

Statement of Compliance with UK Stewardship Code – September 2016

<p>Principle 1 – Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities</p>	<p>The fund has a long-standing commitment to responsible share ownership. Stewardship is an integral part of share ownership and therefore of the investment code, and requires the same commitment from fund managers.</p> <p>The practical application of the fund’s policy is achieved through a combination of activities including, but not limited to: directly voting our shares, dialogue and liaison with fund managers on key issues and through our membership of the Local Authority Pension Fund Forum (LAPFF). In addition to this Stewardship Code Statement, the fund maintains a Statement of Investment Principles (SIP) which explains investment beliefs in more detail.</p> <p>The fund has a responsibility to its membership to regularly engage with fund managers on their stewardship and it is expected to form part of their presentation(s) to the fund sub-committee.</p> <p>Warwickshire Pension Fund believe that well managed companies provide long term value creation to the fund and that the funds members will be beneficiaries of these companies as strong investment returns improve the funds overall funding level which acts favourably in terms of employer contribution rates.</p>
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<p>Principle 2 - Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed</p>	<p>The fund encourages fund managers to have effective policies addressing potential conflicts of interest. In respect of conflicts of interest within the fund, Investment Sub-Committee members are required to make declarations of interest prior to each quarterly meeting.</p> <p>External managers are assessed on potential conflicts of interests and their written policies at the evaluation and appointment stage. Subsequent monitoring takes place to by the fund investment consultant and independent advisor protect the funds interests.</p>
<p>Principle 3 - Institutional investors should monitor their investee companies</p>	<p>Day-to-day responsibility for managing our equity holdings is delegated to our appointed fund managers. The fund expects them to monitor companies, intervene where necessary, and report back regularly on activity undertaken. In addition, the fund actively votes all its equity holdings directly and liaises with the fund managers as necessary.</p> <p>The fund has regular meetings with managers and will assess their effectiveness in their monitoring in investee companies as part of formal portfolio reviews either amongst fund officers or the investment sub-committee.</p>

<p>Principle 4 - Institutional investors should establish clear guidelines on where and how they will escalate their stewardship activities</p>	<p>Responsibility for day-to-day interaction with companies is delegated to the fund's fund managers, including the escalation of engagement when necessary. We expect fund managers to disclose their policies and procedures for escalation in their own Stewardship Code statement. However the fund could escalate through LAPFF by supporting a shareholder resolution.</p> <p>The fund's investment managers can escalate through engagement with the company management team, collaboration with other institutional shareholders, filing shareholder resolutions or ultimately selling the holding of company shares. Ultimately the fund manager will seek to add value to their clients through improved company share performance following such escalation.</p>
<p>Principle 5 - Institutional investors should be willing to act collectively with other investors where appropriate</p>	<p>The fund seeks to work collaboratively with like-minded institutional shareholders in order to maximise the influence that it can have on individual companies and would engage it was felt that the fund and the wider Local Government Pension Scheme would benefit. This is achieved in a variety of ways including through our membership of the LAPFF and ad-hoc initiatives proposed by our fund managers or other advisors.</p>

	<p>The funds contact for any such issues is:</p> <p>Mathew Dawson Treasury and Pension Fund Manager Treasury and Pensions Resources Directorate Tel: 01926 412227 Email: mathewdawson@warwickshire.gov.uk</p>
Principle 6 - Institutional investors should have a clear policy on voting and disclosure of voting activity	<p>The fund directly exercises all votes attached to its global equity holdings. The voting policy is a custom policy based on global and local market best practice principles.</p> <p>All voting decisions are made by Fund officers using a variety of inputs including, but not limited to, specialist proxy research.</p> <p>The funds proxy voting system logs all fund voting and uses the funds voting policy to indicate a suggested voting intention that best represents the investment sub-committee's approved policy. A detailed report is also available written by the funds proxy research.</p> <p>The policy is reviewed at least annually by officers in order to take account of regulatory developments. In the event of any</p>

	<p>changes to the policy, a revised policy would be presented to the investment sub-committee for discussion and approval.</p> <p>Fund voting records can be found at: http://www.warwickshire.gov.uk/pensionstatement</p> <p>The fund does take part in stock lending through its global custodian (Bank of New York Mellon). Stock is not routinely recalled in the event of a company meeting.</p> <p>Within segregated mandates, the fund has absolute discretion over whether stock lending is permitted. The Authority permits stock lending in their active mandates. The manager of pooled funds may undertake a certain amount of stock lending on behalf of unitholders in the fund. If a pooled fund engages in this activity, the extent to which it does so is disclosed by the manager. The fund has no direct control over stock lending in pooled funds.</p>
Principle 7 - Institutional investors should report periodically on their stewardship and voting activities.	<p>The fund reports annually on stewardship activity undertaken during the year in the report and accounts and a presentation is given to members who have the opportunity to ask questions about the fund's stewardship activities.</p>

	<p>In the event of significant engagements through any given year the voting activity would be recorded in the fund's annual report and available with voting records on the fund's website for the benefit of the funds membership.</p> <p>External active managers do not vote on behalf of the fund, however fund officers engage with the governance teams at the fund manager for discussions and would be required to submit their voting if requested.</p>
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