ASHTON-UNDER-LYNE · AUDENSHAW · DENTON · DROYLSDEN · DUKINFIELD · HYDE · LONGDENDALE · MOSSLEY · STALYBRIDGE

GREATER MANCHESTER PENSION FUND - MANAGEMENT/ADVISORY PANEL

Day:	**Friday**
Date:	**15 July 2022**
Time:	**10.00 am**
Place:	**Guardsman Tony Downes House, Manchester Road, Droylsden, M43 6SF**

Item No.	AGENDA	Page No

GENERAL BUSINESS

1.	**CHAIR'S INTRODUCTORY REMARKS 10.00AM**	
2.	**APOLOGIES FOR ABSENCE**	
3.	**DECLARATIONS OF INTEREST**	
	To receive any declarations of interest from Members of the Panel.	
4.	**MINUTES**	
a)	**MINUTES OF THE PENSION FUND ADVISORY PANEL**	1 - 14
	To approve as a correct record the Minutes of the meeting of the Pension Fund Advisory Panel held on 18 March 2022.	
b)	**MINUTES OF THE PENSION FUND MANAGEMENT PANEL**	15 - 22
	To approve as a correct record the Minutes of the meeting of the Pension Fund Management Panel held on 18 March 2022.	
5.	**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.	

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

Items	Paragraphs	Justification
8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 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	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.

6. PENSION FUND WORKING GROUPS/LOCAL BOARD MINUTES/NLGPS JOINT OVERSIGHT COMMITTEE

a) LOCAL PENSIONS BOARD — 23 - 30

To consider the Minutes of the proceedings of the Local Pensions Board held on 7 April 2022.

b) INVESTMENT MONITORING AND ESG WORKING GROUP — 31 - 34

To consider the Minutes of the proceedings of the Investment Monitoring and ESG Working Group held on 8 April 2022.

c) ADMINISTRATION AND EMPLOYER FUNDING VIABILITY WORKING GROUP — 35 - 42

To consider the Minutes of the proceedings of the Administration and Employer Funding Viability Working Group held on 8 April 2022.

d) POLICY AND DEVELOPMENT WORKING GROUP — 43 - 54

To consider the Minutes of the meeting held on 23 June 2022.

e) NORTHERN LGPS JOINT OVERSIGHT COMMITTEE — 55 - 64

To note the Minutes of the meetings held on 3 February and 14 April 2022.

f) SCHEME GOVERNANCE/WORKING GROUP MEMBERSHIP 2022/23 — 65 - 70

To consider the attached report of the Director of Pensions.

ITEMS FOR DISCUSSION/DECISION

7. RESPONSIBLE INVESTMENT UPDATE 10.20AM — 71 - 80

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

8. LGPS PERFORMANCE UPDATE 10.30AM — 81 - 92

To receive a presentation from Karen Thrumble (PIRC).

9. UBS TRAINING ITEM 10.50AM — 93 - 114

To receive a presentation from representatives of UBS.

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

Item No.	AGENDA	Page No

ITEMS FOR INFORMATION

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

PLSA Annual Conference – ACC Liverpool	12-13 October 2022
LGA Fundamentals Day 1 – Virtual	18 October 2022
LGA Fundamentals Day 2 – Virtual	22 November 2022
LGA Fundamentals Day 3 – Virtual	20 December 2022
LGPS Governance Conference - Bournemouth	20-21 January 2022

20. DATES OF FUTURE MEETINGS

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

Management/Advisory Panel	16 Sept 2022 2 Dec 2022 24 March 2023 14 July 2023 15 Sept 2023 1 Dec 2023 8 March 2024
Local Pensions Board	28 July 2022 29 Sept 2022 26 Jan 2023 13 April 2023 27 July 2023 28 Sept 2023 25 Jan 2024 11 April 2024
Policy and Development Working Group	8 Sept 2022 24 Nov 2022 2 March 2023 22 June 2023 7 Sept 2023 23 Nov 2023 22 Feb 2024
Investment Monitoring and ESG Working Group	29 July 2022 30 Sept 2022 27 Jan 2023 14 April 2023 28 July 2023 29 Sept 2023 26 Jan 2024 12 April 2024
Administration and Employer Funding Viability Working Group	29 July 2022 30 Sept 2022 27 Jan 2023 14 April 2023 28 July 2023 29 Sept 2023 26 Jan 2024 12 April 2024

WORKING PAPERS - APPENDICES

GREATER MANCHESTER PENSION FUND
ADVISORY PANEL

18 March 2022

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

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.

65. CHAIR'S OPENING REMARKS

The Chair began by referencing Russia's invasion of Ukraine and stating that the Greater Manchester Pension Fund stood united with the people of Ukraine. She added that the human cost of the crisis was horrifying, with millions of displaced civilians, separated and abandoned children and vulnerable people and hundreds of thousands of injuries and deaths on both sides of the conflict. This was a regional attack, on a sovereign state but a fundamentally global human issue with broad reaching implications for global markets and international relations.

The Chair spoke of the devastating and irreversible short-term human cost of this war, along with the long-term societal cost of taking focus off shared sustainability goals. Global markets and governance required international co-operation, peace, and stability. Global disorder and a new cold war would impact the protection and promotion of human rights, forced displacement of civilians and hugely increased long-term environmental, social, and economic risks.

The dynamics of conflict and disruption violated human rights, exacerbated existing social tensions and inequalities and threatened the prospects for climate action. At this time, all thoughts were with the people of Ukraine and for the invasion to come urgently to a peaceful end.

The Chair explained that on 28 February 2022, 4 days after the start of the attack, the Local Government Pension Scheme Advisory Board issued some advice to pension funds in the light of events in Ukraine and the resultant extent and potential sanctions by the UK government. The Board advised LGPS funds to consider the implications for their investment portfolios and to discuss with their asset managers what action they should prudently take. GMPF was already doing this. Even before Russia invaded Ukraine, the efforts involved in managing the ESG risks of companies in countries such as Russia were significant, with such markets often trailing in terms of corporate governance, human and worker rights, political stability and environmental concerns.

The Fund believed in activist engagement, but only if real-world outcomes could be achieved alongside meeting the primary fiduciary obligation to achieve good pension returns. It was often too difficult to engage well with companies in such markets and required significant effort. This was why GMPF had no direct Russian holdings and only 0.2% GMPF's investment portfolio was indirectly connected in some way to Russian holdings.

It was clear that Russia had placed itself outside of all international norms. There was very little appetite for anyone to trade with Russia under such circumstances, and in the face of international sanctions. GMPF's investment managers had frozen all existing indirect holdings in Russian-domiciled investments, recognising the current lack of market for selling those assets and the fiduciary duty to act in the best interests of members and the taxpayer.

It was noted that some funds were using the word 'divest', but unless and until the current world markets and sanctions changed, they would only be able to freeze them especially as the Russian stock market was currently closed so funds could not currently offload any Russian assets traded there. The Chair gave assurances that GMPF would continue to comply with all economic sanctions in force and would keep the matter under active review.

Members were advised that the Local Government Pension Scheme Advisory Board had also issued further guidance for pension funds on divesting from Russian assets as it was concerned that it was becoming a political football, which said that it understood why LGPS funds may wish to divest for financial reasons, though there could be challenges to achieving this due to the closure of the Russian stock exchange and a lack of buyers.

Funds were reminded of the legal position and the two tests required to be followed in order to divest for non-financial reasons. These related to a 2014 Law Commission Report, which concluded that divestment could take place based on non-financial criteria if:

- trustees had good reason to think that scheme members would share the concern; and
- the decision should not involve a risk of significant financial detriment to the fund.

It was noted that similar provision could be found in the LGPS Guidance on preparing and maintaining an investment strategy statement 2017, which was statutory advice which must be followed which stated that administering authorities "may also take purely non-financial considerations into account provided that doing so would not involve significant risk of financial detriment to the scheme and where they have good reason to think that scheme members would support their decision".

While official polls on attitudes were hard to come by, it was clear that public opinion was in favour of boycotting Russia and shielding investments from the market turmoil that was ravaging the nation.

Israel had been subject to campaigns for decades over its activities in Palestinian territories. For nearly seventy years, Israel had denied Palestinians their fundamental rights and had refused to comply with international law. The UK government's official policy on the dispute was to seek "*a just peace between a stable, democratic Palestinian state and Israel, based on 1967 borders, ending the occupation by agreement*". There was, however, no clear consensus on the conflict amongst the British public. According to YouGov, and their latest survey of February 2022, 27% of British adults' sympathies lay more with Palestinians than Israelis and only 11% of its survey respondents sympathised more with Israelis. However, and importantly 35% of those surveyed said they did not know who their sympathies lay with more, while 26% said their sympathies did not lay more with either side. Therefore, more than half of British people, did not have a position on this conflict.

What is more, these attitudes had not shifted substantially over the past three years, according to YouGov data.

Members were reminded that, at the last meeting, discussion had taken place around the fact that Professor Michael Lynk, the UN Special Rapporteur on the Occupied Palestinian Territories (OPT) wrote to numerous LGPS funds before Christmas (although not GMPF), asking LGPS funds to disinvest funds from companies operating within these settlements whilst at the same time referring to engagement. Since the last meeting of the Panel, the Chair of the Local Authority Pension Fund Forum (LAPFF) together with Scheme Advisory Board and the Fund's ESG Advisors, PIRC, met with Professor Lynk to clarify his letter, and the creation and maintenance of his database of companies, whilst making it clear to Professor Lynk that LGPS funds took human rights issues seriously and LAPFF were engaging with many of the companies in the database. As of Wednesday this week, SAB and LAPFF were waiting upon Professor Lynk to come back to clarifications raised with him.

Meanwhile, unexpectedly, MPs backed an amendment against political divestments by LGPS that would allow ministers to issue guidance stymieing the ability of public sector pension schemes, including the Local Government Pension Scheme, to pursue politically motivated boycotts and divestment policies. It was reported that Conservative MP Robert Jenrick tabled the amendment, having cited the Boycott, Divest and Sanctions movement against Israeli settlements in an article in The Times written on February 21, along with the deliberations being made by Wirral Council over its policy on the matter. The government was also soon expected to table legislation specifically against Boycott, Divest and Sanctions, which could possibly make it illegal for schemes to participate in the movement.

In Merseyside's case, theoretically divesting from nine companies invested would unlikely hamper its returns in a serious way. Even in the event of a downturn in the region, its negligible exposure would not materially harm the fund. But without consensus from members on the question, trustees were left to become moral arbiters on an incredibly sensitive issue, which would make it potentially unlawful and challengeable.

This was a very difficult position in which to place Councillors, and indeed the trustees of any pension scheme. Accordingly as a Fund, further advice was awaited from both the Scheme Advisory Board and D-LUHC before any further steps or position were taken in this matter.

It was explained that, at the start of February the Government's white paper on levelling up was published. Amid a sweeping range of policies aimed across government departments, it asked LGPS funds to set out plans for investing up to 5% of their assets in projects that supported domestic initiatives. It noted that only a few funds had so far invested with a local, place-based lens. The Chair was pleased to say that it recognised that the Greater Manchester Pension Fund already invested 5% of its assets in local projects across Greater Manchester and GMPF was the only fund to be at this threshold, and to have such a place-based allocation.

The government's levelling up paper also cited the influence of the GLIL Infrastructure platform, which GMPF established together with the Northern and Local Pensions Partnership Investments and LGPS asset pools. GLIL had invested around £2.5billion, which included £800 million of GMPF's commitments. Investments included Anglian Water, Forth Ports and Clyde Wind Farm.

The Chair was further pleased to announce that over the last decade, the Fund had invested nearly a billion pound alone in just property infrastructure in Greater Manchester usually as a catalyst for improving the economy and looking to lead the way on carbon efficient buildings.

She stressed that being a responsible investor was really important to GMPF. It strived to make decisions and create policies that reflected a commitment to investing in the best interests of all stakeholders and wider society.

The Chair was proud to announce that last year GMPF was one of the first funds to be approved as a signatory to the Financial Reporting Council's UK Stewardship Code 2020. Additionally, to announce that at the end of last year, the 2021 RAAI Leaders List of the 30 most responsible asset allocators ranked GMPF as 35 in the world of most responsible investors. This was out of a group of the top 634 asset allocators across 98 countries with 36 trillion US dollars in assets. GMPF scored an impressive 96 out of a potential 100 to achieve this rating. It continued to strive to be a top leader in the area of pension fund stewardship whilst aiming to ensure low cost, sustainable and responsible pensions. GMPF had a longstanding commitment to be net zero by 2050.

In 2021, GMPF, as part of the Northern LGPS pool, made a commitment to be a Net Zero Asset Owner using the Paris Aligned Investor Initiative framework. One of the key aspects of this commitment was to set interim carbon reduction targets, building on the net zero by 2050 or sooner ambition. The fund was currently working with the developers of the Paris Aligned Investor Initiative and its asset managers, with a view to being in the inaugural wave of asset owners to produce such a set of targets.

It was anticipated that the targets would include a 50% reduction in carbon intensity by 2030 versus the 2019 benchmark, along with over £1 billion of new investments in climate solutions by 2030, building on the Fund's position as the largest LGPS investor in renewables.

The Chair was, therefore, pleased to say that, as part of the agenda, Members would be hearing from UBS who looked after nearly 40% of the Fund's assets, about £10 billion pounds, to explain what they were doing to help achieve this target.

66. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

67. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 10 December 2021 were signed as a correct record.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 10 December 2021 were noted.

68. 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
10, 11, 12, 13 14, 15, 16, 22, 23, 24	**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.**

69. LOCAL PENSIONS BOARD

The Chair of the Local Pensions Board, Councillor Fairfoull, reported that Local Board Members had discussed the upcoming actuarial valuation process, which had an effective date of 31 March 2022. GMPF officers had already started work on preparing for the valuation, and the valuation would be further discussed at today's meeting.

Members were reminded that Hymans Robertson had been reappointed as Actuary and the Board received a report summarising the procurement exercise that was undertaken using the National LGPS Framework.

As at each meeting, the monitoring of late payment of contributions or late submissions of data from employers was reviewed. It was encouraging to hear that the timeliness of contribution payments and receipt of data from employers had generally been improving and of the steps being taken to improve this further.

Reassuring updates had also been provided from the Fund's pension administration team on a number of ongoing workstreams and the Board discussed the findings of recent internal audit reports and the current version of the Fund's risk register.

RECOMMENDED
That the Minutes of the proceedings of the Local Pensions Board held on 13 January 2022 be noted.

70. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 21 January 2022 were considered.

The Chair of the Working Group, Councillor Cooney, explained that representatives of L&G had updated members on their stewardship activity. Members were presented with case studies where L&G had used their influence to change the behaviour of businesses. This was achieved through a number of approaches including, direct engagement, collaborative engagement, voting, capital allocation, engaging the regulator and through public pressure.

The Fund's responsible investment advisor, PIRC, attended the meeting and gave a presentation on voting at company AGMs, with a focus on so called 'split voting'. By way of background, the Pensions Minister had set up a Taskforce on Pension Scheme Voting Implementation. To date, investors in pooled funds were typically not able to choose how to vote their share of the pooled fund. Instead, the fund manager of the pooled fund decided how all the votes would be cast. The Taskforce had made several recommendations that could change this practise.

RECOMMENDED
That the Minutes be received as a correct record.

71. 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 21 January 2022 were considered.

The Chair of the Working Group, Councillor M Smith, advised that Members had discussed the latest CEM administration benchmarking exercise. CEM's analysis showed that GMPF remained a high service, low cost provider relative to its peers. GMPF's total administration cost per member was approximately £17, being approximately £10 lower than peers. GMPF's service score was 65 out of 100, being 1 point above the peer median of 64. The advantage over comparators stemmed, amongst other things, from the speedy roll-out of online self-service functionality.

Academy consolidation within the LGPS was discussed and the case of a particular multi-academy trust seeking to consolidate all of its members in one London-based LGPS Fund. DLUHC issued a new consultation on this multi-academy trust's proposal in December. The Management Panel agreed at its' December 2020 meeting that it was currently opposed to academy consolidation in the LGPS for a number of reasons and the working group therefore supported a response objecting to the consolidation proposal.

Members reviewed the administration strategic service update and updates relating to member services, employer services, developments and technologies, and communication and engagement. They further received a report summarising some of the key issues to consider as part of the forthcoming actuarial valuation.

RECOMMENDED
(i) That the Minutes be received as a correct record;
(ii) In respect of Administration Developments & Technologies Update, that the content of the report be noted and that the objectives set out in the Developments and Technologies Strategy 2022 found in Appendix 2 to the report, be agreed; and
(iii) In respect of Academy Consolidation, that the recent developments regarding the proposed consolidation be noted and support be given to GMPF submitting a consultation response, which strongly objects to the proposed Direction Order, setting out the points raised in section 4 of the report.

72. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 3 March 2022 were considered.

The Chair of the Working Group, Councillor Warrington, advised that Members had received presentations from the new direct property portfolio managers, Schroders and APAM, regarding the progress they were making with their mandates. Members were aware that the managers were appointed following a strategic review of the property management arrangements, where it was decided to split the management of the property portfolio into two parts in order to increase the necessary expertise, especially given the significant challenges posed to the retail market. Whilst early days, there were definite green shoots of this being the right decision as in respect of living with Covid in the future.

As well as considering the Manager Monitoring Report for the latest quarter, Members also reviewed a draft policy on how the fund would determine Exit Credits should an employer exit whilst their section of the fund had an actuarial surplus at that moment of time. The policy had been updated following the conclusion of a judicial review of the relevant regulations. The Working Group recommended that the Management Panel approve the policy for use on an interim basis. The policy would be consulted on with employers as part of the wider Funding Strategy Statement consultation during the actuarial valuation process.

RECOMMENDED
(i) That the Minutes be received as a correct record;
(ii) In respect of the Policy and Process for Assessing Employer Exit Credit Payments, that

the policy and process for assessing employer exit credit payments be approved as the interim position, subject to consultation with employers which will take place when the Funding Strategy Statement is consulted upon later in the year.

73. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

RECOMMENDED
That the Minutes of the proceedings of the Northern LGPS Joint Oversight Committee held on 7 October 2021 be noted.

74. GMPF BUDGET 2022/2023 AND MEDIUM-TERM FINANCIAL PLANNING

Consideration was given to a report of the Assistant Director, Local Investments and Property, which sought approval for an expenditure budget for GMPF for 2022/23 alongside a medium-term financial plan for 2022 to 2025.

It was explained that the medium-term financial plan was essentially dependent upon the assumptions in the Funding Strategy Statement, and the out-turn was largely subject to financial markets and their impact on investment performance. The medium-term financial plan 2022 to 2025 would be finalised for the annual report following approval of budget and Fund Valuation at 31 March 2022.

Members were advised that the Fund remained committed to its core objectives. The last 2 years had seen substantial changes to the way in which the Fund delivered its core objectives in response to the pandemic and the changing requirements of the regulatory landscape. There remained a great deal of uncertainty in the short to medium term in the outlook for inflation. The key assumptions and methodology for budget setting were set out in the report.

The level of budget sought for 2022/23 sought an increase from that in 2021/22. The budget covered the expenditure by the Fund on governance, administration and investment costs for oversight and internal management. External Investment Management fees were overseen by Management Panel in a more detailed fashion with comparison to peer Pension Funds provided by CEM. The budget was attached as Appendix 1 to the report.

Members were made aware of the significant changes made to the disclosure of investment management costs. There was detailed consideration given to those through reporting mechanisms outside of budget setting, particularly through the reporting by CEM. They were not, therefore, considered in detail as part of the report. For information, those costs (excluding private markets) for 2022 23 with a comparison to projected out-turn for 2021/22, were outlined in the report.

The assumptions for medium term financial planning going forward, the draft three-year medium term plan and key observations for consideration, were detailed and discussed.

RECOMMENDED
(i) That the expenditure budget for 2022/23, as appended to the report, be approved; and
(ii) That the Medium-Term Financial Plan, as detailed in the report, be approved.

75. GMPF STATEMENT OF ACCOUNTS 2021-22 GMPF ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS

The Assistant Director, Local Investments and Property submitted a report, which gave details of the GMPF Accounting Policies and Critical Judgements for 2021-22.

RECOMMENDED
That the accounting policies and critical judgements attached at Appendix 1 to the report, be approved.

76. RESPONSIBLE INVESTMENT UPDATE Q4 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 the quarter.

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 report publicly 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 the quarter against the six PRI principles was detailed in the report.

A Climate Governance paper from PIRC was appended to the report, which explained their approach to board governance and oversight for a Just Transition. Policy recommendations were made across the themes of board skill and experience, independence and employee engagement. Members were advised that the recommendations would be built into aspects of the Fund's engagement going forwards.

Further information was given in respect of PIRC's 'Say on Climate' conference relating to an initiative of the same name that asked companies to set out their strategy to manage the transition to a net zero emissions business. Investors were asking for disclosure of these strategies to be consistent with the Taskforce for Climate Related Financial Disclosures (TCFD) and an annual provision to vote on these plans. GMPF's Assistant Director of Pensions represented the Northern LGPS at the conference where he contributed to the discussion of the quality of mandatory TCFD reporting from companies.

Members were informed that a representative of Chapter Zero had also spoken at the 'Say on Climate' conference and had produced a boardroom toolkit for non-executive directors, a copy of which was appended to the report. It was noted that the benefits of the toolkit appeared to transfer well from the role of a non-executive director of a company board, to the role of a pension fund trustee.

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

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.

77. UBS TRAINING ITEM

Steve Magill, Head of UBS European and UK Value and Kayvan Vahid Senior Portfolio Manager, UBS, attended before Members and delivered a presentation.

Members were presented with an introduction to UK Equity Value. Kayvan Vahid from UBS explained what an equity is and the difference between holding or investing in cash, gilts and equities. The relationship between earnings per share and share price was presented to the Panel.

Kayvan Vahid outlined to the Panel the difference between active and passive investment and presented to the Panel a breakdown by sector of the FTSE, it was explained that an index may not necessarily reflect an economy.

Members were advised on how UBS approach value investing. It was explained that value investing had outperformed over the long term, and that often UBS would look at shares that were not attractive to other investors at that time. Steve Magill set out the approach UBS takes to valuing a company and gave examples.

In regards to ESG, USB detailed how they incorporate ESG factors in decision making and on engaging with companies, using ESG data inputs and in-house research. It was highlighted that patient long-term investing pays off, UBS buy stocks relatively cheaply to deliver strong future returns. Steve Magill detailed the effect of low interest rate impact on value style investing, the link between interest rates, economic growth and stock value was explained to the Panel. In was explained that during periods of higher inflation, mining and energy sectors had performed better, as had companies with capacity constrained and inelastic demand. Kayvan Vahid of UBS set out the value opportunity of UK banks and the Energy Sector.

The Chair thanked Mr Magill and Mr Vahid for a very interesting and helpful presentation.

RECOMMENDED
That the content of the presentation be noted.

78. 2022 ACTUARIAL VALUATION PROCESS

A report was submitted by the Assistant Director of Pensions, Funding and Business Development and a presentation delivered by Steven Law of Hymans Robertson, Actuary to the Fund.

Members of the Fund were advised of the three key risks to consider for the Actuarial Valuation Process. These were Climate/ Transition Risks, the level of Consumer Price Inflation and the long-term impact of Covid. It was reported that Consumer Price Inflation ('CPI') was expected to reach its highest level for decades over the next few months, which would increase the liabilities of the fund. . Members were presented with projections of CPI over the coming years. It was described how equities, infrastructure, nominal gilts and index linked gilts offered different levels of protection against inflation over the short and long term.

The report summarised the results of the Government Actuary' Section 13 valuation report on the LGPS in England and Wales as at 31 March 2019. The Section 13 report examines the compliance with regulations, consistency, solvency and long-term cost efficiency of the scheme.

With regards to compliance with scheme regulations GAD has stated in its report that fund valuations were compliant with relevant regulations

GAD suggested in its report that the LGPS' consistency has improved since 2016 but differences in the underlying methodology and assumptions mean that it is not possible to make a like-for-like comparison.

On the topic of solvency GAD raised a concern about the risk to funds if, for example, there was to be a sustained reduction in the value of return seeking assets. Over the three years from 31 March 2016 to 31 March 2019, funds' assets have grown by around a third and liabilities by around 15%. However, the size of the employers had not grown at the same pace. GAD is concerned that some funds have not adequately planned for a sustained deterioration in economic conditions and have prematurely lowered contribution rates when they should have been adopting more prudent valuation assumptions.

GAD's view of the LGPS' long-term cost efficiency was positive but they flagged 4 LGPS funds as raising potential concern in relation to long-term cost efficiency (this is two fewer than in 2016). Long-term cost efficiency relates to not deferring payments too far into the future so that they affect future generations of taxpayers disproportionately.

For the 2019 valuation section 13 report GAD had made 4 overall suggestions, these were:

1. The Scheme Advisory Board should consider the impact of inconsistency on the funds, participating employers and other stakeholders. It should specifically consider whether a consistent approach needs to be adopted for conversions to academies, and for assessing the impact of emerging issues including McCloud.
2. GAD recommends the Scheme Advisory Board consider how all funds ensure that the deficit recovery plan can be demonstrated to be a continuation of the previous plan, after allowing for actual fund experience.
3. GAD recommends fund actuaries provide additional information about total contributions, discount rates and reconciling deficit recovery plans in the dashboard.
4. GAD recommends the Scheme Advisory Board review asset transfer arrangements from local authorities to ensure that appropriate governance is in place around any such transfers to achieve long term cost efficiency.

RECOMMENDED
That the content of the report, presentation from Hymans Robertson and the key factors potentially impacting the valuation outcomes be noted

79. 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 4 2021 Performance Dashboard was summarised. It was explained that Global economic activity was in the midst of a re-acceleration from the third quarter to fourth quarter as the impact of the COVID -19 Delta variant subsided before a new variant, Omicron, jeopardised near-term growth prospects in late November. The impact of the COVID-19 pandemic continued to be uneven across economies depending on geography, the timing of outbreaks, and the composition of activity, magnitude and quality of vaccinations and boosters, and mobility restrictions imposed by authorities.

So far, the Omicron variant appeared to be having a smaller and shorter drag on growth than the Delta variant due to encouraging signs that Omicron may be milder than its predecessors and that existing vaccines continued to offer a reasonable level of protection. As realised and forecast inflation continued to move higher amid labour market tightening, central banks had adopted less accommodative stances.

In the US, the Federal Open Markets Committee (FOMC) announced plans to accelerate the tapering of asset purchases, with the median FOMC member forecasting three interest rate rises next year. The Bank of England raised interest rates to 0.25% p.a., with further rate increase expected in 2022.

Despite falling in November over Omicron variant concerns, Q4 2021 saw markets continuing to perform positively; in fact, excluding Asia, particularly Japan, and Emerging Market Equities, all equity asset classes had had positive returns. Bonds had also had low positive returns. US and UK bond yield curves flattened significantly with short-term yields rising to reflect expectations of further interest rate rises. UK 10-year implied inflation, as measured by the difference between conventional and inflation-linked bonds of the same maturity, ended the quarter a little higher at 3.9% p.a. whilst longer term implied inflation fell.

Over the quarter, total Main Fund assets increased by £676 million to £28.1 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 2021/22 review of Investment Strategy, the current ‘rules’ governing the Public Equity allocation were re-couched in order to simplify the presentation of the current and future positions. In addition, further changes to the ‘realistic’ strategic allocations to alternatives were made in Q4 2021.

Within the Main Fund, there was an overweight position in equities (of around 2% versus target respectively). This was offset by underweight positions in bonds and alternatives. The property allocation continued to be underweight (by around 2%) versus its benchmark.

On a cumulative basis, over the period since September 1987, the Main Fund had outperformed the average LGPS, equating to over £3.6 billion of additional assets. The Main Fund underperformed its benchmark over Q4 2021. Relative performance over 1 year and 3 years was positive. The Main Fund was also ahead of its benchmark over 5 and 10 years and performance since inception remained strong.

Over Q4 2021, 1 year active risk remained broadly at levels reached in Q3 having increased dramatically over recent quarters. Active risk remained elevated relative to recent history. 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%-1.5% pa. Risk in absolute terms (for both portfolio and benchmark) decreased in Q4 2021 having increased in Q3 2021. There was now greater uncertainty surrounding future inflation levels and the future impact of the pandemic on economic output remained unclear.

As at the end of Quarter 4; over a 1 year period, two of the Fund’s active securities managers had outperformed their respective benchmarks whilst two managers underperformed their benchmarks. Over a 3 year period, whilst one manager had underperformed its benchmark, two managers outperformed their benchmarks 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.

80. 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 assessing the impact of the McCloud changes; and cyber security work.

New and arising risks in respect of the Russian invasion of Ukraine were also detailed and discussed. In light of the seriousness of the matter, a statement had been issued to members, a link to which, was provided in the report.

Members were advised that on the 4 March 2022, the SAB had issued a guidance note on investments in Russia, details of which were provided in the report. The Pensions Regulator had also published their advice on the issue.

The report summarised that it was believed the Fund's exposure to Russian assets was de-minimus and would have negligible impact on the Fund's performance. However, the situation would continue to be monitored closely as there was reputational as well as resource implications as requests had been dealt with for information from press, public, members, stakeholders, auditors and regulators, etc. However, the legislative changes proposed under the auspices of Public Service Pensions and Judicial Offices Bill may have more far-reaching consequences that the Fund was not yet sighted on

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.

81. 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; and
- Key projects updates.

RECOMMENDED
That the content of the report be noted.

82. 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:

- 'Stronger Nudge to Pensions Guidance' Consultation
- 'Levelling Up' Whitepaper;
- Cost Control Mechanism;
- McCloud Update;
- MAPS Pension Dashboard update; and
- The Pensions Regulator.

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

83. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

LGC Investment Seminar, Chester	**24 - 25 March 2022**
PLSA Investment Conference - Edinburgh	**25 – 26 May 2022**
PLSA Local Authority Conference - Gloucestershire	**13 – 15 June 2022**
PLSA Annual Conference	**12-13 October 2022**

84. DATES OF FUTURE MEETINGS

RECOMMENDED

(i) That the calendar of GMPF meeting dates for the 2022/23 and 2023/24 municipal years, as appended to the report, be noted; and

(ii) It be noted that the next meeting of the Management/Advisory Panel is scheduled to take place on 15 July 2022.

CHAIR

This page is intentionally left blank

GREATER MANCHESTER PENSION FUND
MANAGEMENT PANEL

18 March 2022

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

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.

65. CHAIR'S OPENING REMARKS

The Chair began by referencing Russia's invasion of Ukraine and stating that the Greater Manchester Pension Fund stood united with the people of Ukraine. She added that the human cost of the crisis was horrifying, with millions of displaced civilians, separated and abandoned children and vulnerable people and hundreds of thousands of injuries and deaths on both sides of the conflict. This was a regional attack, on a sovereign state but a fundamentally global human issue with broad reaching implications for global markets and international relations.

The Chair spoke of the devastating and irreversible short-term human cost of this war, along with the long-term societal cost of taking focus off shared sustainability goals. Global markets and governance required international co-operation, peace, and stability. Global disorder and a new cold war would impact the protection and promotion of human rights, forced displacement of civilians and hugely increased long-term environmental, social, and economic risks.

The dynamics of conflict and disruption violated human rights, exacerbated existing social tensions and inequalities and threatened the prospects for climate action. At this time, all thoughts were with the people of Ukraine and for the invasion to come urgently to a peaceful end.

The Chair explained that on 28 February 2022, 4 days after the start of the attack, the Local Government Pension Scheme Advisory Board issued some advice to pension funds in the light of events in Ukraine and the resultant extent and potential sanctions by the UK government. The Board advised LGPS funds to consider the implications for their investment portfolios and to discuss with their asset managers what action they should prudently take. GMPF was already doing this. Even before Russia invaded Ukraine, the efforts involved in managing the ESG risks of companies in countries such as Russia were significant, with such markets often trailing in terms of corporate governance, human and worker rights, political stability and environmental concerns.

The Fund believed in activist engagement, but only if real-world outcomes could be achieved alongside meeting the primary fiduciary obligation to achieve good pension returns. It was often too difficult to engage well with companies in such markets and required significant effort. This was why GMPF had no direct Russian holdings and only 0.2% GMPF's investment portfolio was indirectly connected in some way to Russian holdings.

It was clear that Russia had placed itself outside of all international norms. There was very little appetite for anyone to trade with Russia under such circumstances, and in the face of international sanctions. GMPF's investment managers had frozen all existing indirect holdings in Russian-domiciled investments, recognising the current lack of market for selling those assets and the fiduciary duty to act in the best interests of members and the taxpayer.

It was noted that some funds were using the word 'divest', but unless and until the current world markets and sanctions changed, they would only be able to freeze them especially as the Russian stock market was currently closed so funds could not currently offload any Russian assets traded there. The Chair gave assurances that GMPF would continue to comply with all economic sanctions in force and would keep the matter under active review.

Members were advised that the Local Government Pension Scheme Advisory Board had also issued further guidance for pension funds on divesting from Russian assets as it was concerned that it was becoming a political football, which said that it understood why LGPS funds may wish to divest for financial reasons, though there could be challenges to achieving this due to the closure of the Russian stock exchange and a lack of buyers.

Funds were reminded of the legal position and the two tests required to be followed in order to divest for non-financial reasons. These related to a 2014 Law Commission Report, which concluded that divestment could take place based on non-financial criteria if:

- trustees had good reason to think that scheme members would share the concern; and
- the decision should not involve a risk of significant financial detriment to the fund.

It was noted that similar provision could be found in the LGPS Guidance on preparing and maintaining an investment strategy statement 2017, which was statutory advice which must be followed which stated that administering authorities "may also take purely non-financial considerations into account provided that doing so would not involve significant risk of financial detriment to the scheme and where they have good reason to think that scheme members would support their decision".

While official polls on attitudes were hard to come by, it was clear that public opinion was in favour of boycotting Russia and shielding investments from the market turmoil that was ravaging the nation.

Israel had been subject to campaigns for decades over its activities in Palestinian territories. For nearly seventy years, Israel had denied Palestinians their fundamental rights and had refused to comply with international law. The UK government's official policy on the dispute was to seek "*a just peace between a stable, democratic Palestinian state and Israel, based on 1967 borders, ending the occupation by agreement*". There was, however, no clear consensus on the conflict amongst the British public. According to YouGov, and their latest survey of February 2022, 27% of British adults' sympathies lay more with Palestinians than Israelis and only 11% of its survey respondents sympathised more with Israelis. However, and importantly 35% of those surveyed said they did not know who their sympathies lay with more, while 26% said their sympathies did not lay more with either side. Therefore, more than half of British people, did not have a position on this conflict. What is more, these attitudes had not shifted substantially over the past three years, according to YouGov data.

Members were reminded that, at the last meeting, discussion had taken place around the fact that Professor Michael Lynk, the UN Special Rapporteur on the Occupied Palestinian Territories (OPT) wrote to numerous LGPS funds before Christmas (although not GMPF), asking LGPS funds to disinvest funds from companies operating within these settlements whilst at the same time referring to engagement. Since the last meeting of the Panel, the Chair of the Local Authority Pension Fund Forum (LAPFF) together with Scheme Advisory Board and the Fund's ESG

Advisors, PIRC, met with Professor Lynk to clarify his letter, and the creation and maintenance of his database of companies, whilst making it clear to Professor Lynk that LGPS funds took human rights issues seriously and LAPFF were engaging with many of the companies in the database. As of Wednesday this week, SAB and LAPFF were waiting upon Professor Lynk to come back to clarifications raised with him.

Meanwhile, unexpectedly, MPs backed an amendment against political divestments by LGPS that would allow ministers to issue guidance stymieing the ability of public sector pension schemes, including the Local Government Pension Scheme, to pursue politically motivated boycotts and divestment policies. It was reported that Conservative MP Robert Jenrick tabled the amendment, having cited the Boycott, Divest and Sanctions movement against Israeli settlements in an article in The Times written on February 21, along with the deliberations being made by Wirral Council over its policy on the matter. The government was also soon expected to table legislation specifically against Boycott, Divest and Sanctions, which could possibly make it illegal for schemes to participate in the movement.

In Merseyside's case, theoretically divesting from nine companies invested would unlikely hamper its returns in a serious way. Even in the event of a downturn in the region, its negligible exposure would not materially harm the fund. But without consensus from members on the question, trustees were left to become moral arbiters on an incredibly sensitive issue, which would make it potentially unlawful and challengeable.

This was a very difficult position in which to place Councillors, and indeed the trustees of any pension scheme. Accordingly as a Fund, further advice was awaited from both the Scheme Advisory Board and D-LUHC before any further steps or position were taken in this matter.

It was explained that, at the start of February the Government's white paper on levelling up was published. Amid a sweeping range of policies aimed across government departments, it asked LGPS funds to set out plans for investing up to 5% of their assets in projects that supported domestic initiatives. It noted that only a few funds had so far invested with a local, place-based lens. The Chair was pleased to say that it recognised that the Greater Manchester Pension Fund already invested 5% of its assets in local projects across Greater Manchester and GMPF was the only fund to be at this threshold, and to have such a place-based allocation.

The government's levelling up paper also cited the influence of the GLIL Infrastructure platform, which GMPF established together with the Northern and Local Pensions Partnership Investments and LGPS asset pools. GLIL had invested around £2.5billion, which included £800 million of GMPF's commitments. Investments included Anglian Water, Forth Ports and Clyde Wind Farm.

The Chair was further pleased to announce that over the last decade, the Fund had invested nearly a billion pound alone in just property infrastructure in Greater Manchester usually as a catalyst for improving the economy and looking to lead the way on carbon efficient buildings.

She stressed that being a responsible investor was really important to GMPF. It strived to make decisions and create policies that reflected a commitment to investing in the best interests of all stakeholders and wider society.

The Chair was proud to announce that last year GMPF was one of the first funds to be approved as a signatory to the Financial Reporting Council's UK Stewardship Code 2020. Additionally, to announce that at the end of last year, the 2021 RAAI Leaders List of the 30 most responsible asset allocators ranked GMPF as 35 in the world of most responsible investors. This was out of a group of the top 634 asset allocators across 98 countries with 36 trillion US dollars in assets. GMPF scored an impressive 96 out of a potential 100 to achieve this rating. It continued to strive to be a top leader in the area of pension fund stewardship whilst aiming to ensure low cost, sustainable and responsible pensions. GMPF had a longstanding commitment to be net zero by 2050.

In 2021, GMPF, as part of the Northern LGPS pool, made a commitment to be a Net Zero Asset

Owner using the Paris Aligned Investor Initiative framework. One of the key aspects of this commitment was to set interim carbon reduction targets, building on the net zero by 2050 or sooner ambition. The fund was currently working with the developers of the Paris Aligned Investor Initiative and its asset managers, with a view to being in the inaugural wave of asset owners to produce such a set of targets.

It was anticipated that the targets would include a 50% reduction in carbon intensity by 2030 versus the 2019 benchmark, along with over £1 billion of new investments in climate solutions by 2030, building on the Fund’s position as the largest LGPS investor in renewables.

The Chair was, therefore, pleased to say that, as part of the agenda, Members would be hearing from UBS who looked after nearly 40% of the Fund’s assets, about £10 billion pounds, to explain what they were doing to help achieve this target.

66. DECLARATIONS OF INTEREST

There were no new declarations of interest submitted by Members.

67. MINUTES

The Minutes of the proceedings of the meeting of the Pension Fund Advisory Panel held on 10 December 2021 were noted.

The Minutes of the proceedings of the meeting of the Pension Fund Management Panel held on 10 December 2021 were signed as a correct record.

68. 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
10, 11, 12, 13 14, 15, 16, 22, 23, 24	**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.**

69. LOCAL PENSIONS BOARD

The Minutes of the proceedings of the meeting of the Local Pensions Board held on 13 January 2022 were considered.

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

70. INVESTMENT MONITORING AND ESG WORKING GROUP

The Minutes of the proceedings of the meeting of the Investment Monitoring and ESG Working Group held on 21 January 2022 were considered

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

71. 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 21 January 2022 were considered

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

72. POLICY AND DEVELOPMENT WORKING GROUP

The Minutes of the proceedings of the meeting of the Policy and Development Working Group held on 3 March 2022 were considered

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

73. NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

The Minutes of the proceedings of the meeting of the Northern LGPS Joint Oversight Committee held on 7 October 2021 were noted.

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

74. GMPF BUDGET 2022/2023 AND MEDIUM-TERM FINANCIAL PLANNING

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

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

75. GMPF STATEMENT OF ACCOUNTS 2021-22 GMPF ACCOUNTING POLICIES AND CRITICAL JUDGEMENTS

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

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

76. RESPONSIBLE INVESTMENT UPDATE Q4 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.

77. UBS TRAINING ITEM

A presentation was delivered by Steve Magill, Head of UBS European and UK Value and Kayvan Vahid Senior Portfolio Manager, UBS.

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

78. 2022 ACTUARIAL VALUATION PROCESS

A report was submitted by the Assistant Director of Pensions, Investments and a presentation delivered by Steven Law and Mark Sharkey of Hymans Robertson, Actuary to the Fund.

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

79. 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.

80. 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.

81. 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.

82. 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.

83. FUTURE DEVELOPMENT OPPORTUNITIES

Trustee development opportunities were noted as follows:

LGC Investment Seminar, Chester	**24 - 25 March 2022**
PLSA Investment Conference - Edinburgh	**25 – 26 May 2022**
PLSA Local Authority Conference - Gloucestershire	**13 – 15 June 2022**
PLSA Annual Conference	**12-13 October 2022**

84. DATES OF FUTURE MEETINGS

A report of the Director of Pensions was submitted.

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

CHAIR

This page is intentionally left blank

GREATER MANCHESTER PENSION FUND - LOCAL PENSIONS BOARD

7 April 2022

Commenced: 15:00 **Terminated: 16:20**

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

Apologies for Absence **Councillor Naylor, Chris Goodwin and Mark Rayner**

36 DECLARATIONS OF INTEREST

There were no declarations of interest.

37 MINUTES

The minutes of the Local Pensions Board meeting on the 13 January 2022 were approved as a correct record.

38 FINAL ACCOUNTS AND BUDGET/MEDIUM TERM FINANCIAL PLANNING

Consideration was given to a report of the Director of Pensions / Assistant Director for Local Investments and Property. The report provided information on the GMPF Accounting Policies and Critical Judgements for 2021-22. The report also set out the expenditure budget for 2022/23 and the medium-term financial plan for 2022-25 as considered by Management Panel.

In regards to Accounting Policies and Critical Judgements, it was reported that the only change was that this year would see a change in disclosure of certain costs for certain types of pooled private market investments. These having previously been accounted for within the changes in value of investments would now be identified separately where possible. These were the costs identified by the custodian through their administration and accounting of GMPF private market investments and whilst meeting accounting requirements would not be exactly the same as those calculated by CEM that were disclosed within the Annual Report. The estimate was that these would be in the region of £90m per annum from 2022/23. These changes in disclosure make no difference to the projected outcomes for the Fund NAV statement in accounts or the medium-term plan.

The Director of Pensions set out the expenditure budget for 2022/23 and the medium-term financial plan for 2022-25. It was explained that the level of budget sought for 2022/23 sought an increase from that in 2021/22. This budget covers the expenditure by the Fund on governance, administration and investment costs for oversight and internal management. External investment management fees were overseen by Management Panel in a more detailed fashion with comparison to peer pension funds provided by CEM. The budget was attached as Appendix 1 to the report.

RESOLVED
That the report be noted.

39 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 reported that overall, administration workflow and performance remained consistent. There was generally much less volatility in workloads now as the effects of the pandemic changed. The administration performance dashboard for quarter 3, October to December 2021, was attached at Appendix 1.

The main themes of the complaints received over the quarter related to issues with logging into My Pension or regulatory decisions that members were unhappy with. The compliments received relate to good customer service being provided by GMPF colleagues.

The transition to using My Pension online for all key processes continues, and officers continued to work closely with the software supplier as they developed new functionality that would benefit members when using My Pension and provide a better customer experience

Members were advised that the transition of files to Microsoft SharePoint, which began in May 2021 continued, with file migrations planned until the end of the year. Work to develop the new telephony infrastructure that went live at the start of July 2021 also continued, with changes being introduced to the contact centre software from 1 April 2022 to provide more detailed reporting on the types of calls and emails received.

In regards to Member Services, work had commenced on the project to produce Annual Benefit Statements (ABSs) for 2021/2022 for both contributing members and members with benefits on hold. The statutory deadline for issuing these statements was 31 August 2022. Statements for members with benefits on hold will be uploaded to their My Pension accounts by 31 May 2022.

It was highlighted that the Retiring Members and Leaving Contributors teams were receiving large numbers of revised pay notifications following the recent pay award. Leaving Contributors had received over 500 revised pay notifications so far from the National Probation Service, all of which would require benefits on hold to be recalculated for those members.

The review of the pension overpayment recovery process had been progressing and new procedures were being put in place to strengthen the likelihood of recovery whilst ensuring cost efficiency. There was still further work to be done to finalise these, which would be a priority for the next quarter.

It was reported that work was about to commence on reviewing the processes linked to external pension transfers. On the 8 November, The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 were laid and took effect from 30 November 2021. These regulations set out additional checks that all pension arrangements must make before paying a transfer value to a new arrangement. These checks included looking for six red flags and if any of these were present the transfer cannot proceed, including the member not providing required evidence, the member having been cold-called, and the member being incentivised or pressured to make the transfer.

The Board were advised that the Department for Work and Pensions (DWP) responded to the consultation ‘Stronger Nudge to pensions guidance’ on 17 January 2022. On the same day, the DWP laid before Parliament the Occupational and Personal Pension Schemes (Disclosure of Information) (Requirements to Refer Members to Guidance etc) (Amendment) Regulations 2022. The regulations come into force on 1 June 2022 and apply to England, Scotland and Wales. These new regulations would require administrators of occupational pension schemes, including the LGPS, to give to their members, in certain cases, a stronger nudge to Pension Wise guidance.

Administering authorities would need to give the stronger nudge where they receive an application, or a communication in relation to an application, from a member to start receiving their additional voluntary contributions (AVCs) on or after 1 June 2022.

In regards to Employer Services, there continued to be a significant number of employers applying to join GMPF with 90 applications currently being progressed. A further 29 enquiries had been made by employers considering applying for admission. A significant amount of work had also been undertaken to identify and provide support to all employers who were failing to submit their monthly data returns on time for one reason or another. In February 2022, a notice of warning letter was sent to employers who have failed to submit their monthly returns on time on three or more occasions within the last twelve months.

Within the Development and Technologies team, work to replace and renew both the IT hardware and software infrastructure of GMPF continued. Work this quarter had focussed on the introduction of Multi-Factor Authentication (MFA) across the Microsoft 365 tenancy and on sourcing replacement hardware for one of our on premise servers. Work to migrate files and documents to SharePoint had also continued, with all Administration teams having now migrated their structural team files. The focus had now moved on to the migration of collaborative files where cross working between teams was needed.

Work on the area of cyber security also continues. Work in relation to the procurement of Cyber Security support services had progressed. A specification had been drafted for two areas of support to be procured separately. The intention was to proceed with the procurement of the first area of support during quarter 1 and the second during quarters 2 and 3 of this year.

The Communications and Engagement service continued to make changes to the Enghouse phone system to meet the demands of callers, and to improve functionality. A full report was being finalised that included statistics that give data around all aspects of calls, such as wait times and handling times so that this could be readily available and easy to produce in future. The next phase in the project was implementing emails within the Enghouse system. Testing on this had now been completed and from 21 March 2022, all emails regarding My Pension would be filtered through the Enghouse system.

Recent newsletters issued to contributing members and those with benefits on hold resulted in the number of calls and emails received increasing significantly. There was also an increase in online member engagement across several areas. A newsletter for pensioner members would be sent to members and promoted on the website when pensioner P60s were issued.

Officers had also been supporting with the creation of a new benchmarking framework to be hosted by CEM. The aim of the Voice of the Customer framework was to enable the consistent measurement of member and employer feedback across the pensions industry

RESOLVED
That the information provided in the report be noted.

40 PENSIONS DASHBOARD 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 Local Board with an update on the Government’s Pensions Dashboard project.

The Board were reminded of the background of the Governments Pensions Dashboard project. The intention was that an individual would use a dashboard to submit a request to find their pensions information (confirming their identity and giving the relevant consent). A ‘pension finder service’ then sends this ‘find request’ to all pension schemes. If a pension scheme finds a match with this individual, it would confirm this with the dashboard service and, if the individual then requests to view their information, the dashboard would pull the individual’s data directly from the pension scheme for them to view.

It was explained that Pension dashboards would be online platforms providing one place for individuals to access pension information from multiple sources, including accessing data about their State Pension.

The Working Group were advised that LGA had responded to the DWP consultation on behalf of all LGPS funds. In their response, the LGA expressed concern that the timescales being proposed by DWP could be unachievable. They believed the work involved for LGPS funds to be able to connect to the dashboard architecture and the requirement for funds to implement the McCloud changes in the same timeframe, would create a significant challenge.

They also highlighted several other issues, including the DWP's apparent exclusion of deferred refund entitlements from dashboards. This appeared to go against one of the main project objectives, being to reunite people with pension benefits they had lost touch with.

In regards to next steps no specific tasks were being carried out by officers at present in relation to the dashboard project, other than responding to requests for feedback or information as it was received. It was anticipated the DWP would issue its response to the consultation feedback in the coming months and that more information would be published in the summer. The GMPF team would continue to work closely and give input to the various parties and forums supporting this project.

RESOLVED
That the report be noted.

41 THE PENSIONS REGULATOR (TPR)

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development / Assistant Director Pensions Administration. The report provided the Local Pensions Board with a copy 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. The report also provided an update on TPR's proposed Single code of Practice.

A copy of the current breaches log (excluding late payments of contributions) was attached to the report as Appendix 1. The criteria that officers used to assist them in assessing whether a breach might be deemed 'material' was also attached at Appendix 2.

The Board were advised that attached at Appendix 3 were details of expected contribution payments (with matching remittance information) which had not been received by GMPF by the 19th of the month following the month to which they related (for example 19 November for October contributions) for November 2021 through to January 2022.

Further, attached to the report at Appendix 4 was further analysis on the contribution payments received in respect of the November 2021 to January 2022 period, specifically detailing the number of employers making payments (and the amount of contribution payments received) in accordance with GMPF's deadline of the first day of the following month.

The Assistant Director for Funding and Business Development reported that in regards to the TPR's Single Code of Practice the TPR did not 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 report be noted.

42 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 January 2022 to March 2022, which were approved at the Management Panel meeting on the 18 March 2022. The report also summarised the decisions made by the Management Panel at the same meeting.

The Assistant Director of Funding and Business Development highlighted key items considered by the GMPF Working Groups and GMPF Advisory and Management Panels.

The Administration, Employer Funding and Viability Working Group received a report on academy consolidation. The working group was informed of the latest developments regarding a MAT that was seeking to consolidate its LGPS participations in a single LGPS fund.

It was explained that to consolidate liabilities into a single LGPS fund it was necessary for the Secretary of State to issue a Ministerial Direction to allow for the substitution of Administering Authorities under the LGPS Regulations. It was also required under the Regulations to consult prior to granting a Ministerial Direction.

The meeting of the GMPF Management Panel on the 18 March 2022 were presented with the proposed GMPF budget for 2022/2023 and the draft medium-term financial plan for 2022 to 2025. The medium-term financial plan was constructed using the actuarial assumptions in the Funding Strategy Statement, and the out-turn was largely subject to financial markets and their impact on investment performance. The significant differences in the proposed 2022/23 budget compared to the 2021/22 budget were highlighted and explained to members. The Management Panel approved the expenditure budget for 2022/23 and approved the Medium-Term Financial Plan.

RESOLVED
That the report be noted.

43 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 Northern LGPS Pool and relevant national pooling developments.

The Board were reminded that on 3 January 2019 MHCLG released new draft statutory guidance on LGPS asset pooling for ‘informal’ consultation. Parties that were consulted include 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. Government was yet to publish a response to this consultation and therefore the 2015 guidance currently remains in force.

Further, DLUHC civil servants had indicated that a consultation on several key policy areas for the LGPS was expected to be issued in summer 2022. This consultation was expected to cover LGPS pooling as well as the implementation of TCFD (‘Task-force on Climate-Related Financial Disclosure’) requirements for LGPS funds. However, given the delays experienced to date and the volume and nature of other Government business, there was clearly potential for delay.

The Assistant Director for Funding and Business Development provided an update on the main ongoing work streams for the Northern LGPS. The report set out details of the Northern Private Equity Pool, Direct Infrastructure, Responsible investment, Property Framework, Housing Investment and NLGPS branding and communication work streams. It was highlighted that costs savings had largely been driven by the Northern Private Equity Pool and partners in GLIL.

RESOLVED

That the report be noted.

44 BUSINESS PLANNING, BUDGET AND RISK MANAGEMENT

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

The Board were advised that the overarching risk register was reviewed and updated at least once each quarter and the latest version was included within this report for review at Appendix A. The key risks being monitored at present were listed on the 'Current Issues' tab.

The war in Ukraine potentially impacted several risks. Direct exposure to Russian or Ukrainian issued securities was very limited but wider investment risks extended beyond this. Officers had liaised with the Fund Managers, who were assessing the risks in what was a fast-moving scenario. The key risks identified were:

- Risk 1 – Strategic asset allocation underperforming liabilities over triennial valuation period
- Risk 2 – Investment management arrangements failing to add value
- Risk 4 – Employers unable to meet deficit on cessation
- Risk 8 – System failure (specifically due to cyber-attacks)
- Risk 26 – Implementation of Responsible Investment policy

Some of the other specific risks that had been monitored closely by officers this quarter were summarised and the Board were asked to note the following:

- Risk 9 – Assessing the impact of the McCloud changes

DLUHC had confirmed that its consultation response on the anticipated changes due to the McCloud judgement was now unlikely to be issued before July 2022. The scope of those affected had been widened to match the unfunded public sector pension schemes. The lack of certainty continues to cause issues for funds and their software suppliers and further reduces the timeframes that all parties originally set out to work to.

Additionally, officers continued to work on identifying the best routes to ensure any data changes were captured and uploaded effectively, but there were several risks that need to be carefully considered and this was continuing to prove a challenge. This work continued be a key focus for the team, who were collaborating with colleagues from several other LGPS funds to try to identify all viable options.

- Risk 19 – Cyber security work

The risks relating to cyber security were greater than ever and work continued to ensure existing controls were still working and to put new controls in place wherever possible.

RESOLVED
That the report be noted.

45 PROGRESS REPORT ON RISK MANAGEMENT AND AUDIT SERVICES 18 DECEMBER 2021 TO 18 MARCH 2022

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 from 18 December 2021 to 18 March 2022.

It was stated that the team continued to work remotely from home, in the main, although opportunities were now available to work/meet in office space should staff wish to, as the COVID restrictions had now been lifted, and a hybrid way of working was being developed.

The progress report showed the actual days spent against the planned days for 2021/22, 310 days had been spent against the 300 planned days up to 18 March 2022.

It was reported that one final report had been issued during this period. As the Council undertook the Treasury Management function for both the Council and the GMPF the audit covered a sample of transactions for both organisations and a joint Audit was undertaken.

As at 31 March 2021, a total of £507m was invested on behalf of the Pension Fund. No borrowing was undertaken on behalf of the Pension Fund. The Council had adopted and followed the CIPFA Prudential Code and CIPFA Treasury Management Code of Practice. The overall objective of the audit was to provide officers and members with assurance that adequate systems and controls within Treasury Management were in place to ensure that risks were controlled and minimised.

The Audit highlighted that there were some good practices embedded within the Financial Management Team to ensure that the Treasury Management function was operating effectively. The Treasury Management function complied with the CIPFA Code of Practice and prudential limits and indicators were in place. The limits and indicators were reviewed annually. The overall audit opinion was a **High** level of assurance.

Other work in this period involved advice and support given, on request, to GMPF officers as detailed in the report.

Also a review of the January 2022 iConnect files was submitted for a Local Authority employer. Whilst a small number of issues were identified on the submitted files there was confidence that things were now moving in the right direction in respect of the quality of Pensions Administration for this employer. Work would continue with the Pension Fund and the service would continue to monitor the quality of the Pensions Administration processes at the employer as part of ongoing employer visits.

A review of the 2019/20 year end return was undertaken for a housing association employer in addition to a Post Audit Review. It was highlighted that the Post Audit Review found that the 2019/20 year end return contained errors, which would have impacted annual benefit statements. The Audit Service reviewed the 2019/20 return alongside carrying out the Post Audit Review. The review found a previous Post Audit Review recommendation that had not been implemented. The recommendation not implemented was communicating with affected members. This would be done once the 2019/20 annual return had been accepted by GMPF.

In regards to fraud and irregularities, there had been a new fraud case reported in the period. The case had been reported to Action Fraud, and an investigation had taken place. A control report had been compiled with a number of recommendations to improve the systems in place.

RESOLVED
That the report be noted.

46 URGENT ITEMS

There were no urgent items.

CHAIR

This page is intentionally left blank

GREATER MANCHESTER PENSION FUND - INVESTMENT MONITORING AND ESG WORKING GROUP

8 APRIL 2022

Commenced: 09:00 **Terminated:** 09:54

Present:	Councillors Cooney (Chair), Barnes, Hartigan, Jabbar, Joinson, Mitchell, Ricci, Smith Taylor and Ward, Mr Llewellyn, Mr Drury and Mr Caplan Fund Observer Councillor Pantall	
In Attendance:	Sandra Stewart	Director of Pensions
	Tom Harrington	Assistant Director of Investments
	Neil Cooper	Head of Pension Investment (Private Markets)
	Lorraine Peart	Investment Officer
	Michael Ashworth	Senior Investments Manager
	Mushfiqur Rahman	Investments Manager (Public Markets)
	Alex Jones	Investment Officer (Local Investments)
	Alan MacDougall	PIRC
	Janice Hayward	PIRC
Apologies for Absence:	Councillors Andrews, Homer and Newton Mr Flatley Fund Observer Councillor Ryan	

19. DECLARATIONS OF INTEREST

There were no declarations of interest.

20. MINUTES

The minutes of the Investment Monitoring and ESG Working Group meeting on the 1 October 2021 were approved as a correct record.

21. NINETY ONE ESG UPDATE

Consideration was given to a presentation of Ninety One on Environmental, Social and Governance activity in the last 12 months.

The Director, Head of UK Client Management & Sales at Ninety One set out their approach to achieve Net Zero. It was stated that Ninety One were among the asset managers committed to achieving net zero emissions by 2050 and that they supported setting net zero targets that focused on emissions pathways not current emissions. Ninety One wanted to ensure asset owners were incentivised to allocate to companies and countries working to tackle climate risk through robust transition plans. Further, Ninety One would ensure asset owners were incentivised to allocate to the solution providers for climate change and allocate in a just and inclusive way.

Ninety One's investment philosophy was presented to the Working Group. It was explained that Ninety One believed markets were inefficient due to behavioural errors made by investors. Further, bottom-up processes could mitigate behavioural errors and capture opportunities and that finding successful investments required fundamental analysis incorporating financial and material non-financial information including sustainability considerations.

The Portfolio Manager at Ninety One presented their 4Factor approach and detailed the 3 principles:

1. Sustainability analysis was essential to finding successful investments, therefore Ninety One incorporated it across their investments process.
2. Carbon pathways were integral, but only one part of a wider sustainability assessment.
3. Ninety One prioritised positive change over broad-brush exclusions.

It was stated that the sector sustainability frameworks sought to:

- identify sustainability issues for each sector;
- determine importance;
- identify measurement metrics to assess
- identify best practice
- look for makers of positive change
- quantify how this affects earning and value

Members were advised that companies were at different stages in their journeys, Ninety One engaged with high emitting companies in their portfolio, to ensure their progress, with the aim of increasing the proportion of companies they held with science based targets.

The Working Group were presented with the Carbon Scorecard, which used standard metrics to assess how companies were performing. Further, the Portfolio Manager at Ninety One presented the portfolio holdings' commitments to net zero targets.

RECOMMENDED
That the presentation be noted.

22. NINETY ONE REPORT ON TRADING COSTS

Consideration was given to a presentation of Ninety One on trading costs. Attached to the report was Ninety One's 'Order Execution' policy at Appendix A and GMPFs report of trading costs for the year to 21 December 2021 was attached at Appendix B.

It was reported that there had been no significant changes to the policy previously reviewed by this group in April 2021. Ninety One were set to review and update their 'Order Execution' policy, in December 2022. Ninety One confirmed that they did not anticipate any significant changes to the policy as part of the re-approval process.

Stephen Lee of Ninety One presented GMPF's trading costs for the 12 month period to 31 December 2021**.** The aggregate turnover metric for Ninety One's GMPF equity portfolio was estimated at 24% per annum (i.e. once every 51 months, meaning that the average share was held for 51 months).

RECOMMENDED
That the report be noted.

23. RESPONSIBLE INVESTMENT UPDATE

Consideration was given to a presentation of PIRC on the 'PIRC Shareholder Voting Guidelines 2022'.

The Managing Director of PIRC highlighted changes in the shareholder voting guidelines for the UK market in 2022. In regards to the approval of annual report, the 2022 position recommended that directors of extractive companies be expected to state whether the financial statements or the accounts were Paris-aligned or explain the reason if they were not. Failure to do so could lead to a recommendation to oppose accounts as they could not reflect accurately all financial impacts from material risks.

Previously PIRC recommended opposition on the re-election of the nomination committee chair in a FTSE 350 company for lack of disclosure on progress in line with the Parker Report. The 2022 position stated that for FTSE 100 companies, PIRC would recommend opposition to the re-election of the chair of the Nomination Committee if the company had not met the targets laid out in the Parker Review and had not provided an adequate explanation. Further, for FTSE 250 companies, PIRC could recommend abstention, where the company had not discussed how the targets included in the Parker Review would be achieved.

It was stated that PIRC could recommend opposition on the re-election of the chair of the audit committee for extractive companies where the company did not state whether the financial statements or the accounts were Paris-aligned, or explain the reason if they were not.

In regards the re-appointment of audit firms, in addition to the previous position, auditors would be expected to state whether the financial statements of the accounts were Pairs-aligned, or explain the reason if they were not. Failure to do so could expose the company to significant financial risks, including an inability to access capital at reasonable costs, and auditors should be held accountable for not disclosing to shareholders such issues in the auditing of the accounts of the company and opposition could also be recommended.

RECOMMENDED
That the report be noted.

24. GMPF SUBMISSION TO THE UK STEWARDSHIP CODE REPORTING FRAMEWORK

Consideration was given to a report of the Director of Pensions / Assistant Director of Pensions for Investments. The report sought endorsement from the Working Group on the draft GMPF Stewardship Report for submission to the FRC subject to any minor updates. The FRC's acceptance of the reporting and the feedback provided where GMPF met reporting expectations and where it could improve reporting was attached as Appendix A. Further, a draft updated GMPF Stewardship Report incorporating these improvements for the calendar year ending December 2021 was attached as Appendix B.

It was explained that the 2020 Code consists of 12 Principles that were applicable to GMPF as an asset owner that were divided into four main categories (Purpose and Governance, Investment Approach, Engagement and Exercising Rights and Responsibilities). The Stewardship Report should be a single document structured to give a clear picture of how GMPF had applied the 12 Principles and should be fair, balanced and understandable.

In order to maintain its signatory status, GMPF, as an asset owner was required to demonstrate its stewardship activities for the reporting period between 1 January and 31 December each year with the deadline for submitting reporting being the following 30 April. There was currently no tiering in place when the reporting was being assessed.

It was stated that once the Stewardship Report is submitted and approved by the FRC, it is required to be a public document and must be made available on GMPF's website.

GMPF's first submission in April 2021 to the 2020 Code was accepted in September 2021. During the assessment of GMPF's submission, the FRC highlighted some areas the Fund could improve its reporting on. Attached at Appendix A was confirmation of GMPF's successful submission and the FRC's feedback where GMPF met reporting expectations and also where it could improve reporting.

RECOMMENDED
That the draft updated GMPF Stewardship Report for submission to the FRC subject to any minor updates which are delegated to Officers be endorsed.

25. UPDATE ON ACTIVE PARTICIPATION IN CLASS ACTIONS

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

It was explained that at the time that the initial loss threshold was established it was anticipated that GMPF's loss threshold would rise over time to maintain it at broadly the same percentage of GMPF's US equity holdings and that the threshold would be reviewed periodically and re-set in line with the growth in GMPF's US equity holdings.
Members were advised when the original loss threshold was established, US equities stood at £3.3bn ($4.4bn) as at 31 December 2019. The loss threshold of $7.5m therefore represented 0.17% of US equities. It is now proposed that, rather than periodically updating the loss threshold cash amount, the loss threshold is recouched, and simply set at 0.17% of US equities. As GMPF's US equities now stand at £4.3bn ($5.5bn) as at 31 December 2021, this approach means that the loss threshold currently stands at $9.8m (31 December 2021).

RECOMMENDED
That GMPF recouches the loss threshold as 0.17% of US equities, as at 31 December 2021, as set out in the report before seeking active participation in Class Actions.

26. URGENT ITEMS

There were no urgent items.

CHAIR

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

8 April 2022

Commenced: 11:00 **Terminated:** 12:34

Present:	Councillors M Smith (Chair), Grimshaw, Jabbar, Joinson, Hartigan, Patrick, Sharif, Ricci, and Mitchell, Mr Llewellyn, Mr Drury and Ms Blackburn	
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
	Georgia Ryan	Developments & Technologies Strategic Lead
	Mark Flannagan	Customer Services Section Manager
	Matthew Simensky	Employer Services Section Manager
	Jane Wood	Member Services Strategic Lead

Apologies for Absence: Councillor Andrews, Cooney, Cunliffe, Patrick,and Wills.
Mr Flatley and Mr Caplan
Fund Observers: Mr Pantall & Councillor Ryan

37 DECLARATIONS OF INTEREST

There were no urgent items.

38 MINUTES

The minutes of the meeting of the Administration, Employer Funding and Viability Working Group on the 21 January 2022 were approved as a correct record.

39 SCHEME ADDITIONAL VOLUNTARY CONTRIBUTIONS

Consideration was given to a presentation of Prudential, which summarised the ongoing issues, measures being undertaken to address these issues and implications for GMPF's administration service. The report also summarised the performance of the open investment funds on the GMPF AVC platform performance during 2021.

The Head of Corporate Pensions and Client Manager at Prudential delivered a presentation detailing recent performance and set out the actions to improve performance going forward and provided a summary of the recovery plan. It was stated that since mid-2021 there had been a material improvement in the service provided as measured through processing times and customer waiting times. The focus continued to be on the maintenance of service and further improvements to ensure sustainability. Further support continued for payrolls and plans continued to be developed for greater online engagement.

In regards to claims and transfers as at 1 April 2022, there were 28 cases outstanding. On contribution processing as at 1 April 2022, there was proactive contact via email and telephone was continuing to resolve any payroll submission issues.

There were 3 complaints currently outstanding, of which 2 were being re-opened regarding an existing complaint.

Discussion ensued between the Working Group and representatives of Prudential on the Claims and Transfers and Contribution processing statistics.

The Director of Pensions highlighted that Prudential did not meet GMPF's deadline for providing information as at 31 March 2021 for inclusion in GMPF's accounts and had not to date provided annual benefit statements for GMPF members as at 31 March 2021. Further, work on the accounts for following year had begun and there was concern that Prudential would not meet the deadline for providing information. The Head of Corporate Pensions at Prudential assured the Working Group that there was delivery plan being worked on and the Working Group would be updated on Prudential's progress against it.

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

40 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 were being worked on by the Administration, Funding and Accountancy teams.

As reported previously, as the need to manage the impact of the pandemic reduced, the teams focus had switched to managing the transition to hybrid working. A draft framework for future working arrangements had been drawn up, covering office, home and other remote working, and workshops were being held with each team to finalise the guidance and changes needed to support the new ways of working. It was intended that new arrangements would be in place for May or June 2022.

The transition of files to Microsoft SharePoint which began in May 2021 continued with file migrations planned until the end of the year. Work to develop the new telephony infrastructure that went live at the start of July 2021 also continued. Progress on the Fund's cyber security strategy had also continued and this was covered in more detail in the Developments & Technologies Update Report.

The administration performance dashboard for quarter 3, October to December 2021 was attached at Appendix 1. Overall administration workflow and performance remained consistent. There was generally much less volatility in workloads as the effects of the pandemic change.

The main themes of the complaints received over the quarter relate to issues with logging into My Pension or regulatory decisions that members were unhappy with (such as auto-enrolment). The compliments received relate to good customer service being provided by GMPF colleagues. There was one suggestion received in relation to the call back option to prevent members from having to hold and the choice of music being played while members were on hold.

It was reported that the expenditure budget for 2022/23 had been produced and was presented to the Pension Fund Management Panel at its last meeting. The budget covers the expenditure by the Fund on governance, administration and investment costs for oversight and internal management. Several minor changes had been made to the accounting codes for administration elements this quarter with the aim of enabling officers to better scrutinise administration costs from April 2022 onwards.

Senior Officers continued to meet each month to review employer performance in line with the Pensions Regulators expectations. The timeliness of employer contribution payments and the submission of accurate monthly data returns were the main areas of focus.

In regards to preparations for McCloud, the Working Group were advised that further information from DLUHC including draft regulations was still awaited. The LGA believed this could become available before the summer recess, with further regulations to be made in the autumn. The regulations were now not expected to come into effect until October 2023. The continual delays were of concern, and the risks from this faced by funds and their software suppliers had been emphasized to colleagues both at the LGA and at DLUHC.

It was stated that the triennial actuarial valuation of the Fund would take place as of 31 March 2022. Preparations had begun with data extract testing underway.

Officers had been supporting the National LGPS Frameworks team to create a procurement framework for administration operational support services. Six LGPS funds, including GMPF, were working together to enable this framework to be established.

Officers had also been supporting with the creation of a new benchmarking framework to be hosted by CEM. The aim of the Voice of the Customer framework was to enable the consistent measurement of member and employer feedback across the pensions industry. It would provide for data to be captured, compared, and tracked over time. The overriding objective was to improve the service experience of pension scheme members and employers

RECOMMNEDED
That the report be noted.

41 ADMINISTRATION MEMBER SERVICES UPDATE

Consideration was given to a report of the Director of Pensions / Head of Pension 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.

The Working Group were advised that work had commenced on the project to produce Annual Benefit Statements (ABSs) for 2021/2022 for both contributing members and members with benefits on hold. The statutory deadline for issuing these statements was 31 August 2022. Statements for members with benefits on hold would be uploaded to their My Pension accounts by 31 May 2022.

It was reported that the deadline for submission of voluntary scheme pays requests from members who had exceeded their annual allowance was 31 January 2022. 43 Scheme pays requests were received and these were all processed by the deadline with the details being sent to HMRC.

The project to move processes online continues, with the current areas of focus being to move further transfer processes online and for members with benefits on hold to be able to arrange for their benefits to be put into payment. Work continued with the software provider, Heywood Pension Technologies, to develop the facility where members can complete their forms online, which would bring further improvements and efficiencies.

The review of the pension overpayment recovery process had been progressing and new procedures were being put in place to strengthen the likelihood of recovery whilst ensuring cost efficiency. An analysis of all outstanding member related debt could be found in Appendix 1.

It was stated that 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.

It was reported that GMPF's print provider, Adare, were now printing and mailing a significant amount of the correspondence from the Bereavements Team, which could not be uploaded to My Pension accounts due to potential beneficiaries not having them at the point that correspondence needs to be sent.

Work had commenced on reviewing the processes linked to external pension transfers. On the 8

November, The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 were laid and took effect from 30 November 2021. These regulations set out additional checks that all pension arrangements must make before paying a transfer value to a new arrangement.

RECOMMENDED
That the report be noted.

42 ADMINISTRATION EMPLOYER SERVICES UPDATE

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

It was stated that there continued to be a significant number of employers applying to join GMPF with 90 applications currently being progressed. A further 29 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.

As mentioned at the previous Working Group meeting, now that all employers had been on-boarded to I-connect and were expected to submit monthly data, work had focussed on ensuring that employers were submitting data by the deadlines outlined in the Pensions Administration Strategy. In February 2022, a notice of warning letter was sent to employers who have failed to submit their monthly returns on time on three or more occasions within the last twelve months. The table in section 1 of Appendix 2 showed local authority monthly data submission performance from April 2021.

In regards to employer performance and audits, performance data was available in sections 2, 3 and 4 of Appendix 2. Section 5 of Appendix 2 provided information about the most recent employer audits that have taken place. The current position relating to employer debt could be found in Appendix 3.

The Working Group were advised that due to the success of the new GMPF employers' section of the website and the effectiveness of Microsoft Teams to deliver training for employers, officers had carried out a review of all employer training and had developed an employer training suite covering all essential areas of pensions administration. Training on ill health, discretions, pensionable pay, retirements, and leavers, topping up benefits and the Altair pensions administration software was now available to employers. So far, 204 employer representatives have attended our events, which had been well received with 99% of attendees saying they would recommend the training to others.

Key successes and achievements were highlighted to the Working Group. It was stated that the Employer Liaison team was working with all employers who had not submitted an up-to-date discretions policy to the Fund with some success. The team had contacted 290 employers and had so far had over 200 policies returned. The team was providing training to any employers who require it, reviewing each policy received and chasing those employers yet to submit a policy.

RECOMMENDED
That the report be noted.

43 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.

It was reported that amendments and minor changes continued to be made to the Enghouse phone system to meet the demands of callers, and to improve functionality. A full report was being finalised that included statistics that gave data around all aspects of calls, such as wait times and handling times so that this could be readily available and easy to produce in future. The next phase in the project was implementing emails within the Enghouse system. Testing on this had now been completed and from 21 March 2022, all emails regarding My Pension will be filtered through the Enghouse system. An update on the success and benefits of this will be provided in the next report.

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 attached to the report at Appendix 1. Registrations for My Pension increased significantly over a two-week period in February 2022 following the issue of our latest member newsletters. Tameside MBC had almost 50% of its contributing members registered for My Pension.

The Communications report detailing call and email statistics for the last quarter could be found at appendix 2. The recent newsletter issued to contributing members and those with benefits on hold resulted in the number of calls and emails received increasing significantly. There was an increase in online member engagement across several areas.

The Communications Team had begun working with other teams and squads gathering feedback in preparation for the production of Annual Benefit Statements for contributing members and members with benefits on hold being issued before 31 August 2022.

It was stated that work had continued on the production of informative videos for members and a new Death Benefits video had recently gone live on the GMPF website.

The GMPF Complaints and Issues Board, chaired by the Director of Pensions, meet every month to review all complaints, suggestions, compliments, and disputes received. During December 2021 and January 2022, 3 complaints and 6 compliments were received.

Key successes and achievements were highlighted to the Working Group. It was stated that feedback received following member presentations showed that almost 93% of attendees found the event they attended very informative. The full feedback report could be viewed in appendix 5.

RECOMMENDED
That the report be noted.

44 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 and Technologies section of Pension 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 the introduction of Multi-Factor Authentication (MFA) across the Microsoft 365 tenancy and on sourcing replacement hardware for on-premise servers. Tameside IT Services recommended and implemented a dedicated Virtual Private Network (VPN), which allowed GMPF users to access systems and resources they use. This allowed GMPF to further strengthen cyber defences.

Work to migrate files and documents to SharePoint had also continued, with all administration teams having now migrated their structural team files. The focus had now moved on to the migration of collaborative files where cross working between teams was needed. For other Service Areas the migration process was more complex as most currently still had accounts on the Tameside MBC IT domain, as well as a new account on the GMPF domain. Currently the work needed to migrate these Service Areas was being scoped to establish a realistic timeframe for when they would fully reside on the GMPF domain. The Pension Fund Legal team had an added complexity in that the main system used for holding their casework could only be accessed by users of the Tameside MBC domain and Tameside issued devices. A report and options appraisal was being prepared and would be consider by the Fund Management Team and a further update would be provided at the next Working Group meeting.

It was stated that GMPF continued to work with CLASS colleagues to improve the experience for all members of TWP, and to provide assurance to the wider CLASS group on test results. The Compliance team at GMPF also continued to improve the internal testing process and seek continual feedback from those involved in testing to ensure maximum value was gained for our efforts. During the latest TWP, a new method of testing was implemented.

The Developments team were in the process of procuring the replacement for the IT Service Desk system that was currently used. The call-off contract had been received and was currently being reviewed. The Data Protection Impact Assessment (DPIA) was currently being reviewed by the Information Governance Team. A trial version of the system was now in place and once procurement was complete, this would become our live service. As such, the project team had been able to begin configuration of the system and become familiar with its functionality ahead of the implementation. The planned go live date for the system was 15 April 2022.

The Compliance team were working to review existing reports and reporting tools used to measure Key Performance Indicators (KPI) and benchmarking information. In total there were 24 standards that GMPF aim to report against. Work was underway to ensure that this could be achieved from 1 April 2022, to provide a full financial year of reporting next year.

RECOMMENDED
That the report and the updates provided be noted.

45 PENSIONS DASHBOARD UPDATE

Consideration was given to a report of the Director of Pensions / Assistant Director for Funding and Business Development. The report provided the Working Group with an update on the Government's Pensions Dashboard project.

Members were reminded of the background of the Governments Pensions Dashboard project. It was explained that Pension dashboards would be online platforms providing one place for individuals to access pensions information from multiple sources, including accessing data about their State Pension.

The Working Group were advised that LGA had responded to the DWP consultation on behalf of all LGPS funds. In their response, the LGA expressed concern that the timescales being proposed by DWP could be unachievable. They believed the work involved for LGPS funds to be able to connect to the dashboard architecture and the requirement for funds to implement the McCloud changes in the same timeframe, would create a significant challenge.

They also highlighted several other issues, including the DWPs apparent exclusion of deferred refund entitlements from dashboards. This appeared to go against one of the main project objectives, being to reuniting people with pension benefits they had lost touch with.

In regards to next steps no specific tasks were being carried out by officers at present in relation to the dashboard project, other than responding to requests for feedback or information as it was received. It was anticipated the DWP would issue its response to the consultation feedback in the coming months and that more information would be published in the summer. The GMPF team would continue to work closely and give input to the various parties and forums supporting this project.
RECOMMNEDED
That the report be noted.
46 URGENT ITEMS

There were no urgent items.

CHAIR

This page is intentionally left blank

GREATER MANCHESTER PENSION FUND - POLICY AND DEVELOPMENT WORKING GROUP

23 June 2022

Commenced: 11:00am **Terminated: 12.35pm**

IN ATTENDANCE

Councillor Cooney (Chair)	
Councillor Ryan	
John Thompson	**Trade Union Representative (UNITE)**
John Pantall	**Fund Observer**
Petula Herbert	**MoJ**
Mark Powers	**Advisor to the Fund**
Peter Moizer	**Advisor to the Fund**
Sandra Stewart	**Director of Pensions**
Tom Harrington	**Assistant Director of Pensions (Investments)**
Paddy Dowdall	**Assistant Director of Pensions (Local Investments and Property)**
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)**
Kevin Etchells	**Senior Investment Manager (Local Investments)**
Dan Hobson	**Head of Real Assets**
Michael Ashworth	**Senior Investments Manager (Public Markets**
Andrew Hall	**Investment Manager (Local Investments)**
David Olliver	**Investment Manager (Local Investments)**
Abdul Bashir	**Investment Manager (Pubic Markets)**
Alex Jones	**Investment Officer (Local Investments**
Reka Todor	**Investment Officer (Property)**
Ben Farmer	**Hymans Robertson**

Apologies for absence: **Councillor North**

1. DECLARATIONS OF INTEREST

There were no declarations of interest.

2. MINUTES

The minutes of the meeting of the Policy and Development Working Group held on the 3 March 2022, were approved as a correct record.

3. INVESTMENT STRATEGY AND TACTICAL POSITIONING 2022/23

Consideration was given to a report and presentation of the Assistant Director of Pensions Investments, to facilitate a discussion of key relevant points between Working Group members and the Advisors in order to inform the finalised version of the report to Panel.

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

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

Attention would continue to be devoted to the investment issues surrounding the particular circumstances of specific employers and it was intended to undertake further work in that area post the 2022 Actuarial Valuation.

Historically, the Main Fund benchmark had contained an allocation of 10% to Property. Actual exposure to Property had long under-achieved this target exposure and currently amounted to around 8.5% of Main Fund assets. Separately and where appropriate, 'realistic' benchmarks for Private Market assets and Local Investments would be increased to reflect the progress made in implementing those portfolios during 2021/22. The likelihood of reaching the strategic benchmark weights would depend on how markets behaved over that timeframe. The rapidly rising equity markets of recent years had meant an increased £ amount allocation was required to reach the target weights.

One immediate implication of the increasing maturity of the Fund was the change in the balance of cashflows between inflows (from employer and employee contributions) and outflows (for pension payments) whereby the latter now significantly exceeded the former with the net outflow growing year by year. The need to fund the increasing investments in Alternative, Property and Local assets, and to preserve an appropriate allocation to cash, were likely to necessitate additional withdrawals of assets from the Fund's Investment Managers over the coming years. Additional cash required over and above that currently held within the Fund would be sourced from the Main Fund's roster of public markets equities and investment grade bond Investment Managers.

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

Following the 2017/18 Investment Strategy Review, the Fund introduced a Main Fund allocation to Private Debt, funded from a reduction in equities, to diversify the Main Fund, reducing the reliance on Public Equities as the source of growth assets. The Senior Private Debt allocation within the Special Opportunities Portfolio was promoted into a standalone Main Fund allocation. Additional commitments to Private Debt had since been made and the portfolio was now 3.4% of the total value of the Main Fund. Officers had reviewed the Fund's current exposures to Private Debt across the Main Fund to potentially enhance portfolio construction, oversight and monitoring.

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

Discussion ensued with regard to the above and the Advisors were supportive of maintaining the current investment strategy, commenting in particular on ESG issues, the impact of emerging markets and the significance of continued diversification.

RECOMMENDED
That there be no significant changes to the Fund's approach and the current Investment Strategy and long term direction of travel be maintained.

4. INTERNALLY MANAGED PORTFOLIOS: INVESTMENT MANDATES

The Assistant Director of Pensions Investments submitted a report explaining that a significant and increasing proportion of Main Fund assets were managed internally, a trend which was expected to continue for the foreseeable future.

It was explained that at the September 2020 meeting of the Policy and Development Working Group, Mark Powers, Advisor to the Fund, made a proposal for an initiative to formalise and codify the internally managed portfolios, in a similar way to other recent initiatives.

This proposal was enacted in 2021 with the formalisation and codification of a set of standardised Investment Mandates for all Internally Managed Portfolios.

The report included a second iteration of mandates, along with a new mandate for the Northern LGPS Housing portfolio that was incepted as part of the 2021 Investment Strategy Review.

RECOMMENDED
That the Investment Mandates for the Internally Managed Portfolios, as appended to the report, be adopted by the Panel.

5. PRIVATE EQUITY: REVIEW OF STRATEGY AND IMPLEMENTATION

The Assistant Director of Pensions, Investments, submitted a report and Members received a presentation, which provided a review of activity and of the strategy and implementation approach regarding investment in private equity.

The report and presentation outlined:

- Current approach to investing in Private Equity;
- Implementation during calendar year 2021;
- Current position against current strategy;
- Review of strategy; and
- Review of Implementation.

Discussion ensued with regard to the above and it was:

RECOMMENDED

(i) Consistent with the recommendations of the Main Fund Investment Strategy Review, the medium-term strategic allocation for private equity remains at 5% by value of the total Main Fund assets;

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

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

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

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

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

(v) GMPF's private equity strategy is implemented by appropriately sized commitments to Northern Private Equity Pool such that the anticipated deployment will be consistent with the pacing recommendation at 8.5;
(vi) it is recognised that the portfolio may not fall within the target ranges at 8.3 and 8.4 above from time to time to reflect, *inter alia*, portfolio repositioning.

6. PRIVATE DEBT: REVIEW OF STRATEGY AND IMPLEMENTATION

The Assistant Director of Pensions, Investments, submitted a report and Members received a presentation, which updated the Working Group on investment activity in respect of the Private Debt portfolio during 2021, described the current portfolio and reviewed the strategy for the portfolio and its implementation.

The report and presentation outlined:
- Current approach to investing in Private Debt;
- Implementation during calendar year 2021;
- Actual position against current strategy;
- Review of Strategy; and
- Review of Implementation.

Discussion ensued in respect of the above and it was:

RECOMMENDED
(i) the medium-term strategic allocation for private debt remains at 5% by value of the total Main Fund assets.
(ii) the target geographical diversification of the private debt portfolio remain as follows:

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

(iii) the portfolio should continue to be populated by partnership commitments to funds where the vast majority of investments are senior secured loans.
(iv) the scale of commitment to funds to be £375m per annum, to work towards achievement of the strategy allocation over a sensible time frame.
(v) it is recognised that the portfolio may not fall within the target ranges at 8.3 above from time to time to reflect, *inter alia*, portfolio repositioning.

7. INFRASTRUCTURE FUNDS: REVIEW OF STRATEGY AND IMPLEMENTATION

The Assistant Director of Pensions, Investments, submitted a report and Members received a presentation, updating members of the Working Group on investment activity in respect of the Infrastructure funds portfolio during 2021, described the current portfolio and reviewed the strategy for the portfolio and its implementation.

The report and presentation outlined:
- Current approach to investing in Infrastructure;
- Implementation during calendar year 2021;
- Actual position against current strategy;
- Review of Strategy; and
- Review of Implementation.

Discussion ensued in respect of the above and it was:

RECOMMENDED

(i) Consistent with the recommendations of the Main Fund Investment Strategy Review, the medium-term strategic allocation to Infrastructure Funds remains at 5% by value of total Main Fund assets;

(ii) the target geographical diversification of the infrastructure portfolio remains:

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

(iii) the target stage diversification of the infrastructure portfolio remains:

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

(iv) the pace of new fund commitments is maintained at £240m per annum to work towards achievement of the strategy over a sensible time frame;

(v) the Private Markets team implement the Infrastructure strategy via commitments to private partnerships and to co-investments; and

(vi) it is recognised that the portfolio may not fall within the target ranges at 8.3 and 8.4 from time to time to reflect, *inter alia*, portfolio repositioning.

8. SPECIAL OPPORTUNITIES PORTFOLIO: REVIEW OF STRATEGY AND IMPLEMENTATION

Consideration was given to a report and presentation of the Assistant Director of Pensions Investments, updating the Working Group on investment activity in respect of the Special Opportunities Portfolio during 2021, described the current portfolio and reviewed the strategy for the portfolio and its implementation.

The report and presentation outlined:

- Current approach to investing in Special Opportunities;
- Implementation during calendar year 2021 – Credit Opportunities;
- Implementation during calendar year 2021 – Real Assets;
- Implementation during calendar year 2021 – Absolute Return Funds;
- Actual position against current strategy;
- Review of Strategy;
- Review of Implementation – Credit Opportunities;
- Review of Implementation – Real Assets; and
- Review of Implementation – Absolute Return Funds.

Discussion ensued in respect of the above and it was:

RECOMMENDED

(i) the allocation to the Special Opportunities Portfolio remains at up to 5% by value of the total Main Fund assets; and

(ii) the main strategic control to remain the Type Approval mechanism described at Section 3.2.

9. SPECIAL OPPORTUNITIES PORTFOLIO: APPROVAL OF AN INVESTMENT TYPE – PRIVATE DEBT OPPORTUNITIES

A report was submitted by the Assistant Director of Pensions Investments, which sought approval for a new and broader type of investment by the Fund's "Special Opportunities Portfolio".

It was explained that the approval was for an updated and expanded investment type: "Private Debt Opportunities". The Type Approval would be larger than those typically sought and would consolidate and expand upon past Type Approvals and continued efforts to broaden the scope of addressable private credit market opportunities available to GMPF.

The new type approval would permit investments that, via commingled private partnerships, targeted:

- (i) private loan or loan-related investments;
- (ii) globally; and
- (iii) across a full range of collateral types;
- (iv) of a senior or junior nature; and
- (v) with a view to creating a diversified portfolio targeting returns, typically, though not exclusively, in the range of 5% to 12% per annum;
- (vi) without creating any overlap with the Main Fund Private Debt strategic allocation.

A detailed description of the proposed type approval was given, including: advantages of the proposed type approval; implementation challenges; criteria for assessing success and risks.

RECOMMENDED

(i) That approval be given to the making of investments from the Special Opportunities Portfolio under a new, broader Type Approval, "Private Debt Opportunities", defined as follows:

- **i) private loan or loan-related investments;**
- **ii) globally;**
- **iii) across a full range of collateral types;**
- **iv) of a senior or junior nature;**
- **v) with a view to creating a diversified portfolio targeting returns, typically, though not exclusively, in the range of 6% to 12% per annum; and**
- **vi) without creating any overlap with the Main Fund Private Debt strategic allocation.**

(ii) A non-exhaustive list of permitted investments within the "Private Debt Opportunities" Type Approval includes:

- **i) Corporate junior and mezzanine loans;**
- **ii) Leveraged senior corporate loans;**
- **iii) Distressed corporate and other loans;**
- **iv) Real Estate loans;**
- **v) SME Equipment Finance;**
- **vi) Aviation Leasing;**
- **vii) Residential and Commercial Mortgage finance;**
- **viii) Consumer Finance;**
- **ix) Insurance Linked Securities; and**
- **x) Trade Finance**

(iii) That the exposure cap for the broader Type Approval "Private Debt Opportunities" be increased from 2% of Main Fund Assets to 3% of Main Fund Assets.

10. UK PROPERTY PORTFOLIO: REVIEW OF STRATEGY AND IMPLEMENTATION AND PERFORMANCE MONITORING

The Assistant Director, Local Investments and Property, submitted a report and delivered a presentation updating the Working Group on investment activity in respect of the UK Property Portfolio during 2021. It further reviewed future strategy and implementation.

The report and presentation outlined:

- Current approach to investing in UK Property;
- Implementation during calendar year 2021; and
- Current position against current strategy.

Discussion ensued in respect of the above and it was

RECOMMENDED

(i) That the medium-term strategic allocation for the UK Property portfolio remains at 8% by value of the total Main Fund assets;

(ii) That the UK Property portfolio construction remains as per the agreed recommendations at the Management Panel in March 2021 and as below:

Risk Factor	Investment Characteristics	Outperformance over MSCI All Property Index	Target Portfolio Weight	Range
UK Direct (consisting of the two new separate mandates of care and maintenance and bad bank portfolios)	**No leverage, specialist active management, and high-income return component.**	**0% Care and Maintenance 0% Bad Bank**	**3%**	**2-4%**
UK Indirect (balanced and specialist investment strategies via pooled vehicles which are intended to match performance of the broad property index – whilst providing diversification benefits)	**Low to moderate use of leverage, benchmark level active management, and high-income return component.**	**0% Balanced Funds**	**3.5%**	**2-5%**
	Moderate use of leverage, specialist active management, and low to medium-income return component with higher capital return.	**2% Specialist through sector or value add and other alternative asset classes**	**1.5%**	**0-3%**

(iii) That the pacing of commitment to UK property to continue at an average of c. £200m per annum in order to meet a "realistic" target of allocation of 8% of the Main Fund allocation by end of 2024.

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

11. OVERSEAS PROPERTY PORTFOLIO: REVIEW OF STRATEGY AND IMPLEMENTATION

The Assistant Director, Local Investments and Property, submitted a report and delivered a presentation updating the Working Group on investment activity in respect of the Overseas Property during 2021. It further described the current portfolio and to reviewed the strategy and the implementation.

The report and presentation outlined:

- Current approach to investing in Global Property;
- Implementation during calendar year 2021;
- Current against current strategy;
- Review of Strategy; and
- Review of Implementation.

Discussion ensued in respect of the above and it was:

RECOMMENDED

(i) That the medium-term strategic allocation for the Overseas portfolio remains at c.2% by value of the total Main Fund assets

(ii) That the Overseas Property target risk remains:

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

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

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

(iv) That the pacing of commitment to funds to remain at £100m per annum in order to maintain a "realistic" target allocation of 2% of the Main Fund allocation over the next 4 years.

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

12. PROPERTY VENTURE FUND: REVIEW OF STRATEGY AND IMPLEMENTATION

A report was submitted and a presentation delivered by the Assistant Director, Local Investments and Property, which updated the Working Group on investment activity in respect of the Property Venture Fund (GMPVF) portfolio during 2021. The report described the current portfolio and reviewed the strategy for the portfolio and its implementation.

The report and presentation outlined:

- Current approach to investing in the Property Venture Fund;
- Implementation during calendar year 2021;
- Current position against current strategy;
- Review of Strategy; and

- Review of Implementation.

Discussion ensued in respect of the above and it was

RECOMMENDED

(i) the medium term strategic allocation for the GMPVF portfolio remains at 2.5% by value of the total Main Fund assets

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

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

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

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

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

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

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

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

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

(vii) it is recognised that at any given time the portfolio may vary significantly from the target ranges shown at 3.4 – 3.9.

13. IMPACT AND INVEST FOR GROWTH PORTFOLIO: REVIEW OF STRATEGY AND IMPLEMENTATION

The Assistant Director, Local Investments and Property, submitted a report and delivered a presentation reviewing the activity and the strategy and implementation approach regarding investment in the Impact and Invest for Growth portfolio.

The report and presentation outlined:

- Current approach to investing in the Impact and Invest for Growth Portfolio;
- Implementation during calendar year 2021;
- Current position against current strategy;
- Review of Strategy; and

- Review of Implementation.

Discussion ensued in respect of the above and it was:

RECOMMENDED
(i) The medium term strategic allocation for the Impact portfolio remains at 2% by value of the total Main Fund assets.
(ii) The Impact Theme target diversification for the Impact portfolio is adjusted as follows:

Impact Themes		Target % Range
JOBS	50%	25%-75%
Loans to SME's		
Equity Invest in Underserved Markets		
Investment in technology jobs		
PLACE	50%	25%-75%
Renewable Energy Infrastructure		
Social Investment		
Social Infrastructure		
Housing		
Total		100%

(iii) The pacing of commitment to funds to continue at £80m pa, to meet the "realistic" target of allocation of 1.5% of Main Fund allocation by end of 2024. In addition to this routine portfolio activity, will be the Northern Gritstone Investment and a significant investment targeted at local infrastructure which will be a project that the team will commence work on subject to approval. It is envisaged that over medium term this could involved deployment of up to £100m.
(iv) It is recognised that the portfolio may not fall within the target ranges at 8.2 from time to time to reflect, inter alia, portfolio repositioning.
(v) The Investment Mandate for this portfolio (reported as a separate item) is adopted to ensure appropriate monitoring arrangements.

14. NORTHERN LGPS HOUSING: REVIEW OF STRATEGY AND IMPEMENTATION

The Assistant Director, Local Investments and Property, submitted a report and delivered a presentation reviewing the activity and the strategy and implementation approach regarding investment in the Northern LGPS Housing Portfolio in 2021.

The report and presentation outlined:
- Current approach to investing in the Northern LGPS Housing Portfolio;
- Implementation during calendar year 2021;
- Review of Strategy; and
- Review of Implementation.

Discussion ensued in respect of the above and it was:

RECOMMENDED
(i) The medium term strategic allocation for the Northern LGPS Housing portfolio remains at 1% by value of the total Main Fund assets; and
(ii) The implementation process continues to be overseen by GMPF Investment Committee and Northern LGPS Directors.

15. GLIL INFRASTRUCTURE LLP: REVIEW OF STRATEGY AND IMPLEMENTATION

The Assistant Director, Local Investments and Property, submitted a report and delivered a presentation reviewing the activity and the strategy and implementation approach regarding investment in GLIL Infrastructure LLP in 2021.

The report and presentation outlined:

- Current approach to investing in GLIL;
- Implementation during calendar year 2021; and
- Current position against current strategy.

Discussion ensued in respect of the above and it was:

RECOMMENDED
That the 5% Main Fund allocation to GLIL remains unchanged and the Investment Mandate and Investment Guidelines remain unchanged.

16. UPDATE ON LEVERAGE

A report was submitted by the Assistant Director of Pensions, Investments, informing Working Group members that discussions with the Advisors during May 2018, in connection with the Property Portfolio, raised the profile of leverage exposure as an area of focus. The report provided an update.
RECOMMENDED
That the content of the report be noted.

17. 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 31 March 2022.

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.

18. GLOBAL EQUITY 'PURCHASE/SALE' TRIGGER PROCESS – UPDATE OF FAIR VALUE ESTIMATE, TRIGGER POINTS AND SIZE OF SWITCH

The Assistant Director of Pensions, Investments, submitted a report explaining that, in May 2016, the Policy and Development Working Group considered detailed proposals regarding a ‘trigger process’ for Global Equities. These proposals were adopted by the Panel.

The report provided an overview of the evolution of the Global Equity metric over 2021/22, vis-a-vis the trigger points. In accordance with the adopted formalised process, the report also proposed an updated estimate of Fair Value for global equities, associated updated trigger points and an update in relation to the ‘size’ of the maximum asset switch to be targeted, all for adoption by the Panel at its July 2022 meeting.

RECOMMENDED
That the updated Fair Value estimate, associated updated trigger points and the updated ‘size’ of the maximum asset switch to be targeted, as contained within the report, be adopted.

19. DATE OF NEXT MEETING

It was noted that the next meeting of the Policy & Development Working Group was scheduled to take place on Thursday 8 September 2022.

CHAIR

NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

3 February 2022

Commenced: 11.00am **Terminated: 12.40pm**

Present:	**Cllr Gerald P Cooney (Chair)**	**Vice Deputy – Greater Manchester Pension Fund**
	Cllr Brenda Warrington	**Chair – Greater Manchester Pension Fund**
	Cllr Andrew Thornton	**Chair - West Yorkshire Pension Fund (WYPF)**
	Councillor Pat Cleary	**Chair – Merseyside Pension Fund**
In attendance		
	Rodney Barton	**Director of Pensions, WYPF**
	Sandra Stewart	**Director of Pensions, GMPF**
	Peter Wallach	**Director of Pensions, MPF**
	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**
	Dan Hobson	**Head of Real Assets, GMPF**
	Neil Cooper	**Head of Pension Investment, GMPF**
	Mushfiqur Rahman	**Investments Manager, GMPF**
	Greg Campbell	**Merseyside Pension Fund**
	Owen Thorne	**Merseyside Pension Fund**
	Colin Standish	**West Yorkshire Pension Fund**
	Joanna Wilkinson	**West Yorkshire Pension Fund**
	Robert Hulme	**West Yorkshire Pension Fund**
	Alan McDougal	**PIRC**
	Janice Hayward	**PIRC**
	Tom Powdrill	**PIRC**
	Paul Hunter	**PIRC**

Apologies for Absence: Cllr Cherry Povall, MPF and Liz Bailey, WYPF

21. DECLARATIONS OF INTEREST

There were no declarations of interest.

22. MINUTES

The Minutes of the meeting of the Northern LGPS Joint Oversight Committee held on 7 October 2021 were agreed as a correct record.

23. POOLING UPDATE

Consideration was given to a report of the Assistant Director, Funding and Business Development, GMPF, which provided an update on pooling activity since the previous Northern LGPS Joint Oversight 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 had 6 sections covering; structure and scale, governance, transition of assets to the pool, making new investments outside the pool, infrastructure investment and reporting.

Members were advised that Government was yet to publish a response to the consultation and the 2015 guidance therefore, remained in force. 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, however it was possible that the change in Ministers and their briefs could lead to further delays. In addition, there were several other consultations impacting the LGPS which were expected to be issued by DLUHC which may take priority over further developing the pooling programme.

The Assistant Director made reference to the publication the previous day of the Government's Levelling-Up White Paper, where the UK Government was asking LGPS funds, working with the LGPS asset pools, to publish plans for increasing local investment, including setting an ambition of up to 5% of assets invested in projects which supported local areas.

Detailed discussion ensued in respect of the White Paper, the definition of local investment and the Northern LGPS's history of investment supporting areas local to all three Funds.

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.

RESOLVED
That the content of the report be noted.

24. SCHEME ADVISORY BOARD UPDATE

Consideration was given to a report of the Director of Pensions, MPF, providing an update on the last meeting of the Investment, Governance & Engagement (IG&E) Sub-Committee that took place on the 22 November 2021.

Details of the actions and agreements from the meetings held on 20 September and 28 October 2021 were appended to the report.

The principal items on the agenda for the 22 November 2021 included:

- the establishment of a new Compliance and Reporting Committee;
- A summary of the recent COP26 conference;
- Cost Transparency Compliance Update;
- Roadmap to Sustainable Investing;
- Ongoing consultations; and
- DLUHC (formerly MHCLG) Regulatory Update

RESOLVED
That the content of the report be noted.

25. COMMON CUSTODIAN ANNUAL REPORT

Phil McCloy and Scott Bachmann, representatives of Northern Trust, delivered a presentation, which gave details of the key performance indicators, milestones and deliverables in relation to the Northern Trust (NT) in their capacity as the common custodian to the Northern LGPS pool, as attached in the appendix to the report.

RESOLVED
That the content of the report be noted.

26. UPDATE ON RESPONSIBLE INVESTMENT

Paul Hunter, PIRC Ltd, Responsible Investment Advisor to the Northern LGPS, presented the final report from the APPG for Local Authority Pension Funds inquiry on 'Responsible investment in a just transition' 2021, a copy of which was attached as Appendix A to the report. The report explored the reasons why a just transition mattered to investors; recognising and understanding the challenges and opportunities and the role of investors, government and just transition commissions.

Discussion ensued in respect of investor expectations, company engagement and reporting impact.

Tom Powdrill, PIRC, Ltd, then presented PIRC's Stewardship Themes for 2022, details of which were attached as Appendix B to the report and included: Climate Governance, Water Stewardship, Decent Work, Social Risk in Renewables, Tax and Competition Policy. Northern LGPS Stewardship Report for July – September 2021 was also presented and attached as Appendix C to the report.

The Assistant Director of Pensions Investments, GMPF, further advised that the Northern LGPS, via membership of the Institutional Investor Group on Climate Change (IIGCC), had made a Net Zero Asset Owner commitment. As part of the commitment, a draft completed "Paris Aligned Asset Owners: Targets Disclosure Template" was attached as Appendix D to the report. At the previous Meeting of the Joint Committee, Members endorsed the setting of common targets for the Northern LGPS. Members were asked to endorse the approach as set out in the appendix. The deadline for submission of the template was 11 March 2022.

It was explained that, in order to facilitate the measurement of progress against the interim climate targets and potential TCFD reporting at the pool level, the appointment of Trucost as a common carbon footprinting service provider to Northern LGPS was recommended. Trucost were the current provider to GMPF and WYPF.

RESOLVED
(i) That the APPG Just Transition Report, the PIRC Stewardship Themes for 2022 and the latest quarterly Responsible Investment report, be noted;
(ii) That the draft "Paris Aligned Asset Owners: Target Disclosure Template" as appended to the report be endorsed, subject to any minor updates which are delegated to Officers; and
(iii) That the appointment of the common carbon footprinting service provider, as set out in the report summary, be endorsed by the Northern LGPS.

27. PERFORMANCE MEASUREMENT

Consideration was given to a report of the Assistant Director of Investments, GMPF, which provided an update on performance measurement.

An extract from the draft Northern LGPS reporting for periods to 30 September 2021 was appended to the report. The reporting assisted in fulfilling both reporting requirements to Government, and any oversight obligations of the Joint Committee.
Members were advised that officers continued to work closely with Portfolio Evaluation to separately identify NPEP and GLIL returns in the performance reports, given their importance to the Northern LGPS proposition.

RESOLVED
That the content of the report be noted.

28. DIRECT INFRASTRUCTURE PLATFORM (GLIL) UPDATE

Consideration was given to a report of the Assistant Director, Local Investment and Property, GMPF, providing an update on the progress with the direct infrastructure investment platform (GLIL).

It was reported that during the quarter ending 30 September 2021, the Fund's Net Asset Value increased from £1.725 billion to £1.82 billion. The IRR of the Fund since inception stood at 7.5%. A number of factors had led to the increase. Strong operational performance had been complemented by further upward movement in current and future projections of both the wholesale power price and UK inflation, benefitting those assets with exposure to these factors. The investors report was attached as an appendix to the report.

Members were advised that infrastructure assets continued to be in high demand with competition for quality assets remaining strong. There remained a large amount of capital awaiting deployment in the sector. GLIL had maintained its focus on leveraging its relationships to seek unique opportunities where it had a competitive advantage.

As reported at the last meeting, in July 2021, GLIL created a joint venture "Flexion Energy" (Flexion) with ion Ventures Ltd. Flexion acquired a pipeline of Battery Energy Storage Sites (BESS) from ion, and funding ion to develop operational sites.

Post quarter end GLIL had made an investment into Invis energy, as detailed in Appendix 2 to the report; and early in the new year completed the purchase of additional stakes in Semperian.

Overall, 2021 could be seen as a positive year for GLIL. Highlights of some of the achievements for the year were appended to the report.

RESOLVED
That the report be noted.

29. NORTHERN LGPS HOUSING INVESTMENT UPDATE

The Assistant Director, Local Investment and Property, GMPF, submitted a report updating Members on the progress of the pooled approach to housing investment.

Details of current investment activity across Northern LGPS were appended to the report. Key points of note were:

- Successful deployment of capital;
- Commitment to Finance over 10,000 homes; and
- Target returns achieved on completed construction to date.

It was explained that the PGIM investment made in 2020 had started well and was on track to deliver expected deployment of capital, consequent construction of homes with expected returns.

In addition to these investments, the three Funds had made investments in collective investment vehicles both housing specific and diversified real estate totalling over £500m. These had made significant investments in housing.
RESOLVED
That the content of the report including progress to date, be noted.

30. DATE OF NEXT MEETING

RESOLVED
It was noted that the next meeting of the Northern LGPS Joint Oversight Committee was scheduled to take place on 14 April 2022.

CHAIR

This page is intentionally left blank

NORTHERN LGPS JOINT OVERSIGHT COMMITTEE

14 April 2022

Commenced:	**11.00am**	**Terminated: 12.25pm**
Present:	**Cllr Gerald P Cooney (Chair)**	**Vice Deputy, Greater Manchester Pension Fund**
	Cllr Andrew Thornton	**Chair, West Yorkshire Pension Fund**
	Elizabeth Bailey	**Deputy Chair, West Yorkshire Pension Fund**
	Councillor Pat Cleary	**Chair, Merseyside Pension Fund**
In attendance		
	Sandra Stewart	**Director of Pensions, GMPF**
	Peter Wallach	**Director of Pensions, MPF**
	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**
	Mushfiqur Rahman	**Investments Manager, GMPF**
	Owen Thorne	**Merseyside Pension Fund**
	Colin Standish	**West Yorkshire Pension Fund**
	Simon Edwards	**West Yorkshire Pension Fund**
	Joanna Wilkinson	**West Yorkshire Pension Fund**
	Alan McDougal	**PIRC**
	Tom Powdrill	**PIRC**
	Alice Martin	**PIRC**
Apologies for Absence:	**Councillor Brenda Warrington GMPF, and Councillor Cherry Povall, MPF**	

31. DECLARATIONS OF INTEREST

There were no declarations of interest.

32. MINUTES

The Minutes of the meeting of the Northern LGPS Joint Oversight Committee held on 3 February 2022 were agreed as a correct record.

33. POOLING UPDATE

Consideration was given to a report of the Assistant Director, Funding and Business Development, GMPF, which provided an update on pooling activity since the previous Northern LGPS Joint Oversight 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 had 6 sections covering; structure and scale, governance, transition of assets to the pool, making new investments outside the pool, infrastructure investment and reporting.

Members were advised that Government was yet to publish a response to the consultation and the 2015 guidance therefore, remained in force. DLUHC civil servants had indicated that a consultation on several key policy areas for the LGPS was expected to be issued in summer 2022. The consultation was expected to cover LGPS pooling as well as the implementation of TCFD ('Task-force on Climate-Related Financial Disclosure') requirements for LGPS funds. However, given the delays experienced to date and the volume and nature of other Government business, there was clearly potential for delay. DLUHC did appear to have been expanding its LGPS team in readiness for an increase in its LGPS work programme

As discussed at the previous meeting of the Joint Committee, (meeting of 2 February 2022 refers) government published the long awaited 'Levelling Up' whitepaper aimed at reforming local government and delivering the levelling up agenda which broadly sought to reduce inequalities between places within the United Kingdom.

In relation to the LGPS, the 'Levelling Up' whitepaper included references to LGPS funds and pools having plans for up to 5% of assets to be allocated to projects which supported local areas (as stated on page 163 of the whitepaper). It was understood that in this context 'local' referred to UK rather than to the local area of a particular LGPS fund and that there would be no mandation beyond the requirement to have a plan. The 5% target was intended to be a lower bound target with an expectation that funds and pools would substantially exceed 5% in future.

It was explained that it had been a long-term ambition of Government that LGPS funds and pools invest more in local infrastructure as part of their investment strategy. Government's previous attempts at mandating change were met with stern challenge by some stakeholders, who saw the potential for investment targets to conflict with administering authorities' fiduciary duties. Further details were expected to emerge in the coming months.

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.

RESOLVED
That the content of the report be noted.

34. SCHEME ADVISORY BOARD UPDATE

Consideration was given to a report of the Director of Pensions, MPF, providing an update on the last meeting of the Investment, Governance & Engagement (IG&E) Sub-Committee that had taken place on the 21 February 2022.

Details of the actions and agreements from the meeting held on 21 February 2022 were appended to the report.

The principal items on the agenda for the 22 November 2021 included:

- Levelling Up White Paper;
- New Compliance and Reporting Committee;
- Sharia Compliant Investments;
- Cost Transparency Compliance Update;
- Michael Lynk Letter Update;
- RIAG Chair's report; and
- DLUHC Regulatory Update.

RESOLVED
That the content of the report be noted.

35. UPDATE ON INVESTMENT MANAGEMENT COST BENCHMARKING

Consideration was given to a report of the Assistant Director of Pensions Investments, which provided Members with an update on investment management cost benchmarking for 2020/21. In addition, CEM had provided a report analysing Northern LGPS Investment benchmarking results for the 7 year period ending 31 March 2021. John Simmonds and David Jennings of CEM Benchmarking also delivered a presentation.

Analysis of the interim 2020/21 data indicated that the Northern LGPS remained low cost and was below the median (average) cost of its peer group (which consisted of 21 global pension funds (inclusive of Northern LGPS) ranging from £16.4 billion to £101.1 billion.

In 2014/15, CEM calculated Northern LGPS' benchmarked costs to be 0.35% (£112 million relative to an average Pool value of £29 billion). The Northern LGPS' costs increased to 0.36% (£173 million relative to an average Pool value of £49 billion) in 2020/21.

When adjusting for the increase in assets and changes in strategic asset allocation over the last seven years, CEM calculated that Northern LGPS' like for like costs would be 0.54% (£263m) in 2020/21. On this basis, Northern LGPS had generated underlying savings of 0.19% (£90m) in 2020/21.

CEM had also benchmarked Northern LGPS' costs against a peer group of 21 relatively similar sized global funds (including 1 other large UK LGPS fund and 3 other LGPS pools (based on the data submitted by the pools and available to CEM). The peer group actual cost was 0.47%. To calculate the benchmark cost, CEM apply peer median costs at an asset class level to the Northern LGPS' asset mix. The benchmark cost in 2020/21 was 0.49% (£189m). On this basis, the Northern LGPS was 0.03% (£16m) lower cost than the benchmark.

RESOLVED
That the content of the report be noted.

36. PERFORMANCE MEASUREMENT

Consideration was given to a report of the Assistant Director of Investments, GMPF, which provided an update on performance measurement

An extract from the Northern LGPS reporting for periods to 31 December 2021 was attached as an Appendix to the report. The reporting assisted in fulfilling both reporting requirements to Government, and any oversight obligations of the Joint Committee.

Officers continued to work closely with Portfolio Evaluation to separately identify NPEP and GLIL returns in these performance reports, given their importance to the Northern LGPS proposition

RESOLVED
That the content of the report be noted.

37. UPDATE ON RESPONSIBLE INVESTMENT

Tom Powdrill and Alice Martin, PIRC Ltd, Responsible Investment Advisor to the Northern LGPS, presented PIRC's report on Research, Advice, Engagement and Voting, a copy of which was attached as Appendix A to the report. The report explored; Healthy Markets; Tax; and Social Risk in Renewables. It further gave details of Engagement for Quarter 4 and Workforce data.

Northern LGPS' Stewardship Report for Quarter 4 2021, which was attached as Appendix B to the report, was also presented and discussed.

RESOLVED
That the content of the presentation and the Q4 2021 Northern LGPS Stewardship Report, be noted.

38. COMMON CUSTODIAN UPDATE

The Assistant Director of Pensions Investments submitted a report, which provided details of key performance indicators and key milestones and deliverables for the quarter to 31 December 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 and presentation be noted.

39. DIRECT INFRASTRUCTURE PLATFORM (GLIL) UPDATE

Consideration was given to a report of the Assistant Director, Local Investment and Property, GMPF, providing an update on the progress with the direct infrastructure investment platform (GLIL).

The latest report to stakeholders was attached as an appendix to the report and the Assistant Director informed Members of transformational developments in respect of a significant investment, which was currently under negotiation. He added that he would update Members further on this matter at the next meeting of the Committee.

RESOLVED
That the report be noted.

40. NORTHERN LGPS HOUSING INVESTMENT UPDATE

The Assistant Director, Local Investment and Property, GMPF, submitted a report updating Members on the progress of the pooled approach to housing investment.

A copy of a report considered by the Directors of the Fund in March 2022 was appended to the report, which gave details of a request to approve a due diligence exercise for a collective investment of £150m into a UK Build to Rent Fund.

The Assistant Director explained that approval had been given by the Directors of the Fund to pursue the investment opportunity and he would update further on developments at a future meeting of the Committee.

RESOLVED
That the content of the report be noted.

41. DATE OF NEXT MEETING

RESOLVED
It was noted that the next meeting of the Northern LGPS Joint Oversight Committee was scheduled to take place on 7 July 2022.

CHAIR

Report To:	**GMPF MANAGEMENT/ADVISORY PANEL**
Date:	15 July 2022
Reporting Officer:	Sandra Stewart - Director of Pensions
Subject :	**WORKING GROUP APPOINTMENTS, SCHEME GOVERNANCE AND TERMS OF REFERENCE**
Report Summary:	To note the appointments to the Working Groups, Scheme Governance and Terms of Reference, as detailed in the attached report.
Recommendation(s):	That the appointments to the Working Groups, scheme governance and Terms of Reference be noted.
Financial Implications: **(Authorised by the Section 151 Officer)**	There are no direct financial implications arising from this report.
Legal Implications: **(Authorised by the Solicitor to the Fund)**	There are no direct legal issues arising from this report.
Risk Management:	Allows for transparent and democratic decision making.
ACCESS TO INFORMATION:	**NON-CONFIDENTIAL** **This report does not contain information that warrants its consideration in the absence of the Press or members of the public.**
Background Papers:	

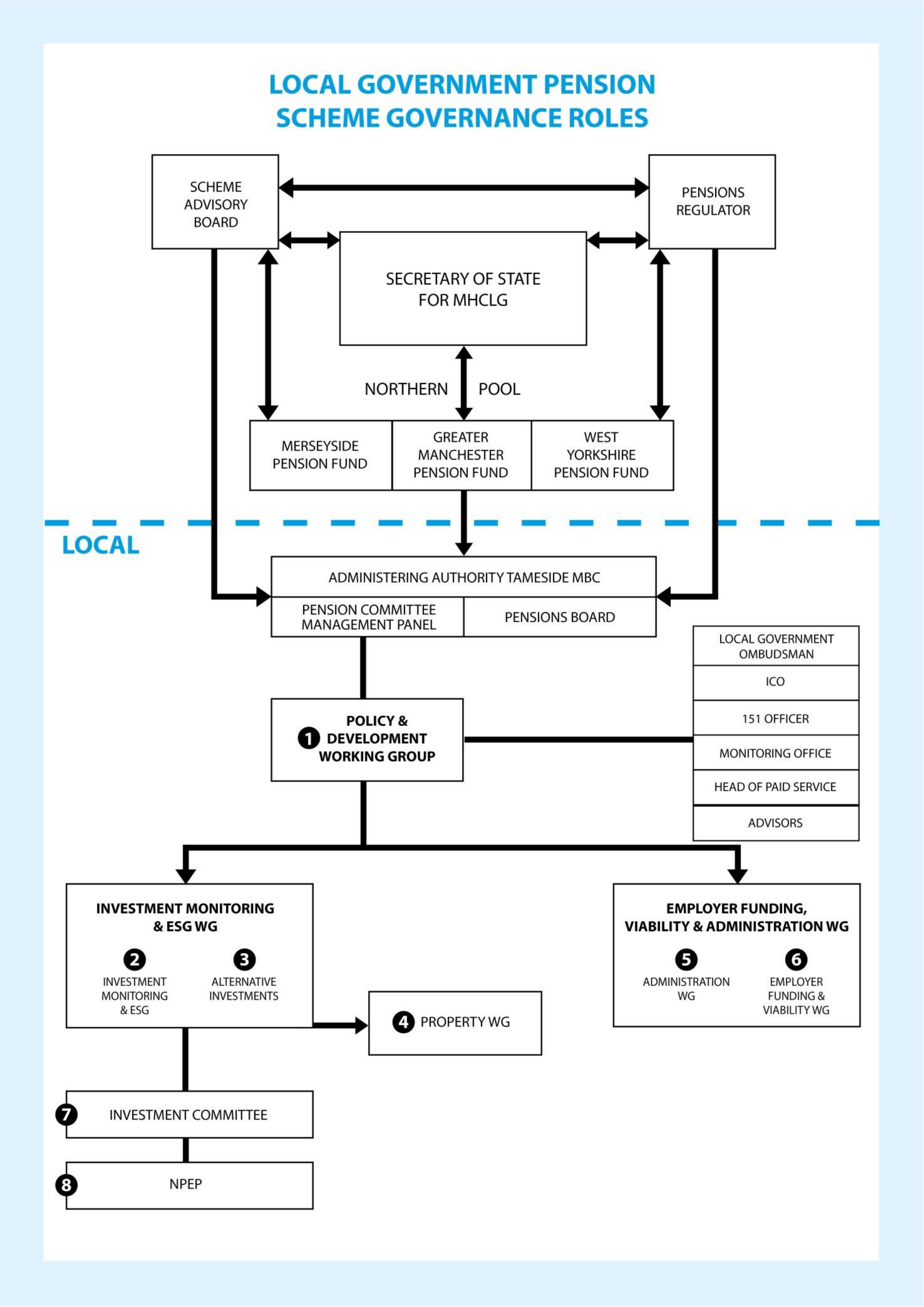
Appendix A:	**Scheme Governance Roles**
Appendix B:	**TORs for working groups**
Appendix C:	**Working Group Membership**

Further information can be obtained by contacting Carolyn Eaton, Principal Democratic Services Officer, on:

☎ Telephone: 0161 342 3050

e-mail: carolyn.eaton@tameside.gov.uk

APPENDIX A



LOCAL GOVERNMENT PENSION SCHEME GOVERNANCE ROLES
SCHEME ADVISORY BOARD
PENSIONS REGULATOR
SECRETARY OF STATE FOR MHCLG
NORTHERN POOL
MERSEYSIDE PENSION FUND
GREATER MANCHESTER PENSION FUND
WEST YORKSHIRE PENSION FUND
LOCAL
ADMINISTERING AUTHORITY TAMESIDE MBC
PENSION COMMITTEE MANAGEMENT PANEL
PENSIONS BOARD
LOCAL GOVERNMENT OMBUDSMAN
ICO
151 OFFICER
MONITORING OFFICE
HEAD OF PAID SERVICE
ADVISORS
1 POLICY & DEVELOPMENT WORKING GROUP
INVESTMENT MONITORING & ESG WG
2 INVESTMENT MONITORING & ESG
3 ALTERNATIVE INVESTMENTS
EMPLOYER FUNDING, VIABILITY & ADMINISTRATION WG
5 ADMINISTRATION WG
6 EMPLOYER FUNDING & VIABILITY WG
4 PROPERTY WG
7 INVESTMENT COMMITTEE
8 NPEP

APPENDIX B

TERMS OF REFERENCE FOR REVISED WORKING GROUPS

A.	TERMS OF REFERENCE FOR THE LOCAL BOARD
A1	The purpose of the Board is to assist Tameside MBC in its role as the administering authority of the Fund. Such assistance is to:
A2	(a) secure compliance with the LGPS Regulations, any other legislation relating to the governance and administration of the Scheme and requirements imposed by the Pensions Regulator in relation to the Scheme and;
A3	(b) to ensure the effective and efficient governance and administration of the Fund.

B.	TERMS OF REFERENCE FOR POLICY AND DEVELOPMENT WORKING GROUP
B1.	To consider and make recommendations to the Management Panel on major strategic issues, including; a) Proposed structural or governance changes in LGPS b) Proposals for joint working with other funds/institutions
B2.	To consider in detail the ongoing appropriateness of the Fund's investment strategy and investment management arrangements and make recommendations to Panel.
B3.	To consider any types of investment, which do not fall under the remit of any other working group and whether to broaden the scope of other working groups as required.
B4.	To monitor and evaluate the progress of new investment programmes and determine whether and when responsibility for monitoring and evaluation should pass to Alternative Investment or Property Working Groups.
B5.	To consider the resource implications of investment programmes and make recommendations to Panel.
B6.	To consider in detail opportunities for local investment that may satisfy the twin aims of commercial returns and supporting the area, and make recommendations on the allocations to these categories of investment to the Management Panel
B7.	To consider in detail the recommendations of the Funds' advisors and plan for their implementation.
B8.	To provide guidance to the Director of Pensions in exercising her delegated powers.

C.	**TERMS OF REFERENCE FOR INVESTMENT MONITORING & ESG**
C1.	Review and develop the strategy together with monitoring the implementation and performance of the strategy for the Fund's investments in: a) Private Equity b) Infrastructure, c) Property d) Special Opportunities, and e) other Alternative Investments
C2.	Receive reports from 'managers' of underlying investment vehicles or investments, as appropriate
C3.	Receive and consider reports from Fund officers and external advisers on other matters relating to the Fund's Private Equity, Infrastructure and Special Opportunities portfolios and other Alternative Investments
C4.	Consider any other matters relating to the wider investment opportunities commonly referred to as Alternative Investments.
C5.	Make recommendations to the Fund's Advisory and Management Panel in relation to matters falling within the scope of the Working Group.
C6.	Oversee and periodically review the Fund's approach to Environmental, Social and Governance issues including proxy voting.
C7.	Consider reports from the Fund's active and passive Fund Managers regarding their approach to corporate governance, including their proxy voting records
C8.	Consider reports from the Fund's active Fund Managers regarding their Investment Management Association (IMA) disclosures of transaction costs.
C9.	Consider reports from the Fund's third party, specialist corporate governance advisor (PIRC) on the 'Local Authority Pension Fund Forum' (LAPFF) and other matters.
C10.	Receive and consider reports on Property Investment related matters, e.g. debt collection

E.	**TERMS OF REFERENCE FOR ADMINISTRATION, EMPLOYER FUNDING & VIABILITY WORKING GROUP**
E1.	To monitor, and advise the Panel and Advisory Panel as necessary regarding: (a) Ensuring the solvency of each of the notional sub-funds allocated to individual employers, whilst at the same time; aiming to maintain the stability and affordability of employer contributions (b) Using reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer ceasing participation or defaulting on its pension obligations. (c) To address the different characteristics of employers or groups of employers to the extent that this is practical and cost effective.
E2.	This will be achieved by considering the interaction, at the individual employer level of: (a) Funding strategy – i.e. assumptions and contribution rates (b) Investment strategy – ensuring appropriate given liability profile and risk tolerance (c) Employer covenant strength – making allowance for any risk reduction measures such as guarantees, bonds and pooling arrangements
E3.	In connection with the above, the working group will: (a) Consider policy for admitting new employers to the Fund and any conditions of joining which should be applied (b) Oversee the triennial actuarial valuation process (c) Receive and consider reports from Fund officers on developments in the LGPS and wider defined benefit pensions environment which may have an impact on funding
E4.	To monitor, and advise the Panel and Advisory Panel as necessary regarding:
	(a) The effective administration of the LGPS, including: • the performance of the Pensions Office and employing authorities regarding the standards set out in the pensions administration strategy; • Pensions Office policies and procedures; • pension administration benchmarking; • proposed responses to national consultations relating to or affecting the LGPS • the Pensions Office's response to wider pension issues and national developments affecting pension administration • the implementation of changes affecting the LGPS and / or the administration of pensions
	(b) training and support of: • members of the Pension Fund, Advisory Panel • employing authority colleagues including approved doctors
	(c) effective communication with Fund members and employing authorities, including: • The Pensions Office Helpline • written communications, and also e-comms including the website, e-mail alerts and GMPF on-line
	(d) the effective use and maintenance of Pensions Office systems and other physical resources
	(e) the provision of Scheme additional voluntary contributions
	(f) business continuity plans and procedures
	(g) any other matter that materially relates to pension administration
E5.	Consider reports from TMBC's "Internal Audit and Risk Management" service regarding approving the Annual Internal Audit Plan and considering quarterly progress updates
E6.	Consider reports from external auditors regarding the Fund's external audit arrangements and the Annual External Audit Plan.
E7.	Consider reports setting the Fund's administration expenses budget and thereafter monitoring: a) the Fund's administration expenditure against budget; b) the value of the Fund's aged debt

APPENDIX C

WORKING GROUP MEMBERSHIP – 2022/2023

	POLICY & DEVELOPMENT	
1.	Cllr Cooney (Chair)	Tameside
2.	Cllr Ryan	Tameside
3.	Cllr North	Tameside
4.	Mr Thompson	UNITE
5.	Ms Herbert	MoJ
8.	Mr Pantall	Observer

	INVESTMENTS & ESG			**ADMINISTRATION, EMPLOYER FUNDING & VIABILITY WORKING GROUP**	
1.	Cllr Ryan (Chair)	Tameside		Cllr North (Chair)	Tameside
2.	Cllr Ward	Tameside		Cllr Ricci	Tameside
3.	Cllr Ricci	Tameside		Cllr Patrick	Tameside
4.	Cllr Lane	Tameside		Cllr Drennan	Tameside
5.	Cllr Quinn	Tameside		Cllr Quinn	Tameside
6.	Cllr Drennan	Tameside		Cllr Taylor	Tameside
7.	Cllr North	Tameside		Cllr Ryan	Tameside
8.	Cllr Cowen	Bolton		Cllr Cowen	Bolton
9.	Cllr Andrews	Manchester		Cllr Andrews	Manchester
10.	Cllr Jabbar	Oldham		Cllr Jabbar	Oldham
11.	Cllr Massey	Rochdale		Cllr Massey	Rochdale
12.	TBC	Trafford		TBC	Trafford
13.	Cllr Smart	Stockport		Cllr Grimshaw	Bury
14.	Cllr Barnes	Salford		Cllr Cunliffe	Wigan
15.	Mr Drury	UNITE		Mr Drury	UNITE
16.	Mr Caplan	UNISON		Ms Blackburn	UNISON
17.	Mr Llewellyn	UNITE		Mr Llewellyn	UNITE
18.	Mr Flatley	GMB		Mr Flatley	GMB
19.	John Pantall	Observer		John Pantall	Observer

Report to :	**PENSION FUND MANAGEMENT/ADVISOY PANEL**
Date :	15 July 2022
Reporting Officer :	Sandra Stewart, Director of Pensions Tom Harrington, Assistant Director of Pensions (Investments)
Subject :	**QUARTERLY UPDATE ON RESPONSIBLE INVESTMENT ACTIVITY**
Report Summary :	This report provides Members with an update on the Fund's responsible investment activity during the quarter.
Recommendation(s) :	That the report be noted.
Links to Core Belief Statement:	The relevant paragraph of the Fund's Core Belief Statement is as follows : "2.6 Well governed companies that manage their business in a responsible and sustainable manner will produce higher returns over the long term."
Financial Implications : **(Authorised by the Section 151 Officer)**	There are no direct material costs as a result of this report.
Legal Implications : **(Authorised by the Solicitor to the Fund)**	The provisions underlined by the Regulation 7 guidance for the formulation and maintenance of their ISS, clearly address issues of responsible investment by the Local Government Pensions Scheme administering authorities. Regulation 7(2)(e) requires funds to follow pertinent advice and act prudently when making investment decisions, *"…a prudent approach to investment can be described as a duty to discharge statutory responsibilities with care, skill, prudence and diligence".* They must consider any factors that are financially material to the performance of their investments, including ESG factors contemplating the time horizon of the liabilities along with their approach to social investments. Regulation 7(2)(f), emphasises that *"administering authorities are encouraged to consider the best way to engage with companies to promote their long-term success, either directly, in partnership with other investors or through their investment managers, and explain their policy on stewardship with reference to the Stewardship Code."* Administering authorities are strongly encouraged to either vote their shares directly or ask their fund managers to vote in line with their policy under the Regulation 7(2)(f) and to publish a report of voting activities as part of their pension fund annual report under Regulation 57 of the 2013 Regulations. Regulation 7 (6) underlines that the ISS must be published by 1 April 2017 and requires it to be reviewed at least every three years.
Risk Management :	Increasing net investment returns needs to be delivered without materially increasing Fund's exposure to investment risks. We

want everyone to have a pension they can be proud of – one which builds a better world, without compromising on returns.

ACCESS TO INFORMATION :	**NON CONFIDENTIAL** This report does not contain information which warrants its consideration in the absence of the Press or members of the public.
Background Papers :	**APPENDIX 7A** – **Responsible Investment Partners and Collaborations**
	Any enquiries should be directed to: Mushfiqur Rahman, Investments Manager, on 0161-301 7145 (email: mushfiqur.rahman@gmpf.org.uk).

1. BACKGROUND

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

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

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

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

2. RESPONSIBLE INVESTMENT ACTIVITY DURING THE QUARTER

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

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

2.2 The majority of the Fund's assets are managed by external investment managers. The Fund's approach to Responsible Investment is incorporated into the mandates of each 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).

2.3 Ninety One, GMPF's global, active public market manager, presented at the April Investment Monitoring & ESG Working Group meeting. They presented their annual ESG update highlighting their approach sustainability. They described how their framework helps to identify sector specific sustainability issues and how to prioritise them, identify measurement metrics to be able to assess progress and identify best practice and markers of positive change that enable Ninety One to invest in the sustainable companies.

2.4 GMPF does not typically divest from businesses unless ESG factors are likely to have a financially material negative impact. Instead GMPF seeks to use its influence as an investor to address issues of concern. GMPF engages with companies on a wide range of ESG issues via its Fund Managers and through its membership of collaborative organisations, and participates in investor initiatives to leverage outcomes of company and policy engagement.

2.5 Excluding whole sectors from investment, such as the currently relatively carbon intensive sectors of energy, materials and utilities, risks material financial detriment to the Fund. Officers estimate that over the three year valuation period ending 31 March 2019, had UBS (the manager of the Fund's largest mandate) been prohibited from investing in the aforementioned three sectors, with those assets instead being prorated across the remainder of their portfolio, the Fund would have accumulated £400m less in assets. Similarly, for the following valuation period ending 31 March 2022, an accumulation of £220m less is estimated. In aggregate, the Fund would have approximately £620m less is assets over the six year period had it divested of assets in the three sectors identified. It should be noted that extensive engagement with companies in those sectors has achieved significant change over that period, albeit much more remains to be done to enable a just and orderly energy transition.

2.6 In June, the GMPF Investment Committee approved a further commitment of £10m for the Impact portfolio to purchase and refurbish residential properties in the North West region with the aim of letting to registered providers on a long term basis to provide accommodation to families at risk of homelessness.

2.7 The Investment Committee approved a further £48m commitment towards the Greater Manchester Venture Fund allocation to acquire three prime logistics units within the Greater Manchester area. The developer incorporates ESG considerations into the construction process to ensure a 'very good' BREEAM rating which is a science based validation and certification system for sustainable buildings. The developer is also looking to build to ensure an EPC 'A' rating to maintain low energy costs for future tenants.

2.8 In February 2021, the Northern LGPS committed to the Paris Aligned Investment Initiative's Net Zero Asset Owner Commitment. Within 12 months of committing, Northern LGPS was obligated to set interim targets and submit these via the "Paris Aligned Asset Owners: Target Disclosure Template" to IICGG. Once the IIGCC issued their final guidance, Officers completed the disclosure template and submitted the template. Since submitting, the IIGCC have been working to collate the disclosure templates of Northern LGPS and the 26 other asset owners who also submitted their disclosure templates to produce a single document that details each asset owner's commitment. This document is now publicly available on the link below.
https://www.parisalignedinvestment.org/media/2022/07/PAAO-Disclosures-010722.pdf

2.9 Additionally, as part of the commitment Northern LGPS provided several case studies demonstrating its approach to investing in climate solutions which was highlighted via the investments made through the GLIL infrastructure vehicle. The IIGCC collated case studies from a number of investors and has published these on the Investor Agenda website. These case studies can be found using the link below.
https://theinvestoragenda.org/icaps/

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's appointed external adviser PIRC, assists in the development and implementation of the Fund's Responsible Investment policy. This includes PIRC's Shareholder Voting Guidelines that are updated annually which inform GMPF's voting policies. GMPF has a responsibility as a shareholder to vote and exercise this right in a way that is consistent with its publicly disclosed objectives. PIRC released their updated Shareholder Voting Guidelines in early March. A key change is:

- Directors of extractive companies will be expected to state whether the financial statements or company accounts are Paris-aligned or explain why they are not.

Failure to do so may lead to opposition to the accounts as they do not accurately reflect all financial impact from material risks.

2.12 In April, LAPFF published a report titled ‘Mining and Human Rights: An investor Perspective’. The report is written from an investor’s perspective, with analysis conducted through the lens of international human rights law. The report evaluates how human rights law applies to the mining sector and covers the human rights and environmental impacts of mining companies such as Anglo American, BHP and Glencore. The report also presents an industry perspective on human rights impacts by evaluating the main ESG impacts LAPFF found through engaging with mining companies and members of affected communities. The full report is available using on the link below.
https://lapfforum.org/wp-content/uploads/2022/04/LAPFF-Mining-and-Human-Rights-Report.pdf

2.13 In April, LAPFF and the London Mining Network hosted a webinar inviting investors to hear from community members affected by Anglo American and Glencore projects in Colombia and Brazil. Attendees heard from Wayuu community members affected by the Cerrejon mine in Colombia, and a Brazilian community member affected by Anglo American’s Minas Rio mine in Brazil who discussed the social and environmental impacts of the dam.

2.14 PIRC published a report on an investigation into ‘social washing’ that looks at the trend of questionable employee engagement scores being used by major companies to justify executive bonuses. The last decade has seen a boom in accreditation and ratings services based on ‘black box’ datasets. These are designed to guide the practices of investors who want to understand the ESG performance of a company. Companies are increasingly tapping into this unregulated and vast industry to tailor their reporting and meet the expectations of the responsible investment market. But there is little scrutiny of the underlying metrics used. To shine a light on the risks and inconsistencies, PIRC has reviewed the reporting and remuneration policies of 12 of the largest listed employers in the FTSE EuroFirst index to uncover how employment-related indicators are being used. Some of the key findings from the report are summarised below.

- Half of the companies use employee engagement scores, based on workforce surveys, as a KPI for executive bonuses
- A lack of rigour in terms of survey methods and scoring however undermines the credibility of this KPI
- The prevalence of workforce surveillance and job insecurity mean that employees cannot participate in company-led surveys without fear of repercussions
- In half of cases, the relevant engagement score is not disclosed, even when being used as a bonus KPI
- There is not enough detail in remuneration policies to assess whether the KPIs are appropriately set
- No companies fully disclosed their workforce survey methodology: half disclosed no method, half disclosed basic information

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/asia/q1-2022-esg-impact_apac-final.pdf

2.16 Legal and General also published their 11th edition of their Active Ownership report where they outline the activities they have undertaken to deliver positive change on behalf of clients on a broad range of ESG issues. The report shows that in 2021, LGIM gave particular attention to supporting stakeholders through the COVID-19 pandemic, income inequality and the threat of climate change.
https://www.lgim.com/uk/en/capabilities/investment-stewardship/active-ownership/?cid=emlActive_Ownership_DB

2.17 Legal and General with BHP jointly published a research paper titled 'The Energy Transition Dilemma' which discusses the path to net zero to become Paris-aligned and what a transition to meet this goal requires. The report along with over a hundred other Paris-aligned scenarios converge on the following conclusions:

- the need to radically transform the way the world produces and consumes energy and uses land
- the need for massive investments in clean energy to meet this transformative challenge
- the utility of universal pricing of carbon emissions to tackle the demand side of carbon intensive energy use and to stimulate the supply of clean alternatives is unmatched by other potential levers
- the climate change challenge battle is global: it cannot be won in the developed world alone, but it can be lost in the developing world, where the majority of future emissions are likely to come under a business-as-usual scenario
- the need for unprecedented levels of international cooperation to accommodate all of the above, including the containment of carbon leakage and swift diffusion of clean technology
- the need for a step-wise increase in the supply of the future-facing metals that are the building blocks of the hardware of decarbonisation

2.18 The full report is available on the link below. https://www.lgim.com/asia/en/insights/our-thinking/esg-and-long-term-themes/the-energy--transition--dilemma/#:~:text=A%20common%20goal%20of%20limiting,there%20are%20climate%20scenario%20models.

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

2.19 Following the shareholder resolution that GMPF co-filed with Amazon in December requesting greater disclosure on the company's global tax practices, Amazon submitted a no action request to the SEC challenging the resolution. The shareholder proposal survived this challenge which is only the second time a tax related shareholder proposal has survived an SEC challenge. The decision reflects the global regulatory momentum and changing investor expectations regarding tax. Although the proposal did not gain enough support to pass it gained more than 20% of shareholder votes which sent a strong message to the company about the issues that matter to shareholders. The co-filing of this resolution featured in several media outlets. https://www.pensionsage.com/pa/SEC-upholds-shareholder-proposal-on-Amazon-s-tax-transparency.php#:~:text=SEC%20upholds%20shareholder%20proposal%20on%20Amazon's%20tax%20transparency,-By%20Jack%20Gray&text=The%20US%20Securities%20and%20Exchange,payments%20and%20risks%20to%20investors.

https://www.reuters.com/technology/amazon-shareholders-call-tax-transparency-ft-2022-03-06/

2.20 Prior to the Amazon AGM, PIRC hosted an investor briefing webinar relating to the shareholder proposal which more detail on why the proposal was submitted. PIRC highlighted conduct such as paying no federal corporate income tax in the US in 2020, poor reporting and one of eight companies considered 'unresponsive' by lead investors in the UNPRI's collaborative engagement on tax transparency as reasons for filing the shareholder resolution. The webinar also highlighted companies that report to the GRI Tax Standard and the risks associated with the lack of transparency to shareholders.

2.21 GMPF co-filed shareholder a resolution with Microsoft requesting the company issue a tax transparency report to shareholders. With the Covid-19 pandemic resulting in large deficits for many governments, there has been an increased focus on whether corporations are paying their fair share of tax and contributing to society.

2.22 The Fund also filed a shareholder resolution as a lead filer with Cisco Systems requesting the same transparency report to shareholders.

2.23 GMPF had been engaging with TotalEnergies with a group of investors requesting the company set Paris-aligned targets. Having concluded that the dialogue had been unsuccessful the group agreed to file a shareholder resolution and formalise the request. However, the resolution was withheld from the AGM agenda and not voted on. Given that an identical resolution was accepted in the 2020 AGM and similar resolutions have been filed successfully at several competitors' AGM's the group were unsure why the proposal was rejected. The group are looking to take further steps to gain a better understanding of the views of the management at TotalEnergies and the most effective way this matter can be escalated if required.

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

2.24 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.

2.25 LAPFF responded to the governments Department for Transport Jet Zero technical consultation. LAPFF recognise the imperative need to address climate change as a systemic investment concern. It poses material financial risks across all asset classes with the potential for significant loss of shareholder value. Emissions from air transport are a significant contributor to economic and investment risk. LAPFF's experience engaging with companies is that, without strong and timely regulation, achieving the UK's ambitions for reducing emissions will be slower and less effective as some companies tend only to meet minimum regulatory requirements. LAPFF considers that all measures to promote net zero aviation should considered within the context of overall provision of reliable and affordable transport including surface transport. LAPFF supports the government pushing for domestic flights to be replaced by train journeys and for any remaining domestic flights to be provided by electric aircraft. This is in line with measures being taken by Austria, France, the Netherlands and Spain. The full response to the consultation can be accessed using the link below.
https://lapfforum.org/wp-content/uploads/2022/05/2022-Jet-Zero-Consultation.pdf

2.26 LAPFF also responded to the Department for Transport consultation on ending the sale of new non-zero emission buses. ending of new non-zero emission buses. In 2020, LAPFF set out its view that a clear strategy and policies should be required for all road vehicles in terms of ending the sale of petrol, diesel and hybrid vehicles. Since then, the World Meteorological Association has noted the world has already reached 1.2°C of warming. The Intergovernmental Panel on Climate Change (IPCC) set out that, for an 83% chance of remaining within 1.5°C of warming, the global carbon budget will be used up by 2027 at the current emissions rate. LAPFF's formally adopted policy outlines its main engagement objective for companies is to align their business models with a 1.5°C scenario and to push for an orderly net-zero carbon transition. LAPFF supports clearly identified legislative framework on carbon reductions, so that companies will be able to make the necessary decisions and financial commitments to provide the short and long-term solutions to decarbonising the economy that are needed. Again, LAPFF's experience engaging with companies is that, without strong and timely regulation, achieving the UK's ambitions for reducing emissions will be slower and less effective as some companies tend only to meet minimum regulatory requirements. In this context, LAPFF strongly supports ending the sale of new, non-zero emission buses, coaches and minibuses by 2025. The full response to the consultation can be accessed using the link below.
https://lapfforum.org/wp-content/uploads/2022/05/2022-Non-Zero-Emissions-Buses.pdf

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

2.27 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**.

The Northern LGPS RI Policy covers a wide range of ESG issues. In the update from 2021, the policy specifically highlighted Public Health as a theme that the Northern Pool would engage on with companies. The Healthy Markets Initiative, which Northern LGPS is a member of wrote to Nestle, Kelloggs, Danone and Kraft Heinz ahead of their respective AGMs urging them to increase their ambition on health, look to report using government endorsed nutrient profiling models and to set targets to increase their sales from healthier products. The press release can be found on the ShareAction website using the link below. https://shareaction.org/news/investors-call-on-major-food-manufacturers-to-follow-unilevers-moves-on-health-nutrition

2.28 The IIGCC published a new report which aims to support investors in understanding the $126 trillion of investment in climate solutions required to meet the goals of the Paris Agreement. The report, entitled "Climate Investment Roadmap: A tool to help investors accelerate the energy transition through investment and engagement", was developed with support and analysis from Vivid Economics. The findings support the key themes identified in the IPCC's latest report on mitigation of climate change, including the need for policy changes to facilitate greater investment in climate solutions. The full report can be accessed using the link below. https://www.iigcc.org/resource/climate-investment-roadmap-a-tool-to-help-investors-accelerate-the-energy-transition-through-investment-and-engagement/

2.29 At the end of March, Climate Action 100+ released the second assessments of its 166 focus companies using the Net Zero Company Benchmark. These show some corporate progress against key climate indicators, but find much more action is urgently needed from focus companies to limit global temperature rise to 1.5°C. This is the second iteration of the Net Zero Company Benchmark since it was launched by the initiative in March 2021. The assessments indicate overall year-on-year improvements on the initiative's three engagement goals of cutting greenhouse gas emissions, improving climate governance, and strengthening climate-related financial disclosures. Driven by pressure from Climate Action 100+ investor signatories, the results show that:

- 69% of focus companies have now committed to achieve net zero emissions by 2050 or sooner across all or some of their emissions footprint, a 17% year-on-year increase
- 90% of focus companies have some level of board oversight of climate change
- 89% of focus companies have aligned with TCFD recommendations, either by supporting the TCFD principles or by employing climate-scenario planning

2.30 However, the vast majority of companies have not set medium-term emissions reduction targets aligned with 1.5°C or fully aligned their future capital expenditures with the goals of the Paris Agreement, despite the increase in net zero commitments. Climate Action 100+ is calling on all focus companies to step up climate ambition before a third round of assessments is released later this year. More details including company assessments and key findings can be found on the Climate Action 100+ website. https://www.climateaction100.org/net-zero-company-benchmark/

2.31 The Northern LGPS co-signed a statement that was announced at the Net Zero Delivery Summit at Mansion House. The initiative, which is backed by UK Pensions Minister, Guy Opperman MP, recognises the important role UK asset owners can and should play in supporting emerging economies in achieving their climate targets. The 12 signatories to the statement representing 18.3 million members with assets worth £400 billion pledged to better understand the needs of emerging economies and the required transition. Ahead of COP27 in Egypt, the group plans to set out the steps they intend to take in line with their respective investment strategies. The statement as well as links to media attention it received can be accessed below.
https://www.churchofengland.org/media-and-news/press-releases/12-leading-uk-pension-

funds-collaborate-support-climate-transition

https://www.professionalpensions.com/news/4049582/pension-funds-launch-em-climate-collaboration

https://www.esginvestor.net/uk-pensions-set-to-support-emerging-markets-climate-transition/

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

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

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

2.24 Following on from the IMESG Working Group meeting in April where Officers presented a draft of the report on compliance with the UK Stewardship Code, Officers completed and submitted the necessary reporting during the quarter. Where previously compliance to the Stewardship Code involved signing up to a set of statements, the latest Stewardship Code asks investors to report on how they have exercised their responsibilities across all asset classes in relation to the 12 Principles. Details of the new Stewardship Code can be found using the link below.
https://www.frc.org.uk/investors/uk-stewardship-code

9. RECOMMENDATION

9.1 As per the front of the report.

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Agenda Item 8

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Agenda Item 14a

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 14b

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

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. eb 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/`

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 24

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank