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UK Pension Giants Rally to Defend Investor Rights and Corporate Governance Standards

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A coalition of major U.K. pension funds has launched a new initiative aimed at safeguarding shareholder influence and promoting sound corporate governance across capital markets. The Governance for Growth Investor Campaign (GGIC) argues that robust governance is key to attracting long-term investment and ensuring sustainable business growth, especially amid recent government reforms seen as diluting shareholder rights.

The campaign is backed by some of the U.K.'s largest pension institutions, including Brunel Pension Partnership, Church of England Pension Board, People's Pension, Brightwell, and Railpen. These groups, which collectively manage tens of billions in assets, are raising alarm over the UK Government's recent overhaul of listing rules, designed to lure more high-growth and innovative companies to British markets. According to GGIC, these changes risk weakening essential shareholder tools and corporate accountability, developments that could dampen investor confidence.

The group's key concerns include the erosion of long-established rights, such as the ability to hold companies accountable through clear voting outcomes, transparent audits, and strong reporting standards, particularly among large private firms. They are also calling for flexibility in Annual General Meeting (AGM) attendance, advocating for both virtual and in-person participation, to promote inclusivity and access for shareholders.

This campaign reflects a broader trend, also visible in the United States, where institutional investors are pushing back against efforts to limit shareholder input. At a recent board meeting, Marcie Frost, Chief Executive of CalPERS (California Public Employees' Retirement System), defended the work of proxy advisory firms, organisations that provide voting guidance on shareholder matters, highlighting their role in supporting transparency on director independence, executive pay, and Environmental, Social, and Governance (ESG) standards.

Back in the U.K., GGIC members argue that investor rights are not a hurdle to growth but a catalyst for it. Caroline Escott, who heads investment stewardship at the £34 billion Railpen, noted: "We want to work with ministers to help change the mood music on the U.K. and tell an optimistic story that gets people excited about investing in Britain because of its governance standards." She emphasised the need for institutional investors to have a voice in policy discussions on capital markets and governance, especially as they're being asked to play a larger role in supporting the domestic economy.

Wyn Francis, Chief Investment Officer at Brightwell, which oversees £37 billion in assets, echoed that sentiment: "Well-run companies that are transparent and accountable are more likely to succeed over the long term. That's how we deliver sustainable returns for members and support a thriving UK economy." According to Francis, governance should be seen not as red tape, but as good business practice that underpins economic resilience.

The GGIC is also seeking to address what it describes as "artificial divides" between public and private markets. The group is advocating for consistent governance expectations across all sectors, arguing that effective oversight is just as important in private companies as it is in publicly traded ones. The campaign supports efforts to streamline reporting standards in private markets, ensuring pension schemes have the information and rights needed to make informed decisions.

In its launch report, the campaign highlights evidence showing that companies with stronger governance structures tend to perform better over the long term. These firms are more likely to avoid costly errors, grow sustainably, and draw in long-term investment, a point that reinforces the group's call for preserving shareholder engagement as a cornerstone of U.K. corporate policy.