GMPF
UK Stewardship Code 2022

Statement of compliance with the UK Stewardship Code

Enhancing the quality of engagement between institutional investors and companies

Principle 1.

Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society

Tameside MBC became the administering authority of the Greater Manchester Pension Fund (GMPF) in 1987 after the abolition of the Greater Manchester County Council in 1986. GMPF covers all ten councils of Greater Manchester, the National Probation Service and numerous other smaller employers.

GMPF is invested to fund the retirements of thousands of beneficiaries. GMPF always acts in accordance with the interests of those beneficiaries and its Responsible Investment activities aspire to make a positive contribution to the region and beyond.

GMPF's culture is driven by its long term approach and is set out within its Core Belief Statement and Investment Strategy Statement. These beliefs form the foundation of discussions, and assist decisions, regarding the structure of GMPF, strategic asset allocation and the selection of investment managers. The Core Belief Statement underscores GMPF's commitment to stewardship as follows:

"Well governed companies that manage their business in a responsible manner will produce higher returns over the long term."

Environmental, Social and Governance (ESG) issues are important to GMPF as they can be financially material and, as such, should be part of the assessment and monitoring of investments in all asset classes. Achieving sustainable, long-term financial returns underpins the ability to pay pensions. A focus on ESG issues helps reduce risks to GMPF and ultimately the Council taxpayer.

Responsible Investment forms a core consideration within GMPF's Investment Strategy Statement which is updated at least every three years. Key themes and risks are identified

Piccadilly Gardens, Manchester

"Well governed companies that manage their business in a responsible manner will produce higher returns over the long term"

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around which GMPF's Responsible Investment policy is built. GMPF has liabilities that will have to be paid for decades to come and so must take a long-term view with its investment strategy when considering risks and opportunities. The size, investment time horizon and risk appetite of GMPF give it a distinct advantage to ensure it is able to create long-term value for its beneficiaries as well as wider society.

In the development and implementation of its Responsible Investment Policy, GMPF identified overarching themes such as climate change, people, corporate governance and financial reporting as risks that needed to be addressed. Underlying these themes, GMPF's Responsible Investment Policy has identified significant issues such as deforestation, water stewardship, human rights and public health that require attention.

GMPF's long-term goal is for 100% of its assets to be compatible with the net zero-emissions ambition by c.2050 in line with the Paris agreement. This goal is regularly evaluated and reported to members. Climate change is a key financially material environmental risk. The Management Panel believe that, over the expected lifetime of GMPF, climate-related risks and opportunities will be financially material to the performance of the investment portfolio. GMPF integrates climate change considerations in the overall investment strategy, with the aim of minimising adverse financial impacts and maximising opportunities for long-term economic returns in all asset classes.

GMPF has increased its allocation to alternative investments, and particularly infrastructure which aligns with its long-term approach. GMPF is a partner in **GLIL** which is a joint venture that invests directly in infrastructure assets. GLIL began investing in October 2015 and has completed twelve transactions with a total value in excess of £2 billion.

In terms of **impact investing**, GMPF is the largest participant of the **Invest 4 Growth** initiative. The objective of this portfolio is to make investments that provide a commercial return and a **beneficial economic, social or environmental impact**. Areas of investment include: - the provision of supported living accommodation, renewable energy, loans to small and medium sized businesses and private equity with a focus on impact investing. Alongside investments into nationally focused pooled funds, GMPF will seek co-investment opportunities to enhance the impact in the North West. GMPF also has an **Impact portfolio** with the same twin aims and seeks to collaborate with other pension funds, specifically the Northern LGPS Pool's members, to develop a diversified portfolio and achieve cost benefits from greater economies of scale.

The **Greater Manchester Property Venture Fund** (GMPVF) has an allocation of up to £700 million and creates property investments by a process of site acquisition, building, direct property development and property letting/management. The enables GMPVF to generate state of the art office, retail and industrial/workshop accommodation. GMPVF has the twin aims of generating a commercial rate of return and **supporting the local area**. GMPVF also seeks to make an environmental impact through regeneration. The target area for GMPVF is the North West of England with a particular focus on Greater Manchester.

The assets of GMPF represent the combined savings of generations of public sector workers, without whom the pension fund would not exist. Therefore, GMPF has a responsibility to act in the best interests of those workers, and actively promote the creation of decent work. GMPF has adopted a wide-ranging **Responsible Investment policy** that details its ambitions to uphold the highest standards of corporate governance at its investee companies and make investments that deliver financial, social and environmental benefits across the North of England. GMPF actively promotes the creation of decent work and quality jobs as part of its approach to employment standards and human capital management.

GMPF expects all businesses in which it

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invests to treat their workforce with respect and to employ and reward them fairly. Companies should offer secure, direct employment where possible, and should not interfere with the right of their workforce to seek representation through a trade union. GMPF has directly raised issues during meetings with management at companies relating to working conditions and workers' rights.

GMPF supports the **Investing in a Just Transition** Initiative which focuses on delivering a transition to a low-carbon economy while supporting an inclusive economy with a particular focus on workers and communities across the UK. GMPF understands that delivering a just transition will be key to the UK's success in building a zero-carbon and resilient economy. However, GMPF also knows there is a need for this to be done in a sustainable way that supports an inclusive economy. GMPF considers this to fit well with the objective of seeking to ensure a regional dimension to its Responsible Investment activities.

GMPF considers **shareholder resolutions** a useful tool to proactively raise issues of concern either where boards of investee businesses are resistant to dialogue or change, or to amplify the shareholder voice where engagement with boards has been positive. GMPF has co-filed resolutions at different companies in recent years on issues ranging from climate change to employment practices. GMPF will consider filing or co-filing resolutions in cases where it feels engagement has not resulted in achieving the desired effect.

GMPF does not typically **divest** from businesses unless ESG factors are likely to have a financially material negative impact. Instead, GMPF seeks to use its **influence as investors** to address issues of concern. GMPF recognises its ability to act as an effective steward, and responsibility to do so, is greater where its holdings are greater or more concentrated. Therefore, sizeable investments are closely monitored and engaged where necessary.

GMPF believes it is often advantageous to work **collaboratively** with other like-minded organisations and gain leverage to influence companies. GMPF has engaged both directly and indirectly with companies on a range of issues and co-filed shareholder resolutions with companies to effect change.

GMPF's Investment Monitoring & ESG (IMESG) Working Group and Management Panel, as well as the Northern LGPS Joint Committee, are all areas where ESG matters are raised and discussed with stakeholders. The elected members who represent many beneficiaries and the local population are given the opportunity to scrutinise the approach to stewardship. GMPF's external asset managers routinely update the IMESG Working Group on their work and the Responsible Investment advisor presents at multiple Working Groups. The LAPFF Quarterly Engagement Reports and Northern LGPS Quarterly Stewardship Report are included in the Quarterly Responsible Investment update to the Management Panel, which is publicly available and provides information on Responsible Investment activities and progress. GMPF's Investment Strategy Statement was updated in 2021 following a period of public consultation. All the feedback received related to the Responsible Investment section which helped shape the final version.

GMPF's approach to stewardship is an extension of the philosophy and culture embedded within the organisation which has been carefully fostered over decades. While there is a small amount of turnover in the membership which ensures a fresh look at GMPF's policies and practices, the Fund can also rely on the large number of longer standing members to help newer members integrate. Members have access to regular training to ensure they can effectively carry out their duties. During the reporting period, one of GMPF's external managers held a training day where they explored topics such as divestment versus engagement, investment stewardship and integrating ESG into value investing. Some of these topics can be considered difficult but GMPF strongly believes in tackling the difficult questions head on rather than avoiding them. The strong governance structure, processes, and way in which GMPF operates allows for members and advisors to have access to external managers, Officers and other service providers at working group meetings and management panel meetings where they can raise issues and questions, they feel are important. Working Group meetings often generate deep discussions and robust questioning of external providers and Officers. This ensures GMPF's approach is aligned to its stated policies and has created a culture of openness, transparency and accountability.

GMPF exists to pay the pension of its members and while carrying out this fiduciary duty recognises the role it can play as a

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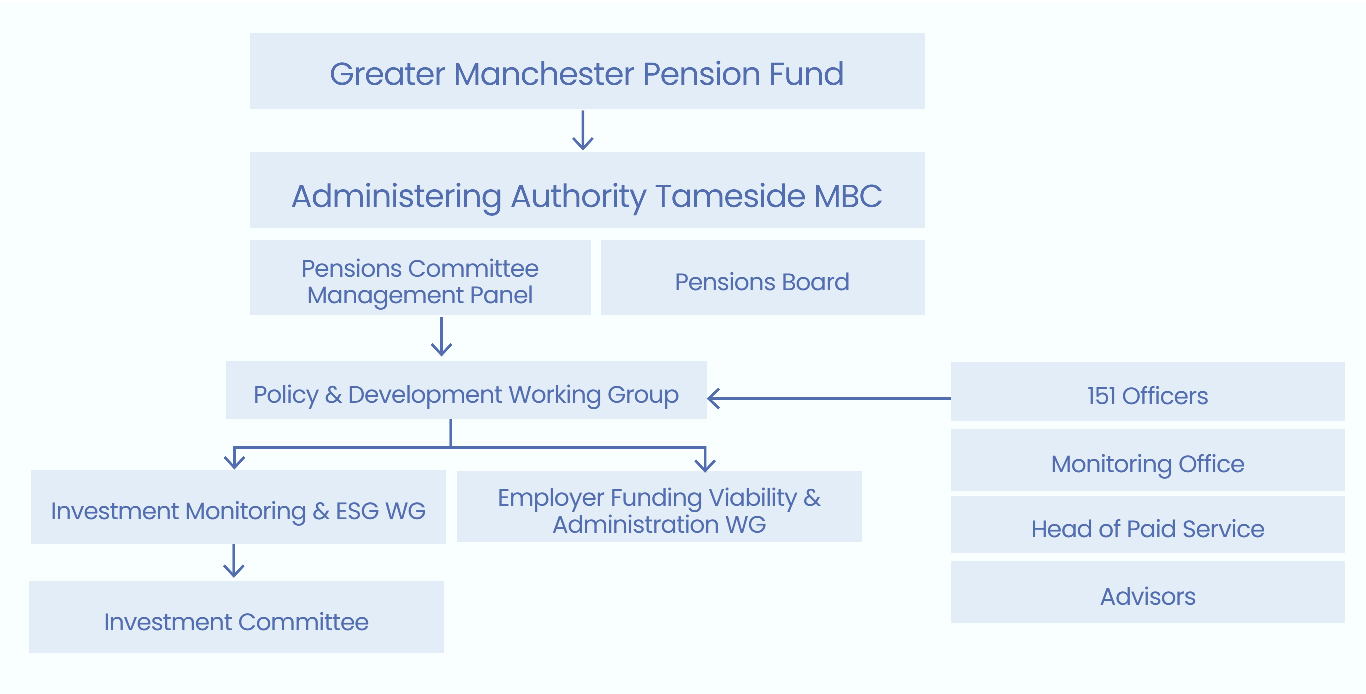
responsible investor. GMPF demonstrates a flexible attitude in the way in which it listens to and takes on board feedback and communicates with its members in a clear and constructive way. The Fund has a clear and defined culture and strategy which is articulated in the Investment Strategy Statement and Core Belief Statement. Additionally, the broad range of themes in the RI Policy demonstrate GMPF's recognition of the ESG related risks and opportunities which ensures GMPF is well placed to continue paying the pensions of its members and being a responsible investor. GMPF believes its fiduciary duty of meeting the needs of its beneficiaries and employers are being met as evidenced by strong returns over the long term and recognition by the UN PRI of its reporting and the Responsible Asset Allocate Initiative. This initiative ranked 251 of the world's largest asset allocators on their RI practices in which GMPF was ranked 35. While the Fund recognises there is more to be done GMPF recognises this as an independent, external validation of GMPF's approach to responsible investing.

Salford Quays,
Ontario Basin

Principle 2.

Signatories' governance, resources and incentives support stewardship



GMPF believes strong governance enables it to fulfil its duties. Regular formal meetings ensure that stakeholders can scrutinise its activities. The governance structure is set out below and the Governance Policy is available on the website.

The **Pension Fund Management Panel** carries out a similar role to the trustees of a pension scheme and they are the key decision makers for:

- Investment Strategy
- Monitoring investment activity and performance
- Overseeing administrative activities
- Guidance to officers in exercising delegated powers

Each local authority within Greater Manchester is represented on the Management Panel, as is the Ministry of Justice. The **Pension Fund Advisory Panel** works closely with the Management Panel and advises them on all matters. Each local authority is represented on the Advisory Panel and there are six employee representatives nominated by the North West Trade Union Council.

The Council has delegated all its functions as administering authority of GMPF to the Pension Fund Management Panel which routinely meets on a quarterly basis. The Management Panel appoints the Pension Fund Advisory Panel and external advisors and has dedicated internal Officers of GMPF to advise it on the exercise of its delegated powers. GMPF has three external advisors who assist the Advisory Panel, in particular regarding investment related issues. Their experience is wide ranging to ensure they are able to understand and advise on the activities of GMPF. There are three working groups which report to the Panel on specialist matters and each convene quarterly. GMPF's external managers attend the working group meetings and report specifically on Responsible Investment matters at the Investment Monitoring and ESG (IMESG) working group.

The Officers of GMPF attend/participate in

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seminars and **roundtable events** to gain a better understanding on ESG related issues. Ideas and thoughts discussed at these events and wider learning are discussed within the Investments team at GMPF which feed into the agenda for the Working Group meetings and investment practices. The Investments Committee meets monthly where investment related matters and proposals are discussed between the investment teams across all asset classes. All new investment proposals from GMPF's internally managed portfolios are presented to the Investments Committee and scrutinised before they move forward for implementation. These regular meetings assist the Director in discharging delegated authority.

GMPF has a **Business Plan** that is updated annually that formally incorporates an objective of enhancing stewardship activities and sets desired outcomes. The objectives include areas such as governance of GMPF, collaboration, local investments and ESG factors. GMPF understands it can make a positive change and so a part of its strategy is to help in the regeneration of the local area. The ESG outcomes include the encouragement of suppliers and investee companies to work towards a just transition to a net zero emissions economy by c2050 and to minimise the environmental impact in delivering GMPF's ultimate objective of paying its pensioners. GMPF takes its obligation to Responsible Investment seriously and its implementation forms part of the business plan which is reported to and monitored by the Management Panel.

GMPF's **Risk Register** includes an assessment of both long- and short-term issues that could impact the day to day running of GMPF and ways in which these risks can be mitigated. Potential ESG related legislation, recovery from the pandemic, inflationary pressures, the conflict between Russia and Ukraine and Brexit are examples of risks that have been identified that could have an immediate impact while ESG risks are considered to have both short- and longer-term impacts. This approach is incorporated into GMPF's **Investment Strategy Statement** which includes a period of public and employer consultation to promote an open dialogue, transparency and the opportunity to incorporate the views of other stakeholders.

There are three main strands to Stewardship at GMPF which are targeted appropriately given capabilities in terms of expertise, experience and resources that can be made available. Internally, Stewardship is considered at all levels within GMPF's structure. At an individual level all Officers are encouraged and supported to learn about Responsible Investment matters relevant to their asset class of expertise. As an example, a proposal at the Investments Committee for an investment into the Impact portfolio would be examined against the portfolio's twin aims to ensure that there is indeed a positive local impact as well as a commercial return.

GMPF believes the team is appropriately resourced with its own experience and the experience of its external managers and RI advisor to carry out its stewardship activities. GMPF's Director of Governance and Pensions is the Chair of the LGPS Scheme Advisory Board's **Responsible Investment Advisory Group**. The Assistant Director of Pensions (Investments) who reports to the Director of Governance and Pensions dedicates a significant proportion of time to Responsible Investment and is a member of the Local Authority Pension Fund Forum's (LAPFF) executive committee. GMPF is further represented by its chair who is also the chair of the Northern LGPS pool on the LAPFF executive committee. There is one member of the investment team who dedicates the majority of their time to Responsible Investment activities. The Officer is currently studying for the Certificate in ESG Investing. GMPF leverages the skills, knowledge and expertise of its external managers who continue their learning such as members of the UBS team who have completed the CFA's Certificate in ESG Investing. Members of the team at Ninety One completed the Imperial College Business School's three week Climate Risk Programme which helps inform their processes and decision making. Officers often undertake optional training where they think it would enhance their ability to carry out their duties. An example of this is the Climate Change and Investment Academy course held by Alliance Bernstein in conjunction with The Earth Institute at Columbia University. This course provided practical ways in which climate change can be considered in the investment process. Officers have built up knowledge and experience within Responsible Investment through GMPF's activities and collaborations to bring a diverse range of thought that inform GMPF's approach to Responsible Investment.

The GLIL Infrastructure vehicle strengthened its sustainability credentials with the appointment of an infrastructure and renewable

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investment specialist to its investment committee. Dr Patricia Rodrigues joined as an independent member of the committee which is responsible for approving GLIL's investments. Dr Rodrigues has two decades' experience in infrastructure investing. She has recently held director and non-executive director positions at Macquarie, PSP Infrastructure, and Aquila European Renewables Income Fund plc, where she used her investment and ESG insight to provide guidance ensuring that all investment activity delivered appropriate risk-adjusted returns for shareholders. Earlier in her career, Dr Rodrigues was involved in setting up the UK Green Investment Bank within the Department for Business, Energy and Industrial Strategy (BEIS), now the Green Investment Group.

Members, as well as Officers of GMPF, attend regular training events and conferences to ensure they are well informed and kept abreast of developments within investments including Responsible Investment. GMPF's external managers typically provide annual training which Members and Officers of GMPF attend. This training, along with wider learning, helps Members understand the issues faced by GMPF and how they are addressed. This knowledge helps ensure Members of the Management Panel are well equipped to carry out their duties. Further details on GMPF's governance structure and personnel details can be found in the Annual Report.

The second strand to GMPF's stewardship approach is via its appointment of **PIRC Limited** as its **Responsible Investment advisor** who assist in the development and implementation of the Responsible Investment Policy. GMPF is an active member in LAPFF and leverages its position to challenge companies in which it has an interest across the full spectrum of Responsible Investment issues. The majority of GMPF's engagement activity is carried out via these relationships. Officers meet regularly with PIRC to ensure the engagement activity is aligned to GMPF's expectations and keep up to date with any new developments. PIRC bring over 25 years of experience in proxy research and ESG issues which GMPF regularly leans on to ensure the best possible outcome can be achieved. An example of this is the co-filing of shareholder resolutions. GMPF sought to co-file shareholder resolutions with Apple, Microsoft and Unilever across a range of ESG issues. While Officers from GMPF joined meetings and gave the perspective of an investor, PIRC provided the expertise in terms of the issues and outcomes of engaging with the companies. PIRC is also the Responsible Investment advisor to the Northern LGPS. This relationship from a GMPF perspective ensures alignment of Responsible Investment policy between GMPF and the Northern LGPS. Throughout the year PIRC have organised numerous webinars relating to corporate practices relating to tax and social protection for workers in textile factories who faced huge lay-offs and deepening poverty as demand plunged during the pandemic. Members of GMPF receive invitations to attend

Charging electric Cars, Salford, Greater Manchester

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and are encouraged to participate in these events and with the shift to moving meetings online they have become more accessible. GMPF's formal memberships in organisations such as the Climate Action 100+, IIGCC, the Workforce Disclosure Initiative and affiliation in groups such as the UK pension fund RI Roundtable and the Cross Pool RI group help Officers stay well informed of developments and evaluate the effectiveness of its activities.

The final strand to GMPF's approach to Stewardship is via its external asset managers. GMPF believes that the asset managers have the resources, capabilities and scale to carry out stewardship activities effectively. The external managers routinely present on Responsible Investment related topics to the IMESG Working Group. They report on their processes and how they are evolving their stewardship activity.

GMPF produces a quarterly **Responsible Investment Activity** report that is presented to the Management Panel and can be found in the agenda reports pack for each Panel meeting using the link below. The purpose of the report is to document Responsible Investment related activities across all three strands in GMPF's stewardship approach across all asset classes. The report was introduced following feedback received requesting more disclosure of GMPF's positive stewardship activities. The report lists activities under each of the six PRI principles. In the interest of transparency, the report is publicly available with contact details available for any feedback. This demonstrates GMPF's commitment to responsible investing and listening to the views of members and beneficiaries.

https://tameside.moderngov.co.uk/ieListMeetings.aspx?CommitteeId=136

GMPF does not offer additional or incremental reward or incentivisation its employees or its external asset managers to integrate stewardship into investment decision making. GMPF believes that stewardship and ESG should be incorporated into the investment process as standard and be seen as part of the day to day role of an investment manager. This belief covers all asset classes. For public market assets ESG issues are discussed during quarterly manager monitoring meetings and the private markets team take into consideration ESG as part of their due diligence and monitoring processes. The Local Investment team take into consideration their twin aims of ensuring a positive local impact as well as a commercial return and the investments in infrastructure via the GLIL vehicle by nature are long-term and therefore decisions are made through a sustainability lens.

GMPF's involvement in collaborative organisations are covered in more detail under Principle 10.

Tameside Metropolitan Borough Council is the administering authority of GMPF. The Policy, Performance and Communications team acts as the corporate lead for the Tameside Metropolitan Borough Council on equality and diversity. Advice and guidance for services is provided to co-ordinate the authority's approach to its equality and diversity commitments. This includes compliance with the **Equality Act 2010**, publication of information relating to equalities, and other equality performance management functions. GMPF has promoted diversity, equality and inclusion in line with Council policy.

Equality is about making sure that everyone has the same opportunities in life. Tameside Metropolitan Borough Council is committed to promoting equality for everyone and working with its partners to identify and remove inequalities across the borough. This means that Tameside Metropolitan Borough Council needs to ensure everyone gets the same access to services, and is able to benefit accordingly, be they an employee, resident, or local business.

Services need to be designed with accessibility in mind, so that they are delivered in a way that is consistent with the law and the Councils obligations under the public sector equality duty across all nine protected characteristic groups. Similarly, staff need to be aware of the Equality Act and the public sector equality duty, together with the various measures in place to aid compliance and assist with decision making.

The **nine protected characteristic groups** are – race / ethnicity, sex, disability, age, sexual orientation, religion & belief, sex reassignment, pregnancy & maternity, and marriage & civil partnership. Mandatory training is also required for all employees at Tameside Metropolitan Borough Council to ensure all staff are cognisant of diversity, equality and inclusion. This includes modules titled Equality and Diversity and Unconscious Bias. The Equality and Diversity Policy can be accessed using the link below.

https://www.tameside.gov.uk/equalitydiversity

Principle 3.

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first

Tameside Metropolitan Borough Council's Standards of Conduct and Ethics for employees is publicly available and is applicable to all employees as the administering authority for GMPF. Parts 1, 2 and 3 of the Code of Conduct cover conflicts arising by virtue of officers' personal or family interests irrespective of whether they are financial. In respect to conflicts of interest within GMPF, members are required to make declarations of interest at the start of Working Group and Management Panel meetings.

Tameside Metropolitan Borough Council is the administering authority of GMPF, and further details of the Council's policy in relation to declarations of interest are available on the Council's website. GMPF's governance structure in conjunction with the GMPF Local Pension Board ensure conflicts of interest are managed. GMPF augmented the Council and Local Board conflicts policies by adopting its own fund specific policy during the reporting period. GMPF expect its external managers to have effective policies addressing potential conflicts of interest that are covered in their Stewardship Code reporting.

From time to time GMPF is required to appoint new asset managers or service providers. Conflicts of interest, or the appearance of a conflict of interest, may arise in the form of previous employment whereby a GMPF Officer has been previously employed by an organisation that is under consideration for appointment. To mitigate this GMPF Officers involved in the appointment process are required to declare this potential conflict to GMPF's Compliance Officer who would record this and assess whether the Officer can take part in the appointment process or be recused.

GMPF retains the maximum possible authority to direct voting, rather than delegating to asset managers. GMPF has dedicated voting guidelines that inform it how votes are cast. This combination of retained authority and a clear framework ensures both a consistent approach is taken across equity holdings and provides clarity to the businesses in which GMPF invests about its expectations. In line with GMPF's commitment to transparency and democratic accountability, GMPF ensures its voting aligns with its engagement and pre-discloses voting.

One area where a conflict of interest could arise is in GMPF's local investments portfolio. To mitigate this potential conflict GMPF has delegated authority to Officers and external fund managers where members, some of whom may be local councillors have no influence in the appraisal process. Decisions are made on the merits of each individual investment case and scrutinised by the investments committee which comprises of a wider group of GMPF Officers.

To avoid any conflicts of interest GMPF's external appointed Responsible Investment advisor, PIRC Ltd, does not take on any paid or unpaid consultancy from companies on which it reports.

No conflicts of interest have been identified during the reporting period.

Principle 4.

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system

GMPF is an open defined benefit scheme and therefore **long term** in nature which requires it to be cognisant of not only short-term risks but also long-term risks and the effects these can have on GMPF. The investments of GMPF span multiple asset classes and are global and therefore the risks to GMPF are viewed through a global lens. While climate change has been identified as a key risk and the main focus there are other risks that arise in the short term that could potentially have longer term effects. Officers monitor and stay informed of emerging risks such as inflationary pressures, the conflict between Ukraine and Russia, the ongoing recovery from the pandemic, Brexit and trade tensions between countries by attending seminars, meeting with GMPF's external asset managers as well as other asset managers, consultants and other service providers in the marketplace. Officers reflect on these risks and how they affect investments in their area of expertise to ensure Officers are acting in the best interest of GMPF's beneficiaries. These risks are then shared with the wider team and discussed and analysed to aid investment decisions.

GMPF undertakes engagement with a range of stakeholders and industry bodies that drive policy and market norms in Responsible Investment matters. GMPF responded to a consultation and provided feedback to the Department for Levelling Up, Housing and Communities was running. The consultation named "Local Government Pension Scheme

Northern quarter and Mackie Mayor, Manchester

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(England and Wales): Governance and reporting of climate change risks" was seeking views on proposals to require Local Government Pension Scheme (LGPS) administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The Fund has been reporting on a voluntary basis in line with the TCFD recommendations since 2018. LAPFF and the Responsible Investment Advisory Group also submitted responses which GMPF also supports. Depending on factors such as available resources, the size of holding, location of the company and level of expertise required engagements are done collaboratively, directly or via GMPF's Responsible Investment advisor.

In February 2021, the Northern LGPS committed to the Paris Aligned Investment Initiative's Net Zero Asset Owner Commitment. Within 12 months of committing, Northern LGPS was obligated to set interim targets and submit these via the "Paris Aligned Asset Owners: Target Disclosure Template" to IICGG. Once the IIGCC issued their final guidance, Officers completed the disclosure template and submitted the template. Since submitting, the IIGCC have been working to collate the disclosure templates of Northern LGPS and the 26 other asset owners who also submitted their disclosure templates to produce a single document that details each asset owner's commitment.

Additionally, as part of the commitment Northern LGPS provided several case studies demonstrating its approach to investing in climate solutions which was highlighted via the investments made through the GLIL infrastructure vehicle. The IIGCC collated case studies from a number of investors and has published these on the Investor Agenda website.

https://theinvestoragenda.org/wp-content/uploads/2022/05/Northern-LGPS-ICAPs-case-study_FINAL.pdf

GMPF's Director of Pensions chairs the Responsible Investment Advisory Group (RIAG) which focuses on advising the LGPS Scheme Advisory Board and the Investment Committee, as requested, on all matters relating to responsible investment. It is also responsible for assisting the Board in developing and maintaining the online Responsible Investment A to Z website, which went live in 2021.The group continues to meet on a six weekly cycle and reports directly to the Investment Committee.

https://ri.lgpsboard.org/items

GMPF has identified several systemic risks as stated in its RI Policy. One of the **key themes** over the course of 2022 that GMPF has engaged on has been **Tax**. GMPF considers certain corporate tax arrangements, whilst potentially beneficial to shareholders in the short term, can be a source of regulatory, financial and reputational risk to companies and investors. Aggressive corporate tax avoidance may have a negative effect on public finances and by extension on public service provision. Therefore, GMPF seeks to monitor the behaviour of investee companies in respect of tax planning and challenge where necessary. To continue to raise awareness and help tackle this issue GMPF joined the UN PRI's Tax Reference Group which convened for its first meeting in July. GMPF filed a shareholder resolution with Cisco Systems and co-filed similar shareholder resolutions with Microsoft and ConocoPhillips requesting they issue a tax transparency report to shareholders and adopt the Global Reporting Initiatives tax standard. With the Covid-19 pandemic resulting in large deficits for many governments, there has been an increased focus on whether corporations are paying their fair share of tax and contributing to society.

Another area of focus has been **workers' rights**. GMPF co-filed a shareholder resolution with Apple urging the board of directors to commission and oversee an independent third-party assessment of Apple's adherence to its stated commitment to workers' freedom of association and collective bargaining rights as contained in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the UN Guiding Principles on Business and Human Rights and explicitly referenced in Apple's Human Rights Policy. Following a number of meetings with co-filers and PIRC the company agreed to undertake this third-party review and the shareholder resolution was withdrawn.

Through its membership of LAPFF and direct representation on the LAPFF executive committee, GMPF is able to play an active role in identifying and formulating the workplan formally at the strategy meetings held by LAPFF. During the course of the year, issues such as mining and human rights, climate change and nature-based solutions, audit and corporate governance and pay gaps and diversity were all issues that were discussed in business meetings as being priorities.

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In April, LAPFF published a report titled 'Mining and Human Rights: An investor Perspective'. The report is written from an investor's perspective, with analysis conducted through the lens of international human rights law. The report evaluates how human rights law applies to the mining sector and covers the human rights and environmental impacts of mining companies such as Anglo American, BHP and Glencore. The report also presents an industry perspective on human rights impacts by evaluating the main ESG impacts LAPFF found through engaging with mining companies and members of affected communities.

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

Albert Square Tram

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

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

Principle 4...

regulatory requirements. In this context, LAPFF strongly supports ending the sale of new, non-zero emission buses, coaches and minibuses by 2025.

GMPF's external fund managers present at the IMESG working group on ESG related issues. These range from company specific issues to much broader issues that they have engaged with policy makers which provide members of GMPF with an opportunity to scrutinise their approach and provide feedback. These working group meetings give GMPF direct access and a voice in shaping conversations in a way that is aligned to GMPF's beliefs.

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

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

Good Economy Project, Impact Investing Institute and Pensions for Purpose joined forces to produce a report on place-based impact investing that can mobilise capital to help build back better and level up the UK. Based on extensive consultations with market participants and stakeholders, the report offers a set of directions, models and geographies and practical guidance for investors to engage in place-based impact investing. The report found that GMPF was one of six LGPS funds out of a sample of 50 that has a stated intention to make place-based investments. Furthermore, the report found that GMPF is the only fund to have an approved allocation to invest some of its assets locally. GMPF has allocated 1.5% to **Impact Portfolio** investments.

GMPF approved a commitment of £105m to Northern Gritstone which forms part of the Fund's allocation to the Impact Portfolio. Northern Gritstone is a new investment company based in the north of England, founded by the Universities of Leeds, Manchester and Sheffield, three of the UK's leading educational research establishments. It intends to be one of the largest investors into academic spinouts in the United Kingdom, dedicated to financing companies in some of the UK's fastest growing sectors such as advanced materials, energy, health technology and cognitive computation. Having reached its first milestone of £215m of fundraising, Northern Gritstone issued a press release which can be seen below where a number of comments were made in support of the company's intention to bring economic growth and prosperity to the North of England.

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

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

The GMPF Investment Committee approved a commitment of £100m for the Impact portfolio to support sustainable infrastructure in the UK. The Local investments team proposed a 70:30 split of this commitment to favour a North West bias over national investments to support local infrastructure within the region. The manager

Principle 4...

focuses on the five areas of alternative investments which complement GMPF's approach to sustainable investments with a local dimension

- Forestry
- New Energy (renewables and battery energy storage)
- Housing
- Sustainable Infrastructure
- Public and Private Equity

GMPF recognises climate change as its main Responsible Investment focus and the complexities it brings in tackling it. Much of the GMPF's thinking around **climate change** is informed by its membership of the Institutional Investors Group on Climate Change (IIGCC), Climate Action 100+ (CA100+), the Carbon Disclosure Project (CDP), the Transition Pathway Initiative (TPI). GMPF measures the carbon footprint of its listed equity and corporate bond holdings annually. The results are publicly available, and the external consultant presents the findings to the Management Panel which is the highest level of governance.

GMPF understands that building a zero-carbon and resilient economy relies on ensuring a **just transition**. GMPF is a signatory to the 'Just Transition' initiative as it believes the decarbonisation needs to be done in a sustainable way that supports an inclusive economy, with a focus on workers and communities across the country. The Paris Agreement on climate change states that its Parties take into account "the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities". The need to find a 'Just Transition' is imperative, which ensures the burden is not transferred to the employers and taxpayers of Greater Manchester alike, which would result in significant Council tax hikes, and importantly avoids job losses for residents across the conurbation who are employed in these industries.

PIRC organised the 'Say on Climate' conference relating to an initiative of the same name that asks companies to set out their strategy to manage the transition to a net zero emissions business. Investors are asking for disclosure of these strategies to be consistent with the Taskforce for Climate Related Financial Disclosures (TCFD) and an annual provision to vote on these plans. GMPF's Assistant Director of Pensions represented the Northern LGPS at the conference where he contributed to the discussion of the quality of mandatory TCFD reporting from companies. Sir Chris Hohn spoke of the need for not just disclosing but also having a plan that can be properly assessed by shareholders, and what the essential components of a climate action plan might be

GMPF actively supports the recommendations of the Financial Stability Board's **Task Force on Climate-related Financial Disclosures** (TCFD) and reports its approach to managing climate risk within the TCFD's four thematic areas of Governance, Strategy, Risk Management and Metrics and Targets annually. GMPF has voluntarily reported under the TCFD's framework for five years which forms part of the annual report.

GMPF regularly participates in efforts that are approached in a collective manner. During the reporting period GMPF supported either directly or via the Northern LPGS Pool a number of letters and statements through collaborative organisations examples including a statement recognising the role asset owners can play to support emerging markets in the energy transition and a letter to the Food and Agriculture Organisation of the United Nations to deliver a roadmap for the agriculture, forestry sector to a sustainable global food system by 2050.

The Northern LGPS RI Policy covers a wide range of ESG issues. In the update from 2021, the policy specifically highlighted Public Health as a theme that the Northern Pool would engage on with companies. The Healthy Markets Initiative, which Northern LGPS is a member of, wrote to Nestle, Kelloggs, Danone and Kraft Heinz ahead of their respective AGMs urging them to increase their ambition on health, look to report using government endorsed nutrient profiling models and to set targets to increase their sales from healthier products.

GMPF was one of more than 600 investors managing $42 trillion in assets to co-sign the 2022 Global Investor Statement to Governments on the Climate Crisis coordinated by the Institutional Investors Group on Climate Change that asks governments to raise their climate ambition and implement robust policies by COP26 in November. The statement sets out five actions governments need to urgently undertake:

- Ensure that the 2030 targets in their Nationally Determined Contributions align with the goal of limiting the global temperature rise to 1.5°C
- Implement domestic policies to deliver these targets

Principle 4...

- Contribute to the reduction of non-carbon greenhouse gas emissions
- Build upon the agreed outcomes of COP26
- Strengthen climate disclosures across the financial system

The Northern LGPS is a signatory to the 30% Club, a campaign to increase gender diversity at board and executive level in the world's largest companies. During the group's quarterly meetings, it was discussed that more could be done to tackle racial and ethnic diversity also. In March, the 30% Club released a statement addressing the lack of racial and ethnic diversity in UK businesses and outlined the action it is taking to make positive change. The group sent letters to the FTSE 100 companies that are yet to meet the Parker Review targets of at least one member and executive committee member from an ethnic minority background by the end of 2021. The letter warned companies that investors may consider voting against companies at their annual general meetings if they fail to take action.

The Northern LGPS co-signed a statement that was announced at the Net Zero Delivery Summit at Mansion House. The initiative, which is backed by UK Pensions Minister, recognises the important role UK asset owners can and should play in supporting emerging economies in achieving their climate targets. The 12 signatories to the statement representing 18.3 million members with assets worth £400 billion pledged to better understand the needs of emerging economies and the required transition. Ahead of COP27 in Egypt, the group plans to set out the steps they intend to take in line with their respective investment strategies.

GMPF also engages with policy makers where it believes it can add value and promote well-functioning systems. GMPF shares the belief of the PRI that **shareholder proposals** are an important component of investor rights and that they enable investors to engage with companies on critical issues. GMPF sought to file or co-file a shareholder resolution with Cisco Systems, Microsoft and ConocoPhillips requesting they issue tax transparency reports to shareholders. With the Covid-19 pandemic resulting in large deficits for many governments, there has been an increased focus on whether corporations are paying their fair share of tax and contributing to society. GMPF co-signed shareholder resolutions with Nestle and Unilever requesting that they set targets and disclose the annual proportion of total food and drink sales by volume and revenue are made up of healthier products. GMPF had been engaging with Total as part of a group of investors requesting the company set Paris-aligned targets. Having concluded that the dialogue had been unsuccessful the group agreed to file a shareholder resolution and formalise the request.

Dove Stone reservoir, Greenfield, Greater Manchester

Castlefield

Principle 5.

Signatories review their policies, assure their processes and assess the effectiveness of their activities

Principle 5...

GMPF firmly believes reviewing policies and processes is crucial to the effective implementation of its RI activities. Regular reviews keep GMPF up to date with regulations and best practices and ensures that its policies are consistent and effective. GMPF's **business plan** has explicit objectives related to its responsible investment approach that are evaluated and renewed each year.

The **IMESG** working group meets quarterly at which much of GMPF's direct Responsible Investment related activities are communicated to Members as well as indirect activities via external managers, PIRC and LAPFF. The working group meetings have a format of a presentation and then time is allotted for questions from members in the audience. Comments and questions from these meetings are used by Officers to evaluate GMPF's approach and ensure members views are taken into consideration and reflected accordingly.

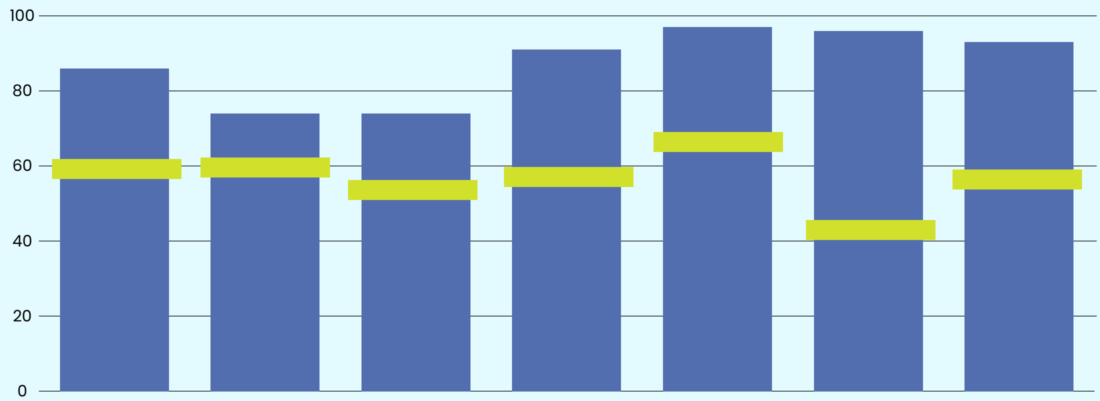
As an example, GMPF has received numerous enquiries from beneficiaries and tax payers in relation to its approach to managing climate risk. Members commented at various Working Group meetings that they would like GMPF to provide more external communication justifying and clarifying its position on this issue. Officers worked with UBS to produce a document explaining our approach to oil and gas companies and climate change. GMPF firmly believes the energy sector will play a critical role in the transition of the world to a low carbon economy. The International Energy Agency forecasts in the net zero emissions by 2050 scenario annual investment in oil and gas will decline and the skills and expertise of oil and gas companies are suited to the increasing demand for low emission technologies. The full document is publicly available on GMPF's website. In an effort to enhance the effectiveness of the communication, two versions of the document were produced. One version included key messages, and the second provided more detailed information.

Providing regular training for Members on issues such as climate change enhances the Panel's knowledge and skills and ensures they are able to carry out their duties effectively. During the reporting period, UBS provided a day of training relating to stewardship and climate change. Topics of the training sessions included investment stewardship, value investing and integrating ESG and a discussion on the question of engagement versus divestment.

GMPF is a signatory to the **UN PRI** and reports on its Responsible Investment activity through the PRI's reporting framework annually. GMPF receives feedback on its responses and this feedback is reported to members of the IMESG working group. The results received for GMPF's submission in 2021 covering activities in 2020 showed that GMPF exceeded the UN PRI median score in all modules where it was assessed.

GMPF appointed PIRC to assist in the development and implementation of its Responsible

GMPF SCORECARD SUMMARY



	Investment and Stewardship policy	Direct-Listed equity-Active quantative-Voting	Direct-Listed equity-Active fundamental-Voting	Indirect-Listed equity-Passive	Indirect-Listed equity-Active	Indirect-Fixed income-Passive	Indirect-Fixed income-Active
GMPF Score	86	74	74	91	97	96	93
Median Score	60	61	54	57	67	43	57

Principle 5...

Investment policy. GMPF's approach to Responsible Investment is informed by the numerous initiatives it supports. The Responsible Investment policy incorporates themes considered to be important and material in terms of risks and opportunities. PIRC presented their **shareholder voting guidelines** at the IMESG meeting in April 2022. PIRC identify and promote high standards of corporate governance for listed companies and often challenge the boards and individual directors of companies that fall short. PIRC noted in the presentation that in order to remain truly independent it declines any paid or unpaid consultancy from companies on which it reports as this would create an unacceptable conflict of interest. One of the key changes for 2022 is that Directors of extractive companies will be expected to state whether the financial statements or company accounts are Paris-aligned or explain why they are not. Failure to do so may lead to opposition to the accounts as they do not accurately reflect all financial impact from material risks. The guidelines were analysed at the meeting and Members as with all Working Group meetings were given the opportunity to comment and provide feedback to ensure they were satisfied that the guidelines were in line with GMPF's interests.

A review of GMPF's **Investment Strategy** is carried out each year where GMPF seeks the opinions and comments of its advisors, external managers and consultant on the strategy it is taking which includes its approach to responsible investing, in the context of strategic asset allocation. The inputs are analysed within the investment team and then reported to the Management Panel. This review provides GMPF with a level of assurance in ensuring its policies and approach are effective and verification regarding the appropriateness of its strategy.

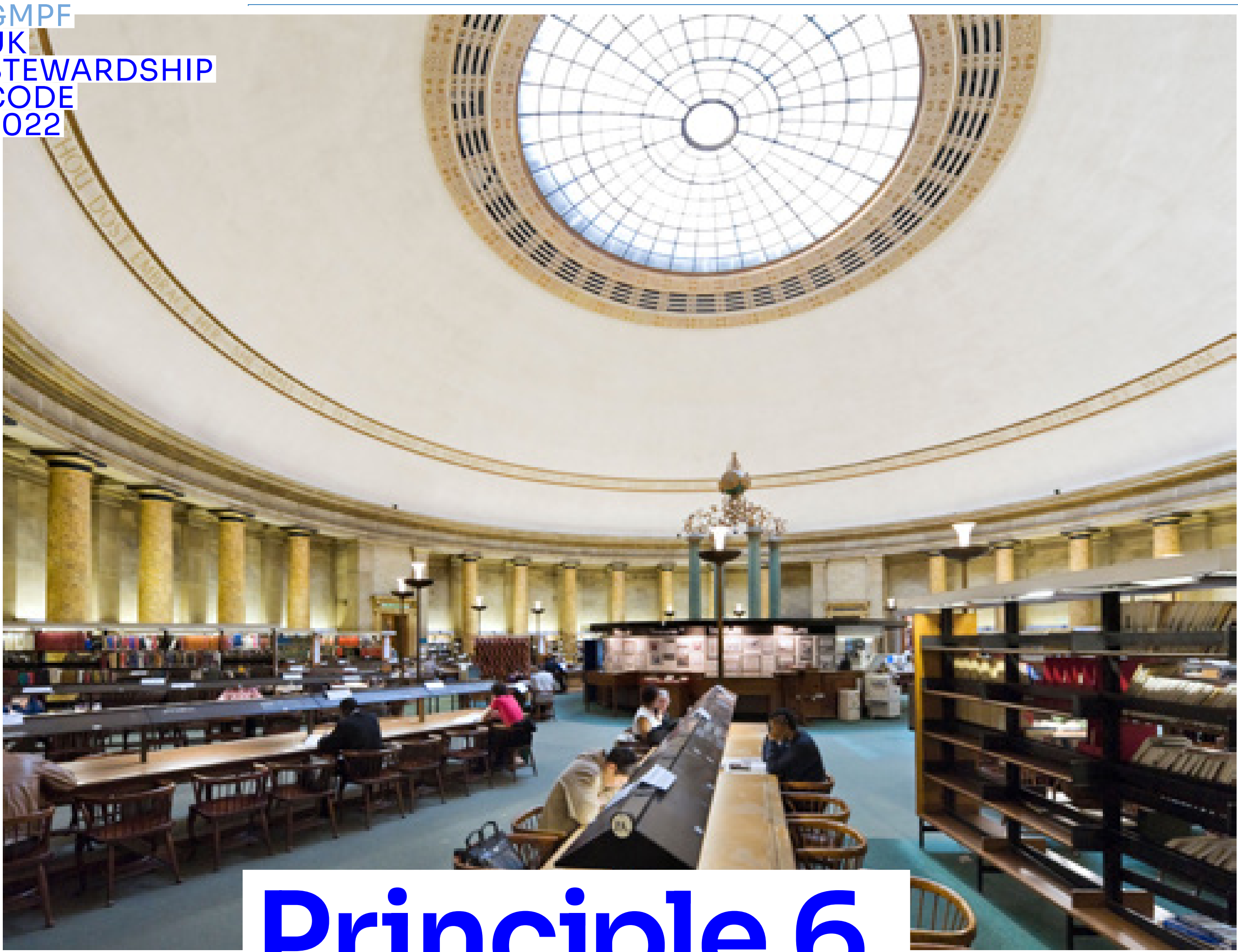
Incremental improvements and continuous changes are an indicator that processes are effective and constantly evolving. GMPF makes use of both internal and external resources to ensure the policies and practices in place are robust and effective.

LAPFF produce a report covering their engagement activity each quarter. This includes an assessment of engagement and company specific progress updates that help provide an indication of the effectiveness of the different approaches taken with companies. Officers often use these reports as well as wider reading to stay informed of issues at companies that can be raised with GMPF's external fund managers.

The Northern LGPS Stewardship Report which is publicly available on its website also highlights RI related activity at a Pool level. This report includes an assessment and summary of issues that have been addressed during the reporting period.

The **Responsible Asset Allocator Initiative** (RAAI) recognised GMPF's responsible investment practices in its assessment of large asset owners. The RAAI Index analyses how the world's largest long-term investors are developing strategies to manage critical ESG issues along 10 core principles and 30 detailed criteria. The top group of asset allocators are recognised as leaders and standard setters who provide a benchmark of excellence for the broader investment community.

A draft of GMPF's UK Stewardship Code application was presented to IMESG Working Group to ensure members had an opportunity to submit any feedback or comments. Furthermore, the draft copy was sent on to GMPF's RI advisor with the intention of seeking external verification and ensuring that the application was a fair and balanced reflection of GMPF's RI activities. Both the Working Group and RI advisor endorsed GMPF's application before it was finally submitted.



Principle 6.

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them

GMPF is an open, contributory defined benefit occupational pension scheme. The primary objective of GMPF is to pay the pensions of its **406,000 members** whose average age is 55. The table below provides a breakdown of members. GMPF achieves this objective by maximising the long-term investment return whilst not exceeding an acceptable degree of risk. GMPF firmly believe in strong governance and a long-term approach.

Status	Number of Members	Average Age
Active	120,000	45
Deferred	143,000	47
Pensioner	143,000	71
Total	406,000	55

The main Reading Room of the Central Library, St Peter's Square, Manchester

GMPF has taken a long-term approach as it will need to pay the pension of its members for many decades to come. In order to meet those long-term liabilities, GMPF needs to ensure the assets are sufficiently built up to fund those obligations. Without losing sight of the main objective, GMPF has identified a number of risks both long and short-term in nature that it must navigate to ensure it is well placed to be able to make those pension payments now and in the future.

GMPF's long term approach means it is well placed to withstand short term risks. GMPF has a strong funding level and employer covenant. The bespoke benchmark provides adequate diversification. The strategic balance of investments takes account of the risk/return

Principle 6...

characteristics of each asset class and the potential for enhanced long-term returns. Risk in relation to any asset class is considered 'in the round'. Complementing this, individual mandates have detailed, specific risk management constraints.

GMPF considers its approach to Responsible Investment to be rooted in financial materiality and risk management and is further informed by understanding its beneficiaries' views. Therefore, GMPF has expectations of investee businesses that encompass more than financial considerations alone. The assets of GMPF represent the combined savings of generations of public sector workers, without whom the pension fund would not exist and takes this opportunity to act in the best interests of those workers.

GMPF originates from a part of the country that has seen jobs in thriving industries fall away leaving behind relatively high unemployment and often replaced with low-quality or precarious jobs. GMPF understands the needs of its beneficiaries and takes in their comments and feedback to ensure their views are reflected its investment activities. These are the fundamental reasons why GMPF believes and supports the Investing in a Just Transition initiative.

GMPF has an allocation dedicated to **Local Investments** which should also benefit the local economy and regeneration. The Invest 4 Growth portfolio has an objective to provide a commercial return and also a beneficial economic, social or environmental impact. These aims follow and implement the ideas of a significant report of the same name authored by the Smith Institute and commissioned by local authority funds. The portfolio is a collaborative project with several other LGPS, where a number of participating funds pool resources to carry out due diligence and negotiate investment management fees with external managers. This resource sharing and the economies of scale enable GMPF and the other funds to make savings on the investment costs and achieve a diversified portfolio.

Following on from the Invest 4 Growth initiative, GMPF has approved an allocation of up to 2% into an **Impact Portfolio**. The portfolio has the same twin aims of generating a commercial return and delivering a positive local impact. GMPF seeks to collaborate with other pension funds to develop a diversified portfolio and achieve cost benefits.

GMPF's **Investment Strategy Statement** (ISS) is reviewed triennially. The ISS is updated and reported to the IMESG working group after which a period of public **consultation** is held. For the current ISS, GMPF was unable to hold a public event as it has done previously due to the ongoing pandemic. The Draft Investment Strategy Statement was placed on a newly created page on the GMPF website where feedback and comments could be provided. Employers were notified via their regular bulletins and regular tweets were posted on GMPF's Twitter account inviting feedback and known groups were personally invited to engage. GMPF received a number of comments and feedback all of which was related to the Responsible Investment section of the Statement. Officers incorporated into the final Investment Strategy Statement which is approved by the GMPF Management Panel.

The majority of the feedback was related to climate change. GMPF considered the responses and took on board feedback from a special interest group to include additional wording in the Responsible Investment section of the ISS to better reflect climate change related policies, in particular, GMPF's view on climate risk and the collaborative approach taken to mitigate it.

In the interests of transparency and accountability GMPF's quarterly Management Panel meeting is livestreamed and can be viewed by members of the public. GMPF's website has a dedicated section to its Responsible Investment policies and investment beliefs which can be found using the link below.

https://www.gmpf.org.uk/about/policies-reports-and-statements

The Northern LGPS website's Responsible Investment section includes the quarterly stewardship reports as well as its Responsible Investment policies. The Northern LGPS has an active Twitter account that help it to take on views of its members and also communicate developments to its beneficiaries.

GMPF's RI activity and developments are reported quarterly and are publicly available. GMPF believes having regular and accessible communication on RI issues can bring benefits for member engagement which helps shape GMPF's approach to responsible investing. The Quarterly RI report, employer bulletins and publicly available voting records all provide a level of transparency that facilitates a line of communication to Officers for providing

Principle 6...

feedback. Furthermore, the Working Group meetings consist of employee representatives from trade unions and elected councillors who represent beneficiaries and local people and bring valuable understanding of their views and needs. These structures and processes ensure GMPF can communicate its investment and stewardship activities to beneficiaries.

Following Member comments and requests at various Working Group meetings that they would like Officers of GMPF to provide more external communication justifying and clarifying its position on energy holdings, Officers worked with UBS to produce documentation explaining its approach to oil and gas companies and climate change. GMPF firmly believes the energy sector will play a critical role in the transition of the world to a low carbon economy. When considering the needs of members Officers took into account the variety of stake-holders that this literature would be beneficial to and produced two versions of the document to ensure the widest possible audience was catered for.

The Local investments portfolio is UK based. All of GMPF's assets are pooled and fall under the oversight of the Northern LGPS Joint Committee.

MANAGEMENT ARRANGEMENTS

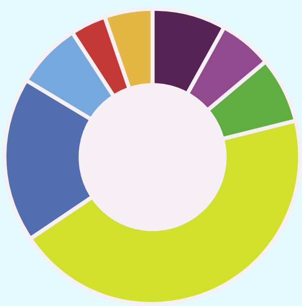
Total Main Fund £28,262 million

Externally managed £19,555 million	
Securities Portfolio	
UBS	£9,825 million
SciBeta	£2,603 million
Legal & General	£3,117 million
Ninety One	£1,780 million
Stone Harbor	£1,255 million
Property	
Schroders	£703 million
APAM	£57 million
Avison Young	£215 million

Internally managed	**£7,471 million**
Cash & Alternatives	£5,717 million
Property	£1,754 million

Northern LGPS Vehicles	£1,236 million
NPEP	£415 million
GLIL	£821 million

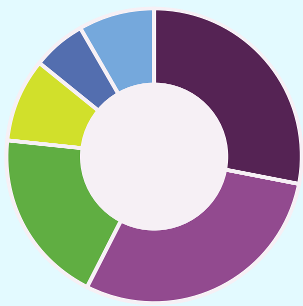
Breakdown of the management arrangements of the GMPF as of 31 March 2022



ASSET CLASS SPLIT

- **44%** Equities
- **18%** Fixed Income
- **7%** Private Equity
- **4%** Private Debt
- **5%** Infrastructure
- **8%** Property
- **6%** Local Investments
- **7%** Other

Breakdown of the assets of GMPF as at 31 December 2022

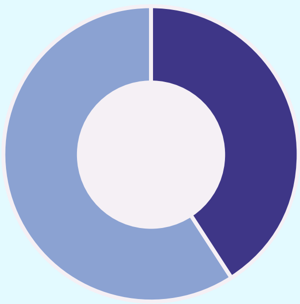


REGIONAL EQUITY SPLIT

- **28%** UK
- **29%** North America
- **19%** Developed Europe (EX UK)
- **9%** Japan
- **6%** Developed Asia Pacific (EX Japan)
- **8%** All Emerging Markets

Regional breakdown of GMPF's equity holdings as at 31 December 2022

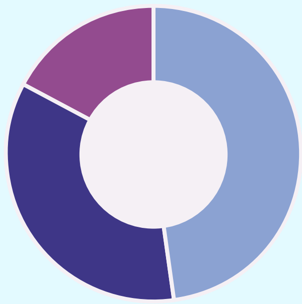
Principle 6...



FIXED INCOME SPLIT

- **41%** UK
- **59%** Overseas

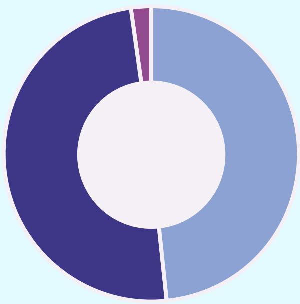
Breakdown of GMPF's Fixed Income holdings as at 31 December 2022.



REGIONAL PRIVATE EQUITY SPLIT

- **48%** North America
- **35%** Overseas
- **17%** Asia and other

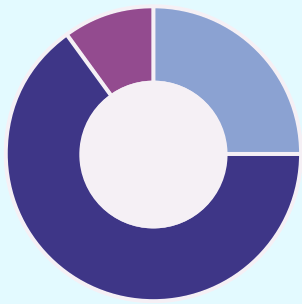
The regional breakdown for Private Equity assets as at 30 September 2022



REGIONAL PRIVATE DEBT SPLIT

- **49%** North America
- **50%** Europe
- **2%** Asia and other

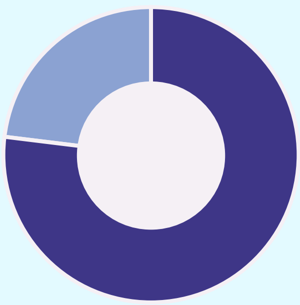
The regional breakdown for Private Debt assets as at 30 September 2022



REGIONAL INFRASTRUCTURE SPLIT

- **25%** North America
- **65%** Europe
- **10%** Asia and other

The regional breakdown for Infrastructure assets as at 30 September 2022



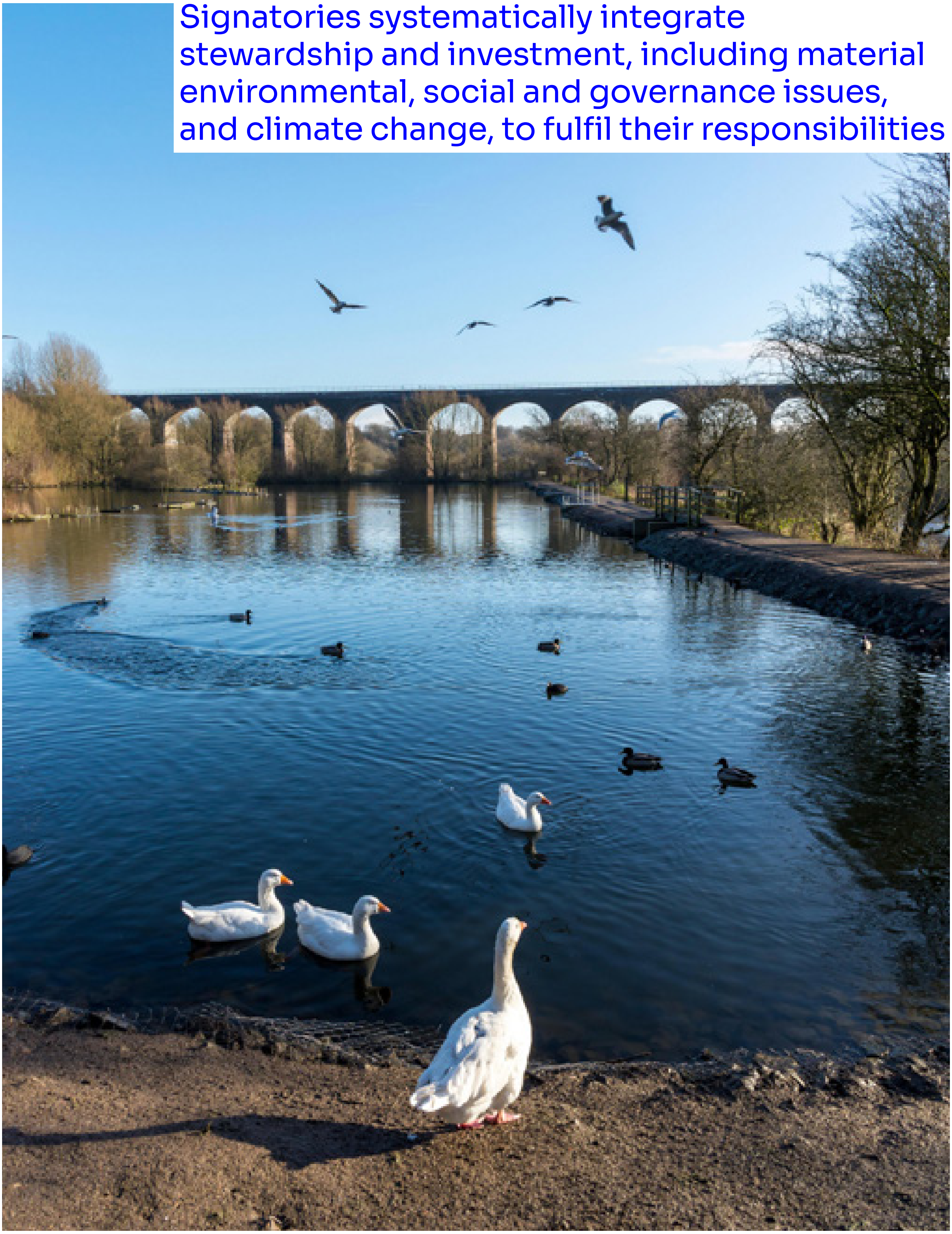
REGIONAL PROPERTY SPLIT

- **77%** UK
- **23%** Overseas

The regional breakdown for property as at 31 December 2022

Principle 7.

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities



Principle 7...

GMPF employs a small number of **external public market investment managers** and has not appointed a new manager for a number of years. All current external securities managers are signatories to the PRI. For any new manager appointments GMPF will ensure that its Responsible Investment policies are fully integrated within the investment process of the manager. GMPF would look at the processes and policies in place as well as the effectiveness of procedures of ESG integration and look to examples as evidence. GMPF undertakes significant research and due diligence prior to implementing any new mandates allowing GMPF to integrate its beliefs and responsibilities into the investment process.

GMPF has set itself the target of achieving net zero emissions by c2050, in line with the Paris Agreement. GMPF has been on this journey for some time and worked very closely with its active managers to understand their approach to managing the risks and opportunities of an orderly and just transition to a low carbon economy.

GMPF expects its external **public markets** managers to have embedded ESG analysis into their investment process. One of the main purposes of the IMESG working group meetings is for the manager to demonstrate their capabilities and report on their stewardship activities and for GMPF to assess the manager on its ability in carrying out its responsibilities. The investments in public markets are across geographies and it is GMPF's expectation that ESG issues are given the same attention regardless of the location of the company.

Day-to-day responsibility for managing equity holdings is delegated to the appointed asset managers, and the expectation is that they monitor companies, intervene where necessary, and report back regularly on activity undertaken. Routine written reports from asset managers on engagement activity are received on a quarterly basis.

GMPF has an allocation to **private markets** and has embedded ESG considerations into the new investment process. To help understand and evaluate a General Partner's process for integrating ESG into their investment practices GMPF uses an adapted version of the PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire when considering new investments for private markets. The tailoring of the survey reflects GMPF's strategy, resources and requirements. This is followed up with numerous meetings to gain an understanding of how Responsible Investment is resourced and implemented. An internal scoring mechanism is applied based on the responses to the questionnaire and the meetings which is then summarised against the six PRI principles and submitted to the Investments Committee for appraisal. The proposed investment is discussed at Investment Committee, where a decision is made whether to invest or not.

GMPF monitor and evaluate each manager annually via a questionnaire and annual investor meetings and reports. GMPF are considering a further refinement to this process which would require a report on the findings from these assessments to be routinely tabled at the IMESG Working Group.

GMPF has an allocation to **Local Investments** which comprises of the Impact Portfolio, the Invest 4 Growth initiative and the Greater Manchester Property Venture Fund (GMPVF). These share the twin aims of generating a commercial return and having a beneficial economic, social or environmental impact in the local area.

The purpose of the allocation in the impact portfolio and Invest 4 Growth portfolio help GMPF gain cost effective, diversified exposure to a portfolio of impact investments located predominantly in the North West of England. The principal aims used to define impact investing being:

- Targeting underserved markets
- Promoting health and wellbeing
- Supporting improvement in education and skills
- Supporting sustainable living
- Renewable energy generation
- Job creation/safeguarding

The Investment Manager responsible for the **Impact Portfolio**, pursues the twin aims of this portfolio, to generate a commercial return and to meet the required impact themes. In all monitoring reviews carried out, Fund Managers are both challenged on their investment strategy to achieve these twin aims, but to also continue upholding the highest ESG standards.

During the due diligence phase, GMPF's Investment Manager identified where the external Fund Managers approach aligned with GMPF requirements and the report to Investment Committee included the impact and ESG considerations that informed their decision. As an example, one of the managers found that the direct lending route allows them

Reddish Vale country park, Greater Manchester

Principle 7...

considerable influence to determine the terms of deals and engage borrowers on ESG issues. The manager's analysis considers ESG factors over the life of the investment and believes that successful implementation of ESG practices will be a driver of opportunities and actively monitors the regulatory landscape. The manager uses the UN Sustainable Development Goals to guide investment activities as follows:

Ensure that all homes built are energy efficient through design and construction

- Encourage job creation and apprenticeships
- Construction of affordable and sustainable housing with good transport access
- Avoid resource waste and emission and incentivise the use of recycled and sustainably sourced materials
- Future proof developments with flood resilience and climate insurance cover
- Promote developments that make efficient user of land and protect natural surroundings

GMPF made numerous investments in the Impact and Invest 4 Growth portfolio. Below are examples of investments that highlight GMPF's commitment to high standards of ESG incorporation.

Tier 1 is an innovative **circular economy** business specialising in IT asset disposal, IT refurbishment and the reselling of used IT hardware. Electronic waste is a growing environmental challenge globally. According to the UN, 54m tonnes of e-waste was produced globally in 2019, and 83% of this was not recycled sustainably, typically ending up in landfill (where it can be extremely toxic). The UK alone generated 1.5m tonnes of e-waste – equivalent to 55kg per household, the second highest total in Europe.

At the same time, the IT lifecycle means there is growing demand from corporates for secure, sustainable IT asset disposal. By reusing or recycling computers, we can not only avert this damage but also preserve and create economic value: a more sustainable approach could create an estimated 296 more jobs annually (for every 10,000 tonnes of computer waste processed).

Based in Manchester, Tier 1 works with corporate clients to safely and securely dispose of their end-of-life IT equipment. It then refurbishes these assets and re-sells them both through its own online channel and via third party IT resellers. Any assets that cannot be resold are broken up for recycling. As well as reducing e-waste, this also provides customers with a compelling alternative to buying new IT equipment, both from a price and a sustainability perspective. Alongside new senior hires and technology investment, in May this year Tier 1 also completed its first acquisition, EOL IT Services, to create a £25m turnover market leader.

Tier 1's differentiated market position and focus on quality means it is well placed to benefit from the further growth of this sector over the next decade. This year, the business has saved an estimated 30,000+ tonnes of CO2 emissions through asset refurbishment.

The company also has a strong social value focus, evident in its partnership with the charity Computer Aid, which works to **broaden access to technology** in developing markets, and its programme with the charity Antz Junction, which provides work experience and support to prisoners 'through the gate' (for which the company received a Queen's Award for Enterprise in 2019). Significantly, the reoffending rate of those on the programme over the last few years has been zero.

Impact Food Group (IFG) is a school catering company focused on helping more **children eat better** food. One in every three 11-year-olds in the UK is overweight or obese. Studies have also linked inadequate dietary patterns to poor cognition, memory, mood, and energy levels; all significant factors for enabling academic learning progression. The school catering sector offers an outstanding opportunity to drive better health and education outcomes for children – from food provision to nutrition education and awareness – alongside strong commercial performance.

The manager identified school catering as a sector of interest and approached two of the leading operators (Innovate and Cucina) directly. Both businesses were strongly aligned with the managers' ethos and shared ambition to provide more school children with better food. This ultimately enabled the manager to acquire the two companies off-market and combine them to create Impact Food Group.

IFG went on to become one of the leading school catering companies in the UK, serving high-quality, nutritious food to nearly 300,000 children at primary and secondary schools. As well as reformulating recipes to achieve greater nutritional value and using data to ensure its

Principle 7...

meals are accurately adapted and accessible, IFG also works directly with schools and pupils to improve broader food culture and promote healthier eating habits.

IFG's key impact is helping more students eat better food every day. When it takes over a new school service, pupil throughput typically increases by 30%, reflecting IFG's focus on quality and service; this means fewer children are relying on unhealthy snacks and takeaways. IFG is also constantly working to make its food healthier: last year alone, it was able to reduce the fat, sugar and salt in its food by 13%, 11%, and 41% respectively through recipe improvements.

The company is also conscious of its role in the broader community: it has been feeding 3,700 families through food partnerships, whilst also diverting 2,400kg of food from landfill. Internally, its recently launched "IFG classroom" gives over 2,000 employees access to careers development pathways and courses. It is also working actively with suppliers to reduce the environmental impact of its packaging.

During the year, GMPF approved a number of investments for the Local Investments portfolio:

- A commitment of £20m for the Impact portfolio to a locally based private debt manager that will engage in direct lending to small and medium sized UK businesses in the North impacted by Covid-19
- A commitment of £10m for the Impact portfolio to purchase and refurbish residential properties in the North West region with the aim of letting to registered providers on a long term basis to provide accommodation to families at risk of homelessness
- A commitment of £105m to Northern Gritstone which forms part of the Fund's allocation to the Impact Portfolio. Northern Gritstone is a new investment company based in the north of England, founded by the Universities of Leeds, Manchester and Sheffield, three of the UK's leading educational research establishments. It intends to be one of the largest investors into academic spinouts in the United Kingdom, dedicated to financing companies in some of the UK's fastest growing sectors such as advanced materials, energy, health technology and cognitive computation.
- A commitment of £100m for the Impact portfolio to support sustainable infrastructure in the UK. The Local investments team proposed a 70:30 split of this commitment to favour a North West bias over national investments to support local infrastructure within the region.

GMPVF is a long standing investor in the north west of England, seeking to undertake developments which achieve a commercial financial return alongside the delivery of economic and regeneration outputs to the region. It provides GMPF access to property development assets located predominantly in the North West of England with an emphasis on Greater Manchester. Its aim is to add value to the economy of the North West through property development to generate employment, improve long term employment prospects and contribute to the overall development of the local economy. The mandate adopts a very broad definition of property development, to be as flexible as possible to the opportunities available. More recently, this commitment to non-financial outputs has extended to encompass wider Environmental Social and Governance (ESG) criteria.

GMPVF's investments typically involve the purchase of land and property for development either with or without a partner, redevelopment projects which involve the creation of new buildings and / or the refurbishment of existing buildings for new purposes or investment in financial instruments such as debt or equity in property development and investment in collective investment vehicles. GMPVF has a range of considerations which form part of its evaluation of investment opportunities.

Social

- Use of local supply chains
- Local employment in ongoing operation
- Labour standards and working conditions
- Health and Safety
- Stakeholder engagement in planning stage
- Quality of public space and social investment

Environmental

- Supporting GMPF's efforts to reduce its carbon footprint, for example through low carbon in building construction and in

Principle 7...

use

- Sustainability, Health and Wellbeing accreditations e.g. BREEAM / WELL
- Ecological enhancement e.g. green space/ creation of habitats
- Energy efficiency relative to statutory requirements
- Water efficiency
- Waste mitigation/management plan – recycling and landfill proportions
- Public transport links/cycling facilities
- Minimise construction impacts e.g. noise, dust, traffic

GMPVF undertakes an assessment of these criteria, having reference to statutory requirements and best practice guidelines. Analysis is carried out both at the planning stage and during/following construction. Completed assets are monitored and re-evaluated on a periodic basis in order to identify opportunities for improvement and to assess the impact of new standards in legislation.

An example investment in GMPVF is the investment committee's approval of a £48m commitment to acquire three prime logistics units within the Greater Manchester area. The developer incorporates ESG considerations into the construction process to ensure a 'very good' BREEAM rating which is a science based validation and certification system for sustainable buildings. The developer is also looking to build to ensure an EPC 'A' rating to maintain low energy costs for future tenants

Avison Young, GMPF's adviser for the GMPVF, presented at the October IMESG Working Group meeting. They reported on their approach to climate resilience and the ESG considerations they take into account highlighting the risks and opportunities that they see. The presentation highlighted how they have maintained a consistent approach to GMPF and long term themes, in particular, how sustainable developments can be implemented to maximise ESG attributes in future investments.

As part of the Northern LGPS pool, GMPF's tender documentation for **External Property Manager Mandates**, included ESG focussed questions relating to people and company philosophy and tenders were evaluated having regard to appropriate responses. In addition, GMPF requires external property managers to adhere to its Investment Strategy Statement (ISS) which outlines GMPF's approach to "Socially Responsible Investment" and GMPF monitors and liaises with External Managers in connection with ESG issues as part of wider investment considerations.

GMPF's External Property Manager, **APAM**, issued its Impact report with case studies showcasing the environmental and social impacts of some of their investments. ESG is also integral to GMPF's due diligence process in making decisions to invest in property investment vehicles and funds, and forms part of the internal reporting process for approvals.

The Investment Committee approved a £50m commitment towards the Fund's property allocation to a development of UK logistics assets. The developer was the first UK specialist logistics developer to commit to carbon net zero construction on all speculative builds. The developer incorporates other ESG measures such as employing a percentage of trainees from disadvantaged backgrounds from the locality of each project.

An example in the overseas property portfolio is the Norra Vitsippan residential development in Sweden which consists of a community of net zero energy buildings. The project based outside Stockholm uses a combination of building techniques and technology to ensure that the properties will generate as much energy as they consume in one year.

The project reaches net-zero energy partly through a hybrid solar and geothermal system where high temperatures from solar collectors on three buildings are stored and utilized to increase the temperature from geothermal as well as for warm water production. When the warm water/brine storage tank is fully heated, solar heat is being used to recharge the borehole or ground loop. In this way the temperature recovers in the energy storage faster and results in increased efficiency of the heat pump.

To fully reach net-zero energy, solar cells on four buildings produce electricity used in operation. Excessive electricity production is sent out to the grid and electric car chargers will be installed to correspond with future demands. Technology is a key enabler for sustainability and the hybrid solution works provides a green all-year heating solution for all four buildings.

GLIL was established in 2015 by GMPF and London Pensions Fund Authority (LPFA) with £500 million of capital investments. In December 2016, Lancashire County Pension Fund, Merseyside Pension Fund and West Yorkshire Pension Fund were admitted as members of GLIL increasing committed capital to £1.275 billion. In March 2018, further changes were

Principle 7...

made to the structure of GLIL to facilitate wider participation by pension funds. GLIL moved to an open-ended fund structure that allowed for the admission of new members.

GLIL was designed by the founding members to better address their needs than many of the commercially available alternatives. Specifically, GLIL seeks to deliver:

- Long Term Ownership. GLIL is an open-ended fund structure that allows for investment with the ultra-long-time horizons of pension fund investors. This avoids the churn of assets every 4-7 years and the associated frictional costs.
- Strong Governance. The members are able to secure increased governance rights over their assets and use these rights to ensure business decisions not only match their views on the risk/return profile of the investment but also are aligned with the long-term hold strategy.
- Pooling of Resources. There are clear benefits to being able to invest in scale in the infrastructure sector. The combining of not just capital but also professional resources allows members to source and invest in assets that they may not have been able to access had they been investing purely for their own account.
- Lower Fees. GLIL's unusual cost sharing model delivers excellent value for money for investors when compared to many commercially available alternatives.

GLIL invests in core infrastructure assets predominantly in the United Kingdom. The investments are expected to have the following characteristics:

- Substantially backed by durable physical assets
- Long life and low risk of obsolescence
- Identifiable and reliable cash flows that are explicitly or implicitly inflation-linked
- Returns that are largely isolated from the business cycle and competition
- Returns that show limited correlation to other asset classes

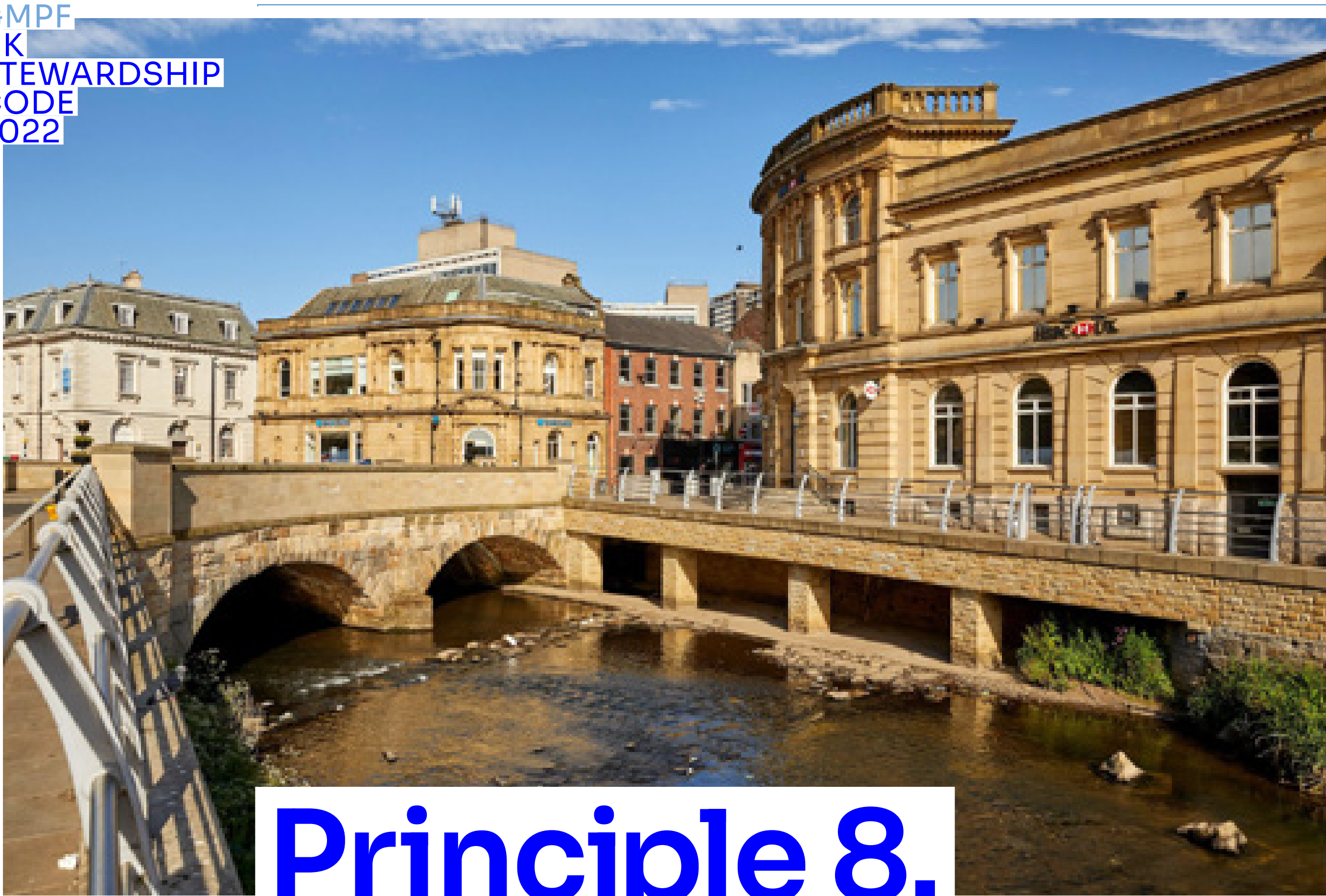
In February, GLIL acquired a majority investment in Rathcool, a portfolio of 11 operational onshore wind farms that provide around 11% of the Republic of Ireland's installed wind capacity. The investment was the first major transaction for GLIL outside of the UK, taking a significant majority equity stake in the portfolio alongside existing shareholder, the Craydel Group – the Cork-based renewable energy asset developer and operator. Established in 2011, the portfolio is currently operating 453 MW of installed wind capacity and, in its lifetime, has generated enough electricity to power 350,000 homes and prevented 480,000 tonnes of CO2 emissions per year, compared to non-renewable energy generation. The portfolio benefits from long-term offtake arrangements in place through Ireland's renewable energy support schemes, REFIT and RESS, and corporate PPAs. The windfarms are in County Clare, County Cork, County Galway, County Kerry and County Mayo.

In July, GLIL Infrastructure acquired a stake in **Hornsea One**, the world's largest operational offshore wind farm, which is located off the north-east coast of England. GLIL and its partner jointly acquired a 12.5% stake in the project as a 50:50 equity partner. Ørsted, which constructed the offshore wind farm, has retained its 50% shareholding in the project, continuing to provide operations and maintenance services and remains as an offtaker to energy generated by the project under a Power Purchase Agreement.

- Hornsea One is operational and comprises 1.2GW of installed wind capacity
- The wind farm consists of 174 turbines located 120km off the north-east coast of England and spans an area of 407km2
- The project benefits from contracted revenue through a 15-year Contract for Difference with inflation linkage, ending in 2036
- The wind farm generates enough electricity to power over 1 million homes

GLIL was formed to enable pension funds to access high-quality returns from predominantly UK-based 'core' infrastructure in a cost-effective manner. GLIL recognises the increasing requirement to demonstrate capital flows towards genuine solutions. In identifying this, during the reporting period, GLIL adopted an ESG policy that sets out its core values and outlines why and how ESG factors influence a forward-looking, successful and trusted infrastructure investor. The GLIL ESG policy outlines how GLIL internalises this through research, investment selection, policy engagement and thought leadership, using:

- Pre-investment screening and assessment
- Valuation
- Stewardship and, where necessary
- Intervention



Principle 8.

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

GMPF's specialist **IMESG working group** which meets quarterly has a particular focus on ESG. To ensure strong governance and accountability all working groups including the IMESG working group have Terms of Reference that are periodically reviewed and updated. All managers, consultants and service providers who advise or act on behalf of GMPF may attend the working group meetings and report on their activities to members and Officers. The IMESG working group has detailed oversight of GMPF's external investment managers and Responsible Investment consultant.

GMPF appointed **PIRC** as its Responsible Investment advisor, to assist in the development and implementation of its Responsible Investment policy. PIRC are Europe's largest independent corporate governance and shareholder advisory consultancy whose objective is to facilitate and support responsible capital stewardship by long-term investors. PIRC's role is to assist GMPF to effectively exercise its shareowner rights and to identify and mitigate governance risk in its portfolios and set ESG criteria.

PIRC provide a number of services to GMPF including:

- attendance and written briefings at working group meetings
- providing trustee training covering the full range of Local Government Pension Scheme matters
- providing corporate governance research reports
- voting recommendations with research
- proxy voting execution

PIRC attend all IMESG working group meetings and it is in their remit to question or provide feedback to any other presentation within the meeting as well as presenting their own Responsible Investment updates. This provides GMPF with an additional resource in

River Roch in Rochdale town centre

Principle 8...

holding managers and its investment consultant to account.

Officers and PIRC meet regularly to discuss GMPF's strategy and approach to responsible investing. PIRC produce a quarterly report on Northern LGPS engagement activity; this forms part of GMPF's Quarterly Responsible Investment Activity report which is presented to the Management Panel each quarter.

PIRC also report on how they have voted each quarter. A detailed company and issue assessment is provided along with rationale for voting recommendations. Officers of GMPF analyse the recommendations to ensure that voting is aligned to GMPF's policies. PIRC provided some of their findings from the review of the 2022 proxy season. Highlights include:

- Women outnumber men as non-executive directors across the FTSE350 overall for a second year. There are now no companies in the FTSE350 data sample with zero women on the Board
- PIRC has abstained from voting or opposed fewer directors in 2022 compared to last year
- CO2 emissions at big emitters plateau, after larger decreases in 2021
- There are more real Living Wage employers than in 2021, but most companies have still not committed to paying the real Living Wage
- Total variable pay is up in comparison with the preview's year. Particularly since effects of the COVID-19 pandemic have retreated and Companies return to their normal practices

Day-to-day responsibility for managing public market assets is delegated to the appointed asset managers, and GMPF expects them to monitor companies, intervene where necessary, and report back regularly on activity undertaken. It is GMPF's belief that the most effective way to effect change is by engagement and constructive dialogue with the companies in which it invests. This is initially expected to be via meetings where the external manager can articulate to company representatives a particular issue and desired resolution. This approach is promoted in the Investment Strategy Statement, where GMPF encourages its external managers to operate a policy of constructive shareholder engagement with companies. GMPF appreciates change may take time but where there is a lack of progress through engagement the managers have discretion to escalate their stewardship activities as they have described at Working Group meetings. It is coded into the Investment Management Arrangements that the external managers cannot contradict GMPF's Investment Strategy Statement. The external managers are sent copies of GMPF's RI Policy, and it is expected that they engage on behalf of GMPF on themes identified within the RI Policy. Written reports from the asset managers' engagement activity are received on a quarterly basis. Additionally, each appointed external asset manager reports in detail on its policy and activity highlighting engagement with investee companies on issues GMPF considers to be important at the IMESG Working Group. The IMESG Working Group meetings provide the external managers with an opportunity to present their stewardship activities and for members to ensure their activities are aligned with GMPF's RI Policy and assess the external manager.

Separately, Officers hold with GMPF's external managers on a quarterly basis. GMPF's approach to assessing the managers is based on people, philosophy, performance, and process. These four areas form the core of the meetings and includes their approach to stewardship. As well as providing an update on their performance the managers provide an update on their engagement activity and this forum allows for a more in-depth discussion and the managers can go into greater detail on specific issues, they have engaged on with companies held within the GMPF portfolio.

GMPF's specialist equity manager, Ninety One reported a summary of their Responsible Investment activity to the IMESG working group in April 2022, where they presented their Sustainability Framework and how they implement ESG within the GMPF mandate. They described ways in which they engage with companies, with examples of their engagements and their approach to reaching net zero to and help bring change in the real economy. A summary of their engagements is below.

The manager provided a regional split of their engagement activity which can be seen below.

UBS, who also manage public market assets for GMPF also presented their stewardship activity during the reporting period. Their presentation highlighted how they integrate ESG factors into their investment decisions and their approach to stewardship. They demonstrated

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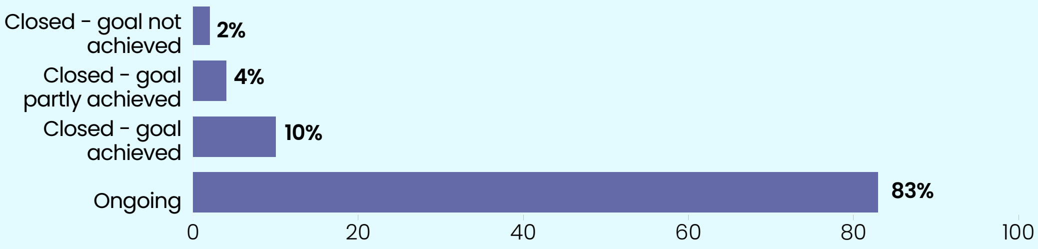
ENGAGEMENT OUTCOMES (%)

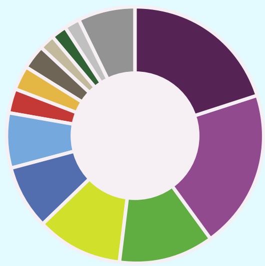


The manager also provided their interpretation of the outcomes from the engagements.

how factors such as being outcome focused, knowing company specific issues and having a top-down thematic approach inform their stewardship activities. They provided examples of engagements for companies held within the GMPF portfolio on a range of issues from access to healthcare to climate change and also a summary of their activities. Below are the sectors they have engaged with.

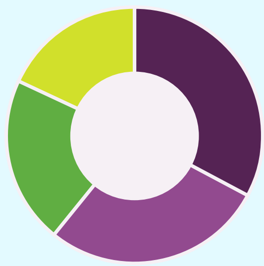
They provided a regional split of their engagement activity which can be seen below.

Finally, they provided the issues raised within meetings and how often they were raised.



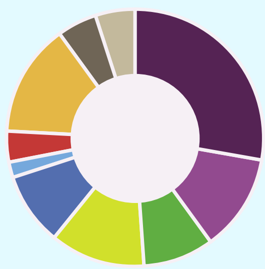
ENGAGEMENT BY CATEGORY

- **20%** Climate change
- **20%** Board related
- **12%** Remuneration
- **11%** Reporting & disclosure
- **8%** Capital management
- **7%** Strategy
- **3%** Labour
- **3%** Pollution
- **3%** Regulation
- **2%** Waste management
- **2%** Shareholder resolutions
- **2%** Water
- **7%** Other



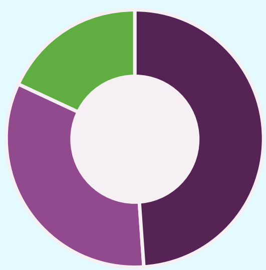
ENGAGEMENT BY REGION

- **33%** Africa
- **27%** Europe
- **21%** Americas
- **18%** Asia Pacific



COMPANIES ENGAGED BY SECTOR

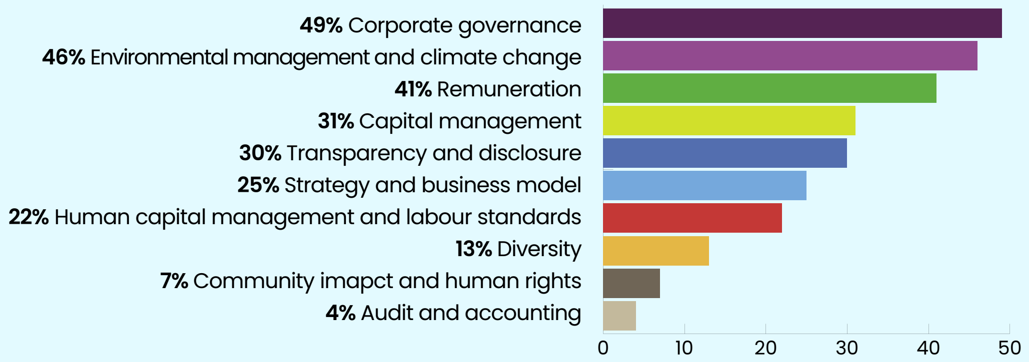
- **28%** Communication services
- **12%** Consumer discretionary
- **9%** Consumer staples
- **12%** Energy
- **9%** Financials
- **2%** Health care
- **4%** Industrials
- **14%** Information technology
- **5%** Materials
- **5%** Real estate



COMPANIES ENGAGED BY REGION

- **49%** Europe, Middle East & Africa
- **33%** Americas
- **18%** Asia Pacific

HOW OFTEN A TOPIC HAS BEEN RAISED?



GMPF has access to its managers' PRI reports and with the exception of the specialist fixed income manager all public market managers are signatories to the new UK Stewardship Code. The fixed income manager intends to become a signatory of the new UK Stewardship code. Manager monitoring meetings are structured in order to provide an open platform for Officers and members to raise issues or concerns. Officers take into consideration the investment managers' PRI reports and their engagement activity reports before the monitoring meetings to ensure alignment between GMPF and the manager.

GMPF has clear expectations in place that all external managers and service providers incorporate GMPF's RI beliefs and are aligned. Where GMPF considers its requirements are not being met GMPF will **escalate** this through the appropriate channels to ensure shortcomings can be resolved. GMPF expects a proactive approach from its external asset managers and to have RI considerations at the forefront of their investment decisions and activities and to reporting on them ensuring the latest thinking and best practices are incorporated.

During the year, Officers have worked with GMPF's specialist fixed income manager to enhance the manager's ESG reporting. The manager has now integrated their ESG reporting into the quarterly reporting with a view to potentially attending the IMESG Working Group and presenting to other GMPF stakeholders.

The Competition and Markets Authority (CMA) published its report following a review of the investment consulting and fiduciary management markets. Following this review the CMA issued an order stipulating that Pensions Committees should set objectives for their investment consultants.

GMPF set its first set of objectives for its investment consultant, **Hymans Robertson**, in December 2019. GMPF included Responsible Investment and ESG related objectives for its investment consultant to ensure advice provided should reflect the Management Panel's Responsible Investment policies as well as complying with relevant pensions regulation, legislation and guidance. The investment consultant was assessed against its objectives via an internal meeting between Officers of GMPF where their performance over the preceding year was discussed and a qualitative assessment of their objectives was undertaken. Following the meeting, together with relevant supporting documentation, Officers concluded that Hymans Robertson had met their objectives for 2022.

GMPF uses an external service provider, **Trucost**, to measure its backward-looking carbon footprint of its listed equity and corporate bonds and the results are reported to the Management Panel annually. Officers request that each of the external investment managers provide their own measurements as a comparison to ensure the data and results are consistent. While the data sources used may differ leading to slightly different numbers for some measurements the expectation is that the overall picture should be the same. For example, the highest and lowest carbon emitters in a portfolio would generally be the same. The external consultant presents the results at the Management Panel meeting each year where they provide some background and context as well as the results, and answer questions Members and Advisors have.

The capabilities of providers vary greatly and the area of carbon footprinting is still evolving. Officers keep abreast of developments and meet with other providers to ensure the services received meet the most up to date standards.

Principle 9.

Signatories engage with issuers to maintain or enhance the value of assets

Principle 9...

GMPF does not typically divest from businesses unless ESG factors are likely to have a financially material negative impact. Instead GMPF seeks to use its influence as investors to address issues of concern. GMPF recognises that its ability to act as an effective steward, and responsibility to do so, is greater where holdings are greater or more concentrated. Therefore, sizeable and local investments are monitored closely, and GMPF engages where appropriate.

GMPF's RI advisor and external security managers are familiar with the Funds RI Policy and a link to the RI Policy was sent after it was updated during the reporting period. During Working Group meetings, GMPF has set clear expectations that all external managers and service providers incorporate GMPF's RI beliefs and their activities are aligned to these beliefs. This is evidenced by GMPF's close working relationship with PIRC who ensure engagement activity is aligned with GMPF's RI Policy and the securities managers' engagement case studies presented at the IMESG Working Group meetings which are aligned with GMPF's expectations.

The majority of GMPF's engagement activity is done via **LAPFF** and its **external securities managers**. Typically, as a member of the Northern LPGS pool, GMPF also engages directly with companies, in particular with large holdings or those with a regional presence. GMPF employs a mixture of in-house and external asset managers. Where management is undertaken in-house, ESG factors will be considered as part of the assessment process both before and after investment decisions are made. This integration applies to equity and other asset classes.

LAPFF engagements are chosen based on the aggregate holdings of LAPFF members to determine the most widely held companies and based on holdings that pose issues of concern for members. Engagement objectives are developed through combining research on companies and past engagement notes to determine the areas of greatest relevance for LAPFF members both in respect of ESG concerns and in respect of financial returns for members.

GMPF utilises a range of methods for engagement such as meeting with the chair or management of investee companies, raising key issues through written letters of concern and co-filing shareholder resolutions. GMPF believes in magnifying its voice where possible to leverage knowledge, experience and influence but understands this is not always possible and so it raises concerns at investee companies where it feels strongly on a particular issue.

GMPF has co-signed a number of letters or statements during the reporting period on a wide range of issues, either directly or via the Northern LGPS Pool, that are important to GMPF as well as wider society. Examples of such issues are below:

- Northern LGPS co-signed a letter from the Healthy Markets Initiative who wrote to Nestle, Kellogg's, Danone and Kraft Heinz urging them to increase their ambition on health and to set targets to increase their sales from healthier products
- GMPF co-signed the 2022 Global Investor Statement to Governments on the Climate Crisis coordinated by the IIGCC that asks governments to raise their climate ambition and implement robust policies by COP26
- GMPF co-signed a statement recognising the role asset owners can play to support emerging markets in the energy transition

GMPF considers **shareholder resolutions** a useful tool to proactively raise issues of concern either where boards of investee businesses are resistant to dialogue or change, or to amplify the shareholder voice where engagement with boards has been positive. GMPF sought to co-file resolutions at Citigroup, Chipotle Mexican Grill, Amazon and Unilever. In line with the expansion of GMPF's RI Policy, the shareholder resolutions this year were related to a broader spectrum of issues. These range from lobbying practices and public health labour rights and tax transparency.

Rio Tinto was identified for engagement as **UBS** sought reassurance after the May 2020 controversy when the company's Australian iron ore mining activities resulted in the destruction of cultural heritage in Australia. UBS have engaged with the company to ensure further action is taken to avoid future similar negative impacts.

UBS have held meetings with the Chair and other representatives to discuss progress on rebuilding trust in the company's stakeholder relations and encouraged the company to be more transparent around the establishment and function of its Trusted Partnership Plan which is the central piece of the response to Juukan Gorge. UBS note that as part of this controversy there were several senior executive

View from the Rochdale Canal towpath

Principle 9...

resignations (including the CEO) and the Board Chair announced his intention to retire in 2022. While UBS welcomed these commitments from the Company, they did take issue with the severance arrangements for these directors who still retained a significant portion of their Long Term Incentive Plan award. This resulted in UBS voting against the Remuneration Report at the AGM.

During 2021 Rio Tinto announced the creation of an Indigenous Advisory Group and stated its intention to begin reporting on its progress on commitments, internal work and external dialogue supporting its cultural heritage management and its Trusted Partnership Plan. In September 2021 the company published its first Communities and Social Performance report. In early 2022 the company published a review of its corporate culture. It has committed to implementing all of the recommendations and has linked this to executive remuneration. UBS continue to engage on the issues arising from original incident as well as the changes the company is making to its management of social issues more generally.

BP is another company that UBS identified for engagement due to concerns over carbon emissions trends, fossil fuel exposure, weak disclosure levels, or the absence of climate change policies and targets. The company also came to their attention in February 2017 as one of the world's top 100 greenhouse gas emitters and was included in the engagement focus of Climate Action 100+. UBS assessed the climate strategy based on an internal climate scorecard assessment used to provide a systematic baseline for our climate-related engagements. This showed the company focused on operational carbon emissions reduction but lacked a more forward-looking strategic view to climate change risk

Portfolio managers, analysts and sustainable investment analysts have been in contact with BP representatives, including Board members, several times over the last 3 years in the context of investor, governance and Climate Action 100+ meetings. Meetings in the last six months have covered climate strategy as well as remuneration. UBS have encouraged management to adopt a more ambitious and strategic approach to climate change and the energy transition.

UBS co-filed a shareholder resolution in May 2019 with other investors asking the company to

Ironman UK road race cycling event in Bolton Greater Manchester

Principle 9...

align its capex with the Paris agreement, long term emissions reduction targets, and targets in executive compensation. Company management recommended shareholders to vote for this resolution. With the appointment of a new Chair and CEO around this time, the company has become even more open to dialogue with shareholder on climate change. At the beginning of 2020, the company announced a net zero emissions target by 2050 including scope 1, 2 and 3 emissions and completed a global review of lobbying activities on climate change. In August, the company further announced a 10-fold increase in low-carbon investments, an increase in renewable investments by 20-fold, and a 40% reduction in oil and gas production by 2030 vs. 2019. In early 2022 the company raised the ambition of its Scope 1 & 2 greenhouse gas reduction targets. UBS have continued to engage with the company in 2022 to encourage them to strengthen their climate targets and transparency within the climate strategy. In December 2022, UBS attended the company's stakeholder engagement session for shareholders, where feedback was provided on specific governance and climate issues.

UBS has a co-leading role in the collaborative engagement with the **Roche**, as part of the Access to Medicine network. The engagement is based on the company's performance on the Access to Medicine Index 2021, which examines the following three main areas: governance of access, research and development and product delivery.

As part of its access strategies, the company focuses on working with governments and locally-based partners to develop the infrastructure and knowledge needed to distribute its products and services. The company's goal is to double the number of patients receiving its innovative therapies in low- and lower-middle-income countries by the end of 2026. It is also working on the expansion of its differential pricing approach. The company has also added its coronavirus test and HPV screening to its Global Access Program aimed at patients in low- and middle-income countries and women in the greatest need. With regard to technology transfer to other geographic areas, the company has indicated that it is willing to share knowledge while also flagging key challenges including qualifying partners. UBS will continue engaging to further encourage the company's efforts on improving access to medicine in low- and middle-income countries.

Ninety One, GMPF's equity investment manager contacted **Taiwan Semiconductor Manufacturing** (TSMC) to better understand the company's recent 2050 net zero target plans. The company has carbon targets, but these are not aligned to the Science-Based Targets Initiative and so Ninety One as a follow up wanted to push the company to have targets that are aligned to SBTi.

Ninety One wanted to understand their 2050 net zero plans, following their recent announcement. This raised additional questions regarding their intentions for having an absolute emissions target and whether they intend to commit to science-based targets in the near future. Following communication with the company in order to clarify some elements of their strategy, the next steps are to proceed with a dialogue in order to understand what is required to set SBTi targets for the company. TSMC shares the concerns for Climate Change and has committed to Ninety One's Net Zero target for 2050, which is already a very challenging target, given

1) Limited renewable energy supplies in Taiwan,
2) Currently lack of market for carbon offset products in Taiwan
3) Very fast growth in the Company's business.

Despite these challenges, TSMC has worked with Taiwan government and renewable energy suppliers for many years to increase renewable energy supplies in Taiwan in the next few years, which enabled Ninety One to raise its renewable energy usage target for 2030 several times from originally 20% to now 40%.

Ninety One engaged with **Samsung Electronics** pushing for greater carbon disclosure and more ambitious targets. In their first interaction with the company, it was clear that the company was lacking disclosures and targets but was working to progress this. Further to the engagement in February, Ninety One followed up with a letter to the Chair of the Board urging the company to consider ten recommendations in relation to their climate change strategy, including committing to net zero by 2050, **setting Scope 1 & 2 interim emission reduction targets** in 2022, measuring scope 3 emissions and setting targets by 2023, along with developing a transition plan in line with a 1.5 degree pathway with short-, medium- and long-term targets, in line with the Korean

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government's strategy. Ninety One subsequently met with the company to discuss their plans further, in addition to other topics. The company committed to publishing targets before year-end covering Scope 1 & 2 mid- to long-term goals, at which point it would be possible to actively engage on their transition pathway. The main challenge is the Korean grid which is mainly fossil powered with the Korean government having a monopoly on electricity generation. Once targets are published Ninety One will engage further on their transition pathway based on the points of engagement identified in the Transition Assessment Framework and the published plan.

In September 2022 the company issued a press release announcing their new Environmental Strategy. Included in this is a net zero ambition for company operations by 2050 (Scope 1 & Scope 2), with the intention of setting Scope 3 targets next. The release included minimal detail so Ninety One contacted the company to request more information such as detail on interim targets, SBTi alignment and the definition of net zero to understand the scale of their ambition. This has not yet been received but once received, Ninety One can include this in their Transition Assessment Framework to set a more detailed engagement plan and discuss this in-person with the company.

As part of its policy to monitor large and local holdings, PIRC represented the Northern LGPS at an engagement meeting with Smurfit Kappa Group Plc. The company is a global provider of paper-based packaging head-quartered in Dublin and has a head office in Liverpool. Following a merger of the Jefferson Smurfit Group and Kappa Packaging in 2005, the renamed Smurfit Kappa Group successfully listed on the Dublin and London Stock Exchanges in 2007. The issue identified is that Manufacturers have been hit by labour shortages, particularly in relation to the transportation and storage of their goods. The company also has a relatively high staff turnover, exacerbated by the Covid-19 pandemic.

In November PIRC attended a small group investor meeting with the company to discuss their sustainability strategy and performance. PIRC discussed whether labour shortages had impacted the company's ability to produce and deliver packaging safely and effectively. To mitigate long standing staffing issues owing to the rural locations of some production sites, the company has dedicated recruitment and training programmes. It was reported that in certain locations, particularly in the US, there is a risk to employers from Amazon distribution centre recruitment drivers constraining the supply of workers and increasing pay rates. Internationally the labour shortages were being felt most acutely in the transportation of goods, which is a subcontracted service, the costs of which has increased as a result. The company reported that its relatively high labour turnover rate was reportedly skewed by operations in Mexico where short-term contracting and turnover is a more common feature of jobs. In addition, PIRC inquired about the company's health and safety (H&S) performance following two reported fatalities. The response covered the pro-active measures taken on H&S in paper mills. An offer for PIRC to visit a paper mill to learn more about H&S standards was made. This offer has not been taken up, but we will continue to monitor the company's workforce related and other ESG disclosures.

Britvic plc is a British soft drinks company; NLGPS funds hold 510,000 shares worth 0.191%. Its brands include Robinsons, J2O, Tango, and Fruit Shoot, amongst others, and has a partnership with PepsiCo to manufacture and sell a number of PepsiCo's products. It has a factory in Leeds. Obesity rates continue to rise across the UK, particularly amongst children. Many of Britvic's brands are marketed especially at children, so it is imperative that companies exposed to the aforementioned risks should take both responsibility for shaping **consumer health** and take action to improve access to healthy soft drinks. On public health, the company outlined its newly introduced target to reduce the calorie content by 30 per 250ml serving by 2025. It has already achieved an average reduction of 25 calories through reformulation, based on initial calorie content of each product. PIRC will continue to monitor changes to Britvic's products and the proportion of HFSS products sold.

Iberdrola is a Spain-based global energy provider, one of the world's biggest electricity utilities in terms of market capitalisation, and one of the world's largest producers of wind power. NLGPS funds collectively hold 0.13% of its shares. PIRC met with Iberdrola representatives to discuss the company's climate strategy and concerns regarding the company's upcoming AGM. PIRC began asking the company on why they chose not to have a 'Say on Climate' vote at the 2022 AGM. Iberdrola said that the way

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they designed their 'Say on Climate' proposal last year was to include it in the company bylaws and report annually on their progress. The climate strategy is included in the annual Sustainability Report, voted on at the AGM. Therefore, they do not think it is worth voting on their climate strategy every year. Discussions then moved onto the CA100+ benchmark and the company stated that they felt the benchmark is weak and full of mistakes. They do not feel it is fair to have been criticised with a lack of commitment to abate carbon as they have now closed 100% of their coal factories. They also feel they have made it clear in their current public commitments that they will reach carbon neutrality by 2050 and their gas assets will be completely finished by then. Iberdrola also mentioned they have not been able to meet with the CA100+ yet due to the high number of organisations meeting with the CA100+ but they have a meeting lined up for June 2022. They stated they will try and be positive and provide some improvements in 2022 but as they are a multinational it will take time to adjust policies across their network. The company admitted confusion as to the concept of a just transition and ignorance as to what is expected. The company does not feel a need to produce a specific just transition report as the majority of workers are tied to collective agreements meaning they are able to bargain for their rights in any major changes. When asked about possible human rights abuses in their renewables supply chain, particularly in China (a near irreplaceable source of polysilicon, a vital solar panel component), the company responded that whilst it can try to implement its own policies, it will take time for the whole industry to adapt policies to meet human rights levels. Giving adequate consideration to a just transition, and all the social risks entailed with moving to renewable resources,

Bury Market, Bury,
Greater Manchester

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would go a long way to improving understanding of what the company can do to alleviate investor fears in this regard. PIRC will continue the engagement with Iberdrola in the future, with particular focus on commitments regarding its capital expenditure and human rights due diligence. Other companies have not struggled with the concept of a just transition, and it is in the long-term interests of Iberdrola to formulate policies to match the need for such a plan. Iberdrola must come up with a just transition plan to provide a long-term framework in which to manage the transition to net zero in the most environmentally and socially sustainable manner possible.

Ansell is an Australian procurer and manufacturer of rubber gloves. The company has around 12,000 employees in manufacturing, covering particular segments such as medical equipment in Malaysia, industrial gloves in Sri Lanka, bodysuits in China and chemical protection equipment in Thailand. It also has a large network of providers in Asia from which it sources PPE. NLGPS funds collectively hold 0.2% worth of shares. As part of our ongoing work on **human and labour rights** we have continued to monitor the rubber glove industry in Malaysia. This is a sector where forced labour has been a particular problem, leading to import bans that have had a significant impact on affected companies. Ansell has relationships with a number of the manufacturers and was previously engaged in early 2021. PIRC met with Ansell for an update on its work in relation to labour standards. In supply chains Ansell is confident there is no evidence of modern slavery in any of its direct workforce. The company has a supply management framework in place to help them manage and assess risks, to determine what audits are done and what approaches they can take. In common with others, Ansell feels that breaking away from suppliers doesn't always lead to change. It is assessing the level of non-compliance and working with the suppliers to bring about change. Where improvement is not achieved, it will look at terminating the relationship. The company has a labour rights committee that make the final call on whether to end the relationship after their assessment has been done. PIRC asked for detail on health and safety and working hours as these were categories of non-compliance with standards most cited in the Ansell's reporting. It was reported that many instances of safety non-compliance relate to fire exits and bathrooms. On working hours, the company seeks to comply with the applicable working hours of the country, and not the ILO's 60-hour week standard. PIRC asked about union relations in Sri Lanka. In 2013 there was a strike that led to the termination of around 1,300 employees, subsequently found to be unlawful. Ansell agreed to pay employees a redundancy payment as part of a settlement. Issues arose again in 2019 and they have recently settled the issue with the union and paid over the required payments to the affected employees. The issue still standing relates to 11 employees that led the strike, with Ansell yet to settle with these individuals and a court case upcoming. PIRC also asked if the production employee turnover rate was high for the industry. The company said it has recently been higher than it would like, which was put down to the ease with which workers can change companies to work more hours. Ansell doesn't have a specific target. PIRC will continue its focus on the sector, including undertaking stakeholder engagement, and seek to engage other members of the Responsible Glove Alliance.

Through membership of LAPFF GMPF is able to leverage the voice of over 80 pension funds when engaging. LAPFF engages on the basis of sizeable holdings within its membership in ESG themes identified in its business meetings. LAPFF responded to the governments Department for Transport Jet Zero technical consultation. LAPFF recognise the imperative need to address climate change as a systemic investment concern. It poses material financial risks across all asset classes with the potential for significant loss of shareholder value. Emissions from air transport are a significant contributor to economic and investment risk. LAPFF's experience engaging with companies is that, without strong and timely regulation, achieving the UK's ambitions for reducing emissions will be slower and less effective as some companies tend only to meet minimum regulatory requirements. LAPFF considers that all measures to promote net zero aviation should considered within the context of overall provision of reliable and affordable transport including surface transport. LAPFF supports the government pushing for domestic flights to be replaced by train journeys and for any remaining domestic flights to be provided by electric aircraft. This is in line with measures being taken by Austria, France, the Netherlands and Spain.

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

BHP offered to arrange a meeting for LAPFF with the Renova Foundation to discuss how to progress the remaining houses to be built after the Samarco tailings dam collapse at Mariana, Brazil in 2015. Both BHP and Renova representatives joined the call. LAPFF had been concerned at the lack of progress regarding the housebuilding with only three houses (out a total of 10) being built during 2021. However, by the time the meeting had taken place, 47 houses had been built. LAPFF Chair, Cllr Doug McMurdo, made clear that even this improved progress was inadequate. However, the improvement was welcomed. There continues to be political and operational obstacles to making progress with the housebuilding. For example, obtaining permits for the houses is clearly an issue. Affected communities are also concerned that a programme to provide those still waiting for homes with existing houses rather than having to wait for new ones is a cop out by the companies and Renova. In contrast, the companies and Renova are saying that the community members who have taken up this offer have been pleased to do so. Therefore, all sides have a lot of work to do, and LAPFF will continue to engage the companies, Renova, and the affected communities to have everyone's needs met as soon as possible.

The UK Transition Plan Taskforce (TPT) was launched by HM Treasury to develop a gold standard for climate transition plans. The TPT's work will help to drive decarbonisation by ensuring that financial institutions and companies prepare rigorous plans to achieve net zero and support efforts to tackle greenwashing. LAPFF responded the Transition Plan Taskforce's call for evidence on a framework for private sector climate transitions. A link to LAPFF's response is below. The principles that LAPFF wish to see embedded throughout this consultation are:

- ensuring plans are comparable to a 1.5ºC scenario, covering Scope 1-3 emissions
- include short, medium and long-term targets (with a definition of what time periods they cover)
- that plans focus on actual emission reductions (real zero) rather than offsetting and carbon capture
- that there is external verification of emission numbers
- that the social dimension is included in transition plans, effectively ensuring they are also 'just' transition plans

Examples of GMPF's external managers engaging with companies are available under the reporting for Principle 11.

Principle 10.

Signatories, where necessary, participate in collaborative engagement to influence issuers

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GMPF believes the most effective way to effect change is by **engagement and dialogue** with the companies it invests in. GMPF seeks to **work collaboratively** with other institutional share-holders in order to maximise the influence that it can have on individual companies. GMPF strives to achieve this through its membership of collaborative organisations, to engage with companies over environmental, social and governance issues and numerous initiatives and forums that span across the full spectrum of ESG issues. It is more likely that GMPF will collectively pursue thematic engagement, rather than company specific issues, with likeminded investors. The external manager's report their stewardship activities to the IMESG Working Group which provides a setting for them to demonstrate they are escalating engagement where necessary and the appro-priate steps are being taken to reach a desired outcome. This Working Group meeting also provides members an opportunity to assess the managers alignment with GMPF's stewardship expectations and respond with any thoughts and comments. GMPF actively contributes to a number of organisations on ESG matters which are listed below.

Principles for Responsible Investment

GMPF is a signatory of the UN backed PRI and reports publicly its Responsible Investment activity through the PRI's reporting framework. Below is GMPF's scorecard from the PRI's latest assessment of GMPF's activities. Additionally, GMPF produces its quarterly RI Activity report based on the six core principles of the PRI.

Cheetham park, Stalybridge, Greater Manchester

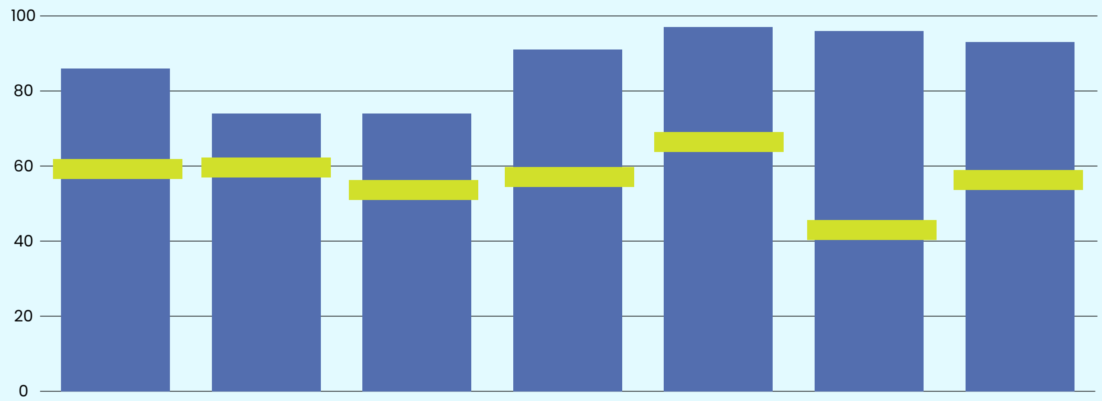
Climate Action 100+

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

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

- 69% of focus companies have now committed to achieve net zero emissions by 2050 or sooner across all or some of

GMPF SCORECARD SUMMARY



	Investment and Stewardship policy	Direct-Listed equity-Active quantative-Voting	Direct-Listed equity-Active fundamental-Voting	Indirect-Listed equity-Passive	Indirect-Listed equity-Active	Indirect-Fixed income-Passive	Indirect-Fixed income-Active
GMPF Score	86	74	74	91	97	96	93
Median Score	60	61	54	57	67	43	57

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their emissions footprint, a 17% year-on-year increase
- 90% of focus companies have some level of board oversight of climate change
- 89% of focus companies have aligned with TCFD recommendations, either by supporting the TCFD principles or by employing climate-scenario planning

Institutional Investors Group on Climate Change

GMPF is a member of IIGCC whose aim is to mobilise capital for the low carbon transition and to ensure resilience to the impacts of a changing climate by collaborating with business, policy makers and investors. Officers attend seminars and keep up to date with collaborations and initiatives of IIGCC.

The Fund co-signed the 2022 Global Investor Statement to Governments on the Climate Crisis coordinated by the Institutional Investors Group on Climate Change that asks governments to raise their climate ambition and focus attention on adopting and implementing the specific policies needed to enable large scale zero-emissions, climate resilient investments.

GMPF and Northern LGPS were among numerous asset owners to have used the IIGCC's 'Net Zero Investment Framework' to commit to achieve net zero alignment by 2050 or sooner. The Northern LGPS is drawing on the Framework to deliver these commitments. Investors do this by developing a 'net zero investment strategy' built around five core components of the Framework. These key components are: objectives and targets, strategic asset allocation and asset class alignment, alongside policy advocacy and, investor engagement activity and governance.

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

https://theinvestoragenda.org/icaps/

CDP

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

GMPF works with CDP to follow up with non-disclosing companies on the target list to ensure as many companies as possible are providing disclosure on their practices to better understand their environmental impact.

The Transition Pathway Initiative

The Transition Pathway Initiative (TPI) is a global, asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy. The assessments provide a rating for each company that can be used to target engagements to specific issues relating to climate change. GMPF is a signatory.

Investing in a Just Transition Initiative

GMPF supports the Investing in a Just Transition Initiative which focuses on delivering a transition to a low-carbon economy while supporting an inclusive economy with a particular focus on workers and communities across the UK. GMPF understands this needs to be done in a sustainable way that safeguards against communities being left behind during this transition and has spoken at events and webinars to raise awareness of this issue. PIRC set out a Climate Governance paper which explained their approach to board governance and oversight for a Just Transition. Policy recommendations are made across the themes of board skill and experience, independence and employee engagement. These recommendations will be built into aspects of the Fund's engagement going forwards.

Global Mining & Tailings Safety Initiative

GMPF has been involved in and backed this initiative. Spearheaded by the Church of England Pensions Board and the Swedish Council of Ethics of the AP Pension Funds the initiative aims to tackle the problem of tailings dam safety.

Workforce Disclosure Initiative

The Workforce Disclosure Initiative is an organisation that focuses on company disclosure and transparency on how they manage workers with the aim of improving the quality of jobs in multinational companies' operations and supply chains. GMPF is a member and actively promotes the creation of decent work and

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quality jobs as part of its approach to employment standards and human capital management.

Local Authority Pension Fund Forum

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

The LAPFF Executive Committee gathers input from the members and the primary service provider and advises on what engagement collaborations to pursue and prioritise. Where a significant number of LAPFF members hold a company or where LAPFF funds hold a large percentage of the company or a priority issue has been identified, LAPFF will seek to engage with the relevant company.

In advance of LAPFF engagement meetings, specific engagement objectives are set and then outcomes measured against them once the meeting has concluded. To the extent possible, company actions that correspond to LAPFF engagement objectives are assessed and recorded. Through LAPFF engagements, companies are assessed and monitored for progress against engagement objectives.

LAPFF published a report titled 'Mining and Human Rights: An investor Perspective'. The report is written from an investor's perspective, with analysis conducted through the lens of international human rights law. The report evaluates how human rights law applies to the mining sector and covers the human rights and environmental impacts of mining companies such as Anglo American, BHP and Glencore. The report also presents an industry perspective on human rights impacts by evaluating the main ESG impacts LAPFF found through engaging with mining companies and members of affected communities. The full report is available using on the link below.

https://lapfforum.org/wp-content/uploads/2022/04/LAPFF-Mining-and-Human-Rights-Report.pdf

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

The Chair of LAPFF visited the communities affected by the Mariana (2015) and Brumadinho (2019) tailings dam collapses in Brazil. He spent time visiting seven communities and meeting other stakeholder groups still dealing with the fallout from the dam collapses. The trip comes after three and a half years of engagement with both affected communities and the shareholding companies involved BHP and Vale in relation to the Samarco (Mariana) collapse and Vale in relation to the Brumadinho collapse. The current status of these engagements has been set out in a report from LAPFF entitled Mining and Human Rights: An Investor Perspective. Engagements with Anglo American, Glencore, and Rio Tinto are also covered in this report. During his trip, Cllr McMurdo met with Vale Chair, Mr. José Penido, and CEO of the Renova Foundation, André de Freitas. The Renova Foundation is an organisation set up by BHP, Vale, and Brazilian authorities to administer compensation, reparations, and resettlement after the Mariana collapse.

Further details on LAPFF activity are available on its website, in particular, its Annual Report, which for 2022 is structured in line with the Stewardship Code principles.

30% Club

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

During the group's quarterly meetings, it was discussed that more could be done to tackle racial and ethnic diversity also. In March, the 30% Club released a statement addressing the lack of racial and ethnic diversity in UK businesses and outlined the action it is taking to make positive change. The group sent letters to the FTSE 100 companies that are yet to meet the Parker Review targets of at least one member and executive committee member from an ethnic minority background by the end of 2021. The letter warned companies that investors may consider voting against companies at their

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annual general meetings if they fail to take action. The statement as well as some of the positive media coverage the statement received can be found using the links below.

https://30percentclub.org/wp-content/uploads/2022/02/1-March-30-Club-Race-Equity-Investor-Statement.pdf

Make My Money Matter

The Northern LGPS committed to partnering with the Make My Money Matter initiative which aims to collaborate on working towards the pool's ambition to invest all of its assets in line with the Paris Agreement and raise member engagement to increase positive impact. By raising awareness and engaging members with their pensions, Make My Money Matter seeks to align the investment of trillions of pounds in assets with building a better world. The press release can be viewed using the following link.

https://northernlgps.org/node/81

UK RI Roundtable/Cross Pool RI Group

GMPF is a member of both these groups set up to collaborate and share insights into their activities related to Responsible Investment. Both groups meet quarterly and are an informal setting for members to assist one another and also use the collective voice to engage with other organisations.

There were a number of external presentations to the UK Responsible Investment Roundtable group relating to RI themes such as climate change, biodiversity and impact investing all of which assist GMPF's approach to Stewardship.

PIRC

PIRC organised the 'Say on Climate' conference relating to an initiative of the same name that asks companies to set out their strategy to manage the transition to a net zero emissions business. Investors are asking for disclosure of these strategies to be consistent with the Taskforce for Climate Related Financial Disclosures (TCFD) and an annual provision to vote on these plans. GMPF's Assistant Director of Pensions represented the Northern LGPS at the conference where he contributed to the discussion of the quality of mandatory TCFD reporting from companies. Sir Chris Hohn spoke of the need for not just disclosing but also having a plan that can be properly assessed by shareholders, and what the essential components of a climate action plan might be.

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

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

Say on Climate

The Northern LGPS gave its support to the 'Say on Climate' initiative Initiated by Sir Christopher Hohn founder of the Children's Investment Fund Foundation. The initiative encourages all listed companies to develop a climate transition plan and put it to a shareholder vote at their AGM.

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Farm Animal Investment Risk & Return (FAIRR)

This initiative is a collaborative investor network that raises awareness of the ESG risks and opportunities brought about by intensive livestock production. The initiative provides cutting-edge research, best practice tools and collaborative engagement opportunities to help investors integrate ESG risks and opportunities into investment decisions and stewardship processes.

GMPF was one investor amongst others representing $18tn in assets that signed a letter calling on the Food and Agriculture Organisation of the United Nations (FAO) to produce a global roadmap to 1.5°C. The letter recognises the risks the food system is exposed to from climate change, biodiversity loss and also the material impacts that the food system activities have on the environment. The letter urges the FAO to produce a global roadmap to 2050 that mitigates these risks and sets out a standard for the industry that aligns with the Paris Agreement. The full letter can be found using the link below.

https://www.fairr.org/article/roadmap-to-2050/

Valuing Water Finance Initiative

GMPF's RI Policy covers a wide range of issues that have been identified as being important themes to focus its RI activities. Water stewardship is one of these themes. The supply and availability of fresh water underpins virtually every transaction on earth, financial or otherwise. As the global demand for fresh and dependable sources of water increases, driven largely by population growth, preserving the supply of reliable freshwater becomes ever more challenging. There are significant physical and transitional risks facing companies in future scenarios of high-water stress. The World Economic Forum has consistently identified water crises as one of the top risks to economic prosperity. In its continued efforts to raise awareness of this issue GMPF via Northern LGPS joined the Valuing Water Finance Initiative (VWFI) in July. The initiative is a new global investor led effort to engage companies with a high water footprint to value and act on water as a financial risk and drive the necessary large-scale change to better protect water systems. The initiative calls on companies to meet Corporate Expectations for Valuing Water that align with the United Nations' 2030 Sustainable Development Goal for Water and the actions laid out in the Ceres Roadmap 2030. The Corporate Expectations for Valuing Water and link to the initiative can be found using the links below.

https://www.ceres.org/sites/default/files/Ceres%20Corporate%20Expectations%20for%20Valuing%20Water%202022.pdf

https://www.ceres.org/water/valuing-water-finance-initiative

Ribbon Park, Trafford Wharf, Salford Quays, Manchester

Principle 11.

Signatories, where necessary, escalate stewardship activities to influence issuers

Responsibility for day-to-day interaction with companies is delegated to GMPF's asset managers, including the escalation of engagement when necessary. Their guidelines for such activities are expected to be disclosed in their own statement of adherence to the Stewardship Code. GMPF's asset managers report on their stewardship activities to the IMESG working group. Each external manager has presented at the IMESG Working Group during the reporting period where they have presented their **stewardship activities and preferred route of escalation during engagement**. These Working Group meetings provide a forum for members to scrutinise and **set expectations for engagement and escalation** that may be required. Examples of escalation by asset managers and LAPFF are provided below.

It is GMPF's belief that the most effective way to effect change is by engagement and constructive dialogue with the companies in which it invests. However, GMPF recognises that this may not always lead to the desired outcome and as stated in GMPF's RI Policy, escalation may be necessary which the external managers are expected to incorporate into their stewardship process. A lack of progress with a company through engagement can be addressed by **engaging collaboratively** as part of a group of investors, registering concern by writing **public letters** with additional signatories and attending shareholder meetings and **filing/co-filing shareholder resolutions**. While this is not an exhaustive list of escalation steps, these are all tools that are available to GMPF's external managers and GMPF expects its managers to make use of the full range of escalation steps when they carry out their stewardship activities. The external manager's report their stewardship activities to the IMESG Working Group which provides a setting for them to demonstrate they

Salford Quays, Greater Manchester

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are escalating engagement where necessary, and the appropriate steps are being taken to reach a desired outcome. This Working Group meeting also provides members an opportunity to assess the managers alignment with GMPF's stewardship expectations and respond with any thoughts and comments.

In January, GMPF's passive public market manager, LGIM presented their ESG update to the IMESG Working Group. They reported on their approach to investment stewardship highlighting key themes such as health, transparency, diversity and income inequality and provided updates in these areas. They also updated the Working Group on their voting policies and how it evolves through an annual review process recognising regional differences and taking on board client and member feedback through their Tumelo platform. Their presentation included case studies of engagement activities with companies on a range of issues such as deforestation, transparency and the use of coal in emerging markets and explained their escalation strategy when engagement does not have the desired effect.

LGIM had noted concerns about the remuneration practices at **Informa Plc** for many years, both individually and collaboratively. Due to continued dissatisfaction, LGIM **voted against** the company's pay proposals at its December 2020 and June 2021 meetings. The Remuneration Policy was put to a vote again at the 2022 AGM, with the main changes being the re-introduction of the performance based LTIP (long-term incentive plan) which was under a separate resolution, to come into force from 2024. Although this is a positive change, the post-exit shareholding requirements under the policy do not meet LGIM's minimum standards and with regard to pensions, it is unclear whether reductions will align with the wider workforce. Given previous and continuing dissatisfaction, LGIM also voted against incumbent remuneration committee members, Helen Owers and Stephen Davidson. More than 70% of shareholders voted against the Remuneration Report. The Remuneration Policy was approved by 93.5% of shareholders, and 20% of shareholders voted against the re-election of Helen Owers, incumbent member of the remuneration committee. The resolution to re-elect Stephen Davidson, former chair of the remuneration committee, was withdrawn due to him stepping down from the board entirely. Although the report failed to pass, such votes are advisory and not binding. LGIM will continue to engage both individually and collaboratively to help push for improvements. LGIM considers this vote to be significant as it is in application of an escalation of its vote policy on the topic of remuneration (escalation of engagement by vote).

Lack of ethnic diversity on the company board at Universal Health Services was included LGIM's ethnic diversity campaign. LGIM began engaging on ethnic diversity with the largest companies in the UK and US in September 2020, with the expectation for one ethnically diverse person to be added to the board by the end of 2021. As part of the campaign, LGIM set out to vote against the chair of the board or the chair of the nomination committee from 2022 where this expectation had not been met. Therefore, a vote against was applied because of a lack of progress on ethnic diversity on the board. 63% of shareholders voted against electing Maria Singer. The board acknowledged that Singer had not been re-elected by shareholders but that she brings gender diversity and relevant expertise to the board and therefore states that she will remain on the board. LGIM will continue to engage with investee companies, publicly advocate its position on this issue and monitor company and market-level progress. LGIM considers this vote to be significant as it is in application of an escalation of its vote policy on the topic of ethnicity on the board (escalation of engagement by vote).

Representatives from UBS met the Chair of **Unilever** in February to discuss the topic of nutrition, following the filing of a shareholder resolution by ShareAction in relation on healthy diets. During this period the company was also in discussions regarding the acquisition of the GSK Consumer Health business. Therefore, UBS took the opportunity to **question the Company's strategy**, board oversight and succession planning. UBS met with the company again via a collaborative engagement to revisit these topics. They communicated to the company that we would like to see improved operational performance, greater transparency around capital allocation and clear board oversight. The company acknowledged these concerns, and UBS will be keeping a close review of the company's actions against these objectives. The resolution filed was subsequently withdrawn, as Unilever committed to meeting the requirements of the request. In addition, shareholder Nelson Peltz has been

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appointed to the Board, which UBS view positively.

Ninety One initiated engagement with **Exxon** both bilaterally with investor relations and through a collaborative engagement, led by CA100+, with Exxon's board to better understand their **Climate Transition Plan** and the company's approach to business the opportunities of resulting from the energy transition.

The bilateral meeting with investor relations focused on better understanding the implications of Exxon's aspiration for leadership through the energy transition given the modest ($15bn over 5 years) capex being directed towards their low carbon business segment. The company's focus on CCS, biofuels and hydrogen was reiterated given that they were consistent with Exxon's competitive advantages (unlike solar and wind) and that the capex spend should be regarded as a minimum over this period. Also, Exxon's GHG disclosures and targets were discussed with greater GHG disclosure requested for regional assets (e.g. Canadian oil sands) and specific projects to reduce them in order to assess how progress to achieving its interim target was progressing as well as assessing the contribution made by asset sales. Investor relations highlighted that Exxon struggled with industry consistency of scope 3 disclosures due to overlaps and double counting and thus felt unable to set scope 3 reduction targets but rather addressing them through individual projects such as the conversion of the Strathcona refinery to biofuel production. In response to our request for consideration of an auditor refresh (PWC since 1934), investor relations said that only two firms were large enough to audit XOM's operations due to the complexity across businesses and countries, however the lead partner at PWC does change every five years along with regular team refreshes.

Their participation in the collaborative engagement with CA100+ provided input into a group discussion to set an agenda ahead of a meeting (led by representatives in the US from Calpers and BNP) held with three Exxon board directors (including lead director Jay Hooley) in November '22. One of the key aims of this engagement was to assess the extent of the cultural change at Exxon required to truly embrace the strategic change of direction. So far, the indications are that this change is limited and thus our active engagement with the company will continue. The directors also advised that more detail on Exxon's low carbon projects would be provided in an update of its 'Advancing Climate Solutions' presentation in December '22 (which did increase 5yr capex to $17bn) but also suggested that it didn't expect to make any new hydrocarbon investments from c.'28-'30. They were also enthusiastic that the recently enacted Inflation Reduction Act in the US has significantly enhanced the number of economically viable low carbon projects. Also following adoption of last year's shareholder resolution requiring greater disclosure of methane emissions, CA100+ requested improved disclosure which was taken on board

Trafford Park,
Manchester

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as they requested the names of leading companies in this area.

Companies are chosen for engagement based on the aggregate holdings of LAPFF members to determine the most widely held companies and based on holdings that pose issues of concern for members. Engagement objectives are developed through combining research on companies and past engagement notes to determine the areas of greatest relevance for LAPFF members both in respect of ESG concerns and in respect of financial returns for members. Engagement methods vary depending on the engagement context. For example, the Forum will most likely send a letter when approaching a company for the first time. However, if a company is not responsive or if the Forum has engaged repeatedly with a company that does not appear to be managing its environmental, social, governance, or financial risks and impacts, LAPFF might escalate its engagement to issue voting alerts and press releases to highlight the company's continued poor conduct. Different geographies require different engagement methods too. For example, companies in the US are less likely to respond to requests for shareholder engagement, so voting alerts are more common early in the engagement process with these companies. In contrast, British and Australian companies are usually responsive to meeting requests, so the Forum tries to conduct most of its engagement with these companies through one-on-one or collaborative investor meetings

Each year, LAPFF issues a select number of **voting alerts** for companies where it is deemed **necessary to escalate an engagement or highlight a particular problem** with ESG practices. One problem in this is that companies, by and large, are not putting their climate plans to a vote every year. They are merely putting their disclosure on progress to a vote. It is LAPFF's view that the scale of the climate crisis is such that there should be annual votes on company plans and strategies to reflect the rapidly hardening scientific position and narrowing window for effective action in this area. Amongst the global miners, LAPFF alerts for Rio Tinto, Vale, and Glencore have been issued to date. In relation to Rio Tinto, LAPFF recommended a vote against the annual report and accounts on three grounds. First, there was concern that a fair and just transition was not adequately addressed. Second, LAPFF found the company's description of the risks related to its Resolution Copper joint venture project with BHP in Arizona deficient. Third, it was not clear to LAPFF that the company's auditors had accounted for climate-related financial risks. LAPFF also recommended a vote to oppose Rio Tinto's climate plan. While the company's plan is better than its past plans and those of a number of its competitors, there remain many concerns about its real-world impacts.

In relation to **Glencore, LAPFF opposed the annual report** and the company's climate progress report. LAPFF has engaged with Glencore for nearly five years on the company's internal controls, requesting an independent assessment in response to a range of bribery and corruption charges the company has been facing around the world. In reviewing company developments presented in the annual report, LAPFF was dismayed to see what appeared to be a superficial and insular approach to the topic. Therefore, a recommendation to oppose the annual report and accounts was issued. This recommendation was followed a few weeks later by Glencore pleading guilty to bribery charges under the US Foreign Corrupt Practices Act, along with paying over $1.1 billion in fines. The company pleaded guilty to corruption charges in the UK later in the quarter. LAPFF also issued a recommendation to oppose the company's climate progress plan, in part because it appears to rely too heavily on unproven technologies such as direct air capture and carbon capture and storage, as well as too little focus on Scope 3 emissions. For Vale, LAPFF recommended votes to oppose the chairs of the sustainability committee and the people, compensation and governance committee. These recommendations were based on the continued slow response to reparations after the Mariana tailings dam collapse in 2015. Through research for the LAPFF mining and human rights report, concerns also surfaced about an inadequate response to the Brumadinho tailings dam collapse of 2019. Consequently, LAPFF also recommended votes to oppose the compensation resolutions on the grounds that Vale's approach to compensation failed to establish adequate accountability of its executive team for the impacts of the two dam collapses.

A summary of LAPFF's company engagement activities is published on a quarterly basis, including the company name and domicile, engagement topic, the nature of the activity

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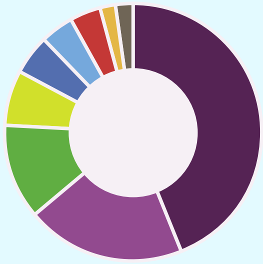


TOPIC ENGAGED

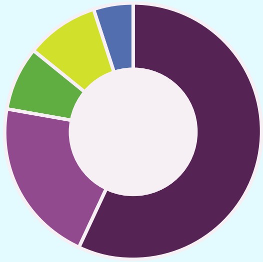
- **44%** Climate change
- **20%** Human rights
- **12%** Enviromental risk
- **7%** Supply chain management
- **5%** Board composition
- **4%** Social risk
- **4%** Governance (General)
- **2%** Audit practices
- **2%** Employment standards

and its outcome. LAPFF's Quarterly Engagement Reports are available on their website. By way of an example, below is a summary of their engagement activity for the second quarter of 2022 that was reported to the Management Panel. Data for other quarters is available in LAPFF Quarterly Engagement Reports.

LAPFF also provide methods of engagement and outcomes.

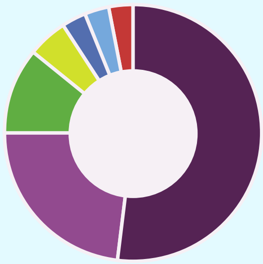
Additionally, LAPFF provided the position of the person or people engaged with which can often indicate how seriously the company is taking the issue and company domiciles.

2022 marks the third anniversary of the tailings dam collapse at Brumadinho, Brazil. Over the last three years LAPFF engaged with Vale and BHP in the wake of both the Brumadinho and Samarco dam collapses and has been dismayed at the lack of progress in addressing the needs of the affected communities. During this time LAPFF has continued its work to ensure the voice of the affected communities is not forgotten and hear stories of loss, devastation and insufficient reparations. LAPFF organised a number of events over the year raising awareness to bring to the fore the issues faced by the local communities in the aftermath of these incidents. This culminated in a visit to Brazil towards the end of 2022 where the chair of LAPFF met with representatives of the companies involved and local people and their representatives which was presented to members at the annual LAPFF conference in



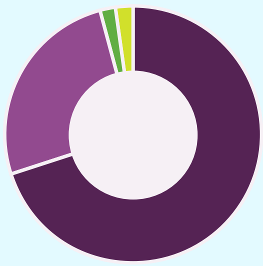
ENGAGEMENT ACTIVITY

- **57%** Sent correspondence
- **21%** Meeting
- **8%** Alert issued
- **9%** Recieved correspondence
- **5%** AGM Attended



ENGAGEMENT OUTCOME

- **52%** Dialogue
- **23%** Awaiting response
- **11%** Moderate improvement
- **5%** Small improvement
- **3%** Change in process
- **3%** No improvement
- **3%** Substantial improvement



POSITION ENGAGED

- **70%** Chairperson
- **26%** Specialist staff
- **2%** Non-Executive Director
- **2%** Executive Director or CEO

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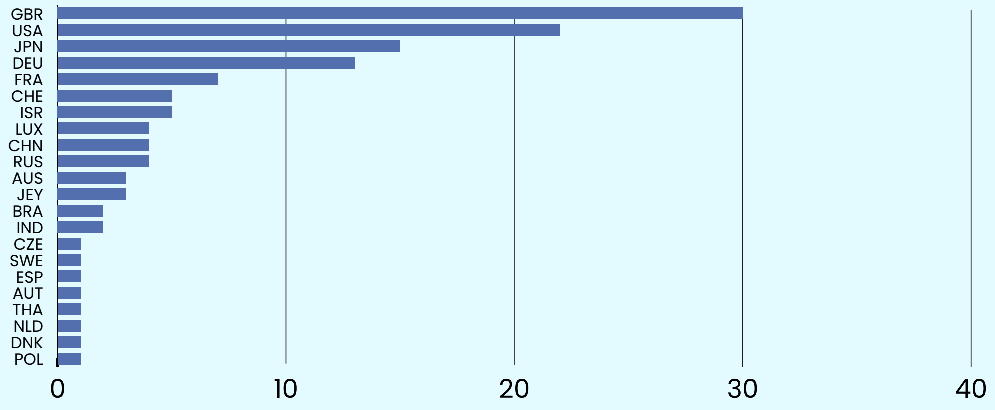
COMPANY DOMICILES



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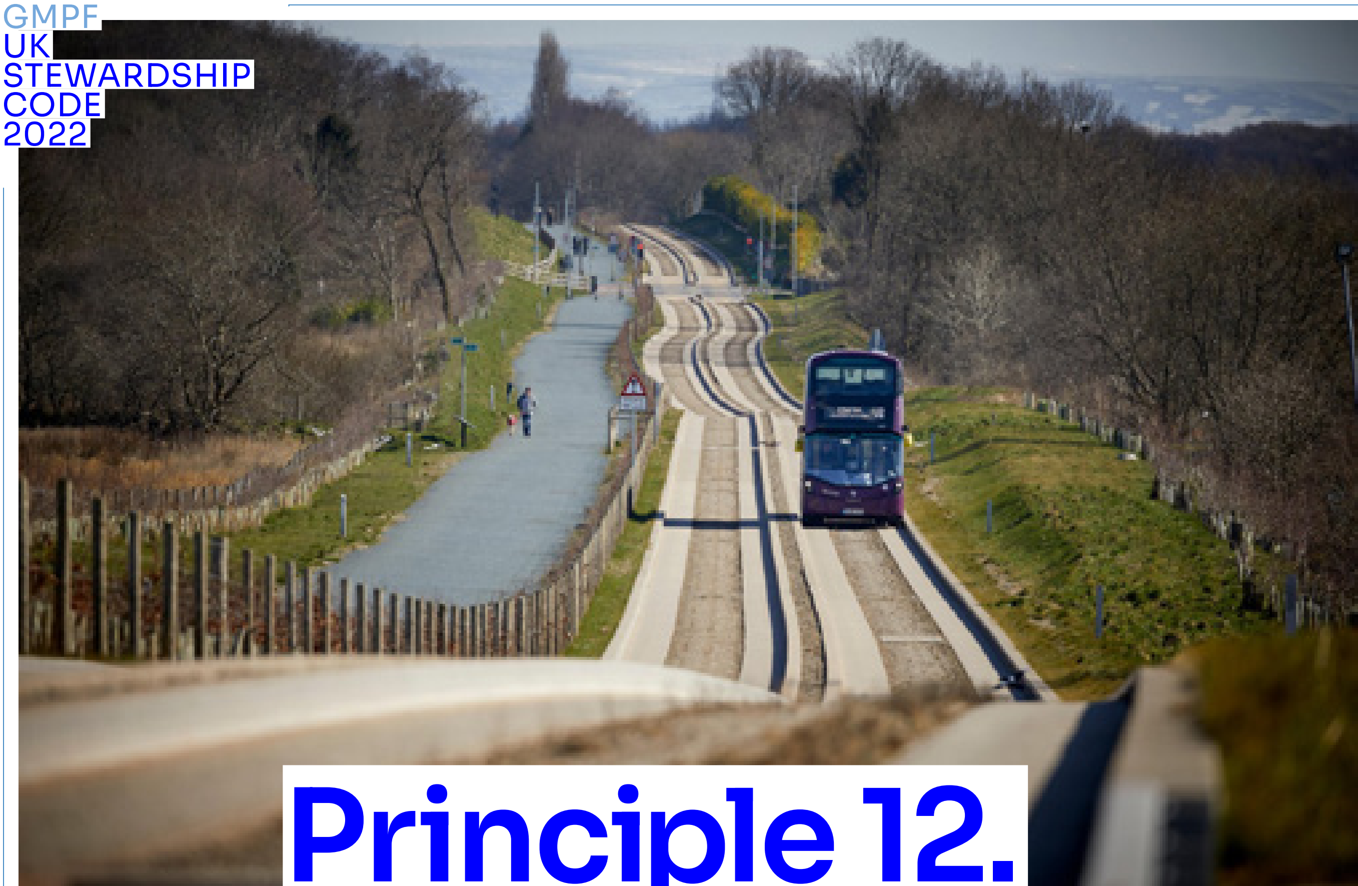
GMPF considers **shareholder resolutions** a useful escalation tool to proactively raise issues of concern either where boards of investee businesses are resistant to dialogue or change, or to amplify the shareholder voice where engagement with boards has been positive. GMPF sought to **co-file resolutions at Microsoft, ConocoPhillips, Cisco Systems, Total, Nestle and Apple** on a broad range of issues which are aligned with GMPF's RI Policy. GMPF recognises that at times change can take time and progress can be made by meetings that can span over months. During meetings with Apple it was agreed that the resolution would be withdrawn for this year as the company has conveyed a willingness to undertake a third-party review of their human rights policy, including commitments to uphold ILO conventions on Freedom of Association and Collective Bargaining and further engagement can continue to assess to ensure goals are met.

Whilst some issues can be resolved through engagement, GMPF believes it can escalate its efforts when its desired outcomes are not met by raising awareness of an issue with like-minded asset owners and working collectively. During 2022 GMPF had been engaging with Total with a group of investors requesting the company set Paris-aligned targets. Having concluded that the dialogue had been unsuccessful the group agreed to file a shareholder resolution and formalise the request. However, the resolution was withheld from the AGM agenda and not voted on. Given that an identical resolution was accepted in the 2020 AGM and similar resolutions have been filed successfully at several competitors' AGM's the group were unsure why the proposal was rejected. The group are looking to take further steps to gain a better understanding of the views of the management at Total and the most effective way this matter can be escalated and will look ahead and prepare for the 2023 AGM.

GMPF also co-filed a shareholder resolution with Microsoft requesting the company issue a tax transparency report to shareholders. With the Covid-19 pandemic resulting in large deficits for many governments, there has been an increased focus on whether corporations are paying their fair share of tax and contributing to society. The Fund also filed a shareholder resolution as a lead filer with Cisco Systems requesting the same transparency report to shareholders. To continue to raise awareness and help tackle this issue GMPF joined the UN PRI's Tax Reference Group which convened for its first meeting in July. The shareholder resolution filed at Microsoft received 23% of the vote and the resolution filed at Cisco Systems received 27% of votes. GMPF has not been deterred by this outcome and continues to actively explore further opportunities.



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Signatories actively exercise their rights and responsibilities

Voting and engagement is a cornerstone of GMPF's Responsible Investment activities. GMPF takes the legal right to vote seriously and exercises it in a way consistent with its publicly disclosed objectives and policy positions. Therefore, in line with GMPF's **commitment to transparency** and democratic accountability, it ensures that its voting aligns with its engagement. How GMPF votes is one way of providing investee companies with an indication of its views as shareholders, as well as to the wider market.

To ensure its external securities managers integrate GMPF's RI beliefs into their investment processes the relevant Investment Management Agreements (IMA) include clauses that recognise the importance of maintaining high levels of ESG by requiring the manager to have regard to GMPF's Investment Strategy Statement, formally promoting active stewardship and requiring regular monitoring and reporting of such stewardship activities. GMPF seeks to maintain long, partnership relationships with its managers, and the above requirements have been in place for many years and decades in one instance. GMPF notified its managers of the update to its Investment Strategy Statement and RI Policy to make them aware of any updates to GMPF's thinking on RI matters.

GMPF retains the maximum possible authority to direct voting in relation to its segregated holdings, rather than delegating authority to asset managers. GMPF has dedicated voting guidelines that inform its voting decisions. This combination of retained authority and a clear framework ensures both a consistent approach is taken across equity holdings and provides clarity to the businesses in which GMPF invests about its expectations. The importance of accountability to beneficiaries is a central element of GMPF's approach. Therefore, GMPF makes publicly available its voting record. In the case of the GMPF's own voting decisions, GMPF pre-discloses votes on all companies.

GMPF implements its voting policy in partnership with PIRC who provide appropriate research and vote execution services that cover the major markets in which shares with voting rights are held. GMPF votes in line with the recommendations of its advisor, having judged that the advisor's voting guidelines promote

Rapid Transit scheme in Greater Manchester

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high standards of corporate governance and responsibility and enable GMPF to exert a positive influence as shareholders concerned with value and values. With PIRC also being the Responsible Investment advisor, GMPF's voting is always aligned with GMPF's core Responsible Investment values. GMPF's voting policy is reviewed annually and considered by the IMESG working group. PIRC report quarterly on how they have voted each quarter providing a detailed company and issue assessment along with rationale for voting recommendations. GMPF analyse the recommendations to ensure that voting is aligned to GMPF's policies. PIRC provided some of their key findings from the review of the 2021 proxy season that was presented to the IMESG Working Group in March where members were able to scrutinise PIRC's ability to fully exercise all rights and responsibilities on behalf of GMPF as a responsible asset owner.

PIRC provide GMPF with voting advice for each resolution proposed at AGM's and EGM's of companies reported on. PIRC provide a quarterly voting report detailing votes executed on GMPF's behalf and voting recommendations including rationale for decisions. The voting report is checked by Officers to ensure voting is aligned to GMPF's Responsible Investment policies. LAPFF provide regular voting alerts that GMPF takes into consideration. The LAPFF voting alerts override PIRC's voting advice should they disagree.

GMPF's voting policy covers a broad range of topics from board composition, reports and accounts best practice, shareowner rights, corporate governance, capital stewardship, sustainability and corporate responsibility reporting and conflicts of interest. Below are examples of GMPF's voting that has been informed by its Responsible Investment policy and advisor.

PIRC recommended to vote in favour of a shareholder resolution requesting that American Water Works Company oversee a third-party audit within a reasonable timeframe and cost which assesses and produces recommendations for improving the racial impacts of its policies, practices, products, and services, above and beyond legal and regulatory matters. There has been a growing amount of evidence linking poverty, racial segregation and poor access to health system in the US, apparently suggesting that the mortality rate due to COVID was higher in communities of colour due to lack of access to health care. A February 2021 documentary on BBC1 also exposed healthcare inequality by showing that the COVID pandemic disproportionately affects BAME communities often located in poor neighbourhoods. The company outlines the global strategy and commitment to support communities and employees, but it does not appear to clarify the proponents' issues or bring a case as of why such report would be counterproductive. The resolution is not unduly prescriptive, and it is considered beneficial for management and shareholders to look at data from a local-global perspective, allowing the company to act on local potential flaws within the company's global strategy. The shareholder resolution received 47.1% of the votes.

It is the auditors' function to ensure, so far as possible, that the financial information as to the company's affairs prepared by the directors accurately reflects the company's position in order, first to protect the company itself from the consequences of undetected errors or, possibly, wrongdoing. Company accounts need to be fair, balanced and understandable; if a company is found to have defective accounts it can have serious consequences. GMPF voted to oppose the **appointment of auditors** for a number of companies on the basis of the level of non-audit fees causing major concerns about the independence of the auditor. Additionally, in some instances the current auditors had been in place more than ten years raising concerns that a failure to regularly rotate the audit firm can compromise the independence of the auditor.

GMPF believes climate change is a material risk for companies and they should give consideration to climate risk as they would to all other risks. GMPF voted in line with its climate change policy to ensure companies are recognising the extent of the issue and are mitigating the risks and effects of climate change. As an example, GMPF voted for a shareholder resolution at Citigroup where the shareholders were requesting the bank adopt a policy by the end of 2022 committing to proactive measures that the company's lending and underwriting do not contribute to new fossil fuel supplies inconsistent with fulfilling the IEA's net zero emissions by 2050 roadmap and the UNEPFI recommendations to the G20 sustainable finance working group for credible net zero commitments.

The appointed **external passive securities manager** votes in respect of GMPF at every

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opportunity in the UK and in respect of companies in the vast majority of overseas markets except where practicalities are a significant obstacle. In casting votes in respect of GMPF in the UK, the appointed external passive securities manager normally implements its own 'Voting Policy'. However, the passive securities manager will vote in respect of GMPF according to GMPF's instructions on a case by case basis should GMPF so require.

GMPF's voting record for its segregated holdings is available here.

In the reporting period GMPF voted at 1,040 meetings and cast a total of 14,507 votes.

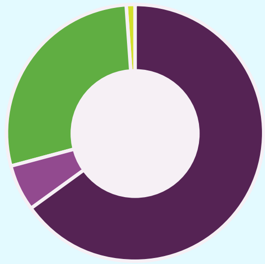
Opposite is a breakdown by category of votes against management.

GMPF co-filed a number of shareholder resolutions for the 2022 AGM season which were all done in collaboration with other investors. Officers participated in the discussions leading up to the resolution being filed at Total. GMPF provided support as a large UK investor which gave the group an opportunity to engage with the company as one voice with clear objectives. GMPF also sought to co-file resolutions at Microsoft, Cisco Systems and ConocoPhillips. GMPF will continue to co-file shareholder resolutions where it believes companies could do more in the interests of shareholders and wider society. Whilst none of the resolutions were successful this year, each generated significant shareholder support, sending a **strong message to the Boards** and GMPF will continue to use shareholder resolutions where it feels there is a need.

In terms of fixed income assets, GMPF's external managers have confirmed that when they consider it necessary, dependent on market backdrop and technical positioning, they will work with syndicate desks to obtain an early perspective on new issues and where possible provide feedback on structure and investor protections, such as covenants, through direct and coordinated efforts with other large institutional investors. For example, any structures deemed too issuer-friendly would be brought to the attention of the syndicate desk to ensure concerns can be addressed.

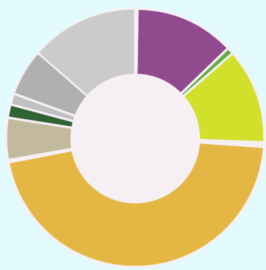
In terms of stocklending, GMPF itself has participated in a prudently structured program via its Custodian since March 2003. GMPF does not lend UK and US Equities and does not take cash as collateral. The maximum volumes of stock "on loan" are set at a prudent level. All loans must be pre-collateralised and be subject to recall upon demand.

Certain pooled vehicles within which GMPF invests may undertake an amount of stocklending on behalf of the pooled vehicle investors. Where this occurs, the extent of the activity is disclosed by the pooled vehicle. GMPF considers this aspect of the pooled vehicle when making investment decisions.



VOTES WITH / AGAINST MANAGEMENT

- **65%** For
- **6%** Abstain
- **26%** Against
- **1%** Withheld



VOTES AGAINST BY CATEGORY

- **45.8%** Directors
- **0.4%** Dividend
- **5.2%** Executive pay schemes
- **1.8%** Misc
- **1.3%** NED fees
- **5.7%** Say on pay
- **0.2%** Share Capital restructuring
- **13.4%** Share issues/Repurchase
- **0.4%** Share issues/Repurchase
- **12.6%** All employee schemes
- **0.7%** Annual reports
- **12.0%** Articles of association
- **0.2%** Auditors
- **0.1%** Corporate actions
- **0.2%** Debts and loans