



WHAT IS **INCLUSIVE** INVESTOR ENGAGEMENT?

Inclusive investor engagement refers to the practice of actively involving a diverse set of investors in dialogue, decision-making, and the sharing of information. This goes beyond just focusing on major institutional shareholders to include retail investors, socially responsible investors, and other stakeholder groups. The goal is to create an environment where different voices are heard and considered, which not only fosters transparency but also could lead to better corporate governance and long-term value creation.

ENGAGEMENT

The interaction and two-way dialogue between company representatives (generally the chair, CEO and CFO accompanied by the company secretary and investor relations officer) and a company investor or investors. Often the engagement takes the form of a physical meeting within an office setting but can also be via video conference or hybrid format of physical and video conference. The engagement can be either one-to-one, or with a group of investors, depending on the matters being discussed and any regulatory requirements.

DEFINITIONS

Retail shareholder: an individual who owns company shares either directly (registered) or indirectly through a nominee, broker or platform.

Individual investor: An individual investor is often also referred to as a retail investor. An individual investor is a person who invests their own money in pension funds and mutual funds. In this white paper, when referring to 'individual investors', we include in this term the 23 million individuals who own shares either directly or indirectly through a nominee, broker or platform.

Beneficial shareholder: The ultimate beneficiary of an investment in a company that has been made through a nominee, broker, platform, pension fund or mutual fund.

Registered shareholder or nominee shareholder: A nominee shareholder acts as a legal and unrelated third party, who is officially registered as the holder of shares on behalf of the actual shareholder.

Sophisticated investor: A person who meets the requirements set out in article 23 of the Promotion of Collective Investment Schemes Order, in article 50 of the Financial Promotions Order or in COBS 4.12.7 R.

Quarterly roadshow engagement: The standard set of meetings undertaken by the company's CEO and CFO with their investors (usually their top five to 20 institutional investors) immediately after the company's quarterly and annual results. The CEO and CFO will either host the one-to-one meetings at their offices or at their investors' offices.

Share register: A statutorily required list of all the registered, legal holders (often nominees) of shares in a company, which is maintained by the company and its share registrar.

Share register analysis / shareholder ID: The process of securing the list of investors that sit behind the registered, legal holders on the share register, comprising fund managers and beneficial holders. In the UK, share register analysis is generated by serving section 793 disclosure requests to nominees under the Companies Act 2006, requiring the nominees to disclose the underlying holders for whom they hold shares. The underlying holders are often institutional fund managers who manage positions on behalf of beneficial shareholders. The s793 disclosures are analysed and the data assembled into a detailed report that companies use to keep track of their top shareholders and running shareholder engagement programs. As the share register analysis only captures the largest shareholders, retail shareholders are often overlooked. Specialist investor relations firm undertake monthly or quarterly register analyses for companies.

Proxy vote reconciliation: The process of identifying the investors behind the nominees who instructed a proxy vote at a company shareholder meeting.