



## INVESTOR FORUM PUBLISHES REVIEW OF 2018 ACTIVITIES

### Demonstrating that collective engagement is a driver of long-term value

(London, 30<sup>th</sup> January 2019)

The Forum is recognised as a valuable resource and a centre of excellence for stewardship best practice. During 2018:

- 6 engagements with major UK companies were completed in 2018, 23 since inception
- 3 important thematic research projects
- 9 new Members, including 4 asset owners and 4 international investors
- 43 Members in total, with over £16 trillion assets under management

The Investor Forum today publishes its Review of 2018 Activities (view [here](#)) and reports a continued success in collective engagement with UK companies, with members proposing 12 different company situations for assessment - leading to six completed engagements, with Centrica plc, Imperial Brands plc, Reckitt Benckiser plc, Shire plc, Victrex plc and Unilever plc.

At the same time, the Forum welcomed a further nine members to its ranks during 2018, bringing the total to 43 asset managers and asset owners, a more than doubling of the membership from the original founding group. These Members collectively represent approximately 30% of the FTSE All-share.

As the stewardship landscape continues to evolve, and the FRC launches the Stewardship Code consultation, we believe that world class stewardship activity should far exceed the standards required by any code or regulation. Clients and society increasingly expect much more from asset managers, and investors are becoming ever more vocal on this important issue.

In times of uncertainty it is more important than ever that investors and boards focus on long-term strategic opportunities.

#### **Chairman of the Investor Forum Simon Fraser said:**

"The Investor Forum is focused on stewardship outcomes and impact, in line with the recommendations of the Kingman Review. We had another successful year in 2018 and the Forum is now firmly rooted in the UK investment landscape. We look forward to working with our members, and the investment industry more broadly, to further embed stewardship at the heart of investment decision-making."

#### **Andy Griffiths, Executive Director of the Investor Forum said:**

"2018 has been our busiest year to date. The results published today demonstrate the value of collective engagement to bridge gaps in the dialogue between investors and companies. As we look to 2019, we are approaching a tipping point - we believe that effective stewardship can help ensure that more companies create and sustain long-term value for the benefit, not just of shareholders, but also for wider society."

#### **2018 Review**

2018 saw continued impact from collective engagement:

- Members proposed 12 different company situations for collective engagement
- 5 of those situations resulted in comprehensive engagement with companies, and one continued from the previous year
- 6 completed engagements are disclosed in the 2018 review and they are: Centrica plc, Imperial Brands plc, Reckitt Benckiser plc, Shire plc, Victrex plc and Unilever plc



The key engagement topics relating to board governance were strategy, capital allocation and leadership and succession in 2018, and reporting & communication was a dominant feature of the execution dialogues.

In 2018, we saw a shift in the engagement emphasis to leadership rather than the succession process. A number of engagements were driven by the challenges of rapidly changing industry dynamics or concerns over corporate culture.

The Forum's activities and approach are valuable tools for shareholders to escalate concerns and address complex problems with UK-listed companies. The collective engagements that the Forum has undertaken have made a significant contribution to rebuild trust between stakeholders and company boards in a number of situations.

The Forum also worked with investors on three important thematic issues in 2018:

- Working practices in the food sector
- Marine plastic pollution
- ADR voting practices

The Investor Forum 2018 Review of Activities provides an update on the Forum's stewardship activities and further details of the engagements in 2018.

At the conclusion of the Investor Forum's Annual General Meeting today, Nick Moakes will step down from the Board, having served since the inception of the Forum. Virginia Holmes stepped down as a Non-Executive Director during the year. We would like to thank them both for their service and valuable insights.

The Investor Forum was established in 2014 and its purpose is to position stewardship at the heart of investment decision making by facilitating dialogue, creating long-term solutions and enhancing value. The Investor Forum has been involved in 23 comprehensive collective engagements with Chairs of UK-listed companies since its inception, covering issues from succession and governance to the direction and execution of strategy.

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## INVESTOR FORUM REVIEW OF ACTIVITIES 2018

The **Investor Forum Review 2018** can be accessed [here](#). The following highlights some of the key information in the Review:

- A **Snapshot of the Forum** can be found on pages 6-7
- The **Chairman's Introduction** is on page 4 and the **Executive Director's Review** begins on page 8
- **Background to the Investor Forum** is presented on page 12
- **The Collective Engagement Report for 2018** is on pages 18 - 26. A brief **description and discussion** of each of the six full engagements undertaken by the Forum during the period begins on page 20
- More information on the **Working practices in the Food Sector** project can be found on page 30
- A **Review of Operations** begins on page 38, including a discussion of the **business structure** and **funding** of the Forum
- Details of the **Forum's Board** can be found on page 38
- The **Forum's 43 Members** are presented on page 44

### NOTES TO EDITORS:

- The Investor Forum is an independent, not for profit organisation founded in October 2014. At the end of 2018, 43 organisations had become Members, including asset managers, insurance companies, pension funds, and endowments
- Members have ~£16.9trn in Global assets under management, and have £707bn invested in UK equities, which represents ~30% of the FTSE All-Share market cap
- The purpose of the Investor Forum is to position stewardship at the heart of investment decision making by facilitating dialogue, creating long-term solutions and enhancing value. The Investor Forum has been involved in 23 comprehensive collective engagements with Chairs of UK-listed companies since its inception, covering issues from succession and governance to the direction and execution of strategy
- The executive team comprises senior investment professionals with international experience in board positions, portfolio manager, asset owner, governance and investment banking sales and research roles
- For more information, go to [www.investorforum.org.uk](http://www.investorforum.org.uk)

**Commenting on the Annual Review:****Robert Swannell, Chairman of UK Government Investments and Investor Forum Board Non-Executive Director, said:**

"The Investor Forum is now weaving itself into the fabric of the dialogue between companies and their shareholders, with a focus on long term sustainable value and values. In a relatively short time it has gained the trust of shareholders and companies alike through thoughtful and careful analysis and quiet and effective conversations and a complete absence of grandstanding. At a time when the connection between companies and society needs strengthening its work is more important than ever."

**Paul Coombes, Chairman, Centre for Corporate Governance, London Business School and Investor Forum Board Non-Executive Director, said:**

"The need for more effective investor stewardship has become imperative; the Investor Forum has convincingly demonstrated its distinctive ability to help institutional investors fulfil their stewardship responsibilities. The Forum, through its collective engagement processes, is now becoming an indispensable component of the City's institutional architecture."

**Jessica Ground, Global Head of Stewardship, Schroders and Investor Forum Board Non-Executive Director said:**

"Working with the Investor Forum allows both companies and investors to move beyond engagement on a single issue to a richer conversation about generating long term value."

**Commenting on the Investor Forum's "Stewardship-360" project on assessing working practices in the food sector David Tyler, Chairman of J Sainsbury plc said:**

"At Sainsbury's, our values underpin everything we do as a business, helping to strengthen our relationships and build trust with our stakeholders. I encouraged our team to open our supply chain to investor scrutiny through the Investor Forum's project. We believe that the engagement demonstrated our commitment to working in partnership with our stakeholders and our commitment to doing the right things for our customers. We found the dialogue valuable and it further enhanced our understanding of our shareholders' interests."

**Mark Stride, Global Head of Investor Relations, Standard Chartered plc said:**

"The Stewardship & Strategy Forum concept developed by the Investor Forum provides a sensible and practically useful framework for companies seeking to maximise the effectiveness of engagement between nonexecutive board members and investors."