INFORMED

PROMOTING EXCELLENCE IN INVESTOR RELATIONS

ISSUE 115: SUMMER 2022

ir society

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The IR Society member journey

Effective rhetorical devices

The debate over ESG

ir society

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A broadened board

Late June saw the return to an in-person IR Society Annual Conference for the first time in three years. Despite the train and tube strikes that occurred that day, it was a tremendous success with several hundred delegates gathered together at Kings Place. The line up of speakers, keynotes and panels was as good as I can ever remember and the content was fantastic. So many insights into a range of issues and practical takeaways to make us all better at our jobs. I'd like to say a huge thank you to the entire team who put the event together, especially Rob Gurner and his conference committee. A huge effort by them all and much appreciated.

June also saw our AGM. Again, we had a great turnout at Orient Capital's offices in the City (I always knew IR professionals loved a bit of corporate governance!). The AGM was the opportunity for us to formally add our new board directors. All four of them bring a wealth of knowledge and experience from various aspects of the IR profession, be it corporate IR, broader finance, financial communications, advisory or corporate broking. We wanted to ensure that the appointments we made reflected the diversity of our profession in as many ways as possible, and helped future proof the board for the years to come – and I hope and think we've achieved that. I welcome Bethany, Holly, Matt and Rob and look forward to working with them.

The AGM also marked the retirement of Sallie Pilot from the board, after 10 years of fantastic service. Sallie has contributed enormously to the Society in that time in a range of ways both big and small. We will miss her insight, support, challenge and ideas around the board table – but know she will never be far from the Society.

Authenticity

In this quarter's *Informed* you'll find a special feature on the 'E' of ESG. As the ExCo lead on sustainability at British Land, I know well the degree to which these issues have rocketed up the agenda for all our stakeholders, whether that's investors, customers or our own people. Effectively communicating an authentic ESG strategy, that's genuinely embedded in how you do business, has never been more important, and IR teams have a vital role to play in doing just that. I am sure you'll find the content useful as you navigate this within your own businesses.

I hope you all have a great summer and manage to get some time off.

David

David Walker is chair of the IR Society
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The Society prepares for hot and busy days ahead

After a successful conference in June, the IR Society team is working on a full and active agenda for the rest of the year, as **Laura Hayter** reports.

As I write, the mercury is rising and it looks like we are in for a few weeks (hopefully) of beautiful summer weather.

Reflecting on the recent IR Society annual conference in June, we were delighted to welcome the IR community back in person to Kings Place in London. Despite the ongoing trials and tribulations of London transport, many made a valiant effort to get there on foot, bicycle or even a Boris bike, which is testament to the spirit of the IR community and quality and content of the speakers.

With Evan Davis once again hosting the day of keynote, panel and breakout discussions, we were delighted with the turnout and the feedback we received for our return to large-scale in-person events.

Much of the content and discussion coming out of the conference was very timely given the good work the Society's policy committee is conducting, with the swathe of ESG discussion papers and consultations that are coming down the track.

We recently responded to the SEC consultation on proposed climate-related disclosures, and will shortly be submitting our comments the Transition Plan Taskforce (TPT), as well as the International Sustainability Standards Board (ISSB) at the end of July, among other consultations in the pipeline.

> "We are encouraged by the number of course registrations"

Laura Hayter is CEO of the IR Society.
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Do turn to page 12 for a full run-down of industry news; also, as a member, you should receive our very comprehensive Policy Roundup from Liz Cole every month.

Best Practice Awards

As we consider the evolving role of IR and the growing integration of sustainability into investor communications we are now busy taking entries for our annual Best Practice Awards. The best practice committee has worked hard this year to ensure the awards remain relevant and reflect current best practice and any changes in regulation.

You can find a full round-up of the awards categories on page 21 and what we look for each of the awards categories. Furthermore, this year in recognition of the good work that private companies are doing in their sustainability communications, we have created a separate award for this category of company.

New team

In other news, our new executive team members appointed at the start of the year have settled well into their respective roles working seamlessly alongside the rest of the team – Rob, Rebecca, Tara and Alina – here at Coleman Street.

In addition to the busy role of policy that Liz Cole has taken on as mentioned above, Christina Warren has delivered her first annual conference and is now focusing on preparations for the Best Practice Awards dinner on 21 November. We have a change of venue this year and look forward to welcoming you all to the Landmark, Marylebone.

Matt David, who joined us at the end of March has been working hard on marketing our professional development courses. We are encouraged by the number of registrations for rest of the year and our mix of in-person and online courses is being well received. With the support of the education committee we will be looking at some new initiatives in the coming months, so watch this space!

Finally, we will be very sorry to say goodbye to Rebecca White at the end of August, as she leaves us for pastures new. Rebecca joined us six years ago as an apprentice and has been instrumental in supporting and growing the membership in that time.

Furthermore, she successfully passed the CIR in 2019! She will be very much missed, having been so integral to all the team successes and we wish her all the best. ■

Getting maximum value from your membership

The IR Society provides a wealth of benefits to its members. Here, **Rebecca White** shares the 'member journey' as a way of navigating your way through what is on offer.

As a member of a professional body it can sometimes be tricky to keep track of all of the different benefits that membership entitles you to, and what you should be doing at different stages of your membership.

To try to simplify this, we have created a sample journey through your first five years of membership, to give you an idea of what you should be doing at every stage to maximise the value to you as a member. This framework will give members an idea of how they can get more involved with the IR Society and how to make the most of the range of membership services; from developing your career to contributing an article to *Informed* – there are lots of ways in which you can enhance your network and knowledge.

Rebecca White is membership development officer at the IR Society.
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Making the most

Our member journey will help to remind you of all the benefits you receive as a member of the IR Society. We recommend that you regularly check our knowledge bank in our members-only area of our website. The knowledge bank gives you access to a whole range of categorised IR resources, including our suite of Best Practice guidelines and our event archive.

If you are a new or existing member and you are not sure where to start to access your benefits, then our member journey will help point you in the right direction. Even though this is a five-year plan, you can do anything on this journey at any stage of your membership.

See the journey on the following two pages, and download it from our website.

If you would like to find out more about making the most of your membership, then please do contact us at any time!

New members

To find out more about membership, please contact Rebecca White at rebecca.white@irsociety.org.uk

The IR who joined from April to July 2022.

Ayeesha Aliyu – Seplat Energy
Jessica Anderson – Virgin Wines
Ato Arku – Ecobank Transnational Inc
Louis Ashe-Jepson – Walbrook Pr
Mark Blythman – Dr Martens
Laura Brangwin – Endeavour Mining
James Brown – WTV Global
James Caddy – Pearson
Elena Cargnello – Morrow Sodali
Kenny Chase – AkzoNobel
Martyn Childs – Currys
Reece de Gruchy – Croda
Catherine Douglas – Morrow Sodali
Rupert Forsyth – abrdn
Joana Gomes – SES
Holly Grainger – Aston Martin
Matt Hall – Credit Suisse
Anthony Hamilton – WPP
Edward Hann – IMI
Naomi Hawkins – Black Sun
Jana Jevcakova – Morrow Sodali
Emma Jones – Braemar Shipping Services
Claire Kane – Natwest
Mariam Koyava – Savvy
Irina Logutenkova – Snow Hill Advisors
Oliver Mann – Pendragon
Alexander Mayer – London & Wiltshire
Aleksandar Milenkovic – InterContinental Hotels Group
Antonio Moretti – Conduit Re
Luke Murphy – TPXimpact Holdings
Charles Nelson – Morrow Sodali
Ugochukwu Obi-Chukwu – Nairametrics
David Ovington – Rio Tinto
Rishi Pabari – Icon Infrastructure
Clare Peever – Rio Tinto
Tabitha Perry – Long Harbour
Ana Pita da Veiga – Royal Mail
Simon Presswell – Proactive Investors
Max Robinson – Bunzl
Ana Rose – Currys
Andrew Ryan – Diageo
Christian Sealey – Morrow Sodali
Bhavin Shah – Independent
Mala Shah-Coulon – EY
Nish Sivarajan – Foresight Group
Peter Spalding – Savannah Energy
Andrew Stevenson – Morrow Sodali
Dami Tanimowo – HomeServe
Laura Taylor – Admiral
Gillian Tiltman – Iron Mountain
Fahad Waked – Al Shawaf Int. Co.
Jennifer Walmsley – Dentons Global Advisors
Robert Woolley – Foresight Group
Simon Wright – IG Group

The IR Society member journey

YEAR 1

Read the **New Member Welcome Pack**, **Benefits of Membership** and **Code of Conduct** documents

Access content online via our Knowledge Bank including recent issues of *Informed*

Meet the IR Society executive team

Attend the Annual Conference

Join a webinar

Attend the Introduction to IR and Financial Markets course

Come along to a Senior IRO dinner or IRO lunch*

Come along to an event

Attend the Awards Dinner

Register for the CIR

YEAR 2

Attend more live events

Join the mentoring programme

Attend the Annual Conference

Bridge any IR skills gaps by attending Core courses

Regularly attend Senior IRO dinners or IRO lunches*

Attend the Awards Dinner

Refresh your knowledge with our Best Practice Guidelines

Attend the Demystifying Company Accounts course and the IR Regulation and Compliance course

Attend networking events

Everyone's membership of the IR Society is slightly different, and it can be tricky to remember all of the benefits of being a member. Whether you are brand new to IR or an experienced IR professional, this infographic guides you through the first few years of membership to ensure you maximise your benefits to the fullest! And remember, this is only a suggestion – you can choose when it's the right time for you to do any of the activities shown below!

Member insights

Shalini Jayaram

In this *Informed* series, the IR Society asks members for their career insights and what they gain from membership.

Tell us a little about your background – what were you doing before you moved into IR?

I recently pivoted into IR after 15 years in banking. I spent the last 15 years at Goldman Sachs as an FP&A business partner for various businesses within the investment banking division. I achieved the ICIR at the end of last year, this combined with my banking experience has set me up well for a career in IR. I am very excited about my transition to IR and what is to come.

How long have you been a member of the IR Society for?

I have been a member of the IR Society for over a year now. I joined as a member in Spring last year and I have to say, it's been fulfilling in every way possible.

Why did you decide to join the IR Society as a member? What was you hoping to get out of membership?

So, this time last year, I was at crossroads in my career, and I had been contemplating a move into IR for a while. I was looking to join an organisation that would be a one stop shop to give me a good grounding in the fundamentals of IR and help launch my IR career. When I spoke with various members of the Society and got a better understanding for what the Society had to offer, it was exactly the thing I was looking for to start my IR journey. I wanted to develop my IR skills, gain a professional IR qualification and build an IR network.

Would you say it has worked out the way you expected?

I have to say, it has exceeded my expectations in a lot of ways. I have upskilled myself, I am more knowledgeable about the profession, I have connected with like-minded people and there is a real sense of belonging to a community of IR professionals. I have been able to expand my IR network, and everyone has been really forthcoming with helping me through this journey of launching myself into a career in IR.

Shalini Jayaram is a former executive director at Goldman Sachs.

> “I have connected with like-minded people and there is a real sense of belonging to a community of IR professionals”

Could you elaborate on a specific area that you have found useful?

I would say there are a couple for me, I have found the networking events extremely helpful. They are a great way to meet other professionals across industries in a very casual, laid-back environment. It's a great opportunity to meet, learn more about IR from other professionals and get different perspectives on various IR related topics and themes. The webinars and professional development courses have really enhanced my knowledge too. The content is current and relevant and again, another opportunity to meet like-minded people representing various industries.

What would you say to anyone thinking of joining?

Don't over think it – just do it. The membership is beneficial to anybody in the profession, irrespective of how experienced or whatever stage you are at in your career. It has something to offer to everybody.

The more you put into it the more you get out of it! ■

Please contact Rebecca White if you have any questions on 020 7379 1763 or rebecca.white@irsociety.org.uk – and visit www.irsociety.org.uk for the latest news, events and opportunities.

ESG reporting tops the agenda

In her latest summary of key IR industry developments, **Liz Cole** highlights recent progress on sustainability and governance guidance and regulation.

Whilst recognising the challenges posed by current world events and associated sanctions, on which the Society published some ‘best practice’ guidance back in March, sustainability issues remain top of the agenda, pervading most sessions at the WEF in Davos in May. Much progress has been made since COP26 back in November 2021, with multiple international consultations on climate- and wider sustainability-related disclosures by the International Sustainability Standards Board (ISSB), SEC and EU.

The Society responded to the SEC’s proposal for climate-related disclosures, calling on the SEC to avoid duplicative reporting for foreign issuers. In Europe, the Corporate Sustainability Reporting Directive (CSRD) has finally been agreed, which will require companies to disclose their impact on people and the planet, and which will have extra-territorial reach and is thus likely to affect most large UK businesses that do business in or with the EU.

Biodiversity also continues to rise up the agenda, with the Taskforce on Nature-related Financial Disclosures (TNFD) issuing the second Beta version (v0.2) of their framework, which is aligned with the approach and language of the TCFD.

Liz Cole is head of policy and communications at the IR Society.
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IR INDUSTRY NEWS

Closer to home, the UK’s ‘Transition Plan Taskforce’ (TPT) has issued a call for evidence on a Sector-Neutral Framework for transition plans, which it is proposed will be required to be disclosed by listed companies (and financial institutions) from 2023.

Moving on from environmental matters, the FCA has issued new rules to boost disclosure of diversity on boards and executive committees, and the latest report from the Parker review shows good progress is being made on ethnic diversity. In light of the FRC’s damning report on modern slavery, the Queen’s Speech hailed a new Modern Slavery Bill which is expected to strengthen the requirements on annual modern slavery statements covering operations and supply chains. The FRC has also issued some guidance on supply chain risks and associated reporting, and the FRC’s latest report in its series on corporate culture focusses on ‘corporate purpose and ESG’.

In other news, the FCA are proposing changes to the Listing Regime to make it more effective and competitive, to attract more high quality, growth companies, give investors greater opportunities and build on last year’s success (which was the best year for raising investment for listed companies since 2007).

The government has also finally responded to the BEIS consultation on corporate governance and audit, proposing a wider definition of PIEs and new corporate reporting requirements (including a resilience statement and audit and assurance policy (AAP)).

ISSB consults on sustainability and climate disclosure

The ISSB has issued its first two proposed standards to develop a global baseline of sustainability disclosures for the capital markets. One sets out general sustainability-related disclosure requirements and the other specifies climate-related disclosure requirements. Comments are due by 29 July 2022.

The exposure drafts build on the TCFD recommendations and incorporate industry-based disclosure requirements derived from SASB Standards. When the ISSB issues the final requirements, they will form a comprehensive global baseline of sustainability disclosures designed to meet the information needs of investors in assessing enterprise value.

The ISSB is working closely with other international organisations and jurisdictions to support the inclusion of the global baseline into jurisdictional requirements.

IR Society updates best practice guidance …

The IR Society published updated ‘best practice’ guidance to help members in response to the current uncertainty and instability arising from recent world events and the wide range of financial sanctions imposed in response, setting out the issues and implications that IROs should consider.

… and responds to the SEC on climate disclosures

The IR Society responded to the SEC consultation on proposed climate-related disclosures, calling on the SEC to allow the use of the ISSB climate standard to meet

TNFD framework on nature loss disclosure

The Taskforce on Nature-related Financial Disclosures (TNFD) has issued the second Beta version (v0.2) of its framework. In recognition of the interlinkages between climate change and nature loss, the beta framework includes disclosure recommendations aligned with the approach and language of the climate-related guidance developed by The Task Force on Climate-related Financial Disclosures (TCFD).

The framework also adopts the same four-pillars developed by TCFD, which the TNFD hopes will accelerate a shift towards integrated sustainability reporting combining climate- and nature-related risk disclosures.

The UK government supports the TNFD, which is aimed at helping to shift the flow of global capital towards more nature-positive outcomes. TNFD's proposed Technical Scope recommends defining nature to include both living and non-living nature, and its diversity. Non-living nature encompasses soil, water and air, as well as minerals, in cases where mineral depletion affects the health of ecosystems.

the requirements of the SEC's proposed rule for foreign issuers such as Form 20-F filers and companies with ADRs (American Depositary Receipts).

This would be especially beneficial for those whose home market is likely to require the ISSB standards (like the UK), as it would avoid the need for duplicative reporting.

EU sustainability rules affect non-EU companies

The terms of the Corporate Sustainability Reporting Directive (CSRD) have finally been agreed, which will require companies to disclose their impact on people and the planet.

This will impact on non-European companies that generate over €150 million turnover in the EU, large EU subsidiaries with 250 employees and a €40M turnover, and on those doing business with EU counterparties as they will request data to fulfil their own due diligence and reporting obligations.

The supporting draft European Sustainability Reporting Standards (ESRSs) are out for consultation, which would require disclosure of an entity's 'material impacts, risks and opportunities' across the full range of sustainability matters: environment, social, governance and cross-cutting standards. These standards include the concept of double materiality, requiring consideration of the impact that the company has on sustainability matters (so-called 'inside-out'), and of how sustainability matters affect the company ('outside-in'), when evaluating material issues.

These proposed ESRSs adapt, combine and/or reorganise the other existing sustainability reporting frameworks and metrics, which could make alignment and compatibility with those existing frameworks much more challenging.

Disclosures will be made in a dedicated section of annual reports and must be independently audited. Comments are due by 8th August.

UK Transition Plan Taskforce launched

HM Treasury has launched the UK Transition Plan Taskforce (TPT), which will build on existing work, including the TCFD recommendations and the ISSB Exposure Drafts, and has issued a call for evidence on a sector-neutral framework for transition plans, which it is proposed will be required to be disclosed by listed companies (and financial institutions) from 2023.

The consultation asks for feedback on possible tensions between entity-level decarbonisation and economy-wide decarbonisation goals, the international context and the content of a 'gold standard' transition plan, including how prescriptive it should be, where transition plans should be disclosed and whether to require standardised data and metrics to communicate ambition and measure progress.

Corporate purpose and ESG – FRC report

As part of the FRC's ongoing project on corporate culture, it has published its latest report on Corporate Purpose and ESG, intended to showcase some of the actions leading companies are taking to better communicate their culture and link it to their strategic objectives.

Key takeaways include:

- purpose requires activation and embedding across the value chain of a business through leadership action;
- purpose requires higher levels of disclosure and transparency in reporting by setting the context and joining up across the organisation; and
- if aligned with the strategy and embedded across the organisation, ESG can help to strengthen the resilience and boost competitiveness on the business as well as access to capital.

SEC aims to tighten up SPACs

US listings by way of a business combination following the IPO of a Special Purpose Acquisition Company (SPAC) and a private operating company have become an increasingly popular alternative to the traditional IPO. However, the SEC has proposed new rules that seek to level the playing field between going public by way of a SPAC transaction and traditional IPOs and, in so doing, potentially limit significantly the continued appeal of this recent capital markets phenomenon. If adopted, these public shell companies (formed to acquire a business and take it public without the fuss of the traditional IPO process) would have to provide more investor disclosure, especially about their ownership and performance forecasts, giving SPAC and IPO investors a similar level of protection.

Shortcomings in modern slavery reporting

An FRC research report indicates that too many companies are failing to treat human rights issues in their workforce or supply chain as a principal source of risk or mainstream concern for boardroom discussion.

In annual reports, reporting was found to be minimal, which is consistent with the evidence found of patchy reporting on risk assessment and effectiveness in modern slavery statements, with very few referring to KPIs. Relatively few reported on internal controls linked to the oversight of human rights and slavery in their annual report.

Even fewer gave any information about when and how frequently their modern slavery policies and governance arrangements are reviewed. There was particular criticism of section 172 statements as only a small minority explained the long-term impact of modern slavery on the business. The report also highlights that the vast majority of annual reports fail to discuss modern slavery in the context of principal risks and uncertainties or provide a direct link to the modern slavery statement.

It is therefore no surprise that the Queen's Speech included a new Modern Slavery Bill which is expected to strengthen the requirements on businesses with a turnover of £36 million or more to publish an annual modern slavery statement to set out steps taken to prevent modern slavery in their operations and supply chains.

> "The vast majority of annual reports fail to discuss modern slavery in the context of principal risks and uncertainties"

New FCA rules will boost disclosure of board diversity

The FCA has finalised its rules requiring listed companies to report information and disclose against targets on the representation of women and ethnic minorities on their boards and executive management.

All listed companies (premium and standard) will be required to report information and disclose against targets on the representation of women and ethnic minorities on their boards and audit, remuneration and nominations committees, making it easier for investors to see the diversity of their senior leadership teams.

The following targets will be introduced on a 'comply or explain' basis, with companies allowed to decide how best to collect data from employees to show they are meeting the targets:

- at least 40% of the board should be women;
- at least one of the senior board positions should be a woman (ie the Chair, CEO, CFO or Senior Independent Director (SID)); and
- at least one member of the board should be from an ethnic minority background excluding white ethnic groups.

The rules will apply to listed companies for accounting periods starting on or after 1 April 2022.

'Sea change' in FTSE 100 diversity – Sir John Parker

The latest report from the Parker review shows almost 90% of FTSE 100 firms are now more representative than five years ago by having at least one director from an ethnic minority background on their board.

"This milestone year showcases the extraordinary sea change within listed companies regarding diversity and inclusion", said Sir John Parker, chairman of the Parker Review Committee.

Progress was also made amongst FTSE 250 companies, who have a separate 2024 deadline to have an ethnic minority director, with almost 130 companies now having met that target.

Government responds on corporate governance

The government finally published its response to the BEIS White Paper. Reforms are proposed in relation to public interest entities, directors' accountability, corporate reporting requirements, auditors and the audit market, and the establishment of the new regulator, the Audit, Reporting and Governance Authority (ARGA). Key reforms include:

- widening the definition of public interest entities (PIEs) to include entities with 750 employees and £750 turnover;
- increased directors' accountability - for internal controls, dividends and capital maintenance,
- new corporate reporting requirements – resilience statement, audit and assurance policy (AAP), and tackling fraud;
- supervision of corporate reporting;
- company directors - FRC/ARGA enforcement powers and clawback and malus in executive directors' remuneration; and
- audit purpose and scope, audit committee oversight and engagement with shareholders, the audit market, supervision of audit quality and the establishment and responsibilities of ARGA.

Further reform of listing regime planned

According to the UK Listing Review, the number of listed companies in the UK has fallen by about 40% from a recent peak in 2008. Between 2015 and 2020, the UK accounted for only 5% of IPOs globally. However, last year was the best year for raising investment for listed companies since 2007. In all £16.9 billion was raised in UK IPOs, including

126 companies listing on the London Stock Exchange.

The FCA is aiming to build on this success with various reforms to make the listing regime more effective, easier to understand and more competitive in order to attract more high quality, growth companies and to give investors greater opportunities, with comments due by 28 July 2022.

Under one of the proposals, the FCA would no longer require companies wishing to list in the UK to choose between a standard or premium listing. All listed companies would instead need to meet one set of criteria and could then choose to opt into a further set of obligations.

These would be focused on enhancing shareholder engagement and be overseen by the FCA.

Mandatory approvals regime for M&A

By way of background, from 4 January 2022, the National Security and Investment Act 2021 (NSI Act) establishes a stand-alone statutory regime for government scrutiny of, and intervention in, acquisitions and investments for the purposes of protecting national security in the UK. 'Notifiable acquisitions' include acquisitions of certain entities in 17 sensitive areas of the economy.*

Under the mandatory notification system, proposed acquirers of shares or voting rights (exceeding certain thresholds) in companies undertaking specified activities in the UK in these 17 sensitive sectors of the economy must obtain government clearance for their acquisition before it takes place.

If the transaction is completed without being approved it will be void (although there is a mechanism enabling retrospective validation) and the acquirer may be subject to criminal or civil penalties for completing the transaction without obtaining clearance.

The new BEIS guidance provides clarification on how the Investment Security Unit will issue notices, orders, monitor and verify compliance, and enforcement and processes.

**Advanced Materials, Advanced Robotics, Artificial Intelligence, Civil Nuclear, Communications, Computing Hardware, Critical Suppliers to Government, Cryptographic Authentication, Data Infrastructure, Defence, Energy, Military and Dual-Use, Quantum Technologies, Satellite and Space Technologies, Suppliers to the Emergency Services, Synthetic Biology and Transport.*

Supply chain disclosure: FRC Lab insight

The Financial Reporting Lab has been exploring supply chain risks and associated reporting. Given its role in creating long-term value for businesses, clear and concise disclosures on supply chains are key for investors who want to understand:

- the context of the supply chain - the size and scope, nature and resilience of the businesses' supply chain, the extent to which sustainable procurement practices are embedded, and the impact on current and future operations, reputation, and brand; and
- the impact of supply chain uncertainties, risks and opportunities on long-term value creation and the actions management are taking to address these.

The report sets out some questions and resources that may be useful for companies to consider in preparing their reporting, with topics including access to raw materials and goods, digital security, outsourcing and weaknesses in infrastructure and legal, ethical and reputational considerations (including modern slavery).

RIP ESG?

As the IR industry focuses on ever-expanding regulatory requirements, **Richard Davies** takes an in-depth look at the growth of ESG and at its increasingly noisy critics.

The first half of 2022 has been a mixed bag for the ESG sector. On one hand, cashflows into ESG dedicated funds remained strong for most of the period. Excitement about the arrival of the International Sustainability Standards Board (ISSB) continued to grow, with the board finally becoming quorate in June. On the other hand, questions have been asked – notably, in some cases, by senior ESG specialists – about the viability and meaningfulness of the current ESG model in the face of a changing geopolitical world and tougher macro-economic conditions. For the West, the world seen through the prism of the Ukraine war seems a very different and much more dangerous place than before – and the impacts of food and energy insecurity resulting from the conflict are real and immediate challenges that, for some, outweigh the future threat of climate catastrophe in terms of current strategy.

If all these issues were not complicated enough, the politicisation of ESG, now viewed by some on the right as dangerously liberal, gathered pace. Mike Pence, a potential 2024 Republican presidential candidate, delivered in May an energy policy speech in Houston that called for states such as Texas to "rein in" the trend for employee pension funds to apply environmental, social and governance principles in their investment strategy. Pence claimed that "capricious new ESG regulations ... allow left-wing radicals to destroy American energy producers from within." In an opinion piece for the *Wall Street Journal* the same month, Pence continued his tirade: "ESG is a pernicious strategy ... ESG empowers an unelected cabal of bureaucrats, regulators and activist investors to rate companies based on their adherence to left-wing values."

While some may wonder why it took so long for conservatives to turn their ire on a sector that considers the social value of corporate activity to be important, Pence's intervention marked a significant challenge to the consensus hitherto that ESG was by default "a good thing". ESG has become the focus of a new culture war that goes way beyond the expected climate change denial pushback from some carbon-based companies.

Richard Davies is managing director of RD:IR.
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IR PERSPECTIVES

> "Many fund managers simply re-labelled their funds as 'ESG' without any change of investment approach"

Woke capitalism

The pandemic-promoted emphasis on the social element of ESG has tipped some in the GOP over the edge. The Republicans are now gunning for 'woke capitalism', which, according to their definition, includes the activities and values of the vast majority of the global financial institutions. Anyone in asset management arguing the case for employee human rights or against modern slavery is by default a 'Marxist' in this hysterical dystopian ideological framing. (One wonders what they would have made of this year's IR Society conference!).

The ESG concept is also under fire from its own proponents, though in a more nuanced way.

Cracks in the ESG hegemony appeared last year, when Tariq Fancy, former sustainability CIO at BlackRock, wrote a fascinating article on Medium.com setting out why the ESG investment industry was actually creating outcomes that were damaging to the purported aims of the sector. The substance of Fancy's argument was that ESG investing by its very scale and nature cannot create the changes in corporate behaviour that are required to create a sustainable business environment – and in fact, it provides a smokescreen that hampers real change. Fancy questioned fundamentally the role of financial services in delivering long-term sustainability.

The cracks widened further in the form of widely reported allegations of greenwashing by both asset managers, desperate to get a slice of the ESG gold-rush, and companies, keen to present themselves as scions of ESG virtue, so as to maintain and attract the capital of the swiftly growing ESG investment community.

With ESG being such a broad concept, turning plain vanilla investment water into trendy ethics-based ESG wine was fairly easy for many asset management firms – and indeed, in the last couple of years, many fund managers simply re-labelled their funds as 'ESG' without any change of investment approach but with the considerable upside of a tranche of potential new investors.

Deaf ears

The invasion of Ukraine by Russia in February this year sharpened minds and attitudes across many areas. The rather conceptual world of ESG was thrown into relief by the very real onset of war.

In May, sector doyenne, Anne Simpson, formerly managing investment director for board governance and sustainability at CalPERS, and newly appointed global head of sustainability at Franklin Templeton, startled many at a sustainability industry dinner in London by announcing that "it's time to say RIP to ESG".

> **"Is it still unethical to invest into companies which will supply the oil and gas that we now refuse to buy from Russia?"**

Her argument for this bold assertion related more to the way that the market currently analyses and reports ESG than decrying good ESG behaviours themselves. Simpson's point was that we need to think more deeply about what ESG means, especially in light of the Ukraine situation. We should get our priorities right and box-ticking alone was not enough as a strategy. ESG should not exist as a separate technical element of corporate life but instead we should place human-based practices left, right and centre in terms of stewardship of capital for both companies and investors.

Unfortunately, we are still at the stage where we have yet to build universally accepted ways of measuring and reporting ESG behaviours. Process often overcomes substance, so Simpson's plea for a more thoughtful qualitative approach to ESG would sadly largely fall on deaf ears in an industry more focused on quantitative auditing and rating, and the building of lucrative investment products thereon.

Ms Simpson's challenge was not as widely reported as that of Stuart Kirk, former head of sustainable investments at HSBC's wealth division. He made the headlines the same month when he argued, at an *FT* conference, that the ESG industry had overstated climate risks to investors, and that human beings would, over time, find ways to counter these risks.

Whatever the veracity of that belief, this challenge to the accepted orthodoxy of sustainability was not well received by the majority of the investment community nor his employer which quickly moved to suspend him. There was, however, support for Mr Kirk from some investors who argued that he had at least incited debate about an issue which had largely become received wisdom in finance over recent years.

The moral maze

At the start of the ESG journey back in the 1990s, the markets concentrated on the governance element, with the very successful creation and adoption of national and international corporate governance standards. The increasingly clear evidence of climate change since the turn of the century spurred on most investors to view sustainability as a central plank of risk management, so there has been increased focus on the environmental element of corporate behaviour since that time. The arrival of COVID in 2020 put the social element of ESG into the spotlight, particularly with regard to companies' treatment of employees in the pandemic, but the areas of focus of the ESG analysts have widened to softer issues such as learning and development.

This is all very dangerous stuff to some, as it emphasises labour over capital, people over profits. The ESG pendulum has been deemed to have over-reached itself.

The Ukraine war and the related transformation of Russia into global pariah has also highlighted some of the conflicts within the ESG rating model. For example, Russian companies that formerly attracted great ESG ratings have been removed from ESG indices. Is a company making weapons to defend Ukraine now a 'good' or 'bad' company from an ESG perspective? Is it still unethical to invest into companies which will supply the oil and gas that we now refuse to buy from Russia? If China supports Russia through the supply of defence or means, then does investment into Chinese stocks fail the ESG test also?

> **"Climate catastrophe remains a very real threat that will outlast the current problems"**

Applying any form of ethical framework to global capital has always been a tough job methodologically but this is now a moral maze. Finding common ethical paradigms is essential, however, given that a large part of the revenue relating to the ESG sector relates to products and services based on taxonomies and ratings.

Help should be at hand in the form of the work that will be done by the ISSB over coming years but that does not answer the question right now about what good ESG should look like and whether the current model is still fit for purpose. European and US regulators are keen to provide frameworks to allow investors to make easier comparisons between ESG funds and to ensure that these funds do what they say on the tin, especially now that greenwashing has been shown to be a widespread market practice.

Cutting down on luxuries

Given rising energy and food insecurity – and Western economies facing potential stagflation due to the combined effects of Ukraine, post-pandemic supply-chain issues and lockdowns in China – ESG and sustainability may increasingly be seen by investors as artefacts of the bull market, luxury items to be ignored if they threaten short-term returns. There is some evidence of this already: *Bloomberg* reported in June 2022 that ESG ETFs suffered their first outflows on a monthly basis in three years, with a net $2bn leaving the sector.

We are at a pivotal moment for the ESG industry. Clearly, companies need to continue to explain their ESG story to the best of their abilities, and IR professionals need to understand the needs and dynamics of the ESG investment community. However, I suspect that by the end of 2022, as market conditions worsen, companies will be encouraged by investors to focus more on their cashflow strengths rather than their ESG credentials.

ESG is certainly not dead and it's not even dying but it is going to have to adapt quickly to the new political situation. The West moving to a permanent war footing with Russia is not the ideal backdrop for planning for net zero but climate catastrophe remains a very real threat that will outlast the current problems.

Social accounting

The idea of a principle-based approach to stewardship of capital is a fine idea but in a business culture of process and audit, where the search for profit remains the key driver of activity, it is difficult to imagine how that ethos can be enacted in practice without some hard numbers being added to the corporate reporting matrix to explain the benefits of good ESG behaviours. The development of global ESG accounting standards is, therefore, very welcome at this time, although a universally accepted framework will take years to build, especially in the more qualitative areas of ESG. The concept of social accounting has been around since the 1960s but it failed to gain traction due to the complexities of its terrain. Given the considerable weight that has been put to the new accounting rule-setting organisation, we expect better things.

ESG is under pressure but only those who trade on irrationality would cast doubt on its aims. Let's hope that the Ukraine situation does not divert us from trying to create a sustainable future and we can move to a more sophisticated understanding of the ESG framework, including its benefits and limitations.

I wish you a peaceful and healthy summer. ■

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Why are the Best Practice Awards so important?

While it is great to celebrate best practice and to recognise the winners, the Best Practice Awards have a much more important role to play. **Laura Hayter** reports.

The real value of the Best Practice Awards lies in the fact that they allow the Society, and the shortlisted companies, to share with the rest of the IR community what they have done differently this year, that has helped them to stand out from the crowd.

This collective learning is why it is so important that as many of you as possible submit your entries, so that we can continue to move forward and develop our profession and improve our communication and engagement with our various stakeholders on an ongoing basis.

The awards

The awards categories are reviewed each year by the best practice committee, which until recently has been chaired magnificently by Sallie Pilot, director - insight and engagement at Black Sun and an IR Society board director.

The role of the committee is two-fold: to review the awards categories each year to ensure that they remain timely, relevant and fit for purpose; and to review the Society's Best Practice Guidelines. This year's awards will be:

- Best IR communications and engagement programme
- Best innovation in IR
- Best communication of sustainability
- Best annual report

As always, each award category is divided into sub-categories for small, mid and large-cap companies to ensure that companies are competing against their peers. For the first time, this year, the Sustainability award will also have a sub-category for Private Companies to reflect the growing importance of ESG for this segment of the market.

Laura Hayter is CEO of the IR Society.
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The following pages will provide some further information on the changes that have been made to the awards this year, what the judges will be looking for in each category and the key things to keep in mind when entering each award.

All of the information on the awards criteria, how to enter and some helpful videos can be found on the awards website at irsocietyawards.org.uk. Entries close on Tuesday 30 August, so get your entries in now, and good luck to you all! ■

The committee

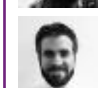
Sallie Pilot
Black Sun

Derek Brown
Trustpilot

Sonya Ghobrial
GlaxoSmithKline

Katya Gorbatiouk
London Stock Exchange

Amani Korayeim
Institutional Investor



Simon McGough
Wood Group

Stuart Morgan
Capita

Daniel Redman
Design Portfolio

Julian Smith
BRR Media

How to enter

1. Check the awards criteria on the website at irsocietyawards.org.uk

2. Watch the videos

3. Download and complete the entry forms

4. Upload them to the website with your supporting materials.

The deadline for entries is 30th August 2022

Key dates

30 AUGUST

Entries close for 2022

This is the final date to submit your entries for the 2022 Best Practice Awards.

1 SEPTEMBER

Quantitative analysis by the IR Society and university business schools

All of our self-entry awards entires are scored against our awards criteria to produce long shortlists, and analysed by Lancaster and Manchester University Business Schools

4 OCTOBER

Self-entry shortlists announced

11 OCTOBER

Voted awards shortlists announced

1 NOVEMBER

Judging panel convened

Our esteemed judges meet to evaluate the shortlisted entries to determine our eventual self-entry winners.

22 NOVEMBER

Winners announced at awards event!

Join us on 22 November when we will announce all of the winners. Check back regularly for details of the awards event.

irsocietyawards.org.uk

Best IR communications and engagement programme

Katya Gorbatiouk shares her insights on this 2022 awards category.

In the continuum of monumental challenges and aspirations companies are facing, hardly any business function can claim the right to a status quo. Zooming in on the craft of investor relations, it becomes evident how fundamentally these macro challenges and aspirations are reshaping best practices in the field.

Having been a one-way communication channel in a not-so-distant past, IR has rapidly evolved into a strategic instrument fuelling transformative processes companies are embarking on. On the one hand, the IR programme is there to convey the company's investment proposition – this has remained unchanged. But on the other, the IR programme is increasingly a tool for enacting corporate purpose and vision by those pursuing big ambitions of making a positive impact and, indeed, becoming a force for good in society.

Depth and candour

This year's award for Best IR Communications and Engagement Programme seeks to recognise forward-looking companies deploying the full strategic potential of their IR resources.

First, in addition to a compelling story, our judging panel will look for a clearly communicated and realistic plan behind it.

Katya Gorbatiouk, head of funds, primary capital markets, London Stock Exchange Group.
katya.gorbatiouk@lseg.com

Second, we are emphasizing regularity, consistency and depth of both financial and non-financial disclosure. Depth and candour manifest themselves in milestone reporting on how delivery on objectives is being progressed, even where not necessarily accomplished yet, including how challenges are being tackled.

Third, our judges will look for evidence of investor and stakeholder engagement that is not only regular and transparent, but also proactive engagement, seeking valuable feedback that makes its way into new objectives and informs the company's strategic plans. Finally, in the era of irreversible digitisation of IR and engagement, companies are transforming their corporate websites into interactive, two-way communication platforms.

> "We are emphasizing regularity, consistency and depth of disclosure"

Bearing fruit

Effective corporate storytelling is inextricably linked to actively seeking and using feedback to keep optimising the IR strategy and continuously re-assessing its effectiveness. Building a two-way relationship with the company's ecosystem of investors and stakeholders that is strategic, not just transactional, is a continuous and arduous work-in-progress, but one that bears fruit where unwavering commitment is applied. This is the direction of travel of IR communications and engagement and the spirit of this year's Best Practice Awards. ■

Best innovation in IR

Stuart Morgan answers questions and shares top tips for prospective winners of this category.

What is the key focus of the Best Innovation in IR Award?

The focus of this is to encourage and recognise innovation in investor relations.

It recognises the fact that we work in complex and multi-dimensional capital markets and the stakeholders we talk to are always evolving, and therefore we should always be evolving and solving the challenges that brings and innovating in new and interesting areas.

What are the judges looking for specifically from entries in this award category?

We're looking for examples of innovation and transformation over the last 12 months. The objective is effectively to recognise where people have been more efficient, more innovative, been able to solve problems and perhaps reach new talent and appeal to new talent in the IR industry.

Stuart Morgan is director of IR at Capita.
stuart.morgan@capita.com

What changes we been made in 2022 and why?

We wanted to move on from last year's award where the focus was mostly on how people were innovating in the face of COVID; what we want to do is present the challenge of what can we do better in investor relations, how can we modernise and evolve and deliver solutions and to be more effective in what we want to do.

What is the key thing to keep in mind when entering this award?

We looked at three main areas: firstly, what the drivers of the innovation were, so was it a problem to be solved or an opportunity to be taken? Secondly, how did you go about it: what was the process, did you need budget, did you need senior sign-off to get the process done. Then, thirdly, what was the outcome? How did you measure how effective it was, are you continuing with it.

Some areas you might think about are your communication of your investment case, perhaps around your annual report, your reporting cycle or how you communicate your message to investors. It could also be about the development of your IR team, your internal processes or about market intelligence – communicating consensus or managing consensus, feedback from investors, or perhaps how you interact with your brokers and other market participants. ■

Best annual report

Julian Smith explains how this category has evolved to encompass a changing environment.

The annual report is the single most important resource that best summarises a company's unique investment proposition and positioning viz-a-viz its stakeholders. It is a high profile publication and, as a result, this category generally attracts a good number of nominations.

The judges will be looking for a concise, engaging report that connects lines or themes between its different sections to provide a holistic view of the company. They will be looking to see how the report articulates a sustainable long term value creation strategy, as well as the company's approach to engagement with its stakeholders.

This year, the committee felt that there were some elements of the award that would benefit from updating either to reflect the changing market environment and expectations of listed companies in

Julian Smith is managing director of BRR Media.
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their reporting, or to simplify the criteria and remove some ambiguity in the questions to make it easier overall for companies and advisers to make their submissions.

The language around ESG should evolve to capture the broader theme of sustainability; not just focusing on ESG reporting and credentials, but also explaining how sustainability is integrated into the business culture and operations.

It was also felt that the award would benefit from understanding more about the context of this year's annual report and key objectives that it was looking to deliver against, as well as understanding how the reporting had evolved, potentially in response to feedback from the prior year.

Purpose, culture and identity

The annual report remains a key disclosure document for companies within a broader suite of information resources. I would bear in mind how the report clearly and concisely conveys not only the investment proposition, but also a sense of the purpose, culture and identity of the organisation and how it engages with stakeholders. ■

Best communication of sustainability

In this interview **Dan Redman** explains why this award has been updated for 2022.

What is the key focus of the Best Communication of sustainability award?

The key focus of this award is how the company has approached defining a sustainability strategy and how this has been communicated all year round. This doesn't end at the annual report; it should be built into all elements of a company's engagement with investors.

What are the judges looking for specifically from entries in this award category?

The judges are looking to understand how ESG workstreams are integrated in the company's strategy, how companies are being proactive in setting out their sustainability strategies and how companies communicate their approach to oversight, identification and management of sustainability risks.

Dan Redman is content and strategy director at Design Portfolio.
daniel.redman@design-portfolio.co

> “The questions on outcomes have been simplified to understand your unique way of measuring results”

However, most importantly, judges want to see evolution and growth rather than just an example of best practice. This award is open to private, small-cap, mid-cap and large businesses. The judges aren't looking for a final product; they are looking to see how a company has transparently communicated the stage of the journey they are on to understanding their sustainability space and the next steps they plan to take.

What changes have been made in 2022 and why?

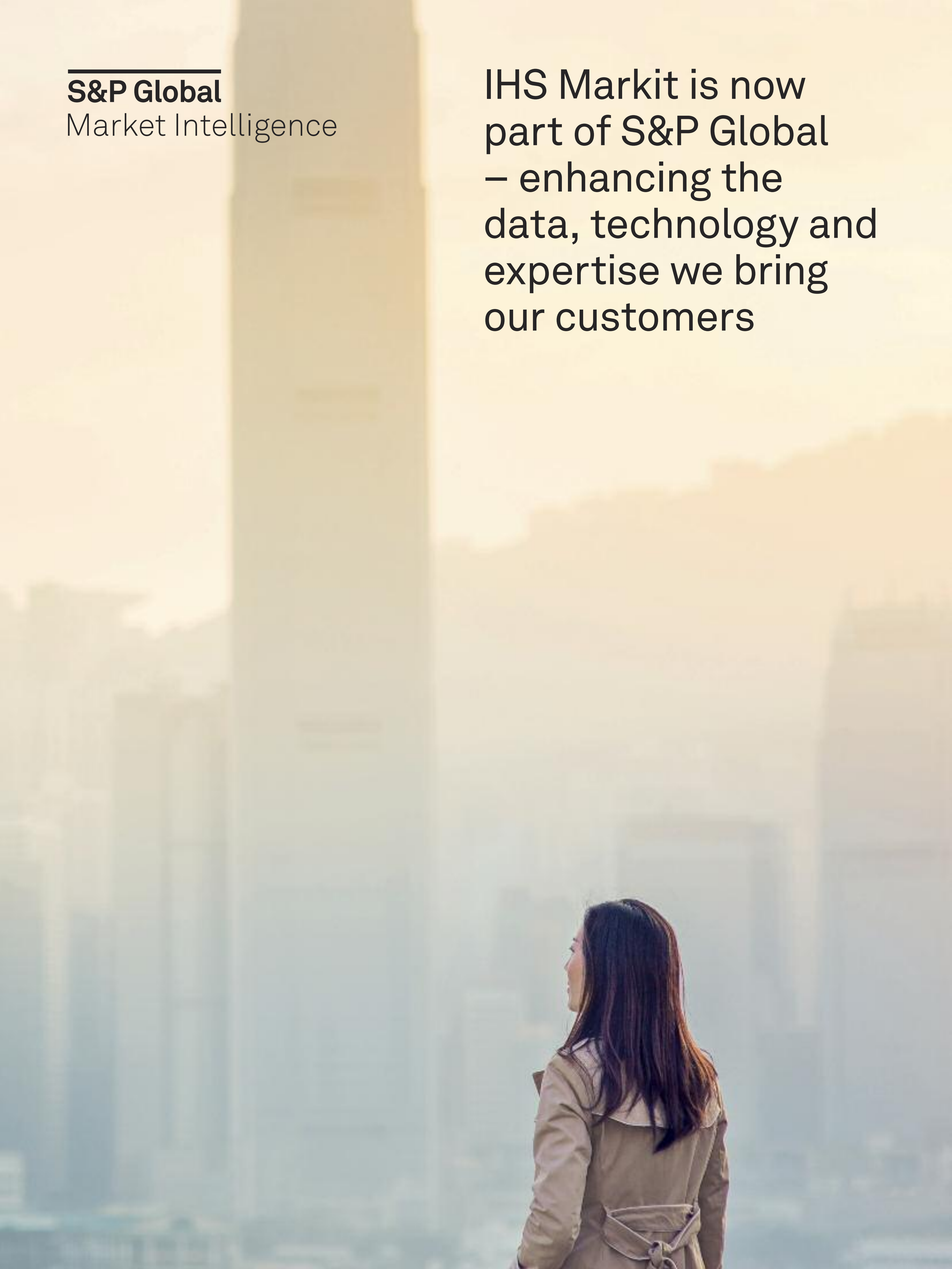
A year in the sustainability space is like a decade in the world of IR. It seems like almost daily we see developments in policy, regulations, frameworks, audits and events impacting approaches to sustainability communications. So, naturally we have developed our award criteria from last year.

The most obvious of changes is the name of this award. Responding to the current trends of moving away from the narrow dimensions of ESG and focusing more on what are the material uncertainties to a company, we have renamed this award Best Communication of Sustainability. This is to demonstrate that this award is not only attainable by those that can demonstrate an amalgamation of the three topics, but also by those that can demonstrate a tailored and methodical approach to identifying the risks to the sustainability of their business model.

The other key change we have made to the award criteria is simplifying it. The questions have been boiled down to be more direct and allow for less prescriptive responses; we want to hear how you do things, rather than tell you how they should be done. For example the questions on outcomes have been simplified to understand your unique way of measuring results.

What is the key thing to keep in mind when entering this award?

Remember when you are entering this award that there is no right or wrong answer. This award recognises those who have defined an approach, made substantial steps since last year and communicated this journey effectively to their key stakeholders. ■



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REPowerEU

Europe maps faster decarbonisation to phase out Russian gas

This article is sponsored by S&P Global Market Intelligence

With world energy markets shaken to their core **S&P Global Market Intelligence** provide an insight into the REPowerEU framework.

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The topic of ESG and its impact on business is quite varied these days. Anyone doing business is offered many sources of information from many different dimensions such as NGOs, political parties, the government, ESG advisors and legal consultants.

This article focuses on the potential impact of the reaction to the energy crisis in the European Union. Energy-efficient production as well as low-carbon intense ways to produce energy is significantly impacting the Environmental pillar. Carbon sensitivity is a key aspect in the mitigation of climate-related risks.

Within the framework of the REPowerEU action plan developed by the European Commission, EU is working on both its energy independence and its ecological transition to achieve its carbon neutrality objective. This ambitious plan will have consequences for issuers in terms of their ESG strategies and environmental actions.

While the ultimate goal remains unchanged, i.e. to achieve at least a 55% reduction in net greenhouse gas emissions by 2030 and to become carbon-neutral by 2050, with REPowerEU, EU wants to give a boost to 'Fit for 55' with earlier and more ambitious targets for renewable energy and energy efficiency.

Through legislative proposals and recommendations to the Member States, Europe is increasing the pressure to adopt the 'Fit for 55' proposals quickly. Thanks to this research from S&P Global Market Intelligence, find out what measures EU is taking to better understand what's at stake.

Key implications

The RePowerEU plan, which follows a much less detailed document published in early March, outlines specifically how Europe can reduce natural gas demand and contains a range of ambitious proposals that build on the 'Fit for 55' package of legislation.

Successful implementation – leading to an accelerated pace of renewable additions, reductions in energy demand, and diversification of gas supply – will depend not only on further action at the EU level but – even more critically – on specific actions taken at the member state level.

- Higher ambition added to the Fit for 55 package. The European Commission has directly edited several of the proposed directives of the Fit for 55 package to include higher targets for renewable energy and energy efficiency, a rooftop solar mandate, and maximum allowable permitting timescales for renewable projects.
- Reducing gas demand and diversifying gas supply. The supply-side part of the REPowerEU plan repeats the target from the initial March document of an additional 50 Bcm per year of LNG imports along with an extra 10 Bcm per year of pipeline imports from suppliers other than Russia.
- Higher implied renewable hydrogen demand. Based on the new 45% renewable energy target, REPowerEU foresees massive growth in renewable hydrogen use by 2030: renewable hydrogen targets for 2030 would increase from 50% of industrial hydrogen demand planned by Fit for 55 to 78%.
- Mostly old rather than new money. The fingerprints of northern European countries concerned about fiscal discipline can be seen in the REPowerEU funding proposals, which rely heavily on repurposing €225 billion of funds already available to be loaned to member states under the post–COVID-19 Recovery and Resilience Facility (RRF).

Reducing the call on Russian gas

The driver behind REPowerEU is a consensus that the European Union must eliminate its dependence on Russian natural gas imports for geopolitical and energy security reasons.

Increasing natural gas supply from non-Russian sources

The supply-side part of the REPowerEU plan repeats the target from the initial 8 March document of an additional 50 Bcm per year of LNG imports along with an extra 10 Bcm per year of pipeline gas imports from suppliers other than Russia (a group currently consisting of Norway, Algeria, Libya, and Azerbaijan).

Gas infrastructure requirements

Another key issue addressed in the REPowerEU plan is the need to adapt gas infrastructure to allow for the import of more LNG and to increase capacity to move gas from west to east to replace Russian flows.

Energy efficiency

Increased energy efficiency is highlighted as another driver of reduced gas demand. However, based on past performance, this is an area that is open to question.

Higher target proposed for renewable hydrogen

REPowerEU foresees massive growth in renewable hydrogen use by 2030 as part of the overall effort to reduce gas consumption.

Higher targets and swifter planning for renewable power

In July 2021, the Commission proposed that the European Union aim for 40% renewables in energy demand in 2030; with the REPowerEU plan, the Commission has increased this target to 45%.

Market design: Continued interventions allowed for the coming winter

Since the approval of the Third Energy Package for gas and electricity in 2009, Europe's power design has relied on markets operating with minimal government intervention.

Limited new money to finance REPowerEU

No more than €20 billion of new funding has been earmarked to finance the public component of the REPowerEU package, the total cost of which is estimated to be €300 billion (with total costs including private sector financing significantly higher). A large share of the €300 billion is suggested to come from loans available in the post–COVID-19 RRF, by repurposing the €225 billion from the RRF, or from the reallocation of grants already earmarked under different EU programs (e.g., common agricultural policy [CAP] and the Cohesion Fund).

Conclusion

The decisions taken by the EU will likely have a direct impact on companies. Beyond the economic opportunities linked to the development of infrastructures or measures resulting from energy efficiency, the evolution of the energy mix towards more renewables and the carbon pricing mechanisms will have a concrete effect first on the "E" of your ESG strategy. It will be a matter of evaluating or changing your assessment of environmental risks and opportunities, revisiting your CO2 emission reduction targets, particularly scope 2 and 3, or even embarking on the construction of a net zero trajectory. ■

About us

S&P Global Market Intelligence is a division of S&P Global (NYSE: SPGI), the world's foremost provider of credit ratings, benchmarks and analytics in the global capital and commodity markets, offering ESG solutions, deep data and insights on critical business factors. At S&P Global Market Intelligence, we integrate financial and industry data, research and news into tools that help track performance, generate alpha, identify investment ideas, perform valuations and assess credit risk. Investment professionals, government agencies, corporations and universities around the world use this essential intelligence to make business and financial decisions with conviction. For more information, visit www.spglobal.com/marketintelligence.

For copies of the full report, please contact Harry Rimmer at harry.rimmer@spglobal.com

THE ‘E’ IN ESG – a special feature – pages 28 to 34

Caring for the environment is a top priority in society and, increasingly, in boardrooms. In this feature, three articles assess the growing importance of environmental regulation and disclosure by all companies, listed or private.

Changing regulation is an opportunity

Changing regulation on climate-related disclosure could be a big opportunity. **Jennifer Walmsley** explains how IR professionals can ensure their organisations benefit.

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It’s not easy to keep up with changing expectations about how to disclose on ESG. It seems barely a week goes by without a new standard, framework or collaboration being launched. Many of these initiatives are focused on environmental issues and often the aim is to drive better climate-related information. That’s because today’s investment community is acutely aware of its stewardship role in this regard.

Groups such as the UN-convened Net-Zero Asset Owner Alliance and the Net-Zero Asset Managers Alliance have pledged to cut carbon emissions, meaning fund managers must address the carbon footprints of their investment portfolio. As regulatory pressure increases across the world's major economies, so does investor appetite for transparent and consistent disclosures.

This has thrown the importance of the IR function into the spotlight. Companies need to ensure that they are meeting both their legal disclosure obligations but also the expectations of their investors, which are often not at all the same. Mandatory disclosure is fast becoming a bare minimum and best practice has come to mean a more holistic, integrated, and authentic approach to communicating on ESG strategy and performance. This includes identifying and communicating potential climate-related risks and opportunities in a transparent way and disclosing areas where more work is needed.

> "Biodiversity and the social implications of climate change are becoming increasingly important to major investors"

The Task Force on Climate-related Financial Disclosures highlights that present company valuations do not adequately factor in climate-related risks because of 'insufficient information'. Smart IR professionals will recognise this not just as a risk for their organisation but also as an opportunity to get ahead of the curve. Investor relations teams who act fast to address the information gaps for existing and potential investors will generate trust and strong relationships with this key stakeholder group. The benefits of doing so are innumerable.

Going green without greenwashing

At a time when the pace of change is so rapid, there's a real danger that box-ticking can overshadow a unique opportunity to communicate a company's role in the energy transition through a variety of channels. Today's stakeholders are highly attuned to the merest hint of greenwashing, so this needs to be approached with care but IR teams should aim to go above and beyond the TCFD's recommendations, leveraging the obligatory milestones in the financial calendar to place ESG strategy centre stage. In any conversation about a company's financial resilience, its ability to provide shareholders with high quality climate disclosures will increasingly be front of mind.

This may seem a tough ask given the already-weighty volume of non-climate-related information that listed companies have to disclose at various points throughout the financial year. However, with the UK government working towards implementing mandatory TCFD-aligned disclosures across the economy by 2025, disclosing in line with the TCFD recommendations is just the tip of the iceberg. Forward-thinking IR teams will want to demonstrate their firm's resilience and commitment to the energy transition and avoid damage to their brand and reputation by doing more.

Future-proofing

Despite recent criticisms of ESG as an industry, it seems unlikely that investors' focus on the environment is going away. Evidence of the scale of the climate emergency grows every day and, as such, the pressure on companies for information will continue. Broader environmental issues, in particular biodiversity and the social implications of climate change are becoming increasingly important to major investors too.

IR teams looking to future-proof their organisations in an evolving world will ensure not only that they are meeting current and future legally required ESG disclosures, but that they're anticipating and responding to the changing expectations of their stakeholders too. Doing so effectively will build positive relationships and help protect and enhance company and CEO's reputations. ■

How can the IR function get ahead on environmental disclosure?

- Stay ahead of emerging standards – UK, EU and global – and frameworks around climate disclosure and know which ones are relevant to your organisation.
- Ensure that ESG strategy is integrated into broader corporate communications, starting with the website. Do you really need that separate 'ESG' tab anymore?
- At the same time, make sure that disclosures are specific. Investors often complain that information on climate-related risks and opportunities is too general to be useful.
- Communicate on progress against environmental KPIs at the same time as you update investors on your financial performance, ie at results presentations and in the same section as financial KPIs in your annual report and accounts.
- Demonstrate management commitment to environmental and social targets, don't leave this to the sustainability team. Show how these targets make a difference across all levels of the organisation.
- Provide considered, transparent communication on failures as well as successes with clear targets set for remedying areas of weakness.
- Engage with investors and other stakeholders on climate-related issues and report on how you've done this and the impact. Solutions are often not straightforward so be honest about the challenges.

Building trust by being transparent

Tjerk Huysinga explains the importance of doing business in a clear, open way – and how Shell seeks to promote transparency across its industry.

Tjerk Huysinga is the executive vice president for investor relations at Shell.

Trust can only be won, and kept, if society can see you are right alongside it, that you are listening to its concerns and its expectations and you are acting in line with them. Society will not be able to see that unless you are transparent.

Transparency is about more than just publishing numbers, more than compliance, more than being seen to be doing the right thing. It is about sharing what you are doing in a clear, complete and balanced way.

At Shell, a set of core values – honesty, integrity and respect for people – underpin all the work we do. We have reported on our environmental and social performance since 1997. The 2021 sustainability report was our 25th such report. Doing business in a clear, open way is a commitment we work hard to keep, and we seek to promote transparency across our industry.

Even with our longstanding commitment to transparency, organisations like Shell cannot stand still. Companies should seek to continuously improve their communications, clearly explaining what they do and why they do it.

Environmental, social and governance (ESG) principles, including climate, also need to be embedded into company strategy and business plans. At Shell, our 'Powering Progress' strategy aims to help us generate shareholder value while achieving our net-zero emissions target, powering people's lives and respecting the natural environment.

We aim to be a valued member of the communities in which we operate, and to make a positive contribution to society. We seek to listen carefully and with humility and we have a strong desire to understand, and, where possible, adapt to the changing needs and expectations of society.

Aligning reporting standards

Today, reporting on ESG performance is not regulated in the same way as financial performance. Instead, various frameworks and rating agencies have created multiple initiatives and performance outputs. Although well-meaning, the numerous initiatives have added more rather than less complexity.

We believe greater international convergence on ESG reporting standards is necessary for clearer and more meaningful transparency. When multiple standard-making organisations, and also ratings agencies, request different variations of similar information, it is difficult (if not impossible) for companies to meet all the requests. More importantly, it is also challenging for users of the information to compare performance in a meaningful way.

It is essential such initiatives are joined up, with clear guidance and methodologies applicable to each sector. For example, the International Sustainability Standards Board's (ISSB) initiative to establish a global baseline for sustainability disclosures standards, drawing on existing standards and guidelines, can help to drive further alignment without losing the progress that has been made on ESG reporting to date.

At the same time, companies cannot be expected to report on everything. Instead, companies should focus on the ESG topics and metrics that are most relevant to their business activities, stakeholders and society at large.

Companies also need to prioritise their participation in the ESG-related initiatives such as ratings surveys to those that are most relevant to their activities and the demands from their investors and other stakeholders.

> "Transparency is about more than just publishing numbers, more than compliance, more than being seen to be doing the right thing"

Delivering transparent information about climate change

Across many industries, investors, and also customers, suppliers and other stakeholders, are asking for more consistency and transparency in the metrics used to report on climate-related performance.

In December 2020, alongside BP, Eni, Equinor, Galp, Occidental, Repsol and TotalEnergies, Shell agreed to apply six 'energy transition principles' as they play their part in the energy transition. One of these principles is transparency, with the signatories committing to provide disclosure related to climate change risks and opportunities consistent with the aims of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The TCFD recommendations help to guide and inform reporting.

At Shell, we outline our progress in a suite of reports and via our CDP submission, which is also available on our corporate website.

The Science Based Targets Initiative (SBTi) can also help to drive alignment and action. With around 20 other organisations, Shell participated in the initiative's technical working group, which sought to set out guidance and methods for the oil, gas and integrated energy sector. We encourage SBTi to set out a clear methodology for the oil and gas sector as soon as possible, enabling organisations to move forward with setting science-based emissions reduction targets.

E for environment

For many organisations, seeking to address climate change is a critical element of operating in an environmentally responsible way. At the same time, other environmental aspects such as biodiversity, water use, waste disposal, and air quality remain very important.

Shell's global environmental standards, as set in our health, safety, security, environment and social performance control framework, cover our environmental performance. They include details of how to manage emissions of greenhouse gases, consume energy more efficiently, reduce gas flaring and improve air quality by reducing emissions from our operations, prevent spills and leaks of hazardous materials, use less fresh water and conserve biodiversity. We seek to apply our global environmental standards wherever we operate and we report on our activities in our annual and sustainability reports.

Looking forward, we have joined the Taskforce on Nature-related Financial Disclosures (TNFD) Forum, which is looking to develop a risk management and disclosure framework for organisations to report and act on evolving nature-related risks. The TNFD's framework is expected to complement the TCFD's climate-related framework, to give companies and financial institutions a more-complete picture of their environmental risks.

Meeting mandatory standards

Mandatory reporting can add another layer of requirements alongside voluntary initiatives. Examples include the US Securities and Exchange Commission's (SEC) proposed rules on enhancement and standardization of climate-related disclosures for investors. Across the Atlantic, the European Financial Reporting Advisory Group (EFRAG) is also developing draft European sustainability reporting standards in support of the EU's Corporate Sustainability Reporting Directive (CSRD). For organisations like Shell that have securities listed on exchanges in multiple countries, it could be challenging to meet multiple, overlapping requirements in a way that is clear and understandable.

Further standardisation is critical. Mandating the TCFD methodology, for example as in the UK, could help to increase alignment between requirements and expectations. The ISSB's efforts to deliver a more-widely applied baseline of sustainability-related disclosure standards is another step forward.

Transparency and reporting are critical so that stakeholders can judge performance but ultimately it comes down to the performance itself. It is essential that alongside transparent reporting, companies also put in place appropriate business strategies with clear governance, plans and targets to help them achieve their environmental, social and governance goals. ■

Climate-related meets nature-related

The scope of regulation and disclosure on environmental issues is increasing – and IROs will need to follow developments, argues **Claire Mogford**.

Claire Mogford is head of IR at SEGRO.
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From the 6th April this year it became mandatory in the UK for certain large public, listed and private companies to make annual climate-related financial disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This includes a requirement to carry out a scenario analysis disclosing the resilience of the company business model and strategy to various climate-related scenarios, a completely new exercise for many companies. Prior to this, TCFD reporting has been required on a 'comply or explain' basis for premium listed companies since January 2021 and that requirement was extended to standard issuers this year.

At the end of May we hosted a webinar discussing experiences and key takeaways from the first season of mandatory reporting by premium listed companies. The panel included company representatives who have already reported to these new requirements and a representative from a Big Four accountancy firm who has been advising companies on their responses.

Many have found one of the biggest challenges to be the practicalities of managing the process (given that it combines operational considerations, risk management, governance and should also consider the financial implications) and there are various opinions on where the responsibility for responding to TCFD should sit within organisations. Key to the process is involving all of the relevant parties from the outset, and if the response is to be useful to organisations and more than just merely a 'tick-box' exercise, starting from the operational level is crucial – this means ultimate responsibility often sits with sustainability teams, although IROs are also very well placed to coordinate this reporting as they have good lines of communication across the business. Managed in this way the scenario analysis can provide some insightful outputs that can help companies to identify opportunities (as well as risks) for their business. Whoever takes the lead on the process, there definitely needs to be a close collaboration between

Recommendations and supporting recommended disclosures

Governance	Strategy	Risk management	Metricks and targets
Disclose the organisation's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended disclosures	**Recommended disclosures**	**Recommended disclosures**	**Recommended disclosures**
a) Describe the board's oversight of climate-related risks and opportunities. b) Describe management's role in assessing and managing climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	a) Describe the organization's processes for identifying and assessing climate-related risks. b) Describe the organization's processes for managing climate-related risks. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

TCFD reporting framework (Figure 4, page 14)

sustainability and finance/ investor relations functions as there can be a language barrier – one of the key takeaways from the TCFD responses made so far is that more needs to be done to report on the financial impact of any findings.

It can often be helpful to involve external parties in the process, for example external consultants who have the skill set and experience from working with other companies. Engaging auditors in the process at an early stage can also make the reporting process smoother and more efficient as they are the ones who will ultimately have to sign the disclosure off. Helpfully there are now also lots of published examples to refer to and learn from as well as a number of useful published guides (see useful resources on the next page).

> **"The scenario analysis can provide some insightful outputs that can help companies to identify opportunities"**

Four pillars

The table above sets out the four TCFD core sections (or 'pillars'), which are supported by the key climate-related financial disclosures within each section. When looking at these individual sections of the framework, governance was found to be one of the easiest sections to complete as governance considerations are well embedded within listed companies, so reporting on it was mostly a 'tick-box' exercise. There has been some lively debate within organisations about whether a board committee on sustainability is required. Some companies took the view that every board member was interested in the topic so it made sense to discuss it with the whole group while other companies felt that it is an important enough issue that it deserves its own forum rather than being an agenda item. There is no single correct approach, but whichever one is taken companies need to ensure that climate change is given sufficient attention at board level and also need to be able to show how it has influenced their decision-making.

The second section, strategy, requires companies to explain how any material risks or opportunities identified might impact business strategy and financial planning. For those that had previously integrated elements of ESG into strategy this can be quite a straight-forward process and there is often alignment, but for others there may be an opportunity to rethink strategy based on the TCFD outputs and some companies have done this.

Factoring climate change into risk management can also be complex as it is such a long-term risk versus other risks that are more short-term in nature so careful consideration needs to be given as to how to balance this. Disclosure on this section was found to be fairly brief and cross-referencing other sections of the annual report and accounts was helpful when describing processes for managing risk, although care is needed to ensure consistency with the risk sections in the strategic report.

Finally, aligning metrics and targets with other business environmental targets is key and focusing in on those that are most material is crucial. Companies should ensure there is a clear linkage between the targets they choose, and the risks and opportunities identified. Many companies are also taking the approach of linking the most significant ESG targets to executive remuneration and this is something that is increasingly being requested by investors.

Risks and opportunities

Looking forward to how TCFD reporting can be improved and built on, our panel highlighted that often companies look at climate change purely as a risk and miss the fact that there can also be significant opportunities, particularly given increased consumer awareness of the impacts of climate change and its greater influence on purchasing decisions. Some businesses may even find that the opportunity presented by climate change is greater than the risk created but this is another area that can be hard to measure.

All agreed that providing more quantified information on the financial impact of both risks and opportunities is probably the most challenging area and in most cases is where greatest improvement can be made. Companies need to think about the potential impact of risks (and opportunities) that have been identified on financial results and the amount that might have to be spent to mitigate any risks or, indeed, incremental revenues from opportunities. Understandably there is a nervousness at being the first to do this ahead of peers given that it is such a complex topic and numbers can be taken out of context so there is an important educating and explaining exercise that needs to be done alongside any additional disclosure.

Authenticity

What came up time and time again throughout our discussion was that the most important thing companies can do when reporting on TCFD, and the myriad of other related ESG requirements, is to be authentic. Taking the process seriously and doing the groundwork will help lead companies to something that is real and can be linked to wider strategy. It is also important to try and avoid being too generic – company disclosures should be specific to their particular business and it is best to be honest about the progress that has been made to date and the future work that still needs to be done. It is widely understood that we are all on something of a journey and that actions and reporting will evolve as knowledge and experience increases.

Having been slow to adopt and take ESG seriously, the regulatory environment is now changing at a rapid pace and it sometimes feels like there is an endless stream of new frameworks and reporting requirements to consider. Our final topic of discussion therefore turned to what we can expect to come next.

> **“Layering on new requirement after new requirement is not particularly helpful or productive”**

Runaway train

There are already plans to extend the TCFD to a wider range of companies and the Taskforce for Nature-Related Financial Disclosures (TNFD), which will cover biodiversity among other things, is due to issue final recommendations in September 2023. This will likely take a similar approach to the TCFD and the challenge (and opportunity) for companies is how to use the good work that has already been done rather than reinventing the wheel. The UK is also likely to adopt the global sustainability reporting standards being developed by the ISSB, whose current exposure drafts are based on TCFD reporting so companies already reporting under TCFD should be well placed to comply.

Another thing that all of our panelists agreed on is that layering on new requirement after new requirement is not particularly helpful or productive. Instead, it would be beneficial for everyone if we could take a pause, review the work done so far and attempt to align and consolidate. It can, however, be difficult to stop a runaway train so whether this happens remains to be seen! ■

Useful resources

Financial Reporting Lab report from Oct 2021, which contains practical advice and examples that better address aspects of TCFD reporting from those companies already adopting the framework on a voluntary basis is available here: tinyurl.com/5n6murc

- London Stock Exchange (LSE) Guide to climate reporting. See tinyurl.com/23fer7kf
- PWC report: The green shoots of TCFD reporting – an analysis of the first 50 companies to report under the Listing Rules (May 22). See tinyurl.com/24ct4xd5
- BEIS guidance on how the TCFD reporting regulations sit alongside the FCA's comply or explain regime for listed companies (Feb 22). See tinyurl.com/2p88kx8h
- TCFD Guidance on Metrics, Targets, and Transition Plans (Oct 2021). See tinyurl.com/bde47efe
- TCFD Guidance: “Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures” (Oct 2021). tinyurl.com/bdhus3jd

IR Society Conference 2022

A 22-page report on all sessions, with photos.



Laura Hayter, Rob Gurner and Evan Davis.

Looking beyond the horizon

The first full in-person IR Society annual conference since 2019 took place on 21 June at Kings Place, London. Despite a rail and tube strike, a large gathering of IROs and IR industry professionals enjoyed a highly successful day of sessions, networking, refreshments and an exhibition.

The conference theme was 'New Horizons: Staying Agile and Adaptable in a Transforming World', and a programme of distinguished keynote speakers and panelists explored a range of current topics throughout the day.

The Society's chief executive Laura Hayter had set the scene before the conference by explaining that the discussions would include a strong focus on ESG (looking separately at the E, S and G in breakout sessions) among other topics. She said that the day was an opportunity for IR professionals at all levels to learn about the latest developments in best practice, trends in IR, with practical takeaways, and was a chance for them to network with their peers.

Rob Gurner, chair of the Society's conference committee and head of investor relations at Plus500, gave the opening remarks. He was pleased to welcome the IR community back after a turbulent few years, during which the profession had continued to evolve. He paid tribute to the Society's work in professional development and in bringing the IR community together.

Gurner introduced Evan Davis, the BBC journalist and presenter of the Radio 4 PM programme, who was the conference's host, moderator of many sessions and interviewer of keynote speakers. This was a role that Davis had played many times in recent years at the Society's conference, and he was welcomed back by the attendees.

Davis said that this was a very interesting time to be having a conference, with various adverse UK economic events in the background including soaring inflation, the political turbulence, international hostilities, the aftermath of Brexit and the global supply chain difficulties.

Davis set the scene for the subsequent keynote speakers and panels – whose discussions are reported in the following pages (videos of all the conference sessions have also been made available to delegates). As these pages note, the feedback from delegates about the day's events has been excellent. ■

Staying relevant in a constantly changing market

In the first session of the day, **Julia Hoggett** talked to Evan Davis about her role at the London Stock Exchange – what might change in the future, Brexit, the wider economy and diversity.

The session began with a brief look back at Julia Hoggett's early career and current role at the London Stock Exchange. Having started off as a Cambridge academic, she moved into investment banking because she "wanted to understand how the least developed countries in the world operated in global markets", and couldn't do that sitting in the 'stacks' of Cambridge. She remarked that her whole career has been "answering a series of exam questions!". Hoggett left a regulatory role at the Financial Conduct Authority to become CEO of the London Stock Exchange in 2021, saying that "I can be much more outspoken about the things that I think need to change and evolve … as a regulator it's much harder".

The London Stock Exchange sits within the much larger London Stock Exchange Group. Davis questioned this structure, to which Hoggett commented: "The benefit of being part of a wider group is that it gives you the flexibility to think much more broadly about what your job is – bringing together those who have capital with those who need capital, in service of an objective."

Motivations

Hoggett went on to speak about the exchange's role in the wider economy, and what motivates her. She constantly asks herself "how do we create the best possible environment in the UK – for companies to start here, grow here, scale here, and stay here?", adding that while the UK has two of the top five universities in the world, starts a 'unicorn' company every 27 days, and has a strong start-up capability – it doesn't retain many of these high-growth companies in the long term. Hoggett is keen to work on improving this.

Crossing over

Davis asked how the exchange can make itself more relevant to 'modern' companies. Hoggett said that the exchange needs to be focused on the entire ecosystem, commenting that: "fundamentally, it's about making capital raising easier and reducing frictions between private and public markets." She went on to discuss the proposal for a 'cross-over market' in the UK, which would bridge public and private financing, saying that "There's an awful lot of institutional investors who'd like to invest in companies at much earlier stages, and find it hard to do so."

Davis questioned why nobody had attempted this hybrid-model before. Hoggett said that "the only thing that's common between public and private markets is the company going through the process. It's not the people, it's not the language, it's not the processes. That shouldn't be the case.

"Part of our vision for the exchange is to genuinely make that transition much more straightforward. And create a funding continuum that enables companies to move much more straightforwardly through the gears."

> "We now actually have to be young, scrappy and hungry"

FIRST KEYNOTE ADDRESS

Moderator: Evan Davis.

Julia Hoggett took up the post of CEO of London Stock Exchange plc in April 2021. Prior to this position, she was the director of market oversight at the FCA, responsible for overseeing the conduct of participants in the primary and secondary markets in the UK. Julia joined the FCA as head of the wholesale banking supervision department in 2014. Before this, she was managing director and head of FIG flow financing and subsequently also covered bonds, short-term fixed income origination and green debt capital markets for EMEA at Bank of America Merrill Lynch.

Brexit

Next Davis brought up "the 'B' word". Hoggett said that whilst the UK was in the single market, it was "the obvious choice" for capital raising in Europe, however, "we now actually have to be young, scrappy and hungry" to ensure we remain a leading, global, capital market.

Since leaving the EU, the UK now has a much more efficient policy-making process "literally going from the government to the regulators and out to the market" – much faster than we have seen in the past, Hoggett said, adding "and we have the opportunity to have a proper conversation about the things that need to change." She gave an example, saying that the "75% rule" that says the audited accounts for an applicant for listing need to look "substantially like the business it is or will be" – is hard to do for a high-growth company.

Commenting on the future of London, Hoggett added "capital flows to where it feels it can get the best return. London

Evan Davis and Julia Hoggett.

has always been a global market, and will ever thus be. London is still the dominant location for clearing."

Policy

Hoggett spoke about the government's recent Wholesale Market Review – saying it contained "two very good ideas, and one bad one". The creation of periodic disclosures and periodic auctions for companies that are small, and therefore can't generate daily trades with sufficient liquidity, but also for companies who may want to consolidate their trading into smaller moments are seen as good things – but limiting this to companies with smaller (less than £50m) market caps is concerning. Hoggett said "The simple reality is that companies don't control their market cap. That's something they put out into the market ... The risk is that no company over £20m market cap would ever want to use that market". Hoggett went on to say that it would also: "create liquidity moments for staff, and enable companies to transition more easily from seed investors to those institutional investors that can one day help take them onto public markets."

AIMing high

Davis asked why the main market rules need to be diluted, when the AIM market is still an option for companies. Hoggett explained that this was not about diluting rules and used an example to illustrate how the mindset of growth companies differs to that of traditional companies seeking a listing. "Pre-pandemic, a lot of people hadn't heard of Zoom. Within two-months, we were using it as a verb! ... the reality of the nature of growth is very different nowadays, and we have to recognise that in the rule-set."

> "Never stop being you!"

Hoggett also added that there is a huge benefit to being on the main market for rapidly growing companies, that is the ability to gain FTSE index inclusion and the resulting passive investment – there is "more money following the FTSE than following the NASDAQ!" she remarked.

Advice for IROs

With the conference audience sitting in front of her, Hoggett was asked what her advice would be. "The real value of a listing is not just on that initial IPO, it's the ongoing engagement with the market and the capacity to raise follow-on funding". Adding that "investors want a company which says 'this is what we're going to do', 'this is how we're planning on doing it,' and then demonstrates evidence of its execution."

Out of stock?

Davis asked about the future of the stock exchange – questioning whether exchanges will exist forever. "It's been around for 300 years. My job is to set it fair for the next generation of its evolution", said Hoggett. "Stock exchanges are trusted spaces where people can transact billions and billions every day. And that is the value that we have." That said, Hoggett was keen to add that she constantly asks "Are we actually serving in the best way that we could? What needs to change? What needs to evolve?" That's how you stay critical to the network that you're trying to serve." The parent group recently appointed a new head of digital assets. Hoggett said that "we're focused on digitising the entire end-to-end process" adding that this will "help make our markets much faster and more efficient."

Go for it

As a champion of diversity in the financial services sector, Hoggett's advice for women in business was to "crack on and go for it!" She added that "I've been very lucky to have that sense of anything being possible from the get go", referencing her mother as a role model, as well as her bosses early on in her career. She suggested picking and choosing good bits from other influential leaders, and building the picture you want.

The other point she made was to "Never stop being you! Don't be something you're not in order to try and get there ... It's much easier to take on leadership roles if you're absolutely being you." ■

Report by Silverdart Publishing.

How companies are staying agile and adaptable

Over the past three years, many businesses implemented changes more rapidly than ever before. In the first plenary session of the day, the panel discussed with Evan Davis how this was achieved.

The first panel of the day was focused on considering how the experience of the past two years had changed the investor environment and conversations. Experienced IROs, Joanne Russell from Pearson and John Crosse from Royal Mail, were joined by Davina Hobbs from Entain and Mike Hufton from ingage in a look-back on the learnings from the COVID-driven move online for all IRO engagement.

The panel also discussed how embracing new technology was offering greater opportunities for efficiency and democratisation, but sometimes at a cost of time to think, and the limitations of online relationship building.

Experimenting

Hobbs felt that we all have a great opportunity to kick the tyres and reconsider the 'how, why, where and should you' of many of the IR tasks, which was echoed by Hufton's view that experimentation with new formats and delivery channels was much more welcomed, and no longer stuck halfway up an IROs to-do list.

All noted the benefit of a greater ability to analyse and assess investor engagement using smart data – with Crosse giving the example of analysing his frequency of meetings with hedge funds, highlighting the sharp contrast with the stats on who was active in his stock.

Beneficiaries

The general view was that IROs were felt to be beneficiaries in terms of enhanced board and investor engagement – given the critical role played in such volatile markets – and key in advising on areas such as the S in ESG. The C-suite are better able to engage directly to many more employees online, and investor meetings could be sourced from many more locations through virtual roadshows.

While hybrid roadshows or capital markets events might require significantly more advanced preparation for recorded sessions, where businesses were looking to demonstrate digital innovation in particular, the hybrid experience had worked very well.

Differentiation

The requested takeaways – a theme of the day – brought practical advice from Russell and Hufton respectively of using your sector peer group contacts for new ideas of what works, and the scope for differentiation through use of smart tech. I liked Hobbs's warning of "efficiency, not a busy fool" and Crosse's advice to be courageous and "not being frightened of being selfish and saying no", in an ever more accessible world of online communication where discipline was key.

At the same time, for the audience in the room, there was the simple but considerable pleasure of watching a live discussion with Evan Davis on sparkling form, and as such it was a great start to what was a fantastic IR conference. ■

Report by Ross Hawley.

FIRST PLENARY SESSION

Moderator: Evan Davis.

- John Crosse, director of IR and group strategy, Royal Mail.
- Davina Hobbs, head of IR, Entain.
- Michael Hufton, founder and managing director, ingage IR.
- Joanne Russell, senior vice president, IR and financial communications, Pearson.




Joanne Russsell, Michael Hufton, Davina Hobbs and John Crosse.

ESG – The big issue for IR

In the second plenary session, four industry experts talked with **Evan Davis** about the hot topic of ESG and considered whether the days for this acronym and all it stands for might be numbered.

The second panel session of the morning sparked a lively debate over the future for ESG and the challenges companies face, given the myriad of reporting frameworks and the onslaught of information requests from investors and the ESG ratings agencies.

The panelists broadly agreed that what different investors want from companies, with respect to ESG reporting and engagement, varies widely. Consequently, companies should take the lead by identifying material issues, communicating why these are relevant to their business and strategy, and building a programme of disclosure and engagement around this.

Honesty and transparency

There were two recurring themes in the session: the need for companies to be honest about their ESG credentials and provide transparency in their disclosures.

Furthermore, it was felt that companies should adopt a holistic approach by integrating ESG information into wider financial reporting and communications, as opposed to creating a separate section on the corporate website.

The anticipated standardisation of ESG reporting and disclosures over the next decade was also viewed as a positive, both for companies and investors. This work is already underway, with the recent establishment of the International Sustainability Standards Board.

For companies with limited resources the importance of identifying material ESG issues was again emphasised, and it was highlighted that looking at peers for guidance can be useful.

SECOND PLENARY SESSION

Moderator: Evan Davis.

- Chris Dyett, CEO, CEN-ESG.
- Elly Irving, director of stewardship, Lazard Asset Management.
- Gareth Pearl, investment director, Rathbones Group.
- Jennifer Walmsley, partner, Dentons Global Advisors.

Clockwise: Jennifer Walmsley, Gareth Pearl, Chris Dyett and Elly Irving.

A vacuous concept

After a brief warm up, Davis asked a pointed and provocative question: "Is ESG a vacuous concept?". He explained that it all seemed rather vague and that those three letters appeared to cover some very different and, at times, conflicting issues.

The audience laughed, and one couldn't help but feel there was a general sense of relief that someone had finally asked what many of us had been thinking.

The unanimous view among the panelists was that the name would most likely evolve, in much the same way that 'ESG' has replaced previously accepted terms such as 'corporate social responsibility' and 'sustainability'. Of course, the experts might argue that there are nuanced differences between these terms and that they are not interchangeable, in much the same way that it was queried whether anyone could really be an 'expert' in such a wide range of areas.

The overarching takeaway was that ESG is trying to be all things to all people: that it is non-sensical to lump such diverse, and at times opposing, issues together. However, these issues are now mainstream and investor appetite for reporting and disclosures is unlikely to diminish.

Sustainable value creation

ESG has become a boom industry which the media love. Over recent years there has been a backlash against certain 'non-compliant' sectors – such as oil and gas, and gaming. But companies that tick all the right ESG boxes do not necessarily generate better returns. Too many companies are virtue-signalling or doing the things they believe their stakeholders want to hear, rather than focusing on the issues that will create a better business and deliver sustainable long-term value.

Greenwashing does not work

Companies that embellish their ESG credentials will rightly be penalised. On the other hand, there are plenty of companies that are doing more than investors realise but are receiving inferior ESG ratings due to poor communications and a lack of disclosure.

Honesty and transparency are essential. Investors don't just want to hear the good news; they want to know about the challenges. Companies will be respected for owning up to mistakes and demonstrating how they intend to rectify them.

Can ESG funds outperform?

It was highlighted that investment managers can no longer sell a mandate without the term ESG in it, even though the underlying holdings often end up being 'non-compliant'. As an example, over the past decade many of these funds have been heavily weighted to technology stocks and had generated attractive returns, until the recent rotation out of the sector. Thus, the performance of these funds cannot be attributed to ESG.

The panelists broadly agreed that over the very long-term, impact funds are likely to underperform due to the reduced pool of investment opportunities and the costs incurred by companies within the portfolio to achieve certain 'green' credentials. It was highlighted that fundamentals still matter. ESG should be viewed as another form of risk management and means of identifying investment opportunities.

Companies that are good citizens and have robust governance practices are less likely to make mistakes and suffer commercially. This is different to companies that invest heavily in the environment: whilst this may be good for the planet and society in general it may be more costly for investors. However, there will likely always be an appetite for the funds that invest in this type of company. ■

Report by Kate Heseltine.

Communicating your transition to a sustainable future

In the first breakout session, the 'E' of ESG was the hot topic of discussion. This panel led by **Louise Curran** considered reporting requirements and what the future may hold.

In this session, led by Louise Curran, the focus was on environmental issues and associated regulations that companies are facing. To start things off, each participant was asked to provide a brief introduction.

Amit Bhalla spoke about his head of IR role at Schneider Electric, saying that the €65bn French-listed company had been focused on ESG for a long time, and tries to "get customers to be more energy-efficient or process efficient using technologies that the group provides".

Lily Crompton, who heads up the sustainability strategy at investment management company Foresight Group, said that, as part of their 'three investment themes', they "work with small to medium sized enterprises to develop their profit margins and social impacts, and hopefully provide jobs in the areas they're working in".

Amelia Pan who is a managing director in the ESG transition advisory team at advisory-focused investment bank, PJT Partners, said that "so many of our clients are dealing with sustainable transition in one form or another", adding that ESG is embedded into all of their advisory work.

Reporting

Curran brought up the topic of mandatory reporting, and specifically the Task Force on Climate-Related Financial Disclosures (TCFD), which came into effect for large companies in April this year.

Crompton said that as a result of TCFD "we are seeing climate risk becoming more embedded in how we do business, how we approach investment decisions and how we approach our business operations". She advised companies who will be reporting for the first time to "tell a bit of a story with your disclosure. Where you are now, and what your end goal is". Crompton went on to say: "Don't worry too much about providing shed-loads of detail when you're really not ready to do that. Just have a commitment to make those incremental changes over a period of time".

A global framework may simplify the myriad frameworks that currently exist.

FIRST BREAKOUT SESSION

Moderator: Louise Curran, senior IR manager, Johnson Matthey.

- Amit Bhalla, head of IR, Schneider Electric.
- Lily Crompton, group sustainability lead, Foresight Group.
- Amelia Pan, managing director, PJT Partners.

Curran asked Pan to explain what the International Sustainability Standards Board (ISSB) framework might mean for companies in the near future.

"At its core, the ISSB will provide a globally comparable baseline of decision-useful data for investors by incorporating SASB's industry-based disclosure requirements and build upon the TCFD recommendations. It will also work more closely together with GRI

Louise Curran, Amit Bhalla, Lily Crompton and Amelia Pan.

(Global Reporting Initiative)." remarked Pan. "A transparent and cohesive set of disclosures is useful information that can help with investors' asset allocation", she added.

Part of the problem?

In response to a question about streamlining the process, Bhalla said that IROs need to "understand all of these regulations – there are a lot of acronyms", and to really "get to the essence of them: Are you part of the problem or part of the solution?"

Pan pointed out that investors have access to many sources of information, so it's important to have a consistent narrative. "Be aware of the ratings agencies, but also be aware that some investors use up to 50 different data providers."

Biodiversity

Next the discussion turned to biodiversity. "Essentially we need to think about how we can measure nature" commented Crompton, explaining how her company has thousands of hectares of land under management. There is currently the Taskforce on Nature-related Financial Disclosures (TNFD) investigating opportunities for disclosures, DEFRA who are looking at scoring biodiversity with their 'Metric 3.0', and also the Biodiversity Intactness Index, developed by the Natural History Museum, which looks at more holistic parts of ecology. Crompton went on to say how Foresight Group have recently set up a forestry fund, and are thinking about investing in other natural assets as well.

Pan remarked that there's a growing recognition that ecosystem loss presents risks for companies, adding that "climate change and biodiversity are interlinked." She said that an investor told her: "companies without net zero commitments are like companies with all-male boards – they're uninvestable for us."

Bhalla said that while most companies have carbon-neutral targets set several decades into the future, it is very important to think about the next five years, "that's what people really want to understand". ■

Report by Silverdart Publishing.

Conference comments

What the delegates and sponsors thought of conference 2022

"I had lots of really valuable conversations – definitely very worthwhile from our perspective"

"Well done team! The sessions were all well thought through and well run. Some really great insights"

"It was indeed a credit to the value of the event that so many IR professionals attended"

"Congratulations on another terrific event particularly with the additional challenges. Speakers and sessions were excellent"

"I thought the sessions were brilliant, very informative and superb quality on the panels"

"I think that it is testament to the engagement that you have with your issuers that so many made it"

"You all did an amazing job under really difficult circumstances. Turnout was much better than expected and everything ran smoothly"

"The sessions are well thought out, engaging and involve speakers from a diverse mix of interesting and high-profile businesses"

Delivering a credible, people-focused narrative

In the second breakout session, the 'S' of ESG was highlighted in a lively panel discussion led by **David Shriver**.

David Shriver opened the session by explaining his background at Ocado Group, which is a global technology company offering its services to grocers across the world. Part of its UK operation includes the Ocado food delivery business which is now a joint venture with Marks and Spencer.

He said the 'S' or 'social' in ESG is "not just about telling people what the culture is, it's about giving a voice to colleagues, so they can talk about the 'why' of the business – not just the 'how' and the 'what'."

Charlotte Lush, who works in disclosure, said that "the foundation of delivering an incredible people-focused narrative is data", adding that "what gets measured gets managed". She went on to say that commitments or improvements are meaningless without having the ability to prove that a company is heading in the right direction. Lush said that investors are no longer only interested in data about the board – but increasingly about the workforce as a whole.

> "There is a lot of fluff and waffle in what companies are reporting"

Eveylne Bull opened by saying the 'S' of ESG affects Experian in two material ways. First, that they are having a positive impact on society through helping people better access financial services. They demonstrate this to investors through case studies and interviews with people who have been affected. Second, as an innovation-focused company, Experian wants the best talent. Bull said "Attract them, retain them, motivate them, train them", adding: "We look at metrics in these spaces, having that quantitative data to back it up".

Jana Jevcakova, who advises companies on their sustainability reporting, remarked that the 'E' and 'G' have been largely tackled, but the 'S' is much more challenging. She suggested looking at the Global Reporting Initiative and the Sustainability Accounting Standards Board for some KPIs to work from, and to "really understand what's material for your company, given the industry cycle you're in". Jevcakova added that there are two aspects to social – one is risk management, and the other is impact. "what are the risks and opportunities that you've identified, are monitoring and are looking at?", she added.

A job for IR

Shriver asked how important it was for IR to be thinking about and communicating the 'S'. Lush remarked "Hugely important!", adding that investors will want to hear more about social reporting – though "there is a lot of fluff and waffle in what companies are reporting", so its important to "really hone that down and make sure it's 100% relevant to the capital markets".

SECOND BREAKOUT SESSION

Moderator: David Shriver, director of communications, Ocado Group.

- Evelyne Bull, VP director, IR, Experian.
- Jana Jevcakova, head of ESG international, Morrow Sodali.
- Charlotte Lush, workforce disclosure initiative, senior research manager, ShareAction.

Bull remarked that it's important to make sure that what is said is "clear, transparent and really stands up to scrutiny". Adding that it's important to start collecting data and explaining it, even if the company isn't where it wants to be: "If you don't report it, people will assume it's very bad."

Jevcakova said that "IROs won't survive as a role if they don't incorporate ESG in communications to the market". While the IR role has traditionally involved talking with the financially literate, this is starting to change – with more meetings with boards and committees likely to be on the horizon, so it's important to really know about your long-term value proposition.

Lush agreed with these points, and added "I cannot overemphasise how any social enterprise reporting is already putting you above and beyond a significant proportion of companies". With mandatory requirements likely to be enforced in the EU and UK soon, it's the perfect opportunity to be a leading company.

Jana Jevcakova, Evelyn Bull, David Shriver and Charlotte Lush.

All data?

Shriver then asked whether there's still a place for qualitative data in reporting.

Bull said that some companies may have very similar metrics, using turnover as an example, but that may not tell the whole picture – and this is where adding some context is important. She added that "investors really want to talk to the CFO and CEO, hear what they really think and find out how are they driving culture from the top".

Managing the risks related to culture is increasingly important for investors. Jevcakova stressed the importance of preparing policies for all possible issues, including cyber security, whistle-blowing, money laundering and bribery to name a few. She added that "No company is perfect, no company has it all figured out. It's really good to demonstrate that it has identified those bad apples and it has done something about it."

Excuse me

In a question from the floor, gender pay-gap reporting was brought up in relation to very low staff turnover at the top of the company.

> **"No company is perfect, no company has it all figured out. It's really good to demonstrate that it has identified those bad apples"**

Lush answered saying "It'll never be looked on negatively, as long as it's a legitimate explanation". Jevcakova added that "The moment financial performance goes down, every role will be scrutinised. Diversity will be scrutinised!".

Hand in hand

Another question asked about the interface between HR and IR – and to what extent the voice of the HR director should be informing the narrative with investor communities.

Bull answered, that "HR people are good at HR jobs – focusing on employees. But they're not the experts on what other stakeholders want – particularly investors." She added that building strong relationships with HR is important, and that letters from investors, requesting certain data points, should be shared with them. She finished by saying "You can have very productive relationships, where you are both mutually supporting each other". ■

Report by Silverdart Publishing.

Governance: the big issues for IR

In the third breakout session, the panel was led by moderator **Holly Gillis** in a discussion of governance issues – the 'G' of ESG.

Skilfully moderated by Holly Gillis, this session drew on the diverse perspectives of Robert Lyons, Vishal Khosla, and Catherine James.

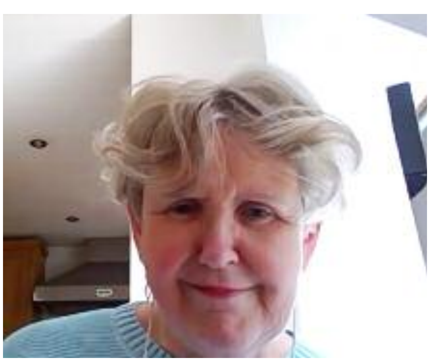
The debate opened with a challenge as to whether reforms go far enough, noting a recent announcement from the FRC pledging to hold company directors to account, and questioning the role of the audit profession in light of a string of corporate scandals over recent years. Whilst the panel joked it was 'the longest white paper in history' and were keen to see progress, they were supportive of the reforms. Encouragingly, Khosla noted early movement as some companies were taking on recommendations already.

Portfolio NED

Picking up on the question mark over auditors, James stressed the value an audit brings in terms of insights on both governance and performance. She also highlighted the commitment required by a non-executive director (NED) and flagged a potential risk from the 'portfolio NED' in potentially reducing the quality of oversight provided.

Less scrutiny

The discussion then shifted onto the AGM season and the focus on executive remuneration, particularly in light of the current inflationary environment. In this respect, the panel had mixed experiences and whilst Khosla reported less scrutiny than perhaps expected, Lyons was seeing more interest and it was, of course, good to hear that the M&S Remuneration Committee had ensured hourly paid colleagues received a higher percentage uplift than the executive team.




Clockwise: Catherine James, Vishal Khosla, Robert Lyons and Holly Gillis.

THIRD BREAKOUT SESSION

Moderator: Holly Gillis, senior director, Citigate Dewe Rogerson.

- Catherine James, treasurer, The Household of TRH The Prince of Wales and The Duchess of Cornwall.
- Vishal Khosla, partner, EY.
- Robert Lyons, deputy company secretary, Marks and Spencer.

Diversity

Referring to an earlier breakout session on ESG, the panel briefly touched on the integration of ESG metrics within executive remuneration, concluding a bespoke, company-by-company basis was the best approach.

Diversity and inclusion was another big topic of discussion, with the *Parker Review* felt to perhaps act more as a 'stick' to meet quotas. The real issue is corporate culture, so retention and employee surveys therefore provide a better indicator of the true position.

Insights

As always, the session wrapped up with the panel providing a few tips. On the practical side, to include ESG investor events in your IR calendar, and on the personal side, recognising the deep insights and expertise an IRO brings, to 'speak the truth to power' when talking to the board. ■

Report by Lorraine Rees, IR-connect.

The importance of sustainable investment

In the second keynote session, Evan Davis discussed with **Amanda Young** the growing influence of sustainability on investment funds.

The second keynote of the day, as Evan Davis' introduction noted, was with "one of the great names in sustainable investment", Amanda Young. Young is chief sustainability officer at abrdn – a rebrand Evan smilingly suggested was an attempt to look "down with the kids". Young, talking from Edinburgh over video link, handled this and other questions very deftly, and over the 30-minute session gave the audience much food for thought.

Davis said he felt ESG remained a bit of a terminology minefield, and looked to Young for guidance on the difference between 'impact, ethical, sustainable and ESG' labels. As she explained, the nuances came from the differing investment lenses through which an investor was reviewing their portfolio criteria and choices. It defined how they looked holistically at their portfolio from a risk perspective – whether allocating or avoiding sectors or exposures. Understanding the approach of the investor was key to unlocking their motivations, questions and likely investment perspectives.

Young also gave insight into how the landscape had changed over the past five to 10 years, with large investment firms making a structural shift from a central ESG team undertaking the fundamental analysis through to this responsibility sitting with the investment teams themselves, with the central team setting the agenda, frameworks and providing thematic insights.

Turning to the raft of information used to inform such decisions, Young noted that sustainability teams are using an ever-increasing range of channels. Not just the data questionnaires that IROs love to hate, but also tapping into sentiment seen in news stories or around the various social media platforms, to understand how customers and employees perceive corporate behaviours.

Advice for IROs

Davis asked Young the recurrent question for the day – what advice she would have for IROs. Her reply was:

- Appreciate the importance of corporate honesty, transparency, and authenticity.
- Understand the risks, but equally be clear on where the opportunities are for the business.
- Ask investors what their view on certain issues or sectors is – this needs to be a two-way conversation.
- Own the corporate agenda; get up to speed with the issues that matter most to your company and properly understand the components of the net-zero journey.
- Influence the corporate agenda – you are the ears of the company from the investment community, and if they are pushing in certain directions, you must feed this back into the company.

Replenishing

Davis also raised the current topics of the cost of living crisis and the degree to which corporates should be vocal on broader social issues, while avoiding the label of being a 'woke' company.

Young provided a considered perspective: while absolute poverty may have receded over the past decade, the gap between haves and have-nots remains significant, both in society and within corporates. Boards need to be cognizant of the societies in which they operate, and thoughtful about issues which are relevant to their people and communities. They should not feel an absolute need to be vocal as these issues are nuanced and rarely black and white; but equally they must be mindful of the mood and nature of the society they operate in.

One of Young's last comments encapsulated the reason why she, and sustainability imperatives, are increasingly taking centre stage: "We are in a world which is over-consuming: for five months of the year, we are using resources we are not replenishing". I am sure many of the audience, like me, spent some time quietly reflecting on this profound and simple rationale for why sustainability matters so much. ■

Report by Ross Hawley.

SECOND KEYNOTE ADDRESS

Moderator: Evan Davis.

Amanda Young is the chief sustainability officer for the investment vector at abrdn. She has over two decades of experience in responsible investment. She leads the sustainable investment strategy to support abrdn's investment teams, its active ownership activities, client support and abrdn's sustainable product funds.

Amanda Young and Evan Davis.

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Key macro, investment and corporate trends

In this afternoon session, economist **Sharon Bell** addressed current trends in capital markets and the outlook for the UK and international economies.

Sharon Bell set the scene for this afternoon session by reflecting on the precipitous falls seen across global equity markets in early 2020, at the start of the COVID-19 pandemic, which were followed by one of the strongest recoveries on record.

She explained how this recovery was attributable in part to vaccine breakthroughs and the role of technology in enabling people to work from home, alongside very low interest rates and significant economic stimulus in the form of government loans, tax cuts, cheques mailed to citizens in the US, and so forth.

However, once again we are seeing sharp declines across global markets, Bell highlighted. The easy financial conditions experienced during the pandemic are transitioning into tighter fiscal and monetary policy to curb rampant inflation and this, in turn, is depressing equity valuations. Moreover, markets are now discounting a modest recession.

Bell emphasised that many people have emerged from successive lockdowns with accumulated savings, which are now being spent on holidays and other discretionary items. In the UK, US, and Euro area the ratio of savings to income currently stands at around 10-12%, which is significant when compared to a near zero rate in the UK pre-COVID. On the one hand, this expenditure is fuelling inflation, whilst on the other hand it is helping to cushion the impact of an inflationary hit to real incomes, at least in the near-term.

Sharon Bell.

Supply and demand

Tight labour markets are also putting upward pressure on wages and inflation. The UK is in a highly unusual situation where there are more job vacancies than workers. Whilst not as extreme in the euro area, labour shortages are still prevalent.

Understandably, Bell explained, core inflation is a major concern for central banks.

The postmodern cycle

Looking ahead, Bell believes that the 'postmodern cycle', will be one of higher inflation, even if the current high levels are controlled, and lower stock market returns.

The past two decades have been an era of globalisation but Bell expects that this will now shift in favour of more costly, and therefore inflationary, regionalisation. Where energy and labour were once cheap and plentiful, these resources are now becoming more expensive and scarcer. She anticipates that the inflationary environment will pull forward large private and public debt-financed investment projects.

Furthermore, whilst high growth technology companies had been sought after over the past decade, Bell concluded that companies with healthy margins that make physical goods would become more important to investors going forward.

THIRD KEYNOTE ADDRESS

Moderator: Evan Davis.

Sharon Bell is a senior strategist on the European portfolio strategy team at Goldman Sachs Global Investment Research, which is responsible for STOXX Europe and FTSE 100 forecasts and thematic investment recommendations for the European equity market. She is a member of the GIR inclusion and diversity council. Previously, Sharon served as co-head of the EMEA Global Investment Research Women's Network. She joined Goldman Sachs as an associate in 2002 and was named managing director in 2015.

Diversification

Bell briefly reflected on the 1970s, an economically challenging decade where all assets except gold, real estate and commodities underperformed inflation. Whilst Bell does not believe that scenario fits today's environment, she highlighted that prolonged underinvestment in Europe and the US needs to be reversed to cope with higher prices.

Concluding her presentation, before taking questions, Bell reminded us that US investors often ask, "why invest in Europe"? In response to this question, she noted that US equity indices are concentrated in just a few large companies that are highly sensitive to rising interest rates, whereas European equity markets are far less concentrated, and therefore less risky in the current environment. Consequently, private equity capital is likely to continue to flow into Europe to take advantage of depressed valuations for good quality businesses. ■

Report by Kate Heseltine.

The opportunities and challenges of becoming a PLC

In the fourth breakout session, IROs turned their attention to IPOs and some of the challenges involved with becoming a listed company. The panel was led by moderator **Rob Gurner**.

This lively session moderated by Rob Gurner brought together a panel of IROs all with IPO experience. Amie Gramlick and David Hancock both joined their companies shortly after IPO. In contrast, Adam Key was able to bring insights having been IR both pre- and post-IPO.

Key opened the discussion by highlighting the amount of internal education that was required as part of becoming a listed company. Gramlick echoed this, citing her experience about the extensive cultural adaption. Hancock noted the benefits of early IR engagement in terms of the internal network and relationships. He also flagged the benefits of early IR involvement in the investor meetings during the IPO process and in early engagement and dialogue.

Evolution

The discussion then turned to disclosure and the evolution of disclosure during the IPO process and once you're listed. Of course, the usual tension between recurring and ad hoc disclosures exists, and Key cited a big advantage of an IR being involved early in the IPO process was to plan the disclosure with a view to the post IPO reporting. Gramlick expanded on this point, noting that, despite the substantial documentation as part of the prospectus, disclosure substantially evolved over the journey. Hancock agreed, suggesting an advantage of increasing disclosure incrementally over time is it creates the perception of responding to investor needs, rather than providing a fuller disclosure initially which you may not get credit for.

Another significant cultural shift identified by the panel was the change in control over inside information and access to data, where previously restrictions did not exist. Gramlick expanded this discussion beyond the role of IR, to the importance of corporate communications to disseminate information.

Location

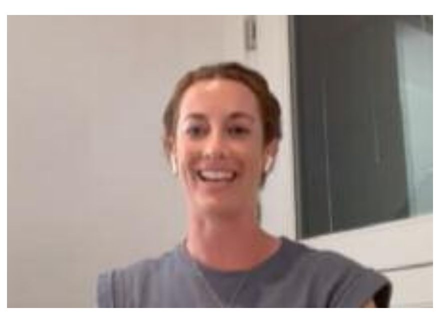
Gurner then asked the panel to discuss their rationale for choosing to list in the UK. Although Deliveroo operates in multiple markets globally, Hancock explained the company was founded and headquartered in London, and the UK is still the largest market. He also noted there had been debate as a tech stock whether a different market would have 'got' the story better, but he dismissed that concept as unfair to the investment community. Geographically, Gramlick brought the opposite perspective by having no UK operations, stressing the rationale was depth of liquidity compared to the three larger Middle Eastern exchanges. The panel wrapped up the session with a broader discussion on IR including current markets and quarterly reporting. ■

Report by Lorraine Rees, IR-connect.

FOURTH BREAKOUT SESSION

Moderator: Rob Gurner, head of IR, Plus500.

- Amie Gramlick, head of IR, Network International.
- David Hancock, head of IR, Deliveroo.
- Adam Key, head of shareholder relations, Bridgepoint Group.



Clockwise: Amie Gramlick, Adam Key, Rob Gurner and David Hancock.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Optimising capital allocation in a transforming world

The fifth breakout session, moderated by **Stuart Morgan**, focused on issues around allocation of capital, balancing investment and growth with shareholder returns.

Stuart Morgan began by asking whether companies' approach to capital allocation had changed over the past year.

Adrian Frost responded that, despite the volatility in financial markets over this period, his group's approach had not really changed. He acknowledged that there had been some City pressure on companies to maintain dividends in challenging circumstances, and that fund managers had been accused of depriving the country of investment as a result. "Dividends are the last things - they can only be sustained if investment is sufficient and appropriate. So we would be the first to encourage a company to invest to underpin and increase the duration of that dividend."

Frost added that "nowadays investment is often not in a physical asset - it can be in human capital, particularly if a company is moving to the cloud or investing in IT." He believed it was unfair that companies can be punished for taking a long view.

Dividend policy

Tom O'Hara, who specialises in European equities, said that European markets did not have the same "obsession with dividends" as the UK. He said that some UK income fund managers and the financial media tended to "whip everyone up into this big debate." However, most European companies did not feel the need to have a discussion with investors about dividends, cash allocation, and share buybacks - it was a board matter.

Derek Brown explained that his company, Trustpilot, was rated by the market as a growth-oriented software business and is currently loss-making, after floating its shares in London last year. "So the topic of dividends does not come up very often." Where it does come up in the world of technology, which normally does not pay dividends, is where there is a mounting cash balance, so that conversations start about whether there will be a special dividend or a share buyback. "We are not currently there, but we have seen a massive change in the focus on profitability, cash, break-even, funding your own growth and not having to raise money. Fortunately we raised a lot. of money in our IPO in March last year. So we now have a path to profitability."

FIFTH BREAKOUT SESSION

Moderator: Stuart Morgan, director of investor relations, Capita.

- Siobhán Andrews, head of corporate affairs, Spectris.
- Derek Brown, head of investor relations, Trustpilot.
- Adrian Frost, investment manager, Artemis.
- Tom O'Hara, European equities, Janus Henderson Investors.

Stuart Morgan.

> "Investment is often not in a physical asset – it can be in human capital, particularly if a company is moving to the cloud or investing in IT"

Siobhán Andrews.

Derek Brown and Adrian Frost.

Tom O'Hara.

Siobhán Andrews said that dividends were not a big topic of conversation for her company, Spectris, which provides high-tech instruments, test equipment and software for industry. "Typically for us, the conversation is about investment organically in research and development or else in mergers and acquisitions. We do have a progressive dividend policy but our priority is more about how to invest and grow the business."

Underleveraged

Morgan took the panel discussion through many other aspects of market behaviour, capital management and related IR strategies. Frost said that ultimately capital allocation decisions were for the corporate board. He noted that until recently, companies that were underleveraged had been likely to get attention from private equity groups, but that the picture had changed since the recent sharp rise in inflation and interest rates.

Andrews related how an imminent M&A deal by her company leaked, and constraints on what could be messaged made communication with the market difficult, especially challenging at a time of increasing macro-economic uncertainty. The discussions were eventually terminated. O'Hara suggested that a rolling buyback strategy is preferable to a one-off buyback – "consistency and sustainability is the way to do it."

Brown explained how Trustpilot had chosen to list in the UK, as it was not quite large enough to ensure good market liquidity for investors in the US markets. It was not necessary to be in the US to attract interest, as the technology sector is global. "Most tech-savvy investors know that they need to look further than Palo Alto for investment opportunities." ■

Report by Silverdart Publishing.

New horizons for IR: key themes and issues going forward

In the final plenary session, **Evan Davis** led the panel through a range of topical issues – including the public vs private debate, short-termism and coping strategies for a bear market.

With many ESG discussions throughout the day, Evan Davis, who introduced this session, asked the four panelists whether the topic has been overdone. Miriam McKay said that it is much more important than it was even five years ago and that "we as IROs have a responsibility to keep it real and to keep it authentic". She cited an example of how HomeServe's modern slavery policy was important during a period where call-centre staff were working from home in 2020. "We had to know that those people – out of sight – were being paid for the work they were doing, and that their earnings weren't being syphoned off in some nefarious manner".

Al Loehnis agreed with the 'keep it real' sentiment, saying that "the drivers behind [ESG] are pressing and real, and therefore companies are right to feel urgency." He went on to say that "Walking the talk, and doing so authentically takes time ... we're all playing catch-up".

Tim Garratt.

Tim Garratt, who joined the session remotely, supported the ESG developments of the last few years. "Profits and good governance are not in tension with one another over long periods of time", he remarked. He went on to say while there are a lot of concerning parts to climate change, the most adaptable companies provide the best opportunities for investors.

James Spalton agreed that there was need for companies to catch up on important ESG issues. However, he also raised concern about the rapid evolution of the industry around it, and whether this promotes best outcomes for companies and their stakeholders consistently and clearly. He referenced third-party research demonstrating that different ESG scoring systems currently may rank the same company very differently, risking a "muddled situation". That said, Spalton went on to say that instances of confusion or misappraisal can provide proactive investors with the opportunity to generate strong returns – through supporting positive change or promoting clearer understanding.

Short-termism

Next up, Davis shifted the conversation to short-termism, asking "are the long-term guys slightly displaced?"

"All of the data on average holding periods is suggesting time horizons continue to shrink" said Garratt, adding that "lots of companies are choosing to remain private for longer because of short-termism." He said that it's an obvious market inefficiency, given the many 'middle people' who are involved in the process. He followed up by saying "On a 10-year view, we think that we can make an awful lot of money being roughly right, rather than precisely wrong over the next quarter."

McKay added that the short-termism culture can stifle innovation – as leaders are encouraged to invest predictably to maintain the share-price. Garratt agreed, saying that "Big constituents of the FTSE are beholden to a divided". He questioned "Why don't they behave like Netflix, who famously cannibalised their own DVD distribution business?". He went on to say that it is very hard for a CEO of a big public company to do that because of the way they are incentivised.

Spalton added that for long-term, fundamental investors, "volatility is your friend, rather than your threat", providing entry opportunities for those who have done the work to understand a company's value and prospects.

Public vs private

In recent years, there has been a trend for companies to delist and go private, or stay private for much longer than they once would have done. Davis asked the panelists for their thoughts on this.

McKay, whose company HomeServe is in the midst of a private buy-out, started with an anecdote, saying that when their share price started to fall drastically during the UK market sell-off, they

THIRD PLENARY SESSION

Moderator: Evan Davis.

- Al Loehnis, director of stategic business development Europe, Investis Digital.
- Tim Garratt, client director and partner, Baillie Gifford.
- Miriam McKay, director of group communications and IR, HomeServe.
- James Spalton, senior analyst and partner, Odey Asset Management.



James Spalton, Miriam McKay and Al Loehnis.

prepared their defence, including what they thought the company was worth "not what the market thought!". Out of the blue, Brookfield Asset Management said that they were interested in HomeServe, and according to McKay "We had all that work done, so we could react quickly".

Loehnis asked what gets kept when a company goes private – with regard to the ESG and the IR team. McKay answered saying "I hope our ESG strategy will remain in place. It's the right thing to do commercially as well as from a comms perspective."

Spalton started by saying that he has been cynical of the business models of certain listed private equity companies for some time, asking "are they really as cash generative as we are led to believe? Or is there a dirty secret of capital intensity in there?" With regard to takeover bids, he typically preferred to support management executing their business plan and to see through his own views of intrinsic upside over time, rather than sell out early.

Garratt said that democratising access to public companies is something they're really excited about, adding: "we're not going to put pressure on private companies to IPO. That's up to the management team". He went on to say that it's sad to see companies like ARM be taken private. On the market as a whole he said "there's a big gap between our capacity to innovate and hold companies in the UK – relative to the US and Europe." In his final blow to the public/private debate Garratt said: "Does any of this reshuffling add any value for the shareholders? Does it help the long term mission? Probably not."

> **"Tell your story as best you can, and don't get drawn into arguments about share price"**

Falling market cap

A questioner from the floor asked how you are supposed to respond to a falling share price, when the equity market is correcting, and you know your fundamentals are strong.

"Tell your story as best you can, and don't get drawn into arguments about share price" said McKay.

Loehnis said that companies often fall into the trap of thinking that being transparent and open, with lots of information is the same as having a clear message. He used an anecdote of a FTSE listed company's four-hour presentation to shareholders comprising 250 slides. "Companies need to articulate very clearly and very concisely the core elements of their investment case, and back that up with the depth of information needed to substantiate it" he added.

McKay agreed, quoting Mark Twain "I apologise for such a long letter, I didn't have time to write a short one!".

Spalton remarked "The share price itself is an output rather than an input. Get the story clear and make sure you haven't missed anything."

IR tips

Lastly Davis asked panelists for their IR-related tips.

Loehnis said "Think like a marketer. IR is a combination of communication and regulation, but ultimately you're marketing a product." McKay's advice was to "Prepare your defence! Don't do it when you get a call from Bloomberg."

Spalton said to "communicate as simply as possible what's really special about the business – what makes it tick. It could be a product USP, an industry feature, something inherent to the business model. If people can understand that, they can see through tough times and support it."

Garratt finished by saying, "Let's hear about the 10-year vision. It's quite a helpful way of purging your register, so you get some more aligned long-term shareholders. Beware the ones who want to see the quarterly metrics!" ■

Report by Silverdart Publishing.

To finish, a plate of ESG and corporate IR – *with chocolate!*

In the final keynote interview of the day, Evan Davis talked to **Angus Thirlwell**, founder and chief executive of Hotel Chocolat, about sustainability and his business priorities.

Evan Davis began the conversation by asking Angus Thirlwell, CEO of the London-listed Hotel Chocolat Group, whether he ate chocolate every day.

"Absolutely," replied Thirlwell, pointing out with a smile that cacao (the raw cocoa bean from which chocolate is made) is "really nutritious, whereas it is sugar that you have to watch out for".

Davis asked him to set out the key features of his business and its culture. Thirlwell said that Hotel Chocolat is a direct-to-consumer chocolate brand, "driven by a set of values and a culture that enables us to bring something fresh and different to a mature part of the market. We really focus on creativity and originality."

The company has 125 stores in UK and 30 in Japan with a joint venture partner. The stores account for roughly half of turnover, while the other half derives from online sales. He said that the company employs a 25-strong design team working on moulds, packaging and every aspect of the business.

Davis noted that Hotel Chocolat is also in the farming business as a grower of cacao. "Yes, we bought an old, beautiful farm 15 years ago in St Lucia, in a rainforest setting and we set about learning everything there is to know about the cocoa bean."

> **"I have learned that the best thing is never to take the low road"**

He explained that the farm supplies about 5% of the cocoa beans that the company needs, while the other 95% comes from Ghana." Cocoa is a massive business in Ghana and accounts for around 20% of the country's GDP.

In light of current interest in sustainability and social governance issues, Davis asked about the company's arrangements with local farmers in Ghana? "We pay a premium to farmers at the end of the season which is in excess of the Fairtrade premium. As we are farmers ourselves, we can approach the issue with a different set of knowledge and empathy.

"We also fund shade trees, which is part of the deal with our farmer family partners. We ask for our beans to be grown gently, which means in shade. This creates biodiversity, reducing evaporation of water and combatting climate change." He said this also helps to reduce the boom-and-bust cycle of the cocoa crop.

FOURTH KEYNOTE ADDRESS

Moderator: Evan Davis.

Angus Thirlwell founded Hotel Chocolat in 2004 with his business partner Peter Harris. with two specific aims for their chocolate: for it to excite the senses and for it to be widely available. In 2013, Hotel Chocolat became the world's first chocolatier and cocoa grower to present a single-côte chocolate (made from a single terroir-defined grove of cocoa trees known as a côte), the Rabot Estate Marcial 70%. The company listed its shares in London in 2016.

He said that the company had stepped up its Ghanaian farmer programme quite markedly last year. "We are in the first year of it - and it's all working well so far."

The IPO difference

Davis said Hotel Chocolat had gone public in 2016 via an IPO and wondered what difference that had made to the business.

Thirlwell said that there are three reasons they decided to seek a listing. The first is that "we are ambitious and this gives us access to capital". The second is that the founders wanted to take some money out, after a lot of hard work - "and our wives had been waiting quite a long time for that new kitchen!" The third reason was to be able to reward the team with share incentives.

The result of this is that the company now has a range of owners, not just the founders. "You get the investors you deserve," he said noting that they have understood well the company's priorities. "We made it clear that we were not just another chocolate brand. We have an appetite for risk. We do make mistakes, but our culture is the most valuable thing we have got and is worth protecting."

The company has 3,000 workers, "We keep polling through surveys and the team tells us that they want us to keep doing the ethical and sustainable measures in the business - it makes them proud to work for us. They want us to keep being imaginative and innovative."

He said that doing the right thing sometimes means making a bit less money in the short term and can be painful. "But I have learned that the best thing is never to take the low road - in the long term the high road serves you best."

"If I was to ask our investors whether they think we are doing the right thing by our farmers, they would say we are, in the vast majority of cases."

A focus on resilience

Davis pointed out that the company's share price has dipped in recent months and asked how the company dealt with that from an IR point of view.

"We like to believe that the market is rational and that we are judged fairly. But, with our share rating as it is now, we feel that this is not the case. It seems there is a 'one-size-fits-all' reaction which is unfair."

Thirlwell noted that the market's focus this year, with the rise in inflation and interest rates, had shifted from growth to profit. "We have delivered 40% growth and profit is good, so that should be enough, but it appears that this is not enough to get noticed as an outlier against the broad sweep of market correction."

But he said that the company's reaction was to try harder. "We are focusing on being resilient, as well as on margin improvement and profitability." At the same time, investors tell him that they must keep the story going, and just do the right thing.

A sense of worth

A questioner from the floor asked how Thirlwell reacted to the difference between the market value of the company and his sense of the worth of the business.

"We are focusing on the fundamentals. Margins have slipped a bit. But we know what we are capable of, and growth comes with some friction and noise."

Davis asked why the company was focused principally on the UK and Japan, and whether there were plans to expand in Europe or the US?

"European countries tend to be very nationalistic about chocolate. Our brand can appeal there, but there are nationalistic challenges to overcome. Japan is twice the size of the UK and is motivated on gifting – and we are very good at that – when somebody gifts, we often win another customer. The US is of great interest to us and we are developing our online offering there."

Angus Thirlwell.

Supply chain communication

Another questioner from the floor asked whether he had any advice for IR professionals about communication of supply chains issues, particularly on sustainability.

Thirlwell believed that consumer interest in supply chains will continue to increase and technology will enable them to track such information in detail for each product, such as when using their mobile phones to scan goods in a supermarket.

He said that there was an emotionally charged aspect to agricultural goods. "All farmers should make a living income - and every single customer would want that to happen." Also, historically, the cocoa bean has been responsible for deforestation. Cocoa grows around the equator - and there is nothing more fertile than a chopped down forest.

"But there is an opportunity for cocoa to be one of the crops that actually rolls back deforestation." Cocoa can uniquely grow well in a shaded environment, due to its origins as a small tree in the Amazon basin, surrounded by much taller trees.

The story is one of "progress, not perfection". The company finds out things that can be improved all the time. The test is what can be done about it. "There is a skill in not over-promising. There has been a real problem in the chocolate industry where some have taken the approach that the programme is 'sustainability done - tick', but we know that it is never totally done - it is always a work in progress."

Finally, Davis asked whether Thirlwell had an IR tip for the audience.

"When pressure is on, short-term or economically etc, the only thing you have left is authenticity. Even if the message is not entirely what people want to hear, they will come round to it if it is authentic and true and long-term.

"Short-term fixes never work, they usually unravel," he added. ■

Report by Silverdart Publishing.

Professional development

Our professional development programme comprises a suite of courses and qualifications for IR professionals at every stage of their career. For more information and to book a course, please visit: www.irsociety.org.uk/professional-development

The new normal

Q1/Q2 2022 in review: **Matthew David** reflects on the first half of of the year – as the Society started offering in-person courses once again.

Matthew David is professional development coordinator at the IR Society.
matthew.david@irsociety.org.uk

The start of 2022 has seen in-person learning return to the forefront of the IR Society's training provision. Since our first in-person course, Advanced Writing Skills trained by Jon Harris on 24 March, we have hosted 12 professional development courses, seven of which being in-person. Coming off the back of almost two years of exclusive virtual training, this has been welcomed by many as a return of a normality with the benefits of direct access to course trainers and traditional networking. For the second half of this year, we have committed to providing a further nine courses to be trained in-person.

Nevertheless, with the prevalence of hybrid working remaining as a standard practice in the post-pandemic world, our virtual training programme will continue as a training option to provide flexibility of choice.

We want to thank everyone who has attended our public courses this year, our fantastic course trainers for continuing to provide first class investor relations tutoring and we look forward to hosting more in-person and virtual professional development opportunities throughout the remainder of 2022.

Did you know

We offer bespoke training packages for companies looking to provide professional development for multiple members of staff. Please contact matthew.david@irsociety.org.uk if you would like to discuss our bespoke packages.

We offer a 10% discount on courses when 2 are purchased and up to 20% discount on courses when booking 3 or more at the same time. ■

Recent CIR and ICIR passes

The IR Society would like to congratulate the following candidates who passed the CIR or ICIR from March 2022 to June 2022.

Abdulhadi Samir Zafar – MEIRA
Ahmed Mohy Sabry – Arabian food industries Company Domty
Andrew Lynch – Halfords Group
Annushka Shivnani – MEIRA
Aruna Mannie – Harbour Energy
Catherine Chapman – Engine | MHP
Charles Withey – Maitland
Christopher Ridgway – Pets at Home
Cynthia Zhang – Nasdaq
Jack Bowman – SThree
Kamile Rimkute – Nasdaq
Kirsty Carruthers – Headland Consultancy
Kyu Won Kim – Nasdaq
Laura Marshall – Tulchan Communications Group
Megan Peat – Black Sun
Mona Abu Houli – MEIRA
Munir Ahmed Alghazwi – MEIRA
Oliver Norgate – Tulchan Communications Group
Olivia Stalley – Maitland
QI SHICHAO – HKIRA
Rami Mohammad Al Banna – MEIRA
Reem S. Al-Hajri – MEIRA
Richard Anthony Rose – MEIRA
Rosario Orchard – Antofagasta
Rupert Milne – Fidelio Partners
Timothy Hand – RD:IR
Xinyi Wang – Maitland
Zoe Zhang – Volvo Cars

For more information, please contact Tara Mitchell at tara.mitchell@irsociety.org.uk

Spotting and using effective rhetorical devices in IR comms

Jon Harris explains why IROs should become more familiar with linguistic techniques.

Jon Harris is director at
The Jon Harris Partnership.
jon@tjhp.co.uk

Jon teaches the ***Introduction to Writing for IR*** and the ***Advanced Writing Skills for IR*** courses for the IR Society.

"To be, or not to be – that is the question"
"This year we halved our distribution costs"

Starting with a short quiz:
i) Who wrote these two sentences?
ii) What linguistic property do they share?

I hope you answered question i) correctly in relation to the first sentence (back to school if you didn't).

You may not exactly know who wrote the second one (in fact I did, just now) but you'll find it, or something very like it, if you scour any handful of annual reports.

The answer to ii) is trickier. If you got it, well done.

Blank verse

Both these sentences are iambic pentameters. They have 10 syllables (11 is also OK in some circumstances – we'll come back to that) with the rhythm unstressed/stressed/unstressed/stressed and so on. If you put a few lines of these together, you have 'blank verse', the style of writing commonly associated with many poets and playwrights down through the ages.

A huge body of scientific literature shows why iambic pentameters have been so popular and memorable in the Western canon. Read it all if you like; or simply accept, on trust, the apparently obvious truth that Shakespeare is so popular, and many of his lines so memorable, because he is the master of the iambic pentameter. There's just something about a well-turned one of these that we like, and that we remember.

Rhetoric

I believe that the writers of IR materials would benefit from paying more attention to the science of rhetoric: the exploitation of figures of speech and other compositional techniques.

If you had been formally educated in the Western world at any time up to about 1700, you would probably have studied Rhetoric as a subject in its own right. (You would also have read aloud to yourself. Libraries and schools were very noisy places.)

Andy Bird, CEO of Pearson, writes this sentence in his review for the 2020/21 annual report:

"Over the last 12 months, our employees have shown the dedication, perseverance, and commitment to drive Pearson forward."

I don't know if Andy and his IR team realised it, but that sentence contains an iambic pentameter: "Our em / ployees / have shown / the ded / ica-tion". (In this sentence the "-tion" at the end of "dedication" makes an 11th syllable; this can be an effective variation to an iambic pentameter, and help it stick still further in the audience's memory – compare this to Shakespeare's "O my dear mother; do I see you living?")

If Andy were to read this sentence during his speech to an investor presentation, he would want to be aware that simply by pausing either side of the pentameter, he could emphasise it in a memorable and helpful way.

Three's company

The sentence I quoted also contains another common rhetorical device – a 'Gradatio', or 'Rule of three' – "dedication, perseverance, and commitment". This device is everywhere in IR – perhaps too much – but bear in mind that it works equally well with numbers other than three. There's a good example of this in Amanda Blanc's video presentation of Aviva 2021 results, where she sets out four strategic priorities, counting them through as she goes along.

I warmly encourage IR specialists to research rhetorical devices. There are many, and they can help you bring fresh thought to, and have great fun with, the detail of your sentences. Increasing your awareness of them will help you to make your IR writing have a better flow, be less clumsy and more memorable. Oh look – I've done a rule of three again! (And another iambic pentameter.) ■

Course calendar

Upcoming IR Society courses

Here you will find our upcoming professional development courses. We also offer bespoke courses to suit your exact needs. To view our full course schedule for 2022 or to book a course, please visit: www.irsociety.org.uk/professional-development

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● Core IR Skills ● Advanced IR ● Specialist ● CIR

Sep 8 • 9am-1pm

ESG/SRI: Sustainability issues for IR (online)
This half-day course will ensure that participants gain a better understanding of the key sustainability landscape, who the key players are in the space and what the focus areas are for investors.

Sep 13 • 9am-4.30pm

Introduction to IR and the financial markets
This one-day course provides an excellent introduction to the world of investor relations, listed companies and the financial markets in which they operate. It explains clearly how the markets are regulated.

Sep 14 • 9am-4.30pm

CIR revision course
The aim of the CIR Revision course is to clarify the purpose and format of the exam, and revise the key areas of the syllabus including: companies and corporate governance, market conduct, reporting, and accounting, valuation and investment principles.

Sep 15 • 9am-4.30pm

Leadership in IR
This interactive one-day course will explore what leadership means for IR professionals and provides practical advice on how to manage and influence. It also addresses a range of challenges an IRO faces on a day-to-day basis.

Sep 26 • 9.30am-1.30pm

Best practice in IR
This course explores the key activities of the function and provides a view of best practice IR approaches. It identifies the tools and techniques available to IROs to help achieve this and enables delegates to understand what's required on a day-to-day basis.

Oct 6 • 9am-4.30pm

IR for assistants and coordinators
Personal and executive assistants in all areas of business but with an overlap to IR teams, or support staff who come into contact with investors, analysts and external advisers, need to understand the role of IR.

Oct 19 • 9am-4.30pm

Introduction to writing for IR (online)
This hands-on course is designed to help IR and corporate communications professionals refresh the effectiveness of their writing within a corporate context.

Nov 2 • 9am-4.30pm

Introduction to IR and the financial markets
This one-day course provides an excellent introduction to the world of investor relations, listed companies and the financial markets in which they operate. It explains clearly how the markets are regulated.

Nov 9 • 9am-4.30pm

Demystifying company accounts & valuations – module one
A clear explanation of accounting jargon, together with the relevance and limitations of financial statements. You will learn how to identify which key numbers are important in communicating your company's story.

Certificate in IR®

The CIR / ICIR is an internationally recognised qualification for the investor relations profession. It is suitable for anyone working in investor relations or related professions, or considering a move into investor relations, either in the UK or overseas.

The qualification allows successful candidates to demonstrate their knowledge of the financial and market environment, the regulatory and reporting requirements for listed companies and a sound understanding of the principles of investor relations, which will enable them to operate competently and safely.

Obtaining the Certificate in IR:

- Provides international recognition as a qualified IR practitioner
- Demonstrates competence and growing expertise
- Enhances career development

The CIR is a self-study qualification based on the IR Society's comprehensive CIR Study Guide. It is assessed by an examination comprising 60 multiple-choice questions, based on the topics set out in the syllabus. The exam can be sat online, via Zoom, or at our offices in London.

CIR / ICIR exam cost

- IR Society members £629 + VAT
- Non-members £789 + VAT

How do employers view the certificate?

Employers and recruiters which specialise in IR view the certificate as a valuable industry benchmark, which helps to ensure competence and commitment to potential employers. It is increasingly being recognised by employers seeking high quality IR professionals.

The International CIR (ICIR)

We offer an international syllabus of the CIR which captures the essential elements common to international markets. The CIR and ICIR is currently run in the UK, Denmark, Hong Kong, Indonesia, Latin America, Malaysia, the Middle East (CIRO), KSA, the Netherlands, Singapore and Spain.

Process for taking the certificate

Register and pay online

↓

Receive the Study Guide and welcome letter containing a link to the mock exam platform

↓

We recommend 40 hours of self-study is required

↓

Sit final exam online or in-person

Structure of the exam questions

1. Introduction to investor relations (9%)
2. Financial markets (13%)
3. Corporate entities and corporate governance (17%)
4. Market conduct (17%)
5. Reporting (10%)
6. Accounting, valuation and investment principles (17%)
7. Effective IR in practice (17%)

Optional courses to attend

Demystifying company accounts and valuations (2 days)

IR regulation and compliance essentials (2 days)

CIR revision course (1 day)

A discount on booking two or three courses is available.

For further information, please contact Tara Mitchell at tara.mitchell@irsociety.org.uk. Tara will be able to answer any questions you might have about the certificate.

Diploma in IR®

DipIR
DIPLOMA IN INVESTOR RELATIONS

The Diploma in Investor Relations (DipIR®) is the senior level qualification from the IR Society. Developed by expert IR practitioners and educational organisations, the Diploma will equip delegates with the skills, tools and expertise they need to become leaders in our profession.

Who should consider the Diploma?

Each candidate will be considered on their own merits. In general, however, it is expected that Diploma candidates will be members of the IR Society, will have successfully completed the IR Society's Certificate in Investor Relations (CIR) qualification and will have a minimum of five years' experience in IR or a related profession.

What is the process?

Candidates will complete an application form and if successful they will be registered for the next available intake. Applications are closing shortly for the 2022 cohort so please get in touch if you have any questions or would like to register.

How is it examined?

Diploma candidates will be examined on three modules and attend two compulsory half-day courses:

Modules:
- Principles of IR Module
- IR in Practice Module
- Presentation Module

Half-day courses:
- Ethics Course
- Revision Course

Candidates will sit two three-hour essay-based exams which will assess their skills, knowledge and experience across the compulsory topics and at least three of the optional topics shown in the syllabus. The exams will also assess familiarity with the UK's legislative and regulatory environment and corporate governance standards, and detailed knowledge of best practice IR and how it adds value. Candidates will also be expected to demonstrate their ability to communicate clearly in writing, identifying and justifying their key messages, their management and leadership potential and their understanding of their company and industry.

The presentation module, where candidates will make a formal 15 minute presentation with Q&A, is designed to test the candidates' competency in some of the softer attributes required as they progress in their career, including gravitas, authority/presence, credibility, clear communication and presentation skills.

On successful completion of the qualification, candidates will receive a certificate and are entitled to put DipIR® after their name.

What does it cost?

The cost for the Diploma is £995 + VAT and this covers: Examination fees, two half-day training courses and support from an IR Society mentor.

Developing the Diploma for IR advisers

In the several years that we have been running our Diploma in IR (DipIR), we have had both IR advisers and in-house IROs participate in the programme together. We are now taking steps to better recognise the differing experience candidates have had, and are looking to tailor the 'IR in Practice' examination paper for each group. This will allow IR advisers in particular to demonstrate their expertise gained while working across a range of clients or sectors, while in-house IROs will be tested on their in depth understanding of the role within a corporate environment.

Please check our website for further details in including the criteria for candidates in terms of industry experience.

"The Diploma in IR was the most useful qualification I have ever taken. I learnt ever so much about many different aspects of IR, joined a cohort of very impressive IR professionals, and feel a lot more credible and informed as an advisor to Boards"

"Taking the IR Diploma really helped me cement my knowledge and experience, and provided a great opportunity to plug the gaps in my knowledge. It was also a great way to meet other IR professional and discuss topics you are previously unfamiliar with"

"A qualification which all senior IROs should aspire to, demonstrating accumulated skills and experience while enhancing future career prospects"

For more information on how to join the 2022 cohort, or to request an application form please contact: Tara Mitchell, professional development executive, at tara.mitchell@irsociety.org.uk

Events calendar

Upcoming IR Society events for 2022

Take a look at a selection of our upcoming events, open to IR Society members and professionals across the industry. For the full events calendar, latest information and for bookings please visit: www.irsociety.org.uk/events

September

Thursday 8 September:
IR Networking: Post-summer holidays social

October

IR Masterclass: Targeting

Meet the fund manager

IR Networking: Senior IRO breakfast

IR Webinar: Capital markets series – raising capital (debt and equity)

November

Tuesday 8 November:
IR Webinar: Capital markets series – M&A

Tuesday 22 November:
Best Practice Awards

Investor relations: Ask me anything

IR Networking: IR managers and coordinators

December

Wednesday 7 December:
IR Networking: Christmas drinks

Monday 12 December:
IR Webinar: Capital markets series – crisis communications and defence

Check www.irsociety.org.uk/events for the latest information and to book.

If you have any questions, contact Christina Warren at christina.warren@irsociety.org.uk

Services Directory

The *Informed* IR Services Directory features those organisations who offer key services to the IR community and shows the categories in which they have chosen to appear. This section is published in parallel with the service provider section on the IR Society website – www.irsociety.org.uk For more information, please call +44 (0)1285 831 789 or email info@silverdart.co.uk

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