



North East Scotland Pension Fund

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LAPFF Executive Nomination

June 2024

1. Background

1.1 Local Authority Pension Fund Forum

The Local Authority Pension Fund Forum (LAPFF) exists to promote the long-term investment interests of member funds and beneficiaries and to maximise their influence as stakeholders whilst promoting the highest standards of corporate governance and corporate responsibility at investee companies. Formed in 1990 LAPFF brings together a diverse range of 87 Local Authority Pension Funds and seven pools in the UK with combined assets of over £350 billion.

For LAPFF and its members, corporate responsibility and long-term shareholder value are two sides of the same coin. LAPFF's members have investments in many of the largest global companies. Working together with the majority of the UK's local authority pension funds and pool companies, LAPFF leads the way on issues such as executive pay, reliable accounting and a just transition to a net zero economy, along with significant and tangible improvements in the practices of some of the world's biggest corporations.

Each year the Forum engages with hundreds of companies, many directly with company chairs. This is made possible by building trust and having a two-way dialogue about corporate responsibility. LAPFF's focus is on improving the policies and practices of companies, which they believe is best achieved by having constructive but robust conversations. This approach is not always successful and progress can be too slow. When this happens the LAPFF escalate their engagements. This may include providing voting recommendations to members for company AGM proposals directly to effect change. To leverage engagement outcomes, LAPFF often work with other asset owners and managers.

The Forum participates in several multi-trillion pound collaborations to amplify their voice and accelerate change. LAPFF's understanding of problems facing companies and ability to voice concerns is enhanced by also engaging with company stakeholders.

For LAPFF's responsible investment objectives to be relevant in a rapidly changing economy they have to stay ahead of emerging trends, which alongside the provision of training supports members in their own responsible investment activities.

2. LAPFF Executive

LAPFF protects member pension funds by promoting the highest standards of corporate governance. Being part of the executive enables members to play a prominent role in delivering that mission. Executive membership provides the opportunity to shape the strategic direction of LAPFF as an organisation and to participate in engagements with companies on issues ranging from climate change to employment standards and human rights to executive pay.

Executive members oversee and contribute to the work of LAPFF through quarterly executive meetings, participating in meetings with company chairs and attending AGMs, and more generally supporting initiatives undertaken by LAPFF. The work of the executive is supported by LAPFF's research and engagement partner who provides executive members with materials to give information and insights into responsible investment and engagement issues and to reduce the time pressures on the executive.

The executive committee is a management body comprised of members, including councillors and other pension committee members, officers from funds and pool representatives. The executive sets the strategic priorities for LAPFF, promotes and protects LAPFF's reputation, and provides oversight of LAPFF's work.

The executive discusses and agrees materials, including on engagement priorities, before they go to the membership at business meetings. It also has the power to make decisions on behalf of the Forum that do not need to go to wider membership, including regarding approval of AGM voting alerts. The executive's role also includes ensuring that LAPFF activities are delivering the agreed workplan within the budget.

LAPFF is marked out as an investor organisation because it is led by its member funds. Rather than third parties engaging companies on its behalf, LAPFF does the engagement work itself as asset owners. That way, LAPFF can manage and lead engagements according to its priorities. Being part of the executive provides members with the opportunity to represent the Forum in engagement meetings with investee companies. Following these meetings executive members have the opportunity to give feedback to the membership at business meetings.

The executive meets at least four times a year and there are a further four business meetings and an AGM with the wider membership. Those elected to the executive are expected to attend the majority of those meetings. Executive members are expected to maintain appropriate skills in responsible investment and stewardship and abide by the Forum's conflicts of interest policy. Members are also encouraged, depending on individual's availability, to participate in LAPFF initiatives and company engagements. The LAPFF Business meetings are currently held in a hybrid manner.

Executive members are supported by the LAPFF's research and engagement partner, PIRC. The PIRC team provides members with reports for the executive meetings, which cover policy issues (engagement themes and sectors), updates on engagement activity and progress against the workplan. Executive members undertaking policy-related or company engagement meetings will be provided with a briefing document and supported by a members of the PIRC team in the meeting. For a new executive member's first engagement meeting, another member of the LAPFF executive will lead the meeting and provide advice. For a collaborative meeting with other investors, support will be provided by the lead investor or organiser, as well as by PIRC staff.

Executive Committee Member Role Specification

1. Role of the Executive Committee

- Set LAPFF's strategic goals and ensure the necessary financial and human resources are in place to meet LAPFF's objectives.
- Make recommendations and provide advice to the Business Meeting regarding work priorities and manage the annual research and engagement work programme.
- Coordinate the work of all contractors undertaking work for LAPFF.
- Promote the work of LAPFF among colleagues in the pensions, investment and local authority communities, where appropriate.
- Oversee the governance of LAPFF. For more information on the governance aspects of LAPFF and the Executive Committee, please consult the LAPFF Constitution.

2. Role of Executive Members

- Allocate sufficient time to read and reflect on meeting papers and attend Executive Committee and Business meetings.
- Contribute to Executive Committee discussions and decisions regarding LAPFF strategy, the annual work plan and budget, recommendations in papers for discussion and responses to consultations.
- Consider and suggest new ideas and strategies for engagement. Participate in appropriate training sessions as required.
- Monitor and identify key risks or trends that may affect LAPFF's work, brand or reputation.
- Represent LAPFF in company engagement meetings, at annual general meetings, or external events, where practicable.
- Assist the Forum Officer with recruitment and retention of LAPFF members.
- Protect and enhance LAPFF's brand and reputation as the leading collaborative shareholder engagement group in the UK.
- Be familiar with LAPFF's policies with regard to environmental, social and corporate governance issues and make efforts to promote these policies where appropriate.
- Declare any conflicts of interest.
- Agree that all LAPFF Executive Committee and Business meeting documents and papers, as well as all company correspondence (letters and meeting notes) remain strictly confidential, unless otherwise agreed by the Executive Committee.

3. Composition of the Executive

There shall be elected at each AGM from the organisations in the Forum membership the following Office-holders, each of whom shall become members of the Executive:

- a. a Chair of the Forum (Councillor on a LGPS Pension Fund Committee/Panel or trustee equivalent candidate);
- b. two Vice Chairs of the Forum (Councillor on a LGPS Pension Fund Committee/Panel or trustee equivalent, or non-executive member of a Publicly Accountable Body); and
- c. an Honorary Treasurer of the Forum (Officer working for a local authority or Publicly Accountable Body).

At each AGM there shall also be elected to the Executive:

- a. six Authorised Representatives of LAPFF member funds, who are Councillors or trustee equivalent, of whom at least two shall be women.;
- b. three Authorised Representatives of LAPFF member funds, of whom at least one shall be a woman, who are Officers of a LAPFF member fund.
- c. two authorised pool representatives;
 - i. one Authorised Representative who is a Councillor, or trustee equivalent, or non-executive member of a Publicly Accountable Body;
 - ii. one Authorised Representative who is an officer of a LAPFF member fund or executive officer of a Publicly Accountable Body.

3. Recommendation

The LAPFF are seeking a nomination to the Executive and we are seeking this in advance of their deadline.

We now ask for members to:

- approve putting forward a representative to the Executive, as per Term of Reference 6;

The Committee shall determine appointments and nominations to the Local Authority Pension Fund Forum (LAPFF) and other outside bodies relevant to its remit.

- agree the nominated individual to put forward to the Executive, giving consideration to the composition of the Executive as set out in item 2 above; and
- approve detailed travel costs associated with the membership

Each of the roles on the Executive will be up for election when the LAPFF issues nomination forms to the membership in mid August.

As stated earlier, Executive meetings are currently being held virtually and Business meetings being held in a hybrid manner. There will be travel costs associated with membership for travel to London and Bournemouth for the AGM. These costs will be met in full by the Pension Fund.