

Cambridgeshire Pension Fund

Pension Fund Committee

28 March 2024

- Report by: Head of Pensions
- Subject: UK Stewardship Code 2020 Submission
- Purpose of the Report: To seek approval of a Stewardship Report to enable the Cambridgeshire Pension Fund to become a signatory of the UK Stewardship Code 2020, and to seek approval to submit the report to the Financial Reporting Council (FRC).
- Recommendations: The Pension Fund Committee:
- a) Approve the draft Stewardship Report (at Appendix A)
 - b) Approve the submission of a Stewardship Report to the Financial Reporting Council by the 31 May 2024 deadline
 - c) Request the Head of Pensions finalise the Stewardship Report in advance of the deadline in consultation with the Chair of the Committee
- Enquiries to: Ben Barlow, Investments & Fund Accounting Manager
Tel – 07831 123167
E-mail – Ben.Barlow@Westnorthants.gov.uk

1 Executive summary

- 1.1 The Fund has produced a draft Stewardship Report (at Appendix A) to enable a submission to be made to the Financial Reporting Council (FRC) for the Fund to become a signatory to the UK Stewardship Code 2020 (“the Code”).
- 1.2 The Code requires institutional investors to be transparent about their investment processes, engage with investee companies and vote at shareholders' meetings.
- 1.3 Becoming a signatory to the Code aligns with the Fund’s Responsible Investment (RI) philosophy, as set out in its RI Policy, and is recognition of the

important role we have to play in effective engagement as a responsible asset owner.

2 Report background

- 2.1 The Fund has been working on its Stewardship Report, with the aim of making a submission deadline of May 2024.
- 2.2 A submission in respect of the UK Stewardship Code 2020 has been a planned activity for the Fund for several years. Consideration of a submission is a Q1 2024 activity within the Fund's Climate Action Plan.

3 The Code and Stewardship report

- 3.1 The Code is a voluntary code for asset managers (investment managers), asset owners, and service providers (such as proxy advisers, investment consultants, and data providers).
- 3.2 The Code 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.
- 3.3 Becoming a Code signatory would be a further signal of the importance that the Fund places on its responsible stewardship duties as an asset owner.
- 3.4 The Code comprises a set of 12 'apply and explain' Principles for asset managers and asset owners, and a separate set of six Principles for service providers.
- 3.5 To become a signatory to the Code, organisations must submit to the FRC a Stewardship Report demonstrating how they have applied the Code's Principles in the previous 12 months. The report may cover any 12-month period beginning after 1 January 2020. The FRC will assess the report and if it meets their reporting expectations, the fund will be listed as a signatory to the Code. Once listed, the fund must annually report to remain signatories.
- 3.6 The next deadline to apply to become a signatory is 31 May 2024 for asset owners. As such the submission is being brought to Committee in March, seeking feedback and approval, and will be subject to further review by advisors prior to this deadline.
- 3.7 Officers are seeking approval of the draft Stewardship Report, approval to submit the final Stewardship Report to the FRC, and approval to enable finalisation of the Stewardship Report in consultation with the Chair of the Pension Fund Committee.

4 Finance and Resources Implications

4.1 There are no direct resources or financial implications arising from this paper.

5 Risk Management

5.1 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below –

Risk	Residual risk rating
Failure to understand and monitor risk and compliance	Green
Those charged with governance are unable to fulfil their responsibilities effectively.	Green
Failure to administer the scheme in line with regulations and guidance.	Green
Failure to provide relevant information to the Pension Fund Committee/Local Pension Board to enable informed decision making.	Green

5.2 The Fund's full risk register can be found on the Fund's website at the following link: <https://pensions.northamptonshire.gov.uk/governance/key-documents/cambridgeshire/>

6 Communication Implications

6.1 The Fund will publish the Stewardship Report on its website. The Report will also be available on the FRC website.

7 Legal Implications

7.1 No material issues have been identified which may give rise to legal liability and/or risk from an administering authority perspective.

8 Consultation with key advisors

8.1 Not Applicable.

9 Alternative options considered

9.1 Not applicable.

10 Background Papers

10.1 Not applicable.

11 Appendices

11.1 Appendix A: Stewardship Code Submission

Checklist of Key Approvals

Has this report been cleared by Section 151 Officer? 08/03/2024

Has this report been cleared by Head of Pensions? 19/02/2024

Has this report been cleared by Monitoring Officer? 04/03/2024