

Fair Reward Framework: Asset owners consult on draft indicators

UK investors seek views on a framework to inform stewardship decisions on corporate pay practices

LONDON, UNITED KINGDOM, September 28, 2023 /EINPresswire.com/ -- A group of UK asset owners has launched a consultation on the Fair Reward Framework (FRF), which is open for feedback until 27 October 2023. All views are welcome and the

asset owner group particularly invites the participation of those directly involved in shaping pay practices, such as RemCo members and Chairs, remuneration consultants, shareholders, and trade unions: www.surveymonkey.co.uk/r/FairReward2023



Clare Richards, Director, Social (Responsible Investment), Church of England Pensions Board: "The draft Fair Reward Framework as it stands is the distillation of months of meetings between asset owners to determine what we believe the markers are of good processes and practice when it comes to fair reward. We don't think we have all the answers. We are keen to receive the views of advocates and decision makers connected with corporate pay, so that we can refine this framework ahead of launching the pilot year of assessments."

The framework poses a constructive challenge to all stakeholders to think more broadly about what factors lead to success and which approaches engender a fair division of the resulting rewards. No single indicator should be taken in isolation but viewed in combination, recognising the company's internal dynamics as well as how it pays back to shareholders and society. The draft FRF is divided into three main sections: Company characteristics – Pay scrutiny process – Reward outcomes.

Vaishnavi Ravishankar, Head of Stewardship, Brunel Pension Partnership:

"Through this initiative, we are signalling that executive remuneration should be evaluated on how companies are delivering value to their workforce and society more broadly, in addition to shareholders. We are delighted to reach a stage where we can benefit from feedback on the indicators that our asset owner group has identified as relevant to this decision making."

Diandra Soobiah, Head of Responsible Investment at Nest:

"Executive pay is an investment risk we want to manage at Nest. Burgeoning boardroom pay can

bring disillusionment and erode trust in organisations, and there's no clear link to improved corporate performance. Companies should be refocusing their efforts to boost the pay of their whole workforce who play a key role in delivering corporate success. Fairer pay to all has shown to improve long-term corporate performance, reduce costly recruitments and stem wider economic inequality.

"We hope the Fair Reward Framework will encourage companies to rethink the way they reward executives and the wider workforce and move towards a fairer and more equitable pay structure."

The Fair Reward Framework has been developed over the past year as a response to the long-standing debates around corporate pay, and what can be frequent tensions between companies, shareholders and wider stakeholders about who and what within a company contributes to creating value and how that is rewarded. The consultation includes the opportunity for respondents to help to shape the final set of indicators and the FRF assessment process. From December 2023 onwards the resulting framework will be applied to assess corporate annual reports.

Convened by the Church of England Pensions Board and Brunel Pension Partnership, in partnership with the High Pay Centre, the Fair Reward Framework has been developed on behalf of and with the input of a group of 11 UK Asset Owners, which also includes Friends Provident Foundation, Local Pensions Partnership Investments, Nest, Pension Protection Fund, People's Partnership, Railpen, Scottish Widows, and Universities Superannuation Scheme.

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