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There is also a need for investors to improve how they report against the Stewardship Code. Nearly half of the signatories have not yet updated their public statements over a year after a revised edition of the Code took effect in October 2012, and a number do not report on all of its principles. The FRC is considering mechanisms for ensuring that statements are complete and up to date, and possible sanctions where they are not.

It is not entirely clear what impact developments at European level will have during 2014. There seems to be a strong possibility that legislation on auditing (including mandatory tendering and rotation) and non-financial reporting (including reporting on risk and diversity) will be finalised before the European Parliament breaks up in April.

Progress is less likely to be made in the short term on other legislative proposals such as the revised Shareholder Rights Directive, and in the longer term it will depend at least in part on what priority they are given by the new European Commission after it has been appointed in late 2014. In any event, the FRC will continue to work with partners in the UK and other countries – including the European Corporate Governance Codes Network – to ensure that the debate at European level is well-informed and evidence-based.

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