of 30 November.

2.4 Following this the Annual report will be published ahead of statutory deadline of 31 December.

3. RECOMMENDATION

3.1 To note the report.

GMPF's Responsible Investment Partners and Collaborations

2 Degrees Investing Initiative
This climate scenario analysis provides a forward looking assessment of how GMPF's corporate bond and equity holdings compare to a 2°C transition scenario. It helps GMPF to better understand the potential for misallocation of capital and financial risk under a 2°C transition and where GMPF's holdings stand in those industries which are deemed to be the most important in relation to climate change.
Web link: https://2degrees-investing.org/resource/pacta/

30% Club
The 30% Club is a group taking action to increase gender diversity on boards and senior management teams with the aim of achieving a minimum of 30% female representation on FTSE 100 boards. GMPF is a signatory to this campaign and is working alongside other signatories to engage with companies on the target list.
Web link: https://30percentclub.org/

CDP
GMPF is a member of the CDP (formerly Carbon Disclosure Project). Each year, the CDP supports companies, cities, states and regions to measure and manage their risks and opportunities on climate change, water security and deforestation. Investors can use the annual disclosures as a basis for engagement with companies.
Web link: https://www.cdp.net/en

Climate Action 100+
GMPF is a signatory of the Climate Action 100+ initiative. The aim of this group is to work with companies to ensure that they are minimising and disclosing the risks and maximising the opportunities presented by climate change. The organisation has a list of focus companies that they are working through and use the backing of the signatories as leverage.
Web link: http://www.climateaction100.org/

Global Mining & Tailings Safety Initiative
GMPF has been involved in and backed this initiative. Spearheaded by the Church of England Pensions Board and the Swedish Council of Ethics of the AP Pension Funds the initiative aims to tackle the problem of tailings dam safety. PIRC, in its capacity as research and engagement partner to LAPFF, requested a stakeholder engagement component to the initiative, to which the organisers readily agreed. This engagement has highlighted significant discrepancies between company accounts of these disasters and community experiences, prompting important questions for investors regarding the investment propositions of the companies involved.
Web link: https://www.churchofengland.org/investor-mining-tailings-safety-initiative

Institutional Investors Group on Climate Change
GMPF is a member of IIGCC whose aim is to mobilise capital for the low carbon transition and to ensure resilience to the impacts of a changing climate by collaborating with business, policy makers and investors. Officers from GMPF attend seminars and keep up to date with collaborations and initiatives of IIGCC.
Web link: https://www.iigcc.org/

Investing in a Just Transition Initiative
GMPF supports the Investing in a Just Transition Initiative which focuses on delivering a transition to a low-carbon economy while supporting an inclusive economy with a particular focus on workers and communities across the UK. GMPF understands this needs to be done in a sustainable way that safeguards against communities being left behind during this transition.
Web link: http://www.lse.ac.uk/granthaminstitute/investing-in-a-just-transition-global-project/

Local Authority Pension Fund Forum
GMPF is a member of LAPFF. Most engagement activity is undertaken through the forum and representatives of GMPF take part in company engagements. LAPFF is a collaborative shareholder engagement group of Local Authority pension funds. Given the long-term nature of the members they can look beyond the short term to ensure a positive impact is made through engagement activity.
Web link: http://www.lapfforum.org/

Principles for Responsible Investment
GMPF is a signatory of the UN backed PRI. The principles were developed by investors for investors and in implementing them, signatories contribute to develop a more sustainable global financial system. Institutional investors have a duty to act in the best interest of their beneficiaries and ESG issues can affect these responsibilities. The principles align investors with broader objectives of society and their fiduciary duties.
Web link: https://www.unpri.org/

PIRC
GMPF appointed PIRC Ltd as its responsible investment adviser, to assist in the development and implementation of its RI policy. PIRC Ltd is an independent corporate governance and shareholder advisory consultancy providing proxy research services to institutional investors on governance and ESG issues.
Web link: http://www.pirc.co.uk/

Transition Pathway Initiative
The Transition Pathway Initiative is a global, asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy. The assessments provide a rating for each company that can be used to target engagements to specific issues relating to climate change.
Web Link: https://www.transitionpathwayinitiative.org/

Trucost
GMPF uses this external organisation to measure its carbon footprint for the actively managed corporate bond and equity holdings. Trucost's backward looking method uses the information from the companies' most recent reports, and third-party sources, to measure the level of GHG emissions of the company over the last year. As such, GMPF's carbon footprint is a measure of its emissions over the last year. This gives GMPF the ability measure itself against a benchmark and take a view on where to focus efforts for engagement.
Web link: https://www.trucost.com/

UK Stewardship Code
GMPF takes its responsibilities as a shareholder seriously. Stewardship is seen as part of the responsibilities of share ownership, and therefore an integral part of the investment strategy. GMPF supports the aims and objectives of the Stewardship Code and is a signatory of the code.
Web link: https://www.frc.org.uk/investors/uk-stewardship-code

Workforce Disclosure Initiative
The Workforce Disclosure Initiative is an organisation that focuses on company disclosure and transparency on how they manage workers with the aim of improving the quality of jobs in multinational companies' operations and supply chains. GMPF is a member and actively promotes the creation of decent work and quality jobs as part of its approach to employment standards and human capital management.
Web link: https://shareaction.org/wdi/

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of the Local Government Act 1972.

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Quarterly Engagement Report

April-June 2020

Local Authority Pension Fund Forum

Human rights, Facebook, Barclays, ArcelorMittal, AngloAmerican, Vale, Shell

HUMAN RIGHTS

LAPFF SUPPORTS FIGHT TO END SYSTEMIC RACISM

LAPFF has noted with horror and sadness the killing of George Floyd by a Minneapolis police officer on Monday, 27 May 2020. While there are concerns about the Covid-19 impact of the resulting protests, the Forum supports the worldwide outcry about the continued existence of systemic racism in all our societies.

In a prescient statement from 16 March, the Office of the High Commission for Human Rights at the United Nations provided this warning, “Restrictions taken to respond to the virus must be motivated by legitimate public health goals and should not be used simply to quash dissent.” LAPFF supports this statement as being in line with international human rights law and encourages all societal entities to adhere to this standard.

In addition to the fundamental human rights concerns raised by systemic racism, there are significant concerns for sustainable shareholder value. For example, such a system deprives businesses of optimal talent pools, of diverse board and staff perspectives that can help to identify material business risks, and of functional, constructive work environments that lead to innovation and success. All these factors can impact on business performance and shareholder value.

Therefore, not only is systemic racism fundamentally wrong on a human level, it is also bad for business. The Forum has always operated on this basis, both through its policy engagements and through its company engagements, and it will continue to do so.

Protesters in New Malden in South West London UK in support of the Black Lives Matter demonstration after the death of George Floyd

CLIMATE EMERGENCY

LAPFF finds a way forward on Barclays shareholder resolution challenge

LAPFF and other investor groups faced a unique challenge ahead of the Barclays AGM this year. There were almost identical resolutions filed on climate change, one submitted by a shareholder group led by ShareAction and another submitted by the company. All parties agreed that Barclays had made significant progress with its climate strategy, and Barclays made this point repeatedly in seeking support for its own resolution. However, the investor group felt the company needed to make more concrete, shorter-term commitments, as reflected in the shareholder resolution, on which Barclays recommended an abstention. The Forum had to take a view on vote recommendations for members.

The first step in the process was to engage with both the co-filing shareholders and the company... and engage, and engage, and engage. LAPFF Chair, Cllr Doug McMurdo, and other LAPFF representatives communicated with Barclays (virtually of course) several times over two months, and with ShareAction and other investors (including some LAPFF members) three or four times. During these engagements, it became clear that the two sides had come closer in their views of how to progress Barclays’ approach to climate change and that the engagement between the two parties had been beneficial for everyone. Consequently, LAPFF took the decision to support both the company and the shareholder resolutions.

The Barclays resolution passed, and although the shareholder resolution did not, it garnered enough support to signal to the company that it will need to honour its new climate commitments. LAPFF will continue to engage with Barclays to monitor its progress in this regard.

“This was a challenging but rewarding engagement, and it drove home for me the benefits of hearing and weighing a range of stakeholder perspectives.”

Cllr Doug McMurdo:

Climate Finance Engagements Ramp Up

In the wake of engagements with ANZ Bank and Barclays on climate finance, it was clear that financial institutions would become the next frontier on the climate agenda. Therefore, LAPFF undertook an engagement initiative to meet with the Forum’s most widely held banks and insurers to understand their approach to climate, both on the investment and insurance sides of their businesses.

The Forum has now met with five of the 11 financial institutions approached and is scheduled to meet with two others. The meetings have been enlightening and helped LAPFF to understand where and how climate considerations fit into the finance landscape. The first point to note is that all the institutions - whether insurers, banks or asset managers - focus most heavily on the investment function as a means of addressing climate risks. Even companies heavily weighted toward insurance have thought about climate risk far more in terms of how they invest than how they insure. Second, there seems to be a general belief that property and casualty insurers will bear a more immediate brunt of climate risks than health and life insurers. However, one company suggested that the balance of risk in these areas might even out in ten years’ time. The final observation is that the financial institutions engaged consider climate risks to the business, but have not thought much about how their insurance or investment products impact on climate change mitigation. Some have considered in more detail how their products might affect climate change adaptation, for example for vulnerable clients.

There are a few company meetings yet to be conducted during this first mainly information-gathering phase of the engagement. After this initial agreement, company approaches and perspectives will be reviewed and compared to formulate a sector perspective in developing concrete requests of companies as they progress their practices in managing climate risk.

COMPANY ENGAGEMENT

Shell 'Follow This' Resolution Contested

For a third year, Shell faced a shareholder resolution spearheaded by Dutch NGO, Follow This, which called for the company to issue short, medium, and long-term climate targets. This year's resolution coincided with announcements by Shell and other oil and gas majors – including Total and BP - of new climate ambitions for net zero emissions by 2050. The climate ambition initiative was led by ClimateAction 100+. In the past, LAPFF has recommended votes against the resolution, but after reviewing Shell's new climate ambition, the Forum re-evaluated its position.

Although many aspects of Shell's new climate ambition are far-reaching, the sum of its parts did not appear to add up. For example, the company seems excessively reliant on carbon capture and storage, among other technologies, to meet these goals. Further, while its attempts to find solutions for Scope 3 emissions are welcomed, Shell did not deal with some just transition aspects including planting forests to help foster carbon sinks. In short, the Forum felt that this year a full set of targets would be helpful to clarify how Shell's ambition might become concrete, and whether the proposals are sufficient to align with Paris Agreement goals. As a result, LAPFF drafted a voting alert recommending a vote in favour of the resolution.

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The alert was shared with Shell, which subsequently asked for a meeting to discuss LAPFF's concerns. LAPFF representatives met with the Head of Investor Relations and a member of the technical staff to go through the company's response to the voting alert but came away unconvinced by their arguments. There was an additional call with CEO Ben van Beurden (*pictured*) joined by numerous investors, including LAPFF. Again, the explanations provided were unconvincing and the LAPFF recommendation to vote in favour of the resolution remained.

Therefore, LAPFF supported Shell's ambition, but also supported the Follow This resolution calling for concrete climate targets, including long-term targets. The Forum will continue to engage with Shell and other investors to ensure that Shell enacts its ambition in a way that aligns with the Paris Agreement.

LAPFF Leads on ArcelorMittal Engagement through CA100+

Engagement with ArcelorMittal has had a number of objectives around their journey to net-zero emissions. For 2020, the focus has been on targets for carbon neutrality and for a clearer view on the company's strategy on the policy environment, particularly around its views on the need for a green border adjustment tax in Europe.

By January, engagement with the company had progressed well, with ArcelorMittal having in place a European target to reduce emissions 30% by 2030 and to be carbon neutral by 2050 with a global ambition to 'significantly reduce' its carbon footprint. On the issue of a group target, the company has stated its intention to set one before the end of the year.

On the policy front, in February, the company shared its analysis of its membership of industry associations that had been requested by the lead investors, on which feedback on was provided. A discussion was then facilitated with the Head of the Policy Programme at the Institutional Investors Group on Climate Change (IIGCC) and a company representative in order for common ground to be found on investor and company views on a green border adjustment tax. Analysis on trade association membership has now been made public and set in the context of the company's views on the need for a carbon border adjustment, a market tool to drive lower-emissions steel and commentary on access to finance.

As with a number of companies, progress has been slowed by COVID-19, as the company had planned to publish a global emissions reduction target in its second group carbon report this summer. A meeting with the company was constructive in discussing what will be achievable with different policy scenarios, as well as pushing on company plans for developing green hydrogen technology in the context of developing inter-sectoral partnerships. Related questions were submitted to the AGM including on objectives. The AGM was originally scheduled for the beginning of May in Luxembourg and was then moved to a Saturday in June with no opportunity for direct participation by shareholders. Written responses were provided on the company website. The company issued its 'Climate Action in Europe' report in late June, which sets out the road-map for carbon emission reductions of 30% by 2030 and carbon neutral by 2050.

High Risk Tailings Dam Engagement Continues

For about a year and a half, LAPFF has been the community liaison for the investor initiative on tailings dam safety, co-led by the Church of England Pensions Board and the Swedish Council of Ethics to the AP Funds. Toward the end of 2019, community representatives flagged a list of high-risk tailings dams in Brazil which are of real concern to community members. The Forum cross-referenced this list with LAPFF holdings and found that AngloAmerican, Vale, and ArcelorMittal all had dams on the list. The Forum decided to pursue engagements with these companies to understand what measures they were taking to mitigate risk to the communities and financial risk to shareholders.

Increasingly, LAPFF meets with company chairs and board members in company engagements. However, Vale was the only company to offer a meeting with its chair on this issue. The meeting with Anglo was with operational executives, and ArcelorMittal has not yet agreed to a meeting on the issue. Instead, the company provided a short, process-based summary of its work on tailings dams that made little reference to community engagement or input. The Forum is concerned this lack of board level engagement on tailings dams reflects that companies fail to take the issue seriously and they do not see it as a strategic consideration.

LAPFF will continue to engage with all three companies to ensure they are using community input appropriately to mitigate their operational, legal, reputational and financial risks. These engagements have highlighted that there is a long way to go.

COMPANY ENGAGEMENT

Facebook CEO Mark Zuckerberg faces the media before testifying at a Joint Senate Judiciary and Commerce Committee hearing

Facebook brought to book

The Forum continues to have concerns about global tech companies' internet content. Over the past few years, the Forum has highlighted the potential loss of shareholder value from companies failing to tackle the spread of hate speech, fake news and inappropriate content on their platforms. In addition, the Forum highlighted governance concerns, not least the use of dual class shares which mean that founder directors such as Facebook's Mark Zuckerberg have a majority of votes but own a minority of the shares. Ahead of this year's Facebook AGM, the Forum issued a voting alert recommending members vote in favour of shareholder proposals on equal voting rights, an independent chair, majority voting for directors and nominating a board member with expertise in human rights.

The results once again highlighted widespread shareholder concerns about governance. A significant minority of votes cast were in favour of equal voting rights amongst shareholders (27%), an independent chair (20%), and majority voting for directors (25%). A smaller number of shareholders voted in favour of having a director with human rights expertise (4%) to improve oversight of human and civil rights and hate speech. Given independent shareholders are in a minority, the results provide a clear signal to the Facebook board. Mr Zuckerberg reportedly responded to shareholder criticism by reiterating the company's previous plans on increasing security spending and taking a broader view of responsibility.

Following the Facebook AGM, high profile companies including Coca Cola and Unilever have decided to boycott advertising on the platform because of concerns about hate speech. The company stated its intention to make reforms and the Forum intends to continue to push the company to do more to tackle hate speech and inappropriate content which should safeguard shareholder value.

COMPANY ENGAGEMENT

Chipotle to set Science-Based Targets

In the first quarter of 2019 LAPFF was one of a group of investors that wrote to some of the largest fast food companies including McDonalds, Dominos and Chipotle asking how they plan to enact meaningful policies and targets to de-risk their meat and dairy supply chains from a climate perspective.

LAPFF met with Chipotle representatives on numerous occasions during 2019 and into 2020. The initial discussion revolved around the measurement of scope three carbon emissions, particularly those relating to the protein supply chain. At the most recent meeting with the company in May 2020, Chipotle went one step further by confirming it would work with the science-based target initiative (SBTi) to set science-based reduction targets for company-wide emissions by 2021.

LAPFF's focus is now on ensuring the company continues to develop a methodology capable of accurately collecting emissions data from across its value chain. Such data should set meaningful company-wide emissions reductions targets and must be independently verified as representing accurately the company's carbon footprint.

CONSULTATION RESPONSES

LAPFF submitted a response to a Financial Conduct Authority (FCA) consultation on climate in which the Forum expressed strong support for the introduction of mandatory carbon emissions and risk reporting, and support for TCFD recommendations.

The Forum also signed a letter to the US Securities and Exchange Commission (SEC) requesting that the SEC require country-by-country tax reporting of corporate tax.

LAPFF joined Storebrand and other investors in recognising the crucial role tropical forests play in tackling climate change by signing onto an open letter to the Brazilian government and a number of Embassies requesting a halt to the destruction of the Amazon.

MEDIA COVERAGE

Daily ESG Briefing: UK pension body backs vote against entire Exxon board over climate
Responsible-Investor.com
The UK's **Local Authority Pension Fund Forum** (LAPFF) has advised its members, which represent billions in public pension money, to oppose the entire board.

Exxon shareholders vote against splitting chair and CEO roles
Financial Times - Several high-profile investors thew their weight behind the proposed split ahead of the AGM, including LGIM, the UK's biggest asset manager, the Church Commissioners, which oversee the Church of England's investments, the UK's Local Authority Pension Fund Forum and the New York State Common Retirement Fund, the third-largest US public pension plan.

Barclays asks investors to vote on new climate ambition, commitment
IP&E - The Local Authority Pension Fund Forum (LAPFF) today said it had met with both the chair of Barclays and with ShareAction following the December filing of the shareholder resolution, and that it supported the bank's commitment to align financing activities with the Paris agreement.

Protesters demand action as Barclays shareholders vote on climate plans
Evening Express - Several institutional investors, including the Local Authority Pension Fund Forum (LAPFF), M&G Investments and EOS1, the stewardship provider at Federated Hermes, have said they will support both resolutions.

Investors split 17%-83% over Total climate shareholder resolution
IP&E - Requisitionists see level of support sending 'strong signal' to French oil and gas major

APG and others outline stance on BP net-zero ambition, delivery
IP&E - Full list of supporting investors: APG Asset Management, Aviva Investors, AXA Investment Managers, BMO Global Asset Management on behalf of its advisory clients, EOS at Federated Hermes on behalf of its stewardship clients, HSBC Global Asset Management, Kempen, Legal & General Investment Management, Local Authority Pension Fund Forum, M&G Investments, Newton Investment Management, PGGM, and UBS Asset Management.

NETWORKS AND EVENTS

LAPFF representatives attended 17 webinars during the quarter. A number of these webinars dealt with the Covid-19 pandemic, including an ACCR presentation on concerns about the prevalence of the virus in immigration detention centres, and MI5's perspective on the associated geo-political risks. A UN Global Compact panel on coronavirus and human rights, including Michelle Bachelet, Head of the UN High Commission on Human Rights, addressed the need to be vigilant in protecting human rights during the pandemic. One webinar also focused on the need for businesses transparency to deal with the pandemic, while another addressed the need to protect meat packing workers, both to protect human rights and to protect shareholder value.

Two webinars included updates on the investor tailings dam initiatives. We also heard from an investor regarding Alphabet, where 45 percent of independent voters supported a shareholder resolution calling for an independent oversight committee on human rights. The Investor Alliance for Human Rights hosted a call with a former Google employee who raised concerns about the company's approach to human rights. One webinar provided information on a new law protecting Indigenous People in British Columbia, Canada, which is relevant for the Forum's work with affected communities.

Notable events addressed the climate crisis, including opportunities and challenges related to carbon capture and storage. The IIGCC hosted a roundtable to explore net zero pathways for the steel sector. The TPI held a mining webinar, and a webinar on what we know and have yet to learn about the energy transition proved useful.

Finally, during a webinar on the Non-Financial Reporting Directive (NFRD) consultation, speakers assessed the impact of the Directive. They discussed what needs to be improved, mainly in relation to definitions of materiality, due diligence and impact. LAPFF representatives also spoke to Carmen Nuzzo at PRI to learn more about fixed income and sustainability.

MEDIA, NETWORKS AND EVENTS

AGMS & VOTING ALERTS

The second quarter of the year is always the busiest time for AGMs and LAPFF voting alerts. However, given the coronavirus pandemic and consequent lockdown, the Forum had its challenges with AGM attendance and company engagement this year. In response it established a strategy for effective engagement around company AGMs, including negotiating around shareholder resolutions.

At the start of the season, LAPFF was relatively optimistic about being able to attend virtual AGMs. Rio Tinto held calls for both the UK-listed and Australian-listed entities that allowed for both shareholders and other stakeholders to ask questions and interact with the board in conjunction with the AGM business. However, challenges with virtual formats soon began to emerge.

Cllr McMurdo joined the Boeing AGM but due to technical issues was dropped repeatedly from the meeting. LAPFF managed to submit its question online, but the company only responded to the question two months after the AGM. Next, the Forum attempted to attend the Vale online AGM only to be told that ADR shareholders could not attend; only their custodians could.

As the season progressed, it also became clear that companies preferred to field questions online usually three days before the AGM. They would then take a view on whether to respond either publicly or privately. Consequently, the Forum has issued a large number of voting alerts this year to facilitate direct shareholder involvement in AGM voting.

One such voting alert was for Delta Airlines Inc. Following engagement earlier in the year, correspondence with the airline proposed conditions for the company to meet for the requisitioning investors (including a LAPFF member) to withdraw the climate lobbying shareholder resolution. These conditions were not met, resulting in voting alert to members and the resolution received a solid 46% vote in favour.

These developments are clearly not in line with LAPFF's expectation of transparency and stakeholder participation in AGMs. Therefore, LAPFF will take an assessment of the overall trend on AGM formats at the end of the season and determine the best means of pushing companies to improve on their transparency and stakeholder engagement for any future virtual AGMs.

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Individual Member Funds
Avon Pension Fund
Barking and Dagenham Pension Fund
Barnet Pension Fund
Bedfordshire Pension Fund
Bexley Pension Fund
Brent Pension Fund
Cambridgeshire Pension Fund
Camden Pension Fund
Cardiff & Glamorgan Pension Fund
Cheshire Pension Fund
City of London Corporation Pension Fund
Clwyd Pension Fund (Flintshire CC)
Cornwall Pension Fund
Croydon Pension Fund
Cumbria Pension Fund
Derbyshire Pension Fund
Devon Pension Fund
Dorset Pension Fund
Durham Pension Fund
Dyfed Pension Fund
Ealing Pension Fund
East Riding Pension Fund
East Sussex Pension Fund
Enfield Pension Fund
Environment Agency Pension Fund
Essex Pension Fund
Falkirk Pension Fund
Gloucestershire Pension Fund
Greater Gwent Pension Fund
Greater Manchester Pension Fund
Greenwich Pension Fund
Gwynedd Pension Fund
Hackney Pension Fund
Hammersmith and Fulham Pension Fund
Haringey Pension Fund
Harrow Pension Fund
Havering Pension Fund
Hertfordshire Pension Fund
Hounslow Pension Fund
Islington Pension Fund
Kingston upon Thames Pension Fund
Lambeth Pension Fund
Lancashire County Pension Fund
Leicestershire Pension Fund
Lewisham Pension Fund
Lincolnshire Pension Fund
London Pension Fund Authority
London Borough Bexley Pension Fund
London Borough Brent Pension Fund
Lothian Pension Fund
Merseyside Pension Fund
Merton Pension Fund
Newham Pension Fund
North East Scotland Pension Fund
North Yorkshire Pension Fund
Northamptonshire Pension Fund
Nottinghamshire Pension Fund
Oxfordshire Pension Fund
Powys Pension Fund
Redbridge Pension Fund
Rhondda Cynon Taf Pension Fund
Shropshire Pension Fund
Somerset Pension Fund
South Yorkshire Pension Authority
Southwark Pension Fund
Staffordshire Pension Fund
Strathclyde Pension Fund
Suffolk Pension Fund
Surrey Pension Fund
Sutton Pension Fund
Swansea Pension Fund
Teesside Pension Fund
Tower Hamlets Pension Fund
Tyne and Wear Pension Fund
Waltham Forest Pension Fund
Wandsworth Borough Council Pension Fund
Warwickshire Pension Fund
West Midlands Pension Fund
West Yorkshire Pension Fund
Westminster Pension Fund
Wiltshire Pension Fund
Worcestershire Pension Fund

Pool Company Members
Border to Coast Pensions Partnership
Brunel Pensions Partnership
LGPS Central
Northern LGPS
London CIV
Wales Pension Partnership

COMPANY PROGRESS REPORT

79 companies engaged over the quarter during 113* engagements

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

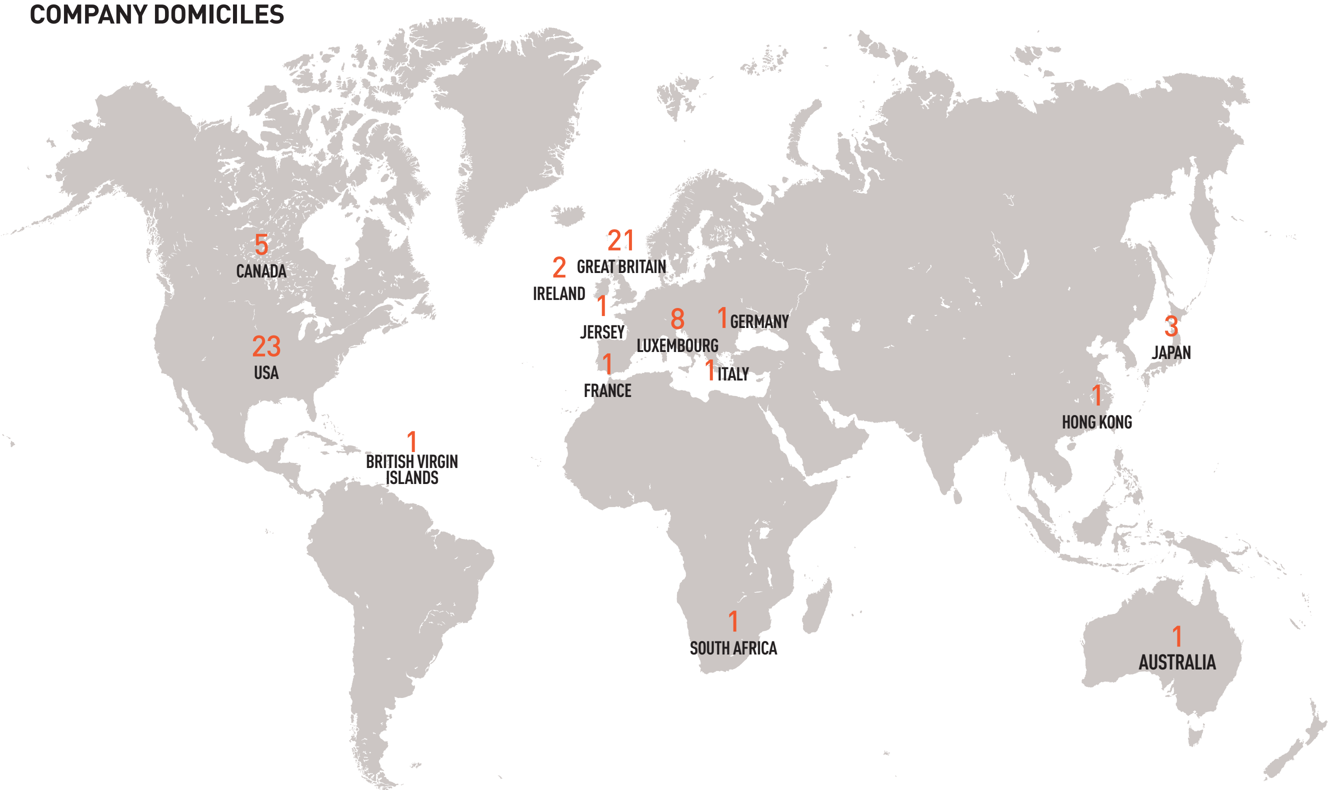
Company	Activities	Topics	Outcomes	Position Engaged	Domicile
3i GROUP PLC	Alert Issued	Remuneration	Dialogue	Chair	GBR
AIA GROUP LTD	Meeting	Climate Change/ Covid	Dialogue/ Change in Progress	Chair	HKG
ALBEMARLE CORPORATION (CA100+)	Sent Correspondence	Climate Change	Awaiting Response	Chair	USA
ALPHABET INC	Meeting	Governance/ Human Rights	Dialogue	Chair	USA
AMAZON.COM INC.	Alert Issued	Governance/ Human Rights/ Environment	Dialogue	Chair	USA
ANGLO AMERICAN PLC	Meeting	Climate Change/ Human Rights	No Improvement/ Dialogue	Specialist Staff	GBR
ANGLOGOLD ASHANTI LTD (CA100+)	Meeting	Climate Change	Awaiting Response	Chair	ZAF
ARCELORMITTAL SA	Meeting	Climate Change	Moderate Improvement	Specialist Staff	LUX
ASHTEAD GROUP PLC	Sent Correspondence	Environmental Risk	Dialogue	Specialist Staff	GBR
ASTRAZENECA PLC	Alert Issued	Remuneration	No Improvement	Chair	GBR
AXA	Meeting	Climate Change/ Governance	Change in Process	Specialist Staff	FRA
B&M EUROPEAN VALUE RETAIL SA (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	LUX
BABCOCK INTERNATIONAL GROUP PLC (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	GBR
BANDAI NAMCO HOLDINGS INC	Sent Correspondence	Board Composition	Awaiting Response	Exec Director or CEO	JPN
BARCLAYS PLC	Alert Issued/ AGM	Climate Change	Dialogue/ Substantial Improvement	Chair	GBR
BHP GROUP PLC	Sent Correspondence	Human Rights	Dialogue	Chair	GBR
BP PLC	Received Correspondence	Climate Change/ Audit Practices	Substantial Improvement	Chair	GBR
CAMECO CORPORATION (CA100+)	Sent Correspondence	Climate Change	Awaiting Response	Chair	CAN
CANADIAN UTILITIES LIMITED (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	CAN
CARNIVAL PLC (GBR)	Alert Issued	Remuneration	Dialogue	Chair	GBR
CATERPILLAR INC.	Alert Issued	Governance (General)	Dialogue	Chair	USA
CATERPILLAR INC. (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	USA
CHEVRON CORPORATION	Alert Issued	Climate Change	Dialogue	Chair	USA
CHIPOTLE MEXICAN GRILL INC (CERES + FAIRR)	Meeting	Environmental Risk/ Supply Chain	Moderate Improvement/ Small Improvement	Specialist Staff	USA
CIMIC GROUP LTD	Meeting	Environmental Risk	Awaiting Response	Chair	AUS
CRH PLC	Received Correspondence	Climate Change	Small Improvement	Chair	IRL
DELTA AIR LINES INC	Alert Issued	Climate Change	Moderate Improvement	Chair	USA
DOMINION ENERGY INC	Alert Issued	Board Composition	Dialogue	Chair	USA
DUKE ENERGY CORPORATION	Alert Issued	Audit Practices	Dialogue	Chair	USA
ELI LILLY AND COMPANY	Alert Issued	Governance (General)	Dialogue	Chair	USA
ENI SPA	Sent Correspondence	Climate Change/ Audit Practices	Awaiting Response	Non-Exec Director	ITA
EXXON MOBIL CORPORATION	Meeting	Climate Change	Dialogue	Chair	USA
FACEBOOK INC.	Alert Issued	Governance/ Human Rights	Dialogue	Chair	USA
FERREXPO PLC (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	GBR
FORD MOTOR COMPANY	Alert Issued	Governance (General)	Dialogue	Chair	USA
FORTIS INC (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	CAN
FRASERS GROUP PLC (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	GBR
GEM DIAMONDS LTD (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	VGB
GENERAL ELECTRIC COMPANY	Alert Issued	Governance (General)	Dialogue	Chair	USA
GENERAL MOTORS COMPANY	Alert Issued	Governance (General)	Dialogue	Chair	USA
GLENCORE PLC (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	JEY
GRAFTON GROUP PLC (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	IRL
HONEYWELL INTERNATIONAL INC.	Alert Issued	Governance (General)	Dialogue	Chair	USA

COMPANY PROGRESS REPORT

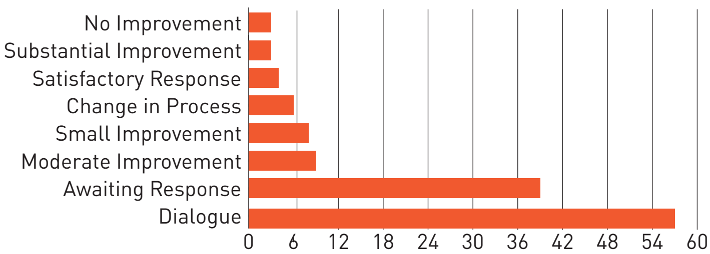
IBSTOCK PLC (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	GBR
IDEMITSU KOSAN CO LTD (CA100+)	Sent Correspondence	Climate Change	Awaiting Response	Chair	JPN
IMPERIAL OIL LIMITED (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	CAN
KIRKLAND LAKE GOLD INC (CA100+)	Sent Correspondence	Climate Change	Awaiting Response	Chair	CAN
MARATHON PETROLEUM CORPORATION (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	USA
MIZUHO FINANCIAL GROUP INC	Alert Issued	Climate Change	Dialogue	Chair	JPN
MOTOROLA SOLUTIONS INC.	Alert Issued	Human Rights	Dialogue	Chair	USA
MUENCHENER RUECK AG (MUNICH RE)	Meeting	Covid/ Climate Change	Satisfactory Response/ Small Improvement	Specialist Staff	DEU
NATIONAL GRID PLC	Received Correspondence	Climate Change	Moderate Improvement	Specialist Staff	GBR
NEW HOPE CORP LTD (CA100+)	Sent Correspondence	Climate Change	Awaiting Response	Chair	AUS
NEWCREST MINING LTD (CA100+)	Sent Correspondence	Climate Change	Awaiting Response	Chair	AUS
NEWMONT CORPORATION (HSBC)	Sent Correspondence	Governance (General)	Dialogue	Chair	USA
NMC HEALTH PLC (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	GBR
OTTOGI CORP (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	KOR
PHILLIPS 66 (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	USA
PHOENIX GROUP HOLDINGS (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	GBR
PHOENIX IT GROUP PLC (CDP)	Received Correspondence	Environmental Risk	Satisfactory Response	Chair	GBR
PRUDENTIAL PLC	Meeting	Covid/ Climate Change	Change in Process RT/	Chair	GBR
RIO TINTO GROUP (AUS)	Alert Issues/ AGM/ Meeting	Human Rights/ Climate Change	Dialogue/ Moderate Improvement	Chair	AUS
ROYAL DUTCH SHELL PLC (CA100+)	Meeting/ Alert Issued	Climate Change	Small Improvement/ Dialogue	Exec Director or CEO	NLD
SAINSBURY (J) PLC	Sent Correspondence	Environmental Risk	Awaiting Response	Chair	GBR
SOUTHERN COMPANY	Press Release	Climate Change	Substantial Improvement	Exec Director or CEO	USA
STANDARD CHARTERED PLC	Meeting	Covid/ Climate Change	Satisfactory Response/ Change in Process	Chair	GBR
SUMITOMO MITSUI FINANCIAL GROUP	Sent Correspondence	Board Composition	Awaiting Response	Chair	JPN
TESCO PLC	Sent Correspondence	Climate Change	Awaiting Response	Chair	GBR
TESLA INC	Alert Issued	Employment Standards/ Remuneration	Dialogue	Chair	USA
THE BOEING COMPANY	Alert Issued/ AGM	Governance (General)	Dialogue	Chair	USA
TOTAL SA	Press Release	Climate Change	Dialogue	Chair	FRA
TULLOW OIL PLC	Sent Correspondence	Governance (General)	Dialogue	Chair	GBR
ULTRA ELECTRONICS HOLDINGS PLC (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	GBR
VALE SA	Meeting	Human Rights/ Governance	Dialogue/ Change in Progress	Chair	BRA
VALERO ENERGY CORPORATION (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	USA
VESUVIUS PLC (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	GBR
WHITEHAVEN COAL LTD (CA100+)	Sent Correspondence	Climate Change	Awaiting Response	Chair	AUS
WIZZ AIR HOLDINGS PLC (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	JEY
WOODSIDE PETROLEUM LTD Substantial Improvement	Alert Issued/ AGM	Climate Change	Dialogue/	Chair	AUS
XAAR PLC (CDP)	Sent Correspondence	Climate Change	Awaiting Response	Chair	GBR

ENGAGEMENT DATA

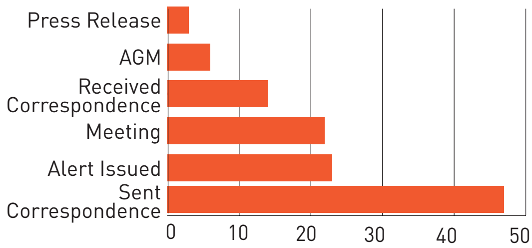
COMPANY DOMICILES



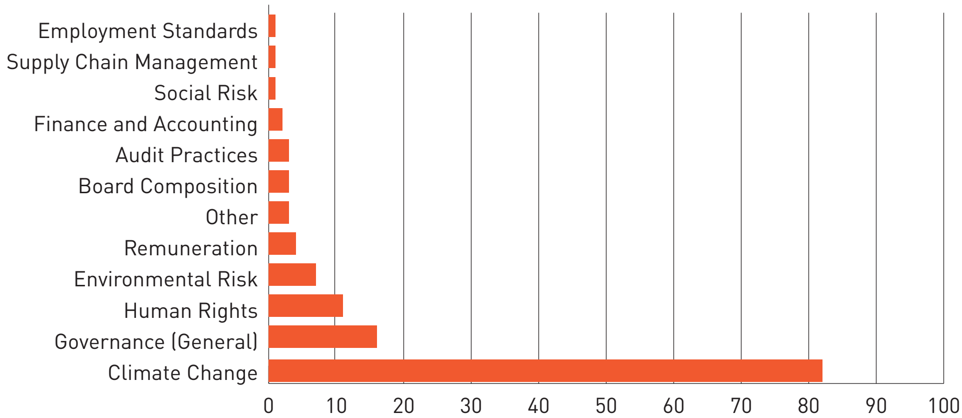
MEETING ENGAGEMENT OUTCOMES



ACTIVITY



ENGAGEMENT TOPICS



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Agenda Item 26

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Agenda Item 28

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