

How technology is changing investor communications

Maria Siano highlights a number of reasons why a proactive approach to new technologies will continue to separate ‘great’ companies from ‘good’ ones.



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Across the globe, significant shifts in corporate governance are creating new challenges for corporate issuers and their investor relations (IR) teams.

The rise of the retail investor voice, environmental, social and governance (ESG) preferences by asset owners and social media used by influencers are just a few examples that have made it more important than ever for issuers to communicate effectively to investors.

Broadridge’s annual review of corporate governance and voting trends reveals that the percentage of shares held by retail investors in the US is at 31.7%, the highest level in nine years. As a group, they voted on 29.8% of the shares they owned in 2024, representing a slight uptick over the last two years.

In Europe, regulators and policymakers have long sought to boost retail investor participation to make the region’s capital markets more competitive with major markets like the United States. As a result, the European Union has prioritised retail investment as a prominent component of the Capital Markets Union (CMU), which is designed to enhance engagement through fair and protective measures for all retail investors.

We’re also seeing a continued push from global regulators for improved corporate governance. Take the example of the

revised Shareholder Rights Directive (SRD II). The directive was rolled out in 2020 by the European Union to increase transparency and engagement between issuers and investors. Four years on, there are still differing levels of adoption across Europe, impacting the level of shareholder engagement and corporate governance, with many issuers still struggling to understand who their underlying shareholders are, and investors unable to exercise their rights due to a less than friendly voting experience linked to intermediaries being focused on minimum viable product offerings.

This raises a very important question: how easy is it currently for issuers to effectively engage with their investors? The reality is that this presents a significant challenge for IR teams who often struggle to even identify their shareholders. These teams have long relied on manual processes, personal interactions, and an intuitive understanding of market dynamics. However, the sheer volume and complexity of data in today’s evolving market has made it difficult for stretched IR teams to keep pace using traditional methods.

Here we explore how technology can help solve three of the biggest pain points facing corporate issuers and their in-house IR teams today.

1. Shareholder identification and investor engagement

For issuers, understanding their investors is essential for achieving regulatory compliance, and tailoring communications and strategies to suit investor expectations, building the requisite trust and confidence for securing long-term investment and support. Issuers can also refine their funding strategies, and enhance crisis management processes, all of which contribute to stability and growth.

There are benefits for investors too. Having a clear understanding of an issuer’s strategy allows investors to make more informed decisions regarding their investments, aligning them with their financial goals. This knowledge enables investors to monitor investment performance, manage risk more effectively and engage with issuers to potentially influence corporate governance and policy.

Thankfully, the introduction of new technologies and platforms has made automatic shareholder identification possible – eliminating the manual, time-consuming and expensive previous processes of identifying shareholders.

Furthermore, advanced data analytics tools are enabling both issuers and investors to analyse vast amounts of data for insights into market trends, investor behaviour, and company performance, which allows for more informed decision-making.

And of course, once companies know who their shareholders are, they can start engaging with them more effectively.

Institutional investors – such as mutual funds, pension funds, and hedge funds – have always been a prime target due to the significant assets they manage. Being able to predict their behaviour offers significant advantages to companies aiming to manage their share prices more effectively. However, this year’s Broadridge ProxyPulse report found that voting participation by institutional investors has hit its lowest level in five years (77.8%).

Moving forwards, it’s crucial that corporate issuers engage with all types of shareholders in an effective, targeted manner. This is because effective engagement between issuers and investors leads to improved communication, strategic harmony, and a robust platform for achieving financial objectives, ultimately benefiting both parties through enhanced business operations and investment returns.

The adoption of data analytics and personalisation tools can empower tailored communication based on investor preferences. Automated reporting tools can also provide timely and accurate updates.

These technological advancements collectively enable streamlined, transparent, and productive interactions, strengthening the relationship between issuers and investors.

2. Investor relations cost management

The adoption of new technology often creates the opportunity for businesses to streamline their operations and in many scenarios, generate cost efficiencies.

According to the latest 2024 *IR Magazine* Global Investor Relations Practice Report, the global average budget for investor relations is \$371,000, with over a third of this figure (37%) spent on external services.

By adopting technology to optimise shareholder engagement, issuers can save time and money on multiple third-party costs, allowing these resources to be better spent on developing and

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implementing effective corporate governance strategies. Plus, real-time data and analytics that provide insights into shareholder behaviour can help companies achieve positive outcomes at general meetings and avoid expensive postponements or failed proposals.

Through these technologies, companies can maintain effective investor engagement while minimising costs and improving efficiency.

3. Meeting investor ESG expectations

In today’s landscape, issuers need to be able to demonstrate their commitment to ESG issues – particularly in Europe where there is a heightened focus amongst shareholders. In fact, the number of proxy disclosures highlighting environment and human capital initiatives has more than doubled in the past three years.

This is partly thanks to a growing number of regulations in this space, including:

- the Sustainable Finance Disclosure Regulation (SFDR) which requires European asset managers to disclose to their investors in a consistent manner how ESG factors are adopted in their decision-making processes; and
- the Corporate Sustainability Reporting Directive (CSRD) which requires large and listed companies to disclose the environmental and social risks they face, and their impact on people and the environment.

In response to these market demands, innovative solutions are being rolled out that are reducing the burden of ESG reporting for companies.

By leveraging these advancements, firms can allocate more time and effort toward actionable strategies aimed at improving their carbon footprint and social and governance practices. Some tools also allow issuers to benchmark their progress against industry peers, offering critical insights into areas that require more focused attention.

It’s time to prepare for 2025

For corporate issuers and their in-house IR teams, it is clear that technology holds the key to optimised shareholder engagement strategies that can drive positive business outcomes and long-term growth.

From real-time data monitoring and predictive analytics, to improved ESG reporting, the latest market solutions have the power to enable busy IR professionals to navigate the complexities of modern financial markets with laser-sharp precision and confidence.

As we head into what will likely be an even busier proxy season in 2025, companies should take a fresh look at their current investor relations tools and processes and identify which steps they need to take in order to build a best-in-class investor engagement strategy. ■