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GREATER MANCHESTER PENSION FUND - MANAGEMENT/ADVISORY PANEL

Day: Friday
Date: 10 December 2021
Time: 10.00 am
Place: Zoom

GENERAL BUSINESS

1. CHAIR'S INTRODUCTORY REMARKS 10.00AM

2. DECLARATIONS OF INTEREST

To receive any declarations of interest from Members of the Panel.

3. MINUTES

a) MINUTES OF THE PENSION FUND ADVISORY PANEL 1 - 12

To approve as a correct record the Minutes of the meeting of the Pension Fund Advisory Panel held on 17 September 2021.

b) MINUTES OF THE PENSION FUND MANAGEMENT PANEL 13 - 18

To approve as a correct record the Minutes of the meeting of the Pension Fund Management Panel held on 17 September 2021.

4. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

a) URGENT ITEMS

To consider any items which the Chair is of the opinion shall be considered as a matter of urgency.

b) 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.

Items	Paragraphs	Justification
7, 8, 9, 10, 11, 12, 13, 14, 18, 19, 20, 21, 22, 23, 24	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 lik prejudice the commercial interests Fund and/or its agents which could affect the interests of the benefi and/or tax payers.

5. PENSION FUND WORKING GROUPS/LOCAL BOARD/NORTHERN LGPS

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.

Item No.	AGENDA	Page No
	JOINT OVERSIGHT COMMITTEE MINUTES	
a)	**LOCAL PENSIONS BOARD**	19 - 26
	To consider the Minutes of the proceedings of the Local Pensions Board held on 30 September 2021.	
b)	**INVESTMENT MONITORING AND ESG WORKING GROUP**	27 - 30
	To consider the Minutes of the proceedings of the Investment Monitoring and ESG Working Group held on 1 October 2021.	
c)	**ADMINISTRATION AND EMPLOYER FUNDING VIABILITY WORKING GROUP**	31 - 38
	To consider the Minutes of the proceedings of the Administration and Employer Funding Viability Working Group held on 1 October 2021.	
d)	**POLICY AND DEVELOPMENT WORKING GROUP**	39 - 44
	To consider the Minutes of the meeting held on 25 November 2021.	
e)	**NORTHERN LGPS JOINT OVERSIGHT COMMITTEE**	45 - 50
	To note the Minutes of the proceedings of the Northern LGPS Joint Oversight Committee held on 8 July 2021.	
	ITEMS FOR DISCUSSION/DECISION	
6.	**RESPONSIBLE INVESTMENT UPDATE Q3 2021 10.25AM**	51 - 60
	To consider the attached report of the Assistant Director of Pensions Investments.	
7.	**CEM COST BENCHMARKING 10.35AM**	61 - 66
	To receive a report of the Assistant Director, Pensions Investments/Assistant Director of Pensions Administration and a presentation from John Simmonds, CEM Benchmarking.	
8.	**REVIEW OF INVESTMENT MANAGEMENT ARRANGEMENTS 11.10AM**	67 - 70
	To receive a presentation from Hymans Robertson.	
9.	**PERFORMANCE DASHBOARD 11.40AM**	71 - 108
	Report of the Assistant Director of Pensions Investments, attached.	
10.	**2022 ACTUARIAL VALUATION PROCESS 11.50AM**	109 - 110
	To receive a presentation from representatives of Hymans Robertson, Fund Actuary.	
11.	**BUSINESS PLANNING, BUDGET AND RISK MANAGEMENT 12.20PM**	111 - 116
	To consider the attached report of the Director of Pensions.	
12.	**ADVISOR COMMENTS AND QUESTIONS**	

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.

ITEMS FOR INFORMATION

To consider the attached report of the Assistant Director of Pensions Administration.

To consider the attached report of the Director of Pensions.

15. FUTURE DEVELOPMENT OPPORTUNITIES

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

LGE Annual Governance Conference – Bournemouth	20 – 21 January 2022
PLSA ESG Conference – virtual	9 - 10 March 2022
PLSA Investment Conference - Edinburgh	25 - 26 May 2022
PLSA Local Authority Conference - Gloucestershire	13 - 15 June 2022

16. DATES OF FUTURE MEETINGS

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

Management/Advisory Panel	18 Mar 2022
Local Pensions Board	13 Jan 2022 7 April 2022
Policy and Development Working Group	3 Mar 2022
Investment Monitoring and ESG Working Group	21 Jan 2022 8 April 2022
Administration and Employer Funding Viability Working Group	1 Jan 2022 8 April 2022

WORKING PAPERS - APPENDICES

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 September 2021

Commenced:	**10.00am** **Terminated: 12.25pm**
Present:	**Councillor Warrington (Chair)**
	Councillors: Andrews (Manchester), Grimshaw (Bury), Jabbar (Oldham), Joinson (Rochdale), Mitchell (Trafford), and Taylor (Stockport)
	Employee Representatives:
	Mr Caplan (UNISON), Mr Drury (UNITE), Mr Flatley (GMB), Ms Fulham (UNISON), Mr Thompson (UNITE)
	Fund Observers:
	Mr Pantall
	Local Pensions Board Members (in attendance as observers):
	Mr Schofield
	Advisors:
	Mr Bowie, Mr Moizer and Mr Powers
Apologies for absence:	**Councillors Barnes (Salford), Connor (Bolton), Cunliffe (Wigan) and Mr Llewellyn (UNITE). Councillor Ryan (Fund Observer)**

Further to the decision of Tameside Metropolitan Borough Council (Meeting of 25 May 2021), to maintain Covid secure access to all Members of the GMPF Management and Advisory Panel, which has representatives from all Greater Manchester Districts and the Ministry of Justice, that all future meetings of the Panels remain virtual until further notice with any formal decisions arising from the published agenda being delegated to the Chair of the Panel taking into the account the prevailing view of the virtual meeting.

25. CHAIR'S OPENING REMARKS

The Chair began by welcoming everyone to the meeting including new member, Scott Caplan representing UNISON, replacing Pat McDonagh who had retired. She extended her best wishes to Pat for a happy and fulfilling retirement. The Chair further announced that Councillor Jack Naylor would be taking up a vacancy on the Local Pensions Board and would, therefore, no longer be a Member of the Management Panel.

The Chair extended best wishes to Kemi Badenock MP, the new Local Minister responsible for Local Government Pensions.

The Chair was pleased to announce that the Fund had partnered with the Actuary, Hymans, to their LGPS Online Learning Academy. The online platform was designed to support the training needs of Pension Committees, Pension Boards and Fund Officers, and would supplement development plans, which had changed somewhat during Covid. There was a growing need for LGPS funds to demonstrate that their committees and board members had an adequate level of knowledge to carry out their roles effectively. With the upcoming introduction of a refreshed CIPFA Knowledge & Skills Framework, the Scheme Advisory Board's Good Governance project - MiFID Two and increasing scrutiny from The Pensions Regulator, the expectation for Members to have the requisite skills and knowledge had never been greater.

The Chair was delighted to report that Greater Manchester Pension Fund, along with a small number of asset owners, fund managers and service providers, including Hymans, had been approved as a signatory to the Financial Reporting Council's UK Stewardship Code 2020 under their first assessment process. The UK Stewardship Code 2020 set high stewardship standards for those investing and looking after money on behalf of UK savers and pensioners, and those that supported them. Stewardship was the responsible allocation, management and oversight of capital to create long-term value for beneficiaries leading to sustainable benefits for the economy, the environment and society. To become a signatory to the Code, organisations must submit to the FRC, the Financial Reporting Council, and a Stewardship Report demonstrating how they had applied the Code's Principles in the previous 12 months. The FRC assessed the report and if it met their reporting expectations, the organisation would be listed as a signatory to the Code. Once listed, organisations must annually report to remain signatories. The best-practice benchmark comprised a list of 12 'apply and explain' principles for asset managers, owners and service providers. It was recently revised to impose tougher reporting requirements on investors. Applicants were required to undergo a rigorous review process, which included providing evidence of their stewardship activities and showing how they were integrating environmental, social and governance (ESG) factors into investment decisions. The result of the new toughened Code was that 64 previous signatories, including several major big name asset managers, were excluded from the list. Only two thirds of applicants made the list, with Greater Manchester Pension Fund one of only 23 asset owners, which successfully became signatories to the code.

Members were informed that, at a value of £28.2 billion, Greater Manchester Pension Fund was the UK's largest local government scheme and the 10th biggest Pension Fund in the UK and retained its position as the 150th largest in the World. The Fund had a long history of aiming for strong corporate governance and socially responsible investment and investing to achieve a positive ESG impact. The fund had dedicated more than £1billion to renewable and alternative energy projects - including dozens of wind farms in Scotland and across Europe - saving around hundreds of thousands tonnes of carbon annually and generating power for hundreds of thousands of homes. That's why being approved as a signatory to the UK Stewardship Code was a significant endorsement of the Fund's responsible investment processes and decision-making.

The Chair commented on the world's reliance on oil, gas and coal for most of its electricity, heating and transport and the conflict between what the Fund needed to do and what it could do, which explained why the Fund was being criticised for not divesting completely from fossil fuels before COP26 whilst gaining approval as a signatory to the Financial Reporting Council's stringent new UK Stewardship Code. Greater Manchester Pension Fund had not stopped investing in fossil fuels because it didn't make sense to divest completely from fossil fuels at this time.

Whilst climate change was the biggest existential risk that humankind had ever faced it was also the biggest financial risk for any contemporary investor on public and private markets. However, if every institutional investor in the world divested from fossil fuel companies tomorrow and those companies went out of business as a result, that would precipitate the end more quickly than if they doubled their investments in fossil fuels. Two thirds of global electricity still came from fossil fuels, according to Our World in Data, and for total energy that figure was 84%.

For the energy transition to work, new technologies, new energy sources and new plastics were required. In Europe, according to the British Plastics Federation, about 5% of oil and gas reserves were used in plastics production. Plastics could be made from renewable materials but, as the British Plastics Federation underlined, bioplastics were not automatically the more sustainable choice "*as any material required resources in their production".*

The Chair commented on the difficulties of calculating a company's carbon footprint and used the example of a manufacturer of solar glass, who may, for example have a higher carbon intensity score than a fossil fuel company because of the intense heat used to produce the glass. The plant where the glass was manufactured may run on electricity that was generated using fossil fuels. In China, where a high percentage of solar glass manufacturing took place, there was a good chance the electricity would come from a coal-fired power station. China was reducing its reliance on coal, but it couldn't without using "dirty" power.

The Chair explained that Greater Manchester Pension Fund assessed fossil fuel companies on governance, strategy, risk management, and metrics and targets, which was probably the best way to fulfil its fiduciary duties to members. Complete divestment would undoubtedly create sector imbalances in the portfolio and could lead to missed opportunities.

Castigating Greater Manchester Pension Fund's investment policy would achieve nothing. Instead, as Glasgow prepared to host COP26, the complexities of the climate crisis and the inevitable imperfections in the solutions should be acknowledged, but the Fund should continue to strive to get the right outcome for its pensioners and their children's children in ensuring carbon neutrality was achieved expediently, with the least amount of risk. It was explained that disinvestment was not a panacea it was made out to be. Trustees and fund managers who looked after the Pension Fund had a challenging task ahead in deciding what was green and what was not.

The Chair made reference to the Agenda for the meeting and the annual presentation from Trucost, who would provide an update on the fund's Carbon Foot printing assessment of its equity and corporate bond holdings. The report and presentation also provided a 'mapping' exercise of the Fund's holdings against analysis undertaken by the Transition Pathway Initiative, a global, asset-owner led initiative, which assessed companies' preparedness for the transition to a low carbon economy. The Chair was pleased to note that the Fund were continuing to travel in the right direction at a faster rate than the average pension fund, towards carbon zero.

The Chair further referenced the Northern LGPS Responsible Investment (RI) Policy, which was also intended to be the RI Policy of the Fund, and how its adoption would build on strong ESG foundations to now explicitly mention human rights, public health, deforestation and water stewardship, which would increase the depth of policies. She added that there would also be focus on Northern LGPS's approach to its activity with companies based in the north of England. This would be in addition to taking further action on climate change.

The Fund was looking to proactively introduce industry-leading environmental standards for its energy investments. Under the scheme, which was based on the Task Force on Climate-related Financial Disclosures (TCFD), the fund would assess fossil fuel companies on governance, strategy, risk management and other targets. The initiative was part of the fund's drive to achieve net zero across its portfolio by 2050. The Fund would also be looking to set interim targets in line with the Paris Agreement of 2016 and recognised the ambitions of the UN's COP26 meeting being held in the city of Glasgow in November.

26. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

27. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 16 July 2021 were signed as a correct record.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 16 July 2021 were noted.

28. 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
9, 10, 11, 12, 13, 15, 16, 17, 24, 25	**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.**

29. LOCAL PENSIONS BOARD

The Chair explained that the Chair of the Local Pensions Board, Councillor Fairfoull, could not be present at the meeting, however he had provided some highlights of the Local Board meeting held on 29 July 2021, in particular the Local Board discussed the Pensions Regulator's new Single Code of Practice. The Pensions Regulator was attempting to streamline its existing codes of practice into a new consolidated code that would apply to all occupational pension schemes. The Single Code of Practice was expected to enter into force next year around summer so there would be some significant work for the administration team.

Of further note, as part of the routine administration update report, the Local Board were informed of cyber security activity over the last quarter and the number of attempted cyber-attacks. Over the April to June period GMPF had nearly 70,000 suspicious emails, which were blocked by the cyber security systems.

The Local Board were also pleased to note that the timeliness of contribution payments from employers had generally been maintained or improved.

RECOMMENDED
That the Minutes of the proceedings of the Local Pensions Board held on 29 July 2021 be noted.

30. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 30 July 2021 were considered.

The Chair of the Working Group, Councillor Cooney, explained that UBS attended the meeting and gave informative updates on their Responsible Investment activity, and trading costs over the last 12 months. UBS made reference to their proprietary ESG risk dashboard and the ongoing active engagement with companies flagged as having elevated sustainability risks.
PIRC also attended the meeting and updated the group on the work they had been doing to enhance the Northern LGPS Responsible Investment policy, which was covered later in the agenda.

PIRC had also researched the risks of competition policy and market concentration and gave examples of engagement with companies in the pharmaceutical, leaseholder and insurance sectors.

Finally, the group considered an updated Investment Strategy Statement, including feedback from the consultation, and recommended a final version for adoption by Panel today.

RECOMMENDED
(i) That the minutes be received as a correct record with the addition of Councillor Joinson and the removal of Councillor O'Neill, to the list of persons present; and
(ii) That the updated Investment Strategy Statement be endorsed and recommended for adoption by the Management Panel.

31. ADMINISTRATION AND EMPLOYER FUNDING VIABILITY WORKING GROUP

The Minutes of the proceedings of the meeting of the Administration and Employer Funding Viability Working Group held on 30 July 2021 were considered

The Chair of the Working Group, Councillor Smith, advised that a presentation from Prudential was received, where they set out their recent performance in administering the AVC arrangements and how they intended to improve their service going forward. The Working Group would continue to monitor Prudential's performance closely until it was back at a satisfactory level.

The Working Group received news on the latest developments relating to the McCloud case remedy. It was expected the overall impact on members and employers would likely be limited but applying the remedy and recalculating some benefits already in payment would require significant administrative resource in the short to medium term. Officers were working hard to ensure the necessary data was available to implement the eventual remedy.

The timeline and process for re-tendering the actuary and benefits consultancy contracts was discussed. The current contracts with Hymans Robertson would be ending on 31 December 2021. The procurement would use the National LGPS Framework which had several advantages over other procurement routes.

As usual, the administration strategic service update was reviewed including updates relating to member services, employer services, developments and technologies, and communication and engagement.

RECOMMENDED
(i) That the Minutes be received as a correct record;
(ii) In respect of Administration Member Services Update, that the changes to the death grant payment guidelines be approved;
(iii) In respect of the Administration Employer Services Update, that the changes made to the Pensions Administration Strategy be approved
(iv) In respect of the Administration Communications and Engagement Update, that the revised Communications Policy and Communications and Engagement Strategy be approved; and
(v) In respect of the Actuary Tender, that approval be given for GMPF to operate 'mini-competitions' under Lot 1 (Actuarial Services) and Lot 2 (Benefits Consultancy) of the National LGPS Frameworks' Actuarial, Benefits and Governance Consultancy Services Framework, to appoint a single provider across both lots.

32. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 2 September 2021 were considered.

The Chair of the Working Group, Councillor Warrington, advised that UBS attended the meeting to present their performance review for the quarter ending 30 June 2021, which was reported on in detail later in the agenda.

UBS also provided a UK & European Equity Review, which included a focus on energy sector holdings. UBS provided a detailed explanation of their investment case for their energy holdings, why the risk of stranded assets was contained, and how the companies could become part of the climate transition solution, backed up by persistent engagement from responsible investors rather than divesting.

UBS also gave an asset allocation review. The focus of most of the remainder of the meeting was on the annual performance updates for the various internal portfolios.

RECOMMENDED

(i) That the Minutes be received as a correct record; and

(ii) In respect of Global Equity 'Purchase/Sale' Trigger Process - Update of Fair Value Estimate, Trigger Points and Size of Switch, that the updated Fair Value estimate and associated trigger points, as contained within the report, be adopted subject to keeping under review.

33. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

RECOMMENDED

That the Minutes of the proceedings of the Northern LGPS Joint Oversight Committee held on 15 April 2021 be noted.

34. RESPONSIBLE INVESTMENT UPDATE Q2 2021

The Assistant Director of Pensions Investments, submitted a report and delivered a presentation providing Members with an update on the Fund's responsible investment activity during Q2 2021.

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 2021 against the six PRI principles was detailed in the report.

Members were advised that, as part of Northern LGPS's continuous evaluation of its approach to Responsible Investment the Northern LGPS adopted its updated Responsible Investment Policy which covered a wide range of ESG themes. The new Policy expanded on ESG themes and now explicitly mentioned human rights, public health, deforestation and water stewardship. The Policy also referenced the Northern LGPS's approach to its activity with companies based in the north of England. The updated Policy was appended to the report.

A copy of PIRC's monthly newsletter was also appended to the report, focusing on private sector equal pay claims and other social issues.

Details of GMPF's Responsible Investment partners and collaborations were further appended to the report.

Discussion ensued in respect of the Fund's commitment to Responsible Investment and Members and Advisors commented on the complex nature of this area of work and supported and commended the approach and progress to date. Members further acknowledged the importance of publicity in order to highlight the progress achieved and the ongoing work towards a net zero carbon Fund.

The Chair thanked the Assistant Director for the comprehensive and informative presentation, which detailed the action taken towards the goal to achieve a net zero carbon Fund and demonstrated the Fund's approach to a Just Transition.

RECOMMENDED
That the content of the report be noted.

35. INVESTMENT STRATEGY STATEMENT

The Assistant Director of Pensions Investments submitted a report explaining that the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 came into force on 1 November 2016. The Regulations required that GMPF publish an Investment Strategy Statement by 1 April 2017 and thereafter kept under review and revised from time to time and at least every three years.

Members were advised that officers had conducted a full review of the Investment Strategy Statement and a draft was considered and endorsed by the Investment Monitoring and ESG Working Group at their meeting on 16 April 2021.

At their meeting on 30 July 2021, the Working Group considered comments received on the draft Investment Strategy Statement following a public consultation period and subsequent changes proposed to the draft Investment Strategy Statement. The Working Group endorsed the updated draft Investment Strategy Statement.

The updated draft Investment Strategy Statement was appended to the report.

RECOMMENDED
That the updated draft Investment Strategy Statement, as appended to the report, be adopted.

36. UPDATE ON GMPF'S APPROACH TO CLIMATE RISK

Christina Weimann and Sudeep Ar of Trucost presented before Members and gave an analysis of the Fund's Carbon Footprinting Assessment of its equity and corporate bond holdings. The presentation further provided details of a 'mapping' exercise of the Fund's holdings against analysis undertaken by the Transition Pathway Initiative, a global, asset-owner led initiative, which assessed companies' preparedness for the transition to a low carbon economy.

Discussion ensued and Members sought further information in respect of fossil fuel energy and the influence of particular countries.

The Advisors commented on the importance of disclosure and the Fund's role in respect of this. They further made reference to appropriate carbon taxation and the Assistant Director explained that the Fund was a member of the Institutional Investor Group on Climate Change and the benefits of working together to have a stronger voice on this matter.

The Chair thanked Ms Weimann and Mr Ar for a thought provoking presentation.

RECOMMENDED
That the content of the presentation be noted.

37. REVIEW OF INVESTMENT MANAGEMENT ARRANGEMENTS

The Assistant Director of Pensions Investments submitted a report, which considered the Fund's Investment Management arrangements and the appointments of the Fund's external active Securities Managers.

It was explained that the Investment Management arrangements of the Fund reflected a wide range of significant decisions concerning how the Fund chose to position itself in terms of the management of its assets. These significant decisions included, inter alia, a consideration of the choice of benchmark and the detail of any bespoke benchmark, and whether, for example, to adopt active versus passive management or specialist versus multi-asset management.

Elaine Torry of Hymans Robertson then presented before Members addressing three areas of focus in relation to active versus passive management with respect of the Fund’s review of Investment Management arrangements, as detailed in the previous Review of Investment Management Arrangements report to the September 2020 meeting of the Panel.

The presentation outlined a number of key points for consideration and it was explained that a further report and presentation would be made to Panel in December 2021.

Detailed discussion ensued and the Advisors requested that emerging markets be a particular area of focus for the December meeting of the Panel.

The Chair thanked Ms Torry for a very informative presentation.

RECOMMENDED
That the content of the report and presentation be noted.

38. 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 2 2021 Performance Dashboard was summarised. It was explained that Economic data globally was strong, without pointing to overheating. Growth forecasts continued to see upward revisions amid accumulating evidence of effectiveness of vaccines, the deployment of US fiscal stimulus and greater economic resilience to the latest waves of COVID 19. Inflation data continued to rise, reflecting base effects, higher energy prices, and COVID-19 pandemic-related supply disruptions. But markets appeared confident that the rise in inflation would not be sustained and was unlikely to force central banks to tighten monetary policy prematurely.

In Q2 markets continued to perform strongly; in fact, with the exception of Japanese equities all asset classes had positive returns. Equity markets rose over the quarter supported by positive growth, earnings momentum and the abating of fears over inflation. More cyclical shorter-duration sectors, such as financials, industrials and basic materials, and styles, such as value and small-cap, underperformed. Volatility was relatively subdued, the VIX index of implied US stock volatility ended the month at 15.8, close to the lowest level since the onset of the COVID-19 pandemic and below the average of 19.5 since 1990. Q2 saw a reversal of sharp moves in government bond yields seen at the beginning of the year, with yields generally declining. Yields on US 10 year treasuries fell over the quarter reflecting increasing confidence among investors that the recent rise in inflation would be transitory. This was despite a more hawkish Federal Open Market Committee (FOMC). A number of other developed market government bond yields followed suit including UK Gilts. Corporate bond spreads had continued to tighten as some of the worries about inflationary pressure dissipated amongst the investor community. In addition, the corporate bond market continued to be supported by accommodative monetary policy, fiscal stimulus, and improving economic growth whilst also benefitting from ongoing investor demand for yield. This was evident in global high yield which continued to be supported by investors seeking returns in a low-rate environment, with low borrowing costs and rising credit quality in the sector. EM debt performed positively as both US treasury yields, and credit spreads fell.

Over the quarter, total Main Fund assets increased by £929 million to £26.7 billion. With the exception of private equity, 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.

Following the 2020/21 review of Investment Strategy, further changes to the ‘realistic’ strategic allocations to alternatives were made in Q3 2020. Within the Main Fund, there was an overweight position in equities. This was offset by equally underweight positions in bonds and alternatives. The property allocation continued to be underweight versus its benchmark.

On a cumulative basis, over the period since September 1987, the Main Fund had outperformed the average LGPS, equating to over £3.3 billion of additional assets. The Main Fund underperformed its benchmark over Q2 2021. Relative performance over 1 year was positive, while over 3 years it remained negative. The Main Fund was ahead of its benchmark over 5 and 10 years and performance since inception remained strong.

Over Q2 2021, 1 year active risk remained elevated having risen sharply over the recent quarters. This had resulted in a marked increase in active risk over 3 and 5 year periods. However, over longer time periods, active risk of the Main Fund remained broadly consistent at around 1% pa. Risk in absolute terms (for both portfolio and benchmark) having increased substantially over Q4 2020, had somewhat moderated in in the first half of 2021. Risk was expected to moderate further over the coming months as the effects of the pandemic subsided.

As at the end of Quarter 2; Over a 1 year period three of the three of the Fund’s active securities managers had outperformed their respective benchmarks whilst one manager underperformed its benchmark. Over a 3 year period, two of have underperformed their respective benchmarks whilst one of the managers outperformed its benchmark. The long-term performance of one manager remained strong. The performance history of the Factor Based Investing portfolio was extremely short, so at this very early stage no conclusions could be drawn with regard to performance.

RECOMMENDED
That the content of the report be noted.

39. POOLING UPDATE

Consideration was given to a report of the Assistant Director of Pensions, Funding and Business Development, GMPF, providing an update on the activities of the Northern LGPS Pool and relevant national pooling developments.

It was reported that, on 3 January 2019 MHCLG released new draft statutory guidance on LGPS asset pooling for ‘informal’ consultation. Parties that were consulted included pools, administering authorities and local pension boards. The guidance was intended to replace previous pooling guidance, in particular the LGPS Investment Reform Criteria and Guidance issued in November 2015 (‘the 2015 guidance’).

As per discussion at previous meetings, the draft statutory guidance had blurred the original four criteria in the 2015 guidance. In its place the guidance had 6 sections covering; structure and scale, governance, transition of assets to the pool, making new investments outside the pool, infrastructure investment and reporting.

Government had yet to publish a response to the consultation and the 2015 guidance therefore, remained in force. MHCLG civil servants continued to indicate that a new consultation on pooling guidance and potentially, changes to the LGPS Investment Regulations were expected sometime later in the year. In the short-term there may be a ministerial statement on the Government’s commitment to pooling.

MHCLG had issued its annual request for a further progress update from each of the Pools, setting out the assets transferred to the pool as at 31 March 2021 and an estimate of costs savings achieved and those expected in future.

MHCLG was keen for all pools to be reporting cost savings on a consistent basis and representatives of Northern LGPS, ACCESS and the Wales Pensions Partnership had been invited to attend the meetings which took place between the Chief Operating Officers of the five pools which operated their own FCA regulated fund manager in order to discuss how this could be achieved going forward.

A consistent LGPS-wide methodology had been agreed in principle and the proposals discussed with MHCLG. The main area of contention at some pools was regarding whether indirect transition costs such as bid/offer spreads should be included in the headline costs figures or disclosed separately, with pools having adopted different approaches in the past. Northern LGPS was unlikely to need to materially change its methodology when calculating both achieved and projected future savings for this year’s MHCLG progress report.

The submission date was originally set for 3 September 2021, but LGPS pools requested an extension to allow time to update the annual returns on the revised basis and allow time for approval from pension committees. The revised deadline had been agreed for 24 September 2021.

Northern LGPS’ cost savings for 2020/21 were expected to be £30.5m (increasing from approximately £21m in 2019/20), giving total savings since inception of £71.1m (assuming no restatement of prior year figures). These figures are slightly higher than the future projections made last year and the estimated figures provided at the previous Panel meeting. The increase in costs savings achieved is as a result of the continued increase in commitments and assets under management of the GLIL and NPEP vehicles

Members were advised that each of the partner funds in the Northern LGPS Pool was currently in the process of producing 31 March 2021 year end accounts and an annual report. .

At their July meeting the Northern LGPS Joint Oversight Committee agreed that as per last year, a Pool Annual Report be produced, which funds would have the option of including in their respective annual reports. This would act to provide some of the information to satisfy CIPFA guidance and could be used by the funds in their communications with stakeholders to provide evidence of the Pool’s progress against its objectives.

The current draft of the Pool annual report was appended to the report. The Pool Joint Committee agreed that the fund Directors liaise with their respective Committee members to finalise the report in conjunction with their fund annual reporting process.

Updates on the progress of the main ongoing work-streams for the Northern LGPS together with LGPS Pooling developments nationally were provided in the report.

RECOMMENDED
That the content of the report be noted.

40. BUSINESS PLANNING, BUDGET AND RISK MANAGEMENT

Consideration was given to a report of the Director of Pensions providing an update on the current business plan and highlighted the current key risks being monitored.

Progress being made on the six key strategic projects set out in the 2021/22 business plan was detailed in the report. Overall, progress was generally in line with the timescales. All business plan tasks continued to be monitored and reviewed each month by the Director of Pensions.

In terms of risk management, Members were advised that the overarching risk register was reviewed and updated at least once each quarter and the latest version was appended to the report. Specific risks being monitored closely by officers were highlighted and included issues relating to the timely provision of data for Annual Benefits Statements; and cyber security work.

RECOMMENDED
(i) That the progress on the current key business plan tasks be noted; and
(II) That the risk register and the controls in place to mitigate each risk, be noted.

41. GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2020-2021

The Director of Pensions submitted a report, which provided an update on the draft annual report and accounts for GMPF including a summary financial report and advised Members in respect of the external audit.

The summary financial report for 2021 was detailed in the report and a link to the draft Annual Report was provided.

It was explained that, at the time of writing, the audit findings report for GMPF was in draft form awaiting confirmation of sign off from national review team. The draft report contained no material or high-risk findings.

RECOMMENDED
(i) That the draft Annual Report be approved;
(ii) That the Summary Financial Report be noted; and
(iii) That the update on progress of external audit be noted.

42. 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:

- Guidance on Special Severance Payments
- High Court judgment on exit credits
- Cost Control Mechanism
- McCloud Update
- MAPS Pension Dashboard update
- The Pensions Regulator

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

43. ADMINISTRATION UPDATE

The Assistant Director of Pensions Administration submitted a report providing an update on the following key items:

- Performance and engagement activities
- Compliance activities
- Key projects updates
- Policy document updates

RECOMMENDED
That the content of the report be noted.

44. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

PLSA Annual Conference - Virtual	**12-14 October 2021**
LGE Fundamentals Training Day 1 - Leeds	**21 October 2021**
LGE Fundamentals Training Day 2 - Leeds	**18 November 2021**
LGE Fundamentals Training Day 3 - Leeds	**8 December 2021**
LAPFF Annual Conference - Bournemouth	**8-10 December 2021**
LGE Annual Governance Conference - Bournemouth	**20-21 January 2022**

45. DATES OF FUTURE MEETINGS

Management/Advisory Panel	**10 Dec 2021** **18 Mar 2022**
Local Pensions Board	**30 Sept 2021** **13 Jan 2022** **7 April 2022**
Policy and Development Working Group	**25 Nov 2021** **3 Mar 2022**
Investment Monitoring and ESG Working Group	**1 Oct 2021** **21 Jan 2022** **8 April 2022**
Administration and Employer Funding Viability Working Group	**1 Oct 2021** **21 Jan 2022** **8 April 2022**

CHAIR

GREATER MANCHESTER PENSION FUND
MANAGEMENT PANEL

17 September 2021

Commenced:	**10.00am**	**Terminated:12.25pm**
Present:	**Councillor Warrington (Chair)**	
	Councillors: Andrews (Manchester), Cooney, Grimshaw (Bury), Jabbar (Oldham), Joinson (Rochdale), Mitchell (Trafford), Naylor, Newton, Ricci, T Sharif, M Smith, Taylor (Stockport), Ward, Wills and Ms Herbert	
	Fund Observers:	
	Mr Pantall	
Apologies for Absence:	**Councillors Barnes (Salford), Connor (Bolton), Cunliffe (Wigan), J Homer, Patrick and Councillor Ryan (Fund Observer)**	

Further to the decision of Tameside Metropolitan Borough Council (Meeting of 25 May 2021), to maintain Covid secure access to all Members of the GMPF Management and Advisory Panel, which has representatives from all Greater Manchester Districts and the Ministry of Justice, that all future meetings of the Panels remain virtual until further notice with any formal decisions arising from the published agenda being delegated to the Chair of the Panel taking into the account the prevailing view of the virtual meeting.

25. CHAIR'S OPENING REMARKS

The Chair began by welcoming everyone to the meeting including new member, Scott Caplan representing UNISON, replacing Pat McDonagh who had retired. She extended her best wishes to Pat for a happy and fulfilling retirement. The Chair further announced that Councillor Jack Naylor would be taking up a vacancy on the Local Pensions Board and would, therefore, no longer be a Member of the Management Panel.

The Chair extended best wishes to Kemi Badenoch MP, the new Minister responsible for Local Government Pensions.

The Chair was pleased to announce that the Fund had partnered with the Actuary, Hymans Robertson, to access their LGPS Online Learning Academy. The online platform was designed to support the training needs of Pension Committees, Pension Boards and Fund Officers, and would supplement development plans, which had changed somewhat during Covid. There was a growing need for LGPS funds to demonstrate that their committees and board members had an adequate level of knowledge to carry out their roles effectively. With the upcoming introduction of a refreshed CIPFA Knowledge & Skills Framework, the Scheme Advisory Board's Good Governance project - MiFID II and increasing scrutiny from The Pensions Regulator, the expectation for Members to have the requisite skills and knowledge had never been greater.

The Chair was delighted to report that Greater Manchester Pension Fund, along with a small number of asset owners, fund managers and service providers, including Hymans, had been approved as a signatory to the Financial Reporting Council's UK Stewardship Code 2020 under their first assessment process. The UK Stewardship Code 2020 set high stewardship standards for those investing and looking after money on behalf of UK savers and pensioners, and those that supported them. Stewardship was the responsible allocation, management and oversight of capital to create long-term value for beneficiaries leading to sustainable benefits for the economy, the environment and society. To become a signatory to the Code, organisations must submit to the FRC, the Financial Reporting Council, and a Stewardship Report demonstrating how they had applied the Code's Principles in the previous 12 months. The FRC assessed the report and if it met their reporting expectations, the organisation would be listed as a signatory to the Code. Once listed, organisations must annually report to remain signatories. The best-practice benchmark comprised a list of 12 ‘apply and explain’ principles for asset managers, owners and service providers. It was recently revised to impose tougher reporting requirements on investors. Applicants were required to undergo a rigorous review process, which included providing evidence of their stewardship activities and showing how they were integrating environmental, social and governance (ESG) factors into investment decisions. The result of the new toughened Code was that 64 previous signatories, including several major big name asset managers, were excluded from the list. Only two thirds of applicants made the list, with Greater Manchester Pension Fund one of only 23 asset owners, which successfully became signatories to the code.

Members were informed that, at a value of £28.2 billion, Greater Manchester Pension Fund was the UK’s largest local government scheme and the 10th biggest Pension Fund in the UK and retained its position as the 150th largest in the World. The Fund had a long history of aiming for strong corporate governance and socially responsible investment and investing to achieve a positive ESG impact. The fund had dedicated more than £1billion to renewable and alternative energy projects - including dozens of wind farms in Scotland and across Europe - saving around hundreds of thousands tonnes of carbon annually and generating power for hundreds of thousands of homes. That’s why being approved as a signatory to the UK Stewardship Code was a significant endorsement of the Fund’s responsible investment processes and decision-making.

The Chair commented on the world’s reliance on oil, gas and coal for most of its electricity, heating and transport and the conflict between what the Fund needed to do and what it could do, which explained why the Fund was being criticised for not divesting completely from fossil fuels before COP26 whilst gaining approval as a signatory to the Financial Reporting Council’s stringent new UK Stewardship Code. Greater Manchester Pension Fund had not stopped investing in fossil fuels because it didn’t make sense to divest completely from fossil fuels at this time.

Whilst climate change was the biggest existential risk that humankind had ever faced it was also the biggest financial risk for any contemporary investor on public and private markets. However, if every institutional investor in the world divested from fossil fuel companies tomorrow and those companies went out of business as a result, that would precipitate the end more quickly than if they doubled their investments in fossil fuels. Two thirds of global electricity still came from fossil fuels, according to Our World in Data, and for total energy that figure was 84%.

For the energy transition to work, new technologies, new energy sources and new plastics were required. In Europe, according to the British Plastics Federation, about 5% of oil and gas reserves were used in plastics production. Plastics could be made from renewable materials but, as the British Plastics Federation underlined, bioplastics were not automatically the more sustainable choice “*as any material required resources in their production”.*

The Chair commented on the difficulties of calculating a company’s carbon footprint and used the example of a manufacturer of solar glass, who may, for example have a higher carbon intensity score than a fossil fuel company because of the intense heat used to produce the glass. The plant where the glass was manufactured may run on electricity that was generated using fossil fuels. In China, where a high percentage of solar glass manufacturing took place, there was a good chance the electricity would come from a coal-fired power station. China was reducing its reliance on coal, but it couldn’t without using “dirty” power.

The Chair explained that Greater Manchester Pension Fund assessed fossil fuel companies on governance, strategy, risk management, and metrics and targets, which was probably the best way to fulfil its fiduciary duties to members. Complete divestment would undoubtedly create sector imbalances in the portfolio and could lead to missed opportunities.

Castigating Greater Manchester Pension Fund’s investment policy would achieve nothing. Instead, as Glasgow prepared to host COP26, the complexities of the climate crisis and the inevitable imperfections in the solutions should be acknowledged, but the Fund should continue to strive to get the right outcome for its pensioners and their children’s children in ensuring carbon neutrality was achieved expediently, with the least amount of risk. It was explained that disinvestment was not a panacea it was made out to be. Trustees and fund managers who looked after the Pension Fund had a challenging task ahead in deciding what was green and what was not.

The Chair made reference to the Agenda for the meeting and the annual presentation from Trucost, who would provide an update on the fund's Carbon Foot printing assessment of its equity and corporate bond holdings. The report and presentation also provided a 'mapping' exercise of the Fund's holdings against analysis undertaken by the Transition Pathway Initiative, a global, asset-owner led initiative, which assessed companies' preparedness for the transition to a low carbon economy. The Chair was pleased to note that the Fund were continuing to travel in the right direction at a faster rate than the average pension fund, towards carbon zero.

The Chair further referenced the Northern LGPS Responsible Investment (RI) Policy, which was also intended to be the RI Policy of the Fund, and how its adoption would build on strong ESG foundations to now explicitly mention human rights, public health, deforestation and water stewardship, which would increase the depth of policies. She added that there would also be focus on Northern LGPS's approach to its activity with companies based in the north of England. This would be in addition to taking further action on climate change.

The Fund was looking to proactively introduce industry-leading environmental standards for its energy investments. Under the scheme, which was based on the Task Force on Climate-related Financial Disclosures (TCFD), the fund would assess fossil fuel companies on governance, strategy, risk management and other targets. The initiative was part of the fund's drive to achieve net zero across its portfolio by 2050. The Fund would also be looking to set interim targets in line with the Paris Agreement of 2016 and recognised the ambitions of the UN's COP26 meeting being held in the city of Glasgow in November.

26. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

27. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 16 July 2021 were noted.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 16 July 2021 were signed as a correct record.

28. 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
9, 10, 11, 12, 13, 15, 16, 17, 24, 25	**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.**

29. LOCAL PENSIONS BOARD

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 29 July 2021 were considered.

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

30. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 30 July 2021 were considered

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

31. ADMINISTRATION AND EMPLOYER FUNDING VIABILITY WORKING GROUP

The Minutes of the proceedings of the meeting of the Administration and Employer Funding Viability Working Group held on 30 July 2021 were considered

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

32. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 2 September 2021 were considered

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

33. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

The Minutes of the proceedings of the meeting of the Northern LGPS Joint Oversight Committee were noted.

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

34. RESPONSIBLE INVESTMENT UPDATE Q2 2021

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

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

35. INVESTMENT STRATEGY STATEMENT

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

36. UPDATE ON GMPF'S APPROACH TO CLIMATE RISK

A report of the Assistant Director of Pensions Investments was submitted and a presentation from representatives of Trucost, was received.

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

37. REVIEW OF INVESTMENT MANAGEMENT ARRANGEMENTS

A report of the Assistant Director of Pensions Investments was submitted and a presentation of Elaine Torry of Hymans Robertson was received.

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

38. 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.

39. POOLING UPDATE

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

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

40. BUSINESS PLANNING, BUDGET AND RISK MANAGEMENT

A report of the Director of Pensions was submitted.

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

41. GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2020-2021

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

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

42. 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.

43. ADMINISTRATION 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.

44. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

PLSA Annual Conference - Virtual	**12-14 October 2021**
LGE Fundamentals Training Day 1 - Leeds	**21 October 2021**
LGE Fundamentals Training Day 2 - Leeds	**18 November 2021**
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45. DATES OF FUTURE MEETINGS

Management/Advisory Panel	**10 Dec 2021** **18 Mar 2022**
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CHAIR

GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

30 September 2021

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

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

Apologies for Absence **Chris Goodwin and Mark Rayner**

15 DECLARATIONS OF INTEREST

There were no declarations of interest.

16 MINUTES

The minutes of the Local Pensions Board meeting on the 29 July 2021 were approved as a correct record.

17 GMPF STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2020-2021

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Local Investments and Property. The report provided information of the governance arrangements for the audit of GMPF Accounts 2020/21.

Members of the Local Board were advised that auditors had been conducting their work on the GMPF Audit and IAS 19 assurance during July, August and September. At the present time there were no indications of material concerns. The GMPF Management Panel received a report attached to this report as Appendix 1 at its meeting on 17 September. The completion of the main council audit had not yet been completed by Mazars, and there was therefore a short delay to the timetable for completion of the governance arrangements for the GMPF audit.

It was stated that Letters of Assurance from the management of the Fund and those charged with governance would be provided to the auditors very shortly. At completion of the audit a findings report would be agreed with management and would be presented to Tameside Audit Panel ahead of the statutory deadline of 30 November 2021.

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

RESOLVED
That the report be noted.

18 ADMINISTRATION UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director for Administration. The report provided the Local board with an update on key activities taking place in the Administration section during the last quarter, including comments on administration performance and on complaints and disputes. The report also detailed the areas of focus for the next quarter.

It was explained that the relevant key strategy business plan projects for the Administration, Funding and Accountancy teams were:

1. My Pension online improvements
2. Working differently
3. IT infrastructure, DR arrangements and cyber security
4. Ensuring good governance

Members were advised that business continuity plans and the approach being taken to manage the impact of the Coronavirus outbreak on service delivery remained largely unchanged. Changes relating to the receipt and scanning of post had been made to create a more robust and long-term way of dealing with this area of work and further strengthening business continuity plans. The transition to using My Pension online for all key processes continued, and officers had also been feeding into future system developments to My Pension through their participation in the CLASS group. Officers are now also starting to consider what the longer-term working arrangements might look like and to begin engagement sessions with teams.

It was stated that overall administration workflow and performance remained consistent. The administration performance dashboard for quarter 1 April to June 2021, was attached at Appendix 1. The main themes of the complaints received over the quarter related to either issues with logging into My Pension, regulatory or policy decisions that members were unhappy with or minor delays in processing some casework. The compliments related to good customer service provided by GMPF colleagues. There were six suggestions, with two being for the Fund to consider expanding online facilities to members to allow them to contact us by email and to allow members to update any name changes on their My Pension account, both of which are being investigated.

The Head of Pensions Administration explained the annual project to issue the benefit statement had been completed. One Local Authority had been unable to provide data on time to be able to issue annual benefits statement before the 31 August 2021. Whilst this data had now been received and the benefits statement had been issued this was a breach of the law. It was further explained that a breach report had been submitted to the Pensions Regulator.

It was reported that another key annual task being undertaken was that of calculating and producing pension saving statements for those members who exceeded or were close to exceeding the annual allowance tax limits. This work was progressing well and all statements are on course for being issued by the statutory deadline of 6 October.

Members heard that checks were regularly carried out to ensure that members who lived overseas were still alive and receiving their pension correctly, to ensure that no fraudulent activity was taking place. So far this year, 2254 checks had been made and this exercise had resulted in the Fund becoming aware of 32 deaths so far.

Employer Services had continued to receive applications for admission to the Fund, 73 applications were in progress. It was reported that all employers, except for newly admitted employers, had now on-boarded onto iConnect monthly data collection. One Local Authority on-boarded in August 2021 with March 2021 data. Now that all employers were on-boarded and submitting monthly data files, the Employer Data team was working with those employers who are behind on their monthly files or having difficulty in submitting them.

In regards to Developments and Technologies, it was reported that work on the project to replace and renew both the IT hardware and software infrastructure of GMPF continued. Work this quarter had focussed on two main areas. The first was the migration of pension legal data from a Tameside MBC (TMBC) managed case management system to a cloud-based version. The second area was that of system backup and Disaster Recovery arrangements. Both projects continued to progress well despite delays to the anticipated timescales. Work relating to probation service changes was a key focus last quarter, with Community Rehabilitation Companies ceasing to exist in June and their employees transferring mainly to the National Probation Service.

Members were advised that a report following an audit on cyber controls had now been received and contained several recommendations. Responses to the recommendations made had been identified and an action plan has subsequently been created. A specification for third-party cyber support and services had been drawn up and a route to procurement has been identified under the Crown Commercial Services (CCS) framework, which would allow cyber support services to be procured in an efficient and compliant manner.

The focus within Communications and Engagement had been on implementing the new contact centre system Enghouse, which went live in July 2021. Since then, training and system configuration work had been carried out to deploy new functionality and the new options available. In the three months prior to going live, the Customer Services team answered an average of 71% of calls offered. Since implementation, this has increased to 87%.

It was stated that online events continued to be popular and well received. The Take control of your local government pension' sessions have been continually fully booked. Over 1,000 members have attended sessions since April.

Regular meetings with Aquila Heywood continued due to issues relating to accessing and registering for My Pension. Evidence had been gathered by customer services each month and provided to Aquila Heywood to help them to try to identify what the causes might be. Some software changes were implemented in the last Altair release and early statistics suggest that less errors had been occurring during member activity, resulting in a better user experience.

Members of the Board discussed the issues experienced by one Local Authority and their third party provider.

RESOLVED
That the report be noted.

19 DEMONSTRATING KNOWLEDGE AND UNDERSTANDING

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development / Assistant Director for Pensions Administration. The report highlighted new training opportunities available to Members of the Board and Members of the GMPF Management Panel.

The Assistant Director for Funding and Business Development advised the Board that members had a requirement to be knowledgeable in pension matters as set out in the Pension Regulator's Code of Practice 14. Pages 12 to 17 of the Code of Practice 14 set out the knowledge and understanding required of Board members. It was explained that the upcoming introduction of a refreshed CIPFA Knowledge and Skills Framework, and the Scheme Advisory Board's Good Governance project were expected to also place requirements on Board members to be sufficiently knowledgeable.

It was stated that given the regulatory need for Local Pension Boards to have sufficient knowledge and understanding to conduct their role, it was imperative that Board members continued to seek development opportunities. To help facilitate this, GMPF had signed up to Hymans Robertson's LGPS Online Learning Academy.

LGPS Online Learning Academy was an online platform designed to support the training needs of Pension Committees, Pension Boards and Fund Officers. It consisted of a series of video presentations with supplemental learning materials and multiple-choice questions. The six main modules on Hymans' LGPS Online Learning Academy were:

- An introduction to LGPS oversight bodies, governance, legislation and guidance
- LGPS administration, including policies and procedures, pension fund auditing

- LGPS valuations, funding strategy and LGPS employers
- Investment strategy, pooling and responsible investment
- Performance monitoring and procurement
- Current issues in the LGPS

Members of the Board discussed their experiences with the modules on the LGPS Online Learning Academy platform.

RESOLVED
That the report be noted and Members undertake the recommended training via the Online Learning Academy.

20 SUMMARY OF GMPF DECISION MAKING

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development. The report summarised the recommendations made by the GMPF Working Groups over the period from July 2021 to September 2021, which were approved at the Management Panel meeting on the 17 September 2021. It also summarised the decisions made by the Management Panel.

The Assistant Director for Funding and Business Development highlighted that at the meeting of the Administration, Employer Funding and Viability Working Group on the 30 July 2021 the Working Group received a report on changes to the death grant payment guidelines. The Working Group recommended that the changes to the death grant payment guidelines be approved. The Working Group also received a report, which set out the review of and changes to the Pensions Administration Strategy. The Working Group recommended that the changes made to the Pension Administration Strategy be approved. It was also highlighted that the Working Group considered a report on the revised Communications Policy and Communications and Engagement Strategy, which the Working Group recommended to be approved.

It was reported that on the 30 July 2021 the Investment Monitoring and ESG Working Group considered a number of reports for noting and considered comments received on the draft Investment Strategy Statement following a public consultation period. The updated draft Investment Strategy Statement was recommended to be adopted by the Management Panel.

On the 2 September 2021 the Policy and Development Working Group considered a number of reports for noting, in addition the Working Group considered a report detailing updates to the global equity ‘purchase/sale’ trigger process. The Working Group recommended that the updated Fair Value estimate and associated trigger points be adopted subject to keeping them under review.

It was reported that at the meeting of the Management/Advisory Panel on the 17 September 2021 the all the recommendations of the Working Groups were approved. In addition the Management Panel reviewed the draft Annual Report and Accounts for 20/21 and were presented with the updated Investment Strategy Statement.

RESOLVED
That the report be noted.

21 POOLING UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development. The report provided an update on the activities of the Norther LGPS Pool and relevant national pooling developments

Members of the Board were reminded that the Government was yet to yet to publish a response to the consultation and the 2015 guidance therefore remained in force. Civil servants (formerly of

MHCLG but now the Department for Levelling Up, Housing and Communities) continued to indicate that a new consultation on pooling guidance and potentially changes to the LGPS Investment Regulations are expected sometime later in the year, however it was possible that the change in Ministers and their stated briefs could lead to further delays.

Members were advised that MHCLG issued its annual request for a further progress update from each of the Pools, setting out the assets transferred to the pool as at 31 March 2021 and an estimate of costs savings achieved and those expected in future. The Department for Levelling Up, Housing and Communities was keen for all pools to be reporting progress in transferring assets to the pools and cost savings on a consistent basis. Further, representatives of Northern LGPS, ACCESS and the Wales Pensions Partnership had joined meetings which took place between the Chief Operating Officers and Chief Financial Officers of the five pools which operate their own FCA regulated fund manager in order to discuss how this could be achieved going forwards.

It was stated that the submission date was originally set for 3 September 2021, but LGPS pools requested an extension to allow time to update the annual returns on the revised basis and allow time for approval from pension committees. The revised deadline was agreed for 24 September 2021. It was highlighted that Northern LGPS' net cost savings for 2020/21 had been calculated as £30.5m (increasing from approximately £21m in 2019/20), giving total net savings since inception of £71.1m.

It was reported that at their July meeting the Northern LGPS Joint Committee agreed that as per last year, a Pool Annual Report be produced, which funds would have the option of including in their respective annual reports. This would act to provide some of the information to satisfy CIPFA guidance and could be used by the funds in their communications with stakeholders to provide evidence of the Pool's progress against its objectives. The Pool annual report was attached at Appendix 1.

RESOLVED
That the report be noted.

22 BUSINESS PLANNING, BUDGET AND RISK MANAGEMENT

Consideration was given to a report of the Director of Pensions, the report provided detailed the current business plan and highlighted key risks being monitored

The report detailed the progress being made on six key strategic projects as set out in the 2021/22 business plan. The Director of Pensions highlighted that the IT infrastructure, DR arrangements and cyber security project was progressing well, albeit slightly slower than initially planned. The replacement of the telephony systems was successfully completed in July and the migration of files to SharePoint was also underway.

With regards to the Property management arrangements, the procurement process had concluded with two managers Schroders and APAM selected. The implementation plan for transfer from La Salle had been agreed and had commenced. This would be complete by December at the latest.

It was stated that the key project to enhance stewardship strategies to had a slight delay. It was agreed that further training would be provided to Management and Local Board members, however, due to Covid the training needed to be translated into an online provision. It is hoped that this will be provided in quarter 3.

The latest version of GMPF's risk register was included within this report for review at Appendix A. Specific risks that had been being monitored closely by officers this quarter and to note relate to the following:

- Risks 11 & 17 – Failure of a Local Authority to provide timely data
- Risk 9 – Assessing the impact of the McCloud changes

- Risk 19 – Cyber security work

RESOLVED
That the Board note the progress on the key business plan tasks.

23 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. The report provided the Local Pensions board with 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 the Pensions Regulator's (TPR) proposed Single Code of Practice.

Members were advised that a copy of the current breaches log was attached at Appendix 1 and that the criteria that officers used to assist them in assessing whether a breach should be deemed 'material; was also attached at Appendix 2.

With regards to late payments of contributions and escalations procedures, Officers met on a monthly basis to discuss issues that related to the monitoring of late contributions and other payments and examine options for revising and improving current processes. Appendix 4 provided further analysis on the contribution payments received in respect of June and July 2021, specifically detailing the number of employers making payments in accordance with GMPF's deadline of the first day of the following month.

Members were advised that the Pensions Regulator had issued an interim response to the consultation on the single code of practice. In the interim response TPR recognised that the term Governing Body was imperfect and would examine ways of improving terminology and clarity before the final version was implemented. TPR also acknowledged the complexities of limiting illiquid investments and had therefore removed the proposed 20% cap on illiquid assets for defined benefit pension schemes.

The Pensions Regulator stated that it did not currently have a firm final publication date for the new code. However, it did not expect to lay the new code in Parliament before spring 2022 and it was, therefore, unlikely to become effective before summer 2022. Given the expected delay in implementation, GMPF would seek to assess itself against the draft code of practice and would report back to the Board on progress at future meetings.

RESOLVED
That the relevant developments set out in the report be noted.

24 PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT SERVICES 5 JULY 2021 TO 10 SEPTEMBER 2021

Consideration was given to a report of the Head of Risk Management and Audit Services. The report summarised the work of the Risk Management and Audit Service for the period 5 July to 10 September 2021.

The Head of Risk Management and Audit Services reported that the actual days spent against the planned days for 2021/22 was attached at Appendix 1. The Audit Service had spent 124 days against the 300 planned days up to 10 September 2021 and were slightly behind on days, but this was due to a higher proportion of annual leave having been taken in the first half of the year.

In regards to draft reports issued, two draft reports were issued during the period. These reports would be reported to the next meeting of the Board. The reports were as follows:

- Local Investments – Review of Greater Manchester Property Venture Fund; and
- Review of Fund Manager – Stone Harbor.

It was reported that a considerable amount of time was spent during this period on assisting a local authority On-Boarding to iConnect and auditing the April iConnect CSV file prior to the issuing of the Annual Benefit Statements. It was explained that the Audit Service had concerns in respect of the quality and accuracy of the data being provided by the authority's payroll provider. A significant amount of work was undertaken by the staff at the payroll provider, supported by the Pension Fund Employer Support Team, which enabled all files to be on-boarded successfully.

It was further explained that the March 2021 data was used to on-board all the employers and due to the significant amount of issues encountered and the problems with reporting into the CSV file it was decided that a further audit be undertaken on the April 2021 iConnect CSV file prior to it being imported into the iConnect System. This gave assurance to the Pension Fund that the ongoing monthly iConnect file was in the correct format and extracting the correct information from the iTrent Payroll System. As reported in previous items in the meeting this mean that there was a delay in the issuing of the Annual Benefit Statement to members for all the outlined employers in the report.

It was reported that during the period Audit Services had worked closely with the Pension Fund in respect of the implementation of the legal documents management system that is to be used by the Pension Funds Legal team. Work had taken place to ensure that all data had been migrated successfully. User acceptance testing had highlighted some significant issues with the performance of the system which were in the process of being resolved by the provider prior to any further work being undertaken.

It was stated that Audit had provided some advice and reconciliation work in respect of the migration of the EPICi and Dart Systems to a new server as a result of the server where these systems resided being identified by IT as a critical risk. Assistance was provided to ensure that the data had migrated successfully onto the new server. A small number of issues were initially identified which were resolved by the provider and the live migration was successful.

In regards to Post Audit Reviews there had been a review of the Retirement Process this found that of the 4 recommendations 3 had been implemented. Work was currently in progress to implement the final recommendation.

The Head of Risk Management reported there had been no new fraud cases reported in the period. Data matches from the National Fraud Initiative had been received back from the Cabinet Office and were distributed to the relevant teams within the Pension Fund for further investigation. It was explained that a number of the matches were still being worked through, but the Pensions to DWP Deceased had been completed. Of a total of 936 matches identified, there were 36 which had previously not been confirmed as deceased. However, as some of the pensions had been suspended for various reasons, there were 7 cases where an amount is owed to the estate of the deceased and another 29 cases where an overpayment had occurred. It was stated that Internal Audit was carrying out further work to investigate why the deceased members were not highlighted in mortality screening reports provided to the Pension Fund.

Members of the Board requested that the further work investigating why the deceased members were not highlighted in the mortality screening be reported to the Local Pensions Board.

RESOLVED
That the report be noted.

CHAIR

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GREATER MANCHESTER PENSION FUND - INVESTMENT MONITORING AND ESG WORKING GROUP

1 October 2021

Commenced: 09:00 **Terminated:** 10:16

Present: Councillors Cooney (Chair), Jabbar, Joinson, Newton, Mitchell, Ricci, Smith Taylor and Ward,

Mr Llewellyn Drury and Caplan

Fund Observer Councillor Pantall

In Attendance:

Sandra Stewart	Director of Pensions
Tom Harrington	Assistant Director of Investments
Paddy Dowdall	Assistant Director of Local Investments and Property
Andrew Hall	Investment Manager (Local Investments)
Neil Cooper	Head of Pension Investment (Private Markets)
Lorraine Peart	Investment Officer
Michael Ashworth	Senior Investments Manager
Richard Thomas	Investment Manager (Private Markets)
Mushfiqur Rahman	Investments Manager (Public Markets)
Alex Jones	Investment Officer (Local Investments)
Alan MacDougall	PIRC

Apologies for Absence: Councillors Andrews, Barnes, Connor and Homer
Mr Flatley
Fund Observer Councillor Ryan

9. DECLARATIONS OF INTEREST

There were no declarations of interest.

10. MINUTES

The minutes of the meeting of the Investment Monitoring and ESG Working Group on the 30 July 2021 were approved as a correct record.

11. AVISON YOUNG / GMPVF PRESENTATION

Consideration was given to a presentation delivered by Avison Young on Climate Resilience and the current position of the GMPVF portfolio.

The Director for Avison Young presented an overview of the financial performance of the GMPVF portfolio. Members of the Working Group were advised currently there was £156.5m committed in Income Generating property and the target for this category was £228m. It was explained that the Equity, Mezzanine and Senior categories had a lower and upper threshold as set in the investment management agreement. Both Equity and Senior investments fell within the lower and higher thresholds after considering those investments in the pipeline. It was further explained that Mezzanine investments were below the threshold and there were not many investment opportunities those opportunities that did present themselves were often quite small.

Members of the Working Group were presented with a breakdown of property sector allocations for income generating properties. It was reported that of the £228m allocation in the investment management agreement, 27% (£62m) had been allocated to offices, 25% (£56m) had been allocated to industrial properties, 17% (£38.5m) had been allocated to other and 31% (£71.5m) was unspent.

In regards to allocations for development property, of the £598m allocated in Investment Management Agreement 21% (£124.45m) had been allocated to offices, 21% (£124.5m) to industrial properties, 26% (£154m) to city centre residential, 16% (96.5m) to suburban residential, 4% (£24m) to retail/leisure and 12% (£73.55m) was unallocated.

The Working Group received an update on new Investment Committee approvals in the last 12 months. Members were advised of the St John's development site in Manchester City Centre, which could provide 180,000sq ft of office space and the creation of 1,800 jobs. This development would be up to £70m GMPFV debt and equity investment. It was also reported that the Kingsway in Rochdale development would see the creation of 300,000 sq ft og logistics warehouse and the creation of workspace for 400 jobs. This would involve a £40m GMPVF investment.

An update was also provided on the Colliers Yard and The Blade and the Circle Court development sites, which had received a £50m and £10m GMPVF investment respectively.

Members received a summary of the portfolio outputs over the last 12 months. Investment Committee approval for new investments totalled £166m and No 8 First Street had been sold for £82m. Final loan repayment had also been received on two suburban residential developments and planning consent had been received for the Island Site in Manchester.

The presentation set out the Manchester office market after Covid. It was stated that the Manchester office market was important to the GMPVF, over £100m had been invested to date and £50m was in the pipeline to 2024. It was explained that occupiers had been retaining existing space and removing surplus space off the market as people had returned to the office and space was required due to the need to social distance. It was expected that over the next 5 years as organisations come to the end of their lease arrangements they could choose to relocate their office space and this could be a 20-30% reduction based on current evidence. There had been an increased focus on ESG, Sustainability and Wellness and the office environment was seen as a means of retaining staff. It was explained that modern accommodation would be in demand as employers sought to meet these needs.

The Sustainability Consultant for Avison Young delivered a presentation on Climate Resilience and the Task force on Climate-Related Financial Disclosures (TCFD).

Members of the Working Group were reminded of the role of the TCFD, which introduced mandatory climate risk reporting for large companies and organisations. The TCFD mapped out a formal process for identifying and disclosing details of material risks and opportunities arising from climate change under differing future climate scenarios. These were based around four themes, governance, risk, management and strategy. It was explained that the TCFD encouraged better business, risk and investment decisions helping markets allocate capital to the right projects at the right price, and guided companies on how to inform stakeholders of a company's climate action plan for risk assessment, as well as its plan to minimise climate-related risks.

It was further explained that the increased scrutiny and reporting procedures required in relation to climate resilience brought a number of important factors to the foreground in contextualising risk for real estate investments. It stated that it was possible to benefit from these arrangements by making the necessary improvements to assets or an investment strategy to improve resilience, reduce carbon emissions and drive operational savings. In addition to leveraging the value of compliance and driving market value through implementing measures to enhance an assets ESG performance.

Members of the Working Group discussed the developments detailed in the GMPVF update and highlighted the importance of transport links in reducing climate emissions, in addition to developing modern, environmentally friendly buildings with a focus on ESG.

RECOMMENDED
That the report be noted.

12. RESPONSIBLE INVESTMENT UPDATE

Consideration was given to a presentation of PIRC, which set out the Northern LGPS Quarterly Stewardship Report.

Members were advised that PIRC had finished their review of the NLGPS Responsible Investment (RI) policy.

It stated that the Social in ESG had become a much more significant aspect of RI over recent years, there had been a particular focus on human rights as a field of investor engagement. NLGPS had been an active participant in such engagement over many years through membership of LAPFF. The Forum had been at the forefront of investor action to tackle a number of major human rights and community issues, particularly in the mining sector. LAPFF had played a vital role in ensuring that the voices of communities affected by tailings dam collapses were heard by investors. More recently the Forum had also played a central role in bringing about governance changes at Rio Tinto following its destruction of the 46,000-year-old Aboriginal heritage site at Juukan Gorge.

It was explained that during 2021 climate change had continued to be the issue that had attracted most attention, and three weeks in May set the tone for this year as fossil fuel giants faced unprecedented pressure from investors. It was highlighted that BP's AGM saw around a fifth of its shareholders back a resolution filled by Follow This. This called for the company to set and publish targets consistent with the Paris Climate Agreement. Royal Dutch Shell's AGM on 18 May was a major challenge for investors wanting to promote both accountability and real change.

It was further explained that Royal Dutch Shell had two resolutions on its ballot relating to climate change. One was a shareholder resolution filed by Follow This, but the board also took the step of putting its own resolution forward to approve its transition plan. Members were advised that NLGPS supported the Say on Climate initiate and therefore welcomed companies taking this step voluntarily. However, the proposal had to be judged on its own metis as well being seen in the context of offering accountability. There was significant engagement with Shell in the run-up to its AGM over the content of its plan and, there was a significant divide between investors over the right approach. LAPFF played a high-profile role in the process and concluded that the company's proposal should be opposed.

Members heard that another area where shareholders had stepped up their activism was in relation to racial justice. Notably the finance sector had been a particular focus for investors and shareholder resolutions were filed at some of the largest American banks calling for racial equity audits. All resolutions on this topic were supported by the NLGPS and, whilst none of them passed, those at Citigroup, JP Morgan Chase and State Street all received votes in favour in the high 30%s. Given that this was the first year in which these resolutions had been filed these were very strong results and a positive response from the companies was expected.

RESOLVED
That the report be noted.

13. URGENT ITEMS

There were no urgent items.

CHAIR

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

1 October 2021

Commenced: 11:00 **Terminated:** 12:20

Present:	Councillors M Smith (Chair), Andrews, Cooney, Cunliffe Grimshaw, Jabbar, Joinson, Patrick, Sharif, Ricci, Wills, and Mitchell, Mr Llewellyn	
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)
	Emma Mayall	Assistant Director of Pensions (Pensions Administration)
	Victoria Plackett	Head of Pensions Administration
	Mark Flannagan	Customer Services Section Manager
	Matthew Simensky	Employer Services Section Manager
	Jane Wood	Member Services Strategic Lead
Apologies for Absence:	Councillors and Connor Mr Drury and Mr Flatley Fund Observers: Councillors Pantall & Ryan	

14 DECLARATIONS OF INTEREST

There were no declarations of interest.

15 MINUTES

The minutes of the Administration, Employer Funding and Viability Working Group meeting on the 30 July 2021 were approved as a correct record.

16 SCHEME ADDITIONAL VOLUNTARY CONTRIBUTIONS

Consideration was given to a presentation delivered by the Head of Corporate Pensions and Client Manager at Prudential, which updated the Working Group on the ongoing service issues at Prudential and measures being undertaken to address these issues.

The Client Manager for Prudential delivered an update on the service issues that had been reported at previous meetings of the Working Group. It was reported that work had continued on payrolls to resolve any outstanding issues. Most claims were now being processed within 5 days of receipt of all required information.

The improvements that had already been delivered were highlighted to the Working Group. It was stated that there had been a significant increase in staffing levels in key operations functions such as contribution processing, claims and voice. Call waiting times had fallen to an average of 4 minutes and abandonment rate had continued to improve. It was stated that contribution processing for “clean” payrolls were being completed within 5 working days and work continued on the backlog of files.

In regards to AVC claims / retirements, transfers as at 23 September 2021, it was reported that there were 45 cases outstanding in total, of which 43 were retirements, 2 were transfers. It was explained that further information was required on 25 of the cases and 20 were workable cases.

Members were provided with an update on contribution processing as at September 2021. A list of outstanding payrolls was being provided to the Fund. It was highlighted that some recent contributions are not showing on some member records, this was being investigated and would be resolved.

It was reported that outstanding complaints as at 23 September 2021 continued to fall, 7 complaints were in progress from April, August & September 2021.

The Working Group discussed with Prudential the outstanding claims and the work that was being undertaken to resolve these. Further, the Working Group requested that Prudential provide clarity on the different levels of compensation being given to members of the Fund effected by the service issues.

Members agreed to invite Prudential to give a further update on the service issues and steps being taken to resolve them at the next meeting.

RECOMMENDED
That the Working Group note the report and the presentation from Prudential.

17 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. The report provided the Working Group with a summary of the strategic improvement administration projects or areas that are being worked on by Administration, Funding and Accountancy teams.

It was reported that at the July 2021 Management Panel, the Director of Pensions presented the proposed business plan for 2021/22, the plan was attached at Appendix 1. It was explained that the relevant key strategic business plan projects for the Administration, Funding and Accountancy teams were:

1. My Pension online improvements
2. Working differently
3. IT infrastructure, DR arrangements and cyber security
4. Ensuring good governance

Members were advised that business continuity plans and the approach being taken to manage the impact of the Coronavirus outbreak on service delivery remained largely unchanged. Changes relating to the receipt and scanning of post had been made to create a more robust and long-term way of dealing with this area of work and further strengthening business continuity plans. The transition to using My Pension online for all key processes continued, and officers had also been feeding into future system developments to My Pension through their participation in the CLASS group. Officers were now starting to consider what the longer-term working arrangements might look like and to begin engagement sessions with teams.

It was stated that the transition of files to Microsoft SharePoint began in May and would continue in a rolling programme over the coming months. New telephony infrastructure went live at the start of July, with the Microsoft Teams telephony system ‘Phone System’ being deployed alongside a new contact centre system for the Customer Services team. Progress had also continued on the cyber security project.
The Assistant Director for Administration reported that overall, administration workflow and performance remained consistent. The administration performance dashboard for quarter 4, January to March 2021 was attached at Appendix 2.
Members heard that the production of the annual report and accounts for 2020/21 had been a main

project for the last quarter. The accounts had been produced and the annual report was in the process of being finalised.

It was explained the annual project to issue annual benefit statements to members had been completed. However, one Local Authorityhad been unable to provide data on time to be able to issue annual benefits statements before the 31 August 2021. Whilst this data had now been received and the benefits statement had been issued, this was a breach of the law. It was further explained that a breach report had been submitted to the Pensions Regulator and the Local Pensions Board had been updated on the matter.

Members of the Working Group heard the difficulties that had been experienced by the Local Authority and the work undertaken by the audit team to ensure that the data was accurate.

RECOMMENDED
That the content of the report be noted and approval be given to the changes made to the Data Management Strategy.

18 ADMINISTRATION MEMBER SERVICES UPDATE

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

It was reported that the Annual Benefit Statement (ABS) exercise for contributing members had now been completed, with 95% of all statements having been uploaded to My Pension by the statutory deadline of 31 August 2021. Regarding the project to move processes online, the concurrent transfer process had now been moved online. The process for members who had an internal transfer option would be moved online before the end of September. Work was also underway for the benefits on hold into payment process to move online. The communication element of this process was being reviewed and then the remaining work would be undertaken

The Member Services Strategic Lead reminded Members that a review of the pension overpayment recovery process was being undertaken. It was explained that work on this had continued this quarter with officers reviewing all current outstanding debt and looking at procedures for the recovery of different types of debt. Work over the next quarter would focus on revising current procedures to ensure that debt recovery was maximised. Recommendations would be brought to the next working group for approval with a view to new procedures being implemented from January 2022. An analysis of all outstanding member related debt could be found attached at Appendix 1.

In regards to Member feedback, GMPF issues surveys to members to obtain a view of member experience for several key processes. Appendix 2 provided information on the survey responses received for the bereavements first stage process, retirement offers, deferred benefit offers and deferred refund processes for the period. Overall, feedback continued to be positive, with members generally indicating that the service provided was good.

Members were advised that GMPF had contracted with the print provider, Adare, for them to manage the opening and scanning of incoming post. The SmarterScan solution was being tested during September and was expected to take two weeks to complete. If testing was successful, the process would go live from the beginning of October. The process of printing and sending correspondence would also be reviewed, to further use the individual printing solution that Adare also provided. This project was in the initial stages but would further reduce the level of printing being carried out from Guardsman Tony Downes House. These changes would provide further efficiencies with members of the administration section no longer having to open and scan the post or print and mail out letters enabling them to focus on other work. It would also enhance GMPF’s business continuity plans and increase resilience

It was reported that the member existence check work had continued this quarter, with 373 reminders sent to members who had not responded to the initial correspondence. Where members did not complete the verification process, member's pensions were suspended. As part of this exercise, 2,254 existence checks were issued in two tranches, with members being given several options for verification.

It was highlighted that pensions were suspended for 49 members where they failed to complete the verification process. Since suspension, 13 members had completed the verification process and had their pension benefits reinstated. The remaining suspended pensions would be investigated to ensure that benefits were reinstated where these were due.

RECOMMENDED
That the report be noted.

19 ADMINISTRATION EMPLOYER SERVICES UPDATE

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

The Head of Pensions Administration reported that 73 employer applications were being progressed, a further 42 enquiries had also been made by employers considering applying for admission. A list of all applications ongoing and those applications agreed or closed over the last quarter was enclosed at Appendix 1.

In regards to monthly data collection, all employers except for newly admitted employers had been on-boarded onto iConnect monthly data collection. One Local Authority on-boarded in August 2021 with March 2021 data. The GMPF team was working closely with the Local Authority to ensure their monthly data collection files are brought up to date by 31 October 2021.

It was reported that performance data for the latest four months statistics was available in Appendix 2 together with cumulative figures for the 12 months ending 30 June 2021. The timeliness of contribution payments and other employer debts, such as those in relation to the costs associated with early retirements, was also collated. This data was reviewed at meetings held each month. The current position relating to employer debt could be found in Appendix 3.

It was stated that due to the success of the new GMPF employers' section of website and the effectiveness of Microsoft Teams to deliver training for employers, officers were carrying out a review of all employer training and were developing an employer training suite covering all essential areas of pension's administration.

Members heard that a survey was sent to all employers to gather feedback on the employer website. The results of the survey could be found attached at Appendix 4. Overall the feedback was positive and several areas for improvement, particularly around improving content and functionality, had been identified for further investigation.

RECOMMENDED
That the content of the report be noted.

20 ADMINISTRATION DEVELOPMENTS & TECHNOLOGIES UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director for Administration. The report provided the Working Group with a summary of the work and projects being carried out by the Developments & Technologies section of Pensions Administration.

It was reported that work on the project to replace and renew both the IT hardware and software infrastructure of GMPF continued. Work this quarter had focussed on two main areas. The first was the migration of pension legal data from a Tameside MBC (TMBC) managed case management system to a cloud-based version. The second area was that of system backup and Disaster Recovery arrangements. Both projects continued to progress well despite delays to the anticipated timescales. 2.3 Work had also continued with the project to migrate files and documents to SharePoint, with two new structural teams now ready to move their data to the cloud. Work on this project would continue throughout the year with several structural or collaborative team data migrations taking place each month.

It was explained that following the approval by the Working Group of the draft cyber security policy and strategy earlier in the year, work had continued with the assessment of existing controls and to identify gaps or potential weaknesses. This work included undertaking an internal audit of cyber security carried out by colleagues at Salford City Council.

It was further explained that the auditor's report was received recently with several recommendations. Responses to the recommendations made have been identified and an action plan has subsequently been created. GMPF did not have the necessary resources in place on the existing team to deliver some of the recommended improvements. As such, a specification for third-party cyber support and services had been drawn up and a route to procurement had been identified under the Crown Commercial Services (CCS) framework, which would allow cyber support services to be procured in an efficient and compliant manner. The report proposed that GMPF procures a contractor that could review and analyse its existing practices and policies in the area of cyber security and offer recommendations on the improvements to make.

It was stated that the intention now was to carry out a soft market test with a list of suppliers from the mechanism provided by CCS. A copy of the document they would be asked to respond to can be found at Appendix 1.

It was reported that Altair software release 21.3 was tested by the CLASS Testing Working Party between 2 August and 20 August 2021. As with previous system upgrades, GMPF tested the new release in advance of general testing. Members were advised that Altair release 21.4 would also include some of the McCloud remedy tools developed by Heywood to assist with the identification and recording of members who may be affected. Enhancements to the Member Self Service (MSS) registration process, MSS document upload facility for members and the ability to delete workflow items in bulk would also be included.

RECOMMENDED
That updates provided in the report be noted and the Director be supported in setting aside necessary budget for spending on cyber security support services which are to be procured as outlined in the report and associated appendices.

21 ADMINISTRATION COMMUNICATIONS & ENGAGEMENT UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director for Administration. The report provided the Working Group with a summary of the work and projects being carried out by the Communications & Engagement area of Pension Administration.

Members were advised that in July 2021, the Enghouse contact centre software was implemented across the Customer Services and Employer Liaison teams. In the three months prior to going live, the Customer Services team answered an average of 71% of calls offered. Since implementation, this has increased to 87%. This was likely to be due to the system configuration being more intuitive, and the use of a call back option callers now have. 1,229 call backs had been requested so far, which amounted to around 8% of the total calls answered since implementation. General feedback received from members had been positive.

It was explained that the new software offered greater reporting functionality, which would provide the team with a better understanding of the reasons why some calls are missed. The reports would include more detailed information about the duration of calls, wait times, peak calling times and so on. This knowledge would help to identify where efficiencies could be made and where the service provided to members can be improved. The next development would be integrating emails within the Enghouse system. Testing of this new functionality commenced in September and updates on the progress made would be provided in future reports.

It was stated that up to date statistics on the number of members signed up to My Pension and the number of members who had opted for paper communications could be found in Appendix 1. Regular meetings with Aquila Heywood about registration and device compatibility issues had been ongoing since April 2021. Some software changes were implemented in the last Altair release and early statistics suggest that less errors have been occurring during member activity, resulting in a better user experience. This area would continue to be monitored and further updates would be provided in future reports.

In regards to communication and engagement activities, the Communications report including call and email statistics for the last quarter was attached at Appendix 2. It was highlighted that the exercise of issuing of annual benefit statements for members would normally trigger an increase in call and email activity. However, for 2021, the scale of the increase appeared to be much less than in previous years. This was likely to be due to members using both My Pension and the new website to obtain the information they need. In addition, the Communications team had been assisting with the work to move more processes online for both employers and members, by creating several new online forms and had also produced a new 'Pension Transfer' video which was now available to view on the GMPF website.

RECOMMENDED
That the report be noted.

22 INTERNAL ILL HEALTH INSURANCE ARRANGEMENTS

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development. The report sought to analyse the experience to date and assess whether any changes to the arrangements should be considered at the forthcoming 2022 actuarial valuation.

Members of the Working Group were advised that under the LGPS Regulations, an active member whose employment was terminated on the grounds of ill health, or infirmity of mind or body, before that member reaches Normal Pension Age, was entitled to, and must take, early payment of a retirement pension if that member satisfies the relevant criteria regarding future gainful employment.

The Assistant Director for Funding and Business Development explained that health retirements were split into three 'Tiers'. Under Tier 1 ill-health retirement a member would receive an unreduced pension calculated assuming the member had remained in Pensionable Service until Normal Pension Age. For younger members in particular, this pension is expected to be much more costly to provide than was assumed at the previous actuarial valuation, with the difference in expected cost being what was known as an ill-health 'strain cost'. These strain costs fell due on the members' employer.

It was further explained that Ill-health strain costs could be very large. It was not uncommon to see ill-health strain costs of over £500,000. There was an allowance in employers' contribution rates for the expected costs of ill-health retirement and larger employers were able to have this element of their contribution rate allocated into an early retirement budget, which could be used to meet the strain costs as they were incurred. However, for smaller employers a large ill health strain cost could threaten the ongoing viability of the employer, with GMPF potentially needing to enter into a long-term payment plan with the employer.

Members were advised that it was recognised that some form of insurance cover was needed to protect smaller employers from large ill health strain costs. After careful consideration, an internal ill health insurance arrangement was proposed to be introduced as part of the 2019 actuarial valuation. The design of this arrangement was approved by Management Panel at its 12 April 2019 meeting and began operation on 1 April 2020.

The report set out the operation of the insurance arrangement. The GM Local Authorities were given the choice of whether their actuarial pool would participate in the internal ill health insurance arrangement over the period to 31 March 2023. Two of the 10 GM Local Authorities chose for their actuarial pools to participate in the ill health insurance arrangement, joining all of the other employers who sat outside the local authority and Probation Service pools. In total there were 330 employers participating in the internal ill health insurance arrangement as at 31 March 2021.

The report compared the total costs of the ill-health early retirements covered by the arrangement against the notional ‘budget’. Even with a significant number of employers participating in the arrangement, there was likely to be some variation in experience from year to year, and the costs in 2020/21 were not considered by Hymans or by officers to be a cause for concern.

It was explained that the creation of the internal insurance arrangement had materially reduced the administrative time required to invoice and collect payment of ill health early retirements strains and to calculate and monitor any payment plans that may be required. This reduction in workload was offset to an extent by the work required to establish and operate the monitoring regime for the insurance arrangement. In addition the insurance arrangement had also materially reduced the amount of employer debt outstanding.

RECOMMENDED
That the report be noted.

23 URGENT ITEMS

There were no urgent items.

CHAIR

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GREATER MANCHESTER PENSION FUND - POLICY AND DEVELOPMENT WORKING GROUP

25 November 2021

Commenced: 11:00am **Terminated: 1.00pm**

IN ATTENDANCE

Councillor Warrington (Chair)	
Councillor Cooney	
Councillor M Smith	
John Thompson	**Trade Union Representative (UNITE)**
John Pantall	**Fund Observer**
Ronnie Bowie	**Advisor to the Fund**
Peter Moizer	**Advisor to the Fund**
Mark Powers	**Advisor to the Fund**
Sandra Stewart	**Director of Pensions**
Tom Harrington	**Assistant Director of Pensions (Investments)**
Euan Miller	**Assistant Director of Pensions (Funding & Business Development)**
Steven Taylor	**Assistant Director of Pensions (Special Projects)**
Neil Cooper	**Head of Pension Investment (Private Markets)**
Dan Hobson	**Head of Real Assets**
Michael Ashworth	**Senior Investments Manager (Public Markets)**
Mushfiqur Rahman	**Investments Manager (Public Markets)**
Abdul Bashir	**Investments Manager (Public Markets)**
Alex Jones	**Investment Officer (Local Investments**
Reka Todor	**Investment Officer (Property)**
Lorraine Peart	**Investments Officer (Public Markets)**

Apologies for absence: **Petula Herbert (MoJ)**

58. CHAIR'S OPENING REMARKS

The Chair welcomed everyone to the meeting and was pleased to announce that John Green, Commercial Director and Deputy CEO of Ninety One was able to join the meeting and provide an update in respect of his recent attendance at the COP26 Climate Conference. The Chair added that an invitation had been extended to all Members of the Management/Advisory Panel and Local Pensions Board for this section of the meeting only.

The Chair further announced that the Fund had won the Pension Fund Communication Award in the 14th Annual European Pensions Awards. She extended her congratulations to all involved for the significant achievement.

Additionally, the Fund had been shortlisted for Best Administration and Governance category in the IPE awards to be decided on 3 December 2021.

59. DECLARATIONS OF INTEREST

There were no declarations of interest.

60. MINUTES

The minutes of the meeting of the Policy and Development Working Group held on the 2 September 2021, were approved as a correct record.

61. A JUST TRANSITION TO NET ZERO

John Green, Commercial Director and Deputy CEO, Ninety One, attended before Members and gave details of Ninety One's approach to sustainability and decarbonisation and investing for the energy transition. He further commented on the recent COP26 Climate Conference and the impact of climate change on the investment sector.

Mr Green said that Ninety One believes in sustainability with substance. The world needs an inclusive transition plan that works for all its 7.9billion people not just those who have had all the benefits in a well developed world. As governments and corporations accelerate their net-zero plans, the need to assess investments through the lenses of climate change and climate action has intensified in recent months. South Africa – an emerging market with one of the world's most carbon-intense energy systems – presents a fascinating case study for investors of the risks and opportunities as the world attempts to transition to carbon neutrality.

Mr Green explained that Ninety One's African roots have been a big influence on how Ninety One approaches sustainability. Several major sustainability challenges are amplified in Africa, including poverty, lack of access to education and inadequate infrastructure. He stated that Ninety One are reminded daily that meaningful action is needed now.

In their home market, Ninety One have also seen at first-hand that capital can make a difference when directed towards achieving real-world impact. Ninety One manages various investments aimed at improving infrastructure in sub-Saharan Africa. Projects include one that will provide Rwanda's capital city with 40 million litres of water per day, making a meaningful contribution to the country's drive to provide clean water to its entire population.

These experiences have framed Ninety One's approach to the net-zero challenge. With an overriding focus on achieving real-world change, Ninety One has joined the Net Zero Asset Managers Initiative with three key items on our agenda.

Action 1: Setting targets that drive real-world action
Mr Green stated that we all know the world needs to reduce emissions. However, targeting a reduction in portfolio carbon intensity (CO2 emissions per dollar of sales), a common industry approach, does not necessarily drive the real economy towards net zero. For example, one could reduce the carbon-intensity of a global equity index by 7% simply by doubling the weighting in big-tech stocks (which are, by nature, low Scope 1 & 2 carbon – i.e., direct emissions and emissions from purchased energy). Does that decarbonise the economy, or merely reallocate assets? Absent other measures and analysis, including of how the companies in a portfolio plan to achieve the clean-energy transition, Ninety One think excessive focus on carbon intensity could result in investors 'cleaning' their portfolios but not the atmosphere.

Ninety One's commitment is to seek better ways to measure a portfolio's alignment with the net-zero transition, in order to incentivise real-world decarbonisation. Mr Green explained that Ninety One advocate disclosing how a portfolio is reducing its carbon footprint (effectively providing a 'carbon-performance attribution'), and setting targets that encourage allocations to the countries and companies working the hardest to tackle climate risks through robust transition plans and by providing real-world climate solutions.

Action 2: The emerging market challenge
Ninety One believe the world needs an inclusive transition plan that works for everyone. As the developing world is driving emissions growth, a net-zero strategy that excludes it could well result in no net zero at all. Only 20% of clean-energy investment is going to emerging markets, where the need is the greatest. This needs to change – the race to net zero is a race against time, not between countries. Also, Ninety One think the enormous opportunities to improve lives that the net-zero transition presents should be shared among us all. Mr Green stated that Ninety One's commitment is to work for a just transition that includes everyone, and to advocate for the carbon-intensive emerging economies to be given the time and resources they need to adjust.

Action 3: Using our presence in Africa
South Africa's energy grid is four times as emissions-intensive as the UK grid. That increases the emissions profile of Ninety One's assets under management, since some of the portfolios they manage for our clients focus on South African companies. This presents an opportunity (and a responsibility) for the capital we manage to contribute to decarbonizing South Africa's energy sector and other high-emitting companies in the country. Ninety One's work on this front includes advocacy, direct engagement and innovation in investments, particularly in the credit asset class.

Ninety One commit to developing our expertise in supporting transition plans in high-emitting sectors and businesses in South Africa, and to using this knowledge to assist heavy emitters in other emerging markets to develop workable transition strategies.

Mr Green said that with a net-zero strategy built around these three pledges, Ninety One hope to play our part in advancing the transition to carbon neutrality. Net zero will be a long and difficult journey for us all. But if we set about it in the right way, we can ensure it is fair, inclusive and ultimately successful.

Detailed discussion ensued, in respect of the content of the presentation, including; the effects of carbon emissions, the significance of emerging markets and investment in green hydrogen projects including a number of questions posed by Panel members and in particular:

Question - You represented Ninety One at COP26. What did you make of the climate summit?
Mr Green responded that this was the first COP where the finance sector was present in force. The world will only achieve a successful energy transition if finance is involved at scale, so that was a positive. There was also growing recognition that we need to support the emerging world's net-zero transition, and that it will necessarily be slower. This is important because there is now an honest conversation about how we can build a realistic net-zero pathway for the whole world, including emerging markets. So Mr Green commented he came away from COP26 reasonably optimistic, but there's a huge amount of work to do to keep global warming below 1.5-degrees Celsius.

Question - Are asset managers and owners tackling the net-zero transition in the right way?
Mr Green said that his concern is that the initial drive for net zero focused largely on creating low-carbon portfolios. It's not difficult for investors – in developed countries especially – to divest from 'dirty' industries, most of which are based in emerging markets. But that risks starving the emerging world of the capital it needs to transition and leaving high-carbon assets in the hands of less scrupulous owners with no interest in decarbonisation. So Ninety One is arguing strongly for a focus on financing real-world, sustainable emissions reductions, rather than creating low-carbon portfolios.

Question - Can you explain the difference between a low-carbon portfolio and a portfolio that supports real-world decarbonisation?
A tiny number of stocks account for the bulk of emissions. In South Africa, two companies produce almost half of all emissions, namely Eskom, the electricity utility, and Sasol, the energy and chemical company. If an investor divested from a heavy emitter, they would have a lower-carbon portfolio. But if that emitter is then bought by an unscrupulous investor with no interest in decarbonisation and who is simply aiming to maximise cashflows, the world is no closer to net zero. Responsible ownership will play a key role in the transition to a cleaner greener world.

Question - What are the risks of focusing on reducing emissions at the portfolio level?
It would deny capital to countries with carbon-intensive energy systems, which primarily means emerging markets. That would create a social disaster and likely result in no net zero at all. So it is very important that we don't leave anyone behind and that the net-zero transition is inclusive. As investors, we need to be focused on achieving net zero by 2050, rather than short-term goals that do not support real-world emissions reductions.

Question - How can investors support the net-zero transition?
Mr Green responded that there are essentially two ways, one is to remain invested in companies and engage with them to support their transitions. The other is to invest in companies whose

products and services are enabling or accelerating the transition to net zero. Mr Green said asset owners need to do both, and Ninety One is committed to doing so.

The Chair thanked Mr Green for a very informative and thought provoking presentation.

RECOMMENDED
That the content of the presentation be noted.

62. REPORT OF THE MANAGER - NINETY ONE

Stephen Lee, Jonathan Parker and Charlotte Gibson, Ninety One, then attended before Members and gave a presentation detailing their performance up to 30 September 2021.

Mr Parker began by explaining that the portfolio had underperformed over the third quarter. The 4Factor screening part of the process contributed to performance over the period when compared to the equally-weighted universe, although it was less compelling against the benchmark. The momentum factors ‘Earnings’ and ‘Technicals’ performed best as companies continued to recover from the pandemic, ‘Strategy’ performed strongly at first, however this was reversed in September and the ‘Value’ factor performed strongly.

Mr Parker gave details of underperforming and outperforming sectors for the period and outlined notable individual contributors. The key characteristics of the current portfolio against the index were also discussed.

Wide ranging discussion ensued with regard to the content of the presentation and the Advisors made particular reference to governance in emerging markets.

The issue of climate change was also highlighted and how this would affect stock selection.

The Chair thanked the representatives of Ninety One for their presentation.

RECOMMENDED
That the content of the presentation be noted.

63. REPORT OF THE MANAGER - STONE HARBOR

David Scott and Paul Timlin of Stone Harbor then attended before Members and gave a presentation detailing their performance up to 30 September 2021.

Mr Scott began by discussing the broad market environment and gave details of portfolio returns over the past 12 months.

Performance analysis to 30 September 2021 was given, including credit beta weighted contributions and security selection. Mr Scott explained that the core strategy in the year to 30 September 2021 had been to remain cautious, with a bias towards corporate debt rather than Emerging Markets debt.

Discussion ensued and Advisors sought clarification in respect of inflation expectations, central bank credibility and potential triggers for negative impacts on bond markets.

RECOMMENDED
That the content of the presentation be noted.

64. MANAGER MONITORING REGIME INCLUDING MONITORING ESCALATION

Consideration was given to a report of the Assistant Director of Pensions Investments, which summarised the results from the Monitoring Escalation Protocol as at 30 September 2021.

The Overall Status Levels and courses of action taken (or to be taken) in relation to the results from the most recent Monitoring Escalation Protocol were provided for each manager in an appendix 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 content of the report be noted.

65. PROCUREMENT OF ACTUARIAL SERVICES

Consideration was given to a report of the Assistant Director, Funding and Business Development, which explained that GMPF's current contracts for actuarial services and benefit consultancy services would be ending on 31 December 2021. As a result, a re-tender of those services had been undertaken. The report outlined the procurement process for selecting a provider to deliver the services with effect from 1 January 2022.

Members were advised that, following the procurement process, it was the Administering Authority's intention to award the contract for actuarial and benefits consultancy work to Hymans Robertson. As part of the intention to award notification, a 10-day standstill period was initiated. The purpose of this standstill period is to allow time for unsuccessful bidders to review, and if they deemed it necessary, challenge the outcome of the further competition process before any contract was signed.

It was explained that the standstill period had ended on 22 November 2021 and no further correspondence had been received during the period. It was therefore, intended that a formal contract award letter be issued to Hymans Robertson and a new actuarial and benefits consultancy contract be entered into by 1 January 2022. The new contract was intended to remain in force until 31 December 2030, although the contract did allow earlier termination.

RECOMMENDED
That the provisional outcome of the procurement process set out in Section 3 of the report, be noted.

CHAIR

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NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

8 July 2021

(Meeting held remotely via Zoom Pro platform)

Commenced: 11.00am **Terminated: 12.15pm**

Present:	**Councillor Gerald P Cooney (Chair)**	**Vice Deputy – Greater Manchester Pension Fund**
	Councillor Brenda Warrington	**Chair – Greater Manchester Pension Fund**
	Councillor Andrew Thornton	**Chair - West Yorkshire Pension Fund (WYPF)**
	Councillor Pat Cleary	**Chair – Merseyside Pension Fund**
	Councillor Cherry Povall (part meeting)	**Vice Chair – Merseyside Pension Fund (MPF)**
	Liz Bailey	**West Yorkshire Pension Fund**

In attendance:

	Rodney Barton	**Director of Pensions, WYPF**
	Sandra Stewart	**Director of Pensions, GMPF**
	Euan Miller	**Assistant Director of Pensions, Funding and Business Development, GMPF**
	Tom Harrington	**Assistant Director of Pensions, Investments, GMPF**
	Paddy Dowdall	**Assistant Director of Pensions, Local Investments and Property, GMPF**
	Steven Taylor	**Assistant Director of Pensions, Special Projects, GMPF**
	Neil Cooper	**Head of Pension Investment**
	Dan Hobson	**Head of Real Assets**
	Greg Campbell	**Merseyside Pension Fund**
	Owen Thorne	**Merseyside Pension Fund**
	Colin Standish	**West Yorkshire Pension Fund**
	Alan McDougall	**PIRC**
	Janice Hayward	**PIRC**
	Tom Powdrill	**PIRC**
	Conor Constable	**PIRC**

1. DECLARATIONS OF INTEREST

There were no declarations of interest declared by Members.

2. MINUTES

The Minutes of the meeting of the Northern LGPS Joint Committee held on 15 April 2021 were agreed as a correct record.

3. POOLING UPDATE

Consideration was given to a report of the Assistant Director of Pensions, Funding and Business Development, GMPF, providing an update on pooling activity since the previous Northern LGPS Joint Committee meeting and summarised relevant national pooling developments.

It was reported that, on 3 January 2019 MHCLG released new draft statutory guidance on LGPS asset pooling for 'informal' consultation. Parties that were consulted included pools, administering authorities and local pension boards. The guidance was intended to replace previous pooling guidance, in particular the LGPS Investment Reform Criteria and Guidance issued in November 2015 ('the 2015 guidance').

As per discussion at previous meetings, the draft statutory guidance had blurred the original four criteria in the 2015 guidance. In its place the guidance has 6 sections covering; structure and scale, governance, transition of assets to the pool, making new investments outside the pool, infrastructure investment and reporting.

Government had yet to publish a response to the consultation and the 2015 guidance therefore, remained in force. MHCLG civil servants continued to indicate that a new consultation on pooling guidance and potentially, changes to the LGPS Investment Regulations were expected sometime later in the year. In the short-term there may be a ministerial statement on the Government's commitment to pooling.

MHCLG had issued its annual request for a further progress update from each of the Pools, setting out the assets transferred to the pool as at 31 March 2021 and an estimate of costs savings achieved and those expected in future.

MHCLG was keen for all pools to be reporting cost savings on a consistent basis and representatives of Northern LGPS, ACCESS and the Wales Pensions Partnership had been invited to attend the meetings which take place between the Chief Operating Officers of the five pools, which operated their own FCA regulated fund manager in order to discuss how this could be achieved going forwards.

Based on the information shared at the meetings, Northern LGPS has used similar methodology to most of the other pools when calculating cost savings in previous years and whilst a consistent LGPS-wide methodology is yet to be agreed, it was expected that no significant changes would need to be made by Northern LGPS when calculating both achieved and projected future savings for this year's MHCLG progress report.

Northern LGPS' cost savings for 2020/21 were expected to be between £25m and £30m (increasing from approximately £21m in 2019/20), giving total savings since inception of between £65m and £70m. These figures were consistent with the future projections made last year. The increase in costs savings achieved was as a result of the continued increase in commitments and assets under management of the GLIL and NPEP vehicles.

Members were advised that each of the partner funds in the Northern LGPS Pool was currently in the process of producing 31 March 2021 year end accounts and an annual report. At the Joint Committee meeting in July 2020 it was agreed that a 2020 Pool Annual Report be produced, which funds would have the option of including within their respective annual reports. It was proposed that a 2021 Pool Annual Report be produced following confirmation of the basis for calculating cost savings as previously detailed and that the fund Directors liaise with their respective Committee members to finalise the report in conjunction with their fund annual reporting process.

Updates on the progress of the main ongoing work-streams for the Northern LGPS together with LGPS Pooling developments nationally were provided in the report.

It was reported that all pools other than Northern LGPS had agreed to work with a financial services consultant with the aim of developing new reporting metrics for Pools to show the on-going and future success of pooling. Further details of the proposed project were set out in the **Appendix A** to the report (workstream 2)

Discussion ensued in particular in respect of developing criteria for measuring pooling success.

RESOLVED
(i) That the content of the report be noted;
(ii) That the production of a concise Northern LGPS Annual Report for 2020/21 be approved, which can be included within the annual reports of the participating funds; and
(iii) That NLGPS expresses its view in respect of developing a criteria for measuring pooling success.

4. UPDATE ON THE ACTIVITIES OF THE SCHEME ADVISORY BOARD'S INVESTMENT, GOVERNANCE & ENGAGEMENT (IG&E) SUB-COMMITTEE

The Director of Pensions, MPF, submitted a report explaining that the Investment, Governance and Engagement Sub-Committee was established by the Scheme Advisory Board and the Directors of the West Yorkshire and Merseyside Pension Funds were members of the sub-committee.

An update of the content of the sub-committee meeting held on 19 April 2021 was provided.

Sandra Stewart, Director of Pensions, GMPF and Chair of the Responsible Investment Advisory Group (RIAG), gave details of discussions and areas of focus at recent meetings, including:

- LGPS proposals in respect of MHCLG's consultation on TCFD reporting
- The content of Responsible Investment A-Z website
- A response to the APPG "Just Transition".

RESOLVED
That the content of the report be noted.

5. UPDATE ON RESPONSIBLE INVESTMENT

Tom Powdrill, PIRC Ltd., Responsible Investment advisor to the Northern LGPS, provided an update on the Northern LGPS Responsible Investment Policy, attached as an appendix to the report.

It was explained that the Policy had been updated to reflect recent developments in the responsible investment landscape as well as provided a more substantive guidance on responsible investment issues.

The policy framework had been guided by the recommendations of the Principles for Responsible Investment (PRI) as well as a request from funds to provide more detailed policy text on environmental and human rights issues. The updated policy also sought to provide a recognisable link between the Pool's responsible investment activity and the unique cultural heritage of the regions it represented.

Copies of the Q1 2021 Northern LGPS Stewardship Report; and Q1 2021 "Voice" Quarterly Report were also appended to the report.

Detailed discussion ensued in respect of the content of the Policy and concerns were raised in respect of Northern LGPS's long-term goal for 100% of assets to be compatible with the net zero-emissions ambition by c.2050 in line with the Paris agreement and the need to strengthen this commitment in the policy in accordance with NLGPS's agreement to explore the feasibility of a 2030 target in line with the IPCC's 1.5-degree pathway.

Further concerns were also raised with regard to human rights issues and how any reluctance of companies to engage positively or responsibly on this matter, would be addressed.

RESOLVED
That the content of the report be noted and the draft updated Northern LGPS Responsible Investment Policy, as appended to the report, be endorsed, subject to the strengthening of

the wording in the Policy in respect of:

- **NLGPS's commitment to exploring the feasibility of a 2030 target for net zero-emissions; and**
- **Escalation of interactions in respect of any company's reluctance to engage positively or responsibly with human rights issues.**

6. NORTHERN PRIVATE EQUITY POOL – ANNUAL REVIEW OF STRATEGY AND IMPLEMENTATION

A report was submitted and a presentation delivered, by the Assistant Director of Pensions Investments, GMPF, which gave a review of activity, strategy and implementation approach regarding Northern Private Equity Pool.

It was explained that the NPEP portfolio consisted of commitments to private funds targeting investments, made nationally or internationally, in the private equity or related private securities of companies. Commencing from 1 January 2020, the portfolio also included direct co-investment in such securities.
The report and presentation outlined:

- Current approach to investing in Private Equity;
- Implementation during calendar year 2020;
- Current position against current strategy;
- Review of Strategy; and
- Review of Implementation.

A problem-free year from an administrative perspective was reported. All statements and reports were circulated consistent with legal agreements and the day-today functioning of Northern Trust as fund administrator had worked well.

Mazars was re-appointed as external auditor, on a three-year contract following a market tender. Tax, legal and investment advice was procured on an ad hoc basis, as required.

The year end audit of both the GP company and the Limited Partnership entities was completed in a timely fashion, with both entities receiving a clean audit opinion. The requisite Partnership and Corporate tax filings were made, in time, by KPMG.

RESOLVED
That the content of the report and presentation be noted.

7. PROPERTY FRAMEWORK

Consideration was given to a report of the Assistant Director of Pensions, Local Investments and Property, GMPF, updating Members on the forthcoming use of Lot 1 and Lot 6 of the Northern LGPS Framework.

RESOLVED
That the content of the report be noted.

8. DIRECT INFRASTRUCTURE PLATFORM (GLIL) UPDATE

The Assistant Director of Pensions, Local Investments and Property, GMPF, updated members on progress with the Northern Pool's direct infrastructure investment platform (GLIL).

The quarterly report for GLIL to the end of March was attached to the report at Appendix 1. The highlight during the quarter was the completion of the investment in Agility Trains East. Post quarter, GLIL had completed a purchase in partnership with Arcus Infrastructure of Smart Meter Assets, a leading meter asset provider in the UK.

The ESG policy approved by GLIL following consultation with stakeholders and with input from the specialist consultants based in Stockport, was appended to the report at Appendix 2. As set out in the policy, there was more work to be done on implementing the ESG policy into all aspects of GLIL's activities.

Appendix 3 to the report set out a summary of press coverage resulting from the announcement of the partnership with Nest Corporation, who were formally admitted at the end of the quarter.

The priorities for GLIL over the next quarter and 12 months were detailed and discussed.

RESOLVED
That the content of the report be noted.

9. PERFORMANCE MEASUREMENT

The Assistant Director of Pensions Investments, GMPF, submitted a report providing Members with an update on performance measurement.

It was reported that, at the Shadow Joint Committee meeting of 10 January 2019, Members endorsed the appointment of Portfolio Evaluation Ltd as the common performance measurement provider for the Pool.

Details of Northern LGPS reporting for periods to 31 March 2021 was attached as an appendix to the report. It was explained that data for Merseyside Pension Fund was interim and subject to revision. It was further explained that reporting assisted in fulfilling both reporting requirements to Government, and any oversight obligations of the Joint Committee.

It was noted that Officers continued to work closely with Portfolio Evaluation to separately identify NPEP and GLIL returns, given their importance to the Northern LGPS proposition.

It was noted that universe collation, analysis and research services were provided to the Northern LGPS Funds by PIRC. The PIRC 2020/21 Local Authority Fund Statistics were shown in tabular format in appendices to the report, for information. The PIRC LGPS Universe comprised of 64 funds with total assets valued at £230 billion as at 31 March 2021.

RESOLVED
That the content of the report be noted.

10. COMMON CUSTODIAN UPDATE

Consideration was given to a report of the Assistant Director of Pensions Investments, GMPF, which provided key performance indicators and key milestones and deliverables for the quarter to 31 March 2021 in relation to Northern Trust (NT) in their capacity as the common custodian to the Northern LGPS pool, as attached in an appendix to the report.

RESOLVED
That the content of the report be noted.

CHAIR

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Report to :	**PENSION FUND MANAGEMENT/ADVISORY PANEL**
Date :	10 December 2021
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 6A	**RI Partners and Collaborative Bodies**

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.

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

2.3 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 investment 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 investment managers report annually on their Responsible Investment activity to the Investment Monitoring and ESG Working Group (IMESG).

2.4 Avison Young, GMPF's adviser for the Greater Manchester Property Venture Fund, presented at the October Investment Monitoring & ESG Working Group meeting. They reported on their approach to climate resilience highlighting the risks and opportunities that they see. The presentation included a case study of a 100,000 square foot office building on John Dalton Street in central Manchester where the target market for occupancy is corporate and public sector organisations with high levels of ESG accountability. The building is the first net zero carbon building from the developer for which there is a growing demand.

2.5 The GMPF Investment Committee approved a commitment of £20m to a Sustainable Growth focussed private equity fund within its Impact Investment portfolio. The investment will be made from the "*equity investment in underserved markets*" theme with a specialist impact investing manager, who plans to open a Manchester office in the near future.

2.6 The Fund worked with UBS to produce a document explaining our approach to oil and gas companies and climate change. GMPF firmly believes the energy sector will play a critical role in the transition of the world to a low carbon economy. The International Energy Agency forecasts in the net zero emissions by 2050 scenario annual investment in oil and gas will decline and the skills and expertise of oil and gas companies are suited to the increasing demand for low emission technologies. The full document can be found using the link below. https://www.gmpf.org.uk/GMPF/media/About/documents/How-we-re-investing-for-the-energy-transition.pdf

2.7 John Green, Chief Commercial Officer at Ninety One delivered a training session to Members at the Policy and Development Working Group. Further training is planned for 2022. Mr Green set out Ninety One's approach to net zero, including the dangers of portfolio 'greening' versus real world carbon reductions. More details are available at the link below. https://ninetyone.com/en/how-we-think/investing-for-a-world-of-change/sustainable-investing/advocate/our-commitment-to-net-zero

2.8 LGIM, the Fund's passive public market manager has committed to work to reach net zero greenhouse gas emissions by 2050 across all assets under management. Drawing on industry best practice, they have set out their requirements for a portfolio to be considered net zero aligned with practical steps to achieve this. https://www.lgim.com/landg-assets/lgim/insights/our-thinking/reaching-net-zero-lgims-approach.pdf

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

2.10 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

2.11 GMPF expects the companies it is invested in to take employment standards seriously and treat their workforce with respect and have strong governance structures in place. PIRC and SOC Investment Group co-hosted a webinar highlighting issues at XPO Logistics, a supply chain company. At its recent annual meeting, investors rejected the company's executive pay arrangements due to concerns over 'mega' equity grants. Also, over the pandemic workers reported poor health and safety practices while courts ordered the company to settle numerous cases of misclassifying workers creating ongoing legal and reputational risks. The panel discussing these issues included the Assistant Director of Investments from GMPF. The recording can be accessed using the link below. https://www.socinvestmentgroup.com/engagements-all/webinar-xpo-logisticsgxo-logistics-social-and-governance-risk

2.12 PIRC also organised a webinar raising the awareness of the social risks in the personal protective equipment (PPE) supply chain. The pandemic has led to greatly increased demand for PPE for frontline workers. Manufacturers of rubber gloves and other products have been major beneficiaries. However, the greater demands on the sector have also drawn more scrutiny on the conditions for workers making the world's PPE. PIRC took into consideration issues raised in this webinar in making voting recommendations of the AGM at Ansell in November. A recording of the webinar can be accessed using the link below. https://us02web.zoom.us/rec/play/rOMM7mSKYRC0wGFC5m1mH9D3x-578JwRX2q909CNOOcQYR4omZSZH1ID-R8Dap7AgoO3xBJ4IQctE_J7.if7OVF_hXgurpjjD?continueMode=true&_x_zm_rtaid=-njjaPuhQeeQnCN52jRzsQ.1637700162200.4a2291ff20b7dc995ede5fa90cbca201&_x_zm_rhtaid=955

2.13 PIRC also wrote a research paper titled "Covid-19 Deaths at Work – Where is the Data?"

which reviews the disclosure of Covid-19 data by FTSE 100 companies in their annual reports. Some of the key findings include:

- 8 of the largest 10 employers in the FTSE 100 did not report any covid-19 workforce fatalities
- Only 5 out of 100 companies reported any fatalities
- Just 18 deaths were disclosed overall, out of a global workforce of 4.5 million

Companies for which PIRC found no reported Covid-19 related fatalities include household names with many of these companies having staff in public-facing roles. As such, a fair deduction would be an absence of data and disclosures.

2.14 Ninety One hosted a day of webinars during the quarter titled "Investing in a World of Change" where sessions included the Chief Financial Officer of Iberdrola who gave his view on how the company is leading the energy transition and transforming with its renewable energy investment. Highlights of the sessions can be accessed using the link below.
https://ninetyone.com/en/events/investing-for-a-world-of-change?utm_source=pardot&utm_medium=email&utm_content=button-link&utm_campaign=investing-for-a-world-of-change&news=Main+stage

2.15 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/esg/q3-2021_esg-impact-report-uk_europe-final.pdf

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

2.17 Improved disclosure means companies can be better assessed for their long-term resilience and the Fund's investment managers can make informed investment decisions.

2.18 The Fund was one of 168 investors representing $17 trillion in assets engaging companies to improve transparency on materially important environmental data. The Fund supported the CDP's Non-Disclosure Campaign, which ran until the end of September. The campaign targets those companies that are not already disclosing environmental data to CDP, viewing disclosure as crucial in offering investors insights on companies' environmental risks and opportunities. There was a 56% increase in the number of investors signing up for the campaign from last year and a 122 company increase in the number of distinct organisations responding across all 3 CDP themes. 328 companies out of 1,317 responded to the campaign where GMPF co-signed the request.

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

2.20 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.

2.21 The Net Zero Investment Consultants Initiative (NZICI) has been designed to facilitate alignment with the UN-convened Net Zero Asset Owner Alliance and the Net Zero Asset Managers Initiative. Signatories to the NZICI commit to nine actions that will support the global net zero ambition. The first among these actions is to integrate advice on net zero alignment into investment consulting services as soon as possible and within two years if making the commitment. With the Fund's public market equity managers having signed up to their equivalent Asset Manager initiative and now Hymans Robertson signing up to the Investment Consultants initiative, GMPF can work collaboratively with all its equity managers and consultant to reach its decarbonisation goal. More details on the NZICI can be found using the following link: https://www.unpri.org/download?ac=14620

2.22 The Assistant Director of Pensions provided evidence at the All Party Parliamentary Group's inquiry into a "Just Transition". The final report, published in October, seeks to inform politicians, policymakers and the public on the roles and responsibilities that investors can play, with the support of their members and government in enabling a just transition to net zero carbon emissions. The report can be found using the link below.
http://www.smith-institute.org.uk/wp-content/uploads/2021/10/Responsible-Investment-for-a-Just-Transiiton-report.pdf

2.23 On the 6th anniversary of the Samarco tailings dam collapse, LAPFF produced a press release at COP26 reiterating the need for a just transition. While companies have repeatedly stated the minerals they mine are critical for the energy transition, the social impacts of these companies on workers and communities are often ignored. The full press release can be seen using the link below.
https://lapfforum.org/wp-content/uploads/2021/11/20211105-6thanniv-press-release-Samarco-EMP-final2.pdf

2.24 To further highlight the importance of a just transition, a statement at COP26 was issued in support of a just transition. The statement can be accessed below.
https://ukcop26.org/supporting-the-conditions-for-a-just-transition-internationally/

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

2.26 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 A**.

2.27 Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. It focuses on the largest corporate greenhouse gas emitters to ensure they take necessary action on climate change. In August, Climate Action 100+ launched the Global Sector Strategies workstream, which outlines investor expectations for companies to build effective climate transition plans and decarbonise value chains. The aim is to accelerate the industry transition by identifying key actions for companies, investors and industries overall.

2.28 The electricity sector is responsible for 40% of global emissions, more than any other sector and demand is predicted to grow by over 166% by 2050. In October, IIGCC in collaboration with Climate Action 100+ launched the net zero electric utilities strategy which advises key actions companies must take to decarbonise in line with the IEA Net Zero by 2050 scenario. Key expectations of companies include:

- Setting a target to reach net zero emissions in their generation business by 2040 globally and by 2035 in advanced economies, with more than 50% of decarbonisation achieved by 2030
- Mapping out a clear decarbonisation strategy that minimises reliance on CCUS, avoids the use of carbon offsets to reduce generation emissions to net zero and sets a date to phase out unabated coal generation
- Aligning capex with a 1.5 ºC pathway, including an immediate halt to investments in new coal generation and a commitment to ensure any new natural gas generation will be net zero emissions by 2040 globally and by 2035 in advanced economies.
- Setting a net zero emissions target for all sold or distributed energy, with a focus on natural gas for heating.
- **Committing to provide a just transition**, setting out in a board level report how a company intends to manage the wider societal impact of the net zero emissions transition and who will be responsible for implementation

2.29 Further details of the strategy, IIGCC's press release and press coverage relating to this can be found using the links below.

https://www.climateaction100.org/approach/global-sector-strategies/electric-utilities/

https://www.climateaction100.org/news/climate-action-100-sets-decarbonisation-expectations-for-electric-utility-companies-to-achieve-net-zero-emissions-globally-by-2040/

https://www.reuters.com/business/environment/exclusive-investor-group-pressure-utilities-net-zero-emissions-deadline-2021-10-19/

2.30 As part of this Global Sector Strategies workstream, Climate Action 100+ also launched its action plan for the steel industry, which reflects 12 months of multi-stakeholder dialogue with consultants, investors and steel companies. https://www.climateaction100.org/news/blog-climate-action-100-zeroes-in-on-industry-wide-decarbonisation/

2.31 The Transition Pathway Initiative (TPI) is an initiative led by asset owners that assesses the progress that companies are making on the transition to a low-carbon economy using publicly disclosed data. During the quarter, the TPI announced the its intention to form the TPI Global Climate Transition Centre. The centre is intended to be hosted at the Grantham Research Institute at the London School of Economics and will allow the TPI to increase assessments from 400 companies today up to 10,000 in time, as well as assessing corporate and sovereign bonds. The centre will support investors in:

- Aligning their portfolios with net zero targets covering three major asset classes (listed equites, corporate bonds and sovereign bonds)
- Support global investor engagement initiatives such as Climate Action 100+ that targets real world emissions reductions by the 167 most carbon intensive companies
- Enable much more detailed analysis of the most carbon intensive companies and sectors as demonstrated by the recently launched Net Zero Standard for the Oil and Gas Sector that details exacting standards of disclosure intended to create a level playing field in corporate reporting
- Place transparency and independent analysis at the heart of investor decision making within public equity, corporate debt and sovereign debt markets

More details of plans can be found using the link below.

https://transitionpathwayinitiative.org/publications/89.pdf?type=Publication

2.32 GMPF was one of 733 investors managing over $53 trillion in assets to co-sign the 2021 Global Investor Statement to Governments on the Climate Crisis. The statement calls on governments to take a number of actions including:

- Strengthen their Nationally Determined Contributions for 2030 before COP26
- Commit to a domestic mid-century, net-zero emissions target
- Implement domestic policies to deliver these targets
- Ensure COVID-19 economic recovery plans support the transition
- Commit to implementing mandatory climate risk disclosure requirements

2.33 The full Statement and the press release can be found using the links below.

https://theinvestoragenda.org/wp-content/uploads/2021/09/2021-Global-Investor-Statement-to-Governments-on-the-Climate-Crisis.pdf

https://theinvestoragenda.org/press-releases/14-september-2021/

2.34 The IIGCC coordinated an open letter, which GMPF co-signed to companies informing them of investor expectations on physical risks and opportunities. IIGCC identified companies that either are highly exposed to physical climate risks relative to other companies in the same sector and region or companies that are seen as critical participants on the pathway to building a climate resilient society, in line with the goals of the Paris Agreement. More details can be found using the link: https://www.iigcc.org/news/iigcc-members-representing-usd-10-trillion-in-assets-set-out-their-expectations-of-companies-on-tackling-physical-climate-risks/

2.35 The IIGCC launched its Net Zero Standard for Oil and Gas in September which was developed with a number of investors alongside companies from the oil and gas sector and further informed by the Transition Pathway Initiative. The standard sets out expectations from investors on what must be included in net zero transition plans from oil and gas companies. It aims to make it easier to compare companies' disclosures and strategies ensuring that progress can be fairly monitored. The document can be accessed using the link: https://www.iigcc.org/download/iigcc-net-zero-standard-for-oil-and-gas/?wpdmdl=4866&refresh=6141cc6277fe11631702114

2.36 At COP26 in Glasgow, a collective financial commitment of $130 billion was announced by Nordic and UK pension funds to be invested in clean energy and climate investments by 2030. As part of this commitment pension funds will report annually on the progress of their climate investments. GMPF signed on to this commitment in November and the collective commitment was made in Glasgow on 2 November. More details can be found using the links https://www.climateinvestmentcoalition.org/announcements https://595bd991-da46-4da7-8255-95d24fd29a16.filesusr.com/ugd/e0dfa4_8e3ec663642543cc8340edb47623d8e7.pdf

2.37 LAPFF sent a letter to FTSE All Share companies on behalf of its members requesting companies disclose emissions data consistent with TCFD and a five year plan to move to a 2050 net zero pathway with an annual provision to provide shareholders with the opportunity to vote on these plans. This is in conjunction with the 'Say on Climate' initiative which Northern LGPS partnered with to ensure companies put in place credible plans to reach net zero by 2050. The letter can be accessed using the link below. https://lapfforum.org/wp-content/uploads/2021/10/20211001_Say_on_climate_letter-to-companies_final.pdf

2.38 *The Responsible Asset Allocator Initiative at New America, in partnership with the Fletcher School at Tufts University, has released its 2021 rankings of the 30 world-leading responsible, sustainable long-term investors.* The 2021 Leaders List: The 30 Most Responsible Asset Allocators, a ranking of the world's top sovereign wealth funds and government pension funds on their responsible investing practices. The study, developed in partnership with the Fletcher School at Tufts University, rates and ranks 251 asset allocators from 63 countries with assets of $26 trillion, to identify the 30 leaders and 22 finalists (the top quintile) that together set a global standard for leadership in responsible, sustainable investing. This year's ranking builds on the groundbreaking RAAI reports released in 2017 and 2019**.** RAAI researchers have found that top asset allocators are implementing ESG not out of "virtuousness" but rather out of practicality. These institutions see responsible investing as a vital tool to manage systemic risks and generate long-term, risk-adjusted returns for savers. Traditional financial metrics are useful in managing short-term idiosyncratic risks in portfolios, but they fall short in pricing and managing long-term systemic risks such as climate change or income inequality.

2.39 Modern portfolio theory focuses on diversification as a key method to protect portfolios, but systemic risks cannot be easily diversified. Accordingly, leading asset owners are adapting their investment decision-making process and using ESG to identify and price long-term risks, engage with portfolio companies, and manage risk-adjusted returns more effectively. The RAAI leaders and finalists provide a window into the future of investing, a world where the planet's largest investors are addressing the world's greatest challenges. These top performers are unleashing hundreds of billions of dollars to invest in renewable energy, clean technology, and sustainable infrastructure, while improving access to clean water, affordable housing, healthcare, and education.

2.40 For the 2021 RAAI Leaders List Report, researchers expanded the scope of coverage, evaluating 634 asset allocators and rating 251 institutions, up from 471 and 197 institutions, respectively, in 2019. The number of rating criteria increased from 20 to 30, raising the bar to a minimum score of 96 per cent for the 30 asset allocators that were selected for inclusion on the prestigious leaders list. The 22 asset allocators selected as finalists, were not far behind the leaders, needing a minimum score of 92 per cent to be included in the top quintile.

2.41 Greater Manchester Pension Fund scored 96 putting it 35th in the World.

2.42 Key findings from the 2021 RAAI study:

- The UK has the greatest number of asset allocators on the leaders list with five, followed by four from the US and three each from Australia and Canada.
- Overall, Europe is the best performing region. The 62 rated asset allocators in Europe have an average score of 78 per cent. Europe accounted for half of the top quintile asset allocators.
- Responsible investing is advancing across the world but slowly and from a low base. There is scope for substantial improvement. The average score for all world asset allocators increased from 44 per cent in 2017 to just 52 per cent in 2021.
- The leaders and finalists continue to set the bar for responsible investing, widening the gap with the rest of the world. The top quintile shows an average score of 96 per cent. The other 200 rated asset allocators showed an average score of just 40 per cent.
- The world's two biggest economies, the United States and China – comprising 40 percent of global GDP – are lagging dangerously behind on responsible investing. The average score for the 82 USA asset allocators rated by RAAI is just 34 per cent.

2.43 The RAAI leaders list is a unique group, representing 15 countries and five geographic regions, including Africa, Asia, Australasia, Europe, and North America. With $7.9 trillion in AUM, the leaders exert enormous influence in global capital markets and can serve as a powerful force for change.

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

2.45 The Northern LGPS Stewardship Report for the latest quarter can be found using the link shown: https://northernlgps.org/taxonomy/term/15

2.46 The LAPFF Quarterly Engagement Report for the latest quarter can be found using the link shown: https://lapfforum.org/publications/category/quarterly-engagement-reports/

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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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/

Make My Money Matter
GMPF via Northern LGPS is a partner to this initiative. NLGPS' collaboration with MMMM is part of the pool's ambition to invest 100% of assets in line with the Paris Agreement on climate change, and help members understand the importance of knowing where their pensions are invested.
Web Link: https://makemymoneymatter.co.uk/

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/

Say on Climate
GMPF has given its support via its membership in the Northern LGPS to the Say on Climate initiative. The initiatives aim is for companies to disclose emissions with a comprehensive plan to manage those emissions and to have a shareholder vote on the plan at the AGM. Web link: https://www.sayonclimate.org/

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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