

Pension Fund Committee

Meeting to be held on Friday, 1 December 2017

Electoral Division affected: (All Divisions);
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Responsible Investment

(Appendix 'A' refers)

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Executive Summary

Responsible Investment (RI) encompasses a range of stewardship activities associated with Lancashire County Pension Fund (LCPF) fulfilling its fiduciary duty to act in the best long term interests of fund beneficiaries.

The report at Appendix 'A' provides the Pension Fund Committee with an update on Responsible Investment matters.

Recommendation

The Committee is asked to note the report at Appendix 'A'.

Background and Advice

The report at Appendix 'A' has been prepared by the Responsible Investment Manager at LPP Investments Ltd and provides information on how the Fund is being supported to fulfil its commitment to long term responsible asset ownership in line with the approach set out within its Investment Strategy Statement.

For the purposes of reporting on voting, engagement and litigation monitoring activities, the information provided within the report at Appendix 'A' relates to the second quarter of 2017/18 and focusses on the period from 1st July to 30th September 2017. For the purposes of reporting on wider matters, more recent developments are also reflected as part of bringing current and emerging issues to the Committee's attention.

Working Group on Responsible Investment

As reported to the last meeting of the Committee, a Responsible Investment Working Group has been established to consider the Fund's approach to stewardship and RI and review the committee's requirements for monitoring information in this area going forward.

The Working Group comprises the following members of the Committee, supported by Fund officers and the LPP I Responsible Investment Manager:

County Councillor K Ellard – Labour (Chair);
County Councillor S Clarke – Conservative;
County Councillor G Dowding – Green;
Councillor R Whittle – co-opted member representing Trade Unions.

The Working Group was convened for the first time on 20th September 2017 and held a second meeting on 8th November 2017 which was attended by invited representatives from the London Pensions Fund Authority. A third meeting is scheduled for 12th December 2017.

An update on the activities of the Working Group is included as a separate item on the agenda.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

It is an important component of good governance that the Fund is an engaged and responsible investor committed to actions which are in the best long term interests of fund members and beneficiaries.

As an LGPS Fund, LCPF is required to be a signatory to the UK Stewardship Code and to uphold the principles espoused by the code.

The monitoring of investee companies and the promotion of good corporate governance practices can help to reduce the risk of unexpected losses arising as a result of poor over-sight and lack of independence.

Responsible investment practices underpin the fulfilment of LCPF's fiduciary responsibilities to Fund beneficiaries and are implemented in practice through the advisory and investment management services provided by LPP I.

Quarterly RI Reports provide information to the Pension Fund Committee on the stewardship of the Fund's assets by LPP I and enable the committee to monitor the activities undertaken.

Involvement in a non-US type of “class action” may result in the recovery of losses incurred by the Fund but, should the claim be lost, the Fund may incur related costs which may not be known with certainty at the time of filing.

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact/Tel
N/A		

Reason for inclusion in Part II, if appropriate

N/A