NOTICE OF MEETING

PENSIONS COMMITTEE AND BOARD

Thursday, 22nd January, 2026, 7.00 pm, George Meehan House, 294 High Road, N22 8JZ - (watch the live meeting here, watch the recording here)

Councillors: Anna Lawton, George Dunstall (Chair), John Bevan (Vice-Chair), Nick da Costa, Thayahlan Iyngkaran and Matt White

Co-optees/Non Voting Members: Keith Brown, Randy Plowright, Pattinson, Raisin (Independent Adviser) (Advisor), Alex Goddard (Mercer) (Advisor) and Steve Turner (Mercer) (Advisor)

Quorum: 3

1. FILMING AT MEETINGS

Please note this meeting may be filmed or recorded by the Council for live or subsequent broadcast via the Council's internet site or by anyone attending the meeting using any communication method. Members of the public participating in the meeting (e.g. making deputations, asking questions, making oral protests) should be aware that they are likely to be filmed, recorded or reported on. By entering the 'meeting room', you are consenting to being filmed and to the possible use of those images and sound recordings.

The Chair of the meeting has the discretion to terminate or suspend filming or recording, if in his or her opinion continuation of the filming, recording or reporting would disrupt or prejudice the proceedings, infringe the rights of any individual, or may lead to the breach of a legal obligation by the Council.

2. APOLOGIES

To receive any apologies for absence.

3. URGENT BUSINESS

The Chair will consider the admission of any late items of Urgent Business. (Late items of Urgent Business will be considered under the agenda item where they appear. New items of Urgent Business will be dealt with under item X below).

4. DECLARATIONS OF INTEREST AND CONFLICTS OF INTEREST

A member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:

(i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and
(ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Register of Members' Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interests are defined at Paragraphs 5-7 and Appendix A of the Members' Code of Conduct

The Public Service Pensions Act 2013 defines a conflict of interest as a financial or other interest which is likely to prejudice a person's exercise of functions. Therefore, a conflict of interest may arise when an individual:

i) Has a responsibility or duty in relation to the management of, or provision of advice to, the LBHPF, and

ii) At the same time, has:
   - a separate personal interest (financial or otherwise) or
   - another responsibility in relation to that matter,

   giving rise to a possible conflict with their first responsibility. An interest could also arise due to a family member or close colleague having a specific responsibility or interest in a matter.

At the commencement of the meeting, the Chair will ask all Members of the Committee and Board to declare any new potential conflicts and these will be recorded in the minutes of the meeting and the Fund's Register of Conflicts of Interest. Any individual who considers that they or another individual has a potential or actual conflict of interest which relates to an item of business at a meeting must advise the Chair prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity.

5. BREACHES OF THE LAW

If there are no reportable or non reportable breaches in the relevant period, this could be reported orally when this Agenda Item is considered. Where there has been a reportable or non reportable breach identified then a written report should be provided to the PCB.

6. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

To consider any requests received in accordance with Part 4, Section B, paragraph 29 of the Council's constitution.

7. RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING

Note from the Head of Legal and Governance (Monitoring Officer)
When considering the items below, the Committee will be operating in its capacity as 'Administering Authority'. When the Committee is operating in its capacity as an Administering Authority, Members must have due regard to their duty as quasi-trustees to act in the best interest of the Pension Fund above all other considerations.

8. MINUTES (PAGES 1 - 10)

To confirm and sign the minutes of the Pensions Committee and Board meeting held on 1/12/25 as a correct record.

9. RESPONSIBLE INVESTMENT POLICY (PAGES 11 - 34)

The Fund has finalised the draft Responsible Investment Policy to ensure that it remains aligned with best practice, regulatory requirements, and the long-term interests of members and stakeholders.

Responsible investment has become an increasingly important aspect of pension fund governance, reflecting the need to integrate environmental, social, and governance (ESG) considerations into investment decision-making.

10. PENSION FUND ACCOUNTS (PAGES 35 - 90)

For the Pensions Committee and Board (PCB) to consider the statutory Annual Report from KPMG, which highlights their findings from the audit of the Pension Funds statutory accounts.

11. NEW ITEMS OF URGENT BUSINESS

12. DATES OF FUTURE MEETINGS

To be confirmed.

13. EXCLUSION OF THE PRESS AND PUBLIC

Items 13-16 are likely to be subject to a motion to exclude the press and public from the meeting as they contain exempt information as defined in Section 100a of the Local Government Act 1972 (as amended by Section 12A of the Local Government Act 1985); para 3 – namely information relating to the financial or business affairs of any particular person (including the authority holding that information) and para 5 – information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

14. EXEMPT - FIT FOR THE FUTURE UPDATE (PAGES 91 - 96)

15. EXEMPT - DRAFT INVESTMENT STRATEGY STATEMENT (PAGES 97 - 112)

16. EXEMPT MINUTES (PAGES 113 - 116)

To confirm and sign the exempt minutes of the Pensions Committee and Board meeting on 1/12/25 as a correct record.

17. NEW ITEMS OF EXEMPT URGENT BUSINESS

Kodi Sprott, Principal Committee Coordinator
Tel – 020 8489 5343
Email: kodi.sprott@haringey.gov.uk

Fiona Alderman
Director of Legal & Governance (Monitoring Officer)
George Meehan House, 294 High Road, Wood Green, N22 8JZ

Wednesday, 14 January 2026

MINUTES OF THE MEETING Pensions Committee and Board HELD ON Monday 1st December, 2025, 7:00 – 10:30pm

PRESENT: Councillors: George Dunstall (Chair), John Bevan (Vice-Chair), Matt White, Randy Plowright, Pattinson, John Raisin (Advisor), Anna Lawton, Keith Brown, Rebecca Moore and Eamonn Kenny, Cllr Iygkaran.

1. **FILMING AT MEETINGS**

   The Chair referred Members present to agenda Item 1 as shown on the agenda in respect of filming at this meeting, and Members noted the information contained therein.

2. **APOLOGIES**

   Apologies for absence were received from Cllr Da Costa

3. **URGENT BUSINESS**

   There were no items of urgent business

4. **DECLARATIONS OF INTEREST AND CONFLICTS OF INTEREST**

   There were none.

5. **BREACHES OF THE LAW**

   The pension fund self reported to the pensions regulator, notifying them of the McCloud determination made and that the project will conclude on August 2026, as opposed to the initial regulatory deadline of August 2025. TPR has acknowledged the report and have responded that they are satisfied with our self report and no further action will be taken on the matter.

6. **DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS**

   There were none.

7. **RECORD OF TRAINING UNDERTAKEN SINCE LAST MEETING**

   It was stated that Councillors Bevan and Iygkaran completed all the training provided under the Hymans LOLA solution.

8. **MINUTES**

The minutes of the Pensions Committee and Board meeting held on 24th July were approved as a correct record.

9. RESPONSIBLE INVESTMENT POLICY

The Fund has finalised its draft Responsible Investment Policy to ensure that it remains aligned with best practice, regulatory requirements, and the long-term interests of members and stakeholders. Responsible investment has become an increasingly important aspect of pension fund governance, reflecting the need to integrate environmental, social, and governance (ESG) considerations into investment decision-making.

Councillor White raised concerns about the Responsible Investment policy and stated that he was not happy with the current version.

There was a 5-minute adjournment.

Recommendations:

The Pensions Committee and Board:

3.1. Noted and provided any comments regarding the draft responsible investment policy (Appendix 1)

3.2. That the draft Responsible Investment Policy to be brought back to the committee in January for approval to go out to consultation

10. PENSIONS ADMINSTRATION UPDATE

This report provided the Pensions Committee and Board (PCB) with the following updates regarding Pension Fund's administration activities:

a. Pension Fund membership update
b. Online Member Self Service portal update
c. Update on Service Level Agreement (SLA) statistics
d. Pensions Dashboard Project (PDP) update
e. Approval of new Admission Agreements
f. Collection of Employer and Employee Contributions update
g. Internal Disputes Resolution Procedures (IDRPs)
h. Update on Annual benefit statements
i. McCloud Project update
j. Ongoing Consultations

The Fund had finalised its draft Responsible Investment Policy to ensure alignment with best practice, regulatory requirements, and the long-term interests of members and stakeholders. Responsible investment had become an increasingly important part of pension fund governance, highlighting the need to integrate environmental, social, and governance (ESG) factors into investment decisions.

The Pension Fund had reviewed its investments, modelled ESG risk thresholds, and finalised a Responsible Investment Policy with a clear engagement framework. The policy had embedded ESG principles into decision-making, provided mechanisms for influence or divestment, and prepared for implementation in April 2026 following consultation with LCIV and the pensions community.

- Data inconsistencies had been identified against the Pensions Dashboard Programme standards, though they had not involved member-level data affecting benefits. Instead, the issues had related to communication details such as home and email addresses, where certain symbols and formatting had not been compatible with the standards. These data queries had been corrected, and all address records were subsequently brought into compliance with the programme requirements

Recommendations:

The Pensions Committee and Board:

3.1. Noted this report and the information provided regarding the Pension Fund's administration activities for the quarter ending 30 September 2025.

3.2. Noted and approve the admission of the entities listed in Section 6.15 of this report, as new employers participating in the Haringey Local Government Pension Scheme.

3.3 Delegated authority to the Corporate Director of Finance and Resources to negotiate, agree and enter into any admission agreements with admission bodies and schools for the purposes of joining the Local Government Pension Scheme

11. GOVERNANCE REVIEW IMPLEMENTATION PLAN

The paper had been prepared to provide an update on the progress made in implementing the Fund's governance review recommendations, following the review conducted by the Fund's independent advisor. Officers had invited comments from the Pensions Committee and Board on the actions achieved to date.

Following the governance review conducted by the Fund's independent advisor, 26 recommendations had been presented to the Pensions Committee and Board. These had been grouped into three categories: **Fundamental and Urgent**, **Easily Implementable**, and **To be Implemented from 2025/26**.

Officers had subsequently reviewed all 26 recommendations and prepared an implementation plan, taking account of the categories to which each recommendation had been assigned.

- At the last investment review meeting, a point had been raised about aligning the decision-making process with the responsibilities of board members. This suggestion had been well received, with general agreement that it was a good idea. It had been noted that the addition to the list would be straightforward, and a commitment had been made to record and include it.

Recommendations:

The Pensions Committee and Board:

3.1. Noted and provided any comments regarding the implementation of the fund governance review recommendations.

12. FUND RISK MANAGEMENT POLICY

The paper had been prepared to provide an update on the progress made in implementing governance review recommendations 10, 11, and 12, all of which related to risk management. Officers had invited the Pensions Committee and Board to comment on the actions achieved to date.

Following the governance review conducted by the Fund's independent advisor, a series of recommendations had been presented to the Pension Committee Board (PCB). These had been intended to strengthen oversight, improve decision-making, and ensure alignment with best practice in pension fund governance.

Several of the recommendations had focused on risk management. Recommendation 10 had called for the preparation of a Pension Fund Risk Policy for PCB approval. Recommendation 11 had required a review and revision of the Risk Management Process to implement a cycle in line with CIPFA's 2018 guidance. Recommendation 12 had proposed redesigning the Risk Register, with risks listed under the seven headings set out in that guidance.

The Pension Fund Risk Policy had outlined the framework for identifying, assessing, managing, and monitoring risks that could affect the Fund's long-term objectives. It had ensured practices were aligned with regulatory guidance and industry standards, supported informed decision-making, and promoted transparency and accountability in managing pension assets.

The Pension Fund Risk Management Strategy and Process had set out the approach officers would take in preparing the redesigned Risk Register, as required by recommendation 12. This updated register had been scheduled for presentation to the PCB at its January 2026 meeting for comment and approval.

Recommendations:

The Pensions Committee and Board:

3.1. Noted and provided any comments regarding the implementation of recommendations 10, 11 and 12 of the Governance review, relating to the Risk Management Policy.

3.2. Approved the Fund Risk Management Policy which has been prepared in response to recommendation 10 of the Governance review.

13. RISK REGISTER

The Pension Fund’s risk register had been presented to give the Pensions Committee and Board an opportunity to further review the allocation of risk scores.

The Pensions Regulator had required the Pension Committee and Board (PCB) to establish and implement internal controls for the Fund to ensure compliance with scheme rules and legal requirements. A complete version of the risk register had been approved in September 2016, and since then different sections had been reviewed at each subsequent meeting, with changes agreed to keep strategic risk monitoring current.

The risk register had covered administration, governance, investment, accounting, funding, and legislative risks. Funding-Liability risks had been reviewed and updated for PCB feedback, with other areas scheduled for future meetings. Risks had been scored on impact and likelihood, using a 1–5 scale and a Red-Amber-Green rating system. Directional indicators had shown whether risks were worsening, stable, or improving compared to previous assessments.

Key risks identified in the short to medium term had included:

- **LGPS pooling changes (INV9):** Officers, with advisors, had worked with LCIV to implement recommendations following MHCLG’s consultation response.

- **Legislative and regulatory changes (AD7):** The 2025 valuation had been underway, requiring significant resources, with further changes expected from government consultations on benefit entitlements.
- **Financial market volatility (INV1):** Global tensions and inflation above target had sustained volatility. The Fund had maintained a diversified portfolio, with officers monitoring developments and consulting managers.
- **Adequacy of LCIV resources (INV5):** Increased workload from consultation outcomes had required LCIV to expand resources, with officers engaging through working groups and business planning.
- **ESG risk (INV3):** Pressure to review responsible investment policies had led to a draft policy being prepared, amended, and scheduled for PCB approval, with ongoing monitoring of stakeholder feedback.

Officers had confirmed that the Fund's risk register would remain under constant review.

- Councillors had asked whether there were any comments on IMV One and market volatility, including the perceived risks around the AI bubble. It had been explained that such risks would be managed under the rebalancing policy. Equities had still been viewed as attractive long-term assets, but allocations should not exceed target levels.
- By the end of September, the Fund had been around 7% overweight in equities, a position likely to have increased due to strong performance. The currency hedging position in the portfolio had also been noted. Overall, it had been considered a sensible approach to rebalance, secure profits, and reduce exposure to equities.

Recommendations:

The Pensions Committee and Board:

3.1. Noted and provided any comments on the Fund's risk register. The area of focus for review at this meeting will be Funding-Liability Risks.

14. PENSION FUND QUARTERLY INVESTMENT AND PERFORMANCE UPDATE

The report had provided the Pensions Committee and Board (PCB) with updates on the Pension Fund's performance for the quarter ending 30 September 2025. These updates had included an overview of fund performance and the funding position, investment manager performance, asset allocation, investments with the pool, the LAPFF engagement update, and the independent advisor's market commentary.

- Concerns had been raised that members were not always provided with the right kind of information to view performance in proper context.

Arbitrary dates had not been considered helpful, given the complexity of the business. Instead, custom benchmarks had been used to measure asset allocation, showing whether managers were delivering within their respective sectors. Flaws in reporting had been acknowledged, and it had been agreed these needed to be addressed to properly assess sector performance.

- It had been noted that overall asset allocation was not questioned, but comparisons over different periods illustrated the impact of allocation choices. For example, over three years, the benchmark had shown a 10.4% return, while an all-equity allocation would have produced 16.2% and an all-bond allocation –2%. The point had been made that the environment in which the Fund operated needed to be considered, so performance could be understood in context, identifying diversification and delivery across exposures.

- This issue had first been raised years earlier, leading to the establishment of the Investment Working Group, though progress on developing a new reporting format had not been made. Work with Tim on producing a different format had begun but not been completed, and it had been suggested that this should be revisited to provide clearer contextual reporting.

- Councillors had also asked about the Fund’s five-year return of 7.2%, specifically whether this had met the targets set five years earlier. Officers had responded that they would need to check records, noting the best comparison would be between the expected return from the last reviewed investment strategy and the actual experience, focusing on the aggregate picture.

Recommendations:

The Pensions Committee and Board:

3.1. Noted the information provided in section 6 of this report regarding the Fund’s investment performance and activity for the quarter ended 30 September 2025.

15. Haringey Pension Fund Draft Annual Report 2024/25

The report had presented the Haringey Pension Fund Annual Report and unaudited accounts for 2024/25 to the Pensions Committee and Board for approval, subject to the successful completion of the external audit. The outcome of the external audit had been scheduled for presentation to the PCB in January 2026.

According to the Local Government Pension Scheme (LGPS) Regulations 2013, LGPS funds had been required to produce an annual report each year. The report had served as a key means of communication between the pension fund and its stakeholders and had to be published by 1 December following the end of the financial year.

- It had been assumed that the report was only available online for members and not issued in hard copy. Concerns had been raised about accessibility, particularly text size, and whether checks had been carried out to meet standards for people with impaired vision. Officers had confirmed the report was uploaded to the pension fund website, with no hard copies produced, and agreed to review the accessibility of the online version.
- Questions had also been raised about management expenses, with confirmation given that all investment and administration fees were included in Table 11, with a breakdown of investment management expenses in Table 11A. A suggestion had been made to present costs as a proportion (e.g., per £1 million) to give members clearer context, which was considered potentially useful but not standard practice. Officers had explained that while administration costs per member were shown, investment and management fees were not typically presented in this way.
- It had been noted that the accounts followed strict guidance and standard formats, limiting flexibility. However, officers agreed to consider whether proportional cost information could be added in future reports, possibly within the narrative sections rather than the formal tables. Clarification had also been provided that the cost per member figure referred only to administration costs, including staff, software, and other ad hoc expenses.

Recommendations

The Pensions Committee and Board:

3.1. Noted and approved the draft Haringey Pension Fund Annual Report for 2024/25 appended as Appendix 1 to this report.

3.2. Approved the upload of the Haringey Pension Fund Annual Report to the Haringey Pension Fund’s website.

16. FORWARD PLAN

The purpose of the paper had been to identify topics expected to come before the Committee and Board over the following twelve months and to seek members' input into future agendas. It had also requested suggestions for future training.

The PCB had reviewed key priorities for the next 9–12 months, including the Responsible Investment Policy, asset transition to the pool, and the Pension Fund Business Plan. Members had been encouraged to complete training via LOLA, and attendance at the LAPFF conference had been confirmed. The Responsible Investment Policy had been deferred to January, and progress on priorities and governance review implementation had been noted.

Recommendations

The Pensions Committee and Board:

3.1. Noted and provided any comments on the progress made towards the agreed key priorities outlined in Table 1 of this report, specifically in regarding the responsible investment policy development and implementation of the fund governance review recommendations.

3.2. Identified additional matters and training requirements for inclusion within the Pensions Committee and Board's forward plan.

17. HARINGEY PENSION FUND ACTUARIAL VALUATION 2025

The report had provided the Pensions Committee and Board (PCB) with information on the 2025 actuarial valuation exercise, which had been underway and scheduled to recur at several upcoming PCB meetings. It had also included initial advice on assumptions from the Fund's actuary, Hymans Robertson, the preliminary valuation results for the entire fund, an overview of the Funding Strategy Statement review, and a general update on progress to date.

Recommendations

The Pensions Committee and Board:

3.1. Noted Hymans Robertson's Advice on Assumptions paper, appended as Confidential Appendix 1, and the advice contained therein.

3.2. Agreed the methodology and valuation assumptions proposed by the Pension Fund's actuary, Hymans Robertson as outlined in Confidential Appendix 1 to this report.

3.3. Noted Haringey Pension Fund's draft Actuarial Valuation Results paper, prepared by the Pension Fund's Actuary, Hymans Robertson and appended as Confidential Appendix 2, and the advice contained therein.

3.4. Noted Asset Liability Management paper appended as Confidential Appendix 3 to this report.

3.5. Noted the overview of the draft Funding Strategy Statement, appended as Confidential Appendix 4 to this report.

20. EXCLUSION OF THE PRESS AND PUBLIC

Items 21-27 was subject to a motion that excluded the press and public from the meeting as they contain exempt information as defined in Section 100a of the Local Government Act 1972 (as amended by Section 12A of the Local Government Act 1985); para 3 – namely information relating to the financial or business affairs of any particular person (including the authority holding that information) and para 5 – information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

Report for: Pensions Committee and Board – 22 January 2026

Item number: 1

Title: Responsible Investment Policy

Report authorised by: Taryn Eves, Corporate Director of Finance and Resources (Section 151 Officer)

Lead Officer: Jamie Abbott, Head of Pensions
Jamie.Abbott@Haringey.gov.uk

Ward(s) affected: N/A

Report for Key/ Non Key Decision: Non Key Decision

1. Describe the issue under consideration

1.1. The Fund has finalised the draft Responsible Investment Policy to ensure that it remains aligned with best practice, regulatory requirements, and the long-term interests of members and stakeholders.

1.2. Responsible investment has become an increasingly important aspect of pension fund governance, reflecting the need to integrate environmental, social, and governance (ESG) considerations into investment decision-making.

2. Cabinet Member Introduction

2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

3.1. To note and provide any comments regarding the draft responsible investment policy (Appendix 1)

3.2. Approve the draft Responsible Investment Policy to be issued for consultation with the Fund's stakeholders

4. Reason for Decision

4.1. To strengthen the integration of environmental, social, and governance (ESG) considerations into all aspects of investment decision-making, manager oversight, and engagement activities, thereby supporting the long-term financial health of the fund.

4.2. To provide greater transparency and accountability by consulting with stakeholders before final adoption, ensuring that the policy reflects the views and priorities of members, employers, and other interested parties.

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4.3. To align the Fund's long-term investment approach with its fiduciary duty to members and beneficiaries, ensuring that capital is managed responsibly in a way that balances financial returns with sustainability objectives.

5. Other options considered

5.1. Not applicable.

6. Background information

6.1. Following an extensive review of the pension fund's investments and underlying holdings, the Pensions Committee and Board undertook modelling to assess different levels of exposure thresholds to Environmental, Social, and Governance (ESG) risks. This analysis was designed to evaluate how varying degrees of ESG risk could impact the Fund's long-term performance, resilience, and alignment with its Responsible Investment Policy. The modelling exercise provided a framework for understanding potential vulnerabilities within the portfolio and informed the Committee's approach to setting appropriate thresholds that balance financial returns with sustainability objectives.

6.2. The Responsible Investment (RI) Policy is designed to clearly articulate the investment beliefs of the Pensions Committee and Board (PCB) and the Haringey Pension Fund. It sets out the principles that guide how the Fund approaches responsible investment, ensuring that environmental, social, and governance (ESG) considerations are embedded within the decision-making process. The Policy highlights the key ESG factors that apply to investment decisions.

6.3. Within the policy sits the Fund's engagement framework, which provides a structured approach to monitoring, assessing, and engaging with fund managers and the asset pool. This framework outlines how the Fund will actively pursue dialogue and influence to ensure that its holdings are aligned with its stated investment beliefs and Responsible Investment principles.

6.4. The framework highlights the steps the Fund can take to encourage positive change, including setting clear expectations, tracking progress, and escalating engagement where necessary. Importantly, it also establishes the Fund's position should engagement fail: the potential to reduce exposure or divest from assets that remain misaligned with its ESG objectives. The policy will ensure that the Fund retains both accountability and flexibility in managing risks while reinforcing its commitment to responsible stewardship.

6.5. The Pension Fund will continue to actively engage with London Collective Investment Vehicle (LCIV) and the wider pensions community throughout the consultation period. This ongoing dialogue will ensure the Fund remains informed of any developments, regulatory updates, or emerging best practices that could influence the future direction of the Responsible Investment Policy. By maintaining close engagement, the Fund can adapt its approach as necessary, strengthen collaboration with peers, and ensure that its policy remains both relevant and forward-looking with the go live date of 01 April 2026.

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Carbon and climate change

8.1. Not applicable.

9. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

<u>Finance and Procurement</u>

9.1. There are no direct financial implications arising from this report.

9.2. Implementation of the Responsible Investment (RI) Policy may influence the pension fund's investment approach by limiting certain investment products in line with its stated principles. All decisions will continue to be taken in accordance with the fund's fiduciary duty, ensuring that any impact on investment performance is kept to a minimum while supporting the achievement of the fund's responsible investment objectives.

<u>Director for Legal and Governance [Jason Ofosu]</u>

9.3. The Director for Legal and Governance has been consulted on the content of this report. There are no specific legal implications arising from this report.

<u>Equalities</u>

9.4. Not applicable.

10. Use of Appendices

10.1. Appendix 1: Haringey Responsible Investment Policy

11. Local Government (Access to Information) Act 1985

11.1. Not applicable.

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April
2026

Draft Responsible Investment Policy

LONDON BOROUGH OF HARINGEY PENSION FUND

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1. Introduction

The Haringey Pension Fund, administered by Haringey Council, is a part of the Local Government Pension Scheme (LGPS). The Fund's core objective is to ensure long-term-risk-adjusted returns for current and future pension members.

As a member of the London Collective Investment Vehicle (LCIV), the Fund collaborates with other partner funds to leverage shared investment opportunities, identifying shared responsible investment beliefs and stewardship best practices.

In fulfilling its fiduciary duty, the Fund recognises that responsible investment is integral to securing sustainable long-term returns. Environmental, Social, and Governance (ESG) factors are considered material to financial performance and are embedded throughout the Fund's investment and governance processes.

Environmental, Social, and Governance (ESG) risks refer to factors that can materially affect the long-term performance, resilience, and reputation of investments. These include environmental issues such as climate change and resource depletion; social concerns like labour practices, human rights, and community impact; and governance matters including board accountability and ethical conduct. Failure to manage ESG risks can lead to financial losses, regulatory penalties, reputational damage, and diminished stakeholder trust. By proactively identifying and mitigating ESG risks, the Fund aims to protect long-term value, uphold its fiduciary duty, and contribute to a more sustainable and equitable financial system.

Through this Policy, the Fund reaffirms its commitment to responsible investment as a means of delivering sustainable, long-term value for its members and contributing positively to the broader community.

2. Background

In pursuit of a comprehensive understanding of the pension fund's portfolio and its exposure to Environmental, Social, and Governance (ESG) risks, the Pensions Committee and the Board (PCB) commissioned an extensive analysis of all assets held within the fund, including the underlying companies. This initiative was undertaken in collaboration with an independent Responsible Investment (RI) financial specialist firm, selected for its expertise in ESG risk evaluation and ethical investment practices.

The scope of the analysis encompassed a detailed review of the activities of the underlying companies, benchmarking them against a broad spectrum of ESG risk categories. These categories included, but were not limited to, exposure to controversial and conventional weapons, fossil fuels (oil and gas), gambling, and tobacco. The assessment applied a range of tolerance thresholds to evaluate the materiality and significance of these exposures, thereby enabling a nuanced understanding of the fund's alignment with its RI principles.

Over a 12-month period, the analysis was supplemented by future scenario modelling and iterative consultations between the RI specialists and the Pensions Committee and Board. During this time, the PCB requested additional deep-dive evaluations into specific areas of concern, with a particular focus on understanding the implications of applying more stringent tolerance thresholds. This on-going and collaborative approach ensured that the analysis was both robust and reflective of the fund's evolving RI objectives.

The thoroughness of the work undertaken by the Pensions Committee and Board and its appointed advisors underscore the fund's commitment to upholding its Responsible Investment beliefs. This process has served as a critical foundation for the development and formalisation of the fund's RI policy.

As a direct outcome of this extensive evaluation, the fund has been able to confirm that it holds zero exposure to controversial weapons and only minimal exposure to other ESG-sensitive sectors such as conventional weapons and fossil fuels. This clarity empowers the fund to make informed, strategic decisions regarding its approach to mitigating these risks. It also enables the formulation of a phased plan to reduce and ultimately eliminate such exposures from the portfolio, within a reasonable timeframe.

Whilst the fund aims to reduce its exposure to identified ESG risks. The Fund recognises that achieving this objective is contingent upon the availability of suitable investment opportunities that support such a transition. Accordingly, the Fund will actively collaborate with the London Collective Investment Vehicle (LCIV) to identify and evaluate appropriate opportunities. This partnership will facilitate the reallocation of assets away from investments that are inconsistent with the Fund's underlying investment beliefs, and towards those that demonstrate stronger alignment with its ESG principlesThis approach ensures that the fund continues to meet its fiduciary obligations to beneficiaries, maintaining financial performance and long-term returns while upholding its ethical and responsible investment standards.

3. Purpose and Scope

The purpose of the policy is to ensure that RI is embedded across all aspects of the Fund's decision-making, stewardship, and monitoring activities, in alignment with its fiduciary duty to act in the best interests of its members and beneficiaries.

The policy applies to all assets held by the Fund, whether managed directly or through external managers and pooling arrangements. It sets expectations for investment managers, outlines the Fund's approach to stewardship, engagement

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and ultimately divestment where those attempts have failedIt also defines how RI factors are considered in selection and monitoring of investments.

4. Investment Beliefs

The Haringey Pension Fund has undertaken comprehensive research into its investment holdings to gain a detailed understanding of the Fund's exposure to a range of environmental, social, and governance (ESG) issues. This analysis was conducted using various tolerance thresholds that reflect what the Pensions Committee and Board (PCB) consider appropriate for the Fund's long-term objectives and fiduciary responsibilities.

Through this in-depth review of the portfolio and a thorough assessment of the rationale behind existing ESG exposures, the PCB has established a set of investment beliefs. These beliefs are intended to guide future decision-making, ensure alignment with responsible investment principles, and support the Fund's commitment to sustainable and resilient financial outcomes.

Responsible Investment & Fiduciary Duty - Integrating ESG considerations supports the Fund's fiduciary responsibility by identifying risks and opportunities that can enhance long-term financial outcome.

ESG Integration Across All Investments - ESG factors must be considered in all asset classes, time horizons, and stages of the investment process, from strategy setting to manager monitoring.

Climate Risk - Climate change and related systemic risks are material to the Fund's financial health and are of concern to the PCB. The Fund invests in low carbon tracker funds for its equity investments and renewable infrastructure.

Engagement Over Divestment - The Fund adopts an engagement over divestment approach to promote our RI beliefs, prioritising active ownership and dialogue with companies. Divestment is considered only when engagement fails to address material ESG concerns.

Active Ownership & Stewardship - Exercising shareholder rights, including voting and engagement, is a key tool for influencing positive change and protecting member interests.

Collaboration for Greater Impact - Working with like-minded investors, including through the London CIV and industry initiatives, enhances the Fund's influence and effectiveness.

Evidence-Based, Long-Term Investment - Investment decisions are grounded in robust evidence and aligned with the Fund's long-term liabilities. Diversification and risk management are central to the Fund's strategy.

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Transparency, Accountability & Continuous Improvement - The Fund is committed to transparent reporting, regular policy reviews, and evolving its RI approach in line with best practice and stakeholder expectations.

Social Impact & Inclusion - The Fund recognises the potential to generate positive social outcomes through its investments and expects its partners to uphold principles of diversity, equity, and inclusion.

The Fund supports impact investing as a strategic approach to achieving both financial returns and measurable positive outcomes for society and the environment. Impact investments are those made with the intention to generate beneficial social or environmental effects alongside a financial return, contributing to long-term sustainability and resilience.

These investments may target areas such as renewable energy, affordable housing, healthcare, education, sustainable infrastructure, and inclusive economic development. The Fund seeks opportunities that align with its Responsible Investment (RI) beliefs and works in collaboration with the London Collective Vehicle (LCIV) to identify any impact investment opportunities.

5. Governance

The Haringey Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by Haringey Council. The Council has delegated responsibility for the management and strategic oversight of the Fund to the joint Pensions Committee and Board (PCB). The PCB acts as trustees of the Fund and is responsible for setting investment strategy, including the approval and oversight of the Responsible Investment (RI) Policy.

The PCB's role is to promote the efficient and effective governance of the Fund. The PCB includes six elected members and two employer and two scheme member representatives, ensuring that the Fund's policies reflect the interests of all its stakeholders.

The Fund's investment strategy and strategic asset allocation is decided by the PCB, with advice taken from the financial advisors to the fund. Day-to-day investment decisions, around the appointment of asset managers and the selection of investment products, are delegated to and managed by the Fund's pooling partner, LCIV.

The Fund retains ultimate responsibility for oversight and sets clear expectations for the LCIV and the chosen fund managers through formal agreements, policies, and regular performance reports.

Where necessary, and with the approval of the Pensions Committee and Board, additional resources may be sought to meet evolving RI requirements and reporting obligations.

The Fund also works closely with its advisors, LCIV and custodians, to ensure that appropriate information, cooperation, and transparency are maintained. These relationships are governed by formal agreements and monitored through structured engagement, reporting, and review processes.

The Fund has established a Investment Working Group (IWG). This group, comprised of members of the Pensions Committee and Board, is tasked with advancing the Fund's RI agenda and overseeing the implementation of its RI policy.

The Fund's assets will be completely pooled by the March 2026 deadline via the LCIV pool. The Fund pursues its responsible investment objectives via the pool and, alongside other LCIV partner funds, are actively contributing to the development of the pool's responsible investment approach.

The Fund believes that strong governance is essential to safeguarding the interests of its members and stakeholders. It expects its managers to demonstrate robust governance practices, including clear policies on ESG risks, stewardship, and accountability. Through these arrangements, the Fund seeks to ensure that its RI objectives are effectively implemented and that long-term value is delivered for its beneficiaries.

6. Regulatory Background

The Haringey Pension Fund operates within the framework of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which require administering authorities to prepare and maintain an Investment Strategy Statement. This statement must address how ESG considerations are factored into investment decisions and stewardship practices, the Responsible Investment policy is closely aligned with the Investment Strategy Statement (ISS), ensuring a consistent, integrated, and compliant approach to investment governance.

In addition, the Fund is guided by broader responsible investment principles supported by industry bodies such as Pensions UK and The Local Authority Pension Fund Forum (LAPFF) which advocate for ESG integration, climate risk management, and stewardship best practices across UK pension schemes.

7. Conflicts of Interest

The Haringey Pension Fund recognises the importance of identifying and managing actual or perceived conflicts of interest in a transparent and effective manner.

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All individuals involved in the governance and management of the Fund, including members of the Pensions Committee and Board, senior officers, and external service providers such as asset managers and investment advisers, are required to act solely in the interests of the Fund's beneficiaries when undertaking investment activities.

The Fund maintains a formal Conflicts of Interest Policy, which applies to all relevant parties and supports the integrity and accountability of its decision-making processes.

8. Stewardship

The Fund considers stewardship a core pillar of its Responsible Investment (RI) strategy, recognising its role as an asset owner in influencing sustainable corporate behaviour and safeguarding long-term value for members. Effective stewardship enables the Fund to promote high standards of Environmental, Social, and Governance (ESG) performance across its investments, contributing to a more resilient and equitable financial system.

Stewardship is primarily exercised through three interconnected activities: voting, engagement, and collaboration.

Voting

Voting is a key mechanism of active ownership and a direct expression of the Fund's RI beliefs. The Fund expects all appointed investment managers and pooling partners to exercise voting rights diligently and in alignment with the Fund's ESG priorities. This includes:

- Voting on all eligible holdings, including those held within pooled vehicles where possible.
- Supporting resolutions that advance transparency, accountability, and sustainability.
- Opposing proposals that conflict with the Fund's RI principles or pose material ESG risks.
- Disclosing voting records and rationales, particularly in relation to significant or contentious resolutions.

Voting activity will be monitored and reviewed regularly to ensure consistency with the Fund's stewardship objectives and to promote accountability among managers.

Engagement

Engagement is a central component of the Fund's stewardship approach, aimed at encouraging companies to improve ESG practices, address material risks, and pursue long-term sustainability. The Fund believes that constructive dialogue can be more effective than exclusion or divestment in driving positive change.

The Fund expects its investment managers and pooling partners to engage proactively with companies on ESG issues.

The fund carries out the following Engagement activities:

- Communicating our engagement priorities to our Pool, LCIV, and the underlying fund managers.
- Collaborating with the LCIV pool and partner funds in the development of Responsible Investment approaches.
- Challenging LCIV and fund managers on holdings that appear misaligned with the Fund's overall objectives
- Holding LCIV and fund managers accountable for their stewardship and engagement activities, ensuring alignment with the Fund's Responsible Investment beliefs and fiduciary responsibilities.

Where engagement does not result in satisfactory outcomes, the Fund expects managers to escalate their approach. Escalation measures may include voting against management, filing or supporting shareholder proposals, issuing public statements, applying collaborative pressure, or, in cases of persistent misalignment, recommending divestment.
The funds full engagement approach can be found in section 9, our Engagement framework.

Collaboration

The Fund recognises that many ESG challenges, such as climate change, human rights, and governance reform, are systemic in nature and require collective action. As such, the Fund may participate in collaborative engagement initiatives with other institutional investors, industry bodies, and responsible investment networks, including but not limited to other partner funds, the Local Authority Pension Fund Forum (LAPFF) and London CIV (LCIV).

Collaborative efforts enable the Fund to amplify its voice and influence on key ESG issues, share insights, resources, and best practices and support coordinated action on market-wide risks and opportunities.

All collaborative activities will be aligned with the Fund's RI beliefs and monitored for effectiveness and impact.

9. Engagement Framework

Engagement is considered effective only when it leads to meaningful progress toward resolving identified ESG concerns. The Pension Fund believes that the most constructive way to influence companies on Responsible Investment (RI) matters is through a sustained process of active ownership and dialogue. However, where the Fund determines that engagement efforts, whether direct or through appointed managers, are not yielding the desired outcomes, or are failing to do so within a reasonable timeframe, escalation measures willbe pursued.

In such cases, the Fund reserves the right to take appropriate action against fund managers or companies whose ESG risks remain inadequately addressed and whose practices are misaligned with the Fund's RI beliefs. These actions will include, but are not limited to, initiating legal proceedings against company management, reducing exposure, or divesting from the asset entirely. All escalation decisions will be guided by the Fund's fiduciary duty, risk tolerance, and long-term investment objectives.

Below is the Engagement steps the fund will take:

Identify ESG risk

The Fund will identify Environmental, Social, and Governance (ESG) risks by monitoring our portfolio and underlying holdings, regulatory developments, and ESG performance trends. This approach ensures that emerging risks are recognised and addressed. The Pensions Committee and Board receive regular investment updates that help shape the investment strategy and policy framework, ensuring alignment with Responsible Investment principles and fiduciary obligations.

Assess Materiality

The Fund will assess the materiality of Environmental, Social, and Governance (ESG) risks by evaluating their potential impact on financial performance, reputation, and alignment with the Fund's Responsible Investment beliefs. This process involves determining which ESG factors are most relevant to long-term value creation across asset classes and sectors. Materiality assessments will consider both direct and indirect exposures.

Engagement Approach

The Fund adopts a multi-faceted engagement approach to promote responsible corporate behaviour and address ESG risks across its portfolio. This includes

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direct dialogue with companies and asset managers to raise concerns and advocate for improved practices, collaborative engagement with institutional investors and networks such as LCIV and LAPFF to amplify influence, and proxy voting to exercise shareholder rights in alignment with the Fund's RI beliefs. Additionally, the Fund may engage in public advocacy through open letters and policy submissions to support regulatory reform and market-wide ESG improvements. All engagement activities are guided by the Fund's fiduciary duty, with progress monitored and reported to ensure transparency and accountability.

Evaluate Outcome

Following engagement activities, the Fund will evaluate outcomes to determine whether meaningful progress has been achieved in addressing identified ESG concerns. This assessment will consider the responsiveness of the company or asset manager, the quality and timeliness of actions taken, and alignment with the Fund's Responsible Investment objectives. Where engagement has led to satisfactory improvements, the Fund will continue to monitor developments and maintain dialogue. If progress is deemed insufficient or absent within a reasonable timeframe, the Fund may initiate escalation measures.

Re-engage

If initial engagement does not lead to satisfactory progress on addressing ESG concerns, the Fund may choose to re-engage with the company or asset manager to reiterate its expectations and seek further clarification or commitment. This follow-up engagement aims to reinforce the Fund's position, assess any changes in response or strategy, and provide an additional opportunity for resolution before considering escalation. Re-engagement will be conducted in a structured and timely manner, ensuring that the Fund continues to act as a responsible steward while maintaining alignment with its Responsible Investment objectives.

Reduce exposure

If engagement efforts fail to produce meaningful progress on ESG concerns, the Fund may consider reducing its exposure to the affected asset. This step involves a careful reassessment of the investment's alignment with the Fund's Responsible Investment beliefs and its potential risk to long-term returns. Any decision to reduce exposure will be guided by fiduciary duty and undertaken only where the Fund is satisfied that doing so will not materially compromise expected returns. This approach allows the Fund to manage ESG risks proactively while maintaining a prudent and responsible investment strategy.

Divest from Holding

If ESG concerns remain unresolved despite engagement and escalation efforts, the Fund will consider full divestment from the holding. This decision will be made following a thorough assessment of the financial implications and alignment with the Fund's Responsible Investment beliefs. Divestment will be pursued only where the Fund is satisfied that exiting the position will not materially compromise its fiduciary duty or long-term return objectives. This action reflects the Fund's commitment to managing ESG risks responsibly and maintaining an investment portfolio consistent with its ethical and sustainability standards.

Report on outcome

The Fund will report on the outcomes of its engagement activities to ensure transparency, accountability, and continuous improvement in its stewardship practices. This includes documenting the nature of ESG concerns raised, the engagement methods used, the responses received, and the progress achieved. Where engagement leads to meaningful change, the Fund will highlight positive developments; where outcomes are unsatisfactory, the Fund will detail any escalation actions taken. These reports will be reviewed by the Pensions Committee and Board ensuring alignment with the Fund's Responsible Investment objectives and fiduciary responsibilities.

10. Exclusions Policy

The Fund does not apply blanket exclusions as a default approach, recognising that ESG risks vary across companies and industries. Instead, it supports a targeted, risk-based approach that allows for nuanced assessment and engagement.

Exclusions may be applied where companies are materially misaligned with the Fund's responsible investment beliefs, pose significant ESG risks, or are subject to regulatory or financial constraints. These decisions are typically informed by the Fund's investment managers and aligned with its overall risk profile and RI objectives.

The Fund prioritises engagement over divestment, particularly in high-impact or transition-prone sectors, where investor influence can drive meaningful change.

The Fund does not exclude investments in order to pursue boycotts, divestment and sanctions against foreign nations and UK defence industries, other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government.

The only exclusion the Fund has implemented is a full exclusion on investments with exposure to controversial weapons. Controversial weapons are types of armaments whose use or development is widely opposed due to their potential to cause indiscriminate harm, long-term suffering, or violations of international law.

Examples of controversial weapons are: Chemical, Biological, Cluster munitions, landmines etc.

As part of its ongoing commitment to Responsible Investment principles, the Fund will initiate a structured approach to reducing and eliminating its exposure to conventional weapons and other controversial areas such as non-conventional fossil fuel extraction, gambling and tobacco. The Fund recognises the importance of aligning its investment portfolio with its ethical beliefs and long-term sustainability objectives.

The fund will monitor it's investments using MSCI screening tools to identify companies which breach global norms and human rights standards, taking action to reduce exposure and in some instances, look to fully divest, from any companies which are flagged.

The reduction will be pursued through a phased divestment strategy, targeting companies whose operations or revenue streams contribute to the Fund's exposure to these identified areas. Decisions to divest will be made following a thorough financial impact assessment to ensure that such actions do not compromise the Fund's ability to meet its fiduciary duty to beneficiaries.

Specifically, divestment will proceed only where the Fund is satisfied that the removal of these holdings will not result in a material detriment to expected investment returns or portfolio resilience and that a suitable alternative investment has been identified that more aligns with the funds investment beliefs.

The Fund acknowledges that, effective from April 2026, the pooling of assets with the London Collective Investment Vehicle (LCIV) may constrain its ability to implement specific exclusions or execute targeted disinvestment requests. Notwithstanding these limitations, the Fund is committed to maintaining constructive and ongoing engagement with the LCIV on areas of concern. Through this engagement, the Fund will seek to ensure that appropriate measures are taken to mitigate and, where possible, eliminate exposures to identified risks. Furthermore, the Fund will work to avoid future investments that fall below its established expectations.

11. Conflict Zones

A Conflict Zone refers to any geographic area or operating environment experiencing direct, material impacts from armed conflict. This includes, but is not limited to:

- Active hostilities between states, armed groups, or internal factions
- Situations of military occupation identified by credible international bodies
- Regions where authoritative sources report sustained conflict-related violence, instability, or coercive control

The Fund acknowledges that a company's operations or presence in such areas does not, in isolation, constitute misconduct. The Fund therefore does not implement blanket geographic exclusions or boycotts based solely on location.

Instead, the Fund's assessment centres on credible, well-substantiated allegations of human-rights abuses or other serious misconduct directly linked to conflict, including a company's potential involvement in violations of international humanitarian or human-rights standards.

The Fund, in collaboration with LCIV, will monitor the exposure of the portfolio to identified conflict zones using MSCI screening tools and monitor for any new UN lists on conflicts.

For any identified exposure, the Fund prioritises engagement over disinvestment for our pooled investments managed through LCIV. Any escalation will be evidenced-based and aligned with our fiduciary duties and engagement framework.

If The Fund is required to request engagement actions, the process set out in section 9 of this policy will be followed. However, The Fund recognises that LCIV will assess the requested actions within its own fiduciary and governance framework, and the Fund recognises that LCIV may not always be able to act on Haringey-specific instructions.

12. Reporting

The Fund is committed to maintaining high standards of transparency in its Responsible Investment (RI) activities. Clear and consistent reporting is essential to ensuring accountability to stakeholders and supporting informed decision-making by the Pensions Committee and Board.

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Investment managers and pooling partners are required to provide regular reports that detail how environmental, social, and governance (ESG) factors are integrated across portfolios.

These reports must also include information on voting activity, with explanations for key decisions, as well as engagement efforts outlining objectives, progress, and outcomes. Where ESG concerns remain unresolved, managers are expected to describe any escalation actions taken. Furthermore, reporting should demonstrate alignment with relevant frameworks.

The Fund publishes RI-related disclosures through its annual report and other public communications. These publications aim to illustrate how RI principles are applied in practice and how they contribute to long-term financial performance and sustainability goals.

In addition to formal reporting, the Fund actively engages with scheme members, employers, and other stakeholders to share updates on RI progress. This ongoing commitment to transparency helps reinforce trust and ensures the Fund remains responsive to evolving expectations and regulatory requirements.

13. Monitoring and Review

The Fund is committed to regularly monitoring and reviewing its Responsible Investment (RI) activities to ensure they remain aligned with its investment beliefs, fiduciary duty, and evolving best practices. This oversight is essential for maintaining transparency, accountability, and continuous improvement across the Fund's investment portfolio.

Monitoring involves assessing how investment managers and our investment pool incorporate environmental, social, and governance (ESG) factors into their decision-making processes, stewardship activities, and reporting practices.

The Fund reviews the integration of ESG considerations and the effectiveness of voting and engagement activities, including the outcomes achieved and any escalation measures taken.

Progress against climate-related and broader sustainability targets is also evaluated, alongside compliance with relevant stewardship codes.

The fund expects reports on RI performance. These reports should include relevant metrics and updates on engagement outcomes, backed by case studies, where possible. The Pensions Committee and Board review these reports to ensure that RI practices remain effective and responsive to changing circumstances.

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In addition, the Fund conducts periodic reviews of its RI Policy at least every three years, or sooner, if necessary, to reflect regulatory developments, market changes, and stakeholder feedback. This ensures that the policy remains fit for purpose and continues to support the Fund's long-term investment objectives.

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14. Glossary

Term	Definition
Administering Authority	The body responsible for managing it's own Local Government Pension Scheme (LGPS) fund. It holds full decision-making authority over all aspects of the Fund's administration and operation.
Climate Risk	The potential impact on future financial returns resulting from climate change. It may be defined as transition risk, which refers to the effects of policy changes and technological advancements associated with the shift to a

	low-carbon economy, and physical risk, which refers to the consequences of changing weather patterns and the increasing frequency or severity of extreme climate events.
Custodian	An entity, typically a bank, that safeguards assets and provides related services including investment accounting, cash management, dividend collection and repatriation, proxy voting, securities lending, and the measurement and reporting of investment performance.
Engagement	The process of interaction between an investor (or their delegate) and the management of an investee company, undertaken with the objective of influencing or creating change in how the company is managed or governed.
ESG	A framework referring to factors or characteristics that assess a Fund's, portfolio's, or investee company's approach to sustainability issues and risks. ESG encompasses environmental considerations, social impacts, and governance practices that influence long-term performance and responsibility.
Governance	The process and principles by which a company or organisation conducts its business. This encompasses the approach taken to both operational and investment responsibilities, ensuring they are carried out effectively and in the best interests of members.
IMA	Investment Management Agreement – The formal contract between the client procuring investment management services and the firm providing them. It sets out the specific nature of the services required and includes details such as benchmarks to be applied, risk controls, fee

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	arrangements, and client reporting requirements.
LAPFF	A voluntary association of 85 public sector pension funds and seven pool companies in the UK, representing combined assets of over £300 billion. Its purpose is to promote the long-term investment interests of local authority pension funds and to strengthen their influence as shareholders in order to encourage corporate responsibility and uphold high standards of corporate governance in the companies in which they invest.
LCIV	London Collective Investment Vehicle - the LGPS pool of which Haringey is one of the founding partner funds. Responsible for the investment arrangements of the Fund.
LGPS	The Local Government Pension Scheme is a statutory pension scheme for employees of local authorities.
PCB	The joint Pensions Committee and Board, responsible for overseeing the governance of Haringey's pension fund, ensuring that both operational and investment decisions are carried out in line with regulatory requirements and in the best interests of members.
RI	Responsible Investment – a broad term used to cover sustainability issues in investment management
SLA	Service Level Agreement – a document put in place between the procurer and provider of services to establish certain aspects of the service delivery, usually around service standards, timeliness, deliverables and reporting

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Stakeholder	Parties with an interest in the investment arrangements of the partner funds. This includes Local Government Pension Scheme (LGPS) members, employers, and other bodies within the scheme, as well as local taxpayers.
Stewardship	The responsible allocation, management, and oversight of capital to create long-term sustainable value for clients and beneficiaries

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Report for: Pensions Committee and Board – 22 January 2026

Item number: **2**

Title: 2024/25 Pension Fund Accounts – External Auditors Annual Report

Report authorised by: Taryn Eves, Corporate Director of Finance and Resources (Section 151 Officer)

Lead Officers: Jamie Abbott, Head of Pensions
020 8489 3824
Jamie.Abbott@haringey.gov.uk

Ward(s) affected: N/A

Report for Key/ Non Key Decision: Not applicable

1. Describe the issue under consideration

1.1. For the Pensions Committee and Board (PCB) to consider the statutory Annual Report from KPMG, which highlights their findings from the audit of the Pension Funds statutory accounts.

2. Cabinet Member Introduction

2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended to:

3.1. Consider the contents of this report and any further oral updates given at the meeting by KPMG.

3.2. Note the Statement of Accounts 2024/25 will be presented to Audit Committee on the 29 January 2026

3.3. Note the contents, recommendations and management responses to the IAS 260.

3.4. Agree that the Committee delegates the sign off for the Pension Fund Accounts 2024/25, subject to any final changes required by the conclusion of the audit, to the Section 151 Officer in consultation with the Chair.

4. Reason for Decision

4.1. Approval of the Pension Funds accounts is a non-executive function fulfilled by the Pensions Committee and Board.

5. Other options considered

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5.1. Not applicable.

6. Background information

6.1. The Council, as an administering authority under the Local Government Pension Scheme Regulations, is required to produce a separate set of accounts for the scheme's financial activities, assets and liabilities.

6.2. The contents and format of the accounts are determined by statutory requirements and mandatory professional standards as established by the Chartered Institute of Public Finance (CIPFA).

6.3. International Standard on Auditing (ISA) 260 requires the external auditor to communicate matters of governance interest arising from the audit of the financial statements to those charged with governance.

Findings

6.4. The below findings have been compiled by KPMG:

- **Management override of controls** - Testing is currently ongoing, and no reportable misstatements or indicators of fraud have been identified to date. A control deficiency has been noted regarding the segregation of duties related to posting and reviewing journals and is covered on page 22 of the ISA260.

- **Valuation of level 1 & 2 pooled investment vehicles and segregated investments** - Valuations were verified against independent pricing sources obtained by the KPMG in- house pricing team. For investment positions where an independent price could not be sourced, retrospective review procedures were performed as an alternative. The estimates used in determining the valuations were assessed and found to be neutral.

- **Valuation of level 3 pooled investment vehicles** - The valuation of pooled fund investments was attested to using confirmations received directly from the investment managers. The reliability of these confirmations was assessed through a retrospective review of available audited financial statements of the pooled investment vehicles. Except for the corrected misstatement identified on page 21 of the ISA260, the estimates used in determining the valuations were assessed and found to be neutral.

Recommendations

6.5 Two recommendations were issued, both classified as Priority 2. This category relates to matters that have a significant impact on internal controls but do not require immediate action. System objectives may still be achieved, or risks mitigated to an acceptable level; however, the underlying control weakness remains.

- **Disclosure of interest made by the Pension Committee members is inadequate** - It was identified that the Disclosure of Interest completed by the Pension Committee members does not comply with the requirements of the applicable financial reporting framework. Instead, it follows the pensions regulations,and therefore does not capture all related parties of the Pension Fund. It is recommended that the disclosure of interests is made in line with the applicable financial reporting framework.

Journals below £40,000 are not required to be approved by another person - A park- and- post control is in place at Haringey Pension Fund to support segregation of duties, requiring that journals are prepared and approved by different individuals. During testing of the journals process, it was observed that this control does not apply to journals below £40,000. This creates a risk of misstatement in the financial statements, whether due to error or fraud, as journals below this threshold can be posted without approval. It is recommended that management apply the park- and- post control to all journals, rather than only those exceeding £40,000.

7. Contribution to Strategic Outcomes

7.1. Not applicable

8. Carbon and Climate Change

8.1. Not applicable

9. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

<u>Finance and Procurement</u>

9.1. Not applicable.

<u>[Fiona Alderman Assistant Director for Legal and Governance]</u>

9.2. Assistant Director for Legal and Governance (Monitoring Officer) has been consulted on the content of this report and there are no legal implications.

<u>Equalities</u>

9.3. The Local Government Pension Scheme is a defined benefit open scheme enabling all employees of the Council to participate. The report’s content has no direct impact on equality issues.

10. Use of Appendices

10.1. Draft 2024/25 Pension Fund Accounts

10.2. HPF IAS 260

11. Local Government (Access to Information) Act 1985

11.1. Not applicable.

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Financial Statements

Statement of Responsibilities for the Statement of Accounts

Haringey Council's Responsibilities

The Council is required to:

- make arrangement for the proper administration of its affairs and ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance (Section 151 Officer)
- to manage its affairs to secure economic, efficient, and effective use of resources and to safeguard its assets; and
- to approve the Statement of Accounts

The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts, which include the Pension Fund's Statement of Accounts.

These accounts must be prepared in accordance with the proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ('the Code') which require that the Statement of Accounts give a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2024.

In preparing these Statement of Accounts, the Section 151 Officer has:

- selected suitable accounting policies, and then applied them consistently
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Section 151 Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities

I confirm that these accounts give a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31 March 2024.

Taryn Eves, CPFA
Director of Finance (S151 Officer)

2024/25	Pension Fund Account	Note	2023/24
£000			£000
	Dealings with members, employers and others directly involved in the fund		
62,276	Contributions	7	57,692
15,796	Transfers in from other pension funds	8	8,923
78,072			**66,615**
(73,669)	Benefits	9	(65,047)
(10,545)	Payments to and on account of leavers	10	(12,328)
(84,214)			**(77,375)**
(6,142)	**Net additions/(withdrawals) from dealings with members**		**(10,760)**
(7,114)	Management expenses	11	(6,931)
(13,256)	**Net withdrawals including fund management expenses**		**(17,691)**
	Returns on Investments:		
31,487	Investment Income	12	21,549
-	Taxes on income		-
50,823	Profit and losses on disposal of investments and changes in market value of investments	13a	159,023
82,310	**Net return on investments**		**180,572**
69,054	**Net increase/decrease in the net assets available for benefits during the year**		**162,881**
1,871,059	**Opening net assets of the scheme**		**1,708,178**
1,940,113	**Closing net assets of the scheme**		**1,871,059**

2024/25	Net Assets Statement	Note	2023/24
£000			£000
150	Long Term Investments	13	150
1,944,728	Investment assets	13	1,878,532
-	Investment liabilities	13	(4,800)
1,944,878	**Total net investments**		**1,873,882**
2,453	Current assets	19	1,657
(7,218)	Current liabilities	20	(4,480)
1,940,113	**Net assets of the fund available to fund benefits at the end of the reporting period**		**1,871,059**

Notes to the Haringey Pension Fund Accounts for the year ended 31st March 2025

1. Description of the fund

The Haringey Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by Haringey Council.

a) General

The scheme is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation.

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by Haringey Council to provide pensions and other benefits for pensionable employees of Haringey Council, a range of other scheduled bodies, and admitted bodies within the London Borough of Haringey area. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The fund is overseen by Haringey Pension Fund's Combined Pensions Committee and Board, which is a committee of Haringey Council.

b) Fund administration and membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside of the scheme.

Organisations participating in the Haringey Pension Fund include the following:

- scheduled bodies, which are automatically entitled to be members of the fund.
- admitted bodies, which participate under the terms of an admission agreement between the fund and the employer. Admitted bodies include voluntary, charitable, and similar not-for-profit organisation, or private contractors undertaking a local authority function following outsourcing to the private sector.

Membership details of the Pension Fund are set out below:

Haringey Pension Fund	31 March 2025	31 March 2024
Number of employers	63	62

Number of employees in scheme		
Haringey Council	5,508	5,206
Other employers	1,175	1,093
Total	**6,683**	**6,299**
Number of pensioners		
Haringey Council	8,202	7,919
Other employers	1,052	987
Total	**9,254**	**8,906**
Deferred pensioners		
Haringey Council	8,933	9,172
Other employers	1,655	1,801
Total	**10,588**	**10,973**
Total number of members in pension scheme	**26,525**	**26,178**

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employers' contributions are set based on triennial actuarial funding valuations. The valuation for the period to 31 March 2025 was carried out as at 31 March 2022. The primary employer contribution rate for the whole fund was 17.5%.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uplifted annually in line with the Consumer Prices Index inflation rate.

A range of other benefits are also provided included early retirement, disability pensions and death benefits, as explained on the LGPS website – see www.lgpsmember.org.

2. Basis of Preparation

The statement of accounts (SOA) summarises the fund's transactions for the 2024/2025 financial year and its financial position at 31 March 2025. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting 2024/25* (the Code), which is based upon International Financial Reporting Standard (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 18.

3. Summary of significant accounting policies

Fund account – revenue recognition

a) Contribution income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the fund actuary in the rates and adjustment certificate issued to the relevant employing body.

Additional employer contributions in respect of ill-health and early retirements are accounted for in the year the event rose. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years would be classed as long-term financial assets.

b) Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the fund. Individual transfers in/out are accounted for when received or paid. Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

c) Investment income

i. Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.
ii. Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
iii. Changes in value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account – expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, providing that payment has been approved.

e) Management expenses

The fund discloses its management expenses in line with the CIPFA guidance *Accounting for Local Government Pension Scheme Management Expenses* (2016), as show in the following table. All items of expenditure are charged to the fund on an accrual basis as follows:

Administrative expenses	All staff costs relating to the pensions administration team are charged directly to the fund. The Council recharges for management and legal costs which are also accounted for as administrative expenses of the fund.
Oversight and governance	All costs associated with governance and oversight are separately identified, apportioned to this activity, and charged as expenses to the fund.
Investment management expenses	Investment fees are charged directly to the fund as part of management expenses and are not included in, or netted from, the reported return on investments. Where fees are netted off returns by investment managers, these are grossed up to increase the change in value of investments. Fees charged by external investment managers and the custodian are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under management and therefore increase or reduce as the value of the investments change throughout the year. In addition, the fund has agreed with Pantheon Ventures and BlackRock that an element of their fee be performance related.

f) Taxation

The fund is a registered public service scheme under Section 1 (1) of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Net assets statement

g) Financial assets

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet completed at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 13. Any gains or losses on investment sales arising from changes in the fair value of the net asset are recognised in the fund account.

The values of investments as show in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 15). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

h) Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

i) Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers. All cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimal risk of changes in value.

j) Loans and receivables

Financial assets classified as amortised cost are carried in the net asset statement at the value of outstanding principal receivable at the year-end date plus accrued interest.

k) Financial liabilities

A financial liability is recognised in the net assets statement on the date the fund becomes legally responsible for that liability. The fund recognises financial liabilities related to investments trading at fair value. Any gains or losses arising from changes in the fair value of the liability's value, between the contract date, the year-end date, and the eventual settlement date, are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS19 and relevant actuarial standards. As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 18).

m) Additional voluntary contributions

The fund provides an additional voluntary contribution (AVC) scheme for its members. The assets of these AVCs are invested separately from those of the pension fund, and are therefore not included in the accounts in accordance with Section 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. However, this information is disclosed in Note 21 for informational purposes only.

n) Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events.

A contingent liability arises where an event prior to the end of the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net assets statement but are disclosed by way of narrative in the notes.

4. Critical judgements in applying accounting policies

The Council has not applied any critical judgements in applying accounting policies in the preparation of the statement of accounts.

5. Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends, and future expectations. However, actual outcomes could be different from assumptions and estimates made. The items in the net assets statement for which there is a significant risk of material adjustment the following year are as follows:

Items	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 18)	Estimation of the net liability to pay pensions depends on several complete judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	For instance: • a 0.1% decrease in the discount rate would increase future pension liabilities by c. £23m (2%) • a 0.1% increase in earnings inflation would increase future pension benefits by c. £0.9m (0%) • a one-year increase in assumed life expectancy would increase future pension benefits by c. £58m (4%)
Private equity investments (Note 14)	Private equity investments are valued at fair value in accordance with *International Private Equity and Venture Capital Valuation Guidelines* (December 2018). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation. For the purposes of estimation, private equity investments include infrastructure and private debt.	Private equity investments are valued at £208m in the financial statements. There is a risk that this investment may be under-or overstated in the accounts by up to 5% i.e., an increase or decrease of approximately £11m.

6. Events after the reporting date

No significant events occurred after the reporting date.

7. Contributions receivable

2024/25		2023/24
£000	**By category**	**£000**
14,122	Employee contributions	13,305
	Employer contributions	
47,370	- Normal contributions	43,850
-	- Deficit recovery contributions	-
784	- Augmentation contributions	537

48,154	**Total employers' contributions**	**44,387**
62,276	**Total contributions receivable**	**57,692**

2024/25		2023/24
£000	**By type of employer**	**£000**
55,508	Administering authority	51,489
6,048	Scheduled bodies	5,553
720	Admitted bodies	650
62,276	**Total contributions receivable**	**57,692**

8. Transfers in from other pension funds

During 2024/25, there were transfers of £15.8 million into the Pension Fund, an increase compared to £8.9 million in 2023/24. These transfers all related to individuals.

9. Benefits payable

2024/25		2023/24
£000	**By category**	**£000**
57,375	Pensions	52,380
14,951	Commutation and lump sum retirement benefits	10,721
1,343	Lump sum death benefits	1,946
73,669	**Total benefits payable**	**65,047**

9. Benefits payable (continued)

2024/25		2023/24
£000	**By type of employer**	**£000**
65,433	Administering authority	57,747
5,653	Scheduled bodies	5,143
2,583	Admitted bodies	2,157
73,669	**Total benefits payable**	**65,047**

10. Payments to and on account of leavers

2024/25		2023/24
£000		£000
182	Refunds to members leaving service	215
10,363	Individual transfers	12,113
10,545	**Total**	**12,328**

11. Management Expenses

2024/25		2023/24
£000		£000
1,337	Administrative costs	1,018
5,410	Investment management expenses	5,651
367	Oversight and governance costs	262
7,114	**Total management expenses**	**6,931**

11a. Investment Management Expenses

2024/25		2023/24
£000		£000
4,959	Management Fees	4,738
-	Performance Related Fees	529
69	Custody fees	92
382	Transaction Fees	292
5,410	**Total**	**5,651**

12. Investment income

2024/25		2023/24
£000		£000
31,121	Pooled investments- unit trusts and other managed funds	21,207
366	Interest on cash deposits	342
31,487	**Total**	**21,549**

13. Investments

Market Value 31 March 2025		Market Value 31 March 2024
£000	**Investment assets**	£000
	Pooled funds	
834,154	Global equity	837,719
456,998	Fixed income unit trusts	420,823
146,239	Multi-asset absolute return fund	141,154
70,958	Infrastructure funds	72,148
1,508,349		1,471,844
	Other investments	
209,683	Pooled property investments	192,182
137,035	Private equity funds	142,615
31,999	Infrastructure debt funds	34,478
378,717		369,275
57,437	Cash deposits	37,126
225	Accrued Income	287
1,944,728	**Total investment assets**	1,878,532
	Long-term investments	
150	Shares in London CIV	150
150		150
	Investment liabilities	
-	Payables for purchases	(4,800)
1,944,878	**Total net investment assets**	1,873,882

13a. Reconciliation of movements in investments and derivatives

2024/25	Market Valu 1 April 202	Purchases at cost	Sales proceeds	Change in market value	Market Value 31 March 2025
	£000	£000	£000	£000	£000
Pooled investment vehicles	1,841,119	81,465	(86,680)	51,162	1,887,066
	1,841,119	81,465	(86,680)	51,162	1,887,066
Other Investment balances					

Cash deposits	37,126	(339)	57,437
Investment income due	287	-	225
Payable for purchases of Investments	(4,800)	-	-
Total	**1,873,732**	**50,823**	**1,944,728**

2023/24	Market Value 1 April 2023	Purchases at cost	Sales proceeds	Change in market value	Market Value 31 March 2024
	£000	**£000**	**£000**	**£000**	**£000**
Pooled investment vehicles	1,667,019	192,902	(177,877)	159,075	1,841,119
Cash deposits	42,639	70,457	(75,920)	(50)	37,126
Other investment assets/ liabilities*	166	136	(4,813)	(2)	(4,513)
Total	**1,709,824**	**263,495**	**(258,610)**	**159,023**	**1,873,732**

13b. Investments analysed by fund manager

Market Value 31 March 2025			Market Value 31 March 2024	
£000	**%**		**£000**	**%**
		Investments managed by London CIV asset pool:		
960,939	49.4	Legal & General Investment Management	960,774	51.3
146,239	7.5	LCIV Absolute Return	141,154	7.5
192,515	9.9	LCIV Multi-Asset Credit	146,779	7.8
46,788	2.4	LCIV Renewable Infrastructure	36,819	2.0
22,047	1.1	London Fund	17,927	1.0
137,700	7.1	LCIV Long Duration Buy and Maintain Credit Fund	150,998	8.1
1,506,228	**77.4**		**1,454,451**	**77.7**

		Investments managed outside of London CIV asset pool:		
137,035	7.1	Pantheon	142,615	7.6
106,571	5.5	CBRE Global Investors	99,824	5.3
86,715	4.5	Aviva Investors	84,887	4.5
31,999	1.6	Allianz Global Investors	34,478	1.8
3,419	0.2	BlackRock	20,053	1.1
20,752	1.1	CIP	15,276	0.8
52,009	2.6	In-house cash deposits*	22,148	1.2
438,500	**22.6**		**419,281**	**22.3**
1,944,728	**100.0**	**Total**	**1,873,732**	**100.0**

*In-house cash excludes non-discretionary cash managed by external managers. Any such cash is allocated to the respective asset manager.

The following investments represent over 5% of net assets of the fund.

Market Value 31 March 2025			**Market Value 31 March 2024**	
£000	**%**		**£000**	**%**
364,905	18.8	LGIM MSCI World Low Carbon Index Fund	358,473	19.1
343,099	17.7	LGIM RAFI Multi Factor Climate Transition Fund	356,725	19.0
192,512	9.9	LCIV Long Duration Buy and Maintain Credit Fund	150,998	8.1
146,239	7.5	LCIV Multi-Asset Credit	146,779	7.8
137,700	7.1	LCIV Absolute Return Fund (Ruffer LLP)	141,154	7.5
126,786	6.5	LGIM Index Linked Gilts (Over 5 year) Fund	123,056	6.6
126,149	6.5	LGIM Bespoke Low Carbon Emerging Markets Fund	122,519	6.5
1,437,390	**74.0**	**Total**	**1,399,704**	**74.6**

14. Fair Value – Basis of valuation

All investment assets are valued using fair value techniques based in the characteristics of each instrument where possible, using market-based information. There has been no change in the valuation techniques used during the year.

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1 – where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities, comprising quoted equities, quoted bonds, and unit trusts.

Level 2 – where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.

Level 3 – where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The valuation basis for each category of investment asset is set out below:

Description of asset	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Level 1			
Quoted equities and pooled fund investments	The published bid market price on the final day of the accounting period	Not required	Not Required
Quoted fixed income bond and unit trusts	Quoted market value based on current yields	Not required	Not Required
Cash and cash equivalents	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not Required
Amounts receivable from investment sales	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Investment debtors and creditors	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required

Description of asset	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Level 2			
Pooled property funds where regular trading takes place	Closing bid price where bid and offer prices are published; closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not Required
Unquoted fixed income bonds and unit trusts	Average broker prices	Evaluated price feeds	Not required

Description of asset	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Level 3			
Pooled property funds where regular trading does not take place	Valued by investment managers on a fair value basis each year using PRAG guidance	NAV-based pricing set on a forward pricing basis	Not required
Shares in London CIV asset pool	Based on the historical cost at acquisition of shares	Not required	Not required
Other unquoted and private equities	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by changed to expected cashflows or by differences between audited and unaudited accounts.

Sensitivity of assets valued at level 3

The fund has determined that the valuation methods described above for Level 3 investments are expected to be accurate within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2025.

	Potential variation in fair value	Valuation as at 31 March 2025	Value on Increase	Value on Decrease
		£000	£000	£000
Pooled property investments	2%	108,761	110,936	106,585
Private equity and joint venture funds	5%	137,035	143,886	130,183
Infrastructure funds	5%	70,958	74,506	67,410
Total		**316,754**	**329,328**	**304,178**

14a. Fair value hierarchy

The following table provides an analysis of the assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Values as at 31 March 2025	Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
	£000	£000	£000	£000
Financial assets / liabilities at fair value through profit and loss				
Pooled investments	1,437,390	32,000	70,958	1,540,348
Pooled property investments	-	100,922	108,761	209,683
Private equity	-	-	137,035	137,035
Cash deposits	57,437	-	-	57,437
Accrued income	225	-	-	225
Payables for investment purchases	-	-	-	-
Total	**1,495,052**	**132,922**	**316,754**	**1,944,728**

Values as at 31 March 2024	Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
	£000	£000	£000	£000
Financial assets / liabilities at fair value through profit and loss				
Pooled investments	1,399,696	34,478	72,148	1,506,322
Pooled property investments	–	89,380	102,802	192,182
Private equity	-	-	142,615	142,615
Cash deposits	37,126	-	-	37,126
Accrued income	287	-	-	287
Payables for investment purchases	(4,800)	-	-	(4,800)
Total	**1,432,309**	**123,858**	**317,565**	**1,873,732**

14b. Transfers between Levels 1 and 2

There were no transfers between levels 1 and 2 during the year.

14c. Reconciliation of fair value measurements within level 3

2024/25	Value at 1st April 2024	Purchases in the year	Sales in the year	Unrealised gains (losses)	Realised gains (losses)	Value at 31st March 2025
	£000	£000	£000	£000	£000	£000
Pooled UK property unit trusts	102,802	3,477	(314)	2,796	-	108,761
Private Equity	142,615	4,431	(15,380)	(6,587)	11,956	137,035
Infrastructure	72,148	17,923	(10,000)	(12,850)	3,737	70,958
Total	317,565	25,831	(25,694)	(16,641)	15,693	316,754

15. Classification of financial instruments

31 March 2025	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
	£000	£000	£000
Financial assets			
Pooled investments	1,540,348		
Pooled property investments	209,683		
Private equity	137,035		
Equities		150	
Cash	39,512	17,925	
Debtors		2,453	
Other investment balances		225	
Total financial assets	**1,926,578**	**20,753**	**-**
Financial liabilities			
Other investment balances			-
Creditors			(7,218)
Total financial liabilities	**-**	**-**	(7,218)
Grand total	**1,926,578**	**20,753**	(7,218)

31 March 2024	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
	£000	£000	£000
Financial assets			
Pooled investments	1,506,322		
Pooled property investments	192,182		
Private equity	142,615		
Equities		150	
Cash	31,295	5,831	
Debtors		1,657	
Other investment balances		287	
Total financial assets	**1,872,414**	**7,925**	**-**
Financial liabilities			
Other investment balances			(4,800)
Creditors			(4,480)
Total financial liabilities	**-**	**-**	**(9,280)**
Grand total	**1,872,414**	**7,925**	**(9,280)**

15a. Net gains and losses on financial instruments

All realised gains and losses arise from the sale or disposal of financial assets that have been derecognised in the financial statements. The fund has not entered any financial guarantees that are required to be accounted for as financial instruments.

2024/25		2023/24
£000		£000
	Financial Assets	
51,163	Fair value through profit or loss	159,075
(340)	Financial assets and liabilities at amortised cost	(52)
50,823		159,023

16. Nature and extent of risks arising from Financial Instruments

Risk and risk management

The fund's primary long-term risk is that its assets will fall short of its liabilities (i.e., promised benefits payable to members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk, and interest rate risk) and credit risk to an acceptable level. In addition, the fund manages its liquidity risk to ensure there is sufficient liquidity to meet the fund's forecast cash flows. The fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the fund's risk management strategy rests with the pension fund's Combined Committee and Board. Risk management policies are established to identify and analyse the risks faced by the pension fund's operations, then reviewed regularly to reflect changes in activity and market conditions.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements, and the overall asset mix. The objective of the fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio's strategic asset allocation across different asset classes, industry sectors, and jurisdictions. To mitigate market risk, the pension fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis on a regular basis. The strategic asset allocation is reviewed each quarter and any significant deviations from this are rebalanced as appropriate.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or by factors affect all such instruments in the market.

The fund is exposed to share price risk. The fund's investment managers mitigate this price risk through diversification, and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the fund investment strategy.

Other price risk – sensitivity analysis

A significant portion of the pension fund's assets are invested in pooled investment vehicles with underlying assets which can fluctuate daily as market prices change. To demonstrate the impact of this volatility, the table below shows the impact of potential price changes based on the observed historical volatility of asset class returns. The assessment of the potential volatilities is consistent with a one standard deviation movement in the change in value of assets over the last three years.

As at 31 March 2025	Value	change	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas equities	960,939	12.0	1,076,252	845,627
Fixed Income	476,455	11.9	533,153	419,757
Property	209,793	6.3	223,010	196,576
Alternatives	239,992	16.5	279,591	200,393
Cash	57,549	0.0	57,549	57,549
Total Assets	**1,944,728**		**2,169,555**	**1,719,902**

As at 31 March 2024	Value	change	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas equities	960,774	12.0	1,076,067	845,481
Fixed Income	438,931	11.9	491,164	386,698
Property	187,631	6.3	199,452	175,810
Alternatives	249,241	16.5	290,366	208,116
Cash	37,155	0.0	37,155	37,155
Total Assets	**1,873,732**		**2,094,203**	**1,653,261**

Interest rate risk

The fund recognises that interest rates can vary and can affect both income into the fund and the carrying value of fund assets, both of which affect the value of net assets available to pay benefits. A 100-basis point (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the fund's risk management strategy.

Interest rate risk – sensitivity analysis

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/– 1% change in interest rates. The analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Assets exposed to interest rate risk:

	Interest earned 2024/25	Interest rate if 1% higher	Interest rate if 1% lower
	£000	£000	£000
Cash deposits	366	425	265
Total	**366**	**425**	**265**

	Interest earned 2023/24	Interest rate if 1% higher	Interest rate if 1% lower
	£000	£000	£000
Cash deposits	342	407	233
Total	**342**	**407**	**233**

Currency risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. The table below demonstrates how a 10% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows.

Currency risk – sensitivity analysis

As at 31 March 2025	Value	change	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas equities	473,073	10.0	520,381	425,766
Fixed Income	192,515	10.0	211,766	173,263
Private equity	137,035	10.0	150,738	123,331
Infrastructure	24,171	10.0	26,588	21,754
Cash	19,563	10.0	21,520	17,607
Total Assets	**846,357**	**10.0**	**930,993**	**761,721**

As at 31 March 2024	Value	change	Value on increase	Value on decrease
	£000	%	£000	£000
Overseas equities	480,900	10.0	528,990	432,810
Fixed Income	146,779	10.0	161,457	132,101
Private equity	142,615	10.0	156,877	128,354
Infrastructure	35,329	10.0	38,862	31,796
Cash	5,416	10.0	5,958	4,874
Total Assets	**811,039**	**10.0**	**892,144**	**729,935**

b) Credit risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the fund to incur a financial loss. Assets potentially affected by this risk are investment assets, cash deposits and third-party loans. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk and the market values of investments generally reflect an assessment of credit risk.

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The pension fund has not experienced any actual defaults in recent years, and the current practice is to obtain a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. All contributions due by 31 March 2025 were received within the first two months of the financial year.

Money market funds and bank accounts all have AAA rating from a leading ratings agency, and the pension fund has experienced no defaults from fund managers, brokers or bank accounts over the past five years.

Summary	Credit Rating	Balances at 31 March 2025	Balances at 31 March 2024
		£000	£000
Money Market Funds			
Blackrock institutional sterling liquidity fund	AAA	7,925	780
Invesco liquidity fund	AAA	10,000	5,000
Bank current accounts			
Northern Trust	A+	39,513	31,295
Barclays Bank plc	A+	142	51
Total		**57,580**	**37,126**

c) Liquidity risk

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due. The pension fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments.

Refinancing risk

The key risk is that the pension fund will need to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The pension fund does not have any financial instruments that have a refinancing risk as part of its investment strategy.

17. Funding Arrangements

In line with the Local Government Pension Scheme Regulations 2013 the fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contributions rates for the forthcoming triennial period. The pensions fund accounts for the period were based on the most recent valuation which took place as at 31 March 2022.

The key elements of the funding policy are:

- to ensure the long-term solvency of the fund, using a long-term prudent view i.e., that sufficient funds are available to meet all members'/dependants' as they fall due for payment.
- to ensure that employer contribution rates are reasonably stable where appropriate.
- to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return.
- to reflect the different characteristics of employing bodies in determining contribution rates where it is reasonable to do so.
- to use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayer from an employer defaulting on its obligations.

The aim is to achieve 100% solvency over a period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Normally this is three years but, in some cases, a maximum period of 12 years can be granted. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable. When an employer's funding level is less than 10% of the 100% funding target, then a deficit recovery plan will be put in place requiring additional employer contributions.

At the 2022 actuarial valuation, the fund was assessed as 113% funded (100% at the March 2019 valuation). Contribution increases will be phased in over the three-year period ending 31 March 2026 for both scheme employers and admitted bodies.

The whole-fund primary contribution rate was due to decrease over a three-year period from 18.6% to 17.5% of pensionable pay. However, each employer will be different, and the primary contribution rate will reflect the membership and experiences of each employer.

In addition to the primary contribution rate, most employers also pay a secondary contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2022 actuarial valuation report and the funding strategy statement on the fund's website.

The valuation of the fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement, or withdrawal from service. The principal assumptions were as follows.

Financial assumptions

Future assumed rates	31 March 2022 %	31 March 2019 %
Discount rate (annual nominal return rate)	4.3	4.2
Pay increase (annual change)	3.7	3.3
Benefit increase (CPI)	2.7	2.3

Demographic assumptions

The assumed life expectancy from 65 is as follows:

Life expectancy from age 65		31 March 2025	31 March 2024
Retiring today	Males	21.1	21.2
	Females	24.0	24.0
Retiring in 20 years	Males	22.4	22.5
	Females	25.6	25.6

18. Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, the fund's actuary also undertakes a valuation of the pension fund liabilities on an IAS 19 basis every year using the same base data as the funding valuation rolled forward to the current financial year but taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 17). The actuary has also valued ill health and death benefits in line with IAS 19.

31 March 2025		31 March 2024
£000		£000
(1,500,000)	Present Value of promised retirement benefits	(1,725,000)
1,940,113	Fair Value of scheme assets	1,871,058
440,113	**Net (liability)/asset**	**146,058**

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2022 triennial funding valuation (see Note 17) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Other key assumptions used are:

	31 March 2025	31 Marh 2024
	%	%
Pension increase rate (CPI)	2.8	2.8
Salary increase rate	3.8	3.8
Discount rate	5.8	4.8

19. Current assets

31 March 2025		31 March 2024
£000		£000
116	Contributions due - employees	94
1,283	Contributions due - employers	1,081
912	Sundry debtors	482
2,311		**1,657**
142	Cash	-
2,453		**1,657**

20. Current liabilities

31 March 2025		31 March 2024
£000		£000
5,061	Sundry creditors	2,924
2,157	Benefits payable	1,556
7,218		**4,480**

21. Additional Voluntary Contributions ("AVCs")

	Contributions Paid 2024/25	Market Value 31 March 2025
	£000	£000
Utmost life and pensions	-	99
Prudential assurance	361	1,250
Clerical and medical	1	22

	Contributions Paid 2023/24	Market Value 31 March 2024
	£000	£000
Utmost life and pensions	-	188

Prudential assurance	269	1,182
Clerical and medical	-	17

22. Related party transactions

Haringey Council

The Haringey Pension Fund is administered by Haringey Council. During the reporting period, the Council incurred costs of £0.966m (2023/24 £0.835m) in relation to the administration and management of the fund and was reimbursed by the fund for these expenses.

The Council is also the single largest employer of members of the pension fund. As at 31 March 2025, an amount of £0.546m was due from the fund to the Council.

Each member of the pension fund's Combined Pensions Committee and Board is required to declare their interests at each meeting. One member of the Combined Pensions Committee and Board were a scheme member in the Haringey Pension Fund.

23. Key management personnel

Key management personnel are the Section 151 Officer and the head of pensions. Their remuneration is set out below:

31 March 2025	Key Management Personnel	31 Marh 2024
£000		£000
77	Short - term benefits	28
6	Post-employment benefits	6
83		34

24. Contingent liabilities and contractual commitments

Outstanding capital commitments (investments) at 31 March 2025 were £82.2m (2023/24 £105.4m). These commitments relate to outstanding capital call payments due on limited partnership funds held within the private equity and infrastructure portion of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment. There were no contingent liabilities at 31 March 2025.

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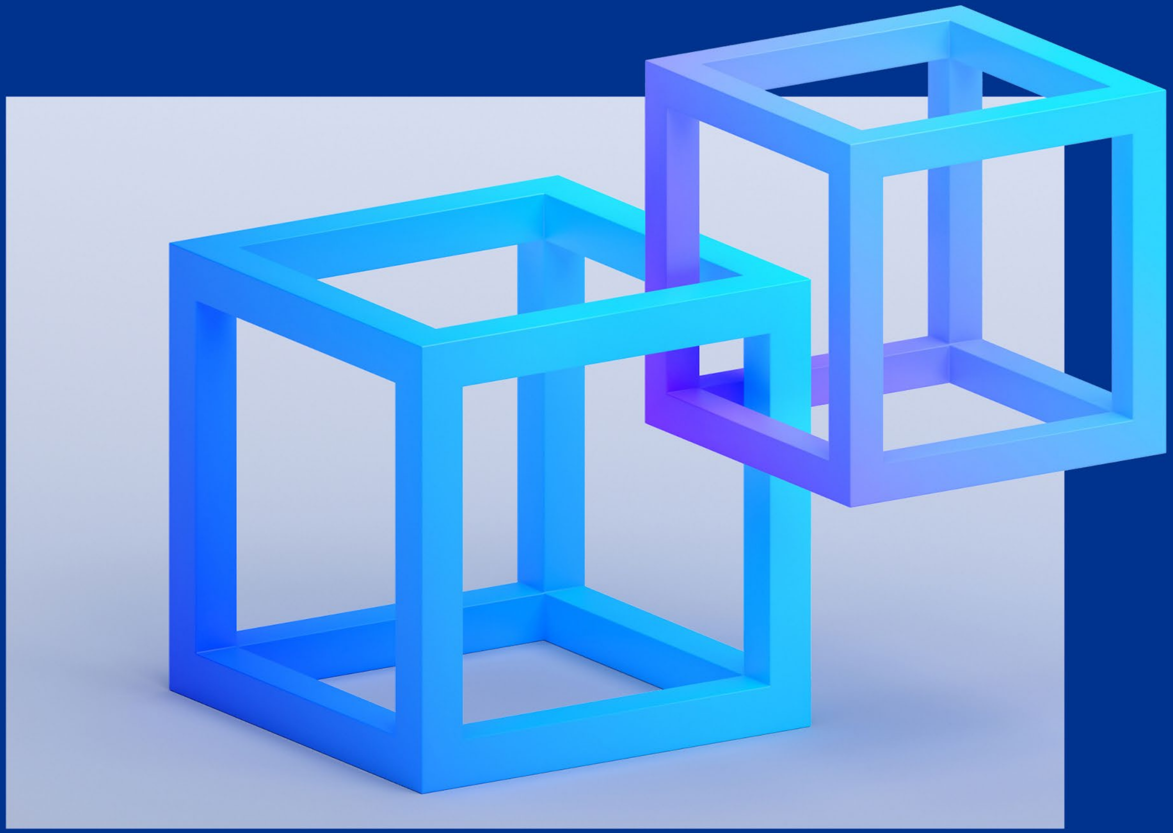
Haringey Pension Fund

Year End Report to the Audit Committee of the Council and Pension Committee and Board



Draft

Year end report for the year ended 31 March 2025

14 January 2026

Introduction

To the Audit Committee of the Council and Pension Committee and Board

We are providing this report in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions.

This report should be read in conjunction with our audit plan and strategy report, presented on 24 July 2025 in the Pension Committee and Board meeting.

We will be pleased to further elaborate on the matters covered in this report when we meet.

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG, and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when:

- Audits are executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality management; and,
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We are committed to providing you with a high-quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, please contact the engagement partner as well as the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Tim Cutler. (tim.cutler@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access KPMG's complaints process here: Complaints.

Subject to the approval of the statement of accounts, we expect to be in a position to sign our audit opinion on the approval of those statement of accounts and auditor's representation letter, provided that the outstanding matters noted on page 4 of this report are satisfactorily resolved.

There have been no significant changes to our audit plan and strategy.

We expect to issue an unmodified Auditor's Report

We draw your attention to the important notice on page 3 of this report, which explains:

- The purpose of this report
- Limitations on work performed
- Restrictions on distribution of this report

Yours sincerely,

Tim Cutler
14 January 2026

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Audit risks and our audit approach	6
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Important notice

This report is presented under the terms of our audit under Public Sector Audit Appointments (PSAA) contract..

The content of this report is based solely on the procedures necessary for our audit.

Purpose of this report

This Report has been prepared in connection with our audit of the financial statements of Haringey Pension Fund, prepared. in accordance with International Financial Reporting Standards ('IFRSs') as adapted Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, as at and for the year ended 31 March 2025.

This Report has been prepared for the Audit Committee of the Council and Pension Committee and Board of the Pension Fund in order to communicate matters that are significant to the responsibility of those charged with oversight of the financial reporting process as required by ISAs (UK), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

This report summarises the key issues identified during our audit but does not repeat matters we have previously communicated to you by written communication in our audit plan and strategy.

Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Haringey Pension Fund financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors.

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

Status of our audit

Our audit is in progress, and matters communicated in this report may change pending signature of our audit report. We will provide an oral update on the status. Page 4 'Our Audit Findings' outlines the outstanding matters in relation to the audit. Our conclusions will be discussed with you before our audit report is signed.

As in previous periods the audit report for the Pension Fund will not be issued until the audit of the Lonon Borough of Haringey Council is complete. This is expected to be before the backstop date. We will issue a final version of our report at the time of completion of our audit.

Restrictions on distribution

The report is provided on the basis that it is only for the information of the Audit Committee of the Council and Pensions Committee and Board of the Pension Fund; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

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Our audit findings

Significant audit risks	Page 6 - 7
Significant audit risks	**Our findings**
Management override of controls	Our testing is currently in progress, and we found no reportable misstatements or indicators of fraud in our testing to date. A control deficiency is noted with regards to segregation of duties to post and review – please see **page 22**.

Key accounting estimates	Page 8 - 12
Valuation of level 1 & 2 pooled investment vehicles and segregated investments	We verified valuations to independent pricing sources provided by our in-house pricing team. For any investment positions our pricing team were unable to obtain an independent price for, we performed retrospective review procedures as an alternative. The estimates used to form the valuations were found to be neutral.
Valuation of level 3 pooled investment vehicles	We attested the valuation of pooled fund investments to directly received confirmations. We assessed the reliability of these statements by performing a retrospective review of available audited financial statements of the pooled investment vehicles. Except for the corrected misstatement identified on **page 21**, the estimates used to form the valuations were found to be neutral.

Expenditure recognition

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered.

Expenditure in a pension scheme equates to payments to members and management expenses. There are no subjective issues concerning when expenses need to be recognised. Amounts involved cannot easily be manipulated through accounting policies, timing or other policies. There is little incentive for the Fund to manipulate the financial reporting of expenses. Therefore, in the absence of specific fraud risk factors, there is no risk of fraudulent financial reporting arising from the manipulation of expenditure recognition for the Pension Fund.

Number of Control deficiencies	Page 22
Severity	**Priority**
Other control deficiencies	2

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Outstanding matters

Our audit is substantially complete except for the following outstanding matters

- Completion of our work over period end and post-closing journals;
- Consistency check of financial statements
- Management representation letter;
- Finalise audit report and sign; and
- Audit queries arising subject to RI reviews.

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Significant risks and other audit risks

We discussed the significant risks which had the greatest impact on our audit with you when we were planning our audit

Our risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the Pension Fund, the industry and the wider economic environment in which the Pension Fund operates.

We also use our regular meetings with senior management to update our understanding and take input from component audit teams and internal audit reports.

In the Audit Plan we stated, that due to the levels of economic uncertainty there is an increased likelihood of significant risks emerging throughout the audit cycle that are not identified (or in existence) at the time we planned our audit. We further stated that we would amend our audit approach accordingly and communicate this to the Pension Committee and Board. We note we have not identified such matters.

Significant risks

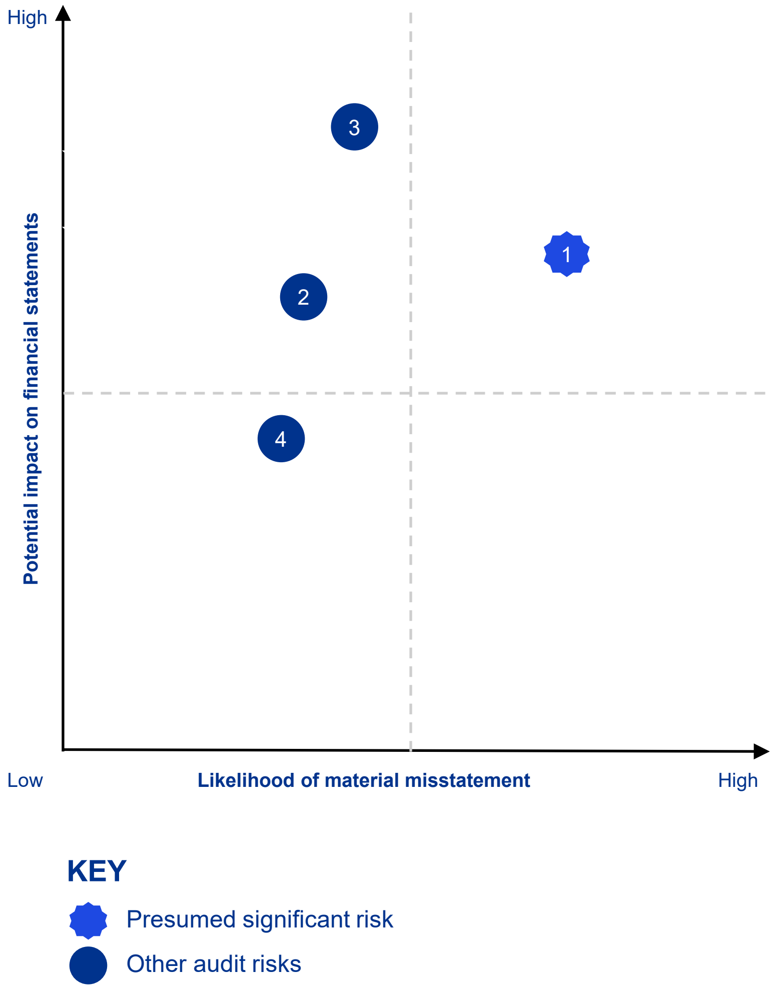
1 Management override of controls

Other audit risks

2 Level 1, 2 and 3 investments are not complete, do not exist or are not accurately recorded

3 Valuation of Level 1, 2 and Level 3 investments is misstated

4 The actuarial position of the Pension Fund is not appropriately presented in the financial statements



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Audit risks and our audit approach

1 Management override of controls[a]

Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- As part of our planning risk assessment procedures we identified the Pension Fund do not have enforced segregation of duty controls over the posting of journals, therefore we will not be placing reliance on controls when designing procedures to provide assurance over this risk.

Note: (a) Significant risk that professional standards require us to assess in all cases.

Planned response

Our audit methodology incorporates the risk of management override of controls as a default significant risk.

- As part of our audit procedures we gained an understanding of the financial reporting process.
- In line with our methodology, we evaluated the design and implementation of controls over journal entries and post-closing adjustments.
- Assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the normal course of business or are otherwise unusual.
- Evaluated the selection and application of accounting policies.
- Analysed all journals posted during the year using data and analytics and focus our testing on those with a higher risk.
- With regards to the financial reporting and journals process, we performed the following over journal entries and other adjustments:
  - Evaluated the completeness of the population of journal entries.
  - We determined high risk criteria and selected journals based on this criteria for testing.

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Audit risks and our audit approach (cont.)

1 Management override of controls[a] (cont.)

Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- As part of our planning risk assessment procedures we identified that the Pension Fund does not have enforced segregation of duty controls over the posting of journals, we will therefore not seek to take a controls-based approach when designing procedures to provide assurance over this risk

Note: (a) Significant risk that professional standards require us to assess in all cases.

Our findings

- We evaluated completeness of journal entries and did not note any issues.
- We performed screening of journals using the KPMG screening model to screen the journals and identify the journals falling under the High risk criteria.
- We evaluated the selection and application of accounting policies and did not note any issues.
- Our testing of journals is currently ongoing and to date we have not found reportable misstatements or indicators of fraud as a result of our high-risk journal testing. However, we have raised a control deficiency in respect of segregation of duties related to posting of journals, please see **page 22.**
- We evaluated accounting estimates and did not identify any indicators of management bias - see page 10 onwards for further discussion on the estimate around the valuation of investments.
- We did not identify any suspected or alleged incidents of management override and identified no matters that were of such significance to require reporting to the Pension Committee.

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Audit risks and our audit approach (cont.)

2 Level 1, 2 and 3 investments are not complete, do not exist or are not accurately recorded

Other audit risk

- Level 1, 2 and 3 investments are not complete, do not exist or are not accurately recorded.
- Investments are held to pay benefits of the Pension Fund. They are held with a number of investment managers across multiple asset classes. The investments are material to the financial statements (99.9% of the Statement of Net Assets) and therefore there is a risk of material misstatement.
- There is a risk of material misstatement relating to completeness, existence and accuracy as there has been a number of investment transitions in the year between investment managers, due to rebalancing of the portfolio based on the Pension Committee's decision to align the portfolio with the Investment Strategy Statement.

Planned response

- As part of our audit procedures, we gained an understanding of the processes over the completeness, existence and accuracy of Level 1, 2 and 3 investments. This includes gaining an understanding of the control environment at all the investment managers and Northern Trust (custodian) by reviewing their internal controls reports to identify any control deficiencies that would impact our audit approach (where applicable).
- We obtained direct confirmations from your custodian and all your investment managers to vouch the holdings and valuation of assets at the year end.
- We vouched purchases and sales to investment manager and/or custodian reports.
- We recalculated change in market value and compare this to the overall investment return stated in the Pension Committee's report for consistency with the amounts reported in the financial statements. We will investigate any material deviations.

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Audit risks and our audit approach (cont.)

2 Level 1, 2 and 3 investments are not complete, do not exist or are not accurately recorded (cont.)

Other audit risk

- Level 1, 2 and 3 investments are not complete, do not exist or are not accurately recorded.
- Investments are held to pay benefits of the Pension Fund. They are held with a number of investment managers across multiple asset classes. The investments are material to the financial statements (99.9% of the Statement of Net Assets) and therefore there is a risk of material misstatement.
- There is a risk of material misstatement relating to completeness, existence and accuracy as there has been a number of investment transitions in the year between investment managers, due to rebalancing of the portfolio based on the Pension Committee's decision to align the portfolio with the Investment Strategy Statement.

Our findings

- Where available, we obtained the internal controls report of investment managers and Northern Trust and reviewed these reports to identify any control deficiencies that would impact our audit approach. No issues were identified that impact our planned audit response.
- We obtained direct confirmation from the investment managers and the custodian to vouch the holdings and valuation of assets at year-end. Except for the corrected misstatement identified on **Page 21** we note that the valuations as recorded by management are appropriate.
- We did not find any misstatement in the purchases and sales figures.
- We recalculated change in market value and compare this to the overall investment return stated in the Pension Fund Committee's report for consistency with the amounts reported in the financial statements. We found the return to be consistent.

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Audit risks and our audit approach (cont.)

3 Valuation of Level 1, 2 and other Level 3 investments is misstated

Other audit risk

- The fair value of level 1, 2 and 3 investments is not measured appropriately.
- Investments are held to pay benefits of the Pension Fund. They are held with a number of investment managers across multiple asset classes. The investments are material to the financial statements (99.9% of the Statement of Net Assets) and therefore there is a risk of material misstatement.
- There is a risk of material misstatement relating to fair values of level 1 and 2 segregated and pooled investments which amounted to £1.570bn as at 31 March 2025 (PY: £1.556bn), due to the estimation uncertainty resulting from the pricing of these investments.
- There is a risk of material misstatement relating to fair values of level 3 pooled investments which amounted to £316.75 m as at 31 March 2025 (PY: £317.57m), due to the estimation uncertainty resulting from unobservable inputs to these investments.

Planned response

Our approach in relation to valuation for different types of investments is as follows:

- **Segregated financial instruments** Our in-house investment valuation team, iRADAR, was engaged to independently revalue segregated securities and over the counter (OTC) derivative prices and identify stale price issues of directly held financial instruments within the investment portfolio as well as any exposures to hard to value assets.
- **Level 1 & 2 Pooled Investment Vehicles:** We recalculated the value of the Level 1 and 2 pooled investments by using our in-house valuation specialist.
- **Level 3 Pooled Investment Vehicles:** For each Level 3 pooled investment vehicle investment manager, we obtained the unaudited Net Asset Value ('NAV') Statement at (or closest to) the measurement date and vouched the valuation to the NAV Statement.

  We further assessed the reliability of the NAV statements produced by fund managers on a sample basis by :

  - Obtaining and inspecting the latest audited financial statements for the underlying funds where available;
  - Inspecting the audit report to confirm that it is unqualified and that the audit has been carried out by a reputable audit firm; and
  - Comparing the unaudited pricing information at the year end to the audited financial statements valuation. Where the audited financial statements are not as at the Pension Fund year end date, we will agree them to unaudited pricing information at that date and reconcile significant movements to the Pension Fund year end date agreeing movements to transaction statements.

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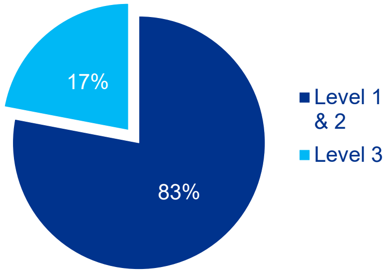
Audit risks and our audit approach (cont.)

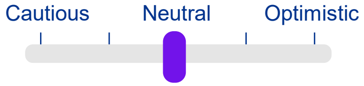
Level 1 & 2 Investments



Type of security	Market value 2025 (£m)	Percentage of portfolio 2025 (%)	Market value 2024 (£m)	Percentage of portfolio 2024 (%)
Pooled Investment Vehicles	1570.31	83.2%	1556.17	83.1%
Total	**1570.31**	**83.2%**	**1556.17**	**83.1%**

Our findings

Type of security	Our findings
Pooled Investment Vehicles, Segregated investment, Derivatives & investment cash	Our in-house investment valuation team, iRADAR, has tested the fair values of segregated financial instruments, and level 1 & 2 Pooled Investment Vehicles & derivatives, and do not note any deviation outside our acceptable range. We found the valuation of these investments appropriate. We have not noted any changes in method and underlying assumptions used to prepare accounting estimates related to valuation of level 1 and level 2 investments. We have not noted any possible bias relating to judgements and decisions in making accounting estimates related to valuation of level 1 and level 2 investments.



Key:
Current year

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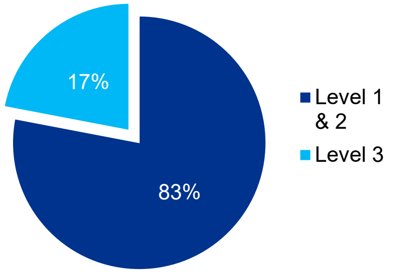
Audit risks and our audit approach (cont.)

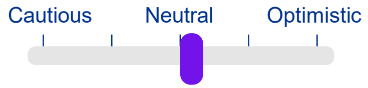
Level 3 Investments



Type of security	Market value 2025 (£m)	Percentage of portfolio 2025 (%)	Market value 2024 (£m)	Percentage of portfolio 2024 (%)
Pooled Investment Vehicles	316.75	16.7%	317.57	16.9%
Total	**316.75**	**16.7%**	**317.57**	**16.9%**

Our findings

Type of security	Our findings
Pooled Investment Vehicles	• For level 3 Pooled Investment Vehicles, we have vouched the valuations considered by management to the unaudited NAV statement. Except for the corrected misstatement identified on **page 21,** we found valuation of these investment based on unaudited NAV as appropriate. • We have assessed the reliability of the unaudited NAV statements provided by the investment manager by obtaining latest audited financial statements of fund and comparing with the unaudited NAV statement that aligns with the latest audited financial statements of fund. Our testing is currently on going and no issues have been noted. • We have not noted any changes in method and underlying assumptions used to prepare accounting estimates related to valuation of level 3 investments. • We have not noted any possible bias relating to judgements and decisions in making accounting estimates related to valuation of level 3 investments.



Key:
Current year

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Audit risks and our audit approach (cont.)

4 The actuarial position of the Pension Fund is not appropriately presented in the financial statements

Other audit risk

- The actuarial position of the Pension Fund is not appropriately presented in the financial statements.
- The actuarial position is not recognised on the Statement of Net Assets but is disclosed in the Notes.
- The value of the liability is an estimate involving the selection of appropriate actuarial assumptions, most notably the discount rate applied to the Pension Fund's liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective.

Planned response

We performed the following procedures:

- Understand the processes in place to set the assumptions used in the valuation;
- Evaluated the competency, objectivity of the actuary to confirm their qualifications and the basis for their calculations;
- Performed inquiries of the Pension Fund's actuary to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Tested the data provided used within the calculation of the Pension Fund valuation; and
- Evaluated, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data.

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Audit risks and our audit approach (cont.)

4 The actuarial position of the Pension Fund is not appropriately presented in the financial statements (cont.)

Other audit risk

- The actuarial position of the Pension Fund is not appropriately presented in the financial statements
- The actuarial position is not recognised on the Statement of Net Assets but is disclosed in the Notes
- The value of the liability is an estimate involving the selection of appropriate actuarial assumptions, most notably the discount rate applied to the Pension Fund's liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective.

Our findings

- We evaluated the competency, objectivity of the actuary to confirm their qualifications and the basis for their calculations and found these to be appropriate.
- We performed inquiries of the Pension Fund's actuary to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets.
- We tested the data provided used within the calculation of the Pension Fund valuation and noted no issues.
- Evaluated, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data. The methodology for valuation as well as setting individual assumptions is noted to be compliant with IAS 26.

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Other matters

Narrative report

We have received Narrative Report and are in the process of checking it for the compliance with the requirements of the Annual Report and financial statements with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ('the Code'). Based on the work performed:

- To date, we have not identified any inconsistencies between the content of the Narrative Report and the financial statements.
- To date, we have not identified any material inconsistencies between the knowledge acquired during our audit and the statements of the Council. As Audit Committee and Pension Committee and Board members you confirm that you consider that the Narrative Report and financial statements taken as a whole are fair, balanced and understandable and provides the information necessary for regulators and other stakeholders to assess the Council's performance, model and strategy.

Whole of Government Accounts

As required by the National Audit Office (NAO) we carry out specified procedures on the Whole of Government Accounts (WGA) consolidation pack.

At the time of writing this report we have just received the group instructions from the NAO. We are considering the required work and will complete alongside our audit of the financial statements.

Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors, which we completed at planning and no further work or matters have arisen since then.

Audit Fees

Our PSAA prescribed 2024/25 audit scale fee for the audit was **£ 87,612** plus VAT (**£76,891)** in 2023/24).

The scale fees for the FY 24/25 agreed with the PSAA takes into account the impact of ISA315 (Revised).

We have not completed any non-audit work at the Haringey Pension Fund.

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Appendix

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Required communications

Type	Response
Our draft management representation letter	We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2025.
Adjusted audit differences	There were adjusted audit differences as noted on **Page 21.**
Unadjusted audit differences	There were no unadjusted audit differences.
Related parties	There were no significant matters that arose during the audit in connection with the entity's related parties.
Other matters warranting attention by the Committee	There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
Control deficiencies	We communicated to management all deficiencies in internal control over financial reporting during the audit and these are included in this report as well – please see **page 22.**
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts	No actual or suspected fraud involving management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements identified during the audit.
Issue a report in the public interest	We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters.

Type	Response
Significant difficulties	No significant difficulties were encountered during the audit.
Modifications to auditor's report	None
Disagreements with management or scope limitations	The engagement team had no disagreements with management, and no scope limitations were imposed by management during the audit.
Other information	No material inconsistencies were identified related to other information in the statement of accounts.
Breaches of independence	No matters to report. The engagement team and others in the firm, as appropriate, the firm and, when applicable, KPMG member firms have complied with relevant ethical requirements regarding independence.
Accounting practices	Over the course of our audit, we have evaluated the appropriateness of the Pension Fund's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.
Significant matters discussed or subject to correspondence with management	The significant matters arising from the audit were discussed, or subject to correspondence, with management.

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Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.

To the Pension Committee and Board members

Assessment of our objectivity and independence as auditor of Haringey Pension Fund

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

The conclusion of the audit engagement partner as to our compliance with the FRC Ethical Standard in relation to this audit engagement and that the safeguards we have applied are appropriate and adequate is subject to review by an engagement quality control reviewer, who is a partner not otherwise involved in your affairs.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

No non-audit services have been provided to the Pension Fund during the year ended 31 March 2025 and we have not committed to providing any such services.

We have considered the fees charged by us to the Pension Fund and its affiliates for professional services provided by us during the reporting period.

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Confirmation of Independence

Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0:0:1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2024/25	2023/24
	£'000	£'000
Statutory audit	88	77
Other Assurance Services	0	0
ISA 315R**	0	6
Building back assurance	0	6
Internal consultation on audit opinion	TBC	6
Audit delays*	TBC	4
Total Fees	**TBC**	**99**

**There will be additional fee overruns in relation to chasing the fund managers, and audit of journals, we will agree these with management before completing the audit.*

***In the current year, the ISA 315 (revised) fees have been incorporated in the Scale fee for statutory audit.*

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit Committee of the Council and Pension Committee and Board.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements, and the objectivity of the director and audit staff is not impaired.

This report is intended solely for the information of the Audit Committee of the Council and Pensions Committee and Board and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

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Uncorrected audit misstatements

In line with ISA (UK) 450 we request that you correct uncorrected misstatements. However, they will have no effect on the opinion in our auditor's report, individually or in aggregate. As communicated previously with the Audit and Pension Committee, details of all adjustments greater than £ 935k are to be communicated.

We have nothing to report in this regard.

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Corrected audit misstatements

Under UK auditing standards (ISA (UK) 260) we are required to provide the Pension Committee and board with a summary of corrected audit differences (including disclosures) identified during the course of our audit.

Corrected audit differences (£'000s)				
No.	**Detail**	**Fund Account Dr/(Cr)**	**Net Asset Statement Dr/(Cr)**	**Comments**
1	Dr Investments Cr Change in Market Value	£ 7,010,628	£ 7,010,628	This will adjust the investments to update the values to the valuation confirmed by the fund managers.
	Total	**£ 7,010,628**	**£ 7,010,628**	

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Control Deficiencies

The recommendations raised as a result of our work in the current year are as follows:

Priority rating for recommendations					
❶	**Priority one:** issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	❷	**Priority two:** issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately, but the weakness remains in the system.	❸	**Priority three:** issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
1	❷	Disclosure of interest made by the Pension Committee members is inadequate. We identified that the Disclosure of interest filed by the Pension Committee members is not as per the requirements of the applicable financial reporting framework. Instead, it is as per the pensions regulations therefore, it fails to identify all the related parties of the Pension Fund.	Management acknowledges and agrees with the findings. While the current disclosure of interest policy complies with pension regulations, we concur that adopting a more prudent approach to align these disclosures with the financial reporting framework is prudent. The Jamie Abbott - Head of Pensions will be responsible for updating the disclosure policies by September 2026. **Responsible Officer:** Head of Pensions – Jamie Abbott **Due Date:** September 2026
2	❷	Journals below £40,000 are not required to be approved by another person. There is a park and post control in place at Haringey Pension Fund which is for segregation of duties. The control requires that journals are made and approved by different individuals. However, during our testing of the journals process we observed that this control is not required for journals below £40,000. This poses a risk of misstatement in the financial statements whether due to error or fraud as the journals below £40,000 can be posted unapproved. We recommend management make the park and post control applicable for all journals and not just those above £40,000 as well.	Management acknowledges and agrees with the findings. While values below £40,000 are themselves not material, a collective of erroneous values can accumulate if not adequately checked. In co-operation with the main Council the Pension Fund will implement a park and post approach for all journals, regardless of value. The Jamie Abbott Head of Pensions will be responsible, working in co-operation with the main Council, to implement a park and post approach for all journal values commencing April 2026. **Responsible Officer:** Head of Pensions – Jamie Abbott **Due Date:** April 2026

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KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every engagement lead and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework. Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

Commitment to continuous improvement

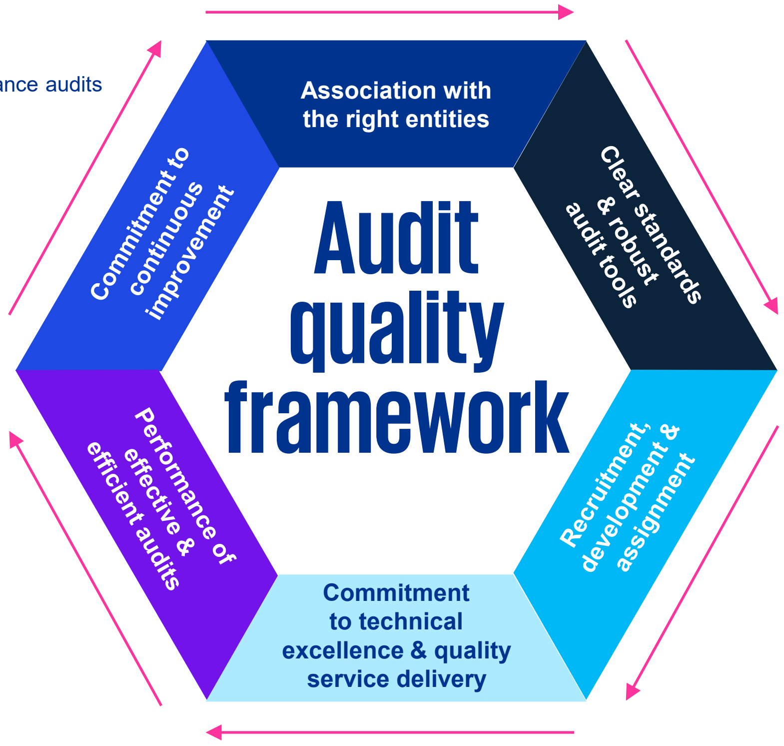
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



Association with the right entities

- Select clients within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members employed KPMG specialists and specific team members

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