



Responsible Investment Policy

Updated 2026



1. Introduction

The assets of GMPF now stand at approximately £35bn. These assets are invested to fund the retirements of hundreds of thousands of beneficiaries who live within Greater Manchester and beyond. GMPF will always act in the interests of beneficiaries as well as the employers and taxpayers who underwrite the scheme and aims to ensure that our Responsible Investment (RI) activities contribute positively to our region.

About the GMPF Responsible Investment policy

This policy set out GMPF's approach to RI activities. It provides an overview of themes that will form part of those activities in addition to information on how this policy is implemented and our commitment to reporting and accountability.

Responsible investment is about integrating ESG considerations into investment decisions and stewardship activities. As a responsible steward of capital, GMPF seeks to be an active owner; engaging companies and voting at company meetings to improve the way businesses are run, their impact on the environment and their contribution to the lives of workers and communities. We do so not only to have a positive impact on the world, but also because we believe it to be a financial necessity.

ESG issues, therefore, hold significant importance for GMPF due to their potential financial materiality. As such, they are incorporated into the assessment and monitoring of investments in all asset classes. This approach supports the Fund's primary objective to achieve sustainable, long-term financial returns that underpin the ability to pay pensions. By taking ESG issues into account, GMPF reduces risks and protects the long-term interests of our beneficiaries.

These risks might be financial, such as the underperformance or failure of an investee company, or reputational, resulting from poor corporate behaviour. In addition, our beneficiaries live in a society that is affected by the behaviour of investee companies, and we therefore expect high standards from those businesses.

Our approach to RI has been informed by several important initiatives. GMPF fully supports the aims and objectives of the Stewardship Code. We are a signatory of the Principles for Responsible Investment (PRI) recommendations, and as such, aspire to harmonise the six responsible investment principles with how we implement our investment beliefs. The Fund has also considered guidance from the Law Commission, Department of Work and Pensions and Ministry of Housing, Communities and Local Government and The Pensions Regulator in the development of this policy. We consider our approach to responsible investment to be rooted in financial materiality and risk management. It will also be informed by our understanding of our beneficiaries' views, and by reference to international standards such as the UN Sustainable Development Goals (SDGs), the UN Guiding Principles on Business and Human Rights and IIGCC's Net Zero Investment Framework. Therefore, we have expectations of investee businesses that encompass more than financial considerations alone.

Additionally, as a universal asset owner – institutional investors who hold highly diversified portfolios covering much of the economy – GMPF also recognises the critical importance of systemic risks. Systemic risks affect entire portfolios and economic systems rather than just individual investments. These risks can arise from inaction and trigger widespread cascading failures across interconnected financial, economic and social systems. Proactively addressing these systemic risks is essential for protecting long-term investment returns and preserving the broader economic foundations upon which universal asset owners' portfolios depend.

Recognising that active ownership is fundamental to driving positive change and delivering sustainable returns, the Fund continues to demonstrate our unwavering commitment to responsible investment through engagement, escalation and voting as well as policy advocacy. The efficacy of these activities is predicated on GMPF's advanced and well-grounded ESG positions that are outlined in this policy.

GMPF will seek to apply the RI policy to all asset classes over time. The policy applies to both internally and externally managed assets. Consistent with GMPF's fiduciary duty to beneficiaries, we aim to ensure

that the businesses in which we invest are both financially and environmentally sustainable, have high standards of governance and are responsible employers. As far as possible, GMPF will seek to invest in a way that is financially and socially beneficial for Greater Manchester.

By tilting RI activity toward portfolio companies generating value out of the North of England, GMPF will be in a position to maximise the positive impact good corporate practice can have on the communities and beneficiaries residing in the region. Our industrial heritage underpins our activity on many of the issues facing the North in the 21st Century. A transition to a net-zero economy that does not come at the expense of the region's workforce is a priority, and the Fund will continue to leverage its assets under management to this end.

GMPF has appointed PIRC as its RI adviser, to assist in the development and implementation of the RI policy.

2. ESG Themes

GMPF recognises that multiple ESG factors are financially material to the long-term performance of investments. This includes but is not limited to, climate change risks, nature-related impacts, human capital management practices, and corporate governance standards – all of which can affect asset valuations, operational performance, and overall market stability.

The financial materiality of these issues varies across sectors and regions, requiring tailored assessments and response strategies. While acknowledging the significant interconnectedness between some ESG issues, GMPF seeks to consider each theme independently as part of our stewardship activities.

This section outlines the key ESG themes that represent the most financially material areas of focus for our RI activities, detailing some of the Fund's core positions and approach to engagement.

In Implementing our Approach, GMPF:

- Takes financially material climate change considerations into account as an integral part of its investment strategy and asset allocation
- Reviews a variety of research and analytical materials to encourage the use of scenario analysis to provide estimations of relative performances of asset classes and sectors under different scenarios which will be used where possible in asset allocation decisions
- Monitors and provides feedback to external investment managers in relation to incorporation of climate risk in the investment process
- Engages with companies in order to align their business practices and policies with a low carbon economy
- Liaises with company boards in improving the governance, management and disclosure on climate risk
- Takes company approaches to climate risk and responsiveness to engagement into account in proxy voting
- Supports the filing of relevant climate related shareholder resolutions
- Interacts with policy makers and regulators on investment implications of climate change
- Collaborates with other investors and participates in investor initiatives to leverage outcomes of company and policy engagement
- Will report on policy objectives and activities regularly.

2.1 Climate Change

GMPF places considerable weight in our stewardship policies and activities on climate change risk. The environmental, societal and financial impacts of climate change are significant. Climate change poses systemic risks to the economy that will impact every holding in our portfolios. It also creates serious challenges to business models of investee companies, which will need to adapt to survive. To achieve that change, companies will need to consider how to transition in a just way by considering the impacts on workers and communities, including those in Greater Manchester.

Decarbonisation

GMPF considers climate change risk as financially material to the long-term performance of investments. We integrate climate change considerations in our investment strategy, with the aim of minimising adverse financial impacts and maximising opportunities for long-term economic returns in all asset classes.

Where a pathway exists, we expect companies to commit to and validate their climate targets in line with the Science Based Target initiative (SBTi). For sectors where established pathways are not yet available, we expect companies to set ambitious, time-bound targets that are in line with the goals of the Paris Agreement of limiting warming to 1.5°C.

Meeting the aims of the Paris Agreement still results in higher global temperatures. Therefore, companies will need to adapt and be resilient to changing temperatures. As physical climate risks intensify, portfolio companies will need to build capacity to adjust to current and anticipated climate impacts and continue to function despite climate-related disruptions.

GMPF's long-term goal is for 100% of assets to be compatible with the net zero-emissions ambition by c.2050 in line with the Paris Agreement. This decarbonisation goal will be regularly evaluated in line with our objective of maintaining long-term financial performance. As part of our Net Zero Asset Owner commitment, we have developed interim decarbonisation objectives and targets with reporting aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) within our annual report.

Just Transition

The principles of a just transition have emerged as a cornerstone of global climate policy and were formally recognised in the Paris Agreement. At its core, a just transition to net zero is one that is equitable and inclusive. Achieving a just transition requires securing decent work for those affected by the transition, while also addressing the broader social impacts on suppliers, local communities and consumers who may face economic disruption.

GMPF actively supports the objectives of a just transition to a low-carbon economy and will actively engage with the social aspects of responding to climate change. We believe that this aligns well with our objective of incorporating a regional dimension into our RI activities, including consideration of the potential impact close to home in Greater Manchester as well as further afield in emerging markets. We, therefore, expect companies to publish a just transition plan that addresses their specific social transition risks and opportunities. This transition plan should be guided by a materiality assessment with clear actions and timeframes.strategy;

2.2 Natural Capital

GMPF recognises the critical role natural capital has in creating long-term value. Natural ecosystems provide essential services to the global economy, including climate regulation, pollination and flood protection – making their preservation not only an environmental imperative but a critical investment in long-term economic stability and portfolio resilience. This includes exposure to operational and supply chain disruptions. GMPF's stewardship activities focus on key areas where corporate activities impact and are impacted by deforestation, biodiversity loss and water stewardship.

Deforestation

The conversion from arboreal and tree-clad areas to land used for agriculture and pasture are primary drivers of deforestation globally. Key commodities such as soy and beef in south America and palm oil in southeast Asia continue to drive deforestation and with it the loss of biodiversity. Land cleared in this way also significantly reduces the capacity to store carbon and can contribute, in a material way, to climate change. The IPCC Sixth Assessment Report (2022) identified that on average, 22% of GHG emissions globally stem from the use of land.

GMPF recognises the transition risks connected with companies failing to address supply chain-wide deforestation, including changes in regulation, consumer trends and damage to brand equity as the shift to a low-carbon economy takes place. GMPF also recognises the potential physical risks to companies that fail to eliminate deforestation from the supply chain. These include crop and livestock productivity, and ultimately, profitability. Through our stewardship activity, we are committed to supporting the SDGs, including goal 15 'life on land', and will work towards the removal of unsustainable deforestation from the companies in which it invests.

GMPF actively encourages investee companies to adopt effective deforestation policies and practices. GMPF expects portfolio companies to be able to maintain robust procurement processes that enable good visibility and traceability of the relevant supply chains. Where relevant, companies are also encouraged to set Forest, Land and Agriculture (FLAG) targets through the Science Based Target initiative (SBTi) framework. This includes segregated disclosure of emissions arising from land use change across the value chain. These targets should comply with the requirements of industry standards and align with the recommendations of

the TCFD and Taskforce on Nature-Related Financial Disclosure (TNFD). The Fund also expects companies to be able to demonstrate expertise on land use change issues at the board level.

Biodiversity Loss

Like climate change, biodiversity loss poses systemic risks for long-term investors as well as heightened risks to specific investee companies. Biodiversity refers to all types of life on Earth, including the diversity found within and between species; and across entire ecosystems, including plants, animals, bacteria and fungi across terrestrial and marine environments.

The prosperity and resilience of our societies and economies depend on the health and resilience of nature and biodiversity. Over \$44tn of economic value generation is moderately or highly dependent on nature and its services and as a result, exposed to risks from nature loss.¹ Many industries are reliant on either the direct extraction of resources from forests and oceans or the provision of ecosystem services such as healthy soils, clean water, pollination and a stable climate in order to provide a service.

Corporate activities are contributing to biodiversity loss at an unprecedented rate. Terrestrial biodiversity faces threats from deforestation, habitat fragmentation, and unsustainable agricultural practices. While marine biodiversity suffers from overfishing, pollution, and ocean acidification. This degradation undermines ecosystem resilience, reducing nature's ability to provide essential services and increasing vulnerability to environmental changes.

For businesses, biodiversity loss presents physical, regulatory, financial, and reputational risks. The pool expects portfolio companies to conduct comprehensive biodiversity risk assessments using credible frameworks like the TNFD and implement time-bound action plans to achieve no net loss of biodiversity across their operations and value chains.

Sustainable Food Systems

An important component of natural capital is sustainable food systems. Agriculture is both a major contributor to environmental degradation and highly vulnerable to its effects. Simultaneously, food systems face mounting threats from climate change. Combined with resource scarcity, water stress, and supply chain vulnerabilities, this creates cascading risks that threaten global food security and economic stability.

The Fund expects portfolio companies to develop comprehensive strategies that both reduce their environmental footprint and build resilience to climate and supply chain disruptions.

Water Stewardship

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. Simultaneously, water pollution from industrial activities, agricultural runoff, and inadequate water management threatens both freshwater sources and marine ecosystems, creating interconnected risks across terrestrial and ocean environments.

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. For water-dependent sectors, such as agribusiness, water stress, pollution and flooding significantly undermine continuity and productivity.

GMPPF actively encourages investee companies to adopt effective water stewardship practices. We expect companies to demonstrate expertise on water issues at the board level, operationalise effective water-management processes and implement strategies to reduce water consumption and minimise pollution discharge.

Companies should also address their impact on ecosystems by preventing pollutants from entering waterways and ocean systems, particularly through improved waste management and chemical handling practices. We pay particular attention to companies' management of forever chemicals such as PFAS (Per- and Polyfluoroalkyl Substances), which pose long-term risks to human health and surrounding environments.

GMPPF expects its portfolio companies to disclose water-related business risks and impacts via disclosure platforms or frameworks such as CDP or GRI. For investee companies that are highly dependent or derive significant value from natural water sources, regular mapping of the operational impact on ground and surface-water resources should be undertaken. GMPPF also encourages companies to align the businesses' values with internationally recognised water standards and norms such as Sustainable Development Goal

¹ <https://www.weforum.org/press/2020/01/half-of-world-s-gdp-moderately-or-highly-dependent-on-nature-says-new-report/>

6, 'clean water and sanitation for all' and Goal 12 'life below water'.

Circular Economy

Our economy is reliant on finite resources. With accelerating climate risks and ecosystem fragility, the linear production-consumption-waste approach is reaching its limits. For companies to mitigate risks associated with resource scarcity, regulatory intervention, operational inefficiencies, and reputational damage, transitioning to a circular economy is essential. This involves minimising the environmental impact by extending product lifespan, limiting waste, and properly processing what remains.

The Fund expects portfolio companies to integrate circular economy principles throughout their operations and value chains, including designing for durability and recyclability, reducing the use of plastic packaging and single-use materials, implementing take-back programmes and setting targets for waste reduction and material circularity. Companies are also expected to work with suppliers and customers to create closed-loop systems that minimise environmental impact.

2.3 People

GMPF puts significant emphasis on respect for human and labour rights within in our RI policy and stewardship activity. We seek to ensure that investee companies treat employees and other stakeholders with fairness and respect and adhere to and go beyond legal requirements is one of the most positive impacts we can have as investors. We are also mindful of our history and our membership. The assets of GMPF manages the combined savings of generations of public sector workers, without whom the pension funds would not exist. Therefore, we have a responsibility to act in the best interests of those workers, and we actively promote decent work.

Employment standards

We consider the effective management of people as a source of both value creation and competitive advantage. We actively support initiatives to improve corporate reporting and investor understanding in relation to employment practices and human capital management.

We expect all businesses in which GMPF invests to treat their workforce with respect and ensure fair employment and compensation practices. This includes a commitment to paying, where affordable and financially beneficial, the Real Living Wage (RLW) as defined by the Living Wage Foundation or equivalent local standards that reflect the actual cost of living. Companies are also expected to address gender, ethnic and other pay gaps through regular monitoring and public reporting, with clear action plans to reduce the disparity.

Companies should offer secure, direct employment where possible, and respect workers' fundamental rights to seek representation through a trade union. This includes not interfering with employees' right to join or form trade unions, engage in collective bargaining, and participate in lawful industrial action. We will consider whether the actions of investee businesses are in accordance with International Labour Organisation (ILO) Core Conventions both in relation to their directly employed workforce and in their supply chain.

We expect companies to establish accessible and effective grievance mechanisms that allow workers to raise concerns about workplace conditions, discrimination, or other employment-related issues without fear of retaliation. These mechanisms should be transparent, culturally appropriate, and provide clear pathways for resolution and remedy. Companies are also expected to disclose the number and nature of complaints received, the outcomes and the processes used to address them.

We also expect companies to work with employees and their representatives to adopt stringent occupational health and safety preventative measures and reporting processes. Disclosures should include frequency, severity and lost-time due to injuries, as well as fatalities and reporting should encompass both directly and indirectly employed members of the workforce.

GMPF looks favourably on opportunities to invest in ways that aid the creation of good jobs, and have other social benefits, particularly within Greater Manchester. We will also consider the potential impact of our investments on public service provision and public sector employment practices.

Public Health

Public health is fundamental to the success of our economy and, therefore, the performance of our investee companies. We are mindful of the financially material impact that unequal health outcomes have within the UK and around the world. As such, we seek to support initiatives for improving nutrition, ensuring healthy lives and promoting well-being in line with the UN SDGs 2 'zero hunger' and 3 'good health and

wellbeing'. As GMPF looks to support economic development, a focus on developing and maintaining a healthy population is essential.

Public health challenges extend beyond nutrition to include air quality degradation due to industrial activities and the growing threat of antimicrobial resistance (AMR). Poor air quality contributes to several health challenges and poses a range of investment risks in the form of workforce health, legal and regulatory impacts, and losing the social licence to operate – as well as systemic portfolio level risks. Whereas AMR – driven by the overuse of antibiotics in the agricultural sector and the healthcare system – threatens to undermine medical care and poses significant economic risks through increased healthcare costs and reduced productivity.

There is a clear link between public health and nutrition. The food and drink companies in which we invest bear the risks associated with failing to adequately address these concerns within their business activities. GMPF recognises that in order to protect value, companies involved in the development, production and sale of food and drink should work to mitigate risks posed by government regulation and the modelled shifts in consumer demand for healthier food. Similarly, companies in pharmaceutical and agricultural sectors should adopt responsible practices to combat AMR, while pollution emitting companies should implement measures to reduce air pollution and emissions.

Human Rights

Societal expectations of companies regarding human rights are increasing, as are legal and regulatory obligations. As investors, we consider that we have a responsibility to actively contribute to improving company practices, and that this is an area where we can have a positive impact.

Embedded within GMPF's approach to investment lies its responsibility to respect human rights as outlined in the UN Guiding Principles on Business and Human Rights (UNGPs). These principles underpin expectations GMPF applies to all investee companies. Our assessment of company practice in relation to human rights is also informed by sources such as the Corporate Human Rights Benchmark and OECD Watch. GMPF places particular emphasis on the protection of marginalised groups, including local communities and indigenous peoples, who may be disproportionately affected by business operations. Companies should respect indigenous rights to land, resources, and cultural heritage, and ensure meaningful consultation and free, prior and informed consent (FPIC) for projects affecting indigenous territories.

Stewardship activity around human rights is pursued both through our membership of the Local Authority Pension Fund Forum (LAPFF) and our own direct engagement. We also seek to participate in collaborative investor initiatives relating to human rights.

Specifically, GMPF expects portfolio companies to have effective due diligence and access to remedy policies and processes in place. We encourage companies to increase the granularity of their reporting in these areas in order to drive real-world improvements in practice.

Modern Slavery and Forced labour

Modern slavery represents an illegal trade where humans are treated as commodities, encompassing human trafficking, forced and bonded labour, debt bondage, and servitude. According to the ILO, forced labour is defined as 'all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.' This exploitation is widespread across global supply chains, particularly in apparel, food services, agriculture, construction, and extractive industries.

The complexity of modern-day supply chains amplifies the risks of modern slavery and human rights violations, especially in regions where local communities lack the power to advocate for fair treatment or where indigenous rights are inadequately protected. Factors such as sub-contracting, low profit margins, and labour recruiters increase companies' exposure to human rights violations.

For businesses, modern slavery and human rights violations present significant material risks including regulatory fines, legal fees, reputational damage, and operational disruptions from import bans or sanctions.

The Fund expects portfolio companies to implement robust human rights due diligence processes across their operations and supply chains. Companies should establish accessible grievance mechanisms for all affected stakeholders, including local communities, engage meaningfully with suppliers on non-conformance issues, and respect indigenous rights. Companies should also improve disclosure on human rights violations, remedial actions taken, and their engagement with affected communities

Conflict Affected and High-Risk Areas (CAHRAs)

Rising geopolitical tensions have underscored the investment risks associated with conflict zones.

The OECD defines Conflict-Affected and High-Risk Areas (CAHRAs) as regions characterised by armed

conflict, civil war, military occupation, political instability, institutional weakness, insecurity, collapse of civil infrastructure, and widespread violence or violations of national and international law. These complex conditions can lead to severe human rights and humanitarian law violations, with many regions being designated as CAHRAs. Companies operating in or sourcing from these areas face heightened risks of involvement in human rights abuses and may inadvertently contribute to or benefit from regional conflicts. CAHRAs present particular risks for marginalised populations, including local communities and indigenous peoples who may face displacement, violence, or exploitation during conflicts.

For businesses, involvement in CAHRAs creates significant material risks, including regulatory sanctions, supply chain disruptions, legal liabilities, and severe reputational damage when linked to human rights abuses. Growing regulatory measures are specifically targeting business activities in CAHRAs, creating compliance obligations and potential financial penalties. Companies may also face consumer campaigns, as well as operational challenges from infrastructure collapse and security concerns.

The Fund expects portfolio companies across all sectors operating in CAHRAs to undertake comprehensive heightened human rights due diligence (hHRDD) in line with the UN Guiding Principles on Business and Human Rights. This includes publicly disclosing hHRDD policies, conducting robust impact assessments that consider effects on local communities and vulnerable populations, strengthening supply chain oversight, and engaging transparently with stakeholders on progress, challenges, and remedial actions taken. Companies should also demonstrate how they avoid contributing to or benefiting from conflicts while protecting the rights of affected communities.

2.4 Corporate Governance

GMPF considers good corporate governance practices to continue to provide protection to shareholders and to our beneficiaries. A full list of positions that we take is provided in the shareholder voting guidelines that we have adopted.

Board Composition & Responsibilities

Division of responsibilities and board independence are fundamental principles of good governance. We seek the separation of chair and chief executive positions and independent representation on boards in all markets. We fully support board diversity in its widest sense. Diversity is desirable not only in its own right, but also because there is evidence that diverse boards make better decisions. In addition to supporting the 30% Club and recommendations of the Parker and Hampton-Alexander Reviews, we actively encourage employee representation at the board level. We also consider that diversity, inclusive hiring practices and equal pay to be important throughout organisations, not simply at the board level.

Given the increasing importance of emerging technologies and digital risks, GMPF also expects boards to demonstrate adequate expertise and oversight capabilities in critical areas such as Artificial Intelligence (AI) governance and cybersecurity. This includes ensuring appropriate board-level understanding of AI risks and opportunities, data governance frameworks and cyber threat management strategies.

Executive Remuneration

In relation to remuneration, it is GMPF's view that executives must be appropriately rewarded for their contribution to the success of the businesses that they steward. Where performance-related reward is used, this should be focused on long-term performance and take account of ESG factors. The reputational risk of overly generous pay, including the comparison to average employee pay should be taken into consideration in remuneration packages. As a Fund, we also consider that excessive executive reward contributes to wealth and income inequality.

Beneficiaries' interests are well served by ensuring the highest standards in financial reporting and related issues. We take a robust position on audit quality and auditor independence as we view this as the first line of defence for shareholder interests. We encourage auditors not to undertake non-audit work for the same company and support mandatory rotation of the audit firm. We also advocate reform of accounting standards.

Responsible Tax

We consider 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 their investors. Aggressive corporate tax planning may have a negative effect on public finances and by extension on public service provision as a result of base erosion.

Therefore, GMPF seeks to monitor the behaviour of investee companies in respect of tax planning and challenge where necessary. The Fund expects companies to adopt responsible tax strategies aligned

with GRI 207 standards and provide public country-by-country reporting (pCbCR) that demonstrates an alignment between tax payments and business activities.

Digital Ethics, Data Privacy and Responsible AI Use

GMPF recognises that emerging technologies present both opportunities and risks to long-term investment performance and societal wellbeing. As responsible investors, we expect portfolio companies to uphold high standards of digital ethics, safeguard personal and sensitive data, and deploy artificial intelligence (AI) in a transparent, accountable and equitable manner.

We consider the ethical use of data and technology to be financially material, particularly in sectors where digital infrastructure, AI systems, and data governance are central to business models. Poor practices in these areas can lead to reputational damage, regulatory penalties, and systemic risks.

GMPF will continue to monitor developments in digital ethics and responsible technology use and will engage with companies and policymakers to promote standards that protect both investor value and societal interests.

3. Application of the Policy

Investment decisions

The Fund uses 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 both equity and other asset classes. We do not typically divest from businesses unless ESG factors are likely to have a financially material negative impact. Instead, we seek to use our influence as investors actively to address issues of concern. We recognise that our ability to act as an effective steward, and our responsibility to do so, is greater where our holdings are greater or more concentrated. Therefore, we monitor sizeable investments closely and engage where necessary.

We are involved in impact investing. Whilst this is not synonymous with 'Responsible Investment', this is an area where the policy may have significant practical application.

Where external managers are appointed, we envisage analysis of their competence in relation to RI to form part of the appointment process. Expectations in relation to incorporation of ESG factors are part of the manager agreement, and managers are monitored in relation to performance on these factors. Appointed managers are also expected to report back to GMPF on their activities.

Voting

Along with engagement, voting is a cornerstone of our RI activities.

We take the legal right to vote seriously and exercise it in a way consistent with our publicly disclosed objectives and policy positions. How we vote is one way of providing investee companies with an indication of our views as shareholders, as well as to the wider market.

Therefore, in line with our commitment to transparency and democratic accountability, we ensure that our voting aligns with our engagement. For example, if we have informed a company we do not support a certain director, or consider the remuneration policy is inappropriate, we will not vote in favour.

GMPF retains the maximum possible authority to direct voting, rather than delegating authority to third party asset managers. We have dedicated voting guidelines that inform how our 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 we invest about our expectations.

Engagement

We are a long-standing and active participant within the Local Authority Pension Fund Forum (LAPFF). A significant amount of engagement activity is undertaken through the Forum and representatives of GMPF take part in company engagements. The Northern LGPS and its partner funds also undertake their own engagement, either on specific companies or sectors, and we envisage that this will continue particularly in relation to major and unique investments, such as in infrastructure assets. These engagements are objective-driven, allowing the pool and partner funds to measure how companies are performing relative to these objectives.

The desired outcome from the engagements is for companies to improve their environmental, social and governance practices, thereby reducing investment risks and enhancing long-term value. Where boards of investee businesses are resistant to dialogue or change, GMPF will escalate issues by, for example, voting against the re-election of the Chair of the board. Ultimately, in such cases, GMPF will consider adjusting its investments as appropriate to the risks, in accordance with its RI policy and fiduciary responsibilities.

Escalation

While we aim to engage with our portfolio and recognise the value of constructive and long-term dialogue, we escalate action where progress falls far short of our expectations. This can be done through collaborative actions which may be private or public, joining investor campaigns and filing resolutions.

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 will consider filing or co-filing resolutions in cases where engagement has not resulted in the achievement of change or as part of systemic engagement. We have sought to file resolutions focused on issues such as climate change, employment standards and corporate political spending.

Collaboration and partnerships

GMPF often has a significant ownership of particular businesses or other assets and therefore can be an influential voice. There are also many instances where it is advantageous to work in collaboration with other investors and investor initiatives. As such, GMPF is and will continue to be a member of several collaborative initiatives, covering a range of ESG issues. In addition to participating in existing investor groups, GMPF seeks to initiate collaboration where it believes it can play an active and useful role.

As well as being a LAPFF member we participate in, or are a member or signatories of, the following initiatives:

- The Stewardship Code
- The Principles for Responsible Investment
- The Institutional Investor Group on Climate Change
- Paris Aligned Investment Initiative: Net Zero Asset Owner Commitment
- CDP
- The Transition Pathway Initiative
- The 2021 Global Investor Statement to Governments on Climate Change
- Climate Action 100+
- Say on Climate
- Pensions For Purpose
- Asset Owners' Council (UK) Council
- ESG Data Convergence Initiative
- PRI Advance
- Nature Action 100+
- Pensions UK, formerly the PLSA
- UKSIF
- Workforce Directors Coalition
- The Workforce Disclosure Initiative
- The Human Capital Management Coalition
- Valuing Water Finance Initiative
- Labour Rights Investor Network

Other collaborations will be reviewed in due course, following consideration of our interests in participation.

Securities litigation

Given the focus on cost reduction, GMPF will be an active participant in securities litigation as part of our approach to stewardship. Where there has been corporate wrongdoing that has resulted in a financial loss to the pool as shareholders, we seek to recoup these losses where practical.

The Fund has long held the view that we should be prepared to exercise all of our legal rights associated with asset ownership, including seeking remedy through the courts where appropriate in instances of shareholder loss or other harms that have arisen from corporate malfeasance or governance failings. Such remedy may consist of financial compensation and improvements in corporate governance.

Securities Lending

Instances in which we have securities on loan, rights are retained to recall shares to exercise voting rights. We monitor lending activity and maintain guidance on the recall of shares.

Public policy advocacy

We recognise that regulatory intervention is sometimes necessary to address issues such as corporate disclosure requirements and shareholder rights. Where appropriate GMPF will participate in public policy consultations and engagement. This may be through LAPFF and other collaborative investor initiatives or by the Fund on its own.

We acknowledge that public policy significantly shapes the ESG themes within our RI policy's scope. As responsible investors, we intend to use our voice in policy discussions to pursue sustainable outcomes. Our view is that for RI to be effective, it requires engagement with both policymakers and investee companies. We will continue to engage policymakers to drive meaningful change in the interests of our beneficiaries.

Costs and charges

We recognise the growing interest in costs and charges incurred as part of local authorities' investment activities. We support the Transparency Code and expects all external managers to become signatories. We consider reducing unnecessary costs as part of our fiduciary duty and is one of our core objectives. This includes ensuring that RI activities represent appropriate and necessary expenditure that delivers value to beneficiaries. We will continue to closely monitor all investment costs to ensure that greatest possible benefits from our investment activities.

4. Reporting and Accountability

The importance of accountability to beneficiaries is a central element of our approach. Therefore, we make our voting record publicly available. We pre-disclose votes on all companies.

