



# THE INVESTOR FORUM

STEWARDSHIP & STRATEGY FORUM  
PRIMER



# Stewardship & Strategy Forum

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## Purpose

To enhance communication and understanding between company boards and institutional investors and position stewardship and strategy at the heart of investment decision making.

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## Context and Rationale

During 2015, the Investor Forum met with a large number of institutional investors and many FTSE100 Chairmen. As we discussed how companies and investors fulfil their stewardship responsibilities, it became clear that there is an opportunity to develop a more integrated dialogue at set-piece events and meetings with shareholders. Many felt that:

- Capital Markets' Days are increasingly dominated by sell-side analysts and a focus on short-term financial performance.
- Annual invitations for investors to meet with company Chairmen are often not accepted when companies are perceived to be performing well, despite Chairmen reporting that major issues often needed to be addressed.
- Governance events are frequently dominated by a focus on remuneration or AGM proposals, rather than wider governance, reporting or strategic developments.

The Stewardship & Strategy Forum is the Investor Forum's response to these challenges.

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## Objectives

Create a proactive and integrated framework for dialogue which combines the stewardship and strategy agendas in one conversation.

- Bring together key board members, executives, investment decision makers & governance leaders.
  - Enable shareholders to evaluate the contribution of the Board and the Executive in constructing, controlling and executing strategy.
  - Provide an opportunity for the Board to demonstrate how it seeks to enhance franchise value for the benefit of shareholders and broader stakeholders.
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## Operation

A Stewardship & Strategy Forum can be used in different ways:

- As a cornerstone event as part of a company's ongoing IR and governance programme. This will be particularly relevant where a company has undertaken major changes that need to be explained in a coherent way to shareholders; for example, changes in strategy, financial reporting, governance, succession or sustainability.
  - It can also be incorporated as part of a collective engagement process, where the investor Forum would help create an integrated and bespoke agenda to reflect the prevailing circumstances. In this context, the event will often mark the culmination of the engagement process and changes made by the company.
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## Investor Forum Role

The Forum will act as market-wide source of best practice and guidance for such events by:

- Providing practical assistance and advice to companies arranging the events.
  - Helping to tailor the agenda and facilitating shareholder feedback before and after.
  - Co-hosting and/or arranging a sector-wide or thematic event.
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# Indicative Meeting Agenda

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## The Stewardship Agenda

Company attendees: Chairman, Non-Executive Directors and the Company Secretary

Each company will wish to structure its agenda in its own way, taking account of its specific business context and circumstances. However, the Agenda should be structured in a way that provides information on, and facilitates debate in, the following areas.

1. **Corporate Governance:** an explanation of how the composition and organisation of the company's governance structures support the achievement of the company's objectives. Example topics:
  - a. Chairman's address, including Board composition and effectiveness
  - b. Succession planning
  - c. Culture
  - d. Stakeholder and ESG management
  
2. **Financial Reporting, Audit and Risk Management:** taking account of key accounting judgements and the audit and risk control framework, an explanation of how a true and fair view of the entity's financial position is provided. Example topics:
  - a. Audit Committee address
  - b. Principal risks and uncertainties
  - c. Key performance indicators
  - d. Business targets, including non-financials measures

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## The Strategic Agenda

Company attendees: Chairman, Executive Directors, Company Secretary and IR

3. **Strategic Management:** consideration of how the entity intends to generate and preserve value over the long term. Example topics:
    - a. Long-term Strategy
    - b. Objectives
    - c. Business model
    - d. Operational execution
  
  4. **Franchise value:** discussion of the key drivers of long-term business performance. Example topics:
    - a. Analysis of performance position and competitive advantage
    - b. Board oversight of capital allocation and balance sheet management
    - c. Human capital
    - d. Trends and factors
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[www.investorforum.org.uk](http://www.investorforum.org.uk)

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