



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

PENSIONS AND INVESTMENTS COMMITTEE

WEDNESDAY, 7 JUNE 2023

Report of the Director - Finance and ICT

Stewardship Report

1. Purpose

- 1.1 To provide the Pensions & Investments Committee with an overview of the stewardship activity carried out by Derbyshire Pension Fund's (the Fund) external investment managers.
- 1.2 To provide the Pensions & Investments Committee with an update on the Fund's application to become a signatory to the UK Stewardship Code 2020.

2. Information and Analysis

2.1 External Manager Stewardship Report

2.1.1 This report attaches the following two reports to ensure that the Pensions & Investments Committee is aware of the engagement activity being carried out by Legal & General Investment Management (LGIM) and by LGPS Central Limited (the Fund's pooling company) (LGPSC):

- Q1 2023 LGIM ESG Impact Report (Appendix 2)
- 2022-23 LGPSC Annual Stewardship Report (Appendix 3)

2.1.2 LGIM manages around £1.8bn of assets on behalf of the Fund through passive products covering: UK Equities; Japanese Equities; Emerging Market Equities; and Global Sustainable Equities. LGPSC currently

manages around £0.9bn of assets on behalf of the Fund through its Global Emerging Market Equities Sub-Fund, Global Investment Grade Bonds Sub-Fund, All World Climate Factor Equity Sub-Fund, Global Sustainable Equities Broad Strategy and Private Debt Fund. It is expected that LGPSC will manage a growing proportion of the Fund's assets going forward as part of the LGPS pooling project.

2.1.3 These two reports provide an overview of the investment managers' current key stewardship themes and voting and engagement activity.

2.2 UK Stewardship Code 2020

2.2.1 Following Committee approval in April 2023, the IIMT notes that the Fund's application to become a signatory to the UK Stewardship Code 2020 was submitted to the Financial Reporting Council in May 2023.

3. Implications

3.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

4. Background Papers

4.1 Papers held in the Investment Section.

5. Appendices

5.1 Appendix 1 – Implications

5.2 Appendix 2 – Q1 2023 LGIM ESG Impact Report.

5.3 Appendix 3 – 2022-23 LGPSC Annual Stewardship Report.

6. Recommendation(s)

That Committee:

- (a) notes the stewardship activity of LGIM and LGPSC.
- (b) notes the submission of the Fund's application to become a signatory to the UK Stewardship Code 2020.

7. Reasons for Recommendations(s)

- 7.1 To provide Committee with reassurance regarding the stewardship activity of the Fund's two largest investment managers and to confirm the submission of the Fund's application to become a signatory to the UK Stewardship Code 2020.

Report Author: Neil Smith

Contact details: neil.smith2@derbyshire.gov.uk

Implications

Financial

1.1 None

Legal

2.1 None

Human Resources

3.1 None

Information Technology

4.1 None

Equalities Impact

5.1 None

Corporate objectives and priorities for change

6.1 None

Other (for example, Health and Safety, Environmental, Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None