

PENSIONS COMMITTEE

25 JUNE 2024

UK STEWARDSHIP CODE 2021 - UPDATED 2024 SUBMISSION

Recommendation

- 1. The Chief Financial Officer recommends that the 2021 Stewardship Code application for the Fund submitted on the 21 May 2024 be noted.**

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 UK Stewardship Code 2020 sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. 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.

The Code applies to:

- Asset owners such as pension schemes, insurers, foundations, endowments, local government pension pools and sovereign wealth funds.
- Asset managers who manage assets on behalf of UK clients or invest in UK assets.
- Service providers such as investment consultants, proxy advisors, data and research providers that support asset owners and asset managers to exercise their stewardship responsibilities.

4. The Fund previously agreed its Stewardship Compliance Statement at Committee on the 28 November 2018 and became a signatory to the Code. The Committee were informed at its March Committee in 2021 that the UK Stewardship Code 2020 had been revised and had twelve principles.

5. Following three consecutive successful previous applications, the Fund submitted its fourth application on 21 May 2024 covering the reporting period 1 January 2023 to 31 December 2023. A list of signatories, updated on 21 February 2024 can be found [here](#).

6. Following successful incorporation of FRC feedback suggestions from the 2022 application, FRC did not provide feedback on our 2023 submission.

7. The Fund's submission for Stewardship Code for the period 1 January – 31 December 2023 is attached as an Appendix.

8. LGPS Central provided support again to all partner funds in the submission particularly in providing evidence of engagement.

9. This report is asking the Committee to note and comment on the application.

Future developments

10. The FRC have indicated their intention to conduct a consultation process to gather feedback from stakeholders concerning the application process. The consultation was originally planned for the first half of 2024 however, it has been delayed and is now hoped to take place in the autumn of 2024. Officers are keen to be involved in the consultation and are supportive of a desire to streamline the application process both in terms of procedure and content volume.

Supporting information

- Appendix – Stewardship Code 2024 submission.

Contact Points

Specific Contact Points for this report

Sherief Loutfy
Head of Pension Investments, Treasury & Banking
Tel: 01905 846908
Email: SLoutfy@worcestershire.gov.uk

Background Papers

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