

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2020-2021

PENSION FUND COMMITTEE
22nd March 2021

**REPORT OF: THE DIRECTOR OF FINANCE
AND DIGITAL SERVICES**

AGENDA ITEM NO 8
DELEGATED FUNCTIONS – UPDATE REPORT

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1.0 PURPOSE OF REPORT

- 1.1 This report sets out the key issues being addressed as delegated functions, as specified in the Pension Fund Governance Policy Statement, by the Director of Finance and Digital Services.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee:
- 2.1.1 Note the issues being addressed; and
- 2.1.2 Consider whether they wish to receive further detail on any issues.

3.0 BACKGROUND

- 3.1 The Director of Finance and Digital Services (in their capacity as S151 officer) supported by an Investment and Administration Advisory Panel with appropriate officer, independent advisor and professional support, has delegated responsibility for all day to day operational matters.
- 3.2 The Panel advises on all aspects of the Pension Fund. It produces the annual report to Committee and is subject to Audit scrutiny. Areas upon which it gives advice are: -
- Selection, appointment and dismissal of the Fund's advisers, including actuary, benefits consultants, investment consultants, global custodian, fund managers, lawyers, pension funds administrator and independent professional advisers.

- Making decisions relating to employers joining and leaving the Fund. This includes which employers are entitled to join the Fund, any requirements relating to their entry, ongoing monitoring and the basis for leaving the Fund.
- Agreeing the terms and payment of bulk transfers into and out of the Fund.
- Agreeing Fund business plans and monitoring progress against them.
- Maintain the Fund's Knowledge and Skills Policy for all Pension Fund Committee Members and for all officers of the Fund, including determining the Fund's knowledge and skills framework, identifying training requirements, developing training plans and monitoring compliance with the policy.
- Formulating responses to consultations on LGPS matters and other matters where they may impact on the Fund or its stakeholders.
- Ensuring the Fund is managed and pension payments are made in compliance with the extant Local Government Pension Scheme Legislation, Her Majesty's Revenue & Customs requirements for UK registered pension schemes and all other relevant statutory provisions.
- Ensuring robust risk management arrangements are in place.
- Ensuring the Council operates with due regard and in the spirit of all relevant statutory and non-statutory best practice guidance in relation to its management of the Fund.
- Monitor investment performance.
- Work with the Fund Actuary to determine the level of employer contributions required from each employer within the Fund and ensure such contributions are received.

3.3 The Investment and Administration Advisory Panel meets on a quarterly basis, the most recent meeting taking place on the 1st March 2021.

4.0 INVESTMENT PERFORMANCE

4.1 There is a quarterly reporting cycle for pension fund investment performance, with exception reporting agreed with fund managers where there are particular concerns. The most recent Panel Meeting considered investment performance to the end of December 2020.

4.2 During the quarter ended 31st December 2020, the overall value of the Fund increased from £4,040 million to £4,417 million.

- 4.3 A summary of performance relative to the Fund specific benchmark is shown below.

Total Portfolio

	2018				2019				2020				3yr
Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Fund	-2.0	6.6	2.8	-8.1	7.9	5.0	1.9	2.6	-11.4	16.6	3.5	9.5	11.0
B'mark	-3.4	4.9	2.4	-6.2	7.0	4.1	3.1	0.7	-10.6	12.5	1.6	6.5	7.1
Relative	1.5	1.6	0.5	-2.0	0.9	0.9	-1.2	1.9	-0.8	4.1	1.9	3.0	3.9

- 4.4 As shown, the rolling 3 year performance of the Fund is 11.1% positive as compared to benchmark of 7.1%. For the last quarter (i.e. quarter 4), Baillie Gifford, the traditional equity portfolio, Global Growth high alpha equity portfolio, Global Opportunities high alpha equity portfolio and the UK Credit Fund outperformed their benchmarks, and CBRE property portfolio underperformed their benchmark. The BlackRock passive equity portfolio performed in line with benchmark. Baillie Gifford traditional equity portfolio outperformed their rolling 3 year rolling benchmark achieving a return of 17.7% against a benchmark of 12.8%.
- 4.5 The March 2021 Panel included a review of fund managers' performance. Presentations were received from Aon, providing feedback on their recent asset liability review of the Fund, and from Link Solutions and Russell Investments providing updates on activity undertaken during the year, the performance for that period and developments going forward of the pooling arrangements of the Wales Pension Partnership.
- 4.6 The asset allocation of the Fund by fund manager and mandate as at 31st December 2020 (which includes cash) is shown in the table below.

Baillie Gifford Traditional	Global Equities	27%
Link – Global Opportunities Fund	Global High Alpha Equities	8%
Link – Global Growth Fund	Global High Alpha Equities	32%
Link – UK Credit Fund	UK Credit	13%
BlackRock	Passive Global Equities	5%
Blackrock	Passive UK Gilts	9%
CBRE	UK Property	6%
Internal	Cash	0%

5.0 ADMINISTRATION UPDATE

- 5.1 Further to the legislative update provided at the December 2020 Pension Fund Committee, there has been a U-turn in relation to the HM Treasury regulations on 'Exit CAP' payments that came into force on the 4th November 2020. On the 12th February 2021, the HM Treasury determined that the Restriction of Public

Sector Exits Payments Regulations 2020 should be withdrawn. After extensive review of the application of the Cap, the UK Government has concluded that the Cap may have had 'unintended consequences and on the 25th February 2021 the necessary legislation was laid in Parliament to revoke.

- 5.2 As a consequence, on the 4th March 2021 the Ministry of Housing, Communities & Local Government (MHCLG) contacted Local Authorities to confirm that the scheme consultation launched in this regard was now considered closed. In addition, it was confirmed that there would be no changes made to Local Government pensions or redundancy terms without a further, separate consultation.
- 5.3 HM Treasury (HMT) published an update on the 2016 and 2020 cost cap valuations. The next step is for HMT, in light of McCloud being allowed for in the cost cap valuations, to consult with each Scheme Advisory Board (SAB) to determine if any revisions are required to the assumptions which feed into the cost cap valuation. Thereafter, final directions will be published by HMT and results confirmed with each SAB.
- 5.4 During February 2021, the SAB published the [Good Governance – Final Report](#) and the Chair submitted the Board's [Action Plan](#) to the Local Government Minister for consideration.
- 5.5 MHCLG published statutory guidance on the 2nd March, to assist LGPS administering authorities and scheme employers in implementing and operating the regulations on 'employer flexibilities' introduced in September 2020. The SAB have also provided more detailed guidance to be considered in conjunction with the statutory guidance. The Fund's application of these new flexibilities will need to be reflected within the Funding Strategy Statement, following consideration of this finalised guidance and discussion with the Fund Actuary.
- 5.6 All Wales Practitioner Group meetings are held to discuss and feedback issues into the National LGPS Advisory Group. Statistics around member deaths are still being collated throughout the pandemic. The Fund specific comparison is provided in the table below:

Month	<u>2020</u>	<u>2019</u>
April	129	39
May	66	51
June	66	46
July	65	43
August	38	46
September	54	55
October	59	84
November	66	61
December	55	43

Month	<u>2021</u>	<u>2020</u>
January	83	61

- 5.7 A recent meeting of the Fund's Communications Forum was held on 22nd February. One of the key issues discussed with Employers was the anticipated resource challenges on all parties to address the McCloud remedies.
- 5.8 Data quality and compliance remains a key priority for the Pension Fund. Further to the previous update at Committee, the Fund has been working closely with the applicable Employers yet to implement the I-Connect monthly data transfers. Progress has been made around some of the technical issues, with expectations to finalise in the first quarter of 2021/22.
- 5.9 Member Self Serve (MSS) continues to be promoted and registrations of Active, Deferred, Pensioner and Dependant members are shown below (as at February 2021).

	<u>Member Numbers</u>	<u>MSS Registrations</u>	<u>Current Percentage Take-up</u>	<u>Percentage Reported Previously</u>
Actives	23880	9026	37.80%	38.11%
Deferred	27918	7814	27.99%	27.46%
Pensioners	17651	3985	22.58%	21.73%
Dependants	2750	128	4.69%	4.55%

- 5.10 Eight 'Key Performance Service Standards' are monitored by the Panel and Pension Board. It was noted that in respect of performance during January 2021, one Performance Service Standard was behind target.
- % of Refunds of contributions processed within 10 days (82% for January against a target of 95%). This measure does not impact on the physical payment of benefits. 11 Cases were completed of which 2 exceed the 10 days target.
- 5.11 The number of 'Internal Dispute Resolution Procedure' Appeals in progress continues to be extremely low, with no obvious trends or concerns to report.

6.0 PENSION BOARD

- 6.1 The Pension Board last met virtually on 20th January 2021. In addition to the standard agenda items, the Chair of Pension Board referred to the minutes of the latest Wales Pension Partnership Chair engagement day. There were no items noted for referral back to Committee.

6.2 The Fund's Annual Pension Regulator survey was submitted on the 12th February, following the joint completion by the Chair of Pension Board and Scheme Manager.

6.3 Pension Board Members have continued to support their skills and knowledge requirement, through their attendance at relevant online events.

7.0 OTHER ISSUES

7.1 The Panel reviewed the skills and knowledge framework and noted the updates.

7.2 The Risk Register was considered, and updates noted. A review of the Risk Register is being dealt with elsewhere in this agenda.

7.3 The asset liability review was noted. The asset liability review update is being dealt with elsewhere in this agenda

7.4 Attached at Appendix 1 is the latest LAPFF quarterly engagement report for the period October to December 2020

8.0 CONCLUSION

8.1 This report sets out, for the Committee, the key issues being addressed as delegated functions, as specified in the Pension Fund Governance Policy Statement, by the Director of Finance and Digital Services.



Quarterly
Engagement
Report

October-December
2020



Climate goals,
BHP, Vale,
Standard
Chartered,
HSBC

CLIMATE EMERGENCY



It is the fifth anniversary of the Samarco dam collapse in Mariana, Brazil

LAPFF meets AngloAmerican and Glencore chairs on stakeholder engagement

Objective: Part of LAPFF’s strategy to make progress on tailings dam safety has been to meet company chairs to explain the Forum’s perspective on the importance of speaking meaningfully with affected communities. The Forum had managed to speak to the chairs of Vale and BHP but had yet to meet with the chairs of AngloAmerican and Glencore on this issue.

Achieved: Over the last quarter, LAPFF Chair, Cllr Doug McMurdo, spoke with both AngloAmerican Chair, Stuart Chambers, and Glencore Chair, Tony Hayward, on this issue. Both chairs recognised the importance of engaging effectively with affected communities but did not provide much detail on how their respective companies were going about this engagement.

“The more I discuss joint ventures with mining companies, the more concerned I become. These entities seem to mask significant governance failings that more often than not lead to significant ESG failings. We need to figure out a way forward on this issue.”

Cllr Doug McMurdo

Cllr McMurdo noted that the Forum had held a webinar on 5 November to remember the fifth anniversary of the Samarco dam collapse in Mariana, Brazil and to highlight the fact that reparations thus far have been woefully inadequate. He also raised concerns about the role of joint ventures in contributing to poor environmental, social, and governance standards in mining projects. While there was general agreement that joint ventures were problematic, the different companies had different perspectives on these structures, which might account for the dissonance in running them.

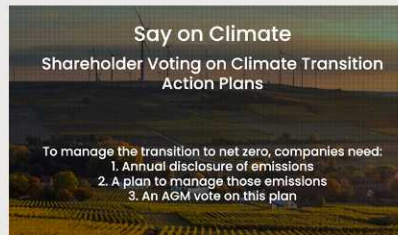
As an added dimension to this work, Cllr McMurdo also met with a number of Brazilian investors, including Previ, the largest public pension fund in Brazil, to test their appetite for engaging with the

CLIMATE EMERGENCY

SAY ON CLIMATE

In December, LAPFF came out in support of the 'Say on Climate' initiative which aims to secure a 'say on climate' vote at a wide number of company AGMs. This followed a meeting with Sir Chris Hohn who earlier this year had been successful in securing an annual vote at the Spanish airport group Aena's AGM on its climate transition plan. Sir Chris runs the Children's Investment Fund Management which is associated with the Children's Investment Fund Foundation. The difference between this initiative and, for example, Climate Action 100+ is that it is not exclusive to

high carbon-emitting companies but can be applied to all listed companies. Recommended actions also include advocating for a mandatory 'say on climate' which would mean it would be on every company AGM ballot. Further information can be found at www.sayonclimate.org.



affected communities. LAPFF found in its Rio Tinto engagement on Juukan Gorge that engaging with both local communities and local investors in Australia helped to galvanise a unified voice and support for change. The Forum is looking to build a similar coalition amongst Brazilian communities and investors.

These engagements fit within the continuing collaborative efforts between investors through another Church of England-led initiative on engagement with Indigenous communities. Over 70 letters were sent to mining companies globally to request improved disclosure on stakeholder engagement and governance. The results are now being collected to determine next steps.

In Progress: The Forum has yet to meet with Rio Tinto on the Juukan Gorge incident, despite additional requests to this end. Rio Tinto has granted investors meetings on climate change and general governance at board level but continues to push back on human rights and stakeholder engagement discussions. Having heard from community representatives in both the US and Mongolia on Rio Tinto's conduct, it is becoming clear that there are systemic failings in the company's ESG assessment processes that LAPFF will want to discuss when a meeting is finally granted.

It is also increasingly clear that joint ventures need more investor attention. Apart from the fact that they facilitate governance gaps, it was apparent from this quarter's meetings that the investors involved do not have a common vision for their operation or how to address ESG issues through these structures. This must

change quickly for progress to be made.

The Glencore meeting also focused largely on the company's announcement that it would be exiting coal and giving a greater focus to base metals. It will be important to follow up with the company to see how its strategy is being implemented, especially as the company is forecasting an increase in coal production to 2025 and with a new CEO, Gary Nagle, who is currently Head of Coal Assets, taking over from Ivan Glasenberg in the first part of next year.

Financing a Just Transition Alliance

Cllr Rob Chapman, LAPFF vice chair, joined the first meeting of the Alliance which aims to translate financial sector commitments into real world impact. The Alliance aims to build on positive momentum to encourage tangible action and profile promising case studies. Co-ordinated by the London School of Economics, a report will be produced setting out recommendations in time for COP 26.

ArcelorMittal and National Grid CA100+ Engagements Continue

Objective: to seek evidence of progress in the period to 2030 against the companies' net zero targets and to encourage board consideration of putting climate transition plans to shareholders for approval.

Achieved: Cllr Chapman, LAPFF vice-chair, met with Aditya Mittal, ArcelorMittal's Finance Director and

Bruno Lafont, the lead independent director, together with representatives from the other two lead Climate Action 100+ (CA100+) investors. It was a productive discussion with Aditya Mittal committing to look at providing appropriate hybrid arrangements for investors to participate in the annual meeting and for his presentation to the meeting to include detail on the zero-carbon transition with time being allowed for discussion on this. He also spoke about exploring partnerships with other companies to work towards using renewable power in manufacturing green steel. The company's progress in the use of hydrogen in steel-making to decarbonise the process, has been the issue raised most consistently in meetings with company representatives. In the 'Climate Action in Europe' report produced during the year, it was notable that this technology was separated out from the other 'smart carbon' technologies with the company announcing this quarter that they will produce the first steel using hydrogen from renewables in 2020.

At National Grid, LAPFF has long



LAPFF HOLDS WEBINAR SERIES TO REPLACE THE ANNUAL CONFERENCE

Presentations at the webinars included an overview from David Enrich, New York Times business investigations editor of his new book Dark Towers. Also expert speakers presented on the Opioid Crisis, Managing climate change in a pension fund portfolio, Just Transition, Financial Reporting on climate, an update from the communities affected by the Tailing Dam disasters, the COVID crisis and workers and Workforce Engagement.

The Chair and Vice Chair also presented the LAPFF 2020 Annual report to the membership and detailed engagements undertaken on behalf of LAPFF.

COMPANY ENGAGEMENT

been pushing for group-wide net zero targets to be set. Although the company has been signed up to the science-based target initiative for some time, no scope 3 targets for the group had been set. At an ESG investor event, the company announced that it has set an interim target of 20% reduction in scope 3 emissions by 2030. LAPFF asked the chair if he would consider putting the net zero transition plan to vote at the next AGM. The answer was not in the affirmative, but will be something to pursue with Paula Rasput Reynolds who will replace Sir Peter Gershon as chair in 2021. After this event, Cllr Chapman met with Sir Peter and followed up on the possibility of the board putting a climate transition plan to shareholders at the AGM.

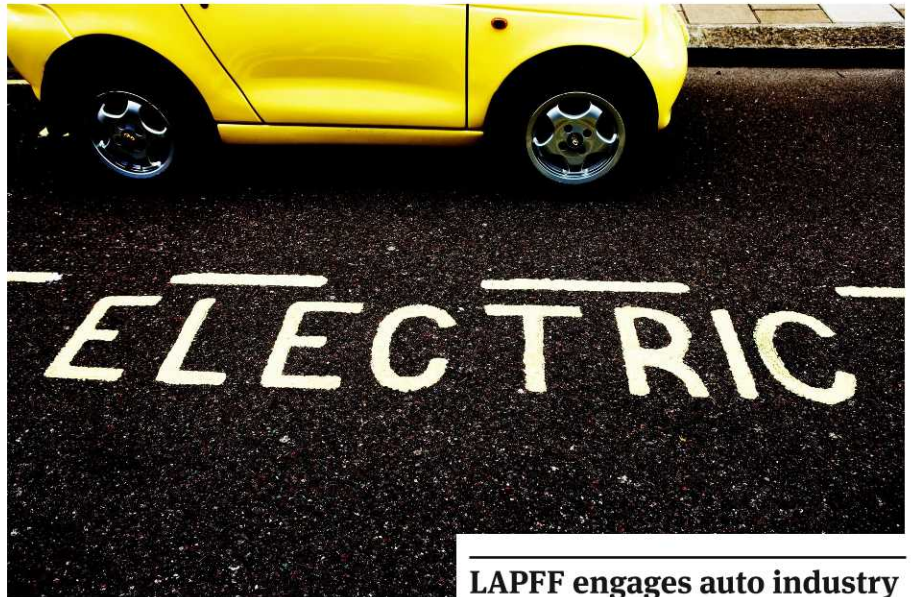
In Progress: Discussions continued with both ArcelorMittal and National Grid on the CA100+ benchmarking process. Some of the issues raised will be addressed in ArcelorMittal's second group climate report which seems likely to be issued in January 2021. Discussions with National Grid referred to the company's proposed Responsible Business Review to be published annually and how elements of the CA100+ benchmarking process might map into this and investors' ability to measure progress towards net zero.

LAPFF Approaches HSBC to Discuss Upcoming Climate Resolution

Objective: As was the case with the Barclays resolution this year, ShareAction has again approached LAPFF about co-filing a shareholder resolution with a UK bank. This time, HSBC is the target. The resolution calls on HSBC to 'reduce financed emissions from [its] portfolio of customers to net zero by 2050 or sooner. The Company should report on progress against its targets and strategy in its annual report on an annual basis, starting from 2021 onwards, including a summary of the framework, methodology, timescales and core assumptions used.'

Achieved: LAPFF's policy is to engage with companies prior to taking a view on whether or not to support a resolution, so a meeting with HSBC was requested in December to discuss the issue.

In Progress: This meeting will be pursued again in the new year.



LAPFF Engages Standard Chartered on Climate Finance

Objectives: LAPFF met with Standard Chartered to seek evidence of progress in the period to 2030 against the company's net zero targets and request the 2021 AGM be opened up to virtual attendance

Achieved: A virtual 'ESG' meeting provided access to the chairs of all board committees as well as the chair, José Viñals. Mr Viñals was responsive to both LAPFF questions. On progress to 2030, Standard Chartered has committed to net-zero emissions across its global properties by 2030 by sourcing energy from renewable sources and pursuing energy efficiency measures. For scope 3, he explained how the company is working with clients to measure, monitor and reduce emissions in order to ensure alignment of the portfolio with Paris goals. There are clear standards for non-compliance set but the bank has also committed to providing funding, with significant amounts for renewables and clean-tech projects over the next five years.

In Progress: In response to the question about running a 'hybrid' AGM, by allowing virtual attendance, Mr Viñals noted that the 2020 AGM had prepared for this by asking for a change in the articles of association. The board is reflecting on how this would work, including reflecting on the virtual ESG meeting itself and would 'try to do something that makes sense'.

LAPFF engages auto industry on climate

Objective: During 2020, LAPFF called on the UK government to ban sales of all new petrol, diesel and hybrid cars by 2025. Since then, the Government has confirmed that it will ban the sale of all new petrol and diesel cars by 2030, representing a significant 'real world' outcome in terms of carbon reduction impact.

LAPFF has sought to engage with the auto industry to ascertain how car makers will be approaching the challenges of electrifying their fleets and what their plans are to reduce carbon emissions.

Achieved: So far, LAPFF has written to six vehicle manufacturers regarding these issues, and the Forum recently met with BMW. BMW has openly set science based targets for its Scope 1 & 2 emissions but has yet to set such targets for Scope 3 emissions. The company assured LAPFF that it is ready to meet a rise in demand for electric vehicles and that its own operations will be carbon neutral by next year by offsetting its carbon emissions in a number of ways. They have also ensured that all of their battery cell suppliers use green energy and are looking at all aspects of supply to reduce CO₂ emissions.

In Progress: LAPFF has meetings organised for early 2020 with two other vehicle manufacturers to discuss these issues. LAPFF hopes to get manufacturers that haven't already, to set science based targets for their scope 3 emissions and also wants to ensure that these companies are set up sufficiently to deal with the electrification of their fleets.

COMPANY ENGAGEMENT



Protesters demonstrate outside the Grosvenor House Hotel whilst arms dealers, MPS, and military personnel hold a black tie dinner.

LAPFF Attends BAE Briefing

Objective: About a year and a half ago, the Forum began an engagement with widely held defence contractors to discuss their arms policies given the use of their weapons for the war in Yemen. One of the companies engaged was BAE. The company had intended to hold an investor meeting just as the Covid pandemic broke, so decided to hold a webinar later in the year in lieu of a physical meeting. Cllr McMurdo attended to see if there were any updates on the initial meeting from August 2019.

Achieved: When Cllr McMurdo met with BAE, he raised the question of engagement with human rights. However, the company appears to continue to focus on staff issues as its primary indicator of performance on the 'S' element of ESG. While it is understandable that the company is in a difficult position with government arms contracts, it is worrying that it appears to barely acknowledge the human rights implications of its arms contracts.

In Progress: In the first instance, it seems that raising awareness within the industry of investor concerns about human rights is necessary. Perhaps further progress can be made once this has been done. Post-Covid, the Forum will also explore whether it might be fruitful to engage with government on this issue.

Israeli-Palestinian engagements underway

Objective: A number of LAPFF funds were approached by both pro-Israeli and pro-Palestinian groups about investments in the Israeli-Palestinian territories. Consequently, the Forum cross-referenced the companies of concern with a UN list of companies raising concerns based on their operations in this area to determine a preliminary list of companies with which to engage on this issue.

Achieved: The first engagements have taken place with three of the seventeen companies approached on this issue. So far, there has been pushback on two fronts from all three companies. Motorola, which the Forum has approached in the past, merely provided its standard annual report text in response to a meeting request and has not yet granted a meeting of any sort. Altice, a French telecommunications company, and Israeli Discount Bank have both pushed back on LAPFF's request for human rights impact assessments in respect of their operations in the territories on the grounds that the UN list is political and it would do no good to undertake these assessments because existing legal requirements ensure human rights compliance in any case. Altice did engage through a meeting, though, while Israeli Discount Bank

submitted only a written response.

In progress: Forum members continue to be approached on this seemingly intransigent issue, and LAPFF will continue to engage with the companies approached. Although the Forum is not likely to solve this political problem, it is hoped that the companies engaged will come to understand the importance of conducting human rights impact assessments both for their own operations and in order to provide more helpful investment information to shareholders.

LAPFF IOPA Engagement Continues

Objective: LAPFF originally joined the Investors for Opioid and Pharmaceutical Accountability (IOPA) to combat the opioid epidemic in the US. However, since the Covid pandemic arose, the investor coalition has also engaged with pharmaceutical companies on their approaches to Covid vaccines.

Achieved: IOPA's Meredith Miller spoke at the LAPFF webinar series in early December and noted the dire situation on opioids in the US. Forum representatives also regularly attend IOPA meetings and have flagged shareholder resolutions stemming from the initiative.

In Progress: LAPFF will continue to notify members of co-filing opportunities as they arise.

COMPANY ENGAGEMENT

CONSULTATION RESPONSES

A letter on climate change was sent to the International Energy Authority (IEA) expressing LAPFF's concerns about carbon capture and storage (CCS). The letter points out the unproven record and technical lack of viability of CCS, coupled with the drastically reduced price of renewables in the last couple of years in questioning the IEA's position in support of CCS.

The CCS issue is of growing concern as company reporting in many of the hard-to-abate sectors appears to promote the technology and a meeting in December with the Global CCS Institute (GCCSI) revealed the extent of unsubstantiated and misleading material being shared with investors.

MEDIA COVERAGE

SAY ON CLIMATE:

Reuters UK local government pension group seeks mandatory climate votes

The Independent Why companies should give their investors a say on climate as well as bosses pay

Nasdaq UK local government pension group seeks mandatory climate votes

LSE (London South East) UK local government pension group seeks mandatory climate votes

IPE Ethos includes say on climate vote in guidelines

OTHER:

Telegraph Pension funds say accounting watchdog is compromised

Reuters Rio Tinto Names Sausholm as CEO in surprise pick after cave destruction

NETWORKS AND EVENTS

LAPFF Webinars

In addition to these end of year webinars, the Forum also held webinars with community members affected by mine operations in the US, Brazil, and Mongolia.



Once the world's fourth largest lake, the Aral has shrunk so much that it has now split into two separate bodies of water. [The United Nations Development Programme (UNDP) has been running an Aral Sea Programme since 1995, focusing mainly on water resources management, small business development, humanitarian assistance and a social and health programme as the ecological disaster of the dying sea has brought



VALUING WATER TASK FORCE

As a founding member of the Valuing Water Task Force, LAPFF attended the second task force meeting at the end of November. The purpose of the meeting was to provide feedback on the global impact assessment currently being undertaken by a team at the University of Saskatchewan. Task Force members discussed the importance of highlighting the link between water resources and climate change as well as the need for a solution-orientated approach. Members also discussed how best to encourage asset allocation to the future of water security. Part of the allocation discussion focussed on the potential scope and methods for harmonizing water risks and financial materiality. Ultimately, the methodologies of both the cost of inaction and the shadow price on water were identified as a potentially meaningful way of undertaking financial materiality assessments.

LGIM Stakeholder Webinar

A Forum representative also attended Legal and General Investment Management's annual stakeholder forum, held this year via video conference. The idea behind the event is to highlight upcoming issues for LGIM to consider in its voting and investing activities. This year, topics covered included anti-microbial resistance, climate, and human capital management.

CHRB and Covid Webinars

Forum representatives also attended a number of human rights-related webinars, including one on the impact of Covid on human rights and the launch of this year's Corporate Human Rights Benchmark (CHRB). This year's

benchmark covers the auto industry for the first time with auto companies performing very poorly.

IIGCC Weekly Meetings

LAPFF continues to be represented in weekly meetings co-ordinated by IIGCC around the shareholder resolution filing process for CA100+. Information sharing at this group helps in engagements with chairs and joint-CA100+ leads on putting net zero transition plans to shareholders. A meeting was also held with JustShare, a south African NGO, who has had a proposed shareholder resolution on climate refused by the energy and chemicals company Sasol, despite other listed South African companies having tabled similar resolutions over the previous 15 years.

COMPANY PROGRESS REPORT

145 companies engaged over the quarter during 172 engagements

*The table below is a consolidated representation of engagements so reflects the number of companies engaged, not the number of engagements

Company	Activity	Topic	Outcome	Position Engaged	Domicile
AFRICAN RAINBOW MINERALS LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
AGNICO EAGLE MINES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
AIR LIQUIDE SA	Received Correspondence	Climate Change	Moderate Improvement	Non-Exec Director	FRA
AIRBUS SE	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	NLD
AK ALROSA PAO	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	RUS
ALCOA CORPORATION	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	USA
ALSTOM SA	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	FRA
ALTICE EUROPE NV	Meeting	Human Rights	Dialogue	Chairperson	NLD
ALUMINUM CORPORATION OF CHINA LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
ANGLO AMERICAN PLATINUM LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
ANGLO AMERICAN PLC	Meeting	Governance (General)	Dialogue	Chairperson	GBR
ANGLOGOLD ASHANTI LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
ANTOFAGASTA PLC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	GBR
AP MOLLER - MAERSK AS	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DNK
ARCELORMITTAL	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	LUX
ARCELORMITTAL SA	Meeting	Climate Change	Change in Process	Specialist Staff	LUX
ASTRAZENECA PLC	Meeting	Other	Satisfactory Response	Specialist Staff	GBR
B2GOLD CORP.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
BAE SYSTEMS PLC	Meeting	Governance (General)	Dialogue	Chairperson	GBR
BANK HAPOLIM B M	Sent Correspondence	Human Rights	Dialogue	Chairperson	ISR
BANK LEUMI LE-ISRAEL BM	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
BARRICK GOLD CORPORATION	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
BASF SE	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
BAYERISCHE MOTOREN WERKE AG	Meeting	Environmental Risk	Change in Process	Specialist Staff	DEU
BEZEQ THE ISRAELI TELECOMMUNICATION CORP LTD	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
BHP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
BHP GROUP PLC	Meeting	Human Rights	Dialogue	Specialist Staff	GBR
BOLIDEN AB	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	SWE
BOOKING HOLDINGS INC.	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	USA
BP PLC	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	GBR
CHINA MOLYBDENUM CO., LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
CHINA NORTHERN RARE EARTH HIGH-TECH CO., LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
CHINA SHENHUA ENERGY CO LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
CITIGROUP INC.	Resolution Filed	Climate Change	Dialogue	Chairperson	USA
COAL INDIA LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	IND
COMPAGNIE DE SAINT GOBAIN	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	CHE
CONTINENTAL AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
CRH PLC	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	IRL
DAIMLER AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
DELEK GROUP LTD	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
DIXONS CARPHONE PLC	Sent Correspondence	Environmental Risk	Dialogue	Chairperson	GBR
E.ON SE	Received Correspondence	Climate Change	Dialogue	Specialist Staff	DEU
EDF (ELECTRICITE DE FRANCE) SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	FRA
ENDESA SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	ESP
ENEL SPA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	ITA
ENGIE SA.	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	FRA
ENI SPA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	ITA
EQUINOR ASA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	NOR

COMPANY PROGRESS REPORT

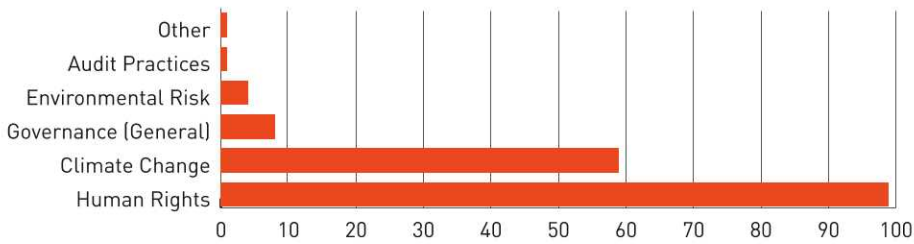
EVOLUTION MINING LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
EVRAZ PLC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	GBR
EXPEDIA GROUP INC	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	USA
EXXON MOBIL CORPORATION	Received Correspondence	Climate Change	Dialogue	Specialist Staff	USA
FIAT CHRYSLER AUTOMOBILES N.V.	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	NLD
FIRST INTERNATIONAL BANK OF ISRAEL	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
FIRST QUANTUM MINERALS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
FORD MOTOR COMPANY	Sent Correspondence	Climate Change	Awaiting Response	Chairperson	USA
FORTESCUE METALS GROUP LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
FREEPORT MCMORAN INC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	USA
GANFENG LITHIUM CO., LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
GENERAL MILLS INC	Sent Correspondence	Human Rights	Dialogue	Chairperson	USA
GENERAL MOTORS COMPANY	Sent Correspondence	Climate Change	Dialogue	Chairperson	USA
GLENCORE INTERNATIONAL AG	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
GLENCORE PLC	Meeting	Governance (General)	Small Improvement	Chairperson	JEY
GOLD FIELDS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
GRUPO MEXICO SERVICIOS SA DE CV	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	MEX
HAIER ELECTRONICS GP CO LTD	Sent Correspondence	Environmental Risk	Awaiting Response	Chairperson	HKG
HSBC HOLDINGS PLC	Sent Correspondence	Climate Change	Dialogue	Chairperson	GBR
IBERDROLA SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	ESP
ILUKA RESOURCES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
IMPALA PLATINUM HOLDINGS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
INCITEC PIVOT LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
INDEPENDENCE GROUP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
INDORAMA VENTURES PCL	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	THA
INDUSTRIAS PENOLES, S.A.B. DE C.V	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	MEX
ISRAEL DISCOUNT BANK LTD	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
JIANGXI COPPER COMPANY LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
KGHM POLSKA MIEDZ	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	POL
KINROSS GOLD CORP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
KIRKLAND LAKE GOLD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
KUMBA IRON ORE LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
LAFARGEHOLCIM LTD	Received Correspondence	Climate Change	Small Improvement	Non-Exec Director	CHE
LINDE PLC	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	IRL
LUFTHANSA AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
LYNAS CORP LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
MINERAL RESOURCES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
MITSUBISHI MATERIALS CORPORATION	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	JPN
MIZRAHI TEFAHOT BANK LTD	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
MMC NORILSK NICKEL PJSC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	RUS
MMG LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
MOTOROLA SOLUTIONS INC.	Sent Correspondence	Human Rights	Dialogue	Chairperson	USA
NATIONAL GRID PLC	Meeting	Climate Change	Moderate Improvement	Specialist Staff	GBR
NEWCREST MINING LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
NEWMONT MINING CORP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	USA
NEXTERA ENERGY INC	Sent Correspondence	Climate Change	Dialogue	Chairperson	USA
NISSAN MOTOR CO LTD	Sent Correspondence	Climate Change	Awaiting Response	Chairperson	JPN
NORTHERN STAR RESOURCES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
NOVOLIPETSK STEEL PJSC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	RUS
NUTRIEN LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
OMV AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	AUT
OROCOBRE LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
OZ MINERALS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
PAN AMERICAN SILVER CORP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
PAZ OIL CO LTD	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
PEUGEOT SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	FRA
PILBARA MINERALS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS

COMPANY PROGRESS REPORT

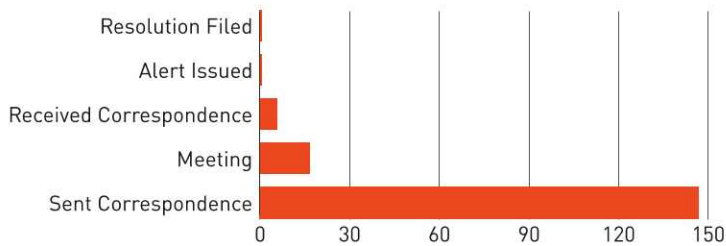
POLYMETAL INTERNATIONAL PLC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CYP
POLYUS MC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	RUS
REGIS RESOURCES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
RENAULT SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	FRA
REPSOL SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	ESP
RESOLUTE MINING LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
RIO TINTO GROUP (GBP)	Sent Correspondence	Climate Change	Change in Process	Non-Exec Director	GBR
ROYAL DUTCH SHELL PLC	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	NLD
SAINSBURY (J) PLC	Sent Correspondence	Environmental Risk	Awaiting Response	Chairperson	GBR
SANDFIRE RESOURCES	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
SARACEN MINERAL HOLDINGS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
SAUDI ARABIAN MINING COMPANY SJSC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	SAU
SEVERSTAL PJSC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	RUS
SHAANXI COAL INDUSTRY COMPANY LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
SHANDONG GOLD MINING CO., LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
SIBANYE STILLWATER LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
SILVER LAKE RESOURCES	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
SOUTH32	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
SOUTHERN COPPER CORP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	USA
ST BARBARA LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
STANDARD CHARTERED PLC	Meeting	Climate Change	Small Improvement	Chairperson	GBR
SUMITOMO METAL MINING CO LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	JPN
SUMITOMO MITSUI FINANCIAL GROUP	Sent Correspondence	Governance (General)	Dialogue	Chairperson	JPN
TECK RESOURCES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
TESLA INC	Sent Correspondence	Climate Change	Awaiting Response	Chairperson	USA
THE MOSAIC COMPANY	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	USA
THYSSENKRUPP AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
TOTAL SE	Received Correspondence	Climate Change	Moderate Improvement	Exec Director or CEO	FRA
TRIPADVISOR INC.	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	USA
UNIPER SE	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	USA
UNITED TRACTORS	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	IND
VALE SA	Meeting	Human Rights	Dialogue	Chairperson	BRA
VEDANTA LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	IND
VOLKSWAGEN AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
WESTERN AREAS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
YARA INTERNATIONAL	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	NOR
YES BANK	Meeting	Audit Practices	Awaiting Response	Chairperson	IND
ZHEJIANG HUAYOU COBALT	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
ZHONGJIN GOLD CORP., LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
ZIJIN MINING GROUP CO LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN

ENGAGEMENT DATA

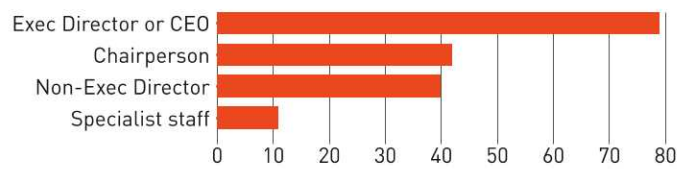
ENGAGEMENT TOPICS



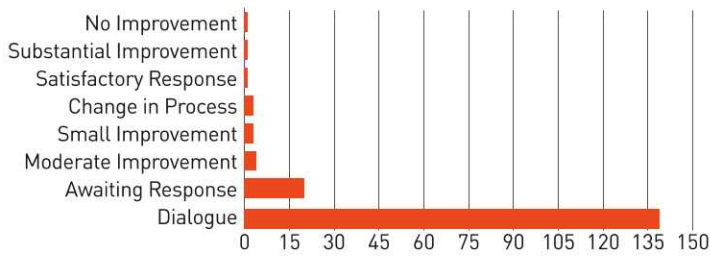
ACTIVITY



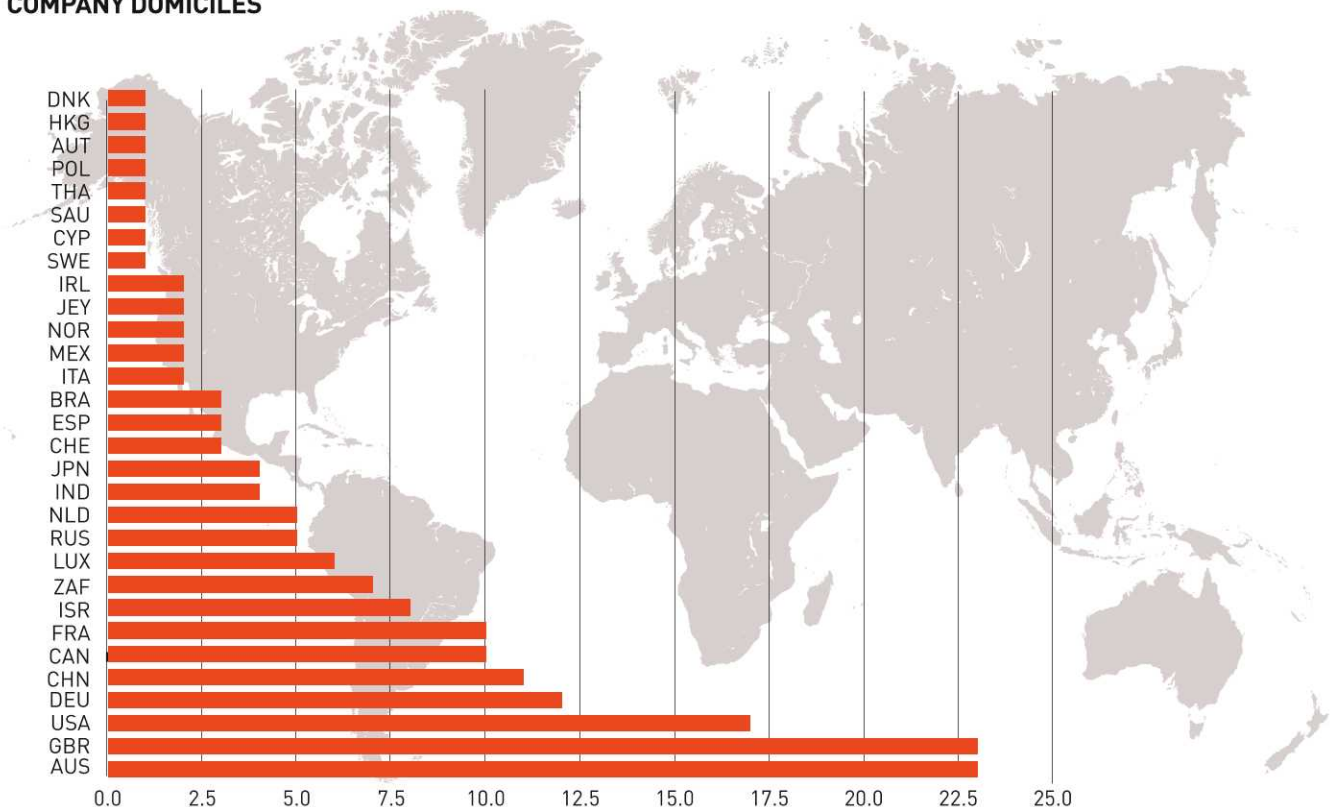
POSITION ENGAGED



MEETING ENGAGEMENT OUTCOMES



COMPANY DOMICILES



LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Individual Member Funds

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