

NOT TO BE SHARED EXTERNALLY

The Asset Owner Council

("the AOC")

Terms of Reference

Name	1	The Asset Owner Council (AOC)
Type	2	The AOC is group of asset owners, convened under their own initiative, and focussed on responsible investment. The AOC maintains links with the UK Stewardship Regulators Group. Members of the UK Stewardship Regulators Group act as a sounding board for AOC initiatives.
History	3	The AOC was formed in 2024 as a result of a merger between the Occupational Pensions Stewardship Council (convened by the Department for Work and Pensions, secretariat: Share Action), and the UK Pension Scheme Responsible Investment (RI) Roundtable (secretariat: PRI).
Purpose	4	The AOC's purpose is to create a forum for: <ul style="list-style-type: none"> a) Sharing best practice on investor stewardship and responsible investment implementation b) Engaging with regulators/government in a coordinated way c) Encouraging high standards of stewardship and collaboration among asset owners (including offering practical support for smaller asset owners) d) Encouraging open and honest discussion among practitioners (by creating a 'safe space').
Membership	5	Membership is open to asset owners based in the United Kingdom (we generally consider an asset owner to be a pension scheme, endowment, family office or other institutional investor, at the discretion of the Chair). Asset owners based outside of the UK would be welcome and may be admitted as members at the discretion of the Chair.
	6	By joining Members consent to their institution being publicly listed as a member of the AOC.
	7	It is expected that member organisations are represented by a senior practitioner (e.g. a 'Head of Responsible Investment', 'Stewardship Manager' or equivalent), though there may be occasions or circumstances where more senior (executive or non-executive) representation is appropriate.
Collaboration	8	The AOC may prompt or involve member collaboration, for example, from time to time the AOC may convene subgroups of members that are interested in a particular topic.

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- 9 Members will ensure it is clear that stewardship is conducted by members individually and independently, not by the AOC as an entity. All stewardship and investment decision-making is taken by individual institutions and is not made collectively. Further details are set out in the Appendix.
- 10 The onus for compliance with all relevant laws and regulations, including competition law falls on members.
- 11 Members (and any invited speakers) shall refrain from using this forum for explicit commercial purposes and should focus on furthering the goals and objectives as defined above.
- 12 Unless otherwise stated, discussions are held under the Chatham House Rule.
- Governance**
- 13 The membership shall elect a **Chair** or co-Chairs each calendar year.
- 14 An individual may be re-elected to the Chair more than once, but not more than two times (three year maximum term). .
- 15 A **Steering Group** of between six and ten members shall be elected for a term of 2 years. Steering group members may be re-elected consecutively up to three times.
- 16 Separate from any secretariat support, the Steering Group shall include at least one and no more than two representatives of the UK Stewardship Regulators Group.
- 17 A meeting of the Steering Group shall be quorate if half of the members are present.
- 18 The Chair is responsible for the development of the agenda for each meeting, with support from the secretariat. The Chair and Steering Group will maintain good governance arrangements, including revising this Terms of Reference, and consulting the membership on topics to be included in the AOC workplan.
- Reserved Business**
- 19 In support of purpose 4.d. (above), some meetings or parts of meetings may be reserved to asset owner participants, and/or to stewardship practitioner participants.
- Secretariat**
- 20 The Chair and Steering Group will appoint a Secretariat.
- 21 The secretariat will have administrative responsibilities, including scheduling, minute taking, and basic membership services (e.g. maintaining a list of members, providing virtual meeting rooms, coordinating physical/hybrid meeting rooms, etc.)

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- 22 The secretariat may be drawn from the membership, or from a third party provider (subject to resource and budget constraints below).

The Financial Reporting Council can provide 0.2FTE capacity to support secretariat for the first year, with the option to extend following reflection of the arrangement entering into the second year.

Resources and Budget

- 23 There are no membership fees. It is anticipated that the AOC shall incur no regular or substantial costs, and that incidental expenses agreed by the Chair or Steering Group will be met by members by agreement. The Steering Group with the Chair will be responsible for ensuring that funding arrangements to cover any approved ad hoc work, analysis, or incidental expenses are in place before costs are incurred. As such no formal budget will be required. This may be amended in due course by the Chair and Steering Group if circumstances change.

These Terms of Reference are based on a proposal circulated to the OPSC and UK Pension Scheme RI Roundtable in September 2023. They have been developed by a working group comprising members of the OPSC, the RI Roundtable, and the Stewardship Regulators Group.

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Appendix - Legal considerations

Acting independently

The AOC does not provide investment or voting recommendations. Members are independent fiduciaries responsible for their own voting and investment decisions. The AOC does not require or seek collective decision-making or action with respect to acquiring, holding, disposing and/or voting of securities. All Members of the AOC must vote in accordance with their own voting principles, policies or guidelines and independent internal investment analysis. All members are responsible and accountable for their own independent voting decisions, including any pre-declaration or vote solicitation.

The use of responsible investment tools and tactics discussed or made available by the AOC is at the discretion of individual Members. The AOC only facilitates information sharing regarding these tools and tactics and takes no formal position on them.

Any decision by Members to engage in collective decision-making or action with respect to acquiring, holding, disposing and/or voting of securities shall be at their sole discretion and made in their individual capacities and not on behalf of or as part of their activities within the AOC.

The use of potential escalation tactics that investors may use in their stewardship practice is at the discretion of individual Members. Divestment of specific holdings should not be discussed by Members in any AOC forum. Any decision by Members with respect to investing, divesting or in any way changing the level of holding of a security will always be at their sole discretion and made in their individual capacities.

Members do not seek directly or indirectly, either on their own or another's behalf, the power to act as proxy for a security holder and do not furnish or otherwise request or act on behalf of a person who furnishes or requests, a form of revocation, abstention, consent or authorisation.

Legal compliance

Each Member should obtain its own legal advice regarding their participation in the AOC, as required.

Members participating in the AOC must ensure they are aware of and always in compliance with regulatory requirements in the jurisdiction where their activities are taking place. This may include regulatory requirements pertaining to fiduciary duty, securities, takeovers, and/or competition or anti-trust.

The AOC does not provide legal, accounting or tax advice. Materials provided by the AOC are for information purposes only.

Material non-public information and competitively sensitive information

Members must never seek, discuss or exchange material non-public information or competitively sensitive information (“**CSI**”) with other Members or the AOC.

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If a Member inadvertently discovers information believed to be material non-public information or CSI by virtue of participating in the AOC, then the usual requirements under relevant securities, competition or anti-trust laws and regulations will apply.

Members should only share information, data, analysis, or opinion with other Members or the AOC where doing so supports the objectives of the AOC.

External communications and representation of assets and other investors

Unless otherwise agreed in writing, any outputs published by the AOC that rely on data from Members will not identify specific Members and will be based on aggregate level data only.

Unless expressly authorised to do so by the AOC, Members should not state that they represent all of the Members of the AOC, the full assets under management (AUM) of the Members of the AOC or the AOC itself.

Investor privacy

The AOC will never share personal data of a Member (i.e. information related to an identified or identifiable real person) with a third party without an adequate legal basis for doing so (e.g. consent).

By joining the AOC, Member representatives grant the AOC the right to share their work contact details with other Members.

The AOC may record group meetings for internal purposes, such as note taking. When recordings of group discussions are taken, meeting attendees will be notified. Typically, recordings will not be circulated to Members. On occasion, however, recordings may be shared – for example, for educational briefings given to Members.

Some Members or invited attendees to group calls may have individual organisational policies that require the recording of all calls. All Members with such a requirement are expected to honour the same confidentiality and transparency commitments as detailed in these terms.