



# ROYAL BOROUGH OF GREENWICH PENSION FUND

Annual Report - 2024/25



STEWARDSHIP  
CODE



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# Introduction



ROYAL BOROUGH OF GREENWICH  
PENSION FUND

# Message from Chair of the Pension Fund Investment and Administration Panel

As chair of the Royal Borough of Greenwich pension Fund Investment and administration Panel, I am pleased to introduce the Fund's annual Report and Accounts for 2024/25. This report provides a comprehensive overview of the Fund's financial activities throughout the year, highlighting key developments, investment performance, and governance initiatives.

For the year ending 31 March 2025, the overall value of the Fund increased by £63.86m to £1.75bn, representing approximately 4% growth. Over the past year, the global financial market landscape was shaped by fluctuating bond yields, mixed inflation signals, and cautious central bank policies amid geopolitical uncertainties.

We anticipate that our fund managers will continue to monitor market trends closely and make necessary adjustments to our portfolio to optimise returns while effectively managing risk.

In the 2024/25 financial year, the Fund achieved signatory status to the Financial Reporting Council's UK Stewardship Code 2020. This Code sets rigorous standards for those investing on behalf of savers and pensioners, promoting transparency and accountability. This achievement underscores the Fund's dedication to long-term, sustainable, and responsible investment.

At our February meeting, the Panel approved a £45m allocation to the London CIV Nature Capital Fund, alongside an additional £115m investment in the London CIV Private Debt Fund. This reflects our ongoing commitment to aligning with the government's directive on transitioning assets into the London CIV.

The Nature Capital Fund is a forward-thinking investment initiative aimed at enhancing the environmental and financial sustainability of our portfolio. By investing in projects that restore ecosystems, promote biodiversity, and support carbon capture, the Fund helps drive positive climate action while delivering long-term value.

As we move through 2025/26, the Fund will continue to seek opportunities to pool our assets into the London CIV to maximise savings. Currently, the Fund has over £896m invested in the Lond CIV, with plans in place to transition the remaining assets into the London CIV.

Looking ahead, the Fund anticipates a busy period with the "Fit for the Future" consultation focusing on reforms to the Local Government Pension Scheme, particularly in areas such as asset pooling, governance, and local investment. The government has published its response to the consultation, confirming that most proposals will proceed as

planned. LGPS funds and pools must now prepare for implementation, ensuring compliance with new regulations while balancing fiduciary responsibilities.

I would like to take this moment to extend my heartfelt thanks to my colleagues, our advisors, employer organisations and our officers for their unwavering dedication and support throughout the past year. Additionally, I wish to express my sincere appreciation to our fund members for their continued support of the Pension Scheme.



**Councillor Olu Babatola**  
Chair, Pension Panel

# Message from Chair of the Pension Board

Welcome to the annual message from the Local Pension Board. Our role is to support the Administering Authority in adhering to the LGPS regulations, meeting the requirements of the Pensions Regulator, and ensuring efficient and effective management of the Fund.

The Board continues to consist of two member representatives and two employer representatives, each holding voting rights. Additionally, Board members attend meetings of the Pension Fund Investment and Administration Panel in an observer capacity, strengthening the link between the Board and the Panel

Now in my third year as Chair, our primary focus has been on reviewing key governance documents. This has included the Governance Compliance Statement, which outlines the delegation arrangements for Fund-related decisions, and the Statement of Compliance with the UK Stewardship Code, which sets out fundamental principles of effective stewardship for institutional investors.

Looking ahead, the Board remains committed to staying informed about regulatory developments and closely monitoring the Fund's performance, particularly in relation to its administrative functions.

As Chair, I will continue to assess areas for development to ensure the Pension Fund remains aligned with best practices and fosters active engagement from stakeholders.

The Board is satisfied that the Royal Borough of Greenwich Pension Fund has operated in full compliance with statutory regulations and relevant legislation over the past year.

I would like to extend my sincere appreciation to my colleagues on the Pension Board for their dedication and contributions. Their commitment to governance and oversight has been invaluable in ensuring the continued effectiveness of the Fund. Additionally, I wish to express my gratitude to all staff involved in managing the Fund. Their professionalism and hard work has been instrumental in delivering high-quality pension services, supporting scheme members and employers alike.

Lastly, it is with great sadness that we acknowledge the passing of Alastair Kidd, who served on the Board as a member representative since 2022. His dedication, expertise and invaluable contributions to the Fund have left a lasting impact.

Alastair's commitment to the governance and oversight of the Fund was deeply appreciated and his presence will be sorely missed. On behalf of the Fund, we extend our heartfelt condolences to his family, friends, and colleagues.



**Councillor Nick Williams**

Chair, Pension Board

# Message from the Director of Resources

The Royal Borough of Greenwich Pension Fund is administered by the Council, which is responsible for overseeing its effective management and ensuring financial stability. This includes the collection of contributions from employers and scheme members, as well as the strategic allocation of investments in line with the Fund's Investment Strategy Statement.

I am pleased to report that the Fund has delivered strong financial performance over the past year, achieving a £64m increase in value to £1.75bn. This growth is a testament to the Fund's robust investment strategy, sound governance, and disciplined financial management, ensuring long-term sustainability for members.

However, this progress has occurred against the backdrop of prolonged higher inflation, which has placed pressure on the Fund's liabilities and broader economic conditions.

The 2024/25 financial year has been shaped by shifting market conditions, including fluctuating bond yields and ongoing geopolitical uncertainties. Equity markets have experienced periods of volatility, while fixed-income investments have seen adjustments in yields due to central bank policies. Additionally, the UK economy has faced inflationary pressures, affecting real returns on pension assets. Despite these challenges, the Fund has continued to adapt its

investment strategy, focusing on diversification, risk management and sustainable investment principles.

The end of the 2024/25 financial year also marked the beginning of the Triennial Valuation, a crucial milestone for the Fund. This process will provide an updated assessment of funding levels, employer contributions and long-term sustainability. The previous valuation in 2022 set the funding level at 103%, and we are looking to improve on this position.

Last year, the Fund actively engaged on the government's Fit for the Future consultation, which sought views on proposed reforms to asset pooling, governance, and investment strategy. The government's response confirmed its intention to proceed with these proposals, despite concerns raised by stakeholders. Notably, only 5% of respondents supported the March 2026 deadline, underscoring the challenges of transitioning assets within the proposed timeframe.

With the consultation period now concluded, the Fund is preparing for implementation, ensuring compliance with new regulatory requirements. However, we continue to await the progression of the Pension Schemes Bill 2025 through Parliament, which will formalise the government's response and provide further clarity on the next steps

Alongside these significant developments, we have remained dedicated to delivering high-quality pension services to scheme members while supporting employers in fulfilling their obligations. As of now, the fund has 27,431 members and 63 active employers.

I would like to express my appreciation for the dedication and professionalism of all staff involved in administering the Pension Fund. Their hard work is instrumental in ensuring the continued delivery of essential services for the benefit of our scheme members and employers. The Fund remains committed to innovation, striving to provide an outstanding service to pension fund members while delivering value for money for employers and local taxpayers alike.

**Damon Cook**  
Director of Resources

# Scheme overview

The Royal Borough of Greenwich Pension Fund is part of the LGPS which is governed by various regulations. Its benefits are therefore defined and guaranteed in law. The LGPS was contracted-out of the State Second Pension (S2P) for 2015/16. The scheme changed to be 'contracted in' during April 2016. The Pension Fund fulfils the requirements of the Public Services Pensions Act 2013, which requires Councils to maintain a Pension Fund for its own employees and employees admitted to the Fund under an admission agreement.

The Royal Borough of Greenwich is the Administering Authority and the Director of Finance is responsible for the day to day administration of the Fund.

The Royal Borough of Greenwich Pension Fund is a funded pension scheme which means that contributions into the Fund are made by employers and employees which are then used to make investments upon which a return is anticipated.

Benefits are paid using the Funds cash flow.

Employee contribution rates are set by regulations and are dependent upon each member's actual pensionable pay. Employee contributions attract tax relief at the time they are deducted from pay.

Employers participating in the Fund pay different rates of contributions depending on their history, their staff profile and any deficit recovery period agreed with the Fund. Employer contribution rates are reviewed as part of the triennial actuarial valuation. The last formal triennial valuation took place as at 31 March 2022 and showed that the Fund was 103% funded. Each underlying employer will have a different funding rate. Where there are deficits, these are spread and recovered over a maximum 20-year period from 01 April 2023. Deficits and surpluses are factored into the secondary/deficit recovery rate.

The investment objective of the Pension Fund is to ensure that the Fund has sufficient assets to pay pensions and other benefits by maximising investment returns within acceptable risk tolerances.

Some key points about contributions and benefits:

- From 1 April 2014 scheme contributions and benefits relating to service earned from that date changed and have moved to inflation linked Career Average Revalued Earnings (compared to final salary prior to the date of change). The higher accrual rate of 1/49th (rate pension is earned) was introduced

- There is flexibility for members to pay 50% contributions, in return for half of the normal benefits.
- The average contribution rate for employees has remained at 6.5%, but higher earners will pay more.
- The option to convert pension to lump sum has remained.
- Benefits from 1 April 2008 to 31 March 2014 are calculated using the accrual rate of 1/60 for pension and based on final salary. The accrual rate Pre April 2008 was 1/80.
- Employees are given a facility to enhance their pension arrangements through the use of Additional Voluntary Contributions (AVCs), as a requirement of the LGPS.
- The Royal Borough of Greenwich Pension Fund uses Clerical Medical as its current AVC provider. Members funds held in accounts with our previous AVC provider (Equitable Life) were transferred to Utmost Life and Pensions during 2019/20.

# Fund Highlights

**£1.8bn**

Pension fund value  
(£1.7bn 23/24)

**63**

Active employers  
(67 23/24)

**£67m**

Contributions received  
(£63m 23/24)

**£81m**

Benefits paid  
(£73m 23/24)

**27,431**

Total members  
(26,842 23/24)

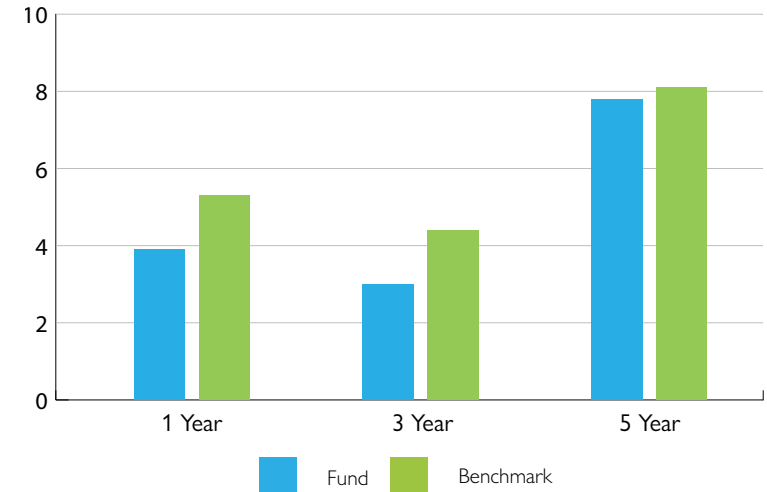
**103%**

Funding Level (2022)  
(97% 2019)

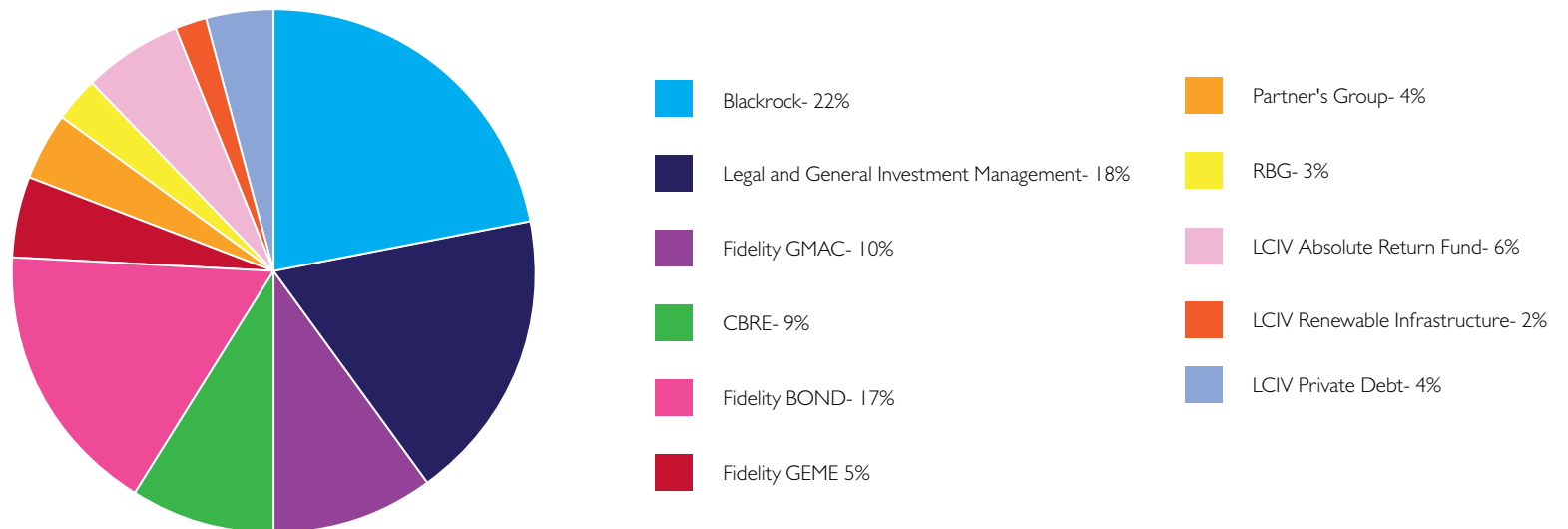
## Fund Key Highlights of 2024/25:

1. On 22 July 2024 the Fund successfully became a signatory to the FRC Stewardship Code for its Stewardship report for the year ending 31 December 2023
2. The fund value increased by 3.8% in 2024/25
3. Transfer of £237.5m global equities into low carbon global equities
4. Benefits continued to outweigh contributions, causing a negative net cashflow position. The Fund continues to work alongside its investment advisors to manage this via utilisation of its assets.

## Fund Performance



## Breakdown of Scheme assets by manager as at 31 March 2025



# Overall Fund Management



ROYAL BOROUGH OF GREENWICH  
PENSION FUND

# Scheme management and advisors

## Administering Authority

**Royal Borough of Greenwich**

royalgreenwich.gov.uk

## Officers

**Damon Cook** Director of Resources

## Panel Member

**Cllr Olu Babatola** Chair of the Pension Fund Investment and Administration Panel

**Cllr Jo van den Broek**

**Cllr Simon Peirce**

**Cllr David Gardner**

## Panel Observers

**Unite**

**GMB**

**Unison**

## Board Member

**Cllr Nick Williams** Employer Representative and Chair of Pension Board

**Cllr Ann-Marie Cousins** Employer Representative

**Simon Steptoe** Member Representative

**Alastair Kidd** Member Representative

## Actuary

**Barnett Waddingham**

barnett-waddingham.co.uk

## Investment Consultant

**Hymans Robertson**

hymans.co.uk

## Legal Advisor

**Freeths LLP**

freeths.co.uk

## Investment Managers

**BlackRock Advisors (UK) Limited**

blackrock.com/uk

**Fidelity**

fidelity.co.uk

**Legal and General Investment Management**

lgim.com

**CBRE Global Investment Partners LTD**

cbreim.com

**Wilshire Associates**

wilshire.com

**Partners Group (Guernsey) Limited**

partnersgroup.com

## AVC Providers

**Clerical Medical**

clericalmedical.co.uk

**Utmost Life and Pensions**

utmost.co.uk

## Custodian

**Nothern Trust**

northerntrust.com

## External Auditor

**Forvis Mazars**

forvismazars.com/uk

## Bankers to the Fund

**Natwest**

natwest.com

**Asset Pool Operator - (including investment manager for 3 funds)**

**London CIV**

londonciv.org.uk

# RISK MANAGEMENT

## Risk Management within the Governance Structure

Risk management is integrated into the governance structure of the Fund. Officers operate within the financial procedures and control environment of the Administering Authority which are regularly audited by internal and external audit. Overall oversight of risk management falls to the Panel which is responsible for the prudent and effective stewardship of the Royal Borough of Greenwich Pension Fund.

The risk management process involves:

- Risk identification
- Risk analysis
- Risk control
- Monitoring risk

Both the Local Pension Board and Panel receive information on risk via various forms including (but not limited to):

- Review of the Funds key policies and procedures which incorporate risk.
- Regular review of the Funds Risk Register

- Review of quarterly investment and manager performance (which provides insight on market trends and potential risk areas).

- Training

## The Risk Register

A key tool for the management of risk is the risk register. The register incorporates an assessment of likelihood and impact of risk events as well as control measures in place and an overall risk score.

The following table shows categories of risk that are identified by the risk register:

### Key Risks

**Administrative risk**

**Compliance/regulatory risk**

**Employer risk**

**Investment risk**

**Liability (and other) risk**

**Reputational risk**

**Skill risk**

Within each category a series of risks are identified and upon each review an update of the status and any changes in relevant controls are made. Each risk is assigned an 'owner' - a responsible officer who reviews and updates the risk details at least annually. The Director of Finance has responsibility to keep the risk register under review. The register is reviewed by Panel annually and split into four sections which are reviewed by Board each quarter on a rolling basis. The Funds current risk register can be found in Appendix A.

## How Risks Are Identified, Managed and Reviewed

A scoring matrix is used to identify and assess risks. The scoring matrix (Appendix B Scoring Matrix) assesses two elements of a risk:

- the chance of it happening
- the impact if it did happen

Each element is independently assessed on a scale of 1-5. These scores are then combined to give an overall score. The higher the score the more chance a risk will occur and the more significant the impact will be. The risk register lists the risks identified, the consequence of each risk occurring, and the score

assigned to each risk. Procedures and controls are then considered, the risk is reassessed, and a second score applied considering these.

This process identifies the risks with the highest scores, which are then prioritised for review by

Senior Management. The Panel and officers are mindful of risk in carrying out their duties on a day-to-day basis and any significant risks identified are reviewed and managed through processes and controls accordingly.

### Mitigating Risk

Detailed controls to mitigate risk are specified in the Funds risk register. However, the following table contains examples of the controls in place to mitigate key risks across investment, governance, and administration:

**Notes 14 and 15 of the pension fund Statement of Accounts also contain disclosures regarding the use of Financial instruments. This can be found on the website: [royalgreenwich.gov.uk](http://royalgreenwich.gov.uk) and searching statement of accounts.**

Area	Risk	Controls
Administration	Failure to collect or inaccurate record-keeping leading to potential loss of income and liquidity.	<ul style="list-style-type: none"> <li>Employers monitored against requirements of relevant legislation.</li> <li>Employers monitored against requirements of Fund KPIs.</li> <li>Overdue contributions actively chased from employers</li> <li>Persistent, significant or negligent failure reported to the Pensions Regulator</li> <li>Cashflow forecast monitored.</li> </ul>
	Data Protection (GDPR) Data is lost or misused leading to service disruption and / or breach of Data Protection legislation.	<ul style="list-style-type: none"> <li>Data is backed up on a daily basis in a secure manner for 30 days.</li> <li>Files containing member information are encrypted/ password protected prior to transmission.</li> <li>Staff are trained on the data they can and cannot provide.</li> <li>Use of secure email portals.</li> </ul>
	Incorrect calculations leading to payment errors.	<ul style="list-style-type: none"> <li>The auditor reviews the peer review process.</li> <li>Benefit calculations are double checked before they come into payment with appropriate sign off levels in place.</li> <li>For any changes to pension entitlements under legislations or guidance or changes to the pension system calculations a test environment is used for user acceptance testing before going live, to ensure payment calculations are correct.</li> <li>Staff are trained and updated checklists provided. Rec done quarterly</li> </ul>

Area	Risk	Controls
<b>Governance</b>	<p>Conflicts of Interest</p> <p>Failure to recognise conflicts of interests that are likely to prejudice an individual's ability to perform their role on either the Panel or LPB.</p>	<ul style="list-style-type: none"> <li>• Conflicts policy.</li> <li>• Members Code of Conduct.</li> <li>• Registers of personal and financial interests.</li> <li>• Governance training.</li> <li>• Member declarations formally recorded at each Panel meeting and as part of the published accounts.</li> <li>• Material Related Party Transactions published in accounts.</li> </ul>
	<p>Provision of Information</p> <p>Failure to administer scheme appropriately leading to incorrect decisions being made by members and the Fund that could adversely financially affect various stakeholders.</p>	<ul style="list-style-type: none"> <li>• Specific post with responsibility for technical updates.</li> <li>• Receiving appropriate training in all current and new technical areas.</li> <li>• Various members of staff including the Head of Pensions and Pensions Operations Manager attend seminars, training sessions, receive updates from professional advisors and circulations from the regulatory bodies.</li> </ul>
	<p>Succession Planning</p> <p>Failure to plan for turnover in Panel / Board members leading to vacant posts on panel and/ or shortfall in knowledge and skills of Panel/ Board members</p>	<ul style="list-style-type: none"> <li>• Awareness of known future events with potential to impact on Panel membership e.g. local elections.</li> <li>• Rolling training programme for Panel Members including induction for new Members.</li> <li>• Induction training process for new members.</li> </ul>

Area	Risk	Controls
	<p>Manager Performance</p> <p>Fund manager underperforms benchmark.</p>	<ul style="list-style-type: none"> <li>• Manager selection and monitoring.</li> <li>• Appropriate benchmarks.</li> <li>• Quarterly monitoring reports are made to Panel and action undertaken in respect of poorly performing managers.</li> <li>• Manager performances have been in line with their respective benchmarks in the medium term.</li> </ul>
<p><b>Investments</b></p>	<p>Asset / Liability mismatch</p> <p>Asset mix insufficient to generate funds to meet liabilities resulting in lower funding level, inappropriate deficit recovery period and increased employer contributions.</p>	<ul style="list-style-type: none"> <li>• Asset/Liability studies held. Modelling of various contribution rates and investment strategies and their implications assessed.</li> <li>• Fund holds a diversified portfolio of investments with a suitable strategic asset allocation benchmark for the Fund, which sets an appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk.</li> <li>• Consideration is also given to diversification across asset types, geographies, and managers.</li> <li>• Diversification.</li> <li>• Frequent monitoring.</li> </ul>
	<p>Illiquidity</p> <p>Assets sold at depressed valuation / investment opportunity missed.</p> <p>Inability to realise investments to pay benefits.</p>	<ul style="list-style-type: none"> <li>• Property and Private Equity represent a relatively small part of the portfolio.</li> <li>• The Fund is now cashflow negative. This is monitored weekly and forecast for two years.</li> <li>• Strategic asset allocation to make sure there is sufficient investment income being return to the Fund to meet benefits payment.</li> <li>• Regular review</li> </ul>
	<p>Pooling</p> <p>London CIV has inadequate resources to monitor the implementation of investment strategy and as a consequence are unable to address underachieving fund managers</p>	<ul style="list-style-type: none"> <li>• Attendance to regular business updates by officers.</li> <li>• Regular meetings with LCIV to discuss workloads.</li> <li>• Regular review of key LCIV documents/reports.</li> <li>• Manager performance included in quarterly performance report to Panel and Board.</li> </ul>

## Cyber Security

This continues to be the only area at high risk and under management review. It continues to be reviewed regularly after receiving a presentation from the Infrastructure Manager of the Digital and Customer Services Department at their December 2023 meeting to further understand the risks to the Fund in relation to the complex area of cyber security. All RBG officers have received mandatory on-line training in this area this year.

## Collaboration

The Fund recognises that partnership is a vital tool to understand and reduce risks. Collaboration with other counterparties provides valuable information to help identify potential risks and share insight as to how to mitigate these risks. Throughout the year the Fund has continued to engage with various counterparties including other LGPS colleagues, its investment advisors, actuary, and investment managers and through its membership of the Local Authority Pension Fund Forum (LAPFF). Throughout 2024/25 officers have attended business updates alongside the mid-year and annual conferences of the LAPFF to keep abreast of the work undertaken by the forum.

## Training

Panel, Board, and officers receive regular training on various topics which incorporate risk. In December 2024 both Panel and Board received training on Accounting and audit standards and Financial markets and product knowledge in line with the CIPFA Knowledge and Skills Framework. This was provided by the Funds Investment Advisors, Hymans Robertson and Barnett Waddingham.

## Management of Third Party Risk

The Fund's investment managers and its custodian issue annual internal control documents. These documents identify internal processes and procedures and details of the audit testing performed during the year. These provide comfort to the Fund that risk management and control policies and procedures are in place within these organisations.

Officers analyse and reconcile information provided by the custodian to that of the investment manager. Each quarter, the Panel receives a draft set of quarterly accounts. In preparing these, the assets held by each manager are reviewed and reconciled. The Panel also receives quarterly performance reports in which manager performance is reviewed. Any issues arising out of these reviews are raised at the Panel meeting.

The Fund's Investment Adviser monitors the market and the activities of investment managers and informs officers if there are any concerns such as key changes of staff.

The table below shows the latest agreed CIPFA prescribed frequency of internal audit testing of the Pension Fund, and testing carried out during 24/25 as part of internal audit testing of the Fund.

INTERNAL AUDIT TESTING			
Operational Risk Area	CIPFA prescribed frequency	Testing conducted 24/25	Level of control assurance
Benefit payments and lump sums	Annual testing	Yes	High
Employee contributions	Annual testing	Yes	High
Employer contributions	Annual testing	Yes	High
Membership records	Annual testing	Yes	Moderate
Administration and Governance costs	Every 5 years	No*	
Investment management costs	Every 3 years	No**	High

\*Due 27/28

\*\*Due 26/27

Fund Manager	Type of Report	Assurance Obtained	Reporting Accountant
Blackrock	SSAE 18/ISAE3402	Reasonable Assurance	Deloitte & Touche LLP
CBRE	AAF 01/20 and ISAE 3402 Type II	Reasonable Assurance	KPMG
Fidelity	AAF01/20 and ISAE 3402	Reasonable Assurance	PWC
Partners Group	ISAE 3402	Reasonable Assurance	PWC
Northern Trust	SSAE 18/ISAE 3402/ SOC I	Reasonable Assurance	KPMG
LGIM	AAF 01/20 and ISAE 3402	Reasonable Assurance	KPMG
LCIV	ISAs (UK)	Reasonable Assurance	Grant Thornton UK LLP

The Fund has been advised by Wilshire Private Markets, that their internal control structure does not receive an assurance report however; their controls environment are reviewed as part of their annual financial audit process.

A photograph of a modern building with a glass facade and a brick building next to it. The glass building has a prominent corner with a glass facade. The brick building is to the right. In the foreground, there is a red van and several cars. The sky is blue with some clouds. The text 'Governance and Training' is overlaid on the right side of the image.

# Governance and Training

ROYAL BOROUGH OF GREENWICH  
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# Governance

## Delegated Powers and Responsibilities

The Royal Borough of Greenwich is the Administering Authority for the Pension Fund. The Authority has delegated to the Pension Fund Investment and Administration Panel various powers and duties in respect of its administration of the fund. The Panel is the formal decision making body of the Fund. It should convene a minimum of four times a year and in 2024/25 comprised four Councillors with full voting rights. Representatives from admitted bodies and the trades unions are able to participate as members of the Panel but do not have voting rights.

### The general terms of reference of the Pension Fund Investment and Administration Panel are:

- To exercise all relevant functions conferred by regulations made under the Public Service Pensions Act 2013
- To consider and decide all matters regarding the management of the pension fund's investments and to determine the delegation of powers of management of the fund and to set boundaries for the managers' discretion.
- To decide all matters relating to policy and target setting for and monitoring the investment performance of the pension fund
- At least once every three months, to review the investments made by the investment managers and consider the desirability of continuing or terminating the appointment of the investment managers.
- To consider and make recommendations on policy and staff related issues which have an impact on the pension fund directly or indirectly through changes in employer pension contribution rates and through Fund employers' early retirement policies.

- To consider triennial valuation reports prepared by the Fund's actuaries, with recommended employer contributions.
- To receive monitoring reports from the Director of Finance on all matters relevant to the Pension Fund and the Administering Authority's statutory requirements.
- To receive reports as appropriate from the Pension Board

Day to day running of the Fund in respect of administering the membership through collecting contributions, paying benefits / pensions and maintaining all necessary records, is undertaken by the Director of Finance.

Further details on the delegation of functions are in the Fund's Governance Compliance Statement (Appendix C).

# The Pension Fund Investment and Administration Panel

## Panel Attendance in Municipal Year 2024/25

The table below shows the meeting attendance of Panel members over the course of the year. The Panel formally met on six occasions during the year. All Panel members have full voting rights.

Training	2024					2025
	Audit and accounting standards		Investments		Away day	
	<b>Councillor</b>	<b>22-Jul</b>	<b>16-Sep</b>	<b>09-Dec</b>	<b>27-Jan</b>	<b>14-Feb</b>
Olu Babatola (Chair)	A	A	A	A	A	A
Jo van den Broek	*	A	A	A	A	A
David Gardner	A	A	A	A	*	A
Simon Peirce	*	A	*	A	A	A

A = Attended

\* = Absent

# The Royal Borough of Greenwich Pension Board

The Royal Borough of Greenwich Pension Board met on five occasions during 2024/25. The purpose of the Board is to assist the administering authority of the Fund (the Royal Borough of Greenwich) in its role as scheme manager. The Board enhances scrutiny and governance within the Fund, helping to ensure that it complies with legislation and the law relating to pensions. A copy of the Pension Board Annual Report can be found in Appendix G. All Board members have full voting rights. Two Board members represent scheme members and two members represent employers in the Fund.

## Pension Board Attendance in Municipal Year 2024/25

Attendee	2024			2025	
	Training	Audit and accounting standards	Investments	Away Day	
	22-Jul	16-Sep	09-Dec	14-Feb	17-Mar
Councillor Nick Williams (Chair)	A	A	A	*	*
Councillor Ann-Marie Cousins	*	A	A	A	A
Alastair Kidd	A	A	A	A	A
Simon Steptoe	A	A	A	A	A

A = Attended

\* = Absent

## Member Training

The first Myner's Principle (see Investment Strategy Statement Appendix E) states:

### Administering authorities should ensure that:

- Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effective and monitor their implementation
- Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest.

The Fund has a Knowledge and Understanding Policy and Framework (Appendix F) which states that:

**“The Royal Borough of Greenwich recognises that effective financial administration and decision-making can only be achieved where those involved have the requisite knowledge and skills.”**

In 2024/25 training was provided to members on Audit and accounting standards and Investments. A questionnaire was provided after each session to complete, which was a new introduction this year. A commentary on the work undertaken during the year by both the pensions panel and the pension board can be found in Appendices L & M.

## Policy and Process of Managing Conflicts of Interest

Committee members and officers directly involved with the administration of the Fund are required to declare any conflicts of interests at the commencement of all meetings. Where a conflict is considered material, the member or officer may be asked to either; refrain from participating, or exclude themselves from the meeting for the discussion and consideration of the agenda item.

### Publication of Information

The dates of the Pension Fund Investment and Administration Panel meetings, along with meeting agendas, reports and minutes are available on the Royal Borough of Greenwich website.

Also available on the website are all reports and statements relating to the Pension Fund.

### Oversight and Governance of Asset Pool

The Fund maintains oversight of the work undertaken by its asset pool, the London Collective Investment Vehicle (LCIV) through various means including:

- Regular relationship meetings to discuss current workstreams and priorities.
- Regular attendance at monthly Business Updates provided by the Funds pool through which officers can ask questions and raise queries.

- Attendance at the annual LCIV conference. This two day event provides a more detailed, up to date breakdown of the pools operations and performance.
- Annual review of the pools internal audit assurance report which is examined as part of the annual audit.
- Quarterly review of LCIV Fund performance by Panel and Board.
- Participation in relevant seed Investor groups when new Funds are being designed to help shape the Fund, raise questions and challenge where necessary.
- An in depth due diligence process is undertaken by the Funds investment advisors for any new Funds of interest presented by the LCIV.



# Financial Performance



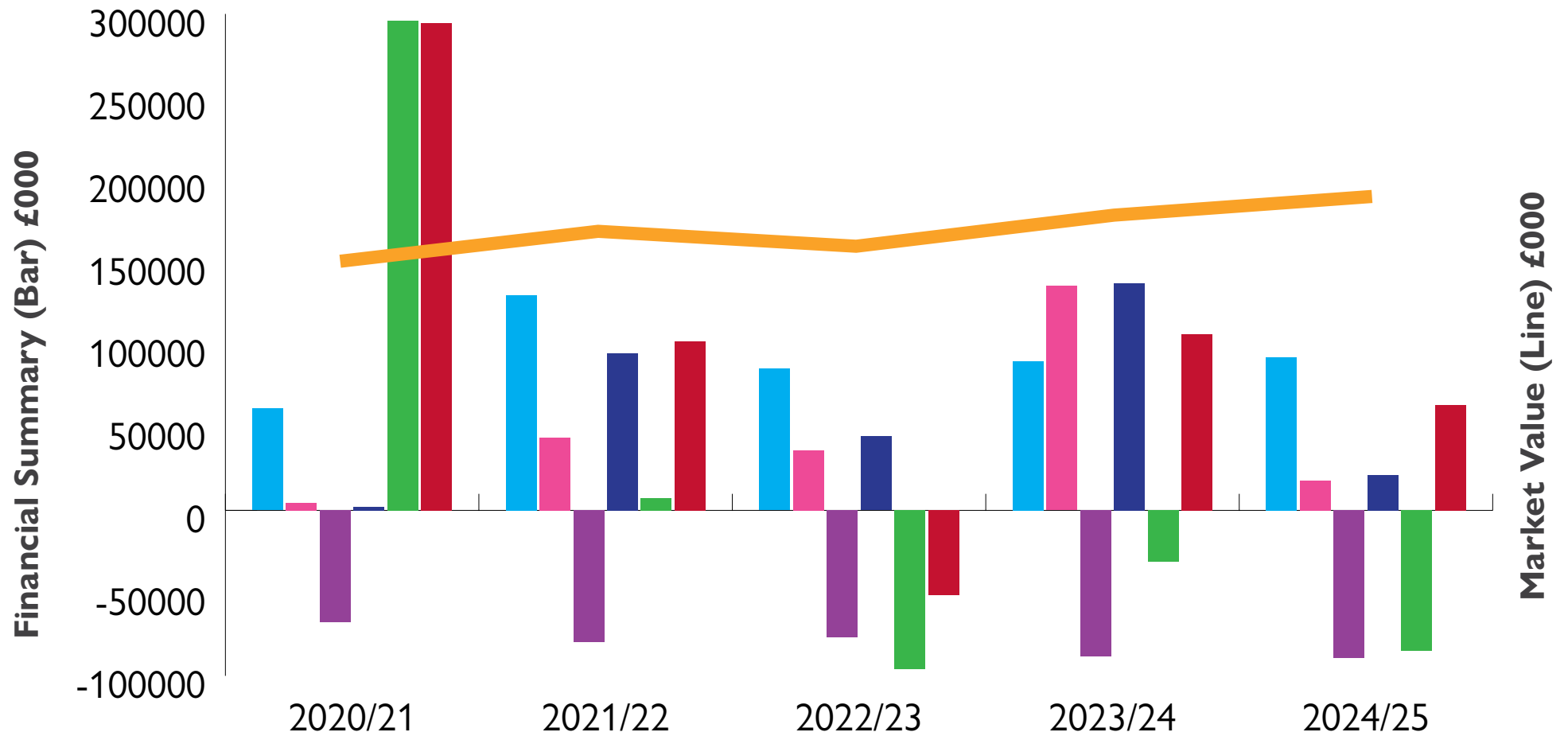
ROYAL BOROUGH OF GREENWICH  
PENSION FUND

## FINANCIAL PERFORMANCE

Below is a five-year financial summary of the Fund. The Fund increased in value by £295m in 2020/21 as it recovered well following a decrease in 2019/20 mainly due to Covid-19. The Fund recovered well in 20/21. The pace of growth slowed in 21/22, however, the Fund value was still up by 6.7%, growing by £102m. During 22/23, the Fund fell in value by 3.12% due to market conditions. The Fund increased in value by 6.72% in 23/24 and has increased by 3.78% in 2024-25. Comparisons between the year-on-year change in market value of the Fund, FTSE 100 and MSCI WORLD GD indexes are shown below. A more detailed performance review of the Fund comparing performance against the fund's specific benchmarks is available in the Investment Policy and Performance section of this report.

### Five Year Financial Summary

<b>Financial Summary</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Contributions and Investment Income	61,486	130,104	85,534	90,103	92,349
Realised Profit / (Loss)	4,673	44,165	36,092	135,559	17,978
Benefits and Expenses	-67,426	-79,536	-76,925	-88,442	-89,161
Net Annual Surplus / (Deficit)	-1,267	94,733	44,701	137,220	21,166
Increase / (Decrease) in MV of Investments	295,834	7,604	-95,751	-30,835	-85,025
Net Increase / (Decrease) in Fund	294,567	102,337	-51,050	106,385	63,859
<b>Market Value of Assets at 31 March</b>	<b>1,532,978</b>	<b>1,635,315</b>	<b>1,584,265</b>	<b>1,690,650</b>	<b>1,754,510</b>
<b>Change in Greenwich Fund Market Value</b>	23.79%	6.68%	-3.12%	6.72%	3.78%
<b>Change in FTSE 100</b>	18.37%	11.95%	1.54%	4.20%	7.92%
<b>MCSI WORLD GD</b>	39.09%	15.90%	-0.48%	23.05%	5.21%



- Net Increase / (Decrease) in Fund
- Increase / (Decrease) in MV of Investments
- Net Annual Surplus / (Deficit)
- Market Value of Assets at 31 March
- Benefits and Expenses
- Realised Profit / (Loss)
- Contributions and Investment Income

## Budgeted Fund Account

The Fund cash flow estimate for 2025/26 summarises a number of trends. Namely, increasing pension payments to members with regards to inflation and new pensioners.

Expenditure for 2024/25 was lower than forecast due to less payments for leavers including transfers out and refunds.

Overall income was less than forecast, mainly due to investment income. However, Employers contributions were higher than forecast.

Increases from 2023/24 actuals to 2024/25 actuals were expected due to inflation, Increase in Fund value and increased contributions as a result of salary increases.

Budgeted Fund Account- Fund Cashflow	2023/24	2024/25	2024/25	2025/26
	Actuals	Budgeted	Actuals	Budgeted
	£m	£m	£m	£m
Pension(or annuities): retired employees and dependents	(58)	(59)	(64)	(65)
Lump sums on retirement (including deferred)	(13)	(14)	(15)	(16)
Lump sums on death	(2)	(2)	(2)	(3)
Administration costs	(1)	(1)	(2)	(2)
Fund management costs	(5)	(7)	(4)	(4)
Payments to leavers including transfers out and refunds	(10)	(8)	(3)	(6)
<b>Total expenditure</b>	<b>(89)</b>	<b>(91)</b>	<b>(90)</b>	<b>(96)</b>
Contributions (including those from other employing authorities): employees	17	18	18	19
Contributions (including those from other employing authorities): employers	46	48	49	51
Investment income	23	25	17	18
Transfer values including apportionments	4	7	8	6
<b>Total income</b>	<b>90</b>	<b>98</b>	<b>92</b>	<b>94</b>
<b>Net inflow/ (outflow)</b>	<b>1</b>	<b>7</b>	<b>2</b>	<b>(2)</b>

The table below shows the total contributions made in the financial year.

Classification	Administering	Admitted	Schedule	Total
	£000	£000	£000	£000
Employers	37,674	2,672	8,640	48,986
Employees	13,867	1,021	2,790	17,678
<b>Total</b>	<b>51,541</b>	<b>3,693</b>	<b>11,430</b>	<b>66,664</b>

The table below shows summary of total employer contributions made in the financial year, and the timing.

Number of Contributions	Number of Late Payments	Percentage Late
728	19	2.61%

Statute specifies that 'contributions must be paid into the Fund by the 19th day of the following month to that which they relate'. The Pensions Regulations allows interest to be levied on contributions that are not paid on time.

This power was not exercised during 2024/25.

The table below shows the summary of information about the level of contributions as a percentage of pensionable pay.

Contribution level	
<b>Pensionable Pay</b>	<b>£262,285,004</b>
<b>Employee Contributions</b>	<b>£17,678,149</b>
<b>Percentage</b>	<b>6.74%</b>
Contribution level	
<b>Pensionable Pay</b>	<b>£262,285,004</b>
<b>Employee Contributions</b>	<b>£48,985,707</b>
<b>Percentage</b>	<b>18.68%</b>

## Overpayments

In 2024/25, we raised 25 invoices for overpayments of pension totalling £21,874.52 of which £11,009.33 was recovered and 1 invoice for £285.69 cancelled as it was raised in error. In 2024/25 the Fund wrote off 8 invoices totalling £1,772.90 for overpayment of pension, which was from the 2018/2019, 2020/2021 and 2021/2022 financial year. There were 17 invoices from previous years in relation to overpayments, which are outstanding – these total £14,519.22.

## Over payments in pensions are identified in the following ways:

- Formal notification from the next of kin of the death of the Pensioner/Dependent
- We receive a weekly Death Report from the RBG Health Authority giving the details and content of the Death certificates issued in the borough in the past week. We check each name against our database for Pensioners/Dependents as well as active and deferred members.
- Tell Us Once - Tell Us Once is a service that lets next of kin report a death to most government organisations in one go. We log in regularly and can download the death information and next of kin details. The individuals we retrieve from Tell Us Once are all RBG Pension Fund Members
- BACS Return – We receive a list of pension payments returned with a reason for return supplied by their bank. Sometimes the reason is “Deceased”. In all cases for a BACS return the pension is suspended until contact is made, if the pensioner had not passed away.

- Any post returned by Royal Mail that was sent to a Pensioner/Dependant. Upon receipt of a returned letter the pension is suspended. In most cases the pensioner/dependant has moved but not informed us and by stopping their pension initiates their contact with RBG. In some cases, it can be due to the member being deceased.
- The National Fraud Initiative (see below)

The Royal Borough of Greenwich is part of the National Fraud Initiative, receiving monthly reports from the Audit Team to compare against pension records. This is another way of identifying overpayments.



# Fund Account, Net Assets Statement and Notes

ROYAL BOROUGH OF GREENWICH  
PENSION FUND

# Fund Account and Net Asset Statement

Fund Account for the year ending 31 March 2025			
2023/24 £000	Fund Account	Notes	2024/25 £000
<b>Dealings with Members, Employers and Others directly involved in the Scheme:</b>			
Contributions Receivable:			
-45,956	Employer Contributions	6	-48,986
-16,961	Member Contributions	6	-17,678
-4,345	Transfers in from Other Pension Funds	7	-8,484
Benefits:			
57,894	Pensions	8	63,647
12,959	Lump Sums and Commutations	8	15,204
2,256	Lump Sum Death Benefits		1,786
9,531	Payments to and on account of Leavers	9	2,674
<b>15,378</b>	<b>Subtotal: Net (additions) / withdrawals from Dealings with Members</b>		<b>8,163</b>
5,767	Management Expenses	10a	5,849
<b>21,145</b>	<b>Subtotal: Net (additions) / withdrawals from Dealings with Members</b>		<b>14,013</b>
<b>Returns on Investment</b>			
-22,841	Investment Income	11	-17,200
-104,724	(Profit) and Losses on disposal of Investments and Changes in Value of Investments		-60,672
35	Taxes on Income		-
<b>-127,530</b>	<b>Net Returns on Investment</b>		<b>-77,872</b>
<b>-106,385</b>	<b>Net (increase) / decrease in the Net Assets available for Benefits during the year</b>		<b>-63,860</b>

The Funds Accounts were prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

The following are derived from the audited financial statements of the Royal Borough of Greenwich Pension Fund for the year ended 31 March 2025. The complete 2024/25 pension fund financial statements can be found in Appendix H.

### Net Asset Statement as at 31st March 2025

2023/24 £000		Notes	2024/25 £000
<b>Investment assets</b>			
<b>Pooled Investment Vehicles:</b>			
802,181	Equities	14	783,867
319,890	Fixed Income	14	476,274
133,483	Property Unit Trusts	14	150,437
199,000	Multi Asset	14	101,619
24,066	Infrastructure	14&22	29,736
67,733	Private Debt	14&22	71,220
<b>Non-Pooled Investments:</b>			
102,581	Diversified Alternative	14	80,447
838	Private Equity	14&22	747
5,945	Property – Freehold	3&14	6,560
6	Cash Deposits	19	38
25,218	Cash Equivalents	19	44,183
3,199	Other Investment Balances	18	3,058
<b>Investment Liabilities</b>			
-1,428	Other Investment Balances	18	-918
<b>1,682,712</b>	<b>Net Investment Assets / (Liabilities)</b>		<b>1,747,268</b>

## Net Asset Statement

2023/24 £000		Notes	2024/25 £000
<b>Current Assets</b>			
5,134	Contributions Due	18	5,523
645	Other Current Assets	18	724
4,007	Cash Balances	19	3,037
<b>Current Liabilities</b>			
-759	Unpaid Benefits	18	-579
-1,089	Other Current Liabilities	18	-1,463
<b>7,938</b>	<b>Net Current Assets / (Liabilities)</b>		<b>7,242</b>
<b>1,690,650</b>	<b>Net Assets of the Scheme available to fund Benefits at the Period End</b>		<b>1,754,510</b>

The financial statements of the Fund do not take account of liabilities to pay pensions and other benefits after 31 March 2025. The triennial actuarial valuation of the Fund does take into account the long term liabilities of the fund. The full valuation report can be viewed on our website.



# Investments and Funding



ROYAL BOROUGH OF GREENWICH  
PENSION FUND

# Investment policy and performance

## Investment Policy

The Royal Borough of Greenwich is the statutory body responsible for administering the Fund. It has delegated responsibility for the management of the Fund, including its investments, to The Panel. During 2024/25 the Panel comprised four Councillors from the Royal Borough of Greenwich, who have full voting rights. Trade Union representatives, staff from the Finance Directorate and professional advisors also attend Panel meetings but do not have voting rights.

The main objective of the Fund is to ensure that there are enough assets in the Fund to cover liabilities of promised retirement benefits; and to do this within acceptable risk parameters.

The Royal Borough of Greenwich Pension Fund is committed to managing investments efficiently and effectively. This means:

- Managing the performance of the investment managers to drive the delivery of returns they agreed to make.
- Negotiating fair fees with managers to ensure we are not paying excessive fees.
- Reviewing our investment structure and objectives in the light of economic changes using the asset/liability study tools.
- Choosing investments wisely and mitigating poor performing activities in real time.
- Training our Panel members and officers to ensure effective due diligence and focused and sound stewardship.

- Exploring opportunities for new ways of administering the Fund that deliver lower costs and improve returns.

The Fund's Investment Strategy Statement specifies that the Fund may invest in quoted and unquoted securities of UK and overseas markets, including equities, fixed interest and index linked bonds, cash, property and alternative products (e.g. private equity), either directly or through pooled funds.

The Fund may also make use of derivative type investments either directly or in pooled funds investing in these products, for the purpose of efficient portfolio management or to hedge specific risks.

The regs under which the FSS and ISS are prepared are

FSS – Regulation 58 of the Local Government Pension Scheme Regulations 2013

and

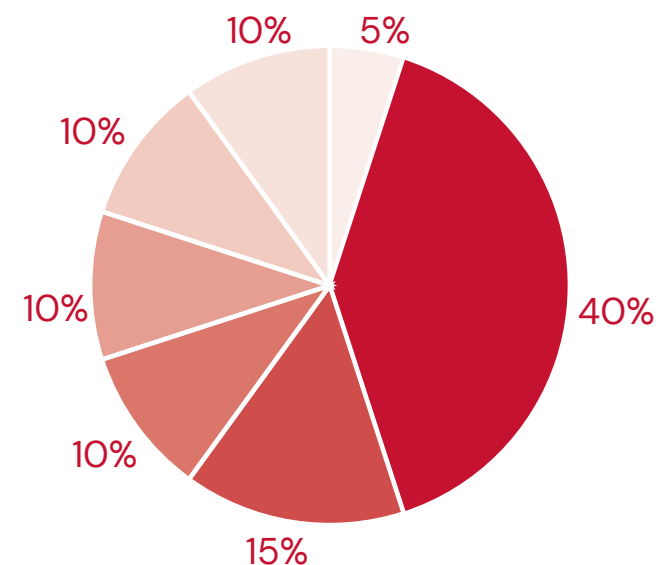
ISS - Regulation 7(1) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

Below is a list of bodies that the Pension Fund is a member;

- Local Authority Pension Fund Forum (LAPFF)
- London Pension Fund Forum (LPFF).
- Pensions & Investment Research Consultants Ltd (PIRC)
- London Collective Investment Vehicle (LCIV).

## Benchmark Asset Allocation

To support the Fund's objective of having enough assets to cover its liabilities and achieving this within acceptable risk parameters, the Panel, in conjunction with the Fund's investment advisor, has set the following benchmark asset allocation:



Multi Asset	5%
Global Equity	40%
Bonds	15%
Multi Asset Credit	10%
Property	10%
Private Debt	10%
Infrastructure	10%

Asset allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to organisations goals, risk tolerance and investment horizon. Each asset class will behave differently over time, reducing the impact of poor performing assets on the Fund as a whole. Fund managers are set risk parameters to provide them with some flexibility in achieving the asset allocation to allow them to them make the most of market conditions. They must seek approval for any positions that go beyond the agreed risk parameters set for their strategies. The following tables compare the actual asset allocation as at 31 March 2025 to the benchmark, the level of pooled assets as at 31 March 2025 and the value of UK investments as at 31 March 2025.

	Value	Actual Allocation	Target Allocation
Asset Class Breakdown	31-Mar-25	2024/25	2024/25
	£m	%	%
Equities	787	45	40
<b>Total Growth</b>	<b>787</b>	<b>45</b>	<b>40</b>
Multi Asset Credit	175	10	10
Property	157	9	10
Private Equity	1	0	-
Diversified Alternative	80	5	-
Multi Asset Strategy	102	6	5
Infrastructure	30	2	10
Private Debt	71	4	10
<b>Total Income</b>	<b>615</b>	<b>35</b>	<b>45</b>
Bonds	301	17	15
Cash and Cash Equivalents	51	3	-
<b>Total Protection</b>	<b>353</b>	<b>20</b>	<b>15</b>
<b>Total Scheme</b>	<b>1,691</b>	<b>100</b>	<b>100</b>

Over the year, the scheme assets increased by £64m. The asset allocation is broadly in line with the benchmarks set in the latest investment strategy statement. The Fund continues to monitor asset allocations and re-balances where necessary. The Fund also continues to explore pooling its assets.

The following table shows the level of pooled assets as at 31 March 2025. The Fund is in active conversations with its pooling operator, the London CIV, regarding further opportunities to pool its assets. This includes further investment in Private Debt and potential investment in a new asset class, Natural Capital.

The Fund will continue to work with the London CIV to enable the Fund to access appropriate investment solutions offered by London CIV which meet its objectives as per its latest Investment Strategy Statement (appendix E). This will further increase the percentage of pooled assets in the Fund.

<b>Asset Values as at 31 March 2025</b>	<b>Pooled</b>	<b>Under Pooled Management*</b>	<b>Not Pooled</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Equities	0	693	91	784
Bonds	0	0	301	301
Property	0	0	157	157
Hedge funds	0	0	0	0
Diversified Growth Funds (including multi-asset funds)	102	0	255	357
Private equity	0	0	1	1
Private debt	71			71
Infrastructure	30			30
Derivatives	0	0	0	0
Cash and net current assets	0	0	54	54
Other				0
<b>Total</b>	<b>203</b>	<b>693</b>	<b>859</b>	<b>1755</b>

\*The passive equity funds held with Blackrock and LGIM are included as “under pool management” on the framework agreed with London CIV partner funds in 2017 following a fee negotiation with LGIM and Blackrock. London CIV also includes passive fund holdings in the Climate Analytics reporting made available to all partner funds at nil charge across all investments whether pooled, under pool management or not pooled. In addition, a programme is in hand to extend London CIV’s due diligence service to facilitate period reviews of LGIM and Blackrock in respect of their passive offerings.

<b>Asset Values as at 31 March 2025</b>	<b>Pooled</b>	<b>Under Pooled Management*</b>	<b>Not Pooled</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
UK Listed Equities	12.8	211.9	0	224.7
UK Government Bonds	14.6	0	141.6	156.2
UK Infrastructure	10.6	0	0.1	10.7
UK Private Equity	0	0	5.1	5.1
<b>Total</b>	<b>38</b>	<b>211.9</b>	<b>146.8</b>	<b>396.7</b>

\*The passive equity funds held with Blackrock and LGIM are included as “under pool management” on the framework agreed with London CIV partner funds in 2017 following a fee negotiation with LGIM and Blackrock. London CIV also includes passive fund holdings in the Climate Analytics reporting made available to all partner funds at nil charge across all investments whether pooled, under pool management or not pooled. In addition, a programme is in hand to extend London CIV’s due diligence service to facilitate period reviews of LGIM and Blackrock in respect of their passive offerings

The following investment managers have managed mandates during the year:

Investment Managers 2024/25	
Passive Equity	Blackrock
Passive Equity	LGIM
UK Aggregate Bonds	Fidelity
Global Emerging Market Equity	Fidelity
Multi Asset Credit	Fidelity
Multi Asset	London CIV
Property	CBRE
Diversified Alternatives	Partners Group
Private Equity	Wilshire
Diversified Alternatives	Partners Group
Renewable Infrastructure	London CIV
Private Debt	London CIV
Custodian	Northern Trust

## Pool Reporting

The table below shows pool setup and on-going costs paid to London Collective Investments Vehicle (LCIV). This includes three charging mechanisms.

1. Development funding charge (DFC), introduced to cover the cash flow imbalance between annual revenues and annual costs, until the LCIV generates sufficient management fee income to cover annual operating costs.
2. Annual service charge, the £25,000 annual service charge is akin to a membership fee providing access to the breadth of LCIV services.

The charge is invoiced at the start of each financial year.

3. LCIV management fees. The Fund has over £690m in passive equities, which sits outside of the ACS vehicle operated by the LCIV. The investment is merely under oversight by the LCIV, and as such, they charge the fund fees based on these holdings. The fund also pays management fees for those funds directly managed by LCIV.

Year	Gross Fee Savings	LCIV Management Fees	Development Funding Charge	Annual Service Charge	Net Saving/ (Cost)
£000	£000	£000	£000	£000	£000
2024/25	487	-96	-73	-25	293
2023/24	454	-92	-76	-25	261
2022/23	680	-141	-85	-25	429
2021/22	451	-75	-85	-25	266
2020/21	62	-30	-85	-25	-78
2019/20	61	-30	-65	-25	-59
2018/19	55	-29	-65	-25	-64
2017/18	49	-27	-75	-25	-78
2016/17	11	-6		-25	-20
<b>Total to Date</b>	<b>2,310</b>	<b>-526</b>	<b>-609</b>	<b>-225</b>	<b>950</b>

The Fund is a shareholder in the LCIV and holds £250k worth of regulatory capital.

# Breakdown of Scheme Assets by Manager as at 31 March 2025

The market value of holdings and their individual benchmarks are shown in the table across:

Fund Values	2023/24 Market Value (£m)	Weight (%)	2024/25 Market Value (£m)	Weight (%)	Benchmark/Target
<b>Pooled into the LCIV</b>					
Blackrock - Passive Global Equities	385	23	388	22	Composite Benchmark
LGIM	282	17	308	18	Solactive L&G ESG Global Markets Net
London CIV Absolute Return	98	6	102	6	SONIA (30 day compounded) +3% (from 1 January 2022, previously 1m LIBOR +3%)
London CIV Real Return	101	6	0	0	SONIA (30 day compounded) + 3% (from 1 October 2021, previously 1m LIBOR +3%)
London CIV Private Debt	68	4	71	4	IRR (net of any fees) of 6 - 8% for the life of the Fund.
London CIV Renewable Infrastructure	24	1	30	2	IRR (net of fees) of 7 - 10%, with a target yield 3 - 5% per annum.
<b>Yet to be pooled into the LCIV</b>					
Fidelity BOND	153	9	301	17	50% iBoxx Sterling Non Gilt Index + 50% iBoxx Sterling Gilts Index
Fidelity GMAC	167	10	175	10	Absolute return of 3% p.a.
Fidelity GEME	137	8	90	5	MSCI Emerging Markets Index (Net United Kingdom tax)

Fund Values	2023/24 Market Value (£m)	Weight (%)	2024/25 Market Value (£m)	Weight (%)	Benchmark/Target
<b>Yet to be pooled into the LCIV</b>					
CBRE - Property	147	9	157	9	MSCI/AREF UK QPFI All Balanced Property Fund Index +0.4% per annum (including cash and net of fees) over rolling three-year periods.
Royal Borough of Greenwich	26	1	52	3	
Partner's Group	102	6	80	5	Absolute Return of 7-11% p.a.
Private Equity: Wilshire	1	0	1	0	
<b>Total</b>	<b>1691</b>	<b>100</b>	<b>1755</b>	<b>100</b>	

A review of the performance of each of the managers is provided later in this report.

# Manager Performance

The following table shows the one-year, three-year, and five-year performance of the Fund's managers.

Performance to 31 March 2025		1 year (%)			3 years (% p.a.)			5 years (% p.a.)			
	Active/ Passive	Pooled?	Fund	Benchmark	Relative	Fund	Benchmark	Relative	Fund	Benchmark	Relative
<b>Growth</b>											
Fidelity - Global Emerging Equity	Active		-3.1	5.6	-8.3	-2	1.9	-3.8	4.7	6.9	-2
Blackrock - Global Equities	Passive	✓	6.4	5.9	0.5	8.9	8.4	0.5	16.3	15.8	0.4
Blackrock - UK Equities	Passive	✓	9.9	10	-0.1	6.9	6.8	0.1	12.3	12.1	0.1
LGIM-Future World Global Equity	Passive	✓	5.3	5	0.2	-	-	-	-	-	-
<b>Income</b>											
LCIV - Absolute Return	Active	✓	3.6	8.1	-4.2	-0.5	7.2	-7.2	-	-	-
CBRE - Property	Active		7.1	6.3	0.7	-3.4	-3.3	-0.1	1.7	2.7	-0.9
LCIV - Preivate Debt	Active	✓	3	6	-2.8	7.3	6	1.2	-	-	-
LCIV - Renewable Infrastructure	Active	✓	-3.4	7	-9.7	8.7	7	1.5	-	-	-
Partners Group - Private Markets	Active		3.5	7	-3.3	2	7	-4.6	8.8	7	1.7
Fidelity - Multi Asset Credit	Active		1.7	3	-1.3	1.3	3	-1.6	3.9	3	0.8
<b>Protection</b>											
Fidelity - Bonds	Active		0.3	0.2	0.1	-3.1	-3.9	0.8	-2.2	-3.3	1.1
<b>Total Scheme</b>			3.9	5.3	-1.3	3	4.4	-1.4	7.8	8.1	-0.2

- Benchmark return is based on interim target reflective of gradual move out of the Partners mandate and into infrastructure and private debt
- Overall, the Fund's nett assets performed below benchmark over 1, 3 and 5 years.
- Fund performance are net to the fees. Fees are linked to AUM. Higher the performance, higher the fees.

## Blackrock

The funds have generally outperformed relative to their benchmarks over the period. The Aquila Life World (Ex UK) Equity Index Fund is a fund-of-fund structure that invests into tax efficient Aquila Life funds. Aquila Life funds tend to outperform their benchmark indices due to tax advantage with slight outperformance of 0.02%. The iShares UK Equity Index Fund (UK) delivered above benchmark by 0.37%. The Aquila Life Global 3000 Fundamental Weighted Index Fund also benefits from tax advantage which drove the outperformance relative to benchmark by 0.51% over the period.

## LGIM

The Future World Global Equity Index Fund returned 5.28% for the year ending 31 March 2025, outperforming the index by 0.26% (index return of 5.02%). The fund's performance was driven by central bank rate cuts and the re-election of Donald Trump, which introduced significant trade tariff changes. Despite inflation worries and recession fears, global equity indices rose.

UK equities outperformed the global average, led by strong gains in financials and telecoms. US equities delivered robust returns, particularly in financials and technology sectors. European equities increased but lagged the global average, with banks and telecoms performing well. Asia Pacific ex Japan equities gained but underperformed globally, with Chinese equities showing notable improvement.

## Fidelity Bond

The portfolio posted positive returns (gross of fees) 0.3% and outperformed the index by 0.1% over the review period. Overweight credit positioning, particularly in the banks and insurance sectors, contributed positively to excess returns. Banks benefitted from robust earnings and insulation from trade tariff concerns, while the underweight in the consumer sector added value. Overweight positions in securitised names like AA Bond and single-name credit selections such as Royal London, CPI Property, and Around town were key alpha drivers.

However, the underweight stance in utilities, especially Thames Water, detracted from performance. On the duration front, the overweight position in sterling duration held back gains due to rising Gilt yields, while the short position in Japanese Yen duration added to returns.

## Fidelity GMAC

The Fidelity multi asset credit Fund achieved a 1.7% return net of fees, underperformed benchmark by 1.3%. The primary driver of positive returns was the credit strategy, as credit spreads tightened due to robust economic fundamentals, strong investor demand, and low default rates. Corporate bonds outperformed sovereign bonds, with high yield bonds performing better than investment grade bonds amid easing inflation and resilient growth. The fund's exposure to high yield bonds and US leveraged loans significantly contributed to returns. However, interest rate risk exposure slightly detracted from returns, primarily due to volatility in UK government bonds

(Gilts), though this was partially offset by gains in US treasuries.

## Fidelity - Global Emerging Equity

Over the twelve months to 25 March, the fund returned -3.1%, underperforming the benchmark's 5.6% return by -8.3%. This underperformance was primarily due to exposure to China/Hong Kong and underweight positions in China. Stock selection in Kazakhstan and Brazil also detracted. However, positive contributions came from stock selection in India, Taiwan, and South Africa (notably Naspers). Sector-wise, financials and consumer discretionary stocks hampered performance, while materials and underweight energy positions enhanced gains. Underweight positions in Alibaba and Tencent were major detractors, though Tencent's impact was partly offset by Naspers. Lack of exposure to Xiaomi and weak demand for Samsonite also weighed on returns. Conversely, Brilliance China Automotive, MakeMyTrip, TSMC, Standard Bank, and Piraeus Financial performed well. The fund remains conservatively positioned, focusing on well-capitalised businesses with under-levered balance sheets.

## Partners Group

In the year ending 31 March 2025, PG RBG IC Ltd (the fund) achieved a net performance of +3.5% in GBP terms. The portfolio showed resilience amid macroeconomic uncertainty and U.S. policy-driven volatility. Valuations began to recover in the second half of 2024 due to reduced interest rates, though the recovery pace has since slowed. Private equity, infrastructure, and private debt contributed

positively, while real estate detracted. A key driver was the private infrastructure asset, VSB Group, sold to TotalEnergies for EUR 1.57 billion. With the fund mandate in wind-down, Partners Group focused on efficient portfolio management, distributing GBP 25m to fund.

## CBRE

Over the past 12 months, the portfolio achieved a total return of 7.1%, surpassing the benchmark return of 6.3%. Despite increased geopolitical uncertainty affecting consumer and market sentiment, the UK economy demonstrated resilience with a GDP growth of 1.3%, driven mainly by the services sector, which saw a 0.7% growth in Q1. However, the macroeconomic environment remains challenging due to global trade headwinds and domestic fiscal retrenchment.

Inflation decreased more than anticipated in March, dropping from 2.8% to 2.6%, primarily due to lower petrol and leisure costs. This led to a revised forecast, reducing the expected number of interest rate cuts by the Bank of England in 2025 from four to three, in response to ongoing price pressures.

Capital values showed signs of recovery in Q1, with the March MSCI UK monthly index indicating a 0.3% growth at the All-Property level, resulting in a Q1 total return of 0.6% and a 12-month return of 6.5%. Property yields stabilised, with all segments except offices experiencing positive capital value growth. UK commercial investment transactions

totalled £52.4 billion over the past year, according to CBRE Group, Inc.

The recent property market downturn has been unique, driven entirely by yield rather than pricing, unlike previous downturns that also saw declining rents. Since early 2021, rental growth at the UK All-Property level has been positive, averaging 3.9% per annum since the pricing downturn began in June 2022. The 5-year market outlook is primarily driven by rental growth, with expectations of greater asset-level differentiation compared to the previous cycle.

## LCIV Absolute Return Fund

Over the past year, the LCIV Absolute Return Fund returned +3.6%, below its +8.1% target. The three-year annualised return is -0.5%, 7.7% under the target. Since inception, it has returned +4.4% per annum, slightly below the target by 0.4%.

The fund's defensive strategy, focusing on downside protection, led to large allocations in cash and short-dated bonds. This limited upside during positive market periods. The manager balances risks by identifying unique opportunities and trading tactically. The fund holds significant liquid assets, with Japanese government debt as a core component, and focuses on overlooked equity segments in China and Europe.

## LCIV Private Debt Fund

The Fund return 3% against a 6% benchmark, the NAV of the LCIV Private Debt Fund rose to £526.9m, reflecting a gain of £106.8m since

inception. The fund achieved an inception-to-date IRR of 8.3%, surpassing its target of 6-8%. The investment period ended in March 2025, with £80m committed to the Churchill Middle Market Senior Loan Fund V. The outlook for 2025 is cautiously optimistic, anticipating increased M&A activity, stable interest rates, and improving inflation expectations. Private capital remains attractive due to its income generation, risk-adjusted returns, and insulation from public market volatility.

## LCIV Renewable Infrastructure

The Fund return -3.4% return for the 12 month against a benchmark of 7%, latest data when writing, the London CIV Renewable Infrastructure Fund (LRIF) on a fund level increased to £620.1m, up £169.8m from the previous year and £43.2m above total contributed capital since inception. The Fund is 52% drawn and fully committed at £1.1bn after three new investments in 2024.

Currently, LRIF has minimal distribution activity as it ramps up, but it remains on track to deliver the expected yield by March 2025. Yield distributions are anticipated to begin in June 2025.

## Private Equity

The Scheme invests in one portfolio

- **Wilshire** – invests in one fund:
  - Fund VII US

As of the 31 March 2025, the capital called and uncalled figures were:

Fund	Called Capital (m)	Uncalled Capital (m)
Wilshire Fund VII US- USD	16.38	0.32

The net internal rate of return and the total value to paid in of each portfolio can be seen below.

Fund	IRR p/a	TVPI
Wilshire Fund VII US	7.67%	1.68%

## Largest holdings

The following table gives the top 10 pooled fund holdings at 31 March 2025.

Top 10 Global Holdings as at 31 March 2025	Market Value	Weight
	(£m)	(%)
1 - LGIM Future World Global Equity Funds	308	18
2 - Blackrock iShares UK	301	17
3 - Fidelity Global Multi Asset Credit	222	13
4 - Fidelity UK Aggregate Bond	175	10
5 - Blackrock Aquila Life 3000	163	9
6 - Fidelity Global Emerging Market Equities	102	6
7 - Partners Group RBG IC Ltd	90	5
8 - London CIV Real Return	80	5
9 - London CIV Absolute Return	68	4
10 - London CIV Private Debt	38	2

An asset liability study is utilised by the Fund as a modelling tool for assessing funding and investment strategies in order to generate the optimal investment strategy. The asset liability modelling output provides the framework for making decisions around long term strategic benchmarks appropriate to the Fund's liabilities; developing a funding strategy and identifying triggers for dynamic changes to the investment strategy.

Further details about the investment strategy can be found in the Investment Strategy Statement (Appendix E).

### UK Stewardship Code

The Pension Fund issues a Stewardship Report in line with the UK Stewardship Code for Institutional Investors which is reviewed on an annual basis. The Stewardship Code sets out twelve principles of good practice on engagement with investee companies. The Stewardship Report is set out in Appendix D. The Fund's equity, bond and multi asset managers have also issued reports in line with the Stewardship Code.

### Voting Policy

The Fund has delegated the exercise of voting rights to its investment managers and has set out Voting Intention Guidelines which it expects the manager to follow, where the fund is segregated. These guidelines are set out in appendix III of the Investment Strategy Statement (Appendix E).

ESG

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ROYAL BOROUGH OF GREENWICH  
PENSION FUND

# Responsible Investment

## Fund Key Highlights of 2024/25:

- 1 Continuation of presentations to the Local Pension Board from the Funds Investment managers – solely focused on ESG and engagement.
- 2 The Fund became a member of Pensions for Purpose, a B Certified Corporation which works with asset managers, pension funds and professional advisors to promote the flow of capital towards impact investment.
- 3 Review and update of the Funds Net Zero Roadmap to assess the work undertaken so far to reduce the Funds carbon footprint. The revised strategy sets out a workstream for the next 12-18 months.
- 4 Receipt of third year report detailing the Funds carbon footprint and providing year-on-year comparator.
- 5 The Fund made commitments of approximately £45m to the LCIV Nature-based Solution Fund and £115m to the LCIV Private Debt II Fund.
- 6 Pensions for Purpose, presented at the Funds 'Annual Strategic Away Day' on the importance of engagement with companies in high conflict areas.

The Fund recognises the importance of responsible investment, in particular climate risk, within the investment landscape and continues to undertake work to ensure that its governance procedures and investment strategy consider the opportunities and risks presented by climate change.

This section reports on the Funds activity in 2024/25 in line with the four core elements of the Taskforce on Climate-Related Financial Disclosures (TCFD) as follow:

<b>Governance</b>	Details the organisation's governance around climate-related risks and opportunities.
<b>Strategy</b>	Focuses on the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning.
<b>Risk Management</b>	Outlines the processes for identifying, assessing, and managing climate-related risks.
<b>Metrics and Target</b>	Disclosure of specific metrics and targets to assess and manage climate-related risks and opportunities, including greenhouse gas emissions data.

## Governance

<sup>1</sup> FRC Stewardship Code Signatory



On 13 August 2025 the Royal Greenwich Pension Fund was listed as a signatory to the Financial Reporting Council (FRC) Stewardship Code for its Stewardship report for the year ending 31 December 2024. The report demonstrates how the Fund has applied the Codes 12 stewardship principles over the 2024 year, evaluating what has been successful and identifying areas for improvement. This is the second consecutive year that the Fund has been listed as a signatory.

<sup>1</sup> Please see glossary for more detail.

## Engagement

Monitoring the engagement undertaken by the Funds investment managers as part of their investment decisions, especially on ESG factors, is an integral part of the Funds governance to promote good practice in the investee companies and markets within which the Fund is invested and to act in the best interests of its members.

2023 saw the introduction of presentations to the Local Pension Board from Investment Managers solely focused of ESG. The introduction of these ESG specific presentations provided a platform through which the Board can engage with managers in relation to their environmental, social and governance activities and engagements and allows Board to identify and challenge any gaps in this area. As this was the second year within which managers made these presentations, the Board were able to receive updates on previous engagements and ESG activities alongside information on new engagements. This meant that the Board was able to evaluate and gain understanding on what had progressed/changed over the year and challenge where appropriate

A key example of engagement work undertaken this year can be seen through the work of Fidelity:

In November 2024 Fidelity engaged with Meta as part of their digital ethics thematic engagement focused on promoting ethical Artificial Intelligence

(AI). Meta principally derives its revenue from advertising and is leveraging AI to improve its capacity to decide which advertisements to present to users across its platforms, as well as the optimal timing for these advertisements. By improving monetisation efficiency, Meta can increase revenue and conversions without displaying more adverts and negatively impacting the user experience.

Fidelity have collaboratively engaged with Meta alongside approximately 50 other investors including the Collective Impact Coalition for Ethical AI, (led by Fidelity, Church Commissioners for England, and Mercy Investment Services), The Big Tech & Human Rights collaboration and representatives from the broader peer/ competitor group.

The aim of this engagement was to get Meta to implement, demonstrate and publicly disclose the following:

- A set of ethical principles that guide the company's development, deployment, and/or procurement of AI tools.
- Strong AI governance and oversight across the value chain of AI deployment and use
- How these principles are implemented via specific tools and programs of actions relevant to the company's business model, including on the product and service level

- Impact assessment processes applied to AI, emphasizing human rights impact assessments (HRIAs), especially in high-risk use cases.

Fidelity aim to follow up this introductory engagement to discuss their expectations and objectives for Meta in the coming months.

- On 13 August 2025, the Royal Greenwich Pension Fund was successful in its application to remain as a signatory to the Financial Reporting Council (FRC) Stewardship Code for its Stewardship report for the year ending 31 December 2024. The report demonstrates how the Fund has applied the Codes 12 stewardship principles over the 2024 year, evaluating what has been successful and identifying areas for improvement.

## Training

Officers, Panel and Board members receive a rolling training programme in line with the 2021 CIPFA Code of Practice on LGPS Knowledge and Skills. As part of this training, officers, Panel and Board members are encouraged to complete The Pensions Regulator (TPR) online Toolkit. During the 2024/25 financial year Panel and Board received training in the following areas:

- Audit & Accounting Standards
- An overview of carbon footprint metrics
- Engagement vs Divestment
- Investments (Private Markets)

During 2023/24 the Fund completed a review of its training practices in line with the CIPFA Knowledge and Skills Framework with the aim of identifying gaps in knowledge and new ways through which the Fund can undertake training. During 2024/25 the Fund introduced quizzes to test the knowledge of its Board and Panel members. The Fund will report on the results of this during 2025/26.

During 2024/25 the Fund supported the Accountancy and Business Change Deputy Finance Manager undertake a postgraduate certification on Financial Climate Risk with Middlesex University.

Each year the Fund holds a strategic 'away day'. This day is an opportunity for Panel and Board members and officers to receive training, have round table discussions on key issues and reflect

on current and future priorities for the Fund. During this year's away day the Fund Pensions for Purpose provided training on engagement practices, escalation techniques and the pros and cons of divestment. The Fund also undertook valuation and strategy review training, ahead of the 2025 triennial valuation.

### LAPFF Membership

The Fund is a member of the London Pension Fund Forum – a member-led forum which aims to promote high standards of corporate governance through company engagement. The Fund monitors engagements undertaken by the LAPFF. Fund officers attend the forums quarterly business

meetings and bi-annual conferences.

### London Collective Investment Vehicle (LCIV)

Fund officers have continued to attend virtual monthly update meetings held by the LCIV which provide a vital platform through which pooled Funds can engage on a variety of topics and through which the LCIV can provide information and updates. Officers from the Fund also attended the annual LCIV Strategy and Responsible Investment Conference which provides a further engagement platform for pooled Funds to openly discuss relevant topics.

In January 2025, the Panel approved commitments of £115m to the London CIV Private Debt Fund II and £45m to the London CIV Nature Based Solutions Fund. However, timing of investment was delegated to the Director of Resources. At the 31st March 2025, the Pension Fund had not committed any amounts to the two Funds. The commitments took place in the first quarter of 2025/26.

## Strategy

### Policy

The Fund has a comprehensive Investment Strategy Statement (Appendix E) and a standalone Responsible Investment (RI) Policy (appendix K) which incorporate the Funds approach to climate related risks and opportunities. The Fund intends to re-review its RI Policy during 2025/26.

During 2024/25 the Fund delivered on his commitment to re-review its Net Zero Roadmap, reaffirming its aim to be carbon neutral by 2040 (with the commitment to explore options to meet this target sooner). Review of the carbon footprint data for the Fund further supports that the roadmap has been effective in setting workplan objectives and stewardship activities to reduce the Funds carbon emissions. The updated net-zero roadmap sets out workstreams for next 12-18 months to ensure that Fund continues on its net zero journey.

### Asset/Liability Modelling

In June 2023, the Fund carried out an asset liability modelling exercise in conjunction with the 2022 actuarial valuation. As part of the exercise a number of contribution rates and investment strategies were modelled and the implications of adopting a range of alternative investment strategies were assessed. The Panel reviewed the Fund Investment Strategy and agreed a rebalancing exercise across the Fund.

The Funds investment strategy factors into account the long-term nature of the Funds liabilities in relation to the underlying investments. The structure of the Funds' assets is therefore split as follows to accommodate a long-term time horizon:

- Growth Assets – Investments which aim to provide capital appreciation. These return seeking investments aim to provide a positive return over time to grow the scheme assets in order to meet future liabilities.

- Income Assets – Investments which provide income to support the Funds cashflow and therefore ensure that benefits are paid when they fall due.
- Protection Assets – These assets provide further protection against market risks by providing diversification.

In July 2024 the Panel re-reviewed its asset allocations and agreed to reduce its multi-asset allocation, top up its protection assets and create a blended fund of equities, bonds and cash to create a liquidity buffer.

### Nature based Solutions and Private Debt II Funds

On 27th January 2025, the Pension Fund Investment and Administration Panel approved commitments of £115m to the London CIV Private Debt Fund II and £45m to the London CIV Nature Based Solutions Fund. The commitments took place in the first quarter of 2025/26, with initial capital subsequently being called from the London CIV. Capital will continue to be called throughout the investment periods.

## Risk Management

As we move towards our net zero target the Fund needs to assess and monitor the risks and opportunities associated with climate change.

### Transitional Risk

Transitional risks are risks associated with societal and economic movement towards a low-carbon future. These risks are business related risks and can include policy and regulatory risks, technological risks, market risks and reputational and legal risks.

### Physical Risk

Physical risks are those associated with climatic events. These can be classified into two categories - chronic physical risks which are associated with longer term changes in weather patterns (for example sustained higher temperatures or sea level rises) and acute physical risks which are event-driven (for example hurricanes and floods).

Officers, Panel and Board review climate related risks via the following processes:

- Review of the Funds key policies and procedures which incorporate climate related risk (including the Funds Investment Strategy Statement, Responsible Investment Policy and Net Zero Roadmap)
- Incorporation of ESG related risks into the Funds risk register which is reviewed quarterly by Board and annually by Panel.
- Review of quarterly investment and manager performance (which provides insight on market trends and potential risk areas).
- Training specific to ESG risk management

# Metrics and Targets

This year is the Funds fourth year of reporting on its Carbon Metrics which now provides a broader vision of the Funds journey towards net zero.

## Carbon Footprint as at 31 March 2025

The Funds carbon footprint data has been provided by the London Collective Investment Vehicle (LCIV) since the Fund began monitoring its data in 2022. In the current reporting year, LCIV introduced a streamlined Climate Analytics Dashboard, designed to simplify and clarify the presentation of carbon footprint metrics.

As a result, the Fund has transitioned from reporting under the Direct & First-Tier Indirect emissions framework to the more widely recognised Scopes 1 and 2 classifications. This change aligns the Fund's reporting with industry standards and improves comparability across investment portfolios.

## Carbon Intensity Overview

The latest carbon footprint data is as at 31 March 2025. The chart below shows the carbon intensity of the Fund through the total carbon dioxide equivalents per million GBP invested (tCO<sub>2</sub>e/mGBP).

	Direct + First Tier Indirect	Scopes 1-2-3
31 March 2024	96.5	754.2
	Scopes 1 and 2	Scopes 1-2-3
31 March 2025	61.9	651.5
<b>Total Reduction</b>	<b>-</b>	<b>102.7</b>

## Definitions

- Direct and First-Tier Indirect: company emissions deriving from direct business activities or through the first tier of the companies supply chain.
- Scope 1: Direct emissions from owned or controlled sources.
- Scope 2: Emissions form consumption of purchased electricity and other sources generated upstream from the company.
- Scopes 1-2-3: direct operational emissions, emissions from consumption of purchased electricity, steam and other sources generated upstream from the company and emissions deriving from the in-use phase of a company's product or service.

## Climate Alignment

On average, the Fund is consistent with a scenario where global temperatures are kept to well below 2 degrees Celsius, in line with the Paris agreement.

## Fossil Fuel Exposure

As at 31 March 2024 the Funds revenue weighted fossil fuel exposure (the proportion of company revenues which came from fossil fuel extraction) was approximately 2.%, this has decreased to 1.92% as at 31 March 2025.

## Data Coverage and Sources

The carbon footprint data is available across approximately 78% of Fund mandates, however the coverage across each mandate varies. Of the Fund's mandates for which data could be obtained, 75% of assets were within the scope of reporting and of this, 68% data coverage could be obtained.

This data is derived from a range of sources including reported data in company disclosures and estimations based on reported data and modelled data (estimated by S & P). It is also important to note that some data is unavailable, and some assets fall outside the scope of analysis (e.g. sovereign bonds). Data availability also varies dependent of scope type.

The main challenge facing the Fund with regards to carbon footprint reporting continues to be the amount of coverage available across different asset types, especially in relation to scope 3 emissions (emissions which are not directly produced by a company but are created indirectly within its value chain).

For example, on average, across RBGS's funds, 61% of Scope 1 emissions data is reported or based on reported data, with a further 10% being modelled. This is in sharp contrast to Scope 3 data for which only 3% is based on reported data and 68% is modelled.

The quality of data information is improving, and it is important to note that, the quality of the data available remains more relevant than achieving maximum coverage at this stage.

## Next Steps

The Fund intends to make further progress in relation to climate risk and environmental, social and governance risks in 2025/26 including:

- Re-review and update of the Funds Responsible Investment Policy
- Re-review of the risk register process including further building of climate risks into the Pension Fund risk register.
- Initial reporting on voting activity and outcomes
- Design of an engagement reporting framework.

# Administration



ROYAL BOROUGH OF GREENWICH  
PENSION FUND

## Membership Summary

The table and graph alongside show a summary of membership numbers over the last five years. The number of active members has increased by 2% over the last 5 years overall, with pensioners increasing by 19% and deferred members increasing by 4% over the same period.

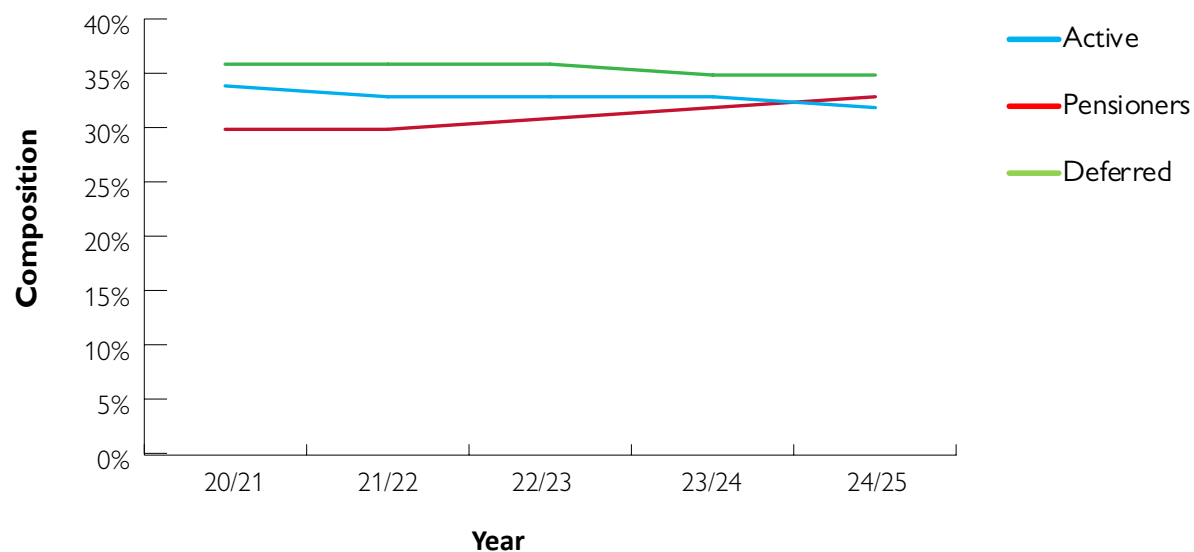
Membership	2020/21	2021/22	2022/23	2023/24	2024/25	Movement over 5 Yrs
Active	8,676	8,604	8,808	8,789	8,819	2%
Pensioners	7,602	7,856	8,194	8,538	9,031	19%
Deferred	9,204	9,433	9,560	9,515	9,581	4%
<b>Total</b>	<b>25,482</b>	<b>25,893</b>	<b>26,562</b>	<b>26,842</b>	<b>27,431</b>	<b>8%</b>

Deferred figures include leavers who had not taken a decision on their retirement benefit options

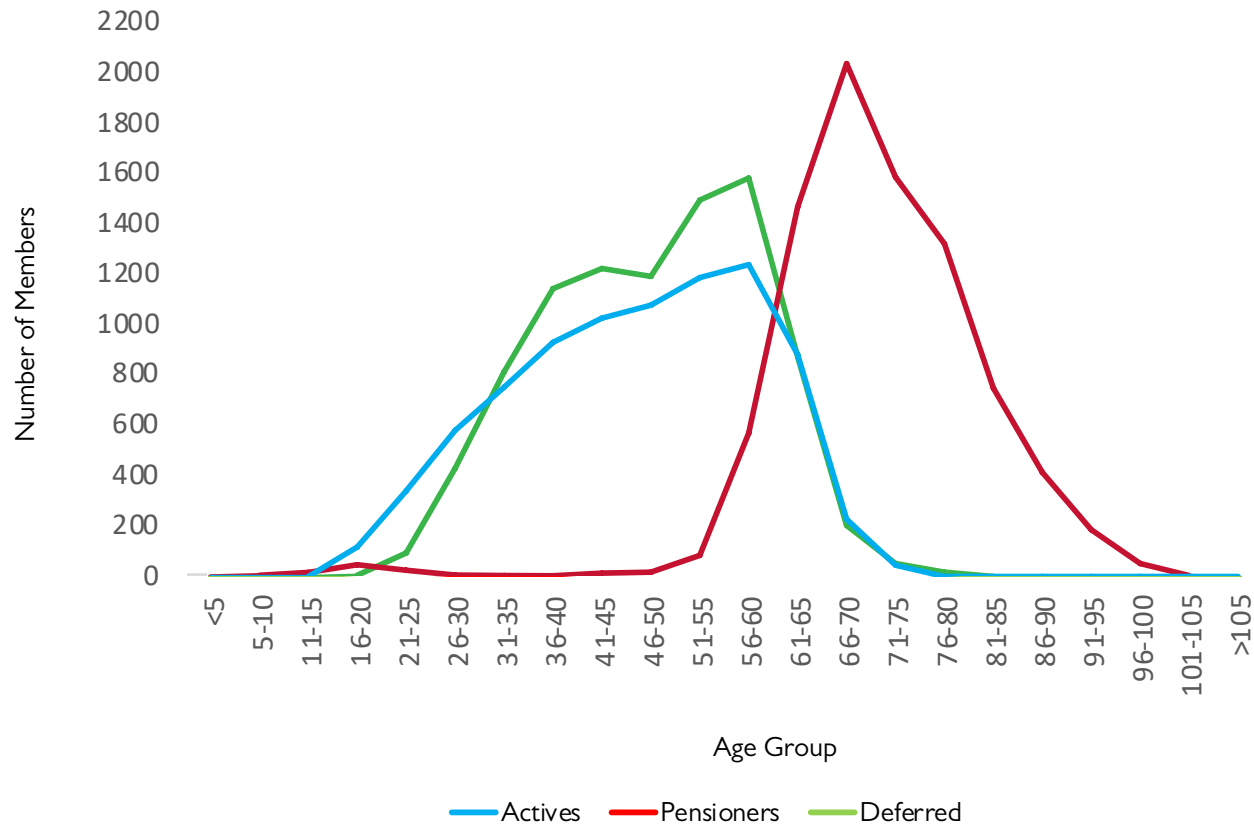
## Change in Composition of Membership Numbers over 5 Years:

The following graph shows the change in the composition of membership over the last five years. In recent years, the proportion of active members has decreased in composition from a high of 34% in 2020/21 to 32% in 2024/25. The proportion of deferred members remained the same at 35% in 2023/24 and 2024/25, while the proportion of pensioners increased from 32% in 2023/24 to 33% in 2024/25.

The average age of an active pension fund member is 46. The average for pensioner members is 71, with the oldest being 99. The graph opposite is a depiction of the profile of the Fund's membership.



## Profile of Fund Membership



## Employers' Summary

Employers are split into 3 categories:

- The Administering Authority, which is The Royal Borough of Greenwich (the "Authority").
- Scheduled Bodies, which are Local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted Bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. These include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

The Royal Borough of Greenwich has the largest share of active membership of the fund (70%). For 2024/25, 69 employers actively contributed to the fund. This includes the Administering Authority and the following Scheduled and Admitted bodies (all figures are in GBP):

<b>Administering</b>					
	<b>Employers</b>	<b>Employees</b>			
<b>Royal Borough of Greenwich</b>	<b>37,673,864</b>	<b>13,867,390</b>			
<b>Scheduled</b>			<b>Admitted</b>		
<b>Contribution Values</b>			<b>Contribution Values</b>		
	<b>Employers</b>	<b>Employees</b>		<b>Employers</b>	<b>Employees</b>
Charlton Park Academy	367,596	115,497	Avante	229,000	0
Compass	2,147,702	664,523	Birkin Cleaning Services	2,880	856
Corelli college	231,726	73,824	Brayborne Facilities Services	25,855	2,633
Crown Woods - Stationers	282,395	90,639	CACT Livewell	16,761	5,815
Eltham (Harris) Academy	234,882	75,680	Cater Link	51,156	15,718
Eltham Crematorium	33,141	12,146	Charlton Athletic Community Trust	30,481	12,090
Endeavour Partnership Trust	372,801	115,899	Chartwell (Charlton Park)	5,114	1,604
Greenwich Free School	119,934	42,256	Chartwell (LEA Framework)	168,347	50,678
Greenwich Service Plus	527,342	189,882	Compass (Compass)	23,045	7,108
Inspire	621,935	209,802	Compass (IPT Foxfield)	1,295	445
Leigh Academy Blackheath	182,291	59,385	Compass (Wingfield Contract)	9,453	2,930
Maritime	496,969	152,589	Cucina (Halley)	27,153	8,127
Shooters Hill	760,772	255,594	First Step Trust	23,063	12,342
St Paul's Academy	343,369	109,787	G4S	3,740	1,173
St Thomas More	201,942	63,900	GLL Children's Centre East	94,352	20,948
The Greenwich Catholic School Trust (St Mary's)	222,981	74,798	Gll Childrens Centre South	49,196	21,053
ULT - John Roan	272,418	81,404	GLL Libraries	167,959	63,121

Scheduled			Admitted		
Contribution Values				Contribution Values	
	Employers	Employees		Employers	Employees
UTC	186,059	60,965	GLL Play Centre	7,786	2,921
Woolwich Polytechnic Academy	1,033,257	341,217	Glyndon Community Centre	24,668	7,912
			Greenwich Citizen Advocacy Project	19,827	6,562
			Greenwich Co-operative Development Agency	7,770	2,730
			Greenwich Leisure Ltd	1,290,909	672,533
			Greenwich Mencap	1,050	312
			Greenwich West Community & Arts Centre	8,700	3,997
			Heritage Trust	17,991	8,330
			Homestart	186,489	36,241
			KGB Cleaning South West Ltd	5,217	1,551
			Kindred (Polymat)	9,982	2,579
			Kindred (IPT)	4,450	1,323
			May Harris - Hawksmoor	6,521	1,939
			May Harris (Cardwell Contract)	5,858	1,742
			May Harris (Eglington Contract)	1,031	306
			Nourish Catering	3,602	1,018
			Oxleas NHS Trust	4,040	1,267
			Pacific (Our Lady of Grace Contract)	1,123	267
			Quaggy Development Trust Children's Centre	13,309	5,699
			Sanctuary Care Ltd	20,426	6,598
			Sherington	3,092	919
			Simba Housing Association	11,942	4,023

Scheduled		Admitted		
Contribution Values		Contribution Values		
Employers	Employees	Employers	Employees	
		St Mary's (Eltham) Community Complex Association	32,444	10,629
		Taylor Shaw	428	127
		Taylor Shaw (John Roan Contract)	12,986	4,226
		Taylor Shaw (Our Lady of Grace)	3,899	1,195
		Taylor Shaw (St Peter's)	1,691	503
		Taylor Shaw (St Thomas A Beckett)	6,702	2,054
		Taylor Shaw Nightingale	673	200
		The Pantry	9,870	3,031
		Westgate Cleaning Services	1,356	403
		Wilson Jones Catering Ltd	17,652	1,192

To the right is a summary of the number of employers in the Fund analysed by scheduled bodies and admitted bodies which are active (with active members) and ceased (no active members but with some outstanding liabilities).

	Active	Ceased	Total
Scheduled Body	19	4	23
Admitted Body	43	26	69
Admin	1	0	1
<b>Total</b>	<b>63</b>	<b>30</b>	<b>93</b>

# Scheme Administration Report

## Staff and Duties

The pension service comprises of 15.6 full time equivalent (FTE) staff which includes 2 apprentices, however only 10.4 FTE are currently filled due to vacancies and staff secondments. A Senior Pensions Officer was recruited during the period from the Lincolnshire Pension Fund and they live outside the authority. Due to the challenges of recruitment and retention within all LGPS Funds, special measures had to be taken to employ the officer. The team covers both the employing and administration duties for the Local Government Pension scheme (LGPS) in the Royal Borough of Greenwich Pension fund and employer duties in respect of Greenwich employees who are members of the NHS Pension Scheme and the London Pension Fund Authority LGPS pension fund.

### The services provided by the pension section consist of:

- The administration of the Local Government Pension Scheme (LGPS) in accordance with relevant legislation.
- The running and maintenance of the Pension Payroll to ensure accurate and timely payment of monthly pensions in excess of 8,500 pensioners and their dependants.
- The maintenance of accurate records for each member of the pension scheme (including the employing authority and every admitted body that contributes to the Royal Borough of Greenwich Pension Fund).
- The provision of key employee data to the NHS and London Pension Fund Authority.
- The provision of information and key data to scheme members and other bodies associated with the LGPS.
- The provision of guidance to the Pension Fund Investment and Administration Panel on pension legislation and the options available.

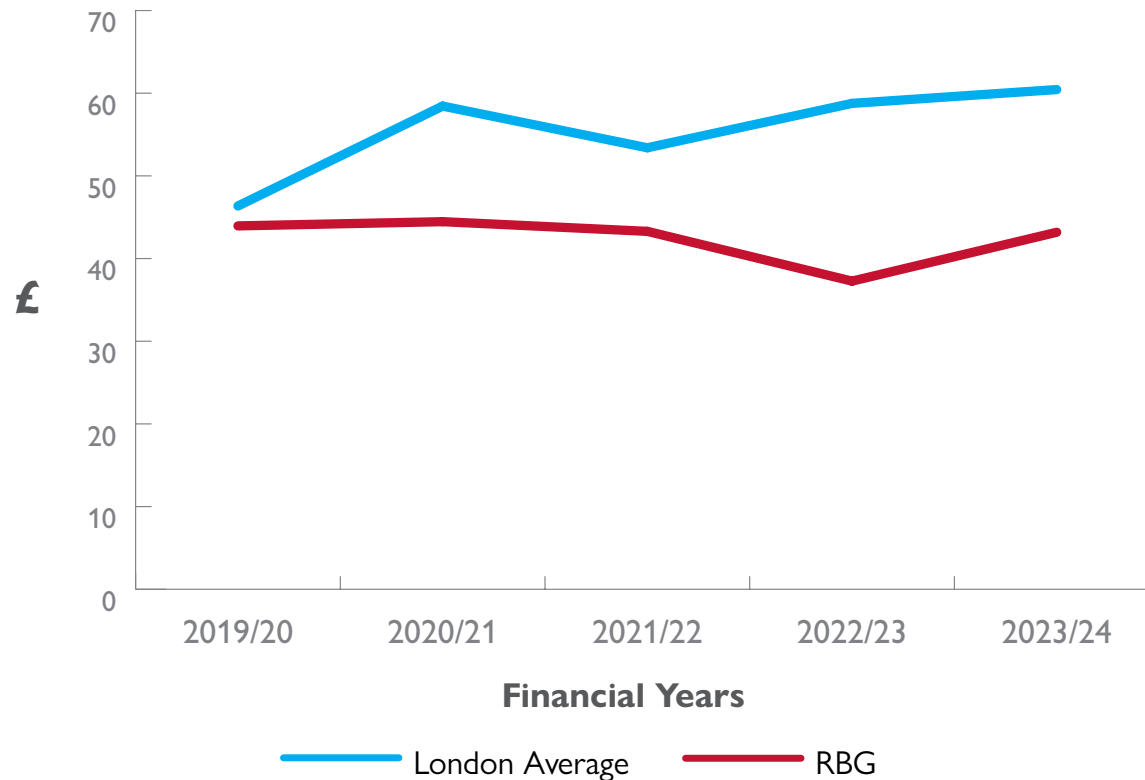
### The pension service has the following aims at its core:

- The improvement of standards and efficiency and to keep costs under scrutiny.
- To develop plans to increase IT efficiency and give members more options with regards to accessing details of their pension benefits and other information.
- To train and develop staff in respect of any changes to legislation and to meet the service requirements.
- To achieve a high standard with regards to service delivery and customer service.

## Value for Money

The scheme continues to offer value for money to employers and members, by making sure that both Pension Board and Panel have the right skill set and knowledge to ensure governance of the fund; whilst also making sure that the investment and administration teams are, appropriately and adequately resourced to meet the day-to-day challenge for running the Fund. The following table shows the average administration expense per member for the Royal Borough of Greenwich Pension Scheme and the average for London LGPS schemes.

## Administration Expenses Per Member



The London average is made up of the average administration expenses per member of five neighbouring boroughs.

Please note, this information is only available up until 31st March 2024 as the 31st March 2025 accounts for the neighboring boroughs were not published at the time of calculation.

## Review of the year 2024 – 2025

The pension service continues to successfully function within a hybrid working environment. The team work remotely with staff working in the office approximately 40% of their working week in line with the Authority's policy. The Senior Officer works primarily remotely but attends the office 2 or 3 days a month. Training and meetings are delivered either in person or remotely, using digital platforms such as Microsoft Teams which allows the Senior Officer to keep in touch with the team and perform regular supervision meetings. Once a month the whole team attends the office to keep in touch and a team meeting is held to review the previous month, plan for the coming month, raise any questions or concerns and give praise and recognition where due..

The two apprentices who joined the team in early 2023 successfully completed the Pension Administrator Apprenticeship both passing with Distinction. Both are now acting up into Pension Administrator and Pension Officer roles. The service is still actively trying to recruit Senior Pension Officers (SPO) At the end of the March 2025 the Head of Pensions retired and the recruitment process for a suitable replacement is underway.

The recruitment challenge is an industry wide problem, not solely for Greenwich, with only a small pool of experienced LGPS staff. A new LGPS specific Apprenticeship is being developed by the

Local Government Association to help increase the availability of LGPS experienced staff however this will not immediately improve the situation.

The team have continued to focus on developing staff in post and with the appointment of the Senior Officer, regular training and support is given to officers.. Targeted training has been provided both internally and externally to support staff in their development and transfer of skills, with courses being held online where available.

Management and staff have continued to cover key tasks and priorities where possible, however service delivery has been impacted by these continued vacancies.

The Pensions Manager has regularly attended pre-retirement courses, assisted the authority with the HR team in promoting the benefits of being in the LGPS and met with scheme employers and their staff to increase the understanding and awareness of the LGPS.

Members have access to a self-service portal where they can view their pension records, run estimates, amend certain personal data and contact the pensions team. Following the Pension System Upgrade reported last year, the Self-Service Portal will be upgraded to a superior site which will be going live in the summer of 2025. This is promoted via the telephone, email and written communications, at presentations and at every opportunity. This

has reduced the amount of estimates the team has needed to provide and improved member engagement.

The pension service priorities remain on delivering the service's core functions of retirement cases, deceased cases, provision of pension estimates and the setting up and timely payment of monthly pensions. We are continuing to address the backlog with planned focus days to concentrate on one particular task in the backlog to reduce the outstanding cases.

## Scheme membership and associated workload

The total membership across actives, deferreds, pensioners and dependants slightly increased from 26,842 to 27,431 in 2024/2025. Retirements increased by nearly 10% in comparison to 2023/24 and 15% compared to 2022/23. The number of pensioners and dependants increased by a further 4.7% increasing pension payroll workloads in respect of the setting up and payment of monthly pension payments. The number of new starters being processed decreased by 27% compared to the previous year possibly due to the recruitment controls as part of the Authority's cost saving measures, however the overall active membership has increased by 1.6% since 2024. As anticipated, resource issues resulted in a reduction to the overall throughput of the team. The total number of cases processed increased by 1% from the previous year.

Annual Benefit Statements for both active and deferred members were provided. End of year information was also provided to the NHS and London Pension Fund Authority to enable benefits statements to be provided to members of those schemes by the statutory deadline.

The outsourcing of service contracts, in particular Catering and Cleaning services, resulting in changes to admission bodies continuing to impact both the workload of the data management staff and the management team, in supporting the new employers and the implementation of the admission agreements.

Over the course of the year, there have been no Ombudsman disputes. The number of service complaints has remained minimal which is a reflection of the continued hard work of the pensions team. During the period three cases progressed to the formal internal dispute procedure.

One was in respect of misquoted benefits due to an error when updating the members details following a pension transfer in 2009. The quoted benefits were overstated and the error was picked up before the pension went into payment, resulting in lower than expected benefits. The pension fund has no ability to award a person more pension than they are entitled to under the Regulations. The individual accepted £1,000.00 in compensation for the distress and disappointment.

The second was due to a delay in obtaining an Additional Voluntary Contribution (AVC) fund value from the providers. The issue was further exacerbated by missing AVC contributions that were correctly paid by the member not being received by the AVC Provider and suitable redress being calculated. The AVC fund value was paid to the member as part of her retirement benefits and did not lose out due to the missing contributions or delay in settlement.

The final case was in dispute of the decision of Occupation Health in respect of Ill Health Early retirement and the case which has been resolved.

### Legislation

There were no new or significant changes to Legislation in the reporting period but the new Government has instigated a landmark review of the pensions industry including the LGPS. There was also a “Fit for the Future” consultation launched in November 2024 with an aim to form the LGPS a greater scale, consolidation and clear trajectory. This has had no immediate impact on the LGPS and therefore no direct effect on the pension service at this time.

The McCloud judgement and Pension Dashboard which were the major changes to legislation last year are still impacting on the pension service and a significant amount of work has been carried out to move these forward.

### Abolition of the Lifetime Allowance

The Lifetime Allowance (LTA) was finally abolished on 6th April 2024 and there is now no limit to the amount of pension an individual can receive from UK pensions. The government did retain the limit of the amount of lump sum that an individual can receive cumulatively from all their pension schemes.

### Projects

#### The McCloud project

Following extensive analysis of data and calculations in the Test environment, the same level of data analysis was carried out in the Live environment before the reports were run for Active members to establish who was in scope and from who was potentially affected. This was followed by the Deferreds and Pensioners. The impact to the LGPS has always been known to be lower than other Public Sector Schemes due to the more generous accrual rate when the scheme went to CARE. Following the initial reporting there were 21% of Active members in Scope and after further analysis there was less than 0.5% who may need remediation. Of the Deferreds, 12% were in scope and less than 1% may need remediation. There were 25% of Pensioners in scope and just under 1% may need remediation. Due to the complexity of the McCloud remedy and that this covers all Public Sector pension schemes, some members may not have been flagged as being in scope because we may not know information about any other Public

Sector pension service. Our reports were run on the information we hold. The LGPS has been working together to make sharing of unknown LGPS service within authorities and this is on going. There will be communications with Active and Deferred members, potentially in the 2025 Annual Benefit Statements, to declare any other Public Sector or LGPS service to ensure everyone is captured. The McCloud project has been a lot of work and has put a strain on resources. Next year we will be working toward including information about the McCloud Remedy for protected members.

### **iConnect Roll out**

The pension team have continued to move towards greater monthly data collection and further increased the number of payrolls onboarded to the iConnect data interface. There are now 30 payroll reports being reviewed and processed each month. Whilst this has caused a significant increase in monthly data validation and upload, it has reduced the time spent on data cleansing at year end and negated data issues that are usually only identified at year end. This ensures more timely and accurate information to be available for members, the fund actuary and other fund stakeholders.

### **Pension administration and payroll contract**

Following a review of the Pension System contract there were some additional modules added to improve processes, enhance our reporting abilities, procurement of an ISP to allow the Fund to connect to the Pensions Dashboard,

data cleanse and enrichment, being Hosted by the software providers ensuring that the service meet the required connectivity capability needed for the Pension Dashboard and finally an upgrade to a superior Member Self Service Portal. Each module will be implemented in the priority of its importance and impact. The first project started at the end of 2024 and is likely to continue to the 3rd quarter of 2025.

### **Hosting**

One of the modules added to the new pension service contract was to have the Pension system Hosted by the software providers. The main decision to be hosted is due to the requirement for the Fund to be connected to the Pensions Dashboard environment for at least 99.5% of the time. Failure to meet this means the Fund could be automatically disconnected and this may have regulatory consequences for the Fund, being hosted removes the risk from the Authority's IT department which could not currently meet the strict condition. The project started in November with a secure data transfer facilitated by the RBG IT department and the software providers. This was built into a Test hosted environment and then in the middle of December the pension team started over a month of extensive testing. The new Hosted system went Live at the end of January 2025 and has made positive improvements in the quality of service and support needed, as a well as the assurance that we are a step closer to being ready for the Pensions Dashboard. Another advantage of being Hosted is the regular Pension Systems

updates are quicker, mean no down time for the service and have reduced the amount of User Acceptance Testing. There are still 4 updates a year, but this has less impact on the service overall.

### **ISP for Pension Dashboard**

With the connection date to the Dashboard for all LGPS Funds being the 31st October 2025 the importance of being able to connect securely and in line with the TPR's guidance. It was prudent to procure an ISP provider rather than taking on the risk of creating our own. As part of the review of the pension system contract we will be the system providers ISP service. With all the LGPS Pension Funds connecting on the same day it was important we had this in place and following some training and testing the Fund is scheduled to be connected in the summer of 2025 in advice of the Go Live date.

### **Data Cleansing**

The team continue to cleanse data in readiness for the pension dashboard and McCloud. A data quality exercise took place in January 2024 to measure the fund's common and scheme spec.

### **The year to come**

#### **Recruitment**

The team have successfully recruited one Senior Pensions Officer (SPO). There are still 2 SPO vacancies remaining. The new officer commenced employment in August 24 and is a long-distance worker, predominantly working from home with a requirement to work in the office as requested. Whilst the officer is an experienced officer,

they require training both on the system and in Greenwich processes.

The team continue to advertise the SPO vacancies but are having little success in attracting suitable candidates. The training of long-distance workers is proving to be a challenge and therefore it would not be an ideal scenario to recruit further predominantly home workers at present. However, this will be considered dependant on any successful candidate's requirements and circumstances.

### McCloud

McCloud Data is being finalised and the underpin for impacted members calculated and reviewed, Initially, this will be for active scheme members to ensure that the necessary information is available for the 2025 Annual benefit statements in line with the legislative deadline and for any future calculations. Retrospective calculations will be looked at after this has been completed.

The complexity and workload, in respect of McCloud remedy is affecting the resources in the pensions administration team. Since the letter sent to all members in December 2023, the level of direct queries about McCloud has been minimal but as we start adding underpins to calculations and Benefit Statements and if members have other public service pensions, these queries will escalate.

The management team factored this into the reorganisation establishing a Project lead role to oversee this and other projects, however the

team will still need to be actively involved. The team have been given a high-level overview of the project and will be given further enhanced training when the calculations have been implemented to be able to communicate the changes to all scheme stakeholders.

### Pensions Dashboard

Work will continue to cleanse the pension data to ensure quality and accuracy, and this will be impacted by the data cleanse and data changes required in McCloud project.

As part of the system review below, the fund has procured an ISP to enable connectivity to the dashboard and return of necessary pension information.

In addition, we will engage with the software provider for a Data Cleanse and Enrichment service which will ensure continued accuracy of the data for the Dashboard.

### Pension Administration Pension Payroll System Review

The pension system contract with Heywoods has been reviewed and finalised, with a 5-year extension to contract being agreed.

As part of this extension the fund have procured an ISP for the Pension Dashboard and will be moving to a hosted environment with Heywood, this will ensure that the service meet the required connectivity

capability needed for the Pension Dashboard. The project to move to the hosted environment is currently underway.

We have also included additional enhancements to assist with data cleansing and reporting. These enhancements will be implemented following the move to the hosted environment.

### Backlog Targeting

We will continue targeting backlogs with further focus days when resources allow.

### Annual Allowance (AA) and Lifetime allowance (LTA)

Changes in the Finance Act 2024 have been interpreted and disseminated to the team. New member declaration forms, produced by the Local Government Association, are being sent to members who are claiming benefits to be paid on or after 6th April 2024. The pension system has been updated to remove LTA calculations although the functionality and some information is still produced on calculation outputs in case the LTA is re-introduced by the new government. Annual Allowance was not impacted by the Finance Act 2024 but remains to be an integral part of the LGPS and taxation. Members who have exceeded the 2024 AA have been sent their Annual Allowance statements.

## New General Code of Practice

The Pensions Regulator has issued a new General Code of Practice. The pension management team will be working with finance colleagues to assess the changes and self-assess the fund against the new code.

## Conclusion

Administration of the Fund is carried out by a dedicated, hard-working pension team. The complexity and range of work in LGPS administration was acknowledged in the restructure and reflected in increases to paygrades.

2024/25 has continued to test the team but collectively they have met that challenge. Productivity has remained constant considering the further reduction to staff resource.

Future proofing of the team is always a high priority for the pension management team, recruitment, retention and development of staff remains a key priority. It is hoped that the combination of the development of staff, apprenticeships and the restructuring of the team will future proof the service and aid in resolving long standing recruitment issues.

The KPI'S for the pension Fund for 24-25 can be found in Appendix J.



# Actuarial Report on Funds

ROYAL BOROUGH OF GREENWICH  
PENSION FUND

# Actuarial Report on Funds

The Fund undergoes a full actuarial valuation every three years. This determines the Fund's funding level and the employer contribution rates required to restore the Fund to a 100% funding level (i.e. the Fund has enough assets to cover 100% of its liabilities). The last valuation was carried out as at 31 March 2022 and this came into effect in 23/24. Below is a statement from the Fund's actuary summarising the 2022 valuation. The full 2022 Actuarial Valuation report can be found on our website.

## Statement by the Fund's Actuary Introduction

The last full triennial valuation of the Royal Borough of Greenwich Pension Fund (the Fund) was carried out as at 31 March 2022 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 31 March 2023.

## Asset value and funding level

The results for the Fund at 31 March 2022 were as follows:

- The market value of the Fund's assets as at 31 March 2022 was £1,635m.
- The Fund had a funding level of 103% i.e. the value of assets for valuation purposes was 103% of the value that they would have needed to be to pay for the benefits accrued to that date, based on the assumptions used. This corresponded to a surplus of £43.8m.

## Contribution rates

The employer contributions rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:

- The annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due;
- Plus an amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

The primary rate of contribution on a whole Fund level was 18.1% of payroll p.a. The primary rate as defined by Regulation 62(5) is the employer's share of the cost of benefits accruing in each of the three years beginning 1 April 2023.

In addition, each employer pays a secondary contribution as required under Regulation 62(7) that when combined with the primary rate results in the minimum total contributions. This secondary rate is based on their particular circumstances and so individual adjustments are made for each employer.

Details of each employer's contribution rate are contained in the Rates and Adjustments Certificate in Appendix 5 of the triennial valuation report.

Assumption	31 March 2022
Discount rate	4.8% p.a.
Pension increases (CPI)	2.9% p.a.
Long-term salary increases	3.9% p.a.
Pension increases on GMP	Funds will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we have assumed that Funds will be required to pay the entire inflationary increases.
Mortality	The post retirement mortality assumptions adopted are the S3PA heavy series, making allowance for projected improvements with a long term rate of improvement of 1.25% p.a., a smoothing parameter of 7, no initial addition to improvements and a 2020/21 weighting parameter of 5%.
Retirement	Each member retires at a single age, weighted based on when each part of their pension is payable unreduced.
Commutation	Members will convert 50% of the maximum possible amount of pension into cash.

Further details of these assumptions can be found in the relevant actuarial valuation report which can be found on the Royal Borough of Greenwich website [royalgreenwich.gov.uk/downloads/download/284/pension\\_fund\\_investments\\_documents](https://royalgreenwich.gov.uk/downloads/download/284/pension_fund_investments_documents)

# Updated position since the 2022 valuation

## Assets

In the 12 months to 31 March 2025 the investment return on the Scheme's assets is estimated to have been 4.5% per annum. The Fund assets have a market value of £1.755m as at 31 March 2025. Overall, the asset value in market terms is less than where it was projected to be at the previous valuation.

## Liabilities

Inflation over the three years to 31 March 2025 has been higher than the long-term average assumed at the 2022 valuation, which has increased the value of liabilities. However, this has been partially offset by changes in financial assumptions underlying the valuation funding model. The value of liabilities has also increased due to the accrual of interest.

The value of liabilities will also have increased due to the accrual of new benefits and interest on the liabilities. Therefore, overall we estimate that the liabilities have increased since the previous valuation as at 31 March 2022.

## Overall position

Combining the movements in assets and liabilities, we estimate the overall funding position as at 31 March 2025 is broadly similar to the funding level at the previous valuation.

## **Barry McKay FFA**

**Partner, Barnett Waddingham LLP**



# External Audit Opinion

ROYAL BOROUGH OF GREENWICH  
PENSION FUND

# Independent Auditor's Report

Independent auditor's statement to the members of Royal Borough of Greenwich on the pension fund financial statements included within the Royal Borough of Greenwich pension fund annual report.

## Report on the financial statements

We have examined the Pension Fund financial statements for the year ended 31 March 2025 included within the Royal Borough of Greenwich Pension Fund annual report, which comprise the Fund Account, the Net Assets Statement and the notes to the financial statements, including material accounting policy information.

## Opinion

In our opinion, the Pension Fund financial statements are consistent with the audited financial statements of Royal Borough of Greenwich for the year ended 31 March 2025 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

## Respective responsibilities of the Section 151 Officer and the auditor

As explained more fully in the Statement of the Section 151 Officer's Responsibilities, the Section 151 Officer is responsible for the preparation of the Pension Fund's financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to the Members of Royal Borough of Greenwich as a body, whether the Pension Fund financial statements within the Pension Fund annual report are consistent with the financial statements of Royal Borough of Greenwich.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the Pension Fund financial statements contained within the audited financial statements of Royal Borough of Greenwich describes the basis of our opinions on the financial statements.

## Use of this auditor's statement

This report is made solely to the members of Royal Borough of Greenwich, as a body and as administering authority for the Royal Borough of Greenwich Pension Fund, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Royal Borough of Greenwich those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone

other than Royal Borough of Greenwich and Royal Borough of Greenwich's members as a body, for our audit work, for this statement, or for the opinions we have formed.

## Suresh Patel

Key Audit Partner  
For and on behalf of Forvis Mazars LLP  
(Local Auditor)  
30 Old Bailey London EC4M 7AU  
27 February 2026

# Additional Information



ROYAL BOROUGH OF GREENWICH  
**PENSION FUND**

# Economic Review

## Global Market Overview

The global financial landscape over the past year was shaped by fluctuating bond yields, mixed inflation signals, and cautious central bank policies amid geopolitical uncertainties. A notable shift occurred in June when weaker-than-expected U.S. inflation data led to a dip in government bond yields, with similar moderation seen in Europe and Japan. Central banks largely held rates steady, except for the ECB, which cut rates while raising inflation forecasts. Political developments in France added volatility to European markets.

Rate cuts resumed in September, with the Fed reducing rates by 50bps and the ECB by 25bps, while the BoE and BoJ maintained their stances. Subsequent Fed and ECB cuts reflected diverging views on economic resilience and inflation trajectories. By March, the Fed paused further cuts amid tariff-driven inflation concerns, while the ECB continued easing to 2.50%. Inflation trends diverged globally, with the U.S. and Europe seeing downside surprises, while Japan's inflation exceeded expectations.

## US Equities

US stock markets had a mixed year. The S&P 500 rose 8.14%, the Nasdaq gained 6.29%, but the Russell 2000 fell 4.14%. Gains were driven by strong earnings and interest rate cuts, but concerns about AI investments and trade tensions hurt confidence. Defensive sectors performed well, with Apple, Meta, NVIDIA, and Tesla leading among the top tech stocks.

## UK Equities

UK shares started 2024 behind the US but gained momentum later. Takeover activity increased, and banks benefited from expectations of fewer rate cuts. The October Budget raised gilt yields, which weighed on rate-sensitive sectors. In early 2025, UK markets outperformed the US, led by value stocks and defensive sectors. The FTSE All Share rose 10.5%.

## European Equities

European markets saw modest gains, with the MSCI Europe Index up 4.1%. Value stocks outperformed growth by a wide margin. Financials, utilities, and communication services led, while tech and luxury

goods lagged. Optimism in early 2025, driven by German stimulus and hopes for peace in Ukraine, was tempered by US policy uncertainty. Long-term prospects remain positive due to structural reforms and fiscal support.

## Emerging Markets

Emerging markets outperformed developed ones, with the MSCI EM Index up 8.1%. China surged 40.4% thanks to stimulus and AI enthusiasm. Central and Eastern Europe, the Middle East, and Africa (CEEMEA) also performed well, especially the Czech Republic, Hungary, and Poland. Latin America struggled, with Mexico and Brazil hit by political uncertainty.

## Japanese Equities

Japan's stock market was volatile, ending the year down 4%. Early gains from a weaker yen and strong earnings were offset by concerns over US interest rates and Middle East tensions. The Bank of Japan raised rates and reduced bond buying, causing a sharp correction. Later, the market recovered somewhat, but yen strength and US tariffs created a mixed outlook.

## Fixed Income Markets

Bond markets were turbulent, reacting to inflation data, central bank decisions, and global events. Early 2024 saw rising yields due to strong inflation, but sentiment improved mid-year as inflation eased and rate cuts began. By Q3, weak economic data supported further cuts. In Q4, concerns over fiscal policy and geopolitical risks returned. In early 2025, markets were unsettled by US tariffs and inflation surprises, though central banks continued to ease policy. Japanese yields rose steadily, with inflation ending higher.

## UK Property Market

UK property remains supported by strong fundamentals: limited supply, steady demand, and a ~25% price correction since 2022. Despite global uncertainty, the UK economy is relatively stable, with falling inflation and limited exposure to US tariffs. Logistics and residential sectors are attracting investment, while offices face challenges due to sustainability standards. Retail is mixed, but well-located assets are holding up. Looking ahead, constrained supply and supportive policy could drive rental growth and support the next phase of the property cycle.

Looking ahead, the global outlook remains mixed. While disinflation and rate cuts offer support, the path forward is clouded by political uncertainty, trade disputes, and diverging economic conditions across regions. Investors are likely to remain cautious, with a focus on central bank guidance, inflation trends, and geopolitical developments.

# OTHER STATEMENTS AND PUBLICATIONS

## Funding Strategy Statement

The Funding Strategy Statement (FSS) details the Fund's approach to meeting its defined benefit obligation. The FSS is reviewed in detail at least every three years in line with the triennial valuation. The latest statement is included as Appendix I to this report.

The FSS has been developed along with the Fund's actuary Barnett Waddingham, using data from the triennial valuation.. The FSS is fully compliant with statutory guidance..

The FSS links to the Investment Strategy Statement, as it forms the basis for our investment strategy.

The production of a Funding Strategy Statement is important, as the Fund must take a prudent, long-term view of how it will meet its defined benefit obligation, whilst maintaining stable contribution rates for employers.

## Investment Strategy Statement (ISS)

Regulation 7(1) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the Regulations requires an administering authority to formulate an investment strategy which must be in accordance with guidance issued by the Secretary of State. The Council is required to take proper advice when making decisions in connection with the investment strategy of the Fund, as taken from Hymans Robertson LLP.

This is in addition to the expertise of the members of the Pension Fund Panel and Council officers. As a result, the ISS is fully compliant with statutory guidance..

The Pension Fund Panel seeks to invest in accordance with the ISS, utilising any Fund money that is not needed immediately to make payments from the Fund. The ISS should be read in conjunction with the Fund's Funding Strategy Statement. Appendix E sets out the Investment Strategy Statement.

## Communications Policy Statement

The Local Government Pension Scheme (Administration) Regulations 2013 require all administering authorities to produce a Communications Policy Statement. This statement sets out the Fund's policies for communicating with members, members' representatives, prospective members and employing authorities. It also aims to promote the scheme to all interested parties.

The Communications Policy Statement is reviewed at least annually. The latest statement can be found in Appendix J.

## Knowledge and Understanding Policy and Framework

In 2021, CIPFA issued an updated Code of Practice on LGPS Knowledge and Skills. An updated Knowledge and Skills Policy and Framework has been published to demonstrate that the Fund has adopted

the revised Code of Practice. The current version can be found in appendix F.

## Stewardship report in line with the UK Stewardship Code

The Financial Reporting Council (FRC) published the UK Stewardship code, setting out twelve principles of good practice on engagement with investee companies, to which the FRC believes institutional investors should aspire. The aims of the code align closely with the fifth Myners' principle. The Fund's compliance with the Myners principles is detailed in the Fund's Investment Strategy Statement and this statement contributes to that compliance. The Stewardship Report is set out in Appendix D.



# Contacts and Glossary

ROYAL BOROUGH OF GREENWICH  
PENSION FUND

# GLOSSARY

## Active Fund Management

A style of investment management where the Fund Manager is seeking to 'add value' by outperforming the benchmark through actively buying / selling stocks / bonds.

## Active Equities / Active Manager

A style of investment management where the Fund Manager is seeking to 'add value' by outperforming a benchmark index

## Active Members

Fund members employed by one of the employers in the fund who are currently paying contributions into the fund.

## Actuarial Assumptions / Basis

The combined set of assumptions made by the actuary, regarding the future, to calculate the value of liabilities. The main assumptions will relate to the discount rate, salary growth, pension increases and longevity. More assumptions that are prudent will give a higher liability value, whereas more optimistic assumptions will give a lower value. The lower the discount rate, the higher the liabilities and vice versa.

## Administering Authority

The council with statutory responsibility for running the Fund, in effect the Fund's "trustees".

## Admitted Bodies

Employers which voluntarily participate in the Fund, so that their employees and ex-employees are members. There will be an Admission Agreement setting out the employer's obligations.

## Asset Allocation

An investor has to decide which type of asset to buy – ordinary shares, bonds, domestic or foreign, property – or indeed simply to hold cash. Deciding what sort of mix of assets to have is termed asset allocation.

## Asset Liability Modelling

Of increasing importance in pension fund management, particularly at the larger end of the market, the structure of the fund is analysed (usually by Consulting Actuaries) to assess how the fund's assets should be invested in order to best meet the fund's liabilities, age profile of the members etc.

## AVCs (Additional Voluntary Contributions)

Additional Voluntary Contributions are contributions made by a member of an Occupational Pension Scheme, to that Scheme, over and above the normal contribution level, to purchase additional retirement benefits.

## Balanced

Where the asset allocation of a fund is spread (balanced) across a range of asset types.

## Balanced Fund Management

Balanced Fund Management is the term used for the traditional approach to investment. It involves coming up with an appropriate balanced list of shares and securities by taking all the assets in a portfolio and balancing the various economic and stock exchange arguments against the investor's needs/appetite. A different approach, which has evolved in recent years, is to divide a portfolio into sections each of which is managed with a specific aim. This is particularly relevant to large pension fund portfolios, where sections may be allocated to fund managers with different styles – for example, one who is asked to maintain an index matched core, one to take risks in international equities, one who is very good at market timing, and so on. By dividing the portfolio in this way, aims can be much more specifically identified and maintained.

## **Benchmark**

This is the standard against which performance of the fund is measured. The most usual benchmark for a portfolio of UK shares is the FTSE All-Share Index because it includes such a large percentage of all quoted shares. Funds which may be called upon very suddenly in the near future may have to be kept largely in cash or short term gilt edged stocks and a benchmark such as the money market interest rate would be appropriate, in this instance.

## **Bottom-Up**

Bottom-up investing is an investment approach that focuses on the analysis of individual stocks and deemphasizes the significance of economic cycles and market cycles. In bottom-up investing, the investor focuses his attention on a specific company, rather than on the industry in which that company operates or on the economy as a whole.

## **Capital Called**

This is the proportion of the overall capital demanded by a private equity manager, which was promised to it by an investor. It is also known as a draw down or a capital commitment.

## **Common Contribution Rate**

The Fund-wide future service rate plus past service

adjustment. It should be noted that this will differ from the actual contributions payable by individual employers.

## **Corporate Governance**

The term used, following recent Government sponsored reports, to describe the policies and procedures that the company's directors employ in their conduct of the company's affairs, and their relationships with shareholders to whom they are responsible, as managers of the shareholders' interests in the company, and of its assets.

## **Covenant**

This is the promise of a certain amount of pension at retirement by an employer of a defined benefit scheme. It represents the assessed financial strength of the employer. A strong covenant indicates a greater ability (and willingness) to pay for pension obligations in the long run. A weaker covenant means that it appears that the employer may have difficulties meeting its pension obligations in full over the longer term.

## **COVID-19**

Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus.

## **Custodian**

The custodian keeps a record of clients' investments and may also be responsible for trade settlements, collecting income, processing tax reclaims and providing other services.

## **Deferred Members**

Members who have left employment, or have ceased to be an active member of the scheme whilst remaining in employment, but retain an entitlement to a pension from the scheme.

## **Deficit**

The shortfall between the assets value and the liabilities value. This relates to assets and liabilities built up to date, and ignores the future build-up of pension (which in effect is assumed to be met by future contributions).

## **Deficit Repair / Recovery Period**

The target length of time over which the current deficit is intended to be paid off. A shorter period will give rise to a higher annual past service adjustment (deficit repair contribution), and vice versa.

## **Derivatives**

A derivative is an instrument which derives its value from value of an underlying financial instruments such as bonds, commodities, currencies, interest

rates, market indexes and stocks.

### **Discount Rate**

The annual rate at which future assumed cashflows (in and out of the Fund) are discounted to the present day. This is necessary to provide a liabilities value which is consistent with the present day value of the assets, to calculate the deficit. A lower discount rate gives a higher liability value, and vice versa. It is similarly used in the calculation of the future service rate and the common contribution rate.

### **Dividends**

A dividend is a distribution of a portion of a company's earnings, decided by the board of directors, to a class of its shareholders. Dividends can be issued as cash payments, as shares of stock, or other property.

### **Emerging Markets**

An emerging market economy is a nation's economy that is progressing toward becoming advanced. Emerging markets generally do not have the level of market efficiency and strict standards in accounting and securities regulation to be on par with advanced economies (such as the United States and Europe) but emerging markets will typically have a physical financial infrastructure including banks, a stock exchange and a unified currency.

### **Employer**

An individual participating body in the Fund, which employs (or used to employ) members of the Fund. Normally the assets and liabilities values for each employer are individually tracked, together with its future service rate at each valuation.

### **Employee Contribution Rate**

The percentage of the pensionable pay of employees which the fund pays as a contribution into the Pension Fund

### **Employer Contribution Rate**

The percentage of the salary of employees that employers pay as a contribution into the Pension Fund.

### **ESG**

ESG stands for Environmental, Social, and Governance. ESG covers a wide range of issues that may have a direct or indirect impact on how an organization is managing risks and opportunities related to environmental, social, and governance criteria (sometimes called ESG factors).

### **FRC Stewardship Code**

The UK Stewardship Code is complementary to the UK Corporate Governance Code for listed companies and, like that Code, it should be applied on a 'comply or explain' basis. The UK Stewardship

Code 2026 introduces a streamlined structure for reporting. Our How to Report page explains what's required from signatories and how to align your reporting with the Code's expectations. The Code also contains new expectations of how investment and stewardship should be integrated, including Environmental, Social and Governance ("ESG") issues.

### **Funding Level**

The ratio of assets value to liabilities value.

### **Fund Manager**

A professional manager of investments in a Pension Fund, Insurance Company, Unit Trust etc.

### **Futures**

A futures contract is a legally binding agreement, generally made on the trading floor of a futures exchange, to buy or sell a particular financial instrument at a predetermined specified date and price in the future.

### **Future Service Rate**

The actuarially calculated cost of each year's build-up of pension by the current active members, excluding members' contributions but including Fund administrative expenses. This is calculated using a chosen set of actuarial assumptions.

## **GDP – Gross Domestic Product**

Gross Domestic Product (GDP) is a broad measurement of a nation's overall economic activity. GDP is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

## **Gilt**

This is a UK Government bond. It is a promise by the Government to pay interest and capital as per the terms of that particular gilt, in return for an initial payment of capital by the purchaser. Gilts can be “fixed interest”, where the interest or coupon payments are made every six months throughout the term of the gilt (its holder is paid the final coupon and principal on maturity, or “index-linked” where the interest payments vary each year in line with a specified index (usually inflation - RPI). Primary purchasers of gilts are pension funds and life insurers. Gilts can be bought as assets by the Fund, but their main use in funding is as an objective measure of solvency.

## **Guarantee / Guarantor**

A formal promise by a third party (the guarantor) that it will meet any pension obligations not met by a specified employer. The presence of a guarantor will mean, for instance, that the Fund can consider the employer's covenant to be as strong as its

guarantor's.

## **Initial Public Offering (IPO)**

An initial public offering (IPO) is the first tranche of sale of stock by a private company to the public.

## **Index Tracking Funds (see also Passive)**

Funds that are constructed to match closely the performance of a market index (e.g. FTSE All-Share Index and the FTSE World Index). This can either be achieved by full replication (buying every single index constituent) or sampling (buying a representative cross-section).

## **Internal Rate of Return (IRR)**

This is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero. Internal rate of return is used to evaluate the attractiveness of a project or investment.

## **Letting Employer**

An employer which outsources or transfers a part of its services and workforce to another employer (usually a contractor). The contractor will pay towards the LGPS benefits accrued by the transferring members, but ultimately the obligation to pay for these benefits will revert to the letting employer. A letting employer will usually be a local authority, but can sometimes be another type of

employer such as an Academy.

## **Liabilities**

The actuarially calculated present value of all pension entitlements of all members of the Fund, built up to date. This is compared with the present market value of Fund assets to derive the deficit. It is calculated on a chosen set of actuarial assumptions.

## **LIBOR**

LIBOR is a benchmark rate that some of the world's leading banks charge each other for short-term loans. It stands for London Interbank Offered Rate and serves as the first step to calculating interest rates on various loans throughout the world.

## **LGPS**

The Local Government Pension Scheme, a public sector pension arrangement put in place via Government Regulations, for workers in local government. These Regulations also dictate eligibility (particularly for Scheduled Bodies), members' contribution rates, benefit calculations and certain governance requirements. The LGPS is divided into funds which map the UK. Each LGPS Fund is autonomous to the extent not dictated by Regulations, e.g. regarding investment strategy, employer contributions and choice of advisers.

## Longevity

The length or duration of human life.

## Maturity

A general term to describe a Fund (or an employer's position within a Fund) where the members are closer to retirement (or more of them already retired) and the investment time horizon is shorter. This has implications for investment strategy and, consequently, funding strategy.

## Maturity Date

The forecast redemption date upon which the lender repays the investor.

## Members

The individuals who have built up (and may still be building up) entitlement in the Fund. They are divided into actives (current employee members), deferreds (ex-employees who have not yet retired) and pensioners (ex-employees who have now retired, and dependants of deceased ex-employees).

## MSCI

MSCI Inc is an investment research firm that provides indices, portfolio risk and performance analytics and governance tools to institutional investors and hedge funds.

## Multi-Asset

A multi-asset class is a combination of asset classes (such as cash, equity or bonds) used as an investment. A multi-asset class investment would contain more than one asset class, thus creating a

group or portfolio of assets. The weights and types of classes will vary according to the individual investor

## Myners' Review

In the year 2000, the UK Government commissioned a "Review of Institutional Investment in the United Kingdom". The Review was undertaken by Paul Myners and is referred to as "Myners". In response to the Myners' proposals, the Government initially issued a set of ten investment principles, which has subsequently been revised to six. Each pension fund must demonstrate how it complies with this "Myners" report and this can be found in the ISS.

## Option

An option is a financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy or sell a security or other financial asset at an agreed-upon price during a certain period of time or on a specific date.

## Passive

A style of investment management where no active fund management is undertaken – investments are made in line with a designated benchmark or index.

## Past Service Adjustment

The part of the employer's annual contribution which relates to past service deficit repair.

## Pension Fund

An investment fund within a Pension Scheme which is intended to accumulate during an individual's working life from contributions and investment income, with the intention of providing an income in retirement from the purchase of an Annuity. There may be an option of an additional tax free cash lump sum being paid to the individual.

## Pensioner Member

Members who are drawing benefits from the fund. They include former active members drawing their pension along with widows, widowers and other dependants of former active members.

## Percentile

In making an analysis of the result of any activity, the figures may be set out as percentages, covering the range of 0 – 100%. Percentiles are split into 1% bands.

## PMI

The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors. It consists of a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting. The purpose of the PMI is to provide information about current and future business conditions to company decision makers, analysts, and investors.

## Pooling (Actuarial Valuations)

Employers may be grouped together for the purpose of calculating contribution rates, so that their combined membership and asset shares are used to

calculate a single contribution rate applicable to all employers in the pool. A pool may still require each individual employer to ultimately pay for its own share of deficit, or (if formally agreed) it may allow deficits to be passed from one employer to another.

### **Pooling (Funds)**

Pooled funds are funds from many individual investors that are aggregated for the purposes of investment, as in the case of a mutual or pension fund. Investors in pooled fund Investments, benefit from economies of scale, which allow for lower trading costs per investment, diversification and professional money management.

### **Portfolio**

A portfolio is a grouping of financial assets such as stocks, bonds and cash equivalents, as well as their mutual, exchange-traded and closed-fund counterparts. Portfolios are held directly by investors and/or managed by financial professionals.

### **Profile**

The profile of an employer's membership or liability reflects various measurements of that employer's members, i.e. current and former employees. This includes: the proportions which are active, deferred or pensioner; the average ages of each category; the varying salary or pension levels; the lengths of service of active members vs. their salary levels, etc. A membership (or liability) profile might be measured for its maturity also.

### **Quartile**

See Percentile - if these results are then broken down into four equal sections, they are called 'quartiles'. The first quartile will contain the results of the top 25% of the list, the second quartile below that, then the third and the fourth quartile.

### **Rates and Adjustments Certificate**

A formal document required by the LGPS Regulations, which must be updated at least every three years at the conclusion of the formal valuation. This is completed by the actuary and confirms the contributions to be paid by each employer (or pool of employers) in the Fund for the three-year period until the next valuation is completed.

### **Risk / Return**

In markets which are efficient (such as the market for the larger shares on the major stock exchanges) the prices of the various shares will reflect the risks run in each case. That is, there is a trade-off between risk and return. The higher the risk, the more the return should be. Investors, when considering a particular investment, should always consider the risks involved in buying a particular security, as well as its possible returns. The risk / return trade-off should be one appropriate to the needs or risk appetite of that particular investor.

### **Scheduled Bodies**

Types of employer explicitly defined in the LGPS

Regulations, whose employers must be offered membership of their local LGPS Fund. These include Councils, colleges, universities, academies, police and fire authorities etc., other than employees who have entitlement to a different public sector pension scheme (e.g. teachers, health, university lecturers and police and fire officers).

### **Securities**

The general name for stocks, shares and bonds issued by the company to investors.

### **Solvency**

In a funding context, this usually refers to a 100% funding level, i.e. where the assets value equals the liabilities value.

### **SRI**

Socially responsible investment, is an investment process that excludes investment in companies whose core business activities involve animal testing, pollute the environment or comprise alcohol, tobacco and weapons manufacturing or where management practices achieve profit at the expense of human rights and equality. It is otherwise termed ethical investment.

### **Stabilisation**

Any method used to smooth out changes in employer contributions from one year to the next. This is very broadly required by the LGPS Regulations, but in practice is particularly employed

for large stable employers in the Fund. Different methods may involve: probability-based modelling of future market movements; longer deficit recovery periods; higher discount rates; or some combination of these.

### **TCFD**

The Task Force on Climate-related Financial Disclosures, which aims to improve the disclosure of the impact organisations have on the global climate and help organisations understand climate related risks

### **Total Value to Paid-In (TVPI) Multiple**

This is also known as the investment multiple. It is calculated by dividing the fund's cumulative distributions and residual value by the paid-in capital. It gives a potential investor insight into the fund's performance by showing its total value as a multiple of its cost basis. It does not take into account the time value of money.

### **Uncalled Capital**

This is the proportion of the overall capital that the investor has agreed to invest in the Scheme, but which has not been collected by the private equity manager.

### **Valuation**

An actuarial investigation to calculate the liabilities, future service contribution rate and common contribution rate for a Fund, and usually individual employers too. This is normally carried out in full every three years, but can be approximately updated at other times. The assets value is based on market

values at the valuation date, and the liabilities value and contribution rates are based on long term bond market yields at that date also.

### **Volatility**

This is the tendency of a share to move up and down. A very volatile security is one that has moved up or down more sharply than is normally the case in the market concerned. Volatility is very frequently used as a measure of risk on the grounds that a share which moves more sharply than others can be regarded as being much more risky. A steady share has less risk.

### **Weight**

Weight is the percentage composition of a particular holding in a portfolio. The weights of the portfolio can simply be calculated using different approaches: the most basic type of weight is determined by dividing the dollar value of a security by the total dollar value of the portfolio. Another approach would be to divide the number of units of a given security by the total number of shares held in the portfolio.

# COMMUNICATIONS

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement** **	Risk Owner	Review Date
Administrative	A										(since start)		
Contributions	A1	Failure to collect or inaccurate record-keeping leading to potential loss of income and liquidity.	2	4	8	Employers monitored against requirements of relevant legislation. Employers monitored against requirements of Fund KPIs. Overdue contributions actively chased from employers Persistent, significant or negligent failure reported to the Pensions Regulator Cashflow forecast monitored.	This is undertaken monthly.	2	2	4	↔	Head of Pensions Admin.	15/01/25
Data Protection (GDPR)	A2	Data is lost or misused leading to service disruption and / or breach of Data Protection legislation.	3	3	9	Password / encryption. Files transfers. Back-ups. Training.	Data is backed up on a daily basis in a secure manner for 30 days. Files containing member information are encrypted/password protected prior to transmission. Staff are trained on the data they can and cannot provide. Use of secure email portals.	2	2	4	↔	Assistant Director of Finance & Resources - Pension Admin	25/02/25
Data Quality	A3	Poor maintenance and procedures leading to inaccurate data base with subsequent information degradation.	3	3	9	Document internal procedures and processes and undertake internal training to prevent errors within pension team. Checked against human resources system iTrent and every other year and periodically traced. Investigate returned mail. Tracing agencies.	Training notes/checklists used for most tasks, and checked by senior officers.  All returned mail investigated and gone away indicator used	3	3	9	↔	Head of Pensions Admin.	15/01/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
						<p>Annual data cleansing.</p> <p>IConnect used for data transfer from Itrent payroll to Pension System for all relevant organisations paid by Greenwich Payroll team and in process of being rolled out to external payroll providers. This matches data on a monthly basis. Problems can be immediately recognised.</p> <p>Data Quality Measure and Improvement</p> <p>Employer engagement / training to prevent future errors.</p> <p>Master list of employer contacts updated annually.</p>	<p>where necessary.</p> <p>Further bulk address tracing due to be carried out, individual DWP traces can be carried out as and when required.</p> <p>Annual Data cleanse undertaken as part of the year-end Annual Benefit Statement preparation.</p> <p>Reports being run by management for all organisations, discrepancies investigated when loading.</p> <p>Data Quality measured and scored in line with TPR guidelines in September 18, report provided with suggested resolution for any issues. Data improvement plan under review to incorporate address tracing using a tracing agency for relevant members.</p>						

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							Written information factsheet provided with year end return for employers with external payroll. Officers available for employer training as and when required. Contact sheets issued to employers for review Feb 2024.						
Fraud by Member	A4	An act to gain a benefit not lawfully due.	3	2	6	National Fraud Initiative. Payslips twice a year. Primary documentation (birth / marriage / death certificates).	The fund participates in the NFI exercise of cross-matching personal details.  Pensions ceased on any returned mail pending investigation.  Pensions use the Tell Us Once notification service in respect of death notifications.  Pension team access the LGPS NI database for cross matches for membership across boroughs.	2	2	4	↔	Head of Pensions Admin.	15/01/25
Fraud by Staff	A5	An act to gain an unlawful financial benefit.	3	2	6	IT Audit log. Peer review.	The pension team has a dedicated workspace.	1	2	2	↔	Assistant Director of	25/02/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
						<p>Locked secure records.</p> <p>Declaration of interest.</p>	<p>Management supervision is used as part of the peer review process.</p> <p>The work of the section is reviewed periodically by External and Internal audit.</p>					Finance & Resources - Pension Admin	
Business Continuity (including ICT)	A6	Unavailability of premises and/or ICT leading to being unable to administer pension payroll and administrative records.	2	4	8	Business continuity arrangements.	<p>All staff are able to work from home. Arrangements for non-pension specific premises issues and the core ICT environment are managed through the Corporate Risk Register. The pensions system itself has regular backups.</p> <p>The Pension system contract was renewed for 5 years in August 19. This will be monitored by senior management</p>	3	4	12	↔	Assistant Director of Finance & Resources - Pension Admin	25/02/25
Making payments	A7	Incorrect calculations leading to payment errors.	2	3	6	<p>Training.</p> <p>Peer review.</p>	<p>The auditor reviews the peer review process.</p> <p>Benefit calculations are double checked before they come into payment with appropriate sign</p>	1	3	3	↔	Head of Pensions Admin.	15/01/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
						IT test system	<p>off levels in place.</p> <p>For any changes to pension entitlements under legislations or guidance or changes to the pension system calculations a test environment is used for user acceptance testing before going live, to ensure payment calculations are correct.</p> <p>Staff are trained and updated checklists provided. Rec done quarterly</p>						
Over-reliance on key staff	A8	Reliance on critical knowledge centred on few individuals leading to risk of loss of skills and knowledge with those staff.	4	3	12	Training.	New staff have been recruited and training given. Training is being provided to a wider number of staff and work has been reallocated to remove any single points of failure. Training notes are written on an ad hoc basis as and when training is given	3	3	9	↔	Assistant Director of Finance & Resources - Pension Admin	25/02/25
Provision of information	A9	Failure to administer scheme appropriately leading to incorrect decisions being made by members and the Fund that could adversely affect various stakeholders.	3	4	12	<p>Specific post with responsibility for technical updates.</p> <p>Receiving appropriate training in all current and new technical areas.</p>	Various members of staff including the Head of Pensions and Pensions Operations	2	2	4	↔	Head of Pensions Admin.	15/01/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
							<p>Manager attend seminars, training sessions, receive updates from professional advisors and circulations from the regulatory bodies.</p> <p>The Assistant Director of Financial Operations is the secretary of the JPG technical sub group.</p>						
Third Party Failure	A10	Failure of fund manager / custodian.	1	3	3	<p>Selection and monitoring.</p> <p>Reports on internal controls received for each fund manager.</p> <p>Audit reports.</p>	<p>Investment consultant undertakes continued research and monitoring of investment managers.</p> <p>Officers Meet with Managers and Custodian twice yearly.</p> <p>Assets are held on a nominee basis by the custodian.</p>	1	2	2	↓	Treasury & Pensions Manager	20/02/25
Completeness of Published Accounts	A11	Failure to disclose relevant facts in the Report and Accounts or during the audit leading to qualification of the accounts.	2	4	8	<p>Training of staff involved in production of the accounts.</p> <p>Review of accounts by senior management before submission to external audit.</p>	<p>2023/24 accounts is planning to be sign off on 26 February 2025.</p>	2	3	6	↔	Director of Finance & Resources and 151 Officer	20/02/25
Accuracy of published accounts	A12	Production of incorrect accounts, notices and publications leading to qualification of the accounts.	2	4	8	<p>Training of staff involved in production of the accounts.</p> <p>Peer review accounts before submission to external audit.</p>	<p>2022-23 accounts were unqualified.</p>	1	4	4	↓	Director of Finance & Resources	20/02/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
												and 151 Officer	
Poor Panel and Local Pension Board (LPB) succession planning	A13	Failure to plan for turnover in Panel / Board members leading to vacant posts on panel and/or shortfall in knowledge and skills of Panel/ Board members.	3	3	9	Awareness of known future events with potential to impact on Panel membership e.g. local elections.  Rolling training programme for Panel Members including induction for new Members.	Current Board members has been given induction training. Knowledge and Understanding Policy agreed and adopted.	2	3	6	↔	Treasury & Pensions Manager	20/02/25
Insufficient delegation from Members to Officers	A14	Failure of Panel to delegate matters, which should be undertaken by officers, delaying taking of important decisions by Members.	2	3	6	Ensure Scheme of Delegation in place.  Rolling review of Officer/ Member delegation.	Fund managers meetings delegated to officers.	1	2	2	↔	Treasury & Pensions Manager	20/02/25
Completeness of Published pension board Report and information	A15	Failure to disclose relevant facts in the Report leading to criticism by the Pensions Regulator, CLG and other national organisations.	2	4	8	Training of staff involved in production of the Report.  Officers involve in regular Pension forum and discussion with Peers  Review of Report by the Finance Manager		2	3	6	↓	Treasury & Pensions Manager	20/02/25
Discrimination	A16	Failure to provide information in a suitable format where requested (e.g. braille, large print, other language, etc.).	2	3	6	Investigate need to provide information in an alternative format and source appropriate suppliers to be used by the Council where required.	Reports all provided in the standard variety of formats as required by RBG corporate policy.	1	3	3	↔	Head of Pensions Admin.	15/01/25
<b>Compliance / Regulatory</b>	<b>C</b>												
Austerity	C1	Leading to employers getting into financial difficulties, leading to an increase in member opt outs.	5	4	20	Employer/member communication.	The level of member opt outs is being monitored, however auto enrolment has increased the net membership.  Next auto enrolment intake for RBG is in April 2025.	4	3	12	↔	Assistant Director of Finance & Resources - Pension Admin	25/02/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
New Employer Types	C2	Increase in employers requiring enhanced service.	5	4	20	Professional advice. Employer engagement. Provision of employer training on joining the Fund and ongoing where required.	Increase in academies / 3 <sup>rd</sup> tier small contractors generating additional technical work in determining employer rates and monitoring.  Provision of RBG payroll services to external bodies insures information provided in correct format. Requirement for new employers to continue to provided member data in required format.  Training for all members as requested.	4	3	12	↔	Assistant Director of Finance & Resources - Pension Admin	25/02/25
Scheme Change	C3	Leading to large number of opt outs	5	4	20	Monitoring. Communication. Training.	Further scheme changes will be monitored and communicated as appropriate in the future.	3	3	9	↔	Head of Pensions Admin.	15/01/25
Conflicts of Interest	C4	Failure to recognise conflicts of interests that are likely to prejudice an individual's ability to perform their role on either the Panel or LPB.	1	4	4	Conflicts policy. Members Code of Conduct. Member and LPB registers of personal and financial interests. Governance training.	Member declarations formally recorded at each Panel meeting and as part of the published accounts.  Material Related Party Transactions published in accounts.	1	3	3	↔	Nassir Ali - Corporate Governance Manager	15/01/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
Socially irresponsible business practices	C5	Failure to manage the Fund in line with socially responsible business practices as well as Council or Fund policies.	2	4	8	<p>Membership of the Local Authority Pension Fund Forum.</p> <p>Net zero road map develop with short/ longer term actions created.</p> <p>Monitoring application of local policies.</p>	<p>Statement on socially responsible business practices outlined in Statement of Investment Principles.</p> <p>Regular review of Statement of principles</p> <p>Review of ISS at least every 3 years</p>	2	2	4	↔	Treasury & Pensions Manager	20/02/25
Key performance indicators (KPIs)	C6	Failure to have formal KPIs in place and to monitor these regularly, leading to officers being unable to produce accurate performance management reports or to provide information to CLG and others where required.	3	2	6	<p>KPIs to be in place as per business plan.</p>	<p>Working ongoing to development KPIs in Administration of the Fund.</p> <p>Pension Board review key areas.</p>	2	2	4	↓	Head of Pensions Admin	20/02/25
<b>Employer</b>	<b>E</b>												
Cessation	E1	Employer ceases to make contributions to the fund, having an inadequate alternative funding, bond or guarantee in place, generating a deficit to be recovered by residual employers	5	3	15	<p>Monitor Risk profile:</p> <ul style="list-style-type: none"> <li>• Employer Type</li> <li>• Funding Source</li> <li>• Strength of covenant</li> <li>• Open/closed</li> <li>• Accounts/credit</li> <li>• Admin records</li> <li>• Bond/guarantee</li> <li>• Deficit recovery period</li> <li>• Active Members</li> </ul>	<p>All employers subject to financial health check.</p> <p>Funding Strategy Statement band like employers together.</p> <p>Consideration of bond / guarantee is given for new employers.</p> <p>New Employer Flexibilities put in place which enable employers to put into Debt Spreading</p>	4	3	12	↓	Treasury & Pensions Manager	20/02/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
							Agreements (DSA's) or Deferred Debt Agreements (DDA's) to offer further protection.						
Contribution	E2	Shortfall arising from change in employer's membership / status. Employee participation rate falls.	3	3	9	Employers reminded to advise administering authority of changes. Risk profiling. Effective communication with stakeholders.	Monitoring of employers' active members.	3	2	6	↔	Treasury & Pensions Manager	20/02/25
Employer covenants	E3	Failure to monitor employer covenant, or being unaware of changes within an employer (e.g. changes to membership or closing to new entrants) leading to inappropriate funding strategy and risk of unrecovered debt on cessation of participation in the Fund.	3	3	9	Employer 'health check' spreadsheet developed and maintained by officers. Employer engagement.	All employers subject to periodic financial health check including review of covenant arrangements. A more in depth reviews is completed at every formal valuation cycle.	3	2	6	↓	Treasury & Pensions Manager	20/02/25
Employer database	E4	Failure to maintain employer database leading to information being lost or issued to the wrong person.	2	3	6	Employer engagement. Develop and maintain electronic employer contacts list.	This is verified annually.	1	2	2	↔	Head of Pensions Admin.	21/05/24
<b>Investment</b>	<b>I</b>												
Asset Concentration	I1	Under performance in an over concentrated area leading to reduced funding level and increase in employer contributions.	3	3	9	Regulations. Monitor against benchmark. Diversification.	Investment managers contracted to comply with Regulations and Fund's Investment strategy statement. This is reviewed quarterly against the	3	2	6	↔	Treasury & Pensions Manager	20/02/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
							benchmark allocation.  Any under-performing managers are reviewed by Panel.						
Asset / Liability mismatch	12	Asset mix insufficient to generate funds to meet liabilities resulting in lower funding level, inappropriate deficit recovery period and increased employer contributions.	4	4	16	Asset / liability study.  Diversification.  Frequent monitoring.	The last asset/liability completed in 2022/23.  The next one will start in 2025/26 after the formal valuation results.	2	2	4	↔	Treasury & Pensions Manager	20/02/25
Corporate Governance	13	A stock held by the Fund performs poorly as a result of poor governance structure leading to a reduction in value.	3	3	9	Stewardship Code.  Membership of Local Authority Pension Fund Forum.	Primary fund managers comply with the Stewardship Code.  LAPFF alert funds to specific issues for action. Issues will be raised at panel meetings.  ESG rating are available for some managers  Performance Reports presented to both Panel and Board quarterly. Board undertake scrutiny role with oversight of decisions taken by Panel including asset allocation decisions.	2	2	4	↔	Treasury & Pensions Manager	20/02/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
Counterparty Default	14	The counterparty to a transaction defaults on their element leading to a potential loss for the fund.	2	3	6	Custodian. Review of credit ratings of counterparty's Legislation.	All transactions are reconciled between the investment manager and the custodian.	1	2	2	↔	Treasury & Pensions Manager	20/02/25
Currency	15	A sharp and adverse movement in the currency exchange rate leading to a reduction in the value of non-sterling denominated assets.	3	3	9	Investment advice. Diversification. Increasing amount non-sterling holdings will increase our currency risk	Fund managers can hedge against currency fluctuations if required.  The Fund Investment adviser keep under review.	2	3	6	↓	Treasury & Pensions Manager	20/02/25
Funding Risk	17	Investment strategy inconsistent with funding plan leading to incorrect employer contribution rate.	3	4	12	Triennial / interim review linked with funding strategy. Asset liability study. ISS (Investment Strategy Statement)	New strategy implemented.  Funding level at least formal valuation is 103%	3	2	6	↓	Treasury & Pensions Manager	20/02/25
Illiquidity	18	Assets sold at depressed valuation / investment opportunity missed.  Inability to realise investments to pay benefits.	4	5	20	Limit on illiquid assets.  Cash flow forecast.	Property and Private Equity represent a relatively small part of the portfolio.  The Fund is now cashflow negative. This is monitored weekly.  New asset allocation will make sure there sufficient investment income being return to the Fund to meet benefits payment.  Officers will make sure cashflow is for a period of two years	3	4	12	↔	Treasury & Pensions Manager	20/02/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
Investment Return	I9	If less than actuarial assumption could lead to increased deficit and additional contributions.	4	4	16	Diversified portfolio. Periodic asset liability study. Extended deficit recovery period.	Returns are monitored monthly and reported to the Pension Fund Panel quarterly.  Funding Strategy Statement is consistent with triennial valuation.	3	4	12	↔	Treasury & Pensions Manager	20/02/25
Manager Performance	I10	Fund manager underperforms benchmark.	3	3	9	Manager selection and monitoring.  Appropriate benchmarks.	Quarterly monitoring reports are made to Panel and action undertaken in respect of poorly performing managers.  Manager performances have been in line with their respective benchmarks in the medium term.	3	3	9	↔	Treasury & Pensions Manager	20/02/25
Stock Lending	I11	A counterparty to stock lending could default leading to a loss of fund assets.	1	1	1	Review of stock lending policy.	Current policy is that there is no direct stock lending.  There may be stock lending within the underlying assets of unutilised vehicles. Potential loss to the fund is minimal however .	1	1	1	↔	Treasury & Pensions Manager	20/02/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
Systemic Risk	I12	Financial market volatility affecting multiple asset classes leading to sharp reduction in assets.	3	5	15	Diversification. Liquidity Levels. Custody arrangements.	Late Feb 2020-saw financial market reaction to the spread of coronavirus. The FTSE 100 index made a loss of 8.2% in the 4 days to 28/02/2020 or the equivalent of £164bn being wiped off the value of the U.K's Leading Companies.  More recently, a potential invasion of Ukraine by Russia could be a major risk-off event and can send ripples across a number of markets.	3	4	12	↔	Treasury & Pensions Manager	20/02/25
Treasury Investment	I14	Surplus contributions not invested.	3	1	3	Contributions monitoring. Cash flow forecasts.	A detailed cashflow forecast is maintained.	2	1	2	↔	Treasury & Pensions Manager	20/02/25
Transition	I15	A transfer of assets between managers is undertaken without sufficient controls in place leading to a loss of assets.	3	3	9	Pre-transition report. Post trade report. Reconciliations.	Each transition that the fund has undertaken is fully reconciled to ensure integrity of the transfer.	2	2	4	↔	Treasury & Pensions Manager	20/02/25
Transition Managers	I16	Assets allocated to transition managers for a longer period of time than intended, potentially leading to an imbalanced asset allocation.	3	3	9	Investment strategy review finalised and assets allocated appropriately.	All Funds have now been embedded with new managers.  Matching the asset allocation.	1	1	1	↔	Treasury & Pensions Manager	20/02/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
Investment return	I17	Risk of missing opportunities to maximise returns.	1	4	4	Quarterly review of investment performance. Periodic review of asset allocation structure.	Advice taken on regular basis from investment advisers regarding investment performance and asset allocation including rebalancing	1	3	3	↔	Treasury & Pensions Manager	20/02/25
Management information	I18	Insufficient management information available about the position of the Fund leading to uninformed decision-making.	1	4	4	Provision of management reports to Panel. Training programme for Members and Officers. performance reporting reviewed.  London CIV to attend the Pension Panel at least twice a year	Regular management reports presented to Panel covering a range of Pension Fund issues. Formal rolling training programme in place for Members and Officers. An annual Business Plan is prepared to ensure timely and relevant information is updated.	1	3	3	↔	Treasury & Pensions Manager	20/02/25
Investment decisions	I19	Delays in implementation of decisions reducing the effectiveness of the decision.	2	4	8	Panel minutes recording formal decisions. Scheme of delegation in place for officers to carry out decisions.	Regular Panel meetings mean Members have the opportunity to request updates on the implementation of decision taken.	1	4	4	↔	Treasury & Pensions Manager	20/02/25
Manager mandates	I20	Insufficient scrutiny of manager mandates and terms of business leading to inappropriate fee levels or other costs.	2	3	6	Review of manager mandates. Review of fee invoices.	Mandates reviewed on a regular basis. Invoices from managers reviewed prior to payment.  Fund have legal advisor that can	1	3	3	↔	Treasury & Pensions Manager	20/02/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
							review new mandates						
London CIV	I21	London CIV has inadequate resources to monitor the implementation of investment strategy and as a consequence are unable to address underachieving fund managers	3	2	6	Regular business updates Panel's chair attend London CIV AGM London CIV regularly to attend Pension panel meeting	Regular review of London CIV developments.  The London CIV have increase their staffing level as new fund is launch.	3	2	6	↔	Treasury & Pensions Manager	20/02/25
ESG Risk	I22	Insufficient oversight in relation to the environmental, social and governance (ESG) impact of the Funds investments.	3	4	12	ISS and RI Investment Policies to ensure that ESG factors are considered in investment decisions. LAPFF Membership Regular training on ESG and the associated risks. Fund seeks advice from Investment Advisors who incorporate ESG factors into their research.	Managers expected to engage with companies on ESG issues.  Monitor that manager are voting in line with the Funds policy.  Development of the Funds Net Zero Roadmap.  Initial work undertaken in preparation to report in line with TCFD.  Fund has made £42.5m pledge to LCIV Renewable Infrastructure Mandate.  ESG incorporated a regular item in training register.	2	2	4	↓	Treasury & Pensions Manager	20/02/25
Liability (Demographic)	LD												
Early retirements	LD1	Frequency beyond assumption further increasing liabilities, reducing funding levels and increasing employer contributions.	3	3	9	Monitor experience. Build control into admission agreement.	The Panel receives details of fund strains every 6 months.	2	2	4	↔	Head of Pensions Admin.	20/02/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
						Employers required to pay sums where appropriate.							
Ill health	LD2	Frequency beyond assumption further increasing liabilities, reducing funding levels and increasing employer contributions.	3	3	9	Consider allowance per employer at the next valuation. Ill Health Liability insurance to be considered. Monitor experience. Invoice employer for excess amounts. Build control into admission agreement.	The triennial valuation provides details of experience versus actuarial assumption.	3	2	6	↓	Treasury & Pensions Manager	20/02/25
Longevity / Mortality	LD3	Improvement beyond assumption further increasing liabilities, reducing funding levels and increasing employer contributions.	3	3	9	Regular longevity monitoring. Prudent actuarial assumption. Compare local experience. Allow for increase.	The triennial valuation provides details of experience versus actuarial assumption.	2	2	4	↔	Treasury & Pensions Manager	30/07/24
<b>Liability (Financial)</b>	<b>LF</b>												
Discount rate	LF1	Yields change beyond assumptions further increasing liabilities, reducing funding levels and increasing employer contributions.	3	4	12	Frequent market monitoring. Prudent assumption adoption. Hold assets matching liabilities.	The triennial valuation has set the discount rate for the next three years. The Fund is updated by our consultant as to the movement in the discount rate.	2	4	8	↔	Treasury & Pensions Manager	30/07/24
Inflation rate	LF2	Levels different from actuarial assumptions leading to increase in employer contributions.	3	3	9	Anticipate re deficit contributions. Prudent assumption at valuation. Hold assets matching inflation linked liabilities.	The triennial valuation provides details of experience versus actuarial assumption. The fund is updated by the investment consultant as to the movement in the inflation rate. Post valuation report reviews	3	3	9	↔	Treasury & Pensions Manager	30/07/24

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
							the assumption used.						
Salary increases	LF3	Levels different from actuarial assumptions leading to increase in employer contributions.	2	3	6	Employer / Government control. Prudent assumption at valuation. Final salary / CARE.	Effect of reducing liabilities following introduction of a CARE scheme compared with a final salary scheme.	2	2	4	↔	Treasury & Pensions Manager	30/07/24
Employer funding	LF4	Over or under cautious determination of employer funding requirements.	2	3	6	Actuarial valuation.	Employer funding requirements determined by Fund actuary.	1	3	3	↔	Treasury & Pensions Manager	30/07/24
<b>Liability (Other)</b>	<b>LO</b>												
Regulatory Change	LO 1	Regulation/legislation/ taxation changes requiring increased contributions/additional benefits.	2	4	8	Monitor and respond where appropriate to Government consultations. Dialogue with employers of potential impacts. Build into valuations.	The main changes are covered elsewhere within this register.  The number of changes continues to increase.	2	4	8	↔	Treasury & Pensions Manager	30/07/24
<b>Other</b>	<b>O</b>												
Cyber Security (as per the GMT Strategic Risk Register)	O1	The Royal Borough must ensure that its systems and services are protected from Cyber Security attacks and data breaches. Causes: • Varying manners of accessing RBG's ICT infrastructure from both within the Council's network and via public channels • Increasing number of over privileged users working across numerous teams both internal to RBG and via third-party supplier chain. Lack of Cyber Security and technical expertise within the Council to respond to misconfiguration or malicious use of systems. Effects: • Threat actors gain access to Council data and systems • Temporary or permanent loss of data, sensitive data exposure in the	4	4	16	Technical training for ICT staff • Annual PSN accreditation • Annual Penetration Testing performed as part of the PSN accreditation • User awareness on phishing emails and Ransomware published on the Intranet • Separation of standard user accounts from administrative user accounts • Change from default administrative membership of the super privileged Domain Admins security group to a needs-must membership • Web filtering and Email filtering • Patch management	Build up a Cyber Security incident response team (CSIRT) and cyber security awareness/expertise within the ICT teams • Role Based Access Control Matrix being developed, which will help to apply the principle of least privilege. • Council user education and awareness to develop a	4	4	16	↕ Down from 20	Sukhvinder Bansil – IT Dept.	30/07/24

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
		public domain and/or reputational damage <ul style="list-style-type: none"> <li>Financial penalties imposed due to a breach of regulations</li> <li>Disconnection from the Public Sector Network (PSN) and its associated services</li> </ul>				<ul style="list-style-type: none"> <li>Review and implementation of specialist technology to enhance security posture. <ul style="list-style-type: none"> <li>CSOC (Cyber Security Operations Centre) is now in place and is monitoring the RBG environment 24x7 for suspicious access attempts.</li> <li>A new/modern backup solution which provides immutability and faster restore is now in place.</li> </ul> </li> </ul>	<p>security conscious culture</p> <ul style="list-style-type: none"> <li>Recent cyber security attacks on LAs have highlighted the scale of organisational impact. Work alongside National Cyber Security Centre (NCSC) and other LAs to implement best practice and enable early alerting.</li> </ul> <p>The IT teams continue to look at the feasibility of using Network Detection and Response tooling as an additional security measure.</p>						
Business Continuity (Staffing - Health epidemic)	O2	Unavailability of adequate staff levels leading to being unable to administer pension payroll and administrative records.	4	4	16	<ul style="list-style-type: none"> <li>All staff have the able to work from work</li> <li>Officers have shared roles and responsibility - so critical duties can be carried out by numerous staff.</li> </ul>	The Council have provided guidance for managers and Employers on the coronavirus.	3	1	3	↔	Treasury & Pensions Manager	30/07/24
Reputational	R												
Performance	R1	The fund receives adverse publicity through holding a stock that has encountered performance issues related to corporate governance failure.	3	3	9	<p>Stewardship Code.</p> <p>Membership of Local Authority Pension Fund Forum.</p> <p>Review of ESG policy</p> <p>Updating Responsible investment policy</p>	<p>Primary fund managers comply with the Stewardship Code.</p> <p>LAPFF alert funds to specific issues for action.</p>	3	2	6	↔	Treasury & Pensions Manager	20/02/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
							The fund receives information on EGS from all investment advisors.						
Transactional	R2	Ultra vires action.	2	5	10	Section 151 overview.	The workings of the fund are maintained under the direction of the section 151 officer.  The section 151 officer receives regular updates.	1	5	5	↔	Director of Finance & Resources and 151 Officer	20/02/25
Peer performance	R3	Investment returns below peer group funds or excessive risk levels relative to peer group leading to reputational damage for the Fund.	3	4	12	Peer performance comparison.	Comparison of performance against peers undertaken on a regular basis.	2	4	8	↔	Treasury & Pensions Manager	20/02/25
Complaints	R4	Failure to maintain appropriate records and follow correct procedures and to deal with complaints appropriately leading to reputational damage for the fund.	3	4	12	Council complaints procedure.  Internal disputes resolution procedure.  Employer engagement / training to address employer specific issues.	Internal disputes resolution procedure sets out clearly how complaints regarding pension scheme decisions will be dealt with.  Council complaints procedure sets out clearly how general complaints relating to staff performance/attitude are to be dealt with.	2	3	6	↔	Head of Pensions Admin.	20/02/25
Contract infringement	R5	Infringement of contracts for the supply of services to the Fund leading to reputational and financial loss.	3	4	12	Contract monitoring.  Legal department review new contracts.	Contract monitoring undertaken by officers. Keep a contract registers.	2	4	8	↔	Treasury & Pensions Manager	24/10/25
Administration service cost	R6	Risk that excessive costs of administration could lead to a loss of reputation.	2	4	8	Benchmarking costs against peers and Regular performance measurement.	Administration is reported in the Pension	1	4	4	↔	Treasury & Pensions	24/10/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
						Seeking opportunities to introduce efficiencies.	Fund annual report					ns Manager	
Business continuity	R7	Failure to maintain adequate BCM arrangement	2	4	8	RBG BCM	Kept under review	1	4	4	↔	Treasury & Pensions Manager	24/10/25
Maintaining risk register	R8	New risks are not identified and placed on risk register where appropriate. Risk register is not regularly reviewed and kept up to date.	3	4	12	Put process in place to regularly review risk register.	Panel Reviews the Risk Register on an annual basis. The Pension Board also have sight of the risk register.  Risk Register is a live document- any significant change is review against the register for possible inclusion.  Co-ordinate with other teams for latest up to date review details.	1	4	4	↔	Treasury & Pensions Manager	20/02/25
Breaches	R9	Failure to report breaches of the law to the Pensions Regulator.	3	3	9	Training of officers, Councillors and pension board members on their legal responsibilities  Ongoing monitoring of legal responsibilities and follow up training where required.	Pension Board should help stop the organisation from making breaches of regulation.	2	3	6	↔	Head of Pensions Admin.	05/11/24
MIFID	R10	Introduction of European Directive MIFID II results in the restriction of Fund's investment options and an increase in costs	2	2	4	Communicate any change to manager.  Review any changes that can impact professional status.	Continue to Maintain an opt-up to professional status.	2	2	4	↔	Treasury & Pensions Manager	20/02/25
<b>Skills / Resources</b>	<b>S</b>												
Knowledge & Skills	S1	Ensuring Panel members have appropriate level of knowledge and skills to enable them fulfil their roles.	3	3	9	Training for all members including new ones.	Detailed training undertaken in 2022/23 with refresher	4	2	8	↔	Treasury & Pensions	20/02/25

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
		High turnover of Councillors on Panel leading to low governance knowledge and skills.				CIPFA Knowledge & Skills Framework.	subjects covered on an on-going basis.  Will continue to be reviewed on an on-going basis.					ns Manager	
		Ensuring officers have appropriate level of knowledge and skills to enable them to fulfil their roles.  High turnover of officers leading to inability to undertake required roles.	3	3	9	Training for all officers (internal/external).  CIPFA Knowledge & Skills Framework.  Recruitment and retention policy.  Log of Training	Detailed training undertaken in 2024/25 with refresher subjects covered on an on-going basis.	1	2	2	↔	Treasury & Pensions Manager	20/02/25
		Ensuring pension board members have appropriate level of knowledge and skills to enable them fulfil their roles.  High turnover of member and employer representatives on the pension board leading to inability to undertake required roles	3	3	9	Training for all pension board representatives (internal/external).  Compliance with the Pensions Regulator Code of Practice knowledge and understanding requirement and as a minimum successful completion of the Pension Regulator’s public service schemes training modules.  Recruitment and retention policy.	Knowledge and Skills Policy and Framework agreed.  New Knowledge and skills guidance from CIPFA came out in 21/22	3	2	6		Treasury & Pensions Manager	20/02/25
Resources to support staff	S2	Increase in employers leading to insufficient resources.	3	3	9	Monitor workloads.	Task management system in use to monitor workloads which is reviewed by senior management.  Regular management meetings between head of pensions and operations manager	3	3	9	↔	Head of Pensions Admin.	05/11/24

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Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial Score*	Controls	Status / Comment	Current Chance	Current Impact	Current Score**	Risk level movement**	Risk Owner	Review Date
		Failure to appoint and monitor professional advisors leading to poor decision making.	2	2	4	Contract monitoring	<p>Full list of relevant contracts provided as part of the annual business plan approved by the Panel.</p> <p>In line with the Competition and Markets Authority ("CMA") requirements the Fund sets objectives for its investment consultants, performance against which is reviewed by Panel annually.</p>	1	2	2	↔	Treasury & Pensions Manager	20/02/25
Succession planning	S3	Inadequate succession planning (at all levels) leading to skills gaps following staff turnover, natural wastage or long-term absence.	2	4	8	<p>Ensure adequate skills transfer amongst staff.</p> <p>Plan for skills transfer in advance of known events (retirements, elections, end of term of office, etc.).</p>	Engagement with Committee Services on Knowledge and Skills requirements for Panel Members.	2	4	8	↔	Treasury & Pensions Manager	20/02/25

\*Initial score= risk score awarded prior to the application of controls.

\*\* Current score= risk score following the application of controls.

\*\* Risk level movement= movement in current risk score since register was last formally reviewed by Panel.

### Risk Register Scoring Mechanism

The risks that have been identified are assessed in relation to two aspects:

- the **chance** of it happening
- the **impact** if it did happen.

Each element is independently assessed on a scale of 1-5 (see table below). The product of the elements for each risk is calculated to give an overall score. Scores can be plotted on a matrix to determine the overall risk factor (high, medium, low). The factor will determine the level of response required by the Fund in respect of that risk.

#### Chance

Score	Overall Chance	Definition
1	Unlikely	This event is not expected to occur
2	Rare	The event may occur only in exceptional circumstances
3	Possible	The event might occur at some time
4	Likely	The event will probably occur in most circumstances
5	Almost Certain	The event is expected to occur in most circumstances

#### Impact

Score	Overall Impact	Definition
1	Negligible	The event should cause little or no effect to the Fund
2	Minor	The event should have a minor effect upon the Fund
3	Moderate	The event should have a moderate effect upon the Fund
4	Major	The event should have a major effect upon the Fund
5	Very Significant	The event should have a very significant effect upon the Fund

#### Matrix

		Impact				
		5 V Significant	4 Major	3 Moderate	2 Minor	1 Negligible
Chance	5 - Almost Certain	25	20	15	10	5
	4 - Likely	20	16	12	8	4
	3 - Possible	15	12	9	6	3
	2 - Rare	10	8	6	4	2
	1 - Unlikely	5	4	3	2	1

Risk Factor	Management of Risk
16 – 25 Significantly High Risk	Senior management monitoring
11 – 15 High Risk	Management develop action plan / monitoring

6 – 9 Medium Risk	Routines enhanced by specific procedures
0 – 5 Low Risk	Routine procedures

## **Governance Compliance Statement**

### **Introduction**

This is the Governance Compliance Statement of The Royal Borough of Greenwich Pension Fund which is administered by The Royal Borough of Greenwich, the administering authority. The Statement details the governance arrangements in place to ensure that effective and efficient management of the Fund.

### **Regulatory Framework**

The Local Government Pension Scheme (Administration) Regulations 2013 paragraph 55 requires all administering authorities to produce a Governance Compliance Statement. This statement must set out:

- (a) whether the authority delegates its function, or part of its functions under these Regulations to a committee, a sub-committee or an officer of the authority;
- (b) if the authority does so—
  - (i) the terms, structure and operational procedures of the delegation,
  - (ii) the frequency of any committee or sub-committee meetings,
  - (iii) whether such a committee or sub-committee includes representatives of Scheme employers or members, and, if so, whether those representatives have voting rights;
- (c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent it does not so comply, the reasons for not complying, and
- (d) details of the terms, structure and operational procedures relating to the local pension board established under regulation 53(4) (Scheme managers).

### **Delegation Arrangements**

The Royal Borough of Greenwich is the Administering Authority for the Royal Borough of Greenwich Pension Fund. Elected Members are therefore, responsible for the stewardship of the Fund. This responsibility has been

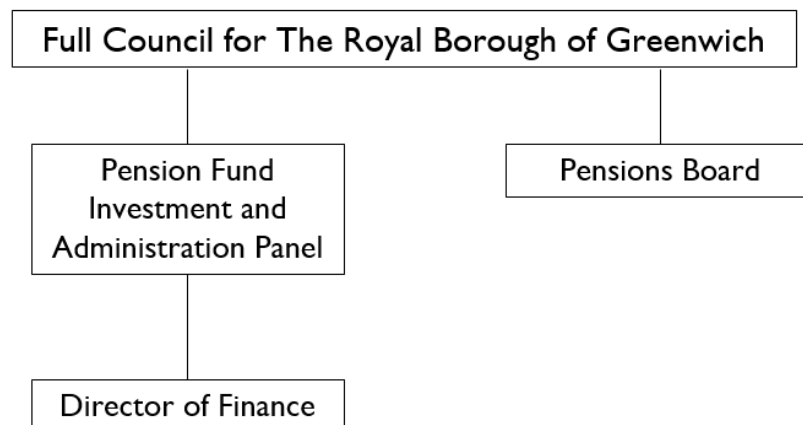
delegated to the Pension Fund Investment and Administration Panel, a sub-committee of Council.

The Royal Borough of Greenwich Local Pension Board was established in accordance with Section 5 of the Public Service Pensions Act and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended). The Board was established by the Pension Fund Investment and Administration Panel under delegation from the Administering Authority and operates independently of the Panel. Its purpose is to assist the Administering Authority in its role as a scheme manager. The Board was established on 1 April 2015.

Day to day running of the Fund in respect of administering the membership through collecting contributions, paying benefits / pensions and maintaining all necessary records, is undertaken by the Director of Finance.

### Governance Structure

The table bellows illustrates the governance structure in place for The Royal Greenwich Pension Fund.



### **Purpose**

#### Pension Investment and Administration Panel

The general terms of reference of the Pension Fund Investment and Administration Panel are:

- To exercise all relevant functions conferred by regulations made under the Public Services Pensions Act 2013

- To consider and decide all matters regarding the management of the pension fund's investments and to determine the delegation of powers of management of the fund and to set boundaries for the managers' discretion.
- To decide all matters relating to policy and target setting for and monitoring the investment performance of the pension fund.
- At least once every three months, to review the investments made by the investment managers and consider the desirability of continuing or terminating the appointment of the investment managers.
- To consider and make recommendations on policy and staff related issues which have an impact on the pension fund directly or indirectly through changes in employer pension contribution rates and through Fund employers' early retirement policies.
- To consider triennial valuation reports prepared by the Fund's actuaries, with recommended employer contributions.
- To receive monitoring reports from the Director of Finance on all matters relevant to the Pension Fund and the Administering Authority's statutory requirements.
- To receive reports as appropriate from the Pension Board.

The table in Appendix B explores the various functions in relation to the Pension Fund Investment and Administration Panel's delegated level. The table splits the functions into three categories (management arrangements, corporate governance and other) and states the responsibilities of the Pension Fund Investment and Administration Panel, the Director of Finance and Fund Managers in respect of the functions.

### Local Pension Board

The purpose of the Board is to:

- Assist the Royal Borough of Greenwich Administering Authority as Scheme Manager:
- to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS

- to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
- Any such other matters as the LGPS regulations may specify.
- Secure the effective and efficient governance and administration of the LGPS for the Royal Borough of Greenwich Pension Fund
- Provide the Scheme Manager with such information as it requires, to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

## **Representation and Voting**

### **Pension Investment and Administration Panel**

The Pension Fund Investment and Administration Panel consists of four Greenwich Councillors with full voting rights – all four members are from the majority party. Representatives from admitted bodies and the trade unions are invited to participate as members of the Panel, but do not have voting rights.

### **Local Pension Board**

The Pension Board consists of four members, each with voting rights. These members are made up of two member representatives and two employer representatives. There are no other representatives.

Member representatives shall either be scheme members or have the capacity to represent scheme members of the Fund.

Employer representatives shall be office holders or senior employees of employers of the Fund or have experience of representing scheme employers in a similar capacity.

Substitutes may not be co-opted to join.

A chair and vice-chair are appointed for the Board by the administering authority. These roles will be filled by one member representative and one employer representative.

## **Meetings**

## Pension Investment and Administration Panel

The Pension Fund Administration Panel convenes a minimum of four times a year. More meetings are convened when necessary.

The quorum for meetings of the Pension Fund Investment and Administration Panel is 2.

## Local Pension Board

The Board will meet, as a minimum, two times a year. The chair of the Board, with consent from the Board members, may call additional meetings.

A meeting will be considered quorate when at least 50% of both member and employer representatives are present.

## **Access and Publication**

### Pension Investment and Administration Panel and Local Pension Board

Details of the Pension Fund Administration and Investment Panel and Local Pension Board meetings (including minutes and agendas) are sent to Trustees and published on the Royal Greenwich website a minimum of five clear days before the meeting date. All members have equal access to papers. Meetings are held at the Town Hall and are open to the public.

Details of historic meetings and documentation, for example Pension Fund Annual Reports and Annual Accounts are available on the Royal Greenwich website. A Business plan is produced each year, which details the areas to be covered in each meeting – this is also available on the website.

## **Training**

### Pension Investment and Administration Panel and Local Pension Board

Induction training is completed upon appointment to the Panel/Board. A rolling training schedule is specified in the annual business plan. This training is undertaken in line with CIPFA's Knowledge and Skills Framework. A training log is maintained by officers and Panel/Board Members are notified of any relevant training they may wish to undertake. An annual training day also takes place which covers various relevant topics.

## **Expenses**

### **Pension Investment and Administration Panel**

Members expenses are reimbursed in line with the Royal Greenwich Members Allowance Scheme (Part 6 of The Royal Greenwich Constitution) which is updated annually and available on the Royal Greenwich website.

### **Local Pension Board**

The Board is provided with adequate resources to fulfil its role. In doing so, the budget for the Board is met from the Fund and determined by the Board seeking approval from the Section 151 officer for any expenditure it wishes to make.

## **Scope**

### **Pension Investment and Administration Panel**

Trustees work in a multi-disciplined role with regards to the scope of areas they review. Panel members oversee a broad range of key risks and activities pertaining to the fund. For example, the Pension Investment and Administration Panel review administration items such as early retirements alongside investment and performance related reporting including quarterly manager performance and the quarterly and annual accounts for the Fund. The Panel also reviews governance issues and receives the Governance Compliance Statement and FRC UK Stewardship Code policies annually. The Panel undertakes a rolling training programme each year, which focuses on areas including financial markets and product knowledge, accounting and auditing standards, investment performance and risk management and pensions legislative governance context.

### **Local Pension Board**

Board members also fulfil a broad role, covering areas from scheme administration arrangements, Environmental, Social and Governance policies and investment strategy and performance. The board also receives training in a broad range of areas including financial markets and product knowledge, actuarial methods, standards and practices, accounting and auditing standards and investment performance and risk management.

## **Statement Review**

This Governance Compliance Statement will be reviewed by the Administration and Investment Panel on an annual basis and when material changes occur. Any revisions to this statement will be approved and published by the Pension Fund Investment and Administration Panel.

**Governance Compliance Statement**

The table below demonstrates the extent to which the delegation of functions complies with the guidance given by the Secretary of State.

<b>PRINCIPLE</b>	<b>BEST PRACTICE</b>	<b>COMPLIANCE</b>	<b>COMMENT</b>
Structure	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	✓	Pension Fund Investment and Administration Panel
	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	✓	All employers entitled to attend. Trade Union observers represent members. The Local Pension Board includes two employer representative and two scheme member representatives.
	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	n/a	No secondary committee or panel has been established.
	That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	n/a	No secondary committee or panel has been established.
Representation	That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include :-  i) employing authorities (including non-scheme employers such as admitted bodies) ii) scheme members (including deferred and pensioner scheme members) iii) where appropriate, independent professional observers	✓  ✓  ✓	iii)The Panel has considered this issue and there has been no requirement, given the nature of the other advice provided

<b>PRINCIPLE</b>	<b>BEST PRACTICE</b>	<b>COMPLIANCE</b>	<b>COMMENT</b>
	iv) expert advisors (on an ad-hoc basis).	✓	
	That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.	n/a	
Selection and Role of Lay Members	That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	✓	Selected via Council AGM or General Purposes Committee. Training is offered. Terms of reference provided.
	That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda	✓	Standing item on agenda
Voting	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	✓	Stated in the Governance Compliance Statement– Royal Borough of Greenwich Pension Fund Investment and Administration Panel
Training, Facilities and Expenses	That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	✓	Stated in Governance Policy Statement – Delegation (Other). Members Allowances are disclosed in Part 6 of The Council’s Constitution, which is available on the Royal Greenwich website.
	That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	✓	

PRINCIPLE	BEST PRACTICE	COMPLIANCE	COMMENT
	That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken	✓	The administering authority has adopted the CIPFA Knowledge and Skills Framework. A rolling training programme is built into the annual business plans for both Panel and Board. Additional training is also offered as and when appropriate and a training log is maintained by officers.
Meetings (frequency / quorum)	That an administering authority's main committee or committees meet at least quarterly.	✓	Stated in Governance Policy Statement – Royal Borough of Greenwich Pension Fund Investment and Administration Panel & Pension Board.
	That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	n/a	No secondary committee or panel has been established
	That an administering authority who does not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented	✓	Representation by Trade Unions on Panel plus Trade Union Liaison meetings (as apt).
Access	That, subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	✓	Committee papers are sent to members at least five working days prior to the meeting and non-confidential papers are published on the Council's website. Local Pension Board Members also receive papers and minutes at

<b>PRINCIPLE</b>	<b>BEST PRACTICE</b>	<b>COMPLIANCE</b>	<b>COMMENT</b>
			least five working days prior to meetings.
Scope	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements	✓	The Panel considers a broad range of pension issues detailed in the Governance Compliance Statement.
Publicity	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	✓	Governance Statement is published on the authority's website and referred to within the newsletter with a mechanism for feedback. The Fund publishes its policy documents, including the Annual Report on the Royal Borough of Greenwich website.
Pension Board	Administering authorities should disclose the terms, structure and operating procedures	✓	Detailed in the Governance Compliance Statement and in the Terms of Reference published



ROYAL BOROUGH OF GREENWICH  
**PENSION FUND**

Stewardship Report 2024

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## Introduction

Welcome to the annual Stewardship Report of the Royal Borough of Greenwich Pension Fund 2024.

The Fund became a signatory to the Stewardship Code in July 2024 and this is the Funds second annual Stewardship Report written in line with The Financial Reporting Council's (FRC) UK Stewardship Code 2020.

The UK Stewardship Code 2020 comprises of a set of 12 'apply and explain' principles through which asset owners and their counterparts can demonstrate their approach to stewardship.

As stated in our prior year report the Fund mirrors the FRC, by defining stewardship as the "responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society". The Royal Borough of Greenwich Pension Fund continues to believe that effective stewardship is not a 'tick box' exercise and the Fund remains focused on assessing and adapting its stewardship focus and activities in an ever-changing landscape.

Responsible investment, in particular climate risk, continues to dominate the Local Government Pension Scheme (LGPS) and broader investment landscape with environmental, social and governance (ESG) issues at the forefront of much

of the work we have undertaken this year. As asset owners we see stewardship as a key factor in exploring the risks and opportunities posed by ESG related issues.

Our main purpose is to provide pension benefits for our members and their dependents, alongside delivering value for money for the Royal Borough of Greenwich and other employers within the Fund. Delivering active stewardship in line with our key values and investment beliefs is fundamental to support the needs of our members and other stakeholders. Much of the contextual information provided throughout the report remains in line with our 2023 disclosures, however the 2024 report provides an update to the stewardship activities undertaken by the Fund and their outcomes during the past 12 months to 31 December 2024.

This report provides details of our stewardship activities in 2024 and their outcomes. It also considers the key aims we laid out for the year in our prior report and the work undertaken to meet those aims. This report acts as a tool through which the Fund can assess areas of achievement and evaluate where further improvements are needed. We will continue to report on our stewardship activities moving forward and we welcome feedback on our work undertaken thus far.

# Foreword from the Chair of the Pension Investment and Administration Panel

I am delighted to present the Annual Stewardship Report of the Royal Borough of Greenwich Pension Fund 2024, which we hope provides a comprehensive overview of our responsible investment and stewardship activities over the past year.

Our stewardship and engagement activities this year have been undertaken against an ever-changing and challenging backdrop of geo-political uncertainty. Now, more than ever, the Fund believes in the importance of investing sustainably and undertaking active stewardship.

It is in the best long-term interest of our members and employers and, therefore, part of our fiduciary duty to take ESG issues seriously and consistently into consideration as well as integrate them into all investment decisions.

The report is organised according to the 12 principles of the UK stewardship Code, and we believe that this report demonstrates the Funds continued commitment to the rigorous responsible investing standards we have set ourselves.

The Fund holds strong investment beliefs and values which feed into our stewardship activities.

We continue to review our work to ensure that we adopt best practices, leading to sustainable benefits for the economy, the environment and society.

In 2024, we reaffirmed our commitment for the Fund to be carbon neutral and achieve a net zero target date of 2040 alongside a commitment to explore options for reaching this target more quickly. Our updated Net Zero Roadmap sets out a workplan for the next 18 months to further achieve this ambition, which will not only help reduce emissions from the portfolio, but also create tangible, real world change.

We are proud of the governance work and effective actions we have undertaken this year and we continue to develop our stewardship approach both internally and in collaboration with strategic partners including our pooling manager the London CIV, the Local Authority Pension Fund Forum and our fund investment managers.

Finally, I would like to take this opportunity to thank my colleagues on the Panel, Local Pension Board and our officers for ensuring that the Fund continues to be managed effectively and that our Fund members continue to receive an excellent service.



Cllr Olu Babatola

A handwritten signature in black ink, appearing to read 'Olu Babatola', written over a white rectangular background.

Chair of the Royal Borough of Greenwich Pension Fund Investment and Administration Panel

# Purpose and Governance

ROYAL BOROUGH OF GREENWICH  
PENSION FUND STEWARSHIP REPORT



# Principle 1

Purpose, strategy, and culture – signatories’ purpose, investment beliefs, strategy and culture which creates long term benefits leading to sustainable benefits for the economy, the environment and society.

## Context

### The Royal Borough of Greenwich Pension Fund

The Royal Borough of Greenwich Pension Fund (the ‘Fund’) is part of the Local Government Pension Scheme (LGPS). The LGPS is governed by the Public Services Pension Act 2013 and is one of the largest pension schemes in the UK. It is run for local government employees and people working for other employers who are able to participate in the scheme. It is a defined benefit scheme, designed to provide retirement benefits for its members. Scheme regulations are approved nationally by Parliament however the LGPS is administered locally by 86 local pension funds across England and Wales.

The LGPS is a funded pension scheme which means that contributions into the Fund are made by employers and employees which are then used to make investments upon which a return is anticipated.

The Royal Borough of Greenwich Pension Fund is an administering authority for the LGPS and as at 31 December 2024 comprised of:

- 67 active employers
- 27,033 members, of which 8,736 were actively contributing into the Fund, 8,900 were drawing benefits and the remainder had rights to deferred benefits.
- Net assets worth £1.75bn

The Royal Borough of Greenwich is the Administering Authority for the Pension Fund. The Authority has delegated to the Pension Fund Investment and Administration Panel (the ‘Panel’) various powers and duties in respect of its administration of the Fund. The Panel is the formal decision-making body of the Fund.

In 2015 The Local Pension Board (the ‘Board’) was established in accordance with Section 5 of the Public Service Pensions Act and under regulation

106 of the Local Government Pension Scheme Regulations 2013 (as amended). The purpose of the Board is to assist the administering authority of the Fund (the Royal Borough of Greenwich) in its role as scheme manager. The Board enhances scrutiny and governance within the Fund, helping to ensure that it complies with legislation and the law relating to pensions.

Day to day running of the Fund in respect of administering the membership through collecting contributions, paying benefits / pensions and maintaining all necessary records, is undertaken by the Director of Resources. This is further delegated to the Business Change Accountancy (Treasury and Pensions) and Pension Administration Teams.

Further detail regarding the Funds governance structure, resources and incentives can be found under Principle 2 within this report.

## Our Purpose

The purpose of the Fund is to provide an efficient and effective pension scheme to deliver retirement benefits to members when they fall due. The fundamental functions of the Fund are:

- To provide retirement benefits (pensions, lump sums, and other benefits) to Scheme members when they fall due.
- To enable primary contribution rates to be kept as nearly constant as possible and at reasonable cost to all relevant parties (such as the taxpayers, scheduled and admitted bodies), while achieving and maintaining Fund solvency and long-term cost efficiency.
- To seek investment returns which should be assessed considering the risk profile of the Fund and employers.
- To safeguard the assets of the Fund by ensuring strong corporate stewardship and oversight

Furthermore, the purpose of the Fund is to ensure that our members can access clear and accurate information to plan for their retirement. The Fund is accountable to its members, employers, and other stake holders and therefore has a duty to ensure that there is effective governance and oversight of its activities.

## Values and Culture

The Pension Fund has a fiduciary duty to its members which remains its priority, and it must be made clear that the Pension Fund is a separate entity to the Royal Borough of Greenwich (RBG). However, as RBG is the largest employer within the Fund and the employers within the Fund are based within the Borough, the Fund works to ensure that it is aligned to some of the key missions set out in Royal Greenwich's Corporate Plan, namely:

Greenwich plays an active role in tackling the climate crisis and improving environmental sustainability, in line with our commitment of being carbon neutral by 2030

The Fund operates to include environmental, social and governance (ESG) factors within its day-to-day operation. The landscape within which Local Government Pension Funds operate is now evolving with there being increasing emphasis on the importance of monitoring and engaging on ESG matters to explore the risks and opportunities presented by climate change. However, the Fund has developed its own Net Zero Roadmap with a pledge to be carbon neutral by 2040 (with the commitment to explore options to meet this target sooner).

Our Council is an adaptive organisation, enabling it to navigate the increasing number of challenges it faces while remaining financially sustainable.

The Fund's key purpose is to ensure that it delivers retirement benefits to its members.

The Fund has a responsibility to ensure that it provides value for money to its members, employers and to RBG as an employer.

Our Council works in the most efficient and effective ways possible

A key value held by the Fund is that it is run well for its members, employers and other relevant parties. Oversight and governance of the Fund is a key part of its function to ensure that it runs effectively.

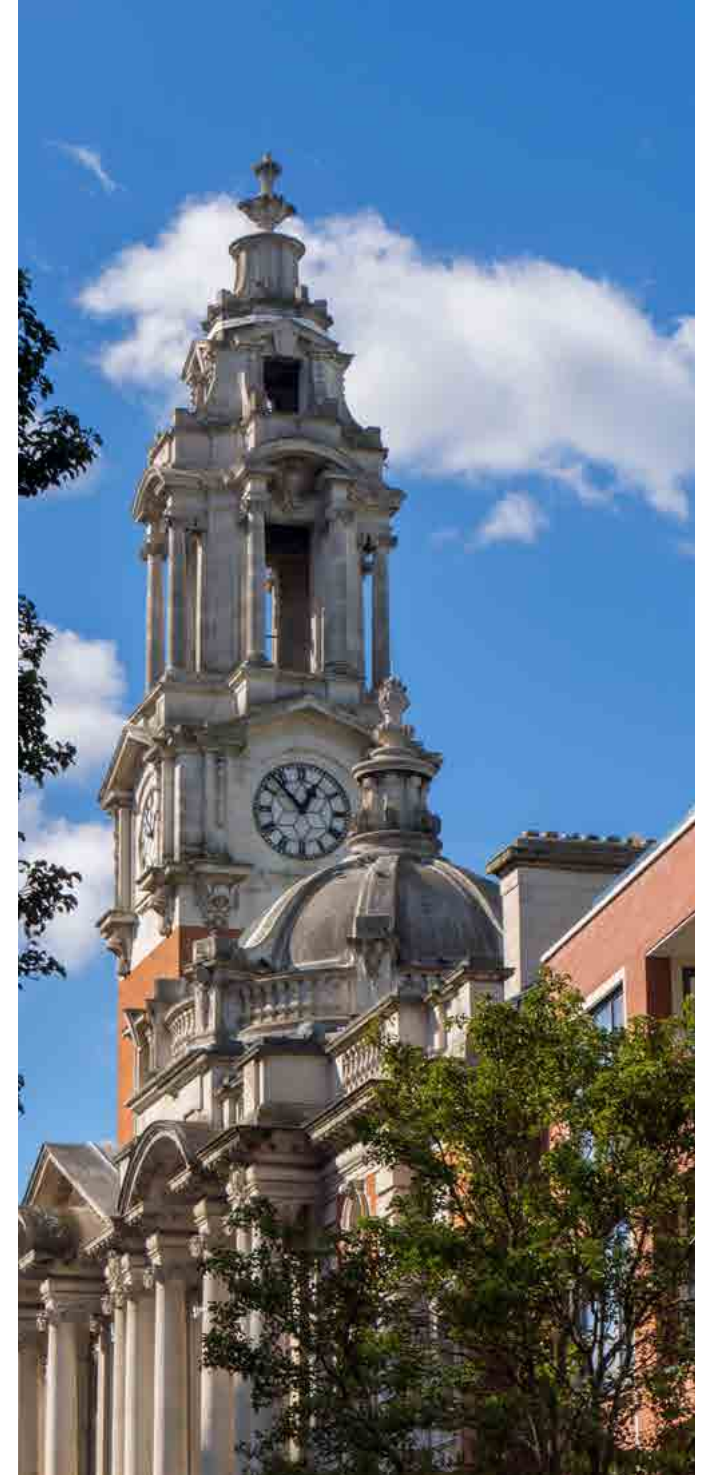
Each of these key values feed into creating long term value for our beneficiaries and sustainable benefits for the economy, the environment and society.

Active stewardship is an integral part of the Funds culture. The Fund works to ensure that it is clear and concise in its communications and that it is run with integrity and transparency. Strong stewardship feeds into every aspect of the Fund from the day-to-day reconciliation work undertaken by officers to the delivery of key policies and statements, through to its investment beliefs and decisions.

## Our Strategy

The world of the LGPS is ever evolving and therefore the Funds strategy is to work in a proactive and not reactive manner. This strategy, to ensure that we deliver on our values, includes:

- Ensuring that new areas of work are undertaken with due diligence so that those charged with governance have the right information – taking adequate time to research where necessary.
- Having a key focus on training, ensuring that it is timely, appropriate, and continual so that officers, Panel and Board members have the requisite knowledge and skills to undertake their roles.
- Keeping our responsibility to our stakeholders is at the heart of what we do, providing transparent and concise information in our communications and reporting is at the forefront of our investment decisions.
- Using collaboration with other counterparties as a tool for objectivity and development, applying the viewpoint that we can learn from others.
- Engaging with relevant companies, investment managers and other counterparties to use our position as owners of capital to drive change.
- Reviewing our portfolio and activities in line with environmental, social and governance issues to identify areas of risk and opportunity.



## Investment Beliefs

The Royal Borough of Greenwich Pension Fund is committed to managing investments efficiently and effectively. Its key investment beliefs are:

Investment Belief	Importance
<p>A strategic asset allocation which is regularly reviewed is key.</p>	<p>A suitable strategic asset allocation benchmark ensures a balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk alongside the nature of the Funds liabilities.</p>
<p>Managing the performance of the investment managers is key to driving the delivery of returns they have agreed to make.</p>	<p>Monitoring performance not only ensures that the Fund is able to fulfil its fiduciary duty to members, it also guarantees that the Fund is working within its key values – to provide a well-run fund and economic prosperity for all.</p>
<p>Negotiating fair fees with managers to ensure we are not paying excessive fees.</p>	<p>The Fund must ensure that it is run cost efficiently and that it achieves value for money while also exploring if paying higher fees will unlock opportunities with regards to higher performance.</p>
<p>Reviewing our investment structure and objectives in light of economic changes using asset/liability study tools.</p>	<p>It is vital that the Fund actively monitors its portfolio in an ever-evolving economic landscape.</p>
<p>Choosing investments wisely and mitigating poor performing activities in real time.</p>	<p>Choosing investments wisely and actively monitoring performance ensure that funding objectives are met to maintain employer rates and meet liabilities.</p>
<p>Training our Panel members and officers to ensure effective due diligence and focused and sound stewardship.</p>	<p>The Royal Borough of Greenwich recognises that effective management, governance, and decision making can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them.</p>
<p>Exploring opportunities for new ways of administering the Fund that deliver lower costs and improve returns.</p>	<p>The Fund has a responsibility to ensure that it provides value for money to its members, employers and to RBG as an employer alongside ensuring that it generates returns in order to meet its liabilities when they fall due. The Fund engages with its Pool partner (London CIV) to review alternative managers that can deliver the existing strategy, but at a lower fee.</p>

Investment Belief	Importance
<p>A robust Responsible Investment (RI) Policy is key to understand and manage Environmental, Social and Governance (ESG) issues which can impact the Fund.</p>	<p>ESG issues can have a material impact on the long-term risks and returns from Fund investments. A robust RI policy helps to ensure that ESG risks and opportunities are recognised, understood, and acted upon.</p>
<p>A rebalancing framework is important.</p>	<p>A rebalancing policy ensures:</p> <ul style="list-style-type: none"> <li>• The desired strategic risk/expected return across assets is maintained.</li> <li>• The desired allocation between various managers is maintained</li> <li>• Locks in some of the gains when a particular asset class/manager outperforms</li> <li>• Buys into 'cheap' asset classes/managers when they underperform.</li> </ul>
<p>Diversification is key.</p>	<p>The Panel reviews the nature of Fund investments on a regular basis with reference to suitability, risk and diversification.</p>
<p>Engagement with managers and other stakeholders is key to drive change.</p>	<p>The Fund recognises the importance of its role as stewards of capital. The Fund has a commitment to actively exercise its ownership rights and engage with managers and the underlying companies it invests in to promote corporate responsibility and ultimately protect the financial interest of the Fund and its members.</p>
<p>The economy of scale through pooling where appropriate, can generate reduced costs, improved investment opportunities and enhance responsible Investment</p>	<p>The Pension Fund is a Member of the London Collective Investment Vehicle (LCIV)- through collective investment with other London LGPS Funds, it hopes the combined buying power will reduce costs, improve investment returns and widen the range of available asset classes for investment – all for the benefit the Fund members</p>

Further details regarding the Fund's Investment Strategy can be found within its Investment Strategy Statement (ISS) on the Royal Greenwich website [royalgreenwich.gov.uk](https://royalgreenwich.gov.uk). The ISS is produced in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 which require administering authorities to prepare, publish and when appropriate, revise a written statement recording the investment policy of the pension fund.

## Activity

The Funds purpose and values directly feed into the Funds stewardship strategy. The stewardship activities undertaken by those charged with governance are further supported by the governance structure in place.

Each fiscal year the Fund holds a strategic 'away day'. This day is an opportunity for Panel and Board members and officers to receive training, have round table discussions on key issues and reflect on current and future priorities for the Fund. The event is attended by the Funds investment advisors (Hymans Robertson) and actuary (Barnett Waddingham) alongside other key counterparties pertaining to the

particular focus of each event. This year's annual away day which took place in February 2024, focused on a strategic update for the Fund including training on natural capital as an asset class which was provided by both the Funds pooling manager and a fund manager with vast natural capital experience. The day also covered reporting requirements under the Taskforce for Nature Related Financial Disclosures (TNFD)<sup>1</sup> and a review of next steps in relation to the Governments consultation on investments and pooling. In the Funds 2023 Stewardship report we identified that the Fund needed to complete further work to actively engage with the Local Authority Pension Fund Forum (LAPFF)<sup>2</sup> to utilise its membership more effectively for stewardship. To this end, the Fund received a presentation from the LAPFF at its February away day. This was an opportunity for Panel and Board members to ask questions surrounding the role of the LAPFF, the work they undertake and how the Fund can work more collaboratively with the forum for the benefit of its members. The Funds 2025 away day will focus on the importance of engagement in light of investment in companies based in areas of high conflict and the upcoming triennial valuation.

The Funds commitment to holding this annual event reflects the Funds core values and investment beliefs namely, stewardship being an active process, making sure that those charged with governance have the right information, taking time to research and discuss key topics in depth and using collaboration with other counterparties to broaden our views and understanding.

The Fund has been on its environmental, social and governance (ESG) journey since 2018 (further details of the Funds ESG journey can be found under Principle 7). Understanding the risks and opportunities posed by climate change is imperative for the Fund to undertake effective stewardship of fund assets and therefore fulfil its purpose of delivering benefits to its members. The ESG landscape is ever evolving and therefore the Fund needs to continually monitor the effectiveness of its stewardship activities. This year the Fund has focused on reviewing the work it has undertaken on its ESG journey so far and has derived upcoming workstreams to drive ESG focused stewardship activities moving forward.

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<sup>1</sup> The Taskforce on Nature Related Financial Disclosures is a global initiative providing disclosure recommendations for organisations and finance to assess and report on their nature-related dependencies, impacts and risks and opportunities.

<sup>2</sup> The LAPFF is a member-led forum which aims to promote high standards of corporate governance through company engagement. At the time of writing forum membership comprised of 87 LGPS funds and seven pooled companies with aggregated assets under management of over £350 billion.

Some of the key work undertaken in this area this year includes:

- Review and update of the Funds Net Zero Roadmap, which was initially agreed in 2022. This review assessed the work undertaken to date to reduce the Funds carbon footprint – evaluating what had been achieved and identifying work which still needs to be undertaken. The revised strategy then set out a workstream for the next 12-18 months which includes a re-review of the Funds Responsible Investment beliefs.
- Presentations from Fund investment managers focusing specifically on their ESG activities at each Local Pension Board meeting. This process was introduced in 2023 and allows Board members to ask questions of the Funds investment managers in relation to their stewardship and engagement activities and to also gain an understanding of the different forms this can take in relation to different asset types. As this was the second year within which managers made these presentations, the Board were able to receive updates on previous engagements and ESG activities alongside information on new engagements. This meant that the Board was able to evaluate and gain understanding on what had progressed/changed over the year and challenge where appropriate.
- Further development of a Climate Change section included within the Funds 2023/24 annual report which reports on the Funds ESG activities aligning to the four pillars of the Taskforce for Climate Related Financial Disclosures (TCFD<sup>3</sup>), these being Governance, Strategy, Risk Management and Metrics and Targets. The inclusion of this section not only means that the Fund is actively working towards reporting in line with TCFD but also supports the Funds values by ensuring that our communication to our members is clear and concise. The Fund intends to review its annual report layout in 2025 with a view to further develop the Climate Reporting section.
- Reporting on the Funds carbon footprint data for a third consecutive year in collaboration with the LCIVs Climate Analytics Service. In September 2024 the Panel received the Funds third year data which showed that the reduction in the Funds carbon intensity since 31 March 2022 has now brought the Funds implicit temperature to less than 1.75 degrees Celsius resulting in the Fund being aligned with the objectives set out in the Paris Agreement. This reduction can be partially attributed to Funds movement of £237.5m of global equities into a low carbon index tracking global equity fund during 2023. Further detail on this can be found under Principle 7.
- This year the Fund gained membership to Pensions for Purpose, an organisation which works with asset managers, pension funds and professional advisors to empower investors to understand ESG, sustainability and impact investment issues. The Pensions for Purpose membership community consists of over 430 organisation members and membership provides access to a wide range of resources and information to empower decision-making and understanding of ESG and impact investment. Pensions for Purpose will be presenting on engagement with companies in high conflict areas as part of the 2025 annual away day.
- Participation in the LCIV Seed<sup>4</sup> Investor Group for their Nature Based Solutions Fund. This involved Fund officers contributing to a working group to help shape the Fund and gain further understanding of this more nascent asset class. The Pension Panel agreed to invest in this Fund in January 2025. More details on this can be found under Principle 7.

This work undertaken in relation to the Funds ESG objectives supports the Funds strategy of reviewing our portfolio and activities in line with environmental, social and governance issues to identify areas of risk and opportunity.

<sup>3</sup>The TCFD is an international body founded with the support of G20 members. In 2017 the TCFD produced a framework for the financial sector to improve and report on climate-related financial information. The disclosures focus on four key areas - governance, strategy, risk management and metrics & targets. It is expected that LGPS Funds will be required to report under these requirements.

<sup>4</sup>Seed investment refers to the earliest investment a fund manages to received

This year the Fund has also continued to ensure that it actively reviews its strategic asset allocation. Following agreement of a new investment target allocation in 2023, the Panel received a report from the Fund's investment advisor, Hymans Robertson in July 2024. The report laid out plans to reduce the funds multi-asset allocation, top up the Funds protection assets and create a blended fund of equities, bonds and cash. The purpose of these recommendations was to bring the Funds multi asset allocation in line with the strategic long-term target and to create a liquidity waterfall which will help meet expected future capital calls from the Funds Private Market managers. This work ensures that the Fund's strategic asset allocation provides the requisite structure to support diversification, protection, growth and income generation and reflects the Funds belief that a strategic asset allocation which is regularly reviewed is key, balancing the requirement to generate a satisfactory long-term return while taking into account key market risks. This in turn helps the Fund in fulfilling its purpose of paying member benefits when they fall due.

During 2024 officers also sat on the Seed Investor Group for the LCIVs Private Debt II Fund. As with the natural capital working group, this platform allowed officers to work in collaboration with the LCIV and other London boroughs to lay the

groundwork for expectations of a Private Debt Fund which was fit for purpose. The Pension Panel agreed to invest in the LCIV Private Debt II Fund at its January 2025 meeting.

The Fund believes that managing the performance of its investment managers is key to driving the delivery of returns they have agreed to make. The Panel and Board therefore receive quarterly manager performance reports and engage with managers where performance is not at the expected standard. During 2024 the Panel requested and received presentations from two managers where performance had fallen below that expected to gain an understanding of the reasons for poorer performance and plans for improvement.

During 2023 the Fund completed a review of its training processes. As part of this review officers completed an analysis of the training undertaken by Board and Panel members and officers, creating an improved system for logging, and monitoring training. Further to this, 2024 saw the introduction of training assessments for Panel and Board members. Training is provided to both Panel and Board at each of their meetings in line with the CIPFA Knowledge and Skills framework. The results of these assessments will be reported on as part of the Knowledge and Skills Framework review during 2025.

In line with its strategy, The Fund ensures that training is timely, appropriate and continual - believing it to be a pivotal part of the Funds stewardship activities. Training therefore, goes beyond a 'tick box' exercise and the Fund undertakes further training beyond the Knowledge and Skills framework. In 2023 the Fund ascertained a free trial of an online training platform called Enlighten provided by the Funds Actuary, Barnett Waddingham. The platform provides access to short training videos on various topics and provides a facility to log the progress of participants. New topics have been added to the system in 2024 and the Fund is actively involved in providing feedback to help shape the platform further. Other training sessions this year focused on Carbon Footprint measurement and reporting, provided by the Funds pooling manager the LCIV and training on Natural Capital. Officers have also undertaken a series of IT Safety Course Sessions covering various topics such as cyber security fundamentals, malware, data breaches, social engineering and phishing. During the year officers, Board and Panel members also attended the following training/conferences on subjects which actively feed into the stewardship activities of the Fund.

Date	Training/Seminar	Detail	Attended by
January 2024	LGIM Natural Capital Workshop	Introduction to Natural Capital as an asset class – training included overview of biodiversity and reporting under the Taskforce on Nature-related Financial Disclosures (TNFD).	Officers
June 2024	Climate Models and Investing	How climate models can be used by investors and the pros and cons of different types of models.	Officers
July 2024	LAPFF Mid-Year Conference	Topics included a fair and just transition, climate risk modelling and work on the Conflict Affected & High-Risk Areas (CAHRA) pilot programme	Officers
July 2024	Bloomberg Training	Navigating macroeconomic and interest rate market uncertainty	Officers
July 2024	Audit and Accounting Standards – Hymans Robertson	Overview of key auditing and accounting standards which apply to the LGPS	Panel/Board
September 2024	LCIV Annual Conference	Topics included the development of Pooling and consolidation, updates on various asset classes, market review and exploring natural capital.	Officers/Panel Chair
November 2024	Bloomberg Training	Money market forum – trends challenges and opportunities	Officers
December 2024	Private Markets – Blackrock	Overview of how Private Markets work – key features, risks and opportunities	Panel/Board

This focus on training ensures that the Fund can demonstrate that Panel, Board and officers have the essential knowledge required to undertake their governance duties and to run an efficient and effective Fund for its members and supports our strategy of ensuring that those charged with governance have the right information – taking adequate time to research where necessary.

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The Taskforce for Nature-related Financial Disclosures (TNFD) is an international initiative which develops reporting a framework for organisations to report and act on nature-related risks.

## Outcome

The Fund's strategy has enabled it to undertake stewardship activities in line with its investment beliefs and values. This year the Fund delivered on his commitment to re-review its Net Zero Roadmap, reaffirming its aim to be carbon neutral by 2040 (with the commitment to explore options to meet this target sooner). This work supports one of the Funds key values that taking an active role in including ESG factors within its day-to-day operations. Review of the climate analytics data for the Fund further supported that the roadmap has been effective is setting workplan objectives and stewardship activities to reduce the Funds carbon emissions. Review of the roadmap also identified a need for the Fund to re-review its Responsible Investment (RI) Policy – which is set to take place in 2025. This will further support the Funds belief that a robust RI Policy is key to understand and manage ESG issues which could impact the Fund.

The work undertaken on the funds multi-asset allocation during 2024 has been driven by the Funds investment beliefs that diversification is key, and a rebalancing framework is important to ensure that strategic risk/return across all

assets is maintained. This rebalancing work will also provide liquidity so that the Fund can meet capital calls when they fall due.

In 2023 the Fund identified that it needed to undertake a review of its voting and engagement activities and how best to report on these. Initial work has begun in to identify a new programme for engagement during 2024. As aforementioned the Fund has continued manager presentations to Board on ESG related engagement activities, invited the LAPFF to attend its annual away day in February to ascertain how it can work with the LAPFF more on engagement and the Fund joined membership of Pensions for Purpose, who provide relevant training materials and assistance in areas such as engagement and who are set to present to at the 2025 annual away day on the benefits on engagement vs divestment. The Fund is presently in the process of liaising with other peers and its pooling partner to gain insight into best practice and researching other frameworks in this area. There is still more work to do on this and, although the Fund has begun to complete an initial review of its manger voting activities, it still needs to agree a reporting process for

this moving forward. This is set to take place in 2025. Although the Fund still needs to improve its engagement and voting reporting, the work undertaken in 2024 is in line with the Funds strategy of ensuring that we take adequate time to research, focusing on the importance of training and gaining information and collaborating with other counterparties as a tool for objectivity and development.

The Funds investment belief that training is key to ensure effective due diligence and focused and sound stewardship is supported through the undertaking of the annual way day and the various training/conferences and webinars undertaken attended by Pension Panel, Board and officers. The introduction of assessments to test the knowledge of Panel and Board will further help support effective stewardship of the Fund by identifying any gaps in knowledge and additional training needs. This, in turn, will help the Fund continually adapt and deliver a training programme which ensures that those charged with governance have the requisite knowledge and skills to undertake their governance role.



## Principle 2

### Signatories' governance, resources and incentives support stewardship.

#### Context

#### Our Structure

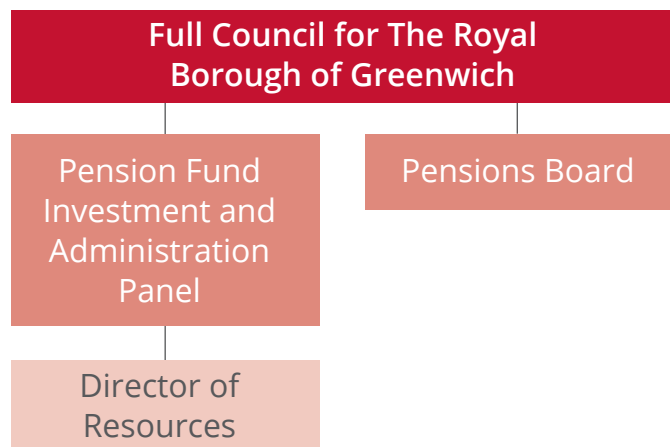
#### The Pension Investment and Administration Panel

The Royal Borough of Greenwich, under its constitution, has delegated the responsibility of the Fund to the Pension Investment and Administration Panel (the 'Panel'). The Panel is a decision-making body and therefore has governance and oversight of all Fund matters including, but not limited to, communications and administration, investment strategies, scrutiny of external investment managers and performance assessment, employer and employee member engagement and policy review. The Panel consists of four Greenwich Councillors with full voting rights and decisions should be made in the best interest of the Fund and its members. Representatives from admitted bodies and the trade unions are invited to participate as members of the Panel, but do not have voting rights. The Panel convenes a minimum of four times a year.

#### The Board

On 1 April 2015 the Royal Borough of Greenwich Local Pension Board was established in accordance with Section 5 of the Public Service Pensions Act and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended). The Board was established by the Pension Fund Investment and Administration Panel under delegation from the Administering Authority and operates independently of the Panel. Its purpose is to assist the Administering Authority in its role as a scheme manager. The Pension Board consists of four members, each with voting rights. These members are made up of two member representatives and two employer representatives. The Board will meet, as a minimum, two times a year. The chair of the Board, with consent from the Board members, may call additional meetings. In 2024 the Board met four times.

The table bellows illustrates the governance structure in place for The Royal Greenwich Pension Fund



Further information regarding the delegation arrangements for the Fund can be found in the Funds Governance Compliance Statement on the Councils website [royalgreenwich.gov.uk](http://royalgreenwich.gov.uk). The statement is reviewed annually. The Panel and Board also produce and maintain Terms of Reference.

### The Business Change Accountancy Team (Treasury and Pensions)

The Panel has delegated the daily management of the Fund to the Director of Resources who is the Council's Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. The day- to-day running of the Fund is further delegated to officers within the Accountancy and Business

Change – Treasury and Pension Investment Team and the Pensions Administration Team.

The Treasury and Pensions Team is made up 6.5 full time equivalent (FTE) staff, with half of the team focused mainly on the Pension Fund. The team is headed by the Business Accountancy Change (Treasury and Pensions) Manager who directly reports to the Director of Resources (S151 Officer). The team is made up of officers from a range of backgrounds, all of whom have public sector experience and are members of or are currently undertaking qualifications with professional bodies such as AAT, CIPFA and ACCA.

The work undertaken by this team includes:

- Day to day management of the Fund including all reconciliation and accountancy work.
- Day to day liaison with Fund Investment managers, the Fund Custodian, Investment Advisors and the Fund Actuary and all other counterparties
- Production of quarterly and annual Pension Fund Accounts, alongside collaboration with the Fund auditors during the audit process.
- Production of the Annual Report.
- The provision of guidance to the Pension Fund Investment and Administration Panel and Board on all reports, policies and statements.

- Co-ordination of training including the annual away day
- Management and oversight of fees

### The Pensions Administration Team

The Pension Administration team comprises of 13.6 full time equivalent (FTE) staff, however only 7.4 FTE posts are currently filled due to vacancies and staff secondments. The team covers both the employing and administration duties for the Local government Pension scheme (LGPS) in the Royal Borough of Greenwich Pension Fund and employer duties in respect of Greenwich employees who are members of the NHS Pension Scheme and the London Pension Fund Authority (LPFA) pension fund. The services provided by the pension section consist of:

- The administration of the Local Government Pension Scheme (LGPS) in accordance with relevant legislation.
- The running and maintenance of the Pension Payroll to ensure accurate and timely payment of monthly pensions.
- The maintenance of accurate records for each member of the pension scheme (including the employing authority and every admitted body that contributes to the Royal Borough of Greenwich Pension Fund).

- The provision of key employee data to the NHS and London Pension Fund Authority.
- The provision of information and key data to scheme members and other bodies associated with the LGPS.
- The provision of guidance to the Pension Fund Investment and Administration Panel on pension legislation and the options available.
- To encourage and promote membership of the LGPS.

The administration team has the following aims at its core:

- The improvement of standards and efficiency and to keep costs under scrutiny.
- To develop plans to increase IT efficiency and give members more options with regards to accessing details of their pension benefits and other information.
- To train and develop staff in respect of any changes to legislation and to meet the service requirements.
- To achieve a high standard with regards to service delivery and customer service.

## Activity

Officers, under delegation from the Director of Resources as Section 151 Officer, are responsible for the day to day running of the Fund, undertaking research and providing a range of reports to the Pension Panel in collaboration with the Funds service providers including investment managers, investment advisors, the Fund Actuary and the Pensions Administration Team.

The Panel, as the decision-making body for the Fund, receives these reports alongside presentations and liaison with various counterparties and undertakes decisions on various matters including (but not limited to) agreement of policies and procedures, changes in asset allocations, frameworks for training, ESG priorities etc. Key examples of reports reviewed, and decisions made by the Panel in 2024 include:

- Review of the Local Pension Board's Conflicts of Interest Policy
- Review of the Funds multi asset allocations and agreement to change these allocations in line with re-balancing proposals.
- Quarterly review of fund manager performance.
- Review of the Funds annual accounts and agreement of the Annual Report.

The Pension Board, provides an additional layer of scrutiny, overseeing the governance of the Fund and the work undertaken by Panel. The Board has a role to hold the Panel accountable for its decisions and as such, makes recommendations to committee as required.

## Other Key Counterparties/Service Providers

The Fund also receives a range of services from other providers supporting its stewardship activities, all of whom are invited to relevant Panel meetings during the year. The experience and expertise of the advisors of the Fund are reviewed and assessed as part of the tender of contracts to ensure that third parties have the requisite knowledge and skills. The Fund investment advisors, actuary and investment managers are all FCA regulated firms. The Funds external counterparties include:

- Investment Advisors – Hymans Robertson
- Fund Actuary – Barnett Waddingham
- Custodian – Northern Trust
- External Auditors – Forvis Mazars
- Pooling Manager - London Collective Investment Vehicle (LCIV)
- Investment Managers - CBRE Global Investment Partners, Blackrock Advisors (UK) Limited, Fidelity, Partners Group (Guernsey) Ltd, Wilshire Associates and Legal and General Investment Management (LGIM).

## Training and Performance Measurement

Due to the nature of the Fund being that of a local authority and staff pay being aligned to the Royal Borough of Greenwich pay policy (through which fairness of pay across roles is ensured) there is little opportunity for the Fund to provide financial incentives to officers to drive performance. However, officers work within the councils flexible working policy and are permitted to work from home for a percentage of the week. This is undertaken while ensuring that the interests of scheme members is priority. This flexibility, coupled with a strong investment into training and development helps to encourage staff to undertake their work proactively.

The Fund recognises that effective financial administration and decision-making can only be achieved where those involved have the requisite knowledge and skills. The Fund therefore collaborates with its investment advisors, fund managers, actuary and other stakeholders in the delivery of its training.

The Fund also recognises that training can take various forms and therefore uses various methods of delivery including, but not limited to, formal presentations, webinar attendance, workshops, informal discussion and reading of relevant articles and publications.

A training plan is produced on an annual basis and is updated as necessary to account for any changes in legislation, updated guidance, and other relevant changes. Alongside the training plan, officers maintain a training register which will hold details of training courses/events available alongside details of who has attended. A list of the training undertaken by Board, Panel and officers during 2024 can be found under Principle 1.

Training is undertaken on a rolling programme, ensuring that the six key areas of the Knowledge and Skills Framework are covered. These are undertaken at each Panel and Board meeting and are aligned to the content of the meeting to ensure relevance. The Fund's Knowledge and Understanding Policy and Framework is published on the council website ([royalgreenwich.gov.uk](http://royalgreenwich.gov.uk)) to demonstrate that the Fund has adopted the 2021 CIPFA Code of Practice on LGPS Knowledge and Skills. Newly appointed members of both the Panel and Board receive induction training carried out by the Funds investment advisors. During 2024 the Fund welcomed one new member to its Pension Board and one new member to its Pension Panel, both members received this induction training. Pension Board members are encouraged to use the e-learning toolkit provided by the Pensions Regulator. Although there is no statutory obligation placed on them to do likewise, Panel members and officers are encouraged to do the same.

As aforementioned under principle 1, during 2023 the Fund ascertained a free trial of an online training platform called Enlighten provided by the Funds Actuary, Barnett Waddingham. Panel, Board and officers all have access to the system which provides training videos on various LGPS related topics. During 2024, new topics were brought onto this platform, increasing the training topics available. The Fund also holds training sessions on specified relevant subjects which may fall outside of the Knowledge and Skills framework. This year Panel and Board received training sessions focused on Climate Analytics and measurement and Natural Capital.

The Fund recognises the importance of developing and supporting staff within each team and within their roles. Officers receive regular 1 to 1's with managers to discuss areas of development, including training and feedback on performance. Officers also each have an individual workplan which is regularly reviewed with their line manager. During 2024 the Accountancy and Business Change Team also re-booted its use of Personal Development Conversations (PDCs). These are more in-depth annual reviews on performance, coupled with a workplan for the upcoming year. The PDCs are a tool through which work, and performance targets can be set. They provide managers and staff the opportunity to have constructive conversations about performance and development and help to support career progression related to an employee's

current job as well as broader professional development. This process makes each team member accountable for their part in the running and stewardship of the Fund.

During 2024 the Funds Business Change Accountant was successful in qualifying as a chartered accountant under the Chartered Institute of Public Finance Accounting (CIPFA). The Fund's Accountancy and Business Change Deputy Finance Manager was also successful in completing a 6-week certified Focus on ESG Course. During 2024 the Accountancy and Business Change Deputy Finance Manager has been supported one step further in undertaking a post-graduate course on Financial Climate Risk, set to finish in April 2025. This training will help further strengthen the teams ESG credentials with practical training and strategic know-how.

## Diversity, Equity & Inclusion and Social Value

Staff within the Pensions Administration and Business Change Accountancy Teams work in line with the Royal Borough of Greenwich Equality Policy. As council employees, officers share the responsibility to promote equality, diversity, and inclusion (EDI) in every aspect of their work and the Fund has begun to incorporate questions within its tendering process around the EDI policies and processes for the third parties with which it works. Ensuring that Fund contracts contain a tangible deliverable with regards to social value is also a key component of the tendering process for the procurement of pension fund services.

The Royal Borough of Greenwich aims to promote equality of opportunity and to celebrate and value diversity. During 2024 the Council agreed 7 Equality and Equity Objectives as part of its Public Sector Equality Duty ([royalgreenwich.gov.uk](http://royalgreenwich.gov.uk)). To achieve these objectives, the Council is setting up an action plan to be developed by a Task and Finish Group who will monitor progress. The group includes representatives from each directorate and network staff members. The Council run various networks and groups for staff. These include:

- Disability Staff Forum
- Greenwich Young Professionals Network
- LGBTQIA+ Network
- Mental Health and Wellbeing Network
- Muslim Network
- Race Equality Network

The Royal Borough of Greenwich also welcomes and encourages residents and local organisations for sign its Equality and Equity Charter ([www.royalgreenwich.gov.uk](http://www.royalgreenwich.gov.uk)) which sets out 8 pledges to promote EDI values which support a fairer, safer, accessible and inclusive borough.

A Multi-faith and Quiet Contemplation room is also available to staff of all faith groups as a place to pray and undertake quiet contemplation.

## Reporting Rules

The Royal Borough of Greenwich has strict reporting rules to which the Fund adheres. These rules include detail by officers as to how the report interlinks with Royal Greenwich's high-level missions and the requirement for officers to stipulate the pros and cons of the different options available to members to provide a holistic analysis of the options available. Reports are then reviewed by the Councils Legal Department for comment before publication. 2024 saw the introduction of two new reporting areas upon which the Accountancy and Business Change and Pensions Administration Teams must consider and make comment. These are Risk Management and Community Engagement. The inclusion of these two new areas has resulted in officers further identifying how risk features into the content of each specific report to Board and Panel and how, if applicable, community engagement has taken place. Before publication, these comments are reviewed by the Councils legal team to ensure that they fulfil the purpose of clear communication and consideration of these important themes.

All reports to the Pension Panel and Board in 2024 adhered to these guidelines supporting stewardship by providing clear, concise, and transparent communication for Fund members and ensuring that those charged with governance are given the correct information and tools to make informed decisions.

## Outcome

The governance structure in place helps to support stewardship by providing various layers of review and accountability on decisions regarding the administration, investment and governance of the Fund. Furthermore, there are clear roles and responsibilities set via individual workplans, PDCs, I to Is and within the Terms of Reference for the Panel and Board.

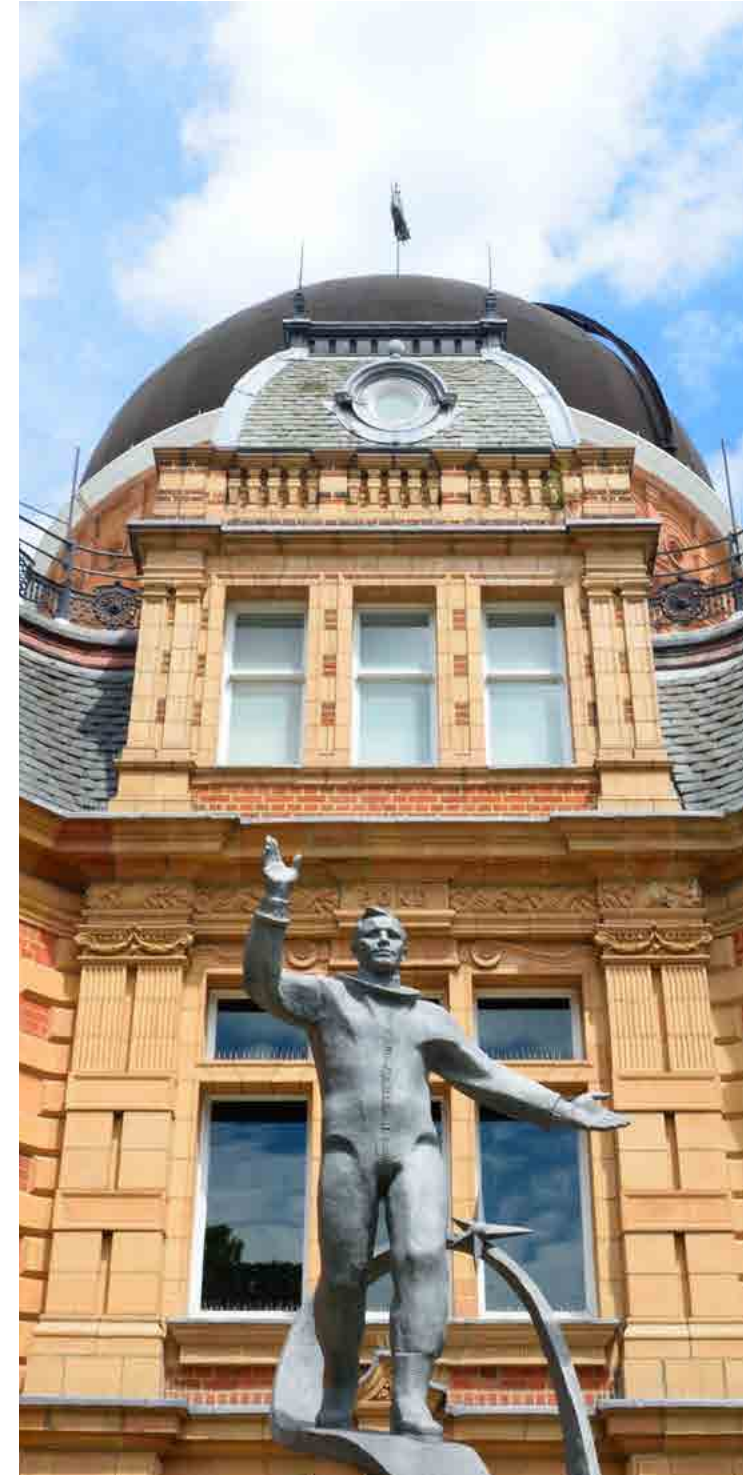
The re-boot of more detailed Performance Development Conversations during 2024 has worked to ensure that staff have a clear workstream and set targets for the upcoming year. These reviews also help to support and incentivise staff through identifying key learning opportunities for career development. The Fund has supported staff in undertaking relevant qualifications, as can be seen through the completion of CIPFA by the Business Change Accountant and the post-graduate Financial Climate Risk Course being undertaken by the Accountancy and Business Change Deputy Finance Manager.

Panel, Board and officers have undertaken various training throughout the year, ensuring that they have the requisite knowledge and skills to undertake their work and empowering staff and Panel and Board members to undertake their stewardship roles with confidence and

consideration. The Funds annual away day, as mentioned under principle 1, also provides a platform for staff to get together and talk freely about key ideas and themes, to build working relationships and to receive relevant training to strengthen knowledge.

Strong working relationships between the Accountancy Business Change and Pensions Admin Teams help the ensure cohesion across the breadth of the Fund. Interaction between officers at all levels and the Funds various external counterparties help to ensure strong stewardship across all work within the Fund and help to empower staff to build strong working relationships and to collaborate with third parties as appropriate.

Clear expectations with regards to report requirements help to ensure that the Fund fulfils one of its key purposes of ensuring that our members can access clear and accurate information to plan for their retirement. The introduction of the Risk Management and Community Engagement reporting requirements during 2024 has enabled staff to further develop their consideration of reporting in these areas to ensure that the Fund provides clear communication to its members and stakeholders.





## Principle 3

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

#### Context

#### Conflicts of Interest

For the Fund to ensure that it is run in the best interest of its members, conflicts of interest must be identified, monitored, and managed.

A conflict of interest occurs when an individual's personal or financial interests could compromise their judgement to make a decision or recommendation within their official capacity.

Conflicts of interest in relation to the Funds responsible investment and stewardship may occur when:

- Those charged with governance (or their family/close contacts) have a personal or financial interest that could influence a decision or recommendation they make within their role.
- Where the personal/financial interest of an officer prevent them from working for the best interest of the Fund.

- An officer, Panel or Board member receives gifts or hospitality to gain preferential treatment.
- An external counterparty, such as an investment manager or advisor, may provide other services than that for which they have been employed which prevent them working within the best interest of the Fund.

There is an inherent conflict of interest presented by virtue of the structure of the LGPS in that the Royal Borough of Greenwich is the administering authority for the Fund while also being an active employer in the Fund. The objectives of RBG as a local authority may not always be aligned to those of the RBG Pension Fund, which is a separate entity. In order to mitigate the conflict of interest presented by this dynamic, there is segregation between the authority and the Fund in relation to budgets, its governance structure and the external parties it uses.

## Officers, Panel and Board

The Royal Borough of Greenwich Constitution sets out the expectations of officers and members in relation to conflicts of interest. The elected members on the Pension Fund Panel are further governed by 'The Members Code of Conduct'. The Code stipulates the following:

- Written notice of any financial interest including the name of any relevant body with a brief description of its purpose must be provided to the monitoring officer within 28 days of any new or change to the interest.
- If a member is at a meeting and has a personal or financial interest in any matter to be considered, the existence and nature of the interest must be declared at the start of the meeting. A disclosure must be made for six months after ceasing to be appointed to that body.
- If there is a sensitive interest, the fact that there is an interest must be disclosed.
- If a member proposes to make an executive decision in relation to a matter, then:
- If there is a personal interest in a matter, a written statement of the decision must record the existence and nature of the interest; and

- if there is a financial interest or a personal interest the member must not make an executive decision or take any steps in relation to the matter, except to enable it to be dealt with by someone else.

Any declarations of interest declared are detailed on the Register of Member Interests. This is monitored and updated regularly and published on the Royal Borough of Greenwich's website.

Each year, as part of the completion of the Pension Fund Annual Accounts, officers and Panel and Board members are expected to complete a Related Party Transactions form. This details any related party transactions which may have taken place in the year and is reviewed by the Funds auditors during the audit process.

A review of the processes and procedures in place to identify and manage any potential conflicts of interest is also picked up as part of the Royal Greenwich internal audit review of the Pension Fund.

Conflicts of Interest is a feature of the Funds risk register which is broken down and reviewed quarterly and reviewed in its entirety by Panel each year.

## Investment Managers

Voting and engagement by investment managers may also present a conflict of interest. The Fund expects its investment managers to maintain publicly available Conflicts of Interest Policies. These are reviewed as part of the Investment Manager appointment process.

## Training

In line with the 2021 CIPFA Code of Practice on LGPS Knowledge and Skills, officers, Panel and Board members receive a rolling training programme which covers the requirements and expectations of them to govern the Fund with transparency and integrity. As part of this training, officers, Panel and Board members are encouraged to complete The Pensions Regulator (TPR) online Toolkit, a set of learning modules, one of which covers conflicts of interest.

## Activity

In 2024 there were no potential or actual conflicts of interest which required management.

Each financial year the Fund declares, in its annual accounts, any related party transactions which are reviewed by external audit. As at 31 March 2024, no trustees or key management personnel of the Authority with direct responsibility for pension Fund issues had undertaken any material transactions with the Pension Fund, other than the following:

- Administrative services were undertaken by the Authority on behalf of the Fund, under the SLA, valued at £1.148m (2022/23: £0.980m).
- The Royal Borough of Greenwich is the single largest employer of members of the pension fund and contributed £35.850m to the Fund in 2023/24 (2022/23: £33.090m). In 2023/24, £2.997m was outstanding at year end in relation to contributions due from the Royal Borough of Greenwich.
- With respect to other Scheduled Bodies, an amount of £0.661m was owed to the Fund by Academies at year-end for contributions due.

- The Royal Borough of Greenwich Pension Fund is a Member of the London Collective Investment Vehicle (LCIV). As at the reporting date, Councillor Olu Babatola was the Fund's representative on the Board and the deputy was Councillor Nick Williams. In 2023/24, administration and management fees of £0.201m were paid to this organisation.

This will be reviewed and reported on again as part of the 2024/25 annual accounts process.

Section 5 (4) of the Public Service Pension Act 2013 (the "2013 Act") stipulates a requirement for public sector pension schemes to make provisions to ensure Board members do not have conflicts of interest. The Pensions Regulator (tPR) has regulatory oversight of public sector schemes by virtue of the 2013 Act. The 2013 Act added new provisions to the Pensions Act 2004 requiring the tPR to produce a Code of Practice regarding the governance of public service pension schemes.

In September 2023 the Board agreed its Conflict-of-Interest Policy to ensure it manages conflicts of interest in line with this code. The policy was previously embedded with the Board Terms of Reference but is now a separate stand-alone document to ensure that the Board will manage any

potential conflicts of interest appropriately. The aims of the policy include:

- To set out clearly the processes applicable to Board Members and officers supporting the Board in relation to identifying, monitoring, and managing potential and actual conflicts of interest.
- To ensure that Board Members and officers are aware of, and comply with, the legislative requirements under which conflicts of interest are to be properly managed.
- To provide assurance that Board Members are not influenced by external responsibilities or interests which conflict with their role as a Board Member.
- To ensure that Members of the Board and the officers supporting the Board work independently and in adherence to the seven principles of public life (also known as the Nolan Principles).

In March 2024 the Panel reviewed and approved the Board's Conflict of Interest Policy, providing secure and effective governance that the policy was fit for purpose.

## Outcome

During 2024 the Funds approach to identifying, monitoring, and managing conflicts of interest has acted as intended. Conflict of Interest declarations feature on the agenda of every Panel and Board meeting and are documented in the minutes. No actual or potential conflicts of interest were identified in 2024.

Officers, Panel and Board members receive training covering conflicts of interest and the conflict policies of external providers are considered at the point of appointment.

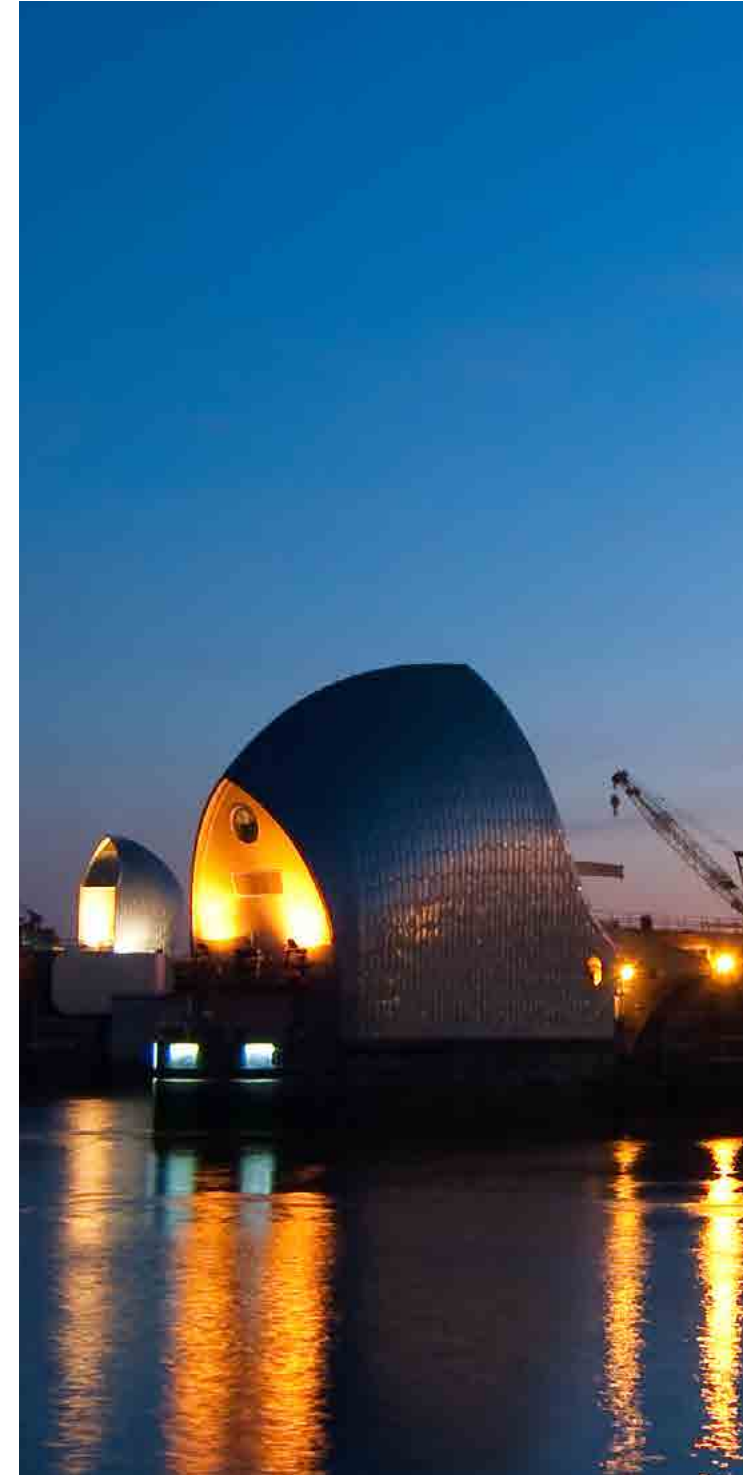
As part of its annual accounts process, the Fund declared any relevant related party transactions in line with the CIPFA Code of Practice and this was reviewed as part of the annual external audit process.

The Pension Boards Conflict of interest Policy specifies the role of Board and officers in ensuring that any potential conflicts of interest are identified, monitored, and managed. The policy was agreed by Panel in March 2024 and will be reviewed on each material change and at least annually.

Conflicts of interest is a key topic on the Funds rolling training programme. The Fund also encourages Panel and Board members to complete the conflict-of interest unit of the TPR Toolkit.

It is recognised that local investment could be identified as a conflict of interest. The Fund therefore has a clear investment strategy statement which focuses on balancing risk with financial return. The Fund has made no commitment to invest locally. Investment decisions are made in line with the Funds fiduciary duty and those charged with governance receive regular training on how to assess the suitability of new investments.

As part of the procurement process for third-party providers any potential conflicts of interest are assessed before appointment. The Fund still needs to undertake more work in relation to the continual monitoring of conflict-of interest policies of external providers including its pooling partner during 2025.





## Principle 4

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

### Context

Effective risk management underpins strong corporate governance. The key function of the Fund is to provide retirement benefits to members when they fall due and therefore, as a long-term investor, the Fund must continually work to identify and manage risk to help promote sustainable, well-functioning financial markets.

### Market-wide Risks

Market-wide risk affects the performance of an entire market often leading to financial loss. Causes of market-wide risk, which could impact the Fund include (but are not limited to):

- **Interest Rate Risk** – the risk of unpredictable interest rate changes on assets.
- **Equity Risk** – the risk associated with investment in commodities as stock prices fluctuate with supply and demand.

- **Currency/Exchange Rate Risk** – These can change rapidly as they are affected by various political and economic situations.
- **Geopolitical Issues** – the impact of political, socioeconomic, and cultural factors/events on business/markets.

### Systemic Risks

Systemic risk is the risk that an event may lead to the collapse of an economy, financial market, or industry. Systemic risks which could affect the Fund include (but are not limited to):

- **Counterparty Risk** – the counterparty to a transaction defaults on their element leading to a potential loss for the fund.
- **Security Risks** – such a cyberwarfare attack.
- **Political risks** – for example conflict or trade wars between nations.
- **Environmental factors** – such as climate change, natural disasters, biodiversity loss.

## Activity

### Information from Key Counterparties

To monitor market-wide and systemic risks the Fund utilises information from its key stakeholders.

Market Commentary from Managers	The Funds investment managers include relevant market commentary in their quarterly reports. Officers meet quarterly to discuss the performance of each mandate and during this process also discuss market conditions and how these have and may in future effect performance.
Investment Advisors	The Fund utilises its investment advisors, Hymans Robertson, to gain insight on market trends and potential risk areas. Hymans Robertson produce a quarterly performance report for the Fund which is received by both Panel and Board – this report includes market commentary and its impact on the Fund.
Bloomberg	Fund officers have access to a Bloomberg terminal through which they set up various alerts to monitor the market (examples include MPC bank rate change announcements, alerts on specific companies and monitor of the FTSE 100)
Publications and Webinars	Officers actively monitor articles and notifications from publications such as Room 151, Pensions Expert and Public Finance which include commentary on the financial markets. Officers also attend various Pensions & Treasury conferences throughout the year that provide commentary from investment professionals about the state of the global economy.



## Risk Register and Policy

The need for effective risk management is reflected throughout guidance and regulations in the LGPS, notably in Regulations 12(2) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, and in the CIPFA 2018 publication “Managing Risk in the Local Government Pension Scheme”.

Responsibility for risk management is an issue for all those involved in the management of the Fund, with overall oversight falling to the Panel. The Fund maintains and monitors an in-depth risk register. The risk register is reviewed by Panel annually and split into four sections which are reviewed each quarter on a rolling basis. This ensures that the risk register is reviewed regularly. The risk register is much more than a paperwork exercise – it is a tool within which to actively identify, analyse, control, and monitor risk. The risk register is divided into the following risk categories:

- Administrative risk
- Compliance/regulatory risk
- Employer risk
- Investment Risk
- Liability Risk
- Other Risk
- Reputational Risk
- Skill Risk
- Reputational Risk
- Skill Risk

Each risk is assigned an ‘owner’ - a responsible officer who reviews and updates the risk details at least annually.

Risks are currently assessed in relation to two aspects

- The chance of it happening
- The impact of it happening

Each element is then independently assessed on a scale of 1-5 (see table below). The product of the elements for each risk is calculated to give an overall score. Scores can be plotted on a matrix to determine the overall risk factor (high, medium, low). The factor will determine the level of response required by the Fund in respect of that risk.

### Chance

Score	Overall Chance	Definition
1	Unlikely	This event is not expected to occur
2	Rare	The event may occur only in exceptional circumstances
3	Possible	The event might occur at some time
4	Likely	The event will probably occur in most circumstances
5	Almost Certain	The event is expected to occur in most circumstances

### Impact

Score	Overall Chance	Definition
1	Negligible	The event should cause little or no effect to the Fund
2	Minor	The event should have a minor effect upon the Fund
3	Moderate	The event should have a moderate effect upon the Fund
4	Major	The event should have a major effect upon the Fund
5	Very Significant	The event should have a very significant effect upon the Fund

		Impact				
		5 V Significant	4 Major	3 Moderate	2 Minor	1 Negligible
chance	5 - Almost Certain	25	20	15	10	5
	4 - Likely	20	16	12	8	4
	3 - Possible	15	12	9	6	3
	2 - Rare	10	8	6	4	2
	1 - Unlikely	5	4	3	2	1

Risk Factor	Management of Risk
16 – 25 Significantly High Risk	Senior management monitoring
11 – 15 High Risk	Management develop action plan / monitoring
6 – 9 Medium Risk	Routines enhanced by specific procedures
0 – 5 Low Risk	Routine procedures

The risk register is published annually as part of the Funds Annual Report. The 2023/24 annual report can be found on the Royal Greenwich website [royalgreenwich.gov.uk](https://www.royalgreenwich.gov.uk)

The risk register was reviewed by Panel at its March 2024 meeting and is due to be reviewed again at its March 2025 meeting.

The Fund will be reviewing its Risk Register system as part of its 2025 workstreams – aiming to evaluate the effectiveness of the current process, to ascertain if it is still fit for purpose and to identify where improvement may be made.

## The General Code – Own Risk Assessment (ORA)

On 28 March 2024 The Pensions Regulator's (TPR's) General Code of Practice (the Code) came into force. The Code (which was previously known as the Single Code) brings together 10 of TPR's previous 15 codes of practice, aiming to provide a clear and concise framework setting out expectations on scheme governance (including investment and administration) in line with the requirements of the 2018 Governance Regulations.

Under the requirements of the Code LGPS Funds must establish and operate an effective system of governance (ESOG). Schemes with more than 100 members must also carry out a regular Own Risk Assessment (ORA).

The Fund has ascertained use of a LGPS digital Checker Tool via its Investment Advisors, Hyman's Robertson, to self-assess our governance arrangements in line with the Code, the results of which will be reviewed by Panel in 2025. This process will involve the Fund reviewing its current governance structures and risk management procedures to ensure that they are fit for purpose. This further review of our risk management processes will help the Fund to assess if those systems are still effective

in helping the Fund to identify and respond to market-wide and systemic risks.

### ISS and FSS

The Funds Investment Strategy Statement (ISS), Responsible Investment (RI) Policy and Funding Strategy Statement (FSS) also address various risks and the associated control measures including financial, demographic, regulatory, maturity and governance risks. The Funds Funding Strategy Statement can be found on the Royal Greenwich website [royalgreenwich.gov.uk](https://royalgreenwich.gov.uk).

### Diversification

As stated within the Funds investment beliefs under principle 1 - one of the key mechanisms for ensuring that the Fund mitigates market and systemic risk, is to hold a diversified portfolio of investments with a suitable strategic asset allocation benchmark for the Fund, which sets an appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk. Consideration is also given to diversification across asset types, geographies, and managers. Further details of the asset and geographical allocations of the Fund can be found under principle 6.

To ensure that the Fund is appropriately diversified, the Fund seeks investment advice from its advisors, Hyman's Robertson. The asset allocation and benchmarks of the Fund are reported to Panel with each quarterly performance report and the Funds investment advisors provide advice on any additional steps which could be taken to mitigate risks.

The Fund carried out an asset liability modelling exercise in conjunction with the 2022 actuarial valuation in June 2023. As part of the exercise a number of contribution rates and investment strategies were modelled and the implications of adopting a range of alternative investment strategies were assessed. The Panel considered the probability of being fully funded at the end of the projection period and considered the level of downside risk under a range of different scenarios.

In line with the Funds strategy and investment beliefs the Fund has continued to review its strategic asset allocation and diversification of investments, undertaking further work in 2024, with help from its investment advisors, to review whether the allocations to specific investment assets were appropriate.

Please see the following table for detail of the work undertaken in this regard over the past few years:

2020	<p>Asset/Liability review undertaken. Panel agreed the following updates to the long-term strategic allocation to provide further diversification:</p> <ul style="list-style-type: none"><li>• A 5% decrease in the allocation to equities, to 45%;</li><li>• Reshape the allocation to illiquid assets by increasing allocations to private debt and infrastructure to 5% and reducing the allocations to private equity and global property to zero.</li><li>• A 3% increase in the allocation to multi-asset funds, to 13%;</li><li>• A 2% increase in the allocation to multi-asset credit, to 12%;</li></ul>
2021	<p>Panel agreed to invest £42.5m into the London Collective Investment Vehicle (LCIV) Renewable Infrastructure Fund (2.5% of its 5% infrastructure allocation – leaving a further 2.5% to provide further diversification across a number of infrastructure projects and sectors).</p> <p>Panel agreed to make a commitment of £85m to the LCVI Private Debt Fund – a 5% allocation.</p> <p>Initial drawdowns for both mandates have been undertaken.</p>
2023	<p>£237.5m of global equities were moved into the LGIM Future World Global Equity Index Fund – a low carbon passive equity fund. Following a further asset liability study, the Panel reviewed the Fund Investment Strategy and agreed the following changes:</p> <ul style="list-style-type: none"><li>• A 5% decrease in the allocation to equities to 40%</li><li>• To reshape the allocation to illiquid assets by increasing allocations to private debt and infrastructure to 10%</li><li>• The increased allocations will be funded by an 8% decrease in the allocation to multi-asset funds to 5% and a 2% decrease in the allocation to multi-asset credit to 10%.</li></ul>
2024	<p>Panel agreed to undertake rebalancing activities to:</p> <ul style="list-style-type: none"><li>• Reduce its multi-asset allocation to bring holdings in line with the Funds long-term strategic target of 5% of total Fund assets.</li><li>• Top up of protection assets to bring them in line with the Funds long-term target.</li><li>• Create a blended fund of equities, bonds and cash to create a liquidity waterfall to help meet expected future capital calls.</li></ul> <p>Officers also sat on Seed Investor Groups for both the LCIV Private Debt II and Nature Based Solutions Funds.</p>

The Funds commitment to continuously reviewing and diversifying its investment portfolio, where appropriate, supports the Fund in holding an investment portfolio which balances the generation of long-term return with consideration given to market and systemic risks.

This approach, ensures that the investment strategy takes due account of the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners, deferred and active members), together with the level of disclosed surplus or deficit (relative to the funding bases used).

### Fit for the Future Consultation

In July 2023 the Government released a consultation which proposed its vision for pooling, setting out what it believes to be the LGPS's role in levelling up and private equity investment. The Fund evaluated the proposals, seeking viewpoints from its investment advisors, actuary and LGPS peers and provided a response to the consultation in September 2023, to ensure that its views were considered.

In November 2024 The Ministry of Housing, Communities and Local Government (MHCLG) released its 'Fit for the Future' Consultation on LGPS investments consulting on proposals relating to the investments of the LGPS in areas such as asset pooling, UK and local investment and governance. Again, the Fund sought the viewpoints of its investment advisors, actuary, LGPS peers and the

LCIV when providing its response to ensure that its viewpoints were considered. The response was submitted by the 16 January 2025 deadline.

### Training

One of the ways in which the Fund continues to work to mitigate against various types of risk, including market wide and systemic risk, is to ensure that officers, Board, and Panel members have the vital knowledge and skills to undertake their governance roles. Performance measurement and risk management training forms part of the Knowledge and Skills framework which is undertaken by both Panel and Board. In December, Panel and Board received specific training pertaining to Private Markets and the risks and opportunities posed by this asset class. The training was followed by a quiz to assess the learning undertaken. Further to this Panel, Board and officers received training on the risks and opportunities posed by new asset types linked to biodiversity including natural capital and forestry at the strategic away day February 2024.

### Collaboration

The Fund recognises that partnership is a vital tool to understand and reduce risks. Collaboration with other counterparties provides valuable information to help identify potential risks and share insight as to how to mitigate these risks.



## LAPFF

Throughout the year the Fund has continued to engage with various counterparties including other LGPS colleagues, its investment advisors, actuary, and investment managers and through its membership of the Local Authority Pension Fund Forum (LAPFF). Throughout 2024 officers have attended business updates alongside the mid-year conference of the LAPFF to keep abreast of the work undertaken by the forum. Key work undertaken by the LAPFF in relation to risk during 2024 includes (but is not limited to):

- Joining an Investor Alliance for Human Rights (IAHR) pilot project which focuses on engagement with companies operating in conflict-affected and high risks areas (CAHRAs). The forum also undertook collaborative engagements with IAHR on Uyghur Forced Labour. The LAPFF places importance on the key risks in this area and has engaged with defence companies and carmakers with regards to their supply chains, with key transition minerals often coming from conflict-affected areas.
- Following its sign up to the Nature Action 100 initiative<sup>5</sup>, the LAPFF has continued to seek assurance that companies are meeting investor expectations on mitigating the managing the risks associated with biodiversity loss.

- Publication of a report entitled “Maximising Impact and Competitiveness: LAPFF Recommendations for UK Climate Policy” which issued recommendations for how UK government can support investment in climate action while boosting competitiveness and long-term growth. The report sought to reduce the climate risks faced by investors which is often influenced by policy.

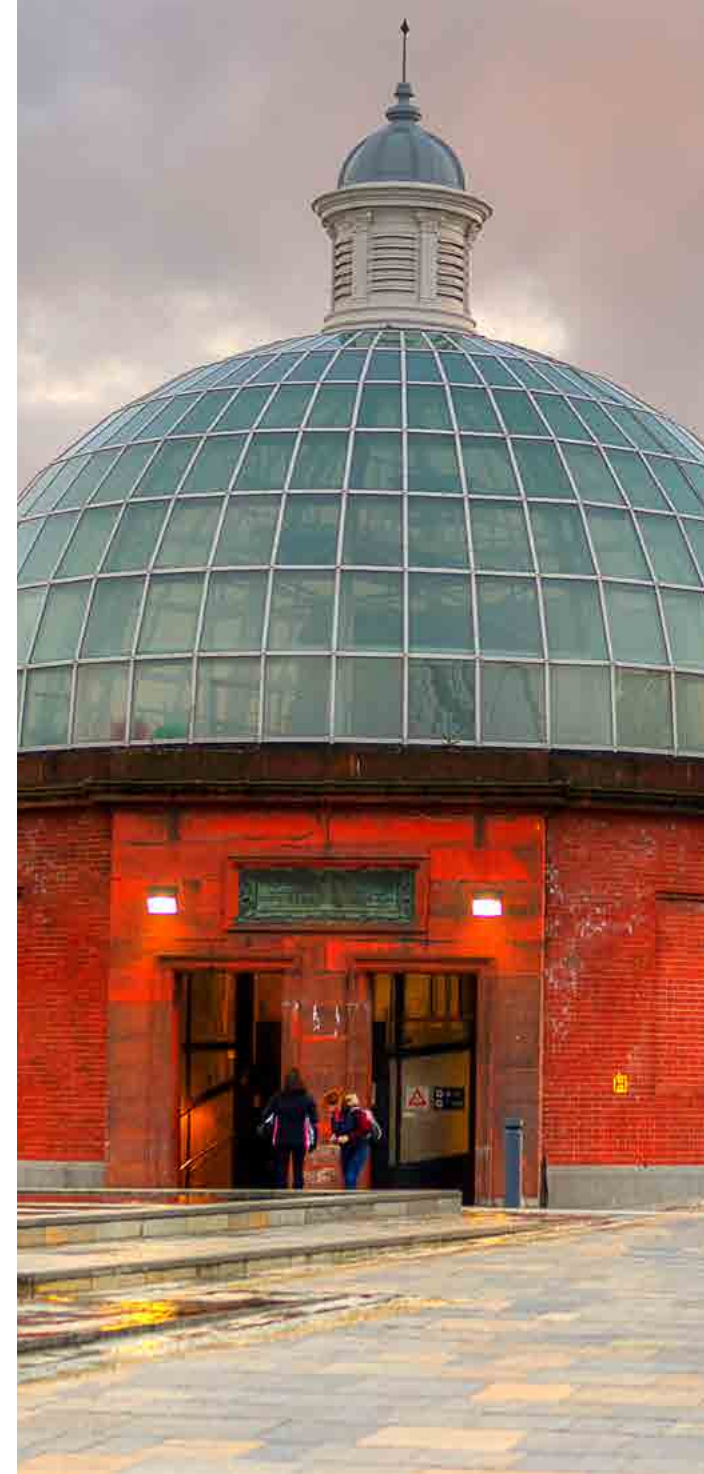
## Pensions for Purpose

In 2024 the Fund became a member of Pensions for Purpose, which operates as a bridge between asset managers and pensions funds alongside their professional advisors to empower pension funds to make informed investment decisions through its member community, training and associated articles and Knowledge centre. This membership ensures that the Fund can keep abreast of the key risks and opportunities associated with sustainable investment.

## London Pension Fund Forum

The Accountancy and Business Change Finance Managers regularly attends the London Pension Fund Forum (LPFF). The forum is made up of London-based LGPS Funds and is a platform through which to discuss various current topics. Through this forum the Fund is able to identify and discuss various risks to the Fund with its peers.

<sup>5</sup> Nature Action 100 is a global investor engagement initiative led by Ceres (a nonprofit organization working with the most influential capital market leaders) and the Institutional Investors Group on Climate Change (IIGCC) which aims to work with companies to promote positive environmental impacts to reduce the operational, reputational, and regulatory risks association with biodiversity loss.



## Outcome

Panel have proactively reviewed the pension fund risk register, asking questions to further their understanding where necessary to enable them to challenge where appropriate. The risk register has also been reviewed quarterly by the relevant risk 'owners'. The Fund intends to review its risk register process in 2025 to ensure that it remains fit for purpose and to ascertain where improvements may be made.

The Fund recognises that climate change presents a financial systemic risk (physical and transitional) which can have a long-term impact on investments. The Fund reviewed and updated its Net Zero Roadmap in 2024 to ensure that it is still fit for purpose. This process involved reflecting on the work undertaken so far, reassessing if the Funds net zero targets are still appropriate and reaffirming the workplan for the next 12-18 months.

ESG issues can have a material impact on the long-term risks and returns from Fund investments. A robust RI policy helps to ensure that ESG risks and opportunities are recognised, understood, and acted upon. The workstream generated by the review of the Net Zero Roadmap highlighted the need for the Fund to review its RI policy in 2025. ESG also features as a specific risk category on the Funds risk register.

The Fund ensures that Panel, Board and officers receive training specific to the various risks to the Fund. During 2024, the Fund has begun to test the learning undertaken by Panel and Board and will report on this as part of its Knowledge and Skills Framework review in 2025. The Fund has provided asset specific training this year in addition to the subjects covered in the Knowledge and Skills framework, ensuring that Panel, Board and officers are informed of the specific risks and opportunities associated with different asset types. The Fund also encourages Panel and Board members and officers to complete the TPR Toolkit which covers risks posed to Pension Funds.

In 2023 the Fund identified that it needed to utilise its membership of the LAPFF more effectively. To this end the Fund invited the LAPFF to attend its annual 'away day' in February 2024 to discuss the forums work and the ways in which the Fund can work more collaboratively with the LAPFF. The Fund has been more proactive during 2025 in its engagement with the forum this year, raising questions in relation to engagement with companies in conflict related areas and risks associated with these investments.

Through its membership of Pensions for Purpose and the London Pension Fund Forum the Fund can collaborate and discuss key risks to the Fund and how these may be monitored and mitigated.

The Fund adheres to its investment beliefs that a strategic asset allocation, which is regularly reviewed, and diversification are key factors to reduce investment risk. This can be seen through the continued work undertaken with regards to asset allocation review. The work undertaken this year ensured that the Fund maintained its expected return and risk measures while still providing liquidity to meet future capital calls.

The Fund ensured that it responded to the MHCLGs 'Fit for the Future' consultation on LGPS Investments and evaluated what impact it believes the proposed changes would have on the Fund, giving examples of what it believed to be the key risks and opportunities associated with the proposals. The Fund will consider next steps to ensure that asset allocation decisions are made in the best interest of the Fund and its members.



## Principle 5

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

### Context

The Fund has a legislative duty to monitor and maintain certain policies (please see table below) however the Fund recognises that the production, review and publication of its policies and procedures is not a 'tick box' exercise. Clear, concise, and informative policies and reporting is vital to ensure that the Fund is transparent in its operation, that it can provide clear information to its members and stakeholders and to demonstrate it is governed effectively and efficiently.

The Fund seeks assurance of its processes through a variety of means including, a clear process for its reporting, via its governance structure, third party assurance through internal and external audits and via clear objectives for its third-party providers. These layers of governance provide various formats through which the Fund can assess the effectiveness of its activities.

### Activity

#### Policy Review

Officers maintain a 3-year rolling business plan for both Panel and Board which factors in

policy review required by legislation, alongside upcoming workstreams such as consultations on new policies and informative reports regarding the governance of the Fund in areas such as risk monitoring, investment performance, training, and administration. In March each year the draft business plan for the following financial year is presented to both Panel and Board for discussion. A finalised business plan is then presented to Panel and Board at their first meeting of the fiscal year. This more detailed plan affirms the agenda for the coming year and also comprises a section in which the Fund reviews the work undertaken in the previous year, detailing what was successful and what still needs to be achieved along with an indicative timeline for next steps.

The Business Plan is an evolving document which factors in new policies and reports as and when they are relevant and required. Board and Panel consultation on the draft business plan in March each year is vital each year to ensure that the finalised plan sets a clear agenda and has factored in all relevant workstreams and key legislative policies.

Some of the key policies reviewed by Panel include:

Policy	Overview	Detail
Investment Strategy Statement (ISS)	The Investment Strategy Statement details the Fund's investment strategy, including its agreed asset allocation and voting guidelines. It also details the Fund approach to responsible investment	The ISS is produced under Regulation 7(1) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. It should be updated at least every 3 years following the triennial valuation or if there are significant changes in the investment policy. The Panel aim to review this annually.
Funding Strategy Statement (FSS)	This statement outlines the Fund's approach to meeting its liabilities. The strategy covers the main principles underpinning decisions around employer contributions and how this is linked to the Fund's investment strategy. It is produced in consultation with the Fund's actuary, investment advisor and scheme employers.	The FSS is prepared under Regulation 58 of the Local Government Pension Scheme Regulations 2013 and should be updated when material changes occur. The Panel aim to review this annually.
Governance Compliance Statement	The statement provides details of the delegation arrangements in place for decisions taken in relation to the Fund. It also states how the Fund complies with best practice guidance issued by the Secretary of State.	This is prepared under Regulation 55 of the Local Government Pension Scheme Regulations 2013 and should be updated upon material change in delegation arrangements. The Panel aim to review this annually.
Statement of Compliance with the UK Stewardship Code	The UK Stewardship Code is published by the FRC. It sets out the key principles of effective stewardship for institutional investors to help them better exercise their stewardship responsibilities.	Compliance with the Code is not mandatory for LGPS funds but is supported by the UK Government and is considered best practice. Compliance to the UK Stewardship Code is reviewed annually.
Communications Policy	The Communications Policy describes how the Fund communicates with its members, scheme employers and representatives of both groups. The policy covers the format and frequency of communication.	This policy is prepared under Regulation 61 of The Local Government Pension Scheme Regulations 2013 and is reviewed annually.
Knowledge and Understanding Policy and Framework	This policy is prepared to ensure that all members and decision makers carrying out their roles and responsibilities on behalf of the Fund have the requisite knowledge and skills to do so.	This policy is written in line with the CIPFA Code of Practice on LGPS Knowledge and Skills which was updated in 2021. The Knowledge and Skills Policy is reviewed annually.

In addition to these legislative policies, Panel also review the Funds other policies and processes including (but not limited to):

- An annual review of its administrative arrangements
- An annual review of the work undertaken by Pension Board
- An annual review of its Risk Management Policy and Risk Register

Fund officers hold a data base of the relevant legislation associated with the delivery of specific reports and the frequency of which each report must be reviewed by Panel and/or Board. In March each year a separate report entitled 'Fund Strategies, Statements and Reports' is presented to Board. This report details the key policies reviewed by the Panel each year in line with LGPS legislation.

By reviewing the Fund's publication of relevant reports, strategies, and statements the Board acts within its stewardship role and ensures the best interest of the Fund, the administering authority, scheme employers and Fund members. The Board also ensures that the Fund is producing relevant reports in line with the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Each year the Board produce an annual report as a roundup of the work they have undertaken for the previous year. The RBG Local Pension Board report is presented to Panel for review and comment. The annual report of the Board is an opportunity for the

Board to reflect on the work they have undertaken during the year and discuss areas of success and areas for improvement. The Boards latest report is scheduled to be reviewed by Panel at the start of 2025.

## Fair, Balanced and Understandable Reporting

The Royal Borough of Greenwich has a strong corporate governance process with regards to the writing and publication of reports for committees. It is important that any reports produced by the Fund are written fairly, are balanced and are understandable for stakeholders. Reports therefore adhere to a series of guidelines before they are published:

- Reports are written by one officer reporting to a higher officer for secondary review who ultimately reports to a chief officer.
- It must clearly state if the report and/or appendices are exempt from public view and if so, why.
- To provide context and meaning, reports must stipulate how they link to the Royal Borough of Greenwich's corporate missions (as per Principle 1, the Fund aligns to 3 of these beliefs— 1) Greenwich plays an active role in tackling the climate crisis, 2) Our Council is an adaptive organisation, enabling it to navigate the increasing number of challenges it faces while remaining financially sustainable and 3) Our Council works in the most efficient and effective ways possible.)

- The purpose of the report and decision required must be clearly stated at the start of the report alongside the relevant legislation under which the decision is required.
- Reports must stipulate the available options in relation to the decision being made. There must be pros and cons for each option to demonstrate a balanced view.
- Reports must address a series of crosscutting issues and implications such as financial implications, equalities, and climate change.
- Reports (and associated appendices) must have oversight from legal who will review and comment upon any legal cross-cutting issues and implications.

Once these guidelines have been adhered to, reports are published 5 working days in advance of any committee to allow enough time for public review of the documents before the meeting is held.

In 2024 Royal Greenwich introduced two new areas for cross-cutting review to be considered on all committee reports. These focus on Risk Management and Community Engagement. The requirement to report under these two topics supports officers in considering the risk management requirements of the subject upon which they are reporting and also helps to ensure that community engagement, if required, has taken place effectively and that relevant responses have been considered. These cross-cutting issues are factored into the legal team review of the reports.

## Governance Structure

The Governance Structure of the Fund provides an additional layer of assurance. The Pension Board was established by the Pension Fund Investment and Administration Panel under delegation from the Administering Authority and operates independently of the Panel. Its purpose is to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS. The core function of the Board is to ensure the effective and efficient governance and administration of the Scheme.

## Audit Assurance

The Funds Financial Statements and Annual Report are audited by the Funds external auditors who assess whether the statements provide a “true and fair view” of the position of the Fund. As part of the annual accounts process, the Fund also reviews internal audit assurance reports from each of its investment managers, including the London Collection Investment Vehicle (LCIV) which are examined as part of the annual audit.

The Funds 2023/24 Annual Report and Financial Statements received an unqualified opinion from the Funds external auditors. This demonstrates that the Fund Account, Net Asset Statement, and notes to the accounts, including a summary of significant accounting policies give a “true and fair view of the

financial transactions of the Pension Fund during the year ended 31 March 2024”.

The Fund also completes an annual scheme return of The Pensions Regulator (tPR).

The Royal Borough of Greenwich’s internal audit department complete internal audit testing of the Fund in line with CIPFA guidelines. The Fund reports on this internal audit process within its Annual Report each year. This internal audit process provides on-going assurance that the Fund is run effectively and efficiently for its members and provides an additional layer of governance to address any risks to the Fund.

## Third Party Performance Assurance

The Fund assures that its third-party services are provided by counterparties who have the requisite knowledge, skills and experience and monitors the work undertaken by these counterparties throughout the life of their contract. The Fund ensures that it procures contracts via The Royal Borough of Greenwich’s Procurement Procedures –Contract Standing Orders. This process includes an evaluation of the social value of any of the services provided and sets KPI’s through which the Fund can monitor the quality of services.

Following a review of the investment consulting and fiduciary management markets, in June 2019, the Competition and Markets Authority (CMA)

published an order making it a regularity requirement for LGPS Funds to set objectives for their investment consultants. Each year the Fund agrees a set of objectives to monitor and assess the performance of the Fund investment advisors, Hymans Robertson.

The Fund must submit a Compliance Statement annually to the CMA regarding the strategic objectives set for our investment consultants and monitors our investment consultant’s performance against these objectives.

The Panel receives quarterly performance reports from its investment advisors, detailing the performance of each investment manager. This report is used as a tool for review and discussion of the individual managers performance (and the performance of the Fund as a whole) and provides assurance as to whether the managers are investing as anticipated.

This year, upon reviewing investment manager performance, the Panel invited two of the Fund’s investment managers to provide presentations on why performance had fallen below that expected to gain an understanding of the reasons for poorer performance and plans for improvement.

Officers meet monthly with the Fund actuary, Barnett Waddingham, to discuss workstreams and expectations for current projects.

Officers from the Fund attend monthly Business Updates provided by the Funds pool, the LCIV. This provides a platform through which officers can ask questions and raise queries.

## Conflict of Interest Policy

As mentioned in Principle 3, following agreement by Board of its Conflict-of-Interest Policy in September 2023, in March 2024, the Panel reviewed and agreed the policy, establishing that it was fit-for-purpose.

## Net Zero Roadmap

In July 2022 the Panel agreed the Fund's Net Zero Roadmap. The purpose of the roadmap was to set out a framework to develop net zero objectives and policy, alongside a proposed work plan for the Fund to move towards net zero over the short term (12-18 months) and medium term (2-3 years). As part of this process in 2022, the Panel agreed to set a net zero target of 2040 alongside a commitment to explore options for reaching this target more quickly.

In 2024 the Fund reviewed this policy to assess the

effectiveness of the activities undertaken so far and assure that there is a clear process moving forward. From this review the Fund established that it had made good progress so far moving towards net zero. Work undertaken to date includes:

Establishing a dedicated Responsible Investment (RI) Policy.

- Establishing a baseline carbon footprint position as at 31 March 2022 via utilisation of the London Collective Investment Vehicle's (LCIV's) Climate Analytics reporting with follow up reporting as at 31 March 2023 and 31 March 2024.
- The introduction of a manager monitoring programme where managers are invited to each Board meeting to present on ESG-related themes, including net zero, and stewardship activities.
- A commitment of £42.5m to the LCIV's Renewable Infrastructure Fund which invests in renewable energy infrastructure assets in brownfield and greenfield investments.

This includes generation, transmissions and distribution assets, with a market segment focus on renewable energy including, wind solar and other generations.

- Investment of 14% of the Fund's assets (£237.5m) in a low carbon global equity mandate with LGIM, which achieved a c50% reduction in carbon emissions relative to the Fund originally held. This fund aims to further reduce carbon emissions by 7% annually.
- An update of the Fund's Annual Report to include a climate change section reporting on the Fund's activity in line with the four core elements of the Taskforce for Climate-Related Financial Disclosures (TCFD).

## Outcome

Throughout 2024 Panel and Board have continued to review relevant policies to ensure strong corporate stewardship of the Fund.

At its first meeting of the calendar year, Board was asked to note a review of the arrangements for the publication on the Funds Strategies, Statements and Reports throughout the year to ensure that they had a knowledge of the policies to be reviewed and amended, as appropriate, by Panel.

At each meeting of the Pension Board, the Board has reviewed the minutes from the previous Panel meeting to provide governance and oversight of Panel decisions – creating assurance that the Panel is working in the best interest of the Fund and its members.

Fund officers make note of any actions from each meeting to ensure that they undertake those activities expediently. These actions are also noted in the minutes of each meeting; however, the Fund has identified a gap in reporting that these actions were undertaken and their outcomes. In 2025 officers intend to build in a system to report at each meeting, the outcome of any actions to be taken from the previous meeting.

In its 2023 report the Fund identified that although officers meet regularly with third party

services providers, review of any KPI's set out in the procurement of contracts is often ad-hoc. The Fund acknowledged that it needs to ensure that a process is put in place to review these regularly and report as required on the performance of its third-party services providers. Since the end of 2023 the Fund has undertaken tender processes for both its Investment Advisory Services and Actuary contracts. As part of this process, officers have re-reviewed the KPI's set within the tender to ensure that these are fit for purpose, updating these to reflect the ever-changing needs of the Fund. The Fund aims to report on performance against these KPI's during 2025.

In 2024 both internal and external audit have provided assurance that the Fund is working efficiently and effectively and in line with relevant regulations.

Re-review of the Funds NetZero Roadmap during 2024 demonstrates the Funds commitment to ensure that it's policies and workplans are fit for purpose and to update these policies as required. This ensures that the Fund assesses its activities and how effective they have been. Review of this workplan identified workstreams for the next 12-18 months including a review of the Funds Responsible Investment (RI) policy, set to take place in 2025.



# Investment Approach

ROYAL BOROUGH OF GREENWICH  
PENSION FUND STEWARSHIP REPORT





## Principle 6

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

### Context

#### Scheme Structure and Membership

The Royal Borough of Greenwich Pension Fund (the 'Fund') is part of the Local Government Pension Scheme (LGPS) and is a defined benefit scheme.

The Royal Borough of Greenwich Pension Fund is an administering authority for the LGPS and as at 31 December 2024 comprised of 27,033 made up of:

- 8,736 members who were actively contributing into the Fund
- 8,900 were drawing benefits
- 9,397 members who have rights to deferred benefits.

The average age of an active member is 46. The average age of a pensioner is 71 (with the eldest being 102).

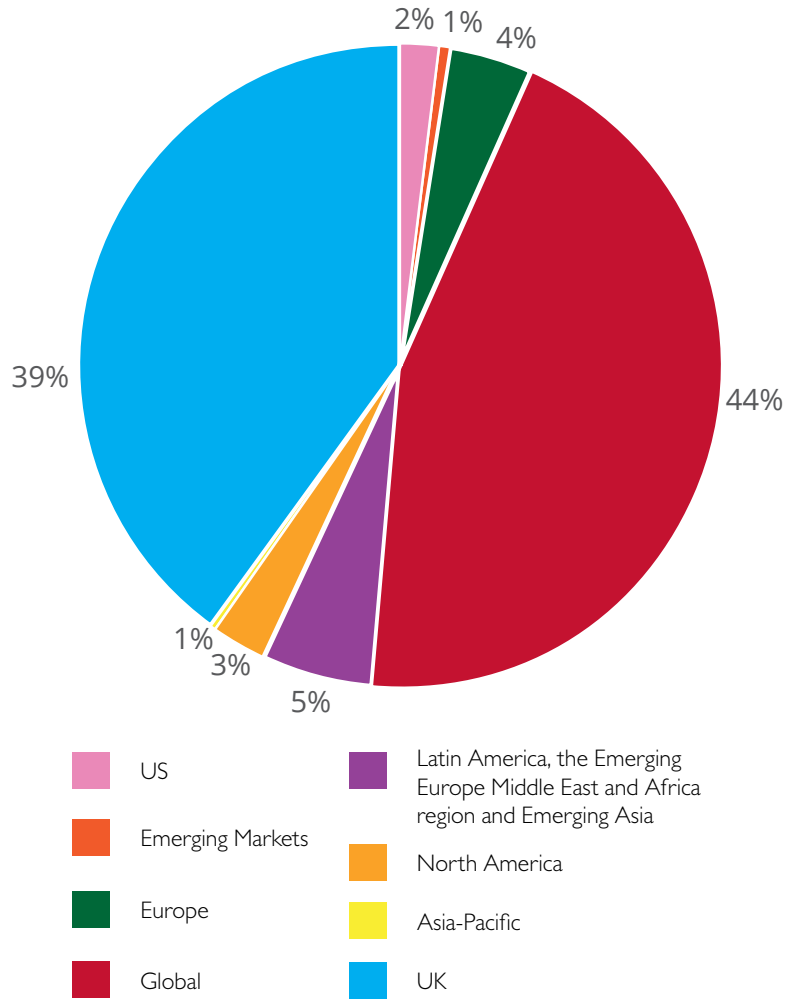
The Fund is made up of 67 active employers. The Royal Borough of Greenwich is the largest employer, making up 80% of the Fund.

#### Assets under Management and Investment Time Horizon

As at 31 December 2024 the Market Value of Fund's assets were as follows:

Investment Assets	MV 31/12/2024 £000
Property - Freehold	5,945
Pooled Investment Vehicles:	
Equities	793,609
Fixed Income	470,066
Property Unit Trusts	148,797
Multi Asset	97,820
Private Equity	795
Diversified Alternatives	83,662
Infrastructure	29,321
Private Debt	68,404
Cash Deposits	3,462
Cash Equivalents	19,834
<b>Total</b>	<b>1,721,715</b>

The geographical split of the Funds assets can be seen on the chart below:



One of the key responsibilities of the Fund is to ensure that benefits are paid as they fall due. The Fund is not closed to new members and therefore has a multi-decade time horizon.

The latest Fund valuation as at 31 March 2022 provided a deficient recovery period for each employer. This is the period of time through which employers pay a secondary rate of contributions to restore funding positions to 100%. This recovery period did not exceed 20 years for any employer.

As part of the valuation process the actuary also completes a long term analysis of four climate scenarios which could impact the funding position. These scenarios stretch to 2050.

The Funds investment strategy factors into account the long-term nature of the Funds liabilities in relation to the underlying investments. The structure of the Funds' assets is therefore split as follows to accommodate a long-term time horizon:

- Growth Assets – Investments which aim to provide capital appreciation. These return seeking investments aim to provide a positive return over time to grow the scheme assets in order to meet future liabilities.
- Income Assets – Investments which provide income to support the Funds cashflow and therefore ensure that benefits are paid when they fall due.

- Protection Assets – These assets provide further protection against market risks by providing diversification.

The Funds current asset allocation can be seen in the table below:

Asset Class	Target Allocation (%)*
Listed Equities	40
<b>Total Growth Assets</b>	<b>40</b>
Multi-Asset Funds	5
Property	10
Infrastructure	10
Private Debt	10
Multi-Asset Credit	10
<b>Total Income Assets</b>	<b>45</b>
Corporate Bonds	7.5
Government Gilts	7.5
<b>Total Protection Assets</b>	<b>15</b>
<b>Total</b>	<b>100</b>

\*Most recent allocations agreed in July 2023.

The Fund also considers environmental, social, and corporate governance factors which can have a material impact on the long-term risks and returns from the Fund’s investments. Longevity risk is built into the triennial actuarial valuation and is therefore included when determining the investment strategy.

## Activity

As mentioned under Principle 1 – one of the Funds keys purposes is to ensure that members can access clear and accurate information. The Fund is accountable to its members and employers, and therefore has a duty to ensure that it provides clear communication and a platform for engagement with its key stakeholders to provide their feedback and views.

When deciding how to communicate we take into consideration our audience and the cost to the Fund. We aim to use the most appropriate means of communication for the audiences receiving the information. The Royal Borough of Greenwich Pension Fund is proud of its diverse and multicultural membership and ensures that information is available in a variety of languages and formats.

There are a variety of ways in which members and employers can communicate with Fund officers including via a central email address and phone line through which members and employers can contact Fund officers. The Fund provides an annual

Communications Policy Statement which stipulates how it communicates with its members. The policy can be found on the Royal Greenwich website [royalgreenwich.gov.uk](http://royalgreenwich.gov.uk).

In 2023, upon request from Panel, the communications policy was updated to state that the Fund will make best endeavours to “issue a regular, at least annual, newsletter to all staff – members and non-members of the scheme” in “simple accessible language outlining costs, benefits, contact details and any recent updates or changes affecting scheme members. In addition, it should contain for instance case studies of individuals receiving their pensions, members’ experience of additional contributions etc”. The Fund is yet to send out a newsletter to this effect and intends to review the best way to execute distribution of such a newsletter in a cost-effective way to its members.

The Fund has its own area of the Royal Borough of Greenwich website [royalgreenwich.gov.uk](http://royalgreenwich.gov.uk) where it holds information for members such as:

- Background information regarding the Fund.
- Published key policies.
- Dates, agendas, minutes and attendance details for Panel and Board meetings.
- Contact details for relevant officers.

The Fund has a member self-service website [mypension.royalgreenwich.gov.uk](http://mypension.royalgreenwich.gov.uk) which allows members to access their records, review their annual benefit statements, undertake estimates of their pension benefits, and make amendments to their personal details, where allowed. Members can also contact the pension team via member self-service, upload and download various documents and forms. Links are also available to other useful pension sites for example the National Members website, The Pension Regulator, and the state pension scheme.

At the time of writing the Fund had 5,374 members registered with relevant statuses on MSS as follows:

Actives	1,436
Undecided Leavers	113
Deferred Members	901
Pensioners	1,492
Spouses	64
Frozen Refund	14
Other	1,354

The agendas and supporting documents for Board and Committee meetings are published on the Royal Borough of Greenwich website 5 clear working days ahead of the meetings for public view. The Board and Panel meetings are open for the public to attend.

The Fund publishes an annual report and set of financial statements each year which are audited. These key documents provide information to members and other stakeholders. The accounts are available for public inspection for a two-week period each year before finalisation of the audit and the final documents are published on the council's website.

The policy statement is revised and published following a material change in policy and details how the Royal Borough of Greenwich processes and protects personal data in accordance with GDPR and the Data Protection Act 2018.

Each year an Annual Benefit Statement is sent to members which also features any additional key information, for example, promotion of the My Self-Service platform.

The Fund engages with its employers on new policies, for example, the Fund previously held a consultation with employers on the Funds proposed Debt Spreading Agreements (DSA) and set up Deferred Debt Agreements (DDA) which were brought in during 2022 following a government amendment to the Local Government Pension Scheme (LGPS)

Regulations. The change in regulations introduced new powers for administering authorities to review employer contributions, spread exit payments via. The two-week consultation period was held for employers to review the policies and raise any questions or concerns. The consultation was issued via email. One employer contacted officers to gain further understanding of the draft policies however no formal responses were received during the consultation period.

## Outcome

The Fund welcomes the views of its members and employers and where appropriate, the Fund consults with employers and members on various governance policies. In 2023 the Panel agreed that it wanted to further open the lines of communication with members and the Fund made a commitment within its communications policy to issue a regular, at least annual, newsletter to all staff – members and non-members of the scheme.

During the year the Fund has not received feedback/views from pension fund members via attendance at Panel or Board meetings or during the inspection of the annual accounts. The Fund must consider other pathways to garner interaction with members including the distribution of an annual newsletter, as agreed by Panel. The Pensions Administration Team provide a platform through which members can raise ad-hoc queries both via phone or email.

The Fund recognises that it needs to make improvements in relation to monitoring the effectiveness of its communication with members. It needs to reassess the system for monitoring query resolution and other key performance indicators and put in place a system to report on these accordingly.

In 2024 the annual benefit statements for both active and deferred members were provided by the statutory deadlines.

All relevant policies and statements have been published on the Royal Borough of Greenwich website within relevant deadlines and members and employers have been able to attend all open sessions of the Pension Panel and Board meetings.

The Fund is not aware of any circumstances during 2024 where investment managers have not followed Fund stewardship and investment policies.

The Fund has a standalone Responsible Investment Policy and a section of its annual report which is dedicated to Responsible Investment and written in line with the four core elements of the Taskforce on Climate-Related Financials Disclosures (TCFD) – these being governance, strategy, risk management and metrics and targets. Focus has been placed on ensuring that these items of communication are written clearly and concisely for members to highlight the risks and opportunities posed by climate change and their relation to pension fund investments. Furthermore, the Fund publishes its carbon footprint emissions data and in 2024 provided its third year comparator to show the Funds journey towards net zero.

Promotion of the My Self-Service tool been successful in recruiting 5,374 members to the online tool. The Fund needs to ensure continued promotion to the service moving into 2025.



## Principle 7

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

### Context

The Fund recognises the importance of integrating stewardship and investment. The Fund understands that the inclusion of environmental, social and governance (ESG) issues, such as climate change, within its stewardship of investments is key for the Fund to fulfill its responsibilities. The Fund will invest in line with its fiduciary duty and requires its investment managers to integrate all material financial factors contributing to long-term financial risk and returns, including ESG considerations, into their decision-making process for all Fund investments. It expects its managers to follow best industry practice and use their influence as major institutional investors and long-term stewards of capital to promote good practice in the companies and markets to which the Fund is exposed.

### Activity

The Fund began its ESG journey in 2019 and over the past few years has increasingly worked

towards systematically integrating environmental, social and governance issues into the Funds stewardship activities. The world of ESG is continuously changing and the Fund is mindful that it continues its responsible investment journey in line with the overall Fund strategy detailed in Principle 1, namely:

- ensuring that those charged with governance have the right information, taking time to research where necessary.
- ensuring training is timely, appropriate, and continual.
- being transparent and clear in our communications to stakeholders
- collaborating with other counterparties as a tool for objectivity and development
- engaging with relevant companies and investment managers to use our ownership of capital to drive change and
- reviewing our portfolio and activities in line with ESG issues to identify areas of risk and opportunity.

The Funds ESG journey to date can be found below:

March 2019	Initial inclusion of an ESG and Responsible Investment Policy within the Investment Strategy Statement
June 2021	The Panel agreed to invest 2.5% (£42.5m) of its new 5% infrastructure allocation in the London Collective Investment Vehicle (LCIV) Renewable Infrastructure Fund, leaving a further 2.5% to be allocated to other areas on infrastructure to provide further diversification
December 2021	The Panel received an initial report on the carbon footprint information available to the Fund, including information on the 'Meaning and Metrics' of carbon footprint data and the 'Coverage and Availability' of this data within the Fund
February 2022	<p>The Funds annual 'away day' focusing solely on ESG. The day was an opportunity for Panel and Board members and officers to receive further training on ESG issues and to have a round table discussion on the next steps for the Fund in relation to its climate ambitions. The day included:</p> <ul style="list-style-type: none"> <li>• a high-level summary of the Funds carbon, fossil fuel and green energy exposure.</li> <li>• A presentation was given by Hermes EOS on the pros and cons of engagement vs disinvestment. presentation was given by Hermes EOS on the pros and cons of engagement vs disinvestment</li> <li>• Presentations from 6 of the Fund's managers on ESG issues within each portfolio including examples of active engagement undertaken.</li> <li>• The Funds investment advisors proposed a three-dimensional framework to support the Funds climate ambitions including suggestions for, and a discussion on, the next steps required to build a Net Zero Roadmap and broader Responsible Investment policy.</li> </ul>
July 2022	In collaboration with London CIV - Panel received the first annual report detailing the Funds carbon footprint.
July 2022	Development of a Net Zero Roadmap with a pledge to be carbon neutral by 2040 (and a commitment to explore options to meet this target sooner)
August 2022	The Fund produced its first standalone Responsible Investment (RI) policy.
February 2023	The Fund agreed to move global equities representing c15% of total assets into a low carbon equity Fund, this equated to £237.5m
July 2023	The Fund, in collaboration with the LCIV provided its second report detailing the Funds carbon footprint and provided the first year on year comparator.
July 2023	The Fund updated its Annual Report for 2022/23 to include a climate section reporting on the Funds activity in 2022/23 in line with the four core elements of the Taskforce on Climate-Related Financial Disclosures (TCFD)
February 2024	The Fund held its annual 'away day' which included training provided by both the London Collective Investment Vehicle (LCIV) and Gresham House, an investment manager which specialises in natural capital investment.
September 2024	The Panel re-reviewed and updated the Funds Net Zero Roadmap – assessing the work undertaken on the Funds net zero journey so far and speaking out the work plan for the next 12-18 months
September 2024	The Fund, in collaboration with the LCIV provided its third report detailing the Funds carbon footprint and provided the second year on year comparator.

## Expectations of Investment Managers

The Fund has a comprehensive Investment Strategy Statement and a standalone Responsible Investment (RI) Policy. The Fund recognises that the integration of stewardship and investment differs across asset classes and geographies. The Fund therefore has the following expectations of its managers:

- Active managers are expected to consider financial factors, including ESG considerations in their individual stock selection decisions.
- The Pension Fund expects its passive equity managers to use shareholder influence via engagement with the corporates in which they invest on ESG matters and to use their voting rights.
- The Funds property manager provides an annual Sustainability Report which details key ESG focused objectives for the year alongside an ESG maturity matrix assessment and GRESB scores per investment.
- The Fund expects its external investment managers to undertake appropriate monitoring of current investments regarding their procedures and practices on all issues which could present a material financial risk to the long-term performance of the Fund including corporate governance and environmental factors. The Fund expects its fund managers to integrate material ESG factors within its investment analysis and decision making.

- The Fund believes that the identification and effective monitoring of ESG issues is key to enable engagement with boards of investee companies to seek resolution to potential problems at an early stage. Where collaboration is likely to be the most effective mechanism for encouraging issues to be addressed, the Fund expects its investment managers to participate in joint action with other institutional investors as permitted by relevant legal and regulatory codes.
- Investment managers are required to provide copies of their responsible investment policies and are encouraged to report on their engagement activity with companies as part of their regular quarterly reporting to the Fund. The consideration of ESG factors, along with discussion on current examples, is also an item on the agenda at all meetings between the managers and the Panel / officers.
- The Fund holds pooled investments through the London CIV. The CIV has developed its own Responsible Investment Policy. The Fund will require the CIV to monitor the investment managers appointed for their fund range and provide reporting on the engagement activities of those investment managers.

## Procurement Practices and External Advice

The Royal Borough of Greenwich has a stringent procurement policy by which the Pension Fund abides when procuring services such as investment advice, actuary advice and custody services. As part of the contract standing orders process service providers are expected to incorporate social value into their bid which is assessed as part of the procurement process. The Fund also ensures that equality, diversity, and inclusion (EDI) features in the assessment criteria so that it can ensure the counterparties with whom it works have robust, effective policies in place. During its recent tender process to ascertain actuary services, officers reviewed and updated the questions pertaining to EDI policies and processes to ensure that bidders explained their policies and processes and how these are incorporated into their strategy and beliefs.

When obtaining a new investment mandate, the Pension Panel seeks advice from its investment advisors who have the requisite knowledge and skills. The Funds advisors undertake a full assessment of suitable Funds, providing a full product assurance review. ESG factors are integrated into this assessment, which is presented to Panel for review, discussion, and then decision of appointment.

The governance structure of the Fund assures that the selection of new managers/mandates are further reviewed by the Pension Board.

## Acquisition of New Mandates

During 2024 officers sat on the Seed Investor Groups for the LCIV Nature Based Solutions and Private Debt II Funds. As part of this process officers held discussions and raised questions about the mandates on environmental, social and governance issues and how these factored into the construction of the funds. In late 2024 the Funds investment advisors undertook a review of each Fund under the following criteria:

- Fund Overview (including but not limited to: objectives, tracking error vs benchmark, target carbon emissions, exclusions, Fund size & Fees)
- Ownership & Focus
- People
- Investment Process
- Responsible Investment

As part of this review officers and the Fund's investment advisors met with the LCIV to raise questions on the Funds including queries surrounding the ESG risks and opportunities associated with the Funds and how stewardship of the Funds by the pooling partner would be undertaken. This review also focused on the LCIV – its staff turnover and team size, experience and expertise, investment philosophy, responsible investment and the suitability of the actual product design.

The Fund aims to invest in strategies that protect, sustainably manage, or restore natural ecosystems (both land and water-based) and address challenges related to climate change, human well-being, and

biodiversity. The Nature Based Solutions Fund focuses on natural capital assets including sustainable forestry, sustainable agriculture and the emerging opportunities in carbon reduction such as natural carbon capture and storage.

While a focus is given on the ESG factors effecting investment, the Fund is also mindful of its overall purpose to deliver benefits to its members and therefore fiduciary and stewardship responsibilities. Alongside positive environmental impact this asset class presents, it also provides the Fund with:

- Diversification: This often provides negative correlation with traditional assets.
- Indirect link to inflation: natural capital assets can also offer a level of inflation linkage. As a source of raw material, products made from natural resources are key inputs to inflation calculations.

In January 2025 Panel agreed to invest 2.5% of Fund assets (approximately £45m) into the Nature Based Solutions Fund and 5.1% of Fund assets (approximately £115m) into the Private Debt II Fund .

The research and assessment undertaken during this process demonstrates the Funds commitment to ensure that those charged with governance have the right information to make decisions on behalf of the Fund and have the tools necessary to utilise the opportunities presented by climate change and work towards a more sustainable way of investing while still ensuring that its fiduciary duty takes president.

## Engagement

As aforementioned, the Fund expects its investment managers to integrate all material financial factors, including ESG considerations, into their decision-making process and to use engagement, where appropriate, to promote good practice in the investee companies and markets within which the Fund is invested. Monitoring the engagement undertaken by the Funds investment managers as part of their investment decisions, especially on ESG factors, is an integral part of the Funds governance to ensure that the Fund operates for the best

interests of its members. As aforementioned under Principle 1, Pension Board receives presentations from an investment manager at each meeting which specifically focus on ESG and responsible investment. This provides a platform though which Board can ask questions and engage with managers directly on ESG.

Updates to example engagements provided in the Funds 2023 report alongside details of new engagements include:

### Updates on 2023 Engagements:

**Low Carbon Equities** – In 2023 the Fund manager is worked under the Midwest Investors Diversity Initiative (MIDI) leading an engagement with three companies within the Russell 30006 who were not meeting diversity disclosure expectations. The engagement aimed to work with the companies to discuss strengthening their policies in relation to the consideration of diversity across board candidates alongside adopting disclosure best practice with

regards to the demographic make-up of the companies' workforces. LGIM has continued this engagement and has volunteered to engage one of the companies directly, and are in the preparatory stages of this. LGIM has also consolidated their expectations on diversity in their Diversity Policy.

**Property** – In 2023, as part of engagement with an institutional UK real estate fund with a focus on secure long term income streams, the Funds property manager, contacted the funds underlying manager on a number of ESG related issues, including:

- Future plans for green building certifications across the fund's standing assets: the manager was due to commence their second phase of buildings to undergo BREEAM In-Use certification, the results of which they intended to share with tenants to help inform their own ESG actions.
- The fund's plans for transition planning in relation to net zero carbon targets, which included details of the fund's plans to engage with tenants in ESG matters and identifying opportunities for them to collaborate with tenants. This was despite the fact that all tenants were signed on full repairing and insuring (FRI) lease terms and there were no common, landlord control areas in the fund's portfolio.
- Plans to increase the proportion of energy sourced from renewable supplies: here the manager pointed to their tenant engagement programme, which included occupiers to switch to and fully

utilise renewable energy tariffs from their utility providers.

The manager has continued work on this engagement, taking to following actions this year:

- Following the release of the 2024 GRESB results, the manager requested some commentary on the fund's performance (main drivers of performance, reasons why points were gained/lost, where improvements can be made next time etc.).
- Sent out an annual ESG questionnaire to the manager, asking for information to be provided in relation to areas including the manager's ESG policy, DE&I statistics, and fund's net zero carbon targets.
- Undertook discussion regarding the net zero carbon pathway and capital expenditure spend required, after the fund completed a CRREM analysis.

## New Engagements

**Fixed Income** - In August 2024 Fidelity engaged with Prosus to discuss executive remuneration with the chair of the remuneration committee. Fidelity highlighted several issues including concerns over remuneration packages, particularly that of the CEO's. This discussion was prior to the AGM and Prosus acknowledged the managers concerns. Following this discussion, there were positive changes to the CEO's remuneration package, with it now more directly linked to value creation, incentivising the CEO to be aligned with this goal.

**Property** - The Funds property manager, CBRE IM Indirect continue to engage with the manager of a UK residential fund specialising in the provision of homes at affordable rents, Engagement has focused on the manager's ESG strategy, and how it can continue to improve upon its GRESB score (61/100 in 2023). At one of the fund's assets in the East of England, many of the residential units were originally heated through oil-fired heating systems which were nearing the end of their economic lifespan. Further, the use of aging oil-fired boilers also resulted in the relevant properties not meeting the upcoming minimum energy efficiency standard of an EPC rating of C. A retrofitting programme involving the implementation of air source heat pumps and solar PV panels has subsequently resulted in the improvement in EPC ratings from D to B for these properties, utility savings of approximately 20% for the residents, and carbon savings of approximately 72%.

## Carbon Footprint and Fossil Fuel Reporting

As aforementioned, as part of the Funds ESG journey, the Fund has utilised the Climate Analytics services of the Funds pool manager the London Collective Investment Vehicle (LCIV). Continued monitoring of the Funds climate footprint supports the Fund to monitor progress against its Net Zero Roadmap and enables the Fund to report under the requirements of TCFD. The Fund received its first Climate Analytics report for the financial year ending

31 March 2022, which was presented by LCIV in July 2022. The Fund has now received 3 consecutive years of carbon footprint data with the latest Climate Analytics report (as at 31 March 2024) being presented to Panel in September 2024.

The chart below shows the reduction in carbon intensity of the Fund between 31 March 2022 and 31 March 2024. This is measured through the total carbon dioxide equivalents per million GBP invested (tCO2e/mGBP).

	Direct + First Tier Indirect*	Scopes 1-2-3*
31 March 2022	185.4	835.1
31 March 2023	154.6	831.3
31 March 2024	96.5	754.2
<b>Total Reduction Since 31 March 2022</b>	<b>88.9</b>	<b>80.9</b>

\* Direct and First-Tier Indirect (company emissions deriving from direct business activities or through the first tier of the companies supply chain) and Scopes 1-2-3 (direct operational emissions, emissions from consumption of purchased electricity, steam and other sources generated upstream from the company and emissions deriving from the in-use phase of a company's product or service)

Since 31 March 2023 the Funds implicit temperature has decreased from between 2 and 3 degrees Celsius (59,390 tCO2e) to less than 1.75 degrees Celsius resulting in the Fund being aligned with the objectives of the Paris Agreement.

Fossil fuel exposure per value of holdings has decreased to 9% from 12.24% since 31 March 2023. The Fund has not actively increased its investment in fossil fuels and the revenue weighted exposure decreased slightly from approximately 2.5% to 2%.

Carbon footprint data is now available across approximately 78% of the value of Funds assets (an increase from 54% as at 31 March 2023) however the level of coverage across each mandate still continues to vary. It is important to note that the quality of the data available remains more relevant than achieving maximum coverage at this stage.

The value of holdings exposure in relation to Renewables was 2.45% of the portfolio as at 31 March 2023, as more of the Funds capital commitment is called, the Fund expects the value of this exposure will improve.

The Funds transition of £237.5m of its global equities to the LGIM Future World Global Equity Fund, a reduced carbon equities Fund, during 2023 has helped the Fund move closer to it's net zero target over the course of 2024

## Outcome

The Fund is committed to incorporating material environmental, social and governance factors into its investment stewardship processes. The Fund has a standalone Responsible Investment policy and Net Zero Roadmap, designed to assist the Fund in maximising ESG opportunities and assessing ESG risks within its investment and stewardship activities. The Fund has revisited its Net Zero Roadmap in 2024 to review if it is still effective in helping the Fund integrate environmental risks and opportunities into its investment and stewardship activities and has built a new workplan for the next 12-18 months as part of this process.

The 2024 review of the Net Zero Roadmap identified that the Fund needs to revisit and update as necessarily its Responsible Investment Policy. This work is set to be undertaken in 2025.

During 2024 Fund officers sat on the LCIV Seed Investor Group for their Nature-based Solutions mandate. During this process officers were able to question and challenge the makeup of the fund and how it would

work including the consideration and integration of material environmental, social and governance issues.

The Fund seeks advice from its external investment advisors with regards to investment selection and assesses the risks and opportunities presented by climate change. The Funds investment advisors undertook due diligence on both the LCIV Private Debt II and Nature based Solutions Funds at the end of 2024. Part of this review incorporated an assessment of how ESG factors had been considered.

The Funds work on the Seed Investor Group for the LCIV's Nature based Solutions Fund means that the Fund has been able to assess and comment on how ESG factors and stewardship are built into the Fund from inception. Investment in this Fund, which was agreed in January 2025, assists the Fund in working towards its net zero target. This ensures that the Fund capitalises on returns driven by the energy transition so that it remains funded to fulfil its fiduciary duty to provide benefits to members when due.

ESG specific presentations from Fund Investment managers take place at each Board meeting. The Fund is now into its second year of receiving these presentations through which asset managers provide updates on previous engagements,

alongside details of current engagements they undertake. Fund managers also cover their approach to ESG and stewardship, including overview of their key policies and processes. These presentations have provided a further layer of governance through which Board ask questions and engage with managers directly on ESG risks and opportunities. This helps those charged with governance to establish the impact and importance of incorporating environmental, social and governance issues into the investment and stewardship activities of the Fund.

In 2024 the Fund became a member of Pensions for Purpose, a B Certified Corporation<sup>6</sup> which works with asset managers, pension funds and professional advisors to promote the flow of capital towards impact investment. Membership to Pensions for Purpose provides the Fund with access to community events, online educational and training materials and a platform through which to collaborate with others and share knowledge.

The Fund reports annually on its carbon footprint, however the information available at the 2023 reporting date only covered approximately 54% of the value of Fund assets. The latest data (as at 31 March 2024), covered approximately 78% of total Fund assets. This increase is largely due to the

transition of £237.5m of its global equities to the LGIM Future World Global Equity Fund, a reduced carbon equities Fund, during 2023. Data quality and coverage is gradually improving; however, the Fund remains mindful in its reporting that the information currently available does not cover all assets held. Reporting on this should improve moving forward as more information becomes available however the quality of data remains the utmost importance.

In its 2023 Stewardship Report the Fund noted that it needed to undertake more work and interaction with the LAPFF, using its collective voice to challenge companies and influence best practice. At its February 2024, the LAPFF provided a presentation on the work they undertake and held discussions with officers, Panel and Board as to how the Fund can utilise its membership of the Fund more effectively. Officers have continued to attend the business meetings and mid-year conference held by the LAPFF, raising questions on specific engagement where required. In 2025, the Fund intends to review how it reports on its engagement activity via its investment managers, pool and the LAPFF so that it can communicate effectively the work being undertaken to integrate ESG and climate related issues into its stewardship of assets.

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<sup>6</sup>A B Corporations are companies which have been certified by B Lab, a global non-profit organisation, as meeting high standards of social and environmental performance, transparency and accountability.

## Principle 8

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

#### Context

The purpose of the Fund is to provide an efficient and effective pension scheme to deliver retirement benefits to members. The Fund has a responsibility to its members to provide value for money and assurance of the stewardship of Fund assets, therefore the monitoring of investment managers and service providers is a key component to achieving this. Day to day communication with Fund counterparties is undertaken by Fund officers who hold regular relationship meetings with third-party service providers including the Funds investment managers, the LCIV, the Fund custodian and the Fund actuary and investment advisors. The Fund also has in place various other methods through which it monitors the performance of its managers and advisors and through which it can escalate any causes for concern.

#### Activity

##### Procurement of Services

As part of the procurement process for Pension Fund services the Fund incorporates contract Key Performance Indicators (KPI's) into the tender specification. These KPI's are monitored throughout the life of the contract and should performance fall

below target for two or more reporting periods, the Fund expects the services provider to produce a performance improvement plan, including timescales for rectification of the under-performance. These KPI's are not a simple 'tick. During 2024, the Fund went out to tender for its actuary services – as part of this process, officers reviewed and updated these KPI's to ensure that they effectively reflect the requirements of the Fund.

##### Investment Advisors

The Fund receives investment advice from its advisors Hymans Robertson. Fund officers have a strong working relationship with the Funds advisors and meet with them regularly.

As mentioned under Principle 5, each year, in line with the Competition and Markets Authority (CMA) order the Fund agrees a set of objectives to monitor and assess the performance of the Fund investment advisors, Hymans Robertson. The Fund submits a Compliance Statement annually to the CMA regarding the strategic objectives set for our investment consultants and monitors our investment consultant's performance against these objectives.

##### Quarterly Performance

Both the Pension Panel and Pension Board receive quarterly performance reports from the Funds investment advisors, Hymans Robertson. These reports cover market background and manager performance against benchmark with a look at historic performance. The Panel utilises these reports and the expertise of the Funds investment advisors to assess investment activity and act when required.

##### Investment Managers

Fund officers have regular communication with investment managers and meet with each manager at least annually. Alongside this, managers present regularly to Panel and Board. Managers provide ESG specific presentations to Board. This platform allows Board to engage with managers in relation to their environmental, social and governance activities and allows Board to identify and challenge any gaps in this area.

If a managers performance raises concern, Panel will invite the manager to a meeting to gain further information and challenge/set targets where appropriate. In September 2024, the Fund invited the LCIV to attend its Panel meeting to provide

an update on the performance of its LCIV Real Return and Absolute Return Funds. This followed an initial presentation on the performance of these mandates in 2023. This presentation also featured an update on LCIV operations following turnover of key staff. In December 2024, the Panel requested a Private Markets manager to present on why performance had fallen and what their plans were for improvement. Performance of these mandates remains under review.

## Pooling

Officers have a good working relationship with the Funds pooling provider the London Collective Investment Vehicle (LCIV). The LCIV provide quarterly performance reports to officers which include performance information, engagement activity and an ESG summary. Officers also attend virtual monthly business update meetings held by the LCIV which act as a platform to find out the latest developments within the LCIV and provide an opportunity for officers to raise questions or concerns.

The LCIV hold an annual two-day in-person conference covering various relevant LGPS topics. As part of this event, the LCIV provides a more detailed, up to date breakdown of its operations and performance. The Fund has agreed with the LCIV that they will present a general update to the Panel each quarter in 2025/26 to provide the Fund the ability to work more closely with the pool and to remain abreast of the latest updates.

## Fund Actuary

Officers hold monthly virtual meetings with the Funds actuary. These meetings cover relevant workstreams and provide a platform through which expectations of workloads and deliverables is discussed.

## Annual Strategic 'Away Day'

The Fund holds an annual 'Strategic Away Day' within which investment managers, the Funds investment advisors and Fund actuary often provide updates on key work and performance against objectives. This provides a platform through which the work of each provider can be assessed and discussed as required.



## Outcome

Officers have monitored investment managers and service providers regularly throughout the year via virtual meetings and calls and via participation at conferences and webinars. Officers have attended virtual monthly business updates with the LCIV throughout the year and used the platform to ask questions and gain information. To provide a further, more Fund specific interaction with the LCIV, the Fund has agreed with the pool that they will attend each of the Pension Panel meetings in 2025/26 to provide a quarterly update on their processes and stewardship activities. This will also provide the Panel with a platform to ask Fund specific and more general queries in relation to the LCIVs operations.

Throughout 2024 Panel and Board have received quarterly performance reports detailing the performance of the Funds' assets managers. The Funds commitment to holding to account its service providers can be demonstrated by its review of performance. In 2024 the Panel requested a further update on the performance of the LCIV Real Return and Absolute Return Funds following an initial review in 2023. Further to this,

the Panel requested a presentation from one of the Funds Private Market investment managers to discuss falling performance. These Funds remain under monitoring.

The Fund sets performance objectives for its Investment Advisors in line with the Competition and Markets Authority (CMA) The Fund submits a Compliance Statement annually to the CMA regarding the strategic objectives set and monitors our investment consultant's performance against these objectives. The Fund is happy that its investment advisors have achieved the objectives set for them.

The Funds annual strategic 'Away Day' provides a further platform through which officers, Panel and Board can interact and assess the work undertaken by various counterparties and challenge where necessary.

Officers has continued to hold monthly virtual meetings with the Fund actuary to discuss current and upcoming workstreams. Officers have also held meetings with the Fund Custodian, Northern Trust, to discuss performance and workloads.

The Fund sets out in its Investment Strategy Statement the guidelines within which it expects its investment managers to vote. In 2023, the Fund identified that it needed to undertake further work in relation to reviewing and reporting on the voting activity undertaken by investment managers. Initial work has begun in this area, with officers researching into the way through which each relevant manager votes and reviewing not just the quantitative information on voting but also the qualitative data. The Fund still has more work to do on this in relation to reporting on this to Panel. This workstream is due to be built into the Funds 2025/26 business plan. Although the Fund receives voting activity reporting, the Fund still needs to complete further work in this area with regards to review of these reports and presentation to Panel which is not currently undertaken on a regular basis. The Fund needs to ensure that it reviews this area to confirm that managers are voting in line with the Funds voting policy.

# Engagement

ROYAL BOROUGH OF GREENWICH  
PENSION FUND STEWARSHIP REPORT



## Principle 9

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

#### Context

The Fund recognises that engagement with key counterparties is a primary tool to maintain and enhance the value of assets. It is therefore prevalent that the Fund not only has well developed principles and processes for engagement but that it also has clear and concise expectations of the engagement undertaken by other counterparties on its behalf.

#### Activity

The Fund undertakes engagement through various forms:

##### Indirect engagement through investment managers

- The Panel has appointed a number of investment managers, all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business. As mentioned in Principle 7, the Fund expects its investment managers to incorporate all material financial factors, including ESG factors which contribute to the long-term financial risk and returns, into their daily investment decisions. The Fund expects its managers to follow best industry practice and to engage with companies to promote good practice. The Fund takes stewardship, including manager best practices on engagement, seriously when appointing new

managers and considering new investment mandates and sets out its expectations. The Fund will assess the suitability of its managers were they not meeting the Funds expectations in this regard.

**Indirect engagement through exertion of voting rights** - The Fund understands that the exercising of voting rights provides shareholders the opportunity to use their position as stewards of capital to promote corporate responsibility in the underlying companies in which its investments reside. The Fund recognises that ultimately this protects the financial interests of the Fund and its ultimate beneficiaries. The Fund sets out its voting intention guidelines within its Investment Strategy Statement (ISS) and expects its investment managers to engage in voting activity within these guidelines (please see Principle 12 for more information on the Fund voting policy).

**Engagement via LAPFF Membership** – The Fund is a member of the London Pension Fund Forum – a member-led forum which aims to promote high standards of corporate governance through company engagement. The Fund can raise concerns regarding companies which it holds and can participate in engagement activities through the LAPFF.

##### Direct engagement with Fund service providers

- Fund officers meet regularly with various counterparties including its investment advisors, custodian, actuary, investment managers and the LCIV through which it holds pooled investments. These meetings provide the opportunity to engage on items such a service provision, investment performance, investment and funding strategies and legislative and policy developments. This engagement with the Fund counterparties is key to ensuring that the Fund is run effectively and efficiently for its members and to enhance the value of assets.

##### Direct Engagement with Panel and Board

- Every year the Fund holds an annual 'Strategic Away Day' for Board and Panel Members and Officers.

Throughout the day various counterparties provide updates and training on relevant topics. It is an opportunity for Board and Panel members to discuss items such as engagement and the Funds expectations in relation to engagement with Fund counterparties. Prior to each Panel meeting the Accountancy and Business Partnering Manager for Investment Partnering holds a pre-meet with the Panel Chair and the Fund Investment Advisors to discuss the upcoming agenda with the objective of affirming the governance responsibilities in relation to the agenda.

## Example Engagement 1

The London CIV continued to engage with Shell as part of their collaborative engagement led by Follow This I, aiming at addressing the climate crisis. Further, London CIV continued to work with their engagement partner, Hermes EOS, to address diversity concerns within Shell. Since 2020, Hermes EOS have been communicating with Shell to set targets for ethnic diversity within the workforce, and reporting on metrics in line with EEO-1. They met with Shell in 2021, highlighting the lack of reporting on ethnic diversity when compared to other reporting dimensions. They highlighted the increasing expectations of reporting in the US and asked them to emulate this, which Shell acknowledged. Hermes EOS escalated this via voting engagement, asking to disclose granular data on ethnic diversity within the workforce, including a breakdown by seniority. They also asked if Shell had ethnic diversity targets other than those they have set out for the UK.

Subsequently, in the 2022 annual report (published in 2023), Shell published a race/ethnicity breakdown for staff in the UK and USA, including a breakdown for senior management.

They also published 2025 targets for UK and USA senior leadership roles held by people from ethnic minority groups. In the UK, the company also has a target to increase black graduate and experienced hires.

Hermes will continue to monitor the company's reporting with regards to ethnic diversity and disclosure in line with EEO-1, as signatories of the Workforce Disclosure Initiative.

## Engagement Example 2

In November 2024 Fidelity engaged with Meta as part of their digital ethics thematic engagement focused on promoting ethical Artificial Intelligence (AI). Meta principally derives its revenue from advertising and is leveraging AI to improve its capacity to decide which advertisements to present to users across its platforms, as well as the optimal timing for these advertisements. By improving monetisation efficiency, Meta can increase revenue and conversions without displaying more adverts and negatively impacting the user experience.

Fidelity have collaboratively engaged with Meta alongside approximately 50 other investors including the Collective Impact Coalition for

Ethical AI, (led by Fidelity, Church Commissioners for England, and Mercy Investment Services), The Big Tech & Human Rights collaboration and representatives from the broader peer/competitor group.

The aim of this engagement was to get Meta to implement, demonstrate and publicly disclose the following:

- A set of ethical principles that guide the company's development, deployment, and/or procurement of AI tools.
- Strong AI governance and oversight across the value chain of AI deployment and use
- How these principles are implemented via specific tools and programs of actions relevant to the company's business model, including on the product and service level
- Impact assessment processes applied to AI, emphasizing human rights impact assessments (HRIAs), especially in high-risk use cases

Fidelity aim to follow up this introductory engagement to discuss their expectations and objectives for Meta in the coming months.

## Outcome

As stated in Principle 1 – part of the Funds strategy is to engage with relevant companies, investment managers and other counterparties to use our position as owners of capital to drive change. Some examples of engagement undertaken by the Fund this year include:

### Direct engagement with Fund service providers -

The Fund has engaged with the LCIV to provide its third-year carbon footprint data to the Panel as at 31 March 2024. As part of this collaboration the LCIV has continued to provide training on the carbon metric data - the engagement with the LCIV meant that the Fund was able to gain understanding in this area. The Fund has engaged with the LCIV on its overarching operations, with the pool presenting to the Panel in September 2024. Officers also engaged with the pool via participation on the Seed Investor Groups for both its Nature based Solutions and Private Debt II Funds.

The Fund has also collaboratively engaged with its investment advisors, Hymans Robertson, on various workstreams including its review of multi-asset allocations, re-working of its Net Zero

Roadmap to establish next steps on its net zero journey and in its due diligence review of both the LCIV Private Debt II and Nature based Solutions Funds.

### Direct Engagement with Panel and Board –

Officers engage with Panel and Board members throughout the year not only during meetings but also via sending out training opportunities and events, researching and answering questions raised and through interaction at the annual ‘Strategic Away Day’ Panel and Board members have received training on the power of and processes for engagement.

**Engagement via LAPFF Membership –** The Fund monitors engagements undertaken by the LAPFF. The Fund receives weekly updates from the LAPFF on its workstreams and officers attend the forums business updates – reviewing and agreeing key workstreams and policies. The Fund has engaged directly with officers at the LAPFF this year, not only through the LAPFFs attendance to the Funds annual away day but also by asking questions on the engagement work undertaken with companies in Conflict Afflicted and High-Risk Areas.

**Indirect engagement through exertion of voting rights –** Investment managers are expected to vote in line with the Funds policies. In 2024 the Fund began to review not just the voting numbers from its equity managers, but also the qualitative information in relation votes – for example, where a vote has been unsuccessful, has escalation taken place? The Fund still needs to undertake a review of how it consolidates and reports on its voting information to the Pension Panel. This workstream has been built into the Funds 2025/26 business plan.



## Principle 10

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

### Context

As mentioned in Principle I – a key part of the governance strategy is to work in collaboration with other counterparties. The Fund sees this collaboration as a tool for objectivity and development and applies the viewpoint that we can learn from others. Collaborative engagement is therefore a key component of the functioning of the Fund to provide value for money for its members.

### Activity

#### London Collective Investment Vehicle (LCIV)

The Fund is a member of the London Collective Investment Vehicle (LCIV). The LCIV pool is made up of the London Boroughs and City of London totalling 32 Shareholders. Officers have attended virtual monthly update meetings held by the LCIV which provide a vital platform through which pooled Funds can engage on a variety of topics and through which the LCIV can provide information and updates. Officers from the Fund also attended the annual LCIV Strategy and Responsible Investment Conference which provides a further engagement platform for

pooled Funds to openly discuss relevant topics. Most recently officers have sat on the Seed Investor Groups for the LCIV's Private Debt II and Nature based Solutions Funds – helping to inform and shape the creation of these mandates through collaboration with the LCIV and other boroughs across the pool.

The LCIV also participates in collaborative initiatives with other financial institutions and industry bodies to drive outcomes at scale, which in turn better support the member Funds of the pool. These include (but are not limited to):

- **Climate Action 100+** – London CIV are a signatory of the investor initiative helping to drive the necessary corporate action on climate change for a Just Net Zero Transition. Climate Action 100+ now has over 600 investors.
- **Cost Transparency Initiative (CTI)** – The CTI is an independent group tasked by the Financial Conduct Authority (FCA) to deliver a standardised template for cost disclosures. London CIV informed the Fund that 100% of their investment managers report in line with the CTI.

- **The Taskforce on Nature-related Financial Disclosures (TNFD) Forum** – The TNFD forum is a global network of organisations who contribute to the further development of guidance on nature related financial disclosures to support the ongoing work of the Taskforce.
- **Pensions for Purpose** – London CIV are an affiliate member of Pension for Purpose and participate in thought leadership discussions and publications to inform research and share their knowledge on impact investment.
- **UN backed Principles for Responsible Investment (PRI)** – the LCIV is signatory to the PRI - a community of more than 5,000 organisations around the world that have publicly demonstrated their commitment to responsible investment.
- **Deforestation-Free Pensions Guidance** – Since 2021, London CIV has been one of the early pension fund group members of the deforestation free pensions guidance working group set up by Global Canopy, Systemiq and Make My Money Matter. The aim of the coalition is to develop practical guidance for pension funds to systematically identify, address, and eliminate deforestation, conversion, and associated human rights abuses from their investments.

## Local Authority Pension Fund Forum (LAPFF)

As aforementioned the Fund is a member of the Local Authority Pension Fund Forum (LAPFF) which is a member-led forum which engages with companies to promote high standards of corporate governance. The forum's membership currently consists of 87 LGPS Funds and 7 pooled companies (including the LCIV) with aggregated assets under management of over £350 billion. The collective voice created by the volume of members and assets under management result in greater leverage and shareholder power to engage with companies to promote good governance. During 2024 the LAPFF engaged with 340 companies across 35 domiciles. Alongside this the LAPFF issues voting alerts to members on areas that it feels need further escalation. The LAPFF also works collaboratively with other organisations to undertake engagement. Some examples of the collaborative work undertaken by the forum in 2024 includes:

- Joining the Investor Alliance for Human Rights (IAHR) pilot project which focuses on conflict-affected and high-risk areas (CAHRAs). The forum has undertaken collaborative engagements under this project with defence companies and carmakers regarding their supply chains, with key transition minerals often coming from CAHRAs.

- Engagement via the Asia Research and Engagement's (ARE) Energy Transition Platform. This collaborative initiative focuses on influencing high-emitting companies based in Asia to adopt strategies that align with the goals of the Paris Agreement. LAPFF aims to support and accelerate the energy transition in Asia and aims to assess companies' readiness and commitment to a low-carbon economy, and to encourage transparent reporting on climate related risks and opportunities.
- In 2024 LAPFF joined Nature Action 100 (NA100)—a newly established global investor-led engagement initiative focussed on companies with significant impacts on nature. The initiative aims to provide a framework through which investee companies can assess nature-related risks and dependencies affect their business models. Specifically, LAPFF aimed to engage with companies to understand and encourage their efforts in integrating nature into wider business considerations.

## Investment Managers

Although investment management is delegated to the Funds investment managers – the Fund managers can work collaboratively with other stakeholders on engagement issues should they deem it appropriate. This collective engagement work can be seen through the examples below:

### London Collective Investment Vehicle (LCIV)

London CIV continued to work with their engagement partner, Hermes EOS, to address Science-based carbon emissions reduction targets with Samsung Electronics. They have worked with Samsung since 2018 regarding its climate change strategy. Following engagement both bilaterally and in collaboration with other investors, at management and board levels, there has been significant development in the company's climate change action plan. Samsung's two main lines of business are different in terms of climate change strategy. The DX division, responsible for consumer electronics and household appliances, accounts for 5% of Scope 1 and 2 emissions. The company has committed to achieve net zero Scope 1 and 2 emissions by 2030, which is an ambitious target in this sector.

Samsung's DS division, responsible for semiconductor components manufacturing, accounts for the remaining 95% of the company's Scope 1 and 2 emissions. It has committed to achieve net-zero emissions by 2050, without interim targets yet. Although its main peers have interim targets, no one has had them verified, as the Science Based Targets initiative has not yet developed a methodology for the semiconductors sector. The company has a plan to achieve its net-zero targets, built around its most material impacts and supported by detailed sub-targets, such as renewable energy target, gas treatment efficiency tech development target, and power consumption improvement in key product categories target.

The initial engagement objective of establishing a groupwide science-based absolute carbon emissions reduction target is being discontinued as Hermes do not anticipate the company will achieve this due to the diverse nature of its business units and their impact on company emissions. However, the company was proactive in trying to achieve its targets, including by joining the Semiconductor Climate Consortium as a founding member, an initiative aimed at addressing climate change challenges in the semiconductor supply chain.

However, ultimately Hermes EOS believe this engagement can be more effective by approaching the decarbonisation challenges specific to each business unit, building on the progress achieved so far. A new objective has been set on the development of an interim Scope 1 and 2 carbon emissions reduction target specific for the semiconductor components division (DS division).

### Legal and General Investment Management (LGIM)

The funds low carbon passive equity manager, LGIM, is a member of three collaborative engagement groups; ShareAction's Good Work Coalition; the Platform for Living Wage Financials; and ICCR Living wage for US workers. The Good Work Coalition aims to encourage UK companies to pay their employees a real living wage and to become accredited living wage employers. LGIM joined the Platform for Living Wage Financials (PLWF) in 2022, to encourage, support, assess and monitor investee companies on their commitment to enable living wages and incomes for workers in their supply chains. LGIM carried out the assessment, scoring and engagement with three companies, one of which was Walmart.

At Walmart's 2022 AGM, LGIM supported a shareholder proposal demanding a report on the

alignment of racial justice goals and starting wages. LGIM voted in favour of this proposal because they expect Walmart to pay all employees at least a living wage. The additional disclosure should ensure that all employees are being paid fairly and at least a living wage for the region they are working in.

In Walmart's 2023 AGM, LGIM supported a shareholder resolution requesting that the company consider the pay disparity between the CEO and other employees. LGIM expects the remuneration committee to take into account the pay and benefits provided throughout the organisation when setting the CEO's compensation.

Although LGIM acknowledge that Walmart has made increases to the wages of its employees, the new pay levels fall short of being a living wage.

In 2023, LGIM launched its own income inequality engagement campaign targeting 15 of the largest global food retailers. Walmart being the largest food retailer in the world is one of the 15 companies in the campaign. In addition to setting objectives regarding the living wage for these companies' own operations, LGIM also expect them to take certain actions regarding their supply chains; companies within this campaign that do not meet our expectations may be subject to a vote against the Chair at their 2025 AGM.

The milestones set under this campaign relate to expectations that, should they be achieved, they would not only improve wages for significant numbers of low-paid workers around the world but also, given these companies' influence in their respective countries and supply chains, LGIM would expect there to be a knock-on impact as competitors and smaller peers would then be compelled to follow suit. LGIM would hope that this would improve the livelihood of thousands of workers and their families but also boost GDP.

LGIM may consider co-filing some shareholder resolutions in 2025 at some of the companies targeted under this campaign.

## Outcome

Collaborative engagement via membership of the LAPFF provides the Fund greater shareholder influence to engage with companies due to the economy of scale achieved through the pooling of members holdings. The additional benefit of LAPFF membership is that, due to the forum being specific to the LGPS, the members of the forum share common values and objectives.

This economy of scale is also achieved via the Funds pooled assets with the LCIV. The partnerships the LCIV has with various relevant bodies and ESG initiatives provides a large network through which the LCIV can engage with companies on the Funds behalf to drive shareholder value. The LCIV is a member of the LAPFF.

Although investment managers are responsible for day-to-day engagement with companies, officers and Board receive reports and presentations on this engagement work and where collaboration is likely to be the most effective mechanism for encouraging issues to be addressed, we expect and encourage our investment managers to participate in joint action with other institutional investors as permitted by relevant legal and regulatory codes where appropriate.

# Principle 11

## Signatories, where necessary, escalate stewardship activities to influence issuers

### Context

The Fund looks to influence companies via engagement versus divestment, believing that the Fund can use its leverage as a steward of capital to positively impact corporate behaviour. Were this to prove unsuccessful, the Fund would challenge the investment manager on their decision to continue to hold the company, with an aim for them to divest.

### Activity

As aforementioned within principles 9 and 10 – day to day engagement and stewardship activities are delegated to the investment managers. The Fund does not operate an overarching escalation policy due to the diversity of investments. Instead, the Fund expects its investment managers and the London CIV to use their specialist knowledge to escalate concerns (including ESG concerns) where appropriate to influence issuers. Fund officers monitor regular reports from investment managers to review the engagement activity being undertaken.

### Example Escalation

London CIVs engagement partner, Hermes EOS, have worked with AstraZeneca, one of Europe's leading pharmaceutical companies, since 2014. As part of its defence against a takeover from a rival company, AstraZeneca announced an ambitious revenue target. Hermes identified robust succession planning for both the CEO and chair as integral to the achievement of a long-term strategy, as well as the alignment of incentives with long-term revenue targets.

As part of their engagement, Hermes held regular meetings with AstraZeneca, including with the chair, to ensure progress was made against the targets. Assurance was provided to link remuneration to the longer-term strategy and as a result, notable improvements were made in this area including a simplification of the bonus structure and greater disclosure on its targets.

Discussions were held regarding succession planning for the CEO and concerns were raised over the independent director's capacity to effectively support the CEO succession, due to other roles and responsibilities. In 2023, a new chair was appointed to the board of directors,

with Hermes meeting with them in 2024. Hermes were pleased to learn that the chair had been working to ensure candidates for CEO have experience across the business in time for a formal selection process, with Hermes obtaining reassurance regarding the diversity of the pipeline and the consideration of external candidates.

By April 2023, the company had achieved its long terms revenue target and in April 2024, AstraZeneca became the UK's largest public company by market capitalisation.

Throughout their engagement with the company regarding CEO succession planning, Hermes have raised concerns regarding the high level of variable pay. The company has consistently justified pay to retain a high-performing incumbent, however, Hermes are not convinced that such significant pay increases are required, especially if a robust internal CEO pipeline is available. As a result, Hermes escalated their engagement by recommending votes against the proposed remuneration policy at the 2024 AGM. They subsequently met with the chair and obtained reassurance that a future CEO would not necessarily be remunerated under as generous a performance plan.

Fund officers hold regular meetings with investment managers who are also invited to present to Panel and Board, where suitable. From these meetings the Fund can request for escalation of engagement issues if required.

### London Collective Investment Vehicle (LCIV)

London CIV outlines their escalation approach in their Stewardship Policy. The pool informed us that they prioritise engagement as a first line of action. They acknowledge that one-on-one engagement is not always effective, however they do not see selling holdings as an immediate solution because divestment alone results in losing influence and the opportunity for future dialogue. Therefore, escalation methods remain integral in their engagement strategy. The pool emphasises that there is no uniform approach to escalation, and certain options may be skipped or omitted due to asset class or regulatory constraints.

Where engagement dialogue does prove to be unsuccessful, the pool considers other strategies to influence a company's behaviour. Further steps may include:

- Escalating the issue with the investment manager to advocate for the improved outcome by portfolio companies

- Opposing and instructing investment managers to oppose management on key resolutions and/or against the re-election of directors who are responsible for the topic in question (listed equity)
- Attending AGMs to trigger more dialogue with boards and executives (listed equity)
- Filing or co-filing shareholder resolutions in relation to ESG issues of concern (listed equity)
- Submitting one or more nominations for election to Board (listed equity)
- Reducing exposure
- Litigation
- Divestment: London CIV only use this as a last resort when previous persistent engagement activities were unsuccessful

### Local Authority Pension Fund Forum (LAPFF)

As aforementioned the Fund is a member of the LAPFF through which it can collaboratively escalate areas of concern further should it feel that a company is not adhering to its stewardship commitments or responding to initial engagement.

If the LAPFF believes that escalation is necessary, it will use various means for escalation, including, but not limited to:

- Escalation of communications with specific companies
- Filing shareholder proposals
- Issuing voting alerts to its members
- Initiating Media Campaigns

The LAPFF issues voting alerts on areas it feels need further escalation. The Fund has not undertaken escalation on engagement stemming from the LAPFF voting alerts during 2024, however it has remained in communication with the LAPFF throughout 2024 on the forum's engagement work with companies in conflict related areas, requesting updates on engagements throughout the year.

### Training

In 2024 the Fund became a member of Pensions for Purpose, who share best practices and provide knowledge for organisations on impact investments. Pensions for Purpose are due to provide training on engagement practices, escalation techniques and the pros and cons of divestment to Fund officers, Panel and Board at their 2025 annual 'away day'.

## Outcome

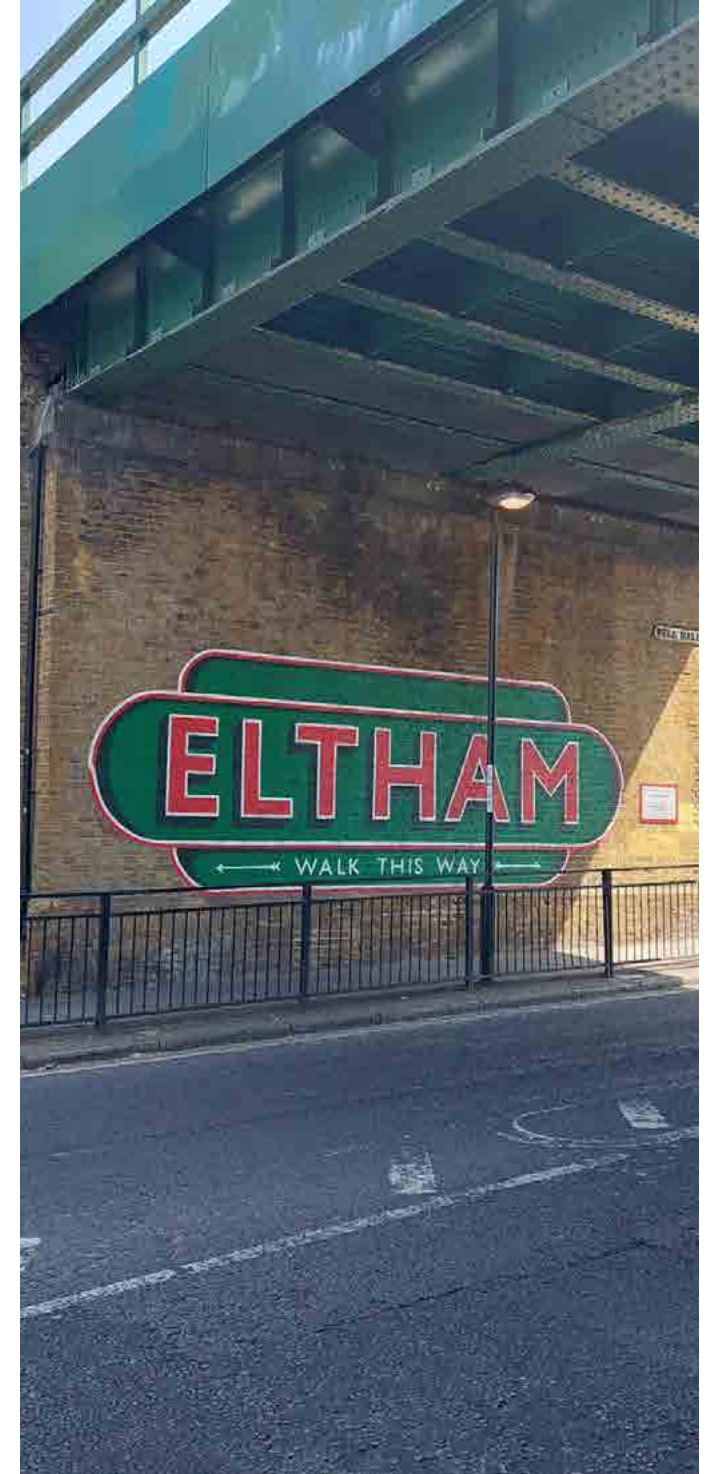
The Fund believes that we must be responsible asset owners and therefore ongoing engagement is preferable to divestment. The Fund expects its investment managers and the LCIV to actively engage with companies on areas of risk and concern to protect/increase shareholder value.

The Fund is a member of the LAPFF who engage with companies on various issues, including ESG risks, on behalf of local authority pension funds. The LAPFF use various tools to escalate engagement when required.

The Fund ensures that those charge with governance have the requisite knowledge and skills to understand the processes for engagement and escalation and provides training on the balance between escalation and divestment.

The Fund encourages its investment managers, the LCIV and the LAPFF to utilise various means to influence a company if engagement were proving unsuccessful, these include (but are not limited to) exerting voting rights, submitting nominations for company Boards, making a public statement regarding concerns or expressing concerns during shareholder meetings.

The Fund is mindful that a lack of engagement from companies can serve as a warning that there may be other governance issues and that this may present a risk to the Fund. If all other forms of engagement were exhausted, and the Fund believed the risk of holding a particular company could be detrimental to the Fund, it would then consider divestment.



# Exercising Rights and Responsibilities

ROYAL BOROUGH OF GREENWICH  
PENSION FUND STEWARSHIP REPORT



## Principle 12

### Signatories actively exercise their rights and responsibilities.

#### Context

The Fund recognises the importance of actively exercising the voting rights attached to its investments to ensure that the companies within which it invests operate under the highest standards of governance. The Fund believes it should use its position as owner of capital to help drive real world change in relation to environmental, social and governance issues as well as to promote corporate responsibility. The Fund has a commitment to utilising its voting rights to reflect its belief that this ultimately protects the financial interest of the Fund and its beneficiaries.

#### Activity

##### Voting Guidelines

For pooled mandates the Fund has delegated the exercise of voting rights to its investment managers and expects managers to vote in line with their guidelines in respect of all resolutions at annual and extraordinary general meetings of companies under Regulation 7(2)(f).

For segregated mandates the Funds Investment Strategy Statement sets out the Funds Voting Intention Guidelines. These are as follows:



	Voting Governance Issues	Action if Negative
CHAIR/CHIEF EXECUTIVE	Role of Chair and Chief Executive should be separate to avoid concentration of power	Vote against Chair/Chief Executive re-appoint as Director.
NON-EXECUTIVE DIRECTORS	Board must have a minimum of 40% non-executive Directors Non-Executive Directors should not hold such a position in a competitor	Vote against appointment of all Executive Directors Vote against re-appointment when up for re-election
DIRECTORS	There should be formal appointments for all Directors	Vote against all Executive Directors
RUMUNERATION COMMITTEE	The Committee should be answerable to the shareholders at the AGM	Vote against acceptance of the accounts. Vote against the reappointment of Chair as Director.
GENERAL	All Directors need to seek re-election at least every three years (by rotation)	Vote against acceptance of accounts.
	There shall be an Audit Committee	Vote against acceptance of accounts.
AUDIT COMMITTEE	The Audit Committee should have a majority of Non-Executive Directors	Vote against acceptance of account
	The Audit Committee shall meet with the Auditors at least once in the year without Executives present.	Vote against acceptance of accounts.
REPORTING AND CONTROLS	The Directors shall report on fraud uncovered that exceed £100,000 and action taken	Vote against acceptance of accounts
THE CADBURY CODE	There shall be no rolling contracts of more than 12 months	Vote against all relevant Directors e-appointments
	There shall be full disclosure of all emoluments received by Directors.	Vote against re-appointment of all Directors
	There shall be transparent disclosure of the basis of performance related payments.	Vote against re-appointment of Chair of Remuneration Committee as a Director.
	The basis of executive share options granted shall be subject of shareholders resolution, be voted upon at least every five years and meet the guidelines of the Inland Revenue and the national Association of Pension Funds.	Vote against acceptance of accounts.
	There shall be full disclosure of share options granted to Directors and the Executive and those exercised in the preceding 12 months.	Vote against all Directors re-appointments.

	Voting Governance Issues	Action if Negative
AUDITORS GENERAL	The Auditors shall not be given or awarded additional work with the company that exceeds 50% in value of the Audit contract.	Vote against all Director Members of Audit Committee. Vote against the re-appointment of Auditors.
	The Board shall contain no former employee of the audit firm	Vote against Directors re-appointment who come into this category.
OTHER MATTERS	The Company shall not make any political or quasi-political donations	Vote against acceptance of accounts. Vote against Chair's re-appointment.
	The Company shall indicate how it ensures equal opportunity is genuinely available.	Seek compliance through written Contract.

## Investment Managers - Reporting

Investment managers are required to provide copies of their voting policies, and these are reviewed by officers and considered as part of the appointment of a manager. Investment managers are asked on an annual basis to provide an update on any changes to their policies.

The managers are also required to report on their voting activity as part of their reporting to the Fund and the Fund expects managers to provide suitable context when reporting on their voting and engagement activities. The Fund expects managers to explain the rationale behind the actions they have taken, the relevance to the Fund, and outcome of engagement activity.

During the year the Funds passive equity manager voted on 57,147 proposals on the Funds behalf, this represents 98.4% of votable proposals. Of these 54,613 were with management and 2,534 were against management as follows:

Votes For	53,074
Votes Against	3,183
Other	890

During the year the Funds Low Carbon Equity Manager voted on 55,352 proposals on the Funds behalf, this represents 99.79% of votable proposals as follows<sup>9</sup> :

Resolutions voted with management	44,813	80.96%
Resolutions voted against management	10,052	18.16%
Resolutions abstained from	487	0.88%

The Fund's passive low carbon equity manager LGIM, uses ProxyExchange, the voting platform from proxy advisory firm Institutional Shareholder Services (ISS), to vote electronically and to ensure, in markets where we have unimpeded voting rights, that no votes remain unexercised. Share position data is

updated, based on the settled positions provided by custodians. Only eligible share positions are reflected against expected upcoming voting events across our portfolio of companies within ProxyExchange. Any additional trading that takes place on the receipt of the electronic ballot is updated per trade settlement based on the holdings update by the custodian.

Our global passive equity manager also utilises the same voting platform from ISS, allowing them to monitor activity, execute proxy vote instructions, record keep, and generate client and regulatory voting reports. The controls they have in place ensure that they identify upcoming meetings, cast votes ahead of the voting deadline for each meeting, reconcile holdings with ballots received, and identify any uninstructed ballots.

The Funds low carbon passive equity manager LGIM has been an advocate for equal voting rights. Voting is an essential right for shareholders and LGIM is a strong proponent of the 'one share, one vote' standard, based on the principle that control of the company should be equal to one's economic interest – a notion that the Fund fully supports, in order for shareholders to use their influence to drive change. As part of its equal voting rights campaign LGIM has used its voting power to help drive change in this area.

## Fixed Income Assets

Unlike equity investors, bondholders and lenders do not vote regularly on governance issues. The Funds Fixed Income manager Fidelity uses different methods to carry out stewardship activities within the fixed income and private credit markets, exercising stewardship through pre-investment due diligence activities, including by assessing cashflows, leverage and business strategy to determine whether it generates the cashflow to meet coupon or interest payments. Fidelity also engages with companies before debt issuance or lending activity to voice any concerns about proposed covenants or the structure of the issuance or loan.

After an initial investment, the manager will engage further with issuers or borrowers through the debt reissuance or refinancing process, which is when the company seeks to refinance or roll over its bonds or loans.

If a requirement to vote is identified, the relevant portfolio manager will liaise with the analysts and verify the vote before it is submitted. This may include voting resolutions which relate to approving amendments to debt covenants and/or terms of the investment, approving the repurchase of the debt security or certain debt restructuring plans. The circumstances of the specific company and wider market best practice is considered when voting and approach to exercising voting rights is in accordance with all applicable laws and regulations and in line with the respective investment objectives of the portfolio.



## LCIV

The LCIV has a Voting Guideline Policy which can be found on the Pool's website [londonciv.org.uk/stewardship](https://londonciv.org.uk/stewardship).

The policy sets out the pools 8 key voting principles as follows:

1	Exercise our shareholder rights by always voting on contentious issues	We aim to vote either for or against a resolution and only abstain in exceptional circumstances. This can occur when our vote is conflicted, a resolution is (or will be) withdrawn, or insufficient information is available to base an informed decision.
2	Vote consistently on issues	We aim to vote consistently on issues, in line with our voting policy, applying due care and diligence, allowing for a case-by-case assessment of individual companies and market-specific factors when necessary.
3	Remain informed	We aim to be knowledgeable about our investee companies and support their boards and management when their actions protect long-term shareholder value.
4	We aim to be knowledgeable about our investee companies and support their boards and management when their actions protect long-term shareholder value.	We aim to be knowledgeable about our investee companies and support their boards and management when their actions protect long-term shareholder value.: Our voting and engagement seeks to protect and optimise long-term value for shareholders, stakeholders and society.
5	Uphold exemplar transparency	We will publish our voting activity quarterly and update our stewardship priorities annually.
6	Engage	We believe engagement is our most effective tool and will escalate a vote if our concerns remain unaddressed. Leveraging the threat of divestment as a shareholder is more powerful than divestment alone.
7	Collaborate	We will partner with like-minded investors and service providers to leverage our voting at scale and amplify our shareholder voice.
8	Align with Local Authority Pension Fund Forum (LAPFF)	We aim to vote in line with LAPFF recommendations. Where there is misalignment between our votes and LAPFF's suggestions, we will provide sound reasoning and research behind our decisions to our stakeholders.

Hermes EOS are the appointed engagement partner for the LCIV to assist the Pool in exercising its voting rights in line with the interest of its stakeholders. Hermes also engages with investee companies to enhance the long-term value of partner funds' investments within the Pool. The LCIV acknowledges that governance practices differ across geographies and therefore incorporates region-specific guidance as an overlay to its voting guidelines so that execution of voting can take place more effectively.

The LCIV reviews selected recommended votes by EOS to confirm that they align to the pools voting guidelines and LAPFF recommendations.

## LAPFF

The Fund receives climate voting alerts from the LAPFF on issues it feels are of importance to its members including climate targets plans, transition resolutions and lobbying.

## Voting Activity Case Studies

### Successful vote

LGIM voted against a resolution to elect a director at Alphabet Inc, due to the following reasons:

- Average board tenure: A vote against was applied as LGIM expects a board to be regularly refreshed to maintain an appropriate mix of independence, relevant skills, experience, tenure, and background.
- Diversity: A vote against was applied as LGIM expects a company to have at least one-third women on the board.
- Independence: A vote against was applied as LGIM expects the Chair of the Committee to have served on the board for no more than 15 years in order to maintain independence and a balance of relevant skills, experience, tenure, and background.
- Shareholder rights: A vote against was applied because LGIM supports the equitable structure of one-share-one-vote. They expect companies to move to a one-share-one-vote structure or provide shareholders a regular vote on the continuation of an unequal capital structure.

In this instance, the vote was successful. LGIM will continue to monitor company next steps to ensure that processes and policies align to the outcome of the relevant votes and will continue to publicly promote their stance on this issue.

### Unsuccessful vote

LGIM voted for a resolution with The Boeing Company to report on the Median Gender/Racial Pay Gap, as they expect companies to disclose meaningful information on their gender pay gap and the initiatives they are applying to close any stated gap.

In this instance, the vote was unsuccessful.

LGIM has continued engagement with the company, with diversity being one of the discussion topics. The manager will continue to publicly advocate their position on this issue and monitor company and market-level progress.

## Outcome

The Fund believes that active voting is vital for effective stewardship and protects shareholder value. Voting ensures that the companies within which the Fund invests have strong corporate governance and are equipped to deal with risks and take opportunities posed by climate change – this in turn results in better returns and therefore benefits Fund members in the long-term.

The Fund has a clear set of voting guidelines and requires its investment managers to be transparent in their voting policies and procedures. The Fund receives voting reports from its managers who provide context and rationale behind their voting decisions.

The Funds pooling partner, not only has a clear set of voting guidelines but also a clear set of voting principles which guide its voting implementation and reporting processes.

The Fund receives voting alerts from the LAPFF who flag any voting set to take place on areas which they think are of specific interest to their member Funds.

In 2023 the Fund recognised that it needed to do more in relation to its voting review and reporting. Although the Fund received information from its investment managers and pool on their voting activities the Fund did not correlate or report on this information regularly to Panel. During 2024 officers have undertaken initial review of the voting information provided by its investment managers, the pool and the LAPFF and have been drafting a review system not just on the quantitative voting statistics but also on how qualitative information pertaining to voting can be communicated to Panel and members. The Fund aims to undertake its inaugural reporting on the Funds voting activities and outcomes in 2025.



# Next Steps – Action Plan

ROYAL BOROUGH OF GREENWICH  
PENSION FUND STEWARSHIP REPORT



As mentioned in the introduction to this report the Royal Borough of Greenwich Pension Fund believes that effective stewardship is not a ‘tick box’ exercise. As asset owners we see stewardship as a key factor in exploring risks and opportunities for the Fund including those posed by ESG related issues.

Below is a list of our intended key governance workstreams for 2024 which we committed to in our 2023 Stewardship Report, alongside an assessment of how did.

Area	Aim	Status	Comments
Net Zero Roadmap	In 2024 the Fund intends to re-review its net zero roadmap in collaboration with its investment advisors to assess what progress has been made to date and where further improvement is needed	Achieved	In September 2024 the Panel reviewed an updated Net Zero Roadmap which assessed the work undertaken to date to reduce the Funds carbon footprint – evaluating what had been achieved and identifying work which still needs to be undertaken. The revised strategy sets out a workstream for the next 12-18 months which includes a re-review of the Funds Responsible Investment beliefs.
Conflicts of Interest	The Fund intends to undertake a re-review of the current conflict of interest policies in place across its external providers including the LCIV to ensure that their conflicts of interest policies are still fit for purpose and to maintain this review on a regular basis.	Partially Achieved	As part of the procurement process for third-party providers during 2024 - any potential conflicts of interest are assessed before appointment. The Fund still needs to undertake more work in relation to the continual monitoring of conflict-of interest policies of external providers including its pooling partner during 2025.
Communication with Members	The Fund needs to make improvements in relation to monitoring the effectiveness of its communication with members. It aims to reassess the system for monitoring query resolution and other key performance indicators and put in place a system to report on these accordingly.	Not Achieved	In 2023 the Fund updated its communications policy to “issue a regular, at least annual, newsletter to all staff – members and non-members of the scheme” in “simple accessible language outlining costs, benefits, contact details and any recent updates or changes affecting scheme members. In addition, it should contain for instance case studies of individuals receiving their pensions, members’ experience of additional contributions etc”. The Fund is yet to send out a newsletter to this effect and intends to review the best way to execute distribution of such a newsletter in a cost-effective way to its members. It also still needs to implement a system to review the successfulness of communications with members.

Area	Aim	Status	Comments
Engagement through LAPFF	The Fund intends to undertake a review of how it engages with the work undertaken by the LAPFF and how it can utilise its membership of the forum to use a collective voice to challenge companies and influence best practice.	Achieved	The LAPFF presented at the Funds February 2024 away day. The Fund has engaged with the LAPFF throughout 2024, especially on its work in relation to its CAHRA pilot.
Voting	The Fund needs to complete further work in relation to monitoring and reporting on voting across its investments. The Fund needs to ensure that it reviews this area to confirm that managers are voting in line with relevant voting policies.	Partially Achieved	During 2024 officers have undertaken initial review of the voting information provided by its investment managers, the pool and the LAPFF and have been drafting a review system not just on the quantitative voting statistics but also on how qualitative information pertaining to voting can be communicated to Panel and members. The Fund aims to undertake its inaugural reporting on the Funds voting activities and outcomes in 2025.
Government Consultation on LGPS Investments	The Fund will continue to consider next steps in light of the Government's consultation on Investments to ensure that asset allocation decisions are made in the best interest of Fund beneficiaries. A review of un-pooled investments against opportunities via the LCIV will be undertaken as we move into 2024.	Achieved	The Fund reviewed future allocations to the LCIV during its 2024 away day. The Fund also ensured that it responded to the Government's 'LGPS Fit for the Future Consultation.

Below is a list of the Funds key next steps to be undertaken during 2025 as we continue on our governance journey:

Responsible Investment Policy	The Fund aims to review and update its Responsible Investment Policy.
Risk Register Process	The Fund intends to review its risk register process to assess if this system is still effective in identifying the various risks posed to the Fund.
Evaluating Training	During 2024 the Fund began issuing quizzes to test the knowledge of its Board and Panel members – the Fund will report on this during 2025.
Engagement Framework	The Fund intends to design an engagement reporting framework so that it reports to both Panel and Fund members on engagement work undertaken across its asset holdings.
Conflicts of Interest	The Fund intends to undertake more work in relation to the continual monitoring of conflict-of interest policies of external providers including its pooling partner during 2025
Communication with Members	The Fund is yet to send out a newsletter to members. It also still needs to implement a system to review the successfulness of communications with members.
Voting	The Fund aims to undertake its initial reporting on the Funds voting activities and outcomes in 2025.



The Fund will continue to review and define its governance arrangements into 2025 and beyond and is committed to active stewardship to fulfil our purpose of providing pension benefits for our members and their dependents, alongside delivering value for money for the Royal Borough of Greenwich and other employers within the Fund.

For any comments or questions please contact the Fund via the details below - we welcome feedback on our work undertaken thus far.

**Report Author**

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**020 8921 2195**

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# Investment Strategy Statement (March 2026)

## 1. Introduction and background

This is the Investment Strategy Statement (“ISS”) of the Royal Borough of Greenwich Pension Fund (“the Fund”), which is administered by the Royal Borough of Greenwich Council, (“the Administering Authority”). The ISS is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (“the Regulations”).

The ISS has been prepared by the Fund’s Pension Fund Investment & Administration Panel (“the Panel”) having taken advice from the Fund’s investment adviser, Hymans Robertson LLP. The Panel acts on the delegated authority of the Administering Authority.

The ISS, which was approved by the Panel on 30/03/2026, is subject to periodic review at least every three years and without delay after any significant change in investment policy. The Panel has consulted on the contents of the Fund’s investment strategy with such persons it considers appropriate.

The Panel seeks to invest in accordance with the ISS any Fund money that is not needed immediately to make payments from the Fund. The ISS should be read in conjunction with the Fund’s Funding Strategy Statement dated 30/03/2026.

The Fund has chosen to opt-up and be classified as a Professional Client as defined in the Markets in Financial Instruments Directive.

In line with the Competition and Market Authority’s Order, the Panel agreed a set of objectives with Hymans Robertson LLP. These will be reviewed on, at least, an annual basis.

## 2. The suitability of particular investments and types of investments

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. For employee members, benefits will be based on service completed but will take account of future salary and/or inflation increases.

The Panel aims to fund the Fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund’s assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.

The Fund’s funding position is reviewed at least at each triennial actuarial valuation, or more frequently as required.

The Panel has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. This benchmark is consistent with the Panel’s views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund’s liabilities.

It is intended that the Fund’s investment strategy will be reviewed at least every three years following actuarial valuations of the Fund. The approach that the Fund has taken to setting an appropriate investment strategy is set out below.

In November 2025, the Fund carried out an investment strategy review in conjunction with the 2025 actuarial valuation. A number of different investment strategies were modelled and the implications of adopting a range of alternative investment strategies were assessed, both in terms of their risk and return characteristics and their ability to support the Fund’s wider objectives.

A summary of the expected returns and volatility for each asset class is included later in this statement.

In addition, the Panel monitors investment strategy on an ongoing basis, focusing on factors including, but not limited to:

- Suitability given the Fund's level of funding and liability profile;
- The level of expected risk;
- Outlook for asset returns; and
- Environmental, Social and Governance (ESG) factors.

The Panel also monitors the Fund's actual allocation on a regular basis to ensure it does not notably deviate from the target allocation, accepting that given the nature of some of the underlying investments, it may take the Fund time to move to the target allocations.

The Panel reviews the asset allocation at each quarterly meeting. The review is based on the latest published quarterly investment performance report, supported by more up to date information where available. Rebalancing activity is at the discretion of the Panel and is only made between the Fund's liquid assets. Among the factors taken into account by the Panel in its decisions are:

- the materiality of under and overweight positions;
- any asset transitions that are already scheduled;
- market views on the relative attractiveness of different asset classes;
- liquidity and transaction costs; and
- the confidence of the Panel in the managers' ability to meet performance targets, informed by manager ratings provided by the Fund's investment adviser.

#### Additional Voluntary Contributions (AVCs)

The Fund gives members the opportunity to invest in a range of vehicles at the members' discretion.

### **3. Strategic asset allocation**

Following the investment strategy review carried out as at 31 March 2025, the Panel has agreed to retain the current long-term strategic asset allocation. This is the strategy that was agreed following the 2022 actuarial valuation but incorporating the introduction of a 2.5% target allocation to natural capital that was implemented during 2024. The target allocation for infrastructure was reduced at the same time, from 10% to 7.5%, to accommodate this new allocation to natural capital.

The Panel has agreed the following target investment strategy for the Fund. It will be necessary for the Fund to allow time for these arrangements to take effect.

Asset class	Strategic target asset allocation (%)
Listed equities	40.0
Private equity	-
<b>Total Growth Assets</b>	<b>40.0</b>
Multi-asset funds	5.0
Property	10.0
Infrastructure	7.5
Natural capital	2.5
Private debt	10.0
Multi-asset credit	10.0
<b>Total Income Assets</b>	<b>45.0</b>
Corporate bonds	7.5
Government gilts	7.5
<b>Total Protection Assets</b>	<b>15.0</b>
<b>Total</b>	<b>100.0</b>

In setting this target asset allocation the Fund has considered the Funding Strategy Statement to ensure that the investment strategy is compatible with achieving its locally determined solvency target.

#### 4. Rebalancing policy

A rebalancing policy aims to ensure that the Fund:

- Maintains the desired strategic risk/expected return balance across the assets;
- Maintains the desired allocation between various managers;
- Locks in some of the gains when a particular asset class or manager outperforms relative to the others; and
- Buys into relatively 'cheap' asset classes or managers when they underperform.

A typical rebalancing framework consists of a central target allocation with a rebalancing range for each asset class and/or manager. Where an asset class and/or manager has breached its rebalancing range, assets should ideally be bought or sold in order to bring the breached funds back to their target allocations.

The Fund's allocation to each asset is compared with the target allocations on a quarterly basis. This will allow the process to be operationally simplified with the aim to balance frequent rebalancing with the cost of managing

this process. This pragmatic approach would take into account any cashflows and investments/disinvestments made over each quarter and is a long enough period for any volatile movements to be smoothed.

As the Fund will gradually be implementing its new target asset allocation and also transferring investments into the London CIV, specific rebalancing ranges in relation to the new target allocations have not been agreed at this time.

## 5. Investment of money in a wide variety of investments

### Asset classes

The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, property and commodities either directly or through pooled funds. The Fund may also make use of contracts for differences and other derivatives either directly or in pooled funds investing in these products for the purpose of efficient portfolio management or to hedge specific risks.

The Fund invests across a range of asset classes covering both regulated and unregulated markets. Most of the Fund's Investments are in regulated markets. The majority of the Fund's exposure to unregulated markets is made up of investments in private markets, including investments in infrastructure, private debt and natural capital. These types of investments enable the Fund as a long-term investor to benefit from the diversification and illiquidity premium these assets provide.

The Panel reviews the nature of Fund investments on a regular basis, with particular reference to suitability and diversification. The Panel seeks and considers written advice from a suitably qualified person in undertaking such a review. If, at any time, investment in a security or product not previously known to the Panel is proposed, appropriate advice is sought and considered to ensure its suitability and diversification.

The Fund's long-term strategic target asset allocation helps to inform associated maximum percentage limits for each asset class. In line with the Regulations, the authority's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007.

### Long-term expected returns

The long-term asset class returns assumed within the investment strategy review were as follows. These returns reflect financial conditions as at 31 March 2025.

Asset class	Median expected return over 20 years (% p.a.)	Illustrative range of expected returns over 20 years (% p.a.)
UK equities	8.4	3.8 – 12.9
Global equities	8.6	3.9 – 13.4
Emerging markets equities	8.5	2.2 – 15.1
Multi-asset funds	6.1	4.4 – 8.2
Property	7.3	3.5 – 11.3
Infrastructure	8.3	4.2 – 12.4
Private debt	8.8	7.0 – 10.7

Multi-asset credit	7.6	6.1 – 9.1
Natural capital	9.0	3.9 – 14.3
Corporate bonds	5.9	5.2 – 7.5
Government gilts	5.4	4.5 – 6.3

Note: the range of expected returns p.a. is from the 16<sup>th</sup> to 84<sup>th</sup> percentile (i.e. takes the central 2/3 of expected returns)

These expected returns are not guaranteed and there is a range of possible outcomes. The median expected returns represent the mid-point of this range while the right-hand column illustrates the potential for variability around this mid-point, for each asset class shown. Note that the ranges capture 2/3rds of projected outcomes only and do not capture some of the more extreme scenarios modelled.

Using UK equities as an example, the median expected return assessed over a 20 year period is 8.4% p.a. At the same time, there is a 16% chance that the return over this period will be lower than 3.8% p.a. and a 16% chance that the return will be higher than 12.9% p.a. In other words, there is a 2/3rds chance that the return from UK equities over the next 20 years will lie in the range 3.8% p.a. to 12.9% p.a.

At 31 March 2025, the expected volatility of the investment strategy was 10.6% p.a. This volatility includes an assumed diversification benefit. In the absence of this diversification, the expected volatility would have increased to 18.4% p.a. Further details on the Fund's risks, including the approach to mitigating risks, is provided in the following section.

### Restrictions on investment

The Regulations have removed the previous restrictions that applied under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The Panel's approach to setting its investment strategy and assessing the suitability of different types of investment takes account of the various risks involved and rebalancing is considered on a quarterly basis to maintain the asset split close to the agreed asset allocation target. Therefore it is not felt necessary to set additional restrictions on investments.

### Managers

The Panel has appointed a number of investment managers all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business.

The Panel, after seeking appropriate investment advice, has agreed specific benchmarks with each manager so that, in aggregate, they are consistent with the overall asset allocation for the Fund. The Fund's investment managers will hold a mix of investments which reflects their views relative to their respective benchmarks. Within each major market and asset class, the managers will maintain diversified portfolios through direct investment or pooled vehicles. The manager of the index-tracking funds in which the Fund invests holds a mix of investments within each pooled fund that reflects that of their respective benchmark indices.

## 6. The approach to risk, including the ways in which risks are to be measured and managed

The Panel is aware that the Fund has a need to take risk (e.g. investing in growth assets) to help it achieve its funding objectives. It has an active risk management programme in place that aims to help it identify the risks being taken and put in place processes to manage, measure, monitor and (where possible) mitigate the risks being taken. One of the Panel's overarching beliefs is to only to take as much investment risk as is necessary.

The principal risks affecting the Fund are considered below. The Panel monitors and manages risks in these and other areas through use of a detailed Risk Register process.

## Funding risks

Key funding risks considered include:

- Financial mismatch – The risk that Fund assets fail to grow in line with the developing cost of meeting the liabilities.
- Changing demographics – The risk that longevity improves and other demographic factors change, increasing the cost of Fund benefits.
- Systemic risk – The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial ‘contagion’, resulting in an increase in the cost of meeting the Fund’s liabilities.

The Panel measures and manages financial mismatch in two ways.

The Panel has set a strategic asset allocation benchmark for the Fund, which was set taking into account the results of an investment strategy review that analysed the risk and return characteristics of various strategies and the contribution each strategy would make towards the Fund achieving its wider objectives, including net zero. This analysis reflects the current investment strategy and level of agreed contributions and is based on financial conditions as at 31 March 2025.

The Panel assesses risk relative to the strategic benchmark by monitoring the Fund’s asset allocation and investment returns relative to the benchmark. The Panel also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The Panel also seeks to understand the assumptions used in any analysis and modelling so these can be compared to their own views and the level of risks associated with these assumptions to be assessed.

The Panel seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

## Asset risks

Key asset risks considered include:

- Market risk – The risk that the market value of the Fund’s assets falls.
- Concentration – The risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.
- Illiquidity – The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.
- Currency risk – The risk that the currency of the Fund’s assets underperforms relative to Sterling (i.e. the currency of the liabilities).
- Manager underperformance – The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.
- Environmental, social and governance (“ESG”) – The risk that ESG related factors reduce the Fund’s ability to generate the long-term returns.
- Climate change – The extent to which climate change causes a material deterioration in asset values as a consequence of factors including but not limited to policy change, physical impacts and the expected transition to a low-carbon economy.

- Geopolitical risk – The risk of underperformance driven by unexpected changes or events involving political, military or trade factors.

The Panel measures and manages asset risks in a number of ways.

The Fund's strategic asset allocation benchmark invests in a diversified range of asset classes. The Panel has put in place rebalancing arrangements to ensure the Fund's "actual allocation" does not deviate substantially from its target. The Fund invests in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, help reduce the Fund's asset concentration risk. By investing across a range of assets, including liquid quoted equities and bonds, as well as property, the Panel has recognised the need for access to liquidity in the short term.

The Fund invests in a range of overseas markets which provides a diversified approach to currency markets; the Panel also assess the Fund's currency risk during their risk analysis. Details of the Fund's approach to managing ESG risks are set out later in this document.

The Panel has considered the risk of underperformance by any single investment manager and have attempted to reduce this risk by appointing more than one manager and having a significant proportion of the Scheme's assets managed on an index-tracking basis. The Panel assess the Fund's managers' performance on a regular basis, and will take steps, including potentially replacing one or more of their managers, if underperformance persists. Other factors include, but are not limited to, the Panel believing that manager is not capable of achieving these performance objectives in the future, and/or there are significant staff changes to their investment team. The Fund will also have regular correspondence with the London CIV regarding their managers and their approach to monitoring and assessing managers.

#### Other provider risks

Other provider risks considered include:

- Transition risk – The risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the Panel seeks suitable professional advice.
- Custody risk – The risk of losing economic rights to Fund assets, when held in custody or when being traded.
- Credit default – The possibility of default of a counterparty in meeting its obligations.
- Stock-lending – The possibility of default and loss of economic rights to Fund assets.

The Panel monitors and manages risks in these areas through a process of regular scrutiny of its providers, and audit of the operations it conducts for the Fund, or has delegated such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds). The Panel has the power to replace a provider should serious concerns exist. Further details of the Fund's approach to pooling and its relationship with the London CIV are provided below.

A separate schedule of risks that the Fund monitors is set out in the Fund's Funding Strategy Statement.

#### 7. Approach to pooling investments, including use of collective investment vehicles and shared services

The Fund is a participating scheme in the London CIV Pool ("the Pool"). The proposed structure and basis on which the Pool will operate was set out in the July 2016 submission to Government.

#### Assets to be invested in the London CIV Pool

The Fund's intention is to invest its assets through the Pool as and when suitable Pool investment solutions become available. An indicative timetable for investing through the Pool was set out in the July 2016 submission to Government. The key criteria for assessment of Pool solutions will be as follows:

- 1 That the Pool enables access to an appropriate solution that meets the objectives and benchmark criteria set by the Fund
- 2 That there is a clear financial benefit to the Fund in investing in the solution offered by the Pool, should a change of provider be necessary.

As at 2025, the Royal Borough of Greenwich Pension Fund has transitioned more than 50% of its assets into pooled investment vehicles managed by the London CIV. The remaining eligible mandates are expected to be pooled in due course. In line with government guidance, the Fund continues to hold its index-tracking equity mandates outside the Pool; however, these are monitored by London CIV at pool level. The Fund will work closely with London CIV on future updates to its Investment Strategy Statement, ensuring alignment with anticipated requirements under the Government's Fit for the Future consultation.

At the time of preparing this statement the Fund has already invested the following assets via the Pool. Note this includes investments in index-tracking equity funds with BlackRock and LGIM, which are commonly regarded as pooled assets even though they sit outside the Pool.

Asset class	Manager	% of total Fund assets*
UK equities	BlackRock	13%
Global equities	LGIM	18%
Global equities	BlackRock	10%
Multi-asset funds	London CIV	6%
Private debt	London CIV	5%
Infrastructure	London CIV	2%
Natural Capital	London CIV	1%
<b>Total</b>		<b>54%</b>

\*Allocations as at 30 September 2025. Note totals may not sum due to rounding.

At the time of preparing this statement the following assets are not invested via the London CIV Pool. This shows that the Fund holds c21% of its assets in illiquid strategies (diversified private markets assets and property) and these will remain outside of the London CIV pool for the time being. The cost of exiting from some of these strategies early would have a negative financial impact on the Fund. These will be held as legacy assets until such time as they mature and proceeds re-invest through the Pool assuming it has appropriate strategies available or until the Fund changes asset allocation and makes a decision to disinvest.

Asset class	Manager	% of Fund assets*	Reason for not investing via the Pool
Emerging markets equities	Fidelity	6%	Scheduled for review in February 2026, with transition Plans to follow shortly thereafter
Private markets	Partners Group	4%	Illiquid mandate, being wound down
Property	CBRE	9%	Illiquid mandate
Multi-asset credit	Fidelity	10%	Scheduled for review in February 2026, with transition plans to follow shortly thereafter
Bonds	Fidelity	16%	No equivalent fund available via the Pool at present time
Total		44%	

\* Allocations as at 30 September 2025. Note totals may not sum due to rounding. This does not capture any standalone cash allocation held by the Fund.

### Structure and governance of the London CIV Pool

The July 2016 submission to Government of the Pool provided a statement addressing the structure and governance of the Pool, the mechanisms by which the Fund can hold the Pool to account and the services that will be shared or jointly procured. As the Pool develops and the structure and governance of the Pool are fully established the Fund will include this information in future iterations of the ISS. In the meantime, further information is provided on the London CIV's website (<https://londonciv.org.uk/>)

### 8. How social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments

The Fund invests on the basis of financial risk and return, having considered a full range of factors, including environmental, social, and corporate governance (ESG) factors where these present financial risks to the delivery of portfolio objectives and therefore impact on the sustainability of the Fund's returns.

The Fund therefore requires its investment managers to integrate all material financial factors, including ESG considerations, into their investment analysis and decision-making for all fund investments.

The Fund's Investment Managers (and specifically the London Collective Investment Vehicle through which the Fund will increasingly invest) are also expected to undertake appropriate monitoring of current investments with regard to their policies and practices on all issues which could present a material financial risk to the long-term performance of the fund, including ESG factors. The Fund monitors this activity on an ongoing basis with the aim of maximising its impact and effectiveness.

Where appropriate, the Panel considers how it wishes to approach specific ESG factors in the context of its role in asset allocation and investment strategy setting. Taking into account the ratification in October 2016 of the Paris

Agreement, the Panel considers that significant exposure to fossil fuel reserves within the Fund's portfolio could pose a material financial risk.

As a result, the Panel has a net zero roadmap that will be used to develop a plan to reduce the Fund's carbon exposure. The plan will be periodically reviewed to ensure that it remains consistent with the risks associated with investment in carbon assets and with the Panel's fiduciary duties.

The Panel has set a target date of 2040 for the Fund to become carbon neutral, consistent with the target date set by the London CIV. The Panel may adjust the pace of the transition in the light of changing financial conditions or technological advances in certain sectors.

The Panel considers exposure to carbon risk in the context of its role in asset allocation and investment strategy setting. Consideration has therefore been given in setting the Fund's Investment Strategy to how this objective can be achieved within a pooled investment structure and the Panel, having taken professional advice, will work with the London CIV to ensure that suitable strategies are made available.

Where necessary, the Fund will also engage with its Investment Managers or the London CIV to address specific areas of carbon risk. The Fund expects its investment managers to integrate financially material ESG factors into their investment analysis and decision making and may engage with managers and the London CIV to ensure that the strategies it invests in remain appropriate for its needs.

The Panel consider the Fund's approach to responsible investment in two key areas:

- **Sustainable investment / ESG factors** – considering the financial impact of environmental, social and governance (ESG) factors (including climate change) on its investments.
- **Stewardship and governance** – acting as responsible and active investors/owners, through considered voting of shares, and engaging with investee company management as part of the investment process.

In light of the latest investment strategy review and the Fund's increased focus and importance of responsible investment, the Fund has bolstered its beliefs in this area, specifically:

- Ongoing engagement is preferable to divestment
- We must act as responsible owners
- The Fund's investment managers should embed the consideration of ESG factors into their investment process and decision-making

At the present time the Panel does not take into account non-financial factors when selecting, retaining, or realising its investments.

More detail on these beliefs can be found in appendix 1.

The Panel takes ESG matters very seriously. Its investment beliefs include explicit statements relating to ESG and climate change. The ESG criteria of its existing investments are assessed on an ongoing basis and ESG is a key consideration when assessing the relative merits of any potential new Fund investments. The Fund also conducts an annual review of its:

- Policies in this area,
- Investment managers' approach to responsible investing; and
- Members' training needs and implements training to reflect these needs.

The London CIV itself is committed to responsible investment and duly recognises the role of ESG factors in the investment decision making process, evidenced by its own 'responsible investment policy'. The Fund is supportive of this and will monitor the policy on a regular basis as more assets transfer into the pool to ensure consistency with its own beliefs. Details of the investment managers' governance principles can be found on their websites.

## 9. The exercise of rights (including voting rights) attaching to investments

### Voting rights

The Fund recognises the importance of its role as stewards of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Fund recognises that ultimately this protects the financial interests of the Fund and its ultimate beneficiaries. The Fund has a commitment to actively exercising the ownership rights attached to its investments reflecting the Fund's conviction that responsible asset owners should maintain oversight of the companies in which it ultimately invests recognising that the companies' activities impact upon not only their customers and clients, but more widely upon their employees and other stakeholders and also wider society.

The Fund recognises the London CIV is the primary mechanism through which the Fund will exercise voting rights. The London CIV will be responsible for engaging with investee companies and issuers on ESG factors and take responsibility for voting (where relevant) with the objective of preserving and enhancing long-term shareholder value. The London CIV maintains a voting policy and will vote in line with this policy for funds on its platform as well as any other index-tracking equity mandates held by the Fund, via the London CIV's stewardship partner EOS. The Fund's other investment managers have provided copies of their voting policies, and these have been reviewed by the officers. The London CIV and other managers are asked on an annual basis to provide an update on any changes to their policies. The Panel monitor the voting decisions made by the London CIV and the Fund's other investment managers on a regular basis.

The voting policy of the London CIV is included within its Responsible Investment policy, which is developed in consultation with all of the Pool's partner funds. Hermes EOS are appointed to assist the Pool in exercising its voting rights in line with the interest of its stakeholders and engaging with investee companies to enhance the long-term value of partner funds' investments within the Pool.

### Engagement

The Panel has formally agreed to adhere to the Stewardship Code as published by the Financial Reporting Council. The Panel expects any directly appointed investment managers to also comply with the Stewardship Code and this is monitored on an annual basis. A copy of the Fund's statement of compliance with the Stewardship Code can be found on the Fund's website. The London CIV is also a signatory to the Stewardship Code.

The Panel expects any appointed fund managers to be signatories to the UK Stewardship Code 2026.

In addition, the Fund believes in collective engagement and is a member of the LAPFF, through which it collectively exercises a voice across a range of corporate governance issues. In addition to the Fund's compliance with the Stewardship Code, the Fund believes in collective engagement and is a member of the Local Authority Pension Fund Forum (LAPFF), through which it collectively exercises a voice across a range of corporate governance issues.

The Panel supports engagement activity that seeks to:

- Achieve greater disclosure of information on the ESG-related risks that could affect the value of an investment;
- Achieve transparency of an investment's carbon exposure and how such companies are preparing for the transition to a low carbon economy; and

- Encourage its asset managers to actively participate in collaborative engagements with other investors where this is deemed to be in the best interests of the Fund.

In addition, the Fund expects its investment managers to work collaboratively with others if this will lead to greater influence and deliver improved outcomes for shareholders and more broadly.

The Fund through its participation in the London CIV will work closely with other LGPS Funds in London to enhance the level of engagement both with external managers and the underlying companies in which it invests.

The Chartered Institute of Public Finance (“CIPFA”) Pensions Panel Principles for Investment Decision Making set out the six principles of good investment practice issued by Government (Myners principles). The extent to which the Fund complies is set out in appendix 2.

Further details are set out in the Fund’s Responsible Investment Policy in appendix 1.

# Appendix 1 – Responsible Investment Policy of the Royal Borough of Greenwich Pension Fund

## 1. Introduction and background

The Royal Borough of Greenwich is the Administering Authority for the Royal Borough of Greenwich Pension Fund (“the Fund”). The Fund administers the Local Government Pension Scheme (LGPS) on behalf of around 26,842 members which comprises 67 active employers with 8,789 members actively contributing into the Fund, 8,540 members drawing benefits from the Fund and the remainder with rights to deferred benefits. [Figures as at 31 March 2024.]

The Royal Borough of Greenwich has delegated the responsibility for the administration of the LGPS to The Pension Fund Investment & Administration Panel (“the Panel”). The Panel is the decision-making body for the Fund, which is made up of elected Councillors. It is assisted in its role by a Local Pension Board, made up of representatives of LGPS members and LGPS employing organisations.

Our fiduciary duty is to act in the best financial interests of the Fund’s members by ensuring that the Fund achieves its long-term investment objective of having sufficient assets to meet all pension liabilities as they fall due. Additionally, we aim to maintain employer contribution rates at reasonable levels by achieving positive investment performance. The Investment Strategy Statement details how the Fund’s investment processes meet these objectives. Our aim when setting the investment strategy is to strike an appropriate balance between generating satisfactory long-term returns whilst taking account of market volatility and risk and the nature of the Fund’s liabilities.

## 2. Responsible Investment

We define Responsible Investment (“RI”) as the integration and consideration of environmental, social and governance (“ESG”) issues into investment processes and stewardship activities.

We recognise that ESG issues represent a material financial risk, which could have a negative impact on the value of the Fund’s investments particularly if the risks are not understood or evaluated properly. We should therefore seek to understand and manage the ESG issues to which the Fund is exposed. We consider ESG issues that are financially material, including issues such as climate change.

This policy sets out the actions we are taking to understand and manage ESG issues for the benefit of Fund members and other stakeholders. The aim is to protect the value of the Fund’s investments from ESG-related risks and to also capitalise on the investment opportunities that ESG issues, such as climate change, may provide.

## 3. Our RI beliefs and principles

We have agreed the following beliefs and principles as the basis for our RI policy:

- The Fund and its members believe that ESG issues can have a material impact on the long-term risks and returns from the Fund’s investments, and there is an opportunity to positively impact investment returns by taking decisions with a long-term outlook and recognising the significance of ESG-related risks. We will engage with the London CIV, and our investment managers and advisers to understand the nature of these risks and identify investment opportunities which may also arise.
- Both the Fund and its members believe climate change, specifically, presents a financial risk over the Fund’s investment time horizon. As an asset owner, the Fund has the ability and duty to support the transition to a low carbon economy.

- We will consider opportunities to make investments with a positive social or environmental impact subject to the risk and return characteristics being acceptable. Investments expected to have a “positive impact” can be considered if they are consistent with the overall objectives of the Fund’s investment strategy and our fiduciary duty.
- We believe we have a duty to consider the wider environmental and social impacts of investments. We recognise that investments that contribute to negative environmental and/or social outcomes can present financial risks and therefore expect all investment managers to report on such exposures. We believe that we should generally avoid investing in the most harmful companies and sectors.
- It is the role of the Fund’s active managers to carry out the necessary due diligence and take all relevant factors into account for each individual stock selection decision that they take. Whilst we will not place restrictions on active managers in terms of stocks they can hold, we do expect managers to integrate ESG factors into their investment processes and this is taken into account in the Panel’s decision-making processes.
- Whilst active managers are expected to take ESG issues in their individual stock selection decisions, it is acknowledged that index-tracking managers will invest in line with the index set out in their mandate. We recognise that the choice of benchmark index is an important consideration for index-tracking mandates, and the selection of that index is a key consideration for the Panel.
- The Fund recognises the London CIV is the primary mechanism through which to implement policy on ESG matters. London CIV is expected to embed ESG and RI considerations throughout their processes, be responsible for engaging with investee companies and issuers on ESG factors and take responsibility for voting (where relevant), disclosing to the Fund on all such activities.
- We will encourage companies and investment managers to improve disclosure of their activity in relation to ESG issues. This will be addressed with managers via the London CIV, through involvement in the London CIV and also through membership of the LAPFF.
- Engagement with underlying companies where the Fund owns shares is the preferred approach to influencing company behaviour. The Fund and its members believe that where engagement is unsuccessful, this can exacerbate the risks faced by the Fund. There should be a process of escalation to hold companies to account with the tools available including divestment.
- We will encourage our investment managers to exercise stewardship and active ownership responsibilities effectively, through voting and engagement activities. This includes using our influence as asset owners to encourage positive behaviour from the managers, working in conjunction with the London CIV where appropriate.
- We will publish this policy and incorporate our RI policies and approach into the way that we engage and communicate with members.
- The views of the Fund’s members are important, and the Fund commits to periodically testing these through member surveys. The Fund’s approach to responsible investment will take into account member views, while continuing to invest in a prudent manner and in line with our fiduciary duties.

#### 4. Our approach

We take the following steps to ensure the investment strategy is aligned with our RI beliefs and principles.

##### Integrating ESG issues into the investment decision-making process

We aim to integrate consideration of ESG issues throughout our investment decision-making process, including setting the investment strategy, and the selection and monitoring of the Fund’s investment managers. We are

supported in these aims through regular and ongoing input from, and engagement with, our investment advisers and the London CIV.

When looking to appoint a new investment manager or allocate money to a new fund, we will review the manager's RI policy with input from our investment advisers. This review will consider the manager's overall approach RI, including how they integrate ESG issues into their own investment decision-making process, and their approach to stewardship.

We undertake training on a regular basis and this includes training and information sessions on ESG issues, including climate change, and how these could impact the Fund's assets and liabilities.

### **ESG risk monitoring and assessment**

Our processes to monitor and assess ESG-related risks and opportunities include the following:

- Our investment advisers monitor the Fund's managers on an ongoing basis from an ESG perspective. Where available, this includes assigning an 'RI rating' which reflects the commitment of the manager to ESG integration and the practices they apply. We monitor these RI ratings on a quarterly basis.
- These RI ratings are also a key consideration when the Panel is appointing a new investment manager or allocating money to a new fund.
- We ask our investment advisers to highlight opportunities to invest in responsible investment strategies and will give due consideration to any proposals.
- The Fund will analyse the carbon intensity of the assets on an annual basis and consider climate change scenario analysis at least triennially to review potential risks to the funding and investment strategy and consider whether any action is required to mitigate these risks.
- We expect our asset managers to understand our RI beliefs and requirements. We provide our policy to our investment managers and to the London CIV.
- In the event that any investment manager does not meet any of the expectations listed in this policy, Officers will engage with the respective stakeholders to encourage improvements in processes, transparency or activity as required.
- With the support from our investment advisers, we carry out an annual review of the ESG profile of the funds to support identification of areas of potential ESG risk and engagement opportunities.

### **5. Expectations and monitoring of investment managers, including the London CIV**

We require our investment managers to integrate all material financial factors, including ESG issues, into their investment decision-making processes.

We expect our managers to follow best industry practice and use their influence as major institutional investors and long-term stewards of capital to promote good practice in the investee companies and markets to which the Fund is exposed.

We expect our investment managers to undertake appropriate monitoring of current investments with regard to their policies and practices on all issues which could present a material financial risk to the long-term performance of the Fund such as corporate governance and environmental factors.

Effective monitoring and identification of these issues can enable engagement with boards and management of investee companies to seek resolution of potential problems at an early stage. Where collaboration is likely to be the most effective mechanism for encouraging issues to be addressed, we expect our investment managers to participate in joint action with other institutional investors as permitted by relevant legal and regulatory codes.

We expect investment managers to comply with the UK Stewardship Code Principles and expect them to be a signatory to the latest UK Stewardship Code and to the Principles for Responsible Investment (PRI).

Our investment managers have provided copies of their RI policies. The managers are asked on an annual basis to provide an update on any changes to their policies. The managers are also encouraged to report on their engagement activity with companies as part of their regular quarterly reporting. The consideration of ESG factors, along with discussion on current examples, is also an item on the agenda at all meetings between the investment managers and the Panel/Officers.

We monitor this activity on an ongoing basis with the aim of maximising its impact and effectiveness.

The London CIV has developed its own RI policy. We will continue reviewing this policy and engaging with the London CIV to ensure that its strategies and beliefs are still aligned with ours. We will also require the London CIV to monitor the investment managers appointed for their fund range and provide reporting on the engagement activities of those investment managers.

## 6. Stewardship – voting and engagement

We recognise the importance of our role as stewards of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which our investments reside. This ultimately protects the financial interests of the Fund and its beneficiaries.

We have a commitment to actively exercising ownership rights attached to our investments, reflecting a conviction that responsible asset owners should maintain oversight of the companies they invest in, recognising that the companies' activities impact upon not only their customers and clients but more widely upon their employees and other stakeholders and wider society.

We have delegated the exercise of voting rights to the investment managers on the basis they will exercise this power with the objective of preserving and enhancing long-term shareholder value.

The investment managers have provided copies of their voting policies and these have been reviewed by Officers. The managers are asked on an annual basis to provide an update on any changes to their policies. The managers are also required to report on their voting activity. We publish a report of voting activity as part of the Fund's annual report.

We expect the London CIV to take an active approach to voting and engagement and we will monitor its activity in these areas.

We review the stewardship activities on an annual basis with input from the Fund's investment adviser and will engage with managers and the London CIV as required.

We encourage the investment managers to provide suitable context when reporting on their voting and engagement activities, to explain the rationale for the actions they have taken, the relevance to the Fund, and outcome of engagement activity.

The Panel has formally agreed to adhere to the Stewardship Code as published by the Financial Reporting Council. A copy of the Fund's statement of compliance with the Stewardship Code can be found on the Fund's website.

The Fund is proud to remain a signatory to the UK Stewardship Code, following the acceptance of our 2024 Stewardship Report. This continues our commitment, first recognised in 2023, to responsible investment and acting in the best interests of our members. The acceptance of our report demonstrates that the Fund meets high standards in how we manage investments, is open and accountable in its approach and follows recognised best practice. It also reflects how our values and beliefs guide decisions that help protect and grow your pension over the long term. The London CIV is also a signatory to the Stewardship Code.

We believe in collective engagement and the Fund is a member of the Local Authority Pension Fund Forum (LAPFF), through which it collectively exercises a voice across a range of corporate governance issues.

## 7. Climate change

We consider that significant exposure to high carbon emitting companies and projects within portfolio could pose a material financial risk to the value of the Fund's investments.

We have committed to undertaking a carbon footprint exercise for the Fund to quantify the Fund's current carbon emissions. We will then develop a plan to reduce the Fund's carbon emissions. The plan will be periodically reviewed to ensure that it remains consistent with the risks associated with investment in carbon assets and with the Committee's fiduciary duties.

A key consideration in developing this plan, including the setting of any intermediate targets, will be the London CIV's own plans to reduce the carbon exposure of the funds it oversees. As at 30 September 2025, c54% of the Fund's assets sit within the London CIV and this percentage is expected to grow over time.

The Panel agreed to set a net zero of 2040 alongside a commitment to explore options for reaching this target more quickly. This will be considered in more detail as part of the Fund's net zero roadmap which was last updated in September 2024 to assess the effectiveness of the activities undertaken so far and ensure that there is a clear process moving forward.

## 8. Human Rights

The Pension Fund is committed to integrating human rights considerations into its responsible investment strategy. We will regularly review our investments for alignment with our values, and in particular to identify whether investee companies conduct their undertakings in a way which supports the protection of human rights globally. In cases where there are concerns about whether that is the case, the Fund will raise the relevant issues with London CIV and with investment managers, the aim being to ensure that those issues are addressed through monitoring and engagement in the same way as the other ESG issues identified in this policy, and also that any financial risks associated with such investments are identified and mitigated (including, where necessary, by abstaining or exiting from investment in the undertakings concerned). The Fund will also work with London CIV and bodies such as the Local Authority Pension Fund Forum (LAPFF) to enhance engagement with a view to promoting positive change.

## 9. Disclosure and reporting

We recognise that transparency and disclosure is an important aspect of being a responsible investor. In support of this, this RI policy is being made available to members. We will review this policy at least every three years or as required as a result of legislative changes or industry developments.

## 10. Our Commitment

We recognise that the RB Greenwich Pension Fund's approach to Responsible Investment should continually evolve in response to the changing landscape of Environmental, Social, and Governance issues and broader industry developments. We are dedicated to making ongoing improvements to our approach and the processes that support the implementation of this policy, ensuring it remains relevant and effective. This policy will be reviewed as part of any strategic assessment of the Fund's investment objectives and risk management, or as necessary in response to changing regulations or broader governance issues.

## Appendix 2 – Myners Principles

Principle	Response on Adherence
<p>1 - Effective Decision Making</p> <p>Administering authorities should ensure that:</p> <ul style="list-style-type: none"> <li>• Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation.</li> <li>• Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest.</li> </ul>	<p><i>The Royal Borough of Greenwich Pension Fund fully complies with this principle.</i></p> <p>Council has delegated decision making in respect of the Pension Fund to the Pension Fund Investment and Administration Panel. This panel is a subcommittee of Council. It convenes a minimum of four times a year and contains four Greenwich Councillors with full voting rights.</p> <p>Representatives from admitted bodies and the trade unions are able to participate as members of the Panel. The Terms of Reference for the Panel are shown in appendix 4.</p> <p>Training is undertaken by Trustees at appropriate levels to meet the CIPFA Knowledge and Skills Code. Trustees are remunerated in line with their capacity as Council Members. The sub-committee is supported by an in-house team which monitors day-to-day activities on the fund. The Panel engages its fund managers each year. The Director of Finance is responsible for day-to-day monitoring of the fund and prepares the committee reports.</p> <p>A two-year rolling business plan has been developed and approved by the Panel.</p>
<p>2 - Clear objectives</p> <p>An overall investment objective should be set out for the fund that takes account of the scheme's liabilities, the potential impact on local taxpayers, the strength of the covenant for non-local authority employers and the attitude to risk of both the administering authority and scheme employers. These should be clearly communicated to advisers and investment managers.</p>	<p><i>The Royal Borough of Greenwich Pension Fund fully complies with this principle.</i></p> <p>The investment objectives of the fund are stated in the Investment Strategy Statement. These take into account the scheme's liabilities, the impact on employer contribution rates and the schemes attitude to risk. The asset allocation and benchmarks of the Fund are set with the aim of achieving these objectives and are communicated to investment managers. The Funding Strategy Statement evaluates the effect of the covenant upon employers and the Fund.</p>

<p>3 - Risk and liabilities</p> <ul style="list-style-type: none"> <li>• In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of liabilities.</li> <li>• These include the implications for local taxpayers, the strength of the covenant for participating employers, the risk of their default and longevity risk.</li> </ul>	<p><i>The Royal Borough of Greenwich Pension Fund fully complies with this principle.</i></p> <p>The investment strategy aims to achieve the return required to meet current and future liabilities as set out in the actuarial valuation. The strategy also takes into account the requirement to keep employer contribution rates at a stable level.</p> <p>Consideration is given to the payment of a bond by prospective admitted bodies to the Fund, to mitigate against the risk that they may default on their contribution payments.</p> <p>The longevity risk is built into the triennial actuarial valuation and is therefore included when determining the investment strategy.</p> <p>The investment risks and how they are managed are detailed in the ISS.</p>
<p>4 - Performance Assessment</p> <ul style="list-style-type: none"> <li>• Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisers.</li> <li>• Administering authorities should also periodically make a formal assessment of their own effectiveness as a decision-making body and report on this to scheme members.</li> </ul>	<p><i>The Royal Borough of Greenwich Pension Fund complies with this principle.</i></p> <p>The performance of investments and investment managers is monitored on a quarterly basis. An independent performance measurement company provides quarterly reports detailing the performance of the asset allocation and investment managers relative to the benchmarks. The company also provides data detailing the performance of the Royal Borough of Greenwich Pension Fund in relation to its peer group. This data is used for information only and is not considered when developing the investment strategy. A report detailing the performance of the fund is presented quarterly to the Pension Fund Investment and Administration Panel.</p> <p>The Business Plan details how the fund expects to deliver its objectives for the year. The Business Plan also sets out administrative performance targets of when important documents need to be produced.</p> <p>The Annual Report outlines training undertaken, in order to ensure effective decision making.</p>

<p>5 - Responsible Ownership</p> <p>Administering authorities should:</p> <ul style="list-style-type: none"> <li>Recognise and ensure that their partners in the investment chain adopt the FRC's UK Stewardship Code</li> <li>Include a statement of their policy on responsible ownership in the Investment Strategy Statement.</li> <li>Report periodically to scheme members on the discharge of such responsibilities.</li> </ul>	<p><i>The Royal Borough of Greenwich Pension Fund complies with this principle.</i></p> <p>The Fund's policies on the exercise of rights (including voting rights) and social, environmental and ethical considerations are included within the Investment Strategy Statement,</p> <p>The Fund complies with the UK Stewardship Code, details of which are in the Fund's Statement of Compliance with the UK Stewardship Code for Institutional Investors. The Fund also expects its investment managers and investment advisor to comply with the Code.</p> <p>The Fund expects its investment managers to engage with companies within their portfolio on social, environmental and ethical issues.</p>
<p>6 - Transparency and Reporting</p> <p>Administering authorities should:</p> <ul style="list-style-type: none"> <li>act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives.</li> <li>provide regular communication to scheme members in the form they consider most appropriate.</li> </ul>	<p><i>The Royal Borough of Greenwich Pension Fund fully complies with this principle.</i></p> <p>The Fund publishes annually a Communications Strategy detailing its policy for communicating information to members, representatives of members, prospective members and employing authorities. The Fund also makes available a range of documents including:</p> <ul style="list-style-type: none"> <li>Annual Report, incorporating the Pension Fund Statement of Accounts</li> <li>Investment Strategy Statement</li> <li>Governance Statement</li> <li>Stewardship Code</li> <li>Knowledge and Skills Policy Statement</li> <li>Triennial actuarial valuation</li> <li>Funding Strategy Statement</li> <li>Agenda and Minutes of the Pension Fund Investment and Administration Panel and the Pension Board</li> </ul> <p>These documents are published on the internet and hard copies are available on request.</p>

## Appendix 3 – Voting intention guidelines

Note: The forthcoming Pension Schemes Act 2026, which introduces significant reforms to the LGPS, will mean that London CIV becomes the primary mechanism through which the Fund exercises its voting rights. The Fund will review the Voting Intention Guidelines section once the Act comes into force.

### Voting Governance Issues

### Action if Negative

#### CHAIRMAN/CHIEF EXECUTIVE

Role of Chairman and Chief Executive should be separate to avoid undue concentration of power.

Vote against Chairman/ Chief Executive re-appointment as Director.

#### NON-EXECUTIVE DIRECTORS

2. Board must have a minimum of 40% non-Executive Directors.

Vote against appointment of all Executive Directors.

3. Non-Executive Directors should not hold such a position in a competitor.

Vote against re-appointment when up for re-election.

#### DIRECTORS

4. There should be formal appointments for all Directors.

Vote against appointment of Directors.

#### REMUNERATION COMMITTEE

5. The Committee must be composed entirely of independent Non-Executive Directors.

Vote against all Executive Directors.

- |    |  |   |
|----|--|---|
| 6. | The Committee should be answerable to the shareholders at the AGM. | Vote against acceptance of the accounts.                  |
|    |  | Vote against the reappointment of Chairman as a Director. |

#### GENERAL

- |    |  |                                      |
|----|--|--------------------------------------|
| 7. | All Directors need to seek re-election at least every three years (by rotation). | Vote against acceptance of accounts. |
|----|--|--------------------------------------|

#### AUDIT COMMITTEE

- |     |  |                                      |
|-----|--|--------------------------------------|
| 8.  | There shall be an Audit Committee.   | Vote against acceptance of accounts. |
| 9.  | The Audit Committee should have a majority of Non-Executive Directors.                                 | Vote against acceptance of accounts. |
| 10. | The Audit Committee shall meet with the Auditors at least once in the year without Executives present. | Vote against acceptance of accounts. |

#### REPORTING AND CONTROLS

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| 11. | The Directors shall report on frauds uncovered that exceed £100,000 and action taken. | Vote against acceptance of accounts. |
|-----|---|--------------------------------------|

## THE CADBURY CODE

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|-----|--|--|
| 12. | There shall be no rolling contracts of more than twelve months.  | Vote against all relevant Directors' re-appointments.                            |
| 13. | There shall be full disclosure of all emoluments received by Directors.  | Vote against re-appointment of all Directors.                                    |
| 14. | There shall be transparent disclosure of the basis of performance related payments.  | Vote against re-appointment of Chairman of Remuneration Committee as a Director. |
| 15. | The basis of executive share options granted shall be the subject of shareholders resolution, be voted upon at least every five years and meet the guidelines of the Inland Revenue and the National Association of Pension Funds. | Vote against acceptance of accounts.   |
| 16. | There shall be full disclosure of share options granted to Directors and the Executive and those exercised in the preceding 12 months.   | Vote against all Directors re-appointments.                                      |

## AUDITORS

- |     |  |  |
|-----|--|--|
| 17. | The Auditors shall not be given or awarded additional work with the company that exceeds 50% in value of the Audit contract. | Vote against all Director Members of Audit Committee. Vote against the re-appointment of Auditors. |
| 18. | The Board shall contain no former employee   | Vote against Directors re-   |

of the audit firm.

appointment who come into this category.

#### OTHER MATTERS

- |     |   |   |
|-----|---|---|
| 19. | The Company shall not make any political or quasi political donations.              | Vote against acceptance of accounts.<br>Vote against Chair's re-appointment |
| 20. | The Company shall indicate how it ensures equal opportunity is genuinely available. | Seek compliance through written Contract.                                   |

## Appendix 4 – Pension Fund Investment and Administration Panel – Terms of Reference

The (Royal Borough of Greenwich) Pension Fund Investment and Administration Panel is a sub-committee of Council. It convenes a minimum of four times a year and contains four Greenwich Councillors with full voting rights. Representatives from admitted bodies and the trades unions are invited to participate as members of the Panel, but do not have voting rights. The (Royal Borough of Greenwich Council) Pension Fund Investment and Administration Panel has as its general terms of reference:

- To exercise all relevant functions conferred by regulations made under:
  - a) Public Service Pension Act 2013
  - b) Local Government Pension Scheme Regulations (Various)
  - c) Other Relevant Legislation
- To consider and decide all matters regarding the management of the pension fund's investments and to determine the delegation of powers of management of the fund and to set boundaries for the managers' discretion.
- To decide all matters relating to policy and target setting for and monitoring the investment performance of the pension fund
- At least once every three months, to review the investments made by the investment managers and consider the desirability of continuing or terminating the appointment of the investment managers.
- To consider and make recommendations on policy and staff related issues which have an impact on the pension fund directly or indirectly through changes in employer pension contribution rates and through Fund employers' early retirement policies.
- To consider triennial valuation reports prepared by the Fund's actuaries, with recommended employer contributions.
- To receive monitoring reports from the Director of Finance on all matters relevant to the Pension Fund and the Administering Authority's statutory requirements.
- To receive reports from the Pension Board where appropriate

## **Royal Borough of Greenwich Pension Fund**

### **Knowledge and Understanding Policy and Framework**

#### **1 Aims and Objectives**

- 1.1 This document sets out the Knowledge and Understanding Policy for the Royal Borough of Greenwich Pension Fund. It has been prepared to ensure that all members and decision makers carrying out their roles and responsibilities on behalf of the Royal Borough of Greenwich Pension Fund & The Royal Borough of Greenwich are and remain sufficiently knowledgeable & competent to do so. There is an expectation that officers involved in the governance of the Fund participate in the relevant training activities as part of their Continuing Professional Development.
- 1.2 The Royal Borough of Greenwich, as the administering authority of the Royal Borough of Greenwich Pension Fund, has adopted the key recommendations of the Code of Practice on Local Government Pension Scheme Knowledge and Skills issued by the Chartered Institute for Public Finance Accounting (CIPFA) in 2021 as per the following statements:
- 1.3 As required by CIPFA's Code of Practice, The Royal Borough of Greenwich is committed to the following principles;
- 1) That The Royal Borough of Greenwich adopts the key principles of the code of practice on LGPS knowledge and skills.
  - 2) That The Royal Borough of Greenwich recognises that effective management, governance, decision making and other aspects of the delivery of the LGPS can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them.
  - 3) That The Royal Borough of Greenwich has in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements to effectively acquire and retain LGPS knowledge and skills for those responsible for

the management, delivery, governance and decision making of the LGPS.

4) That the policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Knowledge and Skills Framework.

5) That The Royal Borough of Greenwich will ensure that it has adequate resources in place to ensure all staff, members, or other persons responsible for the management, decision making, governance and other aspect of the delivery of the LGPS acquire and retain the necessary knowledge and skills.

6) That The Royal Borough of Greenwich will report annually on how their knowledge and skills policy has been put into practice throughout the financial year in the fund's annual report.

7) That The Royal Borough of Greenwich has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the appropriate officer, who will act in accordance with the The Royal Borough of Greenwich's knowledge and skills policy statement, and, where they are a CIPFA member, with the CIPFA Standards of Professional Practice (where relevant).

1.4 The policy covers the knowledge and understanding of the following groups:

- Members of the Local Pension Board ('the Board')
- Members of the Pension Fund Investment and Administration Panel ('the Panel')
- Officers of the administering authority responsible for the management of the Fund

1.5 The Royal Borough of Greenwich recognises that effective financial administration and decision-making can only be achieved where those involved have the necessary knowledge and skills. Accordingly, the Royal Borough of Greenwich will ensure that it has formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those

in the organisation responsible for financial administration and decision-making.

- 1.6 Under MiFiD II regulations (which came into effect on 3 January 2018), those that are responsible for the management of the Royal Borough of Greenwich LGPS Fund need to demonstrate a high level of skills and knowledge to enable the Fund to opt-up and be recognised as a professional investor. Being downgraded to retail investor status means that the Fund will not have access to the type of investment products commensurate with the types of investment in which the Fund invests.
- 1.7 Failure to adequately demonstrate a high level of collective knowledge and skills across the Pensions Panel and Pension Board could result in the loss of professional investor status and access to the appropriate investment opportunities.
- 1.8 The 2023 consultation on the future direction of LGPS pooling includes reference to the need for appropriate expertise for those tasked with pension fund decision making. Members of Pensions Boards have mandatory training requirements. However, this is not currently the case for the Pensions Panel (or equivalent Pensions Committee), although it is generally accepted as best practice. Government is therefore proposing that each administering authority set out a training policy for committee members (i.e. members of Panel) and that the training undertaken by members should be reported on regularly.
- 1.9 The Royal Borough of Greenwich has adopted the following Knowledge and Skills Policy Statement:
  - The Royal Borough of Greenwich recognises the importance of ensuring that all staff and members charged with the financial administration and decision-making with regard to the pension fund are fully equipped with the knowledge and

skills to discharge the duties and responsibilities allocated to them.

- The Royal Borough of Greenwich therefore seeks to utilise individuals who are both capable and experienced and it will provide / arrange training for staff and members of the pension decision-making bodies to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

1.10 The objectives of the strategy are to:

- Ensure that Board members meet the legal requirements placed upon them in respect of knowledge and understanding of the local government pension scheme and maintain their training and development, which will be assessed and recorded annually.
- Ensure Panel members have adequate knowledge, training and skills to enable informed decision making even though they do not have the same statutory obligations as board members, which will be assessed and recorded annually.
- Ensure that Officers have adequate knowledge and skills to manage the administration and investment arrangements of the Fund, which will be assessed and recorded annually.

## **2 Delivery**

2.1 The Fund will collaborate with its investment advisers, fund managers, actuary and other stakeholders in the delivery of its training.

2.2 Newly appointed members of both the Pensions Panel and the Pensions Board will receive induction training, carried out by the

Fund's investment advisors. The induction will cover the requirements of their roles and the training strategy.

- 2.3 The training strategy will be delivered to all Board and Panel members via a rolling programme of training, ensuring that the key six areas of knowledge covered by the code are reviewed. Relevant officers will also receive this training.
- 2.4 Where appropriate, knowledge and skills requirements will be met via in- house training, external training and attendance at relevant networks.
- 2.5 A Training Plan will be produced on an annual basis and will be updated as necessary to account for any changes in legislation, updated guidance and other relevant changes. Alongside the training plan, officers will maintain a training register which will hold details of training courses/events available alongside details of who has attended.
- 2.6 The Royal Borough of Greenwich has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Director of Finance, who will act in accordance with the organisation's policy statement and with CIPFA Standards of Professional Practice.
- 2.7 Pension Board members will use the e-learning toolkit provided by the Pensions regulator (or equivalent) to undertake a personal training needs analysis, putting in place a personalised training plan in order to meet the statutory obligations placed upon them. Whilst there is no statutory obligation placed on them to do likewise, Panel members and officers are encouraged to do the same.

- 2.8 Each year, when possible, the Fund will hold an annual ‘away day’ for officers, Board members and Panel members. This is an opportunity to cover training on a vast number of topics

### **3 Review and measurement of effectiveness**

- 3.1 The Royal Borough of Greenwich Pension Fund will report on an annual basis how these policies have been put into practice throughout the financial year.
- 3.2 We have worked with our advisers in putting together, template monitoring sheets that can record collectively or individually training achievements. This is done to comply with The TPR code, MHCLG statutory guidance, CIPFA Code and Framework and MiFID II requirements.
- 3.3 The knowledge & skills will cover Public Sector pensions, the pension industry in general, the relevant requirements of the Financial Conduct Authority & the completion of any other relevant training in connection with a Member’s role, for example, data protection training. As a minimum requirement Members will be expected to embrace the eight topics of the CIPFA Knowledge & Skills Framework, namely;
- |  |   |
|--|---|
| Legislation & Guidance.                | Governance.                               |
| Administration & Communications.       | Accounting & Audit Standards.             |
| Procurement & Relationship Mngt.       | Investment Performance & Risk Management. |
| Financial Markets & Product Knowledge. | Actuarial Methods, Standards & Practice.  |
- 3.4 Monitoring will help develop personalised training plans which will be used to document and address any knowledge/skills gaps and update areas of learning when deemed necessary. This will assist in the acquisition of new areas of knowledge in the event of change.

## **4 Training methods**

4.1 There are numerous methods and materials available to help prepare and equip individuals to perform their respective roles. Options include (but are not limited to) –

- On site, off site or online training
- Collaborating with other Funds
- A full day to cover many topics in one go
- A formal presentation
- A workshop with participation
- Spotlight sessions - short sessions on topical issues or scheme-specific issues
- Informal discussion
- One to one

## **5. Risk Management**

5.1 The compliance and delivery of a training plan is at risk in the event of –

- Frequent changes in membership of the Pension Committee or Pension Board
- Poor individual commitment
- Resources not being available
- Poor standards of training
- Inappropriate training plans

5.2 These risks will be monitored, and appropriate records of a learning programme maintained, in order to minimise the risk.

## **Annual Report of the Pension Board 2024/25**

### **1. Background**

- 1.1 The Local Pension Board (the Board) was established on 1 April 2015 by the Pension Investment and Administration Panel under delegation from the Administering Authority.
- 1.2 The Local Pension Board (the Board) was into its 10<sup>th</sup> year of operation during the 2024/25 financial year and continues to be an important part of the authority's overall governance arrangement. The purpose of the Board is to assist the administering authority of the Fund (the Royal Borough of Greenwich) in its role as scheme manager, with the efficient and effective governance and administration of the scheme.
- 1.3 The Board is made up of two member representatives and two employer representatives, each with voting rights. Members of the Board may attend meetings of the Pension Fund Investment and Administration Panel (the Panel) as observers. The chair of the Board is also invited to attend the Panel meetings. This provides a useful link between the advisory body and the Board.
- 1.4 The Board is constituted under the Public Service Pensions Act 2013 and meets formally to consider arrangements for the Fund, to review decisions made by the Panel and to request further information from Fund officers and advisors. The Board has no decision-making role in relation to management of the Fund but is able to make recommendations to the Panel.

### **2. Activity during 2024/25**

- 2.1 The Board met on four occasions during 2024/25. The Board's membership and attendance at meetings are set out in the table below.

Table 1- Membership and attendance

	2024			2025
	22-Jul	16-Sept	09-Dec	17-Mar
Councillor Nick Williams (Chair)	✓	✓	✓	x
Councillor Issy Cooke	x	✓	✓	✓
Simon Steptoe	✓	✓	✓	✓
Alastair Kidd	✓	✓	✓	✓

## 2.2 Business Plan 2024/25

The Business Plan for 2024/25 is attached as Appendix B.

A summary of the items considered during the year is as follows:

- Review of scheme administration arrangements
- Review of the Funds Communications Policy
- Review of the annual report of the Pension Board for 2023/24
- Review of the draft Pension Fund Annual Report for 2023/24
- Review of quarterly fund performance
- Review of Fund strategies, statements and reports.
- Review of work undertaken at the Pension Investment and Administration Panel meetings.
- Review of the Knowledge and Skills Framework
- Review of the Risk Register
- Review of the business plan for 2025/26

This year also saw the continuation of presentations to the Board from the Funds Investment managers which were solely focused on ESG (environment, social, governance) issues. This process has provided a platform through which Board members can ask questions of the Funds investment managers in relation to their stewardship and engagement activities and has allowed Board to gain an understanding of the different forms this can take in relation to different asset types. As this

was the second year in which these presentations have taken place, the Board has been able to review the progress of Managers stewardship and engagement activities since their previous presentations and challenge where necessary. In 2024/25 the Board received these presentations from the following managers:

<b>Manager</b>	<b>Mandate</b>
Fidelity International	Global Emerging Markets, UK Aggregate Bonds & Multi-Asset Credit
Legal and General (LGIM)	Low Carbon Passive Equity

### **3. Training**

3.1 During the year, Board members received training in the following areas:

- Auditing and Accounting Standards provided by Hymans Robertson.
- Climate Risk Management provided the London Collective Investment Vehicle (LCIV)
- An Introduction to Private Markets provided by Blackrock

2024/25 saw the introduction of quizzes, designed to test the knowledge of the Board. These quizzes will be continued at each meeting throughout 2025/26 and the results will be reported as part of the Funds review of the Knowledge and Skills Framework later in the year.

3.2 The Annual Pension Fund Away Day, which is also attended by Panel members, officers, the Fund's investment advisors, actuary, and Fund investment managers, was held on 14 February 2025. The day featured sessions on the following subjects:

- Exposure to the Occupied Palestinian Territories – considerations for exclusions, restrictions and other conflicts – presented by Hymans Robertson.
- Fiduciary Duties - responses to lobbying, engagement, voting and divestment – presented by Pensions for Purpose.

- Responsible Investment Policy – consideration of Human rights and next steps presented by the Partnering and Investment Finance Manager in collaboration with Hymans Robertson.
- The Triennial Valuation – key considerations and general assumptions – presented by Barnett Waddingham.
- An Introduction to the 2025 Investment Strategy Review – background to setting the strategy, asset allocation considerations and performance – presented by Hymans Robertson.
- Challenges facing the LGPS – presented by Barnett Waddingham.
- A presentation from the Pensions Administration Team on work undertaken during the year.

#### **4. Expenses**

- 4.1 Travel expenses of £105.35 were claimed by Board members in relation to their Board duties during the year.

#### **5. Risk Management**

- 5.1 The Board has a standalone Conflict of Interest Policy. Members of the Board declare their interests at each formal meeting. There were no reported conflicts of interest during the year. No investigations into the activities of the Fund were required by the Board during the period under review, however the Board did request to review the Funds communications Policy to establish the procedures in place for communication with Fund members.
- 5.2 A risk register is maintained for the Fund. The risk register was reviewed by the Board and Panel during 2024/25. The Fund is undertaking a review of its risk register process during 2025/26.

#### **6. Future Activity**

- 6.1 During 2024/25 the Board will continue to receive presentations from the Funds Investment Managers on their ESG related activities. The Board will continue to review the work being undertaken by Panel to fulfil their stewardship role as per The

Pension Regulator Regulation 14. Work will include re-review of the Boards Terms of Reference and Conflict of Interest Policies, review of the process for the Funds Risk Register and quarterly review of investment performance. The business plan for 2025/26, is attached as appendix C to this report.

### **7 Remembering Alastair**

- 7.1 This year saw the sad passing of Alastair Kidd who had served as a member representative on the Board since 2022. Alastair's dedication, knowledge and invaluable contributions to the Fund have left a lasting impact. Alastair was a friendly, engaged and committed member of the Board who will be deeply missed. On behalf of the Board and the Fund, we extend our heartfelt condolences to Alastair's family, friends and colleagues.

# Independent auditor's report to the members of Royal Borough of Greenwich Council

## Report on the audit of the financial statements

### Opinion on the financial statements of Royal Borough of Greenwich Pension Fund

We have audited the financial statements of Royal Borough of Greenwich Pension Fund ('the Pension Fund') for the year ended 31 March 2025, which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2025, and the amount and disposition of the Pension Fund's assets and liabilities as at 31 March 2025; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Council, as administering authority for the Pension Fund, in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Section 151 Officer with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Section 151 Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required

to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of the Section 151 Officer for the financial statements**

As explained more fully in the Statement of the Section 151 Officer's Responsibilities, the Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and for being satisfied that they give a true and fair view. The Section 151 Officer is also responsible for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Section 151 Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Section 151 Officer is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Pension Fund, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, data protection, environmental protection, corruption and anti-bribery.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- gaining an understanding of the legal and regulatory framework applicable to the Pension Fund, the environment in which it operates, and the structure of the Pension Fund, and considering the risk of acts by the Pension Fund which were contrary to the applicable laws and regulations, including fraud;
- inquiring with management and the Audit and Risk Management Panel, as to whether the Pension Fund is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- reviewing relevant meeting minutes in the year;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and

- considering the risk of acts by the Pension Fund which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

In addition, we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management, Head of Internal Audit and the Audit and Risk Management Panel on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud, rests with both management and the Audit and Risk Management Panel. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, (Revised 2024) and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Matters on which we are required to report by exception under the Code of Audit Practice**

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

## **Use of the audit report**

This report is made solely to the members of Royal Borough of Greenwich Council, as a body and as administering authority for the Royal Borough of Greenwich Pension Fund, in accordance with part 5 of the Local Audit and Accountability Act 2014 and the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the

fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

*Suresh Patel*

Suresh Patel  
Key Audit Partner  
For and on behalf of Forvis Mazars LLP (Local Auditor)

27 February 2026

30 Old Bailey  
London  
EC4M 7AU

## Royal Borough of Greenwich Pension Fund

2023/24 £000	Fund Account	Notes	2024/25 £000
	<u>Dealings with Members, Employers and Others directly involved in the Scheme</u>		
	Contributions Receivable:		
(45,956)	Employer Contributions	6	(48,986)
(16,961)	Member Contributions	6	(17,678)
(4,345)	Transfers in from Other Pension Funds	7	(8,484)
	Benefits:		
57,894	Pensions	8	63,647
12,959	Lump Sum and Commutations	8	15,204
2,256	Lump Sum Death Benefits		1,786
9,531	Payments to and on account of Leavers	9	2,674
<b>15,378</b>	<b>Net (additions) / withdrawals from Dealings with Members</b>		<b>8,163</b>
5,767	Management Expenses	10a	5,849
<b>21,145</b>	<b>Net (additions)/withdrawals including fund management expenses</b>		<b>14,012</b>
	<u>Returns on Investment</u>		
(22,841)	Investment Income	11	(17,200)
(104,724)	(Profit) and Losses on disposal of Investments and Changes in Value of Investments		(60,672)
35	Taxes on Income	11a	0
<b>(127,530)</b>	<b>Net Returns on Investment</b>		<b>(77,872)</b>
<b>(106,385)</b>	<b>Net (increase) / decrease in the Net Assets available for Benefits during the year</b>		<b>(63,860)</b>

<b>31 March 2024</b>	<b>Net Asset Statement</b>	<b>Notes</b>	<b>31 March 2025</b>
<b>£000</b>			<b>£000</b>
	<u>Investment assets</u>		
	<u>Pooled Investment Vehicles:</u>		
802,181	Equities	14	783,867
319,890	Fixed Income	14	476,274
133,483	Property Unit Trusts	14	150,437
199,000	Multi Asset	14	101,619
24,066	Infrastructure	14&22	29,736
67,733	Private Debt	14&22	71,220
	<u>Non-Pooled Investments:</u>		
102,581	Diversified Alternative	14	80,447
838	Private Equity	14&22	747
5,945	Property - Freehold	3&14	6,560
6	Cash Deposits	19	38
25,218	Cash Equivalents	19	44,183
3,199	Other Investment Balances	18	3,058
	<u>Investment Liabilities</u>		
(1,428)	Other Investment Balances	18	(918)
<b>1,682,712</b>	<b>Net Investment Assets / (Liabilities)</b>		<b>1,747,268</b>
	<u>Current Assets</u>		
5,134	Contributions Due	18	5,523
645	Other Current Assets	18	724
4,007	Cash Balances	19	3,037
	<u>Current Liabilities</u>		
(759)	Unpaid Benefits	18	(579)
(1,089)	Other Current Liabilities	18	(1,463)
<b>7,938</b>	<b>Net Current Assets / (Liabilities)</b>		<b>7,242</b>
<b>1,690,650</b>	<b>Net Assets of the Scheme available to fund Benefits at the Period End</b>		<b>1,754,510</b>

The financial statements of the Fund do not take account of liabilities to pay pensions and other benefits after 31 March 2025. The actuarial present value of promised retirement benefits is disclosed in note 17.

## Note 1 – Description of The Fund

The following description of the Fund is a summary only. For more detail, reference should be made to the Royal Borough of Greenwich Pension Fund Annual Report 2024/25 and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations.

### General

The Royal Borough of Greenwich Pension Fund (the “Fund”) is part of the Local Government Pension Scheme (LGPS) and is administered by the Royal Borough of Greenwich. It is a defined benefit pension scheme providing pensions and other benefits for employees of the Royal Borough of Greenwich and those organisations with admitted or scheduled body status within the Fund. The Fund is overseen by the Royal Borough of Greenwich Pension Investment and Administration Panel. The Fund is governed and administered in accordance with the Public Service Pensions Act 2013 and the following Local Government Pension Scheme Regulations:

- The LGPS Regulations 2013 (as amended)
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The LGPS (Management and Investment of Funds and Amendment) Regulations 2016

### Membership

All employees are able to join the pension scheme (except teachers). Those with a contract of employment of at least 3 months are contractually enrolled into the pension scheme on commencement of employment. Members have an option to remain in the scheme or to opt-out of the scheme. Organisations participating in the Fund include:

- **Administering Authority:** This is the Royal Borough of Greenwich (the “Authority”)
- **Scheduled Bodies:** Local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- **Admitted Bodies:** Other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. These include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There were 63 active employer organisations within the Fund as at 31 March 2025 (67 as at 31 March 2024). The following table summarises the composition of the registered membership of the Fund as at 31 March 2025.

Membership	Administering Authority		Admitted Bodies		Scheduled Bodies	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
Employees contributing into Fund	6,217	6,165	390	361	2,182	2,293
Pensioners / Dependents	7,607	7,970	325	360	606	701
Former Members entitled to Deferred Benefits	7,372	7,459	370	350	1,773	1,772
<b>Totals</b>	<b>21,196</b>	<b>21,594</b>	<b>1,085</b>	<b>1,071</b>	<b>4,561</b>	<b>4,766</b>

### Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year end 31 March 2025. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations.

### Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index. There are a range of other benefits provided under the scheme including early retirement, ill-health pensions and death benefits.

### Governance

The Royal Borough of Greenwich has delegated management of the Fund to the Pension Investment and Administration Panel. The Panel is made up of four committee members, each with voting rights. The Panel is responsible for agreeing an appropriate investment strategy, review and scrutiny of investment manager performance, quarterly account review and policy statement review. The Panel receives guidance, where appropriate, from the Fund's investment advisors, actuary and Fund managers. The Panel receives regular training in line with CIPFA's Knowledge and Skills Framework.

It is a requirement under the Public Service Pensions Act 2013 for LGPS funds to set up a Local Pension Board. The Royal Greenwich Pension Board is made up of two member representatives and two employer representatives who act in an overview and scrutiny role to ensure strong governance of the Fund. The Board also receives regular training under the CIPFA Knowledge and Skills Framework. The role and responsibilities of Board Members is set out in the 'Pension Board of the Royal Borough of Greenwich Terms of Reference', which is available on the Royal Borough of Greenwich website via the annual report.

### Investment Principles

Regulation 7(1) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 requires administering authorities to prepare an Investment Strategy Statement (ISS). The latest ISS was agreed by the Pension Fund Investment and Administration Panel on 24 July 2023 and is available on the Royal Borough of Greenwich website.

The Panel has delegated the day-to-day management of investments to external Investment Managers in line with their relevant mandates. The performance of the Investment Managers is reported on a quarterly basis by the Fund's Investment Advisors.

## **Note 2 – Basis of Preparation**

The Statement of Accounts (the “Accounts”) summarise the Fund’s transactions for the 2024/25 financial year and its position at year-end as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the “Code”) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The Accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The Accounts do not take account of obligations to pay pensions and benefits, which fall due after the end of the financial year. The Code gives administering authorities the option to disclose this information in the net asset statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 17 of these accounts. The most recent actuarial valuation was carried out as at 31 March 2022 and determines the contribution rates for the next three years from 1 April 2023 with an aim to maintain the solvency of the Fund. Therefore, these accounts have been prepared on a going concern basis, on the assumption that the functions of the Pension Fund will continue in operational existence for the foreseeable future.

Many values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.

## Note 3 – Summary of Significant Accounting Policies

### **Fund Account – Revenue Recognition**

#### Contributions

Both employer and member normal contributions are accounted for on an accruals basis. Member contributions rates are set in accordance with LGPS regulations using common percentage rate bandings, which rise in line with pensionable pay. Employer contributions are set at a percentage rate advised by the Fund's actuary as necessary to maintain the Funds solvency.

Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset.

#### Transfers to and from other schemes

Individual transfers to and from other schemes are accounted for on a cash basis at which point the related member liability transfers to the fund. Bulk transfers to/from the scheme are accounted for in accordance with the terms of the transfer agreement.

#### Investment Income

- a) Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is reflected within the net assets statement as "Other Investment Balances" and disclosed within the note on Debtors and Creditors.
- b) Some pooled investment vehicles within the portfolio are accumulation funds and as such, the change in market value also includes income, which is re-invested in the Fund. The market price for those units reflects this re-invested income. Non-accumulating units give rise to dividends.
- c) Freehold property gives rise to rental income. These amounts are recognised on a straight-line basis over the life of the operating lease.
- d) Private Equity distributions are split between their constituent elements i.e. dividend, interest, gain/loss or return of capital, as advised by the Fund manager. The income is accrued on the distribution date advised by the manager.
- e) The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments.
- f) Diversified Alternatives distributions have been treated as dividend income and return of capital, in line with the structure of the mandate.
- g) Interest is recognised as it accrues. Any interest due but not received at the end of the reporting period is accrued for and disclosed within the note on Debtors and Creditors.

## **Fund Account – Expense Items**

### Benefits payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net asset statement as current liabilities.

### Taxation

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. Any recoverable amounts outstanding at the reporting period end will be classified as a debtor.

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

### Management Expenses

The Fund discloses its management expenses in accordance with the CIPFA guidance 'Accounting for Local Government Pension Scheme Management Expenses (2016)'. These expenses are charged to the Fund on an accruals basis under the headings below:

**Administrative Expenses** – Staff costs pertaining to the pensions administration team are charged direct to the Fund. Associated management, IT, rents and rates and other overheads are apportioned to financial administration and charged as expenses to the Fund on an annual basis.

**Oversight and Governance** – These costs include the selection, appointment, performance management and monitoring of external fund managers, investment advisory service costs, operation and support of the Pensions Panel and Board and other governance related costs.

**Investment Management Expenses** – Expenses incurred in relation to the management of pension fund assets and includes transaction costs, management fees, performance fees and custody fees. Investment management fees, including those paid to the pool operator (London Collective Investment Vehicle, "LCIV") are calculated by reference to the market value of portfolio assets under management at the end of each week/month/quarter. The exceptions to this are Fixed Income, where market value based fees are charged on a daily basis and Private Equity, Infrastructure and Private Debt fees, which are based upon amounts committed to each manager.

Where an investment manager's fee invoice has not been received by the balance sheet date, an estimate based upon the market value of the mandate as at the end of the year is used for inclusion in the fund account.

## **Net Asset Statement**

### Financial Assets

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 14. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 14). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

### Property

The Fund owns the freehold of one investment property – New Lydenburg Industrial Estate. Further details regarding the basis of valuation can be found in Note 14. Any surplus / deficit on valuation is reflected in the Fund Account and is shown as a change in market value of investments.

### Foreign Currency

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currencies, overseas investments and purchases and sales outstanding at the end of the reporting period.

### Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than a three-month period from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### Financial Liabilities

The Fund recognises financial liabilities at amortised cost as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

## Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is rolled forward from the latest triennial valuation by the scheme actuary in accordance with the requirements of International Accounting Standard (IAS) 19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial value of promised retirement benefits by way of a note to the net asset statement (note 17).

## Additional Voluntary Contributions

There are currently two additional voluntary contribution (AVC) schemes for the members of the Royal Borough of Greenwich Pension Fund, with only one open to new members. These schemes are separate to the fund with assets which are invested separately. AVCs are not included in the accounts in accordance with Section 4(1) (b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016. Note 20 provides details of the Funds AVC schemes.

## Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Fund a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Net Asset Statement but are disclosed in a note to the Accounts. The de minimus for contingent liabilities is reflective of the Funds perception of materiality and is currently set at £250,000.

## **Other Accounting Policies**

### Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Fund's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### Accounting Standards Issued/Amended but Not Yet Adopted

Under the Code of Practice on Local Authority Accounting there is a requirement to disclose the impact of accounting standards issued but not yet adopted. At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom. These standards will have no significant impact on amounts reported in this year's Pension Fund accounts:

- a) IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)

## b) IFRS 17 Insurance Contracts

### Events after the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Accounts are authorised for issue. Events taking place after the date of authorisation for issue are not reflected in the Accounts. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Accounts are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

## Note 4 - Critical Judgements in Applying Accounting Policies

It has not been necessary to make any material critical judgements in applying the accounting policies during 2024/25.

## Note 5 - Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made, taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

Item	Uncertainties	Effect if actual results differ from assumptions
Diversified alternative	Diversified Alternative investment are valued using variety of methods and makes assumptions that are not always supported by observable market prices or rates. These investments are not publicly listed and as such, there is a degree of estimate involved in the valuation.	The total value of Level 3 investment in Diversified Alternative is £80.4m. There is a risk that the investment may be under or overstated in the accounts. The Funds' performance management advisors report a tolerance of 9.44% in respect of the net asset values the fund valuation is based upon. This equates to a tolerance of +/- £7.6m
Pooled Property (CBRE)	The Fund is valued at the fair values provided by the administrators of the underlying funds. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation.	The total value of Level 3 investment in CBRE is £38.1m. There is a risk that the investment may be under or overstated in the accounts. The Funds' performance management advisors report a tolerance of 5.74% in respect of the net asset values the fund valuation is based upon. This equates to a tolerance of +/- £2.19m
LCIV Renewable Infrastructure	Infrastructure investments are valued using best practices prevailing within the investment management industry to	The total value of Level 3 investment in LCIV renewable infrastructure is £29.7m. There is a risk that the investment may be

determine each underlying investment's fair market value.

These valuations are validated by third party independent appraisal firms.

under or overstated in the accounts. The Funds' performance management advisors report a tolerance of 12.73% in respect of the net asset values the fund valuation is based upon. This equates to a tolerance of +/- £3.8m

#### LCIV Private Debt

Private debt investments are valued at fair value in accordance with industry guidelines, based on the fund manager valuations as at the end of the reporting period.

These investments are not publicly listed and as such there a degree of estimation involved in the valuation.

The total value of Level 3 investment in LCIV Private Debt is £71.2m. There is a risk that the investment may be under or overstated in the accounts. The Funds' performance management advisors report a tolerance of 7.55% in respect of the net asset values the fund valuation is based upon. This equates to a tolerance of +/- £5.37m

## Note 6 – Contributions Receivable

Contributions represent the total amounts receivable from employers within the scheme in respect of their own contributions and any of their employees who are members of the scheme. The employer's contributions are made at a rate determined by the Fund's Actuary as necessary to maintain the Fund in a state of solvency, having regard to existing and future liabilities. The average employer contribution rate used during 2023/24 and 2024/25 was 18.5%. Member contribution rates are determined by a banding mechanism linked to pensionable pay. Contributions shown in the revenue statement can be broken down as follows:

<b>2023/24</b>	<b>By Category</b>	<b>2024/25</b>
<b>£000</b>		<b>£000</b>
<b>(16,961)</b>	Employee's Contributions	<b>(17,678)</b>
<b>(16,961)</b>	<b>Total Employees' Contributions</b>	<b>(17,678)</b>
	Employer's Contributions:	
<b>(44,995)</b>	Normal Contributions	<b>(47,592)</b>
<b>(905)</b>	Deficit Recovery Contributions	<b>(968)</b>
<b>(56)</b>	Augmentation Contributions	<b>(426)</b>
<b>(45,956)</b>	<b>Total Employers' Contributions</b>	<b>(48,986)</b>
<b>(62,917)</b>		<b>(66,664)</b>

2023/24	By Authority	2024/25
£000		£000
(49,239)	Administering Authority	(51,541)
(10,395)	Scheduled Bodies	(11,430)
(3,283)	Admitted Bodies	(3,693)
<b>(62,917)</b>		<b>(66,664)</b>

## Note 7 - Transfers in from Other Pension Funds

2023/24	Transfers in from other Pension Funds	2024/25
£000		£000
(4,345)	Individual Transfers	(8,484)
<b>(4,345)</b>		<b>(8,484)</b>

## Note 8 - Benefits

Benefits payable are made up of pension payments and lump sums payable upon retirement and death. These have been brought into the accounts on the basis of all valid claims approved during the year.

2023/24	Benefits	2024/25
£000		£000
<b><u>Pensions</u></b>		
53,955	Administering Authority	58,907
1,871	Admitted Bodies	2,260
2,068	Scheduled Bodies	2,480
<b>57,894</b>	<b>Total Pensions Payable</b>	<b>63,647</b>
<b><u>Lump Sums and Commutations</u></b>		
10,942	Administering Authority	12,970
617	Admitted Bodies	892

1,400	Scheduled Bodies	1,342
<b>12,959</b>	<b>Total Lump Sums and Commutations</b>	<b>15,204</b>
<b>Lump Sum Death Benefits:</b>		
1,881	Administering Authority	1,360
229	Admitted Bodies	33
146	Scheduled Bodies	393
<b>2,256</b>	<b>Total Lump Sum Death Benefits</b>	<b>1,786</b>
<b>73,109</b>	<b>Total Benefits Payable</b>	<b>80,637</b>

2023/24 £000	Benefits Total by Employer Type	2024/25 £000
66,778	Administering Authority	73,237
2,717	Admitted Bodies	3,185
3,614	Scheduled Bodies	4,215
<b>73,109</b>	<b>Total Benefits Payable</b>	<b>80,637</b>

## Note 9 - Payments to and on Account of Leavers

2023/24 £000	Payments to and on Account Of Leavers	2024/25 £000
308	Refunds to Members leaving Service	266
(4)	Payments for Members joining State Scheme	(1)
9,227	Individual Transfers	2,409

<b>9,531</b>	<b>Total Payments to and on Account of Leavers</b>	<b>2,674</b>
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## Note 10a – Management Expenses

<b>2023/24</b>	<b>Management Expenses</b>	<b>2024/25</b>
<b>£000</b>		<b>£000</b>
1,159	Administration Expenses	1,399
212	Oversight and Governance	232
4,396	Investment Management Expenses	4,218
<b>5,767</b>	<b>Total Management Expenses</b>	<b>5,849</b>

## Note 10b Investment Management Expenses

<b>2023/24</b>	<b>Management Expenses</b>	<b>2024/25</b>
<b>£000</b>		<b>£000</b>
4,177	Management Expenses	3,902
171	Performance Fees	265
48	Custody Fees	51
<b>4,396</b>	<b>Total investment Management Expenses</b>	<b>4,218</b>

## Note 11 - Investment Income

<b>2023/24</b>	<b>Investment Income</b>	<b>2024/25</b>
<b>£000</b>		<b>£000</b>
(8,327)	Income from Equities	(8,229)
(4)	Income from Private Equity	0
(5,000)	Income from Diversified Alternative	0
(115)	Rental Income from Freehold Property	(115)
(3,663)	Income from Pooled Investment Vehicles	(2,581)
(4,479)	Income from Property Unit Trusts	(4,689)
(1,241)	Interest	(1,584)
(12)	Other Investment Income	(2)
<b>(22,841)</b>	<b>Total Investment Income</b>	<b>(17,200)</b>

## Note 11a - Taxes on Income

### UK Income Tax

The Fund is exempt and approved under the Finance Act 1970. It is therefore not liable to UK income tax on interest, dividends and property income, or to capital gains tax.

### Value Added Tax

By virtue of the Royal Borough of Greenwich being the Administrating Authority, VAT input tax is recoverable on Fund activities.

### Overseas Tax

Taxation agreements exist between the UK and certain EU and other countries whereby a proportion of the tax deducted locally from investment earnings may be reclaimed. The proportion reclaimable and the timescale involved vary from country to country.

2023/24	Taxes on Income	2024/25
£000		£000
35	Taxes on Transition	0
35	<b>Total taxes on income</b>	<b>0</b>

## Note 12 - External Audit Costs

2023/24		2024/25
£000		£000
91	Payable in respect of external audit*	101
0	PSAA Refund	1
(12)	Redmond Review Grant	0
79	<b>Total External Audit Costs</b>	<b>102</b>

## Note 13 - Investments

The investment managers and their mandates are as follows:

<b>Manager</b>	<b>Mandate(s)</b>
Blackrock	Passive Global Equity
Legal and General Investment Management (LGIM)	Low Carbon Passive Global Equity
CBRE Global Investors	Property
Fidelity International	Bond/Global Multi Asset Credit (GMAC)/Global Emerging Market Equities (GEME)
Wilshire	Private Equity
Partners Group	Diversified Alternative
LCIV	Absolute Return, Real Return, Renewable Infrastructure, Private Debt

The market value and proportion of investments managed by each fund manager at 31 March 2025 was as follows:

	<b>2023/24</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2024/25</b>
	<b>Market</b>	<b>Market</b>	<b>Market</b>	<b>Market</b>
	<b>Value</b>	<b>Value</b>	<b>Value</b>	<b>Value</b>
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>
Blackrock	385,250	23	388,002	22
LGIM	282,152	17	307,931	18
CBRE Global Investors	146,528	9	156,649	9
Fidelity BOND	153,296	9	301,138	17
Fidelity GMAC	166,441	10	174,961	10
Royal Borough of Greenwich	25,654	1	51,951	3
Wilshire	838	0	747	0
London CIV	150	0	252	0
Partners Group	102,176	6	80,017	4
Fidelity GEME	137,385	8	90,306	5
LCIV Real Return Fund	100,915	6	0	0
LCIV Absolute Return Fund	98,085	6	101,619	6
LCIV Renewable Infrastructure	24,060	1	29,730	2

LCIV Private Debt	67,720	4	71,207	4
<b>Total</b>	<b>1,690,650</b>	<b>100</b>	<b>1,754,510</b>	<b>100</b>

The values above include working capital (cash, cash equivalents, debtors and creditors)

The change in market value of the Fund during the year is represented as follows:

Manager	Market Value	Purchases	Sales	Change in	Market Value
	31 March			Market	31-Mar
	2024			Value	2025
	£000	£000	£000	Of	£000
				Investments	
Blackrock	382,256	1	(21,000)	23,961	385,218
LGIM	282,194	10,500	0	15,263	307,957
CBRE Global Investors	133,483	21,973	(10,616)	5,597	150,437
Fidelity BOND	153,344	153,447	0	(5,584)	301,207
Royal Borough of Greenwich	5,945	0	0	615	6,560
Wilshire	838	0	0	(91)	747
Fidelity GMAC	166,545	5,067	0	3,452	175,064
London CIV	150	0	0	102	252
Partners Group	102,583	0	(26,641)	4,507	80,449
Fidelity GEME	137,581	9,480	(45,000)	(11,619)	90,442
LCIV Real Return Fund	100,914	1,403	(102,961)	644	0
LCIV Absolute Return Fund	98,085	1,179	0	2,354	101,618
LCIV Renewable Infrastructure	24,066	7,506	0	(1,836)	29,736
LCIV Private Debt	67,733	0	0	3,487	71,220

**Total**                      **1,655,717**      **210,556**      **(206,218)**      **40,852**      **1,700,907**

The values above exclude working capital of £53,603K (of which cash £3,075K, cash equivalents £44,183K, debtors £9,305K and creditors -£2,960K)

The prior year comparator is as follows:

Manager	Market Value	Purchases	Sales	Change in	Market Value
	31 March			Market Value	31-Mar
	2023			Of	2024
	£000	£000	£000	Investments	£000
	£000	£000	£000	£000	£000
Blackrock	604,514	1	(260,556)	38,297	382,256
LGIM	0	241,053	(3,576)	44,717	282,194
CBRE Global Investors	133,768	11,344	(3,856)	(7,773)	133,483
Fidelity BOND <sup>a</sup>	146,643	(192)	0	6,893	153,344
Royal Borough of Greenwich	5,700	0	0	245	5,945
Wilshire <sup>b</sup>	1,180	(36)	(208)	(98)	838
Fidelity GMAC <sup>a</sup>	155,280	(398)	0	11,663	166,545
London CIV	150	0	0	0	150
Partners Group	107,469	0	(1,866)	(3,020)	102,583
Fidelity GEME <sup>a</sup>	127,307	(735)	0	11,009	137,581
LCIV Real Return Fund	93,535	2,395	0	4,984	100,914
LCIV Absolute Return Fund	104,353	1,268	0	(7,536)	98,085
LCIV Renewable Infrastructure	18,813	5,790	0	(537)	24,066
LCIV Private Debt	58,508	3,346	0	5,879	67,733
<b>Total</b>	<b>1,557,220</b>	<b>263,836</b>	<b>(270,062)</b>	<b>104,723</b>	<b>1,655,717</b>

a. The negative Fidelity purchase relates to management fees which are charged by reducing the market value of the holdings by the amount of the fee.

b. Distributions have been split into income (dividends, interest and gains) and distributions of capital reducing the book cost.

Individual investment assets with a market value of greater than 5% of the total fund value are as follows:

Investment Assets	Manager	2024/25	2024/25
		£000	%
Future World Global Equity	LGIM	308,100	18%
Fidelity UK Aggregate Bond	Fidelity	301,207	17%
ISHARES UK Equity	Blackrock	222,090	13%
Fidelity Global Multi Asset Credit	Fidelity	175,067	10%
Aquila Life GLB 3000	Blackrock	163,198	9%
Absolute Return Fund	London CIV	101,619	6%
Fidelity Institutional Funds Emerging Markets	Fidelity	90,442	5%
Partners IC RBG LTD	Partners Group	80,447	5%

The prior year comparator is as follows:

Investment Assets	Manager	2023/24	2023/24
		£000	%
Aquila Life World Ex UK	Blackrock	282,194	17
ISHARES UK Equity	Blackrock	229,194	14
Fidelity Global Multi Asset Credit	Fidelity	166,546	10
Aquila Life GLB 3000	Blackrock	153,344	9
Fidelity UK Aggregate Bond	Fidelity	153,053	9
Fidelity Institutional Funds Emerging Markets	Fidelity	137,582	8
Partners IC RBG LTD	Partners Group	102,581	6
LCIV Absolute Return Fund	London CIV	100,915	6
LCIV Real Return Fund	London CIV	98,086	6

## Stock Lending / Derivatives

The Fund has a policy of not entering into stock lending arrangements - there were no stock lending arrangements in place during 2024/25 or 2023/24. The following investment products are classed as derivatives and may be used by the Fund managers (none held directly by the Fund on 31 March 2025):

- Stock index futures – used for the purposes of efficient portfolio management.
- Short currency forwards – used for defensively hedging non-UK exposure back to sterling.
- Local access products – used to gain exposure to stocks where the manager is unable to purchase them directly.

## Property Holdings

The Fund has a directly owned property, which is leased commercially to various tenants. Details of this are as follows:

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>		<b>£000</b>
<b>5,700</b>	Opening balance	5,945
<b>245</b>	Net increase in market value	615
<b>5,945</b>	<b>Closing balance</b>	<b>6,560</b>

<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>		<b>£000</b>
<b>115</b>	Within one year	115
<b>460</b>	Between one and five years	460
<b>575</b>	<b>Total future lease payments due under existing contracts</b>	<b>575</b>

IFRS 16 Leases became effective for local authorities from 1 April 2024. The standard replaces IAS 17 and introduces a single lessee accounting model. However, the accounting treatment for lessors remains largely unchanged. The Pension Fund acts as a lessor in respect of its directly held investment properties, which continue to be accounted for in accordance with IAS 40 Investment Property and measured at fair value. As such, the implementation of IFRS 16 has had no material impact on the Pension Fund's financial statements. This disclosure is included for transparency and to comply with the requirements of the Code of Practice on Local Authority Accounting.

## Note 14 – Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

Fair Value through Profit and Loss £000	31 March 2024		Fair Value through Profit and Loss £000	31 March 2025	
	Assets at Amortised Cost £000	Financial Liabilities at Amortised Cost £000		Assets at Amortised Cost £000	Financial Liabilities at Amortised Cost £000
			<u>Financial Assets</u>		
			Pooled Investment Vehicles:		
802,181			Equities	783,867	
319,890			Fixed Income	476,274	
133,483			Property Unit Trusts	150,437	
199,000			Multi Asset	101,619	
24,066			Infrastructure	29,736	
67,733			Private Debt	71,220	
838			Private Equity	747	
102,581			Diversified Alternative	80,447	
	6		Cash Deposits		38
	25,218		Cash Equivalents		44,183
	3,199		Other investment balances		3,058
	5,134		Contributions Due		5,523
	410		Other Current Assets		649
	4,007		Cash Balances		3,037
<b>1,649,772</b>	<b>37,974</b>	<b>0</b>	<b>Total Financial Assets</b>	<b>1,694,347</b>	<b>56,488</b>
					<b>0</b>
			<u>Financial Liabilities</u>		
		(1,428)	Other Investment Balances		(918)
		(759)	Unpaid Benefits		(579)
		(314)	Other Current Liabilities		(508)
		<b>(2,501)</b>	<b>Total Financial Liabilities</b>		<b>(2,005)</b>

<b>1,649,772</b>	<b>37,974</b>	<b>(2,501)</b>	<b>Net Financial Assets</b>	<b>1,694,347</b>	<b>56,488</b>	<b>(2,005)</b>
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The net gains and losses on financial instruments are as follows:

<b>2023/24</b>	<b>Gains and Losses</b>	<b>2024/25</b>
<b>£000</b>		<b>£000</b>
	<u>Financial Assets</u>	
<b>104,479</b>	Fair Value Through Profit and Loss <sup>a</sup>	<b>(60,672)</b>
	<u>Financial Liabilities</u>	
<b>104,479</b>	<b>Total</b>	<b>(60,672)</b>

<sup>a</sup>The fair value through profit and loss excludes a £615k gain in relation to directly held property as it is not a financial instrument. This is in line with the CIPFA Code of Practice

The interest revenue and expense for financial assets measured at amortised cost is as follows:

<b>2023/24</b>	<b>Interest Revenue and Expense</b>	<b>2024/25</b>
<b>£000</b>		<b>£000</b>
	<u>Assets at amortised cost</u>	
<b>(1,242)</b>	Interest Revenue	<b>(1,591)</b>
<b>1</b>	Interest Expense	<b>1</b>
<b>(1,241)</b>	<b>Total</b>	<b>(1,590)</b>

### Valuation of Financial Instruments carried at Fair Value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values:

Level 1 – Where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed securities and unit trusts.

Level 2 – Where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3 – Where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

### Reconciliation of Fair Value Measurement within Level 3

<b>Asset</b>	<b>Market Value at 31/03/2024</b>	<b>Transfer into Level 3</b>	<b>Transfer out of Level 3</b>	<b>Purchases at cost</b>	<b>Sales</b>	<b>Unrealised Gain/(Loss)</b>	<b>Realised Gains/(Losses)</b>	<b>Market Value At 31/03/2025</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
UT - Property UK*	30,573	2,793	0	3,953	(3,425)	4,254	0	38,148
Freehold Property	5,945	0	0	0	0	615	0	6,560
Diversified Alternative	102,581	0	0	0	(26,641)	4,507	0	80,447
Private Equity	838	0	0	0	0	(91)	0	747
Infrastructure	24,066	0	0	7,506	0	(1,836)	0	29,736
Private Debt	67,733	0	0	0	0	3,487	0	71,220
<b>Total</b>	<b>231,736</b>	<b>2,793</b>	<b>0</b>	<b>11,459</b>	<b>(30,066)</b>	<b>10,936</b>	<b>0</b>	<b>226,858</b>

\*a transfer into level 3 occurred in 24/25 due to a fund changed from open-ended to closed-ended. Decision taken to terminate the fund; it will mature on 14/12/2026.

The prior year comparator is as follows:

<b>Asset</b>	<b>Market Value at 31/03/2023</b>	<b>Transfer into Level 3</b>	<b>Transfer out of Level 3</b>	<b>Purchases at cost</b>	<b>Sales</b>	<b>Unrealised Gain/(Loss)</b>	<b>Realised Gains/(Loss)</b>	<b>Market Value At 31/03/2024</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
UT - Property UK	30,918	0	0	4,661	(2,605)	(2,605)	204	30,573
Freehold Property	5,700	0	0	0	0	245	0	5,945
Diversified Alternative	107,468	0	0	0	(1,867)	(3,020)	0	102,581
Private Equity	1,180	0	0	(37)	(208)	(305)	208	838
Infrastructure	18,813	0	0	5,790	0	(537)	0	24,066
Private Debt	58,508	0	0	3,346	0	5,879	0	67,733
<b>Total</b>	<b>222,587</b>	<b>0</b>	<b>0</b>	<b>13,760</b>	<b>(4,680)</b>	<b>(343)</b>	<b>412</b>	<b>231,736</b>

### Sensitivity of assets value at level 3

Having analysed historical data and current market trends, and consulted with the Funds' performance management advisors, the Fund has determined that valuation methods described above are likely to be accurate to within the following ranges and set out below the consequent potential impact on the closing value of investment as at 31 March 2025.

<b>Asset</b>	<b>Value as at 31 March 2025 £000</b>	<b>Percentage Change %</b>	<b>Value on Increase £000</b>	<b>Value on Decrease £000</b>
UT - Property UK	38,148	5.7	40,336	35,960
Freehold Property	6,560	5.7	6,936	6,184
Private Equity	747	11.7	835	660
Diversified Alternative	80,447	9.4	88,040	72,854
Infrastructure	29,736	12.7	33,522	25,949
Private Debt	71,220	7.5	76,594	65,845
<b>Total Level 3 Assets available to Pay Benefits</b>	<b>226,858</b>		<b>246,263</b>	<b>207,452</b>

The prior year comparator is as follows:

<b>Asset</b>	<b>Value as at 31 March 2024 £000</b>	<b>Percentage Change %</b>	<b>Value on Increase £000</b>	<b>Value on Decrease £000</b>
UT - Property UK	30,573	7	32,716	28,430
Freehold Property	5,945	7	6,362	5,528
Private Equity	838	17	980	696
Diversified Alternative	102,581	13.7	116,653	88,510
Infrastructure	24,066	4.8	25,221	22,912
Private Debt	67,733	5.4	71,419	64,046
<b>Total Level 3 Assets available to Pay Benefits</b>	<b>231,736</b>		<b>253,351</b>	<b>210,122</b>

The following table provides an analysis of the Financial Assets and Liabilities of the Fund and are grouped based upon the level at which the fair value is observable.

<b>Values as at 31 March 2025</b>	<b>Level 1 £000</b>	<b>Level 2 £000</b>	<b>Level 3 £000</b>	<b>Total £000</b>
<u>Financial Assets and Liabilities</u>				
Financial Assets at Fair Value through profit and loss	56,563	1,474,050	220,297	1,750,910
Non-Financial assets at Fair Value through profit and loss		0	6,560	6,560
Financial Liabilities at Fair Value through profit and loss	(2,960)			(2,960)
	<b>53,603</b>	<b>1,474,050</b>	<b>226,857</b>	<b>1,754,510</b>

The prior year comparator is as follows:

<b>Values as at 31 March 2024</b>	<b>Level 1 £000</b>	<b>Level 2 £000</b>	<b>Level 3 £000</b>	<b>Total £000</b>
<u>Financial Assets</u>				
Financial Assets at Fair Value through profit and loss	0	1,423,981	225,791	1,649,772
Non-Financial assets at Fair Value through profit and loss	0	0	5,945	5,945
	<b>0</b>	<b>1,423,981</b>	<b>231,736</b>	<b>1,655,717</b>

#### Fair Value – Basis of Valuation

<b>Description of asset</b>	<b>Valuation Hierarchy</b>	<b>Basis of Valuation</b>	<b>Observable and Unobservable Input</b>	<b>Key Sensitivities affecting the valuations provided</b>
Pooled Investments – Fixed Income	Level 2	NAV basis. Where the markets of financial instruments are actively traded exchange markets, valuations are based on quoted market prices, which is the price within the bid-ask spread. For non-traded financial instruments, the programme uses a variety of market and income methods.	Evaluated price feeds	Not Required
Pooled Investments - Equities	Level 2	Bid price	Evaluated price feeds	Not Required
Pooled Investments – Emerging Market	Level 2	Mid price	Evaluated price feeds	Not Required

Equities				
Pooled Investments - Multi Asset	Level 2	Swung price/mid price	Evaluated price feeds	Not Required
Property Unit Trusts	Level 2	Based upon the underlying investments within each portfolio, which are based upon the latest available valuations (March 2025)	Latest available trading NAV (Bid Price)	Not Required
Property Unit Trusts	Level 3	Based upon the underlying investments within each portfolio, which are based upon the latest available valuations (ranging from February 2024 to March 2025)	INREV NAV	Return of capital, investment contributions, capital calls and accruals of liquidation expenses.
Private Equity	Level 3	Based upon the underlying investments within each portfolio.	Valuations of underlying limited partnerships	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Diversified Alternative	Level 3	<p><b>Private Equity</b> - A market approach is applied (mainly EV/EBITDA multiples) where appropriate. In some cases, an alternative method can be applied (e.g. DCF approach).</p> <p><b>Private Debt</b> - Where market quotations are readily available, the valuation is based on these. Where no market quotations are available, valuations are based on a discounted cash flow approach or recovery method.</p> <p><b>Private Real Estate</b> - Valued considering third party appraisals which are updated at least on an annual basis. Intra-</p>	<p>-EV/EBITDA multiples</p> <p>-Discounted cash flows</p> <p>-Third party appraisals</p>	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, and by any differences between audited and unaudited accounts.

		<p>year valuations from these third party appraisals are adjusted for recent developments</p> <p><b>Private Infrastructure -</b>  Early stage investments are valued using the replacement cost method. Once construction reaches a certain stage, where cash flows are more visible, the valuation method is normally switched to a discounted cash flow analysis.</p> <p>For stable and operating infrastructure assets, a market approach (i.e. multiple method) is used.</p>		
Freehold Property	Level 3	<p>Valued by a valuer and RICS member, employed by the Royal Borough of Greenwich. The property was valued as at 31 March 2025 utilising the Royal Institute of Chartered Surveyors-current edition of the RICS Valuation - Global standards and the RICS UK national supplement. The valuation was based on the open market value of the freehold interest, having regard to the actual lease terms and evidence of current levels of rent and yields for the class of property, adjusted to reflect age, condition and characteristics of the particular locality</p>	Income from tenants	<p>Significant changes in rental growth, vacancy levels or the discount rates could affect valuations as could more general changes to market prices</p>
Shares in London CIV Asset Pool	Level 3	<p>Based on the latest available information from the London CIV</p>	N/A	N/A

Pooled Investments – Infrastructure	Level 3	Based upon the underlying investments in each portfolio. Valued at fair value on a quarterly basis.	NAV based pricing	Foreign exchange fluctuations
Pooled Investments - Private Debt	Level 3	Based upon the underlying investments in each portfolio. Valued at fair value on a quarterly basis.	NAV based pricing	Foreign exchange fluctuations

## Note 15 - Nature and Extent of Risks arising from Financial Instruments

### Risk and Risk Management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall risk management programme. Responsibility for the Fund's risk management strategy rests with the Pension Fund Investment and Administration Panel. Risk management policies are established to identify and analyse the risks faced by the Fund. Policies are reviewed regularly to reflect changes in activity and market conditions.

### Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset risk. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis. The Fund manages these risks in two ways:

- The exposure of the Fund to market risk is monitored through risk analysis, to ensure that risk remains within tolerable levels
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

## Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market. The Fund is exposed to share price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Fund to ensure it is within limits specified in the Fund investment strategy.

## Other Price Risk – Sensitivity Analysis

Having analysed historical data and expected investment return movement during the financial year, and consultation with the Fund's performance management advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the reporting period.

<b>Asset</b>	<b>Potential Market Movements (+/-)</b>
UK Equities	9.62%
Overseas Equities	9.62%
Bonds	7.72%
Property	5.74%
Cash Equivalents	0.58%
Private Equity	11.72%
Multi Asset	4.91%
Diversified Alternative	9.44%
Private Debt	7.55%
Infrastructure	12.73%

This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same. Had the market price of the Fund investments moved in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows:

<b>Asset</b>	<b>Value as at 31 March 2025 £000</b>	<b>Percentage Change %</b>	<b>Value on Increase £000</b>	<b>Value on Decrease £000</b>
Cash Equivalents	44,183	0.58	44,441	43,925
UK Equities	222,099	9.62	243,473	200,725
Overseas Equities	561,517	9.62	615,555	507,478
Bonds	476,274	7.72	513,044	439,505
Diversified Alternative	80,447	9.44	88,040	72,854
Property	156,997	5.74	166,001	147,993

Private Equity	747	11.72	835	660
Multi Asset	101,619	4.91	106,604	96,634
Infrastructure	29,736	12.73	33,522	25,949
Private Debt	71,220	7.55	76,594	65,845
Other Investment Balances	5,466	0.00	5,466	5,466
<b>Total Assets available to Pay Benefits</b>	<b>1,750,304</b>		<b>1,893,574</b>	<b>1,607,034</b>

The prior year comparator is as follows:

<b>Asset</b>	<b>Value as at 31 March 2024 £000</b>	<b>Percentage Change %</b>	<b>Value on Increase £000</b>	<b>Value on Decrease £000</b>
Cash Equivalents	25,218	0.97	25,463	24,973
UK Equities	229,202	9.85	251,778	206,627
Overseas Equities	572,829	9.85	629,250	516,407
Bonds	319,890	7.76	344,707	295,073
Diversified Alternative	102,581	13.72	116,653	88,510
Property	139,428	7.01	149,201	129,655
Private Equity	838	16.98	980	696
Multi Asset	199,000	5.30	209,554	188,446
Infrastructure	24,066	4.80	25,220	22,912
Private Debt	67,733	5.44	71,419	64,046
Other Investment Balances	5,934	0.00	5,934	5,934
<b>Total Assets available to Pay Benefits</b>	<b>1,686,719</b>		<b>1,830,159</b>	<b>1,543,279</b>

### Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's direct exposure to interest rate movements is through its cash and fixed income holdings.

### Interest Rate Risk - Sensitivity Analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. It is currently felt that interest rates are unlikely to move up or down by more than 75 basis points (bps) over the course of the next year. The analysis that follows assumes that all other variables, in particular exchange rates, remain constant and shows the effect in the year on the net assets available to pay benefits of a +/- 75 bps change in interest rates.

<b>Asset</b>	<b>Carrying Amount as at 31 March 2025</b>	<b>Change in Year in the Net Assets available to Pay Benefits + 75 bps      -75 bps</b>
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	£000	£000	£000
Cash Balances	3,037	3,060	3,014
Cash on Deposit	38	38	38
Cash Equivalents	44,183	44,514	43,852
Blackrock Institutional Series	9	9	9
<b>Total Interest Rate Risk Assets</b>	<b>47,267</b>	<b>47,621</b>	<b>46,912</b>

Asset	Carrying Amount as at 31 March 2025	Change in Year in the Net Assets available to Pay Benefits	
		+ 75 bps	-75 bps
	£000	£000	£000
Fidelity GMAC	175,067	170,463	179,672
Fidelity UK Aggregate Bond Fund	301,207	284,701	317,713
<b>Total Interest Rate Risk Assets</b>	<b>476,274</b>	<b>455,164</b>	<b>497,385</b>

The prior year comparator is as follows:

Asset	Carrying Amount as at 31 March 2024	Change in Year in the Net Assets available to Pay Benefits	
		+ 150 bps	-150 bps
	£000	£000	£000
Cash Balances	4,007	4,067	3,947
Cash on Deposit	6	6	6
Cash Equivalents	25,218	25,596	24,840
Blackrock Institutional Series	8	9	8
<b>Total Interest Rate Risk Assets</b>	<b>29,239</b>	<b>29,678</b>	<b>28,801</b>

Asset	Carrying Amount as at 31 March 2024	Change in Year in the Net Assets available to Pay Benefits	
		+ 150 bps	-150 bps
	£000	£000	£000

Fidelity GMAC	166,546	157,302	175,789
Fidelity UK Aggregate Bond Fund	153,344	136,323	170,366
<b>Total Interest Rate Risk Assets</b>	<b>319,890</b>	<b>293,625</b>	<b>346,155</b>

## Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than Sterling. The Fund holds both monetary and non-monetary assets denominated in currencies other than Sterling.

### Currency Risk – Sensitivity Analysis

Following consultation with the Fund's performance management advisors, the following table shows the potential impact of foreign exchange rate movements on the overseas holdings within the Fund (the analysis assumes that all other variables, in particular interest rates, remain constant):

Asset	Asset Value as at 31 March 2025 £000	Potential Change in Foreign Exchange Rate %	Value on Increase £000	Value on Decrease £000
Private Equity	747	8.34	810	685
Equity	561,517	5.93	594,820	528,214
Multi Asset	17,814	4.39	18,596	17,031
Cash held in Foreign Currencies	9	4.20	10	9
<b>Total Currency Risk Assets</b>	<b>580,087</b>		<b>614,236</b>	<b>545,939</b>

The prior year comparator is as follows:

Asset	Asset Value as at 31 March 2024 £000	Potential Change in Foreign Exchange Rate %	Value on Increase £000	Value on Decrease £000
Private Equity	838	8.26	907	769
Equity	572,829	5.94	606,828	538,830
Multi Asset	45,087	5.64	47,631	42,542
Cash held in Foreign Currencies	10	4.34	10	9
<b>Total Currency Risk Assets</b>	<b>618,764</b>		<b>655,376</b>	<b>582,150</b>

## Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions held in year where the risk equates to the net market value of a positive derivative position. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner. Contractual credit risk is represented by the net payment or receipt that remains outstanding and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties. Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. The Fund has a private equity portfolio where there is a higher credit risk. At the reporting date 0.04% of the Fund was in private equity thereby capping exposure to this asset class. Deposits are not made with banks and financial institutions unless they are rated independently and have a high credit rating. The Fund's cash holding under its treasury management arrangements as at 31 March 2025 was £3m (£4m at 31 March 2024). This was held as follows:

<b>Counterparty Type</b>	<b>31 March 2024 £000</b>	<b>31 March 2025 £000</b>
UK Banks	4,007	3,037

All holdings with UK banks were held with NatWest who had a Fitch short-term credit rating of F1 and long-term credit rating of A+ as at 31 March 2025.

## Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The cash position of the Fund is monitored to ensure that the Fund has adequate cash resources to meet its commitments. The Fund has immediate access to monies held in its current account. Monies on deposit are also highly liquid and are available to the Fund if needed. If the Fund found itself in a position where it did not have the monies to meet its immediate commitments, then liquid assets could be sold to provide additional cash. The fund defines liquid assets as assets that can be converted to cash within three months. As at 31 March 2025, the value of liquid assets represented 81% of the Fund (80% at 31 March 2024). Financial liabilities of £2.960m are all due to be settled within 12 months of the net asset statement date.

## Refinancing risk

The key risk is that the Fund will be bound to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

## Note 16 – Funding Arrangements

In accordance with The Local Government Pension Scheme Regulations 2013, the adequacy of the Fund’s investments and contributions in relation to its overall and future obligations is reviewed every three years by an Actuary appointed by the Fund. This actuarial valuation also assesses the contribution rate required to meet the future liabilities of the Fund by considering the benefits that accrue over the course of the three years to the next full valuation.

In line with the regulations that funds should be re-valued every three years, the latest triennial valuation was carried out as at 31 March 2022 (effective from 1 April 2023) by the funds actuary, Barnett Waddingham. The results were published in the 31 March 2022 actuarial valuation which is available on the Royal Borough of Greenwich website.

The method of calculating the employer’s contribution rate is derived from the cost of the benefits building up over the year following the valuation date. This method is known as the ‘Projected Unit Method’. It is a method considered appropriate by the Actuary for a fund open to new members. As the Fund remains open to new members, its age profile is not currently rising significantly. If the age profile began to rise significantly, the projected unit method would calculate an increase in current service cost as scheme members approached retirement.

The market value of the Fund at the 2022 review date was £1,640m (£1,332m in 2019) and results showed that assets represented 103% of the liabilities (97% in 2019). The Fund surplus arising from the valuation was £44m as at 31 March 2022 (£45m deficit as at 31 March 2019). Deficits are spread and recovered over a maximum 20-year period from 01 April 2023. The reconciliation of the contribution rate is as shown below:

<b>Contribution Rate Analysis</b>	<b>Mar-22</b>
	<b>%</b>
Future Service Total	18.2
Deficit Contribution	0.3
<b>Total Employer Contribution Rate</b>	<b>18.5</b>

The triennial valuation determines the contribution rate for each employer in the Fund using statistical information specific to each employer. The agreed contribution rates in accordance with the results of the actuarial valuation are as follows:

<b>Year</b>	<b>Royal Borough of Greenwich</b>	<b>Other Bodies</b>
2023/24	18.50%	12% - 19.1%
2024/25	18.50%	12% - 19.1%
2025/26	18.50%	12% - 19.1%

Details of each employer's individual rates are detailed in the Rates and Adjustment Certificate, which can be found in the triennial valuation report. New employers admitted after 31 March 2022 are actuarially assessed to determine their individual employer contribution rates.

The actuarial valuation using the 'Projected Unit Method' is based on economic assumptions. Assets have been valued at a 6 month smoothed market value straddling the valuation date. The assumptions used in the calculation and applied during the inter-valuation period are summarised as follows:

<b>Future Assumed Returns as at March 2022</b>	<b>Assumed Returns % p.a.</b>
<b>Investment Return</b>	
Gilts	2.0
Cash	0.7
Corporate Bonds	2.8
Equities	6.9
Private Equity	6.9
Property	6.4
Infrastructure	6.4
Private Debt	6
Cash Plus	4.6
Multi Asset Credit	5

<b>Financial Assumptions</b>	<b>2022 % p.a.</b>	<b>2019 % p.a.</b>
Discount Rate	4.8	5.0
Salary Increases	3.9	3.6
Consumer Price Inflation (CPI)	2.9	2.6
Pension Increases	2.9	2.6

The assumed life expectations from age 65 are as follows:

<b>Demographic assumptions – Life expectancy from age 65</b>	<b>31-Mar 2024</b>	<b>31-Mar 2025</b>
<u>Retiring Today</u>		
Males	19.3	19.2
Females	22.7	22.7
<u>Retiring in 20 years</u>		
Males	20.6	20.6
Females	24.2	24.2

The actuary has also assumed that:

- Members will exchange half of their commutable pension for cash at retirement
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

## Note 17 - Actuarial Present Value of Promised Retirement Benefits (IAS 19 basis)

To assess the value of the Fund's liabilities at 31 March 2025, the values calculated for the funding valuation as at 31 March 2022 have been rolled forward, using financial assumptions that comply with IAS19. The net liability of the Fund in relation to the actuarial present value of promised retirement benefits and the net assets available to fund these benefits is:

<b>Net Present Value</b>	<b>31-Mar 2024 £000</b>	<b>31-Mar 2025 £000</b>
<u>Present Value of Funded Obligation</u>		
Vested Obligation	(1,738,504)	(1,554,958)
Non-Vested Obligation	(17,367)	(14,096)
Total Present Value of Funded Obligation	(1,755,871)	(1,569,054)
Fair Value of Scheme Assets	1,690,650	1,754,510

<b>Net Assets/ (Liabilities)</b>	<b>(65,221)</b>	<b>185,456</b>
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The financial assumptions used to assess the total net liability as at 31 March 2025 are:

<b>Financial Assumptions</b>	<b>Mar-24</b>	<b>Mar-25</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Discount Rate	<b>4.90</b>	5.80
Pay Increases	<b>3.95</b>	3.90
Pension Increases	<b>2.95</b>	2.90

### *Virgin Media*

In the case of Virgin Media v National Transcommunications Limited (NTL) Pension Trustees II (and others) on 25 July 2024, the Court of Appeal upheld the High Courts decision with regards to the correct interpretation of legislation governing the amendment of contracted out defined benefit pensions schemes.

The case revolves around amendments made to the NTL Pension Scheme without the required actuarial confirmation under section 37 of the Pension Schemes Act 1993 and Regulation 42 of the Occupational Pension Schemes (Contracting-out) Regulations 1996.

The Court of Appeal upheld the High Court's decision that any amendments to scheme benefits made without the actuary's confirmation are void. This applies to both past and future service benefits.

On 5 June 2025 the Government pledged to introduce legislation to enable affected schemes to retrospectively gain written actuarial confirmation that historic benefit changes met the required standards at the time. On 1 September 2025, the Government made amendments to the Pension Scheme Bill to provide for retrospective validation of specific pension scheme rule changes.

The current impact on The Royal Borough of Greenwich Pension Fund is currently unknown. In the absence of legislation to clarify the retrospective validation of amendments, there is currently no accounting obligation on LGPS Funds in relation to recognition of any possible contingent liabilities. There is currently no formal indication that the any future legislation will apply to the LGPS. The Scheme Advisory Board (SAB) has requested clarification on this matter. The Fund therefore holds the position that a contingent liability disclosure is not currently required however the Fund will continue to monitor developments and assess any potential impact on liabilities.

## **Note 18 – Debtors and Creditors**

The following material amounts were due to, or payable from, the Fund as at 31 March 2025:

2023/24 £000	Debtors	2024/25 £000
	<u>Investment Debtors</u>	
23	Tax Refunds Due	13
3,064	Dividends Due	2,885
112	Interest	160
<b>3,199</b>	<b>Total Investment Debtors</b>	<b>3,058</b>
	<u>Member Debtors</u>	
5,134	Contributions	5,523
645	Other	724
<b>5,779</b>	<b>Total Member Debtors</b>	<b>6,247</b>
<b>8,978</b>	<b>Total Debtors</b>	<b>9,305</b>
	<u>Analysed By</u>	
4,523	Other Entities and Individuals	4,799
4,207	Local Authorities	4,431
248	Central Government Bodies	75
<b>8,978</b>	<b>Total Debtors</b>	<b>9,305</b>

2023/24 £000	Creditors	2024/25 £000
	<u>Investment Creditors</u>	
(912)	Management Fees	(903)
(500)	Purchase of Investments	0
(8)	Custody Fees	(7)
(8)	Other	(8)
<b>(1,428)</b>	<b>Total Investment Creditors</b>	<b>(918)</b>
	<u>Member Creditors</u>	
(759)	Benefits Unpaid	(579)
(1,089)	Other	(1,463)
<b>(1,848)</b>	<b>Total Member Creditors</b>	<b>(2,042)</b>
<b>(3,276)</b>	<b>Total Creditors</b>	<b>(2,960)</b>
	<u>Analysed By</u>	
(775)	Central Government Bodies	(955)
(2,501)	Other entities and individuals	(2,005)
<b>(3,276)</b>	<b>Total Creditors</b>	<b>(2,960)</b>

## Note 19 – Cash and Cash Equivalents

The cash balance can be further analysed as follows:

<b>Cash</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
Royal Borough of Greenwich Pension Fund (UK Banks)	4,007	3,037
Royal Borough of Greenwich Pension Fund (Held at Custodian)	10	10
CBRE Cash at Hand	(4)	28
<b>Total Cash</b>	<b>4,013</b>	<b>3,075</b>

<b>Cash Equivalents</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
Royal Borough of Greenwich Pension Fund	11,721	38,040
Blackrock	23	5
CBRE	13,474	6,138
<b>Total Cash Equivalents</b>	<b>25,218</b>	<b>44,183</b>

## Note 20 - Additional Voluntary Contributions

Contributing members have the right to make Additional Voluntary Contributions (AVCs) to enhance their pension. The Authority made such a scheme available to staff through Equitable Life. During 2000/01, Equitable Life announced itself closed to new business. On 23 December 2010, the Government passed an Equitable Life Bill to enable it to compensate Equitable Life policyholders who lost money due to the near collapse of the insurer in 2000. Since then, employees have had the option to pay current contributions into a Clerical Medical Fund. In accordance with section 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, AVCs are prohibited from being credited to the Local Government Pension Scheme and are thus not consolidated within the Fund accounts. However, a summary of the contributions made by members during the year and the total value of the AVC funds, as at 31 March 2025 are shown below:

<b>2023/24</b>	<b>AVC Contributions</b>	<b>2024/25</b>
<b>£000</b>		<b>£000</b>
174	AVC Contributions to Clerical Medical	263
<b>174</b>	<b>Total Contributions</b>	<b>263</b>

31 March 2024	AVC Market Values	31 March 2025
£000		£000
1,327	Clerical Medical Market Value	1,377
353	Utmost Life and Pensions Market Value	329
<b>1,680</b>	<b>Total Market Value</b>	<b>1,706</b>

## Note 21A - Related Party Transactions

The UK Government exerts a significant influence over the Fund through enacting the various Regulations (mentioned herein). It is a major source of funding for the Royal Borough of Greenwich (the Administering Authority and largest employer within the Fund). During the year, no trustees or Key Management Personnel of the Authority with direct responsibility for pension fund issues have undertaken any material transactions with the Pension Fund, other than the following:

- Administrative Services were undertaken by the Authority on behalf of the Fund, under the SLA, valued at £1.388m (2023/24: £1.148m).
- The Royal Borough of Greenwich is the single largest employer of members of the pension fund and contributed £37.674m to the Fund in 2024/25 (2023/24: £35.850m). In 2024/25, £3.211m was outstanding at year end in relation to contributions due from the Royal Borough of Greenwich.
- With respect to other Scheduled Bodies, an amount of £0.776m was owed to the Fund by Academies at year-end for contributions due (2023/24 0.661m).
- The Royal Borough of Greenwich Pension Fund is a Member of the London Collective investment vehicle. As at the reporting date, Councillor Olu Babatola was the Fund's representative on the Board and the Deputy was Councillor Nick Williams. In 2024/25, administration and management fees of £0.222m were paid to this organisation (2023/24 £0.201m).
- As at the reporting date, K. Scotford, an employee of the Authority served as a Non-Executive Director on the boards of both Greenwich Service Plus (GSP) and Greenwich Service Solutions Ltd (GSS). During the financial year, contributions by GSP amounted to £0.527m, with no contribution for GSS (2023/24 £0.560m).

## Note 21b – Key Management Personnel

### Key Management Personnel Remuneration

The Key Management personnel of the Fund are the Director of Resources (Section 151 Officer), the Chair of the Pension Fund Investment and Administration Panel and the Pension Investment Manager. The total remuneration payable to key management personnel is set out below:

2023/24		2024/25
£000		£000
79	Short-term benefits	81
61	Post-employment benefits	54

## Note 22 - Commitments

The Fund has commitments in relation to its private market funds. These commitments are drawn down in tranches over time, as and when the managers request them. As at 31 March 2025, the Fund had £42.841m of commitments outstanding (31 March 2024: £50.352m). These are not required to be included in the Accounts.



**Appendix I**

Royal Borough of Greenwich Pension Fund  
Funding Strategy Statement  
April 2026

Effective date	1 April 2026
Previous valuation date	31 March 2025
Date approved	30 March 2026
Next review	March 2029
Prepared in accordance with SAB / CIPFA / MHCLG guidance dated	January 2025

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# 1 Purpose of the Royal Borough of Greenwich Pension Fund and the funding strategy statement

This document sets out the funding strategy statement (FSS) for the Royal Borough of Greenwich Pension Fund

The Royal Borough of Greenwich Pension Fund is administered by Royal Borough of Greenwich, known as the administering authority. Royal Borough of Greenwich worked with the fund's actuary, Hymans Robertson, to prepare this FSS which is effective from 1 April 2026.

There's a regulatory requirement for Royal Borough of Greenwich to prepare an FSS. You can find out more about the regulatory framework in [Appendix A](#). If you have any queries about the FSS, contact: [Pension-investment@royalgreenwich.gov.uk](mailto:Pension-investment@royalgreenwich.gov.uk)

## 1.1 What is the Royal Borough of Greenwich Pension Fund?

The Royal Borough of Greenwich Pension Fund is part of the Local Government Pension Scheme (LGPS). You can find more information about the LGPS at [www.lgpsmember.org](http://www.lgpsmember.org). The administering authority runs the fund on behalf of participating employers, their employees and current and future pensioners. You can find out more about roles and responsibilities in [Appendix B](#).

## 1.2 What are the funding strategy objectives?

The funding strategy objectives are to:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

The Fund will engage with employers when developing funding strategy in a way which balances the risk appetite of stakeholders.

## 1.3 Who is the FSS for?

The FSS is mainly for employers participating in the fund, because it sets out how money will be collected from them to meet the fund's obligations to pay members' benefits.

Different types of employers participate in the fund:

### Scheduled bodies

Employers who are specified in a schedule to the LGPS regulations, including councils and employers like academies and further education establishments. Scheduled bodies must give employees access to the LGPS if they can't accrue benefits in another pension scheme, such as another public service pension scheme.

### Admission bodies

Other employers can join through an admission agreement. The fund can set participation criteria for them and can refuse entry if the requirements aren't met. This type of employer includes contractors providing outsourced services like cleaning or catering to a scheduled body.

Some existing employers may be referred to as **community admission bodies** (CABs). CABs are employers with a community of interest with another scheme employer. Others may be called **transferee admission bodies** (TABs), that provide services for scheme employers. These terms aren't defined under current regulations but remain in common use from previous regulations.

The Scheme Advisory Board refer to three different tiers of employers which may participate in the LGPS, specifically:

- Tier 1 – Local Authorities (including contractors participating in the LGPS with Local Authority backing)
- Tier 2 – Academy Trusts and Further Education Institutions (Colleges).
- Tier 3 – Standalone employers with no local or national taxpayer backing. Include universities, housing associations and charities.

#### **1.4 How is the funding strategy specific to the Royal Borough of Greenwich Pension Fund?**

The funding strategy reflects the specific characteristics of the fund employers and its own investment strategy.

#### **1.5 How often is the Funding Strategy Statement reviewed?**

The FSS is reviewed in detail at least every three years ahead of the triennial actuarial valuation and an annual check is carried out in the intervening years.

Amendments to the FSS may made be in the following circumstances:

- material changes to the scheme benefit structure (e.g. HM Treasury-led)
- on the advice of the fund actuary
- significant changes to investment strategy or if there has been significant market volatility which impacts the FSS or goes beyond FSS expectation
- if there have been significant changes to the fund membership and/or fund maturity profile
- if there have been significant or notable changes to the number, type, or individual circumstances of any of the employing authorities to such an extent that they impact on the funding strategy (e.g exit / restructuring / failure) which could materially impact cashflow and/or maturity profile and/or covenant)
- if there has been a material change in the affordability of contributions and/or employer(s) financial covenant strength which has an impact on the FSS.
- recommendations from MHCLG/GAD.

In undertaking such reviews, the administering authority should consider:

- looking at experiences in relation to long-term funding assumptions (in terms of both investment income and forecast contributions income) and consequences of actions taken by employers (e.g. pay awards and early retirements)
- the implications for the funding strategy and, if significant, determine what action should be taken to review the FSS
- the implications arising from the funding strategy for meeting the liabilities of individual employers and any amendments required to the ISS

- consulting with individual employers specifically impacted by any changes as an integral part of the monitoring and review process and ensuring any communication regarding a review won't necessarily lead to rates changes for individual employers but could impact admissions, terminations, approach to managing risk and employer risk assessment.

Any amendments will be consulted on, approved by the Pension Fund Investment & Administration Panel (the "Pension Panel") and included in the meeting minutes.

This Funding Strategy Statement is effective from 1 April 2026 and is expected to remain in force until 31 March 2029 at the latest, unless an interim review is carried out prior to then.

### **1.6 Links to Administration Strategy**

The fund maintains an Administration Strategy Statement which outlines the responsibilities, standards and procedures for employers and the fund. A copy of this is available on request

Adherence with the requirements of the Administration Strategy Statement is crucial to ensure the well-running of the pension fund and any failure to do so may lead to uncertainty around the value of an employer's liabilities and the need for prudent assumptions to fill any data gaps.

The fund can provide additional information about the responsibilities, performance and procedures for employers and the fund. For specific queries contact: [Pension-investment@royalgreenwich.gov.uk](mailto:Pension-investment@royalgreenwich.gov.uk)

### **1.7 Actuarial valuation report**

[LGPS Regulations](#) (specifically Regulation 62) require an actuarial valuation to be carried out every three years, under which contribution rates for all participating employers are set for the following three years. This Funding Strategy Statement sets out the assumptions and methodology underpinning the 2025 actuarial valuation actuarial exercise.

The actuarial valuation report sets out 1) the actuary's assessment of the past service funding position, and 2) the contributions required to ensure full funding by the end of the time horizon.

The Rates and Adjustments certificate shows the contribution rates payable by each employer (which may be expressed as a percentage of payroll and/or monetary amounts).

## PART A – Key Funding Principles

### 2 How does the fund calculate employer contributions?

#### 2.1 Calculating contribution rates

Employee contribution rates are set by the LGPS regulations.

Employer contribution rates are determined by a mandatory actuarial valuation exercise, and are made up of the following elements:

- **the primary contribution rate** – contributions payable towards future benefits
- **the secondary contribution rate** – the difference between the primary rate and the total employer contribution

The primary rate also includes an allowance for the fund's expenses.

The fund actuary uses a methodology known as Asset Liability Modelling to set employer contribution rates. Under this methodology, for a given proposed employer contribution rate, the model projects future asset and liability values for the employer under 5,000 different simulations of the future economic environment. Each simulation – generated by Hymans Robertson's Economic Scenario Service (ESS) model - has a different path for future interest rates, inflation rates and the investment return on different asset classes. This approach allows the fund actuary to understand the potential range of future funding outcomes that could be achieved via payment of that contribution rate.

The fund has set *funding strategy criteria* for each employer in the fund which must be satisfied in order for a given employer contribution to be deemed acceptable. The funding strategy criteria are specified in terms of the following four parameters:

- **the target funding level** – how much money the Fund aims to hold for each employer
- **the time horizon** – the time over which the employer aims to achieve the target funding level
- **the funding basis** – the set of actuarial assumptions used to value the employer's (past and future service) liabilities
- **the likelihood of success** – the proportion of modelled scenarios where the target funding level is met.

For example, an employer's funding strategy criteria may be set as follows:

*The employer must have at least an **80% likelihood** of being **100% funded** on the **ongoing participation basis** at the end of a **20 year** funding time horizon*

The funding strategy criteria used by the fund are set out in Table 1. Further detail on the ESS and on the funding bases used by the fund are set out in [Appendix E](#).

The contribution rate setting approach takes into account the maturing profile of the membership when setting employer contribution rates.

The approach taken by the fund actuary helps the fund meet the aim of maintaining as stable a primary employer contribution rate as possible.

## 2.2 The contribution rate calculation

**Table 1: contribution rate calculation for individual or pooled employers**

Type of employer	Scheduled bodies		Admission bodies	
Sub-type	Council	Academies	TABs	CABs
SAB Tier	Tier 1	Tier 2	Tier 1	Tier 3
Funding basis*	Ongoing	Ongoing	Ongoing	Ongoing
Target funding level	100%	100%	100%	100%
Minimum likelihood of success	80%	80%	80%	80%
Maximum time horizon	20 years	20 years	Remaining contract length or average future working lifetime, if less	
Primary rate approach**	The contributions must be sufficient to meet the cost of benefits earned in the future with the required likelihood of success at the end of the time horizon, expressed as a percentage of pensionable pay			
Secondary rate	The difference between the total contribution rate payable (determined as per 2.1) and the primary rate. Negative adjustments are expressed as a percentage of payroll and positive adjustments can be expressed as a percentage of payroll or monetary amounts (for mature closed employers).			
Stabilised contribution rate?	Yes	Yes	No (unless part of a funding pool)	No (unless part of a funding pool)
Treatment of surplus	Covered by stabilisation arrangement		Reduce contributions by spreading the surplus over the maximum time horizon (unless part of a funding pool)	
Recognising covenant	Funding parameters (adjust likelihood of success)			
Phasing of contribution changes	Covered by stabilisation arrangement		3 years (unless part of a funding pool)	3 years (unless part of a funding pool)

*Employers participating in the fund under a pass-through agreement will pay a contribution rate as agreed between the contractor and letting authority*

\* See [Appendix E](#) for further information on funding targets.

\*\* The Primary Rate for the whole fund is the weighted average (by payroll) of the individual employers' primary rates

The fund manages funding risks as part of the wider risk management framework, as documented in the fund's risk register. The funding-specific risks identified and managed by the fund are set out in [Appendix D – Risks and Controls](#).

### 2.3 Making contribution rates stable

Making employer contribution rates reasonably stable is an important funding objective. The fund may adopt a stabilised approach to setting contributions for individual employers, which keeps contribution variations within a pre-determined range from year-to-year.

The fund formally adopted a contribution stability mechanism for all employers and pools in the fund at the 2025 valuation. Parameters for future maximum and minimum increases are shown in Table 2.

**Table 2: stabilisation arrangement**

Type of employer	Council-related employers	Academies
<b>Maximum contribution increase per year</b>	+0.5% of pay	+0.5% of pay
<b>Maximum contribution decrease per year</b>	-0.5% of pay	-0.5% of pay

Stabilisation criteria and limits are reviewed during the valuation process. The administering authority may review them between valuations to respond to membership, covenant, or employer changes.

At their absolute discretion the administering authority may permit acceleration or extension of the contribution rises and reductions permitted within the contribution stability mechanism.

The administering authority may also permit temporary or short-term deviations from stabilised contribution pattern, if it satisfied that this does not pose an undue risk to the fund or to any employers the fund, including any employer that has been permitted a short-term adjustment.

At the 2025 valuation, employers in the Council pool were permitted a temporary reduction of a further 3% of pay per annum. At the 2028 valuation, the stabilisation arrangement will be reviewed and will use 16.25% of pay as the assumed starting contribution rate for these employers.

### 2.4 Links to investment strategy

The funding strategy sets out how money will be collected from employers to meet the fund's obligations. Contributions, assets and other income are then invested according to an investment strategy set by the administering authority.

The funding and investment strategies are closely linked. The fund must be able to pay benefits when they are due – those payments are met from a combination of contributions (through the funding strategy) and asset returns and income (through the investment strategy). If investment returns or income fall short the fund won't be able to pay benefits, so higher contributions would be required from employers.

The investment strategy is designed allowing for the funding position determined on an appropriate and prudent basis, with the objective of achieving the funding objective for each employer group of the specific time horizon.

The fund's current strategic investment strategy as at 31 March 2025 is summarised in the table, with further details available [here](#).

Asset class	Allocation
Listed equities	40%
Multi asset funds	5.0%

Asset class	Allocation
Property	10.0%
Infrastructure	10.0%
Private debt	10.0%
Multi asset credit	10.0%
Corporate bonds	7.5%
Government bonds	7.5%

## 2.5 Does the funding strategy reflect the investment strategy?

The funding policy is consistent with the investment strategy. Future investment return expectations are set with reference to the investment strategy, including a margin for prudence which is consistent with the regulatory requirement that funds take a 'prudent longer-term view' of funding liabilities (see [Appendix A](#))

## 2.6 Reviewing contributions between valuations

The fund may amend contribution rates between formal valuations, in line with its policy on contribution reviews. The fund's policy is available [here](#). The purpose of any review is to establish the most appropriate contributions.

A review may lead to an increase or decrease in contributions.

## 2.7 What is pooling?

The administering authority operates funding rate pools for similar types of employers. Contribution rates can be volatile for smaller employers that are more sensitive to individual membership changes – pooling across a group of employers minimises this. In a funding pool, contributions are set to target full funding for the pool as a whole, rather than for individual employers.

Employers in a funding pool are pooled for past service funding and contribution rate setting purposes. That means that all employers in a pool have the same (pooled) funding level and pay the same contribution rate.

If an employer leaves the fund, the required contributions are based on the funding level of the pooled group. Cessation terms also apply, which means higher contributions may be required at that point.

The main purpose of pooling is to produce more stable employer contribution levels, although recognising that ultimately there will be some level of cross-subsidy of pension cost amongst pooled employers.

## 2.8 What are the current contribution pools?

- **Academies** – Past and future service pooling / all academies in the pool pay the same total contribution rate.
- **Greenwich Leisure** – Past and future service pooling / all employers in the pool pay the same total contribution rate.
- **Council** – Past and future service pooling / all council-related employers in the pool pay the same total contribution rate.

Where the Fund identifies a group of employers with similar characteristics and potential merits for pooling, it is possible to form a pool for these employers. Advice will be sought from the fund actuary to consider the appropriateness and practicalities of forming the funding pool.

Conversely, the Fund may consider it no longer appropriate to pool a group of employers. This could be due to divergence of previously similar characteristics or an employer becoming a dominant party in the pool (such that the results of the pool are largely driven by that dominant employer). Where this scenario arises, advice will be sought from the fund actuary.

Funding pools are monitored on a regular basis, at least at each actuarial valuation, in order to ensure the pooling arrangement remains appropriate.

### **2.9 Administering authority discretion**

Individual employers may be affected by circumstances not easily managed within the FSS rules and policies. If this happens, the administering authority may adopt alternative funding approaches on a case-by-case basis.

Additionally, the administering authority may allow greater flexibility to the employer's contributions if added security is provided. Flexibility could include things like a reduced contribution rate, extended time horizon, or permission to join a pool. Added security may include a suitable bond, a legally binding guarantee from an appropriate third party, or security over an asset.

### **2.10 Non cash funding**

The Fund will not accept any form of non-cash assets in lieu of contributions.

### **2.11 Managing surpluses and deficits**

The funding strategy is designed to ensure that all employers are at least fully funded on a prudent basis at the end of their own specific time horizon. The uncertain and volatile nature of pension scheme funding means that it is likely there will be times when employers are in surplus and times when employers are in deficit. The funding strategy recognises this by 1) including sufficient prudence to manage the effect of this over the time horizon, and 2) making changes to employer contribution rates to ensure the funding strategy objectives are met.

Fluctuations in funding positions are inevitable over the time horizon, due to market movements and changing asset values, which could lead to the emergent of deficits and surplus from time to time, and lead to changes in employer contribution rates.

Table 1 sets out the Fund's approach to setting contribution rates for each employer group.

## 3 What additional contributions may be payable?

### 3.1 Pension costs – awarding additional pension and early retirement on non ill-health grounds

If an employer awards additional pension as an annual benefit amount, they pay an additional contribution to the fund as a single lump sum. The amount is set by guidance issued by the Government Actuary's Department and updated from time to time.

If an employee retires before their normal retirement age on unreduced benefits, employers may be asked to pay additional contributions called strain payments.

Employers typically make strain payments as a single lump sum, though strain payments may be spread if the administering authority agrees.

### 3.2 Pension costs – early retirement on ill-health grounds

If a member retires early because of ill-health, their employer must meet the cost of the funding strain, which may be a large sum.

Employers are not typically asked to make immediate payment of the funding strain, with the additional cost instead shared among all employers in the relevant funding pool through the rebalancing of assets at the next available triennial valuation.

## 4 How does the fund calculate assets and liabilities?

### 4.1 How are employer asset shares calculated?

The fund adopts a cashflow approach to track individual employer assets.

Each fund employer has a notional share of the fund's assets, which is assessed yearly by the actuary. The actuary starts with assets from the previous year-end, adding cashflows paid in/out and investment returns to give a new year-end asset value. The fund actuary makes a simplifying assumption, that all cashflow and investment returns have been paid uniformly over the year. This assumption means that the sum of all employers' asset values is slightly different from the whole fund asset total over time. This minimal difference is split between employers in proportion to their asset shares at each valuation.

Where employers participate in a funding pool, assets are reallocated between employers so that each employer maintains the same funding level as all others in the pool. This reallocation is carried out at each triennial valuation. Reallocated assets may also be calculated at certain trigger events where an updated asset allocation is required, for example when an employer leaves a funding pool.

### 4.2 How are employer liabilities calculated?

The fund holds membership data for all active, deferred and pensioner members. Based on this data and the assumptions in [Appendix E](#), the fund actuary projects the expected benefits for all members into the future. This is expressed as a single value – the liabilities – by allowing for expected future investment returns.

Each employer's liabilities reflect the experience of their own employees and ex-employees.

### 4.3 What is a funding level?

An employer's funding level is the ratio of the market value of asset share against liabilities. If this is less than 100%, the employer has a shortfall: the employer's deficit. If it is more than 100%, the employer is in surplus. The amount of deficit or surplus is the difference between the asset value and the liabilities value.

Funding levels and deficit/surplus values measure a particular point in time, based on a particular set of future assumptions. While this measure is of interest, for most employers the main issue is the level of contributions payable. The funding level does not directly drive contribution rates. See section 2 for further information on rates.

## PART B – Employer Events

### 5 What happens when an employer joins the fund?

#### 5.1 When can an employer join the fund

Employers can join the fund if they are a new scheduled body or a new admission body. New designated employers may also join the fund if they pass a designation to do so.

On joining, the fund will determine the assets and liabilities for that employer within the Fund. The calculation will depend on the type of employer, the existence of any guarantee, and the circumstances of joining.

A contribution rate will also be set. This will be set in accordance with the calculation set out in Section 2, unless alternative arrangements apply (for example, the employer has agreed a pass-through arrangement). More details on this are in Section 5.4 below.

#### 5.2 New academies

New academies (including free schools) join the fund as separate scheduled employers. Only active members of former council schools transfer to new academies. Free schools do not transfer active members from a converting school but must allow new active members to transfer in any eligible service.

Liabilities for transferring active members will be calculated (on the ongoing basis) by the fund actuary on the day before conversion to an academy. Liabilities relating to the converting school's former employees (ie members with deferred or pensioner status) remain with the ceding council.

On conversion to academy status, the new academy will join the Academies pool and will be allocated assets based on the funding level of the pool at the conversion date, after allowing for the transfer of assets from the ceding council.

The Academies pool will be allocated an asset share based on the value of the transferring liabilities and the estimated funding level of the ceding council's active members, having first allocated the council's assets to fully fund their deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the academy's initial asset share to contribute to the pool, capped at a maximum of 100%.

The council's estimated funding level will be based on market conditions on the day before conversion.

The contribution rate payable when a new academy joins the Fund will be in line with the contribution rate certified for the Academies funding pool at the 2025 valuation.

The fund's policies on academies may change based on updates to guidance from the Ministry of Housing, Communities and Local Government or the Department for Education. Any changes will be communicated and reflected in future funding strategy statements.

#### 5.3 New admission bodies as a result of outsourcing services

New admission bodies usually join the fund because an existing employer (usually a scheduled body like a council or academy) outsources a service to another organisation (a contractor). This involves TUPE transfers of staff from the letting employer to the contractor. The contractor becomes a new participating fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership. At the end of the contract, employees typically revert to the letting employer or a replacement contractor.

Liabilities for transferring active members will be calculated by the fund actuary on the day before the outsourcing occurs.

New contractors will be allocated an asset share equal to the value of the transferring liabilities. The admission agreement may set a different initial asset allocation, depending on contract-specific circumstances.

There is flexibility for outsourcing employers when it comes to pension risk potentially taken on by the contractor. You can find more details on outsourcing options from the administering authority or in the contract admission agreement.

The Fund's policy is to require all new admission bodies to be set up with a pass-through arrangement.

#### **5.4 Other new employers**

There may be other circumstances that lead to a new admission body entering the fund, eg set up of a wholly owned subsidiary company by a Local Authority. Calculation of assets and liabilities on joining and a contribution rate will be carried out allowing for the circumstances of the new employer.

New designated employers may also join the fund. Contribution rates will be set using the same approach as other designated employers in the fund.

#### **5.5 Risk assessment for new admission bodies**

Under the LGPS regulations, a new admission body must assess the risks it poses to the fund if the admission agreement ends early, for example if the admission body becomes insolvent or goes out of business. In practice, the fund actuary assesses this because the assessment must be carried out to the administering authority's satisfaction.

After considering the assessment, the administering authority may decide the admission body must provide security, such as a guarantee from the letting employer, an indemnity or a bond.

This must cover some or all of the:

- strain costs of any early retirements, if employees are made redundant when a contract ends prematurely
- allowance for the risk of assets performing less well than expected
- allowance for the risk of liabilities being greater than expected
- allowance for the possible non-payment of employer and member contributions
- admission body's existing deficit.

## 6 What happens if an employer has a bulk transfer of staff?

Bulk transfer cases will be looked at individually, but generally:

- the fund will look to receive the bulk transfer on no less than a fully funded transfer (i.e. the assets paid from the ceding Fund are sufficient to cover the value of the liabilities on the agreed basis).
- the fund won't pay bulk transfers greater in value than either the asset share of the transferring employer in the fund, or the value of the liabilities of the transferring members, whichever is lower
- the fund won't grant added benefits to members bringing in entitlements from another fund, unless the asset transfer is enough to meet the added liabilities
- the fund may permit shortfalls on bulk transfers if the employer has a suitable covenant and commits to meeting the shortfall in an appropriate period, which may require increased contributions between valuations.

## 7 What happens when an employer leaves the fund?

### 7.1 What is a cessation event?

Triggers for considering cessation from the fund are:

- the last active member stops participation in the fund. The administering authority, at their discretion, can defer acting for up to three years by issuing a suspension notice. That means cessation won't be triggered if the employer takes on one or more active members during the agreed time
- insolvency, winding up or liquidation of the admission body
- a breach of the agreement obligations that isn't remedied to the fund's satisfaction
- failure to pay any sums due within the period required
- failure to renew or adjust the level of a bond or indemnity, or to confirm an appropriate alternative guarantor
- termination of a deferred debt arrangement (DDA).

If no DDA exists, the administering authority will instruct the fund actuary to carry out a cessation valuation to calculate if there is a surplus or a deficit when the employer leaves the fund.

### 7.2 What happens on cessation?

The administering authority must protect the interests of the remaining fund employers when an employer leaves the scheme. The actuary aims to protect remaining employers from the risk of future loss. The funding target adopted for the cessation calculation is below. These are defined in [Appendix E](#).

- (a) Where there is no guarantor, cessation liabilities and a final surplus/deficit will usually be calculated using a low-risk basis, which is more prudent than the ongoing participation basis. The low-risk exit basis is defined in [Appendix E](#).
- (b) Where there is a guarantor, the guarantee will be considered before the cessation valuation.
  - Where the guarantor is a guarantor of last resort (i.e. where the guarantee will cease to have effect after the cessation event and final settlement), this will have no effect on the cessation valuation.
  - If this isn't the case (i.e. if the guarantee continues to apply in respect of the former employer's obligations post cessation), cessation may be calculated using the same basis that was used to calculate liabilities (and the corresponding asset share) on joining the fund.
- (c) Depending on the nature of any guarantee, and/or any risk sharing agreement in place, it may be possible to transfer the employer's liabilities and assets to the guarantor without crystallising deficits or surplus. This may happen if an employer can't pay the contributions due and the approach is within guarantee terms. This is known as 'subsumption' of the assets and liabilities.

If the fund can't recover the required payment in full, unpaid amounts will be paid by the related letting authority (in the case of a ceased admission body) or shared between the other fund employers. This may require an immediate revision to the rates and adjustments certificate or be reflected in the contribution rates set at the next formal valuation.

The fund actuary charges a fee for cessation valuations. Fees and expenses are at the employer's expense and are deducted from the cessation surplus or added to the cessation deficit. This improves efficiency by reducing transactions between employer and fund.

### 7.3 What happens if there is a surplus?

If the cessation valuation shows the exiting employer has more assets than liabilities – an exit credit – the administering authority can decide how much will be paid back to the employer based on:

- the surplus amount
- the proportion of the surplus due to the employer's contributions
- any representations (like risk sharing agreements or guarantees) made by the exiting employer and any employer providing a guarantee or some other form of employer assistance/support
- any other relevant factors.

### 7.4 How do employers repay cessation debts?

If there is a deficit, full payment will usually be expected in a single lump sum or:

- spread over an agreed period, if the employer enters into a deferred spreading agreement
- if an exiting employer enters into a deferred debt agreement, it stays in the fund and pays contributions until the cessation debt is repaid. Payments are reassessed at each formal valuation.

More details on the flexibility available to employers when paying cessation debts is included in the Fund's DSA and DDA policies, which can be found [here](#).

### 7.5 What if an employer has no active members?

When employers leave the fund because their last active member has left, they may pay a cessation debt, receive an exit credit or enter a DDA/DSA. Beyond this they have no further obligation to the fund and either:

- a) their asset share runs out before all ex-employees' benefits have been paid. The other fund employers will be required to contribute to the remaining benefits. The fund actuary will portion the liabilities on a pro-rata basis.
- b) the last ex-employee or dependant dies before the employer's asset share is fully run down. The fund actuary will apportion the remaining assets to the other fund employers.

## 8 What are the statutory reporting requirements?

### 8.1 Reporting regulations

The Public Service Pensions Act 2013 requires the Government Actuary's Department to report on LGPS funds in England and Wales after every three-year valuation, in what's usually called a section 13 report. The report includes advice on whether the following aims are achieved:

- Compliance
- Consistency
- Solvency
- Long term cost efficiency

### 8.2 Solvency

Employer contributions are set at an appropriate solvency level if the rate of contribution targets a funding level of 100% over an appropriate time, using appropriate assumptions compared to other funds. Either:

- (a) employers collectively can increase their contributions, or the fund can realise contingencies to target a 100% funding level
- or
- (b) there is an appropriate plan in place if there is, or is expected to be, a reduction in employers' ability to increase contributions as needed.

### 8.3 Long-term cost efficiency

Employer contributions are set at an appropriate long-term cost efficiency level if the contribution rate makes provision for the cost of current benefit accrual, with an appropriate adjustment for any surplus or deficit.

To assess this, the administering authority may consider absolute and relative factors.

Relative factors include:

1. comparing LGPS funds with each other
2. the implied deficit recovery period
3. the investment return required to achieve full funding after 20 years.

Absolute factors include:

1. comparing funds with an objective benchmark
2. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit
3. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy
4. the extent to which contributions paid are in line with expected contributions, based on the rates and adjustment certificate
5. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the fund's actuarial bases don't offer straightforward comparisons.

Standard information about the fund's approach to solvency of the pension fund and long-term cost efficiency will be provided in a uniform dashboard format in the valuation report to facilitate comparisons between funds.

# Appendices

## Appendix A – The regulatory framework

### A1 Why do funds need a funding strategy statement?

The Local Government Pension Scheme (LGPS) regulations require funds to maintain and publish a funding strategy statement (FSS). According to the Ministry for Housing, Communities and Local Government (MHCLG) the purpose of the FSS is to document the processes the administering authority uses to:

- *establish a clear and transparent fund-specific strategy identifying how employers' pension liabilities are best met going forward*
- *support the desirability of maintaining as constant and stable primary contribution rate as possible, as defined in Regulation 62(5) of the LGPS Regulations 2013*
- *ensure that the regulatory requirements to set contributions to ensure the solvency and long-term cost efficiency of the fund are met.*
- *explain how the fund balances the interests of different employers.*
- *explain how the fund deals with conflicts of interest and references other policies/strategies.*

To prepare this FSS, the administering authority has used guidance jointly prepared by the Scheme Advisory Board (SAB), MHCLG, and by the Chartered Institute of Public Finance and Accountancy (CIPFA) dated January 2025.

The fund has a fiduciary duty to scheme members and obligations to employers to administer the scheme competently to keep employer contributions at an affordable level. The funding strategy statement sets out how the fund meets these responsibilities.

### A2 Consultation

Both the LGPS regulations and most recent CIPFA guidance state the FSS should be prepared in consultation with “*persons the authority considers appropriate*”. This should include ‘*meaningful dialogue... with council tax raising authorities and representatives of other participating employers*’.

Both the LGPS regulations and the most recent CIPFA guidance state that the FSS should be prepared in consultation with “persons the authority considers appropriate”. This should include ‘a meaningful dialogue at officer and elected member level with council tax raising authorities and with corresponding representatives of other participating employers’

The Fund shared the draft FSS with all participating employers and facilitated meetings to discuss the changes made and the implications of the Funds funding policies. A consultation period of four weeks was held.

The fund also shared the draft FSS with the Department for Education and facilitated a meeting to discuss the changes made and the implications of the fund's funding policies on academy employers.

**A3 How is the FSS published?**

Once the FSS is approved by the Pension Panel it is emailed to participating employers and then taken to Pension Board (which includes employer, employee and pensioner representatives). Copies are freely available on request.

The FSS is published at [Pension fund investments | Royal Borough of Greenwich](#)

**A5 How does the FSS fit into the overall fund documentation?**

The FSS is a summary of the fund's approach to funding liabilities. It isn't exhaustive – the fund publishes other statements like the statement of investment principles, investment strategy statement, governance strategy and communications strategy. The fund's annual report and accounts also includes up-to-date fund information.

You can see all fund documentation at [Pension fund investments | Royal Borough of Greenwich](#).

## Appendix B – Roles and responsibilities

### **B1 The administering authority is required to:**

- 1 operate a pension fund
- 2 collect employer and employee contributions, investment income and other amounts due to the pension fund as stipulated in LGPS Regulations
- 3 have an escalation policy in situations where employers fail to meet their obligations
- 4 pay from the pension fund the relevant entitlements as stipulated in LGPS Regulations
- 5 invest surplus monies in accordance with the relevant regulations
- 6 ensure that cash is available to meet liabilities as and when they fall due
- 7 ensure benefits paid to members are accurate and undertake timely and appropriate action to rectify any inaccurate benefit payments
- 8 take measures as set out in the regulations to safeguard the fund against the consequences of employer default
- 9 manage the valuation process in consultation with the fund's actuary
- 10 prepare and maintain an FSS and associated funding policies and SIP/ISS, after proper consultation with interested parties
- 11 monitor all aspects of the fund's performance and funding, and amend the FSS/ISS accordingly
- 12 establish a policy around exit payments and payment of exit credits/debits in relation to employer exits
- 13 effectively manage any potential conflicts of interest arising from its dual role as both fund administrator and scheme employer
- 14 enable the local pension board to review the valuation and FSS review process and as set out in their terms of reference
- 15 support and monitor a Local Pension Board (LPB) as required by the Public Service Pensions Act 2013, the Regulations and the Pensions Regulator's relevant Code of Practice

### **B2 Individual employers are required to:**

- 1 Ensure staff who are eligible are contractually enrolled and deduct contributions from employees' pay correctly after determining the appropriate employee contribution rate (in accordance with the Regulations),
- 2 provide the fund with accurate data and understand that the quality of the data provided to the Fund will directly impact on the assessment of their liabilities and their contributions. In particular, any deficiencies in their data may result in the employer paying higher contributions than otherwise would be the case if their data was of high quality
- 3 pay all ongoing contributions, including employer contributions determined by the actuary and set out in the rates and adjustments certificate, promptly by the due date
- 4 develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework

- 5 make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits and early retirement strain
- 6 notify the administering authority promptly of all changes to active membership that affect future funding
- 7 Pay any exit payments on ceasing participation in the fund timely provide the fund with accurate data and understand that the quality of the data provided to the fund will directly impact on the assessment of their liabilities and their contributions. In particular, any inaccuracies in data may result in the employer paying higher contributions than otherwise would be the case if their data was of high quality.

**B3 The fund actuary should:**

1. prepare valuations including the setting of employers' contribution rates at a level to ensure fund solvency and long-term cost efficiency based on the assumptions 26 set by the administering authority and having regard to the FSS and the LGPS Regulations
2. provide advice so the fund can set the necessary assumptions for the valuation
3. prepare advice and calculations in connection with bulk transfers and the funding aspects of individual benefit-related matters such as pension strain costs, ill health retirement costs, compensatory added years costs, etc
4. provide advice and valuations to the fund so that it can make decisions on the exit of employers from the fund
5. provide advice to the fund on bonds or other forms of security against the financial effect on the fund of employer default
6. assist the fund in assessing whether employer contributions need to be revised between valuations as permitted or required by the regulations
7. ensure that the fund is aware of any professional guidance or other professional requirements that may be relevant in the role of advising the fund.
8. Identify to the fund and manage any potential conflicts of interest that may arise in the delivery the contractual arrangements to the fund and other clients.

**B4 Local Pension Boards (LPB):**

Local Pension Boards have responsibility to assist the administering authority to secure compliance with the LGPS regulations, other legislation relating to the governance and administration of the LGPS, any requirements imposed by the Regulator in relation to the LGPS, and to ensure the effective and efficient governance and administration of the LGPS. It will be for each fund to determine the input into the development of the FSS (as appropriate within fund's own governance arrangements) however this may include:

1. Assist with the development and review the FSS
2. Review the compliance of scheme employers with their duties under the FSS, regulations and other relevant legislation
3. Assist with the development of and review communications in relation to the FSS.

**B5 Employer guarantors**

- 1 Department for Education - To pay cessation debts in the case of academy cessations (where the obligations are not being transferred to another MAT) and to consider using intervention powers if an academy is deemed to be in breach of the regulations.

- 2 Other bodies with a financial interest (outsourcing employers)

**B6 Other parties:**

1. internal and external investment advisers ensure the investment strategy statement (ISS) is consistent with the funding strategy statement
2. investment managers, custodians and bankers play their part in the effective investment and dis-investment of fund assets in line with the ISS
3. auditors comply with standards, ensure fund compliance with requirements, monitor and advise on fraud detection, and sign-off annual reports and financial statements
4. governance advisers may be asked to advise the administering authority on processes and working methods
5. internal and external legal advisers ensure the fund complies with all regulations and broader local government requirements, including the administering authority's own procedures
6. the Ministry for Housing, Communities and Local Government, assisted by the Government Actuary's Department and the Scheme Advisory Board, work with LGPS funds to meet Section 13 requirements.

## Appendix C – Glossary

### **Actuarial certificates**

A statement of the contributions payable by the employer (see also rates and adjustments certificate). The effective date is 12 months after the completion of the valuation.

### **Actuarial valuation**

An investigation by an actuary, appointed by an Administering Authority into the costs of the scheme and the ability of the fund managed by that authority to meet its liabilities. This assesses the funding level and recommended employer contribution rates based on estimating the cost of pensions both in payment and those yet to be paid and comparing this to the value of the assets held in the Fund. Valuations take place every three years (triennial).

### **Administering Authority (referred to as ‘the fund’)**

A body listed in Part 1 of Schedule 3 of the regulations who maintains a fund within the LGPS and a body with a statutory duty to manage and administer the LGPS and maintain a pension fund (the fund). Usually, but not restricted to being, a local authority.

### **Admission agreement**

A written agreement which provides for a body to participate in the LGPS as a scheme employer

### **Assumptions**

Forecasts of future experience which impact the costs of the scheme. For example, pay growth, longevity of pensioners, inflation, and investment returns,

### **Code of Practice**

The Pensions Regulator’s General Code of Practice.

### **Debt spreading arrangement**

The ability to spread an exit payment over a period of time

### **Deferred debt agreement**

An agreement for an employer to continue to participate in the LGPS without any contributing scheme members

### **Employer covenant**

The extent of the employer’s legal obligation and financial ability to support its pension scheme now and in the future.

### **Funding level**

The funding level is the value of assets compares with the liabilities. It can be expressed as a ratio of the assets and liabilities (known as the funding level) or as the difference between the assets and liabilities (referred to as a surplus or deficit).

**Fund valuation date**

The effective date of the triennial fund valuation.

**Guarantee / guarantor**

A formal promise by a third party (the guarantor) that it will meet any pension obligations not met by a specified employer. The presence of a guarantor will mean, for instance, that the fund can consider the employer's covenant to be as strong as its guarantor's.

**Local Pension Board**

The board established to assist the Administering Authority as the Scheme Manager for each Fund.

**Non-statutory guidance**

Guidance which although it confers no statutory obligation on the parties named, they should nevertheless have regard to its contents

**Notifiable events**

Events which the employer should make the Administering Authority aware of

**Past service liabilities**

The cost of pensions already built up or in payment

**Pension Panel**

A committee or sub-committee to which an administering authority has delegated its pension function

**Pensions Administration Strategy**

A statement of the duties and responsibilities of scheme employers and Administering Authorities to ensure the effective management of the scheme

**Primary and secondary employer contributions**

Primary employer contributions meet the future costs of the scheme and Secondary employer contributions meet the costs already built up (adjusted to reflect the experience of each scheme employer). Contributions will therefore vary across scheme employers within a Fund.

**Rates and adjustments certificate**

A statement of the contributions payable by each scheme employer (see actuarial certificates)

**Scheme Manager**

A person or body responsible for managing or administering a pension scheme established under section 1 of the 2013 Act. In the case of the LGPS, each Fund has a Scheme Manager which is the Administering Authority.

## Appendix D – Risks and controls

### D1 Managing risks

The administering authority has a risk management programme to identify and control financial, demographic, regulatory and governance risks.

The role of the local pension board is set out in the board terms of reference available [here](#).

Details of the key fund-specific risks and controls are below and set out in the risk register [here](#).

#### Financial risks

The main financial risk is that the actual investment strategy fails to produce the expected rate of investment return (in real terms) that underlies the funding strategy. This could be due to a number of factors, including market returns being less than expected and/or the fund managers who are employed to implement the chosen investment strategy failing to achieve their performance targets.

The valuation results are most sensitive to the real discount rate (i.e. the difference between the discount rate assumption and the price inflation assumption). Broadly speaking an increase/decrease of 0.5% p.a. in the real discount rate will decrease/increase the valuation of the liabilities by 10%, and decrease/increase the required employer contribution by around 2.5% of payroll p.a.

However, the Pension Fund Investment & Administration Panel regularly monitors the investment returns achieved by the fund managers and receives advice from the independent advisers and officers on investment strategy.

The Pension Panel may also seek advice from the fund actuary on valuation related matters.

In addition, the fund actuary provides funding updates between valuations to check whether the funding strategy continues to meet the funding objectives.

#### Demographic risks

Allowance is made in the funding strategy via the actuarial assumptions for a continuing improvement in life expectancy. However, the main demographic risk to the funding strategy is that it might underestimate the continuing improvement in longevity. For example, an increase of one year to life expectancy of all members in the Fund will increase the liabilities by approximately 3%.

The actual mortality of pensioners in the Fund is monitored by the fund actuary at each actuarial valuation and assumptions are kept under review. The Fund has commissioned a bespoke longevity analysis by Barnett Waddingham's specialist longevity team in order to assess the mortality experience of the Fund and help set an appropriate mortality assumption for funding purposes.

The liabilities of the Fund can also increase by more than has been planned as a result of the additional financial costs of early retirements and ill-health retirements. However, the administering authority monitors the incidence of early retirements and procedures are in place that require individual employers to pay additional amounts into the Fund to meet any additional costs arising from early retirements.

The fund may consider, in cases of strong employer covenant for employers participating in the Council pool to not pay additional amounts to cover any strain costs arising from early retirements at the retirement date but instead allow for the additional liability at the next formal valuation and pay additional contributions to meet these strains as part of their secondary rate contributions. The Fund is comfortable with this approach due the strong covenant of the Council.

There is an ill-health allowance made within the calculation of the contribution rate paid by employers participating in the Fund. Where the ill-health experience is worse than assumed the employer will, all else being equal, need to pay higher contributions following the next formal valuation.

### **Regulatory risks**

The benefits provided by the Scheme and employee contribution levels are set out in Regulations determined by central government. The tax status of the invested assets is also determined by the government.

The funding strategy is therefore exposed to the risks of changes in the Regulations governing the Scheme and changes to the tax regime which may affect the cost to individual employers participating in the Scheme.

However, the administering authority participates in any consultation process of any proposed changes in Regulations and seeks advice from the fund actuary on the financial implications of any proposed changes.

There are a number of general risks to the Fund and the LGPS, including:

- If the LGPS was to be discontinued in its current form it is not known what would happen to members' benefits.
- The potential effects of GMP equalisation between males and females, if implemented, are not yet known.
- More generally, as a statutory scheme the benefits provided by the LGPS or the structure of the scheme could be changed by the government.
- The State Pension Age is due to be reviewed by the government in the next few years.

At the time of preparing this FSS, specific regulatory risks of particular interest to the LGPS are in relation to the McCloud/Sargeant judgements, the cost cap mechanism and the timing of future funding valuations consultation.

### **Governance risks**

Accurate data is necessary to ensure that members ultimately receive their correct benefits. The administering authority is responsible for keeping data up to date and results of the actuarial valuation depend on accurate data. If incorrect data is valued then there is a risk that the contributions paid are not adequate to cover the cost of the benefits accrued.

In addition, if data provided by the employer is incomplete or inaccurate then the fund actuary will need to estimate the data for the purposes of the valuation. These estimates will err on the side of caution and therefore if employers provide incomplete/inaccurate data they may pay higher contributions than otherwise.

It is therefore imperative that employers provide complete and accurate data in a timely manner, as requested by the Administering Authority

### **D2 Employer covenant assessment and monitoring**

Many of the employers participating in the fund, such as admitted bodies (including TABs and CABs), have no local tax-raising powers. The fund assesses and monitors the long-term financial health of these employers to assess an appropriate level of risk for each employer's funding strategy.

Type of employer	Assessment	Monitoring
Council and council-related	Tax-raising or government-backed, no individual assessment required	n/a
Academies	Government-backed, covered by DfE guarantee in event of MAT failure	Check that DfE guarantee continues, after regular scheduled DfE review
Admission bodies (CABs)	Assessments may be commissioned by specialists as appropriate or carried out by Fund Officers.	The Fund will review employers periodically or when a significant event occurs.
Admission bodies (TABs)	Assessments may be commissioned by specialists as appropriate or carried out by Fund Officers	The Fund will review employers periodically or when a significant event occurs.

Any change in covenant over the inter-valuation period may lead to a contribution rate review

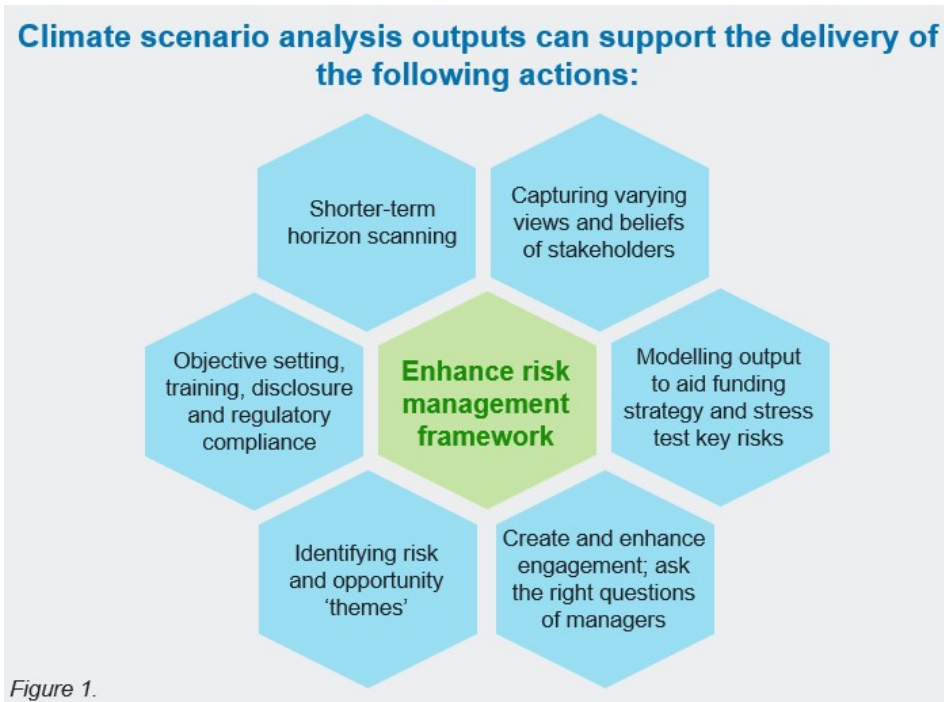
### D3 Climate risk and TCFD reporting

The fund has considered climate-related risks when setting the funding strategy. To consider the resilience of the strategy the fund has carried out asset liability modelling to stress test the funding strategy against possible future climate scenarios.

As part of the 2022 valuation, the fund actuary provided the Fund with a climate risk analysis which assessed the potential exposure of the fund's funding position to climate risk under different climate scenarios. The principles behind the analysis were agreed with the Government Actuary's Department (GAD). The results of this analysis demonstrated that the funding strategy agreed as part of the 2022 valuation was sufficiently robust in the context of climate scenario analysis and any potential contribution impacts.

As part of the 2025 valuation the fund carried out climate scenario stress testing. The modelling results under the stress tests were slightly worse than the core results but were still within risk tolerance levels, particularly given the severity of the stresses applied. The results provide assurance that the modelling approach does not significantly underestimate the potential impact of climate change and that the funding strategy is resilient to climate risks.

Climate scenario analysis helps assess risks and tests the resilience of current and long-term strategies under various scenarios. This helps to identify vulnerabilities across both assets and liabilities. Identification of these vulnerabilities can inform risk management processes (see figure 1), helping the fund ensure appropriate controls and mitigations are in place. Scenario analysis therefore supports informed decision making and may be used in future to assist with disclosures prepared in line with Task Force on Climate-Related Financial Disclosures (TCFD) principles.



Stress tests were not applied to the funding strategy modelling for smaller employers individually. However, given that the same underlying model is used for all employers and that the council makes up the vast majority of the fund’s assets and liabilities, applying the climate analysis to all employers was not deemed proportionate at this stage and would not be expected to result in any changes to the agreed contribution plans.

The Fund has a Responsible Investment Policy Framework will be approach by The Pension Panel on 30/03/2026

**D4 Gender Pension Gap reporting**

The government published its consultation “Local Government Pension Scheme in England and Wales: Access and Fairness” in May 2025. One of the proposals as part of this consultation was to include gender pension gap reporting in the 2025 valuation report. Regulation around reporting will be laid down in March 2026 and as such, the Fund has reported on the gender pension gap in the 2025 valuation report (appendix 9).

Reporting has been included for active members, pensioner members and by employer using the local government pension scheme funds account return (SF3) categorisation.

## Appendix E – Actuarial assumptions

The key outputs from an employer's funding valuation are its contribution rate requirement (see Section 2 for further details) and its funding level (see Section 4). For both calculations the fund actuary requires actuarial assumptions.

The fund typically reviews and sets the actuarial assumptions used for funding purposes as part of the triennial valuation. Those assumptions are then used until the next triennial valuation (updated for current market conditions where appropriate).

The fund has reviewed the actuarial assumptions used for funding purposes as part of the 2025 valuation. These are set out below.

### E1 What are actuarial assumptions?

Actuarial assumptions are required to value the fund's liabilities because:

- There is uncertainty regarding both the timing and amount of the future benefit payments (the actual cost can't be known until the final payment is made). Therefore to estimate the cost of benefits earned to date and in the future, assumptions need to be made about the timing and amount of these future benefit payments
- The assets allowed to an employer today are a known figure. However, the future investment return earned on those assets and future cashflows into the fund are uncertain. An assumption is needed about what those future investment returns will be

There are two types of actuarial assumptions that are needed to perform an actuarial valuation: **financial assumptions** determine the expected amount of future benefit payments and the expected investment return on the assets held to meet those benefits, whilst **demographic assumptions** relate primarily to the expected timing of future benefit payments (i.e. when they are made and for how long).

All actuarial assumptions are set as best estimates of future experience with the exception of the discount rate assumption which is deliberately prudent to meet the regulatory requirement for a 'prudent' valuation.

Any change in the assumptions will affect the value that is placed on future benefit payments ('liabilities'), but different assumptions don't affect the actual benefits the fund will pay in future.

### E2 What funding bases are operated by the Fund?

A *funding basis* is the set of actuarial assumptions used to value an employer's (past and future service) liabilities. The fund operates two funding bases for funding valuations: the *ongoing participation basis* and the *low-risk exit basis*. All actuarial assumptions are the same for both funding bases with the exception of the discount rate – see further details below.

### E3 What financial assumptions are used by the fund?

#### Discount rate

The discount rate assumption is the average annual rate of future investment return assumed to be earned on an employer's assets from a given valuation date.

The fund uses a risk-based approach to setting the discount rate which allows for prevailing market conditions on the valuation date (see 'Further detail on the calculation of financial assumptions') and the Fund's investment strategy.

The discount rate is determined by the *prudence level*. Specifically, the discount rate is calculated to be:

*The average annual level of future investment return that can be achieved on the Fund's assets over a 20 year period with an 80% likelihood.*

The prudence level is the likelihood. The prudence levels used by the fund are as follows:

Funding basis	Prudence level
Ongoing participation	80%
Low-risk exit	N/A – see below

The discount rate for the low risk exit basis is not set using risk-based methodology. The low-risk exit basis discount rate is set equal to the annualised yield on long dated conventional government bonds at the relevant valuation date.

### CPI inflation

The CPI inflation assumption is the average annual rate of future Consumer Price Index (CPI) inflation assumed to be observed from a given valuation date. This assumption is required because LGPS benefit increases (in deferment and in payment) and revaluation of CARE benefits are in line with CPI.

The fund uses a risk-based approach to setting the CPI inflation assumption which allows for prevailing market conditions on the valuation date (see 'Further detail on the calculation of financial assumptions').

The CPI inflation assumption is calculated to be:

*The average annual level of future CPI inflation that will be observed over a 20 year period with a 50% likelihood*

### Salary growth

The salary growth assumption is linked to the CPI inflation assumption via a fixed margin. The salary increases assumption is 1.0% above the CPI inflation assumption plus a promotional salary scale.

### E4 Further detail on the calculation of financial assumptions

The ongoing participation basis discount rate and CPI inflation assumptions are calculated using a risk-based method. To assess the likelihood associated with a given level of investment return or a given level of future inflation, the fund actuary uses Hymans Robertson's propriety economic scenario generator; the *Economic Scenario Service* (or *ESS*). The model uses statistical distributions to project a range of 5,000 different possible outcomes for the future behaviour of different asset classes and wider economic variables, such as inflation.

The table below shows the calibration of the model as at 31 March 2025 for some sample asset classes and economic variables. All returns are shown net of fees and are the annualised total returns over 5, 10 and 20 years. Yields and inflation refer to the simulated yields at that time horizon.

Time period	Percentile	Annualised total returns													Inflation / Yields		
		UK Equities	Global Equities (unhedged)	EM equities (unhedged)	DGF Low Beta	Private Equity	Property	Infrastructure equity (unlisted)	BBB Credit (4 yr maturity)	A Credit (4 yr maturity)	Fixed interest gilt (14 yr maturity)	Fixed interest gilt (4 yr maturity)	Multi Asset Credit (sub investment grade)	Private Lending	Inflation (CPI)	17 year real yield (CPI)	17 year yield
5 years	16 <sup>th</sup>	0.1%	-0.5%	-3.2%	3.5%	-2.5%	0.2%	1.1%	3.8%	4.0%	2.2%	3.7%	4.1%	4.5%	1.2%	1.5%	4.8%
	50 <sup>th</sup>	8.2%	8.2%	8.5%	5.8%	10.0%	6.8%	8.1%	5.5%	5.2%	4.3%	4.3%	6.7%	8.2%	2.8%	2.4%	5.8%
	84 <sup>th</sup>	16.4%	16.9%	20.9%	8.1%	22.8%	14.1%	15.5%	6.6%	6.1%	6.2%	4.8%	8.8%	11.4%	4.3%	3.3%	7.1%
10 years	16 <sup>th</sup>	2.5%	2.1%	0.2%	4.3%	1.2%	2.3%	3.1%	4.9%	4.8%	4.2%	4.3%	5.8%	6.4%	0.8%	0.8%	3.9%
	50 <sup>th</sup>	8.6%	8.5%	8.8%	6.2%	10.2%	7.3%	8.4%	6.1%	5.8%	5.4%	4.9%	7.4%	8.8%	2.5%	2.1%	5.3%
	84 <sup>th</sup>	14.6%	14.8%	17.5%	8.1%	19.6%	12.7%	13.8%	7.1%	6.7%	6.5%	5.5%	8.9%	10.9%	4.1%	3.3%	7.1%
20 years	16 <sup>th</sup>	3.8%	3.7%	2.2%	4.4%	3.4%	3.5%	4.2%	4.8%	4.6%	5.0%	3.9%	6.1%	7.0%	0.7%	-0.5%	1.6%
	50 <sup>th</sup>	8.4%	8.3%	8.5%	6.1%	9.9%	7.3%	8.3%	6.1%	5.8%	5.8%	4.9%	7.6%	8.8%	2.3%	1.3%	3.6%
	84 <sup>th</sup>	12.9%	13.1%	15.1%	8.2%	17.0%	11.3%	12.4%	7.6%	7.2%	6.5%	6.1%	9.1%	10.7%	3.9%	3.0%	6.2%
	Volatility (1 yr)	16.3%	18.6%	24.3%	4.9%	26.6%	15.2%	14.5%	3.7%	3.2%	5.5%	2.0%	6.3%	9.3%	1.4%	-	-

The ESS model is recalibrated monthly. The fund actuary uses the most recent calibration of the model (prior to the valuation date) to set financial assumptions for each funding valuation.

### E5 What demographic assumptions are used by the fund?

The fund uses advice from Club Vita to set demographic assumptions, as well as analysis and judgement based on the fund's experience.

Demographic assumptions vary by type of member, so each employer's own membership profile is reflected in the assumptions that apply to them.

#### Life expectancy

The longevity assumptions are a bespoke set of VitaCurves produced by detailed analysis and tailored to fit the fund's membership profile.

Allowance has been made for future improvements to mortality, in line with the 2024 version of the continuous mortality investigation (CMI) model published by the actuarial profession. The core parameters of the model apply. However, the starting point has been adjusted by +0.25% (for males and females) to reflect the difference between the population-wide data used in the CMI and LGPS membership. A long-term rate of mortality improvements of 1.5% pa applies.

#### Other demographic assumptions

Retirement in normal health	Members are assumed to retire at the earliest age possible with no pension reduction.
Promotional salary increases	Sample increases below
Death in service	Sample rates below
Withdrawals	Sample rates below
Retirement in ill health	Sample rates below
Family details	A varying proportion of members are assumed to have a dependant partner at retirement or on earlier death. At age 65 this is assumed to be 55% for males and 54% for females). Dependant of a male is 3.5 years younger than him Dependent of a female is 0.6 years older than her

### Other demographic assumptions

Commutation	65% of maximum tax-free cash
50:50 option	0% of members will choose the 50:50 option.

### Males

Incidence per 1000 active members per year								
Age	Salary scale	Death before retirement	Withdrawals		Ill-health tier 1		Ill-health tier 2	
			FT &PT	FT	PT	FT	PT	FT
20	105	0.17	323.45	609.76	0.00	0.00	0.00	0.00
25	117	0.17	213.65	402.77	0.00	0.00	0.00	0.00
30	131	0.20	151.59	285.73	0.00	0.00	0.00	0.00
35	144	0.24	118.44	223.22	0.10	0.07	0.02	0.01
40	151	0.41	95.36	179.66	0.16	0.12	0.03	0.02
45	159	0.68	89.57	168.72	0.35	0.27	0.07	0.05
50	167	1.09	73.83	138.92	0.90	0.68	0.23	0.17
55	173	1.70	58.14	109.45	3.54	2.65	0.51	0.38
60	174	3.06	51.82	97.51	6.23	4.67	0.44	0.33
65	174	5.10	31.81	59.85	11.83	8.87	0.00	0.00

### Females

Incidence per 1000 active members per year								
Age	Salary scale	Death before retirement	Withdrawals		Ill-health tier 1		Ill-health tier 2	
			FT &PT	FT	PT	FT	PT	FT
20	105	0.10	281.94	373.90	0.00	0.00	0.00	0.00
25	117	0.10	189.71	251.55	0.10	0.07	0.02	0.01
30	131	0.14	159.02	210.83	0.13	0.10	0.03	0.02
35	144	0.24	137.25	181.90	0.26	0.19	0.05	0.04
40	151	0.38	114.23	151.34	0.39	0.29	0.08	0.06
45	159	0.62	106.60	141.21	0.52	0.39	0.10	0.08
50	167	0.90	89.87	118.92	0.97	0.73	0.24	0.18
55	173	1.19	67.06	88.83	3.59	2.69	0.52	0.39
60	174	1.52	54.04	71.50	5.71	4.28	0.54	0.40
65	174	1.95	25.76	34.07	10.26	7.69	0.00	0.00

## Appendix J

	Casework KPI	Total number of cases open as at 31 March	Total number of new cases created in the year	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
A1	Deaths recorded of active, deferred, pensioner and dependent members						
A2	New dependent member benefits						
A3	Deferred member retirements						
A4	Active member retirements						
A5	Deferred benefits						
A6	Transfers in (including interfunds in, club transfers)						
A7	Transfers out (including interfunds out, club transfers)						
A8	Refunds						
A9	Divorce quotations issued						
A10	Actual divorce cases						
A11	Member estimates requested either by scheme member and employer						
A12	New joiner notifications						
A13	Aggregation cases						
A14	Optants out received after 3 months membership						

	Casework KPI	Suggested fund target	% completed within fund target in year	% completed in previous year
B1	Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5 Days		
B2	Communication issued confirming the amount of dependents pension	10 Days		
B3	Communication issued to deferred member with pension and lump sum options (quotation)	15 Days		
B4	Communication issued to active member with pension and lump sum options (quotation)	15 Days		
B5	Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15 Days		
B6	Communication issued to active member with confirmation of pension and lump sum options (actual)	15 Days		
B7	Payment of lump sum (both actives and deferreds)	15 Days		
B8	Communication issued with deferred benefit options	30 Days		
B9	Communication issued to scheme member with completion of transfer in	15 Days		
B10	Communication issued to scheme member with completion of transfer out	15 Days		
B11	Payment of refund	10 Days		
B12	Divorce quotation	45 Days		
B13	Communication issued following actual divorce proceedings i.e application of a Pension Sharing Order	15 Days		
B14	Communication issued to new starters	40 Days		
B15	Member estimates requested by scheme member and employer	15 Days		

	Engagement with online portals	Percentage as at 31 March
C1	% of active members registered	16.89%
C2	% of deferred member registered	11.22%
C3	% of pensioner and survivor members	17.99%
C4	% total of all scheme members registered for self-service	46.10%
C5	Number of registered users by age	
C6	% of all registered users that have logged onto the service in the last 12 months	42.17%
	Communication	Total as at 31 March
C7	Total number of telephone calls received in year	4464
C8	Total number of email and online channel queries received	
C9	Number of scheme member events held in year (total of in-person and online)	10
C10	Number of employer engagement events held in year (in-person and online)	
C11	Number of active members who received a one-to-one (in-person and online)	
C12	Number of times a communication (i.e newsletter) issued to:	
	a) Active members	
	b) Deferred members	
	c) Pensioners	

6 retirement planning courses  
2 Visits to Galleons Mount  
2 visits to Holy Family

Ref	Resources	
D1	Total number of all administration staff (FTE)	10.4
D2	Average service length of all administration staff	8 Years
D3	Staff vacancy rate as %	33%
D4	Ratio of all administration staff to total number of scheme members (all staff including management)	1 : 2661
D5	Ratio of administration staff (excluding management) to total number of scheme members	1 : 3548

**Table E - Data Quality**

	Annual Benefit Statements	
E1	Percentage of annual benefit statements issued as at 31 August	100%
	Short commentary if less than 100%	N/A
	Data category	
E3	Common data score	
E4	Scheme specific data score	
E5	Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date	4.55%
E6	Percentage of active, deferred and pensioner members with an email address held on file	36.25%
	Employer performance	
E7	Percentage of employers set up to make monthly data submissions	
E8	Percentage of employers who submitted monthly data on time during the reporting year	

## **Responsible Investment Policy of the Royal Borough of Greenwich Pension Fund**

The purpose of this policy is to set out our Responsible Investment beliefs and principles, and the approach we are taking to fulfilling our commitments.

### **Introduction**

The Royal Borough of Greenwich is the Administering Authority for the Royal Borough of Greenwich Pension Fund (“the Fund”). The Fund administers the Local Government Pension Scheme (LGPS) on behalf of around 25,893 members which comprises 63 active employers with 8,064 members actively contributing into the Fund, 7,856 members drawing benefits from the Fund and the remainder with rights to deferred benefits. [Figures as at 31 March 2022.]

Within its Constitution, The Royal Borough of Greenwich has delegated responsibility for the administration of the LGPS to a Panel of elected councillors. The Pension Fund Investment & Administration Panel (“the Panel”) is the decision-making body for the Fund. It is assisted in its role by a Local Pension Board, made up of representatives of LGPS members and LGPS employing organisations.

Our fiduciary duty is to act in the best financial interests of members of the Fund and ensure that the Fund’s objective, as set out in the Investment Strategy Statement, is met. Our aim when setting the investment strategy is to strike an appropriate balance between generating satisfactory long-term returns whilst taking account of market volatility and risk and the nature of the Fund’s liabilities.

### **Responsible Investment**

We define Responsible Investment (“RI”) as the integration and consideration of environmental, social and governance (“ESG”) issues into investment processes and stewardship activities.

We recognise that ESG issues represent a material financial risk, which could have a negative impact on the value of the Fund’s investments particularly if the risks are not understood or evaluated properly. We should therefore seek to understand and manage the ESG issues to which the Fund is exposed. We consider ESG issues that are financially material, including climate change.

This policy sets out the actions we are taking to understand and manage ESG issues for the benefit of Fund members and other stakeholders. The aim is to protect the value of the Fund’s investments from ESG-related risks and to also capitalise on the investment opportunities that ESG issues, such as climate change, may provide.

### **Our RI beliefs and principles**

We have agreed the following beliefs and principles as the basis for our RI policy:

- We believe that ESG issues can have a material impact on the long-term risks and returns from the Fund’s investments, and there is an opportunity to positively impact investment returns by taking decisions with a long-term outlook and recognising the significance of ESG-related risks. We will engage with the London CIV, and our investment managers and advisers to understand the nature of these risks and identify investment opportunities which may also arise.
- Climate change, specifically, presents a financial risk over the Fund’s investment time horizon. As asset owners, we have the ability and duty to support the transition to a low carbon economy.

- We will consider opportunities to make investments with a positive social or environmental impact subject to the risk and return characteristics being acceptable. Investments expected to have a “positive impact” can be considered if they are consistent with the overall objectives of the Fund’s investment strategy.
- We believe we have a duty to consider the wider environmental and social impacts of investments. We believe that we should generally avoid investing in the most harmful companies and sectors.
- It is the role of the Fund’s active managers to carry out the necessary due diligence and take all relevant factors into account for each individual stock selection decision that they take. Therefore, we will not place restrictions on active managers in terms of stocks they can hold.
- Whilst active managers are expected to take ESG issues in their individual stock selection decisions, it is acknowledged that index-tracking managers will invest in line with the index set out in their mandate. We recognise that the choice of benchmark index is an important consideration for index-tracking mandates.
- We will encourage companies and investment managers to improve disclosure of their activity in relation to ESG issues. This will be addressed directly with managers, through involvement in the London CIV and also through membership of the LAPFF.
- Engagement with underlying companies where the Fund owns shares is the preferred approach to influencing company behaviour rather than divestment.
- We will encourage our investment managers to exercise stewardship and active ownership responsibilities effectively, through voting and engagement activities. This includes using our influence as asset owners to encourage positive behaviour from the managers, working in conjunction with the London CIV where appropriate.
- We will publish this policy and incorporate our RI policies and approach into the way that we engage and communicate with members.

### **Our approach**

We take the following steps to ensure the investment strategy is aligned with our RI beliefs and principles.

### **Integrating ESG issues into the investment decision-making process**

We aim to integrate consideration of ESG issues throughout our investment decision-making process, including setting the investment strategy, and the selection and monitoring of the Fund’s investment managers. We are supported in these aims through regular and ongoing input from, and engagement with, our investment advisers and the London CIV.

When looking to appoint a new investment manager or allocate money to a new fund, we will review the manager’s RI policy with input from our investment advisers. This review will consider

the manager's overall approach RI, including how they integrate ESG issues into their own investment decision-making process, and their approach to stewardship.

We undertake training on a regular basis and this includes training and information sessions on ESG issues, including climate change, and how these could impact the Fund's assets and liabilities.

### **ESG risk monitoring and assessment**

Our processes to monitor and assess ESG-related risks and opportunities include the following:

- Our investment advisers monitor the Fund's managers on an ongoing basis from an ESG perspective. Where available, this includes assigning an 'RI rating' which reflects the commitment of the manager to ESG integration and the practices they apply. We monitor these RI ratings on a quarterly basis.
- These RI ratings are also a key consideration when the Panel is appointing a new investment manager or allocating money to a new fund.
- We ask our investment advisers to highlight opportunities to invest in responsible investment strategies and will give due consideration to any proposals.
- The Fund will analyse the carbon intensity of the assets on an annual basis and consider climate change scenario analysis at least triennially to review potential risks to the funding and investment strategy and consider whether any action is required to mitigate these risks.
- We expect our asset managers to understand our RI beliefs and requirements. We provide our policy to our investment managers and to the London CIV.
- In the event that any investment manager does not meet any of the expectations listed in this policy, Officers will engage with the respective stakeholders to encourage improvements in processes, transparency or activity as required.
- With the support from our investment advisers, we carry out an annual review of the ESG profile of the funds to support identification of areas of potential ESG risk and engagement opportunities.

### **Expectations and monitoring of investment managers, including the London CIV**

We require our investment managers to integrate all material financial factors, including ESG issues, into their investment decision-making processes.

We expect our managers to follow best industry practice and use their influence as major institutional investors and long-term stewards of capital to promote good practice in the investee companies and markets to which the Fund is exposed.

We expect our investment managers to undertake appropriate monitoring of current investments with regard to their policies and practices on all issues which could present a material financial risk to the long-term performance of the Fund such as corporate governance and environmental factors.

Effective monitoring and identification of these issues can enable engagement with boards and management of investee companies to seek resolution of potential problems at an early stage.

Where collaboration is likely to be the most effective mechanism for encouraging issues to be addressed, we expect our investment managers to participate in joint action with other institutional investors as permitted by relevant legal and regulatory codes.

We expect investment managers to comply with the UK Stewardship Code Principles and expect them to be a signatory to the 2020 UK Stewardship Code and to the Principles for Responsible Investment (PRI).

Our investment managers have provided copies of their RI policies. The managers are asked on an annual basis to provide an update on any changes to their policies. The managers are also encouraged to report on their engagement activity with companies as part of their regular quarterly reporting. The consideration of ESG factors, along with discussion on current examples, is also an item on the agenda at all meetings between the investment managers and the Panel/Officers.

We monitor this activity on an ongoing basis with the aim of maximising its impact and effectiveness.

The London CIV has developed its own RI policy. We will continue reviewing this policy and engaging with the London CIV to ensure that its strategies and beliefs are still aligned with ours. We will also require the London CIV to monitor the investment managers appointed for their fund range and provide reporting on the engagement activities of those investment managers.

### **Stewardship – voting and engagement**

We recognise the importance of our role as stewards of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which our investments reside. This ultimately protects the financial interests of the Fund and its beneficiaries.

We have a commitment to actively exercising ownership rights attached to our investments, reflecting a conviction that responsible asset owners should maintain oversight of the companies they invest in, recognising that the companies' activities impact upon not only their customers and clients but more widely upon their employees and other stakeholders and wider society.

We have delegated the exercise of voting rights to the investment managers on the basis they will exercise this power with the objective of preserving and enhancing long-term shareholder value.

The investment managers have provided copies of their voting policies and these have been reviewed by Officers. The managers are asked on an annual basis to provide an update on any changes to their policies. The managers are also required to report on their voting activity. We publish a report of voting activity as part of the Fund's annual report.

We expect the London CIV to take an active approach to voting and engagement and we will monitor its activity in these areas.

We review the stewardship activities on an annual basis with input from the Fund's investment adviser and will engage with managers and the London CIV as required.

We encourage the investment managers to provide suitable context when reporting on their voting and engagement activities, to explain the rationale for the actions they have taken, the relevance to the Fund, and outcome of engagement activity.

The Panel has formally agreed to adhere to the Stewardship Code as published by the Financial Reporting Council. A copy of the Fund's statement of compliance with the Stewardship Code can be found on the Fund's website.

The London CIV is also a signatory to the Stewardship Code.

We believe in collective engagement and the Fund is a member of the Local Authority Pension Fund Forum (LAPFF), through which it collectively exercises a voice across a range of corporate governance issues.

### **Climate change**

We consider that significant exposure to high carbon emitting companies and projects within portfolio could pose a material financial risk to the value of the Fund's investments.

We have committed to undertaking a carbon footprint exercise for the Fund to quantify the Fund's current carbon emissions. We will then develop a plan to reduce the Fund's carbon emissions. The plan will be periodically reviewed to ensure that it remains consistent with the risks associated with investment in carbon assets and with the Committee's fiduciary duties.

A key consideration in developing this plan, including the setting of any intermediate targets, will be the London CIV's own plans to reduce the carbon exposure of the funds it oversees. Currently, c55% of the Fund's assets sit within the London CIV and this percentage is expected to grow over time.

At this stage, we have not set a target timeframe for the Fund to become carbon neutral. This will be considered in more detail as part of the plan to reduce the Fund's carbon emissions.

### **Disclosure and reporting**

We recognise that transparency and disclosure is an important aspect of being a responsible investor. In support of this, this RI policy is being made available to members.

We will review this policy at least every three years or as required as a result of legislative changes or industry developments.