



<u>Committee and Date</u>
Pensions Committee
24 January 2020
10.00am

<u>Item</u>
<b>8</b>
Public

## CORPORATE GOVERNANCE MONITORING

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### 1. Summary

- 1.1 The report is to inform members of Corporate Governance and socially responsible investment issues arising in the quarter 1<sup>st</sup> July 2019 to 30<sup>th</sup> September 2019.
- 1.2 In addition, outlined in Appendix C is a statement of compliance with UK Stewardship Code which has been agreed by the Director of Finance, Governance & Assurance and Chair of Pensions Committee.

### 2. Recommendations

- 2.1 Members are asked to accept the position as set out in the report, Manager Voting Reports at Appendix A and BMO Global Asset Management Responsible Engagement Overlay Activity Report at Appendix B.
- 2.2 Members are asked to note the statement of compliance with the UK Stewardship Code at Appendix C, agreed by the Chair of Pensions Committee and the Director of Finance, Governance & Assurance; December 2019.

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

- 3.1 Risk Management is part of the Pension Fund's structured decision-making process by ensuring that investment decisions are taken by those best qualified to take them.
- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 3.3 The Fund's Corporate Governance Policy enables it to influence the environmental policies of the companies in which it invests.
- 3.4 There are no direct Equalities or Community consequences.

### 4. Financial Implications

- 4.1 There are no direct financial implications arising from this report.

## 5. Background

- 5.1 The Shropshire County Pension Fund has been actively voting for over fifteen years at the Annual General Meetings and Extraordinary General Meetings of the companies in which it invests. Voting is carried out by individual Fund Managers on all equity portfolios.
- 5.2 The Fund is also addressing its social responsibility through a strategy of responsible engagement with companies. BMO Global Asset Management provide this responsible engagement overlay on the Fund's UK equities portfolio.

## 6. Manager Voting Activity

- 6.1 Details of managers voting activity during the quarter relating to equity portfolios are attached (Appendix A).

## 7. Responsible Engagement Activity

- 7.1 During the last quarter BMO Global Asset Management have continued to actively engage with companies on the Fund's behalf. An update on the engagement activities for the quarter is attached at Appendix B in the REO Activity report.

## 8. UK Stewardship Code

- 8.1 Appendix C details a statement of compliance which has been sent to the Financial Reporting Council (FRC) for approval. The statement outlines how the fund complies with the principles of the code. The statement has been published on the Pension Fund's website and has been approved by the Chair of Pensions Committee and the Director of Finance, Governance & Assurance.
- 8.2 The Stewardship Code was updated in November 2019 and comes in to effect, 21<sup>st</sup> January 2020. The Fund is required to report on the outcomes of the new code starting in 2021. The attached statement outlines the Funds compliance with the existing code and means we will become a signatory once approved by the FRC.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

Corporate Governance Monitoring report, Pensions Committee 04 October 2019

**Cabinet Member**

N/A

**Local Member**

N/A

**Appendices**

A. Manager Voting Activity Reports.

B. BMO Global Asset Management Responsible Engagement Overlay Reports.

C. Statement of compliance - UK Stewardship Code