

UK Stewardship Code Review

Contact Officers

Tunde Adekoya, Finance

Papers with this report

Revised Stewardship Code Compliance Paper

SUMMARY

This report provides an update on the revision of the UK Stewardship Code adherence by the London Borough of Hillingdon Pension Fund. The UK Stewardship Code sets out the principles of effective stewardship by investors. In so doing, the Code assists institutional investors better to exercise their stewardship responsibilities, which in turn gives force to the “comply or explain” system.

RECOMMENDATIONS

It is recommended that Pensions Committee note the contents of this paper.

INFORMATION

UK Stewardship Code

The UK Stewardship code was first released by the Financial Reporting Council (FRC) in 2010, adopting the same approach as the UK Corporate Governance Code of “comply or explain”. This means, it does not require compliance with principles. But where institutional investors do not comply with any of the principles set out, they must explain why they have not done so on their websites.

The code was last updated in 2016 as part of the Statement of Investment Principles update, presented to committee in September 2016. A review of the fund’s compliance has been undertaken to ensure full compliance with existing code and changes highlighted in yellow.

The FRC is consulting on a revised Code (January 2019) to encourage effective stewardship that operates in the interest of savers, companies, the economy, environment and society, reflects growing trends in investment, and complements recent and imminent regulatory changes. Once the changes have been finalised and released, committee will again be presented with a compliance review report for approval.

FINANCIAL IMPLICATIONS

There are no financial implications in this report.

LEGAL IMPLICATIONS

There are no legal implications in the report.