



**The
Pensions
Regulator**

Making workplace pensions work

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Corporate Governance and Stewardship
Financial Reporting Council
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27 March 2019

Dear Sir/Madam

Response from The Pensions Regulator (TPR) on proposed revisions to the UK Stewardship Code

1. TPR regulates occupational pension schemes in the UK, with objectives including protecting the benefits of scheme members, reducing calls on the Pension Protection Fund, promoting good administration of pension schemes and making sure that employers balance the needs of their defined benefit (DB) pension scheme with growing their business.
2. Pension scheme trustees have a shared stewardship role in the companies in which they invest. They can hold directors to account for the fulfilment of their responsibilities and help improve long-term risk-adjusted returns to shareholders.
3. Equally, the stability and governance of a sponsoring employer are vital to the success of a DB scheme.

Improving governance

4. The Stewardship Code is a useful tool to improve investment governance and risk management while driving long-term success of companies.
5. The revised Code outlines best practice on stewardship and we encourage trustees both to understand the approach their investment managers are taking to stewardship and to sign up to the Code themselves. We would like trustees to adhere to the Code in their engagement with investee companies with a view to improving long-term returns and reducing the risk of poor outcomes due to poor strategic decisions.

6. TPR welcomes that entities that have fiduciary responsibilities have a different set of Principles and Provisions to entities that are service providers. This distinction between signatories will make it easier for trustees of pension funds to understand what is expected of them.

We note that Sir John Kingman's review of the Financial Reporting Council recommended closer working with other regulators, including TPR. We see support for the revised Code as a step towards this more collaborative approach and appreciate the opportunity to respond to this important consultation. We are committed to working with the new regulator on stewardship in order to raise standards of governance across UK companies.

Yours sincerely

David Fairs

Executive Director of Regulatory Policy, Analysis and Advice