

Statement of compliance with the U.K. Stewardship Code

The Financial Reporting Council (“FRC”) is the UK’s independent regulator responsible for promoting high quality corporate governance and reporting. The FRC promotes high standards of corporate governance through the UK Corporate Governance Code. The UK Stewardship Code (the “Code”), published in July 2010 by the FRC, calls for greater collective action among shareholders and outlines seven principles for good stewardship practice.

This statement sets out how the Parliamentary Contributory Pension Fund (the “Fund”) will seek to address each of these principles.

Principle 1 - Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

The Fund considers the responsibilities of stewardship to be part of its fiduciary duty to its beneficiaries and seeks to adhere to the Stewardship Code, and encourages each of its appointed investment managers to also adhere to the Code.

The Fund’s investment managers take direct responsibility for stewardship issues, and voting and engagement in the investments which they manage, on the Fund’s behalf. Each of the Fund’s appointed investment managers has published a Statement of Compliance with the Code.

The Fund will make this Statement of Compliance available on the Parliamentary website.

Principle 2 - Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

The Fund encourages its investment managers to have effective policies that address potential conflicts of interest in relation to stewardship. The Fund has requested that its investment managers provide copies of their policies for identifying, managing and recording conflicts of interest.

In respect of conflicts of interest within the Fund, the Trustees of the Fund are required to make any declarations of interest at the commencement of meetings.

Principle 3 - Institutional investors should monitor their investee companies.

Day-to-day responsibility for managing the Fund’s equity holdings is delegated to the appointed investment managers.

The Fund expects its investment managers to monitor investee companies, engage with company management where necessary and report on voting, governance and engagement activity. Reports from investment managers on voting and engagement activity are received (and reviewed) by the Fund’s Officers on a regular basis.

Principle 4 - Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

Responsibility for day-to-day interaction with companies is delegated to the Fund’s investment managers, including the escalation of engagement when necessary. Their guidelines for such activities are expected to be disclosed in their own Statement of Compliance to the Stewardship Code.

Principle 5 - Institutional investors should be willing to act collectively with other investors where appropriate.

The Fund is willing to act collectively with other investors, where appropriate. The Fund also expects its managers to collectively engage with other investors, where appropriate.

Principle 6 - Institutional investors should have a clear policy on voting and disclosure of voting activity.

The Fund has delegated to its investment managers, responsibility for voting and engagement in relation to the investments which they manage on the Fund's behalf. Failure to exercise voting or other rights attached to shares could be contrary to the interest of the beneficiaries of the Fund. The Fund expects its investment managers to take this into account in exercising such rights on its behalf.

The Fund has a commitment to monitoring the adherence of their investment managers to their voting policies and has instructed its investment managers to provide reports on voting and engagement activity on a quarterly basis.

Principle 7 - Institutional investors should report periodically on their stewardship and voting activities.

The Fund requests reports from investment managers on voting and engagement activity to be provided on a quarterly basis. These reports are reviewed on a regular basis by the Fund's Officers, who provide a summary report on voting and engagement activity to the Trustees.

The quarterly reports on voting and engagement activity of the Fund's investment managers can be found at <http://www.parliament.uk/about/mps-and-lords/members/pay-mps/pension-fund/>