



BCPP Joint Committee

Date of Meeting: 20th October 2017

Report Title: Proposed BCPP Ltd Responsible Investment Policy and Corporate Governance & Voting Guidelines

Report Sponsor: Responsible Investment Lead – Jane Firth

1.0 Executive Summary:

1.1 Per the agreed process for approving the BCPP Ltd Responsible Investment Policy and Corporate Governance and Voting Guidelines this paper outlines the proposed BCPP Ltd policy to enable Partner Funds' to achieve their Responsible Investment and stewardship responsibilities.

2.0 Recommendation:

2.1 That Members approve the BCPP Ltd Responsible Investment Policy and the Corporate Governance and Voting Guidelines and recommend to their Committees that their individual policies in this regard are aligned to this policy so as to ensure all can comply with the LGPS Investment Regulations.

3.0 Background:

3.1 The responsibility for Responsible Investment (RI) and Stewardship remains with the administering authority (AA) as referenced in the LGPS 'Guidance on Preparing and Maintaining an Investment Strategy Statement' (amended July 2017). The Regulations require every AA to have a policy that reflects their stewardship responsibilities which includes a voting policy. Individual Authorities will, therefore, continue to require policies on RI and Stewardship. As BCPP Ltd will be charged with delivering any RI and Stewardship policies on behalf of Partner Funds, it is essential that policies are aligned and support those of BCPP Ltd. This is necessary so that policies can be implemented and to deliver what the Partner Funds' require ahead of the 'go live' date.

3.2 The attached RI Policy and Corporate Governance and Voting Guidelines have been developed to reflect best practice. They have been arrived at by reviewing Partner Funds current policies along with those of a number of asset managers seen as leaders in this area. The policies are high level documents which will

require detailed procedures on implementation; these will be developed as soon as is practicable.

- 3.3 Pooling presents an opportunity for the twelve Partner Funds to develop RI and Stewardship through dedicated resource at BCPP Ltd and collaboration with other pools and shareholder groups. It will utilise its scale and influence through share voting and engagement.
- 3.4 The proposed process will be to annually review the proposed BCPP Ltd policy at the Joint Committee meeting in December each year for implementation in the following April. This will enable the partner Funds the time to make any changes required to their policies to ensure alignment. The process will involve BCPP Ltd, the Joint Committee, and the Officer Operations Group. Reporting will be done on a quarterly basis to the Joint Committee, the Officer Operations Group, and to the individual Partner Funds.

4.0 Conclusion:

- 4.1 In order for BCPP Ltd to satisfy the needs and regulatory requirements of the Partner Funds it is essential that policies relating to Responsible Investment and Stewardship are aligned both at Fund and Pool level.

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Further Information and Background Documents:

Appendix 1: Border to Coast Pensions Partnership Responsible Investment Policy

Appendix 2: Border to Coast Pensions Partnership Corporate Governance and Voting Guidelines