



FRC's revised Stewardship Code

28 April 2020

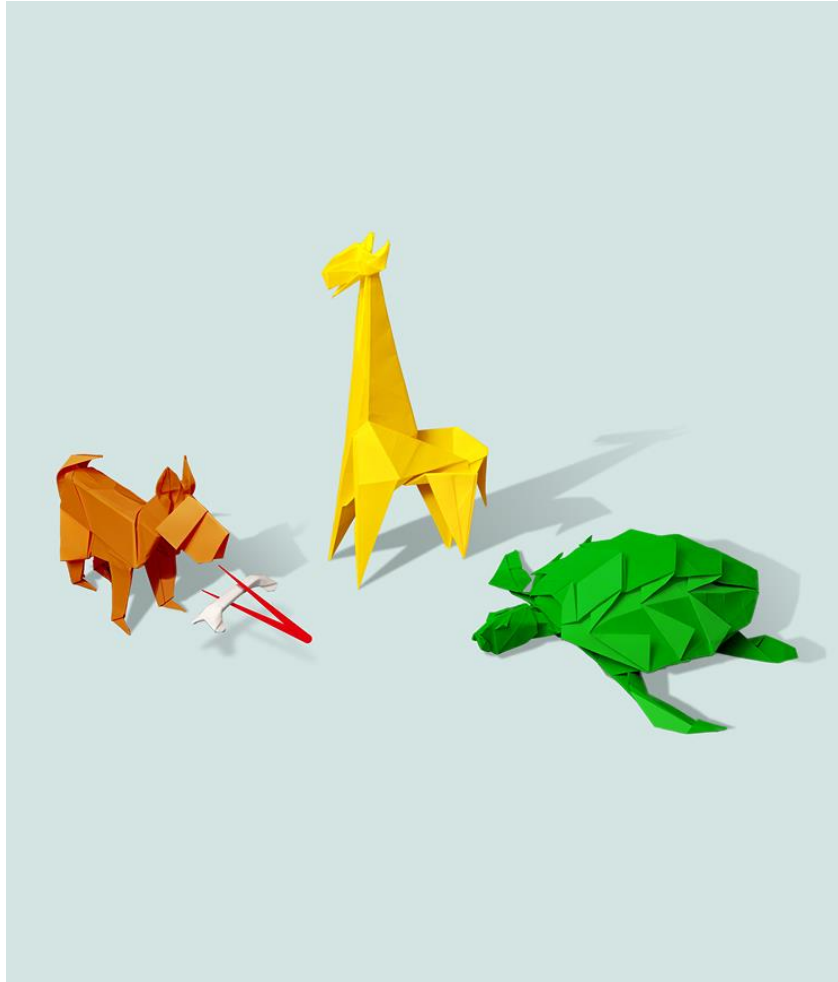
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Presenters



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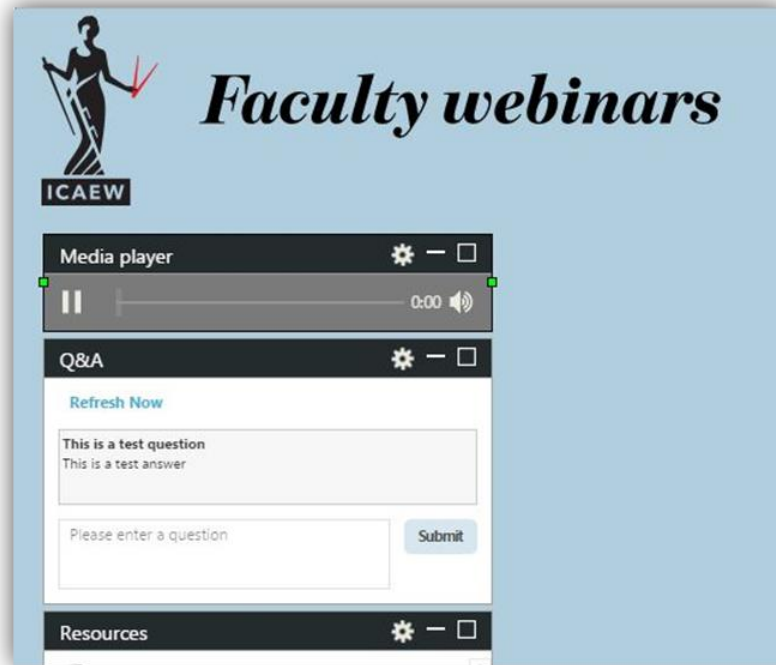


Will Oulton
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Investor Stewardship & Effective Stewardship

Increasing policy interest in investor stewardship



The role of regulation

- Important policy and supervisory focus
- A number of recent FCA initiatives:
 - New rules on shareholder engagement (**SRD II**)
 - **Discussion Paper** with FRC, and subsequent **Feedback Statement**
 - New duties for **Independent Governance Committees**
 - Related work on **climate change** and green finance
- Cross-agency interest (FRC, TPR, DWP, HMT, BEIS)



*"Through our **regulation**, we aim to ensure that firms, such as asset managers and life insurers, are **delivering good outcomes** for their customers. For many firms, the exercise of **stewardship** will be integral to this..."*

Feedback Statement on
investor stewardship (**FS 19/7**)

What effective stewardship looks like

A clear purpose

A clear understanding of the scope, role and purpose of stewardship. Contractual and other arrangements that reflect clients' and beneficiaries' investment and stewardship objectives

Constructive oversight, engagement and challenge

Active and effective monitoring of assets, constructive dialogue with issuers, and exercise of ownership rights. Integration of stewardship and investment processes to achieve outcomes consistent with clients' and beneficiaries' investment and stewardship objectives

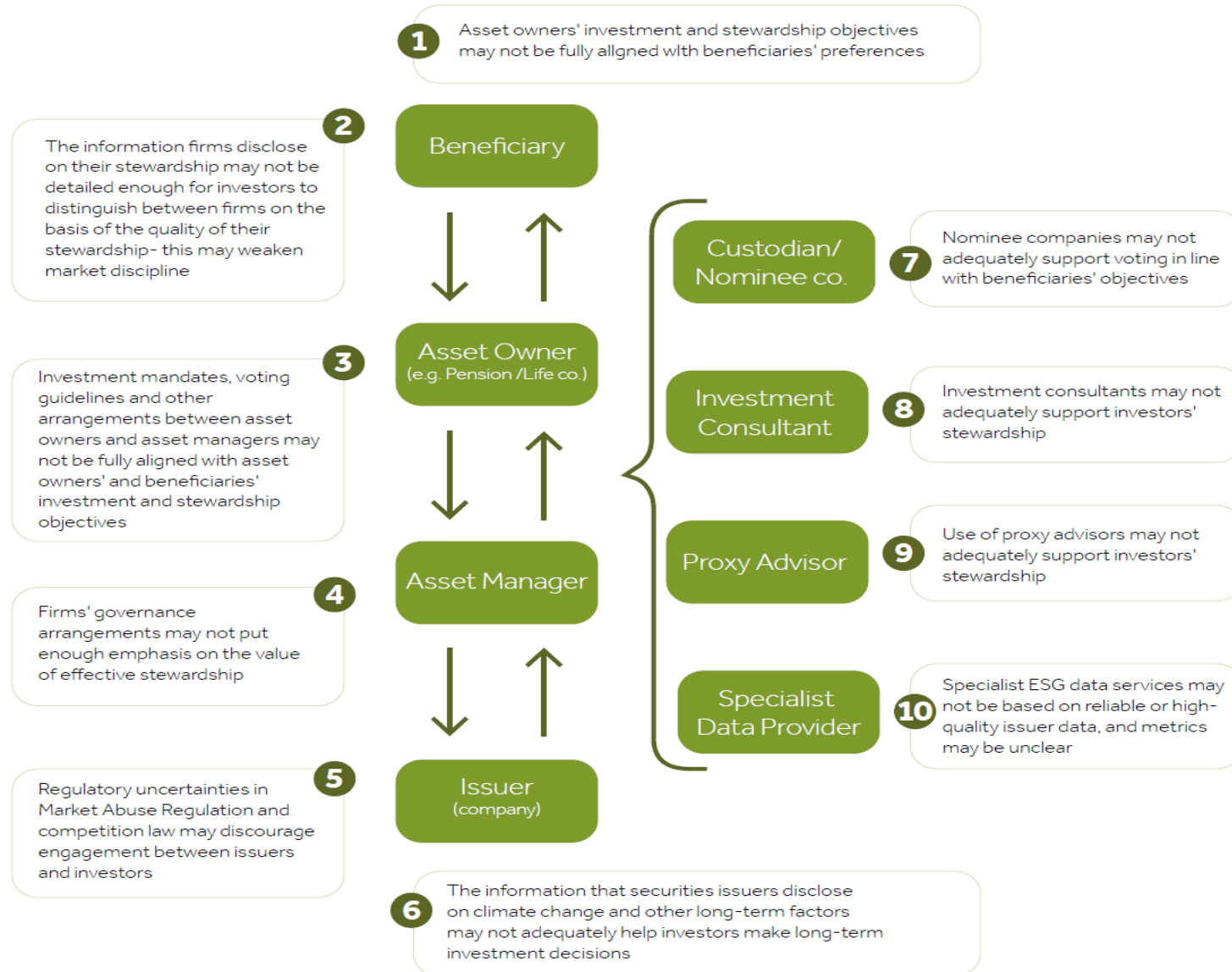
Culture and institutional structures that support effective stewardship

Culture and institutional structures to promote and support investment strategies and stewardship activities consistent with clients' and beneficiaries' investment and stewardship objectives

Disclosure and transparency of stewardship activities and outcomes

Reporting and disclosures across the institutional investment community to demonstrate that stewardship activities and outcomes reflect clients' and beneficiaries' investment and stewardship objectives

Barriers to effective stewardship





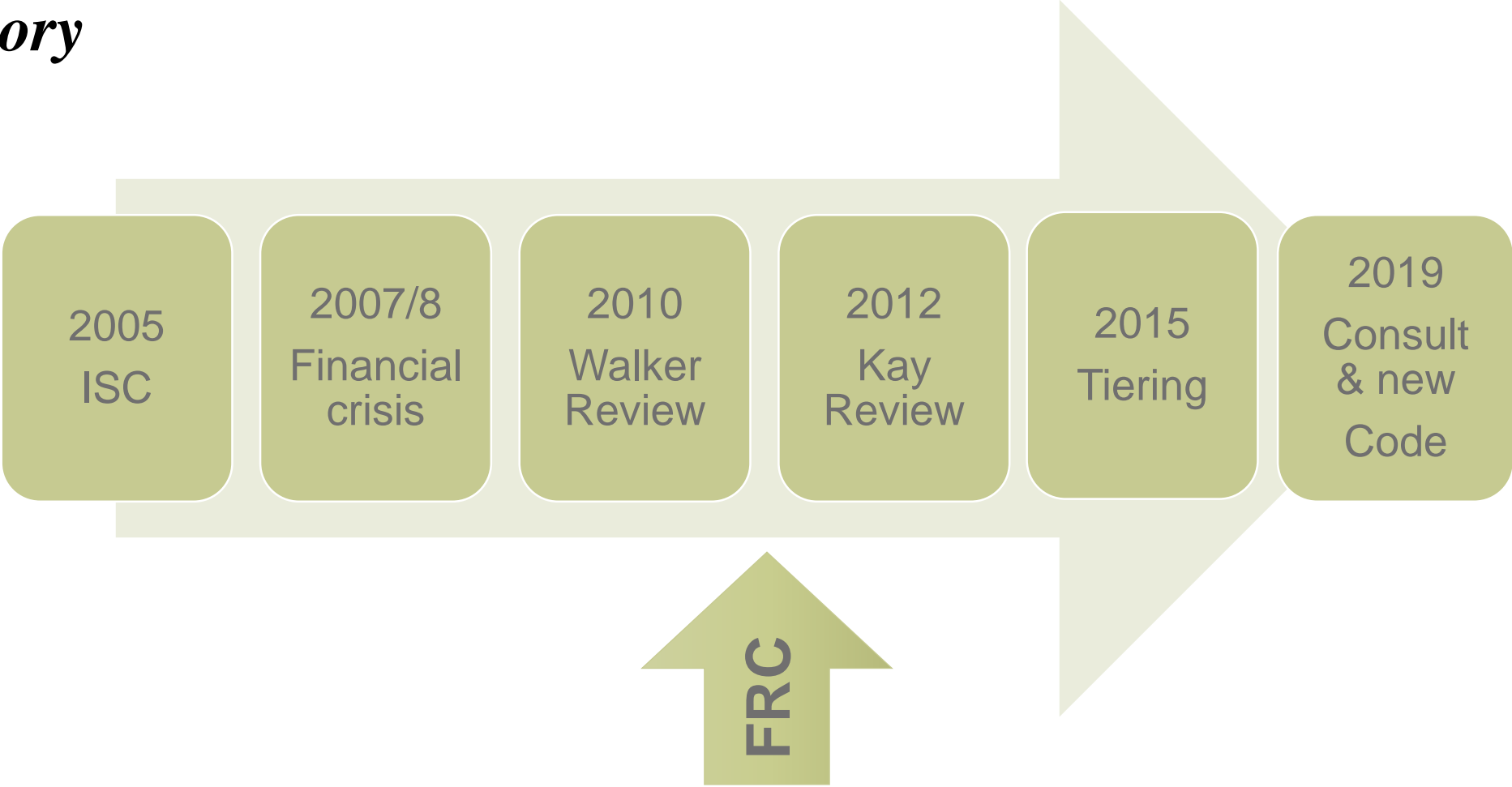
The UK Stewardship Code



Financial Reporting Council

THE UK STEWARDSHIP CODE 2020

History



Purpose of the Code

- Set high expectations for stewardship
- Align approach across investment chain – focus on clients and beneficiaries
- Increase transparency about activities and outcomes
- Create a market for effective stewardship

Key changes

- Redefined stewardship
- Reporting on activities and outcomes
- Beyond UK listed equity
- Focus on purpose and governance
- Inclusion of ESG factors

Structure and reporting

- 12 Principles for asset owners and managers
- 6 Principles for service providers
- Apply and explain
- Reporting expectations
- Links with SRDII requirements

Next steps and timeline

- New Code – took effect from 1 Jan 2020
- First applications – 31 March 2021
- First list of signatories – Summer 2021



Questions and discussion

Future webinars and events

- Upcoming Webinars

- 30 April, 12:00 – 13:00, COVID-19 and Stress Testing for Banks & Building societies
- 7 May, 10:00 – 11:00, COVID-19 and Financial Services
- 1 June, 12:00 – 12:30, Reform and enhance culture: a practical approach
- 26 June, 11:00 - 12:00, Five questions boards should ask about cyber security

- 2020 Schedule

- We have a full webinar listing on topics for Banking, Insurance and Investment Management
- Go to **[icaew.com/fsfevents](https://www.icaew.com/fsfevents)**



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