

PENSION BOARD

15 SEPTEMBER 2023

UK STEWARDSHIP CODE 2020: THE FUND'S 2023 SUBMISSION

Recommendation

- 1. That the Board note the Fund's successful submission to retain signatory status to the UK Stewardship Code 2020.**

Purpose and Principles of the UK Stewardship Code 2020

2. The UK Stewardship Code 2020 sets high expectations for how investors, and those that support them, invest, and manage money on behalf of UK savers and pensioners, and how this leads to sustainable benefits for the economy, the environment and society. It is a set of 12 Principles for asset owners and asset managers, and a separate set of six Principles for service providers – investment consultants, proxy advisors, data providers and others.

Background and update

3. A stewardship code was introduced in July 2010 by the Financial Reporting Council (FRC). It strongly encouraged best practice in respect of investor engagement. The expectation was that institutional investors should publish a statement in respect of their adherence. Compliance was on a voluntary basis.

4. The Pensions Committee agreed a Statement of Compliance at its meeting on 28 November 2018 and the Fund became a signatory.

5. The Committee were informed at its March 2021 Committee meeting that the Fund had until April 2021 to apply to become a signatory of the UK Stewardship Code 2020.

6. The Fund was successful in becoming one of the original signatories to the UK Stewardship Code 2020, something which 64 organisations out of 189 organisations (147 asset managers, 28 asset owners including pension funds and insurers, and 14 service providers including data and information providers and investment consultants) applying to the FRC did not achieve. LGPSC and West Midlands Pension Fund were also on the first list of signatories.

7. The Fund submitted its second (covering January to December 2021) application for signatory status at the end of April 2022 and received feedback that it was again successful on 2 September 2022.

8. The Fund's third submission was submitted on 21 May 2023, and the Fund was notified of its continued success on 24 August 2023. In a change to previous practice, the FRC decided not to provide successful applicants with bespoke feedback this time around.

9. This report is seeking the Board to note the Fund's retention of its signatory status.

Contact Points

Specific Contact Points for this report

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Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer), the following background papers relate to the subject matter of this report:

- Stewardship Code report to Pension Committee on 28 June 2023.