

Pension Fund Committee

Meeting to be held on Friday, 26 November 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 third quarter of 2021 (July to September).

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 third quarter of 2021 (July - September).

Other matters of note for the Committee:

Responsible Investment Policy Review

A Task and Finish Group established by the Pension Fund Committee are due to present the outcome of a review of the Responsible Investment Policy at the

Committee meeting today. The paper will table a revised Responsible Investment Policy for approval by the Committee.

Key Points from LPPI Responsible Investment Report Q3 2021

- LPPI was confirmed as a new signatory to the Institutional Investor Group on Climate Change (IIGCC) Net Zero Asset Manager Commitment;
- LPPI have submitted its first Annual Report on Stewardship and Responsible Investment (2020/21) to the Financial Reporting Council. This is in relation to the revised UK Stewardship Code (2020). The FRC will confirm 'in early 2022' whether or not LPPI have achieved the relevant standard for attaining signatory status;
- LPPI's Responsible Investment Team have developed 'Shareholder Voting Guidelines' for the LPPI Global Equities Fund. A link to the guidelines can be found in Appendix A.

Local Authority Pension Fund Forum (LAPFF)

LAPFF business meetings continue to be held online. The last meeting held on the 6th October 2021 covered topics such as:

- Carbon taxes, levies and subsidies, offset trading and overlaps with 'greenwash';
- Nuclear power and net zero;
- Direct air capture (DAC);
- LAPFF Executive Committee election results – County Councillor Eddie Pope, Chair of the Pension Fund Committee, has been elected to continue as a member of the LAPFF Executive Committee.

Papers from the meeting can be made available on request.

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 Q3-2021	01/07/21 to 30/09/21	Mukhtar Master (01772) 532018

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