#### **Pension Fund Committee**

Meeting to be held on 10 June 2016

Electoral Division affected: None

### **Responsible Investment**

(Appendix 'A' refers)

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# **Executive Summary**

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

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

### Recommendation

The Committee is asked to note the report.

### **Background and Advice**

The Pension Fund Committee receives a report on RI-related matters routinely each quarter.

As the first RI report presented since the launch of the Local Pensions Partnership (LPP), this quarter's report has a slightly different look and approach. This reflects the new service delivery context wherein RI matters are part of the investment management services being received by LCPF from LPP - its external provider of pension services.

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

#### **Consultations**

N/A



# Implications:

This item has the following implications, as indicated:

# Risk management

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

Responsible investment practices underpin effective fulfilment of the Administering Authority's fiduciary responsibilities.

The promotion of good corporate governance within the companies the Fund is invested in reduces the risk of unexpected losses arising as a result of poor oversight and lack of independence.

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.

Should the claimants in the litigation against RBS fail, then it is possible that LCPF faces having to make a contribution towards RBS costs notwithstanding the insurance which is in place. The amount of any shortfall following an insurance settlement and the LCPF contribution thereto is impossible to quantify at this stage.

Furthermore, if the case is successful the LCPF will be required to pay the amounts owing for Legal Services under the Conditional Fee Agreement (insofar as not recovered from RBS) and to pay a proportion of any sum recovered to the funder from the proceeds of the litigation.

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

Paper	Date	Contact/Tel
N/A		
Reason for inclusion i	n Part II, if appropriate	
N/A		