

BOARD-SHAREHOLDER DIALOGUE

This book provides corporate law scholars and students and practitioners at law firms, advisory services firms and asset managers with a comprehensive and rigorous analysis of the financial, managerial, policy and legal issues arising from a key feature of today's corporate governance environment, namely, the dialogue between shareholders and corporate boards.

Bringing together top corporate law and corporate governance scholars from the world's leading academic institutions, the collection is characterized by a multi-dimensional approach that considers the particularities of some national legal systems and combines theoretical analysis with practical insights into various aspects of board-shareholder dialogue.

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BOARD-SHAREHOLDER DIALOGUE

Policy Debate, Legal Constraints and Best Practices

Edited by

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Assogestioni is the Italian Investment Management Association. Founded in 1984, the association's aims are to foster and disseminate the various forms of investment management in Italy, including retirement savings, and to promote the growth of its culture and values, in support of the development of the real economy and the financial market. Assogestioni is also focused on representing and protecting the collective interests of its members and their investor clients. Today its members manage more than €2.3 trillion on behalf of Italian households, corporates and public institutions.



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FOREWORD

The practice of engagement between boards of directors and shareholders has become increasingly common around the world. Innovations in corporate governance, such as greater attention to environmental, social and governance (ESG) factors, more frequent and substantial activist investor campaigns, increased use of proxy advisory services, and a growing appreciation of the potential benefits of engagement, have prompted investors and corporate boards to reassess their approach to engagement with portfolio companies. Direct and transparent interaction between boards and investors is now seen as essential to promote better mutual understanding and to improve the overall quality of corporate governance, with the goal of achieving sustainable success in all financial markets. Increasing numbers of investors and directors are, respectively, requesting meetings with board members and accepting such requests, or even proactively initiating dialogue with investors.

Assogestioni, Italy's Investment Management Association, acknowledges that active and meaningful engagement between boards and shareholders has a key role to play in delivering sustainable corporate performance and building investor confidence. The members of Assogestioni are firmly committed to promoting best practices in governance and engagement. Since 1996, Assogestioni has provided technical and operational support to the Investment Managers Committee, a body made up of Italian and international institutional investors. The Committee engages with Italian-listed companies by electing minority independent directors through the "voto di lista" (slate voting system) and facilitates collective engagement initiatives in the form of direct dialogue with company boards. In 2013, Assogestioni adopted the Italian Stewardship Principles, and in 2022, it endorsed the Italian Shareholder-Director Exchange (I-SDX), a framework of best practices for the planning and execution of efficient and mutually beneficial engagements between shareholders and directors. Assogestioni is honoured to support the publication of *Board-Shareholder Dialogue*:

Policy Debate, Legal Constraints and Best Practices. This book is the first to explore the nuances of board-shareholder engagement in a comprehensive manner. It aims to be a valuable resource for practitioners, stakeholders and researchers. By examining the importance, challenges and best practices associated with this essential aspect of modern corporate governance, the book serves as a catalyst for informed discussion, policy improvements and more robust shareholder-board interactions. It provides a comprehensive analysis of key issues related to board-shareholder engagement and delves into critical aspects such as the legal and policy framework, the evolving landscape of ESG investment and shareholder stewardship, strategies for improving disclosure and communication channels, and the role of institutional investors in promoting engagement activities. A notable milestone of this initiative was the book conference held in Rome in October 2022 and hosted by Assogestioni. Chapter authors gathered to share insights and ideas with leading practitioners from around the world. Throughout the conference, the dialogue between academics and practitioners provided criticisms, insights and new perspectives that greatly enriched the book's contents.

The event took place in the prestigious and highly symbolic setting of the Museum of the Ara Pacis, the altar Augustus built and dedicated to Pax, the Roman goddess of peace. It marked the onset of the Pax Augustea, widely regarded by historians as a golden age. Inspired by this historic venue, we hope this remarkable publication will strengthen trust between investors and public companies, ultimately driving sustainable growth and value creation across the market.

Fabio Galli
Director General, Assogestioni