

REVIEW 2021



THE INVESTOR FORUM

# WHO ARE WE?

A community interest company set up by institutional investors in UK equities.

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# WHAT DO WE DO?

The Forum helps investors work collectively to escalate material issues with the Boards of UK-listed companies.

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# WHY WE DO THIS?

To help build and restore trust between companies and their shareholders.

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# HOW DO WE DO IT?

By listening to investor concerns and explaining these to boards in a comprehensive and consistent manner.

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# WHAT IS THE OUTCOME?

Better informed boards and a stronger level of trust and understanding – ultimately leading to sustainable long-term returns for savers.

**The Investor Forum CIC**  
183 Euston Road, London NW1 2BE  
[www.investorforum.org.uk](http://www.investorforum.org.uk)  
13<sup>th</sup> January 2022

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## OUR MEMBERS



<sup>1</sup> One Member has opted to remain anonymous

# KEY MESSAGES

## THE INVESTOR FORUM IS

### FOCUSED:

#### WE WORK TOGETHER TO ESCALATE MATERIAL ISSUES

The Forum’s model for escalation is proven and has delivered meaningful stewardship outcomes over a sustained period.

→ *To read more about the importance of engagement and stewardship, see the Executive Director’s Review.*

### PRACTICAL:

#### WE PROVIDE AN ESSENTIAL STEWARDSHIP CAPABILITY FOR MEMBERS

We bring investors together to form expert working groups to address thematic issues or to tackle market failings through our S-360 projects.

→ *To understand more read the Stewardship Activities Report.*

### IMPACTFUL:

#### WE DELIVER OUTCOMES THROUGH COLLECTIVE ENGAGEMENTS AND PROJECTS

Since inception, we have led collective engagements with 43 companies, and undertaken 19 Stewardship 360 projects.

→ *To learn about our engagement record in 2021 read the Collective Engagement Review.*

### UNIQUE:

#### WE ARE A NOT-FOR-PROFIT CATALYST FOR COLLECTIVE ENGAGEMENT

Inspired by the Kay Review, the Forum has developed a Collective Engagement Framework, is staffed by experienced practitioners and is funded by 56 Members.

→ *To find out how the model works read the Governance and Operations Review.*

### VALUED AS:

#### A FORUM FOR SERIOUS, CONSTRUCTIVE CONVERSATIONS, TO ADDRESS MATERIAL ISSUES

Our reputation with investors, companies and wider stakeholders as a trusted facilitator provides a unique platform to work collectively to identify solutions to the most complex of challenges.

The Investor Forum supports the principles of the FRC Stewardship Code.

The index at the back of this Review maps how the Forum helps its Members demonstrate their commitment to the Code.

## CHAIR'S INTRODUCTION



**Michael McLintock**

Chair  
13 January 2022

When I was invited to succeed Simon Fraser as Chairman of The Investor Forum, I could not have anticipated the very sad events which rapidly unfolded. Simon's death was shockingly untimely. I remember Simon as a man of intelligence, gentle charm, sound judgement and total integrity. With Andy Griffiths, he was instrumental in setting up The Investor Forum, and Andy pays a fitting tribute below. Simon is greatly missed by his many friends and admirers.

The Investor Forum Board comprises a broad cross-section of market participants including representatives of asset managers, asset owners, companies and academics. Sacha Sadan and Chris Hitchen retired from the Board in May and June respectively. Sacha and Chris were both founding Directors of the Investor Forum and are amongst its most energetic and enthusiastic supporters. We would like to thank them both for their wise counsel and generous support.

The pressure for engagement between quoted companies and shareholders continues to increase. This comes from a variety of sources, notably politicians, regulators and the investing public. In some quarters there is also a perception that combative engagement is good engagement. Most recently, the explosion of interest in ESG has added hugely to the volume of questions that investors ask of companies. But in all this, the danger is that quality gets sacrificed for quantity, and instead of a productive dialogue, all we end up with is an inflated and deeply frustrating box-ticking exercise. The long-term consequences of this will not be negligible, notably an increasing reluctance of companies to float on the stock market.

The Investor Forum exists to facilitate proper engagement between shareholders and companies - in other words, to focus on material strategic and governance issues of concern to both parties, and to do so within a long term, constructive and discreet framework. And it has built a reputation for being practical and effective.

I was strongly in favour of the establishment of The Investor Forum. I believe it to be a cause of growing relevance and importance, and to be thoroughly worth supporting.

## SIMON FRASER: 1959 – 2021

### FOUNDING CHAIR OF THE INVESTOR FORUM



Simon was instrumental in the establishment of the Investor Forum, taking on the role of founding Chair on a pro bono basis in 2014. Under his guidance, John Kay's vision became reality. Simon was able to blend the very best of academic insight with the experience of market practitioners to build a new and important resource for investors.

His investment career encompassed roles in portfolio management, as CIO of Fidelity International, on the boards of listed UK companies and chairing a number of private companies and investment trusts. Simon

was posthumously honoured with Citywire Investment Trust's first Lifetime Achievement award, in recognition of his leadership, vision and personal contribution.

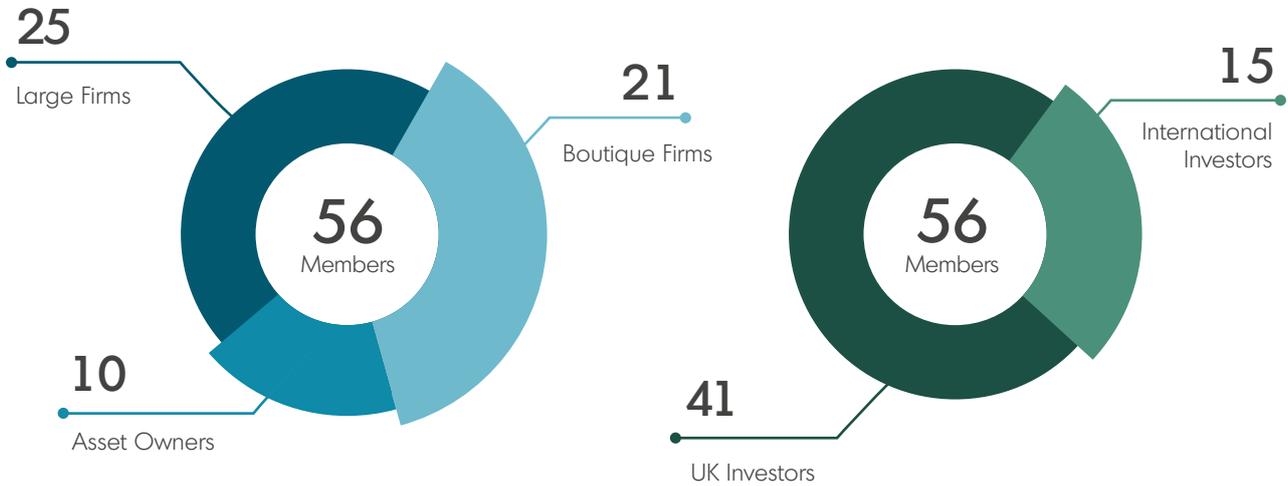
Simon brought a unique perspective on the importance of stewardship. His experience and his unparalleled reputation, founded on personal integrity and conviction in the value of constructive dialogue, combined to create an irresistible force for good.

During the "three men and an iPad" stage in the early days, Simon worked tirelessly to establish the Forum as a serious force. The work to establish a clear purpose provided a foundation which continues to serve us well. His input into engagements was always astute and valued, and he had a particular skill in delivering a difficult message with both charm and strength.

Most of all, Simon was a wonderful leader, mentor, and friend to all at the Forum, and we will greatly miss his good humour and wise counsel. His legacy is broad-based and the energy that he devoted to put stewardship at the heart of investment decision making defines the Investor Forum. The concept that he passionately believed in has proved its worth and become an institution; a living testimony to his city career with a commitment to a purpose that meant so much to him.

# FORUM SNAPSHOT

## Membership



~£24tn  
In Global  
AUM

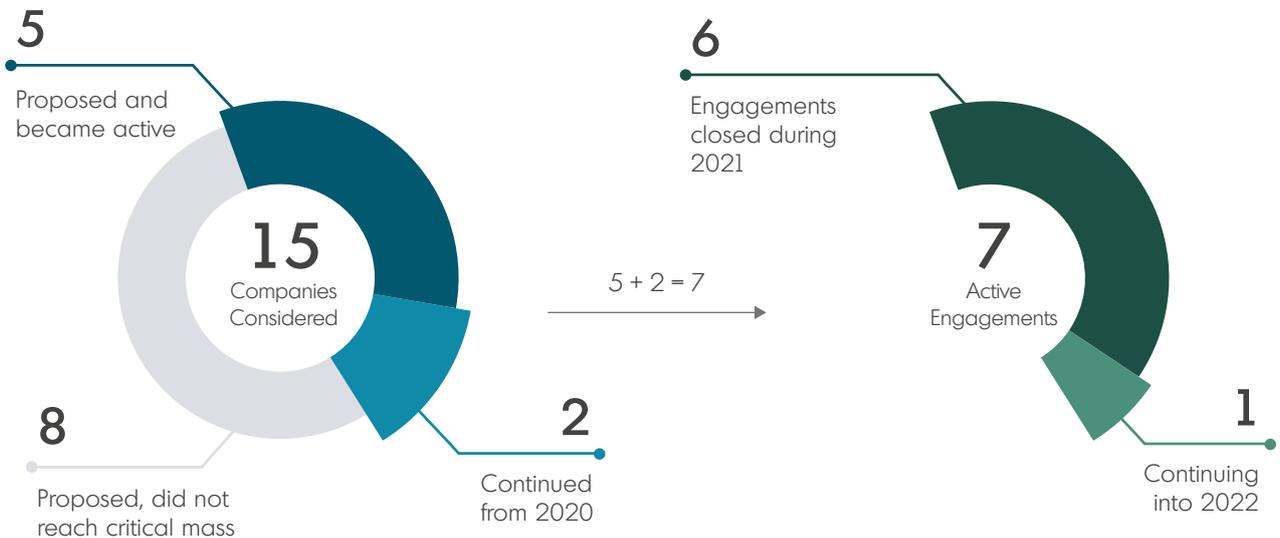


~£805bn  
Invested In  
UK Equities



~33%  
FTSE All-Share  
Market Cap

## Engagements 2021



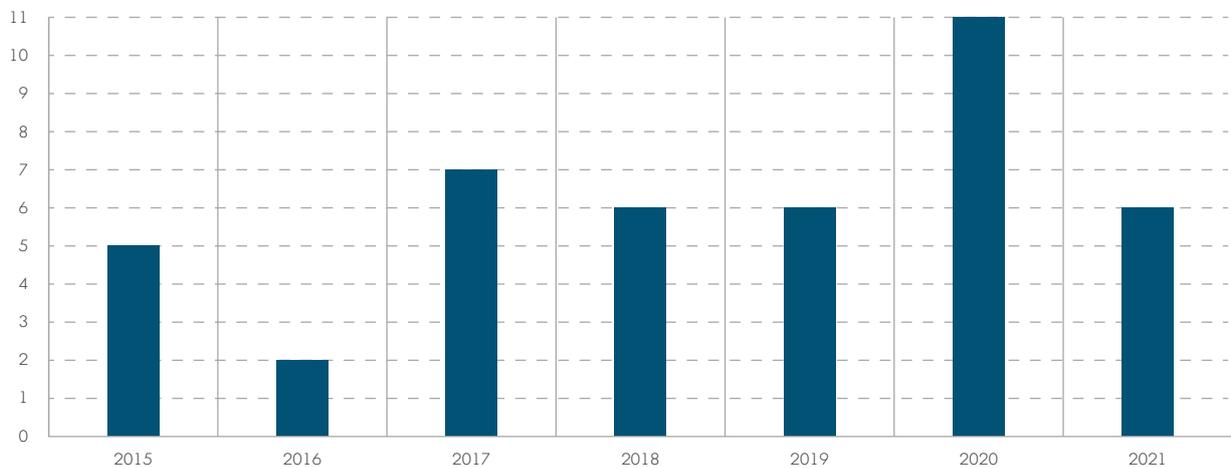
# FORUM SNAPSHOT

## 2021 Collective Engagement Dashboard

	Oversight (by the Board)						Execution (by the Management team)		
	Material Issue Focus	Strategy	Leadership & Succession	Capital Allocation	Corporate Governance	Corporate Action	Operational Performance	Management Information	Reporting & Communication
Arrow Global	Transaction Oversight					✓			
BT Group	Chair Succession		✓		✓				
Informa 1	Chair Succession		✓		✓				
Informa 2	Board Effectiveness		✓		✓				
HSBC Group	Environmental Strategy	✓			✓				✓
Kingspan Group	Board Oversight				✓		✓	✓	

## Collective Engagement Activity Since Inception

43 Collective Engagements completed since inception



## Engagement Participation in 2021

In each full engagement



5 to 20

Range of Participants



12% to 22%

Market Cap of Company Represented



36

Investors Involved



86

Bilateral Conversations Taken Place

## EXECUTIVE DIRECTOR REVIEW



**Andy Griffiths**  
Executive Director  
13 January 2022

2021 proved to be one of the most dynamic years for our society, for UK companies and of course for investors. As the world began to open up again after the initial phases of the pandemic and the implications of the climate challenge came into sharp relief, the pace of change was relentless.

For the Investor Forum it was a seismic year. We were deeply saddened that Simon Fraser, our founding Chair, passed away in August after a short illness. The acknowledgements of Simon's huge contribution to the investment world and the expressions of support from our community were an enormous source of strength for his family and for all of us at the Investor Forum. In recognition of Simon's lasting impact, we have launched the 'Simon Fraser Stewardship Award' to recognise outstanding individual, or collective, stewardship activity. The award will be made at the Investor Forum Annual Event each January.

We had announced Simon's intention to retire in April, and we were delighted to welcome Michael McLintock as the new Chair in October. Michael shares our passion for stewardship, which informs everything that the Forum does and we are privileged to be able to draw on his experience as both an investment leader and a company chairman.

In this, our sixth review, we reflect on our activity over the last twelve months as well as:

- Significant issues which are transforming the investment world
- The value of company specific engagement
- The Investor Forum's priorities for 2022 and beyond

### Significant issues which are transforming the investment world

**The health of UK public markets.** In 2021 there were over 20 take private bids in the FTSE 350. Although we have seen a welcome opening of the IPO market, it is clear that many companies see merit in being privately owned. Activist

campaigns were launched against six FTSE 100 companies, as the case to simplify some of the UK's largest companies was forcefully made.

**The changing stewardship landscape.** The emergence of a broad range of ESG issues, pressure on investors, regulatory scrutiny, and competition, is changing the landscape dramatically. We have seen a move by investors to use their voting rights more assertively and to broaden their engagement to cover more E & S issues - particularly, climate, diversity and employee rights. The shift in priorities that emerged in 2021 is nothing short of remarkable. Our review of Member Stewardship Reports suggested that investors are active across a broad range of stewardship themes - an almost unrecognisable vista when compared to the traditional focus on governance which dominated the landscape in 2014 when we were established.

Investors are privileged to occupy a position of significant influence and, in a period of huge economic and social change, it is essential that this influence is used wisely and in accordance with client mandates. Given the importance of this responsibility, we explored these issues in a year-long collaboration with the LBS Centre for Corporate Governance to consider 'What does Stakeholder Capitalism mean for investors?'

**The climate challenge.** We made the case last year for the benefits of investors having a 'say on climate'. We continue to believe that companies need to clearly articulate climate transition strategies, and that an investor vote to signal support, or otherwise, for that strategy has significant value. The emergence of climate action transition plans to underpin climate ambitions is encouraging, but 2021 offered a glimpse of how complex voting on climate issues will become. This added detail is welcome and is likely to support far more valuable scrutiny than is possible with shareholder resolutions alone.

The challenge for investors in evaluating these early plans is substantial. We believe there is a need for companies and investors to partner in a conversation that:

- focuses on how to deliver the required change by 2050, while providing tangible milestones;
- takes a genuinely long-term view;

## EXECUTIVE DIRECTOR REVIEW

- demonstrates that business is part of the solution not part of the problem.

Our recent engagement on shareholder resolutions with Barclays and HSBC and the dialogue we facilitated with BHP brought senior investors and company chairs together in the kind of conversations which support the scrutiny of climate commitments, and the subsequent delivery of agreed actions.

The Race to Zero and GFANZ initiatives have catalysed significant increases in commitments from asset owners, asset managers and companies, as well as the important advances on climate reporting with the establishment of the ISSB. Ultimately though, it will be the actions of individual companies that matter. It is clear that civil society, NGOs and activists are suspicious of ‘greenwashing’ and far from convinced about the pace of change or the credibility of the commitments. This is a challenge for all of us, and, rightly, it is far from comfortable.

### The value of company specific engagement

Engagement is a key pillar of investor stewardship, but the term covers a very wide range of activities<sup>1</sup>. As the call for engagement on a widening range of issues grows, we must focus on material issues and approaches that can deliver impact and practical outcomes. To be effective, engagement must focus on solutions, not simply on reiterating known problems.

With conflicting concerns between companies and investors over remuneration schemes, continued high scrutiny of investor voting patterns, the need to debate climate responses and the likelihood of more shareholder resolutions, the 2022 AGM season could be one of the most challenging on record. The gap between shareholders and companies on a number of issues is widening, and the importance of constructive dialogue cannot, therefore, be understated.

**Why does company specific engagement matter?** We have seen a significant rise in ‘Dear Chair’ letters to listed companies, issue-specific campaigns and company ‘naming and shaming’. While most of these engagement approaches

play out in the public domain, in our view the most complex issues rarely distil into media headlines.

In our experience, public pronouncements and voting actions alone are not enough to deliver impact. A focus on solutions, careful negotiation and mutual respect are all required. Wherever possible, our approach seeks to avoid any public comment on an active engagement case. Trust and discretion enable the tough discussions that are essential to deliver outcomes from engagement; it is not easy.

**Our focus on solutions.** We fundamentally believe in the importance of bespoke company specific engagement. The value of our model and the track record of engagement outcomes is evidence of what can be achieved when investors collaborate. The Forum is most effective when a material issue needs to be escalated and when we can work with shareholders and companies to create solutions to problems. In 2021, we were active in:

- Making the case for board renewal at Informa plc
- Clarifying investor expectations for Chair succession at BT Group plc
- Encouraging ambitious climate commitments and a new coal policy at HSBC Group plc
- Opening up NED access at Kingspan Group plc to discuss the response to the Grenfell inquiry

**Overcoming barriers to engagement.** As the calls for more engagement increase, investors must always act professionally to manage conflicts of interest, avoid risks of acting in concert and creating or exchanging non-public information. The Investor Forum Collective Engagement Framework is a key mechanism to give investors confidence that they can collaborate in a safe and secure manner.

Since the introduction of the Market Abuse Regime (“MAR”) in 2016, investors have become increasingly reticent to exchange views and to work together. In 2009, the Takeover Panel issued Practice Statement 26, in direct response to calls for shareholders to be more active in holding companies to account in the aftermath of the banking crisis. The swift action by the Takeover Panel to clarify its position on “acting in concert”

<sup>1</sup> Engaging the Engagers, Investor Forum, June 2020

## EXECUTIVE DIRECTOR REVIEW

provided great comfort to Investors. As the call for engagement increases across a broad range of ESG issues, we believe that we have reached a similar position in 2021 - investors require greater clarity from the FCA on the interpretation of the MAR rules to empower collective engagement activity.

### Investor Forum priorities for 2022 and beyond

We have proven the value of collective engagement, but we clearly recognise that the range of issues which require stewardship attention have risen significantly. In conjunction with our Members, we have therefore identified five priorities which build on the strengths of the Forum and the reputation that it has built for effective dialogue. Our strategic priorities are summarised below and discussed in more detail later in this report.

#### 2022 Strategic Priorities

We will:

- Provide a forum for serious, constructive, conversations to address material issues
- Focus on delivering exceptional engagement outcomes to address the most material issues
- Convene expert working groups to address thematic issues or market failings through S-360 projects
- Use our platform to encourage companies to implement effective climate commitments
- Focus on efficient and effective Governance and escalate contentious votes

### The Investor Forum Development Programme – looking to the future

We are proud of the first cohort that completed the Investor Forum Development Programme, which aims to provide opportunities for a diverse group of individuals within Member firms to build skills and networks to equip a new generation of stewardship professionals. We are committed to providing practical opportunities to increase the ethnic diversity of our key contacts and I am enormously grateful to Habib Annous and the entire Investor Forum Team for volunteering their time to deliver this programme. Read more about this on Page 52.

### Conclusions

Change brings opportunity and investors will play a vital role in allocating capital and engaging with companies to create value. We are at the early stages of a 30-year revolution and I firmly believe that public markets are essential to financing a just transition to a net zero economy.

We have been fortunate since our inception in 2014 to count on the support of our Members, which have grown to 56 by the end of 2021, and the insights that they share with us. We have also been guided by an experienced and supportive Board drawn from across the investment, corporate and academic worlds. I am very thankful for the commitment of my colleagues in the Investor Forum team, and for their collective experience, dedication and flexibility.

Simon Fraser believed that there was no problem that could not be solved if you could get the right people around the table, and it is that spirit which will continue to guide our actions. We believe in the power of dialogue and, if we are serious about addressing the challenges that face the investment world and broader society, then the need for effective dialogue has never been greater.

We will use our convening power, experience and the knowledge and insights of our Members to engage with companies to discuss the most complex issues. We will constructively encourage and support the change needed, and help demonstrate that investors and companies are indeed part of the solution.

#### Andy Griffiths

Executive Director

# PURPOSE, OBJECTIVES AND KEY ACTIVITIES

## Purpose

Position stewardship at the heart of investment decision-making by facilitating dialogue, creating long-term solutions and enhancing value

## Objectives

Make the case for long-term investment approaches

Facilitate collective engagement with UK-listed companies

## Activities

### Company Specific Collective Engagements

(Read more on pages 21 - 32)

- Operate the Forum’s Collective Engagement Framework to escalate material issues with the Boards of UK companies
- Deliver exceptional collective engagement outcomes

### Facilitate Dialogue

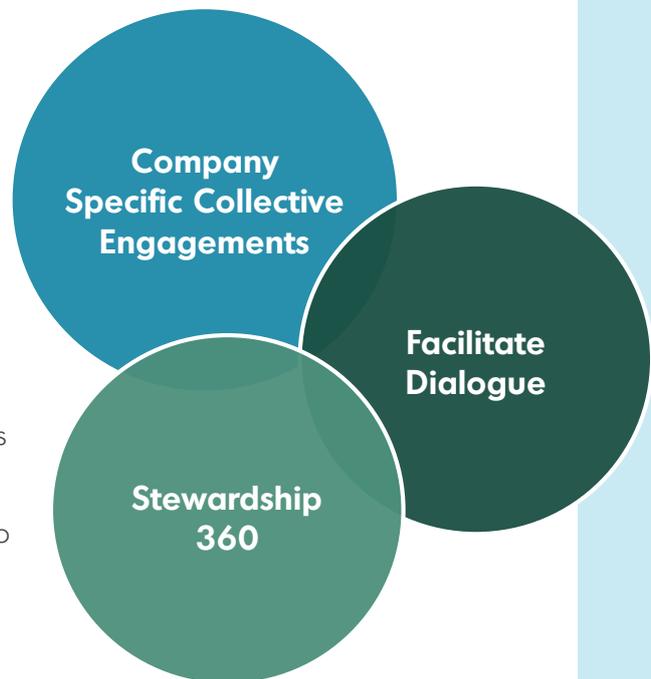
(Read more on pages 34 - 35)

- Convene parties from across the investment chain
- Provide a forum for institutional shareholders to discuss critical issues with companies
- Create opportunities for Members to gain practical insights from experts on key issues

### Stewardship 360

(Read more on pages 36 - 42)

- Work collectively to address wider issues that impact companies, industries and the environment in which they operate
- Form expert working groups to address thematic issues or to tackle market failings
- Promote well-functioning markets



## THE SHIFT IN THE STEWARDSHIP LANDSCAPE

There is no doubt that the landscape is shifting through a powerful mix of pressure on investors, the emergence of a broader range of ESG issues, regulatory scrutiny and competitive pressure. We have reviewed the stewardship landscape in each of our reports since 2015 and the cumulative change has been dramatic.



The shift in priorities that has been catalysed in 2021 is nothing short of remarkable. We have identified 10 significant changes which are competing for the attention of investor stewardship teams.

- **Climate-focused engagement is being prioritised:** Given the climate emergency, it is right that investors are focusing on their role and their influence on investee companies to make meaningful real-world changes. Many are choosing to do this through net zero alliances, ClimateAction 100+ led company engagements and/or IIGCC working groups. It is clear that asset owner and retail investor considerations are increasing pressure on asset managers to demonstrate action on climate considerations. Expectations are high that investment managers will deliver on the commitments being made through the GFANZ initiatives. Empty promises will not help restore society's trust in the capital markets.
- **Social issues compete for attention:** Having said that the 'E' is dominating engagement efforts, we

are also seeing a rise in 'S' issues in the light of the pandemic response. There is an increased focus on social justice and on the need for diversity and inclusion, continued attention on working practices and modern slavery, alongside moves from regulators and legislators around the world to put in place mandatory human rights due diligence.

- **'Top down' themes are being prioritised over 'bottom up' engagement:** To help prioritise, many asset managers are choosing to focus on a few key themes in their engagement efforts – eg 'fair tax', 'biodiversity', 'conduct and culture' – and are then engaging broadly on the issue, sending a standard letter to portfolio companies and supporting perhaps one special interest collaboration. This gives a compelling narrative to clients and may distinguish the firm from competitors by carving out an area of activity, but can take time away from bespoke, complex single company engagement efforts to drive value.
- **'Transactional governance' is crowding out 'strategic engagement':** The voting season is always an intense period. Remuneration still dominates the agenda, and the number of 'votes against' is increasingly seen as a 'badge of honour' by some stakeholders. Asset managers are applying stricter policies, moving on from the historic default position of support for management, thereby impacting the relationship between investors and companies.
- **The rise of the 'Dear Chairman' letter:** We have had many reports from companies who increasingly feel that investors are much more active in projecting their views in standard market-wide letters and in asking companies for bespoke, granular information. We know companies differ in their response to such letters, but the general feeling is that they are not conducive to meaningful engagement on material issues.
- **Focus on ESG data:** It is rare that a manager does not subscribe to some form of ESG rating provider. This data is used to filter the investment universe or to help prioritise areas of concern. Whilst 'norms-based' screening is done against globally accepted standards and frameworks, other parts of the scoring criteria are necessarily subjective, placing an increasing amount of power and influence with these unregulated bodies. While the data can be a useful input, it is a blunt tool

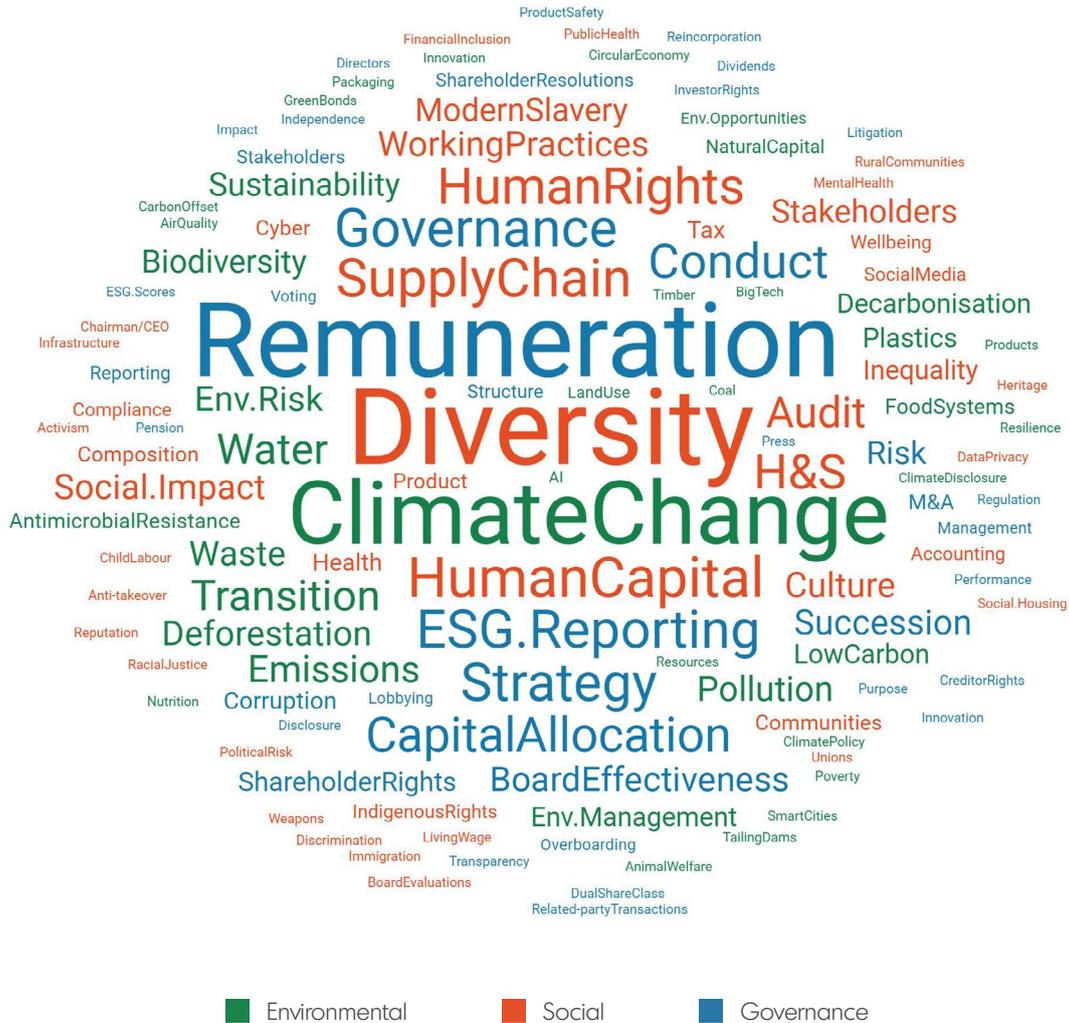
## THE SHIFT IN THE STEWARDSHIP LANDSCAPE

for ranking the 'best' companies, limits companies' right of reply or explanation and shifts focus from bespoke engagement.

- **Reporting requirements are changing behaviour:** The Stewardship Code has helpfully required a focus on outcomes and reinforces the benefits of working collaboratively and escalating issues. However, the many reporting requirements, from an increasingly wide range of parties, have encouraged a focus on 'transactional' governance, that seems to reward quantity over quality in engagement. The increased reporting burden risks drowning out meaningful engagement activity, at least in the short-term.
- **Stewardship leadership is changing:** We have seen significant movement of senior ESG and Stewardship professionals across the industry over the last 12 months. The competition for talent is high, and new skills are being brought into engagement teams. New skills are needed, but there is a risk that the connection with the traditional skills of company analysis and an understanding of what is required for shareholder value creation is being compromised.
- **Scrutiny of investors:** Asset managers and asset owners are coming under increasing scrutiny as society, regulators and supervisors look for signs of effective stewardship. The reporting pressures on stewardship teams are enormous, and seem to us to be impacting available time for actual stewardship activity. NGOs are increasingly looking to 'name and shame' investors whose votes they disagree with and are using surveys and social media to enhance the scrutiny of investor voting decisions.
- **Campaign groups are driving the agenda:** More and more NGOs are filing resolutions and recognising the power of the financial markets as an agent for change on issues ranging from diversity, to healthy eating and financing of high carbon energy projects. The wording of a resolution, which in theory would bind the actions of company directors, is crucial. Where such resolutions are proposed a significant amount of engagement activity is required between NGOs, investors and the company to design and deliver actions that match up with expectations and deliver real-world impact.

**Figure 1: Investor Stewardship themes**

In May, the Investor Forum reviewed 40 Stewardship Reports from our Member firms. 35 reports made reference to the focus of stewardship and future priorities. The word cloud below shows the 'E' (green), 'S' (red) and 'G' (blue) issues that were identified. The larger the font, the more times the subject or theme was mentioned. There was a broadly even allocation of the subjects between E, S and G issues.



## STRATEGIC FOCUS

We have entered a period of enormous change for society that will have profound implications for economies, companies and the investment landscape. Clarity of purpose will therefore be crucial.

As we begin 2022 under the stewardship of our new Chair, Michael McIntock, we have taken the opportunity to reflect with our Members on the role of the Investor Forum, our core value and our key activities in order to sharpen our strategic priorities. The Board has agreed the future strategy.

Our Purpose and Objectives remain unchanged and our focus remains on:

### **Working collectively to escalate material issues with Boards of UK-listed companies.**

We are clear that our core role is to escalate investor concerns with Boards. To do that we

operate a high integrity collective engagement capability which is focused on delivering outcomes.

Our reputation, experience and track record provide a platform for us to create practical solutions which contribute to well-functioning markets.

We will pursue 5 strategic priorities:

1. Stay true to our core value
2. Demonstrate the value of company specific collective engagement
3. Deliver greater impact from S-360 projects
4. Use our model to encourage companies to make effective climate commitments
5. Focus on efficient and effective Governance.

Our focus is on practical outcomes that achieve real world impact.



### **Investor Forum Core Value**

We fundamentally believe in the importance of company specific engagement. The value of our model and the track record of engagement outcomes is evidence of what can be achieved when investors collaborate. The Forum is most effective when a material issue needs to be escalated and when we can work with shareholders and companies to create solutions to problems.

#### **We:**

- ... work with investors to escalate material concerns with companies
- ... provide a forum for long-term institutional shareholders to discuss critical issues with companies
- ... form expert working groups to address thematic issues or to tackle market failings
- ... create opportunities for Members to gain practical insights from experts on key issues

## STRATEGIC FOCUS

### 1. Stay true to our core value:

The Investor Forum creates a safe place for serious, constructive, conversations to address material issues.

- Our reputation with investors, companies and wider stakeholders as a trusted facilitator provides a unique platform to work collectively to identify solutions to the most complex of challenges.

Our key activities are summarised on page 11.

### 2. Demonstrate the value of company specific collective engagement:

The stewardship landscape is changing, and top-down thematic approaches are becoming ever more important in informing the way that many institutions deploy their resources.

- We have proven that we can effectively escalate a range of material issues with companies and we will work proactively with our members to develop more engagement opportunities.
- We will make the case for, and continue to deliver, bespoke, company specific engagement to protect and create long-term sustainable value.

We will continue to expand our focus on material issues across the whole spectrum of environmental, social, governance and strategic matters.

- As society and markets change, so too does materiality. We understand that the narrative on materiality has moved well beyond profitability, capital allocation and governance.
- Our engagement criteria - of critical mass, potential for a constructive solution and a focus on long term value - will not change.

More detail on our collective engagement activity is given on page 22.

### 3. Deliver greater impact from S-360 projects:

Our Members value opportunities to collaborate with like-minded investors in working groups convened by the Investor Forum. These groups seek practical solutions to address clearly defined issues and catalyse change.

In 2021, select expert groups of our Members worked together on four important initiatives:

- The Governing for Growth project,
- A collaboration with LBS Centre for Corporate Governance on Stakeholder Capitalism,
- To sponsor a plastic pellet standard
- To tackle issues relating to voting at Irish issuers.

We can, and will, do more to drive impact from these projects and deliver practical insights and outcomes.

More detail on our S-360 projects is given on page 36.

## STRATEGIC FOCUS

### 4. Use the Forum's model to encourage companies to make effective climate commitments:

Addressing the climate challenge is a key priority for our Members and the companies in which they invest. Investors support many different initiatives to progress their climate ambitions, and we have responded to their requests to play our part in addressing this defining challenge.

Our neutral platform and convening power offer a proven forum for companies and investors to discuss challenging issues. Our discretion is crucial to facilitating dialogue that can create solutions - much can be achieved if companies and investors work together on complex issues such as climate to develop a common understanding and agree a pathway.

Transformation on the scale required does not easily distil into media headlines or AGM resolutions, and collective engagement has an important role to play in testing and building conviction in the commitments that companies are making.

- In select situations in conjunction with our Members, we will continue to facilitate the difficult discussions required to encourage change, working with companies to understand their individual perspective.
- We will continue to convene meetings with companies and experts to create practical insights for our Members on the many and varied aspects that contribute to delivering the required transition.

More detail on our work on climate is given on page 18.



### 5. Focus on efficient and effective Governance:

As the stewardship agenda becomes ever more complex, and the range of ESG issues increases, it is important to remember that the Governance architecture provides the mechanisms by which investors can implement their stewardship activity – whether through engagement, voting, escalation or ultimately ownership decisions. We believe there are significant economies in having a centralised, expert forum to focus on these governance issues.

- We will explore ways to create efficient and effective Governance solutions – primarily through a focus on escalating investor concerns surrounding contentious votes – both pre-AGM to clarify concerns and post-AGM to seek responses where companies have received large votes against.

More detail on our plans for company meetings is given on page 35.



## RESPONDING TO THE CLIMATE CHALLENGE

Addressing the climate challenge is a key priority for our Members and the companies in which they invest. We have responded to requests from our Members to play our part and continue to consider and reflect on our role in this critical transition.

### From campaign to delivery

There are many collective groups and initiatives – including Climate Action 100+, IIGCC, TPI, ShareAction and the GFANZ alliances - with a focus on climate, and many of our Members support some or all of these. These groups use tools which range from active campaigning, publications of research and rankings to ‘name and shame’ climate laggards, and filing shareholder resolutions, to policy briefings, sector frameworks and evaluation methodologies.

Once the noise has died down and the spotlight moved on to the next campaign target, companies need continued two-way engagement to design and deliver actions that match up with expectations, and deliver real world impact. Investor support and insight is crucial as they seek to evaluate potential trade-offs that might need to be made (e.g. forgoing projects, ending relationships with clients, disposing of business lines, engaging with suppliers, or reconsidering what on paper appear to be profitable capital allocation plans) to deliver against commitments.

### The art of engagement - Supporting companies as they transition

The Forum has both a proven ability to engage effectively with the Boards of UK companies to escalate material concerns and a strong convening power. These strengths can be used to complement, enhance and amplify the voice of investors in helping companies deliver against challenging climate plans.

Our independent platform and convening power offer a forum for companies and investors to discuss challenging issues. Our discretion is crucial to facilitating dialogue that can create solutions.

In a number of cases, this approach has been valuable in helping investors to assess how companies intend to deliver against the net zero

ambitions they have articulated and to assess through continued dialogue whether credible, tangible actions follow on from the ambition statements in a timely fashion.

The Investor Forum benefits from a neutral perspective, an experienced team and a focus on creating solutions. Our bespoke approach starts with the company and can apply to any issue – environmental, social, strategic or financial provided it is material and merits Board engagement.

With regard to climate, we have been invited by investors and companies in a number of specific situations to help encourage and/or challenge in order to deliver meaningful impact.

These conversations and the engagement activity help a Board to:

- gain clarity about the investor appetite to see a material risk and/or opportunity addressed,
- build the confidence to take action which will meet shareholders expectations, and
- in some cases, the opportunity to explain and justify the chosen response.

These are not always easy conversations and priorities do not always align, but we have seen the value of being a trusted convenor working quietly to encourage change.

### Beyond engagement - adding insights

The forthcoming transition will be complex, and investors as well as companies need support in building out their understanding of the rapidly developing space – be that industry frameworks, accreditation standards, accounting rules, climate positive opportunities, or scenario analysis.

In response to Member requests, our Four O’clock Forum series this year has brought in experts to give practical insights on important aspects of the climate debate to help enhance and inform investor understanding.

## RESPONDING TO THE CLIMATE CHALLENGE

### **A 'say on climate'**

2021 has shown how complex voting on climate issues will become. We are encouraged by the emergence of climate action transition plans as a key underpin to evaluate climate ambitions. This added detail is welcome and likely to support far more effective scrutiny than shareholder resolutions alone. That said, there is an enormous challenge for investors in evaluating the credibility of these early plans.

As companies increasingly bring climate transition action plans to investors for non-binding votes at AGMs, investors will need to equip themselves to scrutinise such plans, and to articulate to their stakeholders why they have chosen to support them or not. Such plans contain many nuances and assumptions, and companies should be given the opportunity to explain why what they have said is right for them at this time. In turn, investors will use their influence to identify situations where plans are not sufficiently ambitious and engage to seek a more robust approach.

We will continue to offer a platform for companies to present their plans to investors, and seek support for their proposals and for investors to scrutinise commitments.





# COLLECTIVE ENGAGEMENT REVIEW

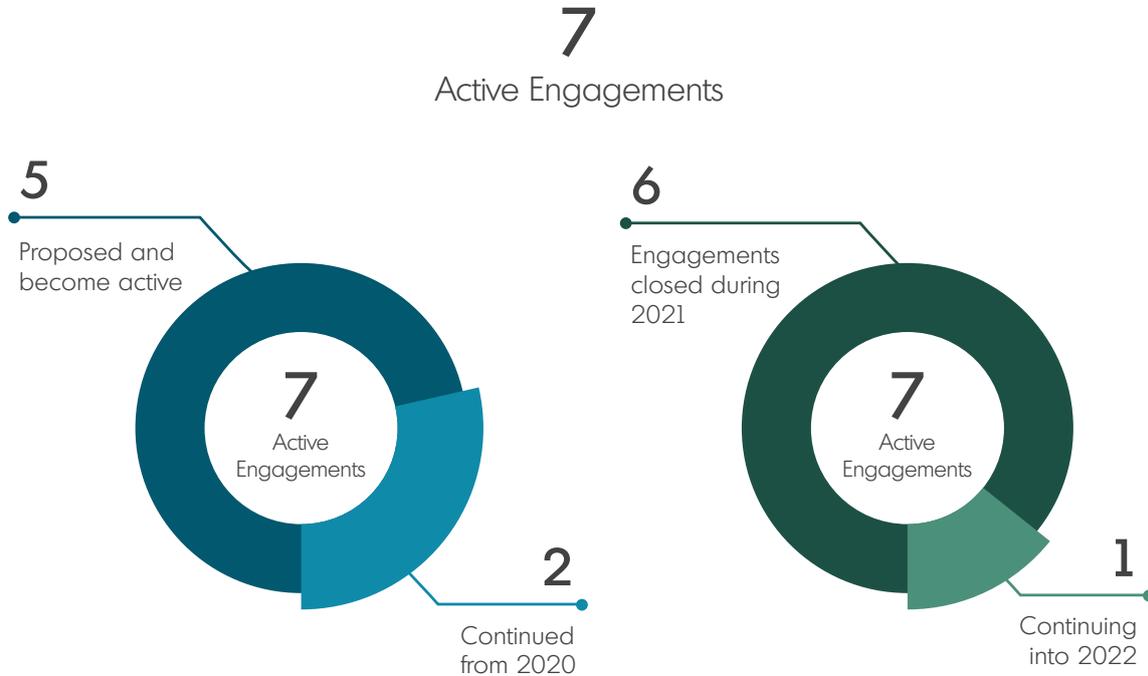
- *Collective Engagement Report*
- *Engagement Process*
- *Case Studies*



# COLLECTIVE ENGAGEMENT REPORT

## Facts and Figures

Activity in 2021:



## 8

Proposed in 2021 but did not proceed:

- **3** - Were small cap investment funds where critical mass couldn't be established amongst the membership base.
- **2** - Involved a bid situation where there was frustration with the process, but no engagement objective could be defined.
- **1** - Was raised in the context of a corporate action, where the Chair was able to instill confidence following initial unease.
- **1** - Involved a long-standing situation, where no formal engagement was initiated but the Forum was able to facilitate dialogue to clarify priorities and reassure shareholders.
- **1** - May escalate to an engagement in 2022; an initial company meeting has been requested.

## Member Participation

During 2021, the Forum:

Worked with



36

institutional investors

Held



86

detailed bilateral conversations\* to inform engagements

# COLLECTIVE ENGAGEMENT REPORT

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

In 2021, engagement activity was narrower than in recent years. The year saw a significant number of corporate actions, with over 20 UK companies being taken private, as well as a significant focus on thematic considerations, rather than company-specific situations. The Stewardship Landscape discussion on page 12 discusses this in more detail.

Our engagement activity covered a range of material issues:

- Board effectiveness and succession - engagements with Informa and BT generated observable outcomes.
- Climate resolutions and strategic response - we engaged extensively with HSBC in relation to its AGM climate resolution and the development of its new coal policy.
- Social license to operate - media headlines in conjunction with the Grenfell Tower Inquiry catalysed an engagement with Kingspan to better understand corporate culture and subsidiary oversight.
- ‘Take private’ – we were asked to raise investor concerns with Arrow Global but the engagement did not deliver any meaningful impact on the Board’s decision to recommend an offer to take the company private.

Case Study	Material Issue	Engagement Focus	Outcome
<b>Arrow Global</b>	Transaction Oversight	Conflicts of interest	No observable impact
<b>BT Group</b>	Chair Succession	Appointment of new Chair	External Chair appointed in a well-executed process
<b>Informa 1</b>	Chair Succession	Highlighting need for Chair succession plans to be implemented	Succession timetable retained during Covid-19 crisis
<b>Informa 2</b>	Board Effectiveness	Board refreshment	3 new NEDs appointed. Refreshment of key roles
<b>HSBC</b>	Environmental Strategy	Climate commitments and implementation	Single resolution agreed. New coal policy published.
<b>Kingspan Group</b>	Board Oversight	Group Board oversight of culture, compliance and reporting by divisions	First time investor access to Senior Independent Director and Audit Committee Chair.

During the year we had a number of informal discussions with Members about possible engagements which did not proceed – some smaller companies which followed the playbook set out in the Governing for Growth project, concerns with SPACs, concerns around bid pricing and event driven situations. In many of these cases, the enquiring investor valued the opportunity to review frustrations with the Forum but either there was not a critical mass of likeminded investors or a bid process evolved naturally without the need

for collective engagement. One international (German) enquiry, in relation to a company in a bid situation, was raised, but market forces corrected the perceived governance failing and a competitive process resulted.

Our monthly Member Engagement Dashboards highlighted 35 companies for discussion during the year, as we sought to highlight key situations and raise awareness of emerging issues with our Members.

## COLLECTIVE ENGAGEMENT REPORT

### Company meetings

During the year we organized a number of investor meetings with companies, each with a bespoke agenda.

We facilitated climate-focused meetings with Chairs, Non-Executive Directors and Sustainability experts at four companies:

- **Barclays plc** - we hosted two meetings to build on the climate-focused Collective Engagement which we completed in 2020. The meeting agendas covered reputation, purpose and the s172 report, Board evolution and other governance matters, and a review of the Bank's key climate commitments. The discussions allowed investors to follow up on the commitments that had been made at the 2020 AGM and to assess progress.
- **HSBC Group plc** – following an approach from the company, we hosted a meeting to discuss the proposed climate resolutions, and a second meeting to follow up on progress made in implementing a new coal policy.
- **Climate Transition Action Plans - BHP Group plc** and **Unilever plc** both put plans to shareholders for a vote at their AGMs. We organised group meetings with both companies to allow investors to scrutinise the plans in order to make informed voting decision.

We completed a detailed review of Member perspectives on **GlaxoSmithKline plc**, which resulted in the company asking us to facilitate a shareholder meeting with the Chair and Senior Independent Director in October.

We hosted two meetings with **Kingspan Group plc** during the course of the engagement – one in December 2020 with the CFO and one in April 2021 with the SID and Chair of the Audit and Compliance Committee. Investors were pleased to establish a dialogue with the Non-Executive Directors and are hopeful that this channel of board-level communications continues under the new independent Chair.

Our engagement with **Boohoo Group plc** was closed at the end of 2020, but we continued to actively monitor developments. In advance of the 2021 AGM, with proxy agencies recommending votes against the co-founder and the remuneration report, we hosted a meeting with the Deputy Chair and 12 investors to inform voting decisions.

We continue to build a reputation for facilitating high quality meetings between leading investors and senior Board members and executives at companies. We provide a forum to discuss complex issues with a view to creating practical solutions to address material issues. This capability is increasingly valued by companies and stewardship teams and we plan to further develop this platform in 2022.

### Case Study: Tesco - Potential shareholder resolution on healthy eating

In February ShareAction co-ordinated the filing of a shareholder resolution by a group of institutional and retail investors in their Healthy Markets Coalition, calling on Tesco to set targets to increase the proportion of healthy products in its sales.

Tesco committed to increase sales of healthy products in its UK and Irish stores by 2025, but ShareAction kept its resolution on the table to encourage Tesco to take similar steps with its Central European stores and its Booker wholesale subsidiary. A number of Tesco investors asked the Forum to speak with other investors, ShareAction and Tesco to clarify understanding and expectations. Many investors recognised that Tesco was committed to taking action on this agenda and had demonstrated progress in an ESG strategy update. There was appetite amongst shareholders for Tesco and ShareAction to reach agreement and avoid the need for the shareholder resolution.

# COLLECTIVE ENGAGEMENT REPORT

## Case studies

On the pages that follow we provide case studies of the engagements which were completed during 2021. We have again sought to balance the, sometimes competing, needs for discretion and transparency.

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

The disclosures that follow add to our record of transparent reporting since we began to engage in 2015. This 7-year public track record of collective engagement is unique, and it provides tangible evidence of the stewardship capabilities of our members. The track record helps to demonstrate the value of collective engagement as a tool for investors to escalate concerns with Boards and, where necessary, to catalyse change.

## Conflicts of Interest management – Case Study

In 2021, we were asked by Members to engage with **HSBC Group plc**, the parent company of HSBC Global Asset Management – one of the Investor Forum’s founding Member firms. When the engagement was proposed, we implemented ‘heightened procedures’, as described in our Collective Engagement Framework, and documented the actions taken in the Engagement Registry. HSBC GAM were informed in advance that we planned to initiate the engagement and were invited to the company meetings. We are confident that neither the engagement approach, nor the outcomes achieved with HSBC Group plc, were impacted by the pre-existing relationship or any potential conflicts with HSBC GAM.

# COLLECTIVE ENGAGEMENT REPORT

## Engagement Process



### Member Proposal

- What is the level of Member interest?
- Is a constructive solution possible?

Members escalate their engagement candidates to the Forum. 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.



### Initiation

- Consult with Members
- Develop a strategy
- Draft a letter to company
- Target constructive, tangible outcomes

The Forum will invite all Members to opt in to an engagement. An engagement strategy will be developed with clear objectives and targeted outcomes, based on perspectives from portfolio managers, credit analysts and ESG teams at Member firms.



### Engagement

- Share Members' views with company
- Two-way Dialogue

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.



### Monitoring

- Follow due process
- Monitor developments
- Regular contact with participants and the company

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.



### Conclusion

- Evaluate outcomes
- Identify Lessons Learned

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.

<b>Company:</b> BT 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: Mar 21 – Sep 21		Size: FTSE100	Number in Engagement: 9		Combined Shareholding: 16%			

### Basis of Selection

#### Why did the Forum engage?

- A Member approached the Forum following press speculation regarding a candidate to be the next Chair. A consultation revealed that a critical mass of BT shareholders felt that, following the surprise announcement of the departure of the incumbent Chair, a strong external candidate was needed.
- Investors wanted to express their view that, given the strategic and operational issues facing BT, the Board had a vital role to play in overseeing strategy, key relationships and, where necessary, to provide challenge to the executive team.

- In light of these concerns, in closing the engagement, we sought assurances that BT Group would be the candidate’s main priority, given the demanding nature of the role of chair at BT Group.
- The engagement successfully achieved its narrowly defined, but important, objective in a timely manner, delivering a clear collective message to the Board for input into the selection process.

### Objectives

#### What did the Forum engage on?

- We sought clarity from the SID about the Chair recruitment process and the criteria identified for a new Chair. We relayed the view that an external hire was preferred, and the importance investors placed on the Chair’s capacity to oversee a difficult change programme, to build a positive relationship with the CEO, and to balance complex stakeholder interests.

### Lessons Learned

#### What has wider applicability?

- Succession planning is vital. When investors have strong views on the suitability of individual candidates, collective engagement is an efficient and effective way to escalate concerns.

### Engagement Methods

#### How did the Forum engage?

- The Forum built an engagement strategy based on the key issues identified in discussion with Members. A collective letter was written to the SID on behalf of 9 members and a frank and constructive meeting was held to share feedback and review the selection process.

### Outcomes

#### What did the engagement achieve?

- In August 2021, the company announced the appointment of an external Chair who had experience of chairing several large companies, as well as being a former CEO of a large, regulated UK company. Whilst some investors had concerns about over-boarding, the appointment was welcomed.

<b>Company:</b> INFORMA 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
		✓		✓				
<b>Phase 1:</b> Timeframe: Jun 20 – Jan 21      Size: FTSE100      Number in Engagement: 12      Combined Shareholding: 12%								
<b>Phase 2:</b> Timeframe: Jun 21 – Nov 21      Size: FTSE100      Number in Engagement: 17      Combined Shareholding: 22%								

## Basis of Selection

### Why did the Forum engage?

- In recent years, Informa has been the subject of a series of large votes against at its AGMs. It is one of only 10 companies to appear on the IA Public Register every year since the register’s inception.
- The Forum was asked by Members to engage with Informa in two phases:
  - Phase 1: To address Chair succession - In January 2020, the Board announced that the long-tenured Chair would step down, but suspended the succession process in March 2020.
  - Phase 2: To address Board refreshment and long-standing remuneration concerns - Chair succession in June 2021 provided an opportunity to engage on Board refreshment and shareholder relations..

- Concerns were raised over the effectiveness of the Board, and as well as the overall culture and the company’s attitude towards shareholder engagement. The Investor Forum sought views from its Members, and approached other large shareholders, to evaluate the need for escalation.
- In the second phase, with a larger group of shareholders participating, a collective letter was written to the Chair outlining a range of concerns. We had a meeting with Chair and had a series of follow up calls with the IR Director to discuss progress on Board refreshment and new NED appointments.

## Objectives

### What did the Forum engage on?

- The objective of the first phase was to express the need for a timely appointment of a new Chair, and for the new Chair to oversee the remuneration policy consultation, given the 2019 AGM vote.
- The objectives for the second phase were to place on record the desire for constructive engagement in the forthcoming remuneration consultation, highlight investor support for Board refreshment, and articulate expectations to improve the effectiveness of Board engagement across the institutional shareholder base.

## Outcomes

### What did the engagement achieve?

- Phase 1:
  - Shareholders remained supportive of the company and many had direct dialogue with the Chair, but felt that the collective expression of concern regarding the succession timetable and the remuneration policy was important. With the announcement of a new Chair in January 2021, the engagement was paused in advance of direct investor meetings with the new Chair.
- Phase 2:
  - At its 2021 AGM, the company once again received a significant vote against resolutions on remuneration issues. The decision to adjust the 2018 LTIP award was particularly controversial. An increasing number of shareholders chose to vote against not just policies and reports but also individual Directors who were members of the Remuneration Committee.

*Continued >>>*

## Engagement Methods

### How did the Forum engage?

- In the first phase, the Investor Forum wrote to the Senior Independent Director expressing participants’ concerns. The company’s response gave assurances that it was “well progressed” on the Chair succession and remuneration policy and committed to publicly update the market.

- The new Chair quickly delivered on his commitment to refresh the board with the appointment of three new NEDs. The new remuneration committee chair has fresh HR executive experience at a FTSE100 company and, after a gap, a new SID has also been appointed. There have been clear statements about the Board's intention to develop a more constructive conversation with all shareholders in order to achieve a broader consensus on remuneration than was previously achieved.
- The company still has much to do to reset relations between shareholders and the Board, and the upcoming remuneration consultation will be indicative of whether it can listen to concerns and better navigate the split view within its shareholder base on the issue of restricted shares schemes.
- Investors enter the new discussions satisfied that Informa has recognised their concerns and is open to genuine consultation. That said, it is possible that the company could once again see significant votes against at its 2022 AGM, particularly as retrospective changes were also made to the 2019 LTIP when the group deployed cash targets for all LTIP's in early 2020.
- We will continue to monitor developments and follow up with investors and the company in 2022.

## Lessons Learned

### What has wider applicability?

- Engagements with companies can extend over long time periods and may involve a number of phases, as time is needed for the company to address issues and formulate responses. It is important to have clear objectives for each phase of engagement.
- Consistent appearances on the IA Public Register can be a flag that serious underlying issues merit attention, even if individual resolutions receive the necessary support to pass.
- Investors are increasingly voting against policies, and also questioning Board effectiveness, and will vote against individual Directors if they are not satisfied that underlying issues are addressed.
- Whereas votes express messages of concern to companies, follow up engagement and escalation are essential to deliver effective outcomes. We consider this further on page 35.
- Closure of a phase of collective engagement does not always mean that investors are satisfied; ongoing monitoring and further phases of engagement are often felt necessary, but collective engagement should not be open-ended.

<b>Company:</b> HSBC 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: Jan 21 – Mar 21		Size: FTSE100	Number in Engagement: 20		Combined Shareholding: -17%			

### Basis of Selection

#### Why did the Forum engage?

- HSBC approached the Investor Forum to help inform its response to a shareholder resolution and to facilitate an investor meeting to discuss the banks’ new climate commitments.
- Members then asked the Forum to facilitate an engagement to provide feedback on investor priorities and to encourage a constructive and ambitious response to the resolution.

- The engagement was closed following the AGM, but HSBC and the Investor Forum remained in close contact to discuss progress on the coal policy, implementation, reporting and ‘say on climate’ ahead of publication in December.
- In December, the Forum hosted a Member meeting with the CEO to discuss the new Coal Policy and to continue the investors dialogue. This tangible follow up on the AGM commitments gave shareholders an opportunity to input into HSBC’s thinking on how to structure a ‘say on climate’.

### Objectives

#### What did the Forum engage on?

- Investors wished to record their support, and expectations, regarding the need for tangible action on net zero targets. The engagement focused on coal financing policy, client transition, and reporting and milestones and encouraged the Group to consider how do deliver a ‘say on climate’.
- There was also a clear preference expressed for HSBC to negotiate a single AGM resolution if possible rather than ask investors to consider competing resolutions at the AGM.

### Engagement Methods

#### How did the Forum engage?

- At the request of the company, the Forum facilitated a shareholder meeting with the Chair, CEO and climate experts with a bespoke agenda. Specific, challenging and constructive feedback was provided.
- The Forum wrote to the Board to place on record the important need for HSBC to make significant climate commitments, and to encourage an effective response to the shareholder resolution.

### Outcomes

#### What did the engagement achieve?

- The engagement and investor insights were welcomed by the Board and the clear messages from investors collated by the Forum helped to inform the Board’s decision-making.
- HSBC responded positively to the shareholder resolution and was able to agree a single resolution, with commitments on coal and tangible targets.

### Lessons Learned

#### What has wider applicability?

- Transformation on the scale required does not easily distil into media headlines or AGM resolutions, Collective engagement has an important role to play in testing and building conviction in the commitments that companies make.
- Much can be achieved if companies and investors work together on complex issues such as climate to develop a common understanding and agree a pathway.
- It is important that companies engage constructively on shareholder resolutions. Investors have a preference for a single resolution wherever possible rather than being asked to choose between competing texts. This requires a significant commitment to engagement by companies with a range of shareholders and stakeholders, not just with the largest investors in the company.
- Shareholders expect companies to follow through on commitments with robust implementation plans which demonstrate action to meet net zero targets.

<b>Company:</b> KINGSPAN 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: Nov 20 – May 21    Size: ISEQ    Number in Engagement: 12 – 14 (total 17)    Combined Shareholding: 21%								

**Basis of Selection**

**Why did the Forum engage?**

- Concerns emerged from the Grenfell Tower Inquiry hearings, centering on the Group board’s oversight of subsidiary companies, the culture within a certain division, and the industry’s license to operate. While investors generally had strong relationships with the Executive team, given the profile of the issues raised engagement with Non-Executive Directors, where relations were much less well developed, was targeted.

**Objectives**

**What did the Forum engage on?**

- The engagement objectives were initially focused on gaining insight, and in particular access to Non-Executive Directors, to inform investor views, rather than engaging for change. Investors wished to hear the company’s perspective on recent newsflow, and to evaluate the actions being considered.
- As the engagement evolved, we encouraged the Chair-elect to engage proactively with investors and highlighted the issues of particular concern – most notably around Board oversight of subsidiaries, culture and remuneration.
- We also sought clarity on the actions being taken to implement the recommendations of a Board-commissioned independent review.

**Engagement Methods**

**How did the Forum engage?**

- The Forum facilitated two group meetings for participants - one with the CFO and one with the SID and Chair of the Audit and Compliance Committee. A series of collective letters ensured that the non-executives were aware of investor concerns, and escalated the request for the Board to be more accessible to investors.

**Outcomes**

**What did the engagement achieve?**

- Collective engagement provided increased access to the Kingspan Board, provided insight into the

actions being taken, and established a dialogue with the Non-Executive Directors.

- The company welcomed the engagement, though was understandably cautious given the on-going Inquiry. The engagement helped investors form a framework to assess whether the company was able to “rebuild trust”, and informed voting decisions prior to the 2021 AGM.
- The group meeting established a precedent for non-executive dialogue. The SID committed to an ongoing dialogue between the independent Board members and institutional shareholders.
- The company has taken action to address the concerns that emerged from the Grenfell Tower Inquiry hearings, and the effectiveness of the actions taken will be evaluated over time.
- Investors will need to rely on effective Board oversight of the culture and activities of subsidiary companies and strong internal controls to prevent a repeat of the acknowledged failings.
- The Forum continued to monitor the implementation of the improvement plan, developments with the Inquiry and any implications for Kingspan.

**Lessons Learned**

**What has wider applicability?**

- There was a clear benefit to investors from access to non-executive directors to give additional insight, even though there was strong support for the management team and a very proactive investor dialogue.
- In light of the additional scrutiny that shareholders face when the reputation of portfolio companies is challenged by negative newsflow, there is value:
  - to investors in demonstrating how concerns are escalated, to hold the Board to account, and the steps taken to encourage any improvements in governance structures;
  - to non-executive directors in engaging with shareholders to ensure that they have a clear understanding of investor concerns.
  - to the company to having an opportunity to clarify its position and to address issues which it feels may have been misreported.

## ENGAGING DURING BID SITUATIONS

<b>Company:</b>	ARROW GLOBAL PLC
<b>Timeframe:</b>	March 21 – May 21
<b>Number in Engagement:</b>	5
<b>Size of Company:</b>	FTSE All Share
<b>Combined Shareholding:</b>	17%

We were asked to highlight shareholder concerns around the emergence of, and the Board’s approach to, a proposed ‘take private’ bid. Participants sought assurance that the Board would act in the best interests of all shareholders when considering a recommendation.

The shareholders joining the engagement believed that the investment thesis for Arrow Global remained attractive, with a diverse portfolio of investments and a strong management team, and were concerned that the proposed bid did not fully reflect the value of the opportunity. These investors had already expressed their views directly to the company but asked the Investor Forum to amplify and place on record their key concerns.

Investors were concerned about the process which led the Board to consider recommending an offer for the company, and wanted additional clarity

to evidence the basis on which the Board might recommend a proposed offer. We requested that the Board communicate the steps taken to ensure Directors had fulfilled their duties, including publication of an independent review of the valuation. We asked that the Board engage with shareholders following publication of the annual results to effectively address outstanding concerns regarding the value of the proposed bid for Arrow Global.

The Forum wrote to the Chair. The CFO and the company’s advisers made contact to understand the background to the letter, and to provide assurance that the appropriate process had been followed but no meaningful engagement took place.

No observable changes were made to disclosures or price, and the transaction was ultimately approved by 93.8% of the shareholders that voted.



# STEWARDSHIP ACTIVITIES

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- *Facilitating Dialogue*
- *Stewardship-360 Projects*
- *Promoting Well-Functioning Markets*



## FACILITATING DIALOGUE

Facilitating dialogue is one of the main objectives of the Investor Forum. In 2021, this was an area of particular focus through:

- Bespoke events, such as our Four O'clock Forum series; and
- Convening company meetings.

### Four O'clock Forums

In March 2020, the Investor Forum launched a series of virtual events for Members to provide opportunities to engage with expert speakers on important ESG issues to expand knowledge and build expertise which can in turn inform stewardship activity.

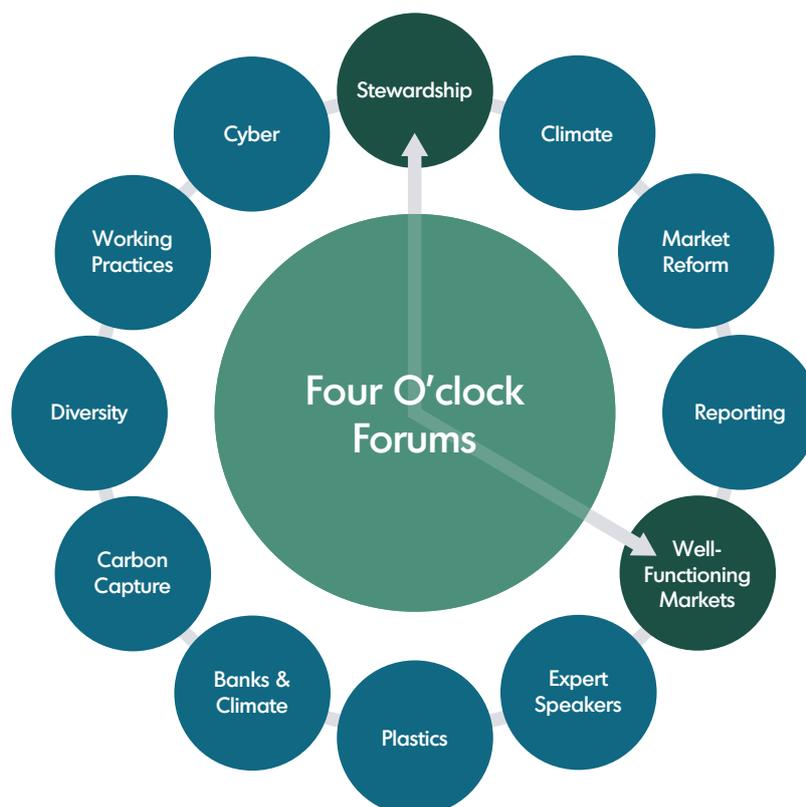
In 2021, we held 19 Four O'clock Forums, with 663 attendees representing 52 Member firms attending.

As part of the 2021 series there was a continued interest in climate-related issues and half of the series was dedicated to providing opportunities to hear from, and question, prominent climate experts. The urgent need to address the climate

challenge is clear and we believe investors will significantly step up their level of engagement with companies on this topic in 2022.

Highlights of the year included:

- **'E': Climate policy and reporting** – with the Climate Change Committee, Sustainable Markets Initiative, CDP and expert research groups
- **'E': Carbon Capture and Storage** – various discussions with academics, policy makers and Royal Dutch Shell
- **'S': Diversity** – with Women on Boards
- **'S': Sustainable Procurement** – various speakers, from companies, consultants and industry bodies
- **'S': Modern Slavery** – with the Independent Anti-Slavery Commissioner
- **'G': Markets, Audit and Corporate Governance Reform** - with Lord Hill and Sir Jon Thompson, Director of the FRC



## FACILITATING DIALOGUE

### Company meetings for Members

The Forum facilitates meetings with companies to address issues of specific concern to members.

Member meetings with, primarily, non-executive directors are valuable for investors and efficient for companies.

- These meetings increase confidence that the Board is fully aware of the focus of investors and the nature of any concerns and help investors gain clarity on Board priorities.
- A bespoke agenda, curated and facilitated by the Investor Forum, creates the opportunity for a focused and positive discussion, even if challenging issues need to be discussed. It is time and resource efficient and creates goodwill on both sides.

### Investor Forum-facilitated group company meetings

Over the last 3 years we have hosted a number of company meetings, primarily in a virtual context. To ensure clear objectives, rather than simply add another meeting to congested diaries, we have focused on four distinct areas:

- **Engagement-Specific meetings – active escalation to address engagement objectives**
  - Gain information and insight in response to a concern, event or emerging issue.
  - Review progress as part of, or at the conclusion of, a collective engagement.
- **Vote-Specific meetings – inform and hold to account**
  - Pre AGM – seek evidence and clarity to inform voting decisions (e.g. on contentious proposals or shareholder resolutions).
  - Post AGM – seek to better understand and resolve outstanding concerns.
- **Issue-Specific meetings – ad hoc meetings to facilitate dialogue**
  - Address company-specific issues or broader concerns (e.g. discuss findings of an independent review; scrutinise climate commitments).

- **Thematic meetings – educational focus, to inform Members or consider market-wide issues**

- Explore best-practice and learn from corporates. These may be as part of a S360 project, or as a Four O'clock Forum on a key theme (e.g. CCS, working practices).

### Future focus

The Public Register of shareholder votes was set up by the Investment Association in 2017 to track shareholder dissent at listed companies. The Public Register details companies in the UK FTSE All Share that have received significant opposition (20%+) by shareholders to a resolution. A number of companies have featured on the Register for consecutive years, and we have noted significant variations in the quality of the responses by companies.

The 2018 UK Corporate Governance Code introduced a requirement for companies entered on to the Register to publish an update within six months of the shareholder meeting to identify and address the concerns expressed by shareholders.

Following discussion with our Members, in 2022 we will propose an enhanced collective engagement focus on companies where voting patterns register material concerns. In these cases, we will seek to identify an effective response to the concerns raised.

Such an approach would provide an escalation mechanism to demonstrate how investors follow through on their voting actions with collective engagement.

Our approach would:

- Convene companies and investors to address unresolved issues;
- Provide a neutral forum focused on identifying a solution, rather than defending a recommendation or advocating for a position;
- Demonstrate that strong messages in voting actions should not be ignored, while respecting the democratic outcome where a resolution has passed;
- Enable investors and companies to use time effectively to address persistent or significant concerns.

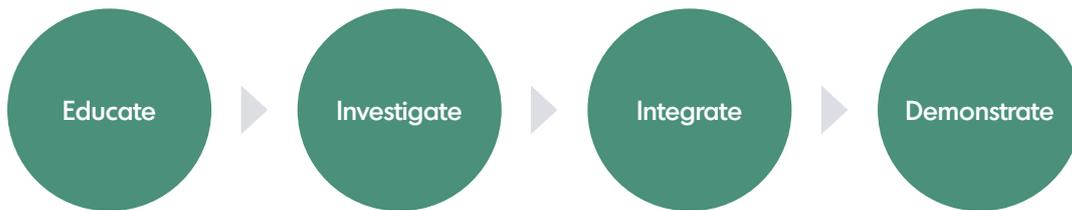
## STEWARDSHIP 360 (S-360) PROJECTS

The Stewardship 360 (S-360) programme brings investors together to collaborate on wider material issues that impact companies, industries and the environment in which they operate.

The Forum develops insights gained from engagement activities and seeks to address broader themes which are important to Members. Projects also focus on promoting well-functioning markets, or addressing wider stakeholder issues.

We focus our in-depth S-360 project work on areas where the Forum can make a unique contribution, rather than duplicating existing initiatives. The focus is always practical with the objective to extend, develop and share best practice.

The approach to S-360 projects is best described as:



This structure allows the flexibility to address issues in differing degrees of depth, depending on the outcome being sought, while maintaining discipline in terms of the time and resources spent.

In 2021 we undertook a number of S-360 projects, spanning environmental, social and governance themes which allowed the Forum to contribute to the debate on the broad range of factors that can impact long-term sustainable value and support good stewardship activity.

### Project update: S-360 - Working practices

Our on-going focus on working practices and modern slavery continued during the year, with a focus on supply chains and sustainable procurement.

The Independent Anti-Slavery Commissioner spoke at a Four O'clock Forum about her report "The role of the financial sector in eradicating modern slavery". One of the recommendations made in the report is around investor collaboration, and the Forum is pleased to support CCLA's "Find it, Fix it, Prevent it" initiative.

During the year, we have joined various roundtables to share the investment industry's perspective and learn from experts and survivors. These include one with the Home Office to feed into the UK Government's review of their 2014 Modern Slavery Strategy, and also a number with the Modern Slavery & Human Rights Policy and Evidence Centre to discuss data needs in this area.

## S-360: TACKLING MARINE PLASTIC POLLUTION



### PAS 510 Key Features:

- Available to download and use free of charge from BSI online shop.
- A comprehensive, risk-based, performance standard applicable internationally.
- Sets out requirements for the handling and management of plastic pellets
- Covers organisational responsibilities, competence, training and awareness, risk assessment of pellet loss to the environment and operational controls.
- Can be easily integrated into a company's existing auditing processes.
- Third party verification of compliance against PAS 510 requirements can raise the profile of a company's environmental sustainability credentials and position the company as a leader in the supply chain.
- Builds on the voluntary Operation Clean Sweep programme; OCS guidance can be used to inform compliance with PAS 510.

Plastic pollution is a key environmental issue on investors' ESG agenda. Over the last 3 years, the Investor Forum has brought together investors to catalyse a new technical standard which aims to eliminate plastic pellet leakage into the environment.

PAS 510: 2021 – launched in July 2021 - means that companies can now take a fully auditable and verifiable risk-based approach to eliminating pellet loss, and demonstrate compliance with best practice.

### A commitment to company engagement

Investor scrutiny can play an instrumental role in putting pellet management on the agenda for buyers and end users of plastic. The investors co-sponsoring the PAS have committed to engage with portfolio companies to encourage them to adopt the practices codified in PAS 510, and partner only with suppliers who have made similar commitments. As stakeholders in businesses that are directly or indirectly responsible for microplastic pollution, these investors hope the new standard will help to change company behaviour, prevent avoidable direct sources of microplastic pollution from entering the marine environment and deliver positive real-world impact.

### Long-term multi-stakeholder collaboration

In 2018, boutique asset manager McInroy & Wood asked for the Investor Forum's assistance in coordinating an engagement with the standard setting agencies, and 18 investors signed a letter calling for new standards to codify best practice in pellet management.

BSI suggested that a "Publicly Available Specification" (PAS) be sponsored to enable a fast-track delivery.

Nine institutional investors, co-ordinated by the Forum, agreed to provide financial backing to advance the development. They were joined by the Scottish Government's Marine Scotland agency, who brought the political and regulatory perspective, and the British Plastics Federation, representing the plastics industry, forming a co-sponsor group that had broad multi-stakeholder support.

## S-360: TACKLING MARINE PLASTIC POLLUTION

The investor group funded a team from conservation charity Fauna & Flora International (FFI) to act as the steering group expert on their behalf. FFI is one of the core NGO partners of the Commonwealth Clean Oceans Alliance formed to address Sustainable Development Goal 14 – “Life below water”, and have long campaigned for a supply chain approach to eliminate the potential for pellet loss.

The Steering Group which oversaw the drafting of the PAS wording comprised plastic pellet producers (INEOS), logistics operators, and retailers (Co-op and Waitrose), as well as industry trade associations, government agencies and NGOs. The Review Panel included representatives from academia, formal standards committees, independent experts and consumer groups.

### Investor sponsor group



### Represented by



### Collaboration Pensions for Purpose: Impact Investing Adopters Forum



In 2021, the Investor Forum was contacted by the Impact Investing Institute, the not-for-profit group that focuses on improving the effectiveness of the impact investing market in the UK and internationally. They spoke with us about the idea of collaborating with Pensions For Purpose on their newly launched Impact Investing Adopters Forum.

The Investor Forum became a Supporter of the Impact Investing Principles for pension funds, and agreed to promote and amplify the importance of the principles to our Members. In October we presented on Principle 3 “Use your voice to make change”, which emphasises how pension funds should approach the alignment of their impact objectives with their stewardship and engagement activities.

The case study focused on the work on plastic pellets and Members’ contribution to sponsoring the new PAS 510, which has an overarching goal to help companies achieve and maintain zero pellet loss.

This was an opportunity for the Forum to engage with other organisations focused on collaboration on material issues and to bring evidence of our work to a broader asset owner audience.

## PROMOTING WELL-FUNCTIONING MARKETS

Principle 4 of the Stewardship Code introduced the requirement that signatories should explain how they promote continued improvement of the functioning of financial markets, including addressing risks such as climate change or those that may lead to business failure.

We have initiated a number of projects which combine our practical focus, the team's extensive experience and the support of our Members, to identify and promote improved practice. We believe that a collaborative effort to address systemic issues can be very effective provided there is a clarity of objective for any given initiative.

In 2021, we focused on the following issues:

- **Governing for Growth** (page 40) – a framework to identify and articulate investor expectations to assist companies as they grow.
- **Voting turnout at Irish Companies** (page 41) – an investigation into the barriers to exercising shareholder rights at Irish companies following the change in the Central Securities Depository in March 2021.
- **Investor engagement in bid situations** – a programme of events to help ensure that Members are aware of the options available to them in bid situations so that they can use the available tools effectively.

The Forum continues to contribute to the political and regulatory debate through submissions to regulatory reviews and maintains an open dialogue with government departments, regulators and policy makers. The Forum also has regular conversations with other organisations, both UK-focused and international, with a view to propagating best practice.

In 2021 we responded to the Hill Review, the BEIS Consultation on requiring mandatory climate-related financial disclosures by publicly quoted companies, the BEIS Consultation on restoring trust in audit and corporate governance, and the Austin review of secondary capital raising.

### Thinking aloud: The Future of the UK Stock market

As Lord Hill illustrated, there is much to consider if the UK is to become a more attractive market. While lower free floats and dual class share structures might persuade more entrepreneurs to list, they will not fundamentally make the UK market more attractive. Instead we need to create an environment which incentivises and encourages companies to list here.

In the last decade the UK has enjoyed enormous successes in Fintech (where a unique environment created the conditions for a number of start-ups to achieve 'unicorn' status), and in building a leading position in offshore wind. Yet there is no assured route to the UK public market for these Fintech companies and there will be an enormous opportunity for the public markets to fund the growth in renewable solutions.

The Climate Change Commission estimates that the UK must invest £1 trillion to achieve its net zero goal by 2050 – this represents a huge investment opportunity. We need to build a supportive ecosystem and to make the case for the new clean growth companies to list on UK public markets. Capital formation on this scale presents an opportunity to revitalise the UK stock market, just as the formation of joint stock companies to deliver canal, railroad and power generation solutions did in the 19th century.

## S-360: GOVERNING FOR GROWTH

Many companies navigate their growth and development from small cap stocks to larger businesses smoothly. For others, this process of maturing is challenging. Management may be distracted from driving business success by problems that might have been avoided, had structures and governance been improved earlier. Investors can see a significant loss of value through such events, and often it takes time to recoup that value as the business only slowly finds a new, or renewed, rhythm.

In 2021, we attempted to distil into practical observations the experiences of investors gained

through many years observing companies navigating a challenging phase in their development, and published a white paper entitled "[Governing for Growth](#)".

The paper identified a series of indicators that highlight when a company is reaching a stage in its maturity where it becomes important to build resilience and when greater governance structures may be advisable to help avoid negative outcomes. The framework was developed based on a series of roundtable discussions and with the assistance of a panel of experienced practitioners.

### Indicators of growing maturity

#### Scale:

- **Shareholder register:** Change in shareholder register as larger cap investors join small cap specialists and retail investors
- **Size:** Crossing of thresholds on number of employees, turnover or balance sheet
- **Market cap:** Market capitalisation increases beyond a threshold of £1bn

#### Operational:

- **Management style:** Management based on personal relationships has shifted to one based on processes
- **Line of sight:** Central management team no longer has clear line of sight to all operations
- **Business complexity:** Range of business challenges expands (e.g. entering new geographies or business segments, internalising formerly outsourced functions, facing fresh legal/regulatory questions)

#### External Perspectives:

- **Shareholder:** Change in the nature of the expectations of institutional investors
- **Stakeholder:** Pressure from other stakeholder(s) builds
- **Adviser:** Nomad or broker recommends change

### Responses to enhance governance

#### Position:

- **Shareholder:** Regularly seek an understanding of expectations of leading institutional shareholders
- **Board evaluation:** Deliver formal board evaluation process, and respond appropriately

#### People:

- **Executive:** Appoint executive director with larger UK public company experience
- **Company Secretary:** Appoint company secretary (with UK public company experience)
- **Senior Independent Director:** Appoint a SID with larger UK public company experience
- **Experience:** Encourage executive team to seek NED roles on other boards, or coaching
- **Chair:** Appoint an independent chair

#### Processes:

- **External audit:** Put audit out to tender
- **Related Party Transactions:** constrain activity and offer independent shareholder vote
- **Internal audit:** Develop internal audit function
- **Pay schemes:** Seek approval for new remuneration schemes
- **Annual pay vote:** Offer annual vote on remuneration
- **Listing:** Consider changing form of listing

## S-360: VOTING TURNOUT AT IRISH COMPANIES

Stewardship encompasses much more than voting, but the voting of shares is an important mechanism for shareholders to express their views and exercise their shareholder rights. Following the 2021 AGM season, shareholders became concerned that the efficacy of the voting process had been negatively impacted by changes in the Irish market. This is a particular issue at a time when scrutiny of voting records from both clients and wider society is high.

### Context

As a result of the United Kingdom’s decision to leave the European Union, the CREST system was no longer authorised to act as a central securities depository (“CSD”) for Irish uncertificated securities with effect from 12th March 2021.

Euroclear Bank was selected to provide a replacement holding and settlement system for securities of Irish companies listed or quoted on Euronext Dublin and/or the London Stock Exchange. The Euroclear Bank model is an ‘intermediated’ or ‘indirect’ system, which is structurally different to CREST. Relevant securities are held by Euroclear’s nominee, who are the shareholder on the register. Each relevant issuer was required to pass certain resolutions at its AGM or at an EGM consenting to the migration.

### The issue

Subsequent to the migration to Euroclear Bank, investors observed:

- an increased level of disintermediation in the voting chain;

- shorter time frames for decision-making;
- an increase in shareblocking; and
- significantly lower levels of voter turnout at the 2021 AGMs of Irish companies.

Investors were concerned that the unintended consequence of the change of CSD was an erosion of their rights as beneficial holders in the equity of Irish listed entities. The benefits that the Shareholder Rights Directives intended to convey to institutional investors – including timely conveyance of information, confirmation of vote, increased transparency, and a prohibition of share blocking – have been negatively impacted by the systems changes.

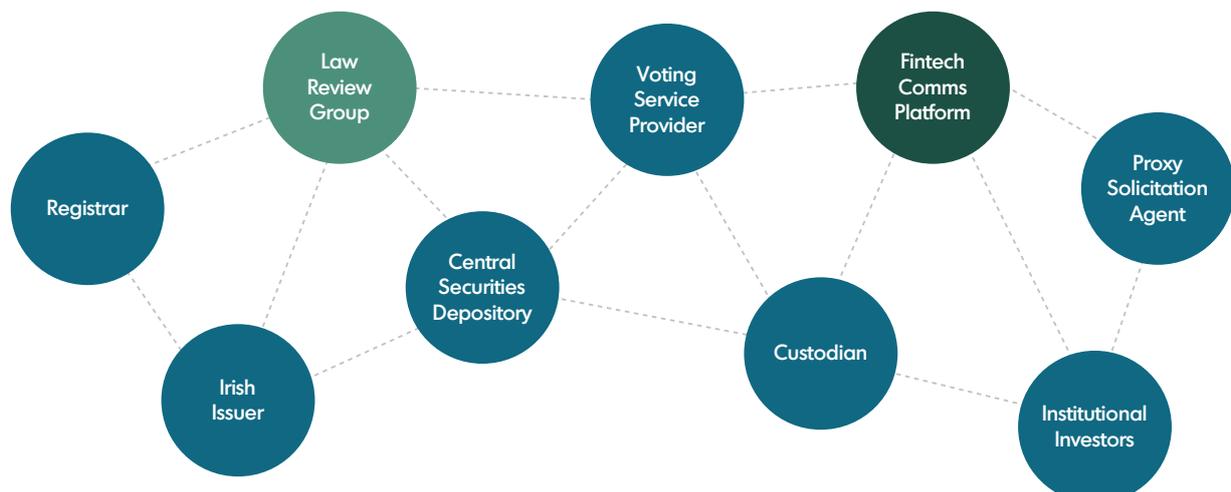
### Working Group focus

Nine investors came together to form an Investor Forum-convened Working Group, to share data and experience, collectively investigate the issue and make the case for change. The Group sought to identify the key contributory factors through meetings with participants representing every part of the voting chain.

The objective of the project was to remove the barriers to investors being able to exercise effective stewardship.

We pieced together the various insights and perspectives and will incorporate the feedback and learnings into a paper to engage with the relevant bodies over the coming months to attempt to rectify issues in advance of the 2022 voting season.

### Investigate: Meeting with market participants



## S-360: INVESTOR ENGAGEMENT WITH BIDS

With the significant increase in the number of ‘take private’ transactions in the UK in 2021, we launched a project “Investment Engagement with Bids” in November to help Members understand the options available to them. We wrote a short paper “Investor Engagement with Bids: A primer,” held a webinar with Hogan Lovells, and hosted a roundtable with senior investors and the Takeover Panel leadership.

### Risks and how to manage them

Our primer reminded investors of the key features of the UK takeover regime and highlighted trends in recent bid situations. The webinar outlined options available to investors under the Code, key risks which can arise and protective measures to manage risks. “Best practice” suggestions included private “soft” consultation and, in some instances, collective engagement. In considering if, and when, to engage with other investors “red lines” were highlighted, particularly in relation to inside information.

### Key issues and recent trends

The roundtable discussed issues which affect shareholder engagement in bid situations and the implications of recent trends:

1. **Investor Engagement** – Investors face a range of regulatory constraints in working together and in their interactions with companies in bid situations. The Takeover Panel reminded investors that protecting shareholder interests is at the heart of the Code, as is defending the integrity of financial markets. Ordinary stewardship and fiduciary activities do not generally raise acting in concert issues under the Code, and if in doubt investors are actively encouraged to consult with the Panel. Members raised practical questions regarding working together and signalling voting intentions, as well as constraints under the Market Abuse Regime (MAR), where it was felt clarification is needed.
2. **Investor Public Statements** – We have seen an increasing number of investors speaking publicly about their intentions to vote in bid situations. The Panel explained that their approach is guided by the high standards of care and accuracy which are expected in bid situations so that sufficient information is available for all shareholders to reach an informed decision and that relevant information is not withheld. The signing of irrevocables and letters of intent are covered by the Code rules, but some aspects such as

statements of support are not covered explicitly. In making statements, persons connected with bid situations, including investors, are expected to behave in a professional manner. Investors discussed the constraints they felt existed in talking to other shareholders and in making statements. The key risks are MAR-related but the risk of voting intentions being misconstrued in public statements was also discussed.

3. **Directors’ Obligations** – The Vectura takeover in 2021 highlighted the issue of whether the Code allows directors to take into account wider stakeholder interests when assessing bids, as required under the Companies Act and is becoming increasingly important to investors’ clients. Nothing in the Code interferes with directors’ duties under the Companies Act to limit the factors they can consider in assessing bids.
4. **Conflicts of Interest** - The large number of “take private” bids in 2021 raises the question as to whether the Code provided adequate protection for investors surrounding the management of conflicts. Clear disclosure requirements are the key protection for investors.

### Conclusions and next steps

Investors have a number of tools they can use to manage bid situations but face a range of practical constraints due to actual and perceived regulatory considerations.

Based on the insights generated and feedback gained in the first stage of the project, in 2022 we will evaluate whether there are targeted scenarios which might require further investigation. We will consider, as part of a regular review of the Collective Engagement Framework, whether it might be useful to clarify how collective engagement via the Forum can be used by Members in bid situations.

# COLLABORATION: STAKEHOLDER CAPITALISM

## In collaboration with:



Centre for  
Corporate  
Governance

During 2021, the Investor Forum and the London Business School (LBS) Centre for Corporate Governance collaborated with Members to work on an in-depth review of Stakeholder Capitalism.

## Why is there a heightened call for more stakeholder-driven capitalism?

Since the global financial crisis, debate has focused on whether companies are too big to fail and, through the abuse of dominant market positions, have exacerbated inequality in society. There are numerous examples where companies were neither fully held to account nor fully recognised the harm that stemmed from their behaviour.

The Covid-19 pandemic has served to sharpen the focus of a wide range of stakeholders on the role that shareholders play in providing access to capital for publicly listed companies and in holding such companies to account when behaviour falls below expectations or if capital is allocated poorly.

There is a growing body of opinion that the current model of capitalism has failed because of an excessive focus on shareholder interests, without sufficient regard to other stakeholders. Thus, it is no surprise that the debate around the merits of shareholder primacy compared to alternative forms of stakeholder capitalism has grown stronger.

It is important not to underestimate the urgency of the situation, given the rapidly evolving attitudes and expectations towards issues of justice and equality brought about by social change. How investors and companies respond to the environmental crisis and the role they play in tackling climate change and biodiversity represents the biggest discontinuity of recent times.

## Objectives

A key aim of this project was to bring together academic evidence and the practical experience of investors to develop a clearer, shared understanding of what is meant by shareholder and stakeholder capitalism to inform a common understanding. Much of the debate has until now postulated an alignment between shareholders and short-termism as the prime culprits in the perceived failures of the current capitalist system.

In seeking to understand what investors can do to address the erosion in trust in shareholder value we:

- Reviewed academic literature and held discussions with leading investors in order to:
  - Inform a shared understanding;
  - Explore the strengths and weaknesses of shareholder and stakeholder models; and
  - Develop a clear understanding of the role of investors versus other stakeholders, including Government.
- Proposed an evolved framework for shareholder value focused on delivering sustainable value to society.
- Identified a series of principles and practical actions that can guide investor decision making and stewardship activity.

A White Paper, to be published at the end of January 2022, will explore what investors can do to address the shortfall in trust among wider stakeholders and consider how the model of shareholder value can be more effective.





# GOVERNANCE AND OPERATIONAL REVIEW

- *Governance*
- *Internal Resources & Policies*
- *Membership*
- *Legal Panel*



# 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 Board is intended to be representative of the membership of the Forum. Ordinarily, the majority of the directors are expected to be Member representatives. The Forum wishes to promote a Board which has:

- broad range of industry perspectives
- an appropriate balance of views, skills, knowledge and experience and tenure; and
- diversity of gender and ethnicity.

Figure 2 below highlights the range of skills that directors bring to the Board and profiles for each director can be found on pages 48 and 49.

The Forum announced on 26th April 2021 that Simon Fraser, the Forum’s founding Chair, would step down after seven years of service. Following a comprehensive chair succession process, undertaken with assistance from an external executive search firm, Michael McIntock was appointed to the Board as a director and Chair-elect on 1st May. Sadly, Simon passed away on 9th August 2021 and Edward Bonham Carter, as Senior Independent Director, took on the role of Acting Chair until 1st October when Michael McIntock took on the role of Chair as planned.

Three further directors stepped down from the Board during the year.

During 2021, the Board met four times to discuss the work of the Forum and to consider its progress in meeting its objectives. In 2021 it reviewed developments in markets and the stewardship landscape, considered the implications of these changes and reviewed the strategic priorities 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 formally met twice during 2021, and was actively involved in the recruitment process for a new Chair.

# GOVERNANCE REVIEW

- 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 2021.

From October 1st 2021, the Chair role is remunerated; no other 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 five leading international law firms.

## Figure 2: Board composition

The table below provides a breakdown of Board composition, including experience (industry background), competency (key skills and knowledge) and attributes (gender and ethnic diversity).



## THE BOARD

### Michael McLintock<sup>1</sup> – Chair | May 2021\*

Michael is Chair of Associated British Foods plc. Michael retired from M&G in 2016 having joined the company in 1992 and been appointed Chief Executive in 1997. In 1999 he oversaw the sale of M&G to Prudential plc where he served as an Executive Director from 2000 until 2016. He is also a Trustee of the Grosvenor Estate, Chair of Grosvenor Group Limited, and a member of the Takeover Appeal Board. He was a Director of Close Brothers Group from 2001-2008 and a member of the Finance Committee of MCC from 2005-2018.

### 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 was consistently ranked among leading equity investors in Europe. Andy was also an Operating Partner with Corsair Capital. Andy is a Trustee of the MOE Foundation, a charity that delivers training and coaching to young people.

### Amra Balic | Dec 2020

Amra leads BlackRock's investment stewardship efforts in EMEA on behalf of clients globally, and is a member of BlackRock's Global Operating Committee and EMEA Executive Investments Committee. Amra joined BlackRock in 2011 after 11 years with S&P Global, where she was a Director in European Corporate Credit Ratings. Amra is also a Director of Eumedion, a Dutch investor association, a Trustee of the ECGRF, and is on the IA Corporate Governance and Engagement Committee. Previously Amra was a member of the European Commission Expert Group and the PLSA (UK) Stewardship Advisory Group.

### Edward Bonham Carter<sup>2</sup> | Dec 2014

Edward was previously Vice Chairman, CEO, Chief Investment Officer and UK fund manager at Jupiter Fund Management plc, before becoming Director of Stewardship & Corporate Responsibility in May 2021 when he stepped down from the Jupiter Board. Previously he worked at Schroders and Electra Investment Trust. He is currently Senior Independent Director of Land Securities Group plc and ITV plc, Chairman of Netwealth Investments, a Trustee of the Esmée Fairbairn Foundation and is on the Strategic Advisory Board of Livingbridge.

### Paul Coombes | Oct 2017

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

### 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 is a co-Chair of the Board of Trustees to Girls Are Investors and is an Ambassador to the Diversity Project.

### Sir Peter Gershon | Jan 2018

Sir Peter has held senior executive and non-executive positions in public and private companies. His previous senior board level appointments include Chair of National Grid plc, Chair of Premier Farnell 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 chairman of the Dreadnought Alliance and enfinium Limited.

### Jessica Ground | Jan 2017

Jessica is Global Head of ESG at Capital Group. Prior to 2020, 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.

## THE BOARD

### Ida Levine<sup>3</sup> | 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.

### Andrew Millington | Dec 2020

Andrew is Head of UK Equities at abrdn. Andrew was previously a UK and European equity portfolio fund manager at ASI, after starting his career at Baillie Gifford. He is a Trustee of Cattanach, a Scottish grant making charity

### 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.

### Robert Swannell | Dec 2014

Robert is a member of the Takeover Appeal Board. Until September 2021, Robert was Chair of UK Government Investments, which is the centre of excellence for corporate finance and corporate governance for HMG and was also 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. She is also on the Board of the M&G Trustee Company Limited.

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

\*Appointment date

## 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.

With effect from 1st October a new internal Executive Team structure was implemented, comprising the Executive Director, COO and newly promoted Managing Director. This will increase resilience, and increase efficiency by spreading accountability across the group.

The team 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.

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.

Of the nine employees, six are investment professionals, each with over 20 years' industry experience. 50% of the investment professionals, and 67% of the entire team, are female. At year end, we also had one senior advisor working with us on a pro bono basis.

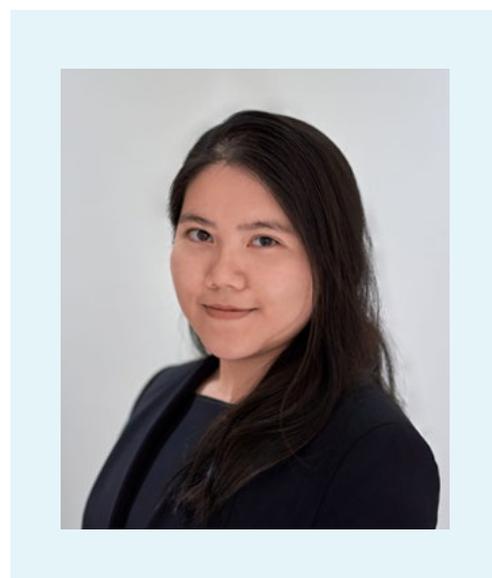
In January 2021 we recruited an analyst for a one-year graduate training programme through the Investment Association's Investment 20/20 Programme. Following successful completion of the training programme, the graduate has now been appointed to a permanent position as a Stewardship Analyst.

From July 2021 the team has been operating a hybrid model: returning to the office on selected core days and working from home on other days. The new model has been well received, reinvigorating relationships and team culture while affording much valued individual flexibility.

Being young in 2021 has many challenging aspects, but the Investor Forum has offered me a stable place to grow and develop myself professionally. This is why joining the Forum at the early stage of my career has been one of the most rewarding life experiences. From my first interview to now, almost a year in, not only that I have felt welcomed by every person on the team, but I have also expanded on my knowledge of the asset management industry and its role in achieving sustainability. I could not be more delighted to support the purpose of the Investor Forum – to position stewardship at the heart of investment decision making.

As part of the Investment20/20 network, I am grateful for the level of support I received throughout the first year of my professional career: from informative webinars, career advice to networking events with like-minded trainees. Investment20/20 has made me truly feel part of a greater community.

Vy Nguyen  
Stewardship Analyst



## INTERNAL RESOURCES AND POLICIES

Each member of staff has an individually tailored contract of employment which takes 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).

The highest paid Full Time Equivalent member of staff (which is not the Executive Director) is paid at a rate which is equivalent to 6x the remuneration of the lowest paid member of staff. Variable compensation across the team represented 2% of gross salaries in FY 2021. Remuneration details for the Executive Director are detailed in The Investor Forum CIC Report and Accounts for the year ended September 2021.

We are appreciative that in another challenging year 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 sixth year of audit tenure) is posted at Companies House. 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 2021, membership revenues (from 55 members) were £1,066k and the company recorded a surplus of £54k for the financial year after taxes.

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.

The Forum will seek to maintain a reserve, equivalent to three to six months of operating costs, to help manage the natural variability of income and expenditure. At 30th September 2021, the Forum has accumulated reserves equivalent to 3.8 months of operating expenses.

The Investor Forum manages potential conflicts of interest through:

- A Conflict of Interest Policy;
- The Collective Engagement Framework (CEF);
- 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 2021 to solicit feedback and discuss the Investor Forum's impact and activities. The meetings provided positive feedback on the Forum's activities during 2021, including the 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 Board is responsible for reviewing and approving the Governance Framework and the Conflicts of Interest Policy.

## INVESTOR FORUM DEVELOPMENT PROGRAMME

With the heightened focus on diversity in the asset management industry, the Investor Forum reviewed its key contacts at member firms in 2020 and was struck by the very limited number of people in Stewardship teams from ethnic minority backgrounds. As a practical step to begin to address this imbalance, the Investor Forum team committed to use its networks to identify and help equip future leaders.

The Forum launched the 12-week Investor Forum Development Programme in September 2021 to offer individuals at Member firms from ethnic minority backgrounds an opportunity to develop skills, learn from experts and build an industry network. Members proposed individuals from their firms to participate in the programme which aims to support and inspire ethnic minority individuals at Member firms to increase diversity within the investment management industry.

The first cohort of 8 individuals engaged with a series of inspiring Expert Speakers and worked in two teams to research their selected topics: “The role of investors in a Just Transition” and “Workplace practices and modern slavery risk: A case study on the gig economy” over the course of the programme. The participants enhanced their skills and understanding of the investment management industry, built networks with their peers and actively engaged with the Expert

Speakers. The programme culminated in Four O’clock Forum presentations by the participants in November.

We would like to thank the Expert Speakers:

- Sam Gyimah, Board Director, Goldman Sachs Int.
- Seun Oloruntimehin, Investment analyst, Capital Group
- Lisha Patel, Head of Direct Investments, Wellcome Trust
- Lindsey Stewart, Head of Stakeholder Engagement, FRC
- Habib Subjally, Senior Portfolio Manager, Head of Global Equities at RBC Global Asset Management
- Annabel Tagoe-Bannerman, Group General Counsel & Company Secretary, Bakkavor Group.

Team Members and expert speakers volunteer their time and the programme is offered free to individuals at Member firms.



*“I wanted to say a massive thank you for this incredible experience – every aspect was well thought through, from the amazing speakers to the projects! I’ve taken away so much that will help me on my future career path.”*

*“It has been incredibly insightful to participate. I have learnt so much and feel much more confident.”*

*“Your guidance was invaluable and the speaker sessions memorable.”*

*“I have learnt a great amount from the programme and look forward to implementing it in my career.”*

*“I have learnt a lot about myself, and take away new skills to carry with me.”*

Comments from IFDP participants



## 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 2021 there were 56 full Members. All except one Member has consented to the publication of their names and a list is given on page 2. The other member has opted to remain anonymous.

In 2021 we were pleased to welcome 5 new Full Members. BP Investment Management ceased to be a Member in October 2021 due a restructuring of their investment arrangements.

To become a full Member of the Investor Forum, investors are required:

### To sign our:

- Membership Application Form
- No-Concert Party and No-Group Undertaking Form

### To abide by:

- the Members Code of Conduct
- Rules of Membership
- our Articles of Association as a Community Interest Company

### To complete:

- the Member Contact Sheet (establishing Primary Contacts, consent to use of logo and preferred communication)

### To pay:

- an annual Membership fee, based on the agreed Tier of Membership

These are set out in our Governance Framework.

## 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 were pleased to welcome Gibson Dunn to our Legal Panel in 2021 and thank the members of our Legal Panel for their ongoing support.

## 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



Davis Polk



MACFARLANES



GIBSON DUNN

## INVESTOR FORUM TRACK RECORD

In 2012, The Kay Review of UK equity markets and long-term decision-making recommended that “an investors’ forum should be established to facilitate collective engagements by UK investors in UK companies”. The Investor Forum was established as a not-for-profit member organisation following the considerations of a Collective Engagement Working Group in 2014.

<b>2015</b>	<p>MEMBERS AT YEAR END: <b>28</b></p> <p>REPORTED ENGAGEMENTS: <b>4 – Standard Chartered plc, Tate &amp; Lyle plc, Rolls Royce plc and Sports Direct plc.</b></p> <p>SIGNIFICANT PROJECTS INCLUDE: <b>Promoting the ‘Stewardship &amp; Strategy’ Forum concept.</b></p>
<b>2016</b>	<p>MEMBERS AT YEAR END: <b>33</b></p> <p>REPORTED ENGAGEMENTS: <b>3 – Cobham plc, Mitie Group plc and Royal Dutch Shell plc.</b></p> <p>SIGNIFICANT PROJECTS INCLUDE: <b>The publication of the first Collective Engagement Framework.</b></p>
<b>2017</b>	<p>MEMBERS AT YEAR END: <b>35</b></p> <p>REPORTED ENGAGEMENTS: <b>7 – Including BT Group plc, London Stock Exchange plc, Rio Tinto plc and Worldpay plc.</b></p> <p>SIGNIFICANT PROJECTS INCLUDE: <b>Working Practices in the Apparel Sector; Banking Futures Pathway to Long-term value.</b></p>
<b>2018</b>	<p>MEMBERS AT YEAR END: <b>43</b></p> <p>REPORTED ENGAGEMENTS: <b>6 – Including Centrica plc, Reckitt Benckiser plc, Shire plc and Unilever plc.</b></p> <p>SIGNIFICANT PROJECTS INCLUDE: <b>Working Practices in the Food Sector; ADR Voting Practices.</b></p>
<b>2019</b>	<p>MEMBERS AT YEAR END: <b>50</b></p> <p>REPORTED ENGAGEMENTS: <b>6 – Including First Group plc, Imperial Brands plc and Vodafone plc.</b></p> <p>SIGNIFICANT PROJECTS INCLUDE: <b>The Four Dialogues; Marine Plastic Pollution.</b></p>
<b>2020</b>	<p>MEMBERS AT YEAR END: <b>52</b></p> <p>REPORTED ENGAGEMENTS: <b>11 – Including Aviva plc, Barclays plc, Pearson plc and SSP Group plc.</b></p> <p>SIGNIFICANT PROJECTS INCLUDE: <b>Promoting Well-Functioning Markets; Voting Transparency; the Four O’clock Forum series.</b></p>
<b>2021</b>	<p>MEMBERS AT YEAR END: <b>56</b></p> <p>REPORTED ENGAGEMENTS: <b>6 – Including BT Group plc, HSBC Group plc.</b></p> <p>SIGNIFICANT PROJECTS INCLUDE: <b>Governing for Growth; Irish voting turnout; Stakeholder Capitalism.</b></p>

## STEWARDSHIP CODE: 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)
<p><b>P1. Purpose, strategy and culture</b>            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.</p>	Purpose, Objectives and Key Activities; Activities Review	11, 15 - 17, 22, 34, 36, 50
<p><b>P2. Governance, resources and incentives</b>            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.</p>	Governance and Operations Review	46 - 51
<p><b>P3. Conflicts of interest</b>            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.</p>	Managing Conflicts; Membership	25, 51
<p><b>P4. Promoting well-functioning markets</b>            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 voting at Irish companies.</p>	Promoting Well-Functioning Markets; S-360	36, 39
<p><b>P5. Review and assurance</b>            Members receive annual statements evidencing their participation in all Forum activities.</p>	Membership	51
<p><b>P6. Client and Beneficiary needs</b></p>	N/A	N/A
<p><b>P7. Stewardship, investment and ESG integration</b>            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.</p>	Collective Engagement Report; S-360	22 - 32, 36
<p><b>P8. Monitoring managers and service providers</b></p>	N/A	N/A
<p><b>P9. Engagement</b>            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.</p>	Collective Engagement Report	22 - 32
<p><b>P10. Collaboration</b>            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.</p>	Collective Engagement Report; S-360;	22 - 32, 35 - 43
<p><b>P11. Escalation</b>            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.</p>	Collective Engagement Report; S-360;	22 - 32, 36 - 43
<p><b>P12. Exercising rights and responsibilities</b>            The Forum's project on Voting at Irish Companies and Engaging in Bid Situations helped members ensure the effective exercise of their voting rights.</p>		41 - 42

- **Chair:** Michael McIntock
  - **Executive Director:** Andy Griffiths
  - **Chief Operating Officer:** Fiona Ellard
  - **Managing Director:** Victoria Sant (Company Secretary)
  - **Senior Advisers:** Habib Annous, Tim Shanagher, Susan Sternglass Noble, Guy Walker
  - **Stewardship Analyst:** Vy Nguyen
  - **Events & Communications:** Maido Richards
  - **Finance & Operations:** Laura Devonshire
- 



THE INVESTOR FORUM

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