

# SURREY PENSION FUND COMMITTEE REPORT



**SURREY COUNTY COUNCIL**

**SURREY PENSION FUND COMMITTEE**

**DATE: 21 MARCH 2025**

**LEAD OFFICER: NEIL MASON, LGPS SENIOR OFFICER**

**SUBJECT: RESPONSIBLE INVESTMENT UPDATE**

## **SUMMARY OF ISSUE:**

In 2024, the fund was successful in its application to become a signatory to the UK Stewardship Code. To maintain signatory status, an application has to be made each year.

## **RECOMMENDATIONS:**

It is recommended that the Pension Fund Committee:

1. Notes that a UK Stewardship Code renewal submission is being prepared for the application to remain a signatory to the UK Stewardship Code.
2. Agree the delegation to the Chair the final approval of the application for the Fund to remain a signatory of the UK Stewardship Code.

## **REASON FOR RECOMMENDATIONS:**

To continue to be a signatory to the UK Stewardship Code.

## **DETAILS:**

1. 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.
2. The code comprises 12 'apply and explain' principles for asset owners. To remain a signatory, the Fund must apply all the principles and explain how they have been applied over the last 12 months. The Code has a focus on reporting stewardship activities and outcomes.
3. The 12 principles are classified into 4 sections:
  - a. Purpose and Governance
  - b. Investment Approach
  - c. Engagement
  - d. Exercising Rights and Responsibilities

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4. In addition to updating the necessary charts, figures and case studies for this reporting period, a number of other areas have been updated. This to include the next phase of the Funds strategic plan and subsequent key priorities (Principle 1), the new terms of reference and mandatory training logs for the Board and Committee (Principle 2), and code of conduct matters such as declared conflicts of interest within the reporting period (Principle 3).
  5. The report provides updates for our partnerships with the Pensions and Lifetimes Savings Association and the Cross-Pool Responsible Investment Committee. It also details the award the Fund won for Impact Investing from Pensions for Purpose and other nominations (Principle 4).
  6. Trading activities and outcomes for the reporting period are featured within the report, including the new commitment to the BCPP Climate Opportunities 2 fund and reduced carbon emissions from the switch to active management within emerging markets (Principle 7). Updated carbon metrics for the fund are detailed within, taken from the Fund's latest TCFD report (Principle 4). Further stewardship activities undertaken by the Fund such as the continuation of "walk-in clinics" have also been updated (Principle 6).
  7. In response to feedback from last year's submission, this year's submission aims to be more specific regarding investment time horizon (Principle 6). It also better explains the rationale for the chosen approach to seeking beneficiary views as well as the series of actions to incorporate beneficiary needs (Principle 6). The report now provides more detail about voting outcomes, including whether the resolution passed or failed and steps to be taken in the future if the result was unsatisfactory (Principle 12).
  8. The Financial Reporting Council (FRC) is currently undertaking a review of the Stewardship Code to reduce the burden on its signatories, due to come into effect in 2026. As such they have introduced voluntary interim reporting measures. For example, they will allow existing signatories to cross-reference to specific disclosures made in the previous report.
  9. To further comply with the advice received in the feedback from last year's submission, the Fund will be making further amendments to the report before the submission at the end of May. For example, this may include an amendment to explain the expectations that the Fund has set for the pool and other external asset managers that exercise rights and responsibilities on the Fund's behalf in all the asset classes in which the Fund is invested (Principle 12).
  10. There will be further voluntary disclosures which have not been asked for within the feedback from the previous submission. This will include more recent/future transactions for the Fund and detail as to how these will help it

meet the investment and stewardship goals (Principle 7). It will also include further mention of the Fit for the Future consultation and potential unitary council changes, as well as policy reviews and their potential implications (Principle 5). Included will be more data, charts and case studies in regard to engagement and voting for this reporting period (Principle 12).

11. The next deadline for the Fund to renew its application is 31 May 2025.

12. Last year's submission can be found via this link:

[Surrey Pension Fund UK Stewardship Code Report 23.24.pdf](#)

### **CONSULTATION:**

13. The Chair of the Pension Fund Committee.

### **RISK MANAGEMENT AND IMPLICATIONS:**

14. Any relevant risk related implications have been considered and are contained within the report.

### **FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:**

15. Any relevant financial and value for money implications have been considered and are contained within the report. The cost of the resources necessary for implementing the changes recommended above and for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009).

### **LEGAL IMPLICATIONS:**

16. There are no legal implications or legislative requirements.

### **EQUALITIES AND DIVERSITY:**

17. There are no equality or diversity issues.

### **OTHER IMPLICATIONS:**

18. There are no other implications.

### **NEXT STEPS:**

19. The following steps are planned:

- a) Complete the renewal application with data to 31 March 2025.
- b) Submit the renewal application by 31 May 2025.

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**Contact Officer:**

Lloyd Whitworth, Head of Investment & Stewardship

**Annexes:**

None

**Sources/Background papers:**

None