

Pension Fund Committee

Meeting to be held on Friday, 14 September 2018

Electoral Division affected:
(All Divisions);

Responsible Investment

(Appendix A refers)

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Executive Summary

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

The report set out at Appendix 'A' provides the Pension Fund Committee with an update from LPP Investments Ltd on Responsible Investment matters relating to the second quarter of 2018.

Recommendation

The Committee is asked to note the report on Responsible Investment activity at Appendix 'A'.

Background and Advice

The report attached 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 and Responsible Investment Policy.

For the purposes of reporting on voting, engagement and litigation monitoring activities, the information provided relates to the second quarter of 2018 and focusses on the period from 1st April to 30 June 2018. 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.

Principles of Responsible Investment

As agreed at the Committee in June the Local Pension Partnership has become a signatory to the Principles of Responsible Investment, replacing the Fund and London Pension Fund Authority. LPP will now report publicly against the Principles for the first time in February/March 2019.

Local Authority Pension Fund Forum

At the recent Local Authority Pension Fund Forum Annual General Meeting held on the 19th July 2018, the results of the LAPFF Executive elections were announced. Lancashire County Pension Fund now has two representatives on the LAPFF Executive:

Cllr Eddie Pope – Councillor Member;
Abigail Leech – Officer Member.

This is a clear indication of the importance of Responsible Investment to the Lancashire County Pension Fund.

Responsible Investment Working Group

The Working Group was tasked with further developing a comprehensive Climate Change Policy at the Committee in March 2018. The Working Group have met once and have requested further information on its current investments before its next meeting on 11 October 2018. The Group will report back its recommendations at the Committee in November 2018.

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 a Local Government Pension Fund, the Lancashire County Pension Fund 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 the Fund'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