

INTRODUCTION

While the Covid-19 pandemic seems a distant memory for some, Governments have been reeling from the event and some are now looking for new sources of capital to help bolster their economies.

This has led to environmental, social and governance (ESG) factors and sustainability considerations being deprioritised from the UK Government's current political agenda over the last year, to give way to a focus on maximising investment return and growth objectives.

In tandem with wider political shifts in priorities and objectives, the Financial Conduct Authority (FCA) has also proposed a series of new measures which, many of our members believe, will lead to a dilution of shareholder rights and a race to the bottom when it comes to stewardship practices. Changes which contrast with the increasing expectations placed on schemes to exercise their stewardship responsibilities to influence good market practice.

While recognising the importance of facilitating economic growth in the UK, we urge investors and companies to do this in tandem with responsible investment. One of the main ESG objectives is to generate more sustainable value creation for companies and investors, and the green transition also represents the most significant global growth opportunity over the coming decades.

This is one of the reasons why we have updated our Voting and Stewardship Guidelines with a brand-new section on social factors, highlighting the work conducted by the Taskforce for Social Factors, while also continuing to have a spotlight on workforce and well-being practices.

At a time where there is serious political unrest in several parts of the world, it is more important than ever for companies to have consistent policies on cybersecurity. The advent of AI, and how it can and will transform businesses, is also taken into consideration in the 2024 edition.

In a year marked by severe wildfires, floods and other natural disasters, the impact of human activity on biodiversity continues to be of extreme importance. Investors and companies have a crucial role to play in the transition to sustainable business practices.

As the cost-of-living crisis continues in the UK, a spotlight remains on Executive Pay, which is explored in this document.

These and other topics are covered in our 2024 Stewardship and Voting Guidelines, which continue to set out a comprehensive framework on how key issues need to be considered by schemes in their stewardship.