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Financial Reporting Council
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Via email: stewardshipcode@frc.org.uk

19th February 2025

Dear FRC,

Consultation: Proposed revisions to the UK Stewardship Code

Sharesoc welcomes the opportunity to provide the FRC with our comments on your proposed revisions to the UK Stewardship Code (the Code).

ShareSoc (The UK Individual Shareholders Society) is the leading not-for-profit organisation dedicated to representing and supporting UK private investors. Through advocacy, education, and community-building, ShareSoc works to enhance the rights and opportunities of all individual investors.

The organisation campaigns for better corporate governance, provides resources to help investors make informed decisions, and offers a platform for connecting with like-minded investors. ShareSoc's mission is to ensure that the voice of the individual investor is heard and respected in the UK's financial markets. For more information, visit www.sharesoc.org.

You may publish our response on any website and you may reproduce it, in whole or in part.

ShareSoc believes that the Code should be further amended to include retail, adviser and institutional investment platforms as signatories. Platforms are often responsible for a disconnect in stewardship and engagement processes and should be encouraged to provide transparency to potential clients in this regard.

Responses to the questions raised in the consultation are set out below.

1. **Do you support the revised definition of stewardship?**

'Stewardship is the responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries.'

Effective stewardship drives investors to take account of long-term risks and opportunities. This helps them to make well-informed investment decisions to deliver returns that meet the objectives

of their clients and beneficiaries today, without compromising the ability to do so in the future. Stewardship that supports sustainable, long-term returns may lead to wider benefits for the economy, the environment and society.

The stewardship activities investors undertake will depend on their role in the investment chain, as well as their investment approach and types of assets. The purpose of the Stewardship Code is to provide transparency around the different approaches and activities that investors and their service providers undertake to steward assets in their care.

Yes. The language is less prescriptive and less evangelical. This is an improvement, makes the code relevant to a larger number of investors and service providers, and increases the usefulness of reporting to clients and beneficiaries.

The second paragraph, commencing "Effective stewardship.." is excessively wordy with minimal associated benefit. This should, in our view, be reduced to:

Effective stewardship ~~drives~~ [requires] investors to take account of long-term risks and opportunities. ~~This helps them to make well-informed investment decisions to deliver returns that meet the objectives of their clients and beneficiaries today, without compromising the ability to do so in the future.~~ Stewardship that supports sustainable, long-term returns may lead to wider benefits for the economy, the environment and society.

2. **Do you support the proposed approach to have disclosures related to policies and contextual information reported less frequently than annually? If yes, do you support the approach set out above?**

Yes, but we do not agree that the policy and context element should be reported annually unless there has been a change. Requiring repeat submission of an unchanged report diminishes its perceived value for users. This element should be updated AND reported on a tri-annual basis.

We see no value in including information from the Policy and Context Disclosure (organisation, clients, beneficiaries) in the introductory statement on the Activities and Outcomes Report.

3. **Do you agree that the Code should offer "how to" reports, supported by further guidance?**

Yes. If examples are to be given, they must be written specifically to illustrate specific points that the FRC would expect to see considered or addressed in a good response

4. **Do you agree that the updated Code for Asset Owners and Asset Managers should have some principles that are applied only by those who manage assets directly, and some that are only applied by those who invest through external managers?**

Yes. It should be very clear which principles apply to which actors.

5. **Do the Principles of the updated Code better reflect the different ways that stewardship is exercised between those who invest directly, and those who invest through third parties?**

Yes.

6. **Do you agree that the updated Service Providers Code should have some principles that are applied only by proxy advisers and some that are only applied by investment consultants?**

Yes.

7. **Do the streamlined Principles capture relevant activities for effective stewardship for all signatories to the Code?**

Yes, although they do not adequately differentiate between allocation, engagement and voting functions.

Allocation is usually carried out by a separate unit / department vis-à-vis engagement and voting / exercise of shareholder rights. In many cases the allocation function is prescribed by an investment strategy, with limited scope for deviation – index funds are the extreme example, where there is no discretionary component.

Stewardship responsibility in such cases falls entirely to staff responsible for engagement and the exercise of shareholder rights and is independent of the allocation process. The code does not adequately distinguish between these processes.

8. **Should signatories be able to reference publicly available external information as part of their Stewardship Code reporting, recognising that this will mean**

Stewardship Code reports will no longer operate as a standalone source of information?

Yes, provided that a complete versioned archive of such material is retained for a defined number of years, available to the public on request.

9. **Do you agree with the proposed schedule for implementation of the updated Code?**

Yes.

With best regards,

Mark Northway

Director