GMPF

UK Stewardship Code 2024

Statement of compliance with the UK Stewardship Code

Enhancing the quality of engagement between institutional investors and companies

Thomas Foster - unsplash

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"

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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 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 fifteen transactions with a total value in excess of £3 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 £750 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

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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 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 such as climate change, workers' rights and public health. 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 both forums 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 Funds 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 2024 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 experience of 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, a number of training sessions were held as part of the IMESG & P&D Working Groups meetings. This training aids members in carrying out their fiduciary duties on responsible investment related subjects such as split voting

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in Pooled funds, tax practices that GMPF has been raising as issues via shareholder resolutions, fossil-free and environmentally sustainable supply chain in the automotive sector and labour rights and freedom of associations. Some of these topics can be considered difficult but GMPF strongly believes in tackling the difficult questions head on rather than avoiding them.

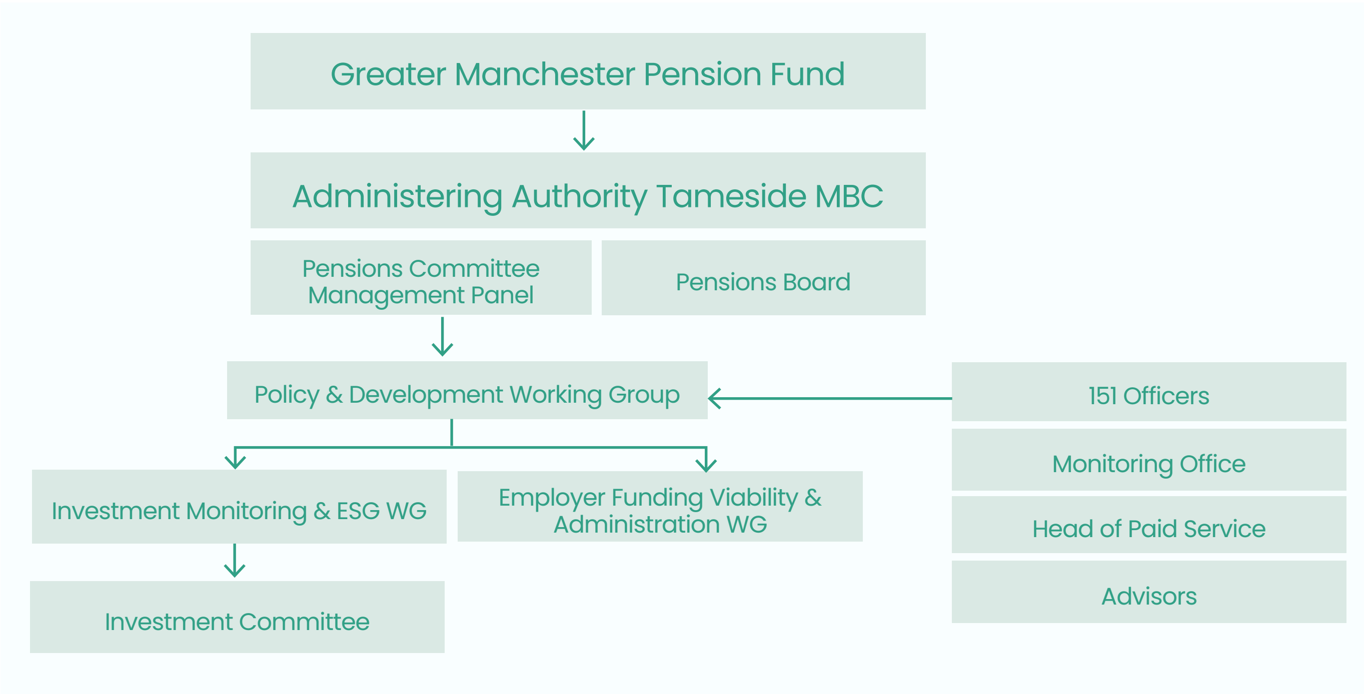
Additional member training during the reporting period includes the Northern LGPS Stakeholder day in Bradford where Members heard from various external third-party providers, on topics such as impact investing locally, balancing CEO pay and talent retention with preserving the UK's attractiveness for companies to list on the UK Stock Exchange. The audience also heard from GLIL where the Managing Director, Ted Frith, showed how they are investing in green energy projects and PIRC also presented their process for engagement.

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, managers 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 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 it faces and processes it has developed which ensure GMPF is well placed to continue paying the pensions of its members and remain 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 Allocator 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.

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 two 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.

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The Officers of GMPF attend/participate in **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, the conflict between Russia and Ukraine and wider geopolitical tensions 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 Chief Executive is the Chair of the LGPS Scheme Advisory Board's **Responsible Investment Advisory Group**. The Assistant Director of Pensions (Investments) who reports to the Chief Executive dedicates a significant proportion of time to Responsible Investment and is a member of the Local Authority Pension Fund Forum's (LAPFF) executive committee. There is one member of the investment team who dedicates the majority of their time to Responsible Investment activities. The Officer has obtained the CFA Institute's 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's investment committee includes an infrastructure and renewable investment specialist. Dr Patricia Rodrigues is an independent member of the committee which is responsible for approving

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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 Amazon, Amgen, Constellation Brands, Mondelez, Barclays, Yara International and Shell 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, an example of which is the seminar relating to pass through voting which highlighted the additional powers asset owners have to vote on their passively managed equities in line with their own voting policies rather than voting in line with the manager. Members of GMPF receive invitations to attend 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 Asset Owner Council (formerly 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

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Surya Prasad - unsplash

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.
[Equality and Diversity in Tameside - Tameside MBC]

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.

Hala AlGhanim - unsplash

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 and opportunities 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 potential ESG issues, the conflict between Ukraine and Russia, wider geopolitical 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 supported a statement co-ordinated by the UN PRI to the new UK Prime Minister to re-emphasise the importance of strong policy support for a comprehensive, well-executed net zero transition. The letter urges the new government

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to create a supportive policy environment in order to fully seize the economic, social, and environmental opportunities presented by the transition to net zero by 2050.

Pensions for Purpose hosted an online webinar focused on place-based investing and how pension funds can scale up investment in productive finance. The panel included an Investments Manager from GMPF's Local Investments team responsible for the Impact Portfolio. He provided an insight into why investing locally is important to GMPF and how the Fund has been investing locally for more than 25 years. The webinar can be viewed on the website below.

Pensions for Purpose all-member event 17/09/2024 (Panel discussion)

Officers from GMPF offered insights into market research conducted by Pensions for Purpose which was sponsored by Ninety One on how UK asset owners consider emerging markets in their investment decision-making and their attitudes towards achieving real world impact. A recent Pensions for Purpose Impact Lens paper shows, currently, only 2% of impact funds focus on emerging markets. This new research assesses how asset owners are thinking about allocating to emerging markets, including their risk, return and impact expectations. This includes asset class decisions, sustainability challenges and opportunities, including the consequences of Net Zero commitments on their portfolio. The full report is available at the link below.

Real-world impact in emerging markets – an asset owner perspective | Pensions For Purpose

GMPF also signed a letter along with over 100 investors, business networks and associations urging EU leaders to endorse a greenhouse gas emissions reductions target of at least 90% by 2040. The letter strongly urges the Environment and Climate ministers of the European Union to adopt a robust target which will boost the resilience of the EU, ensure energy security, and enhance competitiveness. It argues that "integrating the target into a comprehensive industrial strategy, guided by a 'competitive sustainability' approach, will allow the EU to lead the global race of development of sustainable industrial ecosystems and industries." It also makes clear that the 2040 climate target should create a clear signal to businesses and national governments of the importance in investing in nature-based solutions and the transition to a nature positive economy. 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.

GMPF was one of 534 institutional investors representing more than USD 29 trillion in assets signing on to a statement urging enactment of policies that will the investment needed for a just transition to a climate-resilient, nature-positive net zero economy. The 2024 Global Investor Statement to Governments on the Climate Crisis calls on governments to raise their climate ambition in line with the goal of limiting global temperature rise to 1.5°C. To achieve these agreed climate goals, the 2024 Global Investor Statement calls for a whole-of-government approach across five critical policy groupings:

- enacting economy-wide public policies
- implementing sectoral strategies, especially in high-emitting sectors
- addressing nature, water and biodiversity-related challenges contributing to and stemming from the climate crisis
- mandating climate-related disclosures across the financial system
- facilitating further private investment into climate mitigation, resilience and adaptation activities in emerging markets and developing economies

GMPF, along with 26 other asset owners signed on to a statement urging governments to take ambitious policy and regulatory action to halt and reverse global biodiversity loss. The signatories call for a 'whole of government' approach to tackling the biodiversity crisis to protect investment returns and investor confidence and calls on governments to set ambitious national targets, including sector transformation plans; implement mandatory disclosure on nature for companies; establish regulation that addresses the five drivers of biodiversity loss; and develop and scale financial mechanisms for nature. The full statement can be accessed using the link below.

Microsoft Word - FINAL letter to governments on biodiversity crisis_with signatories

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

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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 disclosures made by Northern LGPS and the 26 other asset owners who also disclosed their targets 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.
Northern-LGPS-ICAPs-case-study_FINAL.pdf

At the end of 2023, the Northern LGPS submitted its first update to the IIGCC on its progress towards the increase in climate solutions and reduction of its weighted average carbon intensity. Northern LGPS intends on providing annual updates to its progress with the next update being in early 2025 which the IIGCC will publish in due course.

GMPF's Chief Executive 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.
Responsible Investment Database - Items

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 has identified several systemic risks as stated in its RI Policy. GMPF understands that the outcomes of engagement may not always be instant and may even take years. Continuing on from 2023, the Fund to continued to engage on **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 2022 and the group has continued to meet regularly throughout 2024. GMPF has engaged with companies on this issue for a number of years and has filed and co-filed shareholder resolutions at a numerous companies requesting companies to issue tax transparency reports 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.

The FACT Coalition is a non-partisan alliance of more than 100 state, national, and international organizations. Their mission is to promote policies to combat the harmful impacts of illicit finance on communities, global security, and the environment, and to campaign for a fair international tax system. GMPF recognises the importance of engaging with policymakers as well as companies to initiate change and signed a petition filed by the FACT Coalition on behalf of 87 investors with more than $2.3 trillion in assets under management with the U.S Securities and Exchange Commission to require U.S-listed companies to publish basic tax and other financial information for each country in which they operate, called public country-by-country reporting.

The press release noted a 2022 tax-related shareholder resolution which GMPF co-filed at Amazon as the first ever shareholder resolution calling for county-by-country tax reporting which receive 21% of shareholder votes at the AGM. This had spurred a wave of similar shareholder resolutions at companies such as Microsoft, Cisco Systems and ConocoPhillips. The press release and petition can be accessed using the links below.
Investors with $2.3+ Trillion in Assets Call on SEC to Require Greater Multinational Tax Transparency
Petition for Rulemaking to Require Disclosure of Tax-Relevant Information for Each Country

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GMPF sought to file a shareholder resolution with Amgen requesting the company to issue a tax transparency report to shareholders and adopt the Global Reporting Initiatives tax standard. Officers and representatives from PIRC met with the company to discuss the request and assess whether this is possible and if so, the most likely next steps. Engagement with companies often takes time and numerous meetings and this is an example where GMPF and PIRC have worked together with a company to attempt to resolve an issue. Following several productive meetings with company representatives it was agreed that the company would explore options to report publicly in one location on its website a report that more aligns with the Global Reporting Initiatives Tax Standards.

Human Capital is an important theme in GMPF's Responsible Investment policy and the Fund has engaged with a number of companies in recent years such as Apple and Amazon on how they manage their workforce. In October, GMPF met with representatives from the WDI to help them understand how pension funds use the data which they collect in relation to human capital management and what data would be useful to help shape and develop standards that will result in a high-quality, comprehensive global baseline of sustainability disclosures.

GMPF also co-filed a shareholder resolution at Amazon focused on human capital management focusing on workers' rights. LAPFF and other organisations have highlighted over a number of years an observed misalignment of Amazon's stated support for the Core Conventions of the International Labour Organisation which states that the company respects workers' right to join or form a union without fear of reprisal, intimidation, or harassment and the experience of employees who have faced unfair labour practices. The resolution asks the company to commission an independent, third-party assessment of Amazon's adherence to its stated commitment to workers' freedom of association and collective bargaining rights in line with other companies such as Apple and Starbucks who faced similar issues.

The World Health Organization cites unhealthy diets as a contributor to the rise in noncommunicable diseases such as obesity, diabetes, heart disease, stroke, and cancers, which have a crippling effect on economic growth. Obesity alone is projected to cost the global economy $USD 4.32 trillion annually by 2035; around 3 percent of global GDP, roughly equivalent to the impact of Covid-19 in 2020. Countries have introduced regulations, food and beverage taxes, and strengthened disclosure requirements to cope with increasing societal costs of less healthy diets. More than 115 countries, including over 20 each in Europe and Latin America, have adopted sugar-sweetened beverage taxes. This raises concerns for Mondelez's investors, as Europe generates over a third of Mondelez' net revenue, and Latin America leads in organic revenue growth.

GMPF co-filed a shareholder resolution at Mondelez requesting the company to publish a report assessing the gap between Mondelez's own current global nutrition reporting and reporting based on other internationally recognized Nutrient Profiling Models conducted by independent third parties.

GMPF via Northern LGPS is a signatory to the Valuing Water Finance Initiative. 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. Consumption of freshwater surpasses the rate at which it can be naturally replenished in many regions, creating water shortage risks for companies, communities, and ecosystems. Compounded by climate change, the World Resources Institute predicts the world will be unable to meet 56 percent of global water demand by 2030.

Companies without a plan to adapt could be exposed to risks including increased input costs, price volatility, shifting production zones, stranded assets, government targets, and loss of social license to operate. Barclays warns that the consumer staple sector, including agriculture, food, and beverage companies, faces a potential $200 billion impact from water scarcity risks. In January, GMPF filed a shareholder resolution with Constellation Brands requesting the company issue a report assessing the feasibility and practicality of establishing time-bound, quantitative goals to reduce supply chain water usage to mitigate value chain risks related to global water scarcity in high-risk areas.

Officers and PIRC met with representatives from the company to discuss expectations. With neither party agreeing to compromise the shareholder resolution was voted on and

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received 35% of votes in favour of the resolution. While the resolution did not pass this level of shareholder support will command a response from the Board and help push water stewardship up the agenda. Officer and PIRC intend on continuing to engage further with the company to ensure this issue remain on the company's list of important issues.

GMPF also co-filed a shareholder resolution at Yara International asking the company to publish science-based scope 3 emissions targets by 2025. Yara International is a Norwegian chemical company that produces amongst other things fertilizer. Fertiliser production and use accounts for no less than 5% of global GHG emissions. Yara is Europe's biggest fertiliser company, with a carbon footprint of 62.8 million tonnes, equivalent to the annual emissions of 16.1 coal-fired power plants.

Some of Yara's European peers, including BASF, the world's largest chemical company and another major fertiliser producer, have already released targets covering upstream emissions. The company AGM took place at the end of May and the proposal received around 17% of non-state votes. The two largest shareholders are the Government of Norway and Folketrygdfondet (the Government Pension Fund Norway) both voted against the proposal.

GMPF signed a letter along with over 100 investors, business networks and associations urging EU leaders to endorse a greenhouse gas emissions reductions target of at least 90% by 2040. The letter strongly urges the Environment and Climate ministers of the European Union to adopt a robust target which will boost the resilience of the EU, ensure energy security, and enhance competitiveness. It argues that "integrating the target into a comprehensive industrial strategy, guided by a 'competitive sustainability' approach, will allow the EU to lead the global race of development of sustainable industrial ecosystems and industries." It also makes clear that the 2040 climate target should create a clear signal to businesses and national governments of the importance in investing in nature-based solutions and the transition to a nature positive economy. The full letter can be accessed using the link below.

2040_climate_target_business_letter.pdf

Established in 1995 by the world's most influential investors, the International Corporate Governance Network (ICGN) is a leading voice for the highest standards of corporate governance and investor stewardship in pursuit of long-term value creation, contributing to sustainable economies, societies, and the environment. This is achieved through a comprehensive international work programme based around three core activities:

- **Influence:** Promoting ICGN Principles as investor-led global standards for governance and stewardship and influencing public policy and professional practice
- **Connect:** Delivering high-quality global events and webinars with unrivalled opportunities for networking, knowledge-sharing and collaboration
- **Inform:** Enhancing professionalism in governance and stewardship practice through information and education

The Northern LGPS signed on to the ICGN's statement on corporate governance concerns around shareholder protections relating to dual class share structures which would undermine the UK's economic growth and attractiveness as a global financial centre. The full statement is below.

ICGN Statement on High Standards of Corporate Governance and Investor Protections as Pre-requisites for UK Capital Market Competitiveness and Growth | ICGN

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.

LAPFF has engaged with many leading companies in the UK and overseas for many years on their climate change plans. However, through these engagements LAPFF has identified that without supportive policies, companies' actions may be limited. Therefore, it is appropriate to engage in the policy debate, from the perspective of long-term investors interested in reducing risks and strengthening growth and competitiveness. The energy transition is made more challenging by the need for climate policy to be inclusive and recognise the needs of the most vulnerable – in a fair and just transition. However, the energy transition also creates real opportunities to

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enhance energy security, address energy affordability, and improve competitiveness and long-term economic growth.

LAPFF issued a report outlining how UK government can ensure policies support investment in climate action while boosting competitiveness and long-term growth. The report outlines attributes of good policy from an investor perspective. These include policy being:

- A long-term consistent policy framework enables investors and companies to plan ahead, allocate resources to areas in confidence
- Robust enough to ensure market instruments such as charges for pollution and fiscal incentives are sufficient enough to impact risks and returns meaningfully
- Supportive of new technologies but should be balanced and should avoid excess focus on technologies which have failed to make progress in the past or are speculative and unproven
- Internationally competitive

The full report is available on the LAPFF website and a link to this is below.
LAPFF-UK-CLIMATE-POLICY.pdf

The London Mining Network and LAPFF hosted a seminar at the LGA in London where there were presentations from community members affected by Glencore's operations at Cerrejon in Colombia and Espinar in Peru. The objectives were two-fold. First, the community presentations helped investors understand better how social and environmental factors are financially material considerations for both mining companies and investors. Secondly, the seminar provided community members the opportunity to meet with investors which help ensure their input is considered by institutions who can help influence mining companies to improve their social and environmental practices, thus creating the opportunity for improved shareholder returns in the long run.

Income inequality and in-work poverty are a blight on society. Not only are economic opportunities being unfairly distributed, but millions of workers are being left without the dignity or respect they deserve. A fair day's work deserves a fair day's wage. This means a salary which covers someone's basic needs and that of their families: a real Living Wage. What's more, all workers should be offered basic rights and benefits: secure contracts, a predictable number of hours, union representation, pensions, holiday and sick pay. Covid-19 shone a light on the vulnerability of those with low-paid and insecure work. These workers were critical in managing the crisis, but they were also the hardest hit. It's more vital than ever that we invest in workforces. The Good Work Coalition aims to engage companies to push for better working practices. GMPF signed letters to Cranswick and Mitie trying to understand their position on ethnicity pay gap reporting and steps they are taking to capture ethnicity data and publicly report data.

Bangladesh is the world's second largest exporter of garments second only to China. There are 4 million workers contributing to the export-oriented readymade garment (RMG) sector which household brands such as Puma, Primark and H&M rely on to meet demand from developed countries such as the UK. The Rana Plaza disaster in 2013, where over 1,100 lost their lives and thousands more were injured when the building in which people were working collapsed, highlighted the lack of protections the workers had.

In many countries, a scheme for the protection and compensation of work-related injuries constitutes the oldest branch of social security. Most countries adopted the system of an employment injury insurance (EII) for the compensation of work-related injuries and diseases. In the last hundred years, EII has proven to be the most effective and efficient form of employment injury protection. However, in Bangladesh a comprehensive employment injury scheme (EIS) that effectively protects workers against falling into poverty because of workplace accidents and occupational diseases does not exist. Bangladesh's Central Fund compensation benefits are not in accordance with international standards as defined in the ILO Employment Injury Benefits Convention (No. 121, 1964/1980) and, thus, cannot prevent impoverishment of victims and their families.

As a decisive step towards adequate protection, the Government of Bangladesh, the ILO and the German Social Accident Insurance (DGUV) agreed in September 2019 to initiate a pilot of an EIS for the RMG sector. The EIS Pilot was officially launched on 21 June 2022. The Pilot has two components:

- Data gathering and capacity-building component on occupational accidents, diseases and rehabilitation, based on a

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- sample of representative factories
- Risk-sharing component for long-term benefits: payment of ILO-compliant compensations in case of permanent disability / death for the entire export-oriented RMG sector

The Pilot provides an income replacement for the permanently disabled and the dependents of deceased workers, covering all factories contributing to the RMG sector. This takes the form of periodical payments / pensions as top-ups to the lump-sum payments of the Central Fund, which ensures the level of benefits are compatible with ILO Convention No. 121. These payments are financed by international brands.

In May, LAPFF/PIRC and IndustriALL Global Union hosted a webinar where attendees could learn about the EIS Pilot in Bangladesh from speakers representing signatory brands Tesco and Fast Retailing and the Bangladesh Employers' Federation who spoke about the impact the scheme is having and how this innovative programme has brought together companies, trade unions, the government, supplier factories and the ILO to solve a sector-wide challenge.

As part of a wider review of the UK's capital markets regulatory landscape, the FCA published a consultation paper proposing major reforms for companies listed on the London Stock Exchange. LAPFF sent an open letter to the London Stock Exchange at the perceived weakening of the UK Listing rules which exist as core elements of investor protection. The full letter can be accessed using the link below.
20240507-Letter-to-Don-Roberts.pdf

LAPFF responded to the Department for Energy Security and Net Zero consultation on transitional support mechanism for large-scale biomass electricity generators. noted that the economics in the consultation are broadly sound, with there being a higher marginal generation cost of biomass compared to alternative forms of generation, based on the Electricity Generation Costs Report 20236. An intervention that incentivises biomass generation would increase the average marginal generation cost compared to what it would have been without. LAPFF also stressed that some statements in the consultation regarding current biomass use are incorrect from a carbon neutral basis. The consultation appears to address "energy security" but avoids a proper analysis of security of imported wood pellets supply, or environmental sustainability. LAPFF states that intervention support for Drax would not meet net zero policy objectives, there are significant risks to the security of supply, and there would appear to be a hard-wired higher electricity cost due to the displacement of cheaper renewables. The full response can be accessed using the link below.
BECCS-Consultation.pdf

GMPF's external fund managers routinely present their approach to ESG issues including any updates and engagement activities they have undertaken at the IMESG working group. These range from company specific issues to much broader issues that they have engaged with policy makers which provide Officers and 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.

Ninety One, GMPF's active public equity market manager, presented at the April Investment Monitoring & ESG Working Group meeting. They presented their sustainability framework which is focused on having a real-world impact. The framework has three pillars namely:

- **Invest** – endeavour to identify, understand and integrate material sustainability risks and opportunities in the investment process
- **Advocate** – playing a part in accelerating the energy transition by contributing to the global policy agenda and development of industry standards
- **Inhabit** – act sustainably and aim to be a responsible business

They presented the themes they are focusing on which include Climate, a Just Transition, Diversity, Equity & Inclusion and Nature & Biodiversity and how they intend on implementing these priorities with their three-pillar approach. They also presented a snapshot of GMPF's portfolio through their Sustainability Dashboard and highlighted engagement activities they had carried out on behalf of GMPF.

UBS presented their annual ESG update at the July Investment Monitoring and ESG Working Group meeting. UBS recognise that macro level engagement is important to drive change and improve regulatory and policy frameworks. They

Fraser Cottrell - unsplash

highlighted organisations such as the Global Reporting Initiative and the Sustainability Accounting Standards Board that they have engaged with to support transparency and measurement of real-world impact.

They demonstrated how being an active owner can enhance investment returns and ways in which engagement can enhance or protect investments and contribute to real-world change. They presented the themes in their engagement programme and how these are aligned with GMPF's RI Policy and how they prioritise engagement, which is determined by three broad considerations, namely, the

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materiality of an issue, the engagement potential and investment exposure. They presented their toolkit of escalation options which include private and public actions and examples of engagements for companies held within the GMPF portfolio on issues such as climate change via their climate engagement program and social issues relating to labour rights.

GMPF has a long history of investing locally and currently has a 5% allocation to local investments. The Greater Manchester Property Venture Fund was established over 30 years ago with the twin aims of achieving a commercial return and a beneficial economic, social or environmental impact in the local area. The Impact portfolio was set up 10 years ago to meet the same twin aims with the impact aims based around people and place. These include:

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

While financial returns can be measured relatively easily, the positive impact that has been achieved can be a little more difficult to measure. The Good Economy are a respected Impact Advisor, producing Impact Reports for some of GMPF's Local Investment Fund Managers and other LGPS Funds. In 2023, GMPF commissioned The Good Economy to prepare an independent report to assist in measuring the impact that has been achieved from the Local Investment Portfolios. The report has helped GMPF understand the impact achieved from investing locally and to be able to be held accountable for the continual improvements the Fund seeks. GMPF hopes to encourage other investors to scale-up their local and regional investments by sharing its experience and working with others looking to contribute to sustainable economic development across the United Kingdom. The 2023 report was well received by stakeholders, and GMPF commissioned a second report in 2024. The report concludes that 'GMPF's local investment portfolio is a balanced, multi-asset portfolio comprising of investments in SME finance, commercial real estate, residential housing, social and green infrastructure and social investment. Two thirds of investment is located in Greater Manchester and the North West, demonstrating GMPF's role in the region's local economic and sustainable development'. Some of the key findings include:

- The Local Investment portfolio has provided capital to 162 businesses, which has helped to support over 16,000 jobs and create 6,300 jobs
- The portfolio has also committed £173 million to 9 funds that have collectively invested in over 3,500 homes, of which 64% are in the North West
- A third of the value committed by GMPF's Local Investment portfolio is to funds with a Medium (or higher) alignment with the PBII traits (in terms of both impact and place). This is up from 23% from the previous report
- GMPF has reviewed the recommendations made in last year's Impact Assessment and acted on some of them, notably the recommendation to seek ways target investment into the region's smaller towns in support of more balanced and inclusive regional growth

The report was presented to the Management Panel in September and a link to the full report is below which is available on GMPF's website.
Place-Based-Impact-GMPF-Local-Investment-Portfolio-Oct-2024-(1).pdf

GMPF's work was recognised at the Pensions for Purpose Pension Fund Awards in October for its local investing and won the award in the Place-Based Impact category. The Fund's work was also recognised at the Pensions Management Institute's Pinnacle Awards in November where GMPF won the award in the category of Impact on Society. In its submission, GMPF highlighted the systematic processes and governance around the Fund's approach to local investments and the positive local impact the Fund's investments have had. The Fund's commissioning of the independent, external report to measure and quantify the impact of investments has helped promote the work of the Impact Portfolio. Several short videos highlighting the local investments can be accessed using the link below.
How does GMPF invest? - GMPF

In September, GMPF and CBRE co-hosted a morning of presentations showcasing the investments made in GMPF's Local Investments portfolio. The event started with a speech from the Deputy Prime Minister, Angela Rayner who

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highlighted the need to invest within the UK and also locally. CBRE presented some of the trends they see that have been incorporated into the portfolio such as the growth of place-based investments and being part of the solution in addressing local challenges while ensuring the investments remain attractive from a financial point of view. They emphasised that creating a positive impact is not always instant and can take time.

In November, the Northern LGPS held a Stakeholder day in Bradford. The event, attended by Members, Officers and various external their-party providers, showcased the impact of local investments highlighted in the Good Economy report commissioned by GMPF to measure the impact of GMPF's local investments. A representative from the London Stock Exchange Group spoke at the event on issues relating to CEO pay and attracting talent and preserving the UK's attractiveness for companies to list on the UK Stock Exchange, whilst balancing this with maintaining high standards.

The audience also heard from GLIL where the Managing Director, Ted Frith, showed how they are investing in green energy projects that account for around 40% of the portfolio and will aid the UK's decarbonisation ambitions. He also demonstrated how these projects help support local communities with job creation and funding scholarships.

PIRC also presented their process for engagement, explaining how they focus on 1-3 themes each quarter and then look at companies that are high risk to draw up a list of companies for engagement. Engagement is carried out in a 3-year cycle which provide sufficient time to effect change and amplify the voice of asset owners. PIRC also highlighted examples of successful Northern LGPS engagements with Starbucks and Chipotle Mexican Grill.

The GMPF Investment Committee approved a commitment of £20m for the Impact portfolio to the Henley Secure Income Property Unit Trust II (SIPUT II), which will acquire UK residential accommodation for individuals who are classified as vulnerable through learning disabilities, autism or mental health issues and have additional care requirements. Henley Investment Management was founded in 2006 and is an international investment and fund management firm with a focus on real estate. GMPF has allocated 1-2% of total assets to Impact Portfolio investments, to date £913m has been committed from this allocation

There is a significant supply and demand imbalance amongst the Affordable Housing market, with currently c. 1.3 million people on Local Authority housing and there is a clear need for long-term patient capital. In July, the GMPF Investment Committee approved a commitment of £120m to the L&G Affordable Housing Fund. L&G has a substantial track record across the UK residential sector including 7,500 Affordable Homes (4,500 of which are currently operational). The L&G Affordable Housing Fund is an English Limited Partnership with a strategy focused on the acquisition and development of purpose-built, regulated affordable housing to provide inflation-linked income returns for investors. Homes are general needs affordable housing with tenures including social rented, affordable rented and small proportion of shared ownership.

Across the regions covered by the Northern LGPS funds, there are currently 211,000 people on Local Authority housing waiting lists. The supply of new housing has been substantially below the demand requirements, and this is being particularly compounded currently due to a current funding challenge from Housing Associations. GMPF is well placed to contribute and help alleviate this imbalance. Officers worked with L&G to co-create a new fund to invest in affordable homes across the Northern LGPS region. In September, the Investment Committee approved £100m into this new fund that has a local focus.

In October, GMPF's Investment Committee approved £20 million for the Impact portfolio that will be used to lend to small and medium sized enterprises in the UK. This provides senior secured loans to UK businesses that are not owned by private equity firms. Instead, they are owned by their management, by families or other entrepreneurs. In November, a further £20 million was approved to pursue investment opportunities in the underserved UK small-cap market.

Also in November, the Investment Committee approved £10 million for the Impact portfolio to finance a portfolio of quality, affordable homes in carefully targeted areas across Greater Manchester.

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

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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.

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 seven 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 ShareAction organised letter to Barclays ahead of their AGM encouraging the bank to adopt a clearer and stricter policy that would explicitly exclude financing for all pureplay companies, including those that engage in short-lead expansion and make the scope of its fracking policy global.

The Northern LGPS RI Policy covers a wide range of ESG issues. Employment standards and human capital management is a theme identified in the policy as a theme that the Northern Pool would engage on with companies. The Northern LGPS believes the way companies manage their workforce is both important to value creation and an indication of an organisation's value and culture and workforce engagement is material to all companies. PIRC analysis has shown that many FTSE All Share companies list workforce related issues as principal risks. The FRC defines a principal risk as "a risk or combination of risks that can seriously affect the performance, future prospects or reputation of the entity". In order for investors and other stakeholders to assess how companies manage these risks it is important that they have sufficient information to enable them to do so.

The Northern LGPS wrote to EasyJet requesting the company review whether their principal risk disclosures align with existing workforce-related reporting and better disclose workforce related risks. This aligns with the Northern LGPS commitment to decent work and effective human capital management.

Aligorithim - unsplash

Principle 5.

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

GMPF firmly believes reviewing policies and processes is crucial to the effective implementation and evolution 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

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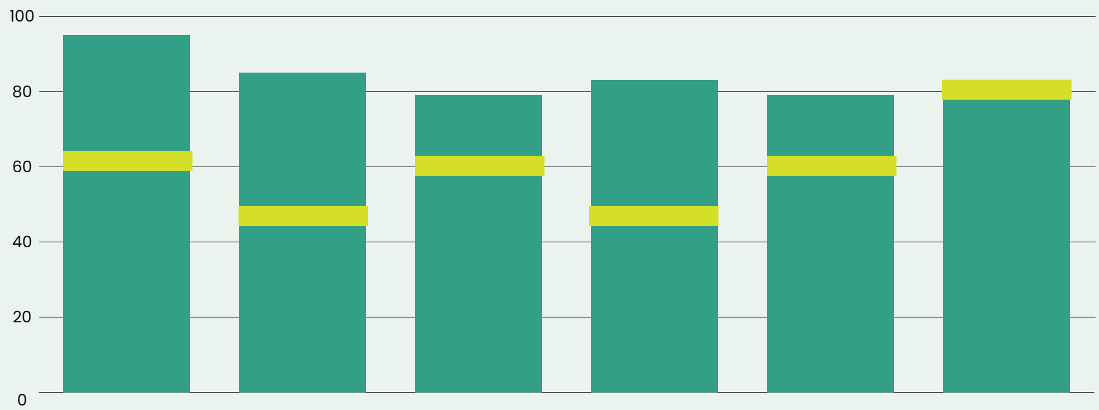
group meetings have a format of a presentation and then time is allotted for questions from members in the audience. Comments and questions from these meetings are used by Officers to evaluate GMPF's approach and ensure members views are taken into consideration and reflected accordingly.

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. To ensure the documents remain relevant and incorporate the most up to date views both documents were refreshed during the year.

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, a number of training sessions were held as part of the IMESG & P&D Working Groups meetings. Training that would aid members in carrying out their fiduciary duties on subjects such as split voting in Pooled funds, company tax practices, fossil-free and environmentally sustainable supply chains and labour rights and freedom of associations. Some of these topics can be considered difficult but GMPF strongly believes in tackling the difficult questions head on rather than avoiding them. Working Group meetings often generate deep discussions and robust questioning of external providers, managers and Officers. This ensures GMPF's approach is aligned to its stated policies and has created a culture of openness, transparency and accountability.

GMPF is a signatory to the **UN PRI** and reports on its Responsible Investment activity through the PRI's reporting framework. GMPF receives the PRI's assessment on its responses and this feedback is reported to members of the IMESG working group. The results received for GMPF's submission in 2024 covering activities in 2023 showed that GMPF achieved or exceeded the UN PRI median score in all modules where it was assessed. Where previously GMPF's submission was made after a thorough check from senior

GMPF SCORECARD SUMMARY



	Policy, Governance & Strategy	Indirect-Listed equity-Passive	Indirect-Listed equity-Active	Indirect-Fixed income-Passive	Indirect-Fixed income-Active	Confidence building measures
GMPF Score	95	85	79	83	79	80
Median Score	61	46	61	48	61	80

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Officers the reporting now has an additional layer of scrutiny from the IMESG Working Group. This additional layer of scrutiny provides additional assurance of the credibility of the reporting which has helped GMPF in the confidence Building reporting module.

PIRC is GMPF's appointed partner who assists the Fund in the development and implementation of its Responsible 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 annual update to **shareholder voting guidelines** to the IMESG meeting Working Group. 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 2024 is the opposition in Japan to the re-election of senior board member (Chair and/or President) will be recommended where gender diversity on the board is at less than 30% without explanation or plan for increasing up to this target. Another update is that PIRC will recommend opposing the election of the Chair if a meeting is held virtual-only without sufficient justification, even if the Articles of Association propose a hybrid format. This will be viewed as an undue restriction of shareholders' rights to participate. 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.

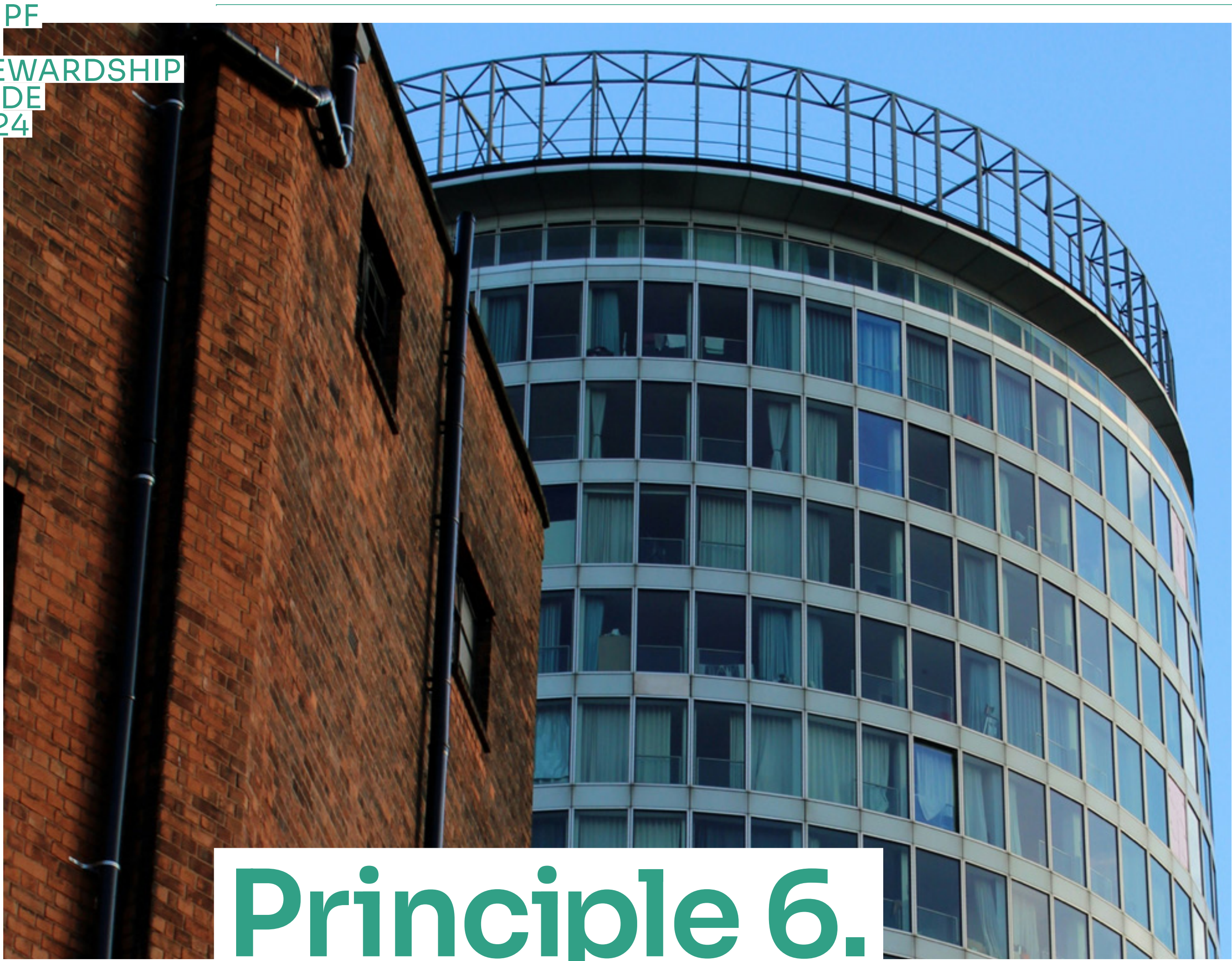
The Funds approach to stewardship is constantly evolving and incremental improvements are regularly implemented. The continuous changes are an indicator that processes are regularly reviewed. GMPF makes use of both internal and external resources to ensure the policies and practices in place are robust 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.



Oliver Potter - unsplash

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 **430,000 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	125,000	45
Deferred	152,000	47
Pensioner	153,000	71
Total	430,000	55

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 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 of 5% 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 with the most recent update being in 2024. The ISS was updated to ensure the Funds most up to date approach was included and was then reported to the IMESG working group as a draft after which a period of public **consultation** was held. For the consultation, the draft Investment Strategy

MANAGEMENT ARRANGEMENTS

Total Main Fund £30,461 million

Externally managed £20,548 million

Securities Portfolio	Asset Class	
UBS	Multi Asset	£10,647 million
SciBeta	Global Equities	£2,761 million
Legal & General	Multi Asset	£2,829 million
Ninety One	Global Equities	£1,880 million
Newfleet (formerly Stone Harbor)	Global Credit	£1,532 million

Property	Asset Class	
Schroders	Property	£518 million
APAM	Property	£81 million
Avison Young	Property	£300 million

Internally managed £8,081 million

Cash & Alternatives	£5,988 million
Property	£2,093 million

Northern LGPS Vehicles £1,832 million

NPEP	£714 million
GLIL	£1,118 million

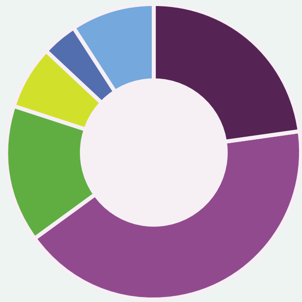
Breakdown of the management arrangements of the GMPF as of 31 December 2024

Principle 6...

ASSET CLASS SPLIT

- **42%** Equities
- **20%** Fixed Income
- **7%** Private Equity
- **5%** Private Debt
- **5%** Infrastructure
- **8%** Property
- **7%** Local Investments
- **7%** Other

Breakdown of the assets of GMPF as at 31 December 2024



REGIONAL EQUITY SPLIT

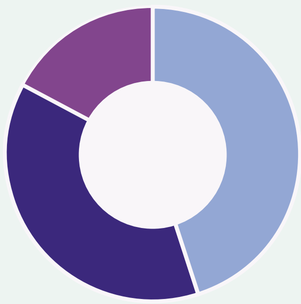
- **23%** UK
- **42%** North America
- **15%** Developed Europe (EX UK)
- **7%** Japan
- **4%** Developed Asia Pacific (EX Japan)
- **9%** Emerging Markets

Regional breakdown of GMPF's equity holdings as at 31 December 2024

FIXED INCOME SPLIT

- **43%** UK
- **57%** Overseas

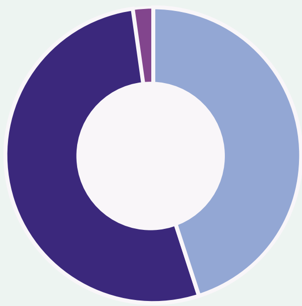
Breakdown of GMPF's Fixed Income holdings as at 31 December 2024



REGIONAL PRIVATE EQUITY SPLIT

- **45%** North America
- **38%** Europe
- **17%** Asia and other

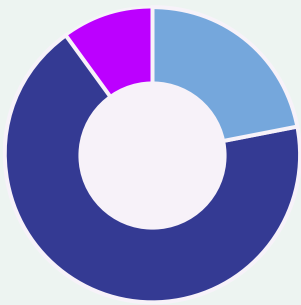
The regional breakdown for Private Equity assets is below as of 30 September 2024



REGIONAL PRIVATE DEBT SPLIT

- **40%** North America
- **58%** Europe
- **2%** Asia and other

The regional breakdown for Private Debt assets as at 30 September 2024

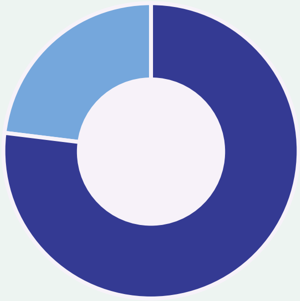


REGIONAL INFRASTRUCTURE SPLIT

- **69%** Europe
- **22%** North America
- **9%** Asia and other

The regional breakdown for Infrastructure assets as at 30 September 2024

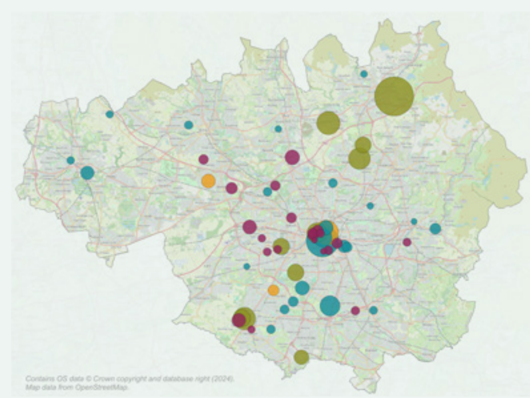
Principle 6...



REGIONAL PROPERTY SPLIT

- **79%** UK
- **21%** Overseas

The regional breakdown for property is below as of 31 December 2024



GMPF LOCAL INVESTMENT PORTFOLIO IN GREATER MANCHESTER (BY ASSET TYPE)

- Commercial Real Estate
- Housing
- Infrasturcture
- Social INvestment
- SME Finance

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 X (formerly Twitter) account inviting feedback. GMPF received a number of comments and feedback all of which was related to the Responsible Investment section of the Statement. The final Investment Strategy Statement was approved by the GMPF Management Panel.

GMPF's website has a dedicated section to its Responsible Investment policies and investment beliefs which can be found using the link below.
Policies, reports and statements - GMPF

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 X (formerly known as 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 feedback. Ensuring transparency, GMPF publishes PIRC's voting recommendations on its website. The latest four quarters are publicly available along with a link to view the recommendations. 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 stakeholders 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.

Izz R - unsplash

Principle 7.

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

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. These reports can vary widely in terms of what data is provided and how it is presented. Given the large number of managers it can take considerable resource to draw any meaningful conclusions. Officers have considered ESG in private markets and met with managers to understand the credibility of data and how it can be better presented for it to be used in a more meaningful way. Officers are considering ways in which manager data can be summarised and presented more routinely 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 allocation to 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.

Principle 7...

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 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.

Isle Group is a global independent solutions provider to the water utility market, specialising in subscription services to facilitate knowledge sharing and collaboration and bringing forward water technology innovation aimed at overcoming common sustainability challenges within the sector. Other industries with high water use or impact are also supported.

The water utility market in the UK and globally faces an ever-increasing range of pressures connected to managing assets and delivering services safely and sustainably, including:

- regulatory change due to increasing pressures on water quality in water networks
- reducing water leakage from legacy network infrastructure
- maintaining and enhancing the water quality in freshwater bodies and coastal seas that networks drain into
- building resilience to the impacts of climate change across water catchments
- issues such as dealing with increasing presence of persistent contaminants in waste-water as a potential threat to human health in the water system

There is an urgent need for new technology, combined with digital transformation across the sector, to understand patterns and locations of issues and methodologies to deal with them. Cost control and energy efficiency, both for network operation resilience and reducing climate impacts, are further pressures. Many of these matters have been exacerbated by a general lack of industry collaboration to identify common problems and possible solutions and the unwillingness or inability of individual companies to adopt unknown or relatively untried new technology. Investment into new technology innovation meanwhile stalls without a ready market.

To address the challenges of complex, growing operational pressures, Isle has developed an innovative business model on collaboration and knowledge sharing. Its subscription-based Technology Approval Group platform (TAG) is a database detailing over 8,000 technologies, including its respective cost and relevant application. Peer to peer forums ran by Isle facilitate the dissection and understanding of common challenges faced in the sector and provide a space to work together towards solutions. Their consultancy is wrapped around each clients' membership subscription to ensure a tailored approach at individual utility company level. By improving collaboration through convening sector-based technology forums, it breaks down barriers to sharing experiences and insight of operational challenges in typically insular sectors, accurately identifying the common nature of problems to be addressed and bringing forward technological solutions to client audiences that would be unlikely to find them individually. In terms of growing the solutions eco-system, the TAGs, as well as an evergreen technology fund managed by Isle, support the de-risking of trials of new technologies in real commercial situations to provide context-based proof-of-concept, which

Principle 7...

in turn serves to attract further investment to smaller technology companies so that their applications can be successfully scaled.

The Resonance Homelessness Property Funds are impact investment funds that aim to provide stable and affordable homes for people facing a housing crisis. Socially motivated investors provide the finance to buy the properties that Resonance refurbishes to a high standard, with the aim of improving property energy efficiencies where possible. Once refurbished, the funds lease homes to expert and experienced housing partners across the UK, to manage the tenancies and support tenants.

Access to decent housing is a fundamental human need, essential for well-being, dignity, and stability. For people experiencing homelessness and facing housing crisis, the lack of a permanent home can have far-reaching consequences, impacting their physical health, mental wellbeing, making it difficult for them to access support networks and social care services, and their ability to achieve economic stability. Over 320,000 households are facing homelessness this year and over 117,000 households are currently living in temporary accommodation in the UK and, whilst providing emergency shelter, this is not a long-term solution. Temporary accommodation often lacks privacy, security and a sense of safety, can be retraumatising, and prevent people from accessing specialist support services and putting down roots. Working with its expert housing partners, the funds are providing tenants with both stable housing and a foundation from where they can start to rebuild their self-esteem, tackle any health issues, establish routines, reconnect with their communities, build relationships, participate in society in meaningful ways and start making plans toward a better life.

Working closely with expert housing partners, the funds prioritise positive tenant outcomes by ensuring tenants are able to access specialist support and that their homes meet their needs. So, as well as access to appropriate support, this means ensuring homes are safe, refurbished to a high standard, energy efficient and affordable, enabling tenants and their families – the majority of which include children aged sixteen and under - to find stability and peace of mind. This sense of security means tenants can live with independence, maintain their tenancies, build resilience against homelessness and gain confidence to find and secure employment or training.

The impact of the funds is measured against four key areas:

- Improving housing options
- Progressing towards work
- Improving resilience against homelessness
- Stable housing for children

Sustaining tenancies is particularly important in the first six months of a tenancy as people settle into new homes. Only one person living in the funds' homes was unable to sustain their tenancy in this time and so the proportion of people able to maintain their tenancy remains at 99% across the funds.

The average length of stay at the time that people moved on, was four years and seven months. This relatively long average stay (above the 4.3 year national average for private tenancies) suggests that the homes are providing stable, long-term housing solutions for many people in a wider context of rising rents and evictions.

Of the tenants that completed a survey, 50% of them eligible for work are employed. Among those employed, 36% work full-time, 58% work part-time, and 6% are on zero hours contracts. Additionally, 10% of survey respondents are in education, 6% are engaged in work-based education, and 3% participate in volunteer activities.

99% of tenants had a bank account. Whilst it is positive that only 1% of tenants are missing this financial option, this statistic becomes less useful as a measure since more and more benefits and utility companies insist on direct payments.

28% of tenants also have a savings account, although data on how much they are saving is not available. 12% report that they are saving for a deposit and a further 3% planning to start doing so in the next three months. However, this is a fall from last year, where answers to both questions were 14%. For context, 34% of all UK adults had either no savings or less than £1,000 in a savings account and one in six people have no savings at all25. This may be a sign of continuing cost of living pressures and other financial challenges.

The funds provided homes for 955 children at the end of the financial year, making this a relatively stable year with only a slight increase on the 937 housed in March 2023. 34% of the children in the survey sample were under 5. Stable housing is vital during this time of

Principle 7...

development. It has been found to be a major factor in the promotion of healthy brain development, emotional security, and eases access to essential services like healthcare and education.

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

- The GMPF Investment Committee approved a commitment of £20m to the Henley Secure Income Property Unit Trust II (SIPUT II), which will acquire UK residential accommodation for individuals who are classified as vulnerable through learning disabilities, autism or mental health issues and have additional care requirements. Henley Investment Management was founded in 2006 and is an international investment and fund management firm with a focus on real estate. GMPF has allocated 1-2% of total assets to Impact Portfolio investments, to date £913m has been committed from this allocation
- GMPF's Investment Committee approved £20 million for the Impact portfolio that will be used to lend to small and medium sized enterprises in the UK. This provides senior secured loans to UK businesses that are not owned by private equity firms. Instead, they are owned by their management, by families or other entrepreneurs. In November, a further £20 million was approved to pursue investment opportunities in the underserved UK small-cap market
- The Investment Committee approved £10 million for the Impact portfolio to finance a portfolio of quality, affordable homes in carefully targeted areas across Greater Manchester

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 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.

Principle 7...

GMPF and CBRE co-hosted a morning of presentations showcasing the investments made in GMPF's Local Investments portfolio. The event started with a speech from the Deputy Prime Minister, Angela Rayner who highlighted the need to invest within the UK and also locally. CBRE presented some of the trends they see that have been incorporated into the portfolio such as the growth of place-based investments and being part of the solution in addressing local challenges while ensuring the investments remain attractive from a financial point of view. They emphasised that creating a positive impact is not always instant and can take time.

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.

There is a significant supply and demand imbalance amongst the Affordable Housing market, with currently c. 1.3 million people on Local Authority housing and there is a clear need for long-term patient capital. In July, the GMPF Investment Committee approved a commitment of £120m to the L&G Affordable Housing Fund. L&G has a substantial track record across the UK residential sector including 7,500 Affordable Homes (4,500 of which are currently operational). The L&G Affordable Housing Fund is an English Limited Partnership with a strategy focused on the acquisition and development of purpose-built, regulated affordable housing to provide inflation-linked income returns for investors. Homes are general needs affordable housing with tenures including social rented, affordable rented and small proportion of shared ownership.

Across the regions covered by the Northern LGPS funds, there are currently 211,000 people on Local Authority housing waiting lists. The supply of new housing has been substantially below the demand requirements, and this is being particularly compounded currently due to a current funding challenge from Housing Associations. GMPF is well placed to contribute and help alleviate this imbalance. Officers worked with L&G to co-create a new fund to invest in affordable homes across the Northern LGPS region. In September, the Investment Committee approved £100m into this new fund that has a local focus.

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 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. Committed capital currently stands at £4.1 billion.

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.

Principle 7...

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

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

GLIL Infrastructure formed a strategic partnership with Bluefield Solar Income Fund, the London-listed UK income fund, as part of a commitment to invest in UK-focussed solar energy assets. As a GLIL asset, this portfolio will be known as Lyceum Solar. Lyceum is a portfolio comprised of 58 operating solar PV assets with a 247MW capacity across two sub portfolios across southern and central England. Most of the portfolio is contracted under Feed in Tariffs until 2036, which provides a returns floor and reduces sensitivity to merchant power prices. These subsidies are inflation linked and generate a high cash yield. The 247MW assets include 183MW backed by Feed in Tariff subsidies, 15MW by Renewable Obligation Certificates (ROCs) and two subsidy-free projects with a total capacity of 48MW.

GLIL Infrastructure adopted a new investment management framework to help it deliver on its target to become net zero by 2050. The Institutional Investors Group on Climate Change (IIGCC) Net Zero Investment Management (NZIM) framework sets out clear methodologies and approaches for investors to align their portfolio goals with the Paris Agreement, supporting them to make informed decisions and work towards achieving net zero global emissions. The NZIM framework was published in March 2023 and GLIL is one of the first investors to adopt the NZIM guidance for infrastructure, which builds on IIGCC's broader NZIM framework. It is the most implemented net zero methodology for investors across all financial institutions within the Glasgow Financial Alliance for Net Zero.

The GLIL Executive Committee has worked swiftly to select the new framework to support the business with structuring its net zero strategy and to allow for a consistent framework across its portfolio. GLIL believes the NZIM approach will enhance its work in the energy transition by providing further support for its existing portfolio companies to ensure they have achievable net zero pathways.

Martin Moss - Alamy

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 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

Principle 8...

Activity report which is presented to the Management Panel each quarter.

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.

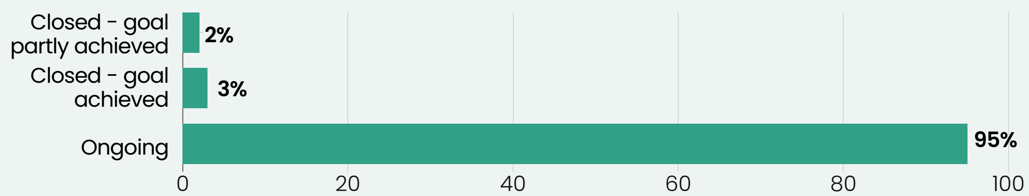
Separately, Officers hold **monitoring calls** with GMPF's external managers on a quarterly basis. GMPF's approach to assessing the managers is based on people, philosophy, performance, and process. These four areas form the core of the meetings and includes their approach to stewardship. As well as 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.

Ninety One, GMPF's active public equity market manager, presented at the April Investment Monitoring & ESG Working Group meeting. They presented their sustainability framework which is focused on having a real-world impact. The framework has three pillars namely

- Invest – endeavour to identify, understand and integrate material sustainability risks and opportunities in the investment process
- Advocate – playing a part in accelerating the energy transition by contributing to the global policy agenda and development of industry standards
- Inhabit – act sustainably and aim to be a responsible business

They presented the themes they are focusing on which include Climate, a Just Transition, Diversity, Equity & Inclusion and Nature & Biodiversity and how they intend on implementing these priorities with their three-pillar approach. They also presented a snapshot of GMPF's portfolio through their Sustainability Dashboard and highlighted engagement activities they had carried out on behalf of GMPF.A summary of their engagements is below.

NINETY ONE ENGAGEMENT OUTCOMES (%)



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

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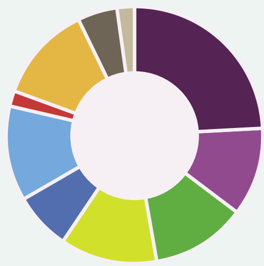
UBS, who also manage public market assets for GMPF presented their stewardship activity during the reporting period. UBS recognise that macro level engagement is important to drive change and improve regulatory and policy frameworks. They highlighted organisations such as the Global Reporting Initiative and the Sustainability Accounting Standards Board that they have engaged with to support transparency and measurement of real-world impact. They demonstrated how being an active owner can enhance investment returns and ways in which engagement can enhance or protect investments and contribute to real-world change. They presented the themes in their engagement programme and how these are aligned with GMPF's RI Policy and how they prioritise engagement, which is determined by three broad considerations, namely, the materiality of an issue, the engagement potential and investment exposure. They presented their toolkit of escalation options which include private and public actions and examples of engagements for companies held within the GMPF portfolio on issues such as climate change via their climate engagement program and social issues relating to labour rights. Below are the sectors they have engaged with.

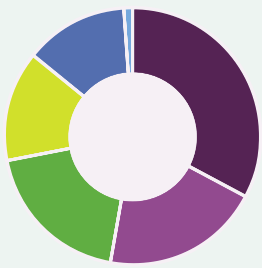
NINETY ON: ENGAGEMENT BY TOPIC

- 26% Climate change
- 10% Remuneration
- 8% Other
- 8% Cultural work practices
- 8% Board effectiveness
- 8% Reporting and disclosure
- 6% Capital management
- 5% Corporate strategy
- 4% Board diversity
- 4% Diversity and inclusion
- 3% Pollution and waste
- 3% Biodiversity
- 3% Water
- 2% Stakeholder rights
- 2% Health and safety



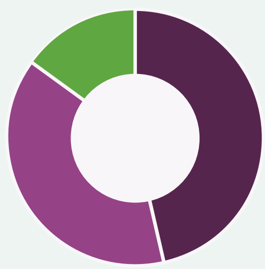
UBS: COMPANIES ENGAGED BY SECTOR

- 24% Materials
- 11% Information technology
- 12% Industrials
- 12% Health care
- 7% Financials
- 12% Energy
- 2% Consumer staples
- 12% Consumer discretionary
- 5% Communication services
- 2 % Real estate



NINETY ONE: ENGAGEMENT BY REGION

- 33% Americas
- 20% Africa
- 19% Asia Pacific
- 14% UK
- 13% Europe Ex-UK
- 1% Middle East



UBS: COMPANIES ENGAGEMENT BY REGION

- 47% Europe, Middle East & Africa
- 39% Americas
- 15% Asia Pacific

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

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 set clear expectations that all external managers and service providers incorporate GMPF's RI beliefs into their investment decisions to ensure they 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.

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 2024.

GMPF uses an external service provider, **Sustainable 1** formerly 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.

Additionally, GMPF subscribes to Sustainable 1's forward-looking reporting. Their methodology uses publicly available information from companies and third-party data sources to estimate future emissions which enables GMPF to assess the alignment of its assets to the Paris goals. It incorporates both historical performance as well as forward-looking indicators over a medium-term horizon. This avoids the uncertainties of using only estimated forward-looking data, and it is of a sufficient time horizon to make the effect of year-on-year volatility less significant. Historical data on GHG emissions and company activity level is incorporated from a base year of 2012. Forward-looking data sources are used to track likely future transition pathways from the most recent year of company disclosed data through to 2030. This enables GMPF to assess its portfolio against the goal of limiting global warming and to track progress over time.

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.

Chris Curry - unsplash

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

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 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:

- The Northern LGPS wrote to EasyJet requesting the company review whether their principal risk disclosures align with existing workforce-related reporting and better disclose workforce related risks. This aligns with the Northern LGPS commitment to decent work and effective human capital management
- The Northern LGPS signed on to the International Corporate Governance Network's statement on corporate governance concerns around shareholder protections relating to dual class share structures which would undermine the UK's economic growth and attractiveness as a global financial centre
- GMPF signed a letter along with over 100 investors, business networks and associations urging EU leaders to endorse a greenhouse gas emissions reductions target of at least 90% by 2040. The letter strongly urges the Environment and Climate ministers of the European Union to adopt a robust target which will boost the resilience of the EU, ensure energy security, and enhance competitiveness. It argues that "integrating the target into a comprehensive industrial strategy, guided by a 'competitive sustainability' approach, will allow the EU to lead the global race of development of sustainable industrial ecosystems and industries." It also makes clear that the 2040 climate target should create a clear signal to businesses and national governments of the importance in investing in nature-based solutions and the transition to a nature positive economy
- GMPF was one of 534 institutional investors representing more than USD 29 trillion in assets signing on to a statement urging enactment of policies that will the investment needed for a just transition to a climate-resilient, nature-positive net

zero economy. The 2024 Global Investor Statement to Governments on the Climate Crisis calls on governments to raise their climate ambition in line with the goal of limiting global temperature rise to 1.5°C. To achieve these agreed climate goals, the 2024 Global Investor Statement calls for a whole-of-government approach across five critical policy groupings

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 Amazon, Barclays, Mondelez, Yara International and Shell. In line with the expansion of GMPF's RI Policy, the shareholder resolutions this year were related to a broader spectrum of issues including public health, labour rights and tax transparency. Below are some examples of GMPF's external securities managers and PIRC engaging on behalf of the Fund.

Bunge is a global agribusiness company which remains exposed to deforestation and land conversion risk through its commodity supply chains, primarily soy and palm oil in Brazil. It is estimated that half of the region's vegetation has already been converted to agriculture and extensive land change in Brazil is linked to increasing land surface temperatures and lower precipitation, heightening drought risk and endangering yields for commodity traders and farmers.

UBS engaged with the company seeking to encourage the company to strengthen the operational management of their anti-deforestation and conversion commitment and to improve reporting to enhance transparency. UBS met with company representatives five times over the course of the year and joined a coalition of 16 investors to send a letter to the CEO and Board requesting assurance that company's operations and supply chain are deforestation and conversion-free, and that its current practices are not incentivizing or accelerating deforestation in Brazil. UBS also co-filed a shareholder resolution at the company asking the company to confirm to investors whether its existing policies incentivize an increase in deforestation and conversion prior to its December 2025 cutoff date, and if so, to identify and take immediate corrective measures in the Board and management's discretion.

Following this, the company has acknowledged risk of continued deforestation in their soy supply chain, and brought cutoff date to December 2024, anticipating no longer sourcing soy from converted and deforested land and committed to 100% palm oil traceable to plantations across all Americas regions; 92% sourced from suppliers with a No Deforestation, No Expansion on Peat and No Exploitation commitment. UBS are continuing to engage Bunge collaboratively on expanding their disclosure on lobbying report to align with best practice and reporting against sector specific metrics such as those suggested by the Taskforce on Nature-related Financial Disclosures.

UBS attempted to address human rights issues at Alibaba. With allegations that Alibaba has enabled ethnicity surveillance through providing facial recognition technology to the Xinjiang government in 2014 and to the Shanghai police department in 2022. Although service providers such as Alibaba do not have full visibility on how their customers utilize private cloud and AI tools, these allegations raised the question of how ethics code is implemented to safeguard Alibaba from other controversial use cases. In addition, the company has seen many changes over 2 years, including but not limited to management reshuffles, corporate governance structural reform.

The objective of the engagement was to obtain clearer investor communication on Alibaba's approach to ensure human rights in the digital businesses (e.g. cloud, facial recognition, algo, data privacy etc.) and enhanced disclosure on the effectiveness of AI ethics governance framework recently instated, including: how governance is applied at business unit level, case studies on how any product / service development proposals been adjusted accounting for potential ethical concerns. Since 2022, UBS have been engaging with the company to get clarity on its governance reform and AI priorities and have been advocating enhancement of its ethics management frameworks, focusing on defining internal accountability of implementation in its AI and cloud segments.

UBS's assessment is that Alibaba has a clearer AI strategy in place, with internal controls around ethical principles defined across the AI

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development cycle. The company also conducted an internal investigation on allegations around historical ethnicity surveillance. Ongoing discussions with the company are now focusing on exploring management measures to ensure ethical use of Alibaba's private cloud services.

BHP was in process of developing the next version of the Climate Transition Action Plan (CTAP) to be released in 2024, and UBS leveraged the opportunity to provide input on disclosures that would be helpful to their analysis as there was some uncertainty around BHP's decarbonization strategy and the ability to meet its decarbonization targets. The main objectives of the engagement were to gain clarity and provide suggestions on the company's decarbonisation strategy, request the company implements effective climate targets in senior management remuneration and clarify uncertainties around the company's diesel displacement strategy. UBS participated in an investor engagement session held by the company and organized a subsequent bilateral call to discuss their strategy in more depth.

BHP shared more detail into the dependencies and uncertainties for their decarbonization plan, particularly uncertainties around diesel displacement. (Diesel displacement is a key step for the mining sector to reach net zero. However, the technology is not commercially available, and BHP is working on pilots in select sites.) The company will be including more information on physical risk in their upcoming CTAP. BHP have published their CTAP and are aiming to displace diesel powered iron ore operations by 2028, as well as enhancing their commitments around scope 3 emissions disclosure. This engagement led to BHP's improved CTAP published in September 2024, and increased commitments and disclosures on their decarbonization strategy. MSCI has since updated BHP from a UNGC Fail to a UNGC Watchlist. UBS will continue to monitor progress in 2025

Ninety One, GMPF's equity manager continued to meet with WH Group Ltd in 2024 as the company is one of the highest emitters in the portfolio. Engagement touched on a number of ESG issues with priority areas being the company discloses to CDP its climate plan, split out relevant emissions categories and disclose separately to set meaningful targets on each source and outline cost of a transition plan and commitment. Governance issues focused on gender diversity at board level, capital management regarding a progressive dividend policy and shareholder rights where Ninety One has exercised voting against select AGM resolutions. Ninety One see positive efforts in terms of social practices. Systems are in place that are certified to the Global Food Safety Initiative, ISO 22000 and Hazard Analysis and Critical Control Points standards, which are considered to be some of the best standards for maintaining food safety.

Ninety One has been engaging with TSMC for a number of years on its carbon reduction pathway. While the company has a Net Zero 2050 target and is an RE100 member, aiming for 100% renewable energy by 2040, its carbon reduction targets are not yet aligned with the Science-Based Targets initiative (SBTi). The objective of engagement was to encourage TSMC to establish SBTi-aligned carbon reduction targets and ensure its decarbonisation pathway aligns with global best practices. TSMC faces challenges aligning with SBTi due to its linear reduction framework, while emissions are expected to peak in 2025 before declining. Progress to date includes reassurance that once a feasible absolute emissions reduction pathway is identified, they intend to set an SBTi target.

In terms of the company's renewable energy strategy, it plans to achieve 2030 targets primarily through renewables rather than new technologies. Taiwanese regulations require all renewable energy to enter the national grid via Taipower, limiting direct renewable sourcing. This drives reliance on Renewable Energy Certificates (RECs) to meet targets.

In an effort to maximise impact through collaboration Ninety One participated in the inaugural Net Zero Engagement initiative's meeting to align on engagement objectives with TSMC. The group agreed to draft a collective letter to TSMC's ESG Steering Committee Chair, advocating for deeper dialogue. The company has committed to actively collaborating with the Taiwanese government, Taipower, and suppliers to expand renewable capacity and transparent stakeholder updates on emissions reduction progress.

Ninety One engaged with Rio Tinto on various ESG issues during the year. From an environmental perspective the company has made limited progress from the Science-Based Targets initiative (SBTi) on methodologies for

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iron ore and aluminium extraction, as well as the need for improved Scope 3 emissions disclosures and greater clarity on decarbonisation efforts. The objective was to push for improved disclosure on Scope 3 emissions, stronger methodologies for decarbonising iron ore and aluminium extraction, and reinvestment of cost savings into further sustainability initiatives. Rio improved Scope 3 disclosures, with 53% of iron ore customers now having Scope 1 and 2 targets (up from 20%), and transition-enabling capital expenditures reduced to £5-6 billion (from £7.5 billion), with ongoing engagement on reinvesting savings into decarbonisation.

From a social perspective, Ninety One engaged with the company following the Juukan Gorge incident and the Broderick Report findings, Rio Tinto needed to demonstrate long-term cultural improvements, particularly in its relationships with traditional owners and local communities. Rio Tinto was encouraged to foster long-term cultural change by strengthening relationships with traditional owners, integrating culturally considerate mine designs, and increasing local investment. The company made progress in fostering relationships with traditional owners, incorporating culturally considerate mine designs, and increasing local investment, though at an incremental capital cost.

A governance related issue at Rio Tinto Ninety One raised with the company relates to the company's lobbying practices, particularly its involvement in political intervention regarding Australia's EPBC Act, raised concerns over transparency and alignment with its public climate commitments. The purpose of raising this issue was to advocate for greater transparency in Rio Tinto's lobbying practices, ensuring alignment with its climate commitments and clearer principles for when it might oppose specific climate legislation. Rio Tinto acknowledged the need for improved transparency in its lobbying activities, clarifying its stance on the EPBC Act and proposing principles to outline when it might oppose climate-related legislation.

Hilton Foods Group is a UK-based international food packaging and processing company listed in the FTSE 250 index. The company specialises in packaging and distributing meat products, meat alternatives and pre-prepared foods across 10 countries in Europe and Asia-Pacific.

Hilton Food Group's does not have a publicly available supplier code of conduct, which PIRC views as crucial to addressing deforestation risks within its supply chain. Moreover, the company's current deforestation strategy involves setting requirements on a 'market-by-market' basis to align with supplier maturity levels. However, it is PIRC's view that embedding a clear zero deforestation policy within a public supplier code of conduct would provide a more robust mechanism for reducing deforestation risk. A supplier code of conduct is generally viewed as an effective mechanism for leveraging a company's relationship with its suppliers and cascading action throughout the supply chain. Importantly, they outline the corrective actions a company takes when a violation is found. This demonstrates to stakeholders that the company is adequately monitoring their suppliers and has an escalation process to prevent non-conformance.

During Q2 PIRC, Representing the Northern LGPS, engaged with Hilton on its approach to reducing deforestation in its supply chain. The company provided an overview of their deforestation policies, commitments, and progress. Although Hilton Food has committed to achieving 100% deforestation and conversion-free practices by 2025, the company has different deforestation commitments for each market with varying expectations for different suppliers. This prompted PIRC to raise questions about the company's approach to splitting their targets and cut-off dates for suppliers based on geographies. In response, Hilton representatives explained their market-specific approach to deforestation was adopted as suppliers were at different levels of maturity, while supporting direct suppliers to meet their commitments. In response to a query about how the company communicates its expectations and addresses non-compliance in the absence of a supplier code of conduct, they stated that expectations are clearly communicated to suppliers.

PIRC outlined its expectation for embedding zero deforestation requirements into a public supplier code of conduct. In response, the company indicated willingness to consider drafting a public code of conduct. The company affirmed it is progressing towards its 2025 commitments and expressed openness to continued engagement on the matter later this year.

Starbucks Corporation was founded in 1971 as a coffee bean retailer. The company has acquired and built coffee houses all over the world. The Corporation engages in the purchase,

Orry Verducci - unsplash

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roasting, and sale of whole bean coffees worldwide. In addition to drip brewed coffee and espresso beverages, the company shops also serve tea and bottled beverages, pastries, and ready-to-eat sandwiches. Some stores are inside other retail locations such as supermarkets, banks, and bookstores.

Since 2022 PIRC has been part of a group of investors engaging with Starbucks over its approach to freedom of association and collective bargaining rights. This is in response to alleged anti-union activity in the face of a highly successful organising campaign by Starbucks employees. The investor group filed a shareholder proposal asking the company to undertake a review of the application of its policies in this area, with specific reference to ILO core convention, which achieved a majority vote in favour at the 2023 AGM. The company has initiated a review of the type sought by the proposal, which was published in December 2023. This fell short of expectations in a number of areas, including the failure to solicit input from workers who had sought to exercise their rights.

In addition, at the end of 2023 the Strategic Organizing Center (SOC), a US union group, announced that it had nominated three board candidates with the intention of strengthening oversight of human capital management at the company. Starbucks issued a statement that it had contacted Workers United, the union organising in its stores, with a view to ratifying contracts at unionised sites.

On 17 January, PIRC joined a meeting with the Starbucks chair and other representatives to discuss the assessment undertaken of the company's implementation of its policy relating to freedom of association and collective bargaining rights. The filing group fed back to the company concerns that the assessment had not involved worker input and had therefore not meaningfully assessed the implementation of the company's Global Human Rights Statement. Nonetheless, the group also communicated that even accounting for the limited scope of the review its findings suggested failure of oversight. This in turn suggested potential governance weaknesses. The company stressed that it was committed to bargaining in good faith.

In February 2024, Starbucks and Workers United issued a joint statement announcing talks on a "foundational framework designed to achieve collective bargaining agreements, including a fair process for organizing, and the resolution of some outstanding litigation". The company subsequently also extended benefit improvements to unionised workers who had previously been denied them. In turn the SOC announced that it was withdrawing its board nominees shortly before the company's AGM in mid-March.

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PIRC will continue to monitor developments at the company, including board oversight of employee relations, but considers progress to date to represent significant improvement.

PIRC has been engaging with 11 companies on the real Living Wage (RLW), as part of the Good Work Coalition. The RLW is the hourly rate necessary for workers to afford housing, food, and other basic needs. The new RLW rates for 2024/25 are £12 per hour in the UK (up from £10.90) and £13.15 per hour in London (up from £11.95).

Covid-19 shone a light on the vulnerability of those with low-paid and insecure work. Since late 2021, the prices for many essential goods in the United Kingdom began increasing faster than household incomes, resulting in a fall in real incomes. According to ShareAction, 20% of part-time workers and 10% of full-time workers are living in poverty in the UK. Low pay also has implications for companies and investors, with implications for staff turnover, employee engagement and productivity levels.

For investors, low pay and insecure work in the UK also poses a systemic risk. These issues undermine long-term business success and weaken the social and economic systems that support sustainable investor returns. Ensuring that all staff, including directly employed and contracted workers, are paid at least a RLW would significantly improve the living standards of hundreds of thousands of retail employees while safeguarding the long-term interests of investors.

As part of the Good Work Coalition, in Q4 some investors met with M&S, Kingfisher, Ocado and Greggs, who provided insights into their pay strategies and the challenges they faced.

M&S is in the process of planning its 2025 pay review. The retailer will have to balance inflation, market trends and cost pressures including a £60million impact from National Insurance changes. While M&S base pay continues to align with the real Living Wage, the company are unable to guarantee pay parity for third-party contracted staff.

Kingfisher reiterated its preference for a holistic reward approach over Living Wage accreditation. Despite a £37 million impact from the National Insurance changes, the company aims to maintain competitive pay, citing improved recruitment and retention. Oversight of third-party contractor pay remains in place.

Ocado provided limited updates, confirming that there have been no significant changes in pay practices since the last meeting. The retailer will follow up on contracted cafeteria staff pay parity and agreed to a future meeting.

Greggs highlighted the measures it has put in place since the last meeting with the coalition, such as the assessment of paid breaks, and the establishment of a working group with BFAWU to explore the feasibility of regional pay weighting. While the group concluded not to proceed at this time, Greggs remains open to revisiting the RLW.

These engagements underscored the ongoing challenges and complexities of aligning pay practices with real Living Wage standards while addressing cost pressures and market dynamics.

Since initiating engagement with these companies in 2022, progress in securing their commitments to providing workers with the RLW has been limited.

As the next step, the coalition is considering various escalation strategies, including attending company AGMs to directly question the board on their reluctance to commit to fair pay and/or filing shareholder resolutions requesting third party assessments or pay structures. Shareholders have several tools at their disposal to demonstrate escalation and PIRC has already taken such action and escalated at NEXT Group plc on behalf of a Northern LGPS fund by co-filing a shareholder resolution calling for the payment of the Real Living Wage and improvements in pay practices.

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. During continued engagement with Shell and BP, LAPFF's approach has remained to test oil and gas companies beyond claims of decarbonisation based on existing business models to challenge the viability of the current business. This expectation, based on LAPFF policy, is that the demand for hydrocarbons will:

1) reduce in aggregate terms; and
2) that demand will be met by lowest cost producers.

BP has been regarded as at the better end of the sector in recognising climate change as an issue but faces the same competitive and structural pressures above from what is a disruptive transition due to disruptive alternative

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technologies. The war in Ukraine has increased governments' focus on less reliance on fossil fuels on energy security and price volatility grounds.

What seems to be an inevitable shrinkage in the sector, not matched by growth from elsewhere supports the argument for more cash returns - not buybacks - to shareholders instead.

From meeting the then new Chair of Shell in 2023, LAPFF believes that the position holds that the company is better run from the top, as the Chair has a more realistic grasp of the issues at stake regarding decarbonisation and is a plainer communicator and more realistic.

As an example, there is less emphasis on "nature based solutions" (i.e. planting trees) as the IPCC regards that as necessary for hard to abate sectors, not fossil fuel companies.

LAPFF has previously questioned the extent to which its climate change strategy has been sufficiently integrated into business planning and financing. LAPFF was therefore pleased that there has been restructuring and the energy transition work and corporate strategy now reports to the CFO.

Shell has said that it cannot make the investment case for renewables. That is not in itself unreasonable but does support the argument for more cash returns to shareholders instead.

With regards to BP, LAPFF has noted some rowing back from their 2023 carbon reduction targets. Although BP has made some commitment to investment in renewables, and is stating the supply of power for electric vehicles is a growth area, it does appear that the company has substantial threats to its business model regarding the scope of no-carbon products that would fully replace the scale of the fossil fuel business, and that expectation of more cash returns to shareholders should be more clearly set out.

To understand the company's approach, LAPFF met with the company's new CEO, Murray Auchincloss. In what was a useful and informative discussion, the company outlined how it was seeking to transition the business, and the scope for scaling up revenues from hydrogen, wind power, biofuels and electric vehicles. The company set out major projects it was seeking to undertake, including a hydrogen and CCS hub in Teesside. The company also discussed how it planned to fund investment in transition initiatives and manage associated financial risks. On the issue of targets, discussion included the pace of the transition, including moving in line with national expectations.

A meeting with the Shell Chair is pending. LAPFF continues to challenge whether Carbon Capture and Storage can be made to work as a line of business, given that the costs involved make it a last resort if cheaper substitute energy sources are not possible. Developments in aviation fuels and biofuels need to be examined in more detail, particularly as the mode of synthetic aviation fuel Shell refers to is to take CO2 resulting from combustion by carbon capture from elsewhere and converting it – by an energy intensive process – into a hydrocarbon. That is not a contribution to net zero. That is merely using the same emission twice, whilst still resulting in an emission.

CCS has been given prominence for, inter alia, gas (methane) for power, hydrogen for home heating, hydrogen for ammonia production and hydrogen for steel making. All of these have non-fossil hydrogen alternatives. It should be noted that CCS for coal was heavily promoted as a way of maintaining coal demand but never materialised with the phase out of coal on economic as well as emissions grounds. There is the same risk with gas.

BP has had less emphasis than Shell on Carbon Capture and Storage as a line of business. Developments in aviation fuels and biofuels need to be examined in more detail, BP's annual report suggests a different approach to Shell, being based not on fossil fuel derived carbon, but bio-ethanol, fats and oils. BP is also placing more emphasis on electric vehicle charging.

In the meeting, the company set out its views on the demand for low carbon energy, EV charging and biofuels. While information was provided about how it expects to pivot towards lower-carbon and renewable energy in the medium term, LAPFF will continue to seek to better understand both the scale of such revenues over the longer term and the longer-term impacts for investors of any attempts to transition from an "oil and gas" company to an "energy" company.

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

Jamie Kettle – unsplash

Principle 10.

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

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.

Climate Action 100+

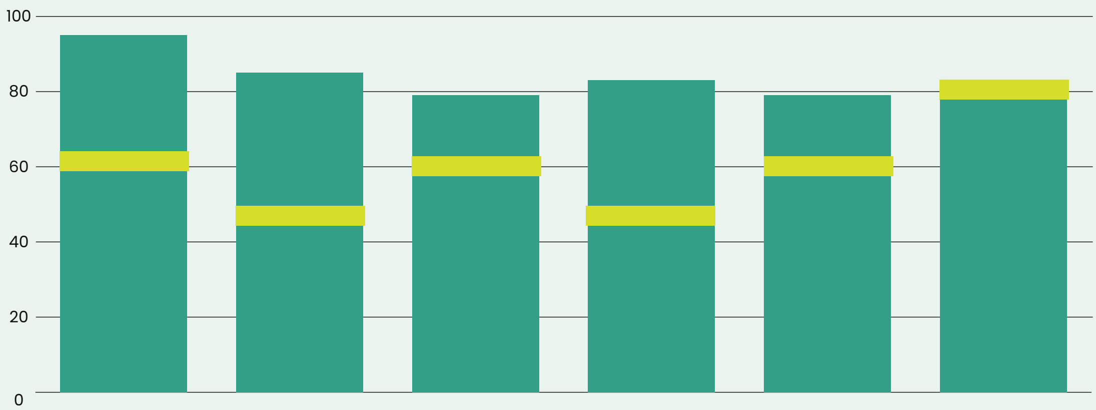
GMPF is a signatory of the Climate Action 100+ initiative. The aim of this group is to work with companies to ensure that they are minimising and disclosing the risks and maximising the opportunities presented by climate change. The organisation has a list of focus companies that they are working through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

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.

In 2021, the IIGCC launched the Net Zero Investment Framework (NZIF), enabling investors to maximise the contribution they make to the decarbonisation of the global economy and tackling climate change. GMPF via the Northern LGPS was among the early adopters of the framework to commit to achieving net zero alignment by 2050 or sooner. NZIF is recognised

GMPF SCORECARD SUMMARY



	Policy, Governance & Strategy	Indirect- Listed equity- Passive	Indirect- Listed equity- Active	Indirect- Fixed income- Passive	Indirect- Fixed income- Active	Confidence building measures
GMPF Score	95	85	79	83	79	80
Median Score	61	46	61	48	61	80

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as the most widely used resource by investors to develop their individual net zero strategies and transition plans

GMPF has used the Framework to develop its net zero strategy which it has implemented in asset classes that are more developed such as equities and corporate bonds. Following extensive consultation with over 200 investors, the IIGCC has updated the Framework and published 'NZIF 2.0'. Important updates include

- New guidance for Sovereign Bonds, Real Estate, and Private Debt in addition to guidance published after the NZI launch for Infrastructure and Private Equity
- Emphasis on 'financing reduced emissions' rather than 'reducing financed emissions'. Investor experience has shown that focusing on financed emissions alone can have perverse outcomes, such as dissuading investment in climate solutions at a time when the mobilisation of capital to finance these areas should be encouraged. NZIF 2.0 therefore reaffirms one of the NZIF's key positions: that financed emissions don't tell the whole story. While important, financed emissions should not be used as a single metric to create year on year emissions reduction targets
- New emissions performance criterion for listed equities and corporate fixed income, and new certificate deposits guidance to support net zero cash management

NZIF 2.0 also summarises best practices shared by investors, collected from three years of implementation, converting them into more than 40 potential actions an investor can choose to take. Overall, NZIF 2.0 aims to make life easier for investors to consider risk and return in their individual contexts by bringing together the wide range of resources available in one place.

The IIGCC published its guidance on climate solutions for listed equity and corporate bonds. A focus on secondary market holdings entails an emphasis on the role of investors (equity or bond holders) to influence real world emissions through stewardship and engagement and shifting expectations of good governance and strategy for companies. Whilst finance can have the greatest and most direct impact through primary markets by providing new capital to the companies, projects, or governments involved in climate solutions activities, as defined in the paper, institutional investors play an important role in recycling capital back into primary markets and in turn shifting expectations of the attributes of assets that are created by issuers and originators. Regardless of the market, engagement with policymakers, regulators and industry stakeholders will be increasingly important to create the enabling environment for increased investment in climate solutions and the transition to net zero. The guidance can be accessed using the link below.

IIGCC_Investing in Climate Solutions_Listed Equity Fixed Income_Nov2023.pdf

Ahead of the European elections the IIGCC released a call to action for the incoming EU mandate that will oversee a critical period leading up to Europe's 2030 target of reducing emissions by 55%. The IIGCC has worked with members on two key considerations:

- Identifying the barriers that currently exist to the creation and pursuit of bold and proactive climate targets
- Determining key policy recommendations for the next EU political cycle

Investors recognise the key role they have in mobilising private capital for Europe's transition and stand ready to support the EU institutions in delivering these vital objectives. The IIGCC calls on policymakers to accelerate Europe's transition to a competitive, energy-secure, resilient, and climate-neutral economy across five key areas:

- Reinforce the EU's path to 2050 climate neutrality
- Drive climate action through industrial competitiveness
- Increase Europe's adaptation and resilience to growing climate impacts
- Ensure a nature positive transition to net zero
- Enable financial flows towards the net zero transition

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.

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	Engaged	Disclosed	Disclosure Rate (%)
Climate Change	1,329	164	12
Forests	373	46	12
Water Security	1,029	196	19

The Fund supported the CDP's Non-Disclosure Campaign, which ran until the end of October 2024. The campaign provides a source of self-reported corporate environmental data in a uniform and comparable manner which can be used to assess a company's risks in the three main areas the questionnaire focuses on. The campaign involves engaging with companies ranging from directly and with a number of other organisations to letters being sent requesting companies to disclose data.

The results reveal a clear difference in submission rates between companies directly targeted by lead participants and those that were not. This year, there was a rise in the number of distinct companies targeted across all three themes compared to last year

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.

The food sector is responsible for up to one-third of global greenhouse gas emissions. Achieving the goals of the Paris Agreement of limiting the global temperature increase to well below 2°C above pre-industrial levels, while pursuing efforts to limit the increase to 1.5°C – therefore necessitates a transformation of global food systems, making food a priority sector in the transition to a low-carbon economy. The attention given to food systems at the 2023 UN Climate Change Conference (COP28) is evidence of this. Recognising the need for greater scrutiny of corporate climate ambition in the food sector, TPI developed a Carbon Performance methodology for food producers, which quantifies companies' current emissions and assesses whether their targets are enough to align with low carbon scenarios to limit the global temperature increase to 1.5°C. The TPI has published a report analysing the results from applying new a Cabon Performance methodology to the worlds largest 26 publicly listed food producers with a combined market capitalisation of USD 930 billion. Key findings and recommendations from the report include:

- Of the 26 food producers assessed, only seven have reported sufficient data to enable the assessment of their historical emissions intensities and emissions reduction targets on a comparable basis
- Most of the food producers assessed (24 out of 26) have set an emissions reduction target
- No food producer is aligned with the 1.5°C benchmark throughout the three assessed timeframes
- Besides setting more ambitious emissions targets, a key recommendation of this report is that food producers must improve the disclosure of Scope 3 emissions and purchased agricultural inputs

The full report can be accessed using the link below.
[Food producers and net zero: a review of progress]

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

In July the WDI released an investor briefing with a focus on grievance mechanisms and also held a webinar to discuss this topic. The briefing sets out what grievance mechanisms are and explains the existing principles behind grievance mechanisms, particularly the UN Guiding Principles for Business & Human Rights (UNGPs). In addition to this it will also outline

- The legal framework for grievance mechanisms and gives an update on developments currently occurring in legislation
- The legal and business case for companies prioritising the establishment of comprehensive and impartial procedures, as well as the risks associated if they do not
- What constitutes as poor grievance mechanisms and how this affects workers in direct operations
- Data and insights from WDI's most recent survey, to showcase which sectors and countries are falling behind in the delivery of effective grievance mechanism
- What this means for investors specifically, focusing on how weak or non-existent grievance mechanisms can affect portfolio companies through reputational risk, industrial action, loss of worker trust and reduction of productivity

Human Capital is an important theme in GMPF's Responsible Investment policy and the Fund has engaged with a number of companies in recent years such as Apple and Amazon on how they manage their workforce. In October, GMPF met with representatives from the WDI to help them understand how pension funds use the data which they collect in relation to human capital management and what data would be useful to help shape and develop standards that will result in a high-quality, comprehensive global baseline of sustainability disclosures.

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.

LAPFF responded to the Department for Energy Security and Net Zero consultation on transitional support mechanism for large-scale biomass electricity generators. noted that the economics in the consultation are broadly sound, with there being a higher marginal generation cost of biomass compared to alternative forms of generation, based on the Electricity Generation Costs Report 20236. An intervention that incentivises biomass generation would increase the average marginal generation cost compared to what it would have been without. LAPFF also stressed that some statements in the consultation regarding current biomass use are incorrect from a carbon neutral basis. The consultation appears to address "energy security" but avoids a proper analysis of security of imported wood pellets supply, or environmental sustainability. LAPFF states that intervention support for Drax would not meet net zero policy objectives, there are significant risks to the security of supply, and there would appear to be a hard-wired higher electricity cost due to the displacement of cheaper renewables.

LAPFF has engaged with many leading companies in the UK and overseas for many years on their climate change plans. However, through these engagements LAPFF has identified that without supportive policies, companies' actions may be limited. Therefore, it is appropriate to engage in the policy debate, from the perspective of long-term investors interested in reducing risks and strengthening growth and competitiveness. The energy transition is made more challenging by the need for climate policy to be inclusive and recognise the needs of the most vulnerable – in a fair and just transition. However, the energy transition also creates real opportunities to enhance energy security, address energy affordability, and improve competitiveness and long-term economic growth.

LAPFF has issued a report outlining how UK government can ensure policies support investment in climate action while boosting competitiveness and long-term growth. The report outlines attributes of good policy from an investor perspective. These include policy being

- A long-term consistent policy framework enables investors and companies to plan ahead, allocate resources to areas in confidence
- Robust enough to ensure market instruments such as charges for pollution and fiscal incentives are sufficient enough to impact risks and returns meaningfully
- Supportive of new technologies but should be balanced and should avoid excess focus on technologies which have failed to make progress in the past or are speculative and unproven
- Internationally competitive

LAPFF held their Mid-year conference in July where topics such as a 'Fair and Just Transition', climate risk modelling and a session on introducing the topic of companies operating in conflict affected and high-risk areas. There was also a session highlighting the Boeing Company's breaches of ESG principles. This case study examined the safety failures due to violations of safety and environmental controls that resulted in hundreds of lost lives, the retaliation against whistleblowers attempting to remedy those violations and the tens of billions of dollars of shareholder investment that have been lost as a result. Boeing is a stark example to investors to remain ever vigilant in holding companies in their portfolios to high standards of conduct and stewardship.

As part of a wider review of the UK's capital markets regulatory landscape, the FCA published a consultation paper proposing major reforms for companies listed on the London Stock Exchange. LAPFF sent an open letter to the London Stock Exchange at the perceived weakening of the UK Listing rules which exist as core elements of investor protection.

The LAPFF annual conference was held in December where topics such as overseas supply chains and human rights, conflict-affected high-risk areas, executive remuneration, renewable energy and a just and fair transition and sustainable steel production were discussed in detail and members we given the opportunity to discuss and learn about these issues and understand how they can account for these risks in their portfolios.

GMPF's Assistant Executive Director moderated the session on Impact Investing and was joined by a representative from the Good Economy. The session showed how funds can implement an impact portfolio effectively and how impact can be measured with tangible positive outcomes such as job creation and waste reduction. The LAPFF annual report showcasing the engagements throughout 2024 was published in December and a link to the report is below.
LAPFF_annual report_2024. insides.1.indd

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.

Asset Owner Council (formerly 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.

In 2023, the UK RI Roundtable (now called the UK Asset Owner Council) commissioned research to investigate whether asset owners and investment managers were aligned in their proxy voting. The research reviewed investor engagement and voting activities in the Oil and Gas sector and the gap between asset owners' expectations and investment managers' voting activities. This research, conducted by independent academic Doctor Andreas Hoepner, provided insights across:

- Misalignment trends, with stronger

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discrepancies noted in the US oil & gas issuers
- Voting Rationales, with patchy and generic commentary, highlighting that some managers may be regarding voting and engagement on ESG matters as mutually exclusive
- Inconsistent engagement styles and approaches on a topic that is deeply systemic

Following the launch of the research report, a roundtable was held between a group of Asset Owners and Asset Managers. It highlighted the need for robust and constructive dialogue between asset owners and their managers on a number of areas, as strategic partners. Asset Managers also highlighted a need to get a clear and consistent articulation from Asset Owners on their expectations on climate stewardship. This resulted in a statement signed by numerous asset owners, including GMPF calling on asset managers, as strategic partners in delivering our investment objectives, to develop and evidence a robust stewardship strategy that addresses the urgency of action needed on climate related risks. The research paper and statement can be accessed using the links below.
UK Asset Owner Stewardship Review 2023: Understanding the Degree & Distribution of Asset Manager Voting Alignment by Andreas G. F. Hoepner :: SSRN

Asset-owner-statement-on-climate-stewardship.pdf

PIRC
GMPF appointed PIRC Ltd as its responsible investment adviser, to assist in the development and implementation of its RI policy. PIRC Ltd is an independent corporate governance and shareholder advisory consultancy providing proxy research services to institutional investors on governance and ESG issues.

In April, PIRC reported to the IMESG Working Group on their work assessing 18 of the world's leading automakers towards building equitable, sustainable and fossil-free supply chains. They presented the scoring and evaluation methodology that use several indicators and the resulting rankings. The Leaderboard is divided into two main sections: fossil-free and environmentally sustainable supply chains, and human rights and responsible sourcing with each section containing further subsections representing different supply chain issues. Ford has taken the top spot from Mercedes this year, Tesla in third and was the biggest improver moving from ninth to third and both Toyota and Honda continue to be laggards in the industry.

The London Mining Network and LAPFF/PIRC hosted a seminar at the LGA in London where there were presentations from community members affected by Glencore's operations at Cerrejon in Colombia and Espinar in Peru. The objectives were two-fold. First, the community presentations helped investors understand better how social and environmental factors are financially material considerations for both mining companies and investors. Secondly, the seminar provided community members the opportunity to meet with investors which help ensure their input is considered by institutions and can influence mining companies to improve their social and environmental practices, thus creating the opportunity for improved shareholder returns.

In May, LAPFF/PIRC and IndustriALL Global Union hosted a webinar where attendees could learn about the EIS Pilot in Bangladesh from speakers representing signatory brands Tesco and Fast Retailing and the Bangladesh Employers' Federation who spoke about the impact the scheme is having and how this innovative programme has brought together companies, trade unions, the government, supplier factories and the ILO to solve a sector-wide challenge.

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.

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

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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 2022. 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.

Ceres Corporate expectations for valuing water 2022

Valuing Water Finance Initiative | Ceres: Sustainability is the bottom line

Szymon Shields - unsplash

Cavan Images - Alamy

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

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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.

ShareAction has been engaging with a number of banks including Barclays relating to financed emissions. In April, Northern LGPS and LAPFF signed on to a letter co-ordinated by ShareAction to Barclays asking the bank to stop financing all pureplay oil and gas companies. In October, GMPF joined a number of other asset owners to meet with the CEO of Barclays to hear about their plans on financing activities that relate to oil and gas with the expectation that the bank will build on its commitments to further reduce these activities. The CEO also informed attendees on the progress the bank has made on green finance and was questioned by the group on whether the bank would be publishing a climate transition plan.

UBS has been engaging with Reliance Industries since 2022 as part of their Climate Engagement Program. While the company has an ambitious target for Net Zero by 2035, it lacks interim carbon reduction targets, and there is limited disclosure to help with understanding the path to achieving this. The objectives of the engagement were for the company to set a carbon reduction target for 2030, increase disclosures on decarbonization-related investments and progress towards 2035 targets and increase disclosures on hydrogen transition strategy, CCUS and executive renumeration. UBS discussed their decarbonization strategy including 2025 plans to transition from grey to green hydrogen and also considered their overall emissions strategy. Additionally, issues of human rights, remuneration and capital allocation were discussed as part of the engagement.

The company was reluctant to disclose more clearly its path towards Net Zero and progress and so UBS decided to escalate this to a vote action and voted against the Head of the ESG Committee. This was due to a lack of appropriate GHG mid-term emissions reductions targets. This committee is responsible for decision making on sustainability related issues. While the company has made improvements in other target setting areas and disclosure, a mid-term target is crucial to understanding the credibility of its transition plan. UBS intend to monitor the company's progress moving into 2025.

Ninety One has been engaging with Samsung for several years on key sustainability priorities informed by the TPA. Engagement priorities include asking the company to the setting of interim targets for scope 1 and scope 2 for the semiconductor division, inclusion of scope 3 in net zero targets and the development of a transition plan in line with a 1.5 degree aligned pathway. Engagement success is measured based on a company's ability to meet objectives, in August 2024, Ninety One were dissatisfied with the progress Samsung had made with the interim targets that had been set out, and therefore, they wrote to Samsung's chairman to escalate this issue and highlight their dissatisfaction. If the initial engagement approach is not successful or if there is no appropriate response from a company, Ninety One carefully consider their options to escalate the engagement using various approaches, including collaboration.

Ninety One began engaging with the company in early 2022 when the company hosted their AGM and climate strategy meeting. In the following years Ninety One have sent a number of letters to the company and met with representatives to discuss the company's environmental strategy and publication of its sustainability reports. After the company published its sustainability report in 2024 Ninety One again met with the company and expressed dissatisfaction that interim targets for the semiconductor division were not published. In October, an escalation letter was sent to the Chair emphasising the importance of interim targets that in turn support net zero commitment credibility and outlined key medium-term objectives.

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

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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. Banks have a significant role to play in addressing climate change, through providing finance to the energy transition and by moving capital away from the fossil fuel sector, as well as using their influence more widely as lenders to support and encourage companies to transition. From the perspective of the banks, financing the energy transition represents a significant and growing business opportunity, while lending to the fossil fuel sector carries with it the risks of "stranded assets" and potential reputational damage.

LAPFF's objective in engaging with the sector is to see banks developing and implementing clear policies, together with evidence of progress, in the following areas:

- Support for the energy transition through financing activities supporting renewable and clean energy, energy BANKS AND CLIMATE: Barclays and HSBC efficiency and other climate solutions
- Managing and scaling down exposure to the fossil fuel industry, particularly in regard to long term and new projects and activities
- A clear commitment to assessing all relevant client businesses on their exposure to climate change, assessment, and support on developing transition plans and activities, including appropriate assessment of key risk areas

LAPFF's priority in the banking sector has been the two UK banks HSBC and Barclays, as they have significant exposure to the fossil fuel sector and are among the world's largest lenders to the infrastructure and energy sectors.

LAPFF met with HSBC and has an upcoming meeting with Barclays. LAPFF engaged with both Barclays and HSBC extensively in 2023, with climate change being a key focus. It was therefore reassuring to see that both banks have made progress this year, with HSBC publishing its latest transition report in January and Barclays publishing in February 2024 an updated Climate Change Statement covering, in particular, its lending to the fossil fuel industry together with its updated transition plan.

HSBC's 2024 transition plan was generally very strong, with a clear understanding of climate change and the energy transition, and significant commitment on climate lending and integrated climate assessment in lending. The company is clearly interested in the potential of financing the energy transition, particularly in Asia where there are very significant lending opportunities. The tone and approach was notably positive, providing some reassurance of the company's general commitment.

Barclays has faced particular criticism, including from the Forum, for its ongoing lending to the fossil fuel industry and its lack of meaningful policies in this area. This has resulted in calls for consumer boycotts, as well as a shareholder resolution organised by ShareAction. In response to this external pressure, including multiple engagements by LAPFF, the company issued and updated its climate change statement, which goes some way to addressing these concerns. The statement is clearly aiming to show Barclays is taking account of the IEA's (International Energy Agency) net zero energy scenario, which states there is no need for new oil and gas projects if we are to achieve net zero by 2050. Key highlights include:

- A commitment to provide no project finance or other direct finance to oil and gas companies for new upstream oil and gas "expansion" projects or related infrastructure
- From 2025, a provision that Barclays will only provide financing (new or renewal) by exception for existing upstream oil and gas clients where more than 10% of their total planned oil and gas capital expenditure is for new long lead projects

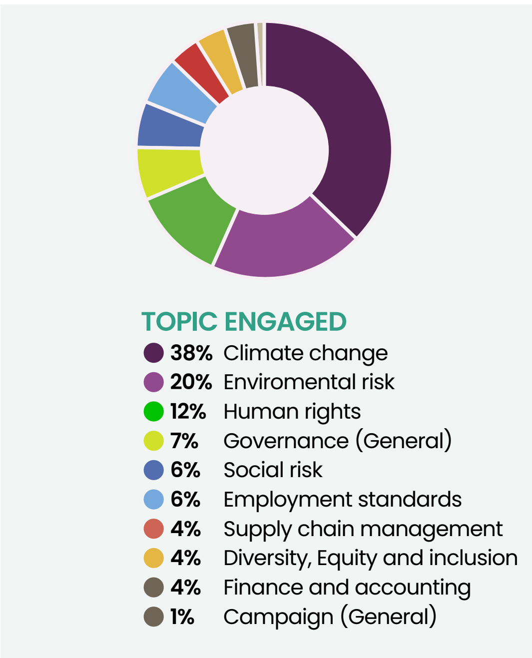
- A commitment to withhold financing to new oil and gas clients if more than 10% of their total planned oil and gas capital expenditure is for new upstream projects
- Requirements for oil and gas companies to commit to reducing their own emissions, including having 2030 methane reduction targets, a commitment to end all routine / non-essential venting and flaring by 2030, and near-term net zero aligned Scope 1 and 2 targets by January 2026
- Various more specific restrictions for new energy clients engaged in expansion, on-diversified energy clients engaged in long lead expansion, and on unconventional oil and gas, including Amazon and extra heavy oil
- An expectation for oil and gas clients to produce transition plans or decarbonisation strategies by January 2025

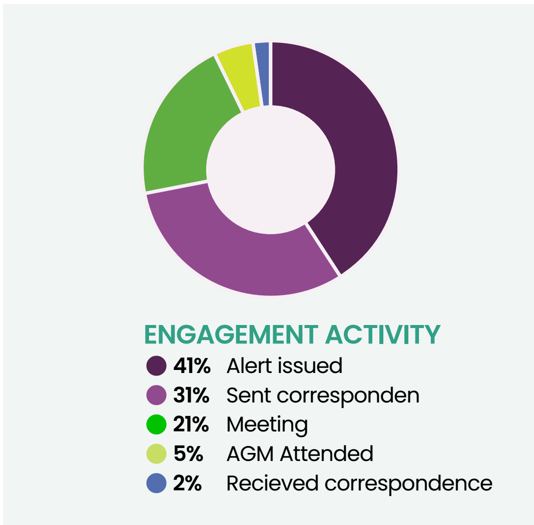
The statement is a major step forward for the company and helps address some key concerns, in particular recognising that financing new oil and gas exploration infrastructure is unacceptable, given that the IEA has stated such projects are not compatible with achieving net zero. The NGO ShareAction has, as a result, withdrawn its shareholder resolution on climate, which was likely to have attracted significant support from shareholders, including LAPFF.

Although the banks have made significant progress on addressing climate risk, LAPFF seeks to encourage further action in the following areas:

- Stronger restrictions on lending to the fossil fuel sector, covering the oil majors and ensuring full compatibility with the limitations on investment in new oil and gas envisaged in the IEA net zero scenario
- Proper disclosure and analysis of transition plans, so we can be assured the banks are mitigating climate risk and supporting the energy transition and not being taken in by incomplete or unrealistic transition plans, particularly where companies need to transform more than transition. Caution over the use of expensive, high-risk approaches to solving climate risk, such as carbon capture and storage (CCS), both in direct lending exposure and wider analysis of risk
- Robust commitments to financing the energy transition, involving the deployment of new funds to new projects

With Barclays, LAPFF would like to see further progress in its climate statement and will be pressing the company to such effect. The current statement is complex and opaque and has many loopholes and exceptions – notably its exclusion of oil majors from any specific restrictions as long as they have a rudimentary transition plan. LAPFF would like significant tightening of the restrictions so that Barclays is not directly or indirectly funding new oil and gas projects. LAPFF also expects to see a steady decline in the actual levels of lending to the sector.





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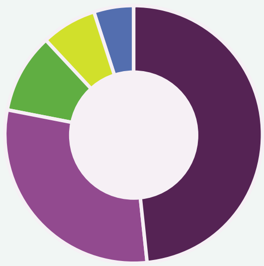
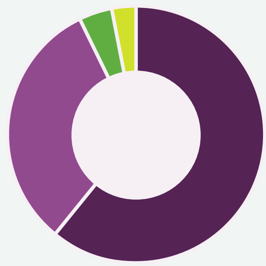


ENGAGEMENT OUTCOME
- **49%** Awaiting response
- **30%** Dialogue
- **10%** Moderate improvement
- **7%** Small improvement
- **5%** Change in process



POSITION ENGAGED
- **61%** Chairperson
- **32%** Specialist staff
- **4%** Exec Director or CEO
- **3%** Non-Exec Director

On transition plans Barclays will need to demonstrate it can adequately scrutinise them and hold companies to account where it decides to lend. Transparency around its assessment of oil and gas companies will be crucial. LAPFF will also monitor its involvement in some of the technological so-called climate solutions which the Forum considers expensive and high risk, such as CCS. LAPFF will pressing these points in an upcoming meeting.

HSBC is better placed to address climate risk and appears to have a broader appreciation of climate change and the profound transformation it entails. LAPFF would still like to see the company strengthen its restrictions over oil and gas lending, backed up by evidence of further action on reduced lending. LAPFF will also monitor the rate of lending to fund the energy transition and HSBC's use and understanding of transition plans.

Alongside engagement with Barclays and HSBC, after a review of the global banking sector LAPFF has decided to expand its activity and has approached five Canadian banks to discuss their transition plans and climate related lending. This included Toronto Dominion, Royal Bank of Canada, Bank of Montreal, Scotia Bank and CIBC. These have been selected because the Canadian banks can be seen as laggards on climate action, with several having increased their lending to the oil and gas industry in recent years. LAPFF has significant holdings in these banks and there is ongoing shareholder activity that can provide a platform for engagement.

A summary of LAPFF's company engagement activities is published on a quarterly basis, including the company name and domicile, 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 2024 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.

LAPFF held their Mid-year conference in July where topics such as a 'Fair and Just Transition', climate risk modelling and a session on introducing the topic of companies operating in conflict affected and high-risk areas. There was also a session highlighting the Boeing Company's breaches of ESG principles. This case study examined the safety failures due to violations of safety and environmental controls that resulted in hundreds of lost lives, the retaliation against whistleblowers attempting to remedy those violations and the tens of billions of dollars of shareholder investment that have been lost as a result. Boeing is a stark example to investors to remain ever vigilant in holding companies in their portfolios to high standards of conduct and stewardship.

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 Amazon,**

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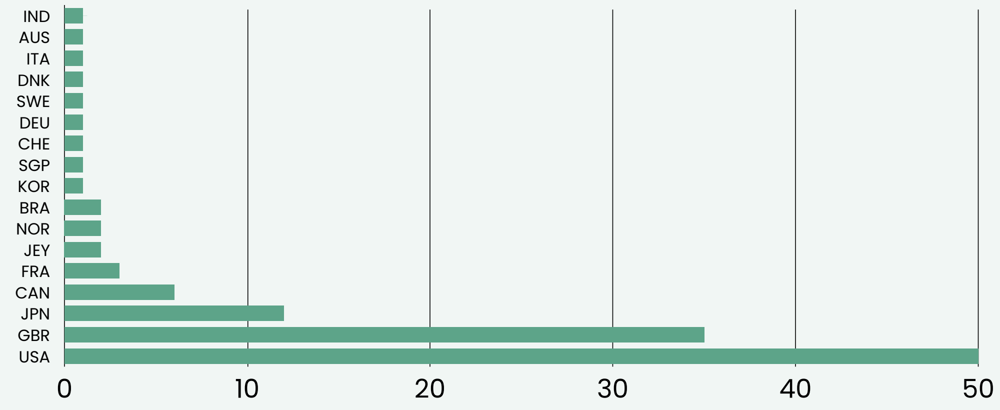
COMPANY DOMICILES



Amgen, Constellation Brands, Mondelez, Barclays and Shell 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. At the end of 2023 GMPF worked with PIRC and began engaging with Amgen Inc requesting the company issue a tax transparency report to shareholders and adopt the Global Reporting Initiative's Tax Standard. Following several productive meetings with company representatives in 2024, it was agreed that the company would explore options to report publicly in one location on its website a report that more aligns with the Global Reporting Initiatives Tax Standards and the shareholder resolution was withdrawn.

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. Officers and PIRC met with representatives from the Constellation Brands to discuss expectations. With neither party agreeing to compromise the shareholder resolution was voted on and received 35% of votes in favour of the resolution. While the resolution did not pass this level of shareholder support will command a response from the Board and help push water stewardship up the agenda.

ShareAction has been engaging with a number of banks including Barclays relating to financed emissions. In April, Northern LGPS and LAPFF signed on to a letter co-ordinated by ShareAction to Barclays asking the bank to stop financing all pureplay oil and gas companies. In October, GMPF joined a number of other asset owners to meet with the CEO of Barclays to hear about their plans on financing activities that relate to oil and gas with the expectation that the bank will build on its commitments to further reduce these activities. The CEO also informed attendees on the progress the bank has made on green finance and was questioned by the group on whether the bank would be publishing a climate transition plan.

Roy Yardley - unsplash

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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

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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 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. These recommendations are now published on GMPF's website. In January, PIRC provided an update to the IMESG Working Group on the voting outcomes from 2023. They highlighted that GMPF voted in favour of almost 400 shareholder resolutions and opposed over 450 company remuneration reports in 2023. GMPF co-filed shareholder resolutions relating to tax transparency at Amazon, ConocoPhillips, Cisco Systems and Microsoft which received 18%,15%, 20% and 21% of votes in favour of the resolution, respectively. The filing of these resolutions is considered an escalation to send a message to companies that engagement meetings have not been successful. At a later meeting in July, PIRC presented their updated shareholder voting guidelines to the IMESG Working Group. 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 2024 is the opposition in Japan to the re-election of senior board member (Chair and/or President) will be recommended where gender diversity on the board is at less than 30% without explanation or plan for increasing up to this target. Another update is that PIRC will recommend opposing the election of the Chair if a meeting is held virtual-only without sufficient justification, even if the Articles of Association propose a hybrid format. This will be viewed as an undue restriction of shareholders' rights to participate.

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 Bank of America Corp. Board of Directors analyse and report to shareholders annually (at reasonable cost, omitting confidential and proprietary information) on whether and how it is aligning its lobbying and policy influence activities and positions, both direct and indirect (through trade associations, coalitions, alliances, and other organizations) with its public commitment to achieve net zero emissions by 2050.

The company recommended a vote against the shareholder proposal but according to PIRC's analysis transparency and completeness of the company's reporting on lobbying expenditures related to climate is considered insufficient. The proposal is advisory and is considered adequately worded to respect the prerogatives of the board. It is considered that the proposal does not mean to undermine the past work of the company in this respect, or the positive role of these associations in some aspects. Steps forward are encouraging, and the company has demonstrated ability to monitor and act, when the work of some associations have come into conflict with the company's support of the Paris Agreement. Although company's contributions to trade associations do not necessarily equate with that association's political or lobbying activities, it is considered to be to the benefit of the company and its shareholders to be open about those activities, especially if they are antithetical to its published statements about climate risk and how it is attempting to manage this. In this sense, a vote in favour is recommended as a way to show shareholders' support for the board efforts to oversee and manage its relationships

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with industry associations, whose positioning may not align with either the position adopted by the company or the interests of long-term investors.

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 Goldman Sachs. where the shareholders were requesting the Board conduct a rigorous assessment of material risks and opportunities related to the environmental justice impacts of its energy and power sector financing and underwriting and disclose the results. There has been a consistent amount of evidence linking exposure to polluting agents to poverty and racial segregation in the US, apparently suggesting that pollution is often located in poor neighbourhoods, where mostly people of colour lives (the last one of these studies was published in February 2018 by the US Environmental Protection Agency, which found that found that people of colours in the country are much more likely to live near polluters and breathe polluted air). The company outlines the global strategy for relying increasingly on renewable energies, but it does not appear to clarify the proponents' issues or bring a case as of why such report would be counter-productive.

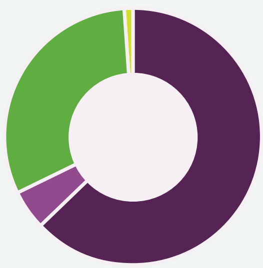
In November 2023, PIRC organised a webinar on "Pass Through Voting", which enables pooled fund investors to vote their shares in proportion to the value of their investment within a fund and give them flexibility to engage in voting. LGIM, BlackRock and other major asset managers have introduced various options for clients that are seeing more asset owners enfranchised. Asset owners gave their perspective on why they want to apply their voting policies and Tumelo, a provider of technology which facilitates pass through voting, demonstrated their technological capabilities. PIRC also provided an overview of market demand, regulatory developments and governance issues that are driving the uptake of Pass Through Voting. Following this, during 2024 Officers worked closely with PIRC and Tumelo to enhance GMPF's proxy voting process which resulted in delegating the execution of proxy voting on GMPF's passively managed pooled equity holdings to PIRC that better enables GMPF to cast its vote differently from the L&G house view and better align GMPF's voting activity with its RI beliefs.

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

In the reporting period GMPF voted at 1,172 meetings and cast a total of 24,401 votes.

Below is a breakdown by category of votes against management.

GMPF co-filed a number of shareholder resolutions for the 2024 AGM season some of which GMPF was the lead filer and others which were done in collaboration with other investors. Officers participated in the discussions leading up to the resolution being filed at Shell. GMPF provided support as a large UK investor which



VOTES WITH /AGAINST MANAGEMENT

- **63%** For
- **5%** Abstain
- **31%** Against
- **1%** Withheld

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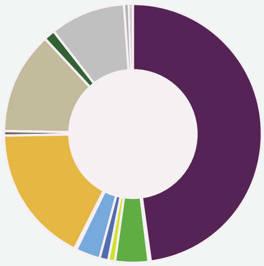
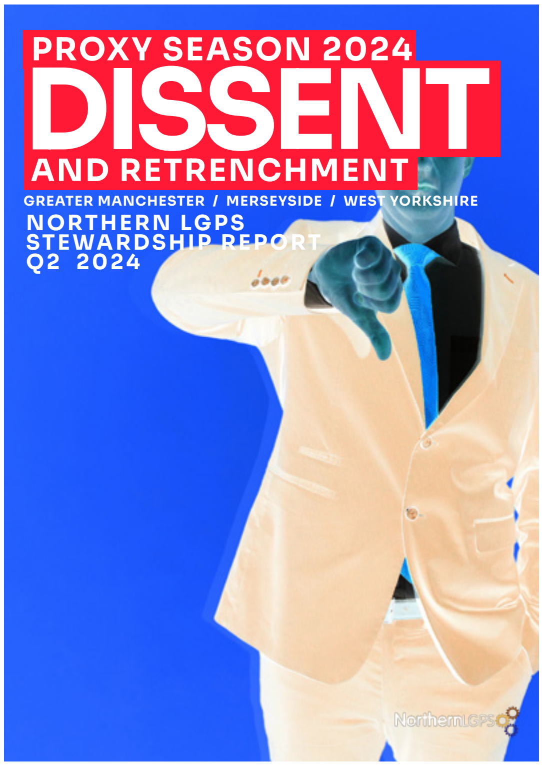


VOTES AGAINST BY CATEGORY

- **47.9%** Directors
- **0.3%** Dividend
- **4.2%** Executive pay schemes
- **0.9%** Misc
- **1.1%** NED fees
- **2.9%** Say on pay
- **0.2%** Share Capital restructuring
- **17.3%** Share issues/Repurchase
- **0.7%** All employee schemes
- **12.8%** Annual reports
- **1.2%** Articles of association
- **9.6%** Auditors
- **0.4%** Corporate actions
- **0.1%** Corporate donations
- **0.4%** Debts and loans



gave the group an opportunity to engage with the company as one voice with clear objectives. GMPF also sought to co-file resolutions at **Amazon, Amgen, Constellation Brands, Mondelez, Barclays, Yara International and Shell**. 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 stock-lending 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.