



GOING FOR GOVERNANCE, GOING FOR GROWTH

How to create innovative, thriving capital markets that serve everyday savers and support UK economic growth

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EXECUTIVE SUMMARY

Good corporate governance is vital for sustainable economic growth. It supports vibrant capital markets, driving stronger financial performance, enhancing shareholder value, and improving innovation and productivity. By promoting transparency and accountability, good governance - including effective shareholder rights mechanisms - also help prevent costly mistakes and value-destructive decisions, creating a more resilient and innovative UK capital market and economy that works for companies, investors and everyday savers alike¹.

Sensible governance standards not only help company performance, but are also attractive to the kinds of long-term, engaged and proactive investors that are vital for thriving UK capital markets and entice companies to start, stay and grow in the UK. For instance, our latest GGIC and Opinium survey² found **that 61% of scheme investment decision-makers said that shareholder rights and investor protections mechanisms are “very important”** when making investment decisions.

Pension schemes are important capital allocators – increasingly so, as schemes scale and consolidate – and our investment decisions and interests are aligned with the needs of the everyday scheme member. However, **only 36% of international and domestic scheme investment decision-makers¹ feel that the UK government listens to the needs of pension schemes and long-term investors.**

As some of the UK’s largest pension schemes, with over 40% of our AUM invested in the UK economy, and with the support of investor organisations including the \$90tn International Corporate Governance Network (ICGN), the \$128tn UN-backed Principles for Responsible Investment (PRI), the £19tn UK Sustainable Investment and Finance Association (UKSIF), and the £2 trillion Pensions UK, our Governance for Growth Investor Campaign (GGIC) is therefore asking for policies which:

1. Give UK capital allocators more of a seat at the policy table

- More opportunities for formal pension scheme collaboration with the UK Listings Taskforce
- Greater pension scheme investor representation on the FCA’s Listings Authority Advisory Panel and elsewhere

2. Address structural fragmentation and artificial divides in the UK market to support companies as they scale and mature

- Public Interest Entity definition to genuinely recognise ‘public’ interest’ across private and public firms
- Phased transition for some disclosures for companies moving from AIM to Main Market
- Government to support existing industry work to co-ordinate and align the UK funding ecosystem

3. Ensure investors have appropriate access, information, and tools to effectively exercise their stewardship responsibilities

- AGMs to be modernised in a way that allows for in-person attendance
- UK companies with multiple classes of stock to disclose their vote tallies on a class-by-class basis
- Monitoring of the UK listings rules to include metrics that effectively measure the investor perspective
- Streamlined, but more meaningful remuneration and other disclosures for public companies

4. Celebrate the UK’s status as a capital ‘destination of choice’

- Trade missions to include a greater role for UK pension scheme investors.
- A UK government campaign to celebrate the UK as a capital destination that explicitly recognises the contribution of the UK’s governance standards to its prestige as a financial market

For further information on any of the issues contained in this briefing, please contact ggic@railpen.com.

¹ A selected list of relevant academic evidence on this can be found at: [Governance for Growth Investor Campaign \(GGIC\)](#).

² Opinium surveyed 150 Chief Investment Officers, equity portfolio managers and trustees at pension funds in the United Kingdom, Australia, Canada, Denmark, Netherlands, and the US from 8th September to 15th September 2025.

WHY DOES GOVERNANCE MATTER FOR GROWTH?

Evidence shows that effective corporate governance and shareholder rights help companies perform better by ensuring they are well-run, transparent, and accountable. **When companies are well-managed and decisions are made in the best interests of all shareholders, they are more likely to grow sustainably, avoid costly mistakes, and attract long-term investment.** This is because: independent, skilled company boards provide effective oversight of management, reducing agency problems; shareholder and voting rights ensure that strategic decisions align with long-term shareholder value creation, reducing the likelihood that management will take value-destructive decisions; financial, operational, and reputational risks are more likely to be identified early and effectively managed, leading to greater business resilience – particularly during times of crisis; and investors are more willing to invest in firms with strong governance, lowering the cost of capital.

What are capital markets and why do they matter?

Capital markets – both private and public – channel individuals' and institutions' savings and investments to those who need it (companies and governments). When they function effectively, they play a vital role in allocating capital efficiently across the economy, enabling companies to grow, innovate and create jobs. This supports economic growth through facilitating investment in productive assets and infrastructure, helping investors manage risk through diversification, and create value for their beneficiaries. Although private and public markets are often viewed separately by policymakers, they have a symbiotic relationship: issues in one will affect the other.

Vibrant, dynamic capital markets need a healthy level of corporate activity, as well as a depth of thoughtful investor capital. Policymakers can play a vital role in ensuring their national markets are attractive both to companies *and* to retail and institutional investors. This requires a framework which ensures markets are fair, efficient and transparent, with sensible levels of governance and disclosure. Companies should see private and public markets as a viable and appealing route to raise capital, while investors need confidence that their capital is being stewarded responsibly. When markets strike this balance, they support sustainable ownership and long-term value creation—benefiting the economy, society and savers alike.

A persistent myth suggests that strong governance standards stifle economic growth and dampen capital market activity. However, the evidence shows the opposite: robust governance promotes innovation, productivity, and resilience, while weak governance can lead to catastrophic failures. Companies with better governance tend to outperform over time, have higher credit ratings and a lower cost of borrowing³. Conversely, high-profile UK corporate (and corporate governance) collapses such as Carillion, Patisserie Valerie, BHS, Wilko, ISG, Thomas Cook, Bulb, ISG and Thames Water have resulted in industry disruptions, substantial job losses, decline in public confidence, and significant costs to investors and UK taxpayers. **The common thread in these cases is governance failure – whether through poor oversight, audit deficiencies, or regulatory lapses.**

For example, Carillion's collapse cost UK taxpayers £148 million and led to 3,000 job losses, while BHS's governance failures resulted in 11,000 jobs lost and a £571 million pension deficit, and Wilko's shortcomings led to 12,500 jobs lost and around 400 stores closed. Such cases help demonstrate that sensible governance is not a bureaucratic burden but a vital safeguard for economic stability and growth. **There are also many equivalent or greater failures in other markets around the world, including by companies that would not previously have been able to list in the UK, owing to its governance standards at the time⁴.**

Furthermore, contrary to the notion that UK companies migrate to US exchanges due to stricter governance, GGIC's analysis of **53 UK-headquartered or focused companies moving to the US found that only one**

³ Sources: [Corporate Governance: Market Matters | MSCI](#) and [The effects of corporate governance on firms' credit ratings - ScienceDirect](#).

⁴ For instance, the robust UK approach to regulation of SPACs (Special Purpose Acquisition Companies) meant it was able to avoid the collapse of the much more loosely-regulated US SPAC markets in the 2020s, where average losses for de-SPAC companies were at ca. 67% of their value: <https://natlawreview.com/article/spac-40-spectacular-failures-disciplined-renaissance>.

cited governance standards as a reason. The real drivers, and those cited most often by companies both in our research and elsewhere, are the search for enhanced liquidity and higher valuations, and broader access to US markets for their products and services⁵.

Research with some of the world's most senior and largest capital allocators also underscores the importance of governance. The GGIC and Opinium survey found that **61% of scheme investment decision-makers prioritise shareholder rights and protections**, while **55% believe recent UK listing reforms have made UK companies appear riskier**⁶. The message is clear: governance matters for growth, investor confidence, and the long-term health of UK capital markets that underpin sustainable economic growth.

CAPITAL MARKETS: THE FACTS

UK savers need healthy, innovative capital markets, that appeal to both companies and investors, to achieve a secure and stable income in retirement. Sound capital markets policy must be based on solid evidence, which is why we set out some key facts here:

Fact 1: Corporate governance standards are positive for company performance

Fact 2: Governance standards do not damage capital markets by driving companies to list elsewhere

Fact 3: Long-term investors value shareholder rights and accountability



Fact 1: Corporate governance standards are positive for company performance

- Although GGIC is campaigning for some governance regulations to be streamlined and simplified, there is extensive evidence that sensible governance and shareholder rights mechanisms make for strong economic growth by improving innovation and productivity, and preventing costly mistakes⁷.
- Table 1⁸ below highlights just some examples where weak governance at UK companies led to job cuts, declining confidence and significant losses to taxpayers.

Table 1 Recent UK corporate failures

Company	Year	Key Issues	Impact
BHS	2016	Governance failures including board oversight; pension deficit	11,000 jobs lost; £571m pension deficit
Carillion	2018	Audit deficiencies; poor internal oversight	£148m taxpayer cost; 3,000 jobs lost; 450 public projects affected
Patisserie Valerie	2019	Accounting fraud; no internal audit	900 jobs lost; 70 stores closed
Thomas Cook	2019	Poor financial reporting; audit failures	9,000 redundancies; 555 store closures
Bulb	2021	Governance weaknesses; no internal audit	Major disruption in energy sector

⁵ [The Political Economy of Global Stock Exchange Competition by Curtis J. Milhaupt, Wolf-Georg Ringe :: SSRN](#)

⁶ This finding is particularly notable given respondents' limited detailed understanding of the reforms. While 87% were aware of the proposed changes, fewer than half (48%) reported knowing a great deal about them.

⁷ A selection of this research can be accessed at: [Governance for Growth Investor Campaign \(GGIC\)](#).

⁸ Sources: Sources: Railpen and Governance Perspectives Ltd. *Acting on Audit* (2024); Chartered Institute of Internal Auditors (CIIA) *Moving the Audit Reform and Corporate Governance Bill Forward* (2025).

Wilko	2023	Weak governance; poor financial resilience	12,500 jobs lost; ~400 stores closed
ISG	2024	Audit failings; no internal audit	2,200 redundancies; £1bn in public contracts affected
Thames Water	Ongoing	Weak board oversight; controversial pay awards; excessive debt accumulation	£18m fine; taxpayer cost; increase in customers' bills



Fact 2: High governance standards do not damage markets by driving companies to list elsewhere

- o GGIC has conducted a historical analysis covering the period between 2018 and 2025 of 53 UK-headquartered or UK-focused companies that opted to list or move their listing to the US. **Of these 53 firms, only one UK company cited corporate governance standards as a driver for listing in the US.** Where motivations were provided, they more commonly included enhanced liquidity, the potential for higher valuations, and broader access to US capital markets⁹. These deep pools of high-quality capital can only be achieved if a market and its companies are attractive to investors, and support them to confidently allocate capital to companies they know they can work in partnership with to help create value.



Fact 3: The world's biggest capital allocators value shareholder rights and accountability

- o Our recent GGIC / Opinium survey found that **61% of scheme investment decision-makers said that shareholder rights and investor protections mechanisms are “very important”** when making company-specific investment decisions.
- o 55% of scheme investment decision-makers also said that the latest UK listing rules reforms had made UK-listed companies appear more risky as investment destinations. **Larger pension schemes were even more likely to think the latest rule changes have made the UK riskier to invest in (67%).** Although scheme investors are often comfortable with higher risk opportunities, as they have long-term time horizons and can ride out short term market turmoil, they need to see increased risk rewarded by increased returns – which means that UK companies' expected cost of capital may rise.

WHAT WILL SHIFT THE DIAL ON ECONOMIC GROWTH?

UK policymakers, investors and companies have a shared vision: robust economic growth in our home market, underpinned by thriving, vibrant capital markets which operate in the best interests of everyday UK savers. Good corporate governance and shareholder protections are a help, not a hindrance to this ambition and – while some UK policies and regulations could usefully be streamlined – we think industry and policymakers should work together on four key areas to achieve a ‘governance for growth’ approach:

⁹ This aligns with 2023 research findings from EY and UK Finance in *UK Capital Markets – Building on Strong Foundations* that the top five factors considered by companies when listing are (in order): access to a strong investor base; valuation and research coverage; liquidity; comparable companies; ease and cost of being publicly traded.

1. UK capital allocators need more of a seat at the policy table

As long-term stewards of capital, pension schemes are invested in the sustainable growth and resilience of UK companies. Closer collaboration with capital allocators in shaping the policy environment ensures that regulatory frameworks are aligned with the needs of long-term investors and the companies they support.

Institutional investors can be perceived as homogenous in policy debates, but there is significant variety in terms of motivations, time horizons and investment arrangements. Pension schemes occupy a unique position in the investment value chain: although many rely on asset managers to undertake day-to-day implementation of their investment activities, they remain the ultimate allocators of capital on behalf of members, making their perspective critical in shaping capital markets policy.

Pension schemes have inherently long-term liabilities, often spanning decades, which drives investment strategies focused on sustainable value creation rather than short-term gains. Their fiduciary duty ensures alignment with members' interests, free from commercial pressures such as fee generation. This alignment makes pension schemes natural partners for policymakers seeking to strengthen the UK economy and capital markets, as both share objectives centred on long-term stability and benefits for everyday savers.

UK pension schemes are also increasingly pivotal in funding national priorities, with £3.2 trillion in assets under management and growing scale in the growth-oriented Defined Contribution (DC) market and local authority pension fund sector¹⁰. As this scale and consolidation develops, more UK schemes are making more (and more important) investment decisions themselves, and some are restructuring their investment arrangements to support them in doing so¹¹. Stewardship innovations like pass-through voting¹² and the growth of industry collaborations further empower schemes to exercise direct influence on investment decisions. UK policymakers and companies must therefore engage proactively with scheme investors to secure buy-in and unlock their potential as long-term partners in economic growth.

How can this happen?

- **The UK Listings Taskforce should seek further collaboration with pension scheme investors.** This Taskforce has been set up to provide tailored assistance to companies considering a listing in the UK. It intends to collaborate closely with industry partners and experts from across the ecosystem. GGIC has already had fruitful and constructive conversations with the Taskforce, and look forward to further interactions with both them and with other relevant departmental bodies to provide the perspective of UK pension schemes.
- **FCA to consider appointing pension representatives to the Listings Authority Advisory Panel.** The LAAP advises the FCA on policy issues affecting issuers of securities and on proposals from the FCA's listings function. Although the Panel members are appointed in an individual capacity, there is currently no one from a pension scheme investor, and there could be more pension representation overall. GGIC has welcomed constructive conversations on this so far and recognises and urges the FCA and its recruiters to proactively reach out to senior pension investment leaders in future recruitment and appointment cycles. Pension schemes should also be formally considered or appointed to other current and future capital markets decision-making forums.

2. Address structural fragmentation and artificial divides in the UK market to support companies as they scale and mature

Artificial cliff-edges and divides can create inefficiencies, and deter long-term capital allocation. Smoothing these divides would support more consistent market functioning and give institutional investors, such as pension funds, greater confidence to allocate capital to growing UK businesses.

¹⁰ Pensions Policy Institute (PPI) "*Pension scheme assets – how is asset allocation changing and why?*" (2025)

¹¹ We also further note here the results of our GGIC and Opinium survey showing that larger pension schemes, with 50,000 or more members, are even more likely to think that recent changes to the UK listing rules make the UK riskier to invest in (67%).

¹² Where the asset manager lets the underlying investor directly influence how their shares are voted at company meetings, even where the assets are managed by the external manager on the investor's behalf.

Competitive UK capital markets that appeal to long-term investors depend on a healthy pipeline of investable opportunities; UK companies on an upward growth trajectory that in principle are heading towards a UK listing and whose growth is as smooth as possible across different markets and funding structures.

Much of the current capital markets policy debate focuses on potential solutions which are either focused on private markets, or on public markets (or a sub-segment of the two e.g. AIM versus Main Market). In reality – and as GGIC members see for ourselves given our exposure across UK asset classes – private markets and public markets have a symbiotic relationship; significant structural, funding and policy issues in one cause distortions in the other.

This fragmented approach to policymaking, including unnecessarily divergent governance expectations, has helped create artificial funding and policy ‘cliff edges’ for UK companies, leading to a disruptive and turbulent transition across private and, ultimately, public markets – with high-growth companies often needing to look outside the UK investor base for next stage funding. And while good governance and genuine dialogue with owners of capital is critical to all companies, whether private or public, UK regulation has created artificial distinctions on governance standards and regulations: two companies that may be similar in size, in strategic importance to the UK economy and operating in the same sector will face different governance standards if one is private and the other is publicly listed.

It has also incentivised silo-ed communication forums for investors and high-growth companies, and abrupt transitions between reporting frameworks, meaning even UK investors are insufficiently informed of and supported to consider forthcoming UK investment opportunities and growing companies aren’t given enough time to develop the appropriate governance and operational resource to meet additional requirements.

UK pension schemes are long-term in outlook and multi-asset in approach¹³. Many of us have extensive UK venture capital, infrastructure and pre-IPO investments, enabling us to take a truly holistic perspective on ‘governance for growth’ policymaking that will support good outcomes for savers. We are already tackling some of these issues, and want to work with UK policymakers to further smooth the growth journey for UK companies and address market fragmentation.

How can this happen?

- **The definition of a Public Interest Entity (PIE) to genuinely recognise ‘public interest’, and apply nuance.** It’s important that companies whose collapse would lead to significant detriment for national and regional supply chains, workers, customers and citizens should be held to clear standards, and that this is the same regardless of whether a company is private or public. It had previously been proposed that any company with more than 750 employees and £750 million in annual turnover be classified as a PIE and therefore subject to enhanced audit and governance standards. This would bring more large private companies into the PIE scope. We recognise there is scope for discussion on the precise threshold – our preference is that it is set at a level that is likely to cover companies whose success is genuinely in the public interest – but whatever the starting threshold, it’s important the government applies nuance.
- **A phased transition period on some disclosures for companies moving from AIM to Main Market.** Currently, companies transitioning from AIM face an abrupt governance transition when it comes to achieving full compliance with the UK Listing Rules. A clearly-defined transitional period of a year or so for some of the additional reporting and compliance requirements could help give companies the necessary breathing space to build out their governance function to help them meet these requirements¹⁴.
- **Government to support existing industry work to co-ordinate and align the UK funding ecosystem, including UK pension funds.** Some pension investment leaders, including Railpen, are working to connect, strengthen, co-ordinate and align the UK high-growth investment ecosystem, bringing together major pension schemes, start-up incubators and others to give large scheme investors a forward look at

¹³ The Pensions Policy Institute’s (PPI’s) latest asset allocation survey of UK pension funds found that UK schemes were invested widely across bonds, listed equities and alternative assets such as infrastructure, private equity and venture capital [20250604-pension-scheme-assets-2025-final.pdf](#).

¹⁴ Please also see the [Investor Forum’s September 2025 proposals](#) on this.

assets coming down the line, and help structure and shape investment opportunities to make companies investible across their lifecycle. Helpful discussions have already been held, and we look forward to a deeper level of commitment and co-ordination.

3. Investors need appropriate access, information, and tools to effectively exercise their stewardship responsibilities

When investors are well-informed and engaged, they are better positioned to support the long-term growth of UK companies. Empowering investors in this way fosters alignment between company strategy and long-term capital. There's evidence to show that pension scheme investment *in particular* helps boost company-level productivity and innovation¹⁵ which is vital for sustainable economic growth, in part owing to their role as engaged, long-term owners of capital working in partnership with portfolio companies to achieve value creation¹⁶. This stewardship – through tools such as company dialogue and voting at company AGMs – helps mitigate agency costs and improve managerial accountability, supporting innovation and strategic discipline which in turn drives productivity. The academic literature – as well as the experiences of the GGIC – also supports at a macroeconomic level the microeconomic research on this i.e. that strong shareholder rights encourage flourishing, healthy capital markets¹⁷.

To do good stewardship, and be empowered to act as true owners of capital to help portfolio companies grow, pension schemes need to be able to: understand the company; speak to the company; and have the right kinds of tools at their disposal that ensure they can work in real partnership with company management. Feedback to GGIC members from companies we invest in is that we bring valuable market insights to conversations, including as governance experts, providing a long-term and pragmatic market perspective on a company's strategy and approach.

The importance of transparency from companies to their investors, and other stakeholders, cannot be overstated. It builds trust and ensures accountability to the true owners of capital. However, more disclosure is not always better, and reporting needs to provide genuine insights into how company boards provide effective oversight on behalf of the shareholders who elect them. Once investors have this information, they need the tools and access to ensure their perspectives can be truly heard and to help companies achieve long-term value creation.

How can this happen?

- **AGMs to be modernised in a way that allows for in-person attendance and ensures genuine investor participation.** AGMs are the centrepiece of the annual investor-issuer engagement cycle and, while allowing virtual attendance is helpful, UK company AGMs should always allow in-person attendance as well, as this is vital for transparency, accountability and meaningful dialogue. Physical presence allows investor to observe board dynamics, build trust through face-to-face engagement and engage with other shareholders. We welcome current efforts to modernise AGMs, but in doing so it must be made clear, either through changes to the FCA's COBs or to the UK Corporate Governance Code, that hybrid meetings which allow for both virtual and in-person attendance is preferred.

¹⁵ A CEPR study of Danish firms by Beetsma et al., "Do Pension Fund Investments Make a Difference? Effects on Firm Productivity" (2022) found that investments by pension funds raised firms' productivity, and that this was particularly the case for unlisted firms. They posited that this was in part through active engagement by pension funds with portfolio companies.

¹⁶ [Managing Public Investment Funds: Best Practices and New Challenges | NBER](#)

¹⁷ For instance, Guillen and Capron (2015) [The Value of Protecting Minority Shareholders in the Market - Knowledge at Wharton \(upenn.edu\)](#) found that "when you have strong protections for the interests of minority shareholders, then more people are willing to invest money in the stock market. As a result, what you get a larger stock market with more turnover and higher capitalization – or more dynamism." The OECD noted that "suppliers of capital are more willing to make loans or provide investment when their rights are clearly stated and effective remedies are available in the event of violations...fair and equal treatment of all holders of common shares is one of the key principles of effective corporate governance." [1930044.pdf \(oecd.org\)](#)

- **Streamlined, but more meaningful, non-financial disclosures¹⁸.** We agree with policymakers that some of the non-financial reporting, particularly on remuneration, is not useful to investors and places a burden on companies. Remuneration is a powerful tool for both accountability and alignment. Investors therefore want to know *what* remuneration decisions have been taken during the year (and why they are the right ones) as well as the overall shape of the opportunity for directors going forward. This needs to be presented in a more user-friendly and machine-readable way, and such that it helps investors understand the level of Board discussion and challenge, as well as the effectiveness of the committee discretion framework and how pay has been considered in the context of the wider workforce. The wider principles of decision-useful disclosure on remuneration also apply to other non-financial information¹⁹.
- **UK companies with multiple classes of stock to disclose their vote tallies on a class-by-class basis.** The UK listing rules changes mean that companies can now list with multiple classes of stock i.e. unequal voting rights²⁰. Where this happens, companies should publicly disclose voting outcomes separately for each class of stock i.e. distinguishing between those held by company insiders with enhanced voting rights, and those held by public or institutional investors. This transparency will help company boards to better understand and respond to the concerns of their wider shareholder base. GGIC stands ready to work with others to produce industry guidance and templates for this disclosure.
- **Monitoring of the UK listings rules impact to include metrics that measure the investor perspective.** We are highly supportive of the FCA’s decision to monitor the impact of the recent changes to the UK listing rules, both on a regular basis, and more formally five years after they came into effect. We think such monitoring should include: the number of votes against directors at UK-listed firms, annual surveys of institutional investor satisfaction with the quality of governance at UK-listed companies, and the level of pre-declarations to the market of voting intentions. We have welcomed the FCA’s willingness to engage with GGIC so far on these and wider capital markets issues, and look forward to further discussions.

4. The UK’s historic reputation for robust shareholder rights should be celebrated and advertised internationally

Capital markets are complex. A nation’s capital market consists of interactions between a wide variety of participants – including companies, investors, advisers – all of which are operating within not just a specific set of financial market regulations and ecosystem, but also a much broader policy and political framework. It is affected by regulatory and legal changes, as well as sentiment and perception.

Lord Hill himself, in his seminal *Call for Evidence – UK Listings Review* – noted that “there is a range of factors that can make a jurisdiction an attractive place to list and do business. These might include (but are not limited to): the strengths of the wider business ecosystem; the visibility of public companies and IPOs; the presence of a pro-investment culture; the prestige associated with a market”.

The UK’s standing on the world stage as the global ‘quality’ market, has in large part owed to its reputation for corporate governance standards and investor rights mechanisms, particularly in the wake of the 1992 *Financial Aspects of Corporate Governance Committee* chaired by Sir Adrian Cadbury (also known as The Cadbury Report) and whose innovations – such as the “comply or explain” model – were copied around the world. UK innovations such as the UK Corporate Governance Code and UK Stewardship Code – the last of which has a global signatory base, demonstrating its credibility – cemented this reputation.

The Australian Council of Superannuation Investors (ACSI), representing some of the world’s largest and most influential pension scheme investors, noted in its response to the UK listings rules consultations that

¹⁸ “Non-financial” is the term used in the UK to refer to the corporate disclosure of information and which does not *directly* relate to the financial statements. However, many of the “non-financial” issues reported on, such as remuneration policies, or other governance issues, are recognised to be financially material i.e. they have an effect on the financial performance of a company.

¹⁹ Railpen, Pensions UK and the Chartered Institute of Personnel and Development (CIPD) have previously worked together to provide guidance on meaningful workforce reporting for companies, which can be found at: [Sustainable Ownership Insights - Worthwhile workforce reporting](#).

²⁰ Evidence on the impact of dual-class share structures on financial performance can be found at: [ICEV](#).

“we see strength in a market that encourages good governance – for which the UK has long been known...the UK has long been an attractive market for international investors. A large part of this draws from the robust investor protections and governance framework²¹.”

Yet policymakers could do more to formally recognise the contribution of the UK’s governance standards to its narrative and reputation. Positive conversations with groups like the UK Listings Taskforce indicate that this is changing, but – particularly in an era of heightened geopolitical turmoil – we think more could be done to celebrate the UK as a prestigious destination for capital.

How can this happen?

- **Trade missions to include a greater role for UK pension scheme investors.** The UK’s domestic long-term investors, like UK pension schemes, can bring a unique and under-utilised investor-to-investor perspective that can strengthen the UK’s international economic positioning. Formally including UK pension scheme investors in every trade mission could help showcase the UK’s strengths in stewardship and governance, and – given the potential importance of international pension capital to UK inward investment – provide a valuable investor-to-investor dimension to the conversation, helping build strategic relationships with overseas asset owners and policymakers.
- **UK government campaign to celebrate the UK’s status as a capital destination in a way that explicitly recognises the contribution of the UK’s governance standards** to its prestige as a financial market. We welcome the work undertaken so far to cite the UK’s stability and Rule of Law in government publications aimed at international investors. However, there should be explicit mention of the UK’s remaining investor protections and governance approach, given the evidence – including that cited here – that international investors strongly prioritise shareholder rights and accountability when making investment decisions. We think that the Office for Investment would be a well-placed organisation to run this campaign.
- **Financial regulators and UK government departments to cite the UK’s engaged and active investor base as a benefit for high-growth companies** and as one of the City of London’s strengths and key differentiators. The UK’s engaged and varied shareholder base has played a significant part in the UK’s standing as a prestigious financial market. This leads to more insightful dialogue with issuers, while the time horizons of UK investors – particularly pension schemes – mean companies are better supported to focus on strategy, instead of needing to react to short-term market fluctuations. UK policymakers could do more to advertise this to both UK and global companies that they wish to retain or attract – and GGIC will continue to do likewise²².

About the Governance for Growth Investor Campaign (GGIC)

The Governance for Growth Investor Campaign (GGIC) is a UK-based initiative led by major UK pension schemes, aimed at promoting effective corporate governance and investor rights as essential drivers of sustainable economic growth and long-term value creation in UK capital markets.

Our campaign invests on behalf of 11 million members, with 40% of our total assets under management (AUM) currently invested across UK private and public markets. We are supported by investment organisations including the \$90tn International Corporate Governance Network (ICGN), the \$128tn UN Principles for Responsible Investment (PRI), the £19tn UK Sustainable Investment and Finance Association (UKSIF) and the £2tn Pensions UK.

²¹ [ACSI-submission-Primary-Market-Effectiveness-2024.pdf](#).

²² We also note the Investor Forum’s welcome work on “Making the case for UK capital markets”.