

Corporate Governance Handbook

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1. INTRODUCTION

London LGPS CIV Limited ('the Company' / 'London CIV') is a private company limited by shares (company number 9136455, registered in England and Wales). London CIV is authorised and regulated by the Financial Conduct Authority ('FCA') (registered number 710618). It was established to enable the pooling of investment assets of the 32 Administering Authorities of the Local Government Pension Scheme ('LGPS') in London, originally on a voluntary basis. The Administering Authorities are the London Boroughs ('LBs') and City of London. The LB Wandsworth and LB Richmond merged their schemes into one in 2016 by Statutory Instrument ("SI") which is why there are 32 shareholders. London CIV is wholly owned by the London Local Authorities ('LLAs') who are its customers ('Clients Funds') and shareholders. Pooling has now been made mandatory by government.

London CIV is committed to maintaining high standards of corporate governance and believes that a sound governance framework enables efficient and effective decision making with clear accountabilities, contributing to achieving the Company's objectives and delivering long-term and sustainable value to its shareholders and investors. The strategic framework and statements are contained in Section 3. Our Statement of Investment beliefs that guide the way in which we conduct London CIV's business are contained in Appendix 1. The full document is published on the website.

2. PURPOSE

The purpose of the Corporate Governance Handbook ('Handbook') is to ensure that all staff, board members, shareholders and stakeholders are aware of:

- The overall strategic, legal and regulatory framework within which London CIV and its subsidiaries operates;
- The governance framework within which London CIV operates;
- Key responsibilities and accountabilities for these activities;
- Who to contact for guidance; and
- Whom issues or concerns should be reported to.

The primary audience for the Handbook is London CIV Board and Committee members and staff. This document is a guide and does not purport to cover every aspect of regulation in detail. Further information is provided in other policy and procedure documents listed at the end of this Handbook (section 18), including in the Compliance Manual, some of which are for internal use.

Contact us

If you have any questions about this handbook and its contents, please contact:
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Tel: 0208 036 9000

3. STRATEGIC FRAMEWORK

London CIV operates within the strategic framework of a purpose statement supported by a statement of investment beliefs (Appendix 1). These are underpinned by a statement of culture and values (Appendix 2). The strategic framework includes a funding model and budget and business objectives approved annually by shareholders. The formal governance framework is complemented by arrangements for engagement with partner funds including informal forums. .

PURPOSE *Working together to deliver sustainable prosperity for the communities that count on us.*

VALUES *Collaboration, Responsibility, Integrity, Diversity*

London CIV's business purpose as set out in clause 2 of the Shareholder Agreement is "*The business of the Company shall (unless and until otherwise determined in accordance with this Agreement) be confined to acting as the FCA authorised company to provide a collaborative platform through which the Administering Authorities of the LGPS funds can aggregate their pension monies and other investments. The Company will be branded as "London CIV".*

London CIV currently operates using Authorised Contractual Scheme ('ACS'), Exempt Unauthorised Unit Trust ('EUUT') structures and General / Limited Partnerships (such as a Scottish Limited Partnership ('SLP')).

In July 2023 London CIV applied to the FCA for additional regulatory provisions, in line with those held by other LGPS investment pools, to permit it to offer a wider range of investment management and investment advisory services to meet client demand. This could include the use of Investment Management Agreements ('IMAs') between London CIV and Client Funds.

The Company is governed by its Articles of Association ("AA") and Shareholder Agreement ("SHA") which reserves certain matters to Shareholders for approval by majority or unanimously. The formal governance arrangements include a Shareholder Committee which is a Committee of the Board.

The key legislation governing the operation of the Company includes the Financial Services and Markets Act 2000 ("FSMA") and the Companies Act 2006 ('Companies Act'). The Company is also subject to the Freedom of Information Act 2000 ('FOIA'). A summary of the definitions of the Company for regulatory purposes can be found in the Compliance Manual.

London CIV's Directors are responsible for the governance and oversight of the Company in relation to the **FCA's Principles of Business**. The FCA's statutory overarching strategic objective is to ensure that relevant markets function well. This overarching strategic objective is supported by three operational objectives as follows: to secure an appropriate degree of protection for consumers; to protect and enhance the integrity of the UK financial system; and to promote effective competition in the interests of consumers. The FCA Principles of Business and London CIV's approach to ensuring these are met is summarised in the Compliance Manual.

5. CORPORATE GOVERNANCE FRAMEWORK

The formal governance framework is comprised of:

- The Company's Articles of Association and Shareholder Agreement, which reserves certain matters to shareholders for approval (either to all shareholders or a majority of shareholders)
- Shareholder decision-making at two general meetings, one of which approves the budget and annual objectives in the context of a Medium-Term Financial Strategy ('MTFS') and the other is the Annual General Meeting ('AGM')
- The Board of Directors ('Board')
- A Shareholder Committee which is constituted as a Company (Board) Committee with a consultative role
- Other Board Committees which have delegated responsibilities including decision-making responsibilities

There is an Executive Committee which supports the CEO in his/her leadership and day-to-day management of the company and executive level committees.

The three Board committees are the Investment and Customer Outcomes Committee ('ICO'), the Compliance Audit and Risk Committee ('CARCO') and Remuneration and Nomination Committee ('RemNomCo').

There have been periodic reviews of the corporate governance framework since 2015. There was a major review in 2017, in consultation with shareholders, which was implemented from September 2018. The then PCSJC (Pensions Sectoral Joint Committee) of the London Councils was disbanded by agreement of the local authority shareholders, whilst retaining the formal company structures. At the same time alternative arrangements were put in place for ongoing engagement: a Shareholder Committee (including Pension Chairs, Treasurers and a Trade Union member), the addition of two shareholder nominated NEDs, and a Treasurer Observer on the Board.

A progress review in the Autumn of 2019 focusing on engagement and communication and fund related governance resulted in the addition of a Responsible Investment Reference Group (RIRG), Cost Transparency Working Group (CTWG), and improved engagement arrangements in respect of fund development.

The 2023 review, conducted as part of a wider Strategic Business Review (SBR) initiated by the new CEO covered both board level governance and executive level governance:

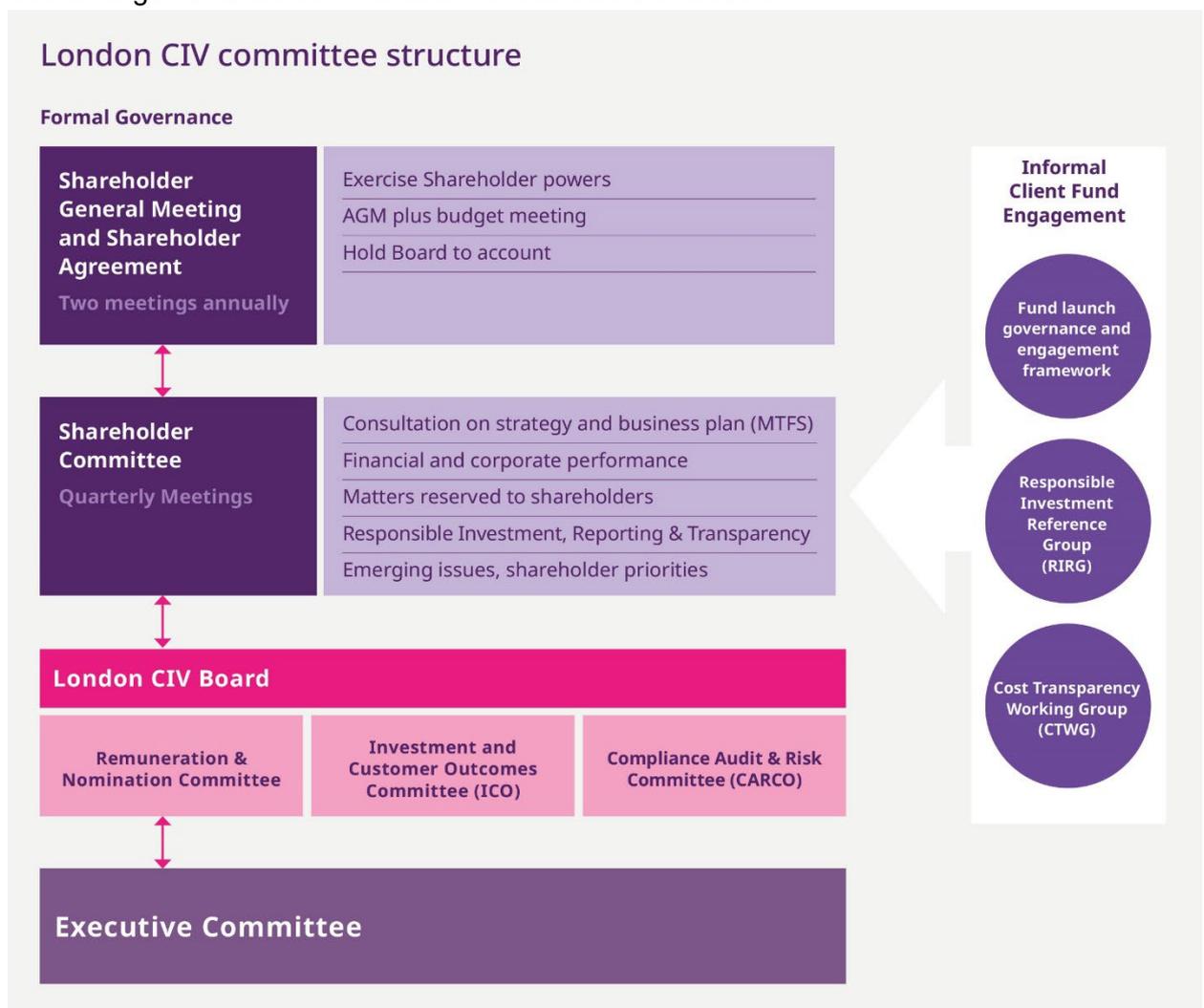
- the size of the Board was reduced to: Chair plus 3 Independent Non-Executive Directors, 2 Shareholder nominated NEDs, and the Executive Directors. As at 1 November 2023 this means that there are a total of 8 Board members.
- Terms of reference of governance committees were reviewed. The scope of the Investment Oversight Committee (IOC) revised with a greater focus on customer outcomes reflected in the new title Investment and Customer Outcomes Committee (ICO). Both CARCO and ICO are now smaller with a membership of two NEDs (one of whom is Chair) and the CEO

As part of this review the Executive level committee structure was reviewed and there is now an Executive Investment Committee, Executive Risk Committee and Distribution, Valuation, Dilution Levy and Closure Committee (DVDLC) providing a more robust decision-making and risk management framework.

The scope and membership of the RIRG is now broader with a greater focus on enabling collaboration between London CIV and partner funds in delivering the requirements of partner funds. The change is reflected in the title which is the Sustainability Working Group (SWG). There is also work in progress to develop the role of the CTWG and the approach to working with partner funds through Seed Investor Groups and engagement in respect of fund development more generally.

Monthly Business Updates provide for ongoing communication between London CIV and Partner Funds and regular “Meet the Manager” meetings have enhanced engagement in manager oversight.

These arrangements are summarised in the structure chart below.



These arrangements mean that key shareholder decisions are made by all shareholders either as resolutions in general meeting under the provisions of the Companies Act (or written resolutions) or in writing under the provisions of the Shareholder Agreement. Some matters require majority approval and others unanimous approval. The Shareholder Agreement requirements for written approval run in parallel to the Companies Act provision and the Shareholder Agreement for written consent to act is to comply with the terms of that Agreement.

The membership of the Shareholder Committee is eight Partner Fund Pension Investment Committee Chairs or equivalent elected members, four Treasurers, a Trade Union Member, and the Chair of the London CIV Board. The role of the Trade Union member is to ensure stakeholder engagement in respect of LGPS members and takes account of Scheme Advisory Board (SAB) expectations in respect of Trade Union involvement in pool company corporate governance. When the current governance framework was established in July 2018, the Trade Union representative was an observer and it was agreed in 2020 that they should be a voting member.

The Board has ultimate responsibility for the “management of the Company, its general policy and for ensuring the agreement and implementation of the Company’s strategic direction”.

The Executive Committee support the CEO in his leadership and day-to-day management of the company. There is more information in section 10 below together with information about the executives approved by the FCA as Senior Management Function (SMF) holders.

6. WORKING IN PARTNERSHIP

London CIV is a partnership between the 32 London LGPS administering authorities and with London CIV. The administering authorities are both shareholders and customers/investors so individual authorities necessarily make decisions as shareholders bearing in mind collective interests whereas investment decisions are made on the basis of each individual authority’s strategic asset allocation decisions.

The governance framework includes arrangements for shareholder decision-making and separate arrangements for partner fund involvement in the decision-making about the development of funds to meet asset allocation requirements. The Partner Fund engagement arrangements include engagement at key stages including the mandate development (design) stage and manager selection stage. A Seed Investor Group (‘SIG’) approach has been implemented to enhance Partner Fund involvement. Section 4 describes the corporate governance arrangements for enabling the partnership between London CIV and its shareholders.

An essential part of ensuring an effective partnership is ongoing collaboration in the development of a successful and sustainable forward plan that meets shareholder requirements. The shareholder agreement summarises this commitment between shareholders to each other and the company. The annual approval of the MTFs/budget is the cornerstone of the collective shareholder decision-making process and is supported by preliminary feedback from the Shareholder Committee and all shareholders in particular in respect of the strategic asset allocation expectations, priorities and expectations for the forthcoming year.

A “service level agreement” issued in December 2019 summarises arrangements for regular meetings with Partner Funds, attendance at pension committee meetings and the information and reports provided to Partner Funds.

7. EXTERNAL OVERSIGHT OF THE COMPANY

External independent oversight of the company is provided by the FCA, the Depositary (currently Northern Trust) and the external auditor (currently Deloitte).

The government department responsible for pooling policy is the Department of Levelling up, Housing and Communities (‘DLUHC’) (previously the Ministry for Housing Communities and Local Government (‘MHCLG’)). The requirements for pooling LGPS investment assets were first set out in November 2015 and include requirements to report to DLUHC and the Scheme Advisory Board (‘SAB’). DLUHC (then the MHCLG) consulted on updated guidance in early 2019 but this was not taken forward. London CIV has responded (by the 2 October 2023 deadline) to the consultation published in July 2023.

London CIV is approved and regulated by the FCA as an Alternative Investment Fund Manager (‘AIFM’). The Company’s Compliance Manual sets out how London CIV fulfils its obligations in more detail. The FCA may carry out investigations if it believes that an organisation is not meeting the appropriate standards. It has wide-ranging powers of intervention and sanction.

The Depositary acts on behalf of investors and its duties include:

- Safeguarding assets of funds via its custody services or utilising a sub custodian
- Oversight of other assets not held in custody
- Oversight of managers activities e.g. unit pricing, dealing, portfolio management
- Oversight of how the manager is discharging its responsibilities
- Cash flow/liquidity oversight
- Distributions
- Protecting the best interests of investors
- Reporting breaches of FCA guidance to the FCA (including any due diligence findings)

8. THE BOARD

The Board has ultimate responsibility for the management of the Company, its general policy and for ensuring the agreement and implementation of the Company’s strategic direction. It is responsible for all major and unusual decisions, subject to the provisions for reserved matters in the Shareholder Agreement and the requirements of the FCA.

The Board is collectively responsible for promoting the success of the Company by directing and supervising the Company’s affairs, having due regard to its shareholders, customers and other stakeholders.

The Board’s role is to provide leadership within a framework of controls which enable risk to be assessed and managed. The Board sets the Company’s strategic aims, ensures the necessary resources are in place for the Company to meet its objectives and reviews management

performance. The Board sets the Company's values and standards and ensures that its obligations to its shareholders, customers and other stakeholders are understood and met.

In carrying out these responsibilities the Board must have regard to what is appropriate for the Company's business and reputation, the materiality of the financial and other risks inherent in the business and the relevant costs and benefits of implementing specific controls.

The Board is required to be comprised of suitably skilled and experienced individuals who collectively have sufficient knowledge and understanding of the Company's market and products to be able to discharge their responsibilities in an effective, efficient and compliant manner. There is more detail on the requirements of directors of a regulated company in the Compliance Manual.

Within the Board the roles of the Chair and Chief Executive Officer ('CEO') are distinct and complementary. The Chair is responsible for the leadership of the Board and ensuring its effectiveness. The CEO, with the support of the Executive Committee is responsible for the day to day management of the Company in line with the Board's agreed strategy.

In addition to the general requirements for all directors, the Company Non-Executive Directors ('NEDs') provide:

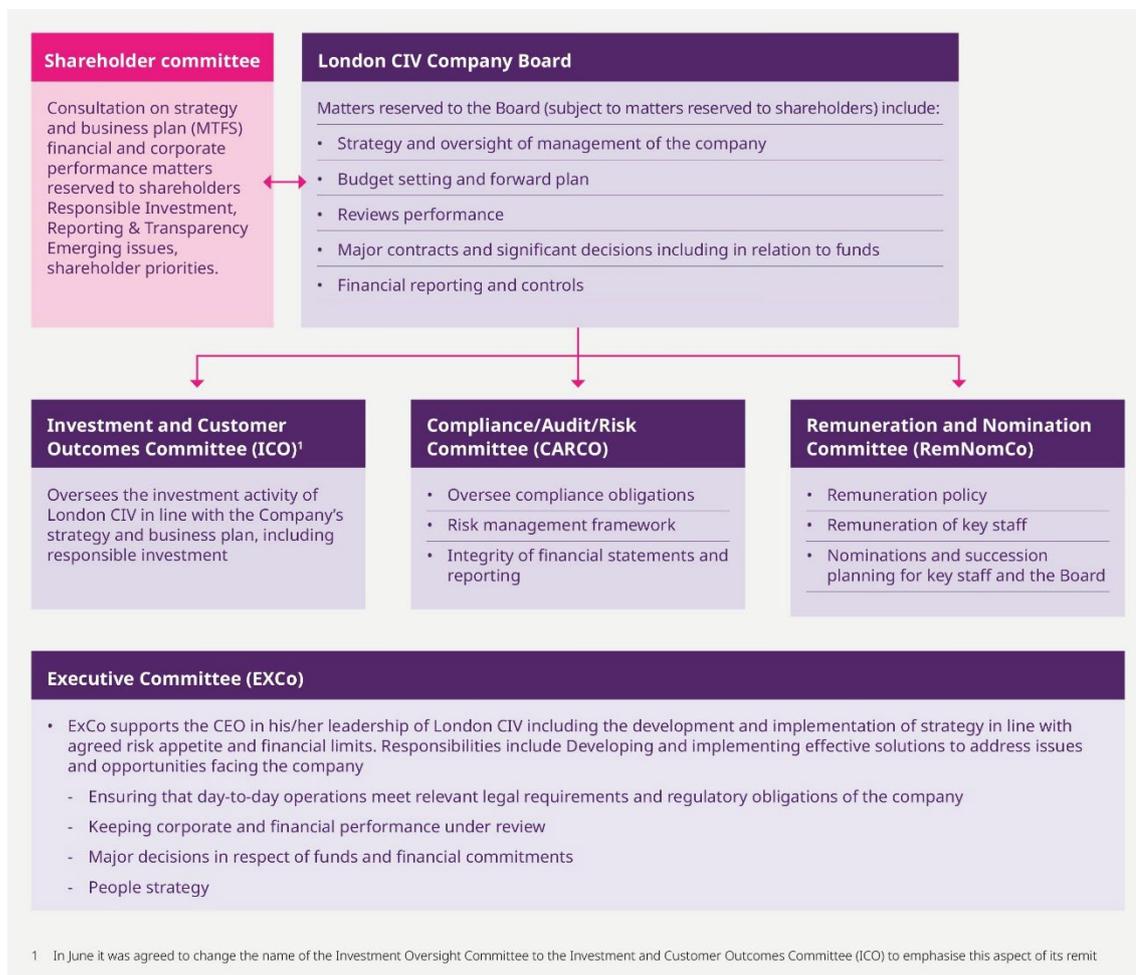
- Constructive challenge and contribute to the development of strategy
- Scrutiny of the performance of management in meeting agreed goals and objectives
- Review that financial information is accurate and financial controls and systems of risk management are robust
- A key role in succession planning, appointing and where necessary removing senior management.

The two Leaders of local authorities who are Board members are subject to the same obligations and requirements as other NEDs.

The Statement of Matters Reserved to the Board outlines the specific responsibilities of the Board.

9. BOARD COMMITTEES

The Board has established several committees to ensure that oversight responsibilities have the appropriate level of focus at Board level. Terms of Reference are reviewed annually, provided to Directors and key staff, and available from the London CIV Governance Team ('Governance Team').



10. EXECUTIVE COMMITTEE, MANAGEMENT TEAM

The CEO is responsible for the leadership and management of the Company on a day to day basis and is supported by the Executive Committee in that role .

The Executive Committee ('ExCo') meets formally monthly with additional formal meetings as necessary to transact formal business. Additionally there are weekly "catch up" meetings. ExCo is comprised of the CEO, Chief Financial Officer (CFO), Chief Operating Officer (COO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Client Relations Director (CRD), Director for Governance and Company Secretary (DrG) and HR Director. Formal business includes the strategic development programme, fund launches and modifications, and investment manager appointments, business and financial performance, risk and regulatory business, and governance matters.

There are currently three executives approved by the FCA as Senior Management Function (SMF) holders. These are the CEO (as CEO and as an Executive Director), Chief Financial Officer (as an Executive Director), and Chief Risk Officer as Compliance and Money Laundering Officer. The Chair also has a Statement of Responsibilities approved in accordance with FCA requirements. This information is set out in more detail in the Compliance Manual. The Chief Technology and Security Officer is the Data Protection Officer and the Director for Governance and Company Secretary is the designated officer in respect of the FOIA.

11. APPOINTMENT OF BOARD DIRECTORS

The Directors are appointed in accordance with the Companies Act, Articles of Association, requirements for FCA approval under SM&CR and as described in the Shareholder Agreement (Section 5). The requirements are outlined in this section.

There must be at least five Directors on the Board at all times. However the Shareholder Agreement sets an expectation that so far as possible the directors should comprise three Executive Directors and at least three Non-Executive Directors. As at November 2023 there are 8 Directors of which 6 are non-executive and two executive. The NED composition is as follows: Chair plus three other Independent NEDs and two NEDs who are Leaders of London local authorities. The inclusion of two Shareholder NEDs who are London Local Authority Leaders aims to ensure that the Board is better able to take account of wider stakeholder interests. There is also a Treasurer Observer. The Company is required by the Shareholder Agreement to have a Company Secretary.

The Company is required to notify Shareholders in writing on the appointment of each Director.

There is a requirement in the Shareholder Agreement, that all Executive Directors enter into a service agreement with the Company and that NEDs enter into a letter of appointment with the Company. In accordance with the provisions of the Companies Act service agreements and letters of appointment are available for inspection at the company's office (please contact the Company Secretary).

The Articles of Association state that directors must be FCA approved. The Senior Management & Certification Regime ('SM&CR') effective from 9 December 2019 removes the requirement for NEDs to be individually approved by the FCA, except in the case of the Chair, although "fit and proper" requirements continue to apply and they are registered with the FCA as being a 'Director of firm who is not a certification employee or a SMF manager'. Because the Company is the AIFM to the ACS, FCA regulation require it to ensure at least one quarter of the members of its governing body (the Board) are independent persons. If the Board comprises fewer than eight members, at least two must be independent persons.

As of November 2023, three NEDs are considered to be 'independent' (not including the Chair).

Independent members are required to be independent in character and judgement so it is necessary to consider whether there are relationships or circumstances which are likely to affect, or could appear to affect, that member's judgement. Independent members should have enough expertise and experience to be able to make judgements on whether the Company is managing each scheme in the best interests of investors.

From 1 October 2019 the Company's Independent Directors' term of appointment must be for no longer than five years, with a cumulative maximum duration of ten years. These service limits are counted from 1 October 2019. The usual term of appointment is three years with the potential to renew for a further term, subject to the needs of the business. This means that the usual maximum duration is six years which is well within the FCA's requirements.

RemNomCo is responsible for the process of appointing Directors. More detailed information about the Director Appointment process is available from the Governance Team.

All Directors are required to participate in induction and development programmes which take account of the FCA's requirements, in particular those of the SM&CR regime and the FCA's Code of Conduct. The Guides produced by London CIV for staff and Directors are available from the Governance Team. The Board also undertakes a collective Board Evaluation review which good governance practice and the FCA would expect to be undertaken annually and by an independent external party every third year/evaluation. More information about these arrangements is available from the Governance Team.

12. SHAREHOLDER RESPONSIBILITIES

The Shareholder Agreement sets out the responsibilities of shareholders, including in respect of the conduct of finance and regulatory capital (Section 3), the Company's affairs (section 4), and the annual budget (including objectives) and accounting (Section 6 headed Accounting Matters, Business Plans and Dividend Policy). Responsibilities in respect of the conduct of the Company's affairs include the responsibility of shareholders in respect of:

- conducting themselves such that they "be just and true to, and act in good faith towards, the others" [shareholders]
- promptly notifying the others of any matters of which it becomes aware which may affect the Company or the Business
- using all reasonable endeavours to promote and develop the business of the Company and any subsidiaries to the best advantage in accordance with good business practice and the highest ethical standards
- appointing a representative to act on behalf of the Shareholder at general meetings
- exercising voting and other rights and powers of control available and delivering required actions promptly to ensure that provisions binding on shareholders are given effect

The Matters Reserved to Shareholders are set out in Schedules at the end of the Shareholder Agreement. Provisions in respect of certain matters are detailed in the body of the Agreement so the Schedules must be read in the context of the Agreement as a whole. The key provisions are summarised in Section 12 and a more detailed document summarising arrangements in respect of General Meetings is also available from the Governance Team.

13. FINANCIAL MATTERS

The Board is responsible for approving the Company's annual budget or MTFs and this is also approved by shareholders in General Meeting. Prior to this the Shareholder Committee is consulted (the Terms of Reference provide for the Committee to be consulted on all Matters Reserved to all Shareholders for approval which ensures that the Board has a "sounding board" for all major decisions which must be put to shareholders for approval.)

Shareholders are required to pay an annual fixed fee (ie each shareholder/member pays the same amount) comprised of the "Service Charge" and "Development Funding Charge" (DFC) which is agreed as part of the annual budget in January. The aim is to gradually reduce the DFC over time so that Ad Valorem fees replace the dependency on the fixed fee.

Each Shareholder is required to contribute to Regulatory Capital in accordance with the Regulatory Capital Statement issued annually (and approved in writing by a majority of Shareholders). The

approval is obtained at the Annual General Meeting held in July. If the directors decide additional Regulatory Capital is required, they may notify Shareholders who are then required to advance additional Regulatory Capital.

If the Company requires additional funds or financial support, no Shareholder may seek to agree terms with the Company which differ from any other Shareholder.

The Annual Budget must be submitted for approval to the Directors no later than 90 days before the commencement of the Financial Year to which it relates. It must be submitted to the Shareholders not later than 60 days before the commencement of the Financial Year to which it relates. If the Board or majority of Shareholders fail to approve the Annual Budget, then the Annual Budget for the preceding Financial Year applies increased by the Consumer Price Index (if this is negative then the Budget for the previous year applies). Subject to prevailing circumstances, the Board may decide that profits are used to reduce the Annual Budget or be distributed to shareholders.

The current funding and budget model adopts a balanced budget approach and does not seek to generate a profit for distribution.

The Shareholder Agreement Section 6.3 provides that each Annual Budget shall include the following:

- an estimate of the working capital requirements of the Company incorporated within a cashflow forecast;
- a projected profit and loss account;
- an operating budget (including estimated capital expenditure requirements) and balance sheet forecast;
- a review of projected business;
- a summary of business objectives; and
- a financial report which includes and analysis of the results of the Company for the previous year compared with the business plan for that financial year, identifying variations in sales, revenues, costs and other material items.

14. SHAREHOLDER COMMITTEE

The Shareholder Committee is consultative and constituted as a Company Committee. The intention is that members collectively provide the Board with a 'sounding board' for matters reserved to shareholders for approval. The Committee is also responsible for identifying emerging issues likely to impact on shareholders and the Company. It also considers a report on corporate and financial performance at each meeting. The Committee is responsible for promoting collaborative working between members and with the London CIV to support the delivery of the London CIV objectives. The Terms of Reference provide that the Committee is to be consulted on the Company's corporate governance policies in respect of Responsible Investment and Reporting and Transparency.

The Committee is comprised of eight elected members, four Treasurers (s151 officers) nominated by the Society of London Treasurers and usually the officers of the SLT and the Chair of the London CIV Board. There is also a Trade Union Member. The Terms of Reference contain more detailed

information about the nomination and appointment procedure and further guidance is available from the Governance Team.

15. SHAREHOLDER REPRESENTATIVES

Each Shareholder is responsible for formally appointing a Shareholder Representative to act on behalf of that Shareholder at general meetings. The Shareholder Representative is usually the Pension Investment Committee Chair (or equivalent). Each Shareholder is requested to appoint a Deputy or Alternate representative. More detailed information about this formal procedure is available from the Governance Team. It is for each Shareholder to determine and confirm to the company which individuals are duly authorised to act on behalf of the Shareholder/ Pension Fund on matters outside general meetings, bearing in mind the distinction between corporate and investor matters. It is usually the case that the authorised signatory(ies) in respect of corporate Shareholder matters is (are) the Shareholder Representative and/or s151 officer.

A briefing session on London CIV is available to all shareholder representatives when they are appointed.

16. BOARD AND COMMITTEE MEETINGS

The Shareholder Agreement requires that the Board shall meet at least four times annually. The Board meets four times a year and holds at least one Board strategy session. The frequency of Board Committee meetings is decided as part of their Terms of Reference. Additional guidance on the procedures and working practices in respect of the Board and its Committees, including the Shareholder Committee is available from the Governance Team and follows good corporate governance practice meeting the requirements of the FCA code. This includes requirements and expectations in respect of papers, minutes, and the provision of management information and reports to the Board and its Committees, minutes, the circulation of minutes and reports to Shareholders. Some of these requirements are set out in relevant Terms of Reference. The effectiveness of these arrangements is reviewed as part of the annual Board Evaluation.

The Board agreed at its March 2020 meeting that the minutes of the Board will be made available to Shareholders once the draft minutes have been approved by the Chair. This is on a confidential to Shareholders basis (meaning that if included in Partner Fund Committee papers they should be included in the exempt section of the papers as with all London CIV papers). Where absolutely necessary (which is very rare) minutes are redacted before circulation to meet FCA client confidentiality, (personal) data privacy and other recognised confidentiality requirements. However, the presumption is that redaction will not usually be necessary. Shareholders are also provided with a copy of the agenda (but not the papers).

If an individual shareholder (representative) requests further information on a topic, including that a paper be made available to provide further information the general governance principle is that this will be made available -the Company Secretary and CEO should consult together before a decision is made (informed by wider governance practice) and seek advice from the Chair of the Board.

The Board has also agreed that all the papers (including minutes) of Shareholder Committee meetings should be made available to all Shareholders on a confidential to Shareholders basis as described above. This is set out in the Terms of Reference of the Committee.

Guidance on the framework in respect of access to information, transparency and reporting, including in relation to the FOIA, Data Privacy and Confidentiality is available from the Governance Team. There are separate policies, in accordance with FCA requirements that cover Financial Promotions and Client Complaints and related issues in respect of Confidential Information and another policy which covers Conflicts of Interest (owned by the Director for Client Relations and Chief Risk Officer respectively).

17. SUMMARY OF THE EXECUTIVE MANAGEMENT RESPONSIBILITIES, AUTHORISATION AND DELEGATIONS FRAMEWORK

The Corporate Governance Framework in respect of the respective responsibilities of Shareholders and the Board and delegations to Committees, including the Executive Committee has been described above. The Sustainability Working Group and Cost Transparency Working Group are not formal governance committees and do not have any decision-making powers.

In addition to the arrangements in place to delegate decisions to Committees, there are arrangements in place to delegate responsibility to individuals at ExCo level and to other managers in the structure. Those responsibilities are documented in role profiles, Statements of Responsibility (SOR) in policies and other corporate governance documents. Further information is available from the Governance Team.

Company policies include the decision-making roles and responsibilities of governance bodies and senior managers and other key staff in respect of key corporate decisions related to London CIV's business. The policy approval framework is described in section 18. A schedule of authorised signatories is maintained by the Governance Team. Further guidance on the execution of documents is available from the Governance Team and further guidance about arrangements for authorising expenditure and payments is available from the Finance Team.

In the case of Executive Directors (and Company Secretary), accountabilities and responsibilities are also set out in law and in letters of appointment as directors. The statutory responsibilities of directors are summarised in Appendix 2. The most recent companies' legislation and guidance has placed an added emphasis on directors obligations to stakeholders (s.172 Companies Act 2006) although the reporting requirements do not apply to London CIV as it is a small company.

London CIV has four individuals with FCA Senior Manager functions. These are SMF1 Chief Executive Dean Bowden, SMF3 Executive Directors, Dean Bowden and Brian Lee SMF9 Chair of the Board, Mike Craston, and SMF16 Compliance Oversight and SMF17 MLRO Stephen Burke.

There are three senior managers who have FCA Prescribed Responsibilities ('PRs'). Each PR should normally be held by only one Senior Manager who is the most senior person responsible for that activity or area, with sufficient authority, knowledge and competence to carry out the responsibility. These arrangements are described in more detail in the Compliance Manual and summarised in the table below.

Ref	Description	Senior Manager
(a)	Performance by LCIV of its obligations under the SM&CR, including implementation and oversight	Dean Bowden
(b)	Performance by LCIV of its obligations under the Certification Regime	Dean Bowden
(b-1)	Performance by LCIV of its obligations in respect of notifications and training of the Conduct Rules.	Dean Bowden
(d)	Responsibility for the LCIV's policies and procedures for countering the risk that LCIV might be used to further financial crime	Stephen Burke
(z)	Responsibility for LCIV's compliance with CASS (if applicable)	N/A
(za)	Authorised Fund Managers-Responsibility for an AFM's assessments of value, independent director representation and acting in investors' best interests. (PR only applies to Authorised Fund Managers).	*Mike Craston

The FCA's SM&CR sets out expected standards of conduct. The first-tier standards which apply to all staff are as follows:

1. You must act with integrity
2. You must act with due care, skill and diligence
3. You must be open and cooperative with the FCA, the PRA and other regulators
4. **You must pay due regard to the interests of customers and treat them fairly**
5. You must observe proper standards of market conduct

The second tier which apply to senior managers (SC4 also applies to independent directors) are as follows:

SC1. You must take reasonable steps to ensure that the business of LCIV for which you are **responsible** is controlled effectively

SC2. You must take reasonable steps to ensure that the business of LCIV for which you are **responsible** complies with the relevant requirements and standards of the regulatory system

SC3. You must take reasonable steps to ensure that any **delegation of your responsibilities** is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively

SC4. You must **disclose appropriately any information** of which the FCA or PRA would reasonably expect notice

18. SUMMARY OF RELATED TERMS OF REFERENCE, POLICIES AND PROCEDURES

The following are the key Terms of Reference, Policies and Procedures related to this Handbook. In addition, individual sections of this document refer to topics where more detailed guidance is available from the Governance Team. Please refer to the Governance Team for any guidance or interpretation in respect of governance or corporate or company law matters:

- Schedule of Matters Reserved to the Board (ToR)
- Terms of Reference of the Investment and Customer Outcomes Committee (ICO)
- Terms of Reference of the Remuneration and Nomination Committee (RemNomCo)
- Terms of Reference of the Compliance Audit and Risk Committee (CARCO)

- Articles of Association (AA)
- Shareholder Agreement (SHA)
- Risk Management Policy
- Compliance Manual
- Fund Launch Framework (FLF)
- Service Level Agreement
- Policy Register, including approval and review arrangements
- Sustainability Working Group (SWG) Terms of Reference (informal group)
- Cost Transparency Working Group (CTWG) ToR (informal group)

A Register of Policies and key manuals is maintained by the Governance Team. This includes the owner and approver for each policy. A small number are reserved for approval by the Board or ICO or CARCO with arrangements in place for minor changes to be approved by the Chair of the Board or Committee or responsible Director. In the case of policies previously delegated for approval by ExCo with minor changes delegated to owners for approval it was agreed by ExCo in July 2022 to delegate authority for major changes to owners. The authority arrangements are set out in detail in the policy register and accompanying guidance.

When a policy has been approved by the relevant owner, Committee or Board and the Register of Policies updated, all London CIV staff will be emailed by the Governance Team to notify them of this. More information about policy approval, delegation and review arrangements and the register is available from the Governance Team.

19. SUMMARY OF ROLES AND RESPONSIBILITIES IN RESPECT OF THE CORPORATE GOVERNANCE POLICY

Roles and responsibilities across the policy and the review and approval process for this policy are outlined below:

Director for Governance and Company Secretary: owns and approves the policy and is responsible for ensuring it is reviewed and updated at least annually and as Company Secretary is responsible to the Chair of the Board and CEO for ensuring that the Company has an effective corporate governance framework. Substantive changes to the corporate governance framework have their own approval arrangements and any substantive changes to this handbook will be made as a result of those approvals. The Director for Governance is supported by the Company Secretariat & Governance Manager and Assistant Company Secretariat & Governance Manager. The three individuals are referred to as the 'Governance Team'.

Chair of the London CIV Board: has accountability for the effective governance of the Company as Chair of the Board and has the Prescribed Responsibility of Assessment of Value

VERSION CONTROL

Control Version	Date	Author	Key updates or changes made	Approved by	Date
1.0	30/11/2019	Kristina Ingate Chief of Staff and Company Secretary	Initial draft		
2.0	12/10/2020	Kristina Ingate Director for Governance and Company Secretary	2 nd edition following 2019/2020 governance progress review, update to shareholder agreement	CEO	28/10/2020
2.1	16/3/2022	Gillian Workman Company Secretariat and Governance Manager.	Minor updates related to organisational changes.	Kristina Ingate Director for Governance and Company Secretary	16/3/2022
2.3	1/10/2022	Kristina Ingate Director for Governance	Minor updates for clarity and to reflect ongoing updates to delegation arrangements	Kristina Ingate Director for Governance and Company Secretary	1/10/2022
2.3.2	25/10/2023	Kristina Ingate Director for Governance	Updates to reflect new purpose and values statements, board and executive governance review and executive roles	Kristina Ingate	25/10/2023

APPENDICES

APPENDIX 1: SUMMARY STATEMENT OF INVESTMENT BELIEFS

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.

APPENDIX 2: DIRECTORS COMPANIES ACT DUTIES AND SUMMARY OF FCA REQUIREMENTS

The UK Companies Act requires a Director to display possession of the knowledge, skill and experience that may reasonably be expected of the person carrying out the role. It also codifies the following **Directors duties** into law:

To act within powers

To promote the success of the company for the benefit of its shareholders (see below)

To exercise independent judgement

To exercise reasonable care, skill and diligence

To avoid conflicts of interest

Not to accept benefits from third parties; and

To declare interests in proposed transactions or arrangements

Duty two requires Directors to have regard (amongst other matters) to the likely consequences of any decision in the long term to the interests of employees, the need to foster relationships with customers, suppliers and others; the impact of operations on the community and the environment; the desirability of maintaining high standards of business conduct and the need to act fairly as between shareholders. The government has stated that promoting success means striving for “long term increase in value”.

The conflict of interest provisions require Directors to avoid profiting from their position as a Director on an opportunistic basis apply to exploiting an opportunity, property or information even when the company could not take advantage of it.

Individual conduct rules and standards

All Directors are subject to the FCA Code of Conduct and all staff are subject to the individual conduct rules and standards. More information can be found in London CIV's Compliance Manual. The individual conduct rules and standards are:

Rule 1. You must act with integrity

Rule 2. You must act with due skill, care and diligence

Rule 3. You must be open and cooperative with the FCA, PRA and other regulators

Rule 4 You must pay due regard to the interests of customers and treat them fairly

Rule 5. You must observe proper standards of market conduct

In addition, those Directors who hold certain specific SM&CR functions are subject to the following additional FCA Conduct Rules:

SC1. You must take reasonable steps to ensure that the business of the firm for which you are responsible is controlled effectively

SC2 You must take reasonable steps to ensure that the business of the firm for which you are responsible complies with the relevant requirements and standards of the regulatory system

SC3: You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively.

SC4: You must disclose appropriately any information of which the FCA or PRA would reasonably expect notice.

APPENDIX 3: SENIOR MANAGER RESPONSIBILITIES

Function	Description of the Function	Responsibility
Governing	SMF1 – Chief Executive	Authority for the conduct of the Company-the most senior member of the executive team.
Governing	SMF3 – Executive Director	A director other than an Independent Director.
Governing Oversight	SMF9 - Chair	Chairing, and overseeing the performance of the governing body. Only approved function held by an Independent Director
Required	SMF16 – Compliance Oversight	Compliance function and reporting to the governing body.
Required	SMF17 – Money Laundering Reporting Officer	Oversees compliance with FCA rules on systems and controls against money laundering.
Other Independent Directors do not need to be approved by FCA, but are subject to our Conduct Rules, fit and proper requirements and regulatory reference rules.		

APPENDIX 4: PURPOSE AND VALUES

London CIV's purpose is

Working together to deliver sustainable prosperity for the communities that count on us all

London CIV's values are

Collaboration - we work together to build and sustain strong partnerships both internally and externally

Responsibility - we are committed to deliver on our promises, meet the needs of our stakeholders and go the extra mile

Integrity - we act with honesty, ethics, and respect in everything we do

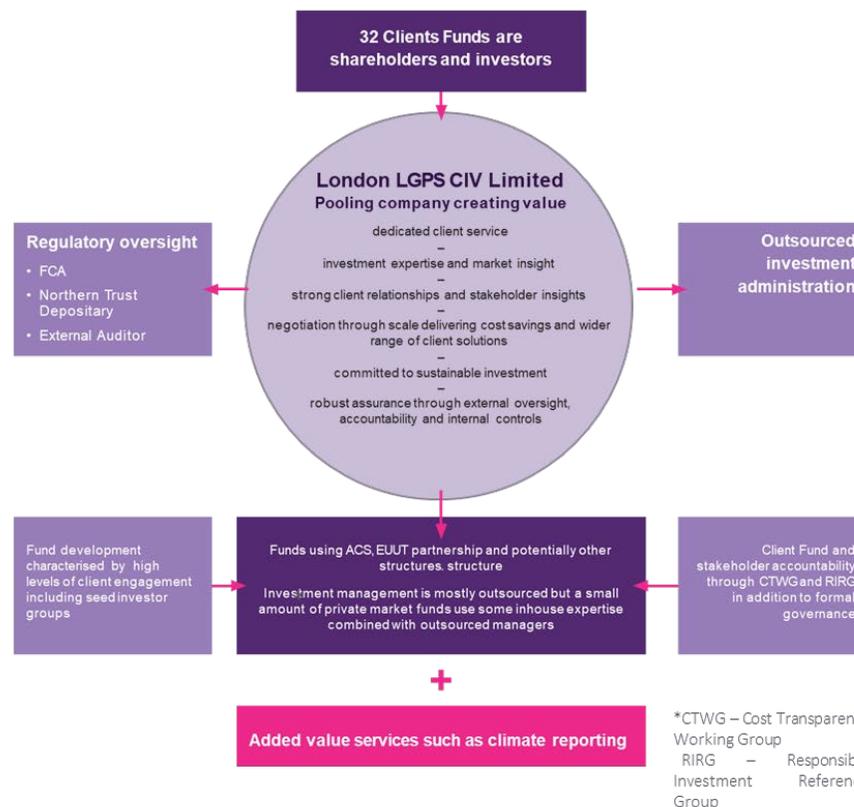
Diversity - we respect and celebrate our differences and create an inclusive environment where everyone feels welcome

APPENDIX 5: LCIV BUSINESS MODEL, REGULATORY AND LEGAL FRAMEWORK

London CIV was established as a collective venture to pool LGPS pension assets and is owned by its 32 London Local Authority Client Funds. It is FCA authorised and regulated. Client Funds and their 672,000 beneficiaries are the key stakeholders. A disciplined fund launch framework which provides high levels of engagement with Client Funds is fundamental to our business model.

LCIV Regulatory Framework / Oversight

- London CIV's Directors are responsible for the governance and oversight of the Company in relation to the FCA's Principles of Business.
- Depository (**Northern Trust**) acts on behalf of investors. It has several duties including safeguarding assets, oversight, distributions and protecting the interest of investors.
- The external auditor (**Deloitte**) reviews the financial statements for the LCIV Group, ACS, EUUT and SLP fund accounts.
- Government department responsible for pooling policy is the Department of Levelling Up, Housing and Communities (formerly known as MHCLG)
- London CIV will be applying to the FCA for additional regulatory provisions, in line with those held by other LGPS investment pools, which would permit it to offer a wider range of investment management and investment advisory services to meet client demand.



LCIV Legal Framework

- London CIV is governed by its **Articles of Association** and **Shareholder Agreement** which reserves certain matters to Shareholders for approval by majority or unanimously. A Shareholder Committee, which is a Committee of the Board, is comprised of members from 8 London Local Authority investment Committee chairs or equivalent, 4 Treasurers, a Trade Union member and the Chair of the Board.
- London CIV current operates using Authorised Contractual Schemes (**ACS**), Exempt Unauthorised Unit Trust ('**EUUT**') and General / Limited Partnership (such as a Scottish Limited Partnership ('**SLP**')) Structures.
- Key legislation governing the operation of the company includes the **Financial Services and Markets Act 2000** and the **Companies Act 2006**. The Company is also subject to the **Freedom of Information Act 2000 (FOIA)**.

APPENDIX 6: GLOSSARY OF MAIN TERMS

Term	Description
Board	The Board of Directors of London CIV.
CARCO	Compliance Audit and Risk Committee. London CIV has a single Committee of the Board covering compliance, audit and risk although some companies establish separate committees. This approach is proportionate to the size of London CIV.
CEO	Chief Executive Officer
CIO	Chief Investment Officer
Client Fund	The 32 London Local Authorities who are London CIV's clients (who are also shareholders and therefore own the company)
Company Secretary	The Company Secretary is a statutory officer of the Company. All PLCs must have a company secretary and London CIV is required to have a Company Secretary by the Shareholder Agreement. The Director for Governance is the Company Secretary.
COO	Chief Operating Officer
CFO	Chief Financial Officer
DLUHC	The Department of Levelling up, Housing and Communities ('DLUHC') and the government department responsible for pooling policy.
ExCo	Executive Committee of the Board of London CIV. The Committee supports the CEO in his leadership and day-to-day management of the company and includes: the Chief Financial Officer, Chief Operating Officer, Chief Investment Officer, Chief Risk Officer, Client Relations Director, Director for Governance & Company Secretary and HR Director.
Executive Director	A company director who is an executive. At 1 November 2023 the CEO and CFO are Executive Directors.
FCA	Financial Conduct Authority. The regulator for financial services firm established by the Financial Services and Markets Act.
FOIA	Freedom of Information Act 2000
ICO	Investment and Customer Outcomes Committee of the Board of London CIV which is comprised of 2 NEDs (one is the Chair) and the CEO of London CIV. It plays a key role on behalf of the board in overseeing the investment activity of London CIV in line with the Company's strategy and business plan including, key decisions during fund launches and London CIV's responsible investment strategy.
LCIV	Abbreviation for London LGPS CIV Limited.
London CIV	Brand name of London LGPS CIV Limited. The brand name is included in clause 2 of the Shareholder Agreement.
Non-Executive Director ('NED')	A company director who does not hold an executive office. As at November 2023 London CIV has four Independent NEDs and two NEDs who are Leaders of London local authorities (Shareholder Representatives).
Partner Fund	The 32 administering authorities of the LGPS in London i.e. London Boroughs and City of London who are shareholders and customers/investors
RemNomCo	Remuneration and Nomination Committee. This governance Committee of the Board includes all INEDs, the two shareholder

	nominated NEDs, plus the Chair of the Shareholder Committee.
SWG	Sustainability Working Group. This group plays a key role in London CIV's informal governance and consultation arrangements, in particular providing feedback on the implementation of London CIV's Responsible Investment deliverables and the scope to achieve greater synergies for all client funds.
Shareholder	The 32 London Local Authorities who hold shares in London CIV. Every shareholder holds an "A" voting share and a "B" share which contributes capital. The Shareholder Agreement sets out detailed obligations and rights of shareholders including expectations about conduct towards other shareholders to achieve the objectives of the company
Shareholder Agreement	The legal (contractual) agreement between all the London Local Authority Shareholders and with London CIV that governs the conduct of the company, key decisions and how shareholders will co-operate together to ensure that London CIV can deliver the objectives shareholders set in establishing the company. It includes how decisions are taken to approve the annual budget and business plan.
SIG	Seed Investor Groups which provide involvement and oversight with respect to fund launch and delegated manager appointment decision-making.