



Havering
LONDON BOROUGH

PENSIONS COMMITTEE

19 March 2024

Subject Heading:

**REVIEW OF VOTING AND
ENGAGEMENT ACTIVITY JUNE 2023**

CLT Lead:

Kathy Freeman

Report Author and contact details:

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Policy context:

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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 as Appendix A, produced by the Fund's Investment Advisor (Hymans), presents a summary of the Fund's investment managers' Voting and Engagement activities over the 12-month period to **30 June 2023**.

RECOMMENDATIONS

That the committee:

1. Note Hymans review of Fund Manager Voting and Engagement activity attached as **Appendix A**.
2. Agree the recommendations as set out in **Appendix A (page 16)**.
3. Note the next steps as set out in **Appendix A (page 16)**.

REPORT DETAIL

1. Background

1. The attached report at **Appendix A**, produced by the Fund's Investment Advisor (Hymans), summarises the Fund's investment managers' Voting and Engagement activities' over the 12-month period to **30 June 2023**. This is in support of the Committee's ongoing annual monitoring requirement as set out in the Investment Strategy Statement (ISS) as follows:
 - a. The Committee monitors the voting decisions made by all its investment managers and receive reporting from their advisers to support this on an annual basis.
 - b. The Committee will request its investment managers 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. The Committee reviews voting activity by its investment managers on an annual basis 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
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. This review having been undertaken by the Fund's Investment Advisor. Hymans report attached as **Appendix A** addresses the above for the Committee's consideration

3. Appendix A also includes information on the Fund's managers that are signatories to the UK Stewardship Code 2020 and who report against the Principles for Responsible Investment (PRI):

- Stewardship Code 2020 – is a voluntary code that sets high stewardship standards. Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society for those investing money on behalf of UK savers and pensioners, and those that support them. Signatories must report annually against 12 principles.
- PRI - is voluntary and allows organisations to publicly demonstrate its commitment to incorporating environmental, social and governance (ESG) factors into its investment decision making and ownership practices. Signatories must report annually against 6 principles.

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 cost of producing the report is included within the core contract costs as set out in the National LGPS Framework for Investment Management Consultancy Services agreed with Hymans.

Costs are met by the Pension Fund

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 EqEIA 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