Electricity North West Group of the Electricity Supply Pension Scheme

Implementation Statement

Background and Implementation Statement

Background

The regulatory landscape continues to evolve as ESG becomes increasingly important to regulators and society. The Department for Work and Pensions ('DWP') has increased the focus around ESG policies and stewardship activities by issuing further regulatory guidance relating to voting and engagement policies and activities. These regulatory changes recognise the importance of managing ESG factors as part of a Trustee's fiduciary duty.

Implementation Statement

This implementation statement is to provide evidence that the Group continues to follow and act on the principles outlined in the SIP.

The SIP can be found online at the web address:

http://www.enwlpensions.co.uk/about-the-scheme/scheme-documents and changes to the SIP are detailed on page 8.

- The Implementation Statement details:
- actions the Group has taken to manage financially material risks and implement the key policies in its SIP
- the current policy and approach with regards to ESG and the actions taken with the Group's investment managers on managing ESG risks
- the extent to which the Group has followed policies on engagement covering engagement actions with its fund managers and in turn the engagement activity of the fund managers with the companies in the investment mandate
- voting behaviour covering the reporting year up to 31 March 2023 for and on behalf of the Group including the most significant votes cast by Group or on its behalf

Summary of key actions undertaken over the Group's reporting year

The Group Trustee considered possible ways the Group's updated ESG policy could be incorporated into the investment strategy. The Trustee decided to switch the Group's passive equity holdings into the ESG Paris Aligned World Equity Fund at Legal and General Investment Management ("LGIM"). In addition to this, to prepare for future years and ahead of compliance requirements, the Trustee received additional training in relation to implementing the Taskforce for Climate related Financial Disclosures ('TCFD') regulations.

To achieve a return pick-up above cash, over Q3 2022, the Trustee agreed to release some of the excess collateral within the LDI mandate and to invest the proceeds in low-risk, high quality, liquid bond investments. This involved an investment of c.£35m in the LGIM Absolute Return Bond ("ARB") Fund and c.£30m in the Insight High Grade Asset Backed Securities ("ABS") Fund.

Over the reporting period, the Trustee also agreed to re-allocate capital to direct lending, rebalancing towards the strategic benchmark. This involved a commitment of £125m to the new vintage of the Group's current direct lending manager, Permira.

In Q4 2022, due to volatility in the gilts market, the Trustee sold down a proportion of the assets to support the Group's liquidity position and to provide collateral to support the Liability Driven Investment ("LDI") mandate and reduced its target Technical Provisions interest rate hedge from 90% to 75% to help manage its position. These actions included full redemption from the Group's ESG Paris Aligned World Equity Fund and the corporate bonds and asset-backed securities funds at Insight. The sale of the corporate bonds further reduced the hedge to c.67% which over the reporting year has increased to 71%. Due to these changes, the Scheme's asset weightings materially deviated from the starting target asset allocation, as such, the Statement of Investment Principles ("SIP") was updated accordingly to reflect these changes in an updated strategic target.

The Trustee also carried out a detailed review of the investment managers' ESG policies and practices over the reporting period. The Group's investment managers are increasingly prioritising ESG factors into their investment decisions and due diligence processes. To further promote best practice, the Trustee has communicated through their investment adviser several actions for the investment managers that are expected to further improve their ESG policies. The Trustee will continue to monitor the investment managers' progress versus the actions set on an ongoing basis.

Implementation Statement

This statement demonstrates that Electricity North West Group of the ESPS has adhered to its investment principles and its policies for managing financially material consideration including ESG factors and climate change.

Signed	*Mike Roberts*
Position	Trustee Chair
Date	10 August 2023

Managing risks and policy actions (DB & DC)

Risk / Policy	Definition	Policy	Actions and details on changes to policy
Interest rates and inflation	The risk of mismatch between the value of the Group assets and present value of liabilities from changes in interest rates and inflation expectations.	To hedge c.71% of interest rate and c.71% of inflation risks inherent in the Group's liabilities on the Technical Provisions basis (excluding the bulk annuity transaction).	The Group reviewed the level of hedging provided by the LDI mandate over Q1 2022 to reflect the updated liability data and to account for market movements over the period. No changes were made to the LDI mandate following the review as level of hedging remained broadly in line with the Group's agreed targets. Over Q4 2022, due to volatility in the gilt market and to reduce the liquidity strain on the Group's portfolio, the Group equalised and reduced the interest rate and inflation movements target hedge levels from 90% to 75% and subsequently to 71% (following the full sale of the Insight corporate bond holdings). This enabled the Group to efficiently manage recapitalisation events experienced over 2022. The Trustee is satisfied with the agreed target hedge levels as this provides an appropriate degree of protection against movements in interest rates and inflation expectations, given the Group's risk profile, liquidity available and funding position.
Liquidity	Difficulties in raising sufficient cash when required without adversely impacting the fair market value of the investment.	To maintain a sufficient allocation to liquid assets so that there is a prudent buffer to pay members benefits as they fall due (including transfer values). Collateral for LDI purposes will initially be sourced by LGIM using cash within the segregated mandate in place. The Group's LGIM Absolute Return Bond Fund forms part of a collateral waterfall structure that can be used in relation to re-leveraging and de-leveraging events. To help manage the Group's liquidity position, an automatic rebalancing framework with pre-agreed rebalancing triggers is in place with LGIM to facilitate faster collateral rebalancing.	The investment strategy and insurance policy distribute regular income to assist in paying benefits as they fall due. Over Q4 2022 and Q1 2023, the Trustee sold down a proportion of the portfolio to support the Group's liquidity position, providing additional collateral to support the Liability Driven Investment ("LDI") mandate following volatility in the gilt market. These actions included full redemptions from the Group's Corporate Bonds holdings and the Asset Backed Securities holdings at Insight and a full redemption from the Group's Paris Aligned Equity mandate at LGIM. The proceeds from the disinvestments noted above were invested in a daily dealt Absolute Return Bonds Fund at LGIM, which sits within the Group's LDI collateral waterfall structure as part of the Group's automatic rebalancing framework. This framework sees LGIM automatic rebalancing the LDI portfolio at pre-defined yield headroom levels of 2.4% and 4.2%, with a target of 3.3%. Several of the Group's illiquid mandates are currently in their harvesting phase and are distributing cash back to the Group. These distributions have been earmarked as a source of capital for future drawdowns in relation to the Group's unfunded illiquid manager commitments.
Market	Experiencing losses due to factors that affect the overall	To remain appropriately diversified and hedge away any unrewarded risks, where practicable.	The Group reduces market risk by diversifying its assets across a range of asset classes and investment managers.

	performance of the financial markets.		Diversification in the strategy fell over the period due to the disinvestments made for liquidity purposes, but this was essential, and we are satisfied the strategy is suitably diversified still. The Trustee is satisfied that the Group's assets remain sufficiently diversified to appropriately address market risk. The Group's allocations are monitored on a regular basis relative to the Strategic Asset Allocation (set out in the SIP) in the Investment Performance Report.
Credit	Default on payments due as part of a financial security contract.	To diversify this risk by investing in a range of credit markets across different geographies and sectors. To appoint investment managers who actively manage this risk by seeking to invest only in debt securities where the yield available sufficiently compensates the Group for the risk of default.	The Group invests across a range of credit strategies, which provides exposure to several sectors and geographies. Over the period, the Group agreed to a re-allocate to the new vintage of the Group's current direct lending manager, Permira, to maintain its direct lending exposure going forward. The Group also implemented LGIM's Absolute Return Bond Fund to support the LDI mandate as part of the collateral waterfall. The Trustee maintained a diversified portfolio over the reporting period. The Group's investment adviser meets with the Group's investment managers on a regular basis to monitor portfolio risk. The Trustee is satisfied with the degree of credit risk taken by the Group.
Environmental, Social and Governance	Exposure to Environmental, Social and Governance factors, including but not limited to climate change, which can impact the performance of the Group's investments.	The Trustee has implemented its own ESG Policy which it uses in the selection and monitoring of its investment managers. ESG is taken into account as part of the Group's adviser's (Isio's) standard due diligence and ongoing research and as such is a consideration in the selection and retention of the Group's investment managers. The Trustee monitors the managers on an ongoing basis via the annual impact assessment, which provides further details and proposed actions for the Group's investment managers improvements in ESG integration. ESG ratings are also shared in the quarterly investment performance reports.	The Trustee carried out an in-depth review of the Group's investment managers' ESG policies and practices over the reporting period and also considered possible ways in which the Group's updated ESG policy could be incorporated into the Group's investment strategy. As part of this, the Trustee agreed to switch its passive global equity holdings at LGIM into an ESG focused global equity fund (the Paris Aligned Global Equity Fund) at the same manager. The Group also undertook an exercise to further integrate ESG into the Insight Buy and Hold Corporate Bond Mandate. However, due to volatility in the gilts market and to provide additional liquidity support to the Group's LDI mandate, the allocation to the Paris Aligned Global Equity Fund was subsequently disinvested and the changes to incorporate ESG into Insight's Buy and Hold Corporate Bonds was not implemented, as this mandate was fully redeemed. In preparation for future years and ahead of compliance requirements, the Trustee received further training in relation to implementing the Taskforce for Climate related Financial Disclosures ('TCFD') regulations.

Currency	The potential for adverse currency movements to have an impact on the Group's investments.	Hedge currency risk to an appropriate level as determined by the Trustee with advice from their investment advisor. The Trustee aim to invest in GBP share classes where possible to eliminate direct currency risk in underlying holdings, except where active currency positions are held.	In line with this policy, and to manage indirect currency risk, new mandates added to the Group's portfolio have been in GBP share classes.
Non-financial	Any factor that is not expected to have a financial impact on the Group's investments	Non-financial matters are not taken into account in the selection, retention or realisation of investments.	

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Changes to the SIP

Over the 12-month period to 31 March 2023, following new stewardship guidance for Trustees of UK pension Scheme's, the Scheme's SIP was updated to further strengthen the policies around stewardship and to reflect the Group's updated strategic asset allocation. The additional policies added to the SIP are outlined in the table below.

Policies added to the SIP	
Date updated: March 2023	
How the investment managers are incentivised to vote on the Trustee's behalf.	• The Trustee has acknowledged responsibility for the voting policies that are implemented by the Group's investment managers on their behalf. • The Trustee monitors the investment managers' engagements and voting activities regularly as part of their ESG monitoring process to engage with investment managers on alignment.
How the Trustee will engage with investment managers, direct assets and others about 'relevant matters'.	• The Trustee has acknowledged responsibility for the engagement policies that are implemented by the Group's investment managers on their behalf. • The Trustee, via their investment advisers, will engage with managers about 'relevant matters' at least annually.

Methods for monitoring and engagement added to the SIP	
Date updated: March 2023	
Environmental, Social and Governance factors and the exercising of rights	• The Trustee will engage, via their investment adviser, with investment managers and/or other relevant persons about relevant matters (including the Scheme's stewardship priorities) at least annually.

Current ESG policy and approach

ESG as a financially material risk

The SIP describes the Group's policy with regards to ESG as a financially material risk. As outlined in the 'Investment Manager Arrangements' section of the SIP, all decisions about the day-to-day management of the assets have been delegated to the investment managers via a written agreement. The delegation includes decisions about:

- selection, retention, and realisation of investments including taking into account all financially material considerations, including Environmental, Social and Governance ('ESG') factors in making these decisions.
- The exercise of rights (including voting rights) attaching to the investments.
- Undertaking engagement activities with investee companies and other stakeholders, where appropriate.

The 'Investment Manager Monitoring and Engagement' section of the SIP also outlines the framework the Trustee uses to monitor and engage with the investment managers on ESG matters.

The Group's Trustee has also established their own beliefs and implemented an ESG Policy to help underpin investment decisions. This Policy summarises the Trustee's beliefs and steps through which the Trustee will implement the policy. The Group's ESG Policy is detailed below.

The Trustee's ESG beliefs

The following statements summarise the ESG beliefs held by the Trustee which were agreed in March 2021:

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1. ESG factors are important for risk management and can be financially material. Managing these risks forms part of the fiduciary duty of the Trustee.
2. The Trustee believes that ESG integration leads to better risk adjusted outcomes and want a positive tilt to the investment strategy.
3. The Trustee will consider the ESG values and priority areas of the Company.
4. The Trustee will seek to understand how investment managers integrate ESG considerations into their investment process and in their stewardship activities.
5. The Trustee believes that sectors which demonstrate particularly bad ESG characteristics may underperform. Where possible the investment strategy will seek to avoid these sectors.
6. ESG factors are relevant to all asset classes, whether equity or debt investments, and managers have the responsibility to engage with companies on ESG factors.
7. The Trustee will seek to understand the impact of voting and engagement activity within their investment mandates.
8. The Trustee believes that engaging with managers is more effective to initiate change than disinvesting and so will seek to communicate key ESG actions to the managers in the first instance.
9. ESG factors are dynamic and continually evolving; therefore, the Trustee will receive training to develop and maintain their knowledge.
10. The Trustee will seek to monitor key ESG metrics to understand the impact of their investments.
11. Investment managers should be actively engaging and collaborating with other market participants to raise the ESG investment standards and facilitate best practice as well as sign up and comply with common codes such as UN Principles for Responsible Investment ("PRI" – defined further below), Task Force on Climate-related Financial Disclosures ("TCFD") and the UK Stewardship Code.
12. The Trustee to consider signing up to a recognised ESG framework to collaborate with other investors on key issues.

Implementing the Group's Policy

The Trustee will implement the policy through the following steps:

1. The Trustee will continue to develop their understanding of ESG factors through annual training on ESG and keep themselves up to date on the latest sustainable investment opportunities.
2. The Trustee's ESG beliefs will be formally reviewed on an ongoing basis as required.
3. The Trustee will incorporate ESG criteria as part of new manager selection exercises, with explicit consideration of ESG factors for any segregated mandates.
4. The Trustee, with support from Isio, will carry out regular reviews of the investment managers' approaches to and effectiveness in integrating ESG factors.
5. Following the initial review, actions will be identified where investment managers are misaligned with the Trustee's ESG beliefs. Isio will engage with each manager on the Trustee's behalf to remedy these issues where possible.
6. The investment managers' stewardship and engagement activities will be monitored on an ongoing basis and the Trustee will seek to understand the effectiveness of these activities.
7. With guidance from Isio, the Trustee will seek to obtain and incorporate climate change metrics from its investment managers as TCFD aligned disclosures are required.
8. The Trustee, with support from Isio, will publish an annual report which outlines the extent to which the Group has followed its engagement policies and voting behaviours in the form of an Implementation Statement.

9. The Trustee will regularly monitor the Isio defined ESG ratings of its investment managers and will carry out regular reviews of the investment managers approach to ESG through ESG impact assessment reports and progress reports prepared by Isio.
10. The Trustee to consider signing up to the UNPRI or the UK Stewardship Code.

ESG review and actions with the investment managers

The Trustee carried out a review of the Group's investment managers from an ESG perspective over the reporting period with the assistance of the Group's investment adviser. As part of the review the Trustee communicated via the investment adviser several suggested actions for improvement in ESG integration. The Trustee agreed that the performance of all of the investment managers was satisfactory and will continue to engage with the managers to seek improvement.

The key findings of the review are summarised below:

- Overall, the majority of the Group's investment managers assessed were rated as 'meets traditional ESG criteria' therefore we believe these managers' capabilities are in line with the Group's policy.

- The Group's Semi-Liquid Credit manager, Apollo was upgraded from 'partially meets criteria' to 'meets traditional' criteria. This upgrade was as a result of improvements at Apollo, such as the introduction of detailed client ESG reports as well as providing engagement data and carbon metrics. Apollo also improved their approach to risk management by expanding the ESG team to help mitigate ESG-related risks.

- The only assessed manager to receive an 'amber' rating, that is, partially meets the Group's advisers traditional ESG criteria was Permira. This is reflective of the private nature of the underlying holdings, which impacts the degree of data availability. Additionally, Permira is a debtholder with limited engagement rights (relative to equity investment). Permira are taking steps within their new vintage to overcome the issues inherent within the asset class.

A summary of the individual investment managers' ESG policies and practices is outlined below, alongside proposed actions that have been communicated to the investment managers to further integrate ESG into the investment process.

Please note that the below summary and this Statement does not include ESG summaries for the Insight Corporate Bonds Fund, Insight Asset Backed Securities Fund and LGIM Impact Passive Equity mandates as the Group fully disinvested from these funds over the reporting period.

Additionally, the below summary and this Statement also does not include the ESG summaries of the Group's illiquid investment managers, namely Carlyle, Morgan Stanley, and Partners Group – as these are mature portfolios which have largely distributed their capital, as such ESG integration is difficult to enact retrospectively. These holdings are also not expected to remain as long-term holdings in the strategy as they will roll off the portfolio over time.

Fund Name	ESG Summary	Proposed Actions
Permira – Direct Lending	Permira have a well-resourced central ESG team which supports investment decisions and training across the credit business. Permira have evidenced that they are integrating ESG into more recent fund vintages, such as PCS V, as these are still within their investment period and thus are better placed to integrate ESG changes into investment decisions compared to more mature portfolios.	- To set ESG objectives at the fund level (with a focus on new vintages). - Further develop the ESG scorecard and ensure this is updated annually. - To improve tracking and storing of engagements and to provide clear evidence of engagements in line with Implementation Statement requirements. - To consider temperature pathway objectives and modelling to help manage climate risks.
M&G – Long Lease Property	M&G have an established Responsible Property Investment Framework, which governs ESG integration into the Fund. Extensive ESG analysis of the underlying assets is carried out as part of their due diligence process reflecting the Fund's strong history of active engagement and collaboration of on ESG related topics. M&G are focusing on developing a net zero carbon pathway model to monitor assets and climate emissions within the Fund.	- Identify and take advantage of ESG opportunities as part of the investment decision making process. - Include social and engagement reporting as part of the Fund's ESG reporting cycle. - Improve social initiatives with tenants.
LGIM – LDI	LGIM have evidenced their ability to integrate ESG factors in their LDI fund range through counterparty reviews and engagements. The manager's ESG approach brings together granular quantitative and qualitative inputs in order to reflect a full picture of the ESG risks and opportunities embedded within each company as well as having a strong commitment to net zero and the decarbonisation framework.	- LGIM should include the ESG scoring of counterparties in regular client reporting of LDI funds as well as other key ESG metrics.
LGIM – Absolute Return Bonds	LGIM has firm-wide policies for evaluating ESG risks in credit issuers during their due diligence process strengthening their net zero commitment. LGIM provides ESG scores for all the assets within the portfolio and can provide the required TCFD Scope 1 and 2 metrics. LGIM also encourages investee companies to align sustainability reporting with best-practice frameworks whilst also	- To develop fund specific ESG, climate and social policies. - Set clear engagement objectives and milestones for underlying portfolio companies and engage with a higher proportion of portfolio companies. - To provide fund-level ESG or sustainability reporting.

	collaborating with a range of industry participants to monitor and influence a broad range of ESG topics.	
Apollo – Semi Liquid Credit	ESG considerations are being integrated into Apollo's Fund risk management framework and due diligence processes. Their internal ESG ratings system has been improved to incorporate sector-specific scoring. Over the reporting period, in July 2022, Apollo added a sleeve for 'impact' investments to the Fund and have extended their ESG team who work in partnership with credit professionals despite the Fund not having a clear stewardship policy or priorities.	- To undertake scenario analysis and understand the Fund's portfolio alignment with explicit scenario outcomes. - To establish a stewardship policy and priorities to improve engagement coverage. - To consider becoming a signatory to the 2020 UK Stewardship Code.
J.P Morgan – Infrastructure Equity	JP Morgan have demonstrated that the Fund has clear ESG priorities in place which are integrated through all stages of the investment process, strengthened with systems to monitor assets which breach the United Nations Global Compact. JP Morgan actively engages with its portfolio companies on ESG matters in addition to working with independent accounting firm's Sustainability Group to achieve goals relating to non-financial disclosures.	- To include measurable climate and social objectives. - To include social scoring within the scorecard. - To report on ESG specific risks in quarterly reports with a greater focus on social issues. - Expand on engaging with other asset managers and the wider community on ESG matters. - To put in place a firm target for carbon emission and temperature increases.

Voting & Engagement (DB)

There were no voting rights attached to the Group's investments at the end of the reporting year. Whilst the majority of the Group's assets are credit based where there are no voting rights attached, as the Group disinvested from its passive equity holdings during the 12-month period to 31 March 2023, the holding's voting data has not been included in the implementation statement.

As the Group invests via fund managers, the managers provided details on their engagement actions including a summary of the engagements by category for the 12-month period to 31 March 2023.

Fund name	Engagement summary	Commentary
Permira – Direct Lending	Total Engagements*: 24 *Total engagements include those for both PCS III and PCS V Senior funds.	Permira engages with its portfolio companies, primarily focusing on the company's strategy regarding sustainability and obtaining primary ESG-related data. Examples of significant engagements include: Autovista: Permira engaged with Autovista (a leading European business information provider, focused on delivering insights to the automotive sector) on their ESG approach and strategy, to help management understand the importance of ESG and its effect on performance. As part of this engagement, Permira discussed the option of including an ESG margin ratchet on a loan to Autovista on the condition that it demonstrated commitment to improving its ESG measures. Rayner: Permira engaged with Rayner (a designer and manufacturer of advanced ophthalmic products) on their ESG approach and discussed the option of embedding an ESG margin ratchet within their loan documentation, tying a reduction in the margin with Rayner achieving ESG KPI's. Permira continue to engage with both companies to monitor actions and to provide assistance in the implementation of their ESG objectives.
M&G – Long Lease Property	Total Engagements: 21	Through the use of long-term leases, M&G are able to engage with tenants to help them enact changes to improve ESG measures within the fund. In most engagements, M&G have shared their ESG aspirations with the tenant, with most tenants happy to engage in discussions around ESG opportunities. Examples of significant engagements include: Atlas Hotels – M&G's engagement with Atlas Hotels involved M&G sharing their ESG aspirations with the company. These discussions focused on areas such as energy usage reduction and waste reduction alongside portfolio wide Electric Vehicle charging. Following M&G's engagement, Atlas Hotels are (i) in the process of developing a net zero target (ii) establishing the possibility of portfolio wide electric vehicle charging and (iii) considering other social opportunities such as providing community funding. Amazon – M&G held discussions with Amazon with regards to Amazon's approach to environmental and social issues as Amazon aims to be Net Zero across its business by 2040. As Amazon had proposed its plans for a building project during 2023/2024, M&G highlighted the importance of

		including environmental improvements within these plans. Following this engagement, Amazon agreed to provide energy data in line with GRESB (Global Real Estate Sustainability Benchmark). Amazon has also agreed to work with M&G to deliver other social initiatives. M&G will continue to engage with Amazon on ESG with further meetings already agreed.
LGIM – LDI	LGIM currently do not provide details of engagement activity within the LDI portfolio.	LGIM view ESG as an essential component to LDI and integrate ESG into their LDI approach on a top-down and bottom–up basis. LGIM engage with regulators, governments, and other industry participants to address long-term structural issues, alongside, analysing ESG-related criteria in the assessment of counterparties through LGIM's proprietary ESG tools.
LGIM – Absolute Return Bonds Fund	Total Engagements: 170 Environmental: 88 Governance: 44 Social: 30 Other: 8 Note: Some engagements covered more than one ESG factor	LGIM do not consider engagement on a fund-by-fund basis but do actively approach ESG at a firm level. As such, LGIM do not employ a formal framework for measuring the success of an engagement, as they believe success is difficult to measure and is best reflected in the overall market value of an asset. Examples of significant engagements include: Sumitomo Mitsui Financial Group: LGIM engaged with Sumitomo Mistui on their climate change decisions at the company. This included disclosing the company's business strategy to align LGIM's investments with the goals of the Paris Agreement Resolution and the measures to be taken to ensure the company's lending and underwriting are not used for expansion of fossil fuel supply or associated infrastructure. Shareholders resolutions were proposed and LGIM supported both resolutions which did not pass. LGIM continue to engage with the company to monitor actions and to provide assistance in their approach to net zero. BP PLC: LGIM engaged with BP over environmental issues. LGIM engaged with BP to discuss its net zero strategy and implementation, in particular its downstream ambitions and approach to exploration. A shareholder resolution was proposed to back the firm's climate strategy. LGIM supported the resolution for this, which passed. LGIM continue to engage and monitor changes being implemented in response to this resolution.
Apollo – Semi Liquid Credit	Total Engagements: 48 Environmental: 45 Social: 24 Governance: 10 Note: Some engagements covered more than one ESG factor	Apollo has an active approach towards engagement with portfolio companies and where possible incorporates ESG targets in the loan deal structures/financing options. The manager also integrates ESG through the use of an ESG scorecard when making investment decisions and have expanded the ESG team within the credit to help mitigate ESG-related risks. Examples of significant engagements includes: Moss Creek Resources Holdings, Inc.: Apollo engaged with Moss Creek (an independent oil and gas company focused on exploration) on the Company's environmental and governance risk. Following Apollo's engagement and to mitigate its environmental impact, Moss Creek shared plans to reduce emissions within its operations by reducing flaring (the burning of natural gas associated with oil extraction) and the plan to build a water infrastructure and recycling system which will reduce the need for truck driving and freshwater extraction. Moss Creek

		have also taken steps to improve its governance structure by creating a Corporate Responsibility Team and engaging with a third-party consultant to improve its progress with this. Apollo continues to engage and monitor the changes being implemented in response to this engagement and the effect of such changes. Garda World Security Corporation.: Following engagement with Apollo on the Company's safety measures in the Middle East, Garda increased compliance training within the firm and with Apollo noting that c.70% of Garda's workforce is unionized.
J.P. Morgan Infrastructure Investment Fund ("IIF")	Total Engagements: 3 Environmental: 1 Social: 2	JPM's engagements are conducted primarily with investee companies within the respective portfolios. Over 2022, JP Morgan engaged with 1,300+ individual companies not limiting engagement to listed companies. As part of JPM's commitment to playing an active and contributory role to continued development of a well-functioning and sustainable financial system, JPM undertake active engagement with regulators, governments, standard-setters, and non-governmental organisations (NGOs) to advance good governance and responsible investment. Examples of engagements include: Sonnedix: JPM continue to engage with Sonnedix (an international renewable energy producer) to continuously monitor human rights issues, its supply chain and meeting the requirements of its Modern Slavery policy to prevent and eradicate forced labour. El Paso Electric – Through IIF's ownership (100%), asset management and governance structure, JP Morgan engaged with El Paso Electric's Management Team to set specific carbon reduction goals with action plans to achieve these targets.

Source: Investment Managers

Notes:

(1) Data provided by J.P. Morgan and LGIM are up to 31 December 2022.
(2) Please note that the Group was not invested in the PCS V fund for the full reporting year.