



**Unite submission to Financial Reporting Council  
consultation on Proposed Revisions to the UK Corporate  
Governance Code**

Submitted by

**Unite the Union**

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## **Executive Summary: Good Governance Means Giving Workers A Voice**

Unite is the UK's largest trade union with over 1.4 million members across all sectors of the economy including manufacturing, financial services, transport, food and agriculture, construction, energy and utilities, information technology, service industries, health, local government and the not for profit sector. Unite also organises in the community, enabling those who are not in employment to be part of our union.

For Unite the issue of corporate governance is not incidental, it is an essential area for reform. Unite members have direct experience of the end result of poor corporate governance, with Sports Direct and the Royal Bank of Scotland being prime examples.

Currently, the examples of the collapse of Carillion and the ongoing hostile takeover of GKN demonstrate that corporate governance and the issues of corporate accountability and ownership are live issues for UK workers.

### **Royal Bank of Scotland & Barclays:**

The financial crisis of 2008 provides an invaluable case of hindsight. Prior to its collapse the Royal Bank of Scotland (RBS) became the largest bank in the world by assets. A series of risky takeovers and investments resulted in the RBS board's strategy becoming the archetype of short-termism.

To ease the bank's debts following the takeover of ABN Amro, the RBS board sought £12 billion from investors through a rights issue. Small investors, including many members of staff, went on to lose millions of pounds collectively following the bank's collapse.

It is plausible that had one third of the RBS board been comprised of worker directors, the board would not have adopted such a risky strategy and would have been unlikely to launch the rights issue that proved so disastrous for the workforce.

Unite representatives across the finance sector have first-hand experience of dealing with the fallout of poor corporate governance, and the subsequent clean-up following the financial crisis.

Unite reps in Barclays have supported a cultural change within the bank, which has been promoted by senior leaders. This has led to the implementation RISES – respect, integrity, service, excellence, stewardship – a cultural shift towards “helping people achieve their ambitions – in the right way”. Although this is no substitute for statutory reform of corporate governance, it is a welcome step forward.

### **Carillion:**

At the time of its collapse, Carillion held £16 billion worth of public sector contracts, including contracts in hospitals, schools and prisons. Tens of thousands of jobs and vital services that hundreds of thousands of people depend on are on the line.

Yet, in spite of this responsibility Carillion built its business on reckless expansion, fuelled by debt and undercutting, wafer-thin profit margins, based on minimum pay for largely female workforces in many sectors, and the blacklisting of workers. The model was based on rapid acquisition of smaller companies creating a complex and unwieldy structure resulting in a myriad of employee contracts, and managing numerous pension schemes.

While Unite has publicly condemned the unwillingness of Government to hold Carillion to account, it is also clear that the internal corporate governance was insufficient to reign in the

recklessness of senior management. Exactly ten years after the financial crisis, the parallels between Carillion and RBS are striking.

### **GKN & Melrose**

At the time of submission automotive and aerospace manufacturer GKN is subject to a hostile takeover bid by Melrose industries. While takeovers are not the primary focus of this submission, the case of GKN nevertheless demonstrates how a fixation with temporary boosts to the share price is detrimental to both the business and the workforce.

Melrose has launched a bid based on substantial bank loans which they intend to leverage to award shareholders with an extraordinary dividend, and in the process shoulder the merged company with debt if the takeover succeeds. Unfortunately, the current management of GKN have responded to this with their own plans to boost the share price through restructures and cuts, with a proposal to split the aerospace and automotive divisions. While this may succeed in enticing shareholders to reject the bid, it would undermine the strategic advantage of the company, the synergies which exist between the two existing divisions.

GKN presents a clear example of a weak corporate governance structure, buttressed by legislation which enshrines the primacy of share price, resulting in a scenario where teams of executives compete to undermine the company they wish to continue running.

Unite proposes that reforms to corporate governance must be backed-up by legislation and cannot be left to the discretion of individual companies.

This must include changes to company law, so that directors are obligated to consider the long term future of the company, the workforce and the community, rather than simple share price.

Similarly, as the case of GKN demonstrates, this must include reform of the takeover code to allow full transparency and to ensure the Secretary of State is able to intervene in the public interest.

While Unite has a long history of supporting front line workers taking seats at board level, this must come with substantial protections and democratic oversight if it is to avoid tokenism and prove effective. This must include provision for training of 'worker directors' overseen by the TUC; and a transparent democratic process of electing 'worker directors' from the shop floor, including the right to recall.

Unite believes that placing workers on company boards would be a positive step, but it will always serve as an auxiliary to collective bargaining. Unite reiterates the call that any reform of corporate governance must include greater trade union freedoms, such as sectoral collective bargaining, workplace and electronic balloting and the repeal of repressive anti-trade union legislation.

### **Q1. Do you have any concerns in relation to the proposed Code application date?**

Unite supports the proposed timetable which seeks to publish a final version of the Code by early summer 2018 and then to apply it to accounting periods beginning on or after 1 January 2019.

Unite warns that this timetable must not be indefinitely extended for political reasons, as has been the case with previous Government commitments.

## **Q2. Do you have any comments on the revised Guidance?**

Unite believes the revised guidance must be backed up by primary legislation in order to be statutory. Optional reform will be utterly ignored by those corporates most in need of change.

Unite supports the proposals outlined by the TUC, which also argues that such reform must be made mandatory through primary legislation.

The Government's Green Paper cites FirstGroup as the only example of a UK worker sitting on a company board. Another example is Unite's representative on the European Supervisory Board of insurance firm Allianz. The lack of additional examples evidences the limitations of the voluntary approach to enforcing reform.

## **Q3. Do you agree that the proposed methods in Provision 3 are sufficient to achieve meaningful engagement?**

Unite notes the proposed creation of Stakeholder Advisory Panels which may include representatives from the workforce. As stated in the Government's Green Paper, such a panel "would not give stakeholder representatives a direct input into board decisions." (P.39).

Therefore this option is wholly redundant as a route to giving employees any democratic stake in the company for which they work.

Similarly the proposal that gives an existing Non-Executive Director a watching brief over the concerns of the workforce is utterly insufficient. In the case of employees such a proposal would amount to little more than boardroom self-regulation at best and tokenism at worst.

The appointment of individual stakeholder representatives to company boards, is closer to Unite's submitted proposal.

It is the position of Unite that worker representation should be a vital part of company boards. However, this can only be successfully accomplished if coupled with reform to the legal responsibilities of directors (as enshrined in Companies Act 2006), and whistle-blower protections.

While the Government's Green Paper proposes 'individual' representatives, Unite supports the proposals of the TUC that worker representatives should comprise a minimum of one third of the board, with a minimum of two worker representatives per board. Unite is committed to the objective of half of unitary company boards being comprised of workers' representatives. These 'workers directors' must be elected by members of an independent trade union.

The option that suggests an 'appointment' of individual stakeholders, but states that this could be accomplished via a 'simple election.' This must be clarified further.

Unite notes that in countries where 'worker directors' are mandated by law, the company is compelled to hold an election. While the election of 'worker directors' should involve all employees, including those overseas, candidates should only be nominated by recognised, independent trade unions.

Unite would also support set terms of service for elected directors, such as a mandated three year election cycle, and the legal right of the workforce to trigger a recall election.

The option that proposed the appointed directors "would be constrained by the common directors' duty to promote the success of the company."

Unite is clear that the company law which determines directors' duties must be amended as part of the proposed corporate governance reform.

While elected directors from the workforce must have the full voting rights of other board members and should share the majority of legal responsibilities, it is clear that legal safeguards are needed.

The role of worker directors can only be successful if coupled with an amendment to the legal responsibilities of directors as outlined in the Companies Act 2006. Specifically the obligation "to promote the success of the company for the benefit of its members [ie, shareholders] as a whole". This not only enshrines short-termism into law, it would compel 'worker directors' to put immediate profit before the long-term interest of the workforce they would be elected to represent.

Either 'worker directors' will need a specific legal carve out from this part of the legislation or – more preferably - the clause should be scrapped entirely.

Further protections for worker directors should include; 'rights not duties' in respect of board membership similar to those provided to Health and Safety Representatives.

As the Government's Green Paper observes, 'worker directors' would currently be constrained by the confidentiality of the boardroom. However, it is vital that this does not compromise their position as elected representatives of the workforce.

Strong 'whistle-blower' protections must enshrine the right of 'worker directors' to report suspected illegal boardroom behaviour. 'Worker directors' must not be allowed to become culpable for boardroom decisions they have not been able to effectively challenge.

As 'worker directors' should have voting rights and the majority of legal responsibilities as traditional board members it is vital that appropriate levels of training and support are provided.

Training should be provided by independent trade unions, including the TUC. Support should include the legal right for time off for training, participation and provisions to 'report back' to their electorate, in addition to any existing facility time for trade union duties. The right to secure 'expert' advice and support as with European Works Councils must also be provided.

While the creation of Stakeholder Advisory Panels (option i) would not be a suitable substitute for the election of workers on to company boards, Unite can envisage their use for linking large employers to their supply chains.

The Corporate Governance Green Paper is cited by the Government's Green Paper covering industrial strategy. The role of the supply chain is one opportunity of linking these two policy areas.

Unite campaigns for large manufacturing companies to re-shore their supply chains and foster links with regional suppliers. The union has achieved success in this field, most notably at Jaguar Land Rover which now utilises more UK sourced components than at any point since the 1980's.

The creation of Stakeholder Advisory Panels may provide manufacturers with a forum for further cooperation with regional supply chains. One such area of cooperation would be the secondment of apprentices. Unite supports the so-called 'German Model' whereby large manufacturers are encouraged to train more apprentices than are needed in order to release

them, or second them, throughout the regional supply chain. The creation of Stakeholder Advisory Panels would provide a forum for coordinating such a scheme.

If these panels were used for this purpose, rather than as a substitute for genuine board level democracy, Unite would support their creation and would call for union representation.

**Q4. Do you consider that we should include more specific reference to the UN SDGs or other NGO principles, either in the Code or in the Guidance?**

Unite believes that such reforms must be made mandatory through primary legislation. As with publicly traded corporations, a voluntary approach would not be sufficient to ensure compliance.

**Q5. Do you agree that 20 per cent is 'significant' and that an update should be published no later than six months after the vote?**

Unite doubts that 20 per cent is significant. The best way for shareholders and workers (collectively through trade unions) to have confidence that majority shareholders, directors and executives are subject to independent challenge is to make it easier for shareholders to provide that challenge themselves. There are numerous areas that should be changed including:

- **Shareholder resolution filing thresholds should be reduced** – Currently in order to file a shareholder resolution you must either represent not less than 5% of the total voting rights of the members entitled to vote on a shareholder resolution or have at least 100 shareholders who hold shares on which there has been a paid up average sum per shareholder of not less than £100. These thresholds make it difficult for independent shareholders to challenge a company with a shareholder resolution.
- **Pooled fund restrictions for co-filing shareholder resolutions should be lifted** – Currently, if your pension investments are in a pooled mandate then that shareholding cannot be used to co-file shareholder proposals. This is out of step with allowing a trustee of a pension scheme to fulfil their fiduciary duty and should be changed.
- **Companies should have to inform the requisition by members of a shareholder resolution within 2 weeks of filing of whether they have accepted the shareholder resolution** - In the U.S. companies have to inform the requisition by members of a shareholder resolution within 2 weeks of any technical block. Last year National Express PLC received a requisition by members from UK and U.S. trade unions on the 30th December 2015 and no objection to its validity was raised by the company until April 2016.<sup>1</sup> This meant the resolution was not tabled and debate and shareholders' voices were suppressed.
- **Independent shareholder resolutions need to be given statutory footing when they win on an independent count of the vote** – Currently there is nothing in law to force the company to engage with shareholders on matters covered by resolution or have another vote within 90 to 120 days in the way that there now is for the election of directors.

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<sup>1</sup>Row over union-backed resolution at National Express AGM, Bus and Coach, 2016, URL

**Q6. Do you agree with the removal of the exemption for companies below the FTSE 350 to have an independent board evaluation every three years? If not, please provide information relating to the potential costs and other burdens involved.**

Yes agree with the removal of the exemption for companies below the FTSE 350 to have an independent board evaluation every three years. Unite sees no reason why companies outside the FTSE 350 shouldn't be held to the same highest corporate governance standards as companies in the FTSE 350.

**Q7. Do you agree that nine years, as applied to non-executive directors and chairs, is an appropriate time period to be considered independent?**

Nine years is too long for a non-executive to retain their independent status. Unite believes it shouldn't be any longer than 5 years.

**Q8. Do you agree that it is not necessary to provide for a maximum period of tenure?**

Independent executives should lose their status after 5 years. So the company can either retain the executive but on a non-independent basis or replace in order to maintain true independence.

**Q9. Do you agree that the overall changes proposed in Section 3 of revised Code will lead to more action to build diversity in the boardroom, in the executive pipeline and in the company as a whole?**

It is welcome and will bring greater transparency to the inequality that currently persists in UK boardrooms but it is questionable whether it will lead to more action. Again a statutory approach is the only way to truly bring about the change that is needed.

**Q10. Do you agree with extending the Hampton-Alexander recommendation beyond the FTSE 350? If not, please provide information relating to the potential costs and other burdens involved.**

Yes we agree with extending the Hampton-Alexander recommendation beyond the FTSE 350.

**Q11. What are your views on encouraging companies to report on levels of ethnicity in executive pipelines? Please provide information relating to the practical implications, potential costs and other burdens involved, and to which companies it should apply.**

Again it is welcome and will bring greater transparency to the inequality that currently persists in UK boardrooms but it is questionable whether it will lead to more action. Again a statutory approach is the only way to truly bring about the change that is needed.

**Benefits of Diversity:**

Unite is firmly committed to equality for all. It is a central objective of Unite to promote equality and fairness for all, including actively opposing prejudice and discrimination on grounds of gender, ethnic origin, religion, class, marital status, sexual orientation, gender identity, age, disability, and caring responsibilities.

When it comes to workplace democracy, it is clear that the board of any company should accurately reflect the demographics of the workforce.

Unite has outlined a series of proposals to achieve board diversity<sup>2</sup>:

- All board posts - beyond the directly elected third proposed above - should be advertised publicly and recruitment processes should be transparent. There should be proportional representation of women, black and Asian, disabled and LGBT to a corporation's workers.
- Employers should keep monitoring information on who applies for promotion, who is short-listed and who is promoted in the organisation. This assists the board with analysing the proportion of women, black and Asian, disabled and LGBT workers who have applied for, who have been short-listed and who have been appointed to a higher position in the organisation.
- All those involved in board appointee selection processes should be fully trained in equality of opportunity and diversity; access to training is fair and equally open to all employees; feedback processes to unsuccessful applicants are thorough, fair and helpful; appraisal methods are transparent, non-subjective and equal.
- If evidence of under-representation at board level has been found then positive action should be taken. These could include: targeted training to level the playing field for those applying and active encouragement to women, black and Asian, disabled and LGBT employees to apply for promotion.
- The monitoring information on career development should be evaluated at board level at least once a year. If this shows disparities in relation to women, black and Asian, disabled and LGBT workers employees being successful in promotion in future, then the Action Plan should be revisited and relevant measures needed to address the problem should be implemented.

**Q12. Do you agree with retaining the requirements included in the current Code, even though there is some duplication with the Listing Rules, the Disclosure and Transparency Rules or Companies Act?**

Yes we agree with retaining the requirements included in the current Code, even though there is some duplication with the Listing Rules, the Disclosure and Transparency Rules or Companies Act.

**Q13. Do you support the removal to the Guidance of the requirement currently retained in C.3.3 of the current Code? If not, please give reasons.**

No we do not support the removal to the Guidance of the requirement currently retained in C.3.3 of the current Code. Unite believes there is value in keeping the terms of reference of the audit committee alongside the list of the main roles and responsibilities of the audit committee for transparency.

**Q14. Do you agree with the wider remit for the remuneration committee and what are your views on the most effective way to discharge this new responsibility, and how might this operate in practice?**

Unite is supportive of a wider remit for remuneration committee beyond determining executive pay. This should include a role for workforce representation and the role should be extended to include equal pay auditing and to ensure suppliers and direct contractors adhere to Living Wage commitments.

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<sup>2</sup>Unite the union response to the Scottish Government Consultation Women On Board: Quality through Diversity, Introduction of Gender Quotas on Public Boards, July 2014, URL

**Q15. Can you suggest other ways in which the Code could support executive remuneration that drives long-term sustainable performance?**

The annual survey of FTSE100 CEO pay packages by the High Pay Centre shows no end to the rise and rise in top pay. FTSE100 CEOs continue to see overall pay packages grow by 10% at a time of restraint for others. Average pay for a FTSE 100 CEO rose to £5.480 million in 2015, an increase from £4.964 million in 2014.

The focus of many shareholders on the structure, rather than scale, of pay has allowed overall reward to balloon. Unite believes that the repeated failure to design schemes that do not create perverse incentives, or reward directors inappropriately, combined with emerging evidence about the ineffectiveness of performance-related rewards, should lead to a more fundamental review of such schemes.

Where incentive pay is used, it should be linked to long-term indicators that reflect stability, risk management and wider corporate goals and values, including good employment relationships. They should also avoid rewarding directors for relative performance that is beyond their control.

Long-term incentive schemes should genuinely be long-term, with a vesting period of at least five, and preferably ten, years. If shares allocations are used, shares should be held for the long-term, and directors should not be able to sell their shares until they leave the company. The culture of awarding excessive annual bonuses to CEOs where it is clearly unwarranted must be ended.

**Q16. Do you think the changes proposed will give meaningful impetus to boards in exercising discretion?**

No. Unite supports a requirement for the remuneration committee to consult shareholders and the wider company workforce in advance of preparing its pay policy. However instead of a company designating a specific Non-Executive Director (NED) to be responsible for representing the workforce, where there is a recognised trade union present then this individual should be designated by the trade union.

Unite supports a requirement for the chairs of remuneration committees to have served for at least 12 months on a remuneration committee before taking up the role.

Recent high profile inquiries by the BIS Select Committee have reported there were serious corporate governance failings in Sports Direct and BHS. These high profile cases are examples of far wider corporate governance issues across the economy.

Such issues can be addressed by changes to company law which increase accountability and scrutiny at board and shareholder levels. Both directors and majority shareholders must be made to recognise their long term responsibilities, including their obligations to the workforce and communities in which they operate.

The Companies Act 2006 compels directors to have a 'regard for wider interests' but fails to include a primary duty to promote the long term success and sustainability of the company.

Unite also wants to see specific health and safety duties placed upon directors and senior managers as part of the Health and Safety at Work Act. It should be a legal duty for directors to take all reasonable steps to ensure the health, safety and welfare of those impacted by their actions and this should be adequately enforced through threat of criminal sanction.

## UK Stewardship Code Questions

**Q17. Should the Stewardship Code be more explicit about the expectations of those investing directly or indirectly and those advising them? Would separate codes or enhanced separate guidance for different categories of the investment chain help drive best practice?**

Yes the Stewardship Code should be more explicit about the expectations of those investing directly or indirectly and those advising them. Unite believes that a statutory footing is the only real way to achieve this.

**Q18. Should the Stewardship Code focus on best practice expectations using a more traditional 'comply or explain' format? If so, are there any areas in which this would not be appropriate? How might we go about determining what best practice is?**

A 'comply or explain' format is welcome but again if it isn't really going to achieve what it sets out to unless it has a statutory footing.

**Q19. Are there alternative ways in which the FRC could highlight best practice reporting other than the tiering exercise as it was undertaken in 2016?**

Another way of looking at this would be to be tougher and more public in exposing the worst practice.

**Q20. Are there elements of the revised UK Corporate Governance Code that we should mirror in the Stewardship Code?**

All new elements of the revised UK Corporate Governance Code should be mirrored in the Stewardship Code.

**Q21. How could an investor's role in building a company's long-term success be further encouraged through the Stewardship Code?**

Too often company announcements concerning efficiency and productivity gains, operational restructuring, or even explicit headcount reductions are fed to, and welcomed by, the markets in a bid to push up short-term share prices without any real consideration to long term consequences, organisational sustainability or, indeed, proper consultation with employees and their representatives.

Several detrimental examples of short-termism are referenced in Unite's submission to the Cox Review, including Burton's Biscuits and Kraft/Cadbury where large scale job losses were used to achieve short term savings, with long-term detrimental results.

Effective and inclusive governance, regulation and the appropriate control of markets need to be at the heart of corporate governance reform. If the rules of the game are leading to undesirable and damaging behaviours, then rules need to change.

It is also important that reform acknowledges the role that robust institutional structures, such as strong and effective trade unions and meaningful collective bargaining arrangements, can play in challenging short-termism and promoting a longer-term perspective that not only benefits organisations, employees, communities and consumers, but also the wider economy.

International comparisons also reveal differences in respect of employment rights. Having some of the weakest protections for workers in Europe it is easier, quicker and cheaper to

sack workers in the UK; fostering short-termism, long-term failures to invest and lower productivity. Currently weak UK provisions for the provision of Information and Consultation, and the retention post Brexit of existing provisions with regard to European Works Councils need to be addressed as part of any proposals.

Unite believes some of the areas that could help change corporate short-termism are as follows:

- Worker representation on company boards and remuneration committees;
- Stronger promotion of effective collective bargaining, meaningful information and consultation;
- Pension fund performance viewed on a long to medium term timescale, rather than short-term basis;
- Greater transparency in relation to costs, charges and remuneration structures of fund managers, and full disclosure of fund managers' voting records;
- Abolition of quarterly reporting;
- Greater attention to be paid by asset managers and analysts to employment relationships when assessing company performance;
- Better definition of trustees' fiduciary duty in respect of long-term investment and environmental, social and governance (ESG) issues;
- Reform of the takeover regime so that mergers and takeovers are subject to a 'long-term interest' test;
- Amendment to directors' duties under the Companies Act to make directors' primary duty to promote the long-term success and sustainability of the company;
- Voting and engagement rights to be subject to a minimum period of share ownership.

**Q22. Would it be appropriate to incorporate 'wider stakeholders' into the areas of suggested focus for monitoring and engagement by investors? Should the Stewardship Code more explicitly refer to ESG factors and broader social impact? If so, how should these be integrated and are there any specific areas of focus that should be addressed?**

Unite supports the mandatory disclosure of fund managers voting records at AGMs and the extent to which they have made use of proxy voting.

Unite believes there should be trade union representation on the senior "shareholder" committee. Without this the committee runs the risk of being an extension of 'the old boys' network'.

Unite supports options that facilitate or encourage individual retail shareholders to exercise their rights to vote on pay and other corporate decisions. However changes will need to be given statutory footing if they are not going to be undermined and ignored when it is convenient for majority shareholders, directors and executives to do so.

Unite would caution that high-profile shareholder actions are not the sole means for controlling executive pay. Such actions should be auxiliary to collective bargaining and accountability through workplace democracy. Clearly, appropriate measures including regulation should be considered in order to allow for greater transparency and fairness with regards to pay for executives and the wider workforce.

Unite believes the Stewardship Code should more explicitly refer to ESG factors and the broader social impact.

**Q23. How can the Stewardship Code encourage reporting on the way in which stewardship activities have been carried out? Are there ways in which the FRC or others could encourage this reporting, even if the encouragement falls outside of the Stewardship Code?**

Asset managers and the like should already be reporting to their clients and members with regards to engagement. The Stewardship Code could attempt to refocus on expectations around reporting on engagement, rather than just voting but without a legal footing Unite is sceptical on how much this would improve the current situation.

**Q24. How could the Stewardship Code take account of some investors' wider view of responsible investment?**

There should be no difference in view. Investors should be systematically integrating ESG as part of their fiduciary duty.

**Q25. Are there elements of international stewardship codes that should be included in the Stewardship Code?**

Yes the UK should seek to produce a best in class Code that includes the ICGN Code relating to internal governance structures and the explicit reference to ESG factors and their integration would be welcome. Also the recently published consultation on the Dutch Stewardship Code, for example, includes more specific expectations around the use of, and disclosure around, stock lending. Other international stewardship codes are more explicit about different elements, including the importance of a long-term investment view, and the disclosure of voting and engagement records.

**Q26. What role should independent assurance play in revisions to the Stewardship Code? Are there ways in which independent assurance could be made more useful and effective?**

Independent assurance of asset managers' engagement and voting processes and the 'comply or explain' approach should have a statutory footing.

**Q27: Would it be appropriate for the Stewardship Code to support disclosure of the approach to directed voting in pooled funds?**

The Code should force asset managers to vote as directed and in line with their client and members beliefs. Unite supports the Association of Member Nominated Trustees 'Red Lines' campaign.

**Q28: Should board and executive pipeline diversity be included as an explicit expectation of investor engagement?**

Yes board and executive pipeline diversity should be included as an explicit expectation of investor engagement.

**Q29: Should the Stewardship Code explicitly request that investors give consideration to company performance and reporting on adapting to climate change?**

Yes the Stewardship Code should explicitly request that investors give consideration to company performance and reporting on adapting to climate change.

**Q30: Should signatories to the Stewardship Code define the purpose of stewardship with respect to the role of their organisation and specific investment or other activities?**

Yes the Stewardship Code should define the purpose of stewardship with respect to the role of their organisation and specific investment or other activities.

**Q31: Should the Stewardship Code require asset managers to disclose a fund's purpose and its specific approach to stewardship, and report against these approaches at a fund level? How might this best be achieved?**

Yes greater transparency from asset owners is needed on reporting at a fund level. Unite would argue that it is already their fiduciary duty to provide this to their clients and members.