










LONDON CIV

LB Barnet Pension Fund

14th December 2022

2021241

AGENDA

01 Responsible Investment & Net Zero Strategy

02 Investment Update
- New Fund Launch Pipeline
- Existing Fund Alterations

PRESENTERS

Gustave Loriot
Responsible Investment Manager

Harry Lamprinopoulos
Client Relations Manager

London CIV
Responsible Investment
&
Net Zero Strategy

Climate at London CIV

Task	Driver	Detail	Progress	Next Steps
Investment Beliefs	Informing investment strategy and responsible investment policies	Investment beliefs and principles	Complete	Review and finalise for 2021
Climate Data Procurement	Regulation, industry best practice, adding client value, mitigating climate risk, supporting strategy, target setting	Climate risk analysis in line with TCFD guidelines and industry best practice for 91% of AUM	Complete	Sovereign instruments coverage
Industry Collaboration	Supporting engagement and driving industry best practice	London CIV have joined: TCFD, UN PRI, ClimateAction100+, TPI. Net Zero recommendation made.	Ongoing	Ongoing
Leadership	Driving best practice in industry, adding value for clients	• Consultations: DWP, PRI, TCFD • Engagements: NDC Letter to UK Government	Ongoing	Ongoing
Climate Risk Analysis (Equities, Debt and Real Assets)	Regulation, industry best practice, adding client value, mitigating climate risk, supporting strategy, target setting	Climate risk analysis covering 91% of London CIV existing AUM for listed equities and fixed income, calculate in house for real assets.	Complete	To be repeated in December 2021
Climate Policy Setting	Industry best practice, adding client value, setting targets	Owing to its materiality London CIV should have a separate statement on climate change	Complete	Review in March 2022
Climate Target Setting	Industry best practice, adding client value, risk mitigation, societal benefits of decreased emissions	London CIV have made a recommendation on net zero by 2040 with interim targets.	Complete	Detailed Roadmap, Integration of Passive funds.

London CIV Net-Zero Strategy

Recognising our duty to act in the long-term interests of our clients, it is recommended that the London CIV makes a ***commitment to become a Net-Zero company by 2040*** *in line with the Paris Agreement objectives to limit global temperature rise below 1.5°C.*

Interim Targets

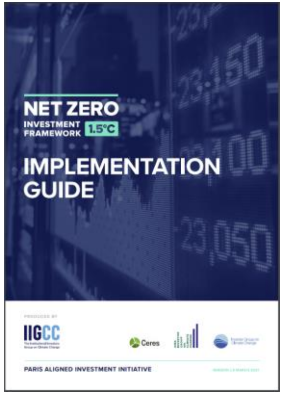
1. ***Reduce the carbon intensity of the Pool's investments by 35% by 2025 (relative to 2020), and 60% by 2030 across funds invested via the London CIV ACS, EUUT and SLP .***

2. ***Become a Net-Zero company across operational and supply chain emissions by 2025.***

Beyond the Sub-fund decarbonisation targets outlined above, we will set ***sector-level decarbonisation targets****,* ***climate-engagement targets****, and* ***financing transition targets*** *to drive GHG emissions reduction outcomes in the real economy. We will also endeavour to assess the climate impact of assets invested passively through Blackrock and LGIM and integrate these funds as part of the London CIV Net-Zero Strategy by 2023.*

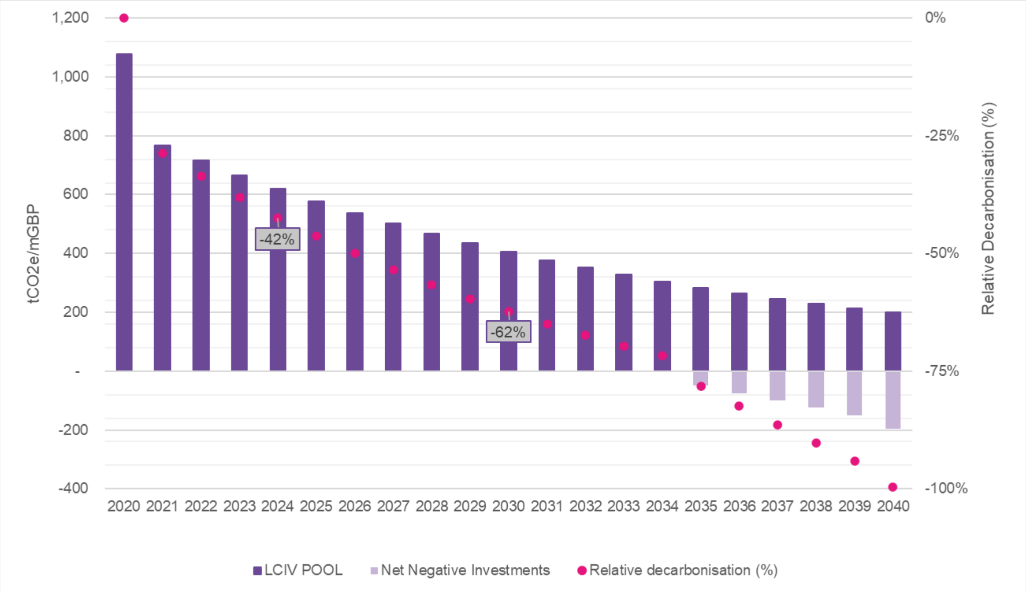
London CIV Net-Zero Strategy

This blueprint was developed following an extensive review of public frameworks for Paris-Aligned Investing, and the assessment of Net-Zero strategies shared by London CIV peers. Sub-fund targets were established in accordance with science-based decarbonisation pathways and under consideration of associated social impacts.



London CIV Net-Zero Strategy

The combination of an effective annual decarbonisation rate of 5% coupled with a progressive SAA shift towards low-carbon, Paris-Aligned, and net-negative climate investments puts the London CIV on a feasible and science-based path to achieve Net-Zero GHG emissions by 2040.



Source: London CIV

Products

Pipeline	Stage	ESG credentials
The London Fund	Launched 12/20 and Investing	Seeking social and environmental improvements for London
LCIV Inflation Plus Fund	Launched 3/20 and Investing	Engaging with manager Aviva to improve ESG, FRC
LCIV Private Debt Fund	Launched 3/21 and Investing	Engaging with managers to improve RI
LCIV Global Alpha Growth Paris Aligned Equity Fund	Launched 4/21	Paris alignment targeting –7% reduction in GHC emissions FRC ++
LCIV Renewables Infrastructure Fund	Launched and Investing	Investing in renewable energy, including a £99m purchase of Wind and Solar operating assets in the UK
LCIV Infrastructure Fund	Launched 9/19 and Investing	> 50% in renewables and considering a climate transition fund.
LCIV Passive Equity Progressive Paris Aligned Fund	Launching 12/21	Tracking index that is seeking to invest in companies that are aligned to -1.5c, FRC re-applied
LCIV Alternative Credit Fund	5 – Investing Stage	CQS improvements in RI approach, FRC approved
Sterling Credit	1 – Client Demand	Clients asking about ESG credentials of providers
Mandate changes		
LCIV Global Bond Fund with ESG	IMA And Prospectus changes	Manager commitment to work with issuers to address ESG issues
LCIV MAC Fund	Addition of 2nd manager with ESG credentials	CQS improvement in RI, FRC PIMCO FRC re-applied
Global Equity Core ESG enhancements and Benchmarks, inc. name change to Resilient Global Quality Equity Fund	IMA and prospectus Changes	Manager improving social and environmental impact FRC re-applied

Net Zero Strategy - Products

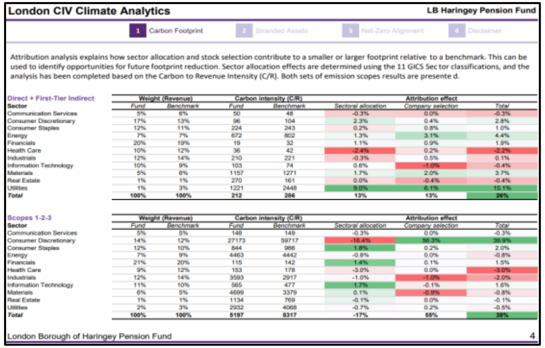
	D+FTI GHG Intensity (tCO2e/mGBP)	Fossil Fuel Exposure (%)	Implied Temperature (°C)
LCIV Global Alpha Growth Fund	208 tCO2e/mGBP	3%	>3°C
LCIV Global Alpha Growth Paris Aligned Fund	116 tCO2e/mGBP	0%	2-3°C
LCIV Global Equity Fund	121 tCO2e/mGBP	1%	2-3°C
LCIV Global Equity Core Fund	90 tCO2e/mGBP	0%	>3°C
LCIV Global Equity Focus Fund	55 tCO2e/mGBP	0%	2-3°C
LCIV Emerging Market Equity Fund	121 tCO2e/mGBP	0%	>3°C
LCIV Sustainable Equity Fund	143 tCO2e/mGBP	2%	<2°C
LCIV Sustainable Equity Exclusion Fund	136 tCO2e/mGBP	2%	<2°C
LCIV Passive Equity Progressive Paris Aligned Fund	75 tCO2e/mGBP	0%	<1.5°C
LCIV Global Bond Fund	420 tCO2e/mGBP	12%	2-3°C
LCIV MAC Fund	218 tCO2e/mGBP	8%	<2°C

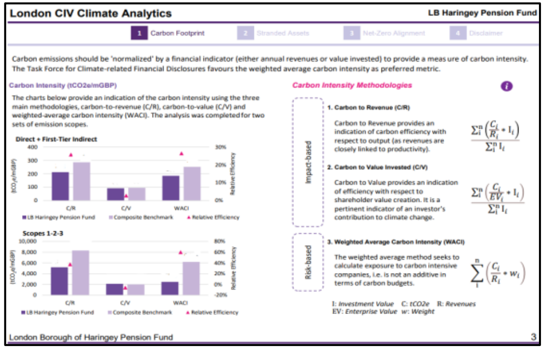
(1) Pooled Funds, Funds invested via the London CIV EUUT and SLP, and Funds invested via passively via BlackRock and LGIM do not appear on the table.

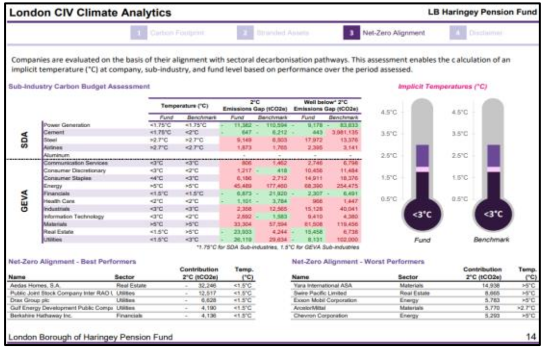
(2) Implied Temperature Metrics were calculated by LCIV by leveraging the Trucost Transition Pathway dataset. They do not necessarily reflect whether a fund is "Paris Aligned". For more information, please consult the following link.

Source: London CIV based on Trucost data as of 30th September 2021

London CIV Climate Analytics Service







- Pilot Climate Analysis completed for LB Haringey across 7 funds.
- Service soon available to all clients to support TCFD reporting.

Source: London CIV

Appendix – LCIV MAC Fund

Key Responsible Investment Metrics

The Strategy is continually working to deliver on each of its sustainability commitments

ESG Rating

BBB

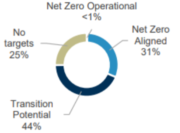
Weighted Average ESG Rating

46% less single B and 40% less CCC rated names than the CQS HY Universe

ESG Ratings	Q3 21
Agree to MSCI	49%
Notched up from MSCI	20%
Notched down from MSCI	30%

Net Zero Portfolio[2]

Represents the 347 / 506 portfolio companies where climate data was available or companies responded to our Climate Audit[2]



Engagement

512

Engagements across MAC strategies year-to-date[3]

WACI

67%

lower carbon emission intensity than investing in the broader universe[1]

Weighted Average Carbon Intensity[1] (t/$m revenue)

86 CMA

262 ICE BoA Developed Markets High Yield Index

Coverage[4]

Scope 1 & 2 **100%**

Scope 3 **99%**

Issuer	GICS Sector	Fund WACI Contribution
Danaos Corp	Industrials	3.0
Intervias Finco	Energy	2.5
Cp Iris Holdco I	Materials	2.5
Xella Internatio	Materials	2.5
EDF	Utilities	2.4

Source: CQS estimated as at 29 October 2021.[1]WACI carbon intensity estimated using scope 1 & 2 available disclosures and MSCI sector proxy estimates. ESG ratings may not sum to 100% due to rounding. [2]CQS as at 30 September 2021. [3]This includes engagements as part of our Climate Audit and ESG questionnaires sent to our CLO managers. [4]Coverage includes CQS Proxy WACI scores and excludes ABS.

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Responsible Investment Updates

Engagement

VARSITY BRANDS: Varsity Brands is a seller of team sports uniforms, apparel and equipment serving US colleges. CQS reached out on cotton sourcing and ties with the US All Star Federation ("USASF") cheerleading scandals. Management refused to engage and speak with us. With their link to the wide-spread social issue of USASF and refusal to engage, we fully sold our position.

FIRST QUANTUM MINERALS: First Quantum is one of our targeted engagement programme names (we focus on carbon emissions disclosure and targets). In their Q2 2021 earnings announcement, they included an ESG section with emissions' savings data for the first time. Targets are expected to be announced in Q4 2021 and we will continue to engage with them on this.

DOUGLAS: Douglas currently provides limited disclosures on its social policies. Our analyst sought clarity on their social policies and targets set (employee engagement channels, accident tracking, data security and Scope 1-3 emissions). The company indicated that they do not currently have a monitoring framework in place but expect to begin reporting by mid-2022. Our engagement prompted interest from other investors - we will continue to seek progress from Douglas on this.

Opportunities & Risks

mfg motor fuel group: We see a transition opportunity as business and consumers shift to Electric Vehicles (EV). MFG is critically placed as one of the largest petrol forecourt operators in the UK and is a market leader in EV charging points, shifting its infrastructure to ultra-rapid charging points (able to deliver up to 100 miles in 10 minutes of charge), point of time payment model and power supplied by renewable energy.

MADISON IAQ: MIAQ provides indoor air quality solutions, including anti-microbial and chemical filtration technology, areas of both health and economic importance in light of Covid-19 and public space re-opening. MIAQ has strong ESG disclosure and policy, and this forms part of management's board-level performance evaluation. Recent acquisition of Big Ass Fans further expands the product offering through energy efficient air circulation solutions, several of which are being adopted across net zero carbon emission building developments in the United States.

LafargeHolcim: We reduced our position in Lafarge Holcim and ultimately exited in July 2021 across Convertible strategies due to ESG controversy concerns regarding the possible financing of extreme groups via their Syrian subsidiary. The French Supreme Court announced on 7 September 2021 that Lafarge would face investigation into complicity of crimes against humanity in Syria, overturning the previous ruling.

Updates:
In September 2021, CQS became a signatory to the **UK Stewardship Code**. The report is available on the CQS and Financial Reporting Council's websites.
At the beginning of November, CQS become a signatory to **the Net Zero Asset Managers Initiative**. We are currently in the process of setting our interim targets for the CMA strategy.

Source: CQS and MSCI as at 1 November 2021. This is presented for illustrative purposes only to show you an example of a trade within a strategy. This trade example cannot be relied upon as an indication of future returns and past performance is no guarantee of future returns. It should not be assumed that recommendations around these types of trades made in the future will be profitable or will equal the performance of the trade example used herein. Past performance is not necessarily indicative of future results.

4

- CQS have completed a climate audit of the CMA Fund and they are advocating for improved standards of practice and disclosure across the sub-investment grade credit markets. The climate audit provides a good baseline for setting decarbonisation targets for CMA in line with their commitment to achieve Net Zero GHG emissions by 2050.

Source: CQS

Appendix – LCIV Global Bond Fund (1/2)

PIMCO's Exclusions

Core Exclusions

- Bottom 15% of sovereigns on transparency and corruption indices (Transparency International, World Bank, Freedom House index)
- Governments sanctioned by UN Security Council
- Violation of UN Global Compact Principles, UN Guiding Principles of Business and Human Rights or International Labour Organization Conventions
- Production of controversial weapons (e.g. cluster munitions and landmines)
- Manufacturing of conventional weapons / armaments (>10% revenue)
- Manufacture of tobacco products (>10% revenue)
- Production or trade of pornographic materials (>10% revenue)
- Production, distribution of coal and coal fired generation (>10% revenue)
- Oil sands extraction (>10% revenue)

Dynamic Exclusions*

Individual issuers and/or entire sectors may be excluded due to:

- Extreme controversy at the issuer and/or industry level
- Poor environmental practices
- Weak corporate governance
- Corrupt business practices
- Violation of human rights
- Unacceptable labour practices

PIMCO ESG Exclusion Group

- Composed of PIMCO investment professionals from multiple business units
- Meets regularly to ensure that ESG portfolios are consistent with objectives
- Incorporates PIMCO's evolving views on sustainability into dynamic exclusion list

*Dynamic Exclusions for illustrative purposes only. Exclusions are implemented through trade compliance.
Refer to appendix for additional investment strategy and risk information
SOURCE: PIMCO

PIMCO 9

Source: Pimco

Engagement

Empower companies to influence change

Think like a Treasurer
Identify issuers which can benefit from engagement, then develop a set of core engagement objectives

Engage like a Partner
Successful engagement is based on collaboration, a productive dialogue and mutual agreement on objectives

Hold to account as a Lender
Measure progress against a pre-defined benchmark, agree on planned remedies if there is material underperformance and divest as necessary

Sample engagement themes

Climate	Conduct & Culture	Product risk & opportunity	Positive Impact (including SDGs*)
Are you planning to align reporting to TCFD recommendations?	Is senior executive compensation explicitly tied to sustainability metrics?	Do you report product safety audits at external production sites?	What are the most relevant Sustainable Development Goals (SDGs) for your business?
Do you have targets for emissions reductions?	Are there training programs on culture and alignment to expected values & behaviors?	Is the compensation of sales staff tied to good customer outcomes?	Has your company issued any purpose bonds (social, green, SDG)?
Do you evaluate the lifecycle carbon footprint of your products?	Does your board regularly review whistleblowing reports and customer complaint data?	Are you developing additional cybersecurity safeguards in relation to the connected car?	Does your business provide services/products that support underserved or underprivileged groups?

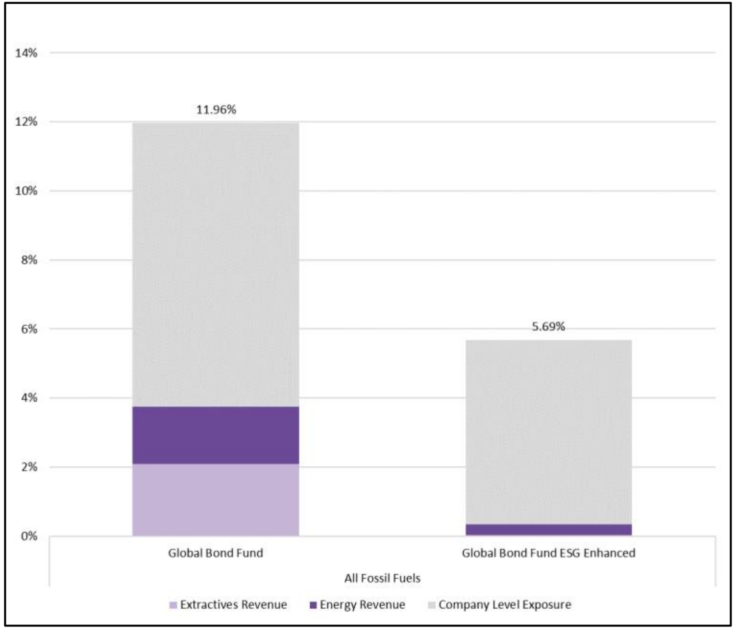
SOURCE: PIMCO. **For illustrative purposes only**
* UN Sustainable Development Goals

PIMCO 11

Source: Pimco

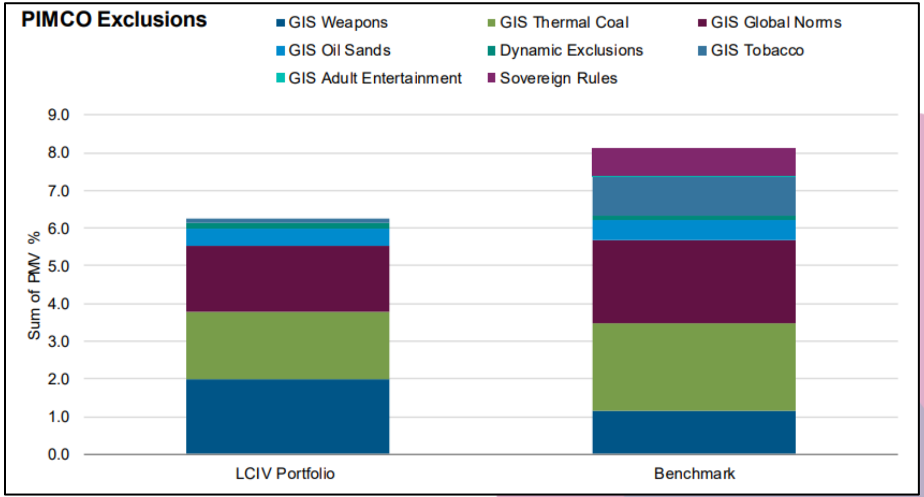
Appendix – LCIV Global Bond Fund (2/2)

LCIV Analysis: ESG Enhanced Global Bond Fund Fossil Fuel Exposure



Source: London CIV based on Trucost data as of 30th September 2021

PIMCO Exclusions: Global Bond Fund

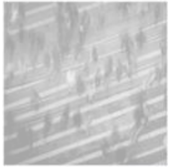


Source: PIMCO

- PIMCO's core and dynamic exclusions have been run through the London CIV Global Bond Fund and benchmark to provide an illustration of the impact of the PIMCO exclusions being applied to the Global Bond Fund.









02

London CIV Investment Update

- New Fund Launch Pipeline

- Existing Fund Alterations

New Fund Launch Pipeline

FUND	CURRENT STAGE	EXPECTED LAUNCH DATE(S)	LATEST UPDATE	OVERALL RAG	TOTAL EXPECTED DEMAND
LCIV Passive Equity Progressive Paris-Aligned Fund (PEPPA)	Launched	operationally ready	Two investors have invested assets in December '21	Green	Launch with £500m (anticipated first year assets to total £877m - £1.1bn)
LCIV Sterling Credit Fund	Stage 1 - Client Demand	To be determined	SIG event held on 02 November, next SIG scheduled for 01 Feb 2022. Analysis to focus on fee savings and ESG enhancements	Green	£370m
LCIV Alternative Credit Fund	Stage 5 – Fund Preparation	Q1 '22	FCA filing sent 03/12/2021	Amber	£382m
Property	Stage 1 - Client Demand	To be determined	Client survey responses received (with thanks) Analysis being discussed internally. SIG to be arranged shortly.	Green	To be confirmed

1 Client Demand → 2 Mandate Development → 3 Fund Structure Op Viability → 4 IM Selection → 5 Fund Preparation → 6 FCA Process Fund Launch

Source: London CIV. Data as of 3 December 2021.

Fund Alterations Pipeline

FUND	EVENT TYPE	EXPECTED COMPLETTION	LATEST UPDATE	OVERALL RAG	TOTAL EXPECTED DEMAND
LCIV MAC Fund	Fund restructure – addition of PIMCO to co-manage Fund with CQS	Early Q1 '22	Fund document drafting has commenced FCA filing targeted for December '21 Transition planning in-flight	Amber	Additional AuM Circa £453m
LCIV Global Equity Core Fund	Fund objective moved to 'generate total return (comprising both capital growth and income returns) over a long-term period (typically 5-10 years)' ESG enhancements. Name change - **Resilient Quality Global Equity** Fund	Q1 2022	Preparing FCA application form	Green	Not Applicable
LCIV Private Debt Fund	Executive Directors approved allocation to underlying Managers	Completed on 05 November '21	Pemberton Subscription of €148m. Churchill Subscription of $175m	Green	Additional Commitment £250m
LCIV Global Bond Fund	Transition into a more climate aware version to meet client demands	December '21	FCA filing issued 15 November.	Green	Not Applicable

1 Client Demand → 2 Mandate Development → 3 Fund Structure Op Viability → 4 IM Selection → 5 Fund Preparation → 6 FCA Process Fund Launch

Source: London CIV. Data as of 3 December 2021.

Investment Update Summary

Staffing

- Second interviews for the Senior portfolio manager Private markets
- Started the search for investment analysts
- Jacqueline Jackson is on Maternity leave

Short-Term Activity

- PEPPA Fund operationally ready first investments, expected in December
- Alternative credit Fund launch
- Prospectus updated for Global Bond Fund
- Secondary in Inflation Plus- RCF
- Closed Blackrock Renewable UK Secondary
- Adoption of SONIA Benchmark

Medium - Term Activity

- Product Roadmap
- Net Zero strategy
- Property mandate(s)

Important information

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