



City of Westminster

# Committee Report

<b>Decision Maker:</b>	<b>PENSION FUND COMMITTEE</b>
<b>Date:</b>	<b>23 June 2022</b>
<b>Classification:</b>	<b>Public</b>
<b>Title:</b>	<b>UK Stewardship Code 2020</b>
<b>Wards Affected:</b>	<b>None</b>
<b>Policy Context:</b>	<b>Effective control over Council Activities</b>
<b>Financial Summary:</b>	<b>There are no immediate financial implications arising from this report.</b>
<b>Report of:</b>	<b>Phil Triggs</b> <b><i>Tri-Borough Director of Treasury and Pensions</i></b> <a href="mailto:ptriggs@westminster.gov.uk">ptriggs@westminster.gov.uk</a> <b>020 7641 4136</b>

## 1 Executive Summary

- 1.1 The purpose of this report is to present the City of Westminster Pension Fund's application to the Financial Reporting Council's (FRC) UK Stewardship Code (the Code) 2020 signatory list.

## 2 Recommendation

- 2.1 The Pension Fund Committee is requested to:
  - Note the attached (appendix 1) application to the FRC UK Stewardship Code 2020.

## 3 Background

- 3.1 The Stewardship Code is a set of principles released in 2010 and updated in 2020 by the Financial Reporting Council, directed at institutional investors who hold voting rights in United Kingdom companies. Its principal aim is to make shareholders, who manage other people's money, be active and engage in corporate governance in the interests of their beneficiaries.

- 3.2 The UK Stewardship Code 2020 sets high stewardship standards for asset owners and asset managers, and for service providers that support them. The Code applies to pension funds and adopts the same "comply or explain" approach used in the UK Corporate Governance Code. This means that it does not require compliance with principles but, if fund managers and institutional investors do not comply with any of the principles set out, they must explain why they have not done so.
- 3.3 To become a signatory of the Code, applicants must submit a Stewardship Report to the FRC demonstrating how the principles of the Code have been applied during the previous 12 months. The FRC reviews applications to assess whether they meet its expected reporting standards, and successful organisations are listed as a signatory to the Code. Once accepted onto the signatories list, organisations must reapply annually.
- 3.4 As detailed in the application, attached at appendix 1, the Pension Fund has made great strides during the year in relation to responsible investment and stewardship of the Fund's assets. As at 31 March 2022, the Fund had £28m invested within renewable infrastructure with a further £78m to be drawn. Alongside this the Fund has committed £95m to Affordable and Socially Supported Housing, with £30m in the ground as at 31 March 2022.
- 3.5 As per the most recent update to the signatories, on 10 March 2022, if the City of Westminster Pension Fund is successful in its application it will be amongst only the second LGPS fund in London to achieve this accolade.

**If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:**

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**BACKGROUND PAPERS:** None

**APPENDICES:**

Appendix 1: FRC UK Stewardship Code 2020 Westminster Application