

# **Pension Fund Investment Subcommittee**

**14 June 2021**

## **Voting Policy**

### **Recommendations**

1. That the Pension Fund Investment Sub-Committee (PFISC) notes and comments on the report
2. That the PFISC approves The Warwickshire Pension Fund Stewardship & Voting Policy.
3. That the PFISC approves the Border to Coast Pensions Partnership Corporate Governance and Voting Guidelines

### **1 Executive Summary**

- 1.1 The purpose of this report is to provide an updated Voting and Stewardship Policy that continues to align with that of Border to Coast Pensions Partnership (BCPP).
- 1.2 At the point that assets are transferred to a BCPP sub-fund BCPP undertake all share voting, however there is still a requirement for all BCPP partner funds to produce a policy as the ultimate asset owner.
- 1.3 As BCPP invests a considerable proportion of Warwickshire Pension Fund's assets ("the Fund"), it is important that there is alignment in voting and stewardship policies.
- 1.4 The appendices include a tracked changes copy of the Fund's Voting and Stewardship Policy (appendix A) along with BCPP's Corporate Governance and Voting Guidelines (appendix B).
- 1.5 The key tracked change is that the Fund no longer has any segregated mandates with investment managers. A segregated mandate is where the Fund wholly and singularly owns the stocks and therefore has direct voting rights. A pooled (or non-segregated) mandate is where equity funds are held in pooled vehicles where the Fund owns a share of the pool and does not directly and singularly own any individual shares. The Fund therefore has ceased its contract with an external proxy voting agency as that service (direct voting) is no longer necessary.
- 1.6 Legal and General Investment Management invests the Fund's passive equity holdings, their Investment Stewardship policies are published here: <https://www.lgim.com/uk/en/capabilities/investment-stewardship/>

## **2 The Fund Voting Policy and the Border to Coast Pensions Partnership Voting Guidelines**

- 2.1 It is a requirement for the Fund and asset pool to produce individual voting policies and these policies will continue to be the responsibility of the respective entities.
- 2.2 There are no material contradictions between the Fund's policy and the Border to Coast document approved by the Joint Committee in November 2020, however the PFISC may wish to note the following:
- Border to Coast's Voting Guidelines have been written for a large asset pool where the Chief Investment Officer has a higher degree of autonomy than officers at individual pension funds
  - Border to Coast will be expected to engage with companies as a larger shareholder and a professional asset manager
  - Border to Coast will have the overall say on how votes are cast as the guidelines are based on a harmonisation of the eleven member funds' policies

## **3 Financial Implications**

None

## **4 Environmental Implications**

BCPP have updated some of their Voting Guidelines with respect to votes on environmental matters since the 2019 edition. The Transition Pathway Initiative ('TPI') toolkit forms the basis for this, and BCPP will vote against the Chair of the Board where progress is insufficient.

## **5 Supporting Information**

None.

## **6 Timescales Associated with Next Steps**

None.

## **Appendices**

Appendix A – WPF Stewardship and Voting Guidelines

Appendix B – Border to Coast Pensions Partnership Corporate Governance and Voting Guidelines

## Background Papers

None

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The report was circulated to the following members prior to publication:

Local Member(s): None

Other members: Horner and Gifford