

Pension Fund Committee

Meeting to be held on Friday, 17 September 2021

Electoral Division affected: (All Divisions);
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Responsible Investment Report

(Appendices 'A' and 'B' refer)

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Executive Summary

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

Set out at Appendix 'A' is a report from the Local Pensions Partnership Investments Limited which provides the Committee with an update on responsible investment matters during the second quarter of 2021 (April to June).

Recommendation

The Committee is asked to note the report.

Background

The report at Appendix 'A' has been prepared by the Head of Responsible Investment at Local Pensions Partnership Investments Ltd (LPPI) 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 the Responsible Investment Policy approved by the Committee at its meeting in November 2018.

Attached as Appendix 'B' is the dashboard style report together with the qualitative overview of LPPI stewardship activities for the second quarter of 2021 (April - June).

Other matters of note for the Committee:

Responsible Investment Task & Finish Group

Further to the resolution at the last Pension Fund Committee meeting held on the 18th June 2021, a Task and Finish Group comprising of four members of the Committee has been established. The four members, selected by the Chair of the Committee, are:

County Councillor - A Schofield (Chair)
County Councillor - M Brown
County Councillor - G Dowding
Co-opted member - Ms J Eastham

Three meetings of the Task and Finish Group are planned (with a potential fourth meeting if required) and the first meeting was held via Zoom on the 2nd September 2021. The Task and Finish Group plan to present recommendations and the reviewed Responsible Investment Policy to the Committee in November 2021 for consideration.

Local Authority Pension Fund Forum (LAPFF)

LAPFF business meetings continue to be held online. The last meeting held on the 14th July 2021 covered topics such as:

- Zero-carbon initiatives and voting;
- Israeli Palestinian Engagement;
- All Party Parliamentary Group (APPG) Just Transition Inquiry: quarterly update;
- Response to the Department of Business Energy and Industry Strategy on Financial Reporting Council (FRC) and Audit White Paper.

Papers from the meeting can be made available on request.

Additionally, the elections for the LAPFF Executive for 2021 are currently underway. The Chair of the Pension Fund Committee and existing LAPFF executive member, County Councillor E Pope, has submitted a nomination form to continue in his role for a further year.

Consultations

Frances Deakin, the Head of Responsible Investment at the Local Pensions Partnership Investments Limited, 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.

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 oversight 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 Local Pensions Partnership Investments Limited.

Quarterly Reports provide information to the Pension Fund Committee on the stewardship of the Fund's assets by Local Pensions Partnership Investments Limited and enable the Committee to monitor the activities undertaken.

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

Paper	Date	Contact/Tel
Robeco Active Ownership Report Q2-2021	01/04/21 to 30/06/21	Mukhtar Master (01772) 532018

Reason for inclusion in Part II, if appropriate
N/A