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# HOW ENGAGEMENT WORKS

## Governance and returns

July 2023

Schroders

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# HOW ENGAGEMENT WORKS: GOVERNANCE AND RETURNS

### The investor garden

Nurturing investments is like gardening. Some gardeners take a passive approach, letting plants grow wherever they please. The hardy plants survive, but even these struggle with drought and changing weather patterns.

Other gardeners take a more active role, understanding and nurturing their plants. They take the time to learn the special traits of each plant and know how external factors affect them. These active gardeners support their plants to achieve their potential.

Similarly, some investors are satisfied with letting companies grow on their own trajectories. Others carefully support and nurture their companies, and encourage the changes they think will make them stronger. These active investors want to cultivate their investment so it's effectively managed and prepared for big societal changes and evolving stakeholder expectations. By adding this value, these investors exercise their responsibility as guardians of investment and their clients' assets.

> **"Investors have changed the landscape for sustainability and helped cement its seat at the table. This is now firmly a topic for all CFOs as a result of this sea-change in investor engagement. There is huge opportunity to continue this direction of change.  However the 'anti-woke' movement starting in the US and issues around greenwashing present challenges. How do you continue being ambitious and vocal and not retreat in fear of all of this backlash. It is a very difficult world to navigate for investors and investee companies alike."**
>
> Group Senior Sustainability Manager,
> Financial conglomerate, Hong Kong

### About this research

Active investors like Schroders believe that engaging with their investee companies leads to better performance, whether on social, environmental or governance issues. Understanding how engagement works – where efforts do and don't lead to better performance – is critical to spending time and energy where it counts most.

This research is the first in the How engagement works series. It aims to quantify the relationship between Schroders' engagement on management and strategy issues and company returns.

The study covers Schroders' governance engagements and associated returns in the years 2010-2019, considering 3,010 engagements with 1,248 companies across 47 countries. The study period of this research is limited to pre-Covid years given the dramatic financial impact of the pandemic and significant changes in market regimes. We look forward to updating this research in the future to reflect engagement and returns in the post-Covid years.

The main analysis focuses on the difference in peer-adjusted returns for companies with various levels of exposure to engagement. This analysis is not intended to be a conclusive assessment showing causality between engagement and returns – that investor engagement causes better financial performance. Rather, it adds to the body of evidence on the association between engagement and returns.

Through engagement, Schroders investors understand the potential value of a company and make an investment decision on that basis. With continued engagement investors may keep abreast of emerging issues or advocate for changes they believe will improve a company's performance. At Schroders, determining investment value and engagement are two sides of the same coin.

### Engaging on governance issues

Let's face it. Well-managed companies are a good investment. They have the strategy and governance structures in place to avoid reputational and regulatory damage. They can effectively manage social and environmental issues that have a significant operational or financial impact. Having confidence in a company's business practices is the bedrock of a robust investment approach.

Schroders engages with investees to understand their strategies and plans. We support, encourage, and sometimes push companies to establish strategies that will allow them to adapt to the emerging pressures they face from their stakeholders.

> Click here to see a visualization of the topics discussed during governance engagements over the study period.
>
> **https://public.flourish.studio/story/1922896/**

Without considering sustainability issues, companies risk being stranded as customers, regulators and other stakeholders press for action. Succession and board independence are important too – changes in management are a good opportunity for a strategy refresh and increased oversight of business practices.

Over our decades of engagement on governance issues, we continue to exercise our shareholder rights. Voting provides a clear pathway to escalate concerns around leadership, strategy, and remuneration structures through votes against management recommendations when progress is inadequate.

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**"Effective investor voting behavior requires a mature understanding of how actions can drive business strategy and delivery of services. Voting is not a popularity contest, it's not Strictly Come Dancing. It's about the value of pensions and client assets."**

Company Secretary, Pharmaceutical company, UK

Over the past two decades, Schroders has built up considerable engagement experience and with it, strong anecdotal knowledge of how engagement works: what combination of investee traits and engagement approaches are associated with better performance. Quantifying this relationship is also critical. By understanding what success looks like, we understand how to focus our efforts in the future.

### How engagement works

Companies with committed and sustained engagement see better returns than peers for nearly two years from start of engagement. At its peak, this engagement approach sees returns that are 6.0% higher than peers towards the end of year one. This committed and sustained engagement is largely bespoke and conducted outside of mass engagement campaigns. This excludes companies engaged beyond the two years who faced fundamental business questions and had the highest exposure to engagement.

An engagement approach that is not committed or sustained is less associated with good returns. Companies exposed to this type of engagement saw fair peer-adjusted returns at the start of engagement, hovering slightly above peers in the first year. However in the second year, this lower effort is associated with poorer peer-relative returns. These lower-touch engagements are more likely to focus on mass communications of expectations and engagement campaigns.

**"Engagement on ESG issues should be a dialogue (as opposed to a monologue where the company merely confirms what they're doing). This will go a long way to managing expectations, giving confidence and receiving support with both parties focusing on the long-term."**

Investor Relations Director, Consumer goods company, South Africa

**https://public.flourish.studio/visualisation/13809040/**

Looking at different approaches to engagement in closer detail, some interesting trends emerge.

Companies engaged frequently in the first year and just once in the second year saw consistently strong returns over a two-year period, peaking around 7% towards the end of the first year. In these engagements, we most frequently proposed, supported, and encouraged change at the board and management levels. These engagements saw plenty of one-to-one time, particularly with board chairs and other board directors.

Companies with low-touch engagement in the first year saw slightly higher returns than peers in the first year. For companies where engagement increased in the second year, returns increased, peaking at 11.8% over peers two and a half years into the engagement. For these companies, we often proposed and supported better remuneration policies, thus many conversations took place with the remuneration committee chair and other board directors.

For low-touch companies where we did not ramp up engagement, returns worsened compared to peers in year two. Most often, these were annual engagements related to voting activities or regular company updates. These engagements were more likely to have been conducted as part of a campaign. Outside of campaigns, the discussions focused on improving target-setting and providing better reporting on sustainability and risk.

**"We feel for investors that cover hundreds of companies with limited time. Their intentions are good but engagement can feel like a box-ticking exercise. We get much more value from direct one-to-one discussions."**

Vice President Investor Relations, Mining company, UK

**https://public.flourish.studio/story/1922656/**

Investors should begin reconsidering their engagement approach towards the end of year two, when they have a better sense of company performance and its propensity to improve on material issues. Where engagement is intense over the full two-year period, returns are around 5% above peers towards the end of the first year. However, they begin to dip below peers in the second half of year two.

# HOW ENGAGEMENT WORKS: GOVERNANCE AND RETURNS

Considering discussion topics, intense engagement over a full two-year period is marked by concerns with the board, need for remuneration policy changes, and the exercise of shareholder voting rights (voting against management recommendations). Emails were the most dominant form of communication, often with investor relations or board directors. This would suggest our persistent engagement with these companies didn't build better relationships with senior decision-makers over time.

When our engagement approach was sustained further, over three or more years, it focused on companies facing fundamental questions about the business. Here we sought changes at the board level, supported new CEOs, and focused on improving business strategies. A very high proportion of engagement took place with the board chair, and one-to-one time was the hallmark of this approach. Moreover, the vast majority of engagement here was conducted outside of engagement campaigns.

On the whole, our approach to long-term engagement historically focused on companies with poorer returns that faced significant business risks. Over time, some companies saw returns improve and our investment value increase, others became privatized, or went into administration. Investors should deeply consider the merits of engagement in the third year and beyond, while limiting their potential exposure to underperformance.

**https://public.flourish.studio/story/1923058/**

## RADICAL CHANGE AT A BRITISH RETAILER

Schroders had already been engaging this British retailer for several years on their Plan A sustainability strategy when we sent a letter regarding the company's board composition. Schroders considered  the tenure of the past three CEOs to have largely failed and was supportive of fresh thinking, new approaches, and potentially radical action. We encouraged the chairman to ignore the short-term gyrations of the share price.

At the time, Schroders had started to build a position in the company with the belief that it remained a good business with strong market share and significant latent potential.

This request for change was shared with the whole board, which was open to change, compared to previous boards that shied away. We met with the board chair to discuss the company's strengths, including board strategy and execution, succession, and values. The company's leadership was in the midst of creating a simpler business and building better understanding of what customers want.

While this momentum was welcome, Schroders expressed concerns with the board's performance, including capital misallocation and a lack of accountability. We wanted the board chair to go with a replacement in place by the next annual general meeting – an external candidate with good retail experience. A new board chair was in place the following year.

We met with the new board chair to discuss his plans for the company. He acknowledged the company faced challenges including poor company culture. He felt there was too much stale talent and communicated how the management structure would need to change going forward. That turnaround could take 5-10 years and we agreed the company needed to be cautious on the balance sheet.

The company's turnaround was the real deal. The following years saw the company move onto a path of profitable growth, with a property strategy that recognized the decline of in-person shopping, a new approach to digital, cost-cutting measures, and the discontinuation of unprofitable business lines.

# HOW ENGAGEMENT WORKS: GOVERNANCE AND RETURNS

### The engagement formula

Active investors take a hands-on approach in determining the value of an investment and crafting strategies to help companies realize their commercial potential. They are much like gardeners – understanding the unique traits of each investee, keeping an eye on the strategic landscape, and helping them thrive in a changing economic environment.

But with a finite amount of time and resources, how can investors most effectively channel effort into cultivating a thriving basket of investments?

1 **Companies with committed and sustained engagement see higher returns than peers for nearly two years, peaking around 6% at the end of the first year.**

Where engagement is not committed, returns are adequate in the first year but slip below peers thereafter.

2 **Investors should carefully consider their engagement approach towards the end of the second year.**

Intense engagement beyond this could point to fundamental business issues requiring effective risk management.

3 **More committed engagement means more face time (and more time with the board).**

What might start as an email to investor relations about business strategy, can branch out to trusted partnerships at the highest levels of decision-making.

Source: Schroders. For information purposes only. Past performance is not a guide to future results

# Methodological Note

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### Introduction

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This research is the first in the How Engagement Works series. It aims to quantify the relationship between Schroders engagement on management and strategy issues, and company returns.

The study covers Schroders' governance engagements and associated returns in the years 2010–2019, considering 3,010 engagements with 1,248 companies across 47 countries. The study period of this research is limited to pre-Covid years given the dramatic financial impact of the pandemic and significant changes in market regimes. We look forward to updating this research in the future to reflect engagement and returns in the post-Covid years.

The main analysis focuses on the difference in peer-adjusted returns for companies with various levels of exposure to engagement. This analysis is not intended to be a conclusive assessment showing causality between engagement and returns – that investor engagement causes better financial performance. Rather, it adds to the body of evidence on the association between engagement and returns.

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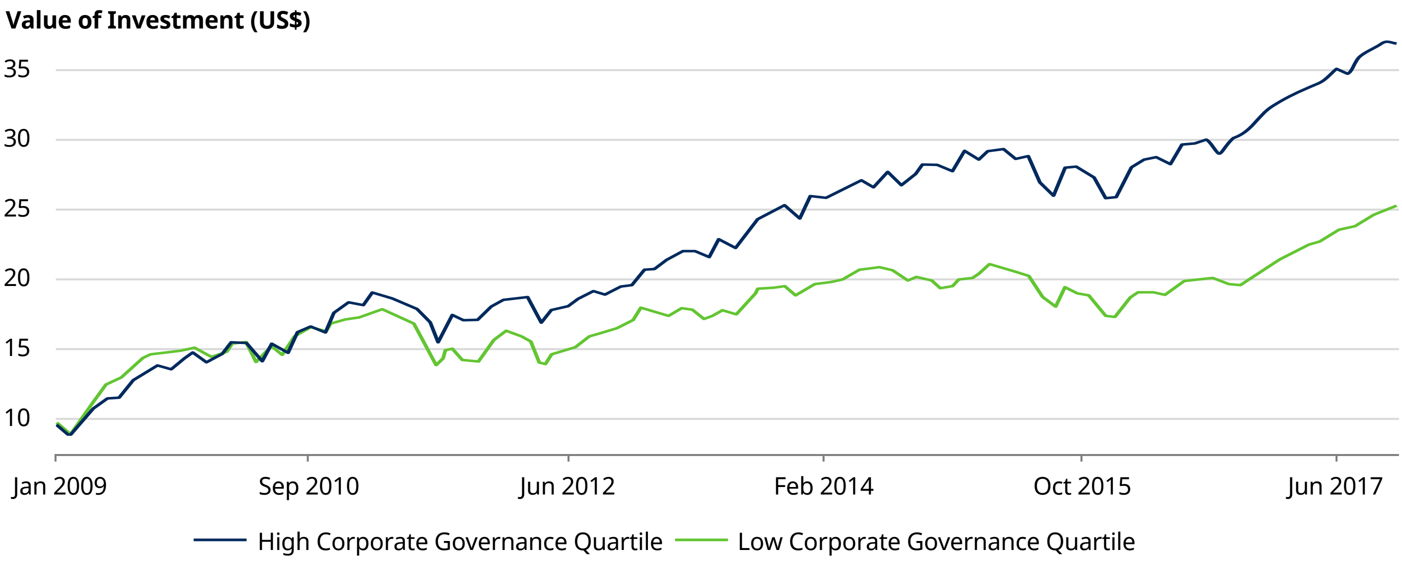
### Literature review

Good corporate governance is the foundation of any well-run business. It means there are robust systems and structures in place for ensuring business objectives are met while avoiding reputational and regulatory damage. Well-governed companies can effectively manage social and environmental issues that have a significant operational or financial impact. Having confidence in a company's business practices is the bedrock of a robust investment approach.

Good governance has been found to be associated with better returns. In one study, Ferrell et al. (2016) found that improved governance standards indicated better management practices and resulted in higher future performance. In another study, Mozaffar Khan (2019) combined several aspects of good governance (ownership dispersion, shareholder orientation, institutional strength, the MSCI governance score) and assessed returns by governance performance segment. The top governance performers had returns that were 122 percentage points higher than the bottom performers.

**Performance of the Composite Governance Score, January 2009–November 2017**




Source: Khan, Mozaffar, Corporate Governance, ESG, and Stock Returns Around the World (July 30, 2019). Financial Analysts Journal, vol. 75, no. 4 (Fourth Quarter 2019).

**Notes:** The figure shows the growth in value of US$10 invested in the top and bottom quartiles of the new composite corporate governance score. The quartile portfolios were formed monthly, and one-month-ahead cap-weighted returns were calculated. The monthly portfolio returns were cumulated to derive the growth curves. The depicted performance is gross of transaction costs. Past performance is not a guide to future results.

Several studies have been published on the relationship between engagement and performance. For one, Engagement on ESG issues has been found to limit downside risk. Hoepner et al. (2022), looked at engagement data from Federated Hermes, measuring the distribution of returns that fall below the 0% return threshold. Their methodology assessed downside risk based on the progress a company was making towards meeting ESG objectives, using a Milestone-based approach. The study found that downside risk decreased significantly with progress – once Milestones 2 and 3 were met, towards an ultimate goal of Milestone 4 completion. Companies with limited progress (Milestone 1 only) did not see a reduction in downside risk.

Considering investment returns, a case study of the Hermes UK Focus Fund by Becht et al. (2009) found evidence that investor activism through private channels created significant returns and increased operating performance in periods before the market became aware of it. This is backed by research showing that engagements on ESG matters, on average, have positive abnormal returns of 1.8% (Coskun et al., 2017). Meanwhile Dimson, Karakaş and Li (2015) found that some successful engagements were associated with average abnormal returns of 4.9%.

In a more recent study, Bauer et al. (2022) found that the targets of material engagements across environmental, social, and governance issues outperformed their peers over 14 months of engagement. For governance issues, the positive difference to peers of 2.3% was significant.

A similar finding was uncovered by Barko et al. (2022), who studied a proprietary engagement dataset from a leading European investment manager. They looked at the effects of investor activism on financial and ESG performance. This study found excess returns of targeted firms were higher than those of non-targeted peer firms by 2.7% over the 6-month period following the engagement.

Research on the relationship between engagement and performance commonly compares engaged companies with a set of peers sharing similar characteristics. Barko et al. (2021) use several characteristics to construct peer groups, including industry, size, market to-book ratio, ESG rating, and Return on Assets.  Meanwhile, Bauer et al. (2022), constructed the peer groups using industry, country, and within-industry size quartiles. Hoepner et al. (2022) take a similar approach in constructing peer groups for measuring downside risk, matching each engagement target company to a control firm based on headquarter country, industry, and size.

Several studies allude to the average time it takes for an engagement to reach success. Bauer et al. (2022) show that the median time it takes to reach success by a material engagement is 14 months. Barko et al. (2022) show slightly longer success timelines at 20 months.

Finally, there is a set of engagement characteristics that are often associated with success.

In a 2016 research piece, Coskun et al. analyzed Federated Hermes engagement data and found more intense engagement led to increased chances of success: per additional personal meeting, the chance of progress in the engagement increased by about 5 percentage points. Successful engagements featured more face-to-face meetings. Contact with the Chair was also a condition present in most of the successful engagements. On the other hand, this research found no consistent configuration where a C-level executive was present but the chair and company secretary were not, suggesting that C-level contact should be accompanied by dialogue with the chair or company secretary.

## Data sources

The primary datasets used to analyze the relationship between engagements and returns are the Schroders engagement database and returns data from Refinitiv Eikon.

**Schroders engagement database**
Schroders recording of ESG engagement dates back to 2000. The database in totality covers engagement with investees on a broad range of issues including governance, climate change, and human rights. For the analysis in this research piece, engagement data covers 2010 to June 2019. It reflects 3,010 engagements with 1,248 companies.

The study was limited to these years to exclude the impact of Covid-19 and company returns. By limiting the study period to June 2019, companies in the scope of analysis have at least six months of returns data prior to the pandemic.

Four Engagement Blueprint subthemes were selected for analysis:

- Board and management, including topics like leadership change and board independence
- Purpose, strategy, and capital allocation, including topics like ESG strategy, business ethics, and capital allocation
- Executive remuneration, including remuneration proposals
- Relationship with shareholders, including the issuance of pre-emptive rights

Transparency and reporting, also falling under corporate governance, will be studied in future research exploring the relationship between engagement on this issue and investee disclosure.

Mass communications around voting season (governance expectations letters and notifications of votes against management recommendations) are excluded from the analysis. They will be studied in future research on voting, escalation, and investee performance.

**Refinitiv Eikon returns**
Refinitiv Eikon is an open-technology solution for financial markets professionals, providing access to financial and ESG data and insights. Total return is obtained through the Refinitiv Eikon Excel plug-in and used to measure the financial performance of a company.

The total return incorporates the price change and any relevant dividends for the specified period. Compounded daily return for the specified period is used to calculate total return. The dividend type used is the most widely reported dividend for a market. Cumulative returns are used to assess financial performance.

## Peer group construction

The research deploys a peer group assessment, comparing engaged companies with an unengaged set of peers who have similar characteristics. The peer groups are based on company size (and growth trajectory over the study period), sector, and region. This ensures that engaged companies are compared to a set of unengaged peers who are exposed to similar ESG issues and regulations, helping to isolate the engagement factor from wider market forces driving returns.

The peer groups are constructed using 2010–2019 constituents of the MSCI ACWI Investable Market Index (ACWI IMI). The ACWI IMI captures large, mid and small cap companies across developed and emerging markets. The constituents include nearly 15,500 companies.

The companies in the scope of this research fall into 174 peer groups. Companies without a peer group are excluded from analysis (e.g., if all companies in that size, region, and sector have been engaged on governance issues over the study period).

**Thompson Reuters Business Classification Economic Sector**
The sector classification is:

- Academic & Educational Services
- Basic Materials
- Consumer Cyclicals (Consumer Discretionary)
- Consumer Non-Cyclicals (Consumer Staples)
- Energy
- Financials
- Healthcare
- Industrials
- Institutions, Associations & Organizations
- Real Estate
- Technology
- Utilities

**Region**
The regions used for analysis reflect the regional profile of companies in the scope of this research and the structure of the Schroders Corporate Governance team. The Asia-Pacific region, developed Europe ex-UK, North America, and the UK account for 86% of the companies in the scope of research. These markets are separated in analysis.

Emerging Markets, MENA, and Latin America represent 14% and are covered by a single Corporate Governance analyst. These markets are grouped in analysis.

**Size**
Company size is based on market capitalization in USD. The company market cap represents the sum of market value for all relevant issue level share types. The issue level market value is calculated by multiplying the requested shares type by the latest close price. This data is obtained via Refinitiv Eikon.

Company sizes are assigned based on the earliest and latest market cap over the study period, relative to the sector-region peer group. First, market cap data is obtained for all companies in the ACWI IMI by year for 2010–2019. If market cap data is missing, the earliest and latest available dates are taken instead. Companies with no market cap data are excluded from analysis.

Then the company market cap is calculated relative to peers in the same region and sector within the ACWI IMI. First, the data for the full ACWI IMI is summarized by the market cap average and standard deviation by region and sector. The average and standard deviation of the sector-region peer group are then used to calculate z-scores for each company's market cap.

Engaged companies are extracted from the ACWI IMI and have market cap z-scores calculated relative to the sector-region peer group. The resulting z-score is reclassified so the data falls into three equal size segments (large, medium, small). Companies with a z-score over 0.42 are classed as large; companies with z-scores falling between -0.42 and 0.42 are classed as medium; companies with z-scores below -0.42 are classed as small.

The growth trajectories for each company are determined based on their earliest and latest available size in the study period. They are then grouped as follows:

- Large
- Large to medium/small
- Medium
- Medium to large
- Medium to small
- Small
- Small to medium/large

Using the growth trajectory of each company allows us to control the effect of business maturity when comparing returns of engaged and unengaged companies. It also ensures companies are compared to a single set of peers over the study period, enabling more granular comparisons on an individual basis.

### Engagement segments

The Schroders engagement database is used as the primary input in constructing engagement segments, in order to compare returns between companies with different levels of exposure to engagement. Analyzing engagement intensity over time showed the clearest trends, compared to just looking at whether a company has been engaged.

With this analysis the question changes from "Is engagement associated with better returns?" to "When is engagement associated with better returns?". This means we can understand the potential impact of committed engagement over time, compared to weaker engagement.

The number of engagements is calculated by month and year for each company. Then, the start date is determined based on the earliest instance of engagement for each company. This start date is used to calculate engagement intensity by month from the start of the engagement. For example, an engagement beginning in June 2017 would be classed as month 1, July as month 2, August as month 3, and so on. The same start date of month 1 is assigned to engagements regardless when they began. For example engagements beginning in May 2015 or June 2016 would be classed as month 1.

Engagement intensity by year is calculated for each company, which is then used to classify companies based on their exposure to engagement over time. The engagement segment are created as follows:

| Detailed Segment | Engagement Intensity | Final base size |
|---|---|---|
| **Y1 high and Y2 high** | Y1 = 2+ engagements, Y2 = 2+ engagements | 11 |
| **Y1 high and Y2 low** | Y1 = 2+ engagements, Y2 = 1 engagement | 53 |
| **Y1 high and Y2 none** | Y1 = 2+ engagements, Y2 = 0 engagements | 115 |
| **Y1 low and Y2 high** | Y1 = 1 engagement, Y2 = 2+ engagements | 13 |
| **Y1 low and Y2 low** | Y1 = 1 engagement, Y2 = 1 engagement | 159 |
| **Y1 low and Y2 none** | Y1 = 1 engagement, Y2 = 0 engagements | 885 |
| **Long term engagement** | Y1 = 2+ engagements, Y2 = 2+ engagements, Y3 = 2+ engagements OR any 2 consecutive years from Y3 have 2+ engagements (e.g., Y4 = 2+ and Y5 = 2+) | 12 |

The engagement segments are further grouped in order to assess the returns of companies with committed and sustained engagement:

| Segment | Detailed Segment | Final base size |
|---|---|---|
| **Committed/ sustained engagement** | Y1 high and Y2 high; Y1 high and Y2 low, Y1 low and Y2 high | 77 |
| **Uncommitted/ unsustained engagement** | Y1 high and Y2 none, Y1 low and Y2 low | 274 |
| **Minimal engagement** | Y1 low and Y2 none | 885 |
| **Long term engagement** | As above | 12 |

Companies with minimal engagement are excluded from the returns analysis. We do not assume there to be an association between this engagement approach and company performance.

While some of the detailed engagement segments have small base sizes, we feel comfortable assessing their performance given they represent the totality of Schroders' engagement on governance issues in the study period for companies with available data. They are not samples of companies used to infer findings on a wider population.

### Study group characteristics

The sectoral breakdown of the study group is as follows:

| Sector | Base size |
|---|---|
| Academic & Educational Services | 1 |
| Basic Materials | 109 |
| Consumer Cyclicals | 202 |
| Consumer Non-Cyclicals | 94 |
| Energy | 61 |
| Financials | 198 |
| Healthcare | 68 |
| Industrials | 236 |
| Real Estate | 89 |
| Technology | 155 |
| Utilities | 35 |

The regional breakdown of the study group is as follows:

| Region | Base size |
|---|---|
| APAC | 251 |
| Europe ex-UK | 525 |
| North America | 98 |
| UK | 199 |
| Rest of the World | 175 |

The size breakdown of the study group is as follows:

| Size | Base size |
|---|---|
| Large | 292 |
| Large to medium/small | 54 |
| Medium | 672 |
| Medium to large | 86 |
| Medium to small | 53 |
| Small | 52 |
| Small to medium/large | 39 |

### Company returns

Returns are obtained on a monthly basis for all engaged and unengaged companies in the ACWI IMI (constituents 2010-2019). The returns data is smoothed to mitigate the impact of excessive peaks and troughs that would skew aggregate returns. Returns below -50% are capped at -50%, while returns over 100% are capped at 100%.

For engaged companies, returns are assigned based on the start month of the engagement. For example, a company we began to engage in June 2015 would show those returns for month 1, July 2015 returns for month 2, and so forth.

For unengaged companies, the monthly returns data is summarized by the size-region-sector peer group. This data is then used to create a "synthetic" engagement dataset by replacing the real monthly returns of engaged companies with the peer group returns. The synthetic dataset then has returns are assigned based on the start month of the engagement as for engaged companies.

The peer group returns are then subtracted from real returns on a monthly basis from the start of engagement. The peer-adjusted returns are used to calculate the cumulative returns by month using an assumed initial investment of $1,000. Companies without a peer group are excluded from analysis (e.g., if all companies with available data in the size-sector-region peer group were engaged).

### Textual Analysis

The engagement notes are analyzed by segment to better understand the content of discussions. Large-scale engagement campaigns are excluded from this analysis given their dominance in word frequency analysis.

The resulting list of words is reviewed to remove any terms that could be interpreted very widely and did not enhance the analysis. This includes words like "appear", "don't", and "overall". The list of words is further filtered to only include those appearing in the top 15 words for each detailed engagement segment. Finally, we calculate the proportion of each term in the final list of top terms by segment, to determine what topics are most dominant. Nouns (topics) and verbs (approaches) are analyzed separately.

### Research Limitations

Overall, studying the association between investor engagement and investee performance is a challenging task. Since we cannot observe the entire universe of private engagements by other stakeholders, we remain cautious in identifying which ones affect firm behavior. Investor behavior, market dynamics, regulations, and societal expectations can all alter how a company responds to operational, financial, and reputational risks.

Studying the long-term value of a company based on its engagement exposure can be hampered by changing market regimes. The returns analysis in this study was limited to pre-2020 given the drastic impact of Covid-19 on business operations and performance. We look forward to refreshing the analysis with post-Covid data in the future.

Some engaged companies had been excluded from this research because they did not have a peer group for comparison (111 of 1,382 companies). This happens when we engage all companies in that sector-region-size basket. It was most prevalent for large British and European companies, such as large British financials and large European healthcare companies. We look forward to conducting future research on such highly engaged groups of companies.

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