



Havering
LONDON BOROUGH

PENSIONS COMMITTEE

07 December 2021

Subject Heading:

**REVIEW OF VOTING AND
ENGAGEMENT ACTIVITY**

CLT Lead:

Jane West

Report Author and contact details:

Debbie Ford
Pension Fund Manager (Finance)
01708432569

Policy context:

Debbie.ford@onesource.co.uk
To meet objectives set out in the
Investment Strategy Statement

Financial summary:

No direct financial implications

The subject matter of this report deals with the following Council Objectives

Communities making Havering	[X]
Places making Havering	[X]
Opportunities making Havering	[X]
Connections making Havering	[X]

SUMMARY

The attached report, produced by the Fund's Investment Advisor (Hymans), presents a Review of the Fund's investment managers' Voting and Engagement activities over the 12-month period to 30 June 2021.

RECOMMENDATIONS

That the committee:

1. Note Hymans review of Fund Manager Voting and Engagement activity attached as **Appendix A**.
2. Note the summary and recommendations as set out in **Appendix A**.

REPORT DETAIL

1. Background

1. The attached report at **Appendix A**, from the Fund's Investment Advisor (Hymans), summarises the Fund's investment managers' Voting and Engagement activities' in support of the Committee's ongoing monitoring requirement as set out in the Investment Strategy Statement (ISS). The review focused on the period for the year to **30 June 2021**.
2. The Fund does not have its own voting policy and in line with the Fund's current ISS, engagement and voting activity is delegated to the Fund's Investment managers with the Fund reviewing their approach on an annual basis.
3. Shareholder rights are only available to the Fund's investment managers that have segregated equity holdings. Equity holdings held are managed on a pooled basis so the Fund has no shareholder rights in respect of voting.
4. The Fund recognises that its equity assets are invested in pooled vehicles and it remains subject to the voting policies of the managers of these vehicles:
 - Investments through the London CIV (LCIV) are covered by the voting policy of the LCIV, which has been agreed by the Pensions Sectoral Joint Committee. Voting is delegated to the external managers and monitored on a quarterly basis. LCIV has taken action to evolve its approach to stewardship with the appointment of Hermes

EOS as a voting and engagement partner. LCIV will be developing and implement its own voting policy although this is not yet in place.

- In respect of Fund investments outside the LCIV, the Committee has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long-term shareholder value

5. In line with the Fund's ISS the Committee will on an annual basis:
 - a. Monitor the voting decisions made by all its investment managers and receive reports from their advisers to support this on an annual basis.
 - b. Request its investment manager provide details of any change in policy on an annual basis. The Committee will review these changes and, where necessary, will challenge managers to explain the reasoning for any change
 - c. Reviews voting activity by its investment manager and may also periodically review managers' voting patterns. The Committee will challenge its managers to explain voting decisions on certain issues, particularly with regard to climate risk disclosure.
6. Hymans report attached as **Appendix A** addresses the above for the Committee's consideration.

IMPLICATIONS AND RISKS

Financial implications and risks:

No direct financial implications but the Committee has set an objective of seeking to ensure that voting policies and engagement are regularly reviewed and updated to ensure that changing practices and regulation can continue to be reflected where necessary. The purpose of influencing behaviour is that they make for better returns over the long term

Legal implications and risks:

There are no apparent legal implications in noting the content of the Report and making the requested decisions.

Human Resources implications and risks:

None arise from this report.

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- i. the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- ii. the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- iii. foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment/identity.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants

An Eq EIA is not considered necessary regarding this matter as the protected groups are not directly or indirectly affected

None arise from this report as this report is required to be published in order to comply with Local Government Pension Scheme Regulations 2013.

BACKGROUND PAPERS

Background Papers List

None