

Investment Strategy Statement (March 2018)

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, (“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 adopted by the 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 20 March 2017, is subject to periodic review at least every three years and also after any significant change in investment policy.

The 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.

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. This funding position will be reviewed at each triennial actuarial valuation, or more frequently as required.

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 employers to meet the cost of future benefits accruing. For employee members, benefits will be based on service completed but will take account of future salary and/or inflation increases.

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. The Fund may be required to hold different assets to its benchmark allocation during times of transition from one benchmark to another.

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 that every three years following the actuarial valuation, the Fund would either review existing funding arrangement or undertakes an asset liability modelling exercise. This exercise focuses on key risk metrics of probability of success (how likely is the Fund to be fully funded over the agree funding period) and downside risk (how poor could the funding position become in the worst economic outcomes).

This approach helps to ensure 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).

The fund completed a full asset / liability review and implemented enhanced investment management arrangement by 31 March 2017. Notwithstanding the above, it will be necessary for the fund to allow time for these arrangements to take effect before consideration of further changes.

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

The Panel also monitors the Fund's actual allocation on a regular basis to ensure it does not notably deviate from the target allocation.

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 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.

Rebalancing ranges

The new proposed rebalancing ranges for each asset class are shown in the table below. If the control ranges have been breached, this would prompt rebalancing between the underlying assets/managers.

Asset	Target allocation (%)	Rebalancing tolerance range (%)
Equity	50	+/- 5.0
Property	10	-
Multi-asset	10	+/- 2.5
Bonds	20	+/- 4.0
Diversifying Alternatives	10	-
Cash	-	+ 2.5

Total	100	
-------	-----	--

These ranges have been calculated by scaling the current range for each asset class, taking into account the nature of the underlying assets. These ranges are appropriate for the Fund based on the current investment strategy, however, these should be reviewed on a regular basis:

- The Fund invests in equity funds across two managers (BlackRock and Fidelity). It is expected that the relative balance between BlackRock and Fidelity equity funds can vary over time, due to the impact of regional performance and currency exchange rates. However, given that these are all equity funds, any rebalancing should be considered at an asset class level rather than at a fund or manager level. Therefore, if the overall equity allocation across BlackRock and Fidelity is out of the rebalancing tolerance range, the most underweight/overweight equity manager would be used to rebalance the assets.

Separately the Blackrock portfolio consists of three separate funds. These are not automatically rebalanced. In the first instance they will be rebalanced using the investment/disinvestment of funds into or out of the Fund, including any rebalancing as described above. Separately once a year the Panel will need to consider instructing BlackRock to rebalance where this has drifted away from the desired position.

- The CBRE property mandate is a relatively illiquid investment due to the nature of the underlying assets. The Fund may purchase or sell opportunistically, but it is not expected that the allocation is rebalanced as part of the rebalancing process and therefore property does not have a tolerance range. Property is also an expensive asset class to buy and sell. The Panel will need to consider the allocation to CBRE as part of its quarterly monitoring of Fund assets and consider any rebalancing as required from time to time and taking into account the factors outlined above.
- The Partners Group mandate operates on a fixed commitment basis and is an illiquid asset class. Therefore this cannot be easily 'topped up' or 'trimmed' for rebalancing purposes and does not have a tolerance range.
- Although the Fund does not have a target allocation to the BlackRock Liquidity fund, it is expected that this mandate will be used to hold some investments over short periods of time to facilitate wider strategic changes or cashflow requirements.

Investment markets will continue to be monitored and where a strong view is formed from time to time, decisions may arise to hold overweight or underweight positions on a tactical basis to capture any medium term market opportunities or reduce any risks from market threats.

Recent rebalancing

Following strong performance by equities over 2016, the Fund's overall equity allocation was overweight by c.5% relative to the target allocation of 50% of the Fund's total assets. Following discussions between advisors and the Officers in January, £55m was disinvested from equities in order to 'lock' in these profits.

Although the Fund has already committed to the Partners Group mandate, this investment is funded through four capital calls over 12 months. The Fund is expected to pay the final capital call of £25m for the Partners Group Private Markets Credit Strategies capital call on 31 March 2016. Therefore £25m of the disinvestment made from equities has been switched to the BlackRock Liquidity fund and this amount been earmarked for the Partners Group capital call.

The remaining proceeds from the equity disinvestment were split and invested between the Invesco Global Targeted Return fund (£20m) and the Fidelity UK Aggregate Bond fund (£10m). Following this investment, these two allocations are expected to be broadly in line with their target allocations.

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 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 target investment strategy is set out below. In line with the Regulations, the Fund'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 the Administering Authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007.

Table 1: Fund allocation

Asset Class	Target (%)
UK Equities 5% cap Weighted	15.0
Overseas Equities	35.0
<i>Global equity passive</i>	<i>15.0</i>
<i>Smart Beta Allocation</i>	<i>10.0</i>
<i>Emerging markets active</i>	<i>10.0</i>
Property	10.0
Bonds	20.0
<i>Multi Asset Credit</i>	<i>10.0</i>
<i>UK Aggregate Bond Fund</i>	<i>10.0</i>
Multi Asset Strategy	10.0

Diversified Alternatives	10.0
Total	100.0

Consideration of the Fund's risks, including the approach to mitigating risks

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 passive funds in which the Fund invests holds a mix of investments within each pooled fund that reflects that of their respective benchmark indices.

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 has put in place processes to manage, measure, monitor and (where possible) mitigate the risks being taken.

The principal investment 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

- 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. As indicated above, the Panel has set a strategic asset allocation benchmark for the Fund. This benchmark was set taking into account asset liability modelling which focused on probability of success and level of downside risk. The results from the 2013 analysis highlighted the Fund has c63% probability of achieving full funding by 2036 and a downside risk measure of c30% funding level based on the average of the worst 5% of outcomes. This analysis will be revisited as part of the 2016 valuation process. 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 they 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

- 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).
- Environmental, social and governance (“ESG”) – The risk that ESG related factors reduce the Fund's ability to generate the long-term returns.
- Manager underperformance - The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.

The Panel measure and manage 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 is 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 a passive basis. The Panel assess the Fund's managers' performance on a quarterly basis, and will take steps, including potentially replacing one or more of their managers, if underperformance persists.

Other provider risk

- 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.

A separate schedule of risks that the Fund monitors is set out in the Fund's Funding Strategy Statement.

The approach to pooling investments, including the use of collective investment vehicles and shared services

The Fund has formally agreed to join the London Collective Investment Vehicle (London CIV) as part of the Government's pooling agenda. The London CIV has been operational for some time and is in the process of opening a range of sub-funds covering liquid asset classes, with less liquid asset classes to follow. The proposed structure and basis on which the London CIV will operate was set out in the July 2016 submission to Government.

Assets to be invested in the Pool

The Fund's intention is to invest its assets through the London CIV 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.

Any assets not currently invested in the London CIV will be reviewed at least every three years to determine whether the rationale remains appropriate, and whether it continues to demonstrate value for money.

The Fund is monitoring developments and the opening of investment strategy fund openings on the London CIV platform with a view to transitioning liquid assets across to the London CIV where practicable and there are suitable sub-funds to meet the Fund's investment strategy requirements.

The Fund holds c21% of its assets in illiquid strategies (private equity, diversified alternatives and property) and these will remain outside of the London CIV pool. The cost of exiting 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.

Structure and governance of the London CIV

The July 2016 submission to Government of the London CIV 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. Below is a summary extract from the July Submission:

- London CIV has established the Sectoral Joint Committee (SJC - comprised of London Pension Fund Chairs) as well as an Investment Advisory Committee (IAC - comprised of officers at the London funds) and that this helps to main the strong links and assurance with the local administering authorities. This ensures that the links with local democratic accountability for the London CIV are maintained. The SJC agendas and minutes are also publicly available which enables external scrutiny of the work of the SJC.
- The company and fund structure chosen for the London CIV means that the company has to be accountable to its shareholders who all retain equal shares in the ownership and voting.
- The London CIV pool already has dedicated resources working for the company with a Chief Executive, Investment Oversight Director, Operations Director as well as support staff. In addition the Company has a highly respected Non-Executive Board in place meeting the requirements for strong governance arrangements to be in place.
- In addition the arrangements that the London CIV has already put in place with external providers including Northern Trust (asset service provider), Capita (operating model adviser) as well as having used expert advisers, Eversheds and Deloitte in the establishment of the CIV provides administering authorities with the assurance on both the set-up and ongoing operation of the London CIV.
- With regards to providing assurance on environmental, social and governance issues and how this will be handled by the pool, this has already been the subject of consideration by the company and the SJC with an agreement that the London CIV should be a separate member of the Local Authority Pension Fund Forum (LAPFF) – a body which represents the majority of views of local authority pension funds on these matters.
- The London CIV is also currently considering how it will meet the requirements of the Stewardship Code and anticipates being a signatory to this in due course.
- The IAC has also established a working group to look at the whole issue of ESG matters and how funds can best access this through the London CIV and how to assist funds in acting as long term responsible shareholders.

How social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments

The Fund is committed to being a long term steward of the assets in which it invests and expects this approach to protect and enhance the value of the Fund in the long term. In making investment decisions, the Fund seeks and receives proper advice from internal and external advisers with the requisite knowledge and skills. In addition the Panel undertakes training on a regular basis and this will include training and information sessions on matters of social, environmental and corporate governance.

The Fund requires its investment managers to integrate all material financial factors, including corporate governance, environmental, social, and ethical considerations, into the decision-making process for all fund investments. It expects its managers to follow good 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.

The Fund expects its external investment managers (and specifically the London CIV through which the Fund will increasingly invest) 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. The Fund expects its fund managers to integrate material ESG factors within its investment analysis and decision making.

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, the Fund expects its investment managers to participate in joint action with other institutional investors as permitted by relevant legal and regulatory codes.

The Fund monitors this activity on an ongoing basis with the aim of maximising its impact and effectiveness.

The Fund will invest on the basis of financial risk and return having considered a full range of factors contributing to the financial risk including social, environment and governance factors to the extent these directly or indirectly impact on financial risk and return.

The Panel receives periodic reports covering social, environmental and ethical considerations. This ISS reflects the most recent report, however, it will be updated as a result of any changes arising from a future report on this matter.

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 Panel has delegated the exercise of voting rights to the investment managers (and where relevant in the future the London CIV) on the basis that voting power will be exercised by it with the objective of preserving and enhancing long term shareholder value. The managers are encouraged to vote in line with guidelines set by the Fund, in respect of all resolutions at annual and extraordinary general meetings of companies. Annexe II outlines the Voting Intention Guidelines. The Director of Finance has delegated authority to instruct fund managers to vote in a specific manner.

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and in this way joins with other LGPS Funds to magnify its voice and maximise the influence of investors as asset owners. Membership of the Local Authority Pension Fund Forum enables alerts to be sent to the Fund in respect of specific issues / companies.

Stewardship

The Panel has formally agreed to adhere to the Stewardship Code as published by the Financial Reporting Council. The Panel expects both the London CIV and any directly appointed fund 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.

As part of its compliance with the Stewardship Code the Fund has adopted a set of Voting Intention Guidelines, see Annexe II. The Panel publishes an annual report of voting activity as part of the Fund's annual report. 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.

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 Panel expects both the London CIV and any directly appointed fund managers to also comply with the Stewardship Code and this is monitored on an annual basis.

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 Annexe I.

Additional Voluntary Contributions (AVCs)

The Fund gives members the opportunity to invest in a range of vehicles at the members' discretion.

Annexe I - 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"> • Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively 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. 	<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. As at March 2016, the Panel currently holds one vacancy. 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 Annexe V.</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 tax payers, the strength</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</p>

<p>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>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"> • In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of liabilities. • These include the implications for local tax payers, the strength of the covenant for participating employers, the risk of their default and longevity risk. 	<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 SIP.</p>
<p>4 - Performance Assessment</p> <ul style="list-style-type: none"> • Arrangements should be in place for the formal measurement of performance of the 	<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</p>

<p>investments, investment managers and advisers.</p> <ul style="list-style-type: none"> 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. 	<p>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"> Recognise and ensure that their partners in the investment chain adopt the FRC's UK Stewardship Code Include a statement of their policy on responsible ownership in the Investment Strategy Statement. Report periodically to scheme members on the discharge of such responsibilities. 	<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"> • 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 • provide regular communication to scheme members in the form they consider most appropriate. 	<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"> • Annual Report, incorporating the Pension Fund Statement of Accounts • Investment Strategy Statement • Governance Statement • Stewardship Code • Knowledge and Skills Policy Statement • Triennial actuarial valuation • Funding Strategy Statement • Agenda and Minutes of the Pension Fund Investment and Administration Panel and the Pension Board <p>These documents are published on the internet and hard copies are available on request.</p>

Annexe II – Voting Intention Guidelines

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

Vote against acceptance of the

shareholders at the AGM.

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

11. The Directors shall report on frauds uncovered that exceed £100,000 and action taken.

Vote against acceptance of
accounts.

THE CADBURY CODE

APPENDIX A

- | | | |
|-----|--|--|
| 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 of the audit firm. | Vote against Directors re-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.
Vote against Chair's re-appointment |
| 20. | The Company shall indicate how it ensures equal opportunity is genuinely available. | Seek compliance through written Contract. |

Annexe III

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. As at March 2016, the Panel currently holds one vacancy. 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