

Companies and institutional investors need to focus more on discussing strategy and long-term performance says new guidance

14 March 2013: A group of industry experts has today launched new guidance *Enhancing Stewardship Dialogue* which states that companies and institutional investors need to focus more on discussing strategy and long-term performance and the factors which create and destroy value. A key principle of the guidance is that there should be a regular and consistent process of engagement.

Other recommendations include:

- Identifying and developing a core of supportive/long-term investors
- Making better use of the AGM as a communications opportunity
- Improving feedback on the quality and quantity of engagement activity

The guidance was drafted by the Institute of Chartered Secretaries and Administrators (ICSA) which was commissioned by the 2020 Investor Stewardship Working Party to develop a good practice guide to improve the quality of engagement activity. The Institute established a Steering Group to help carry out this work – chaired by Sir John Egan, former chair of Severn Trent plc.

Business Secretary Vince Cable said:

‘I want to see a shift in the culture of equity markets, to ensure that investors and companies develop strategies to create long-term value. The Kay Report emphasised the development of good practice by business and the investment community. I welcome the publication of this guidance which provides practical advice for companies and investors on how to make stewardship and engagement work in practice.’

Sir John Egan, Chair, Steering Group said:

‘The relationship between companies and their investors lies at the heart of our capitalist system. There is good evidence that a healthy relationship, based upon truth and trust, with an open two-way exchange is rewarding for the investor, and the company also benefits.’

The 2020 Investor Stewardship Working Party commented:

‘This Good Practice Guidance is one more step towards a better dialogue between companies and their shareholders. We hope it will be widely used. We are delighted to have worked with Sir John Egan and ICSA and would like to thank them for producing a practical and useful document’

Enhancing Stewardship Dialogue was launched at ICSA's Corporate Governance Conference on 14 March at the Business Design Centre, London. Sir John Egan and Geoffrey Cooper, CEP Travis Perkins, on behalf of companies, and Peter Butler and Anita Skipper, on behalf of investors, are available for comments on the guidance by arrangement.

For further information please contact Rosie Hamilton on 020 7612 7062 or pressoffice@icsaglobal.com

Editors' notes

Sir John Egan was chief executive of Jaguar Cars from 1984 to 1990, and then served as chief executive of BAA from 1990 to 1999. He is also notable for chairing the construction industry task force that produced the 1998 Egan Report (Rethinking Construction) and the follow-up report, Accelerating Change, in 2002. He is a former president of the CBI and was chairman of Severn Trent from 2004 to 2010.

The Institute of Chartered Secretaries and Administrators (ICSA) is the professional body for Chartered Secretaries and a leading authority on corporate governance. Chartered Secretaries are high-ranking professionals with a broad base of skills unique among the professions. Trained in law, finance and accounting, strategy, governance and ethics, Chartered Secretaries provide a focal point for independent advice and guidance about the conduct of business, governance and compliance.

The 2020 Stewardship Working Party consists of six major institutional investors – Aviva Investors, BlackRock, Governance for Owners, RPMI Railpen Investments, Ram Trust (now Spinnaker Trust), and USS (now USS Investment Management), supported by Tomorrow's Company. The objective of the group is to improve the effectiveness of the UK Stewardship Code and the quality of stewardship exercised by institutional investors. Its report – *2020 Stewardship – improving the quality of investor stewardship* – was published in March 2012.

Steering Group

Sir John Egan, Chairman

Rients Abma, Executive Director, Eumedion, Netherlands

Peter Butler, Founder Partner Emeritus, Governance for Owners (2020 Stewardship Working Party)

Amra Balic, Director, EMEA Head of Corporate Governance & Responsible Investment, BlackRock (2020 Stewardship Working Party)

Geoffrey Cooper, CEO, Travis Perkins plc; Chair, Dunelm Group plc

Frank Curtiss, Head of Corporate Governance, RPMI Railpen Investments (2020 Stewardship Working Party)

Graham Elliott-Shircore, Senior Fund Manager, Aviva Investors

Seamus Gillen, Director of Policy, ICSA

Mark Goyder, Founder Director, Tomorrow's Company (2020 Stewardship Working Party)

John P M Higgins, Senior Investment Advisor, Spinnaker Trust; Founder, GMI (2020 Stewardship Working Party)

Jonathan Lloyd, Company Secretary, Tesco PLC

John Gollifer/Michael Mitchell, General Manager, Investor Relations Society

Bob Monks, Founder, GMI

Liz Murrall, Director of Corporate Governance & Reporting, Investment Management Association

Sacha Sadan, Director of Corporate Governance, Legal & General Investment Management

Anita Skipper, Corporate Governance Adviser, Aviva Investors (2020 Stewardship Working Party)

Dr Daniel Summerfield, Co-Head of Responsible Investment, Universities Superannuation Scheme Investment Management (2020 Stewardship Working Party)

Observers

Jocelyn Brown, Corporate Governance Adviser, Financial Reporting Council

Alastair Cowie, Assistant Director, Corporate Law & Governance, Department for Business, Innovation and Skills

