

The False Hope of Stewardship in the Context of Controlling Shareholders Making Sense Out of the Global Transplant of a Legal Misfit

Dan W. Puchniak & Ernest Lim

Rethinking Stewardship
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UK Code Has Gone Global



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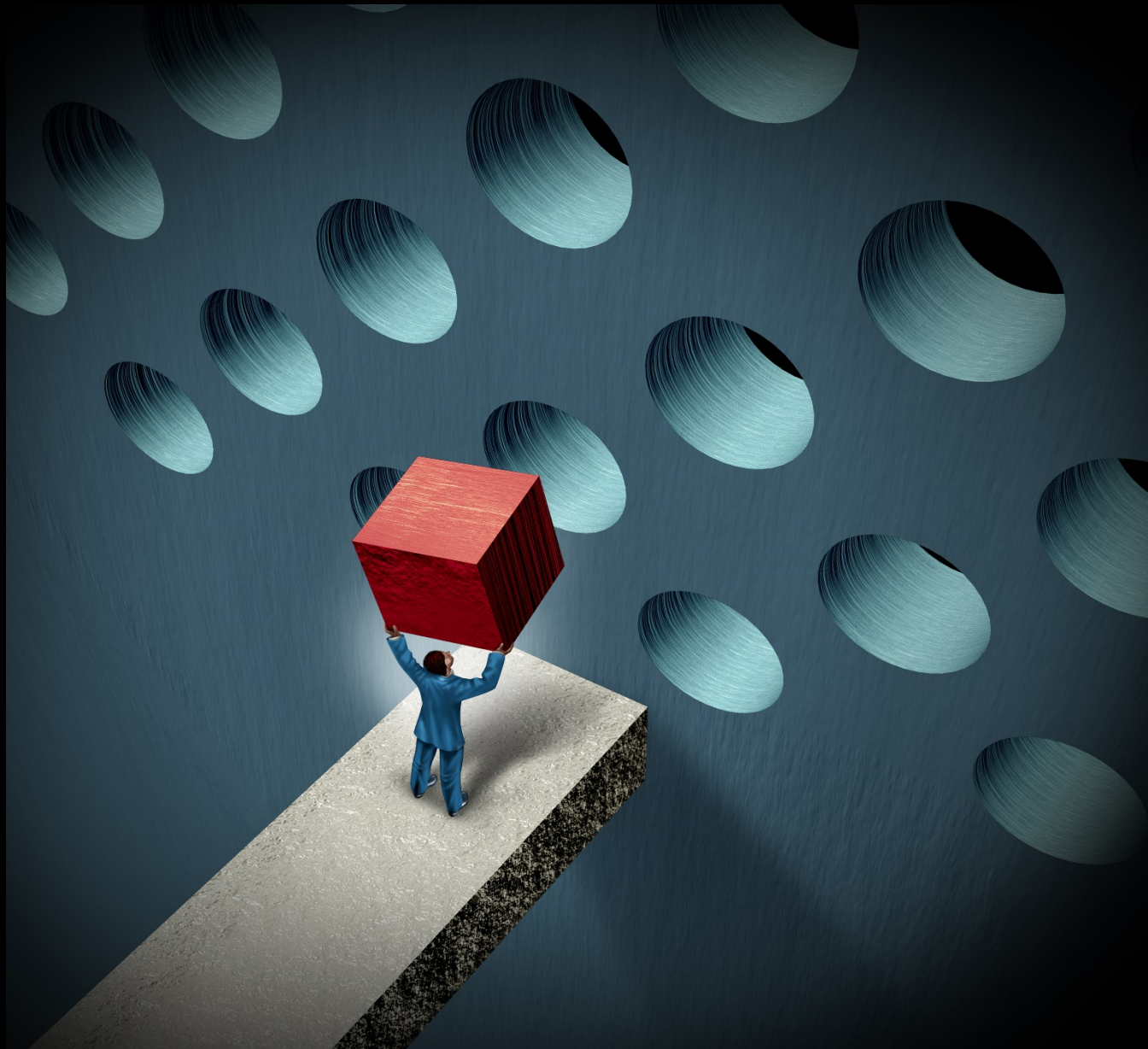
TABLE 3.¹ 2010/12 UK CODE 'S 7 PRINCIPLES IN LATEST VERSIONS OF NON-UK CODES

Number of 2010/12 UK's 7 Principles	Percentage of Non-UK Codes
Codes that adopted 7 principles	80.85%
Codes that adopted 6 principles	9.52%
Codes that adopted 5 principles	4.76%
Codes that adopted 4 principles	4.76%

Notes:

(1) The preamble, principles and guidance of the latest versions of codes in every jurisdiction that has adopted a stewardship code for institutional investors were examined to determine whether each of the 7 core principles contained in the 2010/12 UK Code had an equivalent provision. *See*, Appendices 5 and 6 for more details.

Puzzling Because UK Code is a Global Legal Misfit



Globally Institutional Investors Are Not “Absentee Landlords” But “Absentee Tenants”

TABLE 1.¹ INSTITUTIONAL OWNERSHIP² AS OF END-2017

	Mean	Median
All economies ³	20%	17%
All economies (excluding the United States and the United Kingdom)	18%	16%
Asia	11%	9%
Europe (excluding the United Kingdom)	21%	20%
United States	80%	80%
United Kingdom	68%	68%

Notes:

- (1) Table 1 statistics calculated based on data from Table A.4 in *Owners of the World's Listed Companies*, *supra* note 33, at 38. See also Appendix 1 for more details.
- (2) Institutional ownership refers to mainly profit-maximizing intermediaries that invest on behalf of their ultimate beneficiaries, most importantly, mutual funds, pension funds and insurance companies.
- (3) The total number of economies examined is 54 globally, with 18 in Asia and 26 in Europe (excluding the United Kingdom).



Globally Non-Institutional Controlling Shareholders are Rationally Active (Not Passive) Owners

TABLE 2.¹
PERCENTAGE OF LISTED COMPANIES
IN WHICH THE 3 LARGEST SHAREHOLDERS OWN MORE THAN 50% OF THE SHARES
(AS OF THE END-2017)

Jurisdictions	Mean	Median
All Jurisdictions (excluding the United Kingdom & the United States) ²	61%	70%
United Kingdom	12%	12%
United States	4%	4%

Notes:

(1) Table 2 calculations are based on the data from Appendix 2.

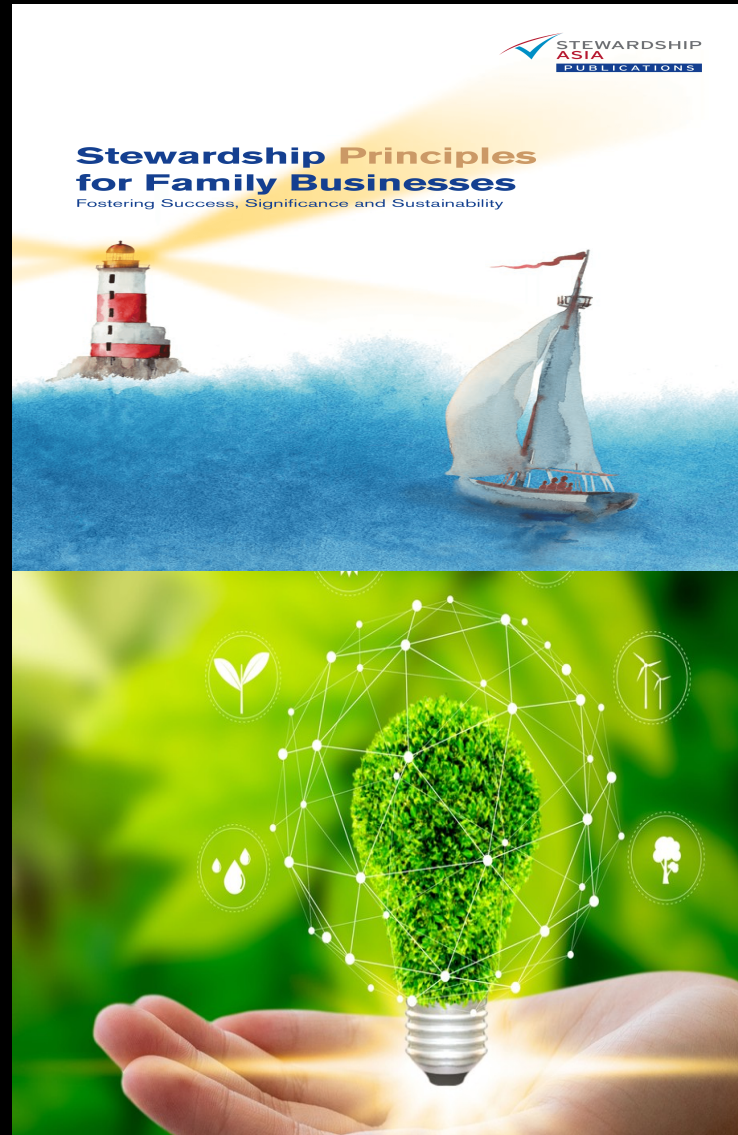
(2) The total number of countries excluding the United Kingdom and the United States is 33, *see* Appendix 2 for details.



Diverse Drivers For Adopting UK-Style Codes Reveal Diverse Functions
Sometimes Turning the Original UK Concept on its Head



How Stewardship Tailored to Controlling Shareholders Could Function



Stewardship Will Likely Function as One (Weak) Tool in the Toolbox for Controlling Controllers & Promoting ESG



The Future of Stewardship Will be in Controlling Shareholder Jurisdictions



The Future Bright Lights, Little Bite



Thank You

