

Nottinghamshire County Council Pension Funds

Statement on Responsible Investment

1. Statement of Principles

- 1.1 The Nottinghamshire Fund adopts a long term approach to responsible investment. The Trustees recognise their full responsibility for the oversight of the Funds and are charged with determining the overall investment strategy and the type of investment management used. The investment strategy is aimed at achieving best returns whilst minimising risk and overall variability in future employers contribution rates. Environmental, social and governance (ESG) issues will be taken into account where these are considered likely to impact on returns.
- 1.2 The Fund supports the principles of best corporate governance as exemplified in contemporary codes of practice, as being in the best long term interests of beneficiaries and other stakeholders. The Fund has adopted a number of specific policies to implement its approach to long term responsible investment.

2. Policies Adopted

- 2.1 The Fund continues to exercise its ownership rights by adopting a policy of actively voting stock it holds. The Fund retains responsibility for voting (rather than delegating this to investment managers) and votes are cast for the majority of its equity holdings in the UK, Europe, US and Japan.
- 2.2 Voting is in line with corporate governance best practice and the Fund subscribes to independent research services for voting advice. Quarterly reports are made to the Investments Sub-Committee on votes cast and the issues involved. In exceptional circumstances the Fund will combine with others on a specific issue but only after a specific report has been made or consultation carried out.
- 2.3 In order to ensure ownership rights can be exercised, the Fund holds and will continue to hold, investments in its own name where possible, rather than in the name of investment managers. It will continue to oppose those processes, such as stock lending, which also deprive the Fund of the ability to meet its corporate governance objectives.
- 2.4 The Fund adopts a policy of positive engagement with companies in which it invests in order to promote high standards of corporate governance. It expects investment managers to engage with companies to address concerns affecting performance. The Fund also holds a number of investments that specifically focus on engaging with the management of under-performing companies in order to generate superior returns.

2.5 The Fund believes that the greatest impact on behaviour can be achieved when working together with others. It is a member of the Local Authority Pension Fund Forum (LAPFF) which exists to promote the investment interests of local authority pension funds and to maximise their influence as shareholders in promoting corporate social responsibility and high standards of corporate governance amongst the companies in which they invest. The Fund actively supports the work of LAPFF and also subscribes to a number of other industry bodies such as the UK Social Investment Forum (UKSIF) and the National Association of Pension Funds (NAPF).