

BEYOND THE STEWARDSHIP CODE

Why Alignment Matters More than Ever



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Panel Theme: *How is stewardship evolving after the revised 2026 Code, and what are its implications for the UK market?*

Top Takeaways:

- *Stewardship differs across the investment chain (pg. 2)*
- *Stewardship is becoming more authentic and investment-led (pg.3)*
- *Realistic expectations and clearer accountability are essential (pg. 4)*
- *Reporting should focus on what matters (pg. 5)*
- *Relationships remain central to effective stewardship (pg. 6)*

Overview

At a recent panel co-hosted by the Investor & Issuer Forum (I&IF) and the CFA, speakers from across the investment chain explored how stewardship is moving beyond reporting to supporting long term investment outcomes.

The discussion concluded that effective stewardship is becoming less prescriptive, more closely integrated with investment decision-making and requires better alignment between asset owners, asset managers and companies.

Stewardship Differs Across the Chain

The panel highlighted how stewardship varies across the investment chain; Cassie Traeger (People's Partnership) emphasised the breadth of stewardship from an asset owner perspective. With long-term investment horizons and engagement with thousands of companies, People's Partnership employs a broader approach that considers stewardship at both company and system stewardship levels.

“System stewardship, for us, is what supports a resilient portfolio in the long term.”

–Cassie Traeger, People's Partnership

Company-level stewardship can involve bilateral engagement, voting and engaging with companies for information or change, while system stewardship includes policy engagement and participation in industry initiatives aimed at influencing how companies behave at a market level. For highly diversified, long-term investors like People's Partnership, improving the systems in which companies operate can potentially create greater value across the portfolio than focussing solely on individual companies.

This contrasts with the more company-specific approach typically taken by asset managers, but the panel presented the two perspectives as complementary. The revised Code's flexibility allows organisations to articulate these different approaches rather than forcing them into a common model.

Stewardship is Becoming more Authentic and Investment-Led

“The new Code gives people the ability to more accurately reflect what they actually do.”

**–Antonia Stirling,
Artemis**

The panel acknowledged that the revised Stewardship Code has not been without controversy, particularly for asset owners. But Cassie suggested that, regardless of whether organisations agree with every aspect of the revised framework, its greater flexibility creates an opportunity for more open and authentic conversations about what stewardship means in practice.

From the asset manager perspective, Antonia Stirling (Artemis) similarly highlighted the value of being able to explain stewardship in the context of individualised investment approaches rather than conforming to a single model.

Sallie Pilot (Investor & Issuer Forum) agreed, explaining that different investment strategies and client objectives will naturally lead to different approaches. This makes transparency about why stewardship is undertaken more useful than simply demonstrating what activities have been completed.

“Stewardship does not need to look identical across every firm.”

**–Sallie Pilot, Investor &
Issuer Forum**

For asset managers like Artemis, this also means ensuring that stewardship is clearly connected to the investment case. Stewardship is most effective when investment teams own the process, with engagement and voting supporting investment conviction rather than operating as separate activities.

When stewardship teams and portfolio managers send different messages to companies, engagement can become difficult to interpret; closer integration creates greater consistency and a clearer rationale for engagement.

Realistic Expectations and Clearer Accountability

Cassie also stressed the importance of balancing ambition with reality, stating that stewardship objectives should remain ambitious, but expectations need to recognise the practical constraints facing both asset owners and managers. There will inevitably be gaps between aspiration, implementation and performance, particularly where change takes time.

“Aspirations should absolutely be ambitious, but expectations also need to be tempered by reality.”

– Cassie Traeger, People’s Partnership

The revised Code was seen as creating a better environment for more honest conversations about these trade-offs. Rather than reducing ambition, greater transparency about what investors can realistically influence may lead to more credible and effective stewardship.

Both Cassie and Antonia highlighted the importance of clearer expectations between asset owners and asset managers. Cassie identified Investment Management Agreements (IMAs) as an underused tool for setting bespoke stewardship expectations, defining responsibilities and grounding those expectations in each manager’s investment strategy. For Antonia, understanding a client’s investment strategy and time horizon is equally important in determining how stewardship can be delivered effectively.

Reporting should Focus on What Matters

The panel questioned the value of increasingly burdensome stewardship reporting, particularly where activity is easier to demonstrate than outcomes. As Antonia noted, the focus should increasingly be on why stewardship activities are undertaken, what they are intended to achieve and what has actually been achieved.

“One of the beautiful things about capital markets is that the value is in the things that you cannot precisely measure.”

**–Lindsey Stewart,
Morningstar**

Lindsey Stewart (Morningstar) highlighted the wider challenge of measuring stewardship consistently. Outcomes are often contextual, take years to emerge and involve multiple investors and other stakeholders, making attribution challenging. Lindsey’s research also pointed to differences in stewardship practices between markets, with European investors generally taking a broader approach to stewardship than their US counterparts, where financial materiality and shareholder value tend to be more central.

Against this backdrop, the panel pointed more towards qualitative assessment of the purpose and its contribution to investment outcomes, rather than relying solely on standardised quantitative measures. The overall direction was therefore towards better, more focused reporting rather than more reporting.

Relationships remain Central to Effective Stewardship

The discussion also reinforced that effective stewardship depends on the quality of relationships between investors, companies and other participants across the investment ecosystem.

In particular, the I&IF's Investor and Issuer Compass was highlighted as a framework for conditions that support effective stewardship, including constructive dialogue, proportionate expectations, accountable boards, clear reporting and alignment across the investment chain.

“Peak sustainability has passed...but maybe peak stewardship is still to come.”

–Antonia Stirling, Artemis

Speakers noted a positive evolution in the quality of dialogue between investors and company boards, with greater emphasis on partnership, listening to different perspectives and working towards better outcomes. This relational aspect is particularly important as stewardship becomes more integrated into investment decision-making: effective engagement requires not only clear objectives, but also trust, transparency and a shared understanding of expectations.

Ultimately, the panel emphasised that the future of stewardship will be defined less by how much activity investors can report and more by how effectively they can integrate stewardship into investment decision-making, set credible expectations and build demonstrate meaningful long-term outcomes.