

UK Stewardship Code: Advice for Signatories and Applicants in 2024



Financial Reporting Council

The UK Stewardship Code is a voluntary, best-practice code which provides a framework for reporting on stewardship practice over a 12-month period. The Code aims to improve transparency in the market. This is achieved by signatories disclosing high quality information demonstrating stewardship in action. It applies to asset managers, asset owners and their service providers, with a focus on stewardship on behalf of the end beneficiary or saver.

The UK Stewardship Code – look ahead for 2024

The FRC is reviewing the Stewardship Code in 2024 and we intend to consult on the Code later in the year.

During this time, the UK Stewardship Code 2020 will continue to operate as usual, and all previously published expectations of reporting remain relevant. Current signatories must submit their annual stewardship report to their regular application deadline in 2024.

Once we publish an updated Stewardship Code, we will set out a clear implementation pathway and ensure the effective date allows current signatories sufficient time to respond to any changes.

We look forward to engaging with signatories and other market participants during this process.

Key points for Stewardship Code applicants

In simple terms, use your stewardship report to show what your stewardship approach is, and what you have undertaken in the year. Be sure to include your activities and outcomes. The Code does not prescribe any single approach to stewardship. The apply and explain nature of the Code allows you to demonstrate how you have applied the Principles. The reporting expectations can be flexibly applied to explain your approach and your report is assessed on the quality and transparency of your disclosures.



The Stewardship Code is **'apply and explain'**. This means signatories **apply** all of the Principles, and **explain** how they have done so by responding to the reporting expectations that sit under each Principle. This allows signatories to meet the expectations in a way that is aligned with their own business model and strategy.

Reporting to the Code is an opportunity for your organisation to tell your story and showcase what actions you have accomplished in the past year. Your report should present a fair and balanced reflection of your organisation's stewardship practice, acknowledging challenges and setbacks as well as successes. High quality reporting does not exclusively respond to the letter of each expectation, but also provides disclosure to address the Principles.

This document collates previously published guidance and should be used to help you prepare a fair, balanced and understandable report to submit in 2024. Revisit the Code and the 'How to report' section when developing your stewardship report.

Demonstrate your stewardship in action

The Stewardship Code is apply and explain, and the Principles span the investment lifecycle. The activities that signatories report on cover investment research, the decision to invest, monitoring, engagement, escalation and the exercising of rights and responsibilities. Your report should explain how you apply the Principles, and some organisations may use particular definitions for their stewardship activities. Where this is the case, you should include these definitions in your report. Doing so provides transparency and context for the reader to better understand the case studies you have highlighted in the report.

[Defining engagement.](#)

[Distinguish between monitoring and engagement.](#)

Report across your assets under management

You should illustrate your approach with examples of activities that you have undertaken and the outcomes you have achieved during the reporting period. These case studies should highlight the depth and breadth of your stewardship across assets under management.

Reporting should be proportionate to the asset classes represented in the AUM.

[Reporting on asset classes outside of listed equity](#)

Reporting should be proportionate to the geographies of investments in the AUM.

[Representative case studies](#)

For organisations that invest directly and through third-party managers, reporting should be proportionate to the methods of investment across the AUM.

[Indirect investment activities](#)

[Indirect investors](#)

Better stewardship reporting shows improvements in stewardship practice and approach over time. Use your case studies to also highlight next steps in ongoing engagements, and how your stewardship efforts are progressing. We encourage you to include case studies with a range of outcomes including those that have yet to achieve the desired goal, especially where objectives are achieved over the longer term.

In-depth engagement and meaningful change takes time, and as a result engagements with issuers may unfold over several years. We encourage you to use your report to show progress towards goals year-on-year. Although reports should focus primarily on stewardship activities and outcomes from the 12-month reporting period, you may wish to include updates on previously reported activities, demonstrating how your engagement approach has evolved as necessary to achieve its objectives.

[Engagement progress and reporting period-specific activity.](#)

Keeping the audience in mind

While your stewardship report should first and foremost respond to the expectations of the Code, it should also be a useful and informative document for your stakeholders including clients, beneficiaries or members. The report should be written with this wide audience in mind and should not rely too heavily on technical jargon.

Your report should be clear and concise. We encourage you to make use of cross-referencing across the report to minimise the amount of repeated information and keep the document to a reasonable length. From the FRC's perspective, your report is considered as a whole document and it is unnecessary to repeat information across multiple sections.

Fair, balanced and understandable reporting

Principle 5 asks signatories to explain how they have ensured that their reporting is fair, balanced and understandable. Apply this as a mindset when preparing your stewardship report, and considering whether it is a fair, balanced and understandable representation of your stewardship practice for the year. Good quality reporting uses both quantitative and qualitative information to communicate the scope and breadth of your stewardship, along with insightful case studies and examples.

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