

Pension Fund Committee

Meeting to be held on 15 September 2016

Electoral Division affected:
(All Divisions);

Responsible Investment

(Appendix 'A' refers)

Contact for further information:

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Executive Summary

The report at Appendix 'A' provides the Pension Fund Committee with its regular 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:

- (i) Note the report;
- (ii) Authorise the Chair of the Pension Fund Committee, in consultation with the Head of Fund, to approve a revised Statement of Compliance with the Stewardship Code.

Background and Advice

The Pension Fund Committee receives a quarterly report on Responsible Investment (RI) related matters which provides an update on activities falling within the scope of the approach to RI set out within the Fund's Statement of Investment Principles.

The implementation of RI in line with the approach described in the SIP falls to the Local Pensions Partnership (LPP) as the Lancashire County Pension Fund's (LCPF's) 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's commitment to long term responsible asset ownership is being fulfilled in practice.

The report describes an initiative by the Financial Report Council to introduce public tiering of signatories to the UK Stewardship Code under which it will assess the

quality and completeness of each signatory's reporting against the Code and make public the assessment of sufficiency. Signatories have a limited window of opportunity to review their current statement and to update this to achieve Tier 1 status (fully meeting reporting expectations in relation to stewardship activities). Given the limited timeframe for the review exercise required, the Committee is requested to authorise the Chair of the Pension Fund Committee, in consultation with the Head of Fund, to approve a redrafted statement of compliance with the Stewardship Code. Committee members will receive full details and the Fund's redrafted statement at the next meeting of the Committee in December 2016.

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 long term 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.

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

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A