

Pension Fund Committee

Meeting to be held on Friday, 30th November 2018

Electoral Division affected:
(All Divisions);

Responsible Investment

(Appendix A refers)

Contact for further information: Mukhtar Master, 01772 532018, Governance & Risk Officer, Mukhtar.Master@lancashire.gov.uk

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

Recommendation

The Committee is asked to comment on this report.

Background and Advice

RI Report LPP:

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 relates to the third quarter of 2018 and focusses on the period from 1st July 2018 to 30 September 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.

RI Working Group:

Further to a request made at the Pension Fund Committee held on the 23rd March 2018, the RI Working Group were asked to review the Climate Change Policy the outcome of this working group is presented elsewhere on the agenda.

LPP – Additional Resource for RI:

LPP have increased their staffing resource for their Responsible Investment team. A new Senior Analyst, Clarisse Simonek has been recruited to work alongside Frances Deakin, the RI Manager.

Responsible Investment Statutory Guidance:

The LGPS Scheme Advisory Board's Investment, Governance and Engagement Sub Committee met on the 3rd September 2018. Point 6 of the minutes, which can be found on the Scheme Advisory Board website, reads "It was agreed that further statutory guidance would be of help to LGPS funds, including partitions of voting rights for pooled funds and the views of scheme members."

LINK - http://www.lgpsboard.org/images/PDF/IEOct2017/Item2_PaperA.pdf

This guidance will be shared with the Committee once it becomes available.

LGC Investment (October 18)

An article titled 'Always invest responsibly', which appeared in the LGC Investment periodical dated October 18. The article looks at how the LGPS is pursuing responsible investment and includes references to LPP and LCPF, together with comments by Frances Deakin, the LPP Responsible Investment Manager. A copy of this article is available at the following link:

<https://www.lgcplus.com/investment/how-the-lgps-is-approaching-responsible-investment/7026438.article?blocktitle=More-on-investment&contentID=22587>

Consultations

Frances Deakin the Responsible Investment Manager at LPP was consulted regarding this report.

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		