



COLLECTIVE ENGAGEMENT REVIEW

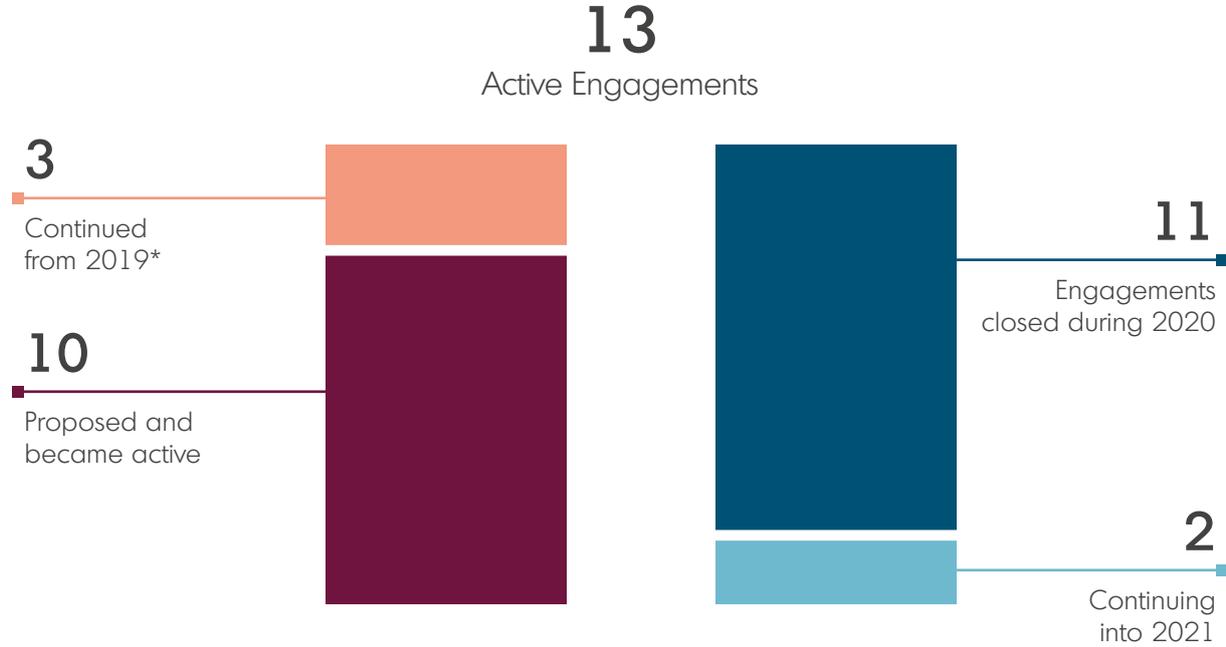
- *Collective Engagement Report*
- *Engagement Process*
- *Case Studies*



COLLECTIVE ENGAGEMENT REPORT

Facts and Figures

Activity in 2020:



*One of the cases open at the end of 2019 did not materialise into a full engagement due to a change in investor sentiment.

7
Proposed, did not reach critical mass

- **2** - Were small cap companies where critical mass could not be established amongst the membership base
- **2** - Had objectives which did not garner wider support
- **2** - Involved a complex and evolving situation, where the company engaged effectively with its shareholders
- **1** - Involved a bid situation where the shareholder registry changed during consultation

Member Participation

During 2020, the Forum:

Worked with

39

Investors on specific engagements

Held

140

detailed bilateral conversations* to inform engagements

*Defined as ongoing dialogue on a single company engagement with an institution.

COLLECTIVE ENGAGEMENT REPORT

2020: The Year of Material Issues

Facilitating collective engagement is the primary objective of the Forum. The Collective Engagement Framework and the Forum's approach are now recognised by leading investors as a valuable framework to escalate and resolve complex problems. We believe it is a unique and constructive additional stewardship tool that can be used to address any material issues.

In 2020, shareholders increasingly incorporated explicit views on the impact of variables such as culture, human capital management and environmental issues when deriving and testing a long-term investment thesis, alongside the more traditional considerations of strategy, executive ability and capital allocation. Confidence in leadership and oversight is critical to the management of a wide range of stakeholder perspectives and the delivery of outcomes that generate sustainable long-term value. It is not surprising that the focus on effective governance should remain a core focus for investors.

The issues addressed in the engagements in 2020 serve to demonstrate the effectiveness of the model as a means of escalating investor concerns across an increasingly broad range of material issues.

Unilever plc – Then and Now

In 2018, the Investor Forum engaged extensively with Unilever around the company's simplification plans, which ultimately resulted in the proposal being withdrawn.

In June 2020, the company announced a revised plan, which was well received by shareholders. The unification into a UK plc company was successfully concluded in December 2020.

Case Study	Material Issue	Engagement Focus	Outcome
Aviva	Strategic Direction	Strategic focus and group structure	Chair succession which resulted in a strategic reset
Barclays	Environment	Climate commitments, catalysed by shareholder resolution	Ambitious commitments made with shareholder support
Boohoo Group	Social Issues	Working practice issues within supply chain	Tangible new commitment to reform supply chain and significant enhancements to governance structures
Burford	Board Effectiveness	Strengthening governance practices	Additional direct engagement by the CEO reassured investors
Pearson	Executive Succession	Need to accelerate the appointment of a new, external CEO	Highly regarded external CEO appointed
Playtech	Chair Succession	Need for Chair succession plans to be implemented	Interim Chair appointed
Royal Mail	Board Effectiveness	Board skills and priorities	Comprehensive refreshment reassured investors
Ryanair	Shareholder Rights	Auto-proxy voting of ADRs	Timely disclosure of auto-proxy impact with results of AGM
Snam	International Best Practice	Global investor input into Italian company succession process	Prompt disclosure of Chair credentials to better inform voting decisions
SSP Group	Capital Allocation	Recycling cash from AGM approved dividend	IF proposed solution to retain cash within business

COLLECTIVE ENGAGEMENT REPORT

Company Meetings for Members

In addition to facilitating engagements, the Forum also facilitates meetings with companies to address issues of specific interest to members. These do not represent formal engagements but fulfil the objective of facilitating dialogue in situations where, either communication has proved challenging, or where investors are seeking to address a broader agenda with the company to complement their individual interactions.

Member meetings with Non-Executives can be valuable for investors and efficient for companies. These meetings can help investors to gain clarity from the Board and increase their confidence that the Board is fully aware of the focus of investors and the nature of concerns. A structured agenda, and a discussion focused on the questions that are top of mind for investors generates a positive discussion that is time and resource efficient and creates goodwill on both sides.

In 2020, the Forum organised meetings with companies to discuss a variety of issues:

- **Boohoo Group plc** - we facilitated a Member-only meeting with the Deputy Chair in the course of an engagement.
- **Imperial Brands plc** – we assisted the new Chair in organising a meeting with investors to understand concerns following the closure of our long-running engagement with the company.
- **Rio Tinto plc** – The Forum hosted a meeting with the Board and investors to talk about the events of the year, and the lessons learned. The agenda focused on board effectiveness, oversight and accountability, and licence to operate issue. The meeting was well received by both investors and the company, complementing direct engagement and setting out a framework to allow investors to assess action over the coming months.
- **Company governance events** – We have provided input and assistance to two FTSE 100 companies this year, helping the Boards as they prepare to address investor concerns. **We welcome companies seeking advice and insight when preparing Board events with shareholders, and remain available to all listed companies to provide discreet assistance in this manner.**

Conflicts of Interest Management – Case Study

Starting in June 2019, we were asked by Members to engage with Aviva plc, the parent company of Aviva Investors – one of the Investor Forum’s founding Member firms. As soon as the engagement was proposed, we implemented ‘heightened procedures’, as described in our Collective Engagement Framework and documented the actions taken in the Engagement Registry. Aviva Investors were informed in advance that we planned to initiate the engagement. They informed us that they would remain at arm’s length to the process – they did not opt in to the engagement, or receive any further information on progress. Following initiation, one engagement participant informed us that they had recorded the engagement on their own internal conflicts management register, due to a commercial relationship with Aviva plc.

We are confident that neither the engagement approach, nor the outcomes achieved with Aviva plc, were impacted by the registered conflicts or pre-existing relationship with Aviva Investors.

Case Studies

On the pages that follow we provide case studies of the engagements which were closed during 2020. We have again sought to balance the sometimes competing needs for discretion and transparency.

We note that the 2020 Stewardship Code calls for disclosing progress of ongoing activity. However, it is our policy not to report on engagements that are currently still active.

We believe the disclosures that follow help to demonstrate the value of collective engagement as a tool for investors to escalate concerns with Boards and catalyse change. It is a tangible sign of how seriously our Members take their stewardship responsibilities.



The Investor Forum exists because its members rightly believe our duties as stewards of capital, and the long-term interests of our clients and industry, are best served by a long-term investment approach that puts stewardship at the centre of investment decision making. As an investment manager, I am all too aware of the risk that a short-term mind-set can distort investor behaviour and have a corrosive influence on the way listed companies are run.

In particular I'm a strong believer that collective engagement is a valuable and yet underused tool for asset managers and owners. Working collectively we can exert a positive influence on the companies we own far more effectively than we can acting alone.

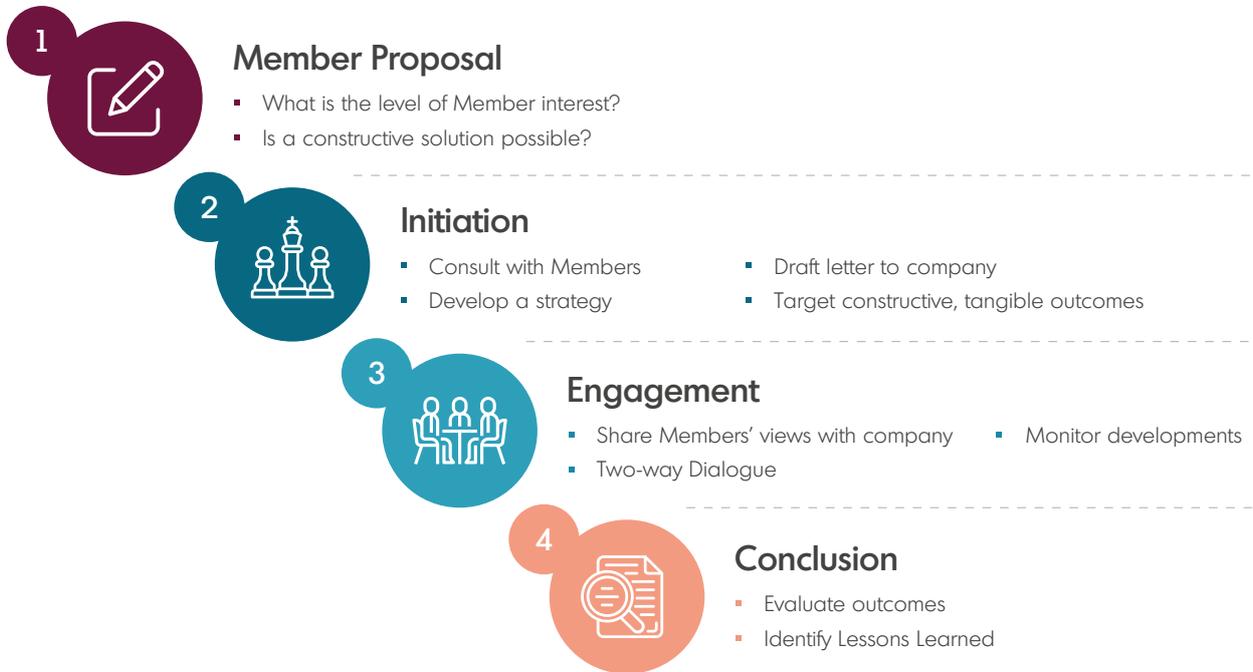
I feel fortunate to be joining the Board at a time when the Investor Forum is in such good health. In just six years it has established itself as an effective and respected voice in the UK market, and we can be ambitious and optimistic about the potential to build on those strong foundations in the years to come.

Andrew Millington
Investor Forum Director, 2020



COLLECTIVE ENGAGEMENT REPORT

Engagement Process



1. The Forum will initiate a collective engagement if it meets the criteria set out in the Collective Engagement Framework, and if there is support from a critical mass of shareholders.
2. In the process of formulating the engagement strategy, the Forum explores all perspectives, including those of the portfolio managers, credit analysts and ESG teams at Member firms, in order to agree clear objectives. Once participants have confirmed support for the proposed engagement strategy, the Forum progresses to contacting the company.
3. Each engagement is bespoke. In the majority of cases, the Investor Forum writes to the Chair or SID to set out the collective concerns and calls for action. Typically, the Forum would then meet with the Chair, SID or both, along with other company representatives and Board members. Further letters may be sent, depending on the company response.

- The Forum recognises that change cannot be delivered immediately, and that the company needs to follow due process. Therefore, engagements may involve a period of “monitoring developments” – e.g. waiting for the outcome of an appointment process, the conclusions of a review, or for the next set of results to assess the company’s response. As circumstances change, the Forum maintains contact with participants and keeps in touch with the company to provide regular input.
4. The Forum consults Members before closing an engagement, and then shares a Closing Note, which evaluates outcomes against objectives. The Forum seeks feedback from all participants to evaluate the process and learn lessons to inform future activity.

Company: AVIVA PLC	Oversight (by the Board)					Execution (by the Management team)		
	Strategy	Leadership & Succession	Capital Allocation	Corporate Governance	Corporate Action	Operational Performance	Management Information	Reporting & Communication
	✓	✓	✓			✓		
Timeframe: June 19 – June 20		Size: FTSE100		Number in Engagement: 8		Combined Shareholding: 15%		

Basis of Selection

Why did the Forum engage?

- The 2018 high profile departure of the CEO, combined with Aviva’s disappointing share price performance, led members to question strategic direction and Board oversight. Members were also concerned about capital allocation and the number of peripheral businesses that lacked scale.
- After a period of intense individual engagement, a collective engagement was initiated to address the strategic and governance concerns.

Objectives

What did the Forum engage on?

- Engagement participants wanted to emphasise the need for the company to make a compelling case to own Aviva shares at the November Capital Market Day. The new CEO was expected to announce a restructuring of the business and a series of non-core disposals.
- Investors were focused on the effectiveness of Board oversight and potential succession issues given the Chair’s tenure. There was a desire to ensure effective challenge of the new executive team through the process of the strategic re-set.

Engagement Methods

How did the Forum engage?

- The Investor Forum wrote to the Chair expressing members’ concerns in July 2019. We engaged constructively with the Chair and the Senior Independent Director (SID) throughout the summer to outline investor expectations for a compelling new strategy at the November Capital Markets Day.
- The Capital Markets Day did not meet investor expectations, and we met again with the Chair and a newly appointed NED to provide investor feedback. We encouraged the Board, and in particular the new SID, to meet investors in early 2020 to ensure the Board had a clear and objective view of the concerns. A formal letter was written to the Chair in January 2020, outlining the strength of continued concerns and calling for further change.

Outcomes

What did the engagement achieve?

- The Chair and SID acknowledged the concerns raised by participants and engaged in a further round of discussions with leading investors, as well as constructive discussions with the Forum.
- The Chair effected a significant refresh of the Board during 2019 and was a driving force in recognising the need for further change. In February 2020 he announced that he would accelerate his own departure.
- Through Collective Engagement investors were able to escalate their concerns and send a clear message to the Board about the need for a more dynamic strategy, their disappointment with the strategic reset and the need for effective challenge by the Board.
- Aviva engaged constructively, listened to investor concerns and committed to significant change, appointing the well-regarded new SID as Chair in May. Following completion of the engagement, the company replaced the CEO in July and has embarked on a much more dynamic strategy to reshape the business and release capital. Shareholders have welcomed these significant steps.

Lessons Learned

What has wider applicability?

- Collective engagement offered a powerful mechanism to escalate concerns, re-iterate investor feedback on priorities and emphasise the need for more urgent change.
- This engagement was an example of the power of voice over exit. It demonstrates how investors can escalate concerns and engage constructively with a Board to catalyse change and recover value.

Company: BARCLAYS PLC	Oversight (by the Board)					Execution (by the Management team)		
	Strategy	Leadership & Succession	Capital Allocation	Corporate Governance	Corporate Action	Operational Performance	Management Information	Reporting & Communication
	✓	✓						
Phase 1: Timeframe: Mar 19 – Jan 20 Size: FTSE100 Number in Engagement: 18 Combined Shareholding: 18%								
Phase 2: Timeframe: Jan 20 – Dec 20 Size: FTSE100 Number in Engagement: 22 Combined Shareholding: 26%								

Basis of Selection

Why did the Forum engage?

- The Forum was asked to engage in two phases:
 - The first phase involved the Forum providing consolidated Member feedback to the incoming Chair to complement his direct engagement with shareholders and to reinforce the most material issues for investors.
 - The second phase addressed a proposed shareholder resolution which called for the phase out of a range of energy-related financing activities.

Objectives

What did the Forum engage on?

- The objective of the first phase was to emphasise the priorities of long-standing Barclays investors at a time when the bank was facing a campaign from an activist investor seeking a Board position.
- The second phase sought to convey the collective view that climate concerns were seen as a material business issue for Barclays, and that investors wanted Barclays to show leadership commensurate with its position as one of the UK’s largest investment banks.
- Investors asked Barclays to set clear climate ambitions and to engage with ShareAction.

Engagement Methods

How did the Forum engage?

- The second phase of engagement was supported by investment decision makers, potential shareholders, stewardship specialists and debt holders. It involved the largest number of participants in any engagement to date.
- The Investor Forum wrote to the Board to express Member views and then engaged extensively with the Chair in a series of constructive conversations.
- We worked extensively with Barclays, ShareAction and investors to encourage ambitious climate commitments and to avoid a proxy battle.
- Conversations continued with the company after the AGM, to provide input to help the bank deliver against the commitments that were made.

Outcomes

What did the engagement achieve?

- Barclays outlined landmark climate ambitions ahead of the 2020 AGM and gave a commitment to provide greater granularity on its climate strategy before the end of 2020.
- At the AGM, two climate related resolutions were tabled - Barclays committed to “transitioning” its energy exposure while the ShareAction resolution called for a “phase out” of exposures.
- The Board’s recommended resolution received 99.9% support while the shareholder resolution (where an unusually large number of votes were withheld) received 23.9% support of the votes cast.
- In November 2020, the bank reported on actions taken since the AGM, outlining the methodology for monitoring emissions, and introducing new 2025 targets. Barclays also committed to further action and enhanced reporting.

Lessons Learned

What has wider applicability?

- Shareholder resolutions can be a powerful tool for signalling the emergence of business-critical issues, to catalyse change and focus management attention on issues which are important to stakeholders.
- Filing shareholder resolutions is a cumbersome process, and responding to individual resolutions is very time and resource intensive for both the company and shareholders. There are also practical challenges in negotiating with a large group of co-filers, making optimal outcomes difficult to achieve.
- We believe there is merit in mandating a system-wide approach to signal shareholder views on climate strategy. A non-binding ‘say on climate’ would build on the UK Government’s Roadmap towards mandatory climate-related disclosures ahead of COP26. Such an approach would enable full use of the existing stewardship mechanisms of voting and engagement to signal investor views on a company’s approach to climate considerations.

Company: BOOHOO GROUP PLC	Oversight (by the Board)					Execution (by the Management team)		
	Strategy	Leadership & Succession	Capital Allocation	Corporate Governance	Corporate Action	Operational Performance	Management Information	Reporting & Communication
				✓		✓	✓	✓
Timeframe: Jul 20 – Dec 20		Size: AIM	Number in Engagement: 10		Combined Shareholding: -25%			

Basis of Selection

Why did the Forum engage?

- In July 2020, the Sunday Times published claims of widespread labour rights abuses and poor practices within Boohoo’s Leicester supply chain.
- The Forum had an existing relationship with the company and the Deputy Chair in his previous roles, from the ‘S-360: Working Practices in the Apparel’ project which began in 2017. The insights and connections gained through that project gave Members confidence that the collective engagement could be effective.

Objectives

What did the Forum engage on?

- The initial objectives were focused on providing input into the supply chain review and encouraging the publication of the Independent Review findings in full.
- The engagement objectives subsequently expanded to include calls for stronger corporate governance structures and enhanced board effectiveness and oversight.
- Investors stressed the need to embed cultural change. They called for evidence of investment in internal management controls and buyer training in order to demonstrate that Boohoo can operate as a sustainable business in the future.
- Members also called for a commitment to greater transparency and ongoing communication of progress to address the Independent Review findings and supply chain reform. They sought a framework against which to hold Boohoo to account for the delivery of the Agenda for Change.

Engagement Methods

How did the Forum engage?

- The Investor Forum spoke to the CFO and IR team, and engaged extensively with the Deputy Chair. The company responded constructively and was receptive to feedback and challenge.
- The Forum facilitated a group meeting with the Deputy Chair in October to discuss the ‘Agenda for Change’, and to allow investors to express their expectations and views on next steps.

- The company now needs time to implement new procedures to deliver on its commitments. We will continue to monitor developments. If evidence of genuine progress is not observed, the Forum may re-engage in 2021 after the publication of the Sustainability Report and prior to the AGM.

Outcomes

What did the engagement achieve?

- Collective engagement enabled investors to escalate their individual concerns and provided a mechanism to express the need for a comprehensive response.
- The failings observed in the supply chain required urgent attention and fundamental reform. Investors welcomed Boohoo’s decision to commission an independent inquiry. Objective review of supplier arrangements and transparent disclosure of findings were essential steps in the journey to build the confidence of stakeholders and investors.
- It is encouraging that Boohoo has appointed a new Non-Executive Director and Audit Committee Chair as well as a respected independent observer to oversee the Agenda for Change programme.
- Investors sent a clear message to Boohoo to deliver tangible evidence of reform and progress against the commitments it has made.

Lessons Learned

What has wider applicability?

- Fast growing companies need appropriate governance architecture, management systems and culture to ensure they can meet the increasing expectations of stakeholders. We initiated a S-360 project on ‘Governing for Growth’ to create practical guidance on how to equip smaller companies for success.
- When a company’s ‘social licence to operate’ is called into question, stewardship responses can include divesting as well as engaging to deliver change. In the case of Boohoo, we saw investors take different approaches, depending on their assessment of the company’s commitment to change.

Company: SSP GROUP PLC	Oversight (by the Board)					Execution (by the Management team)		
	Strategy	Leadership & Succession	Capital Allocation	Corporate Governance	Corporate Action	Operational Performance	Management Information	Reporting & Communication
			✓		✓			
Timeframe: May 20 – June 20		Size: FTSE250		Number in Engagement: 11		Combined Shareholding: 26%		

Basis of Selection

Why did the Forum engage?

- SSP's final dividend payment was approved at its February 2020 AGM, immediately before the full impact of the Covid-19 pandemic became clear. Given the scale of uncertainty, the dividend payment date was subsequently deferred until the new regulatory maximum of 4th June 2020.
- SSP raised cash in March 2020 via a £209m equity placing. At that time, SSP issued an RNS which stated that it was discussing with shareholders a dividend waiver to avoid the additional cash outflow.
- The company subsequently approached shareholders to discuss the potential for a voluntary cancellation or deferral of the dividend entitlement but, in light of the circumstances around the timing and approval of SSP's final dividend at the Company's AGM, many of the options proved to be unachievable.

Objectives

What did the Forum engage on?

- The Investor Forum was approached by Members looking for insights into how best to respond to the situation. The Forum sought to devise a solution that would help the company retain cash within the business but would also treat investors equitably.

Engagement Methods

How did the Forum engage?

- The Forum conducted an initial review, setting out for Members the issues with cancelling a dividend after AGM approval, and the options available to the company.
- Drawing on pro-bono insights from the Investor Forum Legal Panel and experienced corporate finance experts, the Forum identified and proposed a solution to SSP.
- In a very tight timescale, we were able to seek feedback from an enlarged cohort of investors which represented over 40% of the share register. As a result, we were confident that our proposed solution would be attractive and were able to encourage the company to complete the necessary legal work to deliver on the plan.

Outcomes

What did the engagement achieve?

- We proposed that SSP announce an equity placing, concurrent with the dividend payment. This would allow the company to satisfy the dividend creditor obligation created at the AGM, whilst allowing investors to recycle cash received from the dividend payment back to the company.
- The new shares were issued at the market price to investors based on their entitlement to the final dividend and holding of the Company's shares on the dividend record date, thereby upholding the spirit of pre-emption rights. The placing was open to institutional and retail shareholders and the proposed mechanism allowed the company to recycle 41% of the dividend payment.
- This structure allowed shareholders to take individual decisions on whether to support the company's stated desire to preserve cash, whilst acting in a manner consistent with their fiduciary duties (which differed by fund structure and type of investor) and individual investment thesis.
- The strength of the Investor Forum's relationships with SSP shareholders meant we were uniquely positioned to propose a solution and gain feedback on the potential attractiveness of the proposal. This engagement also leveraged our broader work and insights from the ongoing dialogue on Capital Raising.

Lessons Learned

What has wider applicability?

- This is an example of a solution that was 'created by the Buy side for the Buy side'.
- The experience of the Investor Forum team, our solutions-oriented approach and the resources of our network allow us to develop innovative solutions to complex challenges.

CORPORATE GOVERNANCE AND SUCCESSION ENGAGEMENTS

The following case studies share a common theme of a targeted objective around Board effectiveness and succession issues:

Company:	BURFORD PLC
Timeframe:	March 20 – August 20
Number in Engagement:	5
Size of Company:	AIM listed
Combined Shareholding:	14%

Following individual engagement, which began with the publication of a report by Muddy Waters in August 2019, we were approached by Members who wished to ensure that the company delivered on plans to enhance its governance structure.

Particular areas of focus were the need to put in place a governance framework appropriate for a company of this size following a period of rapid growth, and the pace of Chair succession. The Forum wrote to the Chair in May to raise these issues and engaged constructively with the CEO.

The CEO reflected on the concerns raised, which he felt were not shared widely across the shareholder base given his extensive dialogue with investors. The engagement generated an additional round of dialogue between shareholders and the company but did not deliver on the primary objective of accelerating Chair succession. Ultimately, when set against the arguments presented by the CEO directly to participants, participants did not feel further escalation was warranted.

Company:	PEARSON PLC
Timeframe:	July 2020 – November 2020
Number in Engagement:	7
Size of Company:	FTSE100
Combined Shareholding:	30%

The company had a series of profit warnings over an extended period of time, which tested the patience of long-term shareholders. In 2019, the CEO announced his intention to retire, but investors felt that the succession timetable was too slow, and desired an external appointment be made.

Members asked the Forum to write to the Chair and the Board in July 2020, expressing these concerns and seeking clarity on the succession timetable. In August 2020, Pearson announced the appointment of a Non-Executive Director who had only recently joined the Board with significant digital experience as the new CEO. Engagement participants were supportive of the selection

and believed that the engagement had been successful in amplifying the individual voices.

The engagement was closed given the positive step to appoint a new CEO, but the Forum continues to monitor the situation given that almost a third of investors voted against the CEO's controversial remuneration package at an EGM. Given the fragility of the company's situation, investors prioritised the appointment of the new CEO but concerns remain over the handling of the appointment and the absence of stretching targets for elements of the CEO's remuneration package which remain to be resolved.

CORPORATE GOVERNANCE AND SUCCESSION ENGAGEMENTS

Company:	PLAYTECH PLC
Timeframe:	February 2020 – April 2020
Number in Engagement:	11
Size of Company:	FTSE350
Combined Shareholding:	23%

The company's longstanding governance issues had been well documented and evidenced through consistently high votes against proposals at shareholder meetings in recent years. The objective of the engagement was to encourage the Board to deliver on the commitments it had made regarding Chair succession, ideally no later than the 2020 AGM.

The Forum reiterated these concerns in a letter to the Chair and SID in February 2020 and engaged with the member of the Nomination Committee who was leading the succession process.

The company made various statements regarding the process for seeking a new Chair and addressed the issue in its AGM notice. The Covid-19 crisis had disturbed the selection process but the company recognised the importance of honouring its commitment to succession and appointed a new interim Chair prior to the company's AGM. A commitment was also made to make a permanent appointment in line with shareholder expectations. Shareholders viewed this as an appropriate response and the engagement was closed.

Company:	ROYAL MAIL PLC
Timeframe:	February 2019 – February 2020
Number in Engagement:	9
Size of Company:	FTSE100
Combined Shareholding:	19%

The engagement objectives were focused on rebuilding investor confidence in the effectiveness of the Board, increasing confidence in strategy and execution and on gaining a better understanding of the company's management of stakeholder relationships.

The Investor Forum held a series of informal conversations with the SID, which ultimately resulted in the writing of a formal letter to the new Chair in May 2019 expressing Members' concerns about Board effectiveness, strategy and targets and the company's approach to key stakeholder relationships.

The SID and the new Chair engaged constructively with the Forum and provided investors with revised strategic and operational targets at a Capital Markets Day (CMD). Confidence in board effectiveness increased through more

open communications with investors and with the appointment of 4 new NEDs, bringing expertise in industrial relations, capital markets and governance.

Some progress was made in addressing the capital allocation and operational concerns at the company's CMD but confidence was undermined by continued challenging operating conditions, strained workforce relations and disappointing financial performance.

The engagement was closed after Board refreshment was delivered, as there was no agreement among participants on the need for, or objectives of, any further collective engagement. Ultimately the Chair decided to replace the CEO and took on the role of Executive Chair and engagement participants preferred individual engagement in relation to the ongoing operational challenges.

CORPORATE GOVERNANCE AND SUCCESSION ENGAGEMENTS

Company:	SNAM SPA
Timeframe:	May 2020
Number in Engagement:	7
Size of Company:	FTSE MIB (Italy)
Combined Shareholding:	Under 1%

Succession was flagged to the Forum by the Italian fund management organization Assogestioni, in the interests of ensuring that the perspectives of international investors were effectively represented. The existing Chair had resigned during his 3-year tenure, and there was no transparency about the replacement Chair candidate to be proposed by the Italian state, the major shareholder. The official timetable did not allow sufficient time between disclosure of the candidate and institutional investors’ voting deadline.

The Forum wrote to both the company and to major shareholder CDP to set out the need for early disclosure of the proposed candidate, and

to highlight the skills and experience that investors favoured in that candidate. These letters were sent, alongside Italian translations of them produced by the Comitato dei Gestori of Assogestioni, emphasising that the concerns were felt by both Italian and international investors in the company.

The Chair candidate was publicly disclosed within a few days of receipt of the engagement letters. This enabled shareholders to vote on the individual’s candidacy, and his role as Chair, with full insight into the individual and his skills and experience.



BlackRock is a founding member of the Investor Forum, which plays an important role in the UK market and provides valuable insight and guidance to its members. I am therefore delighted to be joining the Board and look forward to contributing to the Forum’s further success through my deep experience across corporate governance, stewardship and responsible investment topics.

Robust corporate governance and sustainable business practices are core to delivering long-term value to millions of investors. At BlackRock sustainability is our standard for how we manage our clients’ money with stewardship being a key enabler. Collective engagement as an investment tool is evolving and the Forum is uniquely positioned to work with the industry on important stewardship topics by building a collective voice on behalf of its members. As the role of the Forum continues to develop and grow, I look forward to supporting its work in the years ahead.

Amra Balic
Head of BlackRock Investment Stewardship, EMEA



SHAREHOLDER RIGHTS ENGAGEMENTS

Company:	RYANAIR HOLDINGS PLC
Timeframe:	August 2020 – September 2020
Number in Engagement:	7
Size of Company:	Irish Stock Exchange
Combined Shareholding:	11%

In 2018, the Investor Forum asked Ryanair, along with all listed UK companies with ADR programmes, to stop directing unexercised ADR votes. All companies which we contacted agreed to the change in practice, with the sole exception being Ryanair. Ryanair committed to disclose the directed voting at the AGM in the Annual Report following the meeting.

The publication of the 2019 Annual Report revealed that the non-binding resolution in respect of the remuneration report at the 2019 AGM was only passed because of the direction of the ADR votes by management.

Ahead of the 2020 AGM, Members asked the Forum to raise this issue with Ryanair again. Shareholders were acutely aware of the pressure on the airline industry at this time, and the potential impact of Brexit negotiations on future voting rights. The engagement letter requested that, if the

unexercised ADR votes were still to be directed in favour of resolutions, that the extent of the directed votes at least be declared with the publication of the voting results at the conclusion of the meeting. This small but important step would be valued by shareholders and would provide an opportunity for follow-on engagement should any issues of concern emerge.

Ryanair decided once again to allow direction of unexercised ADR votes in favour of Board recommendations but did, for the first time, disclose the number of discretionary proxies voted by the Chair with the results of the meeting. Given the narrow nature of the engagement and in the face of the challenges facing the airline industry, engagement participants were satisfied with the outcome and the engagement was closed.