

GOVERNANCE AND OPERATIONAL REVIEW

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GOVERNANCE REVIEW

From the outset the Forum has adopted standards that are consistent with the very best corporate governance practices in the UK, whilst being mindful of the characteristics of a membership led Community Interest Company (CIC). The Investor Forum was incorporated as a not-for profit CIC in September 2014, with Members granted equal voting rights and a Board of Directors drawn from across the investment chain and wider stakeholders. Full membership of the Forum is open to institutional investors in UK-listed companies, including both asset managers and asset owners and both UK-based and global organisations.

Board of Directors

The Forum has an independent Board of Directors that is elected each year by its Members at the Annual General Meeting. The Board oversees the work of the Forum's executive officers.

The composition of the Board is intended to reflect Member interests, and to incorporate independent voices from industry, academia and the corporate world to bring a diversity of perspectives. Profiles for each director can be found on pages 45 and 46. During 2020, 3 new Directors were appointed and 1 Director resigned from the Board, which resulted in refreshed active member representation and enhanced diversity.

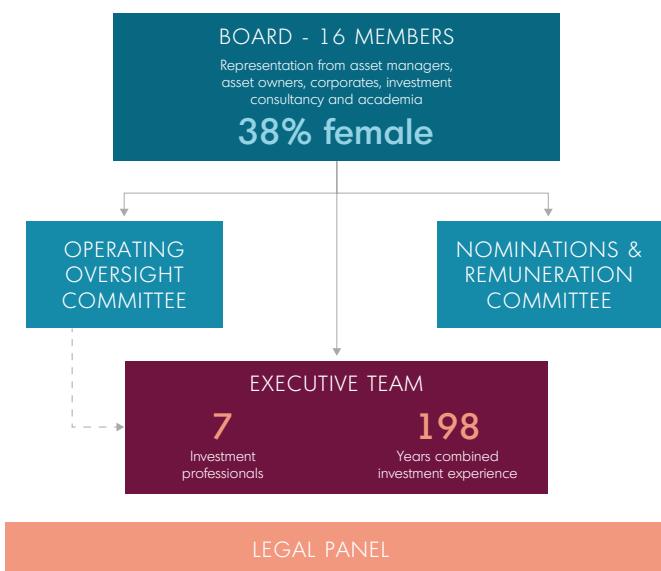
During 2020, the Board met four times to discuss the work of the Forum and to consider its progress in meeting its objectives. It reviewed developments in markets and stewardship and considered the implications for the Forum.

The Chair and Board are supported by two subcommittees:

- The Nominations and Remuneration Committee (NARC) identifies, evaluates and recommends to the Board candidates for appointment or re-appointment as Directors. The Committee keeps the mix of knowledge, skills, diversity and experience of the Board under regular review. It seeks to ensure an orderly succession of Directors and to maintain a balance between Member representatives and independent Directors. It also monitors the outside directorships and broader commitments of the Non-Executive Directors. The Committee met four times during 2020.

- The Operational Oversight Committee (OOC) oversees the legal, audit, and risk issues affecting the business, and its financial management. The Committee has oversight of key policies, reviews the financial statements, key risks and considers other topics, as directed by the Board. The OOC met four times during 2020.
- No Non-Executive Director receives any remuneration.

The Executive and the Board of Directors have access to pro bono support from the Investor Forum Legal Panel which is formed of senior legal practitioners from four leading international law firms.



THE BOARD

Simon Fraser¹ – Chair | Sep 2014*

Chair since 2014, Simon is also Chair of McInroy & Wood and Chair-elect at Murray International Trust plc. He spent 28 years at Fidelity, working in the US, Europe and Asia helping build the network of international investment professionals, ultimately becoming Chief Investment Officer of Fidelity International. Since leaving Fidelity he has also served as Chair of F&C Investment Trust plc and Merchants Trust plc and as a non-executive director of Barclays plc and Ashmore plc. Since March 2020 Simon has also Chaired the Pre-Emption Group.

Amra Balic | Dec 2020

Amra is Head of BlackRock's EMEA Investment Stewardship team. Amra joined BlackRock in 2011 after 11 years with Standard & Poor's (now S&P Global), where she was a Director in European Corporate Credit Ratings. Amra is also a board member of Eumedion, a Dutch investor association, and a member of the FRC Investor Advisory Group and the IA Corporate Governance and Engagement Committee.

Paul Coombes | Oct 2017

A former director of McKinsey & Company, Paul was head of their UK insurance practice and global leader of the firm's financial institutions practice. He is currently Chair of the Centre for Corporate Governance, London Business School, and a member of the FRC's Stakeholder Advisory Panel.

Sir Peter Gershon | Jan 2018

Sir Peter has held senior executive and non-executive positions in public and private companies in healthcare, technology, defence and telecommunications industries. His previous senior board level appointments include Chair of Premier Famell plc, Chair of Tate & Lyle plc and Managing Director of Marconi Electronic Systems. Sir Peter also has experience of the public sector through his appointment as Chief Executive of the Office of Government Commerce and leading 3 independent reviews for the UK Government. He is currently Chair of National Grid plc.

Andy Griffiths – Executive Director | Sep 2014

Andy has over 25 years of international investment experience. Before setting up the Investor Forum in 2014, Andy was a senior investment professional at Capital Group and M&G. Throughout his career, Andy has been responsible for financial sector investments and has consistently been ranked among leading equity investors in Europe. Andy was also an Operating Partner with Corsair Capital.

Edward Bonham Carter² | Dec 2014

Edward was previously CEO, Chief Investment Officer and UK fund manager at Jupiter Fund Management plc, before becoming Vice Chair in 2014. He chairs both the CSR and Stewardship Committees at Jupiter. Previously he worked at Schroders and Electra Investment Trust. He is currently Senior Independent Director of Land Securities Group plc and ITV plc, a Non-Executive Director of Netwealth Investments, a Trustee of the Esmee Fairbairn Foundation and is on the Strategic Advisory Board of Livingbridge.

Anne Marie Fleurbaaij | Oct 2019

Anne Marie is the Managing Director of Marketable Assets at Cambridge Investment Management Ltd, the manager of the Cambridge University Endowment Fund. Previously, she spent 12 years as a Portfolio Manager with GIC (London), a sovereign wealth fund. Prior to this, she was a Vice-President at Morgan Stanley Investment Management and began her career at Deloitte. She serves as a Senior Adviser to Girls Are Investors and is an Ambassador to the Diversity Project.

Jessica Ground | Jan 2017

Since September 2020 Jessica has been the Global Head of ESG at Capital Group. Prior to this, she was the Global Head of Stewardship at Schroders where she was previously a fund manager and an analyst covering Financials and Utilities on a pan-European and Global basis. Jessica is a member of the Code Committee for the Takeover Panel.

1. Chair of Nomination and Remuneration Committee
2. Senior Independent Director
3. Chair of the Operating Oversight Committee

*Appointment date

THE BOARD

Chris Hitchen | Dec 2014

Formerly CEO of RPMI Railpen, Chris is now Chair of Border to Coast Pension Partnership and The Pension SuperFund, as well as being a Trustee and Chair of the Investment Committee of NEST. Chris is also a board member of the International Centre for Pensions Management and on the investment committee for the Guardian Media Group.

Ida Levine³ | Dec 2014

Ida is a Non-Executive Director and Lead Expert on Policy/Regulation at the Impact Investing Institute, as well as a trustee of The Royal Academy of Dance and a principal at Two Rivers Associates. She also is a member of the Financial Markets Law Committee (established by the Bank of England). She was previously Senior Vice-President and Senior Counsel at Capital Group, and a Board Director of Capital International Limited.

James Macpherson | Oct 2017

James was until recently Deputy CIO of BlackRock's Fundamental Active Equities team and a member of BlackRock's Leadership Committee, having been at the firm and its predecessor companies as an analyst and portfolio manager for 32 years.

Andrew Millington | Dec 2020

Andrew is Head of UK Equities at Aberdeen Standard Investments. Andrew was previously a UK and European equity portfolio fund manager at ASI, after starting his career at Baillie Gifford.

Luba Nikulina | Apr 2019

Luba is Global Head of Research at Willis Towers Watson, responsible for the global team of more than a hundred investment professionals conducting economic and capital markets research, evaluating asset management firms in a variety of different asset classes, coming up with investment recommendations and creating new investment solutions for asset owners.

Sacha Sadan | Dec 2014

Sacha is Director of Investment Stewardship, has overall responsibility for corporate governance at LGIM, and is on the Board of Legal & General Investment Management Ltd. Sacha was previously Senior UK Equity Manager at Gartmore. He is also a member of the Lloyds of London Investment Committee.

Robert Swannell | Dec 2014

Robert is Chair of UK Government Investments, which is the centre of excellence for corporate finance and corporate governance for HMG. He is currently a member of the Takeover Appeal Board and was previously Chair of Marks & Spencer plc. Robert spent over 30 years in investment banking with Schroders/Citigroup and was on the board of both British Land Company plc and 3i Group plc.

Chantal Waight | Dec 2020

Chantal is the Director of Strategy and Corporate Development at M&G plc. Chantal was previously an equity analyst, and more recently, the Director of Investor Relations at Prudential plc, where she led investor communications through the merger and transformation of M&G Investments and Prudential UK&E and the demerger of M&G from Prudential plc.

INTERNAL RESOURCES AND POLICIES

Executive Team

The Investor Forum benefits from a collegiate culture that welcomes input from any source and encourages debate, while focusing on practical outcomes.

The culture of the organisation means that the team recognises that there is always something new to learn, and that each engagement is different and must be considered afresh. Feedback is sought from Members and the Board to help learn lessons: external perspectives are invited to challenge and question how things are done, and how they might be improved.

The team's culture is based on a regular, open dialogue. During 2020, we set up daily Zoom video meetings to maintain the team's connectivity in a challenging environment and, later, added Microsoft Teams which further enhanced communications and supported the team-driven interactive approach of the Forum.

The team is highly motivated and has a deep knowledge and understanding of investment markets and stewardship based on extensive experience as portfolio managers, research analysts, asset owners and capital market practitioners.

Of the nine employees, seven are investment professionals each with over 20 years' industry experience. 43% of the investment professionals, and 55% of the entire team, are female. At year end, we also had one senior investor working with us on a pro bono basis.

Each collective engagement or project is managed by an individual member of the team in conjunction with the Executive Director, and where appropriate other members of the team, to develop and enhance the planned approach.

Each member of staff has an individually tailored contract of employment taking into account flexible working hours. In addition to their base salary all employees, including the Executive Director, are provided with a 'cash-equivalent' allowance to facilitate a personal selection to be made from publicly available benefits to suit their own needs (including pensions provision). This is currently calculated as 15% of gross salary.

The highest paid Full Time Equivalent member of staff (which is not the Executive Director) is paid at a rate which is equivalent to 3x the remuneration of the lowest paid member of staff. Variable compensation across the team represented 2% of gross salaries in FY 2020. Remuneration details for the Executive Director are detailed in The Investor Forum CIC Report and Accounts for the year ended September 2020.

Covid-19 Response

The Investor Forum team moved quickly and effectively to a remote working environment in March 2020, enabled by an upgrade in IT systems and a new video conferencing platform. Individuals remained productive, management was mindful of personal circumstances, and all appreciated the two-way flexibility that was shown.

We are appreciative that in the most challenging of years the team has remained healthy and we have been able to continue to deliver impact in spite of the circumstances. We are grateful for the support of Members, which means that the financial position has remained stable.

Financial Resources

The Investor Forum CIC (company number 09242326) has a financial year-end of 30 September. A copy of the Report & Financial Statements (audited by Sayer Vincent LLP now in its fifth year of audit tenure) is posted at Companies House each year. As a not-for-profit company, the Forum's financial objective is to balance costs with anticipated revenue.

The Investor Forum is an independent entity funded solely by subscription fees from its members. For the year ending 30 September 2020, membership revenues (from 52 members) were £1,027k and the company recorded a surplus of £73k for the financial year after taxes.

Continued >>

INTERNAL RESOURCES AND POLICIES

The funding approach of a CIC is unique in that any reserves generated cannot be returned to the original investors but must be used for the benefit of the community or else, in the event of the company being wound up, transferred to an "asset-locked body". The Forum's asset-locked body is the registered charity "Business in the Community" as set out in the Articles of Association. BITC is an appropriate recipient for any Forum surplus in the event the Forum winds up, as it is a UK-focused charity whose purpose is to advance responsible business for the long-term.

Over time, the Forum will seek to accumulate a reserve, equivalent to a maximum of six months of operating costs, to help manage the natural variability of income and expenditure. The Forum has currently accumulated 3 months of reserves.

Managing Conflicts

The Investor Forum manages potential conflicts of interest through:

- Conflict of Interest Policy (new, introduced October 2020);
- The Collective Engagement Framework;
- The Code of Conduct and Ethics for employees and associates;
- The Members Code of Conduct; and
- The letter of appointment for directors.

Conflicts that may arise during the collective engagement process are managed through the CEF and with recourse to pro bono support from the Legal Panel, if appropriate.

Review and Assurance

External Assurance

The Forum has been audited by external auditors, Sayer Vincent LLP, since 2016 and each of the auditor reports has been unqualified.

Internal Assurance

The Board's responsibilities include reviewing the performance of the Executive. The Forum conducted a programme of Member meetings in the fourth quarter of 2020 to solicit feedback and discuss the Investor Forum's impact and activities.

The meetings provided positive feedback on the Forum's activities during 2020, including the newly launched Four O'clock Forums.

Internal Policies Controls

All internal policies are reviewed and approved by the OOC periodically, to ensure that they are up to date.

The Forum's Governance Framework was reviewed during the year and updated to incorporate new best practice from the 2018 Corporate Governance Code. The Investor Forum Rules were also updated to include an explicit Conflicts of Interest policy and to cover the security of the Members' only section of the website. The Board is responsible for reviewing and approving the Governance Framework and the Conflicts of Interest Policy.

COLLECTIVE ENGAGEMENT FRAMEWORK

The Collective Engagement Framework defines the way the Forum manages collective engagements. The Framework puts in place a legal, operating and governance structure to manage the key risks, and flags key points or circumstances during engagements that might require heightened procedures. The Framework has been specifically designed to take into account:

- The need to safeguard against dissemination and creation of inside information, inadvertently or otherwise;
- The creation of concert parties under the City Code or triggering group filing requirements under Section 13 of the U.S. Securities Exchange Act;
- The creation of concert parties or acquisition of control of, including by exercising a controlling influence over, any Company under the U.S. Bank Holding Company Act of 1956; and
- Competition law.

The Forum's internal procedures for conducting Collective Engagements are regularly reviewed against the Framework.

10 Key features of the Collective Engagement Framework

- 1. TRUSTED FACILITATOR, NOT AN ADVISER** – Members retain full voting and other investment rights in respect of their shareholdings. No control is ceded to the Forum or other Members.
- 2. OPT IN/OPT OUT** – A Member actively chooses to participate in an Engagement involving a company in which it is a shareholder. It can also choose to opt out of an Engagement at any time.
- 3. COMPLEMENTARY TO MEMBERS' DIRECT ENGAGEMENT**
Members are actively encouraged to continue their direct interaction with companies outside the Forum's auspices.
- 4. CONFIDENTIALITY** – Members must agree to comply with confidentiality obligations during an Engagement. Disclosure of identities and public statements must be agreed by participants during an Engagement.
- 5. NOMINATED GATEKEEPER** – Members retain full control as to whether or not they receive information, and who receives that information.
- 6. HUB & SPOKE MODEL** – A bilateral model is the usual method of communication between the Executive and Members involved in Engagements.
- 7. NO INSIDE OR COMMERCIALLY SENSITIVE INFORMATION**
– The Forum is not intended to be a means of facilitating the exchange of inside or commercially sensitive information between companies and Members or among Members themselves. Participation in an Engagement will not exempt any person from any law or regulation governing the use and dissemination of inside information.
- 8. NO-CONCERT PARTY AND NO-GROUP** – Members must agree that they will not form a concert party or group in respect of the relevant company while participating in an Engagement under the auspices of the Forum. The Executive will engage with the Takeover Panel and seek specialist advice when required.
- 9. HEIGHTENED PROCEDURES** – At various points in an Engagement, heightened procedures may be deemed necessary, including seeking specialist advice.
- 10. CONFLICT OF INTEREST AVOIDANCE** – The Forum maintains control procedures to avoid conflicts of interest which could impact either its own governance or individual Engagements.

MEMBERSHIP

Full membership of the Forum is open to institutional investors in UK-listed companies, including both asset managers and asset owners, irrespective of where the investor is located.

As of 31 December 2020 there were 52 full Members. All except one Member has consented to the publication of their names and a list is given at the front of the report on page 2. The other member has opted to remain anonymous.

In 2020 we were pleased to welcome 3 new Full Members. Merian merged with Jupiter in July 2020 so ceased to be a Member.

To become a full Member of the Investor Forum, and to participate in collective engagements, investors are required to:

Sign:

- A Membership Application form; and
- The No-Concert Party and No-Group Undertaking.

Abide by the Investor Forum:

- Articles of Association;
- Code of Conduct; and
- Rules of Membership

What Members can expect from the Investor Forum:

Our approach is:

- Value-driven: we engage on material issues
- Discreet: we avoid unnecessary public confrontation
- Safe: we limit the legal and regulatory risks
- Constructive: we identify solutions
- Methodical: we have a consistent and robust process
- Best practice: we enhance stewardship by investors and boards alike

Our objective is to help our Members:

- Realise long-term benefits for their clients and beneficiaries
- Maximise their return on engagement effort
- Be confident that collective engagements will be safe, secure and discreet
- Demonstrate a commitment to high quality stewardship to all stakeholders
- Contribute to the long-term success of UK-listed companies for the benefit of the broader economy

Legal Panel

Historically one of the key challenges, in fostering collective engagement by institutional investors, has been a concern regarding the inadvertent violation of legal or regulatory requirements. From its inception, the Forum has benefited from extensive pro bono support from a number of leading law firms, who have played a key role in establishing a safe and secure legal and regulatory environment in which to undertake collective engagement.

We would like to thank the members of our Legal Panel for their ongoing support.

Davis Polk



MACFARLANES

Skadden

STEWARDSHIP CODE 2020: MAPPING INDEX

Below we signpost how the Forum can help its Members to meet the standards set in the FRC Stewardship Code. Detailed evidence of their participation in the Forum's activities is provided to Members on an annual basis.

Principle	Section	Page(s)
P1. Purpose, strategy and culture Becoming a Member of the Investor Forum, and participating in Forum engagements and S-360 activities, provides evidence of actions to enable effective stewardship. Membership of the Forum demonstrates commitment to, and 'implementation of a policy to undertake', collective engagement as part of stewardship activity.	Purpose, Objectives and Key Activities; Collective Engagement Review, Stewardship Activities	11, 19-42
P2. Governance, resources and incentives Forum membership demonstrates a commitment to contribute to the investment industry's collective resource for stewardship activities. The Forum's Collective Engagement Framework provides a structure and process to conducting engagements in an efficient and effective way.	Governance and Operational Review	44-49
P3. Conflicts of interest The Forum's structures and membership requirements allow Members to manage actual and potential conflicts of interest relating to engagement activity. The Forum's own Conflicts of Interests Policy documents how conflicts are managed with respect to the Directors, Employees and Associates, the Legal Panel and in collective engagement activity.	Conflicts Case Study, Managing Conflicts; Collective Engagement Framework	20, 48, 49
P4. Promoting well-functioning markets The Forum is a 'relevant industry initiative' in which Members participate. Members opt into Collective Engagements, projects and other activities which are Member-initiated. The Forum has enabled Members to join a multi-stakeholder approach to explore issues such as working practices, AIM company governance and calling for a 'say on climate'.	Promoting Well-Functioning Markets; S-360; Facilitating Dialogue	36-42
P5. Review and assurance Members receive annual statements evidencing their participation in all Forum activities.	Internal Resources and Policies	48
P6. Client and Beneficiary needs	N/A	N/A
P7. Stewardship, investment and ESG integration Forum engagements and S-360 projects typically involve integration of investment considerations and stewardship, including material ESG issues. Insights on material issues gained from the Forum's collective engagement activity, company meetings and S-360 projects can be used by Members to inform investment decisions.	Collective Engagement Report; S-360	19-42
P8. Monitoring managers and service providers	N/A	N/A
P9. Engagement Forum membership demonstrates a commitment to engagement. The Forum reports on completed Engagements, including the basis of selection, engagement objectives, methods; outcomes and lessons learned.	Collective Engagement Report	14-30
P10. Collaboration Forum membership allows Members to participate in collaborative engagement to influence issuers. Participation in Forum engagements and S-360 projects provide evidence of engagement activity and outcomes on both company specific issues and thematic issues. The Forum reports on completed Engagements, including outcomes, to assist Members' in their own reporting and to demonstrate to other stakeholders the scale of investor engagement.	Collective Engagement Report; S-360;	19-42
P11. Escalation Initiation of, and active participation in, Forum engagements and S-360 projects provides evidence of escalation by Members. Our reporting on Engagement and S-360 activities provides evidence of outcomes.	Collective Engagement Report; S-360;	19-42
P12. Exercising rights and responsibilities The Forum's project on Voting Transparency and participation in the Law Commission review helped members ensure the effective exercise of their voting rights.	Voting Transparency	39

- **Chair:** Simon Fraser
- **Executive Director:** Andy Griffiths
- **Chief Operating Officer:** Fiona Ellard
- **Senior Advisers:** Victoria Sant (Company Secretary),
Habib Annous, Paul Lee, Tim Shanagher, Susan
Sternglass Noble, Guy Walker
- **Communications Manager:** Maito Richards
- **Finance & Operations Assistant:** Laura Devonshire