

21 December 2018

Terminated: 10.30 am

In Attendance:	Sandra Stewart	Director of Pensions		
	Tom Harrington	Assistant Director	of	Pensions
		(Investments)		
	Michael Ashworth	Investments Manager		
	Abdul Bashir	Investments Manager		

21. DECLARATIONS OF INTEREST

22. MINUTES

23. UPDATE FROM PIRC

RECOMMENDED
That the report be noted.

24. LEGAL & GENERAL CORPORATE GOVERNANCE REVIEW

The Working Group welcomed James Sparshott and David Patt of Legal & General, who attended the meeting to present their report on Corporate Governance and Responsible Investment, over the last 12 months.

It was reported that growth of responsible investment is due to:

- Innovation in ESG data and analytics
- Regulatory pressures
- Matching values to sponsor/members
- Increasing client demand
- Improved ESG client reporting
- Shift from ethics to financial materiality

It was explained that a data driven approach is taken on ESG Scores and Legal & General receive feedback from companies who are keen to improve their score.

Engagement with companies can last a number of years, and during this time there will be collaborative engagement between CEO's, Chairmen and other Investors. David Patt explained that when voting Legal & General do not usually abstain, and do vote against a resolution if it is not in line with their policies.

David Patt outlined Legal & General's Climate Impact Pledge and their Engagement framework. He explained that companies are assessed on their climate and energy impact, transparency, board /governance structure, strategy of resilience and innovation, reputation and public policy. Poor performance in these areas could result in Legal & General voting against a resolution, or a public announcement to draw attention to the issue.

It was reported to the group that the voting policy is reviewed annually by Legal & General to ensure it is rigorous, and that engagement with the companies is equally as important as voting. A chart was presented and highlighted that compared with other large asset managers, Legal & General are:

- Highest level of support for resolutions on climate change disclosure.
- Top supporter of resolutions calling on companies to report on their political spending.
- Highest level of opposition to company management on the issue of executive pay.

The Group discussed the engagement priorities and in particular, the impact of the green paper on adult social care, demographic changes and gender pay gap.

RECOMMENDED

That the report be noted

25. CDP (FORMERLY THE CARBON DISCLOSURE PROJECT)

Tom Harrington, Assistant Director of Pensions (Investments), submitted a report outlining an invitation to become a signatory to the four Carbon Disclosure Project (CDP) information requests – the CDP, the CDP Water Disclosure, the CDP Carbon Action and the CDP Forest Footprint Disclosure.

As a signatory to the CDP information requests, GMPF will receive access to all company responses as required. The CDP analyse the responses and produce reports and associated research pieces, which are made available to signatories on their website. CDP have the largest

database in the world of primary information on company policies and practices relating to climate change. Last year the Fund accepted an invitation to become a signatory.

RECOMMENDED

That the working group accept the invitation to become a signatory to the four CDP information requests outlined in the report, subject to an annual administration fee of £1,115 plus VAT.

26. UNDERWRITING, STOCKLENDING AND COMMISSION RECAPTURE

The Assistant Director of Pensions (Investments) submitted a report advising Members of the activity and income generated on Underwriting, Stocklending and Commission Recapture during the quarter.

It was reported that the Fund did not participate in any sub-underwriting via UBS in the quarter ended September 2018. Stocklending income during the quarter was £98,546 compared to £92,926 in the same quarter of 2017, and Commission 'recaptured' was £2,018 compared to £16,969 in the same quarter of 2017.

The report outlined that income from these activities was very sensitive to market conditions, therefore the amounts generated were expected to vary from one quarter to another and from one year to another.

RECOMMENDED:

That the report be noted.

27. UPDATE ON ACTIVE PARTICIPATION IN CLASS ACTIONS

The Assistant Director of Pensions (Investments) submitted a report, which provided Members with an update on litigation in which GMPF sought to actively recover losses in the value of its shareholdings in various companies as a result of actions taken by those companies.

A quarterly update explaining active Class Actions and Antitrust Litigations, which remain outstanding, was presented to Members, and recent developments relating to each action was provided.

RECOMMENDED:

That the report be noted.

28. URGENT ITEMS

There were no urgent items.