


Essex Pension Fund Investment Steering Committee	ISC 05b 
Date: 28 February 2024	

Responsible Investment (RI) - Financial Reporting Council (FRC) UK Stewardship Code 2024 Submission Update

Report by the Director for Essex Pension Fund in consultation with the Institutional Investment Consultant, Hymans Robertson and the Independent Investment Adviser, Mark Stevens

Enquiries to Jody Evans on 03330 138489

This Report requires a decision

Executive Summary

Report Type: Monitoring

Fund Officers in consultation with Advisers are in the process of drafting the 2024 FRC UK Stewardship Code Submission.

The deadline for asset owners to provide their Submission to the FRC is 31 May 2024.

Due to the timing of the FRC's application deadline, O&A are, therefore, seeking approval to utilise the Out of Committee Decision-Making Progress to agree the final Submission for 2024 and for all Submissions thereafter.

1. Purpose of the Report

- 1.1 To provide an update on the progress to date regarding drafting the Fund's 2024 FRC UK Stewardship Code Submission and next steps.

2. Recommendation

2.1 The Committee agree:

- that the Fund adopt the Out of Committee Decision-Making Process to agree the final Submission in order to meet the FRC's application deadline of 31 May 2024;
- that, as the annual deadline is now established, the Fund adopt the Out of Committee Decision-Making Process to agree all future Submissions.

2.2 The Committee note:

- the progress to date, the proposed next steps; and
- the content of the report.

3. Background

- 3.1 At the 22 March 2023 PSB meeting, Members agreed as one of its areas of activity for the 2023/24 Business Plan that the Fund produce its 2024 UK Stewardship Code Submission.
- 3.2 On 30 August 2023 the Fund was notified by the FRC following its spring 2023 assessment that it had been successful in maintaining its UK Stewardship Code signatory status.

4. FRC UK Stewardship Code Submission Progress to date

- 4.1 An update has been brought to each ISC meeting in respect of the Fund's progress against the RI Project Plan.
- 4.2 The Fund has now undertaken a significant number of its second round of RI engagement meetings with its Investment Managers and the outcomes have subsequently been reported back to the Committee. These engagements will now form the basis of evidencing, within the Submission, the Fund's adherence to the twelve principles.
- 4.3 The draft Submission will be shared with both the Fund's Institutional Investment Consultant and Independent Investment Adviser for comment to ensure that the Fund has covered all aspects and requirements under each of the twelve principles. In addition, Fund Officers will take on board, where possible, the general feedback from the FRC on last year's Submission.

5. Next Steps

- 5.1 In order to meet FRC's submission deadline of 31 May 2024 for asset owners, O&A request that the ISC agree to the Fund utilising the Out of Committee Decision-Making Process, as detailed in the Governance Policy and Compliance Statement, to approve the final Submission before it is submitted to the FRC and to approve Submissions in future years.

6. Financial and Resource Implications

- 6.1 The cost will be met within the existing EPF Budget.

7. Background Papers

- 7.1 Responsible Investment (RI) Project Plan Update, ISC 04, 29 November 2023
- 7.2 <https://www.essexpensionfund.co.uk/resources/financial-reporting-council-frc-uk-stewardship-code-submission-2023/>
- 7.3 Essex Pension Fund Policies and Publications: Essex Pension Fund Three Year Business Plan and 2023/24 Budget, PSB 04a, 22 March 2023.
- 7.4 Stewardship Code Submission Update, ISC 05b, 23 February 2023.
- 7.5 Essex Pensions Fund (EPF) Policies and Publications: Governance Policy and Compliance Statement, PSB 08b, 13 December 2023.