London LGPS CIV Limited Annual Review

For the reporting year ending 31st March 2022

Delivering Sustainable Growth

London CIV

Contents

Our Client Funds

London LGPS CIV Limited ('London CIV'), established in 2015 by London Local Authorities manages London Local Government Pension Scheme ('LGPS') assets. London CIV is one of eight U.K. LGPS asset pooling companies. The London Boroughs and City of London who are the 32 Shareholders, are also our clients ('Client Funds').

Our purpose, vision and culture

Purpose

To be the LGPS pool for London to enable the London Local Authorities to achieve their pooling requirements

We are here to deliver solutions which will allow LGPS client funds to invest assets on behalf of beneficiaries to provide improved and more efficient investment outcomes.

Vision

To be the best in class asset pool delivering value for Londoners through long term sustainable investment strategies

The current target for London CIV is to pool 70% of London LGPS total assets to help maximise value for our clients and broader stakeholders. We aim to add value for our clients through economies of scale, greater efficiency and improved performance.

Our Culture

Working together to secure a sustainable future

Collaboration is at the core of our business, bringing together a wealth of experience across teams to deliver, through excellent service, our Client Funds' pooling requirements. Our values help us collaborate with our clients to achieve our Vision to be the best-in-class asset pool delivering value for Client Funds and ultimately for all stakeholders, through long-term sustainable investment strategies

London CIV and Client Funds Key Facts

£13.9bn AUM in active funds as at 31/3/22	**£12.7bn** in passive funds as at 31/3/22	**£45.1bn** assets held by client funds as at 31/3/21	**59%** of client funds pooled[1] as at 31/3/22
23 funds Launched since 2015	**3 funds** Launched this reporting year[1]	**21** Investment managers and partners[2]	**38** Staff members[3]
672,000 beneficiaries across 32 client funds[4] as at 31/3/21	**UNPRI** Signatory	**TCFD** Signatory	**SAB Code of Transparency** Signatory
Climate Action100+ Member	**LAPFF** Member	**Diversity Project** Member	**Pensions for Purpose** Member

[1] LCIV Global Alpha Growth Paris Aligned, LCIV Passive Equity Progressive Paris Aligned ("PEPPA"), LCIV Alternative Credit Fund

[2] ACS - Baillie Gifford (x3 Funds), Newton (x2 Funds), Longview, RBC (x2 Funds), MSIM, JP Morgan, CQS (2 funds), PIMCO (2 funds), Pyrford, Ruffer, State Street. EUUT – Aviva, Stepstone, Blackrock, Stonepeak, Foresight, Quinbrook, Churchill, Pemberton. SLP – LPPI. Indirect (passives) – LGIM, Blackrock (already counted)

[3] Permanent staff

[4] Plus LPFA as a client of The London Fund

London CIV Timeline

2015

As at 31/12/2015

£0.3bn

1 fund

5 staff

- Authorised and regulated by the FCA
- Launch of ACS fund structure
- First fund launched

2018

As at 31/03/2018

£6.2bn

14 funds

18 staff

- New governance framework
- •Shareholder Committee
- •2 Shareholder NEDs and Treasurer Observer added to board
- Move to Lavington St
- Joined the UN PRI
- London CIV's first RI Policy is approved by the Board

2019

As at 31/03/2019

£8.2bn

14 funds

25 staff

- Launch of EUUT structure
- LCIV Infrastructure Fund launches with a focus on renewable energy
- ESG Review, six priority areas for action agreed

2020

As at 31/03/2020

£7.6bn

14 funds

27 staff

- LCIV Inflation Plus Fund launched
- Change of business purpose
- Governance Progress Review
- Cost Transparency Working Group (CTWG)
- First UN PRI report
- Responsible Investment Reference Group (RIRG) established
- Pensions for Purpose joined
- Signatory to the TCFD
- London CIV joins ClimateAction100+
- S&P Global appointment enhances Climate change analytics capability
- The London Fund is launched

2021

As at 31/03/2021

£11.2bn

19 funds

35* staff

- LCIV Renewable Infrastructure Fund is launched
- LCIV Private Debt Fund launched
- London CIV commits to setting ambitious both short and long-term net zero targets before November 2021 COP26

2022

As at 31/03/2022

£13.9bn

20 funds

38** staff

- LCIV Global Alpha Growth Paris Aligned Fund
- LCIV Passive Equity Progressive Paris Aligned Fund ("PEPPA")
- LCIV Alternative Credit Fund launched
- Stewardship Outcomes Report
- UK Stewardship Code 2021 signatory
- Climate and Stewardship Policies
- London CIV builds on its voting and engagement capabilities by appointing Hermes EON
- London CIV commits to 2040 net zero ambition

Post financial year end

- Updated Responsible Investment Policy with stewardship priorities published
- Voting and Engagement Guidelines published to underpin stewardship activity
- Second Stewardship Outcomes Report
- Climate Reporting service launched
- Seed Investor Groups focus on property investment options

* Staff numbers include interim staff. ** Permanent staff

Chair's Foreword
Mike Craston

We are ambitious to achieve more savings and add more value, and work with Client Funds to achieve that.

I joined London CIV in September 2021and am impressed by all London CIV has achieved in the challenging context created by the COVID 19 pandemic and volatile financial markets impacted by world events, most recently Russia's invasion of the Ukraine. London CIV has also responded to the vital importance of achieving a net zero world, beginning the journey towards achieving net zero by 2040.

Ultimately our focus is on helping Client Funds pay pensions which benefit about 672,000 people across London. That is the purpose for which London CIV was established by London Local Authorities. We have a target to provide funds (including passive funds in this figure) which provide for the investment needs of 70% of the London LGPS assets by 2025. The current figure is 59% so we are well on the way although the figure varies between Client Funds.

We are ambitious to achieve more savings and add more value, and work with Client Funds to achieve that. This does require some compromise as we can only achieve economies of scale and leverage the combined scale of the London LGPS if the size of our funds is maximised. We do understand the challenges involved as each Client Fund wants to make investment decisions based on their decisions about Strategic Asset Allocations.

Responsible Investment is fundamental to all we do and the Responsible Investment Reference Group (RIRG) has been important in developing this area of activity. We hope that in 2022/23 it will be able to play a greater part in enabling us to work with Client Funds to identify how we can achieve our net zero target. We expect to develop some new funds and also identify how we can refresh existing funds so they meet Client Funds aspirations. We are also developing services such as our climate reporting service which potentially add further value by assisting Client Funds to compare themselves with their London Local Authority peers in a meaningful way.

We were pleased that our Stewardship Outcomes report, submitted to the FRC in April 2021 meant we were admitted to the first list of asset owner signatories to the UK Stewardship Code 2020 and I commend our latest report to you, in particular for the increased number of case studies showing how we engage with companies. We are also now well placed to deliver the specific net zero climate risk targets we have agreed. The way forward is summarised in this report and there are detailed supporting reports on the website **londonciv.org.uk**

During the period from March 2021 to February 2022 we launched 5 funds, with Responsible Investment a key theme throughout and now have a total of 6 climate conscious funds. Our work to change 3 existing funds will take that to a total of 9 which is about 50% of the portfolio. We have developed a Strategic Product Roadmap for the next five years and, informed by Client Fund feedback, prioritised property funds for development. That will extend our Private Markets range which now includes 5 funds with a total of £2bn committed. Seed Investor Groups (SIGs) have been key to developing funds that we can be confident best meet the need of Client Funds. A priority for the year ahead is enhancing how they work and achieving firmer commitments from Client Funds.

I want to end by thanking the staff team, ably led by Mike O'Donnell. Also by welcoming Mark Laidlaw and Yvette Lloyd to the Board and Alison Talbot and Kitty Ussher as Chair of CARCO and the Remuneration and Nomination Committee. Paul Niven continues as Investment Oversight Committee (IOC) Chair.

Mike Craston, Chair of the Board

Business Review

Richmond Park

CEO's Overview
Mike O'Donnell

London CIV and Client Funds can make a significant impact if we work effectively together, both in terms of value for clients and our net zero ambition.

2021/22 is a year in which London CIV and Client Funds have demonstrated the scale of the impact we can potentially make if we work effectively together, despite the challenges of a volatile economic and market environment caused by the COVID19 pandemic and world events such as Russia's invasion of the Ukraine.

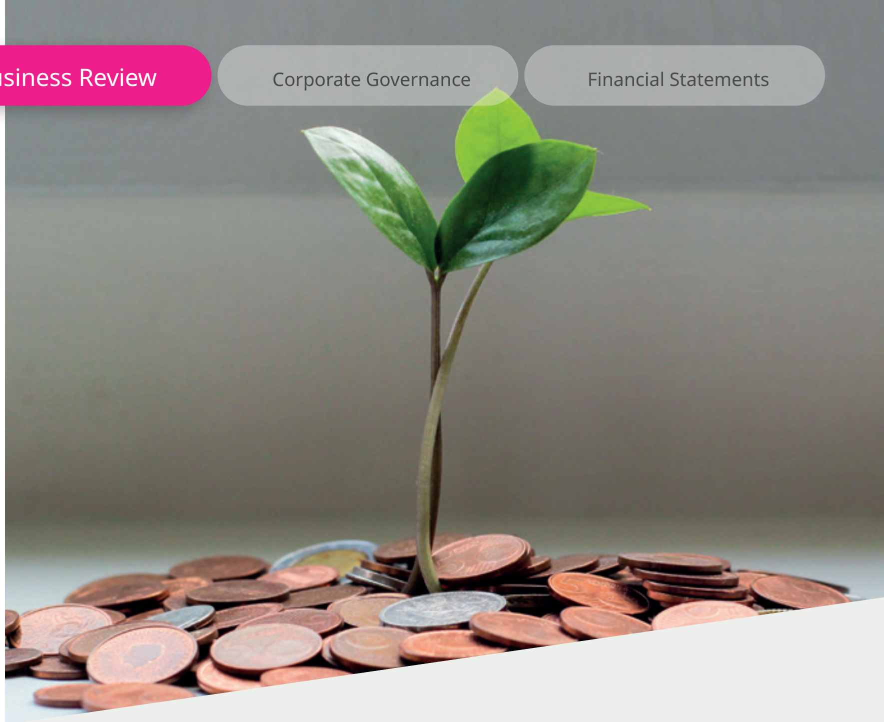
The team have worked hard to ensure quality client engagement and uninterrupted services initially in an online working environment and now in a hybrid environment. I expect that flexibility and online experience to serve us well going forward, both in terms of service delivery and communication internally and externally.

London CIV Funds, Adding Value

We have launched 5 funds in the period from March 2021 to February 2022, with Responsible Investment a key theme throughout. This includes our LCIV Renewable Infrastructure Fund and LCIV Private Debt Fund launched at the close of the 2020/21 financial year; the LCIV Global Alpha Growth Paris Aligned Fund launched in April 2021, LCIV Passive Equity Progressive Paris Aligned Fund launched in December 2021 and LCIV Alternative Credit Fund launched in February 2022.

Seed Investor Groups (SIGs) have been key in making sure we have a better mutual understanding of what Client Funds need and in achieving timely fund launches to meet expectations, but there is still some way to go. To maximise savings and value we need to increase the number of Client Funds who make a firm commitment at an early stage. Only then will we have the maximum leverage when negotiating with investment managers and maximise all the potential to save costs and add value. You can read more about the fund offer and individual case studies on pages 18 and 20.

We are committed to adding value and achieving savings and pages 14 and 15 summarise progress. The full Assessment of Value (AoV) report for ACS Funds goes into more detail and is available to Client Funds on the portal. The analysis in the detailed report provides insight into areas where we can do more to improve value for money. We are grateful to the Cost Transparency Working Group (CTWG), chaired by John Turnbull s151 at LB Waltham Forest for adding rigour by reviewing the report prior to finalisation.



Net Zero

- Net zero by 2040 in line with Paris Agreement objectives to limit global warming to well below 2 °C compared to pre-industrial levels, and preferably limit the increase to 1.5 °C
- Become a net zero company across operational and supply chain emissions by 2025
- Interim target to achieve reduced investment carbon intensity by 35% by 2025 (relative to 2020) and 60% by 2030 across the LCIV fund range

London CIV has committed to become a net zero entity by 2040 in line with the Paris Agreement objectives to limit global temperature rise below 1.5°C. It will also become a net zero company across operational and supply chain emissions as early as 2025. Alongside its main commitment, London CIV has set interim targets for its investments including a 35% carbon intensity reduction by 2025 (relative to 2020), and 60% by 2030 across funds invested via the London CIV Fund range worth £13.9bn (March 2022) in total. London CIV plan to achieve its goals by decarbonising existing funds through targeted engagement, contributing to avoided emissions, launching new net zero funds and eventually contributing to negative emissions. In 2022, it will also calculate the impact of the passive funds included in the London CIV pool and release a detailed roadmap to demonstrate a credible course of action to achieve its pathway to net zero on time.

CEO's Overview continued

Responsible Investment

We agreed a bold net zero ambition which is to be net zero by 2040 and achieve corporate net zero by 2025. There is more detail about our net zero goals in the panels to the right of this report and climate section of this report and on our web site. Developing and delivering the net zero road map will be a key priority for us over the coming years. It is something that can only be delivered by working in partnership with our clients and building on their own net zero and climate targets.

Our Responsible Investment Reference Group (RIRG) chaired by Cllr Robert Chapman has provided a vital sounding board in supporting the development of our approach to Responsible Investment, Stewardship and Engagement. We also value the active interest of the Shareholder Committee chaired by Cllr Rishi Madlani. We published our updated Responsible Investment Policy in April 2022 and also published the Responsible Investment and Stewardship Outcomes Report for 2021 on our website in April 2022. London CIV and Client Funds can make a significant impact if we work effectively together, both in terms of value for LGPS beneficiaries and stakeholders and our net zero ambition. We continue to work with the Local Authority Pension Fund Forum (LAPFF) and have increased our capacity to make an impact through the appointment of EOS as an engagement provider.

We are looking for the emphasis of RIRG's work in the next year to shift towards enabling Client Funds to work together to achieve our collective net zero ambitions. We expect that achieving our net zero ambition will require both the development of new funds and also a refresh of our existing funds -and that the latter is one way in which we can deliver change in a shorter space of time. We are also keen to continue to provide opportunities to dialogue how we progress our collective ESG goals. The London CIV Strategy and Responsible Investment Conference is one way we do so. The 2021 conference focused on Planet (in particular Climate) and we intend that the 2022 conference RI focus will be People, including Diversity.

Medium term plan and strategic asset allocation trends

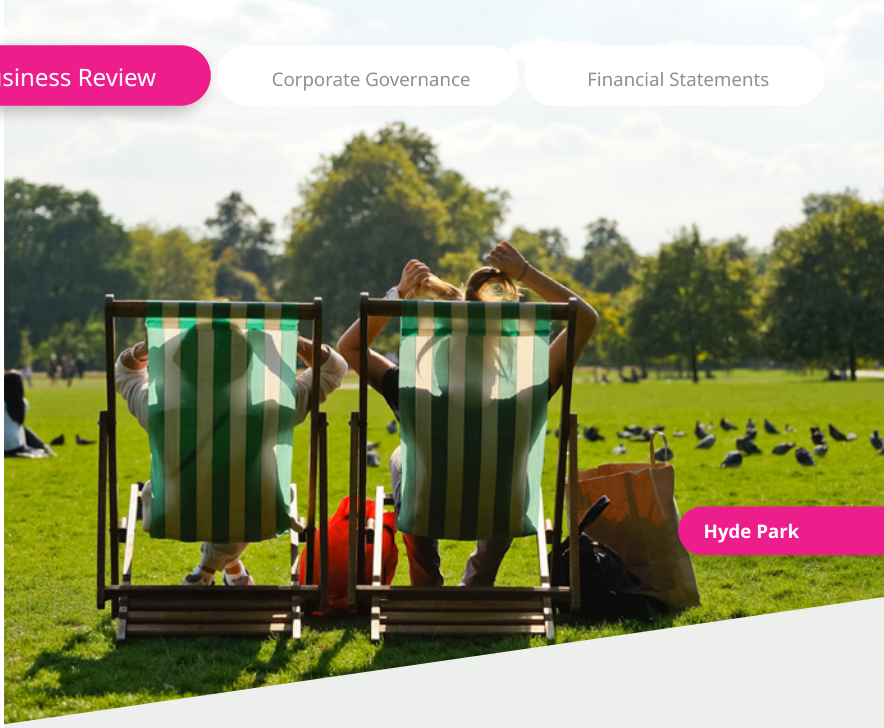
In January 2022 we agreed a Medium-Term Plan for the next three years. We are now more confident about our pooling projection for 2025 and the work required to deliver our short-term objectives for 2022/23 within that longer term ambition. We have developed a Strategic Product Roadmap for the next three to five years. The focus is now on the detailed implementation pathway, starting with property and other private market products. We are also making plans for other services, starting with the climate reporting service. Others will follow once we are able to make use of new regulatory permissions.

We are conscious that there remain uncertainties and challenges which we still need to address together with Client Funds over the next year, particularly in a climate of high inflation at a time when Client Funds are reviewing their strategic asset allocations following triennial valuations. The wider challenges and uncertainties include the long-anticipated government LGPS pooling policy consultation, now promised for the autumn, and also expected to cover levelling up and TCFD requirements.

The budget we put to shareholders is subject to a number of stress tests and we report to the Shareholder Committee quarterly on financial and corporate performance and also to the two General Meetings of all Shareholders. The outcomes reported in this Annual Review are in line with those reports.

In summary I am pleased that we have continued to make good progress despite a volatile operating environment. There is however more to do and we look forward to continuing to work with our Client Funds to make further progress on our shared ambitions.

Mike O'Donnell, CEO

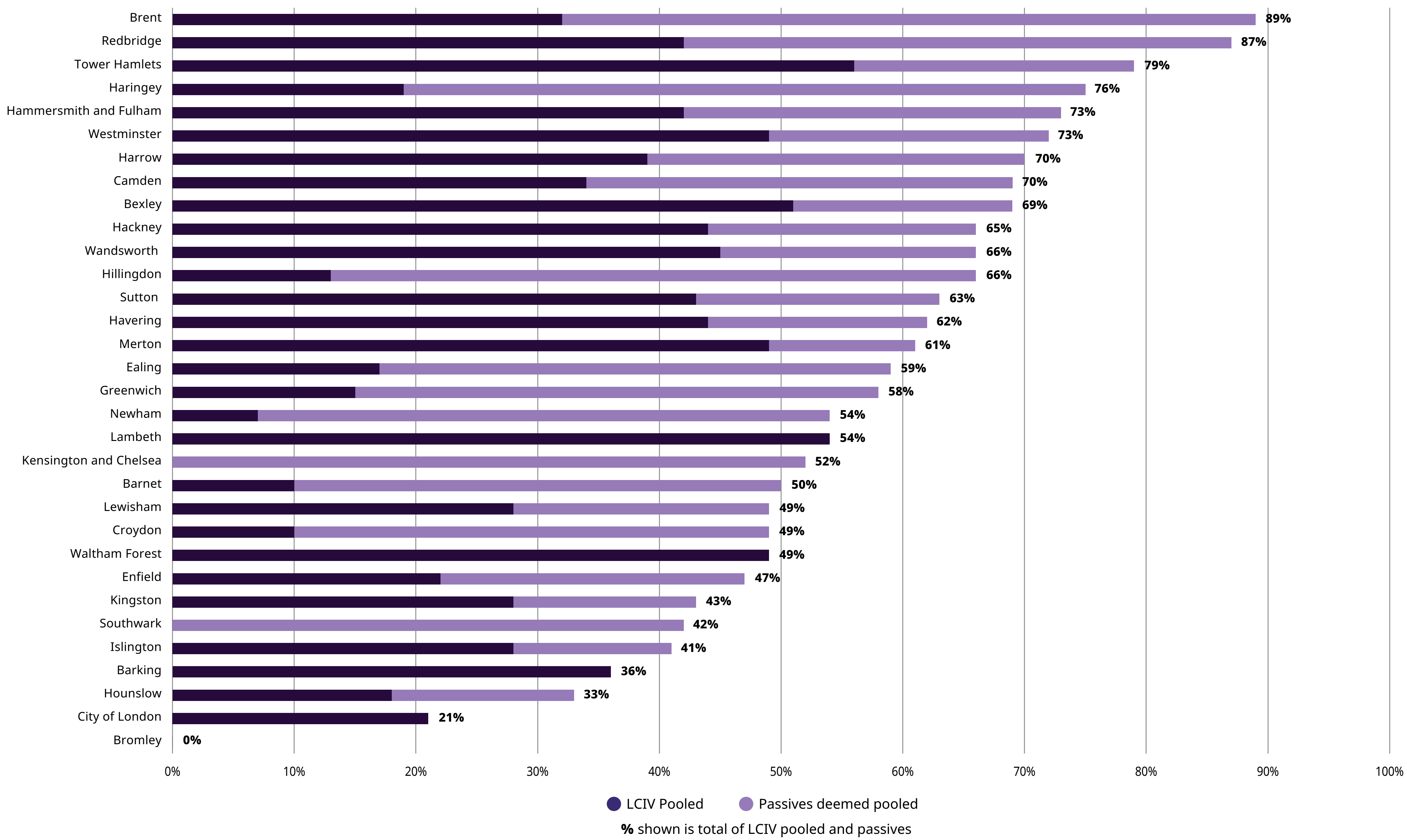


Hyde Park

Climate change reporting

Reporting on the impact of climate change is important and also a challenge for us all. I am pleased that London CIV has been able to develop a reporting service for client funds that builds on our own experience and will meet their needs - and potentially provide a basis on which to build a picture across London about what more we can do together to address this important issue. The Climate Analytics Service provides comprehensive and detailed reporting on the climate related risks and opportunities clients funds may face within funds invested through the London CIV platform, as well as funds invested off the pool. The comprehensive report can be published and shared to inform the development of decarbonisation strategies, internal risk management and support climate-related disclosures.

Assets invested by our Client Funds with London CIV or invested by our Client Funds in passive funds managed by third parties at as 31 March 2022



London CIV's core objectives and outcomes for 2021-2022

2021-2022 Themes	KPIs/Deliverables	Progress at March 2022
Agree a pooling strategy to 2023 with Client Funds including product pipeline and the date for a target AUM of 75%	• Deliver current fund launch pipeline in line with client expectations with increasing focus on private markets • Agree a pooling strategy to 2023 • Agree a product (fund) launch plan for the next twelve to eighteen months	• The current programme developed using Seed Investor Groups (SIGs) has increasingly focused on private markets, including funds with specific ESG objectives and all funds adopting a "Responsible Investment by design" approach • A high-level strategic product road map for the next five years has been developed with three key stages identified • Priorities for launch and development in 2021 and 2022 calendar years identified
Establish a leadership position on Responsible Investment and climate change	• Deliver climate change policy • Implement carbon/climate footprint reporting • Deliver quality Responsible Investment and Stewardship Reporting • Deliver a stewardship voting and engagement service • Produce and implement plan to deliver responsible investment oversight of fund managers and "Responsible Investment by Design" in each asset class	• A net zero ambition has been approved by the Board which provides a framework for delivering products for client funds • London CIV carbon/climate reporting has been implemented and a pilot for client funds is underway • London CIV was approved in 2021 as a signatory to the UK 2020 Stewardship Code • A Stewardship voting and engagement provider was appointed and the policy agreed for publication in April 2022 • The oversight process is being enhanced on an iterative basis to strengthen responsible investment oversight, as is our integration of responsible investment into the fund design and development
Deliver financial efficiency and savings	• Develop work on a new funding model including pricing and the implementation timeline • Consider longer term options for undertaking some investment activity in-house where this can be demonstrated to be more sustainable, cost effective and beneficial for client funds • Further development of cost and savings framework with CTWG including scope to make cost saves making use of Cost Transparency initiative reports as part of our manager selection and monitoring process	• Work this year indicates that a move to a funding model with a reduction in fixed fees will not be possible until AuM grows significantly (above 75% based on the 2020/21 analysis). Additional resources required to support the launch of new funds has been resourced without increasing fixed fees • The model remains essentially outsourced with some private market funds now involving input from the inhouse team • The cost benchmarking and assessment of value framework has been developed further during 2021, and this will continue in 2022. We will continue to focus on fee savings and cost reporting using standardised reporting templates in conjunction with Scheme Advisory Board (SAB) and Department for Levelling up Housing and Communities (DLUHC) and third-party advisers
Providing additional services	• Obtain additional regulatory permissions • Implement transition service (using third party contractors) where there is client demand • Produce and implement plan for reporting and oversight of passive funds using Investment Management Agreements (IMA) • Conclude our (medium term) plan for the use of new FCA permissions including IMA based services	• The work to achieve additional regulatory permissions is "on hold" pending approval of changes to the Articles of Association and Shareholder Agreement by shareholders • Additional permissions are a necessary first step before implementing planned additional services, however where possible some services will be organised on a limited basis using the existing permissions e.g. transition arrangements, climate reporting
Delivering high quality client services and operational excellence	• Continue to evolve our information systems • Implement a new website and client portal • Improve engagement with clients to enhance the client experience • Manage business within board agreed risk tolerance	• The work includes the route map for improvements, planned cybersecurity enhancements and corporate records • New website and client portal launched • Client engagement improvements include pooling strategy meeting, Annual Conference and comprehensive virtual programme • Business managed within risk tolerance except for the unexpected need to address the regulatory capital issue
People and culture	• Foster a London CIV culture where collaboration drives value for clients through long term sustainable investment strategies • Provide a staff training and development programme • Ensure our diversity and inclusion commitment is evident in the workplace and investment manager oversight	• A new culture and values statement has been agreed which includes our commitment to diversity and inclusion • London CIV is a member of the Diversity Project and founder member of the Asset Owners Charter which aims to promote diversity and inclusion amongst investment managers • The staff training and development programme is integral to our People Strategy

Creating Value for Stakeholders

London CIV was established as a collective venture to pool LGPS pension assets and is owned by its 32 London Local Authority clients.

It is FCA authorised and regulated.

Client Funds and their 672,000 beneficiaries are the key stakeholders.

A disciplined Fund Launch Framework (FLF) which provides high levels of engagement with Client Funds is fundamental to our business model. The FLF makes use of SIGs to achieve this.We also provide quarterly updates to Client Fund consultants and advisors.

Investment management is mostly outsourced, but a small number of private market funds use some inhouse expertise combined with outsourced managers.

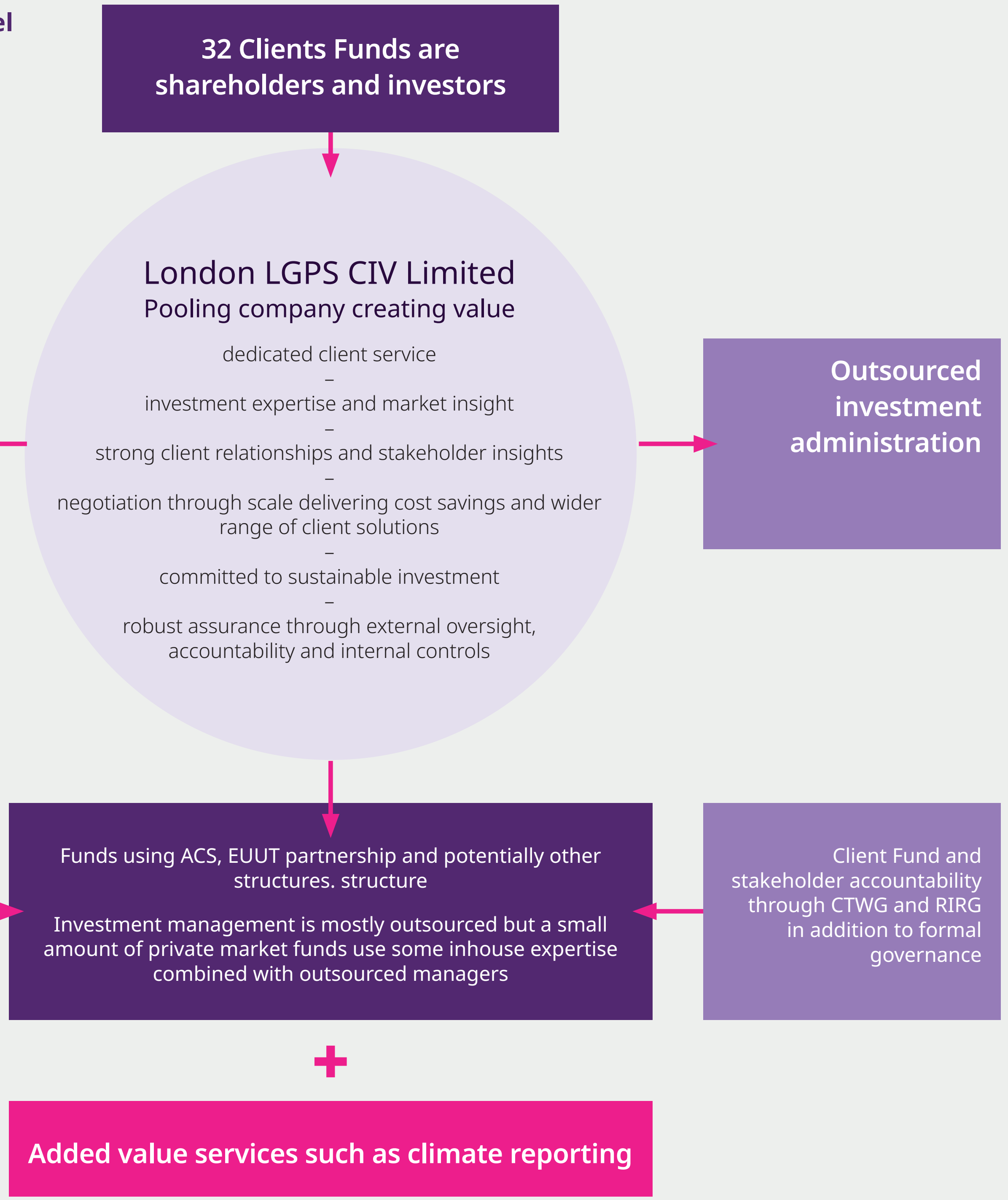
We aim to develop added additional services, the first of which is our climate reporting service. A transition management service is in the pipeline.

Our investment administration is outsourced.

Regulatory oversight is provided by the FCA, Depositary (Northern Trust) and our external auditors.

This is complemented by our internal assurance framework which together provides a robust assurance framework.

London CIV's Business Model



Client Engagement

In 2020/21 we established a new pattern of client engagement meetings which we continued to deliver on a virtual basis throughout most of 2021/22, also holding our Strategy and Responsible Investment Conference on an "in person" basis.

That dialogue has provided a better basis for planning funds and a medium-term strategy to serve all client funds.

We have launched 3 funds in the last 12 months and 2 in March 2021: the LCIV Private Debt Fund (29 March 2021); the LCIV Renewable Infrastructure Fund (29 March 2021); LCIV Global Alpha Growth Paris Aligned Fund (13 April 2021); LCIV Passive Equity Progressive Paris Aligned Fund ("PEPPA" 1 December 2021); LCIV Alternative Credit Fund (10 February 2022).

In all cases we have been pleased with the level of interest from Client Funds at the SIG stage and all were launched on time and attracted sufficient committed assets at first close to make these successful launches. Typically, we expect 4 SIG meetings as part of fund development and that a significant number of interested Client Funds will be unable to commit funds until a second or third close. This does mean that we frequently launch funds with a relatively small number of investors and level of commitments close to the threshold. For example, the LCIV Private Debt Fund launched with £290m and following second closes now has £540m invested. The LCIV Renewable Infrastructure Fund launched with £435m and now has £836m invested. A target for the forthcoming year is to turn soft commitments into hard commitments at an earlier stage and work with client funds so that a larger number make their commitments closer to the launch date for the benefit of all. We do however expect triennial valuations and changes in pension committees following local authority elections to have some impact on decision-making timelines in 2022.

We are pleased that during the year there has been a significant amount of investment in existing funds. The Investment and Responsible Investment section starting on page 17 provides more information on the full product range and future plans. The main current focus for engagement with clients is developing a property offer.

We are also seeing increasing interest in The London Fund which launched in 2020 in partnership with LPPI and had its second close with an investment by London Borough of Haringey.

THE LONDON FUND

The London Fund was established to provide sustainable, long-term and risk-adjusted value to pension scheme investors, while creating a 'double bottom line benefit' by investment in real estate, infrastructure and growth capital sectors in Greater London. Its secondary objective is to generate a social benefit in the UK Capital through job creation, area regeneration and providing a positive environmental impact for Londoners.

London CIV is working in partnership with Local Pensions Partnership Investments (LPPI) and our own Client Funds on this collaborative development which seeks to deliver good financial returns and wider social benefits. The seed investor was the London Pension Fund Authority (LPFA) – one of LPPI's clients. An example of one of The London Fund's investments is a large scale residential property project that delivers high-quality, affordable and professionally-managed homes.

East Village

The panel to the right sets out the comprehensive range of interactions with Client Funds and associated stakeholders including formal shareholder arrangements. These include quarterly meetings to make sure we keep client's investment consultants and independent advisers appraised of current developments at London CIV. We continue to evolve our communications strategy and in 2022 appointed a Communications Manager, Mike McGann, who has worked to increase our public profile in professional networks including interviews in Asset TV, an increased LinkedIn profile, a new Facebook page and use of Twitter. London CIV speakers are now in demand to speak on a wide range of investment topics including private markets, responsible investment and net zero, pooling strategy and more. We accept invitations where we think this will add value to London CIV and its clients.

We continue to develop the new website and client portal launched in April 2021 which has become increasingly important to delivering quality client reporting services such as the improved Quarterly Investment Reports (QIR), and information on Responsible Investment and Stewardship.

Our culture statement sets out our commitment to a client centered approach to delivering on London CIV's purpose and our MTFS objectives for 2021/22 and 2022/23 set out some of the specifics in detail, including continuous improvements in service delivery and reporting.

> **The progress on engendering trust and confidence of our clients is evidenced by the increased amount of assets that our clients have pledged to our products. Our goal is to maintain this positive momentum in our pursuit of providing an excellent client experience.**

Cameron McMullen
Client Relations Director, London CIV

Some of our conference and update speakers, left to right Gustave Loriot, Alison Lee, Charlotte Hamilton, Umer Nazir and Pruthvi Odedra





Key engagement facts and figures

10
Business Updates

11
Seed Investor Groups

9
Pooling Strategy Meetings

4
Shareholder Committee Meetings

2
Cost Transparency Working Group (CTWG) Meetings

12
Consultants/advisers meetings

6
Meet the Manager events

2
Semi-annual General Meetings

9
RIRG meetings

1
Annual London CIV Strategy and Responsible Investment Conference

3 Social Media Platforms
- LinkedIn with over 2000 followers
- Twitter and Facebook

16 External conferences
- LAPFF Investment Forum
- LAPF Conference
- PLSA
- Asset Manager Conferences

7 TV appearances/ Interviews
- Asset TV
- Room 151
- Professional Pensions
- IPE

London CIV Delivering Savings and Adding Value

Measuring Savings, Monitoring Costs

London CIV was established in 2015 as the FCA regulated pooling company for the London Local Authorities with its core principles being to add value through improved investment performance, a broader range of investment opportunities, fee savings and investment in infrastructure.

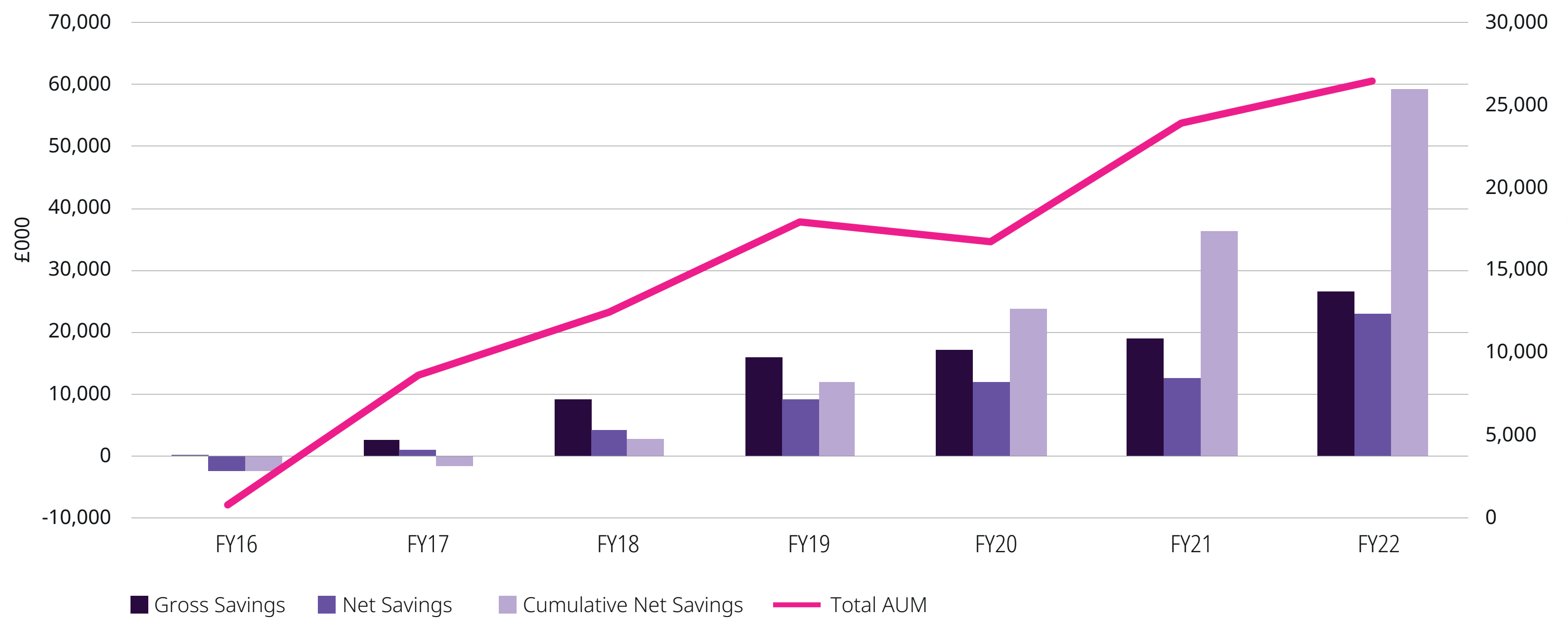
Since 2015, London CIV has been working closely with its shareholders, investors and other stakeholders to deliver on these core principles. This section of the London CIV Annual Report explains how some of these principles have been considered, including an Assessment of Value report, cost transparency reporting which follows the template developed by the SAB and an analysis of cumulative fee savings for investors.

Fee Savings

The table to the right shows the fee savings for client funds invested in the Authorised Contractual Scheme ('ACS') and those client funds who hold investments in LGIM and Blackrock. Fee savings relating to private markets funds are expected to be available in 2023, following agreement of fee saving methodologies. In calculating the fee savings for the ACS funds we have followed the methodology prescribed by Chartered Institute of Public Finance (CIPFA) and is also included in the annual reporting to the DLUHC.

The fee savings are calculated using the best available data and the cumulative figures for the current year use the fee savings reported last year.

Cumulative net savings to March 2022



	FY16 Mar-16	FY17 Mar-17	FY18 Mar-18	FY19 Mar-19	FY20 Mar-20	FY21 Mar-21	FY22 Mar-22
Total AUM (£m)	761	8,678	12,455	17,952	16,748	23,769	25,796
Savings (£k)							
Gross Savings	117	2,486	9,140	15,872	17,236	18,929	25,168
Net Savings	-2,431	916	4,201	9,186	11,874	12,600	18,170
Cumulative Net Savings	-2,431	-1,515	2,687	11,873	23,747	36,347	54,517

Source: London CIV. Data as of 31 March 2022. The assets under management include Client Fund investments in passive products managed by LGIM and BlackRock which do not form part of the LCIV Fund range

London CIV Delivering Savings and Adding Value continued

Assessment of Value

The Assessment of Value has been carried out with regard to the FCA rules which include a core seven criteria, although not all of the criteria are relevant to London CIV. The LCIV Global Alpha Growth Paris Aligned Fund and the LCIV Passive Equity Progressive Paris Aligned Fund have not been assessed as they have both been in operation for less than a full year.

As part of the enhancements to reporting, London CIV used a third party to provide independent benchmark data on costs and was incorporated in the AOV analysis.

The table summarises the full Assessment of Value report prepared for each fund in the Authorised Contractual Scheme and was circulated to investors in April 2022

The overall ratings for each fund have been assessed as follows:-

Normal – considered to deliver value for money.

Enhanced monitoring – not all criteria deliver value for money.

On watch – action is being taken to improve the value for money assessment.

We provide updates on fund performance and monitoring to clients at our monthly business updates.

> Last year the CTWG participated in the funding model review and cost benchmarking work. This year we have been part of the Assessment of Value process looking at whether London CIV ACS funds are delivering value. As a s151 officer I am pleased that London CIV is committed to involving the CTWG in this way, complementing the Shareholder Committee and General Meeting reporting.

John Turnbull

Strategic Director Finance and Governance, London Borough Waltham Forest, s151 Officer

Equity Summary Results

	LCIV Global Alpha Growth Fund	LCIV Global Equity Fund	LCIV Global Equity Focus Fund	LCIV Emerging Market Equity Fund	LCIV Sustainable Equity Fund	LCIV Sustainable Equity Exclusion Fund	LCIV Global Equity Core Fund
1. Quality of Service	✓	✓	–	✓	✓	✓	✓
2. Performance	✓	–	–	–	✓	–	–
3. Cost	✓	✓	–	✓	✓	✓	✓
4. Economies of Scale	✓	✓	✓	✓	✓	✓	✓
5. Comparative Market Rates	✓	✓	–	✓	✓	✓	–
Conclusion	Normal	Enhanced Monitoring	On Watch	Enhanced Monitoring	Normal	Normal	Normal

Multi-Asset/Fixed Income Summary Results

	LCIV Global Total Return Fund	LCIV Diversified Growth Fund	LCIV Absolute Return Fund	LCIV Real Return Fund	LCIV MAC Fund	LCIV Global Bond Fund
1. Quality of Service	✓	✓	✓	✓	✓	✓
2. Performance	✓	✓	✓	✓	–	✓
3. Cost	✓	–	✓	✓	✓	✓
4. Economies of Scale	✓	✓	✓	✓	✓	✓
5. Comparative Market Rates	✓	✓	–	✓	–	–
Conclusion	Normal	Normal	Normal	Normal	Enhanced Monitoring	Normal

London CIV Delivering Savings and Adding Value continued

Cost Transparency Initiative Reporting

The table below summarises the operating costs that relate to each of the Authorised Contractual Scheme funds for the year to March 2022. A more detailed analysis, which follows the Cost Transparency Initiative (CTI) template set out by the SAB, is provided to each investor every year. We aim to provide complete transparency on the performance of each fund using the CTI reports, Assessment of Value, fee savings analysis and investment reporting so that value for money can be assessed easily by our client funds.

	LCIV Fees	Investment Manager Fees	Other Costs	Ongoing Charges Total	Transaction Costs
LCIV Global Alpha Growth Fund	0.025%	0.317%	0.023%	0.366%	0.108%
LCIV Global Alpha Growth Paris-Aligned Fund**	0.025%	0.318%	0.034%	0.377%	-0.052%
LCIV Global Equity Focus Fund	0.025%	0.445%	0.018%	0.488%	0.041%
LCIV Global Equity Fund	0.025%	0.144%	0.030%	0.199%	0.037%*
LCIV Sustainable Equity Fund	0.025%	0.345%	0.021%	0.392%	0.156%
LCIV Sustainable Equity Exclusion Fund	0.025%	0.347%	0.033%	0.404%	0.051%
LCIV Emerging Market Equity Fund	0.025%	0.470%	0.051%	0.546%	0.316%
LCIV Global Equity Core Fund	0.025%	0.450%	0.027%	0.502%	0.065%
LCIV Passive Equity Progressive Paris-Aligned Fund**	0.021%	0.012%	0.040%	0.074%	0.176%
LCIV Global Total Return Fund	0.025%	0.407%	0.117%	0.549%	0.015%
LCIV Absolute Return Fund	0.025%	0.000%	0.837%	0.862%	0.409%
LCIV Diversified Growth Fund	0.025%	0.369%	0.290%	0.684%	0.485%
LCIV Real Return Fund	0.025%	0.000%	0.499%	0.524%	0.336%
LCIV MAC Fund	0.010%	0.002%	0.515%	0.527%	0.417%
LCIV Alternative Credit Fund**	0.010%	0.504%	0.526%	1.040%	0.670%
LCIV Global Bond Fund	0.005%	0.141%	0.043%	0.189%	0.045%

* we are awiating the implicit costs from the manager this figure currently only reflects explicit costs
** this fund launched during the period the figures have been annualised

Oxford Street

Investment and Responsible Investment and Stewardship Jason Fletcher

Active ownership is vital to promote positive social and environmental impact and understand risk holistically. We achieve this through collaborating with key stakeholders.

Focus for 2021/22

The focus of our work this year has been to develop a Strategic Product Road Map for the next three to five years and the pathway to achieve that map. We have also reviewed our high level Responsible Investment Policy which includes our three Stewardship and Engagement priorities which are: Climate Change; Human Rights and Diversity and Inclusion; Tax and Cost Transparency. Our Statement of Investment Beliefs which guide us are now expressed more succinctly.

London CIV has pledged to be Net Zero by 2040 with a corporate target of being operationally Net Zero by 2025. To support our clients, we have launched three climate conscious products in 2021, bringing the total to six: the LCIV Renewable Infrastructure Fund; the LCIV Global Alpha Growth Paris Aligned Fund; and the LCIV Passive Equity Progressive Paris-Aligned Fund ("PEPPA"). You can read three case studies on page 20. We are also working to revise three existing funds which once achieved will mean nine, almost 50%, of the product range, are "climate conscious products. We have been working on the development of a climate reporting service and are pleased that following the pilot with Haringey there is interest from other Client Funds. We also continue to work with existing managers to ensure Responsible Investment is embedded in the way in which funds are managed.

Private Markets has been a major development area. Between March 2021 and March 2022 we also added the LCIV Private Debt Fund and LCIV Alternative Credit Fund taking the total to 5 with a £2bn of commitments overall. We have also undertaken work to develop existing funds such as the LCIV Inflation Fund described in the case study on page 18. We also continue to work with existing managers to ensure Responsible Investment is embedded in the way in which funds are managed.

COVID 19 and Ukraine

The last 12 months has seen a steady improvement in the rate of COVID infections and related lockdowns in Europe. Unfortunately China has seen a resurgence in infections and has imposed economically damaging lockdowns. This has tightened supply chains world wide a situation that has worsened post the Russian Invasion of Ukraine. Our funds had limited exposure to Russia at the time of the invasion and we shared detailed exposures with Investors in those funds. Russian exposure has been reduced where possible and written off where sanctions or restrictions apply by the LCIV Valuation Committee.

London CIV Investment Beliefs

Our Investment Beliefs are the top-level corporate statements which direct our investment practices in alignment with London CIV's strategy, purpose and vision, to collaborate with Client Funds and help them achieve their pooling requirements and deliver value for Londoners through long term and sustainable investment strategies

1. Long term investors earn better returns net of costs
2. Careful calibration of risk against objectives, together with robust risk management, leads to better risk-adjusted returns.
3. Responsible Investment improves outcomes, mitigates risks and creates opportunities through:
   a) Good corporate governance
   b) Active stewardship and collective engagement
   c) Effective management of climate change risk
   d) Promoting diversity and inclusion
4. Providing value for money is critical and it is essential to manage fees and costs.
5. Collaboration, clear objectives, robust research and evidence-based decision-making adds value.
6. Targeting opportunities across the public and private asset markets is aligned to the needs of Client Funds.

Investment and Responsible Investment and Stewardship continued

Strategic Product Roadmap

We have developed a strategic product road map for the next three to five years to guide the development of our product range to meet Client Fund requirements. Our immediate focus is on responding to a requirement for investment in private markets, including property and in making sure we can assist Client Funds achieve their net zero ambitions. To do so we expect to continue to revisit the objectives of some of our existing funds, not just create new funds. Some consolidation is also possible if this is the right answer for Client Funds and looking further ahead Client Funds may also wish to discuss whether multiple managers offers a better approach to managing risk in some cases.

Case Study:
LCIV Inflation Plus Fund

The LCIV Inflation Plus Fund invests predominantly in UK real estate long income assets including hotels, retail parks and student accommodation. It seeks to deliver long-term income-led returns above UK inflation by investing predominantly in UK real estate long lease assets which are let to high quality tenants on long-term, inflation-linked or fixed-uplift leases. It aims to provide secure, predictable, inflation protected investor returns.

It is managed by AVIVA investors with 14 diverse assets including student accommodation, hotels, and supermarkets within the portfolio. To date 3 Client Funds have made commitments of £213m.

5 year Strategic Product Roadmap

Fixed Income strategies (#4)	Equity Strategies (#7)	Listed Multi Asset Strategies (#2)	Private Markets strategies (#9)	Index Funds Strategies (#2)
• Cash • Corp Bonds (1fund) • Govt Bonds • Liability Driven Investment (Balanced)	• Growth (5 existing funds) • Quality (2 fund) • Value • Emerging Equities (1 fund) • Passive Paris Aligned (peppa) • Balanced Equity Funds • Impact Funds	• Balanced Target Return Fund (4 funds) • Multi Asset Credit (2 funds)	• Infrastructure (1 fund) • Renewables (1 fund) • Private Equity • Property (Residential/ UK & International General/ • Inflation Plus fund) • Private Debt (1 fund) • London Fund (Local/place based) • Cash Flow Driven Investing (Balanced)	• 2 Index Managers

3 Phase Implementation Pathway

60% pooled **Phase 1 (2021-3)**	• New Strategies: Private Equity (1%), Property start of 3 phases(2%), Peppa launch (2%) • Consolidation: Existing opportunities (4%), Target Return consolidation blend, Passive consolidation, MAC fund development. • Enablers: Set Minimum ESG standard, TCFD service launch, Voting and engagement, Develop SIG accords, Collaboration with other Pools, Pooled-> Segregated, Listed CTI templates
65% pooled **Phase 2 (2023-4)**	• New Strategies : Property continue (3%), Govt Bonds (9%) , Cash (2%), Equity Blend (switch), Impact funds, Value Equities • Consolidation: Equity Funds consolidation, Privates Closed-> Open ended fund • Enablers: Transition management, IMAs with Clients and with Blackrock/ LGIM, Collaboration with non LGPS pools, Private Cost Transparency Templates
70% pooled **Phase 3 (2024-5)**	• New Strategies: Liability Driven Investing (fixed Income blend), Cash Flow Driven Investing (Private Markets blend) • Consolidation: Blends • Enablers: Regulation and Pool consolidation

● Established strategies ● Work In progress ● delayed or on hold

Investment and Responsible Investment and Stewardship continued

London CIV Fund Range and Assets under Management

The chart below shows our current investment product range with “climate conscious” products shown in green.

Product range and Assets Under Management

LONDON CIV

	Authorised Contractual Scheme (ACS) (Public Markets)									Exempt Unauthorised Unit Trust (EUUT) (Private Markets)		Scottish Limited Partnership (SLP) (Private Markets)
	Global Equities									Infastructure		Property
Fund	LCIV Global Alpha Growth Fund	LCIV Global Equity Fund	LCIV Global Equity Focus Fund	LCIV Emerging Market Equity Fund	LCIV Sustainable Equity Fund	LCIV Sustainable Equity Exclusion Fund	LCIV Global Equity Core Fund	LCIV Global Alpha Growth Paris Aligned Fund	LCIV Passive Equity Progressive Paris Aligned Fund “PEPPA”	LCIV Infrastructure Fund	LCIV Renewable Infrastructure Fund	The London Fund
AUM	**£2,314m**	**£747m**	**£893m**	**£523m**	**£1,344m**	**£437m**	**£563m**	**£1,175m**	**£504m**	**£399m*/£162m****	**£854m*/£181m****	**£195*/£25m****
Launch Date	11/04/16	22/05/17	17/07/17	11/01/18	18/04/18	11/03/20	21/08/20	13/04/21	01/12/21	31/10/19	29/03/21	16/12/20
Manager	Baillie Gifford	Newton	Longview	JP Morgan	RBC	RBC	MSIM	Bailie Gifford	State Street	Stepstone	BlackRock, Quinbrook, Stonepeak and Foresight	LPPI
No. of Investors	11	3	5	7	8	3	2	6	2	6	10	2

	Multi Asset				Fixed Income			Private Debt	Property
Fund	LCIV Diversified Growth Fund	LCIV Global Total Return Fund	LCIV Absolute Return Fund	LCIV Real Return Fund	LCIV Alternative Credit	LCIV MAC Fund	LCIV Global Bond Fund	LCIV Private Debt Fund	LCIV Inflation Plus
AUM	**£952m**	**£228m**	**£1,308M**	**£179m**	**£391m**	**£1,005m**	**£639m**	**£540m*/£211m****	**£202m*/£168m****
Launch Date	15/02/16	17/06/16	21/06/16	16/12/16	31/01/2022	31/05/18	30/11/18	29/03/21	11/06/20
Manager	Baillie Gifford	Pyrford	Ruffer	Newton	CQS	CQS and PIMCO	PIMCO	Churchill and Pemberton	Aviva
No. of Investors	8	3	10	2	3	9	6	7	2

Source: London CIV 31 March 2022. EUUT and SLP data as of 30 September 2021.

*Denotes committed amount **Denotes drawn amount

Investment and Responsible Investment and Stewardship continued

Case Study:
LCIV Passive Equity Progressive Paris Aligned Fund ("PEPPA")

The objective of the PEPPA Fund is to track the performance of the S&P Developed Ex-Korea LargeMidCap Net-Zero 2050 Paris[1]Aligned ESG Index (GBP). It launched on 1st December 2021 with £520m seed investment from London Borough of Havering and London Borough of Lewisham. The PEPPA Fund has been designed for investors who wish to be at the forefront of the transition towards a low carbon economy by seeking alignment with the ambitious targets of the Paris Agreement, which aims to limit global warming to 1.5°C above pre-industrial levels. The Index is progressive, as it is updated in line with any changes to the minimum standards of EU Paris-Aligned Benchmarks. Stewardship and Engagement is a critical part of the Fund's core strategy. London CIV consolidates all its votes in PEPPA, sets key priorities at a high level and is also guided by Client Funds' priorities and the Local Authority Pension Fund Forum's guidelines. Our voting provider Hermes EOS executes our votes and provides expertise and guidance to ensure our votes support our stewardship priorities. London CIV appointed State Street Global Advisors Limited ("SSGA") to manage PEPPA and track the Index. S&P Dow Jones Indices ("S&P DJI") is the index provider. London CIV worked in collaboration with Client Funds via Seed Investment Groups ("SIG") on the design of PEPPA.

Case Study:
LCIV Renewable Infrastructure Fund

The LCIV Renewable Infrastructure Fund focuses on renewable energy infrastructure assets, investing in greenfield and brownfield assets. This includes generation, transmission, distribution and enabling assets. To date London CIV have made investments in four funds managed by; BlackRock Investment Management; Foresight: Group and Quinbrook Infrastructure Partners.

The Fund was seeded in March 2021 with £435m of investment from an initial five Client Funds. A further five Client Funds invested at the second close on taking the total assets committed to the Fund to £682.5m and following the end of the financial year a further 3 Client Fund investments took the total to £853m.

The product supports London CIV's and client funds commitment to ESG integration and managing climate risks, so it the investment by thirteen Client Funds a total of in sustainable opportunities was a welcome step. The Fund is one of the most successful London CIV fund launches to date.

Photo credit: BlackRock - Glens of Foudland

Case Study:
LCIV Global Alpha Growth Paris Aligned Fund

The LCIV Global Alpha Growth Paris Aligned Fund launched on 13 April 2021 with £485m seed investment from two Client Funds.

The Fund provides the opportunity for London CIV Client Funds to align their assets with the objectives of the Paris Agreement and is a lower carbon variant of the existing LCIV Global Alpha Growth Fund, which has been on the London CIV ACS platform since April 2016.

The active equity fund is managed by Baillie Gifford and subject to a quantitative screening process to remove companies with particular levels of revenue exposure to fossil fuels, including revenue from exploration, production, and service provision to the sector, and qualitative screening to other companies to explore the balance between vital and discretionary emissions, potential emission reduction pathways, and management's appetite to adopt a low carbon transition.

The Fund is part of London CIV's role in navigating a pathway to net-zero emissions through alternative investment approaches, which includes holding companies to higher standards of accountability and transparency. The introduction of the LCIV Global Alpha Growth Paris Aligned Fund reflects London CIV's efforts to provide long-term, sustainable investment solutions to our Client Funds whilst addressing key socio-economic issues and contributing towards the long-term goals of the Paris Agreement.

Photo credit: © REUTERS/Lefteris Karagiannopoulos

Investment and Responsible Investment and Stewardship continued

Delivering sustainable growth

The diagram below summarises what the People, Planet, Principles of Governance and Prosperity World Economic Forum "Pillars" mean for London CIV.

People

"An ambition to end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfil their potential in dignity and equality in a healthy environment"

What it means for LCIV: recognising that assets are dependent on human capital and can positively or negatively impact society.

Planet

"An ambition to protect the planet from degradation, including through sustainable consumption and production, sustainably managing its natural resources and taking urgent action on climate change, so that it can support the needs of the present and future generations."

What it means for LCIV: environmental degradation poses critical financial and economic risks to long-term investment returns.

Principles of Governance

"The definition of governance evolves as organisations are increasingly expected to define and embed their purpose at the centre of their business. But principles of agency, accountability, and stewardship are vital."

What it means for LCIV: companies and assets which are well managed are poised for better returns due to better resource management, improved employee productivity and better reputation.

Prosperity

"An ambition to ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social, and technological progress occurs in harmony with nature."

What it means for LCIV: our primary goal is to pay pensions, ensuring that people are not vulnerable to financial challenges that could minimise the ability to prosper.

What ESG means for London CIV

We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation.

Whilst our primary purpose is to pay pensions, this will only be possible by managing ESG risks and opportunities for our funds and supporting a financial system fit for the future. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.

We regard it as part of our fiduciary duty to encourage long-term sustainable growth and maximise the economic health of companies.

In the diagram to the left we describe how value creation is aligned with value protection to achieve prosperity as part of ESG.

The diagram below shows our three step approach which involves integrating ESG into investment decision-making and design; fund management; and disclosure and reporting in line with best practice.

1. Integration

Embedding responsible investment into investment decision and design

2. Engagement

Collaboration with companies, managers, peers and participants

3. Disclosure

transparent reporting in line with best practice

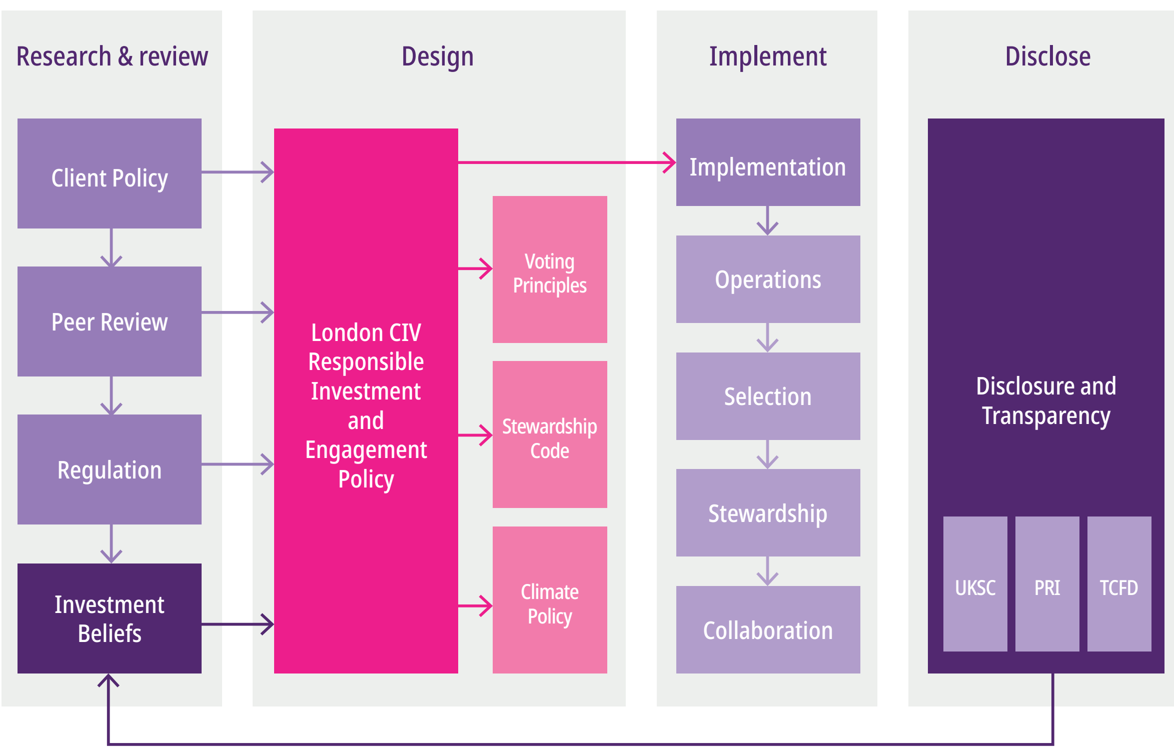
Investment and Responsible Investment and Stewardship continued

Responsible Investment and Stewardship

Our pledge is to be Net Zero by 2040, with a corporate target of being operationally Net Zero by 2025. First steps included the launch of three "climate conscious" products in 2021, taking our current total to 6 with work in progress to change a further 3 existing products. This will take the total to 9 which is almost 50% of the current product range. We were approved as a 2021 asset owner signatory of the Stewardship Code.

We believe as active owners that stewardship is one of the most valuable mechanisms in helping us achieve our Net Zero ambition and also essential for risk mitigation, maximising returns, and driving positive social and environmental impact. Divestment alone would leave us with no voice and no opportunity to foster responsible corporate behaviours or add value for our clients. Last year, we partnered with Hermes EOS to strengthen our voting and engagement and climate risk capabilities. We are also publishing our first Voting and Engagement Guidelines which set out our expectations for underlying portfolio companies.

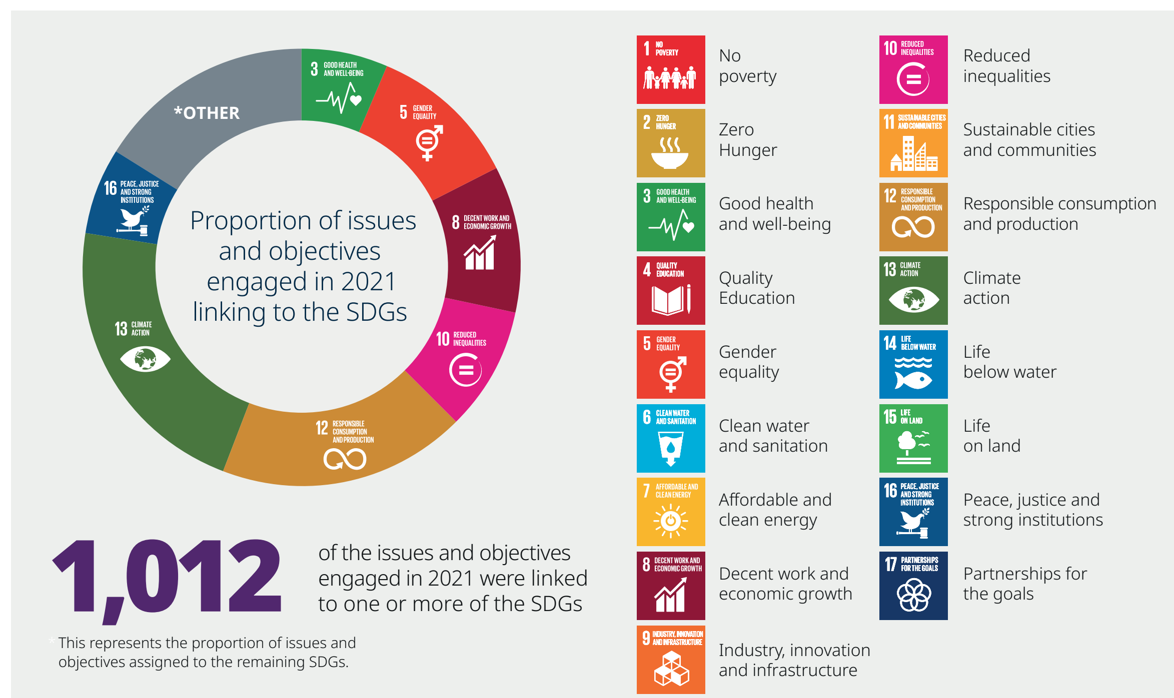
Our Stewardship Policy details how we integrate ESG considerations throughout the investment process and sets out a strategy and measurable objectives. We use robust data sources to measure ESG risk exposure across all investments and have detail targeted methods to approach engagement by asset class, geography and fund structure.



Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) are 17 global goals with 169 underlying targets and metrics which aim to be the blueprint to achieve a better and more sustainable future for all. The goals ask all countries to promote economic growth whilst addressing environmental and social needs. There is no universally accepted SDG reporting standard so EOS have developed a methodology which allows engagement plans to be linked to SDGs and thus link the contribution to SDGs. The chart below illustrates the number of engagement objectives and issues linked to SDGs which EOS has undertaken on our behalf during the reporting year (one engagement objective may directly link to more than one SDG).

1,012 of the engagements and issues were directly linked to an SDG. Of these the highest number of engagements was in respect of SDG12 (responsible consumption) and SDG13 (climate action).



Investment and Responsible Investment and Stewardship continued

Key Outcomes

Source London CIV Responsible Investment and Stewardship Report December 2021

£14.6bn
Active investments through London CIV

£44bn
of assets held by Client Funds

77%
AUM covered in ESG risk analysis

Net Zero
by **2040** and operationally by **2025**

36%
of our infrastructure investments are committed towards **renewable energy** and we have launched a standalone **renewable energy fund**

3
Climate Conscious funds launched in **2021**

55%
London CIV listed corporate equity and corporate fixed income portfolio assets have 55% **lower carbon intensity** than the LCIV Global Composite Benchmark

173%
Total **Fossil Fuel** Exposure for London CIV funds is **173% lower** than the Global Composite benchmark at **8.55%** in total

440
EOS engaged with **440** companies across **1,855 ESG topics** in 2021

10,051
votes cast on management proposals in 2021

352
votes cast on shareholder proposals in 2021

10,403
votes cast in total

696
engagement meetings held in 2021 by our fund managers

53%
shareholder proposals supported

12
Engagement Initiatives and Membership Groups supported by London CIV in 2021

100%
investment managers committed to cost transparency

100%
of investment managers are signatories of **PRI**

18 out of 20
of our funds managed by signatories of TCFD[i]

> It was evident from the January 2022 General Meeting that London CIV has made positive steps in increasing the numbers of funds which meet shareholder funds' needs to invest responsibly, particularly with net zero commitments in mind, and have started to develop an engagement capacity which can influence the companies in which funds are invested in more impactful ways.

Cllr Rishi Madlani,
London CIV Shareholder Committee Chair

> The Responsible Investment Reference Group has been a critical platform for Client Funds to provide feedbacks and collaborate to enhance ESG practices.It provides a level of assurance to ensure London CIV's actions align with clients' views.

Councillor Robert Chapman,
Chair of Hackney Pensions Committee, Cabinet Member for Finance at London Borough of Hackney, Vice Chair of the Local Authority Pension Fund Forum (LAPFF), Shareholder Committee Member and Chair of the RIRG at London CIV

Investment and Responsible Investment and Stewardship continued

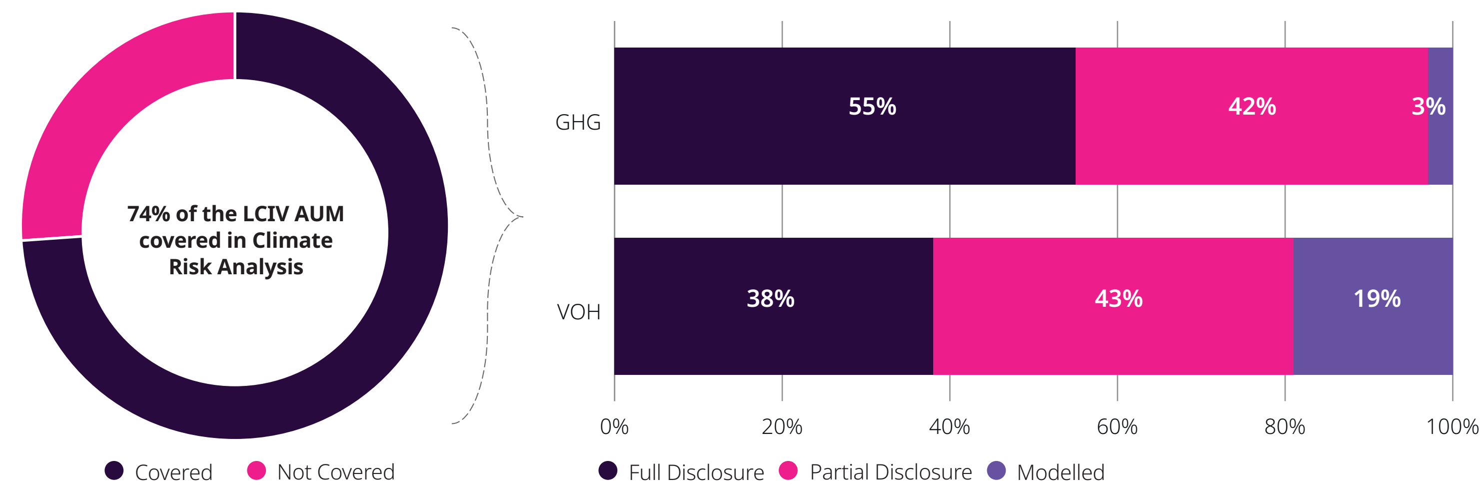
Climate Change

Amidst the turmoil of the global COVID-19 Pandemic, the UN COP26 climate conference finally took place in Glasgow in 2021. World leaders vowed to reach net zero targets with varying levels of ambition, and to cease deforestation and cut methane emissions by 2030. The UK championed a net zero by 2050 plan with a target to reduce carbon emissions by 78% by 2035. If they are met in full and on time, these commitments will hold the rise in global temperatures to 1.8°C by the end of the century, marking the first-time governments have come forward with targets of sufficient ambition to hold global warming below 2 °C.

However this falls short of the Paris Agreement of "well below 2 °C" and is above 1.5 °C -the point where scientists warn that global warming linked consequences become increasingly severe and more difficult and expensive to adapt to, protect ourselves from, and control further temperature increases. To keep the window open for 1.5°C, we must cut our emissions in half by 2030 – less than eight years away.

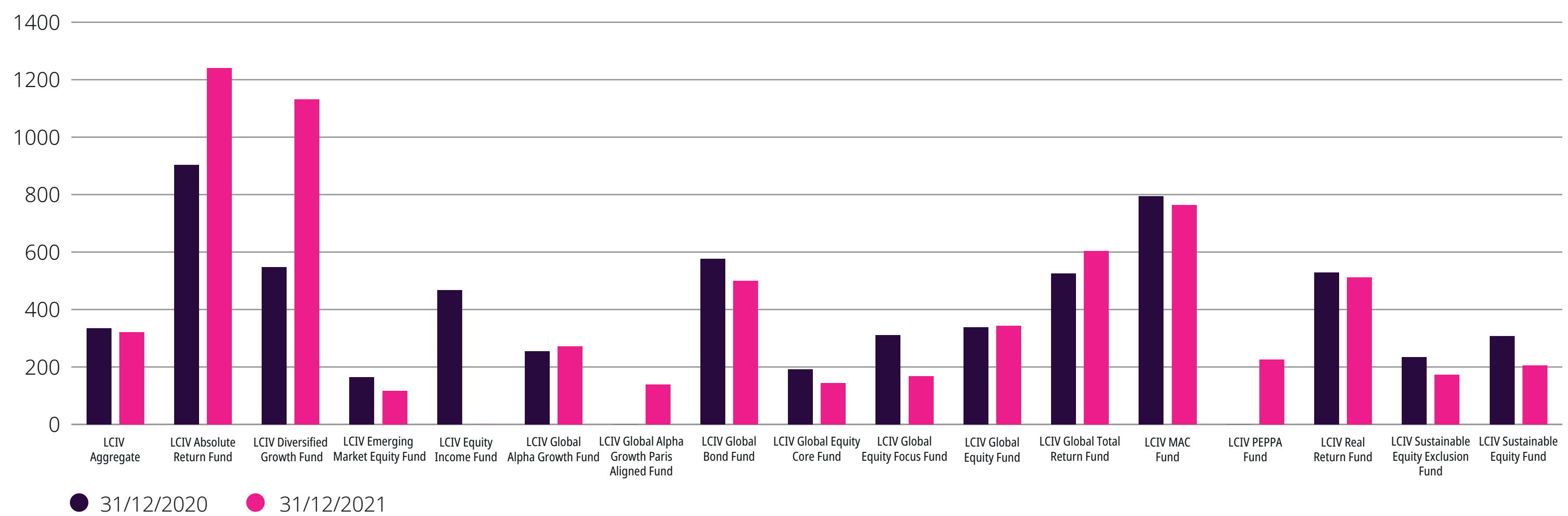
Breaching the 1.5°C threshold is a threat to investors too and financial markets have a pivotal role in the transition to a more sustainable economy. Climate change management is a strategic priority for London CIV both as part of our fiduciary duty and to recognise the priorities of our Client Funds - 28 of our 32 clients have declared a climate emergency. London CIV have been a signatory to the Task Force on Climate Related Financial Disclosures ("TCFD") since June 2020 and will continue to report annually in line with its recommendations. While this is currently on a voluntary basis, the United Kingdom has announced its intention to make TCFD-aligned disclosures mandatory across the economy by 2025 with the phase-in of the Sustainability Disclosure Requirements. London CIV strongly supports this decision and believes that allowing industry to price climate-related risks and policy makers to address market failures will serve our clients' best interests. By aligning with the TCFD recommendations financial institutions can demonstrate that they are taking action towards building a more resilient financial system through climate-related disclosures.

London CIV Climate Risk Analysis Coverage



London CIV Carbon Footprint

Gaps in data can create undesirable reallocations of climate risk. For example, focusing on Scopes 1 and 2 emissions (which are widely reported by companies) but disregarding Scope 3 can reallocate carbon risk along the value chain. London CIV calculates its carbon footprint on the basis on Scope 1, 2 & 3 (including upstream and downstream) emissions.



Investment and Responsible Investment and Stewardship continued

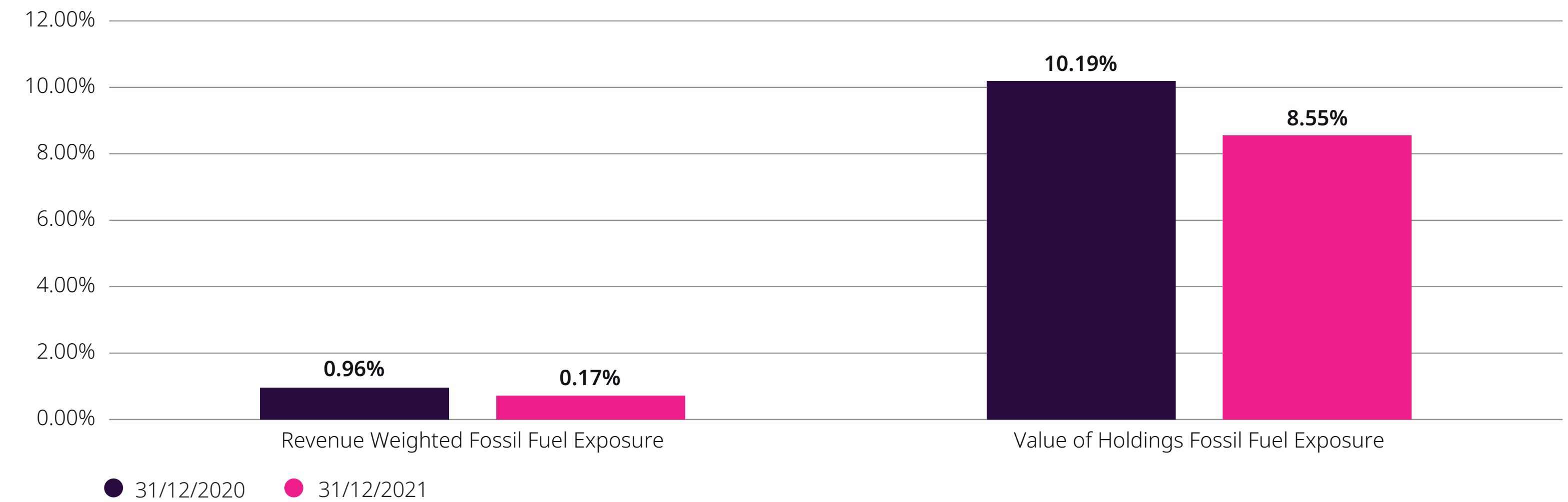
This year, we've made significant progress towards our Responsible Investment milestones, particularly on climate. We launched three products focused on delivering supporting the transition to a low-carbon economy: the LCIV Renewable Infrastructure Fund; the LCIV Global Alpha Growth Paris Aligned Fund; and the LCIV Passive Equity Progressive Paris-Aligned Fund ("PEPPA"). Most notably in October 2021, London CIV committed to net zero GHG emissions by 2040, becoming the first Local Authority pension pool to do so. Of course, we recognise that the climate strategies and targets of our client funds vary and expect to be able to meet their needs with our product range. More detailed targets are set out on page 7 and our September 2022 Annual Conference will provide an opportunity to discuss our roadmap to net zero with Client Funds. We have included an overview of key climate performance metrics here. For more information, please consult the London CIV TCFD report, which will be published later this year.

To assist Client Funds we have developed a climate reporting service. "Local authority pension pools have a critical role and responsibility to support Client Funds in their climate reporting efforts. The output of the LCIV Climate Analytics Service is a comprehensive report which can be published and shared to inform the development of decarbonisation strategies, internal risk management, and of course support climate-related disclosures" Gustave Loriot – Responsible Investment Manager

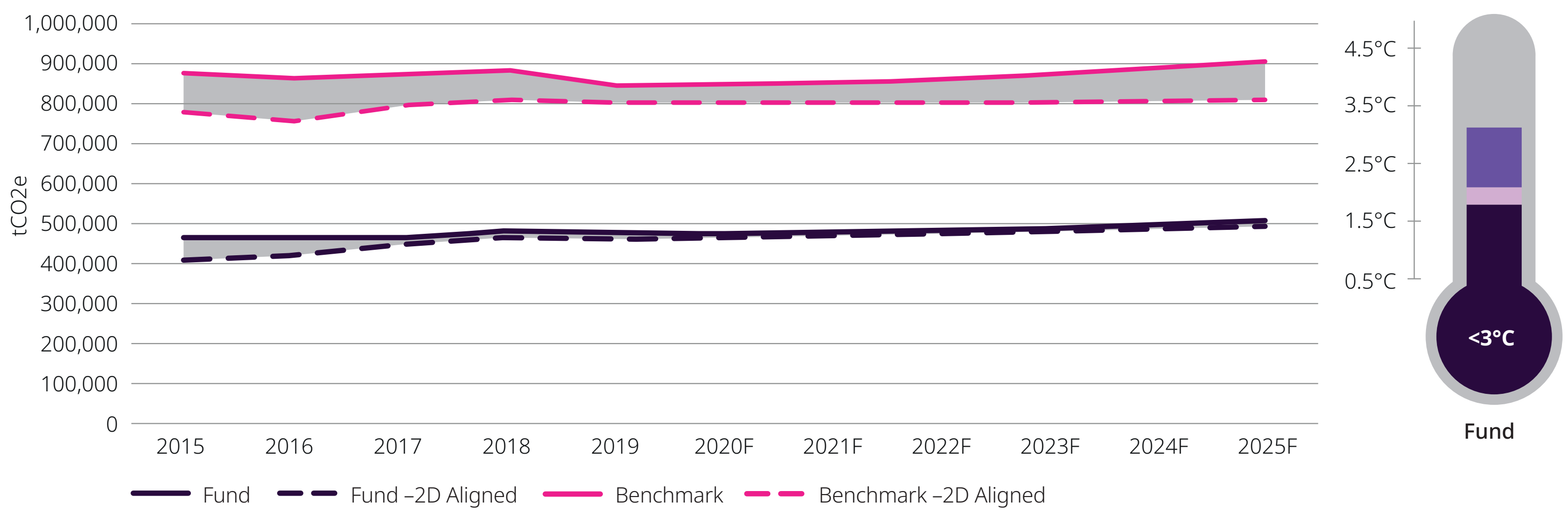
London CIV Climate activity contribution to SDGs and SDG alignment

London CIV's climate activity contributes to the following five SDG goals

London CIV FOSSIL FUEL EXPOSURE 31-12-2021



London CIV TEMPERATURE ALIGNMENT 31-12-2021



Value for money represents the cornerstone of our business model.

Financial Review
Brian Lee

During the year we raised £2.8bn from client funds- one of our most successful years in fund raising.

I am pleased to introduce this report which summarises the financial performance of the Company for the year to March 2022.

Working with client funds, the Company achieved considerable success during the year and raised over £2.8bn in new assets to manage and by March 2022 was managing assets of £13.9bn and when included with passive assets of £12.7bn, the total of assets pooled was approximately 59% based on total client fund assets of £45.1bn as of March 2021.

Included in the Annual Review is an analysis of fee savings that shoes that cumulative net fee savings in order of £36m have been achieved for those investors who have pooled with London CIV

A full set of statutory financial statements are included in pages 44 to 61 of the Annual Review. In last year's report, I made reference to the financial uncertainty created by COVID-19 which had significantly impacted financial markets since when its impact has lessened but has been superseded in the first quarter of 2022 by the Russian invasion of Ukraine. The impact on assets managed by London CIV is reflected in the table below which shows the movement in the value of assets on a quarterly basis over the course of the year and highlights the fall in AUM of £678m during the March 2022 quarter. During the year the Company raised £2.8bn (budget £1.4bn) from client funds which represented a very successful year in terms of fund raising highlighting the close collaboration between London CIV and its investors.

Reported Assets

	AUM Mar-21 £m	AUM Jun-21 £m	AUM Sep-21 £m	AUM Dec-21 £m	AUM Mar-22 £m
Public Markets	11,088	12,130	12,575	13,877	13,203
Private Markets	123	249	324	690	771
	11,211	12,378	12,899	14,567	13,974
Passives	12,623	13,315	13,079	12,782	12,696
Total Assets	23,834	25,693	25,978	27,349	26,671

As noted in last year's report we will continue to keep under review the funding model but we are currently below the level of assets under management that would be required, estimated to be @75% of client fund assets, to allow a meaningful review of how the Company is funded.

Income statement

The operating profit for the year £1,326k (2021 £23k) and is higher than the budgeted profit in the Annual Budget for the year approved by the Board and Shareholders. Income is higher than the budget due to:

a. The strong growth in markets over the last fifteen months (despite the fall in the March quarter) and

b. The launching of private markets funds where fee income is based on commitment levels rather than invested assets which was the budget assumption

	Actual March 2021 £000	Actual March 2022 £000	Budget March 2022 £000
Turnover	6,335	7,659	6,757
Expenses	6,312	6,333	6,745
Operating Profit	23	1,326	12

Income

The income for the year comprises fixed income elements relating to the service charge and the development funding charge (DFC) and ad valorem fees, relating to management fees of the Authorised Contractual Scheme and the Exempt Unauthorised Unit Trusts and passive assets fees. Income for the year was £7.6m of which £3.6m relates to the fixed fees. Fixed fee income is important as a mitigant against market volatility as well as covering the income required to cover expenses not met by management fees.

	Actual March 2021 £'000s	Actual March 2022 £'000s	Budget March 2022 £'000s
Service Charge	800	800	800
Development Funding Charge ("DFC")	2,720	2,720	2,720
Passive Asset Fees	564	662	440
Management Fees	2,251	3,477	2,797
Total Income	**6,335**	**7,659**	**6,757**

Financial Review continued

Operating Expenses

The operating expenses of the Company fall into six categories namely, staff costs, facilities, professional fees, general expenses, technology and investment systems costs.

Full time staffing levels have been lower than budget and is reflected in lower actual staff costs compared to budget. The increase in legal and professional fees arises predominantly from the regulatory capital legal review and tax advice relating to the 2021 VAT recovery.

Expenses	Actual March 2021 £000	Actual March 2022 £000	Budget March 2022 £000
Staff costs	4,064	4.263	4,682
Facilities	638	625	692
Legal & Professional	863	596	426
Travel & general expenses	41	63	65
Technology	296	166	192
Investment systems costs	410	621	689
Total expenses	**6,312**	**6,333**	**6,745**

Assets Under Management (AUM)

The Company launched its first sub fund on the Authorised Contractual Scheme (ACS) in December 2015, since when it has launched a total of 23 funds as sub funds on the ACS (18 of which 3 have been wound up), Exempt Unauthorised Unit Trusts (4) and one fund as a Scottish Limited Partnership. The Company has over £2bn of commitments for investment in private markets and has invested £771m by March 2022.

During the year, the Company launched two public markets funds, the LCIV Global Alpha Growth Paris Aligned Fund and the LCIV Progressive Equity Paris Aligned Fund which raised nearly £2bn of investment by March 2022.

AUM	Actual March 2021 £000	Actual March 2022 £000	Budget March 2022 £000
Public markets	11,088	13,203	11,353
Private markets	123	771	200
Total AUM	**11,211**	**13,974**	**11,553**

Regulatory Capital

The Company is an Alternative Investment Fund Manager (AIFM) and subject to the Alternative Investment Fund Managers Directive 2011/61/EU (AIFMD), which is defined as an entity that provides portfolio management and risk management services for an Alternative Investment Fund (AIF) or a number of AIFs. The Company is classified as a Collective Portfolio Management Firm (CPM). This is the definition used by the FCA for a UK AIFM which does not have ancillary permissions to manage investments. Currently the Company is approved by the FCA to manage authorised funds (such as the ACS) and unauthorised funds (such as the EUUT and SLP). In respect of the regulatory capital that the FCA requires of a CPM firm, at the end of the year ending in March 2022, the Company had a regulatory capital requirement of £3m and a surplus of £3.4m. The Company has continued to treat its equity capital as Tier 1 capital with the agreement of the FCA.

	Actual March 2021 £000	Actual March 2022 £000	Budget March 2022 £000
Regulatory Capital	5,201	6,474	5,371
Capital requirement	2,456	3,008	2,385
Surplus	2,745	3,466	2,986

Cost Transparency Working Group

The Company continues to work with client funds through the Cost Transparency Group (CTWG), chaired by John Turnbull, the treasurer of the London Borough of Waltham Forest. The role of the Working Group (CTWG) is to ensure that there is full transparency and understanding between London CIV and its investors about the calculation of cost savings and benefits that London CIV is delivering as the pool company of London Local Authorities. The CTWG has also assisted with a review of the 2022 Assessment of Value report.

Cost Transparency

The Company continues to work with its client funds to provide cost reporting that complies with the reporting requirements of the Scheme Advisory Board (SAB) and the Local Government Association as part of the Cost Transparency Initiative (CTI). In May 2022, the Company provided its Client Funds with the CTI reports with regards to the public markets funds and will be providing CTI reports for client funds in respect of the private markets funds later in 2022. A summary of the CTI costs by fund are disclosed separately in the Annual Review.

Going Concern

Last year a detailed financial analysis looking at the going concern position of the Company was undertaken. In respect of the current year under review London CIV has reviewed the Annual Budget that was signed off by shareholders in January 2022 for the financial year 2022/23 to determine if there have been any material changes to the business model which could impact on the financial integrity of the Company. The basis of the going concern forecast is the Annual Budget that was signed off by shareholders in January 2022 for the financial year 2022/23 and was reviewed to determine if there have been any material changes to the business model, the operating environment or the regulatory capital position which could impact the financial integrity of the Company. In particular, the Company considered:-

- the funding and income generation of the Company
- the expense base and cost inflation pressures
- Assets Under Management
- Our regulatory capital status

The Company determined that it had the financial resources to operate as a going concern for the foreseeable future

Brian Lee, Chief Operating Officer

Summary of Principal Risks and Mitigation
Stephen Burke

Together we aim to make most of opportunities for Client Funds having regard to potential harms

Enterprise Risk

London CIV takes enterprise risk management seriously, recognising the importance of understanding and mitigating risks to the business and maximising business opportunities, setting and monitoring risk appetite and implementing the systems and controls required to manage them.

London CIV's principles for enterprise risk management are as follows:

- The Board sets the Company's risk appetite and approves the risk tolerance levels on an annual basis to guide business activities and to shape the controls framework.
- In setting the risk appetite the Board state: "The Company acknowledges the inherent risks in growing the business at pace, selecting and overseeing portfolio managers, establishing effective pooling structures and delivering accurate reporting to clients and has established an appropriate control framework. London CIV has a medium appetite for manager selection, third party outsourcing arrangements, client communication and engagement, operational processes or procedures which would impact the financial stability of the company and its ability to achieve its purpose and strategic objectives."
- The risk appetite is taken into consideration in establishing the annual business plan and is integrated with the operational control culture and maturity of the organisation.
- The Board delegates the oversight of its Risk Management Policy ('RMP' to the Compliance, Audit and Risk Committee ('CARCO') and the executive directors that are responsible for implementing the RMP. The RPM sets out the Risk Management Framework ("RMF") and how this is an integral part of the Company's strategy, business planning and decision making
- All employees are responsible for risk management and must conduct their business activities in a risk-controlled manner and report risk events (including near misses), issues, compliance breaches and potential complaints.
- The Company's allocation of resources to the identification, measurement, management and monitoring of risks is commensurate to the nature, scale, and complexity of the Company and the funds it manages.
- Each fund has an appropriate risk profile and monitoring plan approved prior to launch covering at least market, credit, counterparty, liquidity, leverage and operational risks, combined with regular updates to ExCo and CARCO on the current level of risk and foreseeable or actual breaches of any risk limits.
- The Company notifies the FCA of any material changes to the RMP and of the arrangements, processes and techniques used to measure and manage risk.
- The RMP is reviewed by CARCO at least annually to ensure it remains proportionate and effective.
- The RMF, which is implemented by the Compliance and Risk function, defines the Company's independent business functions, their roles, responsibilities, risk management tools and processes and reporting requirements.

A three lines of defence risk management model is in place to support the RMF and is summarised on the following table:

First line
Risk and control ownership
Specific accountabilities include: • Business strategy • Risk appetite defined by the Board. • Risk identification • Owning and managing risk • Defining, operating and testing controls • Implementing and maintaining regulatory compliance • Reporting to Management • Identifying future threats and risks
Second line
Oversight, support and challenge
Specific accountabilities include: • Providing expert regulatory advice on business initiatives • Advising the Board on setting risk appetite and risk framework • Reporting aggregate enterprise risks to the Board • Conducting independent and risk-based assurance • Interpreting material regulatory change • Overseeing the policy framework • Identifying future threats and risks
Third line
Assurance
Specific accountabilities include: • Depositary Annual Due Diligence • Annual audits of the financial statements of the Funds and of London CIV • CARCO, IOC and the Board, supported by third parties where appropriate, provide Independent challenge

Summary of Principal Risks and Mitigation continued

The Company has identified six key enterprise risks and implemented systems and controls to manage and mitigate those risks:

Principal Risk & Definition	Principal risk description	How we mitigate	Changes during 2021-22
Strategic Failure to deliver the Business Strategy due to poor execution, decision making, governance, or a failure to deliver due to poor investor engagement, inadequate offering or external industry dynamics, including meeting net zero carbon targets and roadmaps	Risk that we fail to deliver due to poor client engagement or inadequate offering	We engage with Client Funds regularly on the performance of the funds in which they invest and are available to them. Annually we assess the value of our funds, reporting on costs and cost savings.	We have enhanced our proposition with two Paris Aligned global equity funds (one passive and the other active) and improved the ESG credentials of our global bond fund. We continue to attract new investment to renewable Infrastructure, and we enhanced of our credit offerings. We also continue to improve our assessment of value, cost transparency and ESG reporting.
	Failure to deliver strategy due to poor execution, decision making or governance	We work closely with Client Funds to understand the changing external markets including engagement with the pooling agenda. We have an extensive programme of Client Fund engagement with a dedicated Client Relations Team with a focus on developing effective working relationships with our Client Funds and their advisers. We work to a defined service standard supported by customer relations management tools. We track and report on engagements at our ExCo	Greater focus on responsible investment helping Client Funds mitigate climate risk. Shareholder Engagement continues principally through a monthly business update meetings as well as direct engagement with the principal officers of all Client Funds. Improved engagement with Client Funds' investment advisors and investment consultants. Seed Investor Groups are now established to provide greater transparency on London CIV processes and is delivering successful fund launches. Held inaugural two day London CIV conference with attendance by Client Funds, investment consultants and investment advisers, investment managers and our staff.
Investment Risk Failure to conduct effective investment risk oversight (including counterparty, credit, liquidity, market and ESG risk), or failure to deliver on investment principles or objectives	The risk that investment Performance and Pooling Structure are not effective	We have a structured investment manager selection process with qualitative and quantitative filters together with a rigorous investment due diligence process. Our manager oversight process is supported by an operational and performance assessment which escalates concerns to an enhanced monitoring.	Continued to strengthen resources under the direction of the CIO and Heads of Responsible Investment, Performance and Risk, Public Markets and Private Markets. Introduced quarterly TCFD reporting for public markets funds and launched a climate reporting services for public markets investments held by client funds. Established selection process of passive indices and oversight arrangements for our first passive manager. Managing two private markets fund of funds products in house and making our own investment decisions. We completed our first secondary investment. Preparatory work completed to procure enhanced private markets risk management systems to support the growth of our private market funds.
	Undue counterparty, credit, liquidity or market risk	We closely monitor the performance of delegated investment managers against the risk limits set for our funds for counterparty, credit, liquidity or market risk. We offer liquid public markets funds and much less liquid private markets funds. We maintain close relationships with our Client Funds to help ensure we understand their liquidity needs and we work with them to achieve their liquidity requirements.	Preparatory work completed to procure enhanced private markets risk management systems to support the growth of our private market funds.
Operational Risk - Legal and Compliance The risk that the Company does not comply with the applicable regulatory framework or does not adhere to applicable laws	Regulatory Compliance The risk that the Company does not comply with the applicable regulatory framework.	Our Compliance Matrix details our compliance obligations which are reflected in our policies and monitoring programmes. We scan the regulatory change horizon and track developments. Suitably experienced external lawyers assist us with the development of our fund documentation, due diligence on private markets investments and our corporate affairs.	We have developed our compliance monitoring programme to test areas of raised compliance risk annually and to carry out "deep dive" assessments of areas of greatest impact. We put our plans to expand our regulatory licence on hold, while we seek approval from shareholders to improve the quality of the Company's capital.

Summary of Principal Risks and Mitigation continued

Principal Risk & Definition	Principal risk description	How we mitigate	Changes during 2021-22
Operational Risk - Firmwide Operations including Outsourcing and IT The risk of loss as a result of inadequate internal processes, poor internal controls, poor contingency plans and poor operational oversight (internal and 3rd party)	The risk that our Operational or Administrative Process is not effective.	We manage our fund developments, dealing and reporting processes thorough a dedicated team who manage our infrastructure and key third party service providers. Our operational activities are overseen by Northern Trust the depositary of the funds who proactively assess our compliance with FCA fund regulations. In addition to our controls this risk is mitigated by insurance and regulatory capital.	We strengthened our public markets and private markets teams to reflect the growth in activities, particularly in private markets. Developed the role of our Valuation and Dilution Levy Committee. Carried out an mapping of systems and data as a basis for planning future enhancements. Commenced assessment of our operational resilience framework to identify any processes that could cause “intolerable harm” to Client Funds if it failed.
	The risk of exposure to raised operational risk through third-party service providers	We operate a rigorous selection, due diligence and evaluation framework to support the appointment and ongoing oversight of material third party service providers. Third party service providers are held to account via service meetings supported by key performance indicators as well as periodic revaluation. Our third party service providers provide expertise, capabilities and independence to us, but we aim to ensure this lowers our risk.	Our outsource service provider platform has been largely stable over the year. We have appointed Hermes EOS to support our voting and engagement work, replaced service providers supporting our website and client portal, and calculation of portfolio risk metrics. We continue to monitor service providers as they move away from work from home to hybrid operating models.
	The risk that our business is not resilient - Failure to safeguard and maintain operations	Our business is dependent on information technology to operate smoothly. Our platform is operated by a providers with ISO27001 accreditation under the information security standard. We use other specialist resources to test the effectiveness of these arrangements. We undertake an annual review of our business continuity and disaster recovery plans.	Implemented a longer term hybrid working arrangement with an expectation that colleagues will attend the office two or three days a week to meet, collaborate and support each other. We have added specialist information technology and security resources to support the oversight of our outsource IT provide and assist us to improve our information technology security and surveillance.
People The ability to attract and retain top talent and the ability to maintain appropriate employment practices alongside a suitable remuneration framework	Risk that we cannot hire and retain appropriately skilled people	Our colleagues are central to the development and delivery of our funds and services for our client funds. We operate from London where there are many skilled people, but at the same time there is competition for their talents. We offer fixed salaries, great experience and opportunities to learn and develop and as we grow career advancement. We recruit primarily through our network and when necessary with the help of recruitment partners. We undertake capacity and resource planning and supplement our staff with temporary resources when appropriate.	Appointed a new Chair with significant investment management experience and three further experienced independent directors following the end of the incumbents terms. We hired a permanent HR Manager, who is part of our Executive Committee and put in place a multi-year HR Strategy. We increased our permanent headcount from 31 to 38 (year-end figures).
Financial Strength and Balance Sheet The risk that the Company does not have sufficient regulatory capital reserves or does not achieve sufficient income to remain a going concern	Capital Adequacy The risk that London CIV does not have sufficient financial resources to meet its operational regulatory capital requirements.	We have been well capitalised by our shareholders and maintain a highly liquid balance sheet. We carefully plan through our Medium Term Financial Strategy (MTFS).	MTFS agreed with no increase in again in the DFC for 2022-23 Terms of share capital in the process of being amended to remove redemption rights to meet regulatory requirements. Two of our 32 shareholders have yet to approve the arrangements.

Summary of Principal Risks and Mitigation continued

Business environmental risks

We identify the following risks:

Climate change

We commenced our response to climate change in the year setting a net zero target London CIV by 2025 and establishing a net zero target for our fund range of 2040 offering pathways for Client Funds with varying targets. We continue to focus climate impact of our fund offering.

Public Policy

We work closely with our Client Funds to identify public policy changes which might impact on the business and Client Funds. The Shareholder Committee has specific responsibility for identifying emerging trends which might impact on the business or Client Funds which should be considered by the Board or the Executive. Issues include national government policy in respect of pensions and LGPS pooling and local government together with pension and financial market regulation. The Company has specific challenges from two shareholders who have yet to agree to changes to the terms of the company's share capital to enable the Company to meet its regulatory capital obligations. Local government elections occurred on 5th May 2022 which delivered meaningful change in London. We will be working with our Client Funds to meet their changing requirements.

Covid-19 recovery

We have seen a gradual return to the use of our office this year as we have implemented hybrid working arrangements with the focus of the office being a venue for meetings, collaboration and training. We do not anticipate increasing our office space despite our increase in headcount.

War in Ukraine

Sanctions on Russia have had a very small direct impact on our funds overall. We have been working with the managers of those funds with small positions to establish fair value and ongoing holding arrangements.

Inflationary Pressures

Inflationary pressures impact us as the DFC has remained unchanged and our costs are increasing. At the same time our annual management fees have become more volatile due to uncertainty in the financial markets. The Company does however have a significant capital buffer and strong cash balances, so it is well position to manage through the crisis.

Clapham Common

Wandworth

Corporate Governance

> An effective governance framework is key to London CIV's operation, long term success and sustainability. The business model is characterised by visibly high levels of client fund engagement. This includes Seed Investor Groups (SIGs), the Responsible Investment Reference Group (RIRG) and Cost Transparency Working Group (CTWG) to complement the formal governance framework.

Kristina Ingate
Director for Governance and Company Secretary

Governance Framework

Stakeholders

London CIV is an FCA regulated company limited by shares whose 32 London Local Authority shareholders are its only clients. It was established as a collective venture in 2015 to provide a more effective vehicle for managing the pooled pension fund assets of the London Local Authorities.

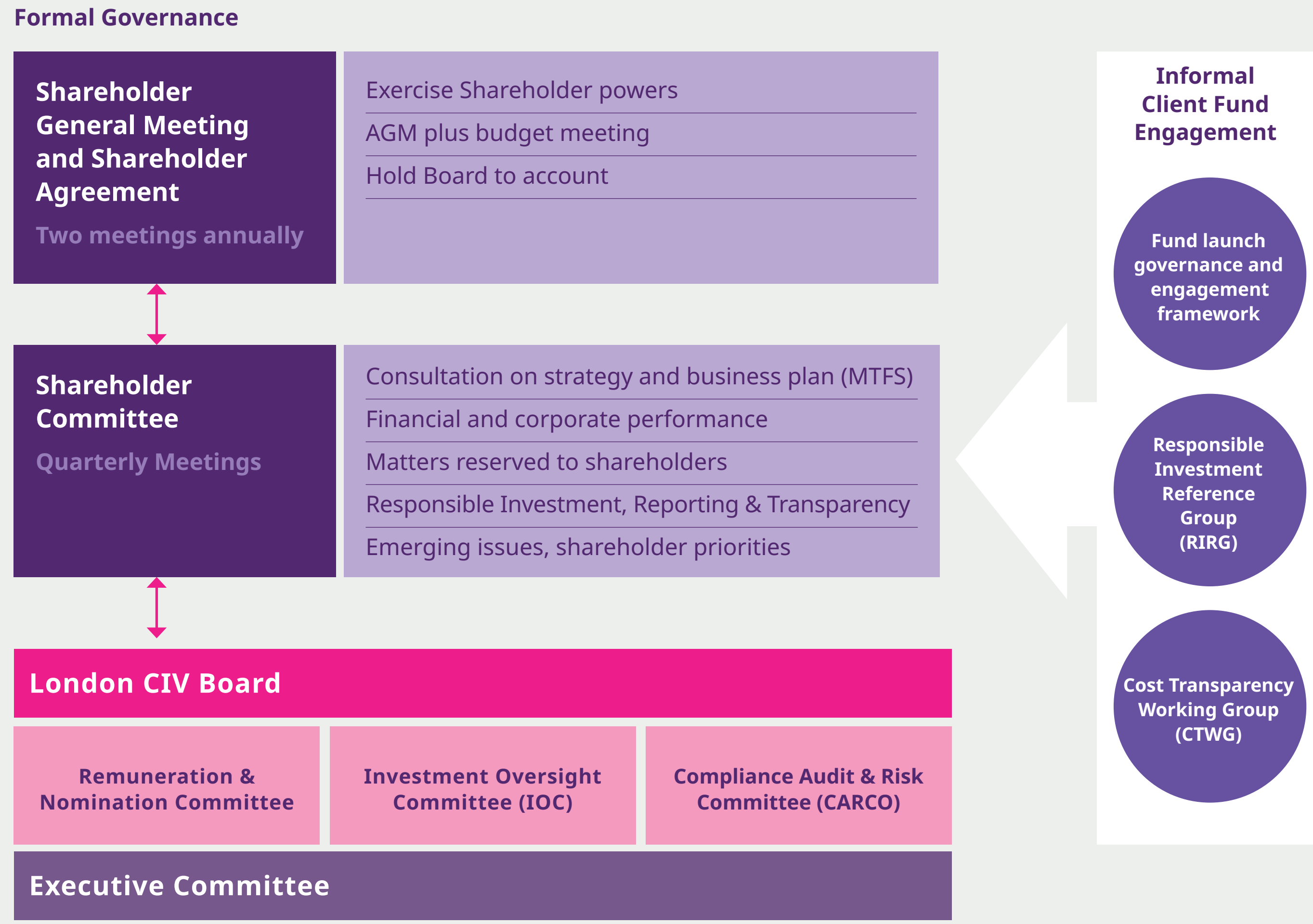
The client funds and their beneficiaries are London CIV's key stakeholders and London CIV's purpose statement underlines the importance of adding value to London as a whole **To be the LGPS pool for London to enable the London Local Authorities to achieve their pooling requirements**. Other stakeholders include the Department for Levelling Up, Housing and Communities (DLUHC),

London taxpayers and the users of London local government services which include education, public health, social care, waste management, housing and culture.

An effective governance framework is key to London CIV's operation, long term success and sustainability, and to our legal and regulatory requirements. The business model is characterised by visibly high levels of client fund engagement, in particular in respect of Client

Fund involvement in fund launch development (Seed Investor Groups "SIGs"). We have an active Responsible Investment Reference Group (RIRG), chaired by Cllr Robert Chapman of LB Hackney, which has provided a sounding board to steer the development of our Responsible Investment and Stewardship activity. The Cost Transparency Working Group (CTWG) chaired by a s151 Officer, John Turnbull of Waltham Forest has supported us in the work to review our funding model and develop our cost transparency and benchmarking activity.

London CIV committee structure



The Terms of Reference of the Shareholder Committee include the Trade Union member as a voting member which means that beneficiaries are explicitly included in our governance structures, in line with Scheme Advisory Board expectations and Investment Association guidance in respect of good corporate governance in respect of stakeholders. This is consistent with the Committee's consultative role and responsibility for identifying emerging issues which may impact on the Company or shareholders and assists Directors in fulfilling their Companies Act s172 obligation to consider the impact of decisions on stakeholders.

The Responsible Investment section of this report provides more information about how the Company has fulfilled its stewardship responsibilities and more information can be found in the Stewardship Outcomes report and other Climate and Stewardship reports and policies including the TCFD report published on the website at **www.londonciv.org.uk**

Governance Framework continued

London CIV Governance Framework

London CIV was set up for the specific purpose of pooling the LGPS pension assets of the London Local Authorities so the constitutional arrangements include a Shareholder Agreement which reserves certain decisions to shareholders. This includes approval of the budget, objectives and business plan.

There are 2 meetings each year of all shareholders and quarterly meetings of a Shareholder Committee representative of shareholders. The Committee considers all reserved matters, emerging issues and corporate and financial performance. In addition, there are two shareholder nominated directors on the Board who are Leaders of London Councils and a Treasurer Observer (s151 officer) on the Board.

The overall strategic direction and governance of London CIV is vested in the Board, which has responsibility for major decisions not reserved to shareholders. The Executive Directors, led by the Chief Executive, are responsible for the day-to-day management of the company and there is an Executive Committee which is attended by other senior managers in the firm. Under the FCA's Senior Management & Certification Regime (SMCR) certain individuals are responsible for the management and conduct of London CIV as Senior Management Function Holders including the CEO, Chief Investment Officer, Chief Operating Officer, and Compliance Officer. The Board Governance Committees are the Investment Oversight Committee (IOC); Compliance, Audit, and Risk Committee (CARCO); and Remuneration and Nomination Committee (RemNomCo) which includes the Chair of the Shareholder Committee. The Shareholder Committee is a consultative committee to the Board.

Shareholder committee

Consultation on strategy and business plan (MTFS) financial and corporate performance matters reserved to shareholders Responsible Investment, Reporting & Transparency Emerging issues, shareholder priorities.

London CIV Company Board

Matters reserved to the Board (subject to matters reserved to shareholders) include:

- Strategy and oversight of management of the company
- Budget setting and forward plan
- Reviews performance
- Major contracts and significant decisions including in relation to funds
- Financial reporting and controls

Investment Oversight Committee (IOC)

Oversees the investment activity of London CIV in line with the Company's strategy and business plan, including responsible investment

Compliance/Audit/Risk Committee (CARCO)

- Oversee compliance obligations
- Risk management framework
- Integrity of financial statements and reporting

Remuneration and Nomination Committee (RemNomCo)

- Remuneration policy
- Remuneration of key staff
- Nominations and succession planning for key staff and the Board

Executive Committee (EXCo)

- The CEO is responsible, together with other executive directors, for the day-to-day operations of the company, supported by the wider executive leadership team
- The executive directors acting collectively as ExCo have a number of specific delegated responsibilities. The role of ExCo in summary is to:
  - Execute the board-approved strategic objectives and business plan in line with risk appetite and financial limits (and developing this for approval)
  - Develop and implement effective solutions to address issues and opportunities facing the company
  - Ensure the day-to-day operations meet relevant legal requirements and compliance obligations of the company
  - Keep corporate and financial performance under review and ensure the Board and Board Committees receive reports such that they can fulfil their responsibilities

London CIV Board and Committees

Chaired by
Mike Craston

Key issues discussed by the Board during the year, were:

- Corporate performance, including Assets Under Manager (AUM), the investment pipeline and performance against MTFS objectives
- Financial performance and regulatory capital requirements and related issues such as the pension recharge agreements
- Annual budget, business plan and objectives
- Medium Term Strategy and "Big Questions" including Strategic Product Roadmap, Net Zero Ambition, People Strategy and achieving effective Client Engagement to deliver the strategy
- Regular update on governance and shareholder matters
- Responsible Investment and Stewardship including London CIV's net zero climate ambition and priorities for voting and engagement
- Client engagement and feedback, communication and reporting
- Strategic challenges and risks to delivering the strategy and specific proposals
- Diversity and inclusion, remuneration, succession and appointment matters
- Application for additional regulatory permissions, related ICAAP and amendments to Articles of Association (AA) and Shareholder Agreement (SHA)
- Year-end financial report and Annual Review

The Board evaluation of its collective performance was timed for Autumn of 2021 so that it could be taken forward by the incoming Chair of the Board and Chair of the Remuneration and Nomination Committee whilst also taking advantage of feedback from outgoing board members. Appraisals were conducted by the outgoing Chair. The evaluation was undertaken internally, and the "next steps" identified key themes for inclusion in the forward programme for 2022/23 and ongoing focus including responsible investment and the importance of a clear understanding of strategic challenges and risks.

All directors must meet FCA fitness to serve requirements and are specifically approved by the FCA where required by the SM&CR regime. The Executive directors, Chair of the Board and Compliance and Risk Director hold designated Senior Manager Functions (SMF) under the FCA's Senior Management & Certification Regime (SM&CR). Two Non-Executive Directors, Cllr Peter Mason (Cllr Stephen Alambritis to September 2021) and Cllr Ravi Govindia are nominated by Shareholders and Ian Williams is the Treasurer Observer. There is also a Non-Executive member of the Investment Oversight Committee (IOC) who is not a Board member

Key changes to membership of the Board that took place during the year and just prior to the start of the year are:

- Mike Craston was appointed Chair of the Board in succession to Lord Kerslake and took office on 8 September 2021
- Chris Bilsland came to the end of his second term of office in September 2021 and Eric Mackay came to the end of his second term of office in November 2021. They were replaced by Yvette Lloyd and Mark Laidlaw on 10 January 2022
- Alison Talbot was appointed as Chair of CARCO in March 2021 and Kitty Ussher took office as Chair of the Remuneration and Nomination Committee on 9 June 2021both in succession to Eric Mackay
- Cllr Ravi Govindia was appointed for a second term of office in September 2021. Cllr Peter Mason was appointed to replace Cllr Stephen Alambritis who came to the end of his term of office in September 2021 and joined the Board on 13 December 2022.

London CIV Board and Committees continued

Shareholder Committee

Chaired by
Cllr Rishi Madlani

The committee is consulted on: London CIV's strategy, budget and business plan (MTFS); financial and corporate performance; all matters reserved to shareholders; emerging issues and shareholder priorities; Responsible Investment, and Reporting & Transparency. This role means that the Shareholder Committee plays an important role in identifying emerging issues and realistic solutions which will ensure that London CIV can deliver pooling to meet the needs of London. It has a key role in reviewing the budget and other matters reserved to shareholders before the Board makes a recommendation to all Shareholders.

During the year the Committee has worked with the Board to foster a collaborative working environment in the context of the additional challenges and restrictions of the virtual environment created by the COVID19 pandemic. This includes regular meetings between the Chair of the Board, Chair of the Shareholder Committee and CEO. Particular areas of focus have been the challenge of achieving amendments to the Articles of Association and Shareholder Agreement, Responsible Investment, and London CIV's medium term plans.

Key issues discussed by the Committee in the last year were:

- Corporate and financial performance including value for money
- Annual budget, business plan and objectives prior to decision by the January 2022 General Meeting of all Shareholders
- The emerging Medium-Term Plan including the Strategic Product Roadmap
- Responsible Investment and Stewardship
- Governance and shareholder matters which is a regular agenda item
- Changes to the Articles of Association and Shareholder Agreement

Shareholders Role and Responsibilities

Shareholder Responsibilities

- London CIV's shareholders are the Client Funds
- Shareholders have rights and responsibilities set out in company law (Companies Act 2006)
- London CIV Shareholder obligations, responsibilities and rights are set out in the Articles of Association and Shareholder Agreement

Shareholder General Meetings

- 32 Members
- Meeting every six months (AGM and one other)
- Approves annual budget, business plan and objectives
- Approves membership of the Shareholder Committee
- Attended by all Shareholder Representatives

Shareholder Agreement

- Reserves certain decisions to all or a majority of shareholders in general meeting or in writing
- Sets out requirement for all shareholders to appoint a named "shareholder representative" (usually the Pension Committee Chair or equivalent)

Shareholder Committee Role

- Corporate and financial performance review
- Consulted on any matters reserved for shareholder approval including Annual Budget, business plan and objectives
- Identifies emerging issues for the Board and Executive to consider
- Consulted on Responsible Investment and Transparency and Reporting

London CIV Board and Committees continued

Compliance, Audit and Risk Committee (CARCO)

Chaired by
Alison Talbot

In summary CARCO is responsible for: overseeing compliance obligations; for the integrity of financial statements and reporting, the external auditor engagement; and for the risk and control framework. During the year there were changes in membership as a consequence of NEDs completing their terms of office. Lord Bob Kerslake and Eric Mackay were replaced by Mike Craston and Mark Laidlaw.

The key issues considered by CARCO this year include

- The ongoing compliance monitoring programme, reports, arrangements and changing FCA regulatory requirements
- Business resilience, including the impact of COVID19 and working from home arrangements and the response made by the firm
- The statutory report and financial statements for London CIV and for the Authorised Collective Scheme (which contains reports on the funds) and EUUT.
- The report of the external auditors including going concern requirements
- Variation of Regulatory permissions in particular the ICAAP process and regulatory capital requirements
- Assessment of Value (AoV) report to client funds on ACS funds
- Internal control environment and assessment of any need for an internal audit function and controls reporting
- Ongoing work to enhance the risk and control framework to meet changes in the external and internal strategic and operating environment of the firm, including enterprise risks and mitigating actions required
- The Annual Report of the Depositary

Investment Oversight Committee (IOC)

Chaired by
Paul Niven

In summary, the role of the IOC is to oversee the investment activity of London CIV in line with the Company's strategy and business plan. This includes forward looking activity such as the Strategic Product Roadmap, fund launch pipeline and fund launches in progress as well as fund performance. The IOC's Terms of Reference (ToR) reflect the increased emphasis on Responsible Investment and Stewardship, including climate change. The Responsible Investment Policy, which includes stewardship priority themes was revised this year and approved by the Board. We were pleased that, following submission of the Stewardship Outcomes Report, London CIV was approved in 2021 as an asset owner signatory to the UK Stewardship Code 2020.

Key topics discussed by the IOC, considered in more detail in the Investment Report.

- The Strategic Product Roadmap which aims to identify how London CIV will provide the funds required to meet Client Funds asset allocation requirements in a way which adds value
- The fund launch programme, including the appointment of new managers
- Fund performance, performance of fund managers and oversight of investment risk in funds
- Responsible Investment, in particular progress in achieving London CIV's net zero ambition in respect of climate change and TCFD reporting including the new climate analytics service
- Stewardship and Engagement, including the three priority stewardship themes

Remuneration and Nomination Committee (RemNomCo)

Chaired by
Kitty Ussher

In summary the Committee is responsible for: the remuneration framework; remuneration of key staff; nominations matters (appointments) and succession planning for key staff and the Board.

The main focus for the work of the Committee this year has been: succession planning and the appointment of the Chair of the Board, Mike Craston and Non-Executive Directors Yvette Lloyd and Mark Laidlaw. Kitty Ussher as the RemNomCo Chair has led this activity. Just after the end of the 2021/22 reporting year Mike O'Donnell, CEO announced his decision to step down as CEO to move on to other opportunities and the recruitment of a successor is in hand with the assistance of an external search firm.

Diversity and inclusion continues to be a key focus for the Board and the Executive as part of the People Strategy and recruitment at all levels and this is reflected in the wording of the remuneration policy. The People and Pay section of the Annual Review provides more information about the People Strategy and also about diversity commitments and the current composition of the staff team and board.

The key areas of emphasis for the work of the Committee in respect of the People Strategy are:

- The review of the Remuneration Framework in order to ensure that London CIV is able to attract, retain and motivate the quality staff required to deliver services to client funds
- Succession planning and appointments in respect of the Board and key staff as described above

London CIV Board and Committees continued

Mike Craston
Chair

Mike joined the London CIV Board as Chair in September 2021. He is Non-Executive Director of Aviva Investors Holdings Limited, and Non-Executive Chair of the Railpen Investments Board.

Mike serves as Trustee and Chair of the Investment Committee at Independent Age, a charity providing advice on care and support, money and benefits, and on, health and mobility. Prior to this, he held a number of roles at Legal and General, Aegon Asset Management, Scottish Equitable, and Schroders.

Mike O'Donnell
Chief Executive Officer

Mike O'Donnell is the Chief Executive Officer of the London CIV which he joined in March 2019. Mike has over 15 years' experience as a local government finance and corporate services director, having spent 13 years at the London Borough of Camden and, more latterly, undertaking interim executive director roles at Birmingham City Council and the London Borough of Newham.

Mike is a former President of the Society of London Treasurers and a former Chair of the London Finance Advisory Committee. He is also a former NED and Chair of the Audit and Risk Committee of the London Pension Fund Authority.

Jason Fletcher
Chief Investment Officer

Jason Fletcher is the Chief Investment Officer at the London CIV and joined in July 2020. Jason has significant experience in the LGPS sector; he has previous experience as Chief Investment Officer at LGPS Central and at West Midlands Pension Fund prior to that, where he has worked in partnership with a multitude of pension funds.

His familiarity with the LGPS sector complements 25 years of experience in the financial services industry more broadly, where he has previously progressed at the Universities Superannuation Scheme Investment Management (USSIM), initially specialising in Equities and succeeding as Co-Deputy Chief Investment Officer.

Brian Lee
Chief Operating Officer

Brian Lee is the Chief Operating Officer of London CIV. Brian is a Chartered Accountant and has been responsible for the management and operation of substantial investment management and fiduciary services businesses including the asset management division of a major bank, a FTSE 250 wealth manager, and a NYSE listed hedge fund and private equity manager.

Brian has deep experience in the set up and operation of investment management businesses and has been responsible for the operation and compliance of collective investment schemes under FSMA 2000 since 2005.

Alison Talbot
Non-Executive Director

Alison Talbot has over 20 years' experience in senior roles in financial services with an emphasis on asset management. Her most recent C suite executive roles include Chief Legal Officer of AEGON Asset Management Europe/Kames Capital Plc and she is a qualified solicitor. Her roles have included a wide range of corporate governance, fund structuring and merger and acquisition activity. Her earlier career was with Standard Life and Scottish Widows and included the project leading to the demutualisation and merger of Scottish Widows and Lloyds TSB. She has been Chair of the Executive Risk Committee and Executive Legal and Financial Control Meeting, and Member of the Board Audit and Risk Committees for AEGON/Kames. She has been active in AEGON/Kames diversity and inclusion work. Alison Chairs the Compliance, Audit and Risk Committee.

Kitty Ussher
Non-Executive Director

Kitty Ussher is an economist, former Lambeth councillor and MP who served as Economic Secretary to the Treasury (City Minister) during the financial crisis of 2007-08. In parliament she was a member of the Public Accounts Committee, the 2006 Companies Act and several Finance Bill committees. She has also served on the Financial Services Consumer Panel of the FCA.

Kitty is currently Chief Economist at the Institute of Directors and also a Non-Executive Director at Revolut NewCo UK Ltd, a fast growing fintech company. She has developed her expertise through her work in public policy research consultancy and as an advisor to fintech firms. This includes roles as Chief Executive and subsequently Chief Economic Adviser at the think-tank Demos and Managing Director of Tooley Street Research.

Yvette Lloyd
Non-Executive Director

Yvette Lloyd is Head of Investment Product Structuring Solutions at BNY Mellon Investment Management EMEA Ltd, overseeing product solutions across Europe and Asia. She brings expertise in equity, multi asset, and real estate in both public and private markets, for both retail and institutional investors.

Yvette has over twenty years' of experience in large asset management firms including the implementation of ESG factors across a global fund platform. She has served as a Member Nominated Director of a large UK pension scheme and an advisor to the Trustee for the Royal College of Nurses Foundation.

Yvette is a member of the Investment Oversight Committee.

Paul Niven
Non-Executive Director

Paul is Head of Multi-Asset Investment at BMO Global Asset Management, which manages in excess of £180bn. He has over twenty years of investment experience and is Fund Manager of the FTSE 250 listed F&C Investment Trust, one of the largest Investment Trusts in the UK.

Paul has invested across a wide range of traditional and alternative asset classes and has experience across a number of relevant areas including manager and product selection, strategic and tactical asset allocation as well as risk and portfolio management. Paul Chairs the Investment Oversight Committee.

Cllr Peter Mason
Non-Executive Director

Peter Mason is the Leader of the London Borough of Ealing. Before being elected Leader in 2021, he served on the Ealing cabinet in various portfolios including housing, planning, skills & employment as well as public service reform and transformation.

Peter's wider interest in the built environment includes his membership of the Old Oak and Park Royal; Development Corporation (OPDC).

Peter was the Head of Public Sector at a leading digital engagement PropTech company and also spent five years at City Hall working on public health, transport and infrastructure. He is a trained town planner holding a Master's in Urban Regeneration from the Bartlett School of Planning.

Cllr Ravi Govindia
Non-Executive Director

Cllr Ravi Govindia led Wandsworth Council from 2011 to May 2022. He has specialised in the fields of regeneration, housing, finance and planning. As co-chair of the Nine Elms Vauxhall Partnership he played a key role in securing the Northern Line extension to Nine Elms, unlocking London's biggest regeneration programme. Under his leadership, Wandsworth delivered record housing, the second lowest council tax and pioneered a range of innovative homeownership schemes. In 2017 he was awarded a CBE for services to local government.

Mark Laidlaw
Non-Executive Director

Mark has over 30 years experience in financial services primarily within life, pensions and asset management and is a qualified actuary. Mark most recently was Corporate Strategy Director at LV= and held a number of roles including as Chief Financial Officer (CFO) and Chief Risk Officer (CRO) at AEGON UK. Mark is a Non-Executive Director of Omnilife, Kilter Finance and Scottish Friendly as well as a Trustee of the LV= pension scheme.

Mark is a member of the Compliance Audit and Risk Committee (CARCO).

Ian Williams
Treasurer Observer

Ian is the London Borough of Hackney's statutory Chief Finance Officer. His directorate includes Customer Services, Revenues – Council tax and Business rate collection, Housing Benefits and Needs, ICT, Strategic Property, Procurement, & Contracts, HR, Audit and anti-fraud investigation. He is also the lead officer for the £500m development of the Britannia Site to include Leisure and Education provision alongside 480 residential properties.

Ian is an active member of the Society of London Treasurers and a member of the London Finance Advisory Committee and also a member of CIPFA Council.

People, Culture and Pay

During 2021/22 we have reviewed and developed a comprehensive People Strategy, now led by Sam Furlano HR Manager.

People strategy themes

- Culture and Values
- Structure Skills and Capability
- Remuneration and Benefits
- Learning, Development and talent
- Senior Leadership
- Employee Experience and Well being

Last year a culture and values staff group developed the culture and values statement agreed by the Board in March 2021. This year the Executive Leadership Team have instigated a project designed to improve the working environment through improved collaborative team working and greater delegation to make best use of the skills and capabilities of staff. The culture and values activity continues through the use of our new "Employee Voice" staff group as a sounding board.

London CIV's remuneration policy seeks to attract, recruit, retain and motivate staff of the calibre necessary to achieve the Company's corporate objectives and long term strategic goals. To this end work has begun to develop a Total Reward Framework to make sure the pay and other benefits London CIV is able to offer ensures we have the staff team required to manage pension scheme assets and provide services to the standards Client Funds expect. This goes beyond pay and we are paying particular attention to what we offer in terms of career development opportunities and learning and development. 24% of staff have undertaken a professional qualification including in Responsible Investment. Senior Leadership has been an important theme this year as we are recruiting a CEO in succession to Mike O'Donnell and also appointed Mike Craston as Chair in succession to Lord Bob Kerslake.

Diversity and Inclusion

Diversity and Inclusion is a cross-cutting theme. We are members of the Diversity Project which is a financial services sector organisation aimed at improving diversity and inclusion in the sector. As founder members of the Asset Owners Charter it is also one of the ways we influence the industry and companies to improve diversity and inclusion. 39% of employees self-define as female and 37% of employees self-define as BAME (3% of staff chose not to self-define their ethnic heritage). 54% of staff at "Heads of" and above self-define are female against a target of 40% and 8% of staff at "Heads of" and above BAME against a target of 8%. All figures are at 31 March 2022 and given the small permanent staff numbers, 38 in total, not including interim staff/consultants, one individual can impact significantly on percentages.

The Board has agreed a Diversity and Inclusion Policy which includes targets for the composition of the Board and senior staff defined as "Head of" and above which are based on the recommendations of the Hampton—Alexander and Parker reviews. The Board agreed in March 2021 that the calculation for the Board should exclude the two shareholder nominated NEDs. Of the 9 members of the Board excluding the 2 shareholder nominated NEDs 33% of the Board overall are female against a target of 40% and excluding the Executive Directors 50% of the NEDs are female. Currently none of the 9 Board members are BAME against a target of at least 1 (the Parker review target) although it should be noted that the Parker review target is met if the shareholder nominated NEDs are included. Taking the 5 Chair, CEO, CARCO Chair, RemNomCo Chair and CFO (part of COO role) roles, bearing in mind FCA diversity reporting expectations, 40% of these roles are held by women. There is no Senior Independent Director (SID) however there are 2 shareholder nominated NEDs and a Shareholder Committee Chair.

People, Culture and Pay continued

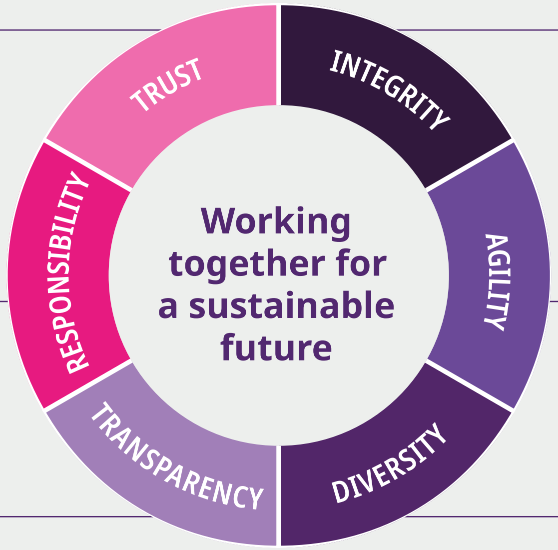
London CIV is a small company with 38 employed staff, well under the 250 staff threshold for statutory reporting on gender pay ratios and some other pay reporting. However Executive Management and the Board are concerned to use this reporting information as a tool to keep the company's culture and working practices under review and also to respond to stakeholder expectations about transparency of information. The NED fees paid are more in line with public sector rather than private sector financial services NED fees and were reviewed in 2021 when it was agreed to pay an additional fee of £2,500 to Committee Chairs whilst keeping the fee of £3,500 pa paid to the Shareholder Committee Chair at the same level. The fee paid to the Chair was reviewed as part of the process to replace Lord Kerslake and increased to £45,000. Michael Green is paid a fee of £7,500 as a non- executive member of the IOC. Eric Mackay and Paul Niven waived their Chair fees. Remuneration is defined as the fee or salary received in the reporting year. Cllr Yvonne Johnson was paid a fee of £875 and Cllr Rishi Madlani £1,993 during the reporting year as Chair of the Shareholder Committee.

Statutory Director pay/fees 2021/22

Name	Role	Remuneration
Mike Craston (Chair)	Chair from 8 September 2021	£25,375
Lord Kerslake	Chair to 8 September 2021	£13,166
Chris Bilsland	NED to 8 September 2021	£6,583
Eric Mackay	NED to 1 November 2021	£8,750
Paul Niven	NED (IOC Chair)	£15,000
Alison Talbot	NED (CARCO Chair)	£17,641
Kitty Ussher	NED (RemNomCo) Chair from 9 June 2021	£17,027
Yvette Lloyd	NED from 10 January 2022	£3,387
Mark Laidlaw	NED from 10 January 2022	£3,387
Cllr Stephen Alambritis	NED to 1 September 2021	£6,250
Cllr Peter Mason	NED from 13 December 2021	£4,516
Cllr Ravi Govindia	NED	£15,000
Mike O'Donnell	CEO	£248,819
Brian Lee	COO	£191,710
Jason Fletcher	CIO	£248,315

London CIV Culture and values

Our culture and values can be summed up as "working together to secure a sustainable future"



Trust:

We aim to be reliable, to deliver on our promises and to reset expectations when we face challenges on our deliverables. We encourage an open and equitable partnership with all of our stakeholders.

Integrity:

We always strive to have the highest professional standards and act on behalf of our clients. We are also all honest about where we can improve and are open to constructive challenge.

Responsibililty:

We are committed to developing funds with clients that improve outcomes and add value, helping protect the future for a world worth retiring in.

Agility:

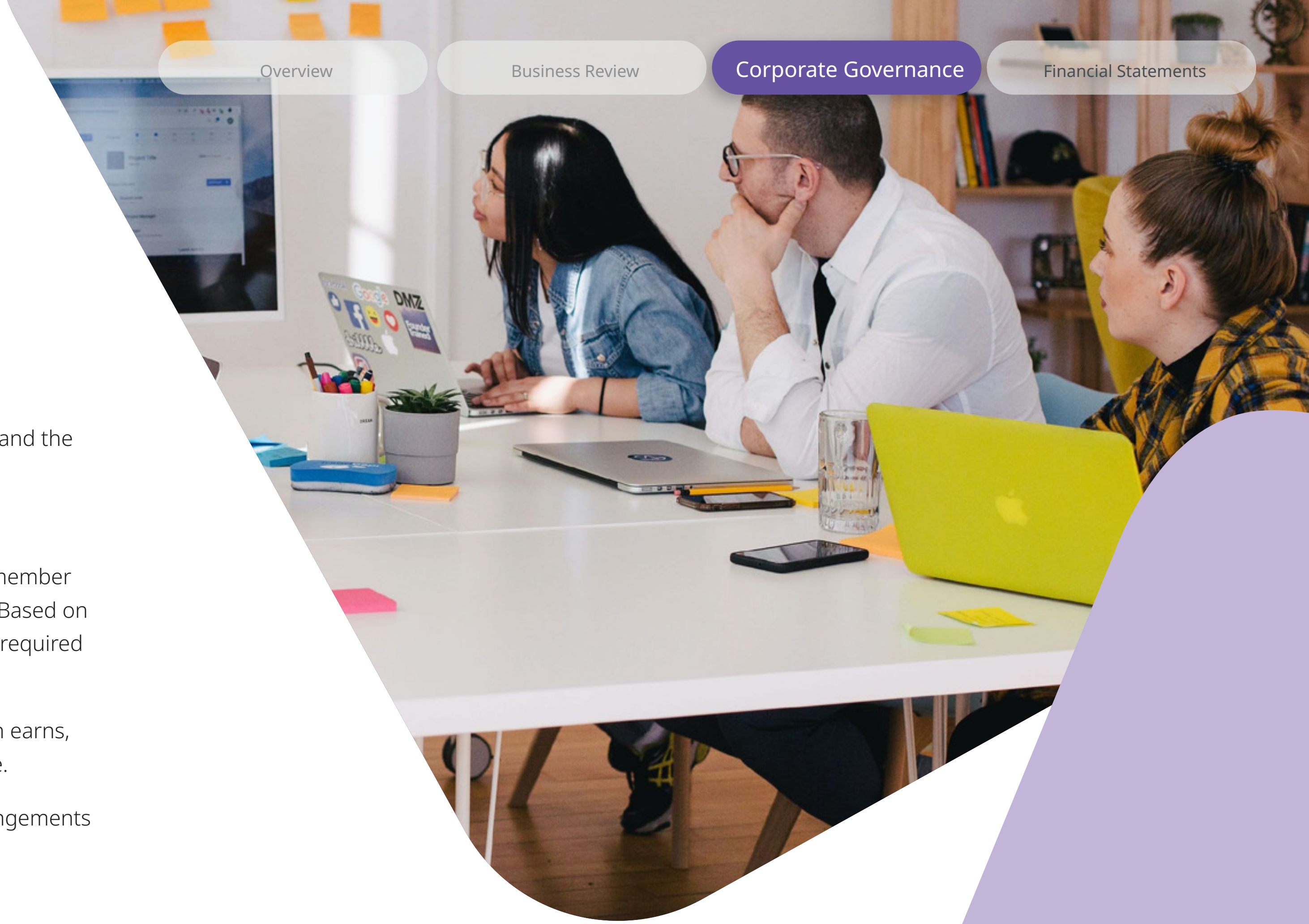
We work flexibly as one team, so that the end service provided to Client Funds is as seamless as possible.

Transparency:

We share information, communicating effectively between teams and with stakeholders, whilst also respecting confidentiality.

Diversity:

We respect and celebrate our differences and recognise this makes our organisation stronger.



People, Culture and Pay continued

CEO Pay and Pay Ratios

Mike O'Donnell received a salary of £248,819.00 in the year. The hourly pay ratio between the CEO and the lowest paid employee based on permanent staff numbers is 7:1.

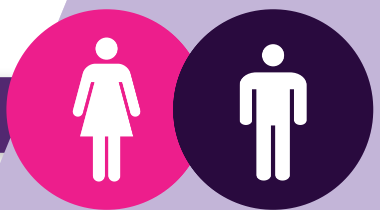
Gender pay ratio analysis

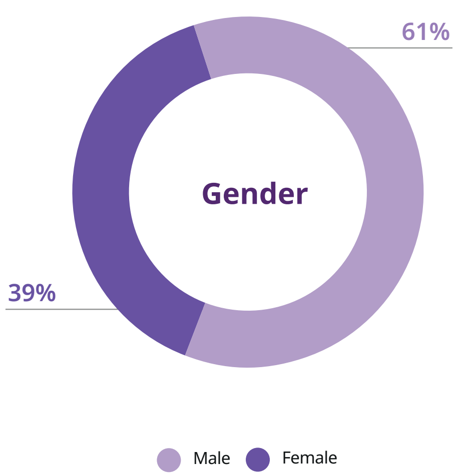
London CIVs gender pay report is based on 38 permanent staff as at 31 March 2022 (one further member of staff is included for the purpose of this analysis) and does not include interims and consultants. Based on such a small cohort, one individual can significantly impact the gender pay ratios so that caution is required in interpreting the data.

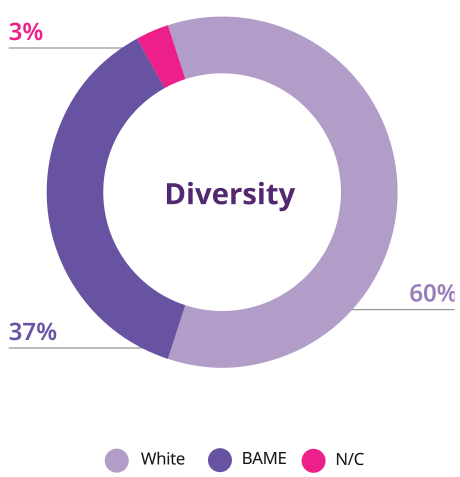
The analysis is based on hourly earnings by gender and indicates that for every £1 the median man earns, the median woman earns £0.81 across a workforce of 38 permanent staff, 39% of which are female.

The key challenge for London CIV is to make sure that the organisational culture and working arrangements attract, motivate and retain a diverse workforce, providing as many development and progression opportunities as possible within the constraints of a very small and specialist team.

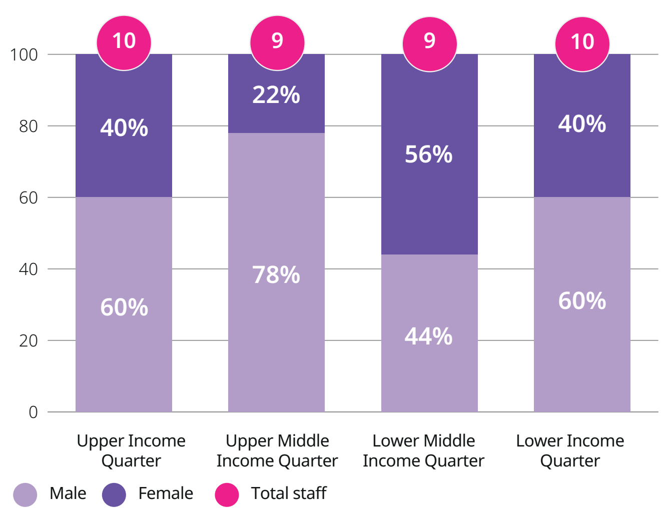
38 **Total staff (as at 31 March 2022)**







London LGPS CIV Limited Hourly Earnings by Gender



For every £1 the median man earns, the median woman earns

£0.81

Percentage of employees are women

39%

Glossary

Acronyms and Terms	Definition
ACS – Authorised Contractual Scheme	An Authorised Contractual Scheme (ACS) is a UK authorised, tax transparent fund structure, which provides a flexible alternative to open ended investment companies and authorised unit trusts.
AIF – Alternative Investment Fund	An alternative investment fund (AIF) is a collective investment in so-called 'non-standard' tangible and non-tangible assets whereby investors' capital is pooled, and the returns are also pooled.
AIFM – Alternative Investment Fund Manager	An AIFM is defined as an entity that provides, at a minimum, portfolio management and risk management services to one or more AIFs as its regular business irrespective of where the AIFs are located or what legal form the AIFM takes.
AIFMD – Alternative Investment Fund Managers Directive	Directive reference 2011/61/EU The Alternative Investment Fund Managers Directive (AIFMD) is a regulatory framework for alternative investment fund managers (AIFMs), including managers of hedge funds, private equity firms and investment trusts.
AoV – Assessment of Value	An FCA required report on individual funds covering specified headings intended to provide clients with a transparent report on value add and any performance concerns
AUM – Assets Under Management	Assets under management (AUM) is the total market value of the investments that the Company manages on behalf of client funds.
CARCO – Compliance, Audit, and Risk Committee	CARCO oversees London CIV's activity in respect of compliance, audit and risk.
CTI – Cost Transparency Initiative	The CTI is a new industry standard for institutional investment cost data designed to provide transparent information on costs and charges and help investors decide whether investments represent value for money. The CTI Board partners are the LGPS Scheme Advisory Board, Pension and Lifetime Savings Association (PLSA) and Investment Association
CTWG – and a Cost Transparency Working Group	The role of the Working Group (CTWG) is to ensure that there is full transparency and understanding between London CIV and its client funds about the calculation of cost savings and benefits that London CIV is delivering.

Acronyms and Terms	Definition
Climate Action100+	An investor initiative to drive corporate action on climate change. Over 400 investors with >$35 trillion in assets under management ("AUM") are engaging 100 systemically important emitters (accounting for two thirds of global emissions) on improving governance, curbing emissions and strengthening disclosures.
DFC – Development Funding Charge	The DFC and service charge together comprise the London CIV's fixed income stream and are paid by all shareholders contributing to the core costs of the company. When introduced the intention was that the DFC would be a short to medium term measure until management fee income had risen sufficiently to contribute to core costs.
Diversity Project	The Diversity Project is a cross-company initiative championing a more inclusive culture within the Savings and Investment profession.
DLUHC – Department for Levelling Up	Housing and Communities the government department responsible for local authorities including LGPS pension asset pooling policy
ESG – Environmental, Social and Governance	ESG Environment, Social and Governance are issues that are identified or assessed in responsible investment processes. Environmental factors are issues relating to the quality and functioning of the natural environment and natural systems. Social factors are issues relating to the rights, well-being and interests of people and communities. Governance factors are issues relating to the governance of companies and other investee entities.
EUUT – Exempt Unauthorised Unit Trust	An unauthorised unit trust (UUT) is any unit trust which has not been authorised under Section 243 of the Financial Services and Markets Act (FSMA) 2000 by the Financial Services Authority and, a UUT can qualify as an exempt unauthorised unit trust (EUUT) if: the trustees are UK resident, the investors are exempt from capital gains tax or corporation tax on chargeable gains (for reasons other than residency) and, approved by HMRC.
FCA – Financial Conduct Authority	The conduct regulator for 59,000 financial services firms and financial markets in the UK and the prudential supervisor for 49,000 firms, setting specific standards for 19,000 firms.
IOC – Investment Oversight Committee	The Investment Oversight Committee (IOC) oversees the investment activity of London CIV in line with the Company's strategy and business plan, including responsible investment.

Glossary continued

Acronyms and Terms	Definition
LAPFF – Local Authority Pension Fund Forum	The Local Authority Pension Fund Forum (LAPFF) is a voluntary association of public sector pension funds based in the UK. LAPFF exists to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders in promoting corporate social responsibility and high standards of corporate governance among the companies in which they invest.
MTFS – Medium Term Financial Strategy	A financial strategy which outlines investment and other financial goals within an annual and 5-year timescale.
NED – Non-Executive Director	A non-executive director is a member of London CIV's board who is not a member of the executive team and not involved in the day-to-day management of the com-pany. They are involved in strategic direction, governance, setting the company's risk appetite, and monitoring corporate and financial performance.They are expected to provide challenge and act in the interests of the Company's stakeholders.
Pensions for Purpose	Pensions for Purpose is a collaborative initiative of impactmanagers, pension funds, social enterprises and others involved or interested in impact investment. Its aim is to promote understanding of impact investment by effectively sharing news stories, blogs, case studies, academic research and thought leadership papers.
QIR – Quarterly Investment Report	A report sent to all London CIV Client Funds detailing the financial and ESG performance of London CIV funds on a quarterly basis.
RemNomCo – Remuneration and Nomination Committee	The Remuneration and Nomination Committee are responsible for London CIV's remuneration policy, remuneration of key staff and, nominations and succes-sion planning for key staff and the board.
RIRG – Responsible Investment Reference Group	RIRG is a forum which supports the Executive and IOC in developing and co-ordinating London CIV and Client Funds' approach to stewardship, responsible in-vestment and ESG.
RMF – Risk Management Framework	The Risk Management Framework is used to identify threats to London CIV and outlines the process for mitigating those risks. The RMF is embedded in the Company's overall business strategy, operational policies, and practises.

Acronyms and Terms	Definition
SAB – Scheme Advisory Board	The Local Government Pension Scheme Advisory Board is a body set up under Section 7 of the Public Service Pensions Act 2013 and The Local Government Pension Scheme Regulations 110-113. The purpose of the Board is to be both reactive and proactive. It will seek to encourage best practice, increase transparency, and coordinate technical and standards issues in respect of the LGPS.
SM&CR – FCA's Senior Management & Certification Regime	The Senior Managers and Certification Regime (SM&CR) replaced the Approved Persons Regime (APR) for solo-regulated firms from 9 December 2019. The regime aims to reduce harm to consumers and strengthen market integrity. It sets a new standard of personal conduct for everyone working in financial services.
SMF – Senior Manager Functions	Senior Management Functions (SMFs) are a type of controlled function under FSMA. They are prescribed in the Handbook and apply to UK-authorised firms and EEA Branches.
TCFD – Financial Stability Board's Task Force on Climate Related Financial Disclosures ("TCFD")	TCFD was established with the goal of developing a set of voluntary climate-related financial risk disclosures which can be adopted by companies so that those companies can inform investors and other members of the public about the risks they face related to climate change.
UK Stewardship Code 2020	The Code sets stewardship standards for asset owners and asset managers, and for service providers that support them. The Code comprises a set of 'apply and explain' principles for asset managers and asset owners, and a separate set of principles for service providers.
UNPRI – the UN Principles for Responsible Investment	A set of six principles that provide a global standard for responsible investing as it relates to environmental, social and corporate governance factors. Organisations follow these principles to meet commitments to beneficiaries while aligning investment activities with the broader interests of society.
UN SDGs – UN Sustainable Development Goals.	These include the SDG targets and indicators, thresholds set by the UNFCCC 2015 Paris Agreement, expectations set out in the Universal Declaration of Human Rights, and other environmental, social, governance, and development objectives established by political or socio-economic institutions.

Financial Statements

London LGPS CIV Limited

Annual Report and Financial Statements

for the year ended 31 March 2022

Contents

Company registration number : 09136445

Authorised and regulated by the Financial Conduct Authority No. 710618

Directors' Report

For the year ended 31 March 2022

The directors present their annual report and the audited financial statements of London LGPS CIV Limited (the "Company") for the year ended 31 March 2022.

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

C N Bilsland (resigned 8 September 2021)	M F O'Donnell
Lord R W Kerslake (resigned 8 September 2021)	J M Laidlaw (appointed 10 January 2022)
B M Lee	J C Fletcher
E G Mackay (resigned 1 November 2021)	A J Talbot
M D T Craston (appointed 8 September 2021)	K Ussher
P G Niven	Y C Lloyd (appointed 10 January 2022)
Cllr S S Alambritis (resigned 1 September 2021)	P E J Mason (appointed 13 December 2021)
Cllr R P Govindia	

Board Attendance

The list below shows the attendance at board meetings by board directors during the year. There were 8 formal Board meetings held during the course of the financial year ending 31 March 2022.

Director	Meetings
Michael Craston (Chair) (appointed 8 September 2021)	3/3
Lord Bob Kerslake (Chair) (resigned 8 September 2021)	5/5
Jason Fletcher	8/8
Brian Lee	8/8
Mike O'Donnell	8/8
Cllr Stephen Alambritis (resigned 1 September 2021)	4/4
Cllr Ravi Govindia CBE	6/8
Cllr Peter Mason (appointed 13 December 2021)	1/1
Chris Bilsland (resigned 8 September 2021)	4/5
Mark Laidlaw (appointed 10 January 2022)	1/1
Yvette Lloyd (appointed 10 January 2022)	1/1
Eric Mackay (resigned 1 November 2021)	5/6
Paul Niven	8/8
Alison Talbot	7/8
Kitty Ussher	8/8

Going concern

The directors have reviewed the financial results for the year ended 31 March 2022, and the annual budget for the year to March 2022 which covers income and expenses, regulatory capital and the cashflow requirements of the business. The directors are of the opinion that the Company has sufficient financial resources to meet its ongoing obligations as they fall due over the next 12 months from the date of signing the financial statements. Accordingly the directors believe it is reasonable for the Company to continue to adopt the going concern basis in preparing the financial statements for a period of at least 12 months from date of signing the financial statements.

Pension scheme

The Company participates, as an Admitted Body, in the City of London Corporation Pension Fund (the 'Fund') which operates a defined benefit pension scheme. The funding of the scheme by the Company is determined by the actuary to the Fund. The Company is obliged to account for its participation in the Fund under FRS 102. As at 31 March 2022, the Actuary has reported an FRS 102 pension deficit of £1,212,000 (2021: £1,567,000). As at 31 March 2022 all shareholders of London CIV have agreed and signed the pension recharge agreements, so that future pension contributions by the Company to the Fund are separately reimbursed by its shareholders. These agreements create a reimbursement asset on the Company's Balance Sheet. As at 31 March 2022, allowing for the fair value of the recharge agreements confirmed by all 32 shareholders, this reimbursement asset was £650,000 (2021: £817,000). The Company agreed to close its defined benefit scheme to new entrants with effect from the 1 June 2020. The Company continues to offer pension provision for eligible staff through defined contribution arrangements.

COVID-19 Update

Since the emergence of COVID-19 in 2020, the Company has continued to monitor the impact of COVID-19 on its business including how we work with our stakeholders including shareholders, investors, outsource partners and staff. We have followed UK Government guidance on how to operate safely with the health and welfare of staff, investors and business outsourced suppliers as a priority. With a changed COVID-19 environment in 2022 we have moved to a hybrid working environment with staff able to work from home part of the week.

Brexit

Following the UK's departure from the European Union on 31 December 2020, London CIV has continued to monitor the potential impact on its business. Her Majesty's Treasury (HMT) implemented a number of Statutory Instruments (SIs) under the EU (Withdrawal) Act to ensure that common rules continue to apply to the financial services industry during the implementation period (29 March 2019 through 31 December 2020) and beyond. The SIs have brought into UK law the requirements set out in key European Directives and Regulations such as AIFMD and MIFID. The Company continues to comply with all relevant requirements.

Directors' Report continued

Changes to the Shareholder Agreement and Articles of Association

In 2021, the Company requested shareholders to approve modifications to the Shareholder Agreement and Articles of Association in order to clarify the legal definition of its A and B shares as equity capital. This request arose from discussions with the FCA when the Company applied for additional regulatory permissions. At the date of this report, approval from shareholders is still in progress. The Company is working to complete this change as soon as practicable. Under FRS102, the current definition of the shares means that the shares are currently accounted for as a financial liability rather than equity capital.

The Company's subsidiaries during the year were LCIV Nominee (1) Limited, LCIV Nominee (2) Limited and London LGPS CIV GP Limited, The London Fund GP LLP and The London Fund LP. The principal activities are described in note 9.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Section 1A, and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

Under section 487(2) of the Companies Act 2006, Deloitte LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

Small companies exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The Company is not required to prepare consolidated financial statements by virtue of the exemption under section 399 2A of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

M F O'Donnell, Director

Date: ●

Independent Auditor's Report
to the members of London LGPS CIV Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of London LGPS CIV Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company'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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Companies Act 2006 and relevant tax and pensions laws and regulations; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These include the Company's regulatory solvency requirements, requirements of the Financial Conduct Authority ("FCA") and the Financial Services and Markets Act 2000.

We discussed among the audit engagement team including internal pension specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

Accuracy of asset management fee, there is an inherent risk of fraud that the asset management fee earned by the Company may not be accurately calculated based on the key inputs to its calculation.

We have performed the following procedures to address this fraud risk:

- evaluated the design and implementation of key controls covering the calculation and approval of the management fee; and
- for a sample of asset management fees, we have:
  (i) recalculated the asset management fee amounts using the terms in the relevant Asset Management Agreements;
  (ii) validated Asset Under Management used in the asset management fee computation; and
  (iii) agreed asset management fee amounts invoiced to subsequent cash receipts.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing correspondence with the Financial Conduct Authority.

Independent Auditor's Report continued

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Caullay CA (Senior Statutory Auditor)

For and on behalf of **Deloitte LLP**
Statutory Auditor
Glasgow

Date: ●

Statement of Comprehensive Income

for the year ended 31 March 2022

	Note	2022 £	2021 £
Turnover		8,111,938	6,334,893
Administrative expenses		(7,217,769)	(6,499,562)
Other operating income	6	170,582	897,300
Operating profit		1,064,751	732,631
Interest receivable and similar income		111,371	125,620
Interest payable and similar expenses		(142,312)	(115,818)
Profit before taxation		1,033,810	742,433
Tax on profit	7	(218,652)	(173,374)
Profit for the financial year		815,158	569,059
Other comprehensive income/(expense) for the financial year			
Actuarial gains/(losses) on defined benefit pension scheme		663,000	(166,000)
Movement of deferred tax relating to pension surplus		34,140	–
Remeasurement loss of pension reimbursement asset		(167,000)	(418,155)
Other comprehensive income/(expense) for the financial year		530,140	(584,155)
Total comprehensive income/(expense) for the financial year		1,345,298	(15,096)

The notes on pages 14 to 30 form part of these financial statements.

Balance sheet

as at 31 March 2022

Registered Number: 09136445

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	8		52,096		47,901
Investments	9		21		–
			52,117		47,901
Current assets					
Debtors: amounts falling due after more than one year	10	716,447		914,962	
Debtors: amounts falling due within one year	10	1,873,423		1,365,542	
Cash at bank and in hand	11	6,159,046		5,310,668	
		8,748,916		7,591,172	
Creditors: amounts falling due within one year	12	(1,114,869)		(870,799)	
Net current assets			7,634,047		6,720,373
Total assets less current liabilities			7,686,164		6,768,274
Creditors: amounts falling due after more than one year	13		(4,950,033)		(4,950,033)
Deferred taxation	14		–		–
Provision for liabilities					
Pension liability	15		(1,212,000)		(1,567,000)
Net assets			1,524,131		251,241
Capital and reserves					
Called up share capital			–		–
Pension reimbursement reserve			650,000		817,000
Profit and loss account			874,131		(565,759)
Total shareholders' funds			1,524,131		251,241

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M F O'Donnell, Director

Date: ●

The notes on pages 14 to 30 form part of these financial statements.

Statement of changes in equity

for the year ended 31 March 2022

	Called up share capital £	Pension reimbursement reserve £	Profit and loss account £	Total shareholders' funds £
At 1 April 2020	–	1,206,795	(940,458)	266,337
Comprehensive income for the financial year				
Profit for the financial year	–	–	569,059	569,059
Actuarial losses on defined benefit pension scheme	–	–	(166,000)	(166,000)
Remeasurement of pension reimbursement asset	–	(418,155)	–	(418,155)
Other comprehensive expense for the financial year	–	(418,155)	(166,000)	(584,155)
Transfer to pension reimbursement asset reserve	–	28,360	(28,360)	–
At 31 March 2021 and 1 April 2021	–	817,000	(565,759)	251,241
Comprehensive income for the financial year				
Profit for the financial year	–	–	815,158	815,158
Actuarial gains on defined benefit pension scheme	–	–	697,140	697,140
Remeasurement of pension reimbursement asset	–	(167,000)	–	(167,000)
Other comprehensive (expense)/ income for the financial year	–	(167,000)	697,140	530,140
Deferred tax	–	–	(72,408)	(72,408)
At 31 March 2022	–	650,000	874,131	1,524,131

The notes on pages 14 to 30 form part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2022

1. General information

London LGPS CIV Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 4th Floor, 22 Lavington Street, London, SE1 0NZ and Registered Number: 09136445. Authorised and regulated by the Financial Conduct Authority No. 710618.

The principal activity of the Company is the provision of FCA regulated investment management services.

The ultimate parent of the Group is London LGPS CIV Limited.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company's functional and presentational currency is GBP.

The following principal accounting policies have been applied consistently throughout the year:

2.2 Going concern

The Company continues to adopt the going concern basis in preparing its financial statements. Further to note 13, the share capital of the Company is treated as debt in consideration of the, at least 12 month redeemable option attached to A and B Ordinary Shares. When considering this share capital as available capital, the Directors believe the Company has sufficient resources to enable it to continue its activities in the future.

The Directors have also prepared an annual business plan which shows for a period of at least 12 months from the date of signing the financial statements the Company has sufficient resources to meet its liabilities as they fall due.

As set out in the Directors' Report, maintaining sufficient regulatory capital to withstand market pressures remain central to the Company's strategy. The directors believe it is reasonable for the Company to continue to adopt the going concern basis in preparing the financial statements for a period of at least 12 months from date of signing the financial statements.

Notes to the financial statements continued

2. Accounting policies continued

2.3 Exemption from preparing consolidated financial statements

The Company is not required to prepare consolidated financial statements by virtue of the exemption under section 399 2A of the Companies Act 2006.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The service charge and development funding charge are billed to each shareholder annually and recognised over the year to which they relate.

Asset management fees are ad valorem fees calculated daily and invoiced in arrears. Turnover also includes the reimbursement of certain fund related expenses which are also included in administrative expenses.

2.5 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	–	3 years
Fixtures and fittings	–	3 years
Computer equipment	–	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Investments

Investments in subsidiaries are stated at cost, less provision for any impairment. Dividends, impairment losses and reversals of impairment losses are recognised in the Statement of Comprehensive Income in 'Net gains/ (losses) on investments.

Dividends from investments which would be classified as financial liabilities by the investee are classified as interest and recognised in the Statement of Comprehensive Income in 'Interest income'.

2.7 Impairment of investments

Impairment losses on investment in subsidiaries are measured as the difference between cost and the current estimated recoverable amount. When the recoverable amount is less than the cost, an impairment is recognised within the Statement of Comprehensive Income in 'Net losses on investments,' and is reflected against the carrying amount of the impaired asset on the Balance Sheet.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Other Debtors represent set-up costs directly attributable to the funds of the London LGPS CIV Authorised Contractual Scheme and the London LGPS Exempt Unauthorised Unit Trust. The costs are typically recovered over 2 years following the launch of the fund.

The debtors balances also includes pension reimbursement asset, see note 2.16 of the pension reimbursement asset valuation.

2.9 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 highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Creditors

Short term creditors are measured at the transaction price.

2.11 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Notes to the financial statements continued

2. Accounting policies continued

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

2.15 Leased assets: the Company as lessor

Where assets leased to a third party give rights approximating to ownership (finance lease), the lessor recognises as a receivable an amount equal to the net investment in the lease i.e. the minimum lease payments receivable under the lease discounted at the interest rate implicit in the lease. This receivable is reduced as the lessee makes capital payments over the term of the lease.

A finance lease gives rise to two types of income: profit or loss equivalent to the profit or loss resulting from outright sale of the asset being leased, at normal selling prices, reflecting any applicable discounts, and finance income over the lease term.

2.16 Pensions

Defined benefit pension plan

The Company participates in a defined benefit plan operated by the City of London Corporation. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the estimated present value of the Company's share of the estimated defined benefit obligation at the Balance Sheet date less the Company's share of the fair value of plan assets at the Balance Sheet date out of which the obligations are to be met.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to estimate the defined benefit obligation.

The fair value of plan assets and liabilities are measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

Pension reimbursement asset and reserve

The Company continues to arrange recharge agreements with its shareholders to provide for them to separately reimburse future pension contributions by the Company to the defined benefit plan. The pension reimbursement asset recognised on the Balance Sheet is in respect of 32 recharge agreements signed as at 31 March 2022 and guarantee agreement dated 28 May 2020 which guarantees the future contribution reimbursements relating to the cost of future accruals of benefits if the assets of the pension plan are not sufficient.

Notes to the financial statements continued

2. Accounting policies continued

The Company values the reimbursement asset by discounting the future contribution streams for 30 years under a number of different pension asset return scenarios and averages them to give a fair value for the reimbursement asset as at 31 March 2022.

The surplus arising from the recognition of this asset is held in a separate 'Pension reimbursement reserve' to make it clearly identifiable and separable from reserves arising on from the operations of the Company.

Any changes arising from the remeasurement of the asset are recognised in Other Comprehensive Income.

2.17 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements and assumptions regarding the valuation of defined benefit post-employment obligations and Pension reimbursement asset that affect the financial statements and related disclosures. The Company believes that the estimates utilised in preparing the financial statements are reasonable, relevant and reliable. Actual results could differ from these estimates.

The Directors do not believe any accounting judgements or estimates have been applied to this set of financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	40,030	39,011

	2022 £	2021 £
Fees payable to the Company's auditors in respect of:		
Other audit related services	14,100	13,600

Other audit related services relate to the provision of a client assets report to the Financial Conduct Authority.

5. Employees

The average monthly number of employees, including directors, during the year was 44 (2021: 41).

Notes to the financial statements continued

6. Other operating income

	2022 £	2021 £
Other operating income	170,582	19,300
VAT refund	–	878,000
	170,582	897,300

7. Tax on profit

	2022 £	2021 £
Corporation tax		
Current tax on profits for the financial year	256,920	173,617
Total current tax	256,920	173,617
Deferred tax		
Effect of changes in tax rates	(38,268)	–
Credited to profit or loss	–	(243)
Total deferred tax	(38,268)	(243)
Total tax	218,652	173,374

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	2022 £	2021 £
Profit before taxation	1,033,810	742,433
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	196,424	141,062
Effects of:		
Expenses not deductible	1,685	2,828
Movement in unrecognised deferred tax	58,811	29,484
Tax rate changes	(38,268)	–
Total tax charge for the year	218,652	173,374

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2021 (published on 24 May 2021, with royal assent received on 10 June 2021). This confirmed an increase to the corporation tax rate to 25% with effect from 1 April 2023. Deferred taxes at the Balance Sheet date have been calculated based on the corporation tax rate of 25% that is enacted at the reporting date.

8. Tangible assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 April 2021	44,651	8,879	128,331	181,861
Additions	–	3,984	49,132	53,116
At 31 March 2022	44,651	12,863	177,463	234,977
Accumulated depreciation				
At 1 April 2021	35,780	5,724	92,456	133,960
Charge for the year	8,871	2,986	37,064	48,921
At 31 March 2022	44,651	8,710	129,520	182,881
Net book value				
At 31 March 2022	–	4,153	47,943	52,096
At 31 March 2021	8,871	3,155	35,875	47,901

9. Investments

	Investments in subsidiary companies £
Cost	
At 1 April 2021**	–
Additions	21
At 31 March 2022	21

** The value at 1 April 2021 balance was not restated.

Notes to the financial statements continued

9. Investments continued

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activities	Class of shares	Holding
LCIV Nominee (1) Limited	22 Lavington Street, 4th Floor, London, SE1 0NZ	Dormant	Ordinary	100%
LCIV Nominee (2) Limited	22 Lavington Street, 4th Floor, London, SE1 0NZ	Dormant	Ordinary	100%
London LGPS CIV GP Limited	22 Lavington Street, 4th Floor, London, SE1 0NZ	Dormant	Ordinary	100%
The London Fund GP LLP *	22 Lavington Street, 4th Floor, London, SE1 0NZ	General partner for The London Fund LP	Ordinary	51%
The London Fund LP *	BRODIES LLP, Capital Square 58 Morrison Street Edinburgh, EH3 8BP			

The Company subscribed to an additional 10 of £1 ordinary shares in its subsidiary, LCIV Nominee (1) Limited for a total consideration of £10.

The Company subscribed to an additional 10 of £1 ordinary shares in its subsidiary, LCIV Nominee (2) Limited for a total consideration of £10.

The Company subscribed to an additional 10 of £0.1 ordinary share in its subsidiary, London LGPS CIV GP Limited for a total consideration of £1.

* Indirect subsidiary.

10. Debtors

	2022 £	2021 £
Due after more than one year		
Pension reimbursement asset	650,000	817,000
Rent deposits*	66,447	97,962
	716,447	914,962

* The deposit is not expected to mature until the end of the lease on 15/11/2024.

	2022 £	2021 £
Due within one year		
Trade debtors	548,550	379,839
Other debtors	111,996	163,680
Prepayments and accrued income	1,212,877	822,023
	1,873,423	1,365,542

11. Cash at bank and in hand

	2022 £	2021 £
Cash at bank and in hand	6,159,046	5,310,668

12. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	344,828	49,969
Amounts owed to group undertakings	21	–
Corporation tax	256,920	173,617
Taxation and social security	80,850	193,194
Other creditors	75,268	19,113
Accruals and deferred income	356,982	434,906
	1,114,869	870,799

Notes to the financial statements continued

13. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Share capital treated as debt	4,950,033	4,950,033

The holders of B Ordinary Shares are not entitled to receive any dividends, distributions of capital or vote at General Meetings of the Company.

The Company has been advised that under certain circumstances both A and B Ordinary Shares may be redeemed at par at the option of the shareholder(s) subject to the provision of at least 12 months' written notice and as such the issued share capital has been treated as financial liability.

14. Deferred taxation

	2022 £
At beginning of year	–
Charged to profit or loss	38,268
Charged to other comprehensive income	34,140
Credited to equity for the year	(72,408)
At end of year	–

The £34,140 charged to other comprehensive income represents the deferred tax on the movement in the pension reimbursement asset (£33,408) and the deferred tax movement on the pension liability (£732).

The deferred taxation balance is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	13,024	7,416
Short term timing differences - trading	(13,024)	(7,416)
	–	–

As at year end, there is a potential residual deferred tax asset of £162,500 (2021: £135,084) relating to defined benefit obligations. No deferred tax asset has been recognised as it is considered unlikely that the Company would generate sufficient taxable profits in the future to utilise these amounts.

15. Pension commitments

The Company operates a Defined Benefit Pension Scheme which has been closed to new members since 2020.

The Company participates in the City of London Pension Fund (the "Fund"), part of the Local Government Pension Scheme. This is a multi-employer defined benefit pension scheme with assets held in a separately administered fund. The Fund provides retirement benefits on the basis of members' earnings over their careers. The Fund is administered by the City of London, which is responsible for ensuring that the Fund is sufficiently funded to meet current and future obligations. The Company has agreed a funding plan with the City of London, whereby contributions made by the Company into the Fund are equal to 15% of active employees' salary. Additional contributions may be agreed with the City of London to reduce any funding deficit ascribed to the Company if necessary.

A comprehensive actuarial valuation of the Fund, using the projected unit credit method, was carried out at 31 March 2019 by the Fund Actuary.

To assess the FRS 102 liabilities at 31 March 2022, the actuary has based the value of the Company's liabilities calculated for the funding valuation as at 31 March 2019, allowing for benefits paid and further benefits to accrue to members and for benefits established in respect of transfer values received, using financial assumptions that comply with FRS 102. Membership data has been updated to 31 March 2022 and this has been used to value the liabilities. Mortality projections have been updated to use the Continuous Mortality Investigation (CMI) 2020 model. To calculate the Company's asset share as at 31 March 2022, the actuary has used the assets allocated to the employer at 31 March 2019 allowing for investment returns, contributions and transfers paid in, and estimated benefits paid from, the Fund by and in respect of the employer and its employees. The difference is shown on the Balance Sheet as a deficit in accordance with FRS 102.

Reconciliation of fair value of plan liabilities were as follows:

	2022 £	2021 £
Opening defined benefit obligation	6,425,000	4,823,000
Current service cost	434,000	314,000
Interest cost	142,000	115,000
Contributions by scheme participants	92,000	95,000
Change in financial assumptions	(443,000)	1,193,000
Experience loss/(gain) on defined benefit obligation	35,000	(79,000)
Change in demographic assumptions	–	(52,000)
Benefits paid net of transfers in	(12,000)	16,000
Closing defined benefit obligation	6,673,000	6,425,000

Notes to the financial statements continued

15. Pension commitments continued

Reconciliation of fair value of plan assets were as follows:

	2022 £	2021 £
Opening fair value of scheme assets	4,858,000	3,580,000
Administrative expenses	(4,000)	(3,000)
Interest income on plan assets	110,000	88,000
Return on assets less interest	255,000	896,000
Contributions by employer	162,000	186,000
Contributions by scheme participants	92,000	95,000
Benefits paid plus unfunded transfers in	(12,000)	16,000
Closing fair value of scheme assets	5,461,000	4,858,000

Composition of plan assets:

	2022 £	2021 £
Equities	3,227,000	2,920,000
Cash	77,000	25,000
Infrastructure	677,000	564,000
Multi-asset fund	1,480,000	1,349,000
Total plan assets	5,461,000	4,858,000

The return on the Funds (on a bid to bid basis) for the year ended 31 March 2022 is estimated to be 7.31% (2021: 26.45%).

	2022 £	2021 £
Fair value of plan assets	5,461,000	4,858,000
Present value of plan liabilities	(6,673,000)	(6,425,000)
Net pension scheme liability	(1,212,000)	(1,567,000)

The amounts recognised in profit or loss are as follows:

	2022 £	2021 £
Administrative expenses	4,000	3,000
Current service cost	434,000	314,000
Interest on obligation	142,000	115,000
Interest on assets	(110,000)	(88,000)
Total	470,000	344,000

The total return on the fund assets for the year to 31 March 2022 are as follows:

	2022 £	2021 £
Interest on assets	110,000	88,000
Return on assets less interest	255,000	896,000
Total	365,000	984,000

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2022	2021
Discount rate	2.75%	2.20%
Future salary increases	3.90%	3.60%
Future pension increases	2.90%	2.60%
Mortality rates		
– for a male aged 65 now	21.6 years	21.6 years
– at 65 for a male aged 45 now	23.0 years	22.9 years
– for a female aged 65 now	24.3 years	24.3 years
– at 65 for a female member aged 45 now	25.8 years	25.7 years

16. Pension reimbursement asset

The Company has in place reimbursement agreements with each shareholder so that future pension payments to the Fund are separately reimbursed by each shareholder. These agreements enable a reimbursement asset to be established on its Balance Sheet. As at 31 March 2022, allowing only for the fair value of those recharge agreements signed by individual shareholders as at 31 March 2022, this reimbursement asset, which is shown separately from the pension deficit, was £650,000 (2021: £817,000).

The pension reimbursement asset is calculated over a period of 29 years (2021: 30 years), and allows for the 32 (2021: 27) recharge agreements that were signed by 31 March 2022.

Notes to the financial statements continued

17. Commitments under operating leases

At 31 March the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	300,720	388,352
Later than 1 year and not later than 5 years	501,200	–
	801,920	388,352

The current year lease expense is included in the administrative expenses.

18. Commitment under finance lease

At 31 March the Company had future minimum lease payments under non-cancellable finance leases as follows:

	2022 £	2021 £
Not later than 1 year	1,567	1,567
Later than 1 year and not later than 5 years	608	2,742
	2,175	4,309

19. Related party transactions

During the year, each of the 32 (2021: 32) shareholders paid an amount to London LGPS CIV Limited which totaled £800,000 (2021: £800,000) for service charge fees and £2,720,000 (2021: £2,720,000) for development funding charge. At the end of the year, £Nil (2021: £30,000) of service charge fees and £134,400 (2021: £135,600) of development funding charge remained outstanding and is included within trade debtors.

During the year, London LGPS CIV Limited also received fee income of £10,727 (2021: £Nil) from The London Fund LP. At the year end, £2,926 (2021: £Nil) remained outstanding.

Parent and subsidiary relationships

The parent and ultimate controlling entities are disclosed in note 1 to the financial statements. The Company's subsidiary undertakings at 31 March 2022 and 31 March 2021 are disclosed in note 9.

20. Post balance sheet events

As at the date the financial statements were approved, there are no post balance sheet events.

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