



2020: A WATERSHED YEAR FOR STEWARDSHIP

(London, 12 January 2021)

The Investor Forum is pleased to publish its Review of 2020 activities ([view here](#)).

The Investor Forum was established in 2014 to help investors work collectively to escalate material issues with the Boards of UK-listed companies. Our 52 members have £695bn invested in UK equities, representing 33% of the FTSE-All Share market capitalisation.

2020 was defined by the global pandemic and its impacts. It also proved to be a watershed moment for investor stewardship.

The Investor Forum recorded its strongest year of collective engagement activity since inception, in terms of both the number of cases considered (11), and breadth of issues pursued.

Our activity last year showed that investors are increasingly confident about working together to engage with Boards so that solutions can be identified across an ever-wider range of stakeholder issues.

Supporting stewardship

The Covid-19 pandemic has heightened the focus on stakeholders and further embedded stewardship into the heart of investment and boardroom decision making. The activities of the Investor Forum during 2020 have evidenced this very clearly, with more of our engagements covering environmental and societal as well as governance issues.

In 2020 we completed 11 engagements (2019: 8) with the following companies: Aviva plc, Barclays plc¹, Boohoo Group plc, Burford Capital Ltd, Pearson plc, Playtech plc, Royal Mail plc, Ryanair Holdings plc, Snam SpA and SSP Group plc.

The issues addressed by these engagements covered, in no particular order, succession, strategic direction, environmental strategy, societal impact, board effectiveness and capital allocation. Further details of the positive outcomes achieved for stakeholders can be found on pages 17-30 of our report.

Rebuilding financial strength

The Covid-19 crisis saw investors in public companies provide support in the most challenging circumstances. The quality of dialogue between companies and investors improved dramatically in 2020 as companies and shareholders worked together to rebuild financial strength. Investor support enabled UK listed companies to strengthen balance sheets by raising substantial amounts of new equity and, in many cases, retaining vital cash through the cancellation of dividends.

The vast majority of that capital was raised through placings which provided rapid access to funds, with leading investors playing a vital role in scrutinising recovery plans. The extensive dialogue and challenge by leading investors in these cash raisings demonstrated how stewardship is now at the heart of investment decision making. Capital was mobilised, a broad range of strategic and stakeholder issues were prioritised, and a clear basis was established to hold companies to account.

¹ Includes two phases of engagement with Barclays plc



Moving the climate agenda forward

As the UK looks to take a leadership position on climate ahead of COP26 in November 2021, our Review calls for the introduction of a mandatory non-binding shareholder 'say on climate' on TCFD-aligned disclosure obligations.

Proposals on climate disclosure from HM Treasury, the FCA and (forthcoming) from BEIS, provide an opportunity for investors to make the case for this. To drive real-world impact, a non-binding shareholder vote would provide a powerful investor signal on the effectiveness of any mandated climate disclosures. Such an approach would enable the investment community to take a leadership position in helping ensure that UK companies commit to advancing the UK's net zero commitments. It would provide investors with a mechanism to signal which companies are making good progress and those that are lagging. This systemic approach would align the focus of premium-listed companies with the UK's increasingly ambitious climate commitments.

Simon Fraser, Chair of the Investor Forum, said:

"2020 has arguably been a watershed year in the development of the stewardship agenda as well as for the relevance and impact of the work of the Investor Forum."

A number of our 2020 engagements with corporate boards involved climate and social issues demonstrating the fact that managing companies for all stakeholders is becoming an integral part of long-term value creation."

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

"In 2020, we saw tangible evidence of the value of stewardship and the positive contribution that engagement can make. However, we believe that the important need for engagement is still not fully recognised - we very much hope that the FRC Stewardship Code reports will generate a wider discussion on the value of engagement in delivering effective stewardship.

In 2021, the focus on how companies and investors can advance the UK's net zero commitments will rise still further. We argue that the UK has a unique opportunity to lead the world by embracing a 'say-on-climate' ahead of COP26".

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**Notes to editors:**

- The Investor Forum is an independent, not for profit organisation founded in October 2014. At the end of 2020, 52 organisations are Members, including asset managers, insurance companies, pension funds, and endowments. In 2020, Barings, Cambridge University Endowment Fund and RWC Capital joined as Members.
 - Members have ~£20trn in Global assets under management, and £695bn invested in UK equities, which represents ~33% 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 built a unique public record of 40 comprehensive collective engagements with the Boards 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.
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