



Parliamentary briefing

December 2025

The Governance for Growth Investor Campaign: How good governance supports economic growth, and how Parliamentarians can help



Executive summary

Good corporate governance is vital for sustainable economic growth

Good corporate governance drives stronger financial performance, enhances shareholder value, and improves innovation and productivity¹.

It helps companies outperform the market, preventing costly mistakes and value-destructive decisions, and creating a more resilient and competitive UK economy that works for firms, investors and everyday savers.

The capital markets policy debate has understated the evidence linking good governance with economic growth. And there are widespread misconceptions that good corporate governance standards are a barrier to successful, thriving companies.

Pension schemes are important capital allocators and are uniquely aligned with the needs of the everyday scheme member. **It's vital that the UK Government listens to pension schemes on capital markets and corporate governance policy.**

What is good corporate governance?

Put simply, it means companies are well-run, well-supervised, and accountable to their owners – the shareholders.

It's about having clear frameworks that ensure boards act in the long-term interests of the company, manage risks responsibly, and make decisions transparently. Private and public shareholders, as providers of capital, must have meaningful rights – including voting and access to information – and companies should engage with them on major strategic decisions and oversight.

Good governance protects against mismanagement, supports economic resilience, and helps ensure capital is allocated productively. For policymakers, it's a key enabler of sustainable growth, market integrity, and public trust in business.

¹ Gompers, Ishii and Metrick (2003): Corporate governance and equity prices; Cuñat, Gine and Guadalupe (2012): The vote is cast: The effect of corporate governance on shareholder value; Affes and Jarbouï (2023): The impact of corporate governance on financial performance: a cross-sector study; Simonov (2020): The Effect of Board Governance and Internal Control on Investment Efficiency; Alsqour et al (2024): The impact of corporate governance on firms' propensity to innovate – multidimensional and cross-country analysis.



Governance for growth: The facts

The capital markets policy debate so far has not taken account of evidence on the benefits of good governance for economic growth, meaning that important shareholder rights mechanisms and corporate governance standards have unfortunately been rolled back. Here, we provide some of the most relevant facts².



Fact 1: Corporate governance standards are positive for company performance

- Although the Governance for Growth Investor Campaign (GGIC) is campaigning for some governance regulations to be streamlined and simplified³, there is extensive evidence that sensible governance and shareholder rights mechanisms make for strong economic growth by improving innovation and productivity, and preventing costly mistakes.
- The table (right) highlights just some examples where weak governance at UK companies led to industry disruptions, job losses, decline in confidence and significant losses to taxpayers. There are also many equivalent 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 prior governance standards.

Company ⁴	Year	Key issues	Impact
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; weak board oversight	900 jobs lost; 70 stores closed
BHS	2016	Governance failures including board oversight; pension deficit	11,000 jobs lost; £571m pension deficit
Wilko	2023	Weak governance; poor financial resilience	12,500 jobs lost; ~400 stores closed
ISG	2024	Audit failings; no internal audit; poor cashflow governance	2,200 redundancies; £1bn in public contracts affected
Thomas Cook	2019	Poor financial reporting; audit failures; weak board oversight	9,000 redundancies; 555 store closures
Bulb	2021	Governance weaknesses; no internal audit	Major disruption in energy sector
Thames Water	Ongoing	Weak board oversight; controversial pay awards without regulatory notification; excessive debt accumulation	£18m fine for breach of dividend rules; cost to taxpayers; increase in customers' bills

² Further research, including more information on our policy proposals, can be found at [Governance for Growth Investor Campaign \(GGIC\)](#).

³ Ibid.

⁴ 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 \(2025\)](#)





Fact 2: High governance standards do not drive companies to list elsewhere

- 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, their strong US revenue base, the potential for higher valuations, and broader access to US capital markets⁵.



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

- In a recent survey⁶ by GGIC and Opinium **61% of scheme investment decision-makers said that shareholder rights and investor protections mechanisms are “very important”** when making company-specific investment decisions.
- In this same survey, **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 destinations⁷.

⁵ 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.

⁶ Opinium surveyed 150 scheme Chief Investment Officers, equity portfolio managers and trustees in the United Kingdom, Australia, Canada, Denmark, Netherlands, and the United States from 8th September to 15th September 2025.

⁷ 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.



Our ask of parliamentarians

Parliamentarians have the opportunity to effectively advocate for (and implement) a regulatory framework which supports sound governance, thereby **helping the UK to maintain its prestige and status as the world's 'quality' market, and to rise above the geopolitical turmoil** affecting other major markets. This is the UK's key differentiator in a crowded and competitive marketplace for global financial centres.

Genuine collaboration between investors, companies and policymakers is crucial for creating a thriving UK capital market that serves savers. By focusing on evidence-based policies and ensuring scheme investors – as major capital allocators – are represented on key capital markets decision-making forums, we can foster a more transparent, innovative and efficient market environment that helps the UK maintain its international standing and reputation, leading to greater UK growth.

We urge parliamentarians to support UK pension schemes to improve outcomes for members and everyday savers. We recognise that pension schemes need to play our part. This is why GGIC commits to working with parliamentarians to highlight the benefits of a 'governance for growth' approach and are leading on this with our own work with other market participants to provide practical guidance and support to companies.

As some of the UK's largest pension schemes, with around 40% of our £150 billion AUM invested in the UK economy on behalf of 11 million UK pension holders, our GGIC is **calling on parliamentarians and policymakers to take the following actions:**



Advocate for good governance initiatives in debates on the Draft Audit Reform and Corporate Governance Bill, such as Audit and Assurance Plans and Resilience Statements, and the outlawing of virtual-only AGMs



Ask for formal inclusion of more scheme investors in key capital markets decision-making forums, such as the Financial Conduct Authority's Listing Authority Advisory Panel



Support GGIC proposals for addressing structural fragmentation and removing the artificial divides between public and private markets, such as an approach to Public Interest Entity (PIE) status that genuinely reflects the 'public interest' status of relevant private companies, and transitional disclosure requirements for companies moving from AIM to Main Market



Use debates, committee work or media appearances to champion the contribution of high standards of governance to the UK's USP as a destination for capital

About the GGIC

The Governance for Growth Investor Campaign (GGIC) is a UK-based initiative led by major UK pension schemes that aims to promote 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 £60 billion currently invested across UK private and public markets. We are **supported by some of the world's leading investor organisations** including the International Corporate Governance Network (ICGN) – led by investors with ca. \$90 trillion AUM – Pensions UK, with ca. £2 trillion AUM, the United Nations Principles for Responsible Investment (\$128 trillion AUM) and the UK Sustainable Investment and Finance Association (£19 trillion AUM).

We want to see our UK home market thrive, but we are concerned that the evidence on the contribution of good governance to economic growth has been overlooked.