

**REPORT OF SERVICE DIRECTOR – FINANCE, INFRASTRUCTURE &
IMPROVEMENT****PROXY VOTING****Purpose of the Report**

1. The Fund is committed to supporting best practice in corporate governance and has adopted the *UK Stewardship Code* as recommended by the CIPFA *Principles for investment decision making and disclosure*. This report is to inform members of the voting of equity holdings in the second quarter of 2019 (calendar year) as part of this ongoing commitment, and of a planned change to how these equities will be voted in 2020.

Information

2. The *UK Stewardship Code*, issued in September 2012 by the Financial Reporting Council, highlights the responsibilities that institutional investors have with regard to the 'long-term success of companies in such a way that the ultimate providers of capital [in this case, the Nottinghamshire Pension Fund] also prosper'. These responsibilities include, among other things, having a clear policy on voting and on the disclosure of voting activity. The *Code* states that investors "should not automatically support the board".
3. Alongside this the CIPFA *Principles for investment decision making and disclosure* require administering authorities to include a statement of their policy on responsible investment in the Investment Strategy Statement and report periodically on the discharge of such responsibilities. The Fund's statement on responsible investment states that 'the Fund continues to exercise its ownership rights by adopting a policy of actively voting stock it holds'.
4. The Fund retains responsibility for voting directly held shares (rather than delegating to its investment managers) and votes the majority of its equity holdings in the UK, Europe, US and Japan. To date, voting has been executed by Pensions Investment Research Consultants (PIRC). However, as reported previously, voting will be undertaken by Hermes EOS as from 1 January 2020, and covered by the voting policy of LGPS Central. This will make a revenue saving for the Fund of around £40,000 p.a.

5. An overview of the PIRC voting activity and analysis of the key issues during the quarters will be published on the Fund website:

<http://www.nottspf.org.uk/about-the-fund/investments>

and with the meeting papers on the Council Diary:

<http://www.nottinghamshire.gov.uk/dms/Meetings.aspx>

Statutory and Policy Implications

6. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

That Pension Fund Committee members consider whether there are any actions they require in relation to the issues contained within the report.

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Constitutional Comments (KK 30/01/2020)

7. The proposal in this report is within the remit of the Nottinghamshire Pension Fund Committee.

Financial Comments (TMR 21/01/2020)

8. The financial implications are set out in paragraph 4.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- PIRC – Nottinghamshire CC Pension Fund, Proxy Voting Review, 1 October 2019 to 31 December 2019
- Financial Reporting Council, *The UK Stewardship Code*, September 2012