

Proposed Governance Arrangements for the London CIV

Criterion B: Strong governance and decision making

6. The governance structure for their pool, including the accountability between the pool and elected councillors and how external scrutiny will be used.

a) Please briefly describe the mechanisms within the pool structure for ensuring that individual authorities' views can be expressed and taken account of, including voting rights.

The governance structure of the CIV and the role that Authorities play in this is crucial to understanding how decisions are made in the CIV and the interaction that there has to be. All participating London Local Authorities are both shareholders and investors in the London CIV company and as such the CIV is accountable to the Authorities at both levels.

The governance structure of the CIV has been designed to ensure that there are formal and informal routes to facilitate engagement with all the Authorities. This is achieved through a combination of the London Councils' Pensions Sectoral Joint Committee (PSJC), comprising nominated elected Member representatives Authorities (in most cases the Pensions Committee Chair), and the Investment Advisory Committee ("IAC") formed from nominated borough officers, which includes both Treasurers and Pension Officers from a representative sample of Authorities. The share structure of London CIV provides for equal voting rights for each authority on a one share one vote basis, this is a key tenet of the decision making process.

b) Please list and briefly describe the role of those bodies and/or suppliers that will be used to provide external scrutiny of the pool (including the Pensions Committee and local Pension Board).

➤ As an AIFM London CIV must comply with the Alternative Investment Manager Directive ("AIFMD") and falls under the regulatory scrutiny and reporting regime of the Financial Conduct Authority ("FCA"). This includes the requirement for robust systems and processes and for these to be documented appropriately in policies and manuals. Risk management is a particular focus for the FCA and London CIV has developed a risk framework and risk register covering all areas of its operations, including fund management.

➤ The Pensions Sectoral Joint Committee ("PSJC") has been established under the governing arrangements of London Councils. The PSJC effectively fulfils two roles, one is as a mechanism