

Corporate Governance and Stewardship
Financial Reporting Council
8th Floor
125 London Wall
London EC2Y 5AS

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Sent by email to: stewardshipcode@frc.org.uk

Dear Sirs

The UK Stewardship Code Response to the Consultation

The opportunity to review the UK Stewardship Code could not come at a more important time as we reflect on the historic failure of markets to achieve social equity and engage with the existential threat of climate change and consider the transformations that must now be made if we are to avoid a catastrophic outcome for both mankind and the planet.

Seen in the context of the UN 2030 Sustainable Development Goals (SDGs), it is evident that there is a pressing need to recognise the role of markets to help drive the transformations required and for this to be reflected in the duties contained within the revised Code.

In its most recent Special Report (SR15¹), the Intergovernmental Panel on Climate Change (IPCC) makes clear the changes required if the world is to achieve its climate change commitments² and highlights the need for stringent emissions reductions to be made within the energy, transport, buildings and agro-forestry sectors.

The buildings sector alone is estimated to account for 31% of total global final-energy use, 54% of final-electricity demand and 8% of energy related CO₂ emissions³. The IPCC report recognises the need to reduce emissions by 80-90% by 2050 and for new construction to be fossil-free and near-zero energy by 2020.

While government clearly has a lead role to play in driving the changes required, it cannot and should not be relied upon to do so alone. If the concept of 'stewardship' is to have real meaning in today's world, then capital markets must leverage their capacity to effect change within their supply chain and follow the lead being taken by others to embed the principles of sustainable development within their Codes of Conduct and Codes of Practice.

Moreover, institutional investors have an opportunity to use their convening power to support others who are active in this area, such as the built environment professions which sit at the interface between policy and practice. The Royal Institute of British Architects (RIBA) has,

¹ <https://www.ipcc.ch/sr15/>

² <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

³ Excluding indirect emissions due to electricity (source: IPCC, SR15)

for example, recently published the Findings of its Ethics and Sustainable Development Commission⁴ on the basis of which the institute has reasserted its unequivocal commitment to placing public interest, social purpose and sustainable development at the heart of its activities, revised its Code of Conduct and created a task group to align the institutes activities with the SDGs.

The Built Environment professions⁵ design the places and spaces in which we live and lead the construction industry. The 2019 UK Stewardship Code provides an opportunity for institutional investors to be encouraged to engage with such groups in order to help drive sustainable development through the supply chain thereby helping to accelerate the transformations required to achieve a sustainable future for us all.

Yours faithfully,

Peter Oborn RIBA RIAS HonMRAIC HonMRTPi
Commonwealth Association of Architects, Vice President

⁴ <https://www.architecture.com/knowledge-and-resources/resources-landing-page/ribas-ethics-and-sustainable-development-commission-final-report>

⁵ Represented by the Royal Institute of British Architects (RIBA), the Royal Town Planning Institute (RTPI), the Royal Institution of Chartered Surveyors (RICS), the Institution of Civil Engineers (ICE) and the Institution of Structural Engineers (IStructE) among others.