



# THE INVESTOR FORUM

COLLECTIVE ENGAGEMENT FRAMEWORK

# Collective Engagement Framework

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## **Our Purpose:**

Position stewardship at the heart of investment decision making by facilitating dialogue, creating long term solutions and enhancing value.

## **Our approach:**

- Value-driven: we base collective engagement on economic rationale
  - Discreet: we avoid unnecessary public confrontation
  - Safe: we limit the legal and regulatory risks
  - Constructive: we identify solutions
  - Methodical: we have a consistent and robust process
- Best practice: we enhance stewardship by investors and boards alike

## **Collective Engagement Framework**

Following consultation with institutional investors, leading UK companies and with the support of a panel of leading law firms, the Investor Forum has developed an engagement framework to help facilitate the process of dialogue.

This framework enables us to facilitate comprehensive, proactive collective engagement between companies and investors. The intention is to address mid- to long-term issues at an early stage to broker solutions that enhance and protect value. This process will typically be initiated where shareholders consider that the long-term value of a company is at risk. It will often represent a natural escalation of members' individual engagement processes.

### **1. Initiate an Engagement**

- Any member with a shareholding in the company concerned can request initiation of an engagement.
- London-listed companies themselves can also request initiation of an engagement.
- Prospective engagements can be raised by contacting the Executive Team directly or by emailing [initiate@investorforum.org.uk](mailto:initiate@investorforum.org.uk), providing a summary analysis of the rationale for engagement
- If required, we can preserve the identity of the originator when consulting with other shareholders.

## 2. Facilitate Dialogue

- **Engagement Principles**

We will consider whether the engagement is consistent with the Investor Forum's principles:

- Does the engagement complement existing action taken by investors?
- Is it proactive and grounded in economic rationale?
- Is there a long term focus?
- Is there a constructive solution?

- **Shareholder Mandate**

We will:

- Contact individual members that are top 20 shareholders to assess whether an engagement would be welcomed, and then invite the participation of all members, as appropriate.
- Evaluate and summarise the level of interest and areas of concern among shareholders, and assess whether there sufficient support to proceed.

- **Safe Environment**

We will determine whether there a safe, sound and confidential basis to proceed.

- Is the approach consistent with the Investor Forum Code of Conduct?
- Do investors need to sign specific confidentiality agreements in connection with the engagement?
- Can the the engagement be constructed so as to minimise the possibility of material non-public information being disseminated or being created by the engagement? (The Executive will not knowingly transmit MNPI to a member in respect of an engagement without the express prior consent of that member.)
- Does the approach comply with:
  - Takeover Panel Rules
  - The City Code
  - Insider Dealing and Market Abuse Regimes
  - Related International Laws and Regulations

## 3. Create Long-term Solutions

- **Develop an Engagement Strategy**

We will:

- Decide on an approach, considering:
  - the asset owner perspective
  - smaller shareholders (e.g. outside of the top 20 or below 0.5%)
  - tailored non-member participation.
- Consider research provision and briefing papers.
- Synthesise and feedback views to all participants .

- **Finalise Engagement Strategy**

We will:

- Agree investor participants and final engagement approach.
- Agree timetable, milestones and outcomes, including parameters of engagement and basis on which engagement would be completed.
- Agree communication strategy, confidentiality requirements and process for handling and, if necessary, disclosing any MNPI.
- Agree cost-sharing of legal and/or other third party advice, where required.

#### **4. Enhance Value**

- **Initiate Engagement Strategy**

We will:

- Enter in to formal company dialogue, through letter correspondence and meetings with the Board and Executive.
- Structure conversations around:
  - Governance
  - Leadership and succession
  - Strategy
  - Performance
  - Reporting and Communication
  - Capital Management
- Invite further investor discussion and provide feedback.
- Create the opportunity for collective company meetings, perhaps in the format of a Stewardship & Strategy Forum.
- Facilitate additional stakeholder dialogue.
- Conduct a post-meeting evaluation.

#### **5. Evaluate outcomes**

We will:

- Consider whether the engagement's objectives have been met.
- Determine, in consultation with the company and engagement participants, what can be reported to the wider Forum membership and/or public.



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[www.investorforum.org.uk](http://www.investorforum.org.uk)

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