

BRIDGING THE GAPS BETWEEN COMPANIES & INVESTORS

Shaping Tomorrow's Dialogues

Summary of Event and Preview of Report
March 2024

Shaping Tomorrow's Dialogues

BRIDGING THE GAPS BETWEEN COMPANIES AND INVESTORS

On 7th March 2024, the Investor Forum brought together Investors, Company IR Directors, Sustainability Officers, Company Secretaries and Audit Committee Chairs who had participated in our stakeholder dialogues to preview and discuss the key findings from the Shaping Tomorrow's Dialogues Report: Bridging the Gap between Companies and Investors.

This summary provides a glimpse of some of the key takeaways from the discussion, insights from the report and actions for the future.

The findings are not static, but a starting point and a foundation to build on and highlight the value in bringing together investors and companies to work together on creative solutions to the current challenges.

We are building a community of market participants focused on constructive Dialogue and Problem solving.

Come join us.

If you are interested in learning more or getting involved contact sallie.pilot@investorforum.org.uk

Shaping Tomorrow's Dialogues



THE INVESTOR FORUM

CONTENTS OF THIS SUMMARY DOCUMENT

Insights Unveiled: Findings from Our Research Report

- Exploring the market dynamics and their impacts..... 5
- Thinking about 'why' investors engage..... 6
- Understanding the characteristics of the company-investor relationship..... 7
- Overview of the four key stakeholder dialogues..... 8

Dialogue and Discovery: Insights from Participant Discussions

- Sharing what we learned from each other..... 10-11

Turning Insights into Action: Strategies for Implementation

- Actions for companies 13
- Actions for investors 14
- Actions for the Investor Forum 15
- Actions for this Community of Market Practitioners 16

Insights Unveiled

FINDINGS FROM OUR RESEARCH REPORT

Thinking about the Reasons Why Investors Engage

UNDERSTANDING THE PURPOSE OF DIALOGUE

Information Gathering:

Investors seek facts and information to inform their assessment of the company and / or the broader industry or wider market.

Strategic Dialogue:

Investors seek to understand how effectively company is executing against its stated strategy and investor expectations.

Challenging Discussions:

Investors raise concerns to assess whether a company is managing risks and addressing challenges effectively.

Thematic Engagement:

Investors undertake targeted discussions and assessments related to their specific thematic priorities.

Characteristics of the Relationship

ESTABLISHING A COMMON UNDERSTANDING



THE INVESTOR FORUM

1

The investor-company relationship is built on robust foundations

2

No two investors or companies are the same

3

Strong relationships underpin quality dialogue

4

Language matters when talking about ESG and sustainability

5

Clearer reporting is part of the journey, not the final destination

6

Meeting stakeholder needs presents inherent challenges

7

Technology and sustainability evolve at an accelerated pace

8

Incremental changes can wield substantial impact

9

Best practice is rapidly adopted in a competitive market

10

Understanding the purpose of dialogue

Overview of the Different Dialogues



THE INVESTOR FORUM

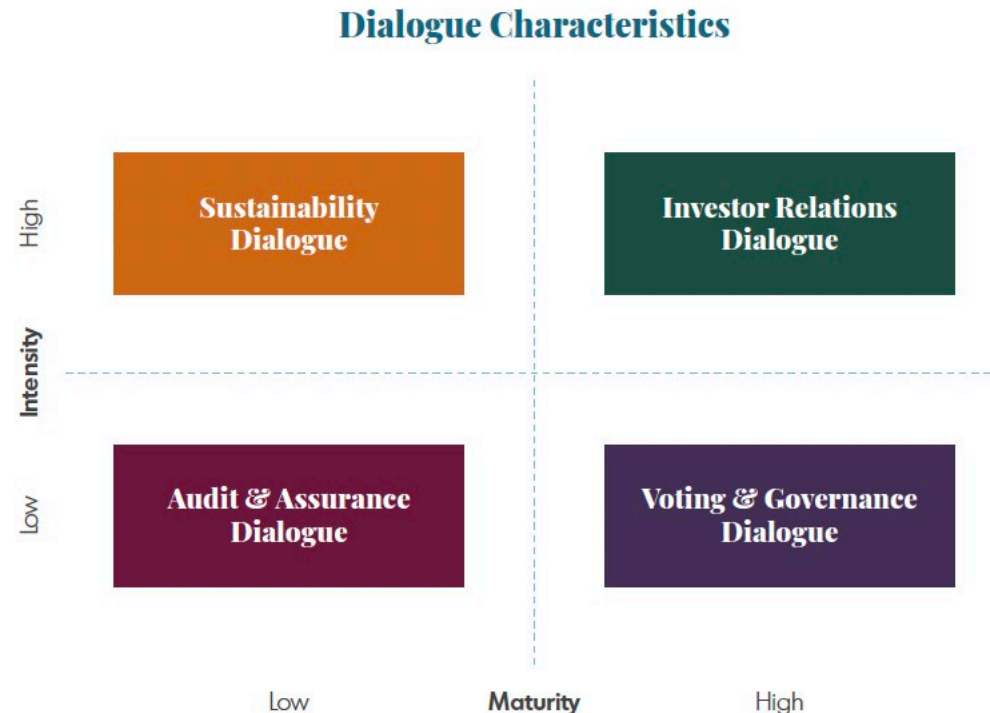
MATURITY AND INTENSITY OF RELATIONSHIPS

Navigating complexity

Rapidly evolving due to increasing significance. Dialogue being reshaped by shifting regulations, diverse stakeholder expectations and emerging technology.

Integrity is the linchpin

Much less established. With increasing focus from regulators and wider stakeholders, need for further understanding. Focus on meaningful, not simply routine dialogues



Expertise is vital

Well established and well formed, marked by strong relationships. Important to differentiate between engagements for information and those focused on value creation.

Consistency is crucial

Traditionally clear and focused. Shifting landscape due to emerging climate and ESG concerns, pressure from asset owners and influence of proxy advisor, emphasises need to increase effectiveness.

Dialogue and Discovery

INSIGHTS FROM PARTICIPANT DISCUSSIONS

What We Learned



THE INVESTOR FORUM

SUMMARY OF SOME OF THE SHARED DISCUSSION POINTS

"This forum provides a safe space for reflection and discussion between companies and investors. An important dialogue took place today. "

"These dialogues between investors and companies acknowledge an overdue conversation and are a valuable reminder of the need for collaborative problem-solving."

"We have more in common than there are differences. There are strong foundations in place. "

"There is huge potential for incremental changes to deliver improvements and yield significant impact."

"Language is so important when discussing ESG & sustainability to ensure understanding and alignment - both within our own organisations, and externally when we talk to one another."

"Who's going to pay for the transition? This hasn't been resolved. The investment and timescales needed to transition sustainably create tensions between investors & companies."

What We Learned

SUMMARY OF SOME OF THE SHARED DISCUSSION POINTS



THE INVESTOR FORUM

Investor Views

"It's important to frame the dialogue, and centre the relationships, on the business and its uniqueness. Companies know their businesses better than anyone else. They should take a bolder stance in proactive communication, and not just tell investors what they think they want to hear."

"We must not underestimate the importance of solid relationships and ongoing stewardship (which goes beyond just voting) to align interests and enable effective collaboration."

Company views

"Authentic dialogue builds relationships and is so critical in a sea of data overload and uncertainty. We need a clear purpose and focus on materiality to build trust."

"It's important to recognise the inadequacy of resources available to meet reporting and disclosure requirements. Both companies and investors need greater prioritisation."

"I urge investors to focus on proportionality and the 'spirit rather than the letter' - especially when it comes to things like TNFD and for smaller companies with less resource."

Turning Insights into Actions

STRATEGIES FOR IMPLEMENTATION

Actions for Companies



THE INVESTOR FORUM

TOP 10 THINGS THAT INVESTORS WOULD LIKE

1. **Make access easy** - establish a feature on corporate websites for investors to express interest in engaging and to sign up to distribution lists (and maintain a generic IR@plc.com).
2. **Determine the purpose of any meeting** - information gathering, investment decision-making, strategic or thematic engagement - and focus on both specific information needs and attendee expectations.
3. **Tailor communications** to meet the needs of your different audiences – equity, credit, ESG - as each may have different interests and priorities, investment strategies, risk appetite, and long-term goals.
4. **Communicate with authenticity** and straightforwardness in all interactions to build credibility and trust.
5. **Be bold** in crafting and owning your narrative; emphasise your unique value proposition and sustainability journey.
6. **Understand the materiality** of issues for your company. Use this understanding proactively to inform how you address regulatory and reporting requirements.
7. **Align reporting efforts** with strategic objectives to ensure coherence and relevance.
8. **Avoid unnecessary complexity** in reporting by providing clear summaries and linkages. Present information in various formats tailored to the needs of different investors.
9. **Be aware** of the pressure and influence that different asset owners mandate on asset managers.
10. **Don't be offended** if investors don't engage regularly but do ensure that the lines of communication are open and available.

Actions for Investors



THE INVESTOR FORUM

TOP 10 THINGS THAT COMPANIES WOULD LIKE

1. **Make access easy** - set up a corporate access desks to facilitate broader access and coordination across organisation (and maintain a generic contact@ email).
2. **Instigate 'reverse' road shows** to explain structure, approach and key focus areas (e.g. leverage Stewardship reporting) and to provide clarity on key issues of interest for companies.
3. **Create targeted summaries that describe your approach** - one page fact sheets and expectation documents (on specific issues - voting policies, diversity, human rights policy), to complement stewardship reports.
4. **Provide greater transparency** on which funds/strategies are invested in the company.
5. **Encourage joined up meetings** with governance specialists, ESG experts, portfolio managers, and fixed income investors.
6. **Give a consistent message**, so a company hears the same thing from portfolio managers and stewardship teams.
7. **Reinforce the acceptance of prioritising** three or four issues that are relevant to the company's business.
8. **Provide greater clarity** on how you use external rating agencies, data providers and proxy agents.
9. **Engage with companies on key issues** where you seek further understanding, especially reporting needs.
10. **Take the time** to scrutinise the effectiveness of the Audit Committee and the appointment of Audit Committee Chair.

Actions for Investor Forum



THE INVESTOR FORUM

THINGS THAT THIS COMMUNITY WOULD LIKE US TO DO

- 1. Continue this important dialogue** – provide a safe space for companies and investors to come together as practitioners. Facilitate discussions around key issues and focus on developing solutions.
- 2. Promote and share best practice** – promote findings from the dialogues more broadly with different stakeholder groups. Share best practice approaches and tips across the dialogues for investors and companies. Consider producing further ‘top tips’ and insights.
- 3. Build on the Forum’s strong foundations** – improve the effectiveness and efficiency of interactions. Broaden access with less frequent engagers, instigate more group meetings with companies, provide a forum for investors to share their investment and stewardship approaches with companies.
- 4. Explore areas of interest in more detail** – continue to bring together investors and engage with companies on specific topics – such as remuneration, voting, climate, AI & ESG – to improve understanding and seek alignment on challenging issues.
- 5. Influence the broader ecosystem** – represent the combined views of market practitioners – companies and investors by engaging across the ecosystem – regulators, auditors etc. Help increase understanding of how the regulatory landscape will impact the quality of dialogue between investors and companies (e.g. Stewardship Code).

Actions for This Community

THINGS THAT WE WOULD LIKE YOU TO DO



THE INVESTOR FORUM

Participate – get involved

It would be wonderful to see you actively involved in future discussions, events, roundtables to share your insights and views and provide us direction on relevant areas of focus.

Share knowledge and ideas

Please continue to contribute your expertise and knowledge to benefit others in the community. Help us ensure that we are focusing on the areas that will deliver the most value and to share best practice approaches.

Promote and advocate

We'd love your help in promoting the work and insights from this community within your own organisation, and with peers.

Promote well functioning markets

Together, we can influence the bigger picture by leveraging the value from these dialogues with regulators and other stakeholders to ensure that we are rejuvenating the UK equity markets.

Share feedback

Remember, these findings are not static, but a starting point and a foundation to build on. We welcome your feedback on the report, discussions, focus areas and anything else that you think would be relevant and meaningful to improve the focus on long-term value creation

Grow a community of market participants focused on constructive Dialogue and Problem solving

Shaping Tomorrow's Dialogues

BRIDGING THE GAPS BETWEEN COMPANIES AND INVESTORS



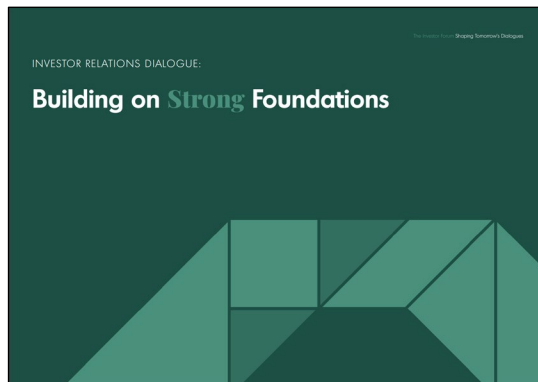
THE INVESTOR FORUM



[Full Report](#)



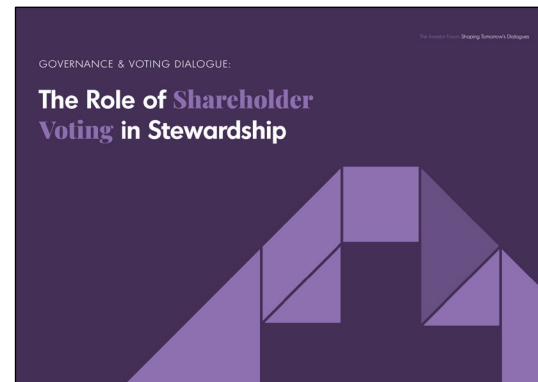
[Executive Summary](#)



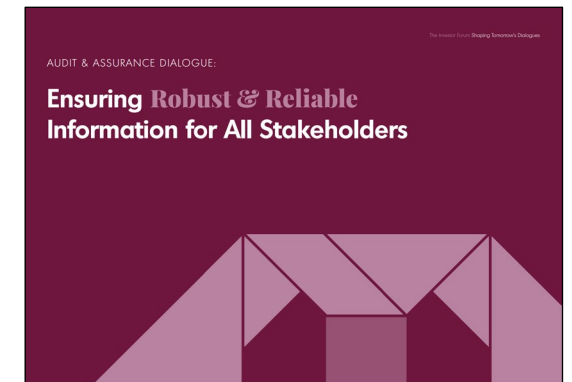
[Investor Relations Dialogue](#)



[Sustainability Dialogue](#)



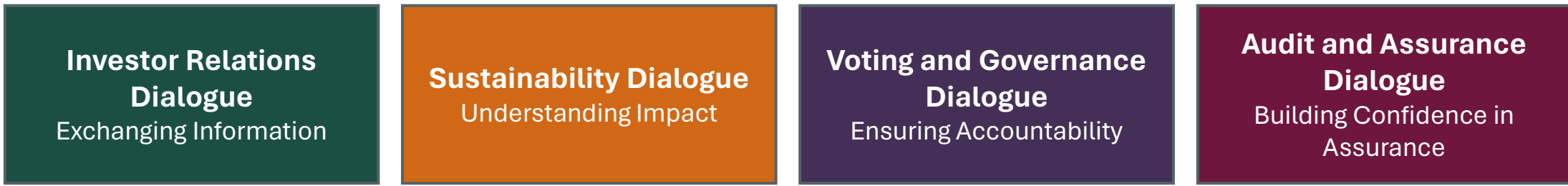
[Governance & Voting Dialogue](#)



[Audit & Assurance Dialogue](#)

Taking a Focused Approach

OUR STRATEGIC PARTNERS AND WHO WE SPOKE WITH



Representatives from the GC100



Corporates

Investor Relations Professionals

Sustainability Professionals or those with responsibility

Company Secretariat

Audit Committee Chairs

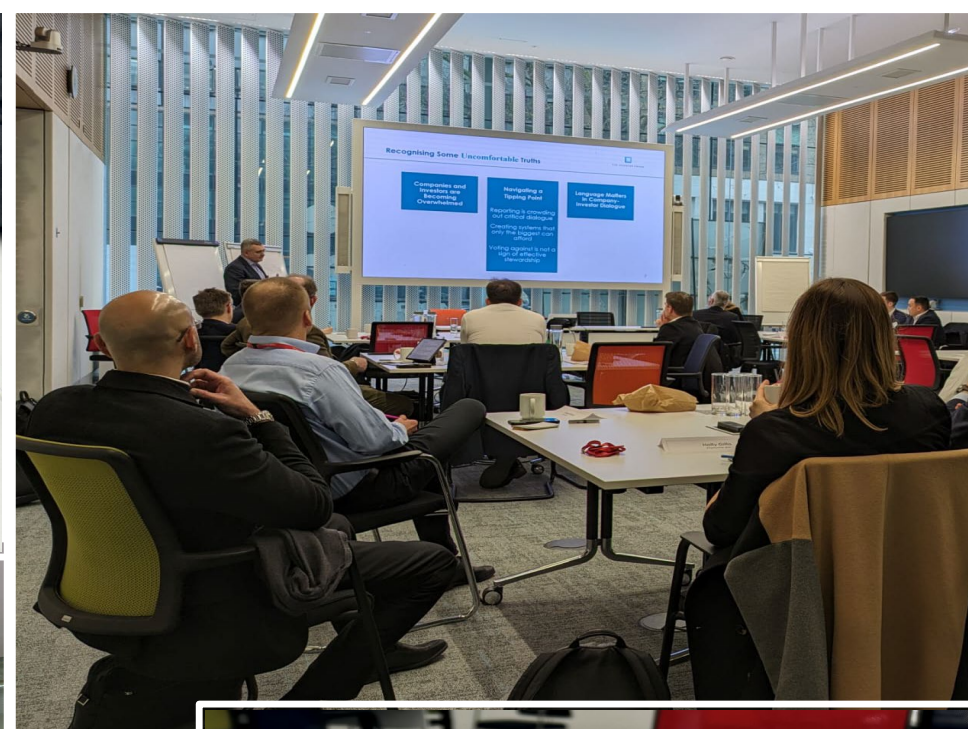
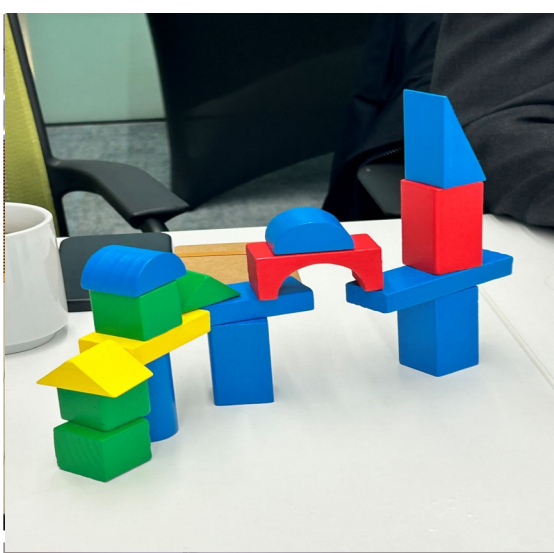
Investors

PM's, Analysts & Stewardship Teams

ESG Teams

Governance Specialists

Portfolio Managers Governance



Thank you for your contribution. We look forward to continuing the dialogue.

sallie.pilot@investorforum.org.uk or info@investorforum.org.uk