

PENSIONS BOARD
17 SEPTEMBER 2021**UK STEWARDSHIP CODE 2020**

Recommendation

1. **The Chief Financial Officer recommends the Board review the Funds outcome for the revised UK Stewardship Code 2020 submission and the areas requiring improvement as detailed in the Appendix.**

Background and update

2. The introduction of the Stewardship Code in July 2010 by the Financial Reporting Council (FRC) strongly encouraged best practice in respect of investor engagement. The expectation was that institutional investors should publish a statement in respect of their adherence to the code. Compliance with the Code was on a voluntary basis.
3. The Fund previously agreed its Stewardship Compliance Statement at Pensions Committee on the 28 November 2018 and became a signatory to the code.
4. Pensions Board have been informed in previous updates that the UK Stewardship code 2020 had been revised and had twelve principles.

Purpose and Principles of the Code

5. The UK Stewardship Code 2020 ('the Code') 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.
6. Stewardship is defined by the FRC as follows: *"Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society."*
7. The new Code took effect on 1 January 2020. The Financial Reporting Council (FRC) accepted applications by the 30 April 2021 for Asset owners wishing to be included on the first list of signatories covering the period 1 January – 31 December 2020. The Fund submitted its application see Appendix 2 and received notification from the FRC see Appendix 1 that it had been successful and will be listed as a signatory to the Code.
8. FRC have provided feedback on our submission quoting that ***"Your report is clear and engaging, and effectively demonstrates application of most of the Principles and reporting expectations of the Code in the reporting period"***.

9. There are a number of areas under each principle (from page 3 onwards) where the FRC require improvement for future submissions to remain a code signatory and the next submission is due on the 30 April 2022.

10. LGPS Central and West Midlands Pension Fund have also been successful code signatories from the Pool. The other Partner Funds are submitting their applications on the 30 April 2022.

Contact Points

Specific Contact Points for this report

Rob Wilson
Pensions Investment & Treasury Management Manager
Tel: 01905 846908
Email: RWilson2@worcestershire.gov.uk

Supporting Information

Appendix 1 FRC Stewardship report feedback for Worcestershire Pension Fund
Appendix 2 Funds submission of its Stewardship code 2020 application to FRC.

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer), there are no background papers relating to the subject matter of this report.