Pensions Panel

Tuesday 6 June 2023
09:30
Oak Room, County Buildings, Stafford

County Buildings, Stafford
DDI 01785 278044
Please ask for Simon Humble
Email:
simon.humble@staffordshire.gov.uk

John Tradewell
Deputy Chief Executive and Director of Corporate Services
26 May 2023

Agenda

Part One

1. **Apologies**

2. **Declarations of Interest**

3. **Minutes of meeting held on 7 March 2023** (Pages 1 - 6)

4. **Dates of Future Meetings**

   - 5 September 2023
   - 5 December 2023
   - 5 March 2024

   All meetings are scheduled to start at 9.30am at County Buildings, Stafford

5. **Pension Fund Performance and Portfolio of Investments as at 31 March 2023** (Pages 7 - 26)

   Report for the Director of Finance

6. **Responsible Investment & Engagement (RI&E) Report Quarter 1 2023/24** (Pages 27 - 126)

   Report for the Director of Finance

7. **Competition and Markets Authority - Investment Consultant Objectives** (Pages 127 - 140)

Report for the Director of Finance

8. **Exclusion of the Public**

The Chairman to move:-

'That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) indicated below'.

Part Two

9. **Exempt Minutes of the Meeting held on 7 March 2023 (Exemption paragraph 3)** (Pages 141 - 148)

10. **Pension Fund Performance and Manager Monitoring for the quarter ended 31 March 2023 (Exemption Paragraph 3)** (Pages 149 - 158)

Portfolio Evaluation report for the quarter ended 31 March 2023 attached for information.

11. **Economic and Market Update (Exemption paragraph 3)** (Pages 159 - 174)

Presentation by Hymans Robertson

12. **Factor Based Investment Review (Exemption paragraph 3)** (Pages 175 - 194)

Presentation by Hymans Robertson

13. **Strategic Asset Allocation - Quarterly update (Exemption paragraph 3)** (Pages 195 - 242)

Report for the Director of Finance

14. **Private Equity (Exemption paragraph 3)**

Membership	
Philip Atkins, OBE Mike Davies Colin Greatorex	Mike Sutherland (Chair) Stephen Sweeney

Notes for Members of the Press and Public

Recording by Press and Public

Recording (including by the use of social media) by the Press and Public is permitted from the public seating area provided it does not, in the opinion of the chairman, disrupt the meeting.

Minutes of the Pensions Panel Meeting held on 7 March 2023

Present: Mike Sutherland (Chair)

Attendance	
Mike Davies	Colin Greatorex

Also in attendance:

Apologies: Philip Atkins, OBE and Stephen Sweeney

PART ONE

82. Declarations of Interest

There were no declarations of interest made on this occasion.

83. Minutes of meeting held on 6 December 2022

Resolved – That the minutes of the Meeting of the Pensions Panel held on 6 December 2022 be confirmed and signed by the Chairman.

84. Dates of Future Meetings

- Tuesday 6 June 2023
- Tuesday 5 September 2023
- Tuesday 5 December 2023

All meetings scheduled to start at 9.30am at County Buildings, Stafford unless indicated otherwise.

85. Annual Investment Strategy for Pension Fund Cash 2023/24

The Panel received a report of the Director of Finance seeking approval to the Staffordshire Pension Fund's ('the Fund'), Annual Investment Strategy (AIS) for the investment of internally managed cash.

Panel members were reminded that the Fund held a small strategic asset allocation to cash of 1.0%. This recognised that cash balances were needed for the day-to-day management of the Fund. The cash was managed by Officers in the County Council's Treasury and Pension Fund Team, to provide liquidity and pay bills as they arose. The management of this cash remained with the Fund and would not be transferred to LGPS Central Limited, under the LGPS pooling agenda.

It was noted that most of the cash was invested in Money Market Funds (MMF), which were classed as standard investments. The Fund followed the same principles as the County Council's Treasury Strategy, and it was highlighted that the Fund could invest with the UK Government, primarily through other local authorities if needed and with the Fund's banking provider, which was currently Lloyds bank. The maximum investment limit for each category of Standard Investment was detailed in Appendix 2 to the report, but was summarised as follows:

- Short-term MMFs – by default, these were already invested across a large number of counterparties. The limit set reflected this and was set at £40 million per MMF.
- UK Government –investment limit was unlimited in totality, but a maximum lending limit of £10 million per individual local authority had been introduced.
- The Fund's banking provider – a limit of £10 million has been set.

The Fund's approved Lending List was noted and provided at Appendix 2 to the report.

To allow for the practical management of operational treasury transactions each day, the choice over investments made was delegated to the Director of Finance as Chair of the Treasury Management Panel and Treasury & Pension Fund Officers.

In response to a query relating to the length of the relationship with Lloyds Bank and whether this was ever reviewed, it was confirmed that the contract with Lloyds Bank started in 2014 and had recently been reviewed and renewed in 2022 for a further seven years, with the option to extend for a further three years. It was confirmed that the Fund was satisfied with the service that was being provided.

Resolved: That the Staffordshire Pension Fund's Annual Investment Strategy for the investment of internally managed cash in 2022/23, be approved.

86. Pension Fund Performance and Portfolio of Investments as at 31 December 2022

The Director of Finance submitted a summary of the performance of the Staffordshire Pension Fund, together with a portfolio of the Fund's investments, as at 31 December 2022.

The Panel were informed that the 2022/23 Quarter 3 performance had been pleasing. The Fund had a market value of £6.4 billion, an increase of £0.1 billion. Performance of the Fund was at 2.0%, outperforming the benchmark by 1.7%. UK Equity Markets performed well in the quarter off the back of a volatile year. However, property and fixed income had suffered because of the increase in interest rates. The portfolio of investments was included at Appendix 1 to the report.

It was noted, that taking into account the market volatility in 2022, and the impact of the conflict in Ukraine, the hard work undertaken by the Officers and Committee over the years to maintain the balance and performance of the portfolio was to be commended.

Resolved: That the Pension Fund Investment performance and the portfolio of investments for the quarter ended 31 December 2022 be noted.

87. Responsible Investment & Engagement (RI&E) Quarterly Report

The Director of Finance submitted the Responsible Investment and Engagement Report to the Panel, which included the Climate Stewardship Plan for 2022/23 and the Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement Report.

The Panel heard that Fund officers had been working towards finalising the UK Stewardship Code Compliance Statement. This was to be presented for approval at the Pensions Committee meeting due to be held on the 31 March 2023, with a view to submitting the final document to the Financial Reporting Council (FRC) once approval had been received.

The Panel was informed that the quarterly report normally received from LGPS Central would be included as part of their own submission of the UK Stewardship Code Compliance Statement to the FRC and this would be brought to the Pensions Panel meeting due to take place in June 2023.

As part of the annual Climate Stewardship Plan work, officers were tasked with engaging with nine companies that were identified as being responsible for the majority of the Fund's climate related risk. To date eight of the nine companies had been engaged with and details of the engagement that had been carried out was presented in Appendix 1 to the report. Efforts continued to be made to engage with the outstanding company and more details would be brought back to a future Pensions Panel meeting. Similar work had been undertaken with the Portfolio Managers, but it was explained why it was more difficult to engage with certain managers although efforts were still being made to do so. Members heard that a meeting had been scheduled to take place between the Fund and several of its equity managers in May 2023, where climate risk would be discussed.

The Director presented the Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement Report. Key areas highlighted included the engagement around Human Rights and the complexities experienced, specifically when attempting to engage with various large organisations, most notably BHP and Vale. Reference was also made to the article relating to Drax Group plc, which ran the UK's largest power plant, specifically around its business model where, instead of coal, the plant burns imported wood pellets, creating concerns about sustainability flow and the removal of a near-term living carbon sink. This example was cited in contrast to the use of pellets made from waste products, used by a company in which one of the Fund's sustainable infrastructure managers had recently invested. Pensions Panel Members were encouraged to read the report as it highlighted the good work LAPFF continues to do in engaging with organisations on behalf of its members.

The Panel noted the value of the co-ordination of organisations such as LGPS Central and LAPFF, as the influence that could be generated by a larger voice was considered very useful. It was noted that LAPFF focussed on the themes of Human Rights and Climate Change, and it was suggested that some influence could be put on LGPS Central to concentrate on themes that are important to the Fund. The Panel was informed that LGPS Central already included Climate Change and Human Rights in its stewardship themes prioritised for engagement. It was explained that LGPS Central engaged with its Partner Funds when deciding upon future themes and it was confirmed that Panel members could be asked to provide input to this request in the future.

The Chair gave a brief update on the annual Responsible Investment Conference which took place in Bournemouth. This covered a wide range of ESG topics but had a particular focus on Human Rights and Climate Change. It was suggested that this was a worthwhile and engaging conference, which included some interesting panel debates.

Resolved: That the content of the Responsible Investment and Engagement report, including the Climate Stewardship Plan for 2022/23 (Appendix 1) and the Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement Report (Appendix 2), be noted.

88. Investment Strategy Statement

The Director of Finance provided the draft Investment Strategy Statement (ISS) to the Pensions Panel.

The Panel heard that the ISS had been reviewed and updated under Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which required the ISS to be reviewed and updated at least every three years. The ISS was currently in draft format, but it was expected that it would be formally implemented from the 1 April 2023, pending approval from both the Pensions Panel and Pensions Committee. Pensions Panel Members were asked to note that the document may need further revision following the outcome of the Department for Levelling Up, Housing and Communities (DLUHC) formal consultation on the Statutory Guidance on Asset Pooling in the LGPS; expected sometime in early 2023.

The April 2023 version of the ISS, attached at Appendix 2 to the report, contained revisions which reflected the outcomes from the 2022 Strategic Asset Allocation review and 2022 Actuarial Valuation. The April 2023 ISS also included information about the arrangements for the Fund's transfer of assets into LGPS Central and details on the Fund's Climate Change Strategy.

In response to a question relating to the fact the Fund was currently 120% funded, yet some Employers were still paying relatively high contribution rates, and whether there was a case for Employer contribution rates to be lower; it was clarified that feedback received from Employers during the development of the Actuarial Valuation suggested that they appreciated stability. Whilst there may have been an opportunity to reduce contribution rates, it would not have been by much and may have caused an issue for Employers in the future, should there be a need to increase contribution rates at the next valuation.

In response to a query asking at what level the Fund would have to be funded before a change would be made, it was explained that the valuation process takes place every three years to allow for this type of review to be considered and discussed so that changes can be made if deemed appropriate from an actuarial perspective.

Resolved: a. That the updated Staffordshire Pension Fund Investment Strategy Statement be approved, and that further approval of such be sought from the Pensions Committee.

b. That the potential requirement for further updates to the Investment Strategy Statement once the outcome of the Department for Levelling Up, Housing and Communities formal consultation on the Statutory Guidance on Asset Pooling in the LGPS is known, be noted.

89. Exclusion of the Public

RESOLVED -, That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraph of Part One of Schedule 12A of the Local Government Act 1972 (as amended) indicated below.

The Panel then proceeded to consider reports on the following issues:

90. Exempt Minutes of the Meeting held on 6 December 2022
(Exemption paragraph 3)

91. Independent Advisors - Verbal update
(Exemption paragraph 3)

92. Pension Fund Performance and Manager Monitoring for the quarter ended 31 December 2022
(Exemption paragraph 3)

93. Economic and market update
(Exemption paragraph 3)

94. Strategic Asset Allocation - Implementation Update
(Exemption paragraph 3)

95. Strategic Asset Allocation – Quarterly update (Exemption paragraph 3)

96. Property update (Exemption paragraph 3)

a) Property update

b) Confirmation of action taken by the Director of finance

Chair

Item no 5 on Agenda

PENSIONS PANEL – 6 JUNE 2023

Report of the Director of Finance

PENSION FUND INVESTMENT PERFORMANCE 2022/23

Purpose of Report

1. To provide, for information;

   (a) a summary of performance of the Staffordshire Pension Fund at 31 March 2023; and

   (b) a portfolio of the Pension Fund's investments at 31 March 2023 (Appendix 1).

Performance Summary

2.

Period	Fund %	Benchmark %	Relative Performance %
June 2022 Quarter	-6.1	-6.4	+0.3
September 2022 Quarter	-0.4	-1.5	+1.0
December 2022 Quarter	2.0	0.3	+1.7
March 2023 Quarter	2.9	3.5	-0.6
Financial Year 2022/23	-1.9	-4.3	+2.4

3. Global equities performed strongly over the first quarter of 2023, with the MSCI World Index rising by 7.7%, despite the volatility caused by the collapse of Silicon Valley Bank in the US and the forced takeover of Credit Suisse by UBS. Resilient economic indicators, the reopening of China and the expectation that central banks have done enough tightening to control inflation outweighed a challenging geopolitical backdrop and the threat of recession.

4. In the US, the Federal Reserve (Fed) delivered cumulative policy rate increases of 0.5% during the quarter, leaving the Federal funds target range at 4.75% - 5.0%. Despite this, US equities performed well, with markets appearing to focus on better economic data, such as the increases in the S&P Global Flash US Purchasing Managers' Index and the US non-farm payrolls.

5. In the UK, equities increased over the quarter but lagged global markets. Inflation unexpectedly rose to 10.4% in February (the first increase in four months), leading the Bank of England to increase interest rates by 0.75% during the quarter, in a continued attempt to reduce inflation. Elsewhere, the

UK narrowly avoided recession, with GDP growth for the last quarter of 2022 revised up to 0.1%.

6. In Europe, despite rapidly rising interest rates and the turmoil in the banking sector, European (excluding UK) equity markets outperformed global equities on the back of falling energy prices and the resilience of services activity. Core inflation continued to increase from 5.2% to 5.7%, hence the European Central Bank (ECB) increased interest rates by 1.0% over the quarter, citing the strength of recent economic data.

7. Elsewhere, Japanese equities rose, performing broadly in line with global markets. Asia Pacific (excluding Japan) and emerging market equities also rose marginally, boosted by China's post-pandemic economic re-opening, which is feeding a strong rebound in economic activity in the People's Republic of China.

Fund Market Value

8. The Fund had a market value of £6.6 billion as of 31 March 2023, an increase of £0.2 billion since 31 December 2022.

9. Over the quarter the Fund returned 2.9%, underperforming its Strategic Asset Allocation benchmark return, of 3.5%, by 0.6%. The best performing asset class relative to benchmark was listed equities, in particular global sustainable equities, returning 5.8% versus a benchmark return of 4.5%. Private equity was a detractor to Fund performance over the quarter returning -6.5% which was -9.0% below the private equity benchmark return of 2.5% over the same period.

10. Longer term, the Fund has outperformed its Strategic Asset Allocation benchmark return over a 1, 3, 5 and 10-year period. Annualised returns over 10 years are 8.3% per annum, well above the investment return assumptions used by the Actuary as part of the triennial valuation.

Portfolio of Investments at 31 March 2023

11. A copy of the Staffordshire Pension Fund's portfolio of investments at 31 March 2023 is attached at Appendix 1.

Rob Salmon
Director of Finance

Contact: Tim Byford, Strategic Investment Manager
Telephone No. (01785) 278196

Background Documents:
Portfolio Evaluation Performance Measurement Data

Staffordshire Pension Fund
Local Government Pension Scheme

Investment Portfolio

31 March 2023

Staffordshire

STAFFORDSHIRE PENSION FUND

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STAFFORDSHIRE PENSION FUND

PORTFOLIO ANALYSIS AS AT 31 MARCH 2023

		PREVIOUS QUARTER MARKET VALUE £	CURRENT QUARTER BOOK COST £	CURRENT QUARTER MARKET VALUE £
GLOBAL SUSTAINABLE	**Equities**	263,403,091.58	378,624,245.18	407,956,549.38
	Cash	5,219,395.60	5,443,006.21	5,443,006.21
GLOBAL ACTIVE	**Equities**	1,718,323,625.87	1,148,041,142.59	1,670,499,009.40
	Cash	16,592,181.13	17,332,935.99	17,332,935.99
GLOBAL PASSIVE	**Equities**	1,832,238,446.95	1,492,762,989.39	1,865,019,879.07
FACTOR BASED	**Equities**	244,415,860.17	218,608,485.74	248,202,434.11
REGULATORY CAPITAL (SHARE)		1,315,000.00	1,315,000.00	1,315,000.00
PRIVATE EQUITY		366,314,878.81	145,148,621.82	340,957,725.06
PRIVATE DEBT		330,951,913.38	335,113,225.62	348,187,985.59
PROPERTY		524,000,454.09	510,050,222.79	513,699,464.37
ALTERNATIVES	**Hedge Funds**	1,801,019.46	0.00	1,801,019.46
	Infrastructure	108,014,554.49	172,521,361.91	183,326,021.87
BONDS	**Global Corporate Bonds**	435,976,072.77	559,716,702.88	496,241,603.11
	Passive UK Index Linked Gilts	412,096,611.65	400,768,964.69	432,471,589.96
CASH	**Central Cash Fund**	167,397,683.50	92,876,040.70	92,876,040.70
	Regulatory Capital (Loan)	685,000.00	685,000.00	685,000.00
	Private Equity	9,476,699.05	9,220,736.34	9,220,736.34
	Private Debt	82,582.40	1,880.92	1,880.92
	Infrastructure	251,937.28	256,921.77	256,921.77
TRANSITION	**Equities**	0.66	0.00	0.64
	Cash	4,957.41	0.52	0.52
TOTAL INVESTMENTS		6,238,851,529.88	5,368,113,968.82	6,509,678,282.02
TOTAL CASH		199,710,436.37	120,373,516.24	125,816,522.45
TOTAL		**6,438,561,966.25**	**5,488,487,485.06**	**6,635,494,804.47**

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Funds - Impax Asset Management | **Currency - Sterling** | **Report Date - 31-03-2023**

	Holding	Cost £	Average Cost £	Market Price £	Market Value £	Unrealised Gain/Loss £
EUROPE						
Denmark						
VESTAS WIND SYSTEM DKK0.20	111,802	2,696,841.31	24.12	23.47	2,624,341.96	(72,499.35)
France						
SCHNEIDER ELECTRIC EUR4.00	64,282	8,625,867.69	134.19	135.04	8,680,403.11	54,535.42
Germany						
HANNOVER RUECK SE ORD NPV(REGD)	56,816	7,375,164.21	129.81	158.47	9,003,678.17	1,628,513.96
SARTORIUS AG NON VTG PRF NPV	18,103	5,973,355.83	329.96	340.05	6,155,944.25	182,588.42
		13,348,520.04			15,159,622.42	1,811,102.38
Netherlands						
ASML HOLDING NV EUR0.09	7,764	3,376,566.28	434.90	549.35	4,265,182.88	888,616.60
KONINKLIJKE DSM NV EUR1.50	73,043	9,350,014.58	128.01	95.51	6,976,559.59	(2,373,454.99)
WOLTERS KLUWER EUR0.12	76,142	5,761,217.60	75.66	102.23	7,784,376.44	2,023,158.84
		18,487,798.46			19,026,118.91	538,320.45
Portugal						
JERONIMO MARTINS EUR1	335,330	4,343,939.54	12.95	19.00	6,370,320.17	2,026,380.63
Switzerland						
ALCON INC	159,436	9,312,796.04	58.41	57.28	9,132,334.05	(180,461.99)
LONZA GROUP AG CHF1 (REGD)	15,348	6,873,859.84	447.87	484.61	7,437,854.90	563,995.06
PARTNERS GROUP HLG CHF0.01 (REGD)	3,781	3,098,067.70	819.38	758.53	2,867,987.49	(230,080.21)
		19,284,723.58			19,438,176.44	153,452.86
TOTAL EUROPE		66,787,690.62			71,298,983.01	4,511,292.39
Japan						
KDDI CORP NPV	315,700	7,471,187.83	23.67	24.87	7,852,253.72	381,065.89
KEYENCE CORP NPV	19,100	6,291,655.21	329.41	391.65	7,480,563.02	1,188,907.81
KUBOTA CORP NPV	456,800	7,599,889.69	16.64	12.15	5,549,027.62	(2,050,862.07)
TOTAL JAPAN		21,362,732.73			20,881,844.36	(480,888.37)
ASIA PACIFIC (Ex Japan)						
Hong Kong						
AIA GROUP LTD NPV	993,400	8,289,220.25	8.34	8.52	8,459,088.04	169,867.79
TOTAL ASIA PACIFIC (Ex Japan)		8,289,220.25			8,459,088.04	169,867.79
North America						
United States						
ANALOG DEVICES INC COM	54,044	6,053,322.84	112.01	159.51	8,620,289.39	2,566,966.55
APPLIED MATERIALS INC COM	43,792	4,127,727.76	94.26	99.34	4,350,334.36	222,606.60
APTIV PLC COM USD	70,275	6,721,379.08	95.64	90.74	6,376,441.92	(344,937.16)
BECTON DICKINSON & CO COM	13,166	2,379,426.83	180.73	200.20	2,635,861.84	256,435.01
BOSTON SCIENTIFIC CORP COM	244,397	7,804,511.36	31.93	40.46	9,888,940.86	2,084,429.50
CADENCE DESIGN SYS INC COM	40,462	4,392,714.09	108.56	169.91	6,875,054.30	2,482,340.21
CINTAS CORP COM	29,779	10,188,137.83	342.12	374.20	11,143,310.77	955,172.94
COOPER COS INC COM NEW COM NEW	16,901	5,129,287.47	303.49	301.96	5,103,446.84	(25,840.63)
DANAHER CORP COM	33,068	6,174,987.10	186.74	203.84	6,740,634.92	565,647.82
EQUINIX INC COM PAR $0.001	10,621	5,571,547.23	524.58	583.15	6,193,671.58	622,124.35
GLOBE LIFE INC COM	42,521	4,059,225.08	95.46	88.98	3,783,541.62	(275,683.46)
IQVIA HLDGS INC COM USD0.01	53,456	8,478,020.41	158.60	160.86	8,598,700.30	120,679.89
LINDE PLC	40,647	8,538,697.76	210.07	287.47	11,684,717.14	3,146,019.38
MASTERCARD INC CL A	38,452	10,392,406.27	270.27	293.91	11,301,581.29	909,175.02
MICROSOFT CORP COM	53,921	10,308,054.07	191.17	233.17	12,572,625.70	2,264,571.63
TE CONNECTIVITY LTD	53,753	4,997,518.21	92.97	106.07	5,701,569.32	704,051.11
THERMO FISHER CORP	21,970	8,020,253.70	365.05	466.15	10,241,293.93	2,221,040.23
UNITED RENTALS INC COM	15,832	4,147,166.12	261.95	320.08	5,067,468.81	920,302.69
VERTEX PHARMACEUTICALS INC COM	21,619	3,507,841.03	162.26	254.82	5,508,914.86	2,001,073.83
VISA INC COM CL A STK	31,375	5,049,446.63	160.94	182.34	5,721,061.85	671,615.22
		126,041,670.87			148,109,461.60	22,067,790.73
TOTAL NORTH AMERICA		126,041,670.87			148,109,461.60	22,067,790.73
EMERGING MARKETS						
India						
ADR HDFC BK LTD ADR REPSTG 3 SHS	170,329	8,476,299.56	49.76	53.92	9,184,223.80	707,924.24
TOTAL EMERGING MARKETS		8,476,299.56			9,184,223.80	707,924.24
UNITED KINGDOM						
ASHTEAD GROUP ORD GBP0.10	62,550	2,881,447.53	46.07	49.58	3,101,229.00	219,781.47
CRODA INTL ORD GBP0.10609756	84,088	5,675,754.32	67.50	64.98	5,464,038.24	(211,716.08)
LEGAL & GENERAL GP ORD GBP0.025	2,458,093	6,279,761.34	2.55	2.39	5,872,384.18	(407,377.16)
UNILEVER PLC ORD GBP 0.031111	143,932	5,931,339.82	41.21	41.90	6,031,396.01	100,056.19
TOTAL UNITED KINGDOM		20,768,303.01			20,469,047.43	(299,255.58)
Total Investments		251,725,917.04			278,402,648.24	26,676,731.20
Cash Balance		5,443,006.21			5,443,006.21	
Total Value of Portfolio		257,168,923.25			283,845,654.45	

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Funds - JP Morgan Asset Management, Longview Partners (Global Equity)	Holding	Cost £	Average Cost £	Market Price £	Market Value £	Unrealised Gain/Loss £
Currency - Sterling					Report Date -	31-03-2023
EUROPE						
Austria						
ANDRITZ AG NPV (BR)	13,122	666,356.17	50.78	54.74	718,325.43	51,969.26
Denmark						
CARLSBERG SER'B'DKK20	20,608	2,475,665.24	120.13	125.39	2,583,966.54	108,301.30
D/S NORDEN DKK1	38,141	1,575,290.01	41.30	54.40	2,074,909.46	499,619.45
NOVO-NORDISK AS DKK0.2 SERIES'B'	24,670	1,859,243.58	75.36	128.08	3,159,633.88	1,300,390.30
		5,910,198.83			7,818,509.88	1,908,311.05
France						
BNP PARIBAS EUR2	59,944	2,147,224.81	35.82	48.51	2,908,014.91	760,790.10
LVMH MOET HENNESSY LOUIS VUITTON SE EUR0.30	9,666	5,208,970.37	538.90	741.96	7,171,800.12	1,962,829.75
SANOFI EUR2	160,900	9,995,137.17	62.12	88.08	14,171,971.29	4,176,834.12
SCHNEIDER ELECTRIC EUR4.00	12,370	1,596,847.32	129.09	135.04	1,670,398.97	73,551.65
TECHNIP ENERGIES EUR0.01	44,730	655,924.37	14.66	17.27	772,511.78	116,587.41
TOTALENERGIES SE	104,288	3,236,485.00	31.03	47.77	4,981,348.75	1,744,863.75
VINCI EUR2.50	33,884	2,659,824.05	78.50	92.89	3,147,639.52	487,815.47
		25,500,413.09			34,823,685.34	9,323,272.25
Germany						
ALLIANZ SE NPV(REGD)(VINKULIERT)	12,945	2,288,736.60	176.80	186.98	2,420,509.77	131,773.17
DEUTSCHE LUFTHANSA ORD NPV (REGD)(VINK)	192,095	1,784,561.58	9.29	9.02	1,731,795.41	(52,766.17)
DR. ING. H.C. F. NON-VTG PRF NPV	16,872	1,247,390.18	73.93	103.68	1,749,370.25	501,980.07
MERCEDES-BENZ GROUP AG	28,921	1,100,872.21	38.06	62.19	1,798,692.92	697,820.71
RWE AG NPV	101,290	3,149,080.57	31.09	34.83	3,528,039.01	378,958.44
		9,570,641.14			11,228,407.36	1,657,766.22
Ireland						
CRH ORD EUR0.32	38,751	1,590,519.53	41.04	40.40	1,565,445.00	(25,074.53)
Italy						
AZIMUT HLDG S.P.A NPV	69,513	1,526,485.38	21.96	17.31	1,203,276.46	(323,208.92)
CNH INDUSTRIAL NV COM EUR0.01	234,752	2,674,393.54	11.39	12.37	2,904,324.36	229,930.82
INTESA SANPAOLO NPV	583,375	1,279,232.59	2.19	2.08	1,213,587.13	(65,645.46)
STELLANTIS N.V COM EUR0.01	181,336	1,296,138.63	7.15	14.70	2,665,392.76	1,369,254.13
UNICREDIT SPA NPV	80,073	1,286,621.71	16.07	15.30	1,224,949.07	(61,672.64)
		8,062,871.85			9,211,529.78	1,148,657.93
Netherlands						
ASML HOLDING NV EUR0.09	11,985	4,643,700.82	387.46	549.35	6,584,005.26	1,940,304.44
HEINEKEN NV EUR1.60	148,200	11,462,910.50	77.35	87.04	12,899,702.34	1,436,791.84
ING GROEP N.V. EUR0.01	231,517	1,609,687.54	6.95	9.60	2,223,495.27	613,807.73
KON AHOLD DELHAIZE EUR0.01	147,701	3,195,618.11	21.64	27.67	4,086,855.27	891,237.16
KONINKLIJKE KPN	789,638	2,253,640.77	2.85	2.86	2,259,152.76	5,511.99
WOLTERS KLUWER EUR0.12	102,692	7,201,548.79	70.13	102.23	10,498,715.36	3,297,166.57
		30,367,106.53			38,551,926.26	8,184,819.73
Norway						
EQUINOR ASA NOK2.50	156,354	3,263,981.26	20.88	23.07	3,606,553.59	342,572.33
Spain						
IBERDROLA SA EUR0.75	324,109	3,261,144.09	10.06	10.09	3,270,809.52	9,665.43
Sweden						
ATLAS COPCO AB SER'A'NPV	155,791	1,633,818.15	10.49	10.26	1,598,319.94	(35,498.21)
BOLIDEN AB NPV	16,928	627,967.39	37.10	31.81	538,414.05	(89,553.34)
NORDEA BANK ABP NPV	140,662	1,302,229.57	9.26	8.63	1,213,814.91	(88,414.66)
SSAB AB SER'B'NPV	116,381	661,926.69	5.69	5.77	670,976.88	9,050.19
		4,225,941.80			4,021,525.78	(204,416.02)
Switzerland						
JULIUS BAER GRUPPE CHF0.02 (REGD)	26,770	1,271,564.51	47.50	55.17	1,476,953.88	205,389.37
NESTLE SA CHF0.10(REGD)	63,893	5,548,623.99	86.84	98.68	6,304,685.64	756,061.65
RICHEMONT(CIE FIN) CHF1 (REGD)	22,939	2,749,328.76	119.85	129.17	2,962,926.59	213,597.83
ROCHE HLDGS AG GENUSSCHEINE NPV	8,980	2,227,757.88	248.08	231.02	2,074,554.06	(153,203.82)
UBS GROUP AG USD0.10 (REGD)	109,193	1,033,531.21	9.47	17.08	1,864,739.39	831,208.18
ZURICH INSURANCE GROUP AG CHF0.10	5,922	1,679,418.68	283.59	387.50	2,294,753.64	615,334.96
		14,510,225.03			16,978,613.20	2,468,388.17
TOTAL EUROPE		106,929,399.32			131,795,331.14	24,865,931.82
Japan						
DENTSU GROUP INC NPV	43,000	1,267,088.51	29.47	28.26	1,215,064.71	(52,023.80)
FUJIKURA NPV	95,400	649,112.93	6.80	5.70	543,787.49	(105,325.44)
HITACHI ZOSEN Y50	127,000	653,333.51	5.14	5.26	668,343.32	15,009.81
ITOCHU CORP NPV	136,500	1,874,329.09	13.73	26.14	3,567,632.33	1,693,303.24
KAMIGUMI CO LTD NPV	84,100	1,265,476.81	15.05	16.89	1,420,753.68	155,276.87
KDDI CORP NPV	68,000	1,566,246.02	23.03	24.87	1,691,331.18	125,085.16
MARUBENI CORP NPV	166,800	1,573,808.04	9.44	10.91	1,819,949.98	246,141.94
MITSUBISHI MOTOR C NPV	505,400	1,758,703.12	3.48	3.17	1,603,185.36	(155,517.76)
MITSUI & CO LTD NPV	54,300	1,277,689.43	23.53	25.01	1,358,167.06	80,477.63
NIPPON TELEGRAPH & TELEPHONE CORP NPV	138,400	2,512,999.72	18.16	24.08	3,332,180.81	819,181.09
NITERRA CO LTD NPV	114,800	1,847,298.19	16.09	16.63	1,908,692.55	61,394.36
ORIX CORP NPV	212,800	2,700,831.73	12.69	13.23	2,814,545.62	113,713.89
SANKYO CO LTD NPV	40,500	1,004,536.62	24.80	33.60	1,361,000.08	356,463.46
SHIMAMURA CO NPV	16,800	1,297,462.71	77.23	82.04	1,378,227.93	80,765.22
SOFTBANK CORP NPV	74,300	777,882.87	10.47	9.29	690,357.90	(87,524.97)
SONY GROUP CORPORA NPV	44,100	3,250,438.23	73.71	72.83	3,211,845.34	(38,592.89)
SUMITOMO MITSUI FINANCIAL GROUP NPV	100,900	2,661,755.84	26.38	32.20	3,248,486.88	586,731.04
SUMITOMO WAREHOUSE CO LTD NPV	90,200	1,214,439.72	13.46	13.22	1,192,185.39	(22,254.33)
TOKIO MARINE HOLDINGS INC NPV	64,500	946,886.66	14.68	15.48	998,312.84	51,426.18
TOTAL JAPAN		30,100,319.75			34,024,050.45	3,923,730.70

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Funds - JP Morgan Asset Management, Longview Partners (Global Equity) — **Currency - Sterling** — **Report Date - 31-03-2023**

	Holding	Cost £	Average Cost £	Market Price £	Market Value £	Unrealised Gain/Loss £
ASIA PACIFIC (Ex Japan)						
Australia						
BHP GROUP LIMITED	52,694	1,334,931.97	25.33	25.58	1,348,078.73	13,146.76
ILUKA RESOURCES NPV	149,376	550,358.89	3.68	5.75	859,293.42	308,934.53
JB HI-FI NPV	88,746	1,715,274.73	19.33	23.00	2,041,583.71	326,308.98
QANTAS AIRWAYS NPV	544,830	1,870,705.46	3.43	3.59	1,953,687.72	82,982.26
		5,471,271.05			6,202,643.58	731,372.53
Hong Kong						
AIA GROUP LTD NPV	665,800	5,522,826.32	8.30	8.52	5,669,479.38	146,653.06
SANDS CHINA LTD USD0.01	935,600	2,794,333.04	2.99	2.81	2,631,536.46	(162,796.58)
		8,317,159.36			8,301,015.84	(16,143.52)
Singapore						
DBS GROUP HLDGS NPV	94,300	1,597,489.29	16.94	20.07	1,892,972.79	295,483.50
UTD O/S BANK NPV	260,400	3,696,870.14	14.20	18.10	4,714,033.30	1,017,163.16
		5,294,359.43			6,607,006.09	1,312,646.66
TOTAL ASIA PACIFIC (Ex Japan)		19,082,789.84			21,110,665.51	2,027,875.67
North America						
Canada						
BOMBARDIER INC	86,090	2,950,612.25	34.27	44.09	3,795,811.60	845,199.35
GEORGE WESTON COM NPV	27,774	2,104,643.75	75.78	107.03	2,972,674.15	868,030.40
IMPERIAL OIL COM NPV	19,284	615,572.26	31.92	41.07	792,057.58	176,485.32
LOBLAWS COS LTD COM NPV	10,940	659,970.89	60.33	73.61	805,258.94	145,288.05
NATL BK OF CANADA COM NPV	56,472	2,324,700.09	41.17	57.77	3,262,407.28	937,707.19
ROYAL BK OF CANADA COM NPV	57,385	3,612,164.08	62.95	77.24	4,432,433.49	820,269.41
SECURE ENERGY SERV COM NPV	137,398	657,248.93	4.78	3.77	518,111.29	(139,137.64)
SUNCOR ENERGY INC COM NPV 'NEW'	32,213	838,748.63	26.04	25.08	807,755.53	(30,993.10)
TFI INTERNATIONAL COM NPV	32,963	1,001,484.14	30.38	96.38	3,176,827.30	2,175,343.16
		14,765,145.02			20,563,337.16	5,798,192.14
United States						
ABBVIE INC COM USD0.01	59,758	3,593,658.78	60.14	128.89	7,702,399.36	4,108,740.58
AGILENT TECHNOLOGIES INC COM	43,428	3,877,369.20	89.28	111.88	4,858,934.07	981,564.87
AIRBNB INC CL A COM USD0.0001 CL A	20,363	1,728,159.23	84.87	100.61	2,048,733.87	320,574.64
ALLISON TRANSMISSION HOLDING	65,493	2,503,001.05	38.22	36.59	2,396,298.34	(106,702.71)
ALPHABET INC CAP STK USD0.001 CL C	222,122	7,840,933.80	35.30	84.11	18,683,073.42	10,842,139.62
ALPHABET INC CAPITAL STOCK USD0.001 CL A	161,260	8,760,709.61	54.33	83.89	13,528,649.32	4,767,939.71
AMAZON COM INC COM	154,275	10,559,676.10	68.45	83.54	12,887,754.02	2,328,077.92
AMDOCS ORD GBP0.01	36,286	2,402,262.53	66.20	77.67	2,818,184.56	415,922.03
AMERICAN EXPRESS CO	96,955	7,511,474.41	77.47	133.41	12,934,389.55	5,422,915.14
AMERIPRISE FINL INC COM	5,931	1,258,299.58	212.16	247.89	1,470,218.25	211,918.67
AMGEN INC COM	7,377	959,643.53	130.09	195.52	1,442,346.72	482,703.19
AON PLC	50,200	1,973,987.29	39.32	255.00	12,800,806.11	10,826,818.82
APPLE INC COM STK	216,337	7,020,899.84	32.45	133.37	28,851,929.65	21,831,029.81
APPLIED MATERIALS INC COM	22,919	2,065,310.30	90.11	99.34	2,276,792.87	211,482.57
AUTODESK INC COM	18,167	2,964,592.37	163.19	168.35	3,058,467.72	93,875.35
AUTONATION INC COM	14,640	1,745,551.62	119.23	108.67	1,590,869.22	(154,682.40)
BANK NEW YORK MELLON CORP COM STK	332,500	8,390,908.90	25.24	36.75	12,219,498.38	3,828,589.48
BANK OF AMERICA CORP	206,205	3,496,740.04	16.96	23.13	4,769,673.28	1,272,933.24
BECTON DICKINSON & CO COM	62,902	11,343,390.75	180.33	200.20	12,593,117.25	1,249,726.50
BERRY GLOBAL GROUP INC COM USD0.01	97,243	4,514,083.78	46.42	47.64	4,632,303.96	118,220.18
BOOKING HLDGS INC COM	7,543	11,503,086.03	1,525.00	2,145.18	16,181,104.79	4,678,018.76
BORG WARNER INC COM	46,965	1,659,975.00	35.34	39.72	1,865,381.51	205,406.51
BOX INC CL A CL A	100,349	1,967,300.12	19.60	21.67	2,174,248.45	206,948.33
BRISTOL MYERS SQUIBB CO COM	92,890	4,325,896.47	46.57	56.06	5,207,008.27	881,111.80
BUILDERS FIRSTSOURCE INC COM STK	37,104	2,087,641.22	56.26	71.80	2,664,153.71	576,512.49
CDW CORP COM	83,902	11,543,102.80	137.58	157.62	13,224,683.13	1,681,580.33
CHUBB LTD ORD CHF24.15	7,467	1,301,740.19	174.33	157.05	1,172,665.25	(129,074.94)
COCA COLA CO COM	120,056	6,149,311.71	51.22	50.17	6,022,947.21	(126,364.50)
CONOCOPHILLIPS COM	35,222	1,062,907.00	30.18	80.24	2,826,134.77	1,763,227.77
COSTCO WHOLESALE CORP NEW COM	8,774	3,538,099.12	403.25	401.85	3,525,849.83	(12,249.29)
CSX CORP COM STK	82,051	1,617,216.98	19.71	24.21	1,986,822.55	369,605.57
DEERE & CO COM	11,077	2,787,058.56	251.61	333.92	3,698,872.89	911,814.33
DROPBOX INC CL A CL A	137,608	3,087,977.17	22.44	17.49	2,406,150.45	(681,826.72)
E L F BEAUTY INC COM	21,029	1,272,499.69	60.51	66.60	1,400,572.62	128,072.93
EATON CORP PLC COM USD0.50	40,374	3,417,022.41	84.63	138.57	5,594,792.03	2,177,769.62
ELEVANCE HEALTH INC	12,247	3,621,199.05	295.68	371.88	4,554,403.83	933,204.78
ELI LILLY & CO COM	17,305	2,572,319.23	148.65	277.75	4,806,407.55	2,234,088.32
ENCORE WIRE CORP COM	10,780	1,265,162.65	117.36	149.89	1,615,801.07	350,638.42
ENPHASE ENERGY INC COM	6,428	1,616,682.16	251.51	170.07	1,093,194.01	(523,488.15)
EOG RESOURCES INC COM	22,269	851,994.69	38.26	92.71	2,064,535.78	1,212,541.09
EVERCORE INC	13,230	1,263,562.27	95.51	93.32	1,234,564.50	(28,997.77)
EVEREST RE GROUP COM	5,522	1,578,732.22	285.90	289.55	1,598,921.33	20,189.11
EXPEDIA GROUP INC COM USD0.001	17,572	2,564,825.37	145.96	78.47	1,378,956.71	(1,185,868.66)
EXTREME NETWORKS INC COM	106,077	1,660,775.75	15.66	15.46	1,640,334.89	(20,440.86)
EXXON MOBIL CORP COM	70,404	3,002,022.20	42.64	88.69	6,244,087.52	3,242,065.32
FAIR ISAAC CORPORATION COM	4,820	2,375,171.11	492.77	568.31	2,739,266.07	364,094.96
FISERV INC COM	139,010	9,356,185.03	67.31	91.41	12,707,589.49	3,351,404.46
FREEPORT-MCMORAN INC	87,961	2,305,425.17	26.21	33.09	2,910,335.41	604,910.24
GARTNER INC COM	2,736	666,553.22	243.62	263.47	720,859.43	54,306.21
GENERAL MILLS INC COM	9,023	637,891.49	70.70	69.12	623,644.72	(14,246.77)
GODADDY INC CL A CL A	43,861	2,714,071.97	61.88	62.86	2,756,987.06	42,915.09
HARTFORD FINL SVCS GROUP INC COM	11,328	643,073.04	56.77	56.36	638,479.73	(4,593.31)
HCA HEALTHCARE INC COM	70,550	2,597,068.30	36.81	213.26	15,045,187.83	12,448,119.53
HENRY SCHEIN INC COMMON STOCK	191,509	7,867,631.91	41.08	65.95	12,629,416.96	4,761,785.05
HOLOGIC INC COM	12,499	647,816.65	51.83	65.27	815,778.41	167,961.76
HOME DEPOT INC COM	13,780	3,551,086.28	257.70	238.68	3,289,055.98	(262,030.30)
INFOSYS LIMITED ADR	204,459	1,483,642.84	7.26	14.10	2,883,872.92	1,400,230.08
INTERACTIVE BROKERS GROUP INC CL COM	22,848	1,625,677.17	71.15	66.77	1,525,602.11	(100,075.06)
INTERDIGITAL INC COM	22,164	1,321,387.07	59.62	58.96	1,306,769.76	(14,617.31)
IQVIA HLDGS INC COM USD0.01	71,041	6,617,363.86	93.15	160.86	11,427,347.12	4,809,983.26
IRIDIUM COMMUNICATIONS INC COM STK	32,063	1,571,474.66	49.01	50.09	1,605,937.51	34,462.85

Funds - JP Morgan Asset Management, Longview Partners (Global Equity)		Currency - Sterling			Report Date -	31-03-2023
	Holding	Cost £	Average Cost £	Market Price £	Market Value £	Unrealised Gain/Loss £
IRONWOOD PHARMACEUTICALS INC COM CL A	138,804	1,374,018.36	9.90	8.51	1,180,976.15	(193,042.21)
JABIL INC COM USD0.001	12,575	630,717.29	50.16	71.30	896,608.77	265,891.48
L3HARRIS TECHNOLOGIES INC COM	59,678	8,571,501.36	143.63	158.71	9,471,640.40	900,139.04
LAM RESH CORP COM	14,205	2,343,654.94	164.99	428.74	6,090,302.07	3,746,647.13
LANTHEUS HLDGS INC COM	36,479	2,324,281.57	63.72	66.77	2,435,768.53	111,486.96
LAZARD LTD CL A	40,609	1,310,142.89	32.26	26.78	1,087,438.94	(222,703.95)
LINDE PLC	12,485	2,931,865.46	234.83	287.47	3,589,039.62	657,174.16
LKQ CORP COM LKQ CORP	43,244	1,894,004.53	43.80	45.91	1,985,142.34	91,137.81
MANHATTAN ASSOCS INC COM	13,905	1,650,026.34	118.66	125.24	1,741,428.34	91,402.00
MARSH & MCLENNAN CO'S INC COM	94,120	9,859,672.91	104.76	134.70	12,677,977.06	2,818,304.15
MASTERCARD INC CL A	25,024	5,075,387.91	202.82	293.91	7,354,904.04	2,279,516.13
MCKESSON CORP	15,111	1,520,732.37	100.64	287.96	4,351,385.92	2,830,653.55
MEDTRONIC PLC COMMON STOCK STOCK	180,030	11,474,882.07	63.74	65.20	11,738,458.83	263,576.76
META PLATFORMS INC	30,544	4,171,422.33	136.57	171.41	5,235,549.22	1,064,126.89
MICROSOFT CORP COM	116,184	9,278,373.02	79.86	233.17	27,090,334.82	17,811,961.80
MICROSOFT CORP COM	61,725	12,626,000.84	204.55	233.17	14,392,265.00	1,766,264.16
MOODYS CORP COM	50,267	12,635,276.91	251.36	247.50	12,441,025.59	(194,251.32)
MORGAN STANLEY COM STK USD0.01	81,392	2,595,800.75	31.89	71.01	5,779,624.75	3,183,824.00
NETAPP INC COM STK	51,841	3,125,022.64	60.28	51.64	2,677,057.37	(447,965.27)
NEUROCRINE BIOSCIENCES INC COM	7,147	652,360.38	91.28	81.86	585,077.67	(67,282.71)
NEXTERA ENERGY INC COM	48,592	2,827,524.23	58.19	62.34	3,029,213.52	201,689.29
NIKE INC CL B	54,523	5,240,682.39	96.12	99.19	5,407,982.68	167,300.29
NVIDIA CORP COM	38,977	4,874,487.99	125.06	224.65	8,756,229.86	3,881,741.87
NXP SEMICONDUCTORS N V COM STK	21,159	2,919,424.37	137.98	150.81	3,191,090.79	271,666.42
OLD DOMINION FREIGHT LINE INC COM	10,988	1,673,666.42	152.32	275.66	3,028,953.55	1,355,287.13
ORACLE CORP COM	200,800	5,029,494.21	25.05	75.15	15,090,245.86	10,060,751.65
PALO ALTO NETWORKS INC COM USD0.0001	13,844	1,180,306.09	85.26	161.54	2,236,402.88	1,056,096.79
PENSKE AUTOMOTIVE GROUP INC COM STK	23,758	1,758,184.05	74.00	114.69	2,724,834.57	966,650.52
PFIZER INC COM	38,815	1,636,682.01	42.17	33.00	1,280,805.43	(355,876.58)
PHILIP MORRIS INTL COM STK NPV	42,170	3,409,917.34	80.86	78.65	3,316,779.63	(93,137.71)
PROCTER & GAMBLE COM NPV	62,045	5,954,859.32	95.98	120.26	7,461,256.26	1,506,396.94
PROGRESS SOFTWARE CORP COM	19,217	627,505.49	32.65	46.46	892,892.20	265,386.71
PROGRESSIVE CORP OH COM	12,538	1,324,056.74	105.60	115.70	1,450,674.22	126,617.48
PROLOGIS INC COM	46,835	4,746,499.61	101.35	100.91	4,726,113.05	(20,386.56)
PTC INC COM	6,081	647,792.03	106.53	103.71	630,649.49	(17,142.54)
PURE STORAGE INC CL A CL A	104,390	2,473,563.11	23.70	20.63	2,153,737.46	(319,825.65)
QUALCOMM INC COM	40,492	4,859,174.76	120.00	103.18	4,178,065.38	(681,109.38)
RAMBUS INC DEL COM	42,911	1,591,691.67	37.09	41.46	1,778,978.27	187,286.60
REGENERON PHARMACEUTICALS INC COM	1,280	633,208.46	494.69	664.54	850,610.63	217,402.17
ROSS STORES INC COM	26,707	2,520,779.72	94.39	85.83	2,292,380.35	(228,399.37)
RYDER SYS INC COM	11,194	635,501.81	56.77	72.17	807,919.83	172,418.02
S&P GLOBAL INC COM	42,045	12,086,120.91	287.46	278.84	11,723,768.43	(362,352.48)
SBA COMMUNICATIONS CORP COM USD0.01 CL A	10,665	2,853,992.74	267.60	211.14	2,251,859.21	(602,133.53)
SCHWAB CHARLES CORP COM NEW	39,414	1,838,042.19	46.63	42.36	1,669,703.71	(168,338.48)
SCIENCE APPLICATIONS INTL CORP NEW COM USD0.0001	14,753	1,314,036.02	89.07	86.91	1,282,184.68	(31,851.34)
SEAWORLD ENTMT INC COM	38,332	2,076,904.21	54.18	49.59	1,900,711.50	(176,192.71)
SHOCKWAVE MED INC COM	10,204	2,479,095.57	242.95	175.36	1,789,423.87	(689,671.70)
SLM CORP COM	170,957	2,482,996.76	14.52	10.02	1,713,095.60	(769,901.16)
STATE STR CORP COM	213,884	12,198,456.92	57.03	61.22	13,093,031.38	894,574.46
STEEL DYNAMICS INC COM	7,109	624,298.83	87.82	91.44	650,041.23	25,742.40
SYSCO CORP COM	197,630	10,320,409.56	52.22	62.46	12,344,181.86	2,023,772.30
TESLA INC COM USD0.001	27,790	4,532,744.32	163.11	167.79	4,662,795.05	130,050.73
THE CIGNA GROUP	13,600	2,760,360.08	202.97	206.66	2,810,633.44	50,273.36
TJX COS INC COM NEW	72,126	4,743,584.98	65.77	63.37	4,570,983.79	(172,601.19)
TJX COS INC COM NEW	208,680	8,966,663.98	42.97	63.37	13,225,090.77	4,258,426.79
T-MOBILE US INC COM	45,900	4,287,714.45	93.41	117.14	5,376,808.98	1,089,094.53
TRANE TECHNOLOGIES PLC COM USD1	21,218	2,864,457.11	135.00	148.80	3,157,173.62	292,716.51
UNITED RENTALS INC COM	9,652	1,014,823.85	105.14	320.08	3,089,389.15	2,074,565.30
UNITED THERAPEUTICS CORP DEL COM STK	11,355	1,423,346.16	125.35	181.13	2,056,747.62	633,401.46
UNITEDHEALTH GROUP INC COM	19,068	5,146,054.53	269.88	382.22	7,288,079.09	2,142,024.56
UNITEDHEALTH GROUP INC COM	30,116	2,804,098.09	93.11	382.22	11,510,792.42	8,706,694.33
US FOODS HLDG CORP COM	226,100	5,469,905.13	24.19	29.88	6,754,930.10	1,285,024.97
VERTEX PHARMACEUTICALS INC COM	15,436	3,289,599.28	213.11	254.82	3,933,373.87	643,774.59
VISA INC COM CL A STK	42,962	5,126,275.05	119.32	182.34	7,833,888.74	2,707,613.69
VISA INC COM CL A STK	68,511	12,501,086.43	182.47	182.34	12,492,610.95	(8,475.48)
VMWARE INC CL A COM CL A COM	14,818	1,129,550.43	76.23	100.97	1,496,240.97	366,690.54
VOYA FINL INC COM	34,914	1,426,185.05	40.85	57.79	2,017,836.74	591,651.69
WATERS CORP COM	4,969	1,318,232.77	265.29	250.42	1,244,329.61	(73,903.16)
WELLS FARGO & CO NEW COM STK	183,118	6,946,056.49	37.93	30.23	5,535,970.15	(1,410,086.34)
WINNEBAGO INDS INC COM	32,007	1,684,104.67	52.62	46.67	1,493,633.99	(190,470.68)
ZIMMER BIOMET HLDGS INC COM	56,640	5,558,578.54	98.14	104.49	5,918,466.10	359,887.56
		501,688,204.33			696,348,763.04	194,660,558.71
TOTAL NORTH AMERICA		516,453,349.35			716,912,100.20	200,458,750.85
EMERGING MARKETS						
China						
ALIBABA GROUP HOLDING LTD	216,300	2,482,557.19	11.48	10.34	2,237,416.13	(245,141.06)
HAIER SMART HOME CO LTD-H	1,204,000	3,390,259.70	2.82	2.54	3,063,937.99	(326,321.71)
JD.COM INC USD0.00002 A CLASS	153,050	3,546,812.03	23.17	17.72	2,712,178.77	(834,633.26)
KUNLUN ENERGY CO COMSTK	3,308,000	2,181,640.41	0.66	0.63	2,092,620.15	(89,020.26)
MEITUAN-CLASS B 144A	107,500	1,818,780.15	16.92	14.78	1,589,340.30	(229,439.85)
TENCENT HLDGS LIMITED COMMON STOCK	199,000	4,660,994.08	23.42	39.75	7,909,915.27	3,248,921.19
		18,081,043.56			19,605,408.61	1,524,365.05
India						
ADR HDFC BK LTD ADR REPSTG 3 SHS	60,778	996,924.19	16.40	53.92	3,277,179.77	2,280,255.58

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Funds - JP Morgan Asset Management, Longview Partners (Global Equity) | **Currency - Sterling** | **Report Date - 31-03-2023**

	Holding	Cost £	Average Cost £	Market Price £	Market Value £	Unrealised Gain/Loss £
Indonesia						
BANK RAKYAT INDONESIA PERSER	5,014,400	1,306,460.36	0.26	0.26	1,279,297.49	(27,162.87)
BK CENTRAL ASIA IDR12.50	5,820,400	2,260,257.23	0.39	0.47	2,746,959.90	486,702.67
		3,566,717.59			**4,026,257.39**	**459,539.80**
Korea, Republic Of						
KIA CORP	41,496	1,893,123.70	45.62	50.32	2,088,111.71	194,988.01
LG ENERGY SOLUTION LTD KRW500 373220	6,109	1,134,820.52	185.76	362.81	2,216,386.25	1,081,565.73
SAMSUNG ELECTRONICS CO KRW100 005930	129,046	4,956,422.25	38.41	39.76	5,130,822.57	174,400.32
SAMSUNG ENGINEER KRW5000	112,203	1,638,231.07	14.60	19.69	2,209,663.83	571,432.76
		9,622,597.54			**11,644,984.36**	**2,022,386.82**
Mexico						
GRUPO FINANCIERO BANORTE S A B DE C V	365,494	1,947,935.57	5.33	6.80	2,486,794.52	538,858.95
WAL-MART DE MEX COM NPV	874,907	2,324,260.07	2.66	3.23	2,822,780.97	498,520.90
		4,272,195.64			**5,309,575.49**	**1,037,379.85**
Taiwan						
LITE-ON TECHNOLOGY TWD10	1,342,000	1,728,327.30	1.29	1.95	2,612,933.00	884,605.70
TAIWAN SEMICONDUCTOR MANUFACTURING TWD10 2330	556,000	6,962,515.26	12.52	14.16	7,871,795.15	909,279.89
		8,690,842.56			**10,484,728.15**	**1,793,885.59**
Thailand						
SCB X PCL THB10 (NVDR)	1,092,700	**2,853,322.74**	2.61	2.42	**2,649,022.35**	**(204,300.39)**
TOTAL EMERGING MARKETS		**48,083,643.82**			**56,997,156.12**	**8,913,512.30**
UNITED KINGDOM						
ANGLO AMERICAN USD0.54945	132,573	3,476,771.27	26.23	26.78	3,550,304.94	73,533.67
ASTRAZENECA ORD USD0.25	66,513	5,487,241.93	82.50	112.32	7,470,740.16	1,983,498.23
BALFOUR BEATTY GBP0.50	182,045	667,645.25	3.67	3.72	677,935.58	10,290.33
BP ORD USD0.25	1,243,411	3,154,421.17	2.54	5.11	6,351,343.39	3,196,922.22
CENTRICA ORD GBP0.061728395	1,383,016	1,247,467.31	0.90	1.06	1,466,688.47	219,221.16
COMPASS GROUP ORD GBP0.1105	681,450	7,761,644.15	11.39	20.33	13,853,878.50	6,092,234.35
DIAGEO ORD PLC	355,181	12,480,973.95	35.14	36.14	12,836,241.34	355,267.39
JET2 PLC	153,182	1,972,121.19	12.87	13.13	2,010,513.75	38,392.56
NATWEST GROUP PLC ORD GBP1.0769	905,387	1,566,609.18	1.73	2.64	2,386,600.13	819,990.95
PRUDENTIAL GBP0.05	158,336	1,929,399.88	12.19	11.02	1,744,862.72	(184,537.16)
RIO TINTO ORD GBP0.10	82,746	4,719,819.39	57.04	54.78	4,532,825.88	(186,993.51)
SHELL PLC ORD EUR0.07	272,276	3,295,221.51	12.10	23.09	6,285,491.46	2,990,269.95
SSE PLC ORD GBP0.50	68,795	1,268,949.55	18.45	18.03	1,240,373.85	(28,575.70)
TOTAL UNITED KINGDOM		**49,028,285.73**			**64,407,800.17**	**15,379,514.44**
Total Investments		769,677,787.81			1,025,247,103.59	255,569,315.78
Cash Balance		17,332,935.99			17,332,935.99	
Total Value of Portfolio		787,010,723.80			1,042,580,039.58	

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - PRIVATE EQUITY INVESTMENTS | **Currency - Sterling** | **Report Date -** 31-03-23

	Date of Inception	Estimated Total Approved Investment £	Cumulative Investments @ 31 Dec 2022 £	Quarters Transactions £	Cumulative Distributions @ 31 Dec 2022 £	Quarters Transactions £	Market Value @ 31 Dec 2022 * £
LAZARD US TECHNOLOGY PARTNERS 2nd Fund	Jan-01	6,214,640	6,216,640.24	0.00	5,559,412.40	0.00	**478,718.89**
KNIGHTSBRIDGE Post Venture IV	Mar-01	6,462,852	6,462,851.80	0.00	5,372,562.28	0.00	**0.00**
CAPITAL DYNAMICS UK HIGH TECHNOLOGY FUND	May-01	4,000,000	4,007,302.74	0.00	2,293,409.28	0.00	**0.00**
HARBOURVEST European Buyout Fund (HIPEP IV)	Jan-02	6,811,851	6,973,790.92	0.00	12,921,475.29	0.00	**0.00**
HARBOURVEST VII US Buyout Fund	Apr-03	5,260,384	5,299,569.55	0.00	10,218,206.56	0.00	**27,872.64**
KNIGHTSBRIDGE Venture Capital VI Series VXM	Feb-05	6,291,696	6,377,366.59	0.00	12,424,874.19	0.00	**1,823,053.30**
HARBOURVEST Asia Pacific Fund (HIPEP V)	Mar-06	5,056,257	5,466,435.93	0.00	8,667,943.88	0.00	**121,484.74**
HARBOURVEST 2007 Direct Fund	Sep-07	4,900,000	5,890,514.49	0.00	11,115,015.59	0.00	**410,902.78**
HARBOURVEST 2007 European Buyout Companion (HIPEP V)	Oct-07	5,000,000	5,890,762.76	0.00	9,265,508.70	0.00	**83,655.22**
HARBOURVEST VIII Cayman Venture Fund	Sep-07	2,450,000	2,946,946.59	0.00	6,078,042.30	0.00	**1,327,254.86**
HARBOURVEST VIII Cayman Buyout Fund	Sep-07	24,500,000	29,442,158.83	0.00	56,694,195.48	0.00	**3,577,001.95**
HARBOURVEST VIII US Mezzanine & Distressed Debt Fund	Sep-07	2,450,000	2,933,800.44	0.00	4,176,594.13	0.00	**204,965.48**
KNIGHTSBRIDGE Venture Capital VII LP Series VC	Apr-08	5,000,000	5,234,642.34	0.00	12,755,579.89	0.00	**6,285,472.09**
DOVER STREET VII Cayman Fund	May-08	10,000,000	11,727,495.90	0.00	17,758,391.12	122,482.79	**126,807.70**
PARTNERS Group Secondary 2008 LP	Nov-08	12,165,000	11,602,530.76	0.00	18,061,739.19	124,070.86	**850,306.06**
HARBOURVEST Cayman Partnership Fund (HIPEP VI)	Jun-08	29,687,775	29,168,600.70	0.00	45,640,739.13	1,255,506.57	**20,756,413.08**
KNIGHTSBRIDGE Venture Capital VIII	Feb-12	4,500,000	4,421,106.97	0.00	5,129,943.79	0.00	**12,170,934.23**
HARBOURVEST IX Cayman Venture Fund	Apr-13	6,150,000	5,876,782.26	0.00	12,364,084.97	298,084.53	**10,031,578.68**
HARBOURVEST IX Cayman Buyout Fund	Apr-13	12,300,000	10,925,857.52	0.00	16,771,694.58	371,762.35	**10,129,378.99**
HARBOURVEST IX Cayman Opportunities Fund	Apr-13	2,050,000	1,843,963.54	131,517.51	2,102,103.02	183,623.90	**1,321,407.32**
DOVER STREET VIII Cayman Fund	Apr-13	7,800,000	7,204,944.03	0.00	12,395,139.16	153,457.84	**1,171,675.02**
HARBOURVEST VII AIF Partnership	Jun-14	23,500,000	26,109,259.03	0.00	22,718,100.11	1,195,696.13	**31,833,690.10**
HARBOURVEST X AIF Buyout	Jun-15	25,400,000	23,273,497.30	483,636.90	16,239,143.30	1,781,829.60	**26,705,785.46**
HARBOURVEST X AIF Venture	Jun-15	12,700,000	14,275,744.36	245,539.34	9,250,585.56	413,101.93	**30,294,572.26**
CAPITAL DYNAMICS LGPS Collective Private Equity 15/16	Feb-15	5,000,000	4,410,000.00	0.00	2,315,000.00	365,000.00	**5,866,723.00**
PARTNERS Group Global Growth 2014 LP	Mar-14	10,000,000	9,303,211.59	0.00	6,664,288.22	0.00	**16,319,507.33**
PARTNERS Group Direct Equity 2016 (EUR) LP	Jul-15	10,000,000	10,562,730.51	0.00	9,828,768.23	1,520,626.08	**11,927,241.04**
CAPITAL DYNAMICS LGPS Collective Private Equity 16/17	May-16	5,000,000	3,975,000.00	0.00	1,900,000.00	0.00	**4,969,002.00**
HARBOURVEST Dover Street IX AIF L.P.	Dec-16	8,333,333	6,740,156.16	169,822.50	6,816,720.66	384,927.24	**5,110,874.96**
KNIGHTSBRIDGE KVC IX Cayman LP	Jan-17	8,333,333	5,630,374.85	0.00	0.00	0.00	**11,889,107.00**
HARBOURVEST HIPEP VIII Partnership AIF Fund	Mar-17	28,333,333	18,456,389.94	1,919,896.74	4,514,451.63	866,495.38	**25,414,254.27**
CAPITAL DYNAMICS LGPS Collective PE Vehicle 17/18	Apr-17	10,000,000	8,025,000.00	200,000.00	900,000.00	350,000.00	**12,440,221.00**
HARBOURVEST Partners XI AIF LP	Apr-18	33,333,333	21,236,321.72	1,516,708.08	9,706,641.56	1,678,098.12	**30,045,338.76**
CAPITAL DYNAMICS LGPS Collective PE Vehicle 18/19	Oct-18	10,000,000	6,000,000.00	450,000.00	0.00	0.00	**8,201,080.00**
LGPS CENTRAL PE Primary Partnership 2018 LP	Mar-19	10,000,000	6,791,261.34	94,803.02	1,605,118.78	12,146.20	**7,837,198.00**
HARBOURVEST 2020 Global Feeder AIF	Sep-20	32,083,333	23,312,695.67	3,437,410.20	2,114,636.08	0.00	**24,633,230.97**
PARTNERS Group Direct Equity 2019 Fund	Oct-20	10,183,280	7,587,068.19	201,790.69	108,232.11	0.00	**8,424,275.38**
KNIGHTSBRIDGE Venture KVC X	Apr-21	16,666,667	3,202,709.18	0.00	0.00	0.00	**3,033,994.26**
LGPS CENTRAL PE Primary Partnership 2021 LP	Dec-21	40,000,000	380,496.82	370,418.91	0.00	0.00	**84,391.00**
HarbourVest 2022 Global Feeder AIF	Apr-22	116,666,667	0.00	0.00	0.00	0.00	**5,028,355.22**
TOTAL PRIVATE EQUITY		584,583,735	375,185,981.57	9,221,543.89	382,448,341.18	11,076,909.52	340,957,725.06

* latest available valuation

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - PRIVATE DEBT INVESTMENTS **Currency - Sterling** **Report Date -** **31-03-23**

	Estimated Total Approved Investment £	Cumulative Investments @ 31 Dec 2022 £	Quarters Transactions £	Cumulative Distributions @ 31 Dec 2022 £	Quarters Transactions £	Market Value @ 31 Dec 2022 * £
BARINGS European Private Loan Fund III	45,000,000	29,250,000.00	4,565,142.76	0.00	0.00	**29,594,163.00**
CLAREANT European Direct Lending Fund II	80,000,000	83,639,448.99	0.00	49,672,245.54	1,437,653.15	**30,669,170.00**
CLAREANT European Direct Lending Fund III	60,000,000	57,219,735.56	3,647,896.71	10,093,746.21	0.00	**46,960,057.04**
HAYFIN Direct Lending Fund II	80,000,000	83,761,115.05	0.00	52,204,946.67	683,586.03	**28,989,353.63**
HAYFIN Direct Lending Fund III	75,000,000	86,514,948.24	0.00	16,088,724.69	0.00	**73,610,675.79**
HIGHBRIDGE Private Lending Opportunities Fund	47,111,688	50,710,383.86	83,064.18	29,202,302.37	2,315,336.93	**27,052,776.04**
HIGHBRIDGE Specialty Loan Fund II	32,615,784	28,244,739.86	0.00	14,019,879.44	1,948,573.99	**15,249,938.88**
HIGHBRIDGE Specialty Loan Fund V	80,932,341	51,074,648.14	4,153,341.02	5,257,820.22	0.00	**54,389,760.21**
LGPS Central Credit Partnership I LP (High Risk)	45,000,000	15,629,482.31	4,469,641.22	60,962.66	0.00	**16,025,210.00**
LGPS Central Credit Partnership II LP (Low Risk)	45,000,000	9,962,041.32	2,546,955.54	265,709.74	254,018.47	**9,919,577.00**
LGPS Central Credit Partnership IV LP (Real Assets)	45,000,000	15,973,019.82	15,973,019.82	0.00	0.00	**15,727,304.00**
TOTAL PRIVATE DEBT	635,659,812	511,979,563.15	35,439,061.25	176,866,337.53	6,639,168.57	348,187,985.59

* latest available valuation

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

Fund - INFRASTRUCTURE INVESTMENTS **Currency - Sterling** **Report Date - 31-03-23**

	Estimated Total Approved Investment £	Cumulative Investments @ 31 Dec 22 £	Quarters Transactions £	Cumulative Distributions @ 31 Dec 22 £	Quarters Transactions £	Market Value @ 31 Dec 22 * £
IFM Global Infrastructure Fund	50,000,000	50,000,000.00	0.00	0.00	0.00	**57,419,749.50**
BlackRock - Global Renewable Power Infrastructure Fund III	31,353,579	11,571,435.57	3,789,410.02	1,305,179.48	213,877.37	**12,456,094.33**
Equitix EFVI Investment Account	25,000,000	25,437,335.00	1,189,849.09	4,356,308.24	0.00	**22,367,560.07**
Pantheon IV Feeder	44,790,827	6,841,731.45	593,723.22	1,926,327.31	488,901.28	**5,005,901.99**
LGPSC Infra SubFund Core/Plus	60,000,000	26,258,674.93	11,591,649.44	0.00	0.00	**26,109,318.00**
Brookfield Super-Core Infra Partners Fund	43,895,010	0.00	0.00	0.00	0.00	**0.00**
LGPSC JPM Infra Fund	60,000,000	60,000,000.00	60,000,000.00	0.00	0.00	**59,967,398.00**
TOTAL INFRASTRUCTURE	315,039,416	180,109,176.95	77,164,631.77	7,587,815.04	702,778.65	**183,326,021.87**

* latest available valuation

STAFFORDSHIRE PENSION FUND

PORTFOLIO VALUATION

	Holding	Cost £	Average Cost £	Market Price £	Market Value £	Unrealised Gain/Loss £
	Currency - Sterling				Report Date -	31-03-2023
Fund - Legal & General Investment Management (Passive Global Equity)						
UK - PASSIVE						
LEGAL & GENERAL N UK EQUITY INDEX	4,134,575	42,560,991.29	10.29	15.99	66,102,764.26	23,541,772.97
GLOBAL - PASSIVE						
LEGAL & GENERAL GPBE ALL WORLD EQUITY INDEX	431,678,721	800,301,531.08	1.85	2.69	1,159,506,312.29	359,204,781.21
LEGAL & GENERAL GPFH LOW CARBON TRANS GBL EQTY IDX OFC	611,642,245	649,900,467.02	1.06	1.05	639,410,802.52	(10,489,664.50)
TOTAL PASSIVE GLOBAL EQUITY		**1,492,762,989.39**			**1,865,019,879.07**	**372,256,889.68**
Fund - Legal & General Investment Management (Passive UK Index Linked Bonds)						
LEGAL & GENERAL AP OVER 5 YR INDEX-LINKED	66,537,059	400,768,964.69	6.02	6.50	432,471,589.96	31,702,625.27
TOTAL PASSIVE UK INDEX LINKED BONDS		**400,768,964.69**			**432,471,589.96**	**31,702,625.27**
Fund - LGPS Central (Active Global Equity Pooled)						
LGPS CENTRAL GLOBAL EQ ACTIVE MULTI MANAGER FD	4,215,679.51	378,363,354.78	89.75	153.06	645,251,905.81	266,888,551.03
TOTAL ACTIVE POOLED GLOBAL EQUITIES		**378,363,354.78**			**645,251,905.81**	**266,888,551.03**
Fund - LGPS Central (Factor Based Equities)						
LGPS CENTRAL GLOBAL MULTI FACTOR EQUITY INDEX FUND	2,139,307.31	218,608,485.74	102.19	116.02	248,202,434.11	29,593,948.37
TOTAL FACTOR BASED EQUITIES		**218,608,485.74**			**248,202,434.11**	**29,593,948.37**
Fund - LGPS Central (Active Global Corporate Bonds Pooled)						
LGPS CENTRAL GLOBAL ACTIVE CORPORATE BOND MULTI MANAGER	5,826,483.54	559,716,702.88	96.06	85.17	496,241,603.11	(63,475,099.77)
TOTAL ACTIVE POOLED CORPORATE BONDS		**559,716,702.88**			**496,241,603.11**	**(63,475,099.77)**
Fund - LGPS Central (Active Global Sustainable Equities)						
LGPS CENTRAL GLOBAL SUSTAINABLE EQUITY ACTIVE TARGETED FUI	1,348,396.14	126,898,328.14	94.11	96.08	129,553,901.14	2,655,573.00
TOTAL ACTIVE GLOBAL SUSTAINABLE EQUITIES		**126,898,328.14**			**129,553,901.14**	**2,655,573.00**
Fund - Staffordshire Pension Fund (Funds of Hedge Funds)						
GOLDMAN SACHS HFP II FUND (H1)	9,063	0.00	0.00	198.71	1,801,019.46	1,801,019.46
TOTAL HEDGE FUNDS		**0.00**			**1,801,019.46**	**1,801,019.46**

STAFFORDSHIRE PENSION FUND
PROPERTY PORTFOLIO SUMMARY

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2022	Value £ @ 31/03/2023	Lease or Fund Term	Lease or Fund Expiry or Break	Rent pa £ @ Purchase	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	% Return on Value
Dir	BARDON		Belron UK Ltd	FH	Industrial	18,293,947	30/10/2019	23,150,000	19,300,000	11 yrs	12/05/2030	894,739	894,739	-	13/05/2025	4.9	4.6
	Interlink Park																
	BIRMINGHAM	80 New	Baird Foods Retail Ltd (t/a Extrawurst)		Retail	-	-	-	-	10 yrs	04/03/2025	51,000	40,000	-	04/03/2027	-	-
	80/87 New Street &	81/83 New	Mexican Grill Ltd (t/a Tortilla)		Retail	-	-	-	-	15 yrs	28/04/2027	116,000	67,500	-	29/04/2027	-	-
	45/51 Pinfold Street	84 New	Empire Property Midland Ltd (t/a Simply Local)		Retail	-	-	-	-	5 yrs	29/09/2026	65,000	50,000	-	29/09/2026	-	-
		84b New	Birmingham Inns Ltd		Leisure	-	-	-	-	56 yrs	23/06/2028	25,000	25,000	-	24/06/2025	-	-
		85 New	Greggs Plc		Retail	-	-	-	-	5 yrs	24/06/2024	60,000	40,000	-	On Expiry	-	-
		87 New	The Royal British Legion		Retail	-	-	-	-	10 yrs	29/09/2024	77,500	77,500	-	On Expiry	-	-
		45/46 Pinfold	Fox and Chance Ltd		Retail	-	-	-	-	5 yrs	03/08/2024	40,000	36,000	-	On Expiry	-	-
		47 Pinfold	Yunyou Li		Retail	-	-	-	-	5 yrs	15/09/2025	12,000	12,000	-	On Expiry	-	-
		49 Pinfold	The Feel Good Group Ltd		Retail	-	-	-	-	10 yrs	15/12/2025	25,000	25,000	-	15/12/2020	-	-
		50 Pinfold	Vacant		Retail	-	-	-	-	-	-	25,000	0	-	-	-	-
		51 Pinfold	Nine Three's Ltd (t/a Mail Boxes etc)		Retail	-	-	-	-	10 yrs	18/12/2024	18,000	18,000	-	18/12/2019	-	-
		Pt 3rd	Vacant		Office	-	-	-	-	-	-	16,150	0	-	-	-	-
		Pt 3rd	Vacant		Office	-	-	-	-	-	-	0	0	-	-	-	-
		Pt 3rd	Vacant		Office	-	-	-	-	-	-	11,745	0	-	-	-	-
		Pt 2nd	The Royal British Legion		Office	-	-	-	-	10 yrs	29/04/2024	35,800	37,700	-	On Expiry	-	-
		Pt 2nd	Vacant		Office	-	-	-	-	-	-	0	0	-	-	-	-
		Pt 1st	Vacant		Office	-	-	-	-	-	-	12,925	0	-	-	-	-
		Pt 1st	Vacant		Office	-	-	-	-	-	-	0	0	-	-	-	-
		Pt 1st	People Solutions Group Ltd	FH	Office	9,547,147	19/08/2016	6,050,000	7,000,000	5 yrs	30/09/2024	24,300	26,000	-	On Expiry	4.8	6.5
	BIRMINGHAM	92/93 New	Lord 3 Ltd (t/a Fat Burgers)		Retail	-	-	-	-	3 yrs	21/12/2023	226,850	24,300	-	On Expiry	-	-
	92/93 New Street &	3 Ethel	J Wang & J Ni (t/a Twist Café)		Retail	-	-	-	-	8 yrs	28/09/2021	27,000	27,000	-	On Expiry	-	-
	3/17 Ethel Street	5 Ethel	Vacant for Redevelopment		Offices	-	-	-	-	-	-	400	0	-	-	-	-
		5a Ethel	La Galleria Birmingham Ltd		Restaurant	-	-	-	-	3.5	28/02/2023	30,000	35,523	-	On Expiry	-	-
		5b Ethel	Vacant for Redevelopment		Retail	-	-	-	-	-	-	21,000	0	-	-	-	-
		7 Ethel	Vacant for Redevelopment		Retail	-	-	-	-	-	-	24,000	0	-	On Expiry	-	-
		9 Ethel	Vacant for Redevelopment		Retail	-	-	-	-	-	-	17,250	0	-	On Expiry	-	-
		11 Ethel	Autograph Ltd		Retail	-	-	-	-	3 yrs	31/01/2023	22,000	20,000	-	On Expiry	-	-
		15 Ethel	Autograph Ltd		Retail	-	-	-	-	3 yrs	31/01/2023	15,000	14,000		On Expiry		
		17 Ethel	Autograph Ltd	FH	Retail	5,677,907	21/06/2010	3,550,000	3,250,000	3 yrs	31/01/2023	15,000	4,000	-	On Expiry	0.5	0.9
	BIRMINGHAM	98 New	Wagamama Ltd		Retail	-	-	-	-	20 yrs	30/09/2029	215,000	215,000	-	01/10/2024	-	-
	Colonnade Buildings,	99 New	Vacant		Retail	-	-	-	-	-	-	0	0	-	-	-	-
	98/100 New Street &	100 New	Vacant		Retail	-	-	-	-	-	-	157,000	0	-	-	-	-
	2/12 Ethel Street	8 Ethel	Curzon Projects Ltd		Office	-	-	-	-	99 yrs	11/03/2063	5	5	-	On Expiry	-	-
		8a Ethel	T-Lites Ltd (t/a Tablites)		Retail	-	-	-	-	1 yr	11/02/2023	10,000	10,000	-	On Expiry	-	-
		10 Ethel	Harvey & Thompson Ltd		Retail	-	-	-	-	5 yrs	24/12/2026	32,000	32,000	-	On Expiry	-	-
		12 Ethel	Vacant		Retail	-	-	-	-	-	-	42,500	0	-	-	-	-
			HSBC Bank Pension Trust Ltd		Rent Charge	-	-	-	-	99 yrs	23/06/2058	10,000	10,000	-	On Expiry	-	-
			Car Spaces	FH	Parking	7,996,837	30/12/2014	5,200,000	4,950,000		31/01/2023	19,900	4,800	-	On Expiry	3.4	5.5
	BLETCHLEY	1	Wickes Building Supplies Ltd		Retail WH	-	-	-	-	25 yrs	25/03/2026	259,500	429,000	-	25/03/2021	-	-
	Rushmere Retail Park,	2	Halfords Ltd	FH	Retail WH	5,094,683	11/04/1996	8,000,000	6,700,000	5 yrs	04/11/2024	104,500	133,100	-	On Expiry	11.0	8.4
	Watling Street																
	BRISTOL		Apecs Bristol 1 Ltd (t/a Rocket Padel)	FH	Industrial	6,520,622	17/08/2015	6,300,000	6,000,000	10 yrs	19/10/2032	424,874	369,300	-	20/10/2027	5.7	6.2
	St Annes Road																
	BROMSGROVE	1	T J Morris Ltd (t/a Home Bargains)		Retail WH	-	-	-	-	15 yrs	21/08/2033	185,000	185,000	-	22/08/2023		
	Bromsgrove Retail Park,	2	Iceland Foods Ltd (t/a Food Warehouse)		Retail WH	-	-	-	-	10 yrs	19/08/2028	180,000	180,000	-	22/08/2023		
	Birmingham Road	3 & 4	Lidl Great Britain Ltd		Retail WH	-	-	-	-	25 yrs	18/06/2033	346,783	346,783	-	18/06/2023		
		5b	Pure Gym Ltd		Leisure	-	-	-	-	15 yrs	28/07/2029	120,000	120,000	-	29/07/2024		
		5a	Greggs Plc		Retail WH	13,774,835	07/01/2021	15,900,000	15,000,000	10 yrs	03/03/2028	30,000	30,000	-	On Expiry		
	BURY ST EDMUNDS		McDonald's Real Estate LLP	FH	Retail	3,059,752	22/07/1994	1,650,000	1,550,000	35 yrs	24/12/2023	152,500	180,000	-	On Expiry	5.9	11.6
	42/42a Buttermarket																

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2022	Value £ @ 31/03/2023	Lease or Fund Term	Lease or Fund Expiry or Break	Rent pa £ @ Purchase	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	% Return on Value
	BURY ST EDMUNDS		B&Q Ltd	FH	Retail WH	5,666,760	12/06/2013	5,900,000	5,000,000	5 yrs	11/01/2024	491,763	438,955	-	On Expiry	7.7	8.8
	45/47 Risbygate Street																
	CAMBRIDGE		Travelodge Hotels Ltd	FH	Hotel	11,386,246	15/10/2010	14,500,000	14,500,000	25 yrs	11/09/2036	0	937,462	-	12/09/2026	8.2	6.5
	Chieftain Way																
	Orchard Park																
	CARDIFF	1 & 2	Santander UK Plc		Retail	-	-	-	-	23 yrs	24/04/2031	188,000	188,000	-	12/02/2023	-	-
	1/7 Queen Street	3	Anabatic Ltd (t/a Thirty Nine)		Retail	-	-	-	-	15 yrs	04/06/2022	85,000	55,000	-	05/06/2022	-	-
		3a	Pizza Hut (UK) Ltd		Retail	-	-	-	-	5 yrs	14/06/2027	60,000	40,000	-	On Expiry	-	-
		4	Vacant	FH	Retail	8,371,527	02/05/2014	4,150,000	3,350,000	-	-	318,000	0	-	-	3.4	8.4
	CHESTER-LE-STREET		Co-Operative Group Ltd	FH	Industrial	18,335,769	18/05/2016	23,800,000	20,200,000	15 yrs	15/03/2024	1,149,922	1,219,000	-	On Expiry	6.6	6.0
	Drum Industrial Estate																
	CHICHESTER		Signet Trading Ltd (t/a Ernest Jones)	FH	Retail	2,422,179	29/01/1999	1,700,000	1,675,000	5 yrs	30/01/2026	120,000	114,650	-	On Expiry	4.7	6.8
	30 East Street																
	CHORLEY		G A Pet Food Partners Ltd	FH	Industrial	21,564,300	19/11/2018	26,800,000	21,450,000	12 yrs	30/09/2028	1,008,730	1,120,650	-	01/10/2026	5.2	5.2
	Unit 9, Revolution Park																
	DOVER		Wm Morrison Supermarkets Plc	FH	Foodstore	18,059,355	31/03/2010	18,000,000	14,300,000	35 yrs	09/04/2044	912,604	750,000	-	29/04/2024	4.2	5.2
	Bridge Street																
	EDINBURGH		Dragonglass UK Holding Ltd	FH	Hotel	18,836,681	28/07/2015	19,050,000	24,200,000	175 yrs	05/04/2197	802,500	641,000	-	06/04/2027	3.4	2.6
	5/21 & 18/24 Grosvenor Street																
	EYNSHAM	Chilbrook 1	Adlens Ltd		Office	-	-	-	-	10 yrs	21/12/2026	57,494	93,713	-	06/10/2021	-	-
	Oasis Park	Chilbrook 2	Vacant		Office	-	-	-	-	-	-	40,573	0	-	-	-	-
		Chilbrook 3	Vacant		Office	-	-	-	-	-	-	24,589	0	-	-	-	-
		Chilbrook 4	Passion Radio (Oxford) Ltd		Office	-	-	-	-	10 yrs	14/01/2024	42,898	34,550	-	14/01/2024	-	-
		Chilbrook 5	Vacant		Office	-	-	-	-	-	-	89,508	0	-	-	-	-
		Chilbrook 6	International Mission to Jewish People		Office	-	-	-	-	5 yrs	08/07/2024	22,927	40,925	-	On Expiry	-	-
		Chilbrook 7	Vacant		Office	-	-	-	-	-	-	43,859	0	-	-	-	-
		Limbrook 1	Vacant		Office	-	-	-	-	-	-	23,554	0	-	-	-	-
		Limbrook 2	Vacant		Office	-	-	-	-	-	-	30,699	0	-	-	-	-
		Limbrook 3	Vacant		Office	-	-	-	-	-	-	27,411	0	-	-	-	-
		Limbrook 4	Vacant		Office	-	-	-	-	-	-	24,225	0	-	-	-	-
		Limbrook 5	Vacant		Office	-	-	-	-	-	-	58,998	0	-	-	-	-
		Limbrook 6	Vacant		Office	-	-	-	-	-	-	16,909	0	-	-	-	-
		Limbrook 7	Vacant		Office	-	-	-	-	-	-	20,424	0	-	-	-	-
		6	M-Solv Ltd		Office	-	-	-	-	10 yrs	28/04/2027	90,000	47,784	-	28/04/2027	-	-
		7	Waterslade Ltd		Office	-	-	-	-	5 yrs	25/03/2026	33,770	54,214	-	On Expiry	-	-
		8	Usborne Publishing Ltd		Office	-	-	-	-	10 yrs	28/09/2023	33,770	45,501	-	On Expiry	-	-
		9 & 10	Vacant		Office	-	-	-	-	-	-	57,500	0	-	-	-	-
		11	Philip Williams Trust		Office	-	-	-	-	999 yrs	23/06/2986	75	75	-	On Expiry	-	-
		12	Oxford Aunts Ltd		Office	-	-	-	-	5 yrs	14/12/2027	44,000	54,233	-	On Expiry	-	-
		13	Adaptix Ltd		Office	-	-	-	-	1 7r	08/07/2024		49,540	-	On Expiry	-	-
			Southern Electricity Plc		Substation	-	-	-	-	125 yrs	24/01/2116	1	1	-	On Expiry	-	-
			Passion Radio (Oxford) Ltd	FH	Car Spaces	14,728,062	14/10/1999	7,850,000	8,500,000	-	14/01/2024	0	2500	-	On Expiry	2.8	4.9
	GRANTHAM	1	T J Morris Ltd (t/a Home Bargains)		Retail WH	-	-	-	-	10 yrs	19/01/2030	240,000	240,000	-	20/01/2025	-	-
	Dysart Road Retail Park	2	Matalan Retail Ltd		Retail WH	-	-	-	-	20 yrs	09/07/2026	330,000	330,000	-	10/07/2021	-	-
	Dysart Road	3	NBC Apparel (t/a TK Maxx)		Retail WH	-	-	-	-	19 yrs	23/06/2025	200,000	200,000		On Expiry	-	-
		4	Currys Group Ltd	FH	Retail WH	14,817,455	01/03/2017	16,250,000	14,200,000	10 yrs	24/10/2029	212,829	187,500		25/10/2024	6.5	6.7
	HAYES		Lidl Great Britain Ltd	FH	Retail WH	16,831,854	07/01/2008	18,450,000	16,500,000	15 yrs	24/06/2036	779,000	730,000	-	25/06/2026	4.3	4.4
	Hayes Road																
	LANCASTER	1	Currys Group Ltd		Retail WH	-	-	-	-	5 yrs	31/03/2027	149,540	183,200	-	On Expiry	-	-
	Parliament Street Retail Park	2	Halfords Ltd		Retail WH	-	-	-	-	5 yrs	27/05/2026	74,930	97,305	-	On Expiry	-	-
		3	B&M Retail Ltd	FH	Retail WH	5,106,960	18/12/1995	5,000,000	4,750,000	5 yrs	02/11/2026	100,170	115,000	-	On Expiry	7.7	8.3
	LEEDS	A	Vacant		Retail WH	-	-	-	-	-	-	195,000	0	-	-	-	-

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2022	Value £ @ 31/03/2023	Lease or Fund Term	Lease or Fund Expiry or Break	Rent pa £ @ Purchase	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	% Return on Value
	Killingbeck Retail Park	B	B&M Retail Ltd		Retail WH	-	-	-	-	10 yrs	14/07/2023	195,700	200,000	-	On Expiry	-	-
	Killingbeck Drive	C	B&Q Ltd		Retail WH	-	-	-	-	10 yrs	27/07/2027	197,340	202,400	-	28/07/2022	-	-
	York Road	D	B&Q Ltd	FH	Retail WH	20,203,879	06/06/2008	13,700,000	12,300,000	10 yrs	27/07/2027	604,750	604,750	-	28/07/2022	5.0	8.2
	LEEDS	20	Cooper Bros Business Group Ltd (t/a Vintage Bros)		Retail	-	-	-	-	5 yrs	16/05/2024	91,250	35,880	-	17/05/2023	-	-
	20/26 King Edward Street	22	Airwair International Ltd (t/a Dr Martens)		Retail	-	-	-	-	10 yrs	22/07/2024	95,000	70,000	-	On Expiry	-	-
	& 49/51 Vicar Lane	24	VF Northern Europe Services Ltd (t/a Vans)		Retail	-	-	-	-	15 yrs	03/10/2023	105,000	75,000	-	On Expiry	-	-
		26	JD Sports Fashion Plc (t/a The Hip Store)		Retail	6,561,408	25/10/2012	3,400,000	3,250,000	20 yrs	24/03/2026	158,500	115,000	-	On Expiry	4.5	9.1
	LONDON EC2	B 2&8	The Grocers Company		Store	-	-	-	-	9.5 yrs	03/04/2027	3,210	4,399	-	04/04/2027		
	11 Old Jewry	B, LG, G	Goodman City Ltd		Restaurant	-	-	-	-	21.5 yrs	31/01/2032	162,500	162,500	-	-	-	-
		LG, G	Bank of China (UK) Ltd		Bank	-	-	-	-	20 yrs	31/01/2032	185,000	246,000	-	24/01/2027	-	-
		1st (E), B	Tom James International		Office	-	-	-	-	5 yrs	22/01/2026	196,000	129,160	-	On Expiry	-	-
		1st (W), B	Vacant		Office	-	-	-	-	-	-	121,974	0	-	-	-	-
		2nd (S)	John Graham Construction		Office	-	-	-	-	10 yrs	11/01/2024	227,469	227,469	-	11/01/2021	-	-
		2nd (N)	Saville Notaries LLP		Office	-	-	-	-	11 years	21/06/2027	214,095	173,315	-	22/06/2026	-	-
		3rd	Milliman LLP (Surety Milliman Inc)		Office	-	-	-	-	12 yrs	26/10/2024	342,085	349,000	-	27/10/2024	-	-
		4th	Vacant		Office	-	-	-	-	-	-	323,638	0	-	On Expiry	-	-
		5th	Vacant		Office	-	-	-	-	-	-	265,625	0	-	-	-	-
		6th (S)	Bedell Cristin Offices Ltd		Office	-	-	-	-	10 yrs	21/12/2026	0	112,725	-	On Expiry	-	-
		6th (N), B	Transfer Connex Ltd		Office	-	-	-	-	5 yrs	03/02/2025	115,367	100,280		On Expiry	-	-
		7th (S)	Masento Group		Office	-	-	-	-	3 yrs	24/06/2023	66,340	57,780	-	On Expiry	-	-
		7th (N), B	Laven (Tech) Ltd		Office	-	-	-	-	5 yrs	19/11/2024	81,515	101,674	-	On Expiry	-	-
		8th (S)	Pramex International Ltd		Office	-	-	-	-	15 yrs	09/03/2025	53,848	53,848	-	10/03/2020	-	-
		8th (N)	Milliman LLP (Surety Milliman Inc)	LH	Office	14,759,654	01/08/2016	15,350,000	13,000,000	12 yrs	26/10/2024	80,189	73,000	-	27/10/2024	12.1	13.8
	LONDON SW1	5th	Vacant (Under Development)		Office	-	-	-	-	-	-	117,500	0	-	-	-	-
	Burwood House	4th	Vacant (Under Development)		Office	-	-			-	-	135,375	0	-	-	-	-
	14/24 Caxton Street	3rd	Vacant (Under Development)		Office	-	-	-	-	-	-	166,760	0	-	-	-	-
		2nd	William Sturges & Co		Office	-	-	-	-	5 yrs	28/09/2023	166,485	219,540	-	On Expiry	-	-
		1st	BAE Systems Plc		Office	-	-	-	-	15 yrs	24/03/2023	152,000	188,786	-	On Expiry	-	-
		Gd	BAE Systems Plc		Office	-	-	-	-	10 yrs	24/03/2023	38,118	41,213	-	On Expiry	-	-
		Gd	BAE Systems Plc		Office	-	-	-	-	2.5 yrs	24/03/2023	49,665	49,095	-	On Expiry	-	-
		Gd	Pret a Manger (Europe) Ltd		Retail	-	-	-	-	15 yrs	02/09/2027	46,000	82,000	-	On Expiry	-	-
		B	William Sturges & Co		Office	-	-	-	-	5 yrs	28/09/2023	7,345	9,900	-	On Expiry	-	-
		Gd	Starbucks Coffee Company (UK) Ltd		Retail	-	-	-	-	10 yrs	15/12/2027	45,000	63,500	-	16/12/2022	-	-
		Gd	London Underground Ltd		Pt Garage	-	-	-	-	20 yrs	28/09/2025	15,000	34,625	-	On Expiry		
		Gd	London Underground Ltd		Pt Garage	-	-	-	-	98 yrs	17/10/2025	463	463	-	On Expiry		
		Gd	Car spaces	FH/LH	Parking	16,195,665	16/05/2011	23,000,000	18,900,000	-	-	17,499	5,000	14,809	On Expiry	4.2	3.6
	LONDON W1	47/48 4th/6th	Vacant		Office	-	-	-	-	-	-	216,529	0	-	-	-	-
	47/48 Berners Street &	47/48 3rd	Vacant		Office	-	-	-	-	-	-	92,820	0	-	On Expiry	-	-
	11 Wells Mews	47/48 1st/2nd	Vacant		Office	-	-	-	-	-	-	188,457	0	-	-	-	-
		47/48 Gd/LG	Fashion Box UK Ltd		Showroom	-	-	-	-	10 yrs	31/12/2023	231,500	231,500	-	18/04/2023	-	-
		11 4th	Eccles Fisher Associates Ltd		Office	-	-	-	-	10 yrs	30/01/2028	20,000	20,000	-	31/01/2028	-	-
		11 3rd	Vacant		Office	-	-	-	-	-	-	25,515	0	-	-	-	-
		11 2nd	TGR Retail Ltd		Office	-	-	-	-	5 yrs	11/07/2023	35,000	35,000	-	On Expiry	-	-
		11 1st	Maslows UK Services Ltd		Office	10,399,883	15/01/2020	8,750,000	7,650,000	5 yrs	30/04/2023	31,000	35,500	600	On Expiry	3.1	4.2
	LONDON WC1	5th	London Upper Woburn Place Centre Ltd (t/a Regus)		Office	-	-	-	-	9.33 yrs	18/11/2027	88,125	115,132	-	19/11/2023	-	-
	16 Upper Woburn Place	3rd & 4th	London Upper Woburn Place Centre Ltd (t/a Regus)		Office	-	-	-	-	10 yrs	18/11/2027	224,238	640,303	-	19/11/2023	-	-
		2nd	London Upper Woburn Place Centre Ltd (t/a Regus)		Office	-	-	-	-	8.33 yrs	18/11/2027	205,840	344,810	-	19/11/2023	-	-
		1st	London Upper Woburn Place Centre Ltd (t/a Regus)		Office	-	-	-	-	10 yrs	18/11/2027	213,745	396,462	-	19/11/2023	-	-
		Gd (Pt)	London Upper Woburn Place Centre Ltd (t/a Regus)		Office	-	-	-	-	10 yrs	18/11/2027	93,000	152,000	-	19/11/2023	-	-
		Gd (Pt)	London Upper Woburn Place Centre Ltd (t/a Regus)		Office	-	-	-	-	10 yrs	18/11/2027	0	22,075	-	19/11/2023	-	-
		Gd & LG	Prezzo Trading Ltd		Restaurant	-	-	-	-	20 yrs	18/11/2027	87,500	142,000	-	05/01/2024	-	-
		LG	Barry's Bootcamp Ltd		Gym	-	-	-	-	25 yrs	18/11/2027	75,460	98,116	-	23/07/2023	-	-
		B	EDF Energy Networks (LPN) Plc		Substation	19,770,540	12/08/2011	36,200,000	30,000,000	99 yrs	03/03/2106	0	0	-	-	9.7	6.4
	LONDON WC2	4th	Directors UK Ltd		Office	-	-	-	-	10 yrs	28/07/2026	76,335	208,125	-	On Expiry	-	-
	22 Stukeley Street	3rd	Story Films Ltd		Office	-	-	-	-	5 yrs	17/08/2027	42,073	107,242	-	On Expiry	-	-
		3rd	AIG Edenspiekermann Ltd		Office	-	-	-	-	10 yrs	19/03/2025	50,827	119,493	-	On Expiry	-	-

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2022	Value £ @ 31/03/2023	Lease or Fund Term	Lease or Fund Expiry or Break	Rent pa £ @ Purchase	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	% Return on Value
		2nd	Trentnet Ltd		Office	-	-	-	-	5 yrs	06/08/2024	83,250	193,836	-	On Expiry	-	-
		1st	Prospectus Ltd		Office	-	-	-	-	3 yrs	22/11/2023	85,360	192,705	-	On Expiry	-	-
		Gd & LG	Vacant		Office	-	-	-	-	-	-	80,765	0	-	-	-	-
		Gd & LG	Vacant	FH	Office	8,988,216	16/12/1998	23,340,000	19,400,000	-	-	49,200	0	-	-	9.1	4.2
	MANCHESTER	29	Hancocks Jewellers Ltd		Retail	-	-	-	-	10 yrs	01/06/2022	120,000	70,000	-	02/06/2022	-	-
	Old Exchange Buildings,	31	The Brogue Trader Ltd (t/a Loake Shoemakers)		Retail	-	-	-	-	10 yrs	02/09/2028	106,000	60,000	-	03/09/2023	-	-
	29/31 King Street	1/2 St A	Framed Opticians Ltd		Retail	-	-	-	-	10 yrs	24/06/2024	62,500	57,500	-	25/06/2024	-	-
		3/4 St A	Vacant		Retail	-	-	-	-	-	-	60,000	0	-	-	-	-
		1st	Lucinda Ellery Ltd		Retail	-	-	-	-	5 yrs	02/02/2022	17,648	22,500	-	On Expiry	-	-
		2nd	Vacant (Under Offer)		Office	-	-	-	-	-	-	0	0	-	-	-	-
		3rd & Pt 4th	Vacant		Office	-	-	-	-	5 yrs	-	29,377	0	-	-	-	-
		Pt 4th	Denton Corker Marshall		Office	6,591,908	11/08/2014	3,650,000	3,600,000	5 yrs	08/02/2020	0	10,955	-	-	3.4	6.1
	NOTTINGHAM NCP Nottingham City 73 Mount Street		National Car Parks Ltd		Car Park	23,738,525	19/07/2018	16,100,000	15,250,000	34.9 yrs	21/05/2037	996,200	1,114,769	-	29/06/2023	4.7	7.3
	ROMFORD 26/30 South Street		Halifax Plc	FH	Retail	2,146,455	11/09/1998	2,600,000	2,600,000	25 yrs	23/06/2030	135,000	183,500	-	24/06/2025	8.5	7.1
	SOUTHAMPTON		Cornerstone Telecoms Infrastructure Ltd		Phone Mast	-	-	-	-	10 yrs	12/10/2026	0	5,750	-	13/10/2019	-	-
	Centurion Park	A	Sulzer Electro Mechanical Services (UK) Ltd		Industrial	-	-	-	-	5 yrs	24/03/2027	104,000	156,186	-	On Expiry	-	-
	Bitterne Road	B	Nottingham Rehab Ltd		Industrial	-	-	-	-	7 yrs	31/07/2025	67,750	93,000	-	01/08/2025	-	-
		C	Howden Joinery Properties Ltd		Industrial	-	-	-	-	15 yrs	11/10/2032	68,780	103,167	-	12/10/2027	-	-
		D	Total Asia Food (Bristol) Ltd		Industrial	-	-	-	-	10 yrs	17/01/2032	61,450	114,038	-	17/01/2027	-	-
		E	Vauxhall Trade Parts Ltd		Industrial	-	-	-	-	5 yrs	12/03/2023	30,000	42,500	-	On Expiry	-	-
		F	Bufab (UK) Ltd		Industrial	-	-	-	-	3 yrs	31/12/2024	33,000	43,899	-	On Expiry	-	-
		G	TLC (Southern) Ltd		Industrial	-	-	-	-	10 yrs	19/12/2022	29,750	41,780	-	On Expiry	-	-
		H	Toolstation Ltd		Industrial	-	-	-	-	5 yrs	17/12/2023	30,000	45,862	-	On Expiry	-	-
		J	He-Man Dual Controls Ltd		Industrial	-	-	-	-	10 yrs	24/10/2028	65,640	100,000	-	25/10/2023	-	-
		K	CJR Propulsion Ltd		Industrial	-	-	-	-	10 yrs	26/11/2027	49,000	66,424	-	27/11/2022	-	-
		L	CJR Propulsion Ltd		Industrial	-	-	-	-	10 yrs	26/11/2027	60,000	69,015	-	27/11/2022	-	-
		M (Land)	-		Industrial	-	-	-	-	-	-	0	0	-	-	-	-
		P	The Post Office		Industrial	-	-	-	-	20 yrs	05/02/2029	146,772	145,850	-	05/02/2024	-	-
		R	Secretary of State for Transport		Industrial	-	-	-	-	3 yrs	31/01/2023	24,148	55,600	-	On Expiry	-	-
		S	Screwfix Direct Ltd	FH	Industrial	13,383,632	19/09/2000	22,250,000	18,000,000	10 yrs	26/09/2027	34,750	47,084	-	27/09/2022	8.4	6.3
	STOKE ON TRENT		Hadleigh Industrial Estates Ltd	FH	Industrial	25,704,500	25/08/2021	26,350,000	23,500,000	99 yrs	16/10/2059	918,500	918,500	-	-	3.6	3.9
	Hadleigh Park					-	-	-	-	-	-	-	-	-	-	-	-
	Blythe Bridge					-	-	-	-	-	-	-	-	-	-	-	-
	SWINDON	22 & 23	UK Storage Company (SW) Ltd		Industrial	-	-	-	-	25 yrs	21/09/2025	121,000	145,404	-	22/09/2025	-	-
	Westmead Industrial	24	Network Rail Infrastructure Ltd		Industrial	-	-	-	-	10 yrs	19/01/2026	63,500	91,589	-	20/01/2026	-	-
	Estate, Units 22/25 & R,	25	West Swindon Parish Council		Industrial	-	-	-	-	5 yrs	21/02/2026	40,640	55,920	-	On Expiry	-	-
	Westmead Drive	R	PI Crouch, MA Clarke, PA Hopkins, & Hornbuckle Medical Trustees Ltd	FH	Industrial	4,666,790	15/12/1999	7,500,000	6,200,000	125 yrs	31/01/2114	26,600	27,265	-	01/02/2024	6.9	5.2
	TRURO	11 & 12	Waterstones Booksellers Ltd		Retail	-	-	-	-	10 yrs	25/12/2026	269,950	230,000	-	On Expiry	-	-
	11/15 Boscawen Street	13	Superdrug Stores Plc		Retail	-	-	-	-	25 yrs	24/12/2022	154,000	154,000	-	On Expiry	-	-
		14 & 15	The White Company (UK) Ltd	FH	Retail	8,427,238	11/11/1992	4,300,000	3,650,000	10 yrs	26/08/2023	97,500	140,000	-	On Expiry	6.2	14.4
	WARRINGTON Calver Road Winwick Quay		QAS Group Ltd	FH	Industrial	2,654,601	24/03/1994	6,000,000	5,300,000	10 yrs	15/10/2031	160,000	250,000	-	16/10/2026	9.4	4.7
	WEYBRIDGE 29 Avro Way Brooklands Business Park		Kite Glass Ltd	FH	Industrial	3,376,249	20/12/1990	14,700,000	11,850,000	15 yrs	28/09/2028	275,000	395,000	-	29/09/2023	11.7	3.3
	WOLVERHAMPTON	A	J Banks & Co Ltd		Industrial	-	-	-	-	999 yrs	28/09/3010	0	0	-	-	-	-
	Vernon Park,	B	DHL Supply Chain Ltd		Industrial	-	-	-	-	4 yrs	31/08/2026	154,680	221,000	-	On Expiry	-	-
		C	Mann + Hummel (UK) Ltd		Industrial	-	-	-	-	12 yrs	12/06/2024	294,490	330,000	-	On Expiry	-	-
		D	Under Development	FH	Industrial	10,641,701	16/01/2014	14,250,000	10,350,000	-	-	0	0	-	-	5.2	5.3

Dir/Ind	Property Address or Fund	Unit	Tenant or Fund	Tenure	Use	Total Cost £	Date of Purchase	Value £ @ 31/03/2022	Value £ @ 31/03/2023	Lease or Fund Term	Lease or Fund Expiry or Break	Rent pa £ @ Purchase	Current Rent pa £	Ground Rent pa £	Next Rent Review	% Yield on Cost	% Return on Value
Total:	**Direct Property**					**424,303,722**		**472,690,000**	**417,175,000**			**23,552,423**	**24,180,666**			**5.7**	**5.8**
Ind	Ashford Investor Limited Partnership		LP owns the Ashford Designer Outlet Centre,	LP	Shopping Centre	19,581,185	23/05/2002	34,852,000	32,125,000	-	28/02/2032	514,312	4,145,625	-	n/a	21.2	12.9
	Hearthstone Residential Fund 1		Private Rented Sector Houses & Flats	LP	Residential	19,999,989		19,131,977	19,357,641			0	583,174	-	n/a	2.9	3.0
	Gresham House RESi		Shared Ownership Houses & Flats	LP	Residential	29,568,133		20,323,042	30,517,828			0	0	-	n/a	0.0	0.0
	Leisure Fund Unit Trust		Leisure Properties	LP	Leisure	16,597,195		-	14,523,995			0	676,245	-	n/a	4.1	4.7
Total:	**Indirects**					**85,746,501**		**74,307,019**	**96,524,464**			**514,312**	**5,405,044**			**6.3**	**5.6**
Total:	**Portfolio**					**510,050,223**		**546,997,019**	**513,699,464**			**24,066,735**	**29,585,710**	**15,409**		**5.8**	**5.8**

Item no 6 on Agenda

PENSIONS PANEL – 6 JUNE 2023

Report of the Director of Finance

RESPONSIBLE INVESTMENT & ENGAGEMENT (RI&E) REPORT QUARTER 4 2022/23

Recommendations of the Chairman

1. That the Pensions Panel note:

   (a) the content of the Responsible Investment and Engagement (RI&E) Report, including the Climate Stewardship Plan (Appendix 1);

   (b) the Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement Report (Appendix 2).

   (c) the LGPSC Annual Stewardship Report 2022 and Quarterly Stewardship Update (Appendices 3 and 4).

Introduction & Background

2. The United Nations Principles of Responsible Investing (UNPRI) define RI as 'an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns.

3. The Pensions Panel recognises its role in promoting RI and endorses the UNPRI, whilst the Fund's equity managers are encouraged to sign up to them to ensure they incorporate ESG issues into their investment process. Currently all the Fund's equity managers are signatories to the UNPRI, including those within the LGPS Central Active External Global Equity Multi Manager sub-fund and the LGPS Central Global Sustainable Equity Active Fund – Targeted.

4. The Fund has recently received ‘Substantial Assurance’ in a 2022/23 Responsible Investment, Climate Change and Engagement Audit from Staffordshire County Council’s Internal Audit service. This recognises the hard work of Officers, Advisers and colleagues at LGPS Central Ltd for putting the Fund in a good position to deliver its Strategic Asset Allocation within the framework of its Responsible Investment beliefs and Climate Change Strategy.

5. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require the Pension Fund to have an Investment Strategy Statement (ISS) which must refer to the way in which the authority takes RI into account in the selection, non-selection, retention, and realisation of investments. The latest version of the ISS includes investment beliefs, specific to RI. The latest version of the ISS is available on the Pension Fund’s website www.staffspf.org.uk.

6. In 2020, the Financial Reporting Council launched an updated UK Stewardship Code. The Code took effect from 1 January 2020 and aims to improve stewardship practices by setting a substantially higher standard than before. Under the 2016 Regulations, the Fund was accepted as a Tier 1 signatory of the UK Stewardship Code in. A draft 2022 Annual Stewardship Report was approved by the Pensions Committee on 31 March 2023 and following submission to the FRC, is awaiting approval. The draft report is available on the Pension Fund’s Website www.staffspf.org.uk.

7. The Fund regularly receives RI&E reports from its investment managers, and these are publicly available on the investment managers own websites. More recently, it is pleasing to note that these have begun to include reports from investment managers who invest in private markets, such as Partners’ Group Corporate Sustainability Report (Private Equity) and Gresham House Sustainable Investment Report (Residential Property).

Climate Change Strategy

8. In March 2023, the Pensions Committee approved the Fund’s updated Climate Change Strategy (CCS) which sets out the Fund’s approach to managing the risks and opportunities presented by climate change, with the aim of achieving a net-zero carbon investment portfolio by 2050. To guide and monitor the Fund’s decarbonisation roadmap, a series of 2030 targets have been included in the CCS. The CCS is available on the Fund’s website www.staffspf.org.uk.

Climate Stewardship Plan and Engagement

9. Following the production of the Fund’s latest Climate Risk Report by LGPS Central Ltd, in March 2023, an updated Climate Stewardship Plan (CSP) was developed. The CSP is a working document which is updated for engagement activity carried out throughout the year and progress is reported to the Panel quarterly. The latest CSP is attached at Appendix 1.

10. As the Fund appoints external investment managers, engagement with individual companies is delegated to these managers and the investment

managers of pooled funds, in which the Fund also invests (e.g. LGPS Central Funds) and jointly as part of LAPFF. Information on manager engagement and voting is requested routinely, as part of the quarterly reporting the Fund receives from each of the managers. In Q4 2022/23 managers' engagement topics included:

- Engagement with a financial services company about workplace behaviour. Following an unconstructive response, an ESG review was carried out and the manager decided to exit the position in this company.
- Meeting with a multinational insurance company to discuss governance and stakeholder engagement on artificial intelligence and cyber security, along with conversations around gender diversity at executive levels.
- Meeting with various companies and assessing how they identify, assess, mitigate, and act on the risks or instances of modern slavery in their operations and supply chains.

LAPFF Quarterly report

11. LAPFF's Quarterly Engagement Report for Q4 2022/23 is attached for information at Appendix 2. Staffordshire joined LAPFF in March 2013, to reaffirm its commitment to RI&E matters. As always, Pensions Panel Members are encouraged to read the report as it highlights the good work LAPFF does in engaging with organisations on behalf of its members. Examples of engagement from the last quarter included:

- Meeting with McDonald's to discuss management of environmental risks across its agricultural supply chain and request publication of its water risk assessment to identify high risk areas.
- Meeting with Volvo to discuss the transition of Heavy Good Vehicles to electric.
- Attending a round table with Nestle discussing their approach to reducing Scope 3 emissions, their focus on regenerative farming, plastics and nutrition.

LGPS Central Annual Stewardship Report 2022 and Quarterly Stewardship Report Q4 2022/23

12. The LGPS Central Ltd Annual Stewardship Report for 2022 is attached as Appendix 3. This report was produced instead of the usual Quarterly Stewardship Report for Q3 2022/23 and is a wider document which will also be used as evidence to support the Company's Statement of Compliance with the UK Stewardship Code.

13. The LGPS Central Ltd Quarterly Stewardship Report Q4 2022/23 is attached as Appendix 4. Pensions Panel Members are again encouraged to read these

reports, as they highlight the good work LGPS Central Ltd and its appointed voting and engagement partners do, in engaging with organisations on behalf of its eight Partner Funds.

Quarterly voting summary

14. The Fund receives quarterly updates from its investment managers on details of votes cast on corporate resolutions. The following table summarises the voting activity of the Fund's investment managers in Q4 2022/23.

Investment Manager Voting Activity Q4 2022/23

	Total resolutions	Vote with management	Votes against management	Abstain
Impax	110	107	3	0
JP Morgan	327	312	11	4
Longview	39	38	1	0
Legal & General	19,540	14,911	4,409	220
LGPS Central – Global Equity Fund	383	343	37	3
LGPS Central- Global Multi-Factor Fund	2,454	2,083	308	63

Rob Salmon
Director of Finance

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Equalities implications: Whilst there are no direct equalities implications arising from this report, equality is considered as part of the Pension Fund's wider engagement with companies.

Legal implications: There are no direct legal implications arising from this report.

Resource and Value for money implications: The resource and value for money implications are included in the body of the report. Specific consideration should be given to any effect on investment returns.

Risk implications: There is a risk that any screening of investments may result in the Pension Fund not maximising investment returns.

Climate Change implications: The Pension Fund has a Climate Change Strategy in place and produces and annual Climate Stewardship Plan which details its engagement on Climate Change matters.

Health Impact Assessment Screening: There are no direct implications arising from this report.

Staffordshire
Pension Fund
Local Government Pension Scheme

Climate Stewardship Plan

2022/23

Staffordshire Pension Fund Climate Stewardship Plan 2022/23

Staffordshire Pension Fund ('the Fund') recognises that climate change presents a risk which could be financially material, and which must be addressed under the scope of the Fund's fiduciary duty.

Given the Fund's long-dated liabilities and the timeframe in which climate risks could materialise, a holistic approach to risk management covering all sectors and all relevant asset classes is warranted.

To mitigate the worst economic impacts of climate change, there must be a large, swift, and globally co-ordinated policy response. The issue faced by diversified investors (such as pension funds) is not limited to the oil & gas and power generation sectors, but also to the vast number of downstream sectors, whose products and services are derived from, or reliant on, fossil fuel extraction. Investors focussing exclusively on primary energy suppliers could fail to identify material climate risks in other sectors and to limit the demand.

The Fund believes it is possible for companies with current high emission levels to change, reduce their emissions and thrive in a low carbon economy and that the support and stewardship of investors is key to influencing this.

Following production of the Fund's first Climate Risk Report, as presented to the Pensions Committee on 23 March 2021, a Climate Stewardship Plan (CSP) for 2021/22 was created. Receipt of the Fund's second Climate Risk Report has enabled an updated CSP to be produced for 2022/23. This reflects changes in the Fund's portfolio and underlying company investments and was approved by the Pensions Committee at its meeting on 11 February 2022.

The 2022/23 CSP again focuses on the investments having the most impact or of the most relevance to the Fund's climate risk; which improves upon the existing approach to climate-related engagement in terms of prioritisation. The **companies** recommended for engagement have been identified based on the following factors:

- Perceived level of climate risk, considering carbon risk metrics;
- Weight of the company in the portfolio;
- Likelihood of achieving change; and
- Ability to leverage investor partnerships.

The **investment managers** recommended for engagement were identified based on the following factors:

- Perceived level of climate risk, considering carbon risk metrics and climate scenario analysis;
- Size (by assets under management or 'AUM') of the portfolio; and
- Whether the mandate is expected to be long-term.

Although certain companies and investment managers have been highlighted for specific reasons and engagement within the CSP, the option remains open to assess all external equity investment managers using the questions and scoring system in the "Addressing Climate Risks and Opportunities in the Investment Process" guidebook, published by the Institutional Investors Group on Climate Change (IIGCC).

Updates on progress and engagement, in line with the priorities identified in the CSP will be presented to the Pensions Panel each quarter, as part of a Responsible Investment and Engagement report. An updated CSP will be presented to the Pensions Committee annually, alongside updates to the Fund's Climate Change Strategy, which was introduced in 2022.

The main differences in the CSP to the companies recommended for engagement in 2022/23 are:

- the removal of China Resources Cement, Electricity Generating Public Company and Vistra Corporation; and
- the addition of CRH and Linde.

Between March 2020 and September 2021, following initial Officer engagement, one of the Fund's global equity managers, JP Morgan Asset Management exited positions in China Resources Cement, Electricity Generating Public Company and Vistra Corporation, which had been added to the Fund's CSP 2021/22 due to their high carbon intensities.

As a result of the updated carbon metrics analysis contained in the Fund's most recent Climate Risk Report, it was recommended that CRH and Linde were added to the CSP in 2022/23.

Due to the termination of contracts and subsequent appointment and investment with a global sustainable equity manager, Standard Life Investments have been removed from the CSP and replaced by Impax Asset Management, in the list of investment managers recommended for engagement.

Table 1. Companies recommended for engagement in 2022/23

Company	Sector	Portfolio	Issue/Objective	Vehicle	Engagement carried out 2022/23
BP	Energy	• LGIM UK Equities • LGIM All World Equities • LGPS Central Global Multi Factor Fund • JP Morgan Global Equity	• Achievement of the high-level objectives of the CA100+ initiative including attainment of the specific indicators in the CA100+ Benchmark Framework. • To duly account for climate risks in financial reporting.	LGIM, CA100+, LAPFF, JP Morgan	Q3 22/23 JMP met with BP regarding an oil field in Iraq, which has been linked with increased rates of leukaemia, whilst BP does not own or operate the oil field, it does provide technical services. BP commented that they are sharing best practices with this site and feel they can best influence through the oil company forum in Iraq.
Glencore	Materials	• LGPS Central GEAMMF: Harris • LGIM UK Equities • LGIM All World Equities • LGPS Central Global Multi Factor Fund	• Achievement of the high-level objectives of the CA100+ initiative including attainment of the specific indicators in the CA100+ Benchmark Framework.	LGIM, LGPS Central via CA 100+, LAPFF	Q3 22/23 LAPFF met with Glencore to talk about LAPFF's work in Brazil, to discuss concerns community members in Peru have raised about Glencore's activities in that country, and to discuss various bribery and corruption allegations against the company. Glencore's approach to climate was also discussed. The company has now entered settlements in numerous countries in relation to various bribery and corruption allegations. It is hoped that these settlements will place internal control requirements on

					Glencore to prevent the occurrence of future problems in this area. Q4 22/23 LGIM Escalated their engagement with Glencore following ongoing concerns. LGIM are co-filing a shareholder resolution at Glencore's 2023 AGM, requesting that the company disclose how its thermal coal production is aligned with the Paris Agreement objective of limiting the increase in global temperature to 1.5°C.
Holcim	Materials	• LGIM All World Equity • LGPS Central Global Multi Factor Fund • LGPS Central GEAMMF: Harris	• Paris-aligned accounts in line with IIGCC's Investor Expectations • Achievement of the high-level objectives of the CA100+ initiative	LGIM, LGPS Central via CA 100+, LAPFF	Q1 22/23 EOS, alongside 4.76% of shareholders, votes against the climate report at Holcim's AGM as a result of misalignment between the company's short-and-medium-term targets and a 1.5C scenario.
NextEra Energy	Utilities	• LGIM All World Equity • LGPS Central GEAMMF: Schroders • LGPS Central GEAMMF: Union	• Methane emissions reduction aligned with the Paris Agreement • Capital allocation alignment with the Paris Agreement • Attainment of Indicator 7 "Climate Policy Engagement" in the CA100+ benchmark • Net Zero GHG emissions by 2050 (or sooner) ambition	LGIM, LGPS Central via CA100, LAPFF	Q1 22/23 - LGPSC as part of the CA100+ has called for NextEra to set net zero target consistent with 1.5C pathway. In June NextEra released its "Real Zero" plan which calls for significant investments to eliminate all scope 1 and scope 2 carbon emissions across NextEra Energy's operations by no later than 2045. LGPSC welcomes the company's increased ambition but recognises that more work needs to be done for

					the company to be fully aligned with Paris goals. Q2 22/23 - LGPSC as part of CA100+ held a meeting with the Company Secretary of NEE and are seeking to further discuss the gaps in NEE's Real Zero Plan with the Lead Independent Director of the board.
Rio Tinto	Materials	• LGIM UK Equities • LGIM All World Equities • LGPS Central Global Multi Factor Fund	• Achievement of the high-level objectives of the CA100+ initiative including attainment of the specific indicators in the CA100+ Benchmark Framework.	LGIM, CA100+, LAPFF	Q1 22/23 LGIM vote against Rio Tinto's Climate Plan. LGIM recognised the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation. However, LGIM remained concerned with the absence of quantifiable scope 3 targets as they are such a material component of the company's overall emissions profile. LGPSC also voted against the Plan due to the lack of scope 3 emissions reduction targets. Q3 22/23 LAPFF attended an ESG briefing for investors to discuss the company's new 'Communities and Social Performance (CSP) Commitments Disclosure Final Report'. LAPFF asked if the company has also committed to independent

					environmental and social impact assessments, LAPFF is concerned that the company does not have a consistent or coherent approach to ESIAs. Acknowledging the expense and resources involved in this type of assessment, LAPFF would like to work with a range of mining companies to determine how it could be feasibly done much more widely. Q4 22/23 LAPFF joined Rio Tinto's full year results call and welcomed their commitment to making climate a strategic objective. They also questioned the company on its plans for a just transition given the importance of Rio Tinto's materials for a green transition.
Royal Dutch Shell	Energy	• LGIM UK Equities • LGIM All World Equities • LGPS Central Global Multi Factor Fund • LGPS Central GEAMMF: • JP Morgan Global Equity	• To set and publish targets that are aligned with the goal of the Paris agreement • To fully reflect its net-zero ambition in its operational plans and budgets • To set a transparent strategy on achieving net zero emissions by 2050, including valid assumptions for short-, medium- and long-term targets	LGIM, CA100+, LAPFF	Q2 22/23 JPM met with Shell at their annual ESG update meeting to inform voting on 2 climate related resolutions at the AGM. Decarbonization strategy includes reduction in absolute emissions by 50% by 2030 and 50% of all total expenditure to be on low and zero carbon products by 2025. Shell has achieved its target to reduce net carbon intensity of the energy products sold by 2-3% by the end of 2021.

					At the 2022 AGM in May 2022, Shell provided shareholders with a progress update on the energy transition plan which was met by 20.1% opposition among shareholders including LGPSC. With this level of opposition (above 20%), Shell is required to engage and consult shareholders on their concerns. LGPSC welcome steps taken by Shell including a commitment to deploy 45-50% of its capex on low and zero carbon projects between 2025 and 2030, which is an improvement from its 24% target in 2021. Furthermore, Shell has set an ambition to reduce oil production by 10- 20% by 2030, which will reduce its Scope 3 emissions. However, this does not align with the 28% reduction in oil production forecast by the International Energy Agency's Net Zero Scenario (NZE) as a requirement to meet a 1.5C target.
The Southern Company	Utilities	• LGIM All World Equity • LGPS Central Global Multi Factor Fund	• Achievement of the high-level objectives of the CA100+ initiative including attainment of the specific indicators in the CA100+ Benchmark Framework.	LGIM, CA100+, LAPFF	

Linde	Materials	• LGIM All World Equity • LGPS Central Global Multi Factor Fund • LGPS Central GEAMMF: Schroders • LGPS Central GEAMMF: Union • Impax	• Paris-aligned accounts in line with IIGCC's Investor Expectations • Reduction in the company's carbon footprint	LGIM, LGPS Central	Q2 22/23 - Meeting with Impax. Impax have high conviction in this stock and believe that the gasses Linde produce reduce emissions in other processes and improve the water recycling purification process. Linde also have science-based emissions targets and are an industry leader in having these. Q3 22/23 EOS wrote to the CEO as one of 47 signatories, representing $8 trillion assets undermanagement for advice regarding the company's chemical production and disclosure practices. The letter requested the company increase transparency on the type and volume of hazardous substances the company produces particularly in non-US and EU markets where disclosure requirements are not as stringent. The letter also urges the company to take a proactive leadership role in phasing out the most persistent chemicals and publish a time-bound commitment to do so. EOS were pleased with the company's explanation of its strong product stewardship policies and that it is regularly audited by the American Chemistry Council.

CRH	Materials	• LGIM UK Equities • LGIM All World Equities • LGPS Central Global Multi Factor Fund • LGPS Central GEAMMF: Union	• Paris-aligned accounts in line with IIGCC's Investor Expectations • Achievement of the high-level objectives of the CA100+ initiative	LGIM, LGPS Central via CA100+	Q3 22/23 In conjunction with Sarasin, LAPFF co-signed correspondence to the audit committee chair of CRH, setting out investor expectations on 1.5°C aligned accounting and audit disclosures. There has been evidence of progress, correspondence with the companies recognised inherent uncertainties in the transition to net zero, and the response was welcomed with a meeting offered to discuss the requests made. Q4 22/23 JMP met with CRH to discuss Science Based Target initiatives and capital allocation to climate targets. They are intending to align with a 1.5 degree target and have partnered with a venture fund to breakthrough ideas including those for carbon reduction.

Table 2. Investment managers recommended for engagement in 2022/23

Investment Manager	Portfolio	Issue	Engagement carried out 2022/23
JP Morgan	Global Equity Fund	• Continue to monitor JP Morgan's climate risk management • Question JP Morgan about their engagement activity with Royal Dutch Shell, BP and NK Lukoi	Q2 22/23 JPM met with Shell at their annual ESG update meeting to inform voting on 2 climate related resolutions at the AGM. Decarbonization strategy includes reduction in absolute emissions by 50% by 2030 and 50% of all total expenditure to be on low and zero carbon products by 2025. Shell has achieved its target to reduce net carbon intensity of the energy products sold by 2-3% by the end of 2021. Q2 22/23 - Meeting with JPM, where they were questioned on their climate risk management regarding high carbon emitting stocks. JPM responded that they regularly discuss and review their approach to climate risk and take opportunities to reduce exposure where possible. They also regularly engage with underlying companies on this matter. In Q3 22/23 JMP met with BP regarding an oil field in Iraq, which has been linked with increased rates of leukaemia, whilst BP does not own or operate the oil field, it does provide technical services. BP commented that they are sharing best practices with this site and feel they can best influence through the oil company forum in Iraq.
Legal & General Investment Managers (LGIM)	All World Equity	• Continue to monitor engagement progress with NextEra via the Climate Stewardship Plan.	Q1 22/23 LGIM vote against Rio Tinto's Climate Plan. LGIM recognised the considerable progress the company has made in strengthening its operational

		• Monitor LGIM's engagement with AGL, Coal India, BP, ExxonMobil, NTPC and Gazprom. • Continue to monitor the TPI carbon performance of the portfolio	emissions reduction targets by 2030, together with the commitment for substantial capital allocation. However, LGIM remained concerned with the absence of quantifiable scope 3 targets as they are such a material component of the company's overall emissions profile.
Legal & General Investment Managers (LGIM)	UK Equity Fund	• Continue to include Shell, Rio Tinto and BP in the Climate Stewardship Plan • Monitor LGIM's engagement with CRH, BHP, Anglo American and Evraz	Q3 22/23 LGIM voted for two shareholder proposals (against management) at BHP AGM, to proactively advocate for Australian policy settings that are consistent with the Paris Agreement's objective of limiting global warming to 1.5°C and the notes to the company's audited financial statements to include a climate sensitivity analysis which includes a scenario aligned with limiting global warming to 1.5°C, presents the quantitative estimates and judgements for all scenarios used, and covers all commodities. These resolutions received 12.7% and 18.7% support, respectively, from shareholders. LGIM continue to engage with BHP and, more broadly, to support proposals that are aligned with LGIM's net zero aims and beliefs
LGPS Central Limited	Global Multi Factor Fund	• Continue to monitor LGPS Central's approach to climate risk management • Review LGIM's stewardship activities with Duke Energy, China Resources Power and The Southern Company • Continue to monitor TPI data within the portfolio	
LGPS Central Limited	Global Equity Active Multi-Manager Fund (GEAMMF)	• Monitor LGPS Central's approach to managing climate risk in the portfolio. In particular, on Harris Associates' overweight position in thermal coal reserves.	Q1 22/23 - LGPSC as part of the CA100+ has called for NextEra to set net zero target consistent with 1.5C pathway. In June NextEra released its "Real Zero" plan which calls for significant investments to eliminate all scope 1 and scope 2 carbon emissions

		• Monitor LGPS Central's engagement with Harris Associates in particular relating to their engagement with Berkshire Hathaway • Continue to include NextEra Energy and Lafarge Holcim in the Climate Stewardship Plan	across NextEra Energy's operations by no later than 2045. LGPSC welcomes the company's increased ambition but recognises that more work needs to be done for the company to be fully aligned with Paris goals.
Longview Partners	Global Equity Fund	• Continue to monitor Longview Partners' approach to management of climate risk • Question Longview Partners' apparent underweight to clean tech stocks in the portfolio	A portfolio wide climate commitment audit was carried out in 2021. Q1 22/23 - Longview enquired with Grainger about their plans to commit to net-zero target, Grainger are currently working with suppliers to analyse scope 3 emissions. They commented that it was difficult to make commitments beyond 2030 without identifying and potentially influencing scope 3 emissions. They have currently set 2030 targets which are aligned with Paris agreement. Q2 22/23 - Longview held calls with HCA and L3Harris to discuss their climate commitments. Q2 22/23 -in a meeting with Longview, their approach to management of climate risk was discussed. They commented that as with all ESG factors, it is included in their investment process as a factor which could impact returns materially. Longview also carry out targeted engagement with companies on climate risk.
Impax Asset Management	Global Sustainable Equities	• Enquire after the extent of stewardship activity with Linde	Q2 22/23 - Meeting with Impax. Impax have high conviction in Linde and believe that the gasses the company produce reduce emissions in other processes and improve the water recycling purification process. Linde also have science-based

			emissions targets and are an industry leader in having these. Q4 22/23 Met with Applied materials to discuss climate related goals, Reducing water usage, CO2 emissions and energy usage.
LGPS Central Limited	Global Active Investment Grade Corporate Bond Multi	• Monitor LGPS Central's approach to managing climate risk within their portfolio, particularly where there is an absence of reported GHG emissions data • Ask LGPS Central to monitor Neuberger's engagement with WEC Energy, SSE, Centrica, ExxonMobil and Diamondback Energy • Ask LGPS Central to monitor Fidelity's engagement with SSE • Ask after the extent of investment in green bonds and the circumstances in which the managers would consider buying green bonds	

CLIMATE ACTION 100+ (CA100+)

CA100+ is an investor-led initiative set up to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. The engagement initiative currently encompasses 167 companies that are estimated to collectively emit more than 80% of industrial GHG emissions globally. Investor participants, including LGPSC Central Limired, have committed to engage these high emitters to:

- Implement a strong governance framework which clearly articulates the board's accountability and oversight of climate change risk;
- Take action to reduce GHG emissions across the value chain, consistent with the Paris Agreement's goal of limiting global average temperature increase to below two degrees Celsius above pre-industrial levels, aiming for 1.5 degrees. Notably, this implies the need to move towards net-zero emissions by 2050 or sooner; and
- Provide enhanced corporate disclosure in line with the final recommendations of the Task Force on Climate related Financial Disclosures (TCFD) and sector-specific Global Investor Coalition on Climate Change (GIC) Investor Expectations on Climate Change guidelines (when applicable), to enable investors to assess the robustness of companies' business plans against a range of climate scenarios, including well below two degrees and improve investment decision making.

In September 2020, CA100+ introduced a Benchmark Framework which identifies ten key indicators of success for business alignment with a net-zero emissions future and goals of the Paris Agreement. Assessments for each CA100+ company against the ten indicators were published on 22 March 2021 and offers comparative assessments of individual focus company performance against the three high-level commitment goals.

The ten indicators included in the CA100+ are:

1. Net-zero GHG emissions by 2050 (or sooner) ambition
2. Long-term (2036-2050) GHG reduction target(s)
3. Medium-term (2026-2035) GHG reduction target(s)
4. Short-term (up to 2025) GHG reduction target(s)
5. Decarbonisation strategy
6. Capital allocation alignment
7. Climate policy engagement
8. Climate governance
9. Just Transition
10. TCFD Disclosure

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Quarterly Engagement Report

January-March 2023

Local Authority Pension Fund Forum

Say on Climate, Brazil, Volvo, Constellation Brands, Water Stewardship

COMPANY ENGAGEMENTS

Say on Climate

Objective: Despite the financial risks that climate change poses to investors, shareholders do not have a specific vote at AGMs on a company's approach to transitioning to net zero. This is an issue that LAPFF has raised with companies including through a joint letter ahead of the 2022 AGM season. Since then, HM Treasury has established the UK Transition Plan Taskforce, which is developing a 'gold standard' for climate transition plans. A central principle of transition plans is that they should be integral to a company's overall strategy. Yet despite such developments shareholders are generally not given a 'Say on Climate' vote at AGMs to approve their climate plans.

To address this gap, LAPFF, alongside Sarasin & Partners, CCLA, and the Ethos Foundation, wrote to the FTSE All-Share (excluding investment trusts) requesting that boards provide shareholders with the opportunity to support their greenhouse gas emission reduction strategy by putting an appropriate resolution on the AGM agenda.

Achieved: The letter highlighted the importance of the issue with companies across the FTSE All-Share. Some companies responded by stating that they were planning to have an annual Say on Climate vote while others noted that there would be a vote every three years to approve their triennial climate plan. However, most companies said that they did not intend to hold Say on Climate votes, with many outlining their climate plans and noting their engagement with shareholders.

Alongside raising the issue with the companies, the letter received coverage in the press which widened awareness of the role a Say on Climate could play in supporting companies' transition to net zero.

In Progress: Although some companies have committed to Say on Climate votes they are in a minority. LAPFF will continue to engage with companies so that shareholders can express their views specifically about climate strategies – something which will become more important with the introduction of transition plans and as the financial risks of climate change become even clearer.

Rio Tinto

Objective: LAPFF joined Rio Tinto's full year results call ahead of the company's April AGM to understand better how Rio Tinto is integrating environmental, social, and governance considerations into its operations, and issued a voting alert ahead of the April AGM. LAPFF then attended a meeting with Rio Tinto Chair, Dominic Barton.

Achieved: LAPFF was pleased to hear that Rio Tinto has had yet another fatality-free year. It was also good to see that the company has concluded a number of agreements with Indigenous groups and continues to focus on partnerships, co-design, and co-management with affected communities. It would have been useful to have more discussion on community relationships in relation to the company's Oyu Tolgoi, Jadar, and Simandou projects, as well as some of the remaining engineering challenges at Oyu Tolgoi.

On the climate side, Rio Tinto's commitment to making climate a strategic objective is welcome. It appears that more work on Scope 3 emissions is needed. Recognising the importance of Rio Tinto's minerals for a green transition, LAPFF is also keen to hear more from the company on its plans for a just transition. LAPFF probed these issues in more detail in the meeting with Mr. Barton.

In Progress: LAPFF will continue to engage both the company and its affected stakeholders, including workers and community members, to assess progress in both the human rights and climate areas because LAPFF deems this range of engagement and issues financially material.

COMPANY ENGAGEMENTS

McDonald's

Objective: LAPFF has been pushing for McDonald's to publicly disclose the findings of a water risk assessment and physical risk scenario analysis undertaken by the company in 2020. In order for investors to fully understand the water-related risks facing the company, the disclosure should provide information relating to how the findings inform timebound and quantifiable mitigation efforts for key commodities and regions.

Achieved: LAPFF met with McDonald's as part of a coalition of investors to discuss the company's approach to managing environmental risks across its agricultural supply chain. The 2020 water risk assessment used the WRI Aqueduct Water Risk tool to identify high risk areas, but the company has, to date, failed to release the results. LAPFF requested that the company disclose the findings to facilitate a better understanding of the material risks.

McDonald's was also questioned about updating its emissions reduction targets, following the release of the Science-Based Target initiative's (SBTi) FLAG guidance. The company has committed to reducing greenhouse gas emissions (GHG) by 36percent by 2030 from a 2015 base. This is an absolute target that covers Scopes 1, 2 and 3 emissions, the latter including upstream emissions from operational waste and downstream emissions from delivery-related waste and franchisee operations.

To achieve SBTi verification, the new FLAG guidance requires a commitment to eliminate deforestation from agricultural supply chains by 2025, which would require an acceleration of existing commitments.

In Progress: McDonald's has been identified by the Valuing Water Finance Initiative as a company with significant exposure to water-related risks and therefore included the company in the 203 VWFI benchmark. This benchmark will be used by LAPFF to measure company performance and the extent to which disclosure on the issue improves.

Constellation Brands

Objective: LAPFF wanted Constellation Brands to set timebound, contextual targets, goals or policies to address the impacts on water availability in water scarce areas across the sections of the value chain, for which water is most material.

Achieved: LAPFF Executive member John Anzani met with the US-listed beverage manufacturer to discuss its approach to water stewardship. This engagement followed on from an introductory meeting held in 2022 in which the company had committed to undertaking a water risk assessment covering its entire value chain. Constellation Brands subsequently conducted an initial assessment, and as a result highlighted a number of facilities operating in regions of high water stress. LAPFF encouraged the company to set targets that would prevent it from negatively impacting water availability in water-scarce areas across its value chain.

In Progress: As part of the Valuing Water Finance Initiative LAPFF is a co-lead investor for Constellation Brands. The company has been included in the 2023 VWFI benchmark, owing to the impact it has on freshwater resources. This benchmark will be used by LAPFF to measure company performance, with the expectation that a meaningful target is set to help mitigate impact on regions of high water stress.

Volvo

Objective: The acceleration in moving to electric vehicles is being seen globally, as auto manufacturers seek to meet net zero targets and reduce the carbon footprint in the life cycle of their vehicles. In this vein, LAPFF sought to meet some heavy goods vehicle (HGV) manufacturers to discuss their role in this transition.

Achieved: LAPFF met with Volvo to discuss its approach to climate change and a net zero transition. The company provided a promising dialogue, giving an in-depth overview of its approach.

In Progress: As legislation tightens in Europe with the Corporate Sustainability Due Diligence Directive, companies will

COMPANY ENGAGEMENTS

have to do further due diligence on their supply chains and will need to ensure greater oversight of their supply chains. LAPFF continues to impress upon vehicle manufacturers the benefits of transparent reporting and enhanced due diligence, whilst seeking to better understand how companies are managing a just transition.

Pay Letters

Objective: How companies distribute capital and reward both their executive directors and wider workforce is important information for investors. In January, the Financial Times published an article looking at real term pay cuts in the FTSE100 but cited a few companies that had paid wage increases to their lowest pay staff above soaring inflation.

Achieved: LAPFF wrote to BT, Vodafone, and Kingfisher, as companies that provided salary increases for their lowest paid members of staff above that of inflation. LAPFF seeks to better understand the considerations around these increases as well as to discuss executive remuneration in the context of the cost-of-living crisis.

In Progress: Kingfisher has responded to LAPFF's request for engagement and a meeting is being organised for the second quarter of 2023.

Occupied Palestinian Territories

Objective: LAPFF members remain concerned about the investment risks associated with companies operating in the Occupied Palestinian Territories (OPT). LAPFF maintains a position that companies considered to have business activities in this area should commission independent human rights risk impact assessments, given that operating in a conflict zone carries heightened human rights, and consequently, business risks.

Achieved: LAPFF wrote to four companies on its target engagement list which it deems to have not engaged in a meaningful manner (or not engaged at all): Mizrahi Tefahot Bank, Isarel Discount Bank, and Bank Hapoalim. LAPFF wrote to all four regarding voting considerations at their respective 2023 AGMs. The Forum is now in dialogue with Bank Leumi.

In Progress: LAPFF will monitor these engagements and consider voting alerts for LAPFF members accordingly.

Chipotle

Objective: LAPFF has engaged with Chipotle Mexican Grill (Chipotle) on its approach to water stewardship since 2019. The initial engagement objective was met during 2022, with the company undertaking an ingredient level water risk assessment to identify areas of water stress within the supply chain. The risk assessment found that a significant percentage of the company's suppliers operate in areas of high water stress. Given the degree of exposure Chipotle has to water risk, LAPFF now considers it imperative the company utilise the results of this risk assessment to set time-bound and context-based targets for water use, focusing on regions it has identified as water stressed from its operations.

Achieved: During March, LAPFF met with Chipotle to discuss the outcome of its water risk assessment undertaken in 2022. This was a direct response to the resolution co-filed by the Greater Manchester Pension Fund, a LAPFF member fund, in 2020. The company had made some notable progress, including the completion of a water stress evaluation for the current state of its supply chain, forecasting the impact of water stress to 2040, and developing a mitigation roadmap to establish water stewardship throughout its operations.

In Progress: LAPFF is the lead investor for Chipotle as part of the Valuing Water Finance Initiative. During 2023, Chipotle will be benchmarked against peers on its approach to water stewardship. LAPFF will leverage the findings of the benchmark in order to work with the company to develop relevant water use targets and to utilise the results of this risk assessment to set time-bound and context-based targets for water use, focusing on regions it has identified as water stressed from its operations.

Nestlé

Objective: As one of the largest food and beverage companies in the world, Nestlé has a crucial role to play in many parts of its operations, on issues such as the climate crisis, plastics, nutrition, human rights, and a fair and just transition.

Achieved: Chair Paul Bulcke hosted a roundtable with investors in March. He provided a high-level overview of the company's financial and ESG strategies before taking questions from investors. LAPFF asked about the company's approach to reducing Scope 3 emissions, which as demonstrated in its reporting has a large focus on regenerative farming. The company also talked about a fair and just transition in its net zero roadmap, as well as plastics, ShareAction's Healthy Markets campaign (which LAPFF also supports), and executive compensation.

In Progress: LAPFF will continue to monitor Nestlé's progress in these areas and will continue to support ShareAction's Healthy Markets engagement as it progresses.

COLLABORATIVE ENGAGEMENTS

COLLABORATIVE ENGAGEMENTS

SHARE: Amazon

Objective: Amazon has faced criticism in the press for not upholding adequate standards and practices on freedom of association. LAPFF has also heard from Amazon workers on various investor calls about their concerns relating to Amazon's practices on freedom of association. Consequently, LAPFF signed a joint investor letter initiated by Canadian shareholder organisation, SHARE, requesting that Amazon take steps to meet the requests on freedom of association set out in SHARE's shareholder resolution to Amazon's 2022 AGM.

Achieved: LAPFF last year recommended a vote in favour of the SHARE resolution. The company provided what was in LAPFF's view a less than satisfactory response. Notably, in LAPFF's view, the company has completely misconstrued the definition of freedom of association to meet its own interests rather than the standards set out in international labour law. For example, Amazon has cited its compliance with US labour law, which has notoriously poor standards on freedom of association. Over the course of its existence the ILO Committee on Freedom of Association has heard 44 cases against the US and/or individual US states for their laws and practices on this topic.

In Progress: LAPFF's attempts to meaningfully engage with Amazon have failed. In the past, LAPFF has participated in The Big Tent group of investors that have sought meaningful engagement with the company, and LAPFF will seek to continue to engage through this group to obtain progress in this area.

PRI Advance

Objective: LAPFF is pleased to have been selected to join the Principle for Responsible Investment (PRI) Advance working groups for Anglo American and Vale. The initiative is aimed at improving human rights standards in the mining and renewable energy industries.

LAPFF recognises the leverage that collaborative engagements can bring to its own engagements, which are themselves collaborative. Given LAPFF's extensive work over the last few years on mining and human rights, LAPFF's aim is to help create investor leverage to improve human rights performance at Anglo American and Vale. In LAPFF's experience, improved human rights performance create the conditions for sustainable long-term shareholder returns.

Achieved: LAPFF has now participated in the initial meetings for both the Anglo American and Vale groups. These meetings were structured to identify short, medium, and long-term objectives for the engagements with each company.

It was interesting to hear the different ideas and objectives within each of the groups. It is clear that each working group will structure itself quite differently and will be tailored to a given company's characteristics and challenges. However, members of both groups seemed equally enthusiastic and keen to make progress, so LAPFF is optimistic that this initiative will help to improve human rights practices within the mining industry.

In Progress: LAPFF will continue to work with other investor members in each working group to solidify company objectives, engage with the companies selected for the programme, and liaise with stakeholders affected by the companies' operations.

CA100+: General Motors

Objective: LAPFF is a member of the CA100+ transport group which is engaging with the largest emitters from the automotive sector. Road transportation is a major contributor to global emissions, the industry faces tightening regulation on emissions standards and some countries have set dates after which the sales of new petrol vehicles will be banned. As such, investors are seeking to ensure that car companies are managing these risks by setting targets and taking action to shift production to electric vehicles.

Achieved: LAPFF participated in a CA100+ collaborative meeting with General Motors. The meeting covered the impact of the Inflation Reduction Act in the US, GM's targets and how GM is planning on reaching its ambitions. The company plans to have capacity in excess of one million EV units in both North America and China by 2025.

In Progress: LAPFF will continue to engage carmakers on their targets, plans, investment, and delivery of targets as well as their approach to public policy engagement.

Asia Research and Engagement (ARE): MUFG and UOB

Objective: LAPFF continues to support company engagements in Asia's financial markets, focusing on carbon and coal

A General Motors EV1 electric car

COLLABORATIVE ENGAGEMENTS

risks at financial institutions, as well as coal-exposed power companies.

Achieved: LAPFF joined collaborative calls with both Mitsubishi UFJ Financial Group (MUFG) and United Overseas Bank (UOB). ARE's continued dialogue with Asia's financial institutions provides in-depth conversations about company climate approach and provide valuable insight into how the companies are approaching carbon reduction measures.

In Progress: LAPFF will continue to engage through the ARE, with regular meetings being held each quarter.

Initiative for Responsible Mining Assurance (IRMA)

Objective: During engagements with electric vehicle manufacturers on their approach to responsible mineral sourcing and supply chain due diligence, IRMA has come up in conversation with many of these companies. LAPFF sought a meeting with IRMA to discuss their certification standard for industrial scale mine sites.

Achieved: LAPFF met with Aimee Boulanger, IRMA's Executive Director, and Rebecca Burton, IRMA's Director of Corporate Engagement, to discuss IRMA's standard in greater depth. LAPFF was subsequently invited to, and attended, a finance sector deep dive, held in-person at Anglo Americans office.

In Progress: Both of these meetings with IRMA provided insight into the value of greater due diligence at mine sites and how this can be achieved, in particular through effective multi-stakeholder engagement. It has provided talking points and considerations for engagements with a range of industries going forward, including the mining sector and auto-manufacturers which are being engaged by LAPFF.

Valuing Water Finance Initiative (VWFI)

LAPFF Executive member John Anzani facilitated the first VWFI Task Force meeting of the year. LAPFF is a founding member of the initiative and currently co-chairs the initiative. The meeting was attended by institutional investors from around the world to discuss updates and progress of the initiative to date. With both company engagement and benchmarking work streams making good progress, LAPFF is well positioned to be at the forefront of driving positive change in this area in 2023.

Investor Initiative for Responsible Care: EU Commissioner

Objective: LAPFF is a member of the Investor Initiative for Responsible Care a coalition of 138 responsible and long-term investors in the care sector with $4.4 trillion in assets under management. The coalition has been established to address specific investment risks within the sector including around staffing, safety, wages, freedom of association and quality of care. These risks were very apparent in events over the past year at Orpea, the listed French care provider. The group is seeking to engage companies both regarding disclosure but also improving their practices.

Achieved: LAPFF has written to two Real Estate Investment Trusts (REITs) seeking clarification around data and metrics as part of a group initiative to request such information from other care providers and REITs. Alongside engagement with companies, the group has also been engaging public policymakers, including a meeting with the EU Commissioner responsible for care this quarter. The meeting came off the back of a new EU care strategy, and discussions focused on how implementation of the strategy could support the aims of responsible investors in the sector to improve care quality and employment standards to help deliver sustainable returns.

In Progress: LAPFF will continue to participate in the initiative and engage care providers, REITs operating in the sector and where relevant with policymakers.

Follow This

Objective: As an activist investor, Follow This has been filing shareholder resolutions at the oil and gas majors' AGMs since 2016. Having recommended votes in favour of two Follow This resolutions in 2022, at both the Shell and BP AGMs, LAPFF sought a meeting with Follow This representatives to discuss the organisation's ongoing work.

Achieved: LAPFF met with Mark Van Baal, founder of Follow This, to discuss the organisation's plans for development, both in the immediate future and looking further forward.

In Progress: Follow This has published its resolutions for 2023 and will be considered for voting alerts throughout the year.

Market Forces

Objective: LAPFF has met with Market Forces a number of times over the past couple of years. It is an environmental advocacy project which primarily focuses on financial institutions, although it has published guidance for other sectors.

Achieved: After recommending votes in favour of Market Forces' resolutions at Barclays and Rio Tinto AGMs in 2021, LAPFF met with representatives from the organisation to discuss plans for development in 2023.

In Progress: LAPFF will monitor Market Forces' resolutions and work as the year progresses.

Taskforce on Social Factors

LAPFF is a member of the Taskforce on Social Factors that has been established by the DWP. The taskforce chaired by Luba Nikulina from IFM has been established to look at how investors can best address and manage social factors, including by identifying reliable data and metrics.

The main objectives of the Taskforce are to:

- Identify reliable data sources and other resources, which could be used by pension schemes to identify, assess, and manage financially material social risks and opportunities.
- Monitor and report on developments relating to the International Sustainability Standards Board (ISSB) and other international standards.
- Develop thinking around how trustees can identify, assess, and manage the financial risks posed by modern slavery and supply chain issues.

The taskforce was established by DWP

COLLABORATIVE ENGAGEMENTS

Construction workers in Doha, Qata

following a consultation on the issue. LAPFF responded to the consultation highlighting the importance of social factors in our work and outlining some of the engagements that the Forum has undertaken on social issues for over three decades. The taskforce is comprised of people from the industry and, alongside the DWP, includes observers from the Financial Conduct Authority, Financial Reporting Council, HM Treasury and the Pensions Regulator.

30% Investor Club

Objective: LAPFF continues to support the 30% Club Investor Group, a coalition of investors pushing for women to represent at least 30% of boardroom and senior management positions at FTSE-listed companies. The group has extended its remit globally and has been engaging in different markets, encouraging companies to join regional charters and looking at other aspects of diversity in company practices.

Achieved: LAPFF joined two collaborative engagements this quarter, with Otsuka Corporation and Marubeni Corporation. Both are domiciled in Japan, and neither are currently members of the Japanese 30% Club charter. Whilst they have some way to go in their approaches to gender diversity at board and executive level, both companies provided promising outlooks regarding their approach to supporting women throughout their organisations.

In Progress: The Group is continuing to extend its outreach to companies outside of the UK and is looking at regional considerations for other markets. LAPFF is part of the Group's Global Workstream subgroup and will be contributing to engagements throughout the year.

Rathbones Votes Against Slavery

Objective: Rathbones undertakes an annual analysis of compliance by FSTE350 companies with section 54 of the Modern Slavery Act. LAPFF views compliance of this piece of legislation as an indicator of how seriously a company takes modern slavery in its operations. The engagement seeks compliance from those that currently do not meet this standard.

Achieved: LAPFF co-signed letters to 29 companies sent by Rathbones. At the time of publication, this engagement has brought about compliance from 14 of the companies approached, with a number in the process of making changes.

In Progress: LAPFF will monitor compliance levels as the engagement progresses and will join collaborative calls during the year to further explore company approaches to modern slavery.

New York City Comptroller: Migrant Child Labour

Objective: An investigative report published by the New York Times in February 2023 provided evidence that a collection of US companies may be profiting from the use of American suppliers that illegally employ underage migrant

POLICY ENGAGEMENTS

children. Ensuring that companies have controls and processes in place to manage such risks and hold suppliers accountable is an investment imperative for LAPFF.

Achieved: LAPFF co-signed a letter to this group of companies seeking a response and further detail on the allegations around the use of child labour.

In Progress: LAPFF will monitor the response and will support engagements as appropriate.

CONSULTATION RESPONSES

Transition Plan Taskforce

Objective: In 2022, HM Treasury launched the Transition Plan Taskforce (TPT) with the objective of developing the gold standard for climate transition plans. The UK government and the Financial Conduct Authority are involved with the Taskforce with the intention that they will draw on the recommendations to strengthen disclosure requirements.

Done in the right way, transition plan disclosures could enable investors to better understand a company's approach to decarbonising their business model. They are also designed to help companies and investors with regard to developing plans that are integral to company's overall strategy. Given their potential importance, LAPFF responded to a TPT consultation regarding its draft disclosure framework.

Achieved: In LAPFF's previous TPT response, the Forum recommended that just transition implications should be included in the TPT's guidance. It was welcome that just transition issues were included in the draft disclosure framework. LAPFF welcomed this development but considered there to be further scope to integrate these just transition factors across the framework.

LAPFF's response stated that if it was to be a gold standard and in line with UK government policy then transition plans would need to be consistent with a 1.5°C scenario. To ensure consistency and comparability between transition plans, the response also called for a focus on absolute rather than relative emission reductions and greater clarity on definitions of Scope 3 emissions and what is meant and included within the 'value chains' concept.

In Progress: LAPFF will where possible continue to engage with the TPT, including around the issue of further integrating the just transition into its recommendations.

LAPFF WEBINARS

All-Party Parliamentary Group

The LAPFF-supported All-Party Parliamentary Group for Local Authority Pension Funds held a meeting on affordable housing and the LGPS. The meeting came off the back of government calls for the LGPS to increase local investment and the chancellor has stated that the government will consult on requiring LGPS funds to consider illiquid asset investment opportunities. There have also been other calls for the LGPS funds to scale up place-based investment and invest more in social and affordable housing.

To discuss the issues, the speakers at the meeting, chaired by Clive Betts MP, were Cllr John Gray (Vice-Chair, Local Authority Pension Fund Forum); Paddy Dowdall (Assistant Executive Director at Greater Manchester Pension Fund); Helen Collins (Head of Affordable Housing, Savills); and John Butler (Finance Policy Lead, National Housing Federation).

The discussion covered housing investments that LGPS funds were already making as well as some of the barriers to doing more. The meeting highlighted challenges of scaling up investment in affordable or social housing without additional government funding as well as issues around scale and the lack of investible projects.

MEDIA COVERAGE

Water Risk

ESG Investor: Investors Seek to Turn the Tide on Water Risk

Say on Climate

IPE: Investors call for voting on 'Say on Climate'
Pensions Age: LAPFF calls for shareholder vote on greenhouse emissions
ESG Investor: Investors demand 'Say on Climate' at FTSE Listed Firms
Net Zero Investor: Investors demand vote on climate transition plans at FTSE firms
Investment Week: Shell directors sued over 'flawed' climate plan
Lexology: Investors step up pressure on boards to keep pace with climate targets in upcoming AGM season
The MJ: Public sector pension funds call for 'Say on Climate' vote
The Actuary: Public-sector pension funds seek carbon vote
ESG Investor: New Ideas, Better Teamwork in Pursuit of Paris Goals
Local Gov: Public sector pension funds call for 'Say on Climate' vote

LAPFF Executive

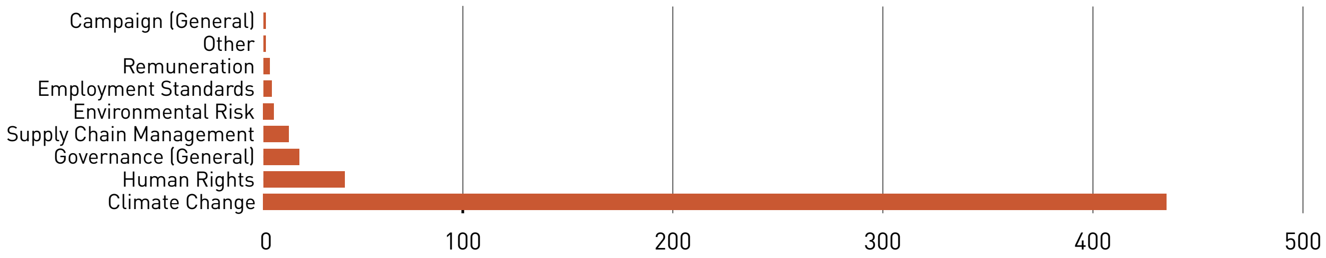
Local Government Chronicle: Rodney Barton receives LGC Investment lifetime achievement award

Social Factors

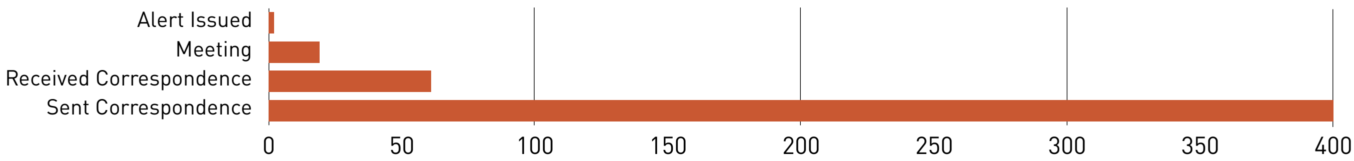
Pensions Age: Taskforce on Social Factors launched with DWP support
Professional Pensions: DWP launches social factors taskforce for industry
ESG Clarity: UK pensions social taskforce launches to address data gap
Pensions and Investments: UK task force sets out to help asset owners with social considerations

ENGAGEMENT DATA

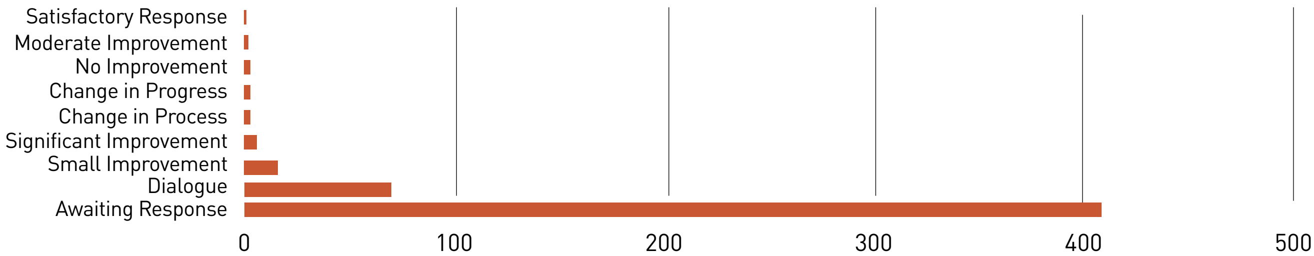
ENGAGEMENT TOPICS



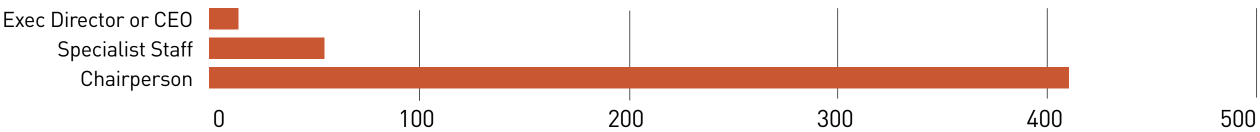
ACTIVITY



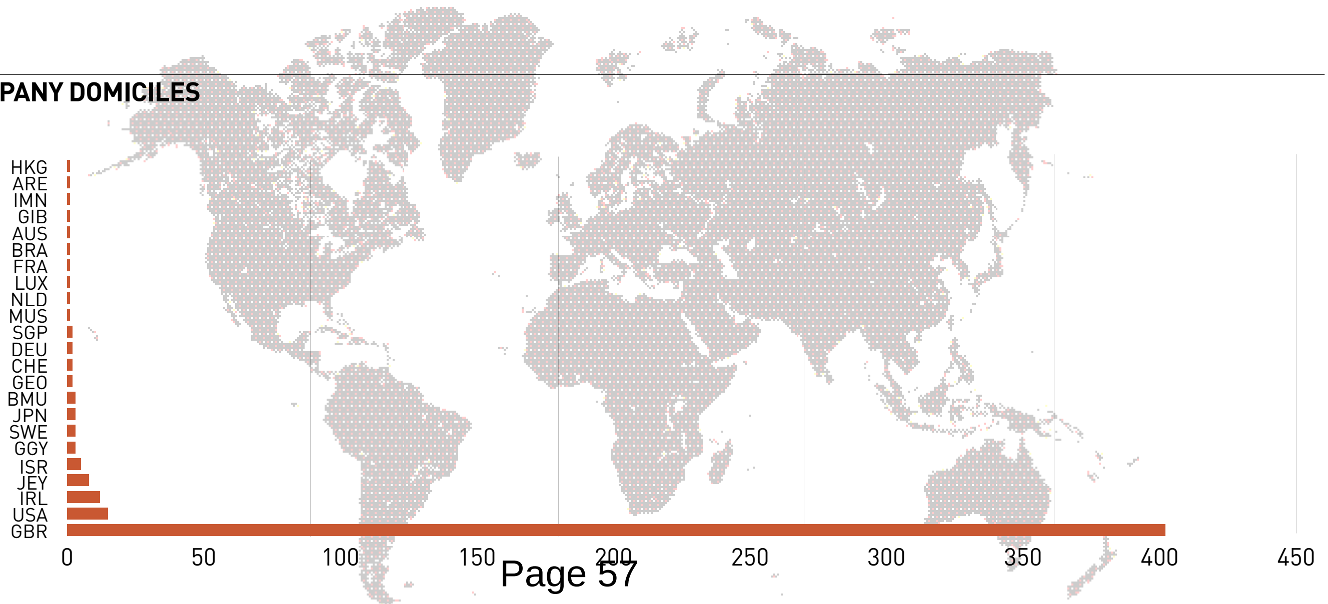
MEETING ENGAGEMENT OUTCOMES



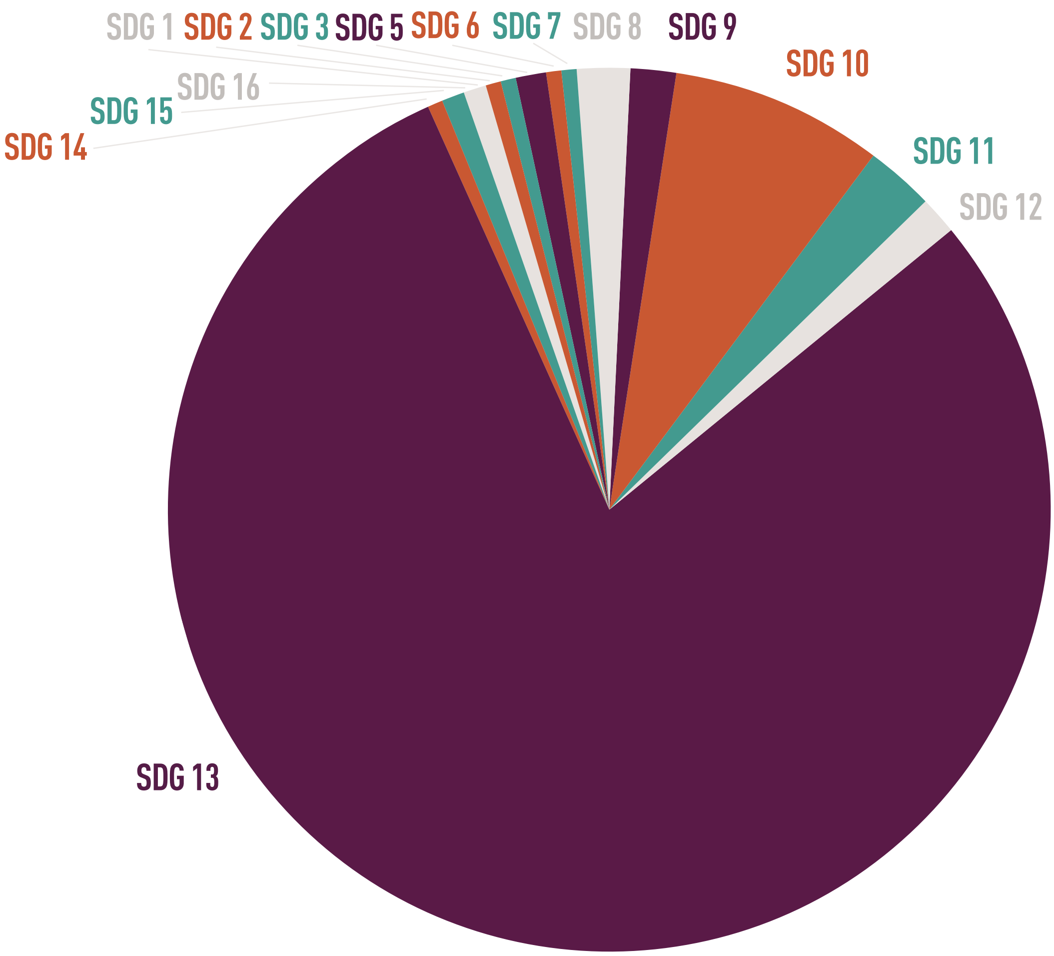
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS	
SDG 1: No Poverty	1
SDG 2: Zero Hunger	3
SDG 3: Good Health and Well-Being	3
SDG 4: Quality Education	0
SDG 5: Gender Equality	5
SDG 6: Clean Water and Sanitation	4
SDG 7: Affordable and Clean Energy	3
SDG 8: Decent Work and Economic Growth	10
SDG 9: Industry, Innovation, and Infrastructure	9
SDG 10: Reduced Inequalities	38
SDG 11: Sustainable Cities and Communities	10
SDG12: Responsible Production and Consumption	7
SDG 13: Climate Action	426
SDG 14: Life Below Water	3
SDG 15: Life on Land	4
SDG 16: Peace, Justice, and Strong Institutions	4
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

COMPANY PROGRESS REPORT

397 companies were engaged over the quarter. This number includes 368 letters sent to the FTSE All Share on presenting a climate transition plan to shareholders for approval at their AGMs. Letters were not sent to investment trusts. Excluding this engagement, LAPFF engaged with 54 companies.

Company/Index	Activity	Topic	Outcome
ADIDAS AG	Sent Correspondence	Human Rights	Awaiting Response
AIA GROUP LTD	Meeting	Climate Change	Awaiting Response
AIRTEL AFRICA PLC	Received Correspondence	Governance (General)	Dialogue
AMAZON.COM INC.	Sent Correspondence	Human Rights	Awaiting Response
ASSOCIATED BRITISH FOODS PLC	Sent Correspondence	Human Rights	Awaiting Response
BANK HAPOALIM B M	Sent Correspondence	Human Rights	Awaiting Response
BANK LEUMI LE-ISRAEL BM	Sent Correspondence	Human Rights	In Dialogue
BARCLAYS PLC	Sent Correspondence	Climate Change	Awaiting Response
BERKSHIRE HATHAWAY INC.	Sent Correspondence	Human Rights	Awaiting Response
BIFFA PLC	Received Correspondence	Governance (General)	Significant Improvement
BRITVIC PLC	Meeting	Campaign (General)	Dialogue
BT GROUP PLC	Sent Correspondence	Remuneration	Awaiting Response
CENTAMIN PLC	Received Correspondence	Governance (General)	Change in Progress
CHIPOTLE MEXICAN GRILL INC	Meeting	Environmental Risk	Small Improvement
CLS HOLDINGS PLC	Sent Correspondence	Governance (General)	Awaiting Response
CONSTELLATION BRANDS INC.	Meeting	Environmental Risk	No Improvement
DIRECT LINE INSURANCE GROUP PLC	Received Correspondence	Governance (General)	Dialogue
DRAX GROUP PLC	Received Correspondence	Environmental Risk	Small Improvement
FORD MOTOR COMPANY	Sent Correspondence	Human Rights	Awaiting Response
FRASERS GROUP PLC	Sent Correspondence	Governance (General)	Awaiting Response
GENERAL MILLS INC	Sent Correspondence	Human Rights	Awaiting Response
GENERAL MOTORS COMPANY	Meeting	Climate Change	Change in Process
GENUIT GROUP PLC	Received Correspondence	Governance (General)	Significant Improvement
GRAFTON GROUP PLC	Received Correspondence	Governance (General)	Significant Improvement
HENNES & MAURITZ AB (H&M)	Sent Correspondence	Human Rights	Awaiting Response
HILL & SMITH PLC	Received Correspondence	Governance (General)	Dialogue
ICADE	Meeting	Employment Standards	Dialogue
ISRAEL DISCOUNT BANK LTD	Sent Correspondence	Human Rights	Awaiting Response
JBS SA	Sent Correspondence	Human Rights	Awaiting Response
JD SPORTS FASHION PLC	Received Correspondence	Governance (General)	Significant Improvement
JTC PLC	Received Correspondence	Governance (General)	Change in Progress
KINGFISHER PLC	Sent Correspondence	Remuneration	Awaiting Response
MARUBENI CORP	Meeting	Diversity Equity and Inclusion	Small Improvement
MCDONALD'S CORPORATION	Meeting	Supply Chain Management	No Improvement
MITSUBISHI UFJ FINANCIAL GRP	Meeting	Climate Change	Dialogue
MIZRAHI TEFAHOT BANK LTD	Sent Correspondence	Human Rights	Awaiting Response
NCC GROUP PLC	Received Correspondence	Governance (General)	Significant Improvement
NESTLE SA	Meeting	Climate Change	Small Improvement
NEXT PLC	Sent Correspondence	Human Rights	Awaiting Response
OTSUKA CORPORATION	Meeting	Diversity Equity and Inclusion	Small Improvement
PEPSICO INC.	Sent Correspondence	Human Rights	Awaiting Response
RIO TINTO PLC	Alert Issued	Climate Change	Dialogue
RPS GROUP PLC	Received Correspondence	Governance (General)	Dialogue
SHELL PLC	Sent Correspondence	Climate Change	Awaiting Response
STANDARD CHARTERED PLC	Sent Correspondence	Climate Change	Awaiting Response
STARBUCKS CORPORATION	Alert Issued	Social Risk	Dialogue
THE KRAFT HEINZ COMPANY	Meeting	Other	No Improvement
TP ICAP GROUP PLC	Received Correspondence	Governance (General)	Significant Improvement
UNILEVER PLC	Sent Correspondence	Human Rights	Awaiting Response
UNITED OVERSEAS BANK LTD	Meeting	Climate Change	Moderate Improvement
VIDENDUM PLC	Received Correspondence	Governance (General)	Change in Progress
VODAFONE GROUP PLC	Sent Correspondence	Remuneration	Awaiting Response
VOLVO AB	Meeting	Environmental Risk	Dialogue
WALMART INC.	Sent Correspondence	Human Rights	Awaiting Response

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

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

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

LGPS Central Limited

Annual Stewardship Report 2022

CHESHIRE PENSION FUND

Derbyshire Pension Fund

Leicestershire County Council PENSION FUND

NOTTINGHAMSHIRE PENSION FUND

Shropshire County Pension Fund

Staffordshire Pension Fund Local Government Pension Scheme

West Midlands Pension Fund

Worcestershire Pension Fund

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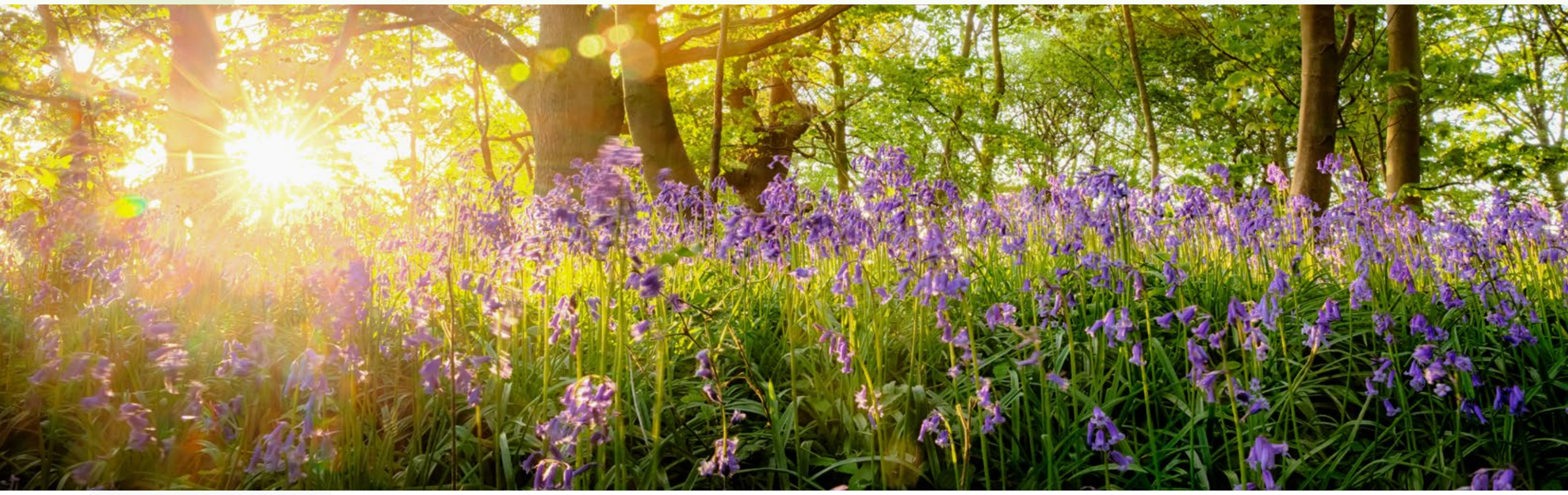
01 Foreword



FOREWORD BY:

Joanne Segars
Chair

John Burns
Interim CEO

2022 was a turbulent year for investors and markets; it seems hard to believe that it is only been a year since we last provided an update on our stewardship activities.

The invasion of Ukraine, and its corresponding impact on global markets and the climate transition, caused us to pause for thought and contemplate what it means to be a responsible investor. COP27 culminated in a relatively restrained final agreement that fell short of the far-reaching promises we had all hoped for. However, COP15 raised our hopes with the historic 30 by 30 target. In the US, the Biden administration passed the landmark Inflation Reduction Act (IRA). Closer to home the Department for Levelling Up, Housing and Communities (DLUHC) published its consultation on proposals for mandatory TCFD reporting for LGPS administering authorities. We welcome these interventions and hope that signals and incentives for the transition are further solidified.

The debate around the purpose and merits of ESG and Responsible Investment intensified in the US in 2022, taking on political significance at both state and federal level. Our position remains steadfast. We consider ESG integration and stewardship to be critical to the delivery of fiduciary responsibility and distinct from ethics-based investing. We are also owners of the companies in which we invest and with ownership comes responsibilities. Our stewardship activities as outlined later in this document are a direct response to our acceptance of our responsibilities and a recognition of the fact that we are long-term investors, with a long-term interest in the economy and the financial markets from which we harvest our investment returns. Returns which ultimately enable our Partner Funds to pay pensions to their members in retirement. The relationship between companies, markets, investors and society should be symbiotic. Stewardship is an important mechanism for ensuring that this relationship delivers for all stakeholders including future generations.

In 2022, we continued to focus on our key engagement themes – climate change, plastic pollution, responsible tax behaviour and human rights which we established in collaboration with our Partner Funds three years ago. 2022 saw several engagement successes; we enacted our engagement escalation strategy and provided evidence regarding our engagement with Shell to ClientEarth for use in their legal action against Shell's board. We continued in our role as one of the CA100+ lead engagers on Glencore. We also continued to focus on banks in 2022 as we recognise the vital role they play in financing the transition. We co-filed a shareholder resolution at Credit Suisse along with other investors asking the company to improve its climate risk disclosures, bringing its policies in line with best practice. There was tangible progress made at Barclays with their commitment to phase out financing of thermal coal power generation for all EU and OECD countries by 2030.

We have had multiple meetings with senior management at several packaging companies, including Mondi and Amcor, who have all now set ambitious plastic reduction/ recycling/ reuse targets. 2022 saw a number of shareholder resolutions around plastic packaging reduction which we supported. 175 nations endorsed an historic resolution at the UN Environment Assembly to negotiate a UN treaty on plastic pollution. Investors, including LGPS Central, had been calling for such a treaty. 59% of independent shareholders supported a shareholder resolution at the AGM of Tyson foods which urged the company to reduce its use of plastic packaging. We saw significant support for ESG focused resolutions throughout 2022.

We signed a letter to the US Securities and Exchange Commission (SEC), alongside over 100 other investors, in support of a shareholder proposal asking for tax transparency at Amazon. In a letter to Amazon in April, the SEC ruled in favour of the shareholders who demanded a vote on the issue. Together with fellow European institutional investors we have had constructive engagement with six global companies to discuss tax transparency and responsible tax behaviour. A topic that many investors are reluctant to confront.

We continued our participation in a collaborative engagement encouraging better corporate disclosure under the Modern Slavery Act. In Q1 2022, we co-signed a letter to 44 companies that have failed to meet the minimum standards of the Act. Our Private Markets Team collaborated with our Responsible Investment Team to engage with one of our Private Equity Managers around concerns over labour rights in the personal protective equipment supply chain. Engagements with Private Markets managers also took place around labour rights and regulatory risk.

At the start of 2022 we published our net zero statement, outlining our commitment to achieve net zero by 2050 or sooner across all assets under LGPS Central's stewardship. We have adopted an asset class specific implementation strategy. Our net zero targets will be consistently monitored, evaluated, and developed. We will report progress using the net zero dashboard we are developing.

We continued to deliver our Climate Risk Monitoring Service (CRMS) to Partner Funds, helping them to identify and assess their climate risk exposures across their portfolios. The CRMS is continuously evolving to keep up with developing reporting requirements and enhancements in data and analytical capabilities. This year's iteration of the report included scenario analysis for all 8 of our Partner Funds, which included the analysis of a 1.5-degree scenario for the first time and we also reported financed emissions for the first time.

We reviewed our Voting Principles strengthening our expectations around board diversity, climate disclosure, and human rights. Our Responsible Investment Framework was also refreshed in 2022 and we formalised our approach to escalating engagements.

During 2022/23 the RI&E team conducted due diligence and completed Responsible Investment Integrated Status (RIIS) assessments across all product launches including the private equity, private credit, infrastructure, and real estate asset classes. Through this work we were able to continue to meet our target of 100% of our managers meeting this standard. Two deals were aborted during due diligence due to concerns around the managers ability to deliver on our expectations around RI and one co-investment opportunity was abandoned at an early stage due to concerns around culture.

A full schedule of quarterly review meetings of our external fixed income and active equity managers was completed in 2022/2023 and the RI&E Team were an integral part of our 3-year review of our Active Equity Managers, visiting managers on site to assess and validate their ESG integration in practice.

2022 saw a successful round of recruitment within the RI&E Team, providing additional and capable new resource. This change will enable us to progress our priorities internally and increase our contribution to responsible investment more generally through collaborations such as Climate Action 100+.

Our priorities for 2023 include the integration of the new ESG tool into our due diligence and manager monitoring, the refresh of our RI governance framework, the further development of our net zero stewardship strategy, and the enhancement of the CRMS to provide partner funds with additional metrics and asset class coverage. At the same time, we will also be increasing our focus on developing our response to biodiversity risk, setting operational net zero targets, and enhancing our TCFD disclosure.

LGPS Central recently celebrated its 5th Anniversary. Back in 2019, we made a public commitment to become an exemplar for RI within the financial sector. It is striking how far we have come as an organisation and how responsible investment has changed over that period. This commitment remains central to the way we invest. We will not rest on our laurels, whilst much progress has been achieved, 2022 taught us that the world of responsible investment evolves rapidly and there is still so much more work to be done. We look forward to the next 5 years and meeting the considerable challenges ahead.

We have written this report in alignment with the UK Stewardship Code 2020 and the content reflects feedback received from the FRC on our report for calendar year 2021. This year's report has been reviewed by the LGPS Central Executive Committee and Board. The report has also been reviewed by relevant heads of department to ensure the accuracy of process descriptions and content.

Joanne Segars
Chair

John Burns
Interim CEO

Key achievements and progress across our stewardship activities in 2022

Responsible Investment Integration

All product launches and existing products have RI-Integrated Status.

Climate Risk Monitoring Service

All Partner Funds have received a third iteration of a detailed Climate Risk Report.

TCFD Reports delivered to Partner Funds in parallel.

Stewardship Theme Activity & Progress

CLIMATE CHANGE

CA100+ Benchmark assessment of October 2022 shows that 48.5% of the world's largest emitters have net zero by 2050 ambition.

Voted against climate-related resolutions at AGMs for several companies including Shell, BP, and Glencore.

Provided evidence of our engagement history with Shell to ClientEarth for use in the Court alongside their claim that Shell's Board of Directors were mismanaging climate risk.

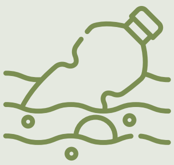
RESPONSIBLE TAX BEHAVIOUR

Ongoing participation in collective engagement encouraging better practice in corporate tax reports.

Joined the PIRC and CICTAR Initiative on Responsible Corporate Tax.

Co-signed a letter to GlaxoSmithKline, aiming to initiate a dialogue with the company regarding their tax strategy.

PLASTIC POLLUTION



Continued participation in collective engagement on microplastics, including co-signing a letter to Secretary of State for Environment, Food and Rural Affairs regarding microfibre pollution.

Engaged with 7 companies on the use of plastic packaging.

Co-signed a letter calling for investor support for a binding UN Treaty on Plastic Pollution.

HUMAN RIGHTS

Collaborated with the Swedish Council on Ethics and other institutional investors to engage with tech giants on their management of human rights risks and impacts.

Engaged with Meta on several topics, including their approach to modern slavery.

Met with ITV and Tritax to discuss modern slavery.

Broader Engagement

DEFORESTATION

LGPSC is a member of the investor coalition "Investor Policy Dialogue on Deforestation" (IPDD) established in mid-2020.

Ongoing work in Finance Sector Deforestation Action Group.

Engagement with Lowe's Companies Inc in an attempt to help mitigate commodity-driven deforestation in their supply chain.

BOARD DIVERSITY

Ongoing engagement with six Japanese companies relating to female representation.

Voted against 2,920 proposals due to diversity concerns, up from 2,693 in 2021.

This report covers each of the 12 principles of the UK Stewardship Code 2020 in numerical order under four main headlines as follows:

PRINCIPLES 1-5

Purpose and governance

- Purpose, investment beliefs, strategy and culture
- Governance, resources and incentives to support stewardship
- Management of conflicts of interest
- Identification and response to market-wide systemic risks to promote a well-functioning financial system
- Review of policies, assurance of processes and assessment of the effectiveness of activities

PRINCIPLES 6-8

Investment approach

- Client communication on activities and outcomes of stewardship efforts
- Integration of material ESG issues including climate change
- Monitor and hold to account managers and/or service providers

PRINCIPLES 9-11

Engagement

- Engagement with issuers
- Participation in collaborative engagement to influence issuers
- Escalation of stewardship activities to influence issuers

PRINCIPLE 12

Exercising rights and responsibilities

02 Purpose and governance

PRINCIPLES 1-5

PRINCIPLE 1

2.1 Purpose, investment beliefs, strategy and culture

2.1.1 Purpose and values

LGPS Central Limited (LGPSC) is an FCA regulated institutional investment manager responsible for the pooled assets of eight Local Government Pension Funds in Central England. LGPSC was formed in April 2018 and is owned equally by all eight of its Partner Funds and is dedicated solely to the management of local government pension scheme assets.

The aim of the Company is to use the combined scale of its Partner Fund assets to reduce costs, improve investment returns, strengthen governance and widen the range of available asset classes for investment – for the benefit of local government pensioners, employees and employers. LGPSC Partner Funds have combined pooled assets of approximately c.£55 billion. At the end of the reporting year (2022), LGPSC had c.£26 billion in assets under management and advice invested in listed equities (active and passive), fixed income, private equity, private debt, and infrastructure. The majority of pooled assets are invested in listed equities and fixed income under an Authorised Contractual Scheme (ACS) fund structure.

The pooling endeavour is dependent on continuous dialogue and collaboration; hence we refer to our clients as Partner Funds. All LGPSC Partner Funds view Responsible Investment & Engagement (RI&E) as a "must have" and we build on a proud tradition of RI which has been spearheaded over many years by individual Partner Funds. We also seek to espouse values as a Company that mirror the expectations that we have of investee companies and the wider investment value chain.

Our values and behaviours are:

We put our clients first

- Working in partnership to deliver our Clients' and Shareholders' long-term needs
- Always acting with integrity, transparency and professionalism
- Doing the right thing

We are inclusive

- Collegiate and collaborative, delivering more as one team
- Valuing and treating everyone equally
- Listening to everyone's ideas and using their experiences to support growth

We are ambitious

- Constructively challenging the status quo to continuously improve how we operate
- Combining a public service ethos with a commercial business focus
- Celebrate excellence

We are a great place to work

- Staff are encouraged to be open, learn from mistakes and grow in confidence
- Individual trust and empowerment combined with personal accountability and responsibility
- Friendly, honest and supportive in everything we do

As an example of LGPSC acting upon these values, we are a member of the 30% Club, as well as the Investor Chapter of the 30% Club. We view diversity as integral to sound decision making and we believe that the most effective Boards of companies include a diversity of skills, experiences and perspectives. This view is reflected both in our RI&E Framework and in our Voting Principles. LGPSC's Board has 33% female representation and 17% of our Executive Committee is female and from an ethnic minority group. We are proud to boast a 60/40 split in male/female ratio across our organisation (50/50 split across our Non-Executive Directors) and an ethnic minority population of 46% with 15 different cultures represented within our workforce of 79 people.

Our Company is a member of the Employers Network for Equality & Inclusion, and we participate in a number of work streams under an initiative called "The Diversity Project" around flexible working; improving ethnic representation, promoting policies that assist working families and an early careers programme (mentoring potential graduates from socially disadvantaged communities). When selecting external managers for LGPSC investment mandates, we expect both good in-house diversity across the organisation, *and* we expect that the manager integrates diversity in their ESG assessments of companies they invest in. Diversity is one element of our broader assessment of a given manager's culture and ethos and we view strong diversity across gender, culture and ethnicity as indicative of overall strong governance. We support the newly established Asset Owner Diversity Charter and will use the toolkit provided through the charter to assess managers' approach to diversity and inclusion.

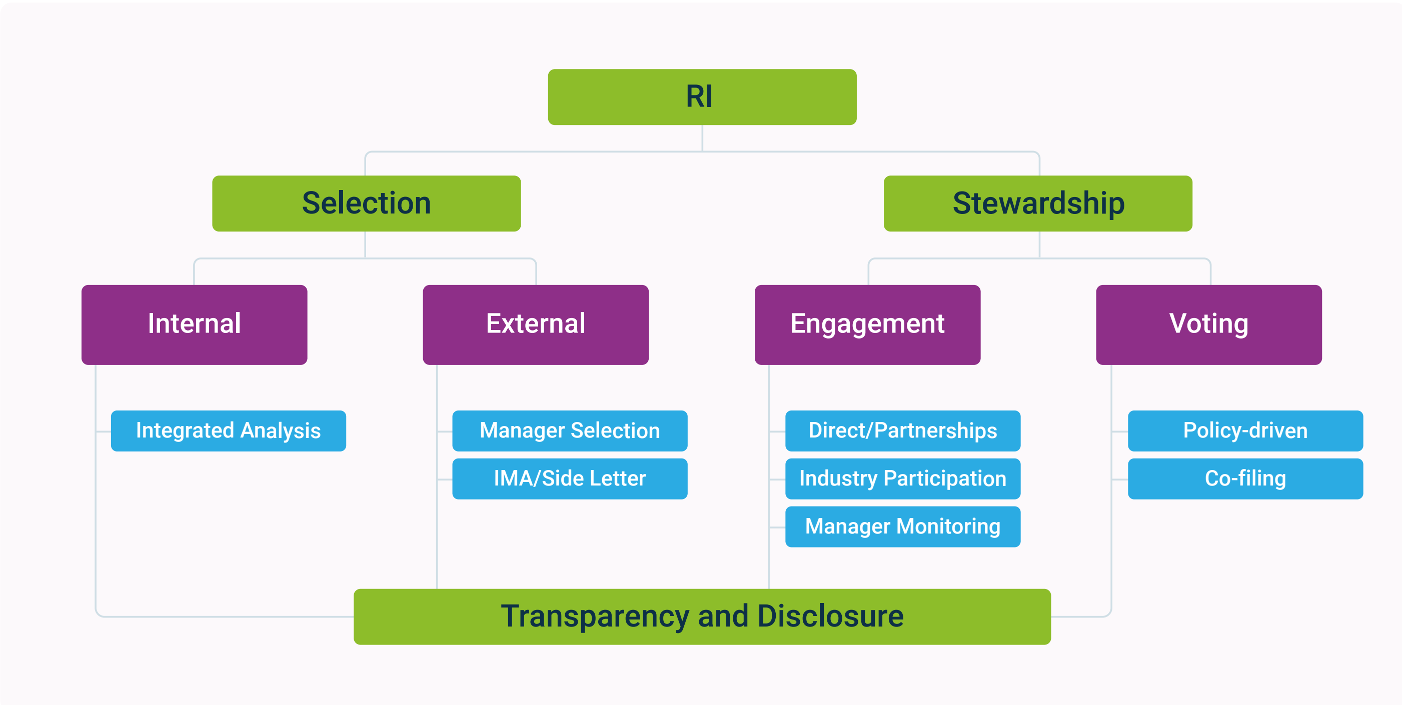
We have released a Modern Slavery Statement for LGPSC, although we were not legally required to do so. We wish to follow best practice, as a Company and as an investor in this critical area by engaging investee companies and our suppliers. We continue to be a part of an investor collaboration engaging FTSE 350 companies on Modern Slavery Act compliance (see Section 4.1.4d below).

2.1.2 Responsible Investment is integral to our asset management operations

At inception of LGPSC in April 2018, we established a Framework for RI&E which builds on the investment beliefs of the Company's eight Partner Funds. The Framework establishes two high-level objectives for all LGPSC RI-related policies and processes. These are:

1. Firstly, to support investment objectives;
2. Secondly, to be an exemplar for RI within the financial services industry, promote collaboration, and raise standards across the marketplace.

The RI&E Framework is applied in a manner that promotes these objectives both before the investment decision (which we refer to as the **Selection** of investments) and after the investment decision (the **Stewardship** of investments). Furthermore, we aim to be **Transparent** to all stakeholders and accountable to our Partner Funds through regular **Disclosure** of RI activities.



We take the view that a strong RI policy and robust action increases our ability to protect and grow stakeholder value. Against this premise, key targets of our RI efforts are to:

- Integrate material environmental, social and governance factors into investment decisions both pre and post investment
- Influence corporate behaviour at company and sector levels through engagement, voting and other means of influence outside of listed equities
- Participate in and contribute to industry-wide best corporate and investor practices
- Enhance trust with our stakeholders through ongoing dialogue and a high level of transparency

The strategy to meet the key objectives and the way we aim to measure success against them, is described in the Sections below of this document. Table 2.1 shows, at a high level, our objectives and how we measure achievement against them.

TABLE 2.1: SUMMARY OF TARGETS, STRATEGIES AND MEASURES OF SUCCESS

TARGETS	*STRATEGY*	*MEASURES OF SUCCESS (MoS)*
Integrate material ESG factors into investment decisions	Define an RI Integrated Status approach for each asset class prior to launch and through its lifecycle	100% of relevant products achieve and maintain RI Integrated Status. RIIS is approved by the Investment Committee and performance is monitored by the RI Team on a quarterly basis. See Section 2.2.2 below.
Influence corporate behaviour	Engagement and voting at company and sector levels	Achieve the majority of the MoS listed in Section 4.1 below (Stewardship Themes).
Participate in and contribute to industry standards	Engagement at industry and policy levels	Active contribution to theme-relevant industry initiatives and broader initiatives of relevance to LGPS Funds. Contribution to relevant public consultations or policy initiatives on standards/regulation with market-wide application and/or theme-relevant application or as required by Partner Funds. See Section 2.4 below.
Enhance trust with stakeholders	Transparency and disclosure	Regular Stewardship Updates three times per year, in addition to an Annual Stewardship Report in line with UK Stewardship Code 2020. Quarterly RI meetings with Partner Funds. Annual RI event for Partner Funds to allow dialogue on key themes and to build knowledge – RI Summit held on 9 March 2023. PRI report in line with PRI (Principles for Responsible Investing) Framework, achieving a high score. LGPSC received an A+ rating for its 2019 report. We will complete our submission for 2022 as required. See Section 3.1 below for more detail.

During 2022, we have achieved the majority of these measures of success as is evidenced in the relevant sections of this report. One area for improvement going into 2023 will be to increase the number of collaborative engagements we participate in for each Stewardship Theme. This proved challenging in 2022 due to resourcing constraints in our Stewardship function.

2.1.3 A "One-for-eight" model

Since inception, LGPSC's RI&E function has implemented a "one-for-eight" model. This means that we operate one framework, one service offering, one approach, that delivers the same service to our eight Partner Funds. This aligns well with the overarching goal of the pool, which is to reduce costs, improve investment returns, strengthen governance and widen the range of available asset classes for investment while implementing high quality RI services. We label this "Mandate Services". One of the core functions of the pool is to provide Partner Funds with investment opportunities suited to their investment needs as these evolve. As part of our Mandate Services, we apply an all-encompassing RIIS approach to any fund at launch and through the lifespan of that fund. Through RIIS we ensure that RI objectives are reflected at inception of new funds through to deployment/selection of asset managers and their ongoing monitoring. RIIS is described in more detail in Section 3.2 below.

While still in a phase where Partner Fund assets are transferring to LGPSC, we also offer some customisation of client-specific deliverables; "Call-off Services". These include assistance with RI&E policy design/update, RI-specific training for boards and pension committees, and ad-hoc queries from beneficiaries on RI-related matters. We have continued our Climate Risk Monitoring Service (CRMS) which is bespoke to each Partner Fund and tailored to their strategy and asset allocation. CRMS and how this has evolved in the last year is described in further detail in Section 2.4. below.

2.1.4 Looking ahead

Looking ahead, LGPSC recognises the growing importance of sustainability to the investment process and the evolving demands of our stakeholders. Signals from government and consumers are becoming clearer and analytical tools and the outputs they produce are becoming more sophisticated. Key areas of focus during 2022, and going into 2023, are to implement LGPSC's net zero strategy and to extend climate risk analysis at portfolio level to a broader set of ESG and climate risk factors. We are committed to ensuring that our climate analysis and broader ESG analysis remain fit for purpose and in step with industry developments in this area.

In January 2022 we announced a commitment to transition LGPSC's investment portfolios to net zero greenhouse gas emissions (GHG). This commitment will provide additional focus and transparency to our response to the current climate emergency. It will help frame our conversations with external managers and with our investee companies, reinforcing our expectations around climate risk management and establishing parameters around the decarbonisation of our investment portfolios. We will utilise the Institutional Investor Group on Climate Change's ('IIGCC') Net Zero Investment Framework to achieve net zero emissions across our internally and externally managed portfolios by 2050 (or sooner), focusing initially on Listed Equities, Corporate Bonds, Sovereign Bonds and Real Estate. In addition, we have an interim target where we aim to achieve a 50% reduction in GHG emissions by 2030 across our equity and fixed income portfolios. We are committed to extending our focus to include other asset classes as reliable data become available and to provide attractive investment opportunities in the renewable energy and green tech sectors to match our Partner Funds' demands.

We previously identified a need to access a broad range of ESG research and data going beyond climate risk metrics. During Q1 2023 we acquired the MSCI ESG Tool. This new tool now assists us in identifying the ESG risks and opportunities associated with our investments at a stock level and portfolio level. The service provides coverage for listed equities, fixed income and private markets. The data and analysis include overall ESG ratings, and reports which allow us to view the material ESG risks and opportunities. The tool can be used for proactive monitoring and reporting on the ESG characteristics of LGPSC funds. We intend to use the tool to create an annual in-depth ESG reporting service. Furthermore, we have used the tool to help us challenge external managers on their stewardship and engagement activities and prioritisation of stewardship resource. The tool has also been used to enrich our voting and engagement prioritisation in-house, helping to uncover which companies are exposed to risks beyond climate change, such as modern slavery, human rights, responsible tax behaviour and circular economy.

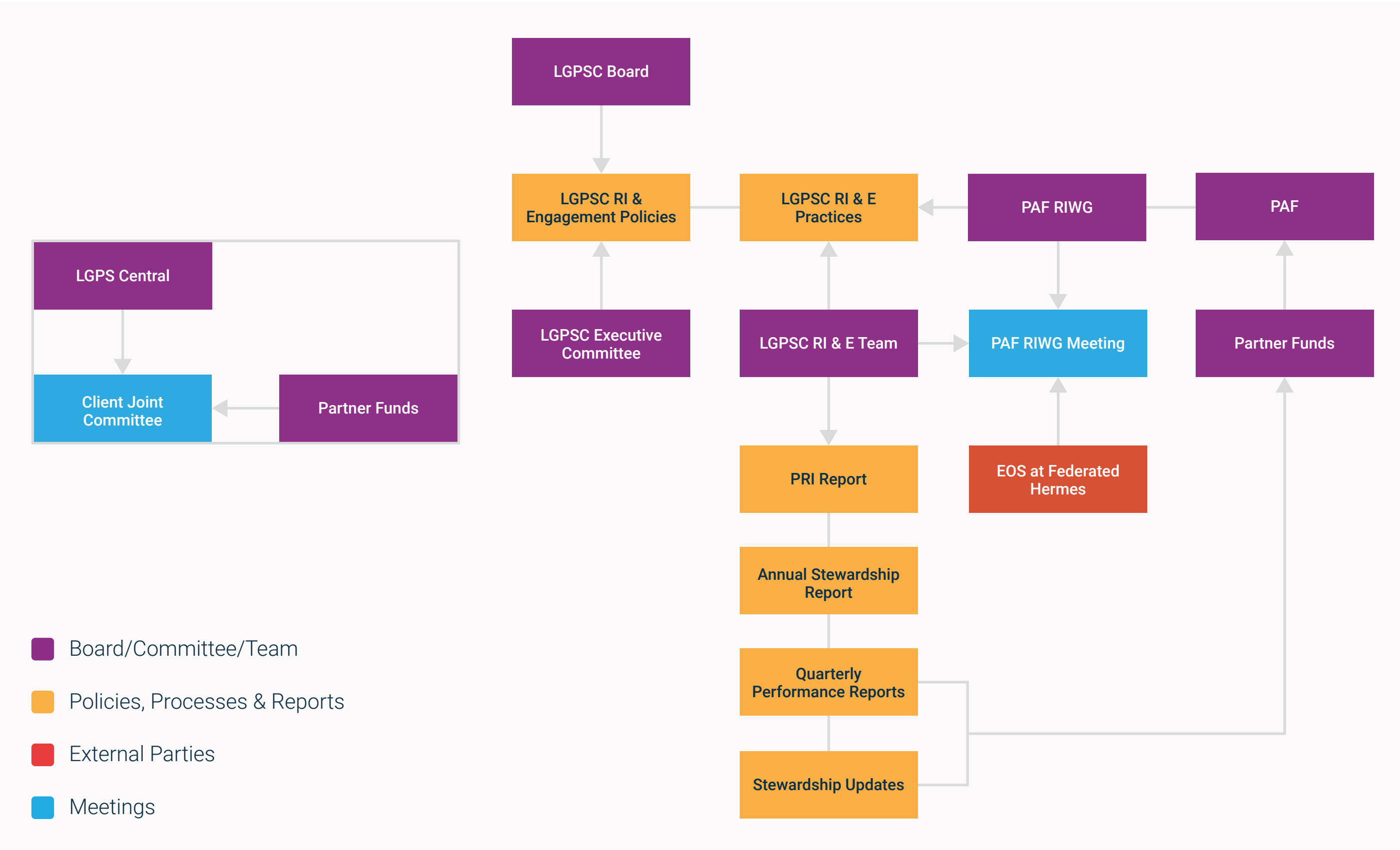
In the beginning of 2023, we conducted yearly assessments of our RI&E Framework and Voting Policies in order to reinforce our dedication to responsible investment and integrate the commitments we made in 2022, which included releasing the LGPSC Modern Slavery Statement and LGPSC net zero ambition. As well as being the overarching guiding document for our RI&E activities, the RI&E Framework also outlines our strategy for addressing various systemic risks to our investments such as climate change, human rights, and biodiversity. We identified these risks based on their materiality, our public commitments, and reporting obligations.

We make resourcing decisions to ensure that our personnel and systems are in sync with our business plan and its associated objectives. Following our yearly review, we decided to add another staff member to concentrate on integrating net zero initiatives and procured a new ESG data provider. The RI&E Team will expand to seven members by the end of the third quarter of 2023. During the year, ESG data and rating services were obtained from MSCI.

PRINCIPLE 2 2.2 Governance, resources and incentives to support stewardship

2.2.1 Organisation and lines of communication

Figure 2.2.1.1: LGPSC Organisational Structure and Communication on RI-related matters



- LGPSC's Board approve and monitor on an annual basis, LGPSC's RI&E Policies, which are overseen operationally by LGPSC's Executive Committee (see Section 2.2.2 below).
- Our organisational structure reflects a collaborative approach whereby LGPSC Partner Funds have direct influence and dialogue with LGPSC on the overall stewardship effort through a Practitioners' Advisory Forum (PAF) at the high level, and through a Responsible Investment Working Group (RIWG) which assesses RI matters in more detail.
- The RIWG feeds into the PAF which is made up of pension officers from our partner funds and meets monthly.
- The RI&E Team also attends the PAF Investment Working Group, to field any questions related to RI matters.
- At quarterly PAF RIWG meetings, Partner Funds are given updates and can scrutinise LGPSC's implementation of engagement and voting activities, integration of ESG across funds, as well as Client-specific services such as the Climate Risk Monitoring Service.
- LGPSC's external stewardship provider, EOS at Federated Hermes (see Section 2.2.4 below), takes part in RIWG meetings to provide granular detail on specific topics/sectors of interest to PFs (for instance on the Israel/Palestine conflict in light of heightened unrest).
- The client Joint Committee (JC) meeting is held annually. At the JC meeting in January 2022, 4 questions from pension scheme members regarding RI were read and answered during the meeting. We have seen an increased focus on RI over recent years.
- LGPSC provides reporting to shareholders and stakeholders through regular stewardship updates (voting and engagement), quarterly performance reports (ESG integration, engagement and voting as part of performance assessment), annual PRI report and Annual Stewardship Report.

2.2.2 Board oversight and ownership across the organisation

As depicted in Figure 2.2.1.1 above, the LGPSC Board is responsible for approving and monitoring LGPSC's approach to responsible investment, as part of its oversight of our policies including the Responsible Investment & Engagement Framework ("the Framework"). The Framework is the overarching governing document for all responsible investment activities at LGPSC. Apart from the Framework, the Board also reviews and approves our Voting Principles, our Taskforce for Climate Related Financial Disclosure report, and this Annual Stewardship Report.

Our Voting Principles were recently reviewed and approved by the Board on the 28th of March 2023. The proposed updates to the LGPSC Voting Principles can be summarised in two key areas: diversity and disclosure. In terms of diversity, we have enhanced our expectations, advocating robust gender and ethnic diversity. In terms of disclosure, we have updated our Climate-related disclosure expectations and have added new principles for disclosure on Gender-Pay, Deforestation-related risks, Human Rights and Modern Slavery-related risks, as well as Tax Transparency.

We have also established a Board-level Key Performance Indicator (KPI) that 100% of relevant products integrate responsible investment, and regular updates on progress are provided to the Board. The Board meets at least six times a year. RI&E, including climate change, is a regular item on the Board's agenda.

Throughout the year, the RI&E Team provides the Board with an overview of the Company's latest RI&E efforts including stewardship activities and the Climate Risk Monitoring Service. Alongside on-going oversight and knowledge building, Board members sometimes participate in broader RI initiatives, including speaker assignments or in ongoing engagements. For example, our Chair, Joanne Segars, is on the Occupational Pensions Stewardship Council that was established by the Department for Work and Pensions.

The Framework is overseen operationally by LGPSC's Executive Committee. Day-to-day management of climate change strategy is delegated to the Investment Team, with oversight from the Investment Committee (IC) and the Chief Investment Officer (CIO). The Director of Responsible Investment & Engagement is accountable to the IC for the implementation of the RI&E Framework, which includes climate change. Portfolios are reviewed by the IC on a quarterly basis. Products/portfolios are monitored by using an internal RIIS certification.

LGPSC's RIIS approach inherently requires and allows detailed dialogue between the RI&E Team and the relevant Asset Class Team from inception of a fund and throughout its lifespan. This approach also ensures that the RI approach taken for a given fund or asset is co-sponsored by the Director of RI&E and the relevant Investment Director, reinforcing a shared ownership to RI integration. RIIS could be viewed as an in-house form of "RI certification" which covers the following key elements: Beliefs,

Documentation, Process, Reporting and Review. See further detail on RIIS under Section 3.2 below.

We believe it is critical that RI is owned and practiced across LGPSC. As such, the RI&E Team performs a coordinating function relying on regular interaction with colleagues in asset class teams, in the broader Investment Team and across back-office functions including Operations, Legal, HR and Compliance. The RI&E Team reports to the Chief Investment Officer (CIO). The Director of RI&E is a member of the IC, the Private Markets Investment Committee and the Senior Management Team. RI&E related matters are regularly brought to the LGPSC Executive Committee for discussion and approval. During 2022 this has included, for example, a review of LGPSC RI&E related policies, our public net zero ambition and Modern Slavery Statement (see Section 2.1.4 above). This is in addition to our regular reporting requirements, which include the Annual Stewardship Report and LGPSC's TCFD.

LGPSC staff are incentivised to integrate stewardship and investment through the following means:

- Investment Directors have RI and ESG integration objectives included in their semi-annual Personal Development Reviews.
- Training and knowledge sharing: Lunch and learn sessions are a fixture at LGPSC, with each department taking turns sharing knowledge and/or latest developments. RI&E Team's last session talked about LGPSC's net zero commitment. We also organised training to relevant teams to introduce our recently procured ESG tool.
- All staff are being asked to think about RI&E and sustainability initiatives as part of their annual personal development review.

2.2.3 Dedicated in-house stewardship resources

In 2022, the RI&E Team consisted of an Investment Director, a Stewardship Manager, an ESG Integration Manager and two RI analysts. In order to satisfy the increased demands placed upon the team and to manage key person risk we decided to appoint a Senior Stewardship Analyst, who joined the team in May 2023. In Q3 2022 we also hired a Net Zero Specialist on a fixed-term contract, to help us push forward with the development of our net zero strategy and to develop tools to monitor our progress. In acknowledgement of the fact that net zero is a multi-decadal challenge, we are now recruiting for a full-time permanent Net Zero Manager to continue this work.

Our RI&E Team members come from diverse academic backgrounds and specialisms including economics, investment management, engineering, sustainability, and environment science and have followed a number of career pathways before arriving at responsible investment such as compliance, risk management, fund management, credit analysis, sustainability, law and consultancy. We consider this diversity of skills, knowledge and experience to be a strength, and welcome this diversity and breadth of perspectives. The Team leverages a strong network among peer investors both in the UK and globally, as well as investee companies, industry associations, relevant regulatory bodies and civil society.

2.2.4 External stewardship resources

With limited in-house resources we have contracted an external Stewardship Provider, EOS at Federated Hermes, to provide global voting and engagement services. Following a comprehensive due diligence process EOS were selected as their beliefs align well with those of LGPSC and Partner Funds. We share a view that dialogue with companies on ESG factors is essential to build a global financial system that delivers improved long-term returns for investors, as well as more sustainable outcomes for society.

EOS reports on voting and engagement activity across relevant ACS funds on a quarterly and annual basis. Outside of reporting, we regularly interact with EOS both one-to-one, for instance through voting season on contentious votes, and together with other EOS clients at Client Advisory Councils hosted twice a year.

Through this regular dialogue, we can ensure that our values remain aligned (see Section 3.3.2 below with a detailed review of EOS' services during 2022). EOS also engages with regulators, industry bodies and other standard setters on our behalf to shape capital markets and the environment in which companies and investors can operate more sustainably.

We expect our external managers to engage investee companies on our behalf on material issues including ESG factors. We receive quarterly data from external fund managers on the number of engagements undertaken and the weight in portfolio. See further detail under Section 3.3. below.

PRINCIPLE 3

2.3 Management of conflicts of interest

LGPSC's approach to managing and mitigating risks associated with conflicts of interest is outlined in the LGPSC conflicts of interest policy. This is made available to all staff and Partner Funds of LGPSC. The policy is designed to ensure fair outcomes for Partner Funds and to ensure that LGPSC fulfils its stewardship responsibilities to its pool partners in terms of how their assets are managed.

The policy was signed off by the LGPSC Investment Committee, Executive Committee and Board when implemented. The policy is reviewed annually and changes to the policy are approved through the firm's audit, risk and compliance committee.

LGPSC employees, including senior management and members of the executive committee are required to complete conflicts management training at induction and on an ongoing basis. This training includes guidance on what constitutes a conflict of interest. The conflicts policy is also contained within the LGPSC Compliance Manual. It is readily available to all staff whether working from home or office based.

When LGPSC appoints external managers, a thorough due diligence process is undertaken. This includes consideration of the external managers process and procedures around the management of conflicts of interest. We expect our managers to have robust controls and procedures in place around conflict management and to demonstrate commitment to managing conflicts fairly. LGPSC only manages Partner Fund assets, and all our active portfolios are managed externally.

LGPSC provides investment advisory services to its Partner Funds, as well as offering discrete investment management mandates and fund offerings. There is therefore scope for potential conflicts of interest to arise where LGPSC is providing advice in relation to a client's portfolio or appointed manager whereby it could offer an equivalent or alternative product. LGPSC therefore highlights the potential for a conflict of interest to all its clients. It is confirmed both under the advisory terms and also on an ongoing basis as part of any advice itself. That enables the client to engage with LGPSC and act accordingly; whether simply taking the potential conflict into account in its decision making, requesting temporary team ringfencing with LGPSC or instructing separate independent advice on a particular matter.

LGPSC staff are not remunerated through a bonus scheme, which is also a key mitigant in avoiding potential conflicts.

Examples of Conflicts of Interest

Appointment of Transition Manager for the Global Equities and Emerging Equities fund

We have appointed a Transition Manager for the Global Equity and Emerging Markets funds. All colleagues involved in the evaluation of tenders were required to complete a conflicts of interest declaration. The declaration asks colleagues to provide details of any conflicts of interest with any of the potential transition managers for assessment by the compliance team. The approach taken is that conflicts may arise particularly in the form of existing business relationships and previous periods of employment with the investment managers on the shortlist. As long as these conflicts are declared and recorded, they can be managed.

On this occasion no conflicts arose. The managers appointed were pre-existing providers that had already gone through this process. The conflicts declaration was refreshed to ensure there had been no changes.

Stewardship Provider

We expect our stewardship provider to be transparent about conflicts of interest and to implement measures to ensure they manage those, including ethical walls, conflicts management policies and conflicts registers.

EOS at Federated Hermes has a publicly available Stewardship conflicts of interest policy. The policy details several potential conflict areas including:

- Potential conflicts arising from Federated Hermes Limited's ownership of EOS
- Potential conflicts between Federated Hermes Limited's and EOS' clients
- Personal relationship between engagers and senior staff members in engaged companies
- Potential stock lending and short selling positions at Federated Hermes Limited

How these conflicts are managed and monitored, the review process, and examples of how the issues are approached in practice are discussed in the EOS's conflicts policy document.

EOS conflicts are maintained in a Federated Hermes group conflicts of interest policy and conflicts of interest register. As part of the policy, employees report any potential conflicts to the compliance team to be assessed and, when necessary, the register is updated. The conflicts of interest register is reviewed by senior management on a regular basis.

Voting

EOS at Federated Hermes appoint and oversee LGPSC's proxy voting research provision.

However, we expect our proxy voting providers to be transparent about conflicts of interest and to implement the usual measures to ensure they manage those conflicts.

Conflicts of interest can arise during the voting season. This can for instance be the case where a proxy voting provider also provides other services to corporates or possibly in some circumstances where they engage with and provide voting recommendations in relation to a pension scheme's sponsor company.

Our proxy voting research provider, ISS has identified three primary potential conflicts of interest.

- Corporate issuers who are clients of ISS Corporate Solutions (ICS)
- Corporate issuers who are clients of ISS
- ISS' ownership structure

The following link within their Due Diligence Materials silo provides further granularity on their conflict mitigation policies.

These policies have been reviewed by the R&E Team.

LGPSC operates a one-for-eight service model. This ensures that we deliver a consistent level of service to all eight Partner Funds ensuring that no conflicts arise in terms of the level of support they get from the RI&E Team.

During 2022, LGPSC provided Climate Risk Reports (CRRs) to all eight Partner Funds, as part of a Climate Risk Monitoring Service (CRMS) that we have made available to them. We followed the same delivery order as every year. This is to ensure consistency and fairness among Partner Funds and to avoid some receiving reports six months apart or others fourteen months apart.

PRINCIPLE 4

2.4 Identification and response to market-wide and systemic risks to promote a well-functioning financial system

Stewardship Themes

In close collaboration with its Partner Funds, LGPSC identified four core Stewardship Themes that guide the pool's engagement and voting efforts. These were climate change, plastic pollution, responsible tax behaviour and 'tech sector' risks. After consultation with Partner Funds, the 'tech sector' theme was replaced developed into 'human rights' in 2022. These themes have been chosen based on the following parameters:

- Economic relevance
- Ability to leverage collaboration
- Stakeholder interest

Identifying core themes that are material to the Partner Funds' investment objectives and time horizon, that are likely to have broader market impact, and that are perceived to be of relevance to stakeholders, helps us prioritise and direct engagement. We fully acknowledge that the spectrum of ESG risks is broad and constantly evolving. However, and in agreement with our LGPSC pool partners, we consider it appropriate to pursue these themes over a three-year horizon, at a minimum, while conducting annual reviews to allow for necessary adjustments or changes. This helps us build strong knowledge on each theme, seek or build collaborations with like-minded investors, identify and express consistent expectations to companies on theme-relevant risks and opportunities, and to measure the progress of engagements.

Furthermore, we take the view that engagement on a theme needs to happen at multiple levels in parallel: company-level, industry-level, and policy-level. With our long-term investment horizon, we take a whole-of-market outlook and changing the "rules of the game" through industry and policy dialogue is as important, if not more important, than individual company behaviour. In Section 4.1.2 below, we give a detailed overview of engagement activity and progress for each Stewardship Theme. In Section 2.5, we provide information on the annual review of Stewardship Themes that was carried out during Q4 of 2022. As these themes are now approaching the end of their current 3-year review cycle, they will be reviewed in consultation with our Partner Funds during 2023.

All engagements are tracked, by theme, in a Measuring Progress document which is presented to Partner Funds in RI Working Group Sessions. This document sets out the engagement strategy, objectives, and measures of success for each engagement. Achievements are listed, as is any progress in companies' scores against specific standards or benchmarks where applicable. Finally, the engagement is placed within LGPSC's Escalation Strategy (see section 4.3).

2.4.1 Climate Risk Monitoring Service

Between 2021 and 2023, the Intergovernmental Panel on Climate Change (IPCC) released each element of its Sixth Assessment Report (AR6), which provides a comprehensive assessment of the state of the Earth's climate system. The report confirmed that it is unequivocal that human influence has warmed the atmosphere, ocean, and land. It also shows that the world has already warmed by 1.1°C compared to pre-industrial levels, and that this warming is causing more frequent and severe heatwaves, droughts, and extreme precipitation events. IPCC finds that the most likely temperature increase scenario by 2100 is 3.2°C. The impacts of warming exceeding 1.5°C are likely to be severe and far-reaching, with significant implications for the global economy, public health, and the environment. This underscores the urgent need for immediate and sustained action to reduce greenhouse gas emissions and limit the impacts of climate change.

A Paris-aligned transition to a low-carbon economy would lead to lower economic damage and for long-term investors is preferable to alternative climate scenarios. We believe investors can best encourage this transition through a combination of a) understanding the risks to their portfolios at a granular level, b) stress-testing portfolios against various temperature scenarios, c) identifying tools and actions that can be taken to address and minimise risk. In January 2022, we announced a commitment to achieve net zero across our assets under stewardship by 2050 (see Section 2.1.4 above). Our climate risk monitoring service is a key building block in ongoing work toward this goal.

Since 2020 LGPSC has conducted in-depth climate risk assessments for each individual Partner Fund and provided an annual CRR bespoke to each of them. The CRR is designed to allow each Partner Fund a view of the climate risk held through their entire asset portfolio accompanied by proposed actions each could take to manage and reduce that risk. To facilitate disclosure in line with the Task Force on Climate-Related Financial Disclosures (TCFD), the CRR is deliberately structured to align with the four TCFD disclosure pillars.

2022/23 was our third edition of the CRRs. We made several enhancements to the reports, including the addition of financed emissions, a metric commonly used to measure progress towards net zero targets. These enhancements are made to ensure the report remains aligned to the latest industry developments and therefore the best assessment on climate-related risk we can provide to our clients. The third edition of this report placed an emphasis on the progress made against the findings of the first report to give our Partner Funds a view on their direction of travel. Table 2.4.1.1 provides a summary of the methods we use to assess financially material climate-related risks and opportunities, alongside the improvements we made to the service in 2022.

TABLE 2.4.1.1: METHODS OF ASSESSING CLIMATE-RELATED RISKS AND OPPORTUNITIES

SECTION	ANALYSIS	2022 ENHANCEMENT
GOVERNANCE	The purpose of this section is to review the funds governance frameworks to identify ways in which the fund's governance and policies relating to the management of climate risk can be improved to further embed and normalise the management of climate risk.	In the 2022/23 cycle of the CRR we focused on the progress the Partner Funds had made from a governance perspective. We provided a timeline on what the fund has achieved to date, and what recommendations we have for the fund going forward. This section has been condensed, such that the progress made and the future steps are more specific for the individual Partner Funds.
STRATEGY	We assess the extent to which the Fund's risk and return characteristics could be affected by a set of plausible climate scenarios. This includes an estimation of the annual climate-related impact on returns (at fund and asset-class level), and climate stress tests (to explore the potential impact of a sudden climate-related price movement). An external consultant provides analytical support for this section.	Climate Scenario Analysis has again been conducted on the Partner Funds' portfolios. For 2022, Mercer partnered with Ortec Finance and Cambridge Econometrics to develop climate scenarios that are grounded in the latest climate and economic research. This partnership brings together Mercer's investment and climate expertise with Ortec's research and scenario generator.
RISK MANAGEMENT	Based on the report findings we provide a Climate Stewardship Plan which identifies the areas in which stewardship techniques could be leveraged to further understand and manage climate-related risks within the portfolio. The plan includes proposals to engage both individual companies and fund managers.	With an emphasis on progress, the risk management section of the report focused on the engagement actions, company progress and key voting related actions of companies over time. We have also introduced the companies' scope 1 and 2 emissions as well as a comparison of the companies CA100+ assessment results from 2021 to 2022. These enhancements allow us to better understand and display the progress companies within the Climate Stewardship Plan have made, as well as where efforts should be focused in the future.
METRICS & TARGETS	We conduct a bottom-up carbon risk metrics analysis at the company and portfolio level. For the most part, four types of carbon risk metric are utilised: portfolio carbon footprint, fossil fuel exposure, weight in clean technology and climate risk management (via the Transition Pathway Initiative).	We have introduced metrics such as financed emissions and exposure to fossil fuel and clean tech apportioned by revenue. The focus of this report is to examine progress made, as such (where possible) we have compared the carbon metrics of the portfolio to those from the initial report (or other specified baseline). Financed emissions allows us to understand the progress the portfolio is making towards a net zero target. This metric was calculated retrospectively for the baseline year, allowing us to view progress made. Exposure to fossil fuels and clean tech apportioned by revenue provides a more accurate understanding of the portfolio's exposure to certain climate risks and opportunities.

Having recently completed the 2022/23 reporting cycle, LGPSC has begun conducting a review to identify further improvements to the service. Enhancements that we aim to make to the 2023/24 reports include:

- A more concise dashboard approach to aid understanding
- Increased granularity to assist fund-by-fund analysis
- Greater coverage of asset classes, including sovereign debt and private markets
- Forward-looking metrics, including 1.5°C alignment and engagement activities
- Scope 3 emissions

Our Partner Funds have used the findings of their CRRs to develop individual Climate Strategies covering governance, beliefs, objectives, strategic actions and reviews in relation to their climate-related risk. To date, all of our Partner Funds have published Climate Strategies. Aside from strategy setting, the CRRs have also been used to facilitate TCFD disclosure; formulate Climate Stewardship Plans; conduct training sessions on climate change; initiate governance and policy reviews; and for exploring potential investments in sustainable asset classes.

We continued to develop areas of convergence and commonality across each of the eight bespoke CRRs to facilitate collective action as a pool. We successfully organised and hosted the 3rd LGPSC RI Summit, published an updated 2022 TCFD Report as well making significant progress on our net zero targets. We continue to utilise the findings of the individual CRRs to help us prioritise engagement companies as well update the LGPSC voting watch list, which prioritises companies which will be subject to closer scrutiny by LGPSC ahead of their AGMs.

(see Section 5.2 below).

2.4.2 Attendance and contributions to industry dialogue, partnerships and building standards

LGPSC is an active participant in the debate on corporate and investor best practice. We value collaboration with peer investors and with industry initiatives, which gives a stronger voice and more leverage in engagement. Taking part allows us to access data, research and tools available to members – and at the same time influence further development of these initiatives.

Table 2.4.2 below is a list of organisations and initiatives that LGPSC is an active member of and includes a brief assessment of the efficiency of the initiative and outcomes during 2022. Our ongoing participation in these initiatives will be reviewed in 2023 to ensure that we maximise the effectiveness of our resources and remain aligned with our Partner Funds' priorities.

TABLE 2.4.2.1: PARTICIPATION IN INDUSTRY DIALOGUE

ORGANISATION/ INITIATIVE NAME	ABOUT THE ORGANISATION/INITIATIVE	EFFICIENCY AND OUTCOMES
PRI PRI Principles for Responsible Investment	Largest RI-related organisation globally. Helps with research, policy influence and collaborative engagement. During 2022, the LGPSC Head of Stewardship was a member of the PRI Working Group and the PRI Tax Working Group.	PRI is a standard bearer of good practice for RI. LGPSC has been a member of PRI since inception of the pool. We report on LGPSC's active participation in PRI through submission of an annual report. We also participate through membership of PRI Working Groups and collaborative engagements. By working with PRI and other investors we can increase our impact and engage with a broader set of companies on a broader set of issues.
IIGCC (INSTITUTIONAL INVESTOR GROUP ON CLIMATE CHANGE) IIGCC The Institutional Investors Group on Climate Change	Influential asset owner and asset manager group. Useful for climate change research and policy influence. During 2022, LGPSC's Head of Stewardship was a member of the Corporate Programme Advisory Group.	IIGCC's corporate engagement and policy engagement programmes add considerable value to LGPSC's work on climate change. IIGCC engaged broadly with stakeholders in the lead-up to COP27.

CROSS-POOL RI GROUP WITHIN LGPS	Collaboration group operating across LGPS pools and funds. The LGPSC Head of Stewardship was Vice Chair of the group during 2022.	This is forum allows discussion between like-minded investors, who operate in the same regulatory environment and with similar partner fund expectations, around RI issues. Topics discussed included net zero, human rights and biodiversity.
THE LOCAL GOVERNMENT PENSION SCHEME ADVISORY BOARD	During 2022 the LGPSC Head of Stewardship was a member of an RI Advisory Group to SAB that was formed at the start of 2022. Discussions are held on RI relevant policies and standards that will have direct or indirect implications for LGPS funds and pools.	Discussions during 2022 have centred around themes such as just transition, impact investing and DLUHC's plan to introduce mandatory TFCD reporting.
TRANSITION PATHWAY INITIATIVE (TPI)	Analysis of companies based on their climate risk management quality and their carbon performance. TPI analysis (by research team at LSE Grantham Research Institute on Climate and the Environment) is highly regarded and carries industry influence. LGPSC's Head of Stewardship was a member of the TPI and TPI Limited board during 2022.	TPI is a highly useful tool that LGPSC uses directly to inform engagement and voting on behalf of Partner Funds. We view very positively TPI's close collaboration with CA100+in the development of the Benchmark Framework which allows evaluation of company progress against Paris alignment on key parameters (targets, actions, disclosures). In 2022 TPI established the Global Climate Transition Centre, an independent, authoritative source of research and data on the progress of the financial and corporate world in transitioning to a low-carbon economy. The TPI Centre's analysis considers corporate climate governance and carbon emissions.
CDP	CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.	Our membership of CDP is in support of ongoing work for carbon emissions reporting across companies and sectors, and to tap into analysis and research. We welcome CDP's work on deforestation, including a "Forest champions programme", which we aim to utilise for our current and future engagement on deforestation.
30% CLUB INVESTOR GROUP	Investor group engaging both UK listed equities and increasingly companies abroad on gender diversity. LGPSC has been a member since the inception of our Company.	This forum has a clear target and allows for discussion, learning and direct engagement with like-minded peers on an ongoing critical governance issue. Throughout 2022, a sub-set of 30% Club Investor Group members, including LGPSC, has engaged in the Japanese market.

BVCA BRITISH PRIVATE EQUITY AND VENTURE CAPITAL ASSOCIATION	UK trade body for private equity.	This forum is very useful for deal flow information. It also runs discounted training courses which helps build knowledge. The BVCA also organises ESG related roundtables and events.
LAPFF LOCAL AUTHORITY PENSION FUND FORUM	Engagement with companies in the UK and abroad, assisting LGPS funds with sustainable and ethical investment challenges.	LAPFF conducts engagements that are complimentary to LGPSC's stewardship theme engagements. Examples include engagement with communities affected by the collapse of the Brumadinho tailings dam.
CLIMATE ACTION 100+	Engagement collaboration of more than 700 investors with a combined $68 trillion assets under management. Engaging 166 companies on climate risk that are responsible for 80% of global corporate GHG emissions. LGPSC Head of Stewardship is a member of the Mining and Metals Sector Group.	This is a targeted and robust investor collaboration which LGPSC views as highly impactful. The 2021 CA100+ Benchmark Framework, published in March 2022 and updated in October 2022, embeds structure and rigour to assessments of companies against a Paris trajectory.
INVESTOR FORUM	High quality collaborative engagement platform set up by institutional investors in UK equities. LGPSC has been a member since the inception of our Company.	In 2022 LGPSC participated in an Investor Forum coordinated working group focused on Investing in the Defence Industry. The aim of this project was to: • review the impact of investor policies and client mandates; • identify the key challenges for ESG investing and stewardship activity; and • build a framework to help investors identify a 'values-aligned' investable universe.

Policy engagements and consultation responses:

Since the inception of LGPSC in April 2018, the Company has actively participated in policy dialogue on behalf of Partner Funds across various themes and regulations including ethnicity pay reporting, tax transparency, modern slavery, climate change and sustainability reporting.

Ahead of COP27, LGPSC signed the 2022 Global Investor Statement to Governments on the Climate Crisis. Drawing on evidence including the IPCC's 6th Assessment Report and the International Energy Agency's (IEA) 2021 World Energy Outlook, the Statement acknowledged progress already made towards limiting the global temperature increase. However, it recognised that current targets, if implemented, would only restrict the predicted temperature rise to 2.1-2.4°C. The Statement recognised the importance of investors using capital allocation and stewardship in order to support an effective and just transition. To achieve this, the Statement called on global governments to ensure national targets were aligned to a 1.5°C scenario ahead of COP27. It also called for a scaling up of climate finance to help climate adaptation efforts, especially within developing countries. We were pleased to see that part of the final agreement reached at COP27 included the development of a "loss and damage" fund, an important step forwards for the just transition and global climate adaptation efforts.

LGPSC responded to a consultation by the Department for Levelling Up, Housing and Communities that seeks views on proposed mandatory TCFD reporting for Local Government Pension Scheme (LGPS) administering authorities in England and Wales. We expressed support for the new requirements, our views were based on our two previously published TCFD reports. We consider that mandatory reporting will encourage more comprehensive reporting of emissions by Administrative Authorities. We do note that the financial cost associated with TCFD reporting in a manner consistent with the regulation proposed by DLUHC may be underestimated and we recognise that this might be challenging for some investors to achieve.

In May 2022, LGPSC co-signed a letter to the Secretary of State for Environment, Food and Rural Affairs to highlight our serious concerns regarding microfibre pollution and the systemic risks that it presents to the environment and to the market. The letter encouraged the UK Government to take a global leadership position and prioritise the recommendation of the All-Party Parliamentary Group on Microplastics, specifically to mandate the installation of microfibre filters in new washing machines by 2025. This letter was a culmination of 18 months of corporate engagement to encourage manufacturers to fit such filters, which highlighted the reluctance of manufacturers to voluntarily do so.

As co-chair of the Finance for Biodiversity Foundation's public policy and advocacy working group, EOS advocated for an ambitious Global Biodiversity Framework (GBF) to be agreed at COP 15. EOS focused on the need for the GBF to require public and private financial flows to be aligned with global biodiversity goals and targets. EOS attended international biodiversity negotiations virtually in August 2021, in Geneva in March 2022, and in Montreal in December 2022. At COP 15 the Kunming-Montreal Global Biodiversity Framework was adopted by almost 200 countries. This features a target to protect at least 30% of land and seas by 2030, and addresses key issues related to biodiversity loss, such as subsidies and the financing gap.

PRINCIPLE 5

2.5 Review of policies, assurance of processes and assessment of the effectiveness of activities

Review of LGPSC RI&E policies

Prior to the launch of LGPSC in April 2018, LGPSC's Board approved three RI-related policy documents; LGPSC RI&E Framework, LGPSC RI&E Policy and LGPSC Voting Principles. Each document is subject to annual review by the LGPSC Board which happens at the start of every year. Ahead of each annual review, LGPSC consults its Partner Funds to solicit their views. Revisions will then be taken through LGPSC's Investment Committee and Executive Committee for discussion and approval before the Board finally assesses and approves them. The Board takes an active interest in these policies and often recommend alterations and enhancements. They are familiar with the issues and their perspectives are welcomed and add value.

In addition to Partner Fund consultation, we discuss trends and developments in RI with investor peers on a continuous basis, in particular with other LGPS pools (see overview of Initiative memberships in Section 2.4 above). We also discuss voting trends with EOS and with peer investors ahead of any revision of our Voting Principles. For example, we have over the last two years heightened our expectations on companies' governance of Board and Senior Management diversity (gender and ethnicity), sustainability reporting and climate risk management. We have done this in tandem and close alignment with similar changes to EOS' voting policies and those of close peers.

At the start of 2022, we updated our RI Emerging Risk Register. This register was compiled since 2021 and will help us stay attuned to any regulatory initiatives (hard and soft law) that may impact on our RI approach and policies. We consider this a "live" document that will be updated on a regular basis in close collaboration with LGPSC's Legal Team. We have shared this document with Cross-pool peers through the Cross-pool RI Working Group. Discussion on upcoming regulation, consultations, other standard developments will be a regular item for discussion within this group.

Ongoing information-sharing and review of Stewardship Themes

Through our quarterly PAF RIWG meetings (see Section 2.2.1 above), we allow for information-sharing and debate/checks on LGPSC's provision of RI services against the RI&E Framework. All our Partner Funds take a keen interest in RI and engagement, which is a reflection of their ultimate beneficiaries' ongoing interest in climate change and broader sustainability issues.

LGPSC undertake an annual review of the effectiveness of the Stewardship Themes in close collaboration with Partner Funds. During 2021, we conducted a review through PAF RIWG discussions which resulted in the following adjustments, which were implemented in 2022:

- Climate change remains the number one theme
- Biodiversity and land use should be included alongside climate change
- The S in ESG should feature more prominently, with a preference for focus on Human Rights

Description of themes in light of discussions with Partner Funds:

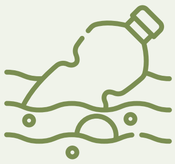
CLIMATE CHANGE

Climate change is regularly among the World Economic Forum's top five global risks, both in terms of likelihood and impact. Through both physical risks (e.g., increases in extreme weather events) and market risks (e.g., impact of carbon pricing or technology substitution), climate change impacts institutional portfolios. In addition, greater incidence of flooding, wildfires, chronic precipitation, sea level rise are already having profound societal consequences.

In the UK, campaign groups, governments and regulators are increasingly taking an interest in the extent to which investors are managing climate-related risks. This includes the Environmental Risk Audit Committee, Department of Work and Pensions, Financial Reporting Council, divestment campaign groups, and more. TCFD reporting will become mandatory for LGPS Funds in 2024. Investor best practice on climate change is emerging through the Institutional Investor Group on Climate Change (IIGCC) Net-Zero Investment Framework.

Biodiversity loss could reduce nature's ability to provide goods and services, including food, clean water and a stable climate. Tropical forests play an important role in tackling climate change, protecting biodiversity and ensuring ecosystem services. Forests alone absorb one-third of the CO2 released from burning fossil fuels every year. During COP26 we have seen governments pledge to halt deforestation by 2030. Financial institutions, including LGPSC, have committed to engage with a view to eliminating commodity-driven deforestation by 2025 through engagement at policy and corporate levels.

PLASTICS



Plastic pollution is a global problem that is continually growing due to both an increase in consumerism and an increase in the number of plastics used to manufacture the things we use regularly. Some companies are starting to change the way they use these plastics and are actively taking steps to reduce waste.

As well as the negative effects on the planet, companies that purchase, use, or produce significant amounts of plastic could face regulatory tightening, more plastic taxes, and reputational damage as consumers and policymakers become more aware and mindful of the problem. It will be necessary to look at both shorter-term targets companies should strive for, in line with emerging best practices, as well as a longer-term vision for "zero leakage/waste" by 2050. LGPSC joined a call (on behalf of businesses and financial institutions) on United Nations member states to commit to the development of a global treaty on plastic pollution to commence early 2022. Agreement has since been found to negotiate a treaty (see further detail below in Section 4.2).

TECHNOLOGY AND DISRUPTIVE INDUSTRIES RISK - REPLACED BY HUMAN RIGHTS

The current technology theme is a sector-specific theme that covers several risks factors. LGPSC's engagements have primarily focused on human rights risks for tech sector companies, including social media content control. These areas have come under increased scrutiny from regulators and stakeholders more broadly including companies that advertise on social media platforms. We envisage continuing engagement with tech sector companies (Alphabet, Amazon, Apple, Facebook, Microsoft and Twitter) on human rights risks including privacy and data protection; freedom of expression; disinformation and political discourse; and on discrimination and hate speech. We also know that weak labour rights in supply chains (especially in emerging markets), both in the technology sector and across other industries, can cause reputational damage that in turn risk undermining shareholder value over the long term.

We adjusted this theme in 2022 to include a greater focus on Human Rights. We take as a starting point the UN Guiding Principles for Business and Human Rights, which also apply to investors. Ongoing engagements on modern slavery, child labour, human rights in conflict zones, labour rights, living wage and health & safety in the workplace are captured under this theme.

TAX TRANSPARENCY AND FAIR TAX PAYMENT

The trust an organisation builds with its stakeholders is of critical (though intangible) value. As a measure of an organisation's contribution to the economies it operates in, tax is a key dimension in building that trust.

Global corporate tax avoidance is estimated to cost governments $240 billion globally in foregone revenues each year. Companies with overly aggressive tax strategies could be storing up liabilities and could damage their reputation with key stakeholders. While many countries provided various forms of tax relief to businesses during the COVID-19 pandemic, it seems reasonable for investors to expect companies to pay their fair share of tax. G20 leaders have recently agreed a corporate tax proposal setting a minimum 15% corporate tax, which adds to the expectations for responsible tax behaviour.

RI&E Data and Risk review

The RI&E Team at LGPSC works closely with our Enterprise Risk Team to maintain our Responsible Investment Risk Register. The register assesses business risk, controls, actions and mitigants related to responsible investment and a net risk position is agreed and reported to the LGPSC Operation, Risk and Compliance Committee (ORCA). Due to the acquisition of an ESG tool and the expansion of the RI&E Team, net risk has reduced.

The Investment Team at LGPSC also maintains a departmental Risk Register which includes several RI related risks. Net risk levels are agreed following the consideration of controls and outstanding actions.

Sections relating to voting and engagement in LGPSC's annual report and accounts were reviewed by our external auditors, Deloitte.

Internal audit of RI&E function

In 2021 an internal audit of the Responsible Investment function was conducted by KPMG. The objective of this internal audit was to assess the design and embeddedness of the processes in place surrounding LGPSC's RI&E policies and underlying procedures. This included a review of the governance processes, and approach to external manager onboarding and ongoing monitoring. The audit found that controls were generally appropriate, working effectively to manage risks and provide reasonable assurance that objectives are being met. Some enhancements to the existing control framework were identified to improve efficiency of certain processes, in particular the acquisition of an ESG data analysis tool (see Section 2.1.4 above) which has now been completed. Resource constraints in the RI&E Team were also noted. During 2022 LGPSC recruited a dedicated Net Zero Manager with many years responsible investment industry experience. Two new junior analysts were also recruited to the team bringing team resource to 6 people for the first time. As result of this commitment to resourcing the RI&E Team we have been able to make significant progress with improving processes.

Stewardship Provider

EOS perform a sample-based audit of approximately 50 meetings every 6 months where an EOS engagement professional has manually entered vote recommendations for clients. The audit is performed by the Voting and Engagement Support team and reviewed by the Engagement Regional Team Leads. The main purpose of the audit is to look at voting decisions that contradict voting principles to establish intentionality and appropriateness. This process has been reviewed and approved by EOS' Internal Audit function. Separately, EOS ask ISS to provide evidence of a selection of auto-instructed meetings in order to ensure accuracy of EOS policy interpretation and operational workflow. EOS provide a range of qualitative and quantitative reporting for clients on the engagement and voting activities they have undertaken on LGPSC's behalf.

There are multiple touchpoints for LGPSC to review EOS' activities, by way of regular reporting (client portal, quarterly and annual reporting) and opportunities to provide feedback, including quarterly meetings, annual presentations and bi-annual client conferences.

03 Investment approach

PRINCIPLES 6-8

PRINCIPLE 6

3.1 Client communication on activities and outcomes of stewardship efforts

Figure 3.1.1: Breakdown of LGPSC Assets under Management as at 31 December 2022

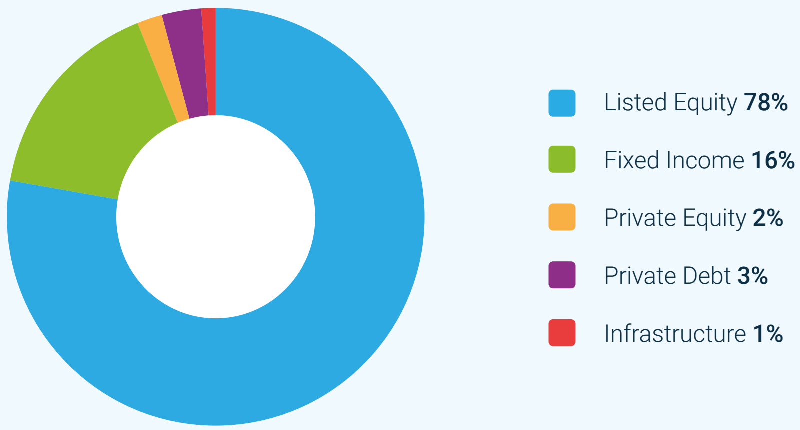


Figure 3.1.1 shows a breakdown of LGPSC Fund which have been set up to meet Partner Fund investment needs. LGPSC is in continuous dialogue with its Partner Funds on both the development of new investment funds and reviewing existing funds to ensure that RI is clearly visible both at inception and throughout the life of the fund offerings. The primary tool to ensure this is LGPSC's RI Integrated Status approach (see Section 3.2.2 below).

Development of new funds

As investors increasingly take account of climate considerations, index providers continue to launch indexes that help investors align their funds with net zero and the transition to a low carbon economy. Initially, climate index products had a simple focus on reducing carbon emissions and fossil fuel reserves. These considerations were implemented successfully in the design of the LGPSC AW Equity Climate Multi Factor Fund launched in October 2019 and have helped considerably reduce the level of reserves and emissions compared to the traditional market cap index. However, more recent index launches make use of forward-looking data to reflect the commitments that companies are taking to become aligned to the Paris Climate Agreement.

There are two main types of benchmarks, Climate Transition Benchmarks (CTB) and Paris Aligned Benchmarks (PAB). The benchmarks are both designed to achieve net zero by 2050 and operate in line with the regulations and minimum standards laid out for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks. The aim of these benchmarks is to achieve an immediate and an annual reduction in emissions, achieving net zero by 2050.

The Team at LGPSC are currently consulting with index providers and examining these index products to review and compare the offerings. The aim is to find a solution that would be attractive to our Partner Funds, be consistent with our net zero commitments and allow us to develop a benchmark suitable for a future fund launch.

After an extensive development period, LGPSC's Active Equities Team successfully launched a Global Sustainable Equity Investment solution in 2022, consisting of three funds with unique sustainable strategies: broad, thematic, and targeted. The Team conducted research on various impact measurement tools and assessed several secondary benchmarks to facilitate internal performance evaluation. For more information on the tendering process, please refer to Section 3.2.1 below.

Ongoing dialogue with Partner Funds on application of the RI&E Framework

- LGPSC seeks Partner Fund views when identifying and revising Stewardship Themes
- Quarterly RIWG meetings allow for knowledge sharing and scrutiny
- Annual RI Summits have been held over the last three years to allow a deeper debate on key topics (divest/engage; climate change; net zero alignment)
- Increasing attention to RI at the AGM and at Client Joint Committee Meetings with all Partner Funds
- PAF meetings: RI included as a standing item at the start of 2021, in response to increased interest in this area from Partner Fund Pension Committee members and the broader stakeholder group

Ongoing Stewardship reporting

- Regular Stewardship Updates including engagement and voting examples (progress, outcomes)
- Vote by vote disclosure on LGPSC website
- Quarterly Performance Reporting including RI narrative
- Quarterly Media Roundup which gives highlights of RI-related news and developments
- Measures of Success against the Annual Stewardship Plan are presented to Partner Funds at RIWG meetings
- PRI report
- Annual Stewardship Report

Bespoke assistance to Partner Funds

The LGPSC RI&E Team allocates the majority of its resource to the delivery of Mandate Services which directly benefit all Partner Funds. We also provide Call-off Services in the form of:

- Communications (ad-hoc ESG queries, Freedom of Information requests)
- Training
- Policy development
- Presentations
- CRMS (see Section 2.4.1 above)
- Compliance with the UK Stewardship Code 2020

PRINCIPLE 7

3.2 Integration of material ESG issues including climate change

3.2.1 ESG Integration during Manager Selection

An assessment of RI&E is a core part of LGPSC's manager selection process. Typically, manager selection is undertaken in three stages: standard questionnaire, request for proposal, and manager meetings, an RI&E assessment features in all three. In stages one and two, the RI&E Team draft questions for insertion and then score the managers based on their responses. In both stages, a 10-15% weighting is attached to the RI&E questions to reflect the importance that LGPSC places on ESG integration and stewardship. A representative from the RI&E Team then attends the manager meetings. A key objective in the assessment of a manager is whether the ultimate decision maker is engaged in the integration of ESG factors into his or her decision-making process. Managers will not be appointed unless they can demonstrate sufficient awareness of and ability to manage the risks posed by ESG factors.

In 2023 we have obtained access to the MSCI ESG tool, which allows us to scrutinise our external managers during the due diligence process and during ongoing monitoring with greater rigour.

CASE STUDY

Tendering for Global Sustainable Equities Mandates

The most recent example of manager selection was the tendering process for the Global Sustainable Equities fund, which was launched in May 2022. In close dialogue with our Partner Funds, it was decided that the fund would be structured as three-sleeves encompassing Broad, Thematic and Targeted sleeves. LGPSC's Active Equities Team advertised for potential managers in June 2021. Each of the 77 applications were read and marked in a fair, transparent and consistent manner with support from the RI&E Director and the Investment Risk Team. Eight applications, comprising three for each sleeve, were taken through to the final Due Diligence Stage. This took place in September 2021 and consisted of 3-hour meetings for each manager. Meetings included a 1.5-2-hour presentation followed by breakout sessions in separate virtual meeting rooms which provided the Team with further insight on focused areas such as RI&E and Risk. The presentations and interviews were scored by the Team and resulted in three managers being selected to manage the £1bn fund. The funds launched in Q2 2022. The RI&E Team in collaboration with the LGPSC Procurement Manager conducted a robust procurement process to select a research provider that could assist us with the measurement and analysis of impact for these funds. MSCI was selected as the provider.

3.2.2 LGPSC's RI Integrated Status for all ACS Funds

Since April 2018, LGPSC has been integrating RI&E into all (relevant) asset classes.[1] We have established an overarching KPI that 100% of product launches must receive our RIIS. The RIIS is accorded to a product if RI will be integrated into the day-to-day management of the product in a manner that meets standards agreed by the IC. The process is designed to give internal and external stakeholders full assurance that RI is being integrated with the breadth and quality they require.

The criteria for products to receive RIIS are formalised via an asset class specific RIIS Policy, which is reviewed and approved by the IC. The policy establishes the due diligence process that must be followed and the RI standards that must be achieved when a product is launched in that asset class. Each asset class specific RIIS policy is co-sponsored by the Director of RI&E and the relevant Investment Director for the asset class. By requiring co-sponsorship of the RIIS Proposal, we ensure that RI&E is integrated into LGPSC investment processes and decision making.

The RI due diligence for subsequent fund/product launches is reviewed by the IC. Provided the Committee is satisfied that the fund manager meets LGPSC's RI expectations for that asset classes, the due diligence will be approved, and the fund launched if all other aspects of due diligence are also signed off.

This approach aims to: (1) to support investment objectives; (2) be an exemplar for RI within the financial services industry, promoting collaboration and raising standards across the marketplace.

We provide some examples below of how the RIIS requirements differ depending on the fund and asset classes in question.

[1] Relevance is judged case by case but only in exceptional circumstances would it be deemed not relevant to integrate RI. In one case, UK Gilts, have we deemed RI and ESG integration as irrelevant.

ACTIVE EQUITIES	LGPSC has several investment beliefs specific to active equities which guide our integration of ESG within this asset class. These beliefs include, amongst others, that ESG risk is not always effectively priced (both in developed and emerging markets), the extent to which ESG factors apply to a particular stock or sector varies, and that engagement with companies is an active part of portfolio management. We place a lot of value on the manager selection process to ensure that these beliefs are being followed by the manager. Post-investment, monitoring in active equities is primarily achieved by analysing the portfolios in Bloomberg, inspecting managers' responses to quarterly data requests, and questioning managers during quarterly calls. We expect managers to be able to justify any new positions with a detailed analysis of the ESG risks and opportunities facing that company.
PASSIVE EQUITIES	For passive and factor-based equity funds we place a greater emphasis on stewardship and voting as our main tool for ESG integration. This reflects our belief that while index tracking funds can diversify away idiosyncratic ESG risk, long-term systemic ESG risk cannot be diversified. As a result, long-term investors should utilise thematic stewardship to mitigate long-term market risks and positively influence corporate practices. Reflecting this, LGPS Central focuses its engagement and voting activity on four Stewardship Themes which are agreed with our Partner Funds (See section 4.1.1 below).
FIXED INCOME	We believe that the extent to which, and the way, ESG is integrated into fixed income investing varies significantly by the type of issuer (corporate, sovereign, supranational, municipal, etc) and a one-size fits all approach is unlikely to be optimal. We reflect this belief in our selection process for Fixed Income mandates. During the selection of LGPSC's Multi Asset Credit Fund, we asked managers to provide three examples each pertaining to a different type of issuer to ensure that RI was being fully incorporated into all aspects of the portfolio. We monitor managers ongoing integration of ESG considerations during quarterly review meetings where we discuss specific stocks.
PRIVATE EQUITY	Within Private Markets, RI is integrated into due diligence on a five-pillar scoring framework that covers: policy, people, process, performance, and transparency & disclosure. If a fund is considered high risk, either due to its sector or geographical location, a more rigorous due diligence assessment is conducted. The findings of the due diligence report are considered as part of the Private Markets Investment Committee approval process. Following appointment, we request that the manager report on material ESG incidents. For co-investments an RI risks report which is bespoke to the investment in question is issued.

3.2.3 LGPSC's monitoring of managers' ESG integration and engagement (ESG questionnaires etc.)

Active Equities and Fixed Income

Once appointed, we require external Public Market Fund Managers to complete a quarterly ESG questionnaire. Some disclosure items are "by exception" (for example alerting us to changes in ESG process, personnel or portfolio positions) and others are mandatory. LGPSC receives quarterly data from external fund managers on the number of engagements undertaken and the corresponding weights in the portfolio. We set expectations regarding the volume and quality of engagement, and we assess climate risk including portfolio carbon footprint and GHG data coverage. To send a unique voting signal to investee companies LGPSC votes its shares - whether externally or internally managed - according to one set of Voting Principles. While the ultimate voting decision rests with LGPSC, we have a procedure through which we capture intelligence and recommendations from external fund managers (See section 5.2 below).

The RI&E Team attends quarterly monitoring meetings with external managers. The purposes of RI&E monitoring is to analyse the level of ESG risk and climate risk embedded in the portfolio, determine whether the manager is successfully integrating ESG considerations into investment decision making in a manner consistent with the process described during initial due diligence. Monitoring is achieved through a combination of our own internal portfolio analysis, inspection of the manager's responses to quarterly data requests, and via dialogue at the quarterly meetings.

LGPSC has developed a Red, Amber, Yellow, Green (RAYG) rating for manager monitoring, of which RI&E is a core component. These ratings get updated each quarter based on the discussion at the manager meetings. The RAYG rating is split into four possible ratings: red (manager fails to convince, warrants formal review with potential manager exit), amber (manager warrants closer scrutiny with potential for going on "watch"), yellow (manager is fulfilling role but with minor areas of concern) and green (manager shows clear strengths tailored to requirement). We score managers on four components of their RI&E approach:

1) Philosophy, people and process
2) Evidence of integration
3) Engagement with portfolio companies
4) Climate risk management

Reflecting its importance, the RI&E component carries 13% of the weight in the overall score.

Private Equity

For our primary private equity funds, LGPSC conducts a review, every 2 to 3 years, of each fund's RI&E processes. We utilise the same five-pillar scoring framework (policy, people, process, performance, and transparency & collaboration) that we assess during the original due diligence. The review is based on literature provided by the manager and on responses to specific RI&E questions put to the manager. Following this, we re-evaluate the manager on each pillar and assess whether they have improved since the initial due diligence. In 2021 LGPSC completed RI&E reviews for all the Funds within our 2018 Fund Vintage. The 2021 Vintage will be reviewed in 2023 and 2024, in line with this policy.

We set and track ESG-related KPIs at all our co-investments. KPIs are measured on an annual basis and revisited each year to ensure relevancy to company strategy and/or regulatory requirements. During the year, we held meetings with all co-investment sponsors to discuss KPIs. See Section 3.1.1 for a detailed discussion.

3.2.4 Cross-team interaction in development of new LGPSC funds

Proposals for product development are discussed and challenged at the IC and the Private Markets Investment Committee (PMIC), which derives its authority from the IC and the Board. The Director of RI&E is a voting member of IC and PMIC. These committees scrutinise investment proposals at a preliminary stage and authorise appropriate expenditure in connection with full due diligence. and negotiation of investments. The RI and Stewardship implications are first discussed and scrutinised during this initial preliminary review. If a proposal is approved, a due diligence report, including due diligence by the RI&E Team, is presented to the IC or PMIC for scrutiny and final approval.

CASE STUDY

Infrastructure Debt

The RI&E Team collaborated closely with the Private Markets Team to establish two Infrastructure Debt funds for LGPSC's Private Debt Real Asset sleeve. During the process, the RI&E Team was granted complete access to the data room and the two chosen managers, who both have strong ESG credentials and are eager to collaborate with LGPSC to improve ESG integration in infrastructure debt. However, there are concerns about the effectiveness of engagement within the asset class, given the hold-to-maturity and long-tenured nature of the debt the fund will support. To address this, the managers and LGPSC have agreed to explore potential solutions and actively participate in establishing standards for the broader industry.

CASE STUDY

Due diligence for Targeted Return funds

Two years ago, LGPSC was asked by its Partner Funds to consider launching a Targeted Return sub-fund. This can be broadly described as a pooled investment fund in which the underlying strategies are liquid, are expected to produce (in combination) consistent positive returns and where the sub-fund does not behave like traditional investment markets such as equities and bonds. Many of the underlying strategies include a range of investments (including derivatives) that are designed to produce positive returns in both rising and falling markets. The asset mix contains some types of investment (such as bank loans, insurance-linked bonds and hedging strategies) for which ESG integration is in its relative infancy. The RI&E Team has conducted due diligence into all of the strategies that are being considered and leveraged its knowledge around leading practice when assessing them. The manner in which ESG signals and data analytics are incorporated into managers' quant models and investment analysis has been considered, as well as whether the use of ESG Futures (where the weightings within the index are based on ESG scores) is relevant. Some of this due diligence was done via meetings with the senior representatives of the respective managers, where the LGPSC Investment Director and RI&E Manager were able to clarify any points relating to the managers approach to ESG integration, monitoring and stewardship. Special regard was given to intent and forward-looking plans to build out KPIs and metrics across all the ESG pillars. It was interesting to note that the managers were using an ESG overlay not just to mitigate risk but also in many instances as a value creation lever for generating better returns. All of them consider the increased integration of RI&E as an on-going project. It is anticipated that the sub-fund will be launched in H2 2023.

PRINCIPLE 8

3.3 Signatories monitor and hold to account managers and/or service providers

3.3.1 Monitoring of external managers

Active Equities

External fund managers are monitored in order to ensure the ongoing application and efficacy of their approaches to RI and Stewardship. Managers report on a quarterly basis to LGPSC in respect of how engagement activities have been discharged during the period in review.

In 2022, LGPSC's external managers conducted 272 direct engagements with companies held in the Global Equity Active Multi-Manager Fund, Emerging Market Equity Active Multi-Manager Fund and Global Sustainable Equity Fund, which was launched during the same year.

These engagement case studies are examples of activities that were followed up in our meetings with the managers.

Thermo Fisher, held by Schroders, LGPSC Global Equities Active Multi Manager Fund

OBJECTIVE:
Raise concerns around Thermo Fisher's exposure to human rights risks arising out of the sale of equipment with potential security applications.

SECTOR:
Medical Equipment

ESG TOPICS ADDRESSED:
Human rights

ISSUE / REASON FOR ENGAGEMENT:
Human rights engagement regarding genetic sequencing

SCOPE AND PROCESS / ACTION TAKEN:
Schroders participated in an ESG engagement with Thermo Fisher regarding their current human rights due diligence and commercial controls around sale of genetic sequencers in China.

OUTCOMES AND NEXT STEPS:
The company confirmed they have stopped selling genetic sequencers in Xinjiang, but also to all police bureaus across the country. Regarding enhanced human rights due diligence, Thermo Fisher now require due diligence into end customers and use of their products, with distribution being terminated if customers violate Thermo Fisher's requirements. The company has incorporated similar policies into other regions where similar risks could arise. Following this engagement, Schroders were comfortable that Thermo Fisher had sufficiently addressed its concerns.

Chinese communications company, held by Vontobel, LGPSC Emerging Markets Equities Active Multi Manager Fund

OBJECTIVE:
Ensure the company is not undermining civil liberty and freedom of expression by going beyond the requirements of Chinese law regarding censorship.

SECTOR:
Communications

ESG TOPICS ADDRESSED:
Digital rights and freedom of expression

ISSUE / REASON FOR ENGAGEMENT:
The company was downgraded to Fail for the UNGC Principle 2 on grounds of complicity in human rights abuses. As Chinese companies must abide by Chinese laws which require platform providers to censor content and messages.

SCOPE AND PROCESS / ACTION TAKEN:
In the first engagement, the company shared that they are considering becoming a UNGC signatory and sought Vontobel's input on next steps. Vontobel suggested they publish a transparency report, a policy on government requests, and establish a human rights due diligence process. In the second call, the company informed Vontobel that they have published a privacy policy user service agreement and law enforcement data request handling procedures on its media platforms. Vontobel steered their focus back towards freedom of expressions and human rights. The company shared that they are working on increasing disclosure in the upcoming ESG Report.

OUTCOMES AND NEXT STEPS:
In the next meeting, Vontobel will review the new ESG report and share their opinions. Meanwhile, they have taken the lead investor role in a collaborative engagement with the company, and will soon establish goals and milestones for that engagement.

Engagement undertaken by LGPSC's external managers in 2022 has been comprehensive. Several of these managers hold sizeable positions in their highest conviction portfolio holdings, giving them direct access to company management which have been used effectively to drive company change in the past. On any occasions where the level of engagement disclosure was unsatisfactory, or where the link between an engagement and subsequent investment decision-making was not clear, fund managers were marked down during our RAYG rating (red – amber – yellow – green) review and LGPSC discussed its concerns in the quarterly meetings.

An example of LGPSC changing the RAYG rating occurred in Q2 2022. Going into 2022, one of our managers was downgraded to a 'Yellow' rating due to concerns around the lack of disclosure around ESG analysis on new additions to the fund. The issue persisted in Q1 2022 which prompted a warning that the RAYG rating will be downgraded further to an 'Amber'. LGPSC reiterated our expectations for managers' ESG integration activities during our quarterly review meeting with the manager, and disclosure forms a key part of this expectation. Following this, the level of disclosure greatly improved in Q2 and Q3 2022. The manager now provides a summary of their analysis of ESG risks and opportunities and flags new ESG issues associated with current and new investee companies. As a result, we are able to gain greater confidence that ESG is integrated into their investment analysis.

Fixed Income

LGPSC views engagement with fixed income issuers as essential and value accretive, both via information gains and via the potential to influence company management. LGPSC observes this belief when selecting and onboarding managers. We look for evidence of robust issuer engagement and any manager unable to provide this is marked down. Once appointed, LGPSC monitors engagements undertaken by fixed income managers during quarterly meetings. We seek to determine whether the manager is delivering the level of engagement that was discussed during our initial due diligence. We challenge accordingly if the response is unsatisfactory. These discussions subsequently feed into LGPSC's manager scoring system.

We consider our fixed income managers to have conducted meaningful and effective engagement in 2022. Throughout the year, LGPSC's external managers conducted 260 direct engagements with companies held in the Global Active Investment Grade Corporate Bond Multi Manager Fund, Global Active Emerging Market Bond Multi Manager Fund and Multi Asset Credit Fund. We provide below two case studies of engagements our managers have undertaken on our behalf.

Vale, held by Western Asset, LGPSC Multi Asset Credit Fund

OBJECTIVE:
Express concerns regarding risk of stranded assets embedded in thermal coal, alongside just transition considerations relating to the company's socioeconomic role in the region.

SECTOR:
Mining

ESG TOPICS ADDRESSED:
Climate risk and just transition.

ISSUE / REASON FOR ENGAGEMENT:
Management of stranded asset risk while considering the just transition.

SCOPE AND PROCESS / ACTION TAKEN:
Western Asset met with the company on several occasions to discuss the issues outlined above.

OUTCOMES AND NEXT STEPS:
During follow-up meetings Western Asset learned that the company bought additional shares from a main shareholder to simplify the ownership structure of their coal assets. Western Asset received confirmation that Vale are looking for a responsible partner to take over their operations and honour their socioeconomic commitments to the region. A year later, the company confirmed that they had sold their thermal coal asset, concluding the two-year long engagement.

Anheuser-Busch InBev S.A., held by Neuberger Berman, LGPSC Corporate Bond Fund

OBJECTIVE:
To encourage the company to establish and publicly disclose its ESG objectives around smart agriculture goals, water stress, circular packaging, product portfolio, and diversity and inclusion.

SECTOR:
Consumer Discretionary

ESG TOPICS ADDRESSED:
Disclosure of ESG and diversity objectives.

ISSUE / REASON FOR ENGAGEMENT:
The Anheuser-Busch InBev S.A.'s Company's ESG reporting practices lagged sector peers, making it difficult to analyse and benchmark performance on material metrics.

SCOPE AND PROCESS / ACTION TAKEN:
Neuberger Berman undertook due diligence with the members

of company's Treasury team and the Head of Sustainability. Neuberger Berman sought to educate the issuer on the importance of disclosing key metrics such as water intensity and diversity performance.

OUTCOMES AND NEXT STEPS:
Following this engagement, Anheuser Busch published its first ever standalone ESG report and implemented Neuberger Berman's feedback on publicly disclosing more detailed information around water sourcing and geographic priority areas. While this is a positive outcome, Neuberger Berman are continuing to engage with the issuer for even greater disclosure on additional information and goals regarding diversity and inclusion.

Private Markets

Private equity fund managers are monitored through regular RI&E reviews every 2-3 years. The review of our 2018 private equity vintage was conducted in 2021, with all of our private equity managers improving their respective ratings against our five-pillar scoring framework. Figure 3.3.1.1 provides a summary of the areas where our private equity managers made improvements in 2021.

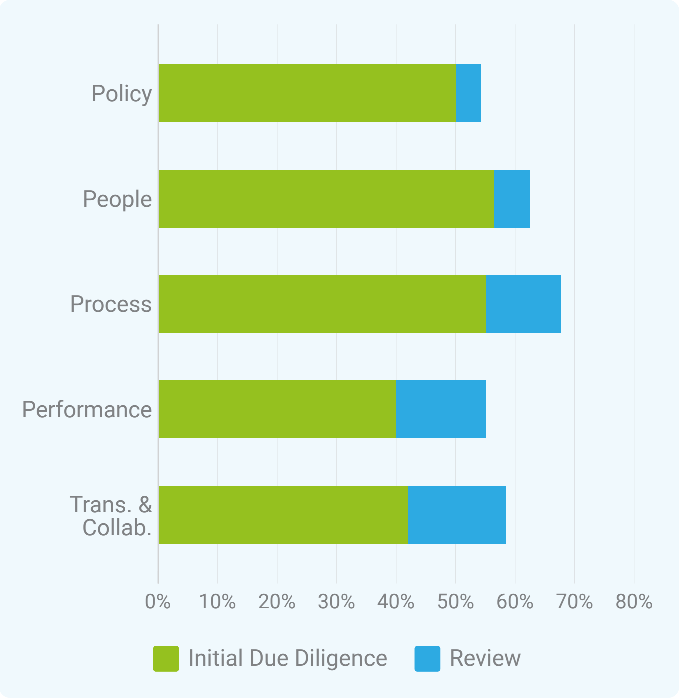


Figure 3.3.1.1 RI&E improvements between the initial due diligence and review

At a high level, we observed the following trends within our 2021 Private Equity RI&E Reviews. GPs are rapidly expanding their RI&E resource. A number of our managers are hiring dedicated ESG professionals, initiating ESG working groups and utilising external advisors to provide RI training for all staff members. In turn, we've seen an increase in the number of GPs collecting ESG data from their portfolio companies. Transparency has also improved, with more GPs offering annual ESG reports and material incident reporting to LPs. While these trends are positive, we are conscious that private markets continue to lag public markets in several aspects, so we will continue to engage with our private equity managers on these areas. A particular focus point for LGPSC going forward includes pushing for even greater transparency as we would like to see greater standardisation in the metrics reported across different private equity funds. We will also conduct a review of our 2021 vintages within the next year.

We also held ad-hoc discussions with several private debt managers during the year. We have identified private debt as an asset class to focus on, due to the perceived difficulty to integrate ESG within the asset class. During these meetings, we discussed how our managers utilise the ESG Integrated Disclosure Project's (IDP) template. The ESG IDP is an industry initiative with a goal to promote greater harmonisation and consistency of disclosure of key ESG indicators by borrowers in private credit and syndicated loan transactions. We also introduced some managers to Sociovestix Labs Net Zero Zeal Analysis. A research and analysis tool we have been using to analyse the net zero commitments of investee companies across equity, fixed and private market mandates. One of our managers indicated that they will be registering as a B-Corp.

We have implemented a policy requiring all co-investment sponsors to establish ESG-related KPIs for their investee companies. These KPIs should be tailored to the investee companies' specific situation and align with the company's overall strategy. In 2022, we received progress reports on each companies' performance against their respective KPIs. The majority were on track to meet their KPIs, but we expect relevant sponsors to create an action plan where there was a shortfall. We also reviewed the relevance of the established KPIs. LGPSC was impressed with the comprehensive and detailed monitoring and KPI program, which exceeded our expectations. We will continue to receive annual updates on the dashboard and KPIs, allowing us to track the firm's progress. Additionally, we plan to meet with the GP on an annual basis to discuss potential areas for future enhancement.

Future developments to the manager monitoring

We undertook a three-yearly review of our Active Equity managers in 2022. While we attend regular monitoring meetings, these reviews will include a deep dive of the managers RI processes so LGPSC can ensure their ESG integration remains best practice. We have also designed a net zero-focused questionnaire and distributed it to each manager to establish their approach to Paris alignment/net zero. The questionnaire's purpose is to gauge whether our current roster of funds can naturally align with our net zero target, or if specific adjustments are necessary to achieve this goal.

In 2022, LGPSC advocated the adoption of the ESG Data Convergence Initiative amongst our Private Markets managers, We consider that this initiative has the potential to make a valuable contribution to the standardisation of ESG data across the private equity industry, and eventually the private debt industry, by providing one set of metrics for companies to report against. In collaboration with our investment colleagues we contacted all of our GPs to identify whether they have joined or intend to join this project and will work with our GPs over the next year to encourage participation, or the adoption of equivalent reporting practices.

This is further evidence of LGPSC's commitment to integrating RI across all asset classes and our belief that RI is not just the prerogative of the RI&E Team, it is something that all colleagues need to embrace if we are to realise the full benefits.

3.3.2 Review of EOS' services

LGPSC holds, at a minimum, one client service review meeting per year with EOS to discuss our overall satisfaction with their services, any issues over the previous period; alongside engagement and voting trends and voting policy reviews. However, we meet more frequently during the year to discuss specific votes and engagements and we find this ongoing dialogue to be extremely helpful particularly during proxy voting season. The EOS Team also attend our quarterly PAF RIWG meetings, which gives our Partner Funds the opportunity to ask specific questions about engagements and prioritisation. Further to this, there are multiple touchpoints for clients to review EOS' activities, by way of regular reporting (client portal, quarterly and annual reporting) and opportunities to provide feedback, for instance through EOS' semi-annual client conference which incudes client-only discussion forum.

The RI&E Team undertakes an annual review of EOS' services to provide assurance to the IC that the Stewardship Provider, EOS at Federated Hermes, is delivering sufficiently against the terms of the contract. This document is issued to and approved by the IC on an annual basis.

Summary for 2022 review:

- EOS has given generally strong and value-adding services to LGPSC, including close dialogue during voting season related to LGPSC's Voting Watch List.
- EOS has given direct support to Partner Funds through participation at all PAF RIWG meetings during the year.

KPI AREA	*KPI REVIEW*
GLOBAL ENGAGEMENT	Engaged 833 companies, with a regional and thematic breakdown shown below.
ENGAGEMENT QUALITY	At least one milestone was moved forward for 55% of current engagement objectives.
VOTING COVERAGE	Made voting recommendations at 3,443 meetings, with a regional breakdown shown below.
CLIENT SERVICE	Majority of queries to EOS were dealt with in less than 48 hours.
COMPLAINT HANDLING	No formal complaints were escalated during 2022.
CLIENT SERVICE MEETING	Several meetings were held pre, during and post voting season 2022 relating to planning of voting season and overall feedback on EOS' services.
REPORTING PUNCTUALITY	Reporting has generally been on schedule. Several instances of incomplete reports, however this was rectified once raised by LGPSC.
REPORTING QUALITY	Overall good quality.
TEAM STABILITY	Staff turnover during 2022 was just below 23%. Following a peak of 32% in 2021, it appears that turnover is beginning to normalise, returning to previous years' figures (10% in 2020 and 19% in 2019).

Figure 3.3.1.2 Regional and thematic breakdown of EOS' engagements on behalf of LGPSC

DEVELOPED ASIA

We engaged with 96 companies over the last year.

- Environmental **31.0%**
- Social and Ethical **21.1%**
- Governance **37.9%**
- Strategy, Risk and Communication **10.0%**

EMERGING & DEVELOPING MARKETS

We engaged with 92 companies over the last year.

- Environmental **29.0%**
- Social and Ethical **23.0%**
- Governance **32.9%**
- Strategy, Risk and Communication **15.1%**

EUROPE

We engaged with 189 companies over the last year.

- Environmental **30.5%**
- Social and Ethical **21.2%**
- Governance **36.1%**
- Strategy, Risk and Communication **12.2%**

NORTH AMERICA

We engaged with 334 companies over the last year.

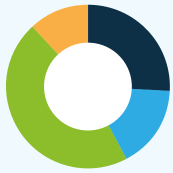
- Environmental **29.3%**
- Social and Ethical **24.4%**
- Governance **32.9%**
- Strategy, Risk and Communication **13.5%**

UNITED KINGDOM

We engaged with 91 companies over the last year.

- Environmental **26.8%**
- Social and Ethical **23.7%**
- Governance **42.2%**
- Strategy, Risk and Communication **7.3%**

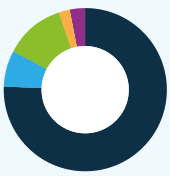
AUSTRALIA & NEW ZEALAND



We engaged with 31 companies over the last year.

- Environmental **25.9%**
- Social and Ethical **16.5%**
- Governance **45.9%**
- Strategy, Risk and Communication **11.8%**

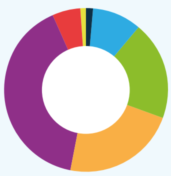
ENVIRONMENTAL



Environmental topics featured in 29.5% of our engagements over the last year.

- Climate Change **75.7%**
- Forestry and Land Use **7.0%**
- Pollution and Waste Management **12.2%**
- Supply Chain Management **2.1%**
- Water **2.9%**

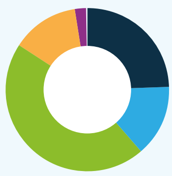
SOCIAL AND ETHICAL



Social and Ethical topics featured in 22.8% of our engagements over the last year.

- Bribery and Corruption **1.4%**
- Conduct and Culture **9.8%**
- Diversity **19.5%**
- Human Capital Management **22.4%**
- Human Rights **40.4%**
- Labour Rights **5.5%**
- Tax **0.9%**

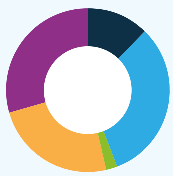
GOVERNANCE



Governance topics featured in 35.3% of our engagements over the last year.

- Board Diversity, Skills and Experience **24.6%**
- Board Independence **14.2%**
- Executive Remuneration **45.6%**
- Shareholder Protection and Rights **13.2%**
- Succession Planning **2.5%**

STRATEGY, RISK & COMMUNICATION

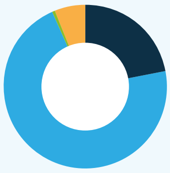


Strategy, Risk and Communication topics featured in 12.4% of our engagements over the last year.

- Audit and Accounting **12.3%**
- Business Strategy **32.1%**
- Cyber Security **2.1%**
- Integrated Reporting and Other Disclosure **24.2%**
- Risk Management **29.3%**

Figure 3.3.1.3 Regional breakdown of EOS' voting recommendations

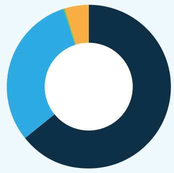
EUROPE



We made voting recommendations at **546** meetings (**9,499** resolutions) over the last year.

- Total meetings in favour **22.0%**
- Meetings against (or against AND abstain) **71.4%**
- Meetings abstained **0.5%**
- Meetings with management by exception **6.0%**

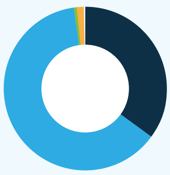
UNITED KINGDOM



We made voting recommendations at **449** meetings (**6,937** resolutions) over the last year.

- Total meetings in favour **64.4%**
- Meetings against (or against AND abstain) **30.7%**
- Meetings abstained **0.4%**
- Meetings with management by exception **4.5%**

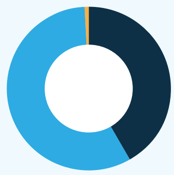
EMERGING & FRONTIER MARKETS



We made voting recommendations at **754** meetings (**7,859** resolutions) over the last year.

- Total meetings in favour **35.3%**
- Meetings against (or against AND abstain) **62.6%**
- Meetings abstained **0.7%**
- Meetings with management by exception **1.5%**

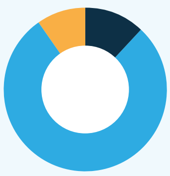
DEVELOPED ASIA



We made voting recommendations at **892** meetings (**9,285** resolutions) over the last year.

- Total meetings in favour **41.7%**
- Meetings against (or against AND abstain) **57.7%**
- Meetings with management by exception **0.6%**

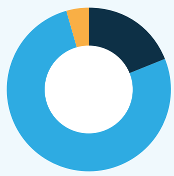
NORTH AMERICA



We made voting recommendations at **666** meetings (**8,169** resolutions) over the last year.

- Total meetings in favour **12.0%**
- Meetings against (or against AND abstain) **78.5%**
- Meetings with management by exception **9.5%**

AUSTRALIA & NEW ZEALAND



We made voting recommendations at **136** meetings (**789** resolutions) over the last year.

- Total meetings in favour **19.1%**
- Meetings against (or against AND abstain) **76.5%**
- Meetings with management by exception **4.4%**

04 Engagement

PRINCIPLES
9-11

PRINCIPLE 9

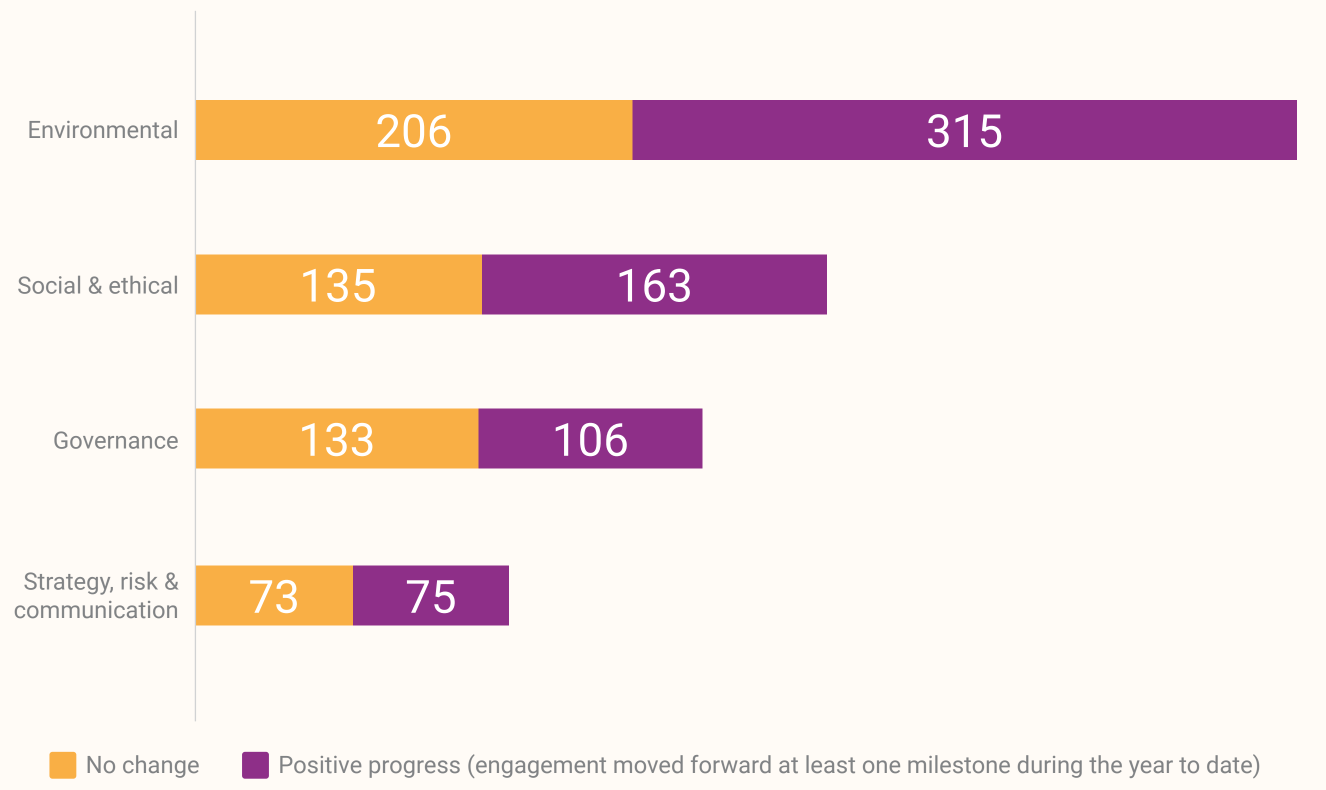
4.1 Engagement with issuers

Alongside our own direct engagements, we have partners that engage companies on our behalf: EOS at Federated Hermes (Stewardship provider to LGPSC) and the Local Authority Pension Fund Forum (LAPFF). Our appointed external managers are also expected to engage actively with their investee companies. Through these partnerships, LGPSC was able to engage more than 1,000 companies on material ESG related issues in the course of 2022. Below we give further detail on a selection of engagements.

4.1.1 Engagement by Stewardship Provider

Most of these engagements were conducted by EOS who engaged with 833 companies on 3,477 environmental, social, governance, strategy, risk and communication issues and objectives.[2] EOS takes a holistic approach to engagement and typically engage with companies on more than one topic simultaneously. Over 35% of engagements centred around governance issues, and close to 30% involved discussions on environmental issues. 2,128 of the issues and objectives engaged in 2022 were linked to one or more of the UN Sustainable Development Goals (see Figure 4.1.1.2 below). At least one milestone[3] was moved forward for about 55% of EOS' engagement objectives during the year. Figure 4.1.1.1 below describes how much progress has been made in achieving the milestones set for each engagement.

Figure 4.1.1.1 Progress against engagement objectives in 2022

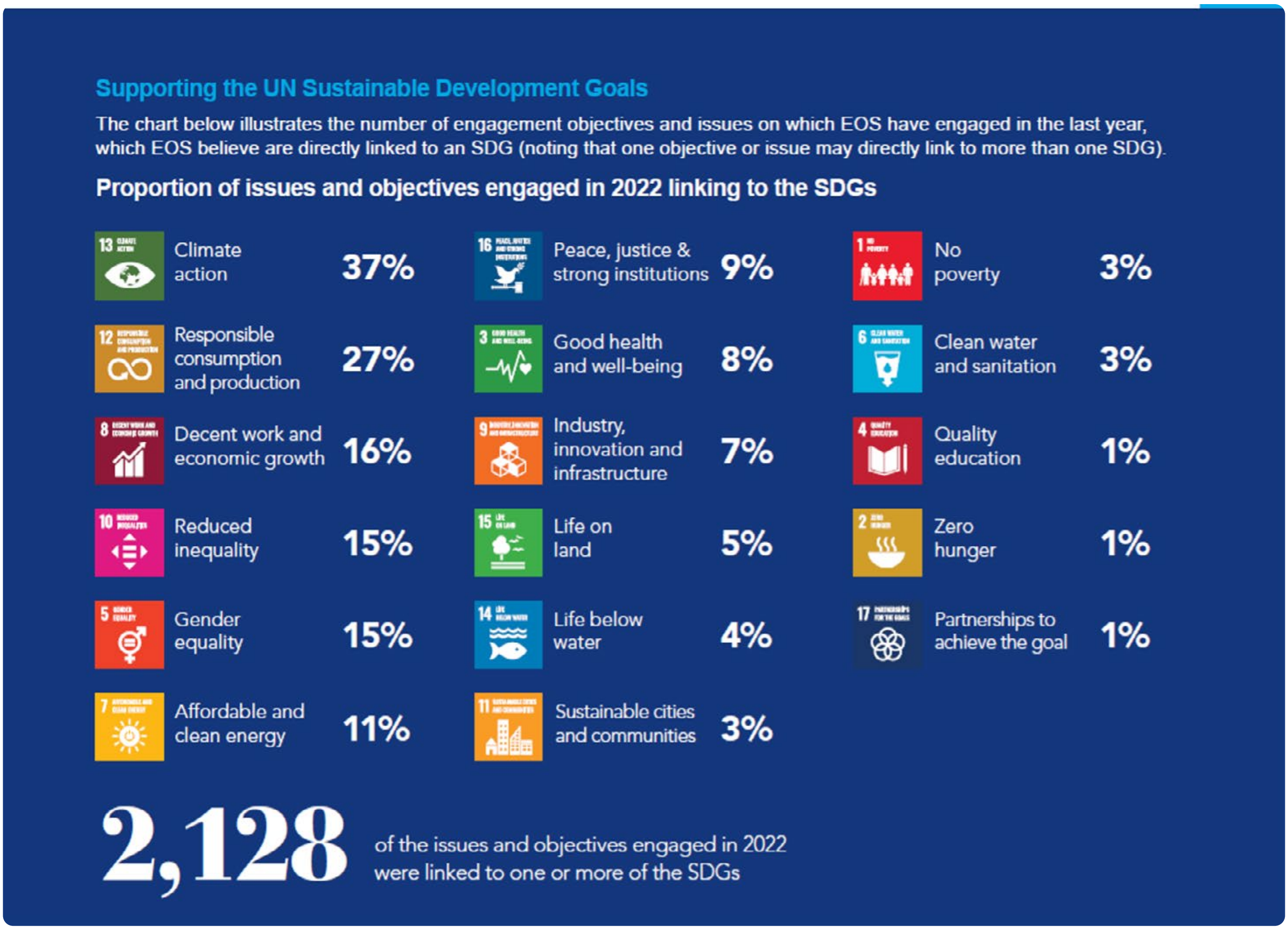


[2] Our Stewardship provider EOS distinguishes between engagement issue and engagement objective. Specific engagement objectives will be set at the beginning of company dialogue and progress is measured on these through a proprietary milestone system. An issue is a topic EOS has raised with a company in engagement, for instance around the time of an AGM, but where a precisely defined outcome for the engagement has not been set in advance. This can be more appropriate if the issue is of lower materiality and EOS would not anticipate engaging with the frequency required to pursue an engagement objective.

[3] EOS' proprietary milestone system allows tracking of engagement progress relative to the objectives set at the beginning of interactions with companies. The specific milestones used to measure progress in an engagement vary depending on each concern and its related objective. They can broadly be defined as follows:

- **Milestone 1** Concern raised with the company at the appropriate level
- **Milestone 2** The company acknowledges the issue as a serious investor concern
- **Milestone 3** Development of a credible strategy/Stretching targets set to address the concern
- **Milestone 4** Implementation of a strategy or measures to address the concern

Figure 4.1.1.2 Engagement supporting the UN Sustainable Development Goals



4.1.2 Engagement by LAPFF

LGPSC and all our Partner Funds are members of the LAPFF. LAPFF conducts engagements with companies on behalf of local authority pension funds. In 2022, LAPFF engaged 294 companies, sent over 150 correspondences, attended over 80 meetings and 9 AGMs across a spectrum of material ESG issues. In these engagements, LAPFF saw 133 instances of improvements or change in progress.

4.1.3 Stewardship Themes

It is not feasible to engage all companies we hold through ACS portfolios (currently c2,900 companies held across all equity portfolios), even with the assistance of a high-calibre external stewardship specialist. Identifying core themes that are material to our investment objectives and time horizon, and that are perceived to be of relevance to stakeholders, helps prioritise and direct engagement.

In collaboration with our Partner Funds, we have continued to focus on four core engagement themes which are set for a three-year period.

- Climate Change
- Plastic Pollution
- Responsible Tax Behaviour
- Human Rights

4.1.4 Stewardship Theme engagements - progress and outcomes

4.1.4.a Climate Change

STEWARDSHIP STRATEGY:

Engagements are undertaken directly with investee companies and through key collaborative initiatives such as CA100+, IIGCC and TPI.

MEASURES OF SUCCESS:

We assess progress against the underlying objectives of the CA100+ engagement project, and against improvements in investee companies TPI scores for management quality and carbon performance. Our aims are:

- To lead or be in the focus group of at least five CA100+ company engagements over the next year, prioritising engagements that overlap with companies that are identified as high risk within Partner Fund CRRs
- To see progress in the CA100+ Benchmark Framework (launched March 2021)
- To see improvements in the TPI score for management quality in key engagements
- To see improvements in the TPI score for carbon performance in key engagements

These aims will evolve as we roll out our Net Zero strategy in 2023.

ENGAGEMENT HIGHLIGHTS DURING 2022:

- 547 companies engaged on 1,022 climate-related issues and objectives with progress on 378 specific objectives.
- Following a surge in climate transition plan disclosure, alongside a corresponding increase in “Say on Climate” votes at corporate AGMs, these areas have increased in relevance for CA100+ co-leads, including LGPSC. LGPSC voted against climate-related resolutions at the AGMs for Shell, BP and Glencore. We followed up the votes at Shell’s AGM with a letter to the Chair of the Board detailing our rationale for the vote.
- Provided evidence to the Court in respect of ClientEarth’s legal action against Shell’s board of directors with respect to climate matters.
- Examples of engagements carried out by EOS include several meetings with management at BP to challenge their climate strategy. EOS also made a statement at the company’s AGM.
- EOS also engaged with TotalEnergies, having determined that the company’s climate strategy remained materially below their sector-specific expectations. EOS escalated their concerns by pre-declaring their intention to recommend a vote against the company’s climate change progress report. EOS also met with the CEO at Total’s headquarters in Paris.
- In the mining sector “Say on Climate” votes were also common in 2022. In engagement ahead of the votes, EOS discussed different approaches to targeting Scope 3 emission reductions with Anglo American and Rio Tinto.

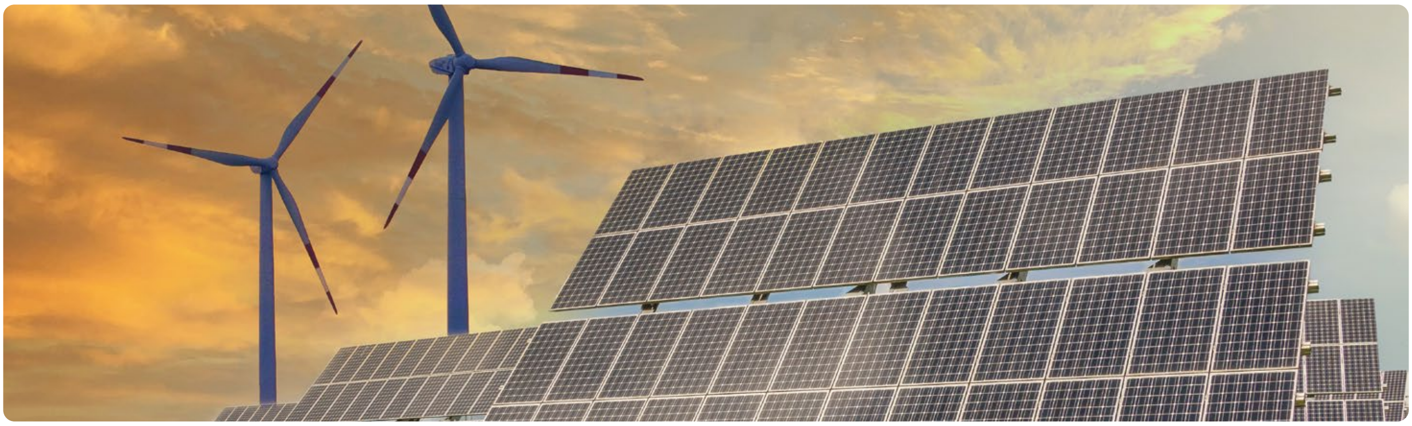
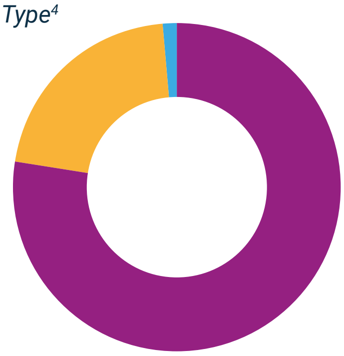


Figure 4.1.4a.1 Breakdown of Climate Change Engagement by Type[4]



CLIMATE ENGAGEMENT CASE:

Glencore

THEME:
Climate change

OBJECTIVE:
We expect companies to set clear, reasonable, and measurable climate action targets aligned with the Paris Agreement. We also compare those targets with the company's industry peers, as well as Paris-aligned sector pathways, and engage with the company in case of any major deviations.

ENGAGEMENT:
We sent a letter to the CEO of Glencore, outlining concerns that led us to vote against Glencore's climate progress report at the 2022 AGM. Glencore's total carbon footprint is highly correlated with coal production. We take the view that the company should seek alignment with the IEA NZ2050 coal pathway rather than an overall fossil fuel pathway. Based on Glencore's current disclosures, we are concerned that Glencore's current plans to reduce coal production over the next decade appear inconsistent with a 1.5°C trajectory. In a letter to Glencore's CEO in December 2022, signed by eight investors including LGPSC, we reiterated this concern asking for clarification on the expansion of capital expenditure for thermal coal and whether this is consistent with a 1.5°C trajectory.

OUTCOME:
The company provided the requested detail in its 2022 Climate Report, as promised. In December 2022, Glencore decided to withdraw a coal project in Australia from the current approvals process. The company has since made an unsolicited offer for Teck Resources, with a view to simultaneously demerge the combined coal and metals asset. We are seeking a meeting with the company to discuss how this will affect Glencore's achievement of climate targets and the responsibly managed decline of coal assets, alongside other issues raised.

[4] This chart shows how LGPS Central carried out each of its engagements on climate change.
"Stewardship Provider" relates to engagements carried out by EOS, LGPS Central's Stewardship Provider.
"Partnership" relates to engagements carried out in partnership with other companies or organisations, including CA100+, LAPFF, and PRI.
"Direct" relates to bilateral engagements carried out directly by LGPS Central.

4.1.4b Plastic pollution

STEWARDSHIP STRATEGY:
To leverage investor collaboration opportunities for instance through the PRI Plastics Working Group and Investor Forum's Marine Plastic Pollution project. Voting will be engagement led, and we will consider co-filing or supporting shareholder resolutions that relate to better risk management (reduce plastic use, reduce plastic waste, increase recycling, invest in relevant R&D).

MEASURES OF SUCCESS:

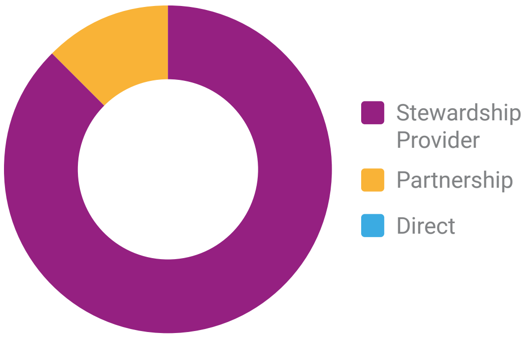
- We aim for positive interactions at senior levels of target companies and acknowledgement of plastic pollution as a business risk, along with commitments to strategies or targets to manage those risks
- We aim to lead or be part of at least five plastics-related company engagements over the next financial year
- We aim to support investor expectations – e.g., as expressed by the PRI Working Group – in dialogue with companies

ENGAGEMENT HIGHLIGHTS DURING 2022:

- 43 companies engaged on 56 plastics and circular economy related issues and objectives, with progress on 15 specific objectives.
- LGPSC continues to participate in a collective engagement on microfibres. As part of this engagement, LGPSC co-signed a letter to the Secretary of State for Environment, Food, and Rural Affairs to highlight concerns over the risk posed by microfibre pollution, recommending the government mandate the installation of microfibre filters in all new washing machine filters from 2025.
- During the first half of 2022, LGPSC engaged with 7 companies regarding the use of plastic packaging. Each of the manufacturers in the engagement program had plastic pollution reduction as a corporate priority.

This engagement led to a recognition of the need for government intervention, which prompted one of the collaborators to invite investors to support the "business statement for a legally binding UN Treaty on plastic pollution". 37 institutional investors have now signed that statement.

Figure 4.1.4b.1 Breakdown of Plastic Engagement by Type



CASE STUDY:

PRI Plastics WG (sub-group) – engagement with six packaging companies

THEME:

Plastic pollution

OBJECTIVE:

Engagement project with six packaging companies, asking them to reduce, re-use and replace fossil-fuel based plastics in their packaging products.

ENGAGEMENT:

Meetings have been held with senior management at Amcor (Australia), Berry Global (US), Huhtamaki Oyj (Finland), LyondellBasell (US), Mondi (UK) and Sealed Air (US). We have asked for more transparency on materials used, (more ambitious) targets for the use of more sustainable and circular materials, and ESG performance indicators in executive remuneration. Companies have responded positively to our asks e.g., by introducing SASB reporting standards providing more insight into materials used. Overall, dialogues have been very constructive. All companies have set plastic reduction/ recycling/reuse targets which show ambition. We have also seen progress with companies on adding ESG related KPIs in remuneration. We would like to see removal of plastics and use of alternative materials scaled up.

OUTCOME:

This engagement project will now be closed after two years due to steady progress by these packaging companies. While we would like to see greater ambition (short/medium-term targets) and greater degree of removal of plastics, we are now considering whether engagement effort should be focused on another part of the plastics value chain.

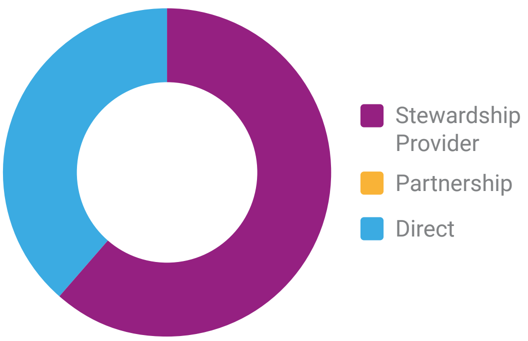
4.1.4c Responsible Tax Behaviour

STEWARDSHIP STRATEGY:
We will leverage investor collaboration opportunities for instance through PRI Tax Investor Working Group and a Tax Roundtable (led by NBIM (Norway) and APG (Netherlands). Voting will be engagement led, and we will consider co-filing or supporting shareholder resolutions that relate to better risk management (through tax policy, board oversight and country-by-country reporting).

MEASURES OF SUCCESS:

- We aim for positive interactions at senior levels of target companies and acknowledgement of lack of tax transparency as a business risk, along with commitments to strategies or targets to manage those risks
- We aim to lead or be part of at least five tax-related company engagements over the next financial year
- We aim to support investor expectations – e.g., as expressed by the Global Reporting Initiative (GRI) Tax Standard and the UK Fair Tax Mark – in dialogue with companies

Figure 4.1.4c.1 Breakdown of Tax Engagement by Type



ENGAGEMENT HIGHLIGHTS DURING 2022:

- 11 companies engaged on 13 tax related issues and objectives, with progress on two specific objectives.
- LGPSC as part of a group of institutional investors previously engaged with Barrick Gold regarding their tax policy and transparency. This collaboration group has provided feedback to Barrick Gold on their Inaugural 2021 Tax Contribution Report.
- LGPSC as part of a collaboration lead by PRI engaged with Experian, to provide feedback regarding their 2022 tax report.
- LGPSC joined the PIRC and CICTAR Initiative on Responsible Corporate Tax. The initiative aims to facilitate active, collaborative engagements with multinationals on tax transparency and responsible tax. In May 2022 PIRC published a tax brief outlining the expectations of the companies.
- LGPSC supported 3 shareholder resolutions related to tax transparency during 2022 at Microsoft, Amazon and Cisco Systems.

CASE STUDY:

Amazon.com, Inc.

THEME:

Responsible Tax Behaviour

OBJECTIVE:

We recognise the importance of companies being accountable for and transparent about their tax practices. We expect portfolio companies to have a tax policy that outlines the company's approach to taxation and how it aligns with the overall business strategy. We also expect companies to have a robust tax governance and management framework in place, to pay taxes where economic value is created and to provide country-by-country reporting.

Through our engagement with companies on tax, we aim to support investor expectations – e.g., as expressed by the GRI Tax Standard and the UK Fair Tax Mark – in dialogue with companies.

ENGAGEMENT:

In March 2022, in support of a shareholder proposal at **Amazon** asking for tax transparency, we signed a letter to the SEC, alongside over 100 other investors. The company had earlier in January 2022 written to the SEC requesting approval for the shareholder resolution to be excluded from voting at the AGM.

OUTCOME:

The SEC ruled in favour of the shareholders and hence the proposal was put to a vote. **This represented one of the first times the regulator granted a shareholder request on tax matters.** The proposed tax transparency report had to be in line with the GRI Tax Standard. We voted in favour of this resolution, and it received 17.5% shareholder support which is reflective of shareholder concerns.

CASE STUDY:

Barrick Gold

THEME:

Responsible Tax Engagement

OBJECTIVE:

We recognise the importance of companies being accountable for and transparent about their tax practices. We expect portfolio companies to have a tax policy that outlines the company's approach to taxation and how it aligns with the overall business strategy. We also expect companies to have a robust tax governance and management framework in place, to pay taxes where economic value is created and to provide country-by-country reporting. Through our engagement with companies on tax, we aim to support investor expectations – e.g., as expressed by the GRI tax standard and the UK Fair Tax Mark – in dialogue with companies.

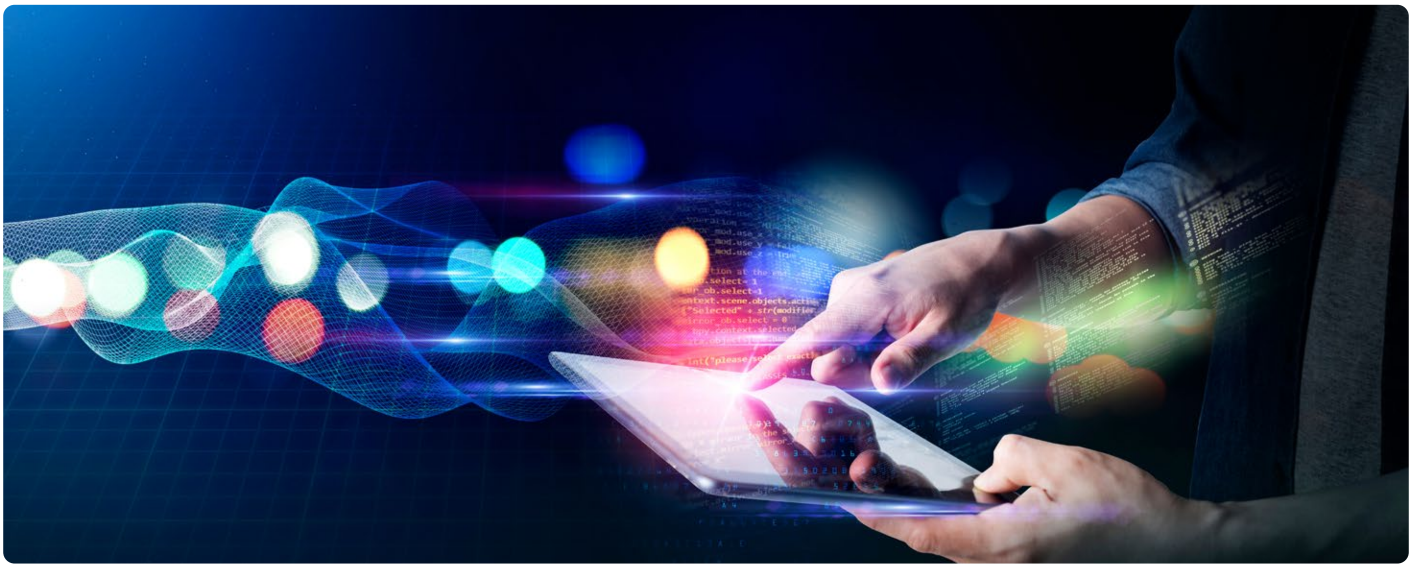
ENGAGEMENT:

In April 2022, Barrick Gold published their inaugural tax report. While the report represented a positive step forward for the company in terms of tax transparency, there were some areas which we felt could be further improved. In particular, these included the potential for country-by-country tax reporting, as well as further details regarding subsidiaries which are registered in low tax jurisdictions.

OUTCOME:

This is an ongoing engagement, with investors providing annual feedback to the company. In 2023 Barrick Gold released their new tax report, prompting a new round of investor feedback and collaboration. As Barrick Gold is a member of the International Council on Mining and Metals (ICMM), it will have to follow the ICCM's commitment to include country-by-country reporting by 2025. This will likely by a key focus for the engagement going forwards.

4.1.4d Human rights



STEWARDSHIP STRATEGY:

We recognise the importance of human rights as a business risk and aim to engage with investee companies to ensure appropriate management of this risk. We leverage opportunities to collaborate such as the Modern Slavery Act engagement with FTSE 350 companies. We also collaborated with LAPFF to engage with companies that operate in areas of conflict/high risk such as Occupied Palestinian Territories and and engaged our external managers around their indirect portfolio exposures to Xinjiang province in China. We will also actively participate in the PRI's "Advance", stewardship initiative for human rights and social issues. We will consider co-filing and/or supporting shareholder resolutions in cases where companies are in breach of the Modern Slavery Act and against the reappointment of Board members in cases where companies do not respond to engagement on human rights risks.

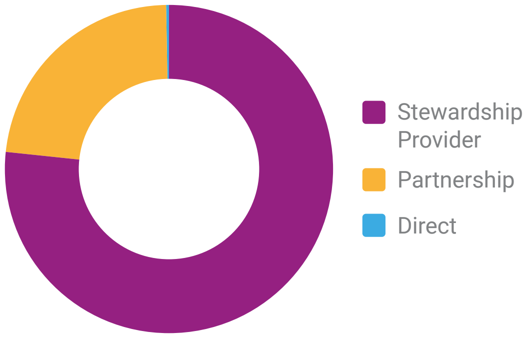
ENGAGEMENT HIGHLIGHTS DURING 2022:

- 277 companies engaged on a range of 427 broader human rights risks. Progress was seen in 124 cases against specific objectives and three engagements were concluded during the year.
- LGPSC has collaborated with the Swedish Council on Ethics and other institutional investors to conduct engagement with tech giants with the aim of strengthening their management of human rights risks and impacts.
- LGPSC engaged with Meta during September 2022 where several topics were discussed, including Meta's first human rights risk report.
- LGPSC met with ITV to review their approach to the management of modern slavery risk and their Modern Slavery Act compliance.
- LGPSC were also able to meet with Tritax during July 2022, to discuss their approach to modern slavery.

MEASURES OF SUCCESS:

- We aim for positive interactions at senior levels of target companies and acknowledgement of relevant risk factors.
- We seek Board oversight of human rights risk; company policy to respect human rights; relevant measures to manage human rights risks integrated into corporate business strategy, risk management and reporting; engagement with stakeholders and grievance mechanisms. Where relevant we expect to see policies relating to, and external verification of the management of human rights risks in conflict areas.
- We expect strategies for responsible business conduct to follow the UN Guiding Principles for Business and Human Rights, where applicable.
- We encourage improvements in benchmarks such as Ranking Digital Rights and the Workforce Disclosure Initiative (WDI).

Figure 4.1.4d.1 Breakdown of Human Rights Engagement by Type



CASE STUDY:

ITV Plc

THEME:

Modern Slavery

OBJECTIVE:

Over the last two years, LGPSC has been a member of a collaborative investor-initiative convened by Rathbones Group Plc (Rathbones) that has successfully encouraged laggard **FTSE 350 companies** to meet the reporting requirements of Section 54 of the Modern Slavery Act 2015. According to the Act, companies with a turnover of more than £36 million per year must publish a Modern Slavery statement and ensure that the statement is approved by the board; signed by a director; and reviewed annually and published on the company's UK website. We engage with companies to gain a detailed understanding of their approach to modern slavery risks, including modern slavery governance, policies, and mitigation.

ENGAGEMENT:

Alongside Rathbones, we held a meeting with **ITV plc** discussing the company's management of modern slavery risks. We discussed ITV's corporate governance process and asked whether there are any plans to link modern slavery targets to executive pay. We also discussed the company's practices on whistleblowing, past whistleblowing instances due to modern slavery, training, and the company's collaboration efforts to tackle the issue. We also asked the company about its supply chain and oversight of suppliers, including identification of high-risk suppliers and conducting unannounced audits.

OUTCOME:

We were able to get comfort around ITV's commitment to the management and mitigation of modern slavery risk. The company is compliant with the Modern Slavery Act and has published its sixth Modern Slavery Act Transparency Statement. In terms of modern slavery risk governance, the company's General Counsel is the executive sponsor and heads the steering committee which meets on ad-hoc basis. The new Chair is also the chair of another company, which is generally more exposed to modern slavery, bringing relevant experience for robust risk management. ITV also provides appropriate modern slavery training to staff. The company disclosed a comprehensive procurement policy in 2021, stating that the company conducts supplier-risk mapping, due diligence questionnaires and periodic assessments.

PRINCIPLE 10 4.2 Participation in collaborative engagement to influence issuers

In 2022 LGPSC continued active involvement in several investor collaborations across numerous ESG issues and covering our Stewardship Themes.[5] LGPSC also supported stewardship theme related industry standards and benchmarks, which clarify investor expectations of companies and provide a mechanism for measurement of progress. For a list of initiatives that LGPSC actively supports and engages with, please refer to Section 2.4 above.

Examples of collaborative initiatives of particular importance to LGPSC's stewardship effort in 2022:

Tax transparency and responsible tax behaviour

Experian Ltd.

THEME:
Responsible tax behaviour

OBJECTIVE:
We aim for positive interactions at senior levels of target companies encouraging robust tax governance and acknowledgement of lack of tax transparency as a business risk, along with commitments to strategies or targets to manage those risks.

ENGAGEMENT:
Following engagement with LGPSC and a group of four other European investors, Experian published its first standalone tax report in 2022. We expect companies to disclose tax-relevant Country-by-Country-Reporting (CBCR), which would facilitate our analysis of their tax behaviour. The report should show activities across jurisdictions and disclose how the activities correspond to tax paid. The underlying aim is to ensure that multinational enterprises are taxed where their economic activities take place, and value is created.

We commend Experian for taking this important step to provide shareholders and wider stakeholders an overview of their approach to tax and how the company manages its tax affairs in an easily explained and accessible format. In feedback to Experian, we have suggested that they consider using the GRI Tax Standard 207, which covers key elements that should be included in tax reporting such as approach to tax, tax governance/controls/risk management, stakeholder engagement and CBCR. We think that the company is well on its way to meet core elements of the standard, while there is scope for further CBCR related disclosure.

OUTCOME:
We appreciate the company's effort in disclosing a tax contribution report. Experian has found our collective feedback constructive and has expressed its plans to take our feedback into account in their tax report next year.

Engagement on deforestation-related risks

Lowe's Companies Inc.

THEME:
Deforestation risk

OBJECTIVE:
We participate in the recently established Finance Sector Deforestation Action Group, which is an investor collaboration that focuses specifically on commodity-driven deforestation. We aim to engage with portfolio companies that have exposure to such commodities like wood, palm oil, soy, beef, pulp, and paper to encourage them to better map and mitigate deforestation in their supply chain.

ENGAGEMENT:
We engaged with the **second-largest hardware retailer in the U.S., Lowe's Companies Inc.** on their efforts to understand and mitigate commodity driven-deforestation in their supply chain, as well as human rights considerations of indigenous people.

We welcome Lowe's commitment to transparency on their forestry footprint and wood sourcing practices through a stand-alone Forestry Report (published December 2022). Lowe's published its first wood policy in 2000, partnered with the World Wide Fund for Nature (WWF) and last year set a net zero goal across its value chain by 2050 in accordance with guidelines from the Science Based Targets initiative (SBTi).

OUTCOME:
Lowe's has a vendor code of conduct and carries out periodic supplier audits. However, a few suppliers show reluctance to disclose their wood sourcing as they think it would hamper their competitiveness, but the company is engaging with them to resolve this issue. Lowe's will be putting a grievance mechanism on its website, which strengthens the company's commitment towards human rights. Investors will continue to engage with Lowe on Forest Stewardship Council membership.

[5] Confer with response to Section 4.1.2 above for further detail on LPGS Central Stewardship Themes

Engagement on diversity

THEME:
Diversity

OBJECTIVE:
We view diversity as correlated with sound decision making and we believe that the most effective Boards of companies include a diversity of skills, experiences and perspectives. Strong diversity across gender, culture and ethnicity is indicative of strong governance, and something we will encourage for companies across sectors and markets to embrace.

ENGAGEMENT:
Japanese boards have one of the lowest proportions of female representation in developed markets and as a member of the 30% Investor Club we very much welcome recent developments with the 30% Investor Club opening a 30% Investor Club Chapter in Japan in May 2019. Over the last 24 months, we have together with fellow 30% Investor Club members, engaged a selection of **Japanese companies** to encourage better diversity and to seek more disclosure on diversity-related policies and practices.

OUTCOME:
We have ongoing dialogue with 6 Japanese companies and have held 2 meetings during 2022, including with **an industrials sector company** that places importance on diversity across the organisation but has historically faced challenges in recruiting female talents into managerial positions, which ultimately led to lack of candidates at senior management and Board level. The company has a 10-person board with only one female director. The investor group expects to follow up with the company regarding the implementation of a specific board diversity policy and succession plan to encourage a greater degree of board training/mentoring that could allow a wider pool of candidates to be considered.

PRI Working Group on Plastics with Ellen MacArthur Foundation

THEME:
Plastic pollution

OBJECTIVE:
We seek to engage with companies that are directly or indirectly involved in plastic pollution or with companies that could contribute to the path of a circular economy. Apart from companies, we also engage with various working groups, and our stewardship provider, EOS at Federated Hermes participated in a Principles for Responsible Investment (PRI) working group on plastics with the Ellen MacArthur Foundation (EMF). The EMF is a charity that provides research and engages with companies, on matters related to creating a circular economy, in order to solve global challenges like climate change and biodiversity loss.

ENGAGEMENT:
The Global Commitment is an initiative led by the EMF in collaboration with the UN Environment Programme. This has united more than 500 organisations in a commitment to develop the circular economy by reusing, recycling and composting plastics. However, the progress to date towards eliminating plastic has been driven by recycling, with more effort needed in terms of redesign and reuse. The EMF explained that best practice in plastics reporting is to disclose the full scope of plastic packaging and the weight. From the investor side, we view it as critical that companies establish robust strategies to eliminate plastic. There are concerns around flexible packaging, a growing plastic type that is not easily recyclable and is a big source of ocean pollution. EOS asked the EMF if targets beyond the Global Commitment for 2025 had been developed and understood that it needs to do more work on this. EOS also asked about the impact of the forthcoming UN treaty on plastic pollution.

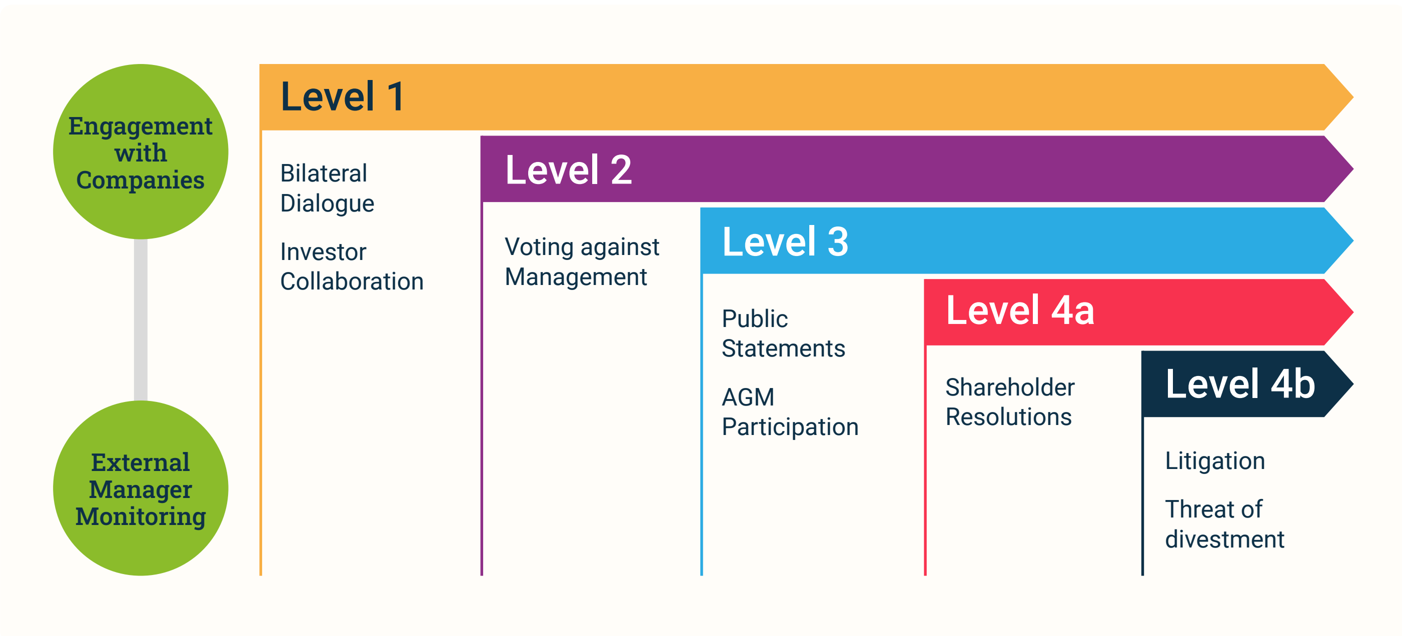
OUTCOME:
The EMF has a positive outlook on this treaty because it analyses the lifecycle of plastics, and its legally binding aspect will have an impact. It was reassuring to hear that the use of virgin plastics has peaked for the companies that signed up to the Global Commitment. Investors will continue to expect clear strategies from companies on plastic, monitor plastic reporting, and push for companies to replace flexible packaging with more sustainable materials.

PRINCIPLE 11 4.3 Escalation of stewardship activities to influence issuers

The stewardship themes that we have identified as priority areas for engagement are all long-term and systemic in nature. Against that backdrop, we will often use escalation tactics to enhance the chances of achieving long-term engagement outcomes. However, a decision to escalate, and the form or sequence of subsequent escalation will be particular to the engagement in question. Examples of how we might escalate include, but are not limited to:

- Additional meetings with the management or the directors of an investee company
- Escalating the dialogue from the executive to the board of directors or from one board member to the Chair and/or a more amenable board member, in line with LGPSC's escalation strategy detailed below.
- Collaboration with fellow investors and/or with partnership organisations
- Public statement
- Voting against management, e.g., against the annual report, the appointment of directors or the auditors
- Co-filing shareholder resolutions
- Attendance and raising questions at the company AGM

Through our involvement in collaborative engagement projects, like CA100+, we are continuously assessing the need for escalation depending on individual companies' response to expectations from investors. Due to the nature and complexity of the transition challenge, expectations and requirements do not remain static which means that both investors and companies need to be ready to step up ambition. As of the end of 2022, CA100+ has now released three iterations of its Benchmark Framework, which allows for an evaluation of company progress against Paris alignment on key parameters including short-, medium-, and long-term targets; decarbonisation strategy; capex plans, and climate governance.



Examples of escalation of engagement during 2022

Shell Plc

THEME:
Climate Change

OBJECTIVE:
We expect companies to set clear, reasonable, and measurable climate action targets aligned with the Paris Agreement. We also compare those targets with the company's industry peers, as well as Paris-aligned sector pathways, and engage with the company in case of any major deviations.

ENGAGEMENT:
In November 2022 LGPSC sent a letter to the Chair of the Board at Shell, outlining why we voted against the company's Energy Transition Strategy at the 2022 AGM. The letter outlined the strategy's misalignment with the Paris Agreement; a lack of targets which would facilitate the achievement of the Strategy; and questioned whether Shell's capital expenditure plans are genuinely aligned with a 1.5˚C temperature rise scenario. Following receipt of this letter, a 1-1 meeting was scheduled between LGPSC and the head of Investor Relations at Shell.

This meeting allowed a detailed discussion on Shell's climate strategy, highlighting the risks and opportunities the company has focussed on ahead of the energy transition. We were happy to hear that Shell recognises the key role it must play in addressing climate risk on a global level and were encouraged by the company's progress in decreasing its oil production. However, Shell expressed a reluctance to set absolute short- and medium-term Scope 3 targets for its upstream emissions. Shell also stressed the fact that it believes it is currently a leader in the global transition, and that now the responsibility must shift towards governments and consumers to continue progress towards net zero.

OUTCOME:
We very much appreciate Shell's desire to have a meaningful and open dialogue with its shareholders, and it is clear that Shell is a sector leader in the climate transition. However, significant doubts remain regarding the feasibility and robustness of Shell's transition strategy, evidenced by a lack of meaningful targets which detail how Shell will achieve its long-term goals. We are therefore considering further engagement or escalation in early 2023. In February 2023, the environmental charity ClientEarth filed a derivative claim against the Board of Directors at Shell, stating that the Board is mismanaging climate risk, evidenced by an insufficient Energy Transition Strategy and a fundamental misalignment with the goals of the Paris Agreement.

Following a thorough assessment of the potential risks and benefits associated with supporting the claim, LGPSC provided a copy of a recent engagement with Shell to ClientEarth for use in the Court as evidence of our concerns. This escalation was made in recognition of the significant overlap between the points raised in the ClientEarth claim and our own engagement objectives for dialogue with Shell. Although LGPSC chose not to formally join the litigation, it was deemed that submitting evidence to ClientEarth for use in the court from an investor's perspective would be a powerful and effective way of re-emphasising our concerns with Shell's management of climate risk.

Policy dialogue with UK Department of Environment, Food and Rural Affairs (DEFRA)

THEME:
Plastic pollution (microfibres)

OBJECTIVE:
Through a microplastics engagement project led by First Sentier Investors, we seek to encourage domestic and commercial washing machine manufacturers to add filter technology as standard to all new washing machines produced by the end of 2023. This is to help combat microplastics pollution, a problem caused in large proportion by synthetic textiles which release microfibres (a type of microplastic) when washed. A first round of engagements with 13 target companies commenced in 2021. One company, Arcelik, has launched a machine under the Grundig brand with a filter fitted as standard in the UK (Fibrecatcher).

ENGAGEMENT:
As an escalation to the engagements, LGPSC co-signed a letter with First Sentier Investors and LGIM, on behalf of 29 investors to the ministers at DEFRA. In the letter, we emphasised our support for the recommendations of the "All Party Parliamentary Group on Microplastics" issued in 2021, specifically to mandate the installation of microfibre filters in new washing machines by 2025. We also highlighted Alberto Costa MP's Microplastic Filters (Washing Machines) Bill that would allow the government to take this legislation forward appropriately.

OUTCOME:
The letter was sent in May 2022. As the Government has indicated that it will oppose the coming Microplastic Filters Bill, we are focussing on a DEFRA policy paper which contains an expectation for the industry to develop low cost filters on washing machines. We will therefore be engaging with the relevant MPs to ask for more detail on how this expectation will be met, alongside carrying out further engagements with companies.

Expectations on external managers to escalate on our behalf

We expect managers to be ready to escalate any engagement where there is lack of progress relative to engagement objectives, on any material ESG topic. During 2022, we have asked managers to give particular attention to companies' climate transition, or lack thereof, in line with the Paris Accord. This is part of a broader discussion with external managers around the implementation of our net zero targets.

Stellantis, held by CTI, LGPSC Multi Asset Credit Fund

OBJECTIVE:
Improve climate-related disclosures.

SECTOR:
Automotive

ESG TOPICS ADDRESSED:
Strategy and business model; transparency and disclosure; climate change.

ISSUE / REASON FOR ENGAGEMENT:
Company slow to publish publicly release details on its climate ambition, strategy, and management.

SCOPE AND PROCESS / ACTION TAKEN:
CTI engaged with Stellantis six times in 12 months on climate change. Main asks include an ambitious net zero target and BEV strategy.

ESCALATION STRATEGY:
Repeated engagements with different people in the company, including the Head of Sustainability, the Strategy Lead, and the CFO.

OUTCOMES AND NEXT STEPS:
Following these escalations, the company has unveiled a strategy plan to achieve net zero by 2038 across its entire value chain and cut emissions intensity by 50% by 2030. It also includes a sales target of 100% BEV passenger cars in Europe by 2030. This year CTI will focus on shifting from climate targets to strategy, climate lobbying and sustainable sourcing.

Orpea, held by Mirova, LGPSC Global Sustainable Equity Fund

OBJECTIVE:
Improve the social aspects of the business which had been the subject of controversies.

SECTOR:
Residential Care

ESG TOPICS ADDRESSED:
Social issues and governance.

ISSUE / REASON FOR ENGAGEMENT:
Mirova has a long history of successful engagement with Orpea related to processes implemented to address serious social risks. Following allegations made against the company during early 2022, this engagement and the expectations of the company have been radically strengthened.

SCOPE AND PROCESS / ACTION TAKEN:
Mirova sent a letter to the President of the Board regarding specific points related to potential social risks as well as Mirova's expectations of the company. The company responded stating it was willing to consider Mirova's demands and committed to answer concerns. Mirova was able to escalate this engagement, and arranged two meetings, the first with the CEO and Board members and the second with CSR representatives. Mirova shortly followed up, arranging a further three meetings with the company, firstly meeting the recently appointed Transition Manager - HR Strategy. Mirova also had a meeting with current CEO, future CEO and Board members, where they discussed proposed AGM resolutions. In May 2022, financial malpractices from Orpea's former management were revealed. Mirova immediately advocated for a change of management and a new board.

OUTCOMES AND NEXT STEPS:
Following this engagement, at the company's AGM the new CEO expressed its commitment to transition the company towards more consideration of residents and employees. Unfortunately, in conjunction with an unexpected conciliation plan, which would leave Mirova with less leverage over the company, and since Mirova had no guarantee that Orpea was going to align on social issues which had dominated the engagements, Mirova decided to divest from Orpea.

05 Exercise of rights and responsibilities

PRINCIPLE 12

It remains critical to LGPSC that we utilise all levers to influence corporate behaviour across our equity and fixed income investments. Voting is a core part of our overall Stewardship effort as a shareholder (see sections 5.1 – 5.3 below). Equally, exercising rights and responsibilities as bond holders is of key importance (see section 5.4 below). During 2022, we have increased our exposure to private markets. We have worked with private market partners to identify KPIs that are relevant for the underlying asset, and which we would request reporting against (see section 5.5 below).

5.1 Voting approach and objectives

High-level objectives:

LGPSC views voting as a core component of our Stewardship efforts. We take a long-term perspective whereby all voting activities we undertake aim to:

- Support the long-term economic interests of our stakeholders
- Ensure boards of directors are accountable to shareholders
- Encourage sustainable market behaviour across companies and sectors

Principles-based approach:

We take a principles-based approach to voting and are guided by LGPSC's established Voting Principles.

At high level, we expect companies to:

- Adhere to essential standards of good governance for board composition and oversight
- Be transparent in their communication with shareholders
- Remunerate executives fairly
- Protect shareholder rights and align interests with shareholders
- Promote sustainable business practices and consider the interests of other stakeholders

In situations where companies are faced with market-wide crises that cause unprecedented disruption, uncertainty and challenges to their business models, operations, workforce and finances – such as the Coronavirus pandemic – we will consider applying a more flexible voting approach. We would in these situations explain to our Partner Funds and other stakeholders, including external managers, how we may deviate from our Voting Principles.

Scope of voting:

To send a unique voting signal to investee companies LGPSC votes all its shares - whether externally or internally managed - according to one set of Voting Principles. While the ultimate voting decision rests with LGPSC, we have a procedure through which we capture information and recommendations from our external fund managers.

Voting reinforcing engagement:

As far as possible, we aim to use voting to reinforce and promote ongoing engagements, whether carried out directly through LGPSC, through collaborative initiatives or through our external stewardship provider EOS at Federated Hermes. This means that we regularly raise issues concerning environmental sustainability, including climate change, and broader social issues like human rights risk oversight and management through our voting. Many votes against management concern good governance (board composition, board oversight and skill sets, remuneration etc.) – these votes are often an expression of underlying concerns with lack of expertise and or/oversight at board level on issues like climate change or human rights. We also know that strong governance increases the likelihood of companies dealing well with environmental and social risks. During April – June 2022 (high voting season) we saw a record number of proposals filed by shareholders. Social issues rose up the agenda whilst climate remained a keen topic for investors. Many of these shareholder proposals got very strong or even majority support.

Transparency:

LGPSC's disclosure of its Voting Principles, and its voting outcomes, supports the Company's ambition of full transparency. With regards to voting outcomes, disclosures are made in three formats. Firstly, a report summarising our voting activities is provided in Stewardship Updates three times a year (covering the first three quarters of the calendar year). Secondly, we provide an annual summary of our voting activities, as part of the Annual Stewardship Report, and thirdly, we disclose our voting decision for every resolution at every eligible company meeting via an online portal. Each of these disclosures is available to the public.

5.2 Voting strategy

Ensuring that Voting Principles are applied:

We have set up a structure whereby EOS at Federated Hermes provides us with voting recommendations based on our Voting Principles which are input on the ISS voting platform prior to the vote deadline. The voting recommendations are then cast as voting instructions if there is no further intervention, except in the case of share-blocking votes. We currently hold just under 3,000 companies through our ACS equities funds. With this voting structure, we have confidence that votes are cast according to LGPSC Voting Principles across a voting universe that under no circumstance could be checked manually at each individual company level. In minority cases where a company we are engaging and/or that the LAPFF has issued a voting alert for falls outside EOS' main engagement, we often consult ISS research directly.

Voting Watch List:

It is not feasible to do in-depth research into all proxies that will be voted at each of the companies we hold through our ACS equity funds. To prioritise, we establish a "Voting Watch List" annually that consists of approximately 50 companies which carry material ESG risks, cover larger holdings and/or captured by collaborative engagement initiatives in and outside of our Stewardship Themes, such as the CA100+. Votes at these companies will be given particular scrutiny ahead of the AGM. While it is not feasible to attend all these companies' AGMs, we would aim to attend AGMs virtually (if permissible) for core Climate Action 100+ engagements and for any company with which we have filed a shareholder resolution. The Voting Watch List serves a further purpose, in allowing us to test whether our votes are generally cast in alignment with our Voting Principles.

Interaction with EOS at Federated Hermes:

Ahead of each voting season, we share our Voting Watch List with EOS to ensure that we receive a more detailed analysis to substantiate their voting recommendations for companies on this list ahead of relevant AGMs. We will seek ad-hoc interactions/ meetings with EOS regarding core engagements, where either they or we would like further input from the other ahead of a vote.

Interaction with external managers:

It is our intention to capture intelligence and recommendations from active equity fund managers relative to key holdings and/or contentious voting issues, as well as influence managers' wider voting on key issues like climate risk management:

- LGPSC meets with each external manager annually ahead of the voting season for a dedicated voting-related discussion
- External Managers will be kept up to date on any changes to LGPSC Voting Principles, and vice-versa
- We will share with each external manager our Voting Watch List with an explicit incentive to communicate their views on companies on this list that are held in their portfolio
- The RI&E Team may reach out on an ad-hoc basis in cases where we would like to elicit views on contentious issues in core holdings or key engagements that can supplement our own views and those of our external stewardship provider

Credit Suisse Group AG

THEME:
Climate Change

OBJECTIVE:
Appointed managers are expected to integrate relevant, material social and environmental risk factors in their portfolio construction. Credit Suisse was held in one of our active equity mandates.

ENGAGEMENT:
LGPSC, along with eleven institutional investors who collectively manage €2.18 trillion, jointly submitted a climate resolution to Credit Suisse. Before submitting the resolution, we had communicated with the fund manager to inform them of the possibility of doing so. We also explained why we felt the need to escalate our engagement and asked for their opinion on the bank's level of climate risk management. We considered the manager's response and decided to proceed with the escalation.

OUTCOME:
Several rounds of engagement with Credit Suisse, led by co-filers ShareAction and Ethos Foundation, has led to the bank making several commitments in the weeks ahead of its AGM. However, LGPSC believed the bank did not address several requests that were made in the resolution, including disclosing its capital markets fossil fuel activities. The co-filers unanimously decided to keep the resolution on the AGM ballot, making it the first climate-related shareholder resolution at a Swiss bank. The resolution received support from 18.52% of shareholders and a further 4.27% abstained.

Stock-lending:

LGPSC has an active securities lending programme. During 2021, we considered options for restricting securities lending to maximise our overall stewardship and voting impact on key votes. Based on dialogue with our Partner Funds, alongside discussions in-house at our Investment Committee and our Operations, Risk, Compliance and Administration Committee, we revised the securities lending policy with effect from 2022. The revision means that we completely restrict certain securities from lending at the start of voting season. This is to ensure that we maximise our voting impact, e.g., in relation to critical, ongoing engagements that we expect to escalate through shareholder resolutions or other forms of voting (e.g., votes against Board members). This is to eliminate the risk of not being able to recall all our shares ahead of the meeting. Criteria used for the identification of high-risk companies includes carbon intensity as flagged by our climate risk reports and the Climate Action 100+. We consider the cost implications (in respect of stock lending revenues) of excluding companies from lending and take a considered and proportionate approach to arrive at a list of companies that we view as critical engagements, where we must be able to vote all of our shares at the AGM. Ahead of voting season 2023, 14 companies on our Voting Watch List (of 50 companies) were restricted from lending. The restriction will be lifted at the end of AGM season.

5.3 Voting highlights and outcomes 2022

Proportion of shares voted during 2022

Based on our voting set-up with EOS at Federated Hermes – whereby EOS' voting recommendations (aligned with LGPSC Voting Principles) are cast as voting instructions for all shares – we can ensure that all shares are indeed voted. There are occasions where a vote is not cast due to for instance share blocking or a non-standard voting procedure. However, these are very limited instances. Further information is provided in the "Voting Statistics" box below.

5.3.1 Voting highlights

The 2022 shareholder meeting season saw social issues rise up the agenda with resolutions on issues ranging from animal welfare to paid sick leave and reproductive rights. With soaring inflation eroding purchasing power, investors pressed for living wages for struggling workers through actions like the shareholder resolution at Sainsbury's AGM. 2022 was also the second year for formal shareholder votes on companies' responses to climate change, with a steep rise in management Say on Climate proposals, including the AGM's of Anglo American, Barclays, BP and Rio Tinto. Glencore, Shell and TotalEnergies were among companies that also offered shareholders the opportunity to vote on the progress achieved on climate transition plans presented to the 2022 AGM.

2022 Voting Statistics

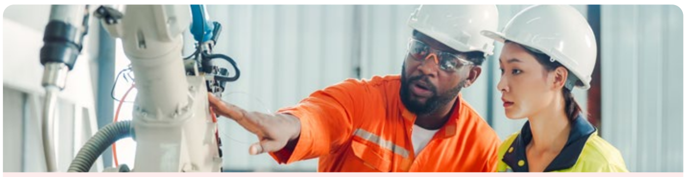
- Voted at 3,312 meetings
- At least one vote against management at 63.8% of meetings
- 40,768 resolutions
- Supported 644 shareholder proposals
- Attended virtual AGM of Shell
- EOS attended 66 AGMs on our behalf, including 13 shareholder meetings and asked questions at eight of these, including BP, Volkswagen, BMW, Royal Bank of Canada, Bank of Nova Scotia, Siemens Energy and Canadian Imperial Bank of Commerce.
- EOS made a statement and co-filed a shareholder resolution at Berkshire Hathaway.

We witnessed continued momentum for investor engagement and voting on climate change, and more emphasis on deforestation risk, as evidence by the developments below:

- 58 Say-on-climate votes, up from 18 such votes during 2021 vote season, asking investors to approve transition plans or providing an annual update on already-approved plans.
- LGPSC continues to take a robust approach to assessing these plans and voted against a number, which we considered to be not fully aligned to 1.5°C scenario, including plans proposed by **BP**, **Rio Tinto**, **Glencore**, **Shell** and **Barclays**.
- Companies that clearly indicated that alignment with 1.5°C was the goal, with a more developed plan to be put to a further vote, such as at **NatWest** and **Amundi**, received our support.
- Alongside Say-on-climate votes, we saw many climate-related shareholder proposals. It was encouraging to see some companies support such proposals, including **Caterpillar** for a report on long-term greenhouse gas targets aligned with Paris (95% support) and **Boeing** for a report on a net zero by 2050 ambition (89% support).
- We supported climate-related shareholder proposals at three power utilities and two financial groups in Japan, including **J-Power** and **Sumitomo Mitsui Financial Group**, which garnered well above 20% support.
- We voted against directors or other relevant proposals at 292 companies, up from 144 companies in 2021, due to concerns about insufficient management of climate-related risks.
- We co-filed a shareholder proposal asking **Credit Suisse** to provide further disclosures on the company's strategy to align with the 1.5°C goal of the Paris Agreement, specifically with respect to the banks' strategy to reduce its exposure to fossil fuel assets.
- We opposed the directors responsible at companies that were the poorest performers on the Forest 500 assessment, which targets companies that are most exposed to deforestation risks. This led us to oppose the directors responsible at retailer **TJX** and food manufacturer **Kikkoman**.
- We voted on climate transition across oil and gas, construction, aviation and consumer goods – all passed with support ranging from 51% to 99%.

Social issues proposals on the rise

- Record numbers of shareholder proposals at major US companies, including many on social issues such as paid sick leave, reproductive rights, unionisation, and animal welfare.
- At retailer **TJX**, we supported a shareholder proposal to adopt and publicly disclose a policy that all employees, part-and full-time, accrue some paid sick leave that can be used after working at TJX for a reasonable probationary period. The proposal received 33% support showing that shareholders increasingly view paid sick leave as a basic human right.
- At **Meta**, we supported several shareholder resolutions including requests for a report on the enforcement of policies to moderate problematic content; a human rights impact assessment of targeted advertising; and a report on the trade-offs between privacy rights and child protection.
- More Civil Rights Audit (CRA), Racial Equity Audit (REA) and Racial Justice Audit shareholder proposals were filed, including at **Apple**, **Chevron, Wells Fargo** and **Johnson & Johnson**. In general, such proposals urged boards to oversee a third-party audit analysing the adverse impacts of companies' policies and practices on the civil rights of stakeholders.
- We opposed directors on human rights grounds, including companies' being in clear breach of applicable regulatory human rights responsibilities or those outlined in the UN Guiding Principles on Business and Human Rights. These included **Telefonaktiebolaget LM Ericsson**, due to various alleged compliance breaches and insufficient remedial actions, **Grupo Mexico**, due to spills of toxic waste and heavy metals in rivers adjacent to its mines, and **Meta**, due to the spread of problematic content on its platforms.



Diversity and inclusion

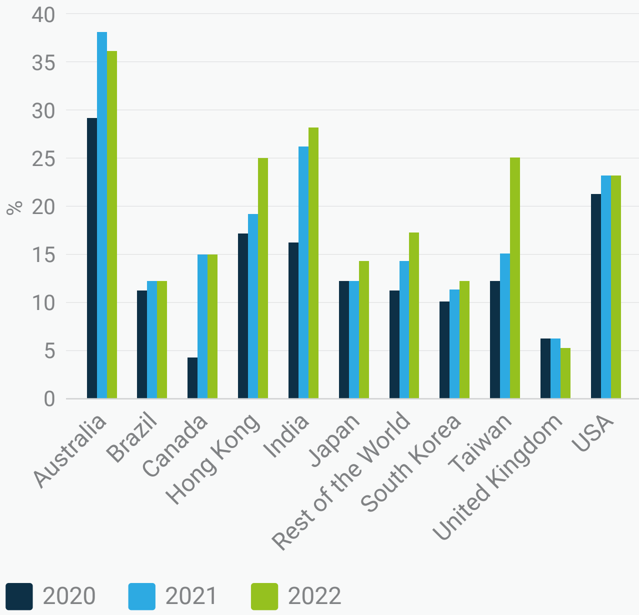
- We voted against **2,920 proposals due to diversity concerns**, versus 2,693 proposals in 2021. Along with this, we encouraged greater representation of **women and ethnic minorities on boards and leadership positions**.
- In the **US**, we expect women and ethnic minorities to make up at least 40% of the board at the largest companies, with a minimum of 30% gender diversity in line with our support for the 30% Club. As a result, we opposed 1,033 proposals for insufficient gender and ethnic diversity. This included companies like **Berkshire Hathaway**, **NextEra**, among others.
- In **Europe**, we opposed the nomination committee chair for poor board gender diversity at mining companies like **Antofagasta** and **Fresnillo**.
- We were pleased to see significant **progress by FTSE 100** companies in meeting minimum standards of **ethnic representation** on UK boards. In the **UK** in general, we opposed 19 proposals due to insufficient diversity at board level and below, versus 37 proposals in 2021.
- In **Brazil**, the B3 Brazilian Stock Exchange proposed a new listing rule related to gender diversity. However, it falls short of our expectations that companies have at least one woman and one ethnically diverse member on the board or the executive committee from 2025.
- In **Japan**, there was progress on gender diversity in companies like **Chubu Electric Power** and **Seven & i**. However, other companies like **Toyota Industries** and **Canon** are lagging, and we voted against the responsible directors and EOS are engaging with them on the same issue on our behalf.
- Legal requirements are tightening in **South Korea, Malaysia and Hong Kong**.
  - We were pleased to see progress at companies such as **Geely Automobile**, where board gender diversity reached 30% after several years of engagement on this topic.
  - At **AIA Group** and **Ping An Insurance**, we supported directors by exception[6] to recognise their progress in reaching a level of diversity that is just below our minimum expectations. However, we voted against at **Beijing Enterprises**, **China Mengniu Dairy**, and **China Resources Beer**.

[6] Under exceptional circumstances, LGPSC may vote against our Voting Principles. These circumstances may include situations where the company presents a credible plan to meet the required threshold, where LGPSC wants to acknowledge the progress made by the company on the issue being voted on, or as part of our commitment to an engagement program with the company.

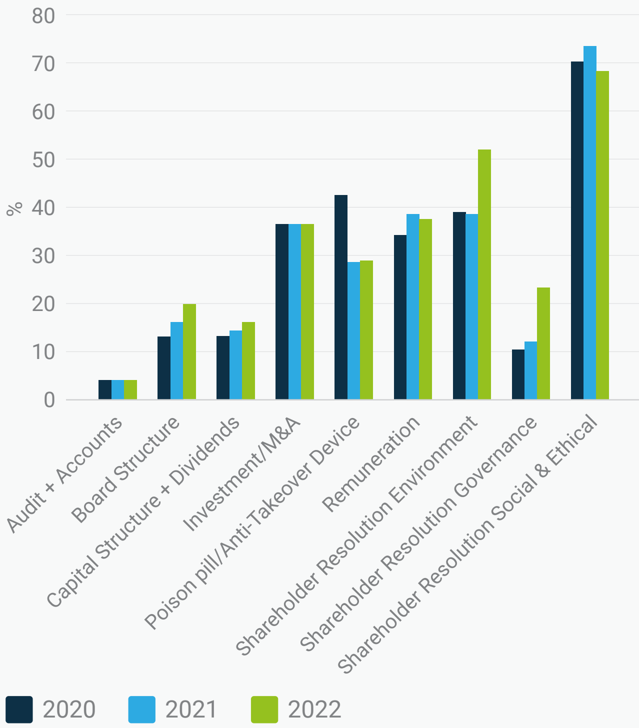
Remuneration

- We **voted against 65% of pay proposals**, as we saw a resurgence in some executive pay packages.
- In **North America**, we opposed 78% of say-on-pay proposals as the practices across the region remained materially misaligned with our principles. In the **UK**, we opposed 17% of remuneration policy proposals versus 23% in 2021. While in **Europe**, we pushed for greater shareholdings for executives, and improved disclosure where this was lacking or where pay awards were substantial, either through salary increases or incentive scheme opportunities.
- At **Netflix**, we voted against executive pay and the compensation committee chair, alongside around 73% of shareholders who rejected this pay proposal.
- At **GSK** we were not supportive of a remuneration policy that continues to increase the variable pay opportunity far in excess of our policy limits. We also noted a duplication of metrics across the bonus scheme and long-term incentive plan (LTIP), which we generally do not support as it rewards executives twice for the same performance.
- We **opposed pay at Meta, ExxonMobil, Chevron, JPMorgan Chase,** and others where we view the quantum of pay as too high, without adequate disclosure of additional value for long-term shareholders when paying the CEO significantly above the labour-market median.

PERCENTAGE OF PROPOSALS VOTED AGAINST MANAGEMENT PER KEY MARKET 2020-2022



PROPORTION OF RESOLUTION TYPE WITH RECOMMENDED VOTES AGAINST MANAGEMENT



Source: EOS Data

5.3.2 Voting outcomes

Below is a selection of significant votes related to LGPSC's Stewardship Themes (described under Section 4 above).

CASE STUDY:

General Mills

THEME:
Plastic pollution

OBJECTIVE:
We leverage collaboration opportunities to deliver progress in the form of reduction, re-use and replacement of fossil-fuel based plastics in the economy. Voting is engagement led, and we will consider co-filing or supporting shareholder resolutions that relate to better risk management (reduce plastic use, reduce plastic waste, increase recycling, invest in relevant R&D).

VOTE DECISION AND RATIONALE:
We supported a shareholder proposal at General Mills' 2022 AGM on Absolute Plastic Packaging Use Reduction. The proposal required the company to report absolute reduction in its use of plastic packaging. In the company's 2022 Global Responsibility Report, it has set a 2030 goal for 100% of its packaging to be recyclable or reusable, and it reports that 89% of its packaging by weight currently meets this goal. It is also a major investor in Myplas, a flexible film recycling facility which opened in spring 2023.

However, the company is lagging behind peers like Kellogg's and Mondelez International, which have established goals to reduce absolute plastic use and have joined the Ellen MacArthur New Plastics Economy Global Commitment. Multiple states in the US have started enacting legislation requiring companies to be responsible for post-consumer package waste handling and describes adopting minimum recycled content standards.

We believe that additional disclosure from General Mills as per the proposal would assist shareholders to assess the risk management with regards to its plastic packaging.

OUTCOME:
This resolution passed with 56.5% votes which signifies the concerns of shareholders related to plastic packaging risks that the company faces. Following up on the same (in early 2023), our stewardship provider EOS was a part of a collaborative engagement with General Mills, and it was encouraging to know that the company is prioritising this issue. General Mills is a signatory of the UK and French plastic pact and has a commitment to have 100% recyclable or reusable packaging by 2030. However, General Mills explained about technological challenges for its plastic commitments.

CASE STUDY:

Meta

THEME:
Human rights

OBJECTIVE:
We ask companies to make adequate disclosures of their human rights policies, as well as to follow best practices to ensure that those policies are effectively implemented. For technology companies, we require that they manage a broad spectrum of human rights related risks diversity and inclusion, freedom of expression, data protection, content moderation and other industry-specific issues.

VOTE DECISION AND RATIONALE:
At the AGM of Meta in 2022, we supported several shareholder resolutions that in our view will enhance the companies' ability to manage and mitigate material human rights risks that are directly linked to its business strategy and operations. These included requests for a report on the enforcement of policies to moderate problematic content; a human rights impact assessment of targeted advertising; and a report on the trade-offs between privacy rights and child protection.

On our behalf, EOS participated in a joint investor call with the chief diversity officer and the head of human rights and asked about eliminating emotional bias from artificial intelligence. As the company's revenue is highly correlated with the amount of clicks, likes, and shares, EOS asked how its algorithms determine the dissemination of paid and labelled political content throughout its user base and address any related "echo chamber"[8] effects. The company also discussed its progress with statistics of its five-year representation targets set in 2019. We encourage Meta to acknowledge tensions between freedom of expression and issues like hate speech, bullying, misinformation, as well as to enhance its child safety practices to also include protection from mental health, device addiction, and other emerging issues.

OUTCOME:
We welcome Meta taking actions to enhance disclosure on human rights through publication of a standalone Human Rights Report (July 2022), however, there could be more disclosure on whether its business model contributes to the spread of problematic content on its platforms. In EOS' view, the report falls short of the highest standard for user privacy rights. Meta acknowledges significant interest from investors on the human rights impacts of the metaverse, which LGPSC has expressed directly to the company in a letter after the AGM in May. Meta has improved disclosure on children's rights, which we requested, but they still lack metrics and targets that show the effectiveness of its substantial efforts.

CASE STUDY:

Microsoft Corporation

THEME:
Responsible tax behaviour and tax transparency

OBJECTIVE:
We recognise the importance of companies being accountable for and transparent about their tax practices. We expect portfolio companies to have a tax policy that outlines the company's approach to taxation and how it aligns with the overall business strategy. We also expect companies to have a robust tax governance and management framework in place, to pay taxes where economic value is created and to provide country-by-country reporting.

VOTE DECISION AND RATIONALE:
We supported a shareholder resolution at the 2022 AGM requesting Microsoft's Board of Directors to issue a tax transparency report, at reasonable expense and excluding confidential information, in accordance with the GRI, including country-by-country reporting. Country-by-country reporting would help ensure that multinational enterprises are taxed where their economic activities take place, and value is created, rather than in low tax jurisdictions. According to the proponents of the resolution, the practice of profit shifting by corporations costs the US Government approximately $70-$100 billion annually. Microsoft does provide extensive tax information in the company's reporting in the US through Form 10-K in the Annual Report and many of the company's subsidiaries file statutory reports that are publicly available. This means that there should be negligible increased reporting burden in order to comply with the GRI Tax Standard. In October 2022, KPMG published results of a survey of the disclosure practices of the world's biggest 250 companies by revenue and stated that 78% of the G250 companies adopt the GRI Standards for reporting (up from 73% in 2020).

OUTCOME:
The proposal failed to pass but received a significant 23% support from shareholders. Microsoft expects to comply with the EU public country-by-country reporting requirements by fiscal year 2025. Microsoft is on LGPSC's Voting Watch List, and we look forward to monitoring the situation. Our stewardship provider EOS is engaging with Microsoft on this and in a meeting in early 2023, the company said that it is awaiting relevant EU and OECD regulation, stating that it is confident that it pays more taxes. EOS is seeking further dialogue with Microsoft on this issue, and we look forward to continuing monitoring the situation.

CASE STUDY:

Barclays Plc

THEME:
Climate change

OBJECTIVE:
We expect companies to set clear, reasonable, and measurable climate action targets aligned with the Paris Agreement. We also compare those targets with the company's industry peers, as well as Paris-aligned sector pathways, and engage with the company in case of any major deviations.

VOTE DECISION AND RATIONALE:
Barclays published its updated climate strategy, targets and progress report for an advisory vote at its AGM on 4 May 2022. Following an analysis of the report as well as a review of our long-standing engagement with the bank, LGPSC decided to vote against the resolution. While Barclays has taken some positive steps on climate, our analysis shows that the bank has yet to fully align with a 1.5°C trajectory. We were concerned with the bank's target ranges for emissions intensity for several high emitting sectors which in our view were not aligned with the International Energy Agency's Net Zero Emissions scenario (IEA NZE), and may not lead to absolute emission reductions. The bank's planned exit from US coal power generation is also later than the limit set by IEA NZE. Further, our analysis shows that despite setting a reasonably robust net zero ambition, some of Barclays' restrictive sector policies (e.g., on financing for oil sands production) are insufficient making the bank an outlier among European peers. Given our own net zero ambition, we believe that supporting the "Say on Climate" vote would run counter to our ambition and send the wrong signal to our stakeholders.

OUTCOME:
Following the AGM, we sent a letter to Barclays explaining why we voted against their "Climate Strategy, Targets and Progress 2022" report and subsequently engaged on the same issue alongside a group of other investors. We appreciate Barclays' positive approach towards engagement. While the company initially set a 2035 timeline for phasing out financing of US thermal coal power generation, we greatly welcome their recent commitment to move this deadline from 2035 to 2030. This took effect at the time of Barclays' 2022 year-end climate update and aligns with the company's approach in the UK and the EU. We will continue our engagement with the company on their climate transition efforts, including on targets to reduce absolute emission in the period to 2030.

[8] An echo chamber refers to a situation or environment where individuals only encounter opinions and beliefs similar to their own and therefore do not engage with alternative opinions or beliefs.

5.4 Fixed income – exercise of rights and responsibilities

We expect all our Fixed Income managers to fully exercise their rights and responsibilities. We provide below an example of how our external managers approach this.

J Power, held by Amundi, LGPSC Emerging Market Debt

OBJECTIVE:
Amundi co-led an Asia Investor Group on Climate Change (AIGCC) collaborative engagement with J Power to improve its climate strategy.

SECTOR:
Electric Utilities

ESG TOPICS ADDRESSED:
Climate change; coal policy; transparency and disclosure.

ISSUE / REASON FOR ENGAGEMENT:
Ensure the responsible and timely phase out of coal.

SCOPE AND PROCESS / ACTION TAKEN:
As co-leader of an AIGCC collaborative engagement, Amundi co-filed three resolutions aiming to improve the J Power's climate strategy. Specifically, these asked the company to disclose how its business plan, capex strategy, and remuneration policy related to its greenhouse gas emission targets. The resolution was filed in Amundi's capacity as an equity holder. However, Amundi's EM structure places debt and equity under the same business line allowing debt mangers to have greater voice by influencing the voting decisions of their equity management colleagues.

OUTCOMES AND NEXT STEPS:
The three proposals garnered 25.8%, 18.1%, and 18.9% support respectively. Since then, Amundi's engagement team have continued the dialogue with J Power in an attempt to encourage further progress towards carbon reduction. This engagement is ongoing and further engagements are planned.

5.5 Private markets

Where applicable, we seek a seat on the Limited Partner Advisory Committee (LPAC) of the funds in which we invest. When this is not possible, we liaise with the other LPs on the LPAC to ensure alignment of objectives.

Project Goethe, held through Benjamin de Rothschild Infrastructure Debt Generation (BRIDGE) V, 2021 Infrastructure Debt Fund

OBJECTIVE:
Improve sustainability performance of the company through the setting of Sustainability Performance Target (SPT) KPI's.

SECTOR:
Telecom

ISSUE / REASON FOR ENGAGEMENT:
BRIDGE place a large emphasis on the ESG and sustainability aspects of their portfolio and will utilise ESG focused ratchets to incentivise portfolio companies to improve various ESG metrics.

SCOPE AND PROCESS / ACTION TAKEN:
Project Goethe provided financing for a fibre optic roll out in underserved areas in Germany. Fibre optic helps bridge the digital divide through providing improved connectivity and contributes to socio-economic development in these areas. This financing identifies 3 themes each with a KPI, setting a SPT. Achieving or falling short of the SPT results in a negative or positive adjustment of the interest rate margin respectively. The three KPIs cover: reduction in scope 1, 2 and 3 GHG emissions, fibre network coverage and employee satisfaction / quality of employment in these rural areas.

OUTCOMES AND NEXT STEPS:
This method of utilising ESG focused ratchets allows BRIDGE to continue incentivising companies to pursue ESG targets after the initial deal has been signed. The initial test date took place on the 31st of December 2022, from here the company has 135 days to deliver the KPI compliance certificate, from there the new interest rate will take affect within 3 business days.

We expect all our Private Markets managers to fully exercise their rights and responsibilities at the companies they invest in. We provide below an example of how our external managers approach this.

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PENSIONS PANEL – 6 JUNE 2023

Report of the Director of Finance

COMPETITION & MARKETS AUTHORITY INVESTMENT CONSULTANT OBJECTIVES

Recommendation of the Chair

1. That the Pensions Panel concur with the view of the Director of Finance; that the desired outcomes from the Investment Consultant Objectives for 2022/23 have been met, where these can be considered in the short term.

2. That the Pensions Panel confirm their assessment of the objective '*Pensions Committee and Panel are satisfied with the quality, presentation and content of any training requested*'.

3. That the Pensions Panel approves the Investment Consultant Objectives provided in Appendix 2, noting the specific focus for the 2023/24 financial year.

Background

4. At its meeting on 3 December 2019, the Pensions Panel received a briefing paper from Hymans Robertson LLP (Hymans) advising of the findings of the December 2018 report of the Competition and Markets Authority (CMA), and their subsequent order, in respect of the need for Pension Scheme Trustees to set annual objectives for their investment consultants.

5. In response to the CMA Order, the Pensions Panel continue to agree a high-level set of objectives with Hymans, for each financial year, which incorporate more focussed objectives and detail on how the objectives are to be measured. The 2022/23 objectives were signed off by the Panel at their meeting in June 2022.

Monitoring of 2022/23 Objectives

6. The Panel agreed that they would assess / measure and report on the performance of the Investment Consultant against the objectives set, by way of a collective annual review, with a report submitted to the Panel each year, at their March or June meeting.

7. Appendix 1 has been annotated with comments and relevant examples (in parentheses) which reflect the Director of Finance's view, as to whether the desired outcome of the 2022/23 objectives has been achieved in the short term. It is reassuring that in all cases the outcome, and thus the objective, is considered to have been met. However, the Panel are asked to consider and concur with this view.

8. One assessment remains outstanding and, given they are best placed to comment, the Panel is requested to confirm their assessment of the objective

'*Pensions Committee and Panel are satisfied with the quality, presentation and content of any training requested*' at the meeting.

Setting of 2023/24 Financial Year Objectives

9. Most of the objectives for 2023/24 continue to be set at a high level and reflect the long-term nature of the Fund's Investment Strategy; they will not change year on year. Whilst the focus of the objectives will be linked to the workplan for the year ahead, wherever this is appropriate, as for 2022/23, it will be the outcomes and the examples that demonstrate how the objectives have been achieved which are most important. The focussed objectives for the 2023/24 Financial Year are detailed in Appendix 2.

10. Only very minor changes are proposed to the objectives for 2023/24, which reflects the fact that the workplan for 2023/24 continues to be focussed on the implementation of the recommendations from the Strategic Asset Allocation Review and the Funds' Climate Change Strategy, both of which were approved in 2021/22.

11. The only other minor change is that the objective which relates to Regulation / Legislation and incorporated Responsible Investment has now been split into 2 separate objectives, given one is not always directly linked to the other and the Fund has now set clear Climate Change targets.

Rob Salmon
Director of Finance

Contact:	Melanie Stokes, Assistant Director for Treasury & Pensions
Telephone No.	(01785) 276330

Equalities Implications: There are no direct equalities implications.

Legal Implications: The legal are covered in the body of the report implications.

Resources and Value for Money Implications: There are no direct resources and value for money implications.

Risk Implications: There is risk that inappropriate advice can result in an inappropriate investment strategy and inappropriate investment decisions being taken by the Fund. These could have significant financial implications on the value of the Fund's assets over the long term.

Climate Change Implications: Whilst there are no direct climate change implications arising from this report, any investment advice needs to consider the Fund's Climate Change Strategy and net zero ambitions together with the Fund's Investment Principles on Responsible Investment and Engagement.

Health Impact Assessment screening – There are no health impact assessment implications arising from this report.

Staffordshire Pension Fund – Investment Consultant Objectives – 2022/23 **Appendix 1**

Pension Fund Requirement	**Investment Consultant Objective**	**Desired Outcome / Measurement**	**2022/23 Focused Objective**
Ensure members' benefits are met as they fall due.	Advise on a suitable investment strategy, and amendments to the strategy, to deliver the Fund's required investment returns in order to support progress towards a long-term steady state of funding.	Returns from the investment strategy, over time, are in line with or exceed the investment return assumptions in the Fund's Funding Strategy Statement; subject to market conditions and strategy implementation. (ACHIEVED – actual returns over the 1, 3, 5 and 10-year periods exceed Actuarial Assumptions)	Continue to facilitate the review of the Fund's investment strategy, focusing on key aspects of investment structure, to ensure it remains fit-for-purpose as the Fund approaches full funding and in the context of market changes. **(**ACHIEVED – Following review of the Strategic Asset Allocation (SAA) in 2021/22 development of the detailed structure for each asset class has begun with implementation plans approved by the Pensions Panel at various meetings in 2022/23)
Support a long-term funding approach that is consistent with a stable and affordable contribution approach from the employers.			Monitor, and alert the Fund, to new investment opportunities that would improve the likelihood of the Fund achieving its objectives. (ACHIEVED – new investment opportunities considered as part of SAA review. E.g. Multi Asset Credit, review of defensive allocation because of current economic situation)
	Deliver an investment approach that reflects the Fund's cash flow position, and likely evolution, and minimises the risk of forced divestment.	The Fund has sufficient liquid cash flow to allow members benefits to be paid as they fall due. (ACHIEVED – all members' benefits due in year have been paid, without the need to sell investments)	Ensure investment advice takes the whole Fund position into account, including the impact on funding and contribution rates. (ACHIEVED – SAA review in 2021/22 considered different contribution rate scenarios to ensure contribution rates were not impacted by any proposed changes in the SAA. Review of structure follows on from SAA review)

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Ensure the Fund's approach is aligned with the objectives of pooling and associated guidance. Ensure cost efficient implementation of the Fund's investment strategy	Advise on the cost-efficient implementation of the Fund's investment strategy, as required, taking into account the evolution of the LGPS Central pool.	Advice has a focus on key risk / return priorities. Any areas of misalignment with the Fund's objectives and/or poor performance highlighted are challenged and solutions identified. (ACHIEVED – Investment decisions around structure and implementation have considered the current and proposed LGPS Central Limited product offering. Early engagement with LGPS Central Limited also ensures products being developed are suitable for the Fund to invest in and aligned with the Fund's risk / return priorities).	Ensure investment decisions taken by the Fund are informed by a full analysis of the key risks, return expectations and costs of available investment options. (ACHIEVED – Pensions Panel receives quarterly market update highlighting macro risks and individual investment decisions are supported by a suitability note. E.g. Private Equity, which takes account of the various investment options) Advise the Fund on the attractiveness of third-party investment options and the benefits/potential opportunity cost of investing via the pool. (ACHIEVED – E.g. Equity structure recommendations take account of the Fund's investments with legacy managers, current investments in LGPS Central products and the climate change and sustainability agenda) Assist the Fund in enhancing arrangements for monitoring implementation of its investment strategy. (ACHIEVED – the Pensions Panel receives a quarterly market update as part of its Strategic Asset Allocation update. Any implications for the Fund are directly noted in writing alongside any proposed action. A summary table is also presented to allow the Panel to understand the impact on the SAA with a focus on the key issues and potential remedies)
Ensure the Fund's approach reflects regulatory and legislative requirements	Ensure that the advice provided to the Fund complies with relevant pensions regulations, legislation and supporting guidance.	No instances of non-compliance with relevant regulations or internal policies. (ACHIEVED – no breaches identified).	Advise the Fund on the investment implications of new regulations/ guidelines notably the Pension Schemes Act 2021, the forthcoming TPR Single Code of Practice, TCFD, UK Stewardship Code 2020, Good

		Guidance is provided on any matters, in respect of which the Fund is required by law to seek advice, particularly in relation to the preparation or revision of the Fund's Investment Strategy Statement (ISS). (ACHIEVED – a full review of the ISS was undertaken in March 2023 following the approval of the Fund's Strategic Asset Allocation (SAA) which was reviewed in tandem with the 2022 Actuarial Valuation of the Fund)	Governance review and DLUHC guidance on pooling. Ensure any investment advice is consistent with these and existing regulations/ guidelines. (ACHIEVED – whist many new regulations / guidelines are still pending, changes and/or existing regulations / guidelines are considered when any investment decisions are recommended to the Pensions Panel. E.g. TCFD. Pooling guidance.
Develop the Committee's Responsible Investment policy and ensure this is reflected in ongoing governance and decision-making processes	Develop the Committee and Panel's policies and beliefs, including those in relation to Responsible Investment and ensure that any advice provided is consistent with such.	Policies and beliefs are developed with appropriate input from the Investment Adviser and any advice provided is consistent with those policies and beliefs, including those in relation to Responsible Investment. (ACHIEVED – The Fund's overarching Investment Beliefs were reviewed in 2021/22 and these have been incorporated into all discussion and advice provided to the Pensions Panel as part of the review and implementation of the SAA and the further development of the Climate Change Strategy)	Ensure any changes to investment strategy take into account the Fund's RI beliefs and goals. (ACHIEVED – the Fund's RI beliefs and Climate Change Strategy have provided the framework for the SAA review and the further review of the asset class structure and detailed implementation plan) Assist the Fund in evaluating potential changes to the Fund's investment portfolio in support of its climate strategy and wider RI beliefs and goals. (ACHIEVED – E.g. the change in a proportion of the passive investments with LGIM from global market cap index to a low carbon index; the additional 2% allocation to a global sustainable equity manager with LGPS Central Ltd)

			Advise the Fund on changes to its Investment Strategy Statement and related policies in light of the above. (ACHIEVED – a full review of the ISS was undertaken in March 2023 following the approval of the Fund's Strategic Asset Allocation (SAA) which was reviewed in tandem with the 2022 Actuarial Valuation of the Fund and the Fund's Climate Change Strategy)
Ensure the Fund's investment objectives are supported by an effective governance framework.	Provide relevant and timely advice.	Advice which is appropriate to the matter being considered is clear, targeted and delivered on time. (ACHIEVED – Investment Consultant has been present at all Panel meetings and has been able to deliver timely advice)	Assist the Fund in strengthening its oversight of the products and services provided by LGPS Central. (ACHIEVED - Early engagement with LGPS Central Limited to ensure products being developed are suitable for the Fund to invest in E.g. Private Debt and Infrastructure sub-funds and ongoing monitoring through manager knowledge, shared performance reports and ad-hoc meetings with managers appointed by LGPS Central Limited)
	Help the Panel develop knowledge and understanding of investment matters.	The Fund is supported with training, through general communications and presentations to the Pensions Committee and Panel where required. (ACHIEVED – Panel have received advice notes and training as requested plus purchase of Hymans Robertson Aspire Learning Online Platform) Pensions Committee and Panel are satisfied with the quality, presentation and content of any training requested.	Provide training, through general communications and presentations, on relevant topics including Climate Change and new investment regulations/ guidelines. (ACHIEVED – E.g. just in time training delivered on ESG Tilted Indices and presentations on the Equity Portfolio review and its implementation)

		(COMMENT – For the Pensions Panel to comment on directly)	
	Provide services to support ongoing governance which are proportionate and competitive in terms of costs relative to our peer group.	Services provided in support of Governance are considered proportionate and represent value for money.	Ensure all items of advice are scoped, budgeted for within tendered fee scales, and executed, so as to deliver value for money. (ACHIEVED – in short term all review work scoped with indicative costs provided. Longer term impact not currently measurable)

Staffordshire Pension Fund – Investment Consultant Objectives – 2023/24 Appendix 2

Pension Fund Requirement	**Investment Consultant Objective**	**Desired Outcome / Measurement**	**2022/23 Focused Objective**
Ensure members' benefits are met as they fall due. Support a long-term funding approach that is consistent with a stable and affordable contribution approach from the employers.	Advise on a suitable investment strategy, and amendments to the strategy, to deliver the Fund's required investment returns to support progress towards a long-term steady state of funding. Deliver an investment approach that reflects the Fund's cash flow position, and likely evolution, and minimises the risk of forced divestment.	Returns from the investment strategy, over time, are in line with or exceed the investment return assumptions in the Fund's Funding Strategy Statement; subject to market conditions and strategy implementation. The Fund has sufficient liquid cash flow to allow members benefits to be paid as they fall due.	Continue to facilitate the review of the Fund's investment strategy, focusing on key aspects of investment structure, to ensure it remains fit-for-purpose as the Fund approaches full funding and in the context of market changes. Monitor, and alert the Fund, to new investment opportunities that would improve the likelihood of the Fund achieving its objectives. Ensure investment advice takes the whole Fund position into account, including the impact on funding and contribution rates.
Ensure the Fund's approach is aligned with the objectives of pooling and associated guidance. Ensure cost efficient implementation of the Fund's investment strategy	Advise on the cost-efficient implementation of the Fund's investment strategy, as required, taking into account the evolution of the LGPS Central pool.	Advice has a focus on key risk / return priorities. Any areas of misalignment with the Fund's objectives and/or poor performance highlighted are challenged and solutions identified.	Ensure investment decisions taken by the Fund are informed by a full analysis of the key risks, return expectations and costs of available investment options. Advise the Fund on the attractiveness of third-party investment options and the benefits/potential opportunity cost of investing via the pool. Assist the Fund in enhancing arrangements for monitoring implementation of its investment strategy.
Ensure the Fund's approach reflects regulatory and legislative requirements.	Ensure that the advice provided to the Fund complies with relevant pensions regulations, legislation and supporting guidance.	No instances of non-compliance with relevant regulations or internal policies. Guidance is provided on any matters, in respect of which the Fund	Advise the Fund on the investment implications of new regulations/ guidelines notably the Pension Schemes Act 2021, the forthcoming TPR Single Code of Practice, TCFD, UK Stewardship Code 2020, Good

		is required by law to seek advice, particularly in relation to the preparation or revision of the Fund's Investment Strategy Statement.	Governance review, DLUHC guidance on pooling *and Local Investment / Levelling Up*. Ensure any investment advice is consistent with these and existing regulations/ guidelines. Advise the Fund on changes to its Investment Strategy Statement and related policies in light of the above.
Continue to develop the Committee's Responsible Investment policy and ensure this is reflected in ongoing governance and decision-making processes	*Continue to* develop the Committee and Panel's policies and beliefs, including those in relation to Responsible Investment and ensure that any advice provided is consistent with such.	Policies and beliefs are developed with appropriate input from the Investment Advisor and any advice provided is consistent with those policies and beliefs, including those in relation to Responsible Investment.	Ensure any changes to investment strategy consider the Fund's RI beliefs and goals. Assist the Fund in evaluating potential changes to the Fund's investment portfolio in support of its climate strategy and wider RI beliefs and goals. Advise the Fund on changes to its Investment Strategy Statement and related policies in light of the above.

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Ensure the Fund's investment objectives are supported by an effective governance framework.	Provide relevant and timely advice.	Advice which is appropriate to the matter being considered is clear, targeted and delivered on time	Assist the Fund in strengthening its oversight of the products and services provided by LGPS Central.
	Help the Panel develop knowledge and understanding of investment matters.	The Fund is supported with training, through general communications and presentations to the Pensions Committee and Panel where required. Pensions Committee and Panel are satisfied with the quality, presentation and content of any training requested.	Provide training, through general communications and presentations, on relevant topics including Climate Change and new investment regulations/ guidelines.
	Provide services to support ongoing governance which are proportionate and competitive in terms of costs relative to our peer group.	Services provided in support of Governance are considered proportionate and represent value for money.	Ensure all items of advice are scoped, budgeted for within tendered fee scales, and executed, to deliver value for money.

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