

Presented at:

Strategíu dagurinn

Hver má hvað? Hlutverk hluthafa,
stjórna og framkvæmdastjóra

10 September 2015

From Investor Relations to Shareholder Management

Reykjavík

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Member of the Board of Directors
Landsbankinn

Overview

- HSBC: Evolution in communication
- Investor Relations: A key component
- Approach as a member of the Board

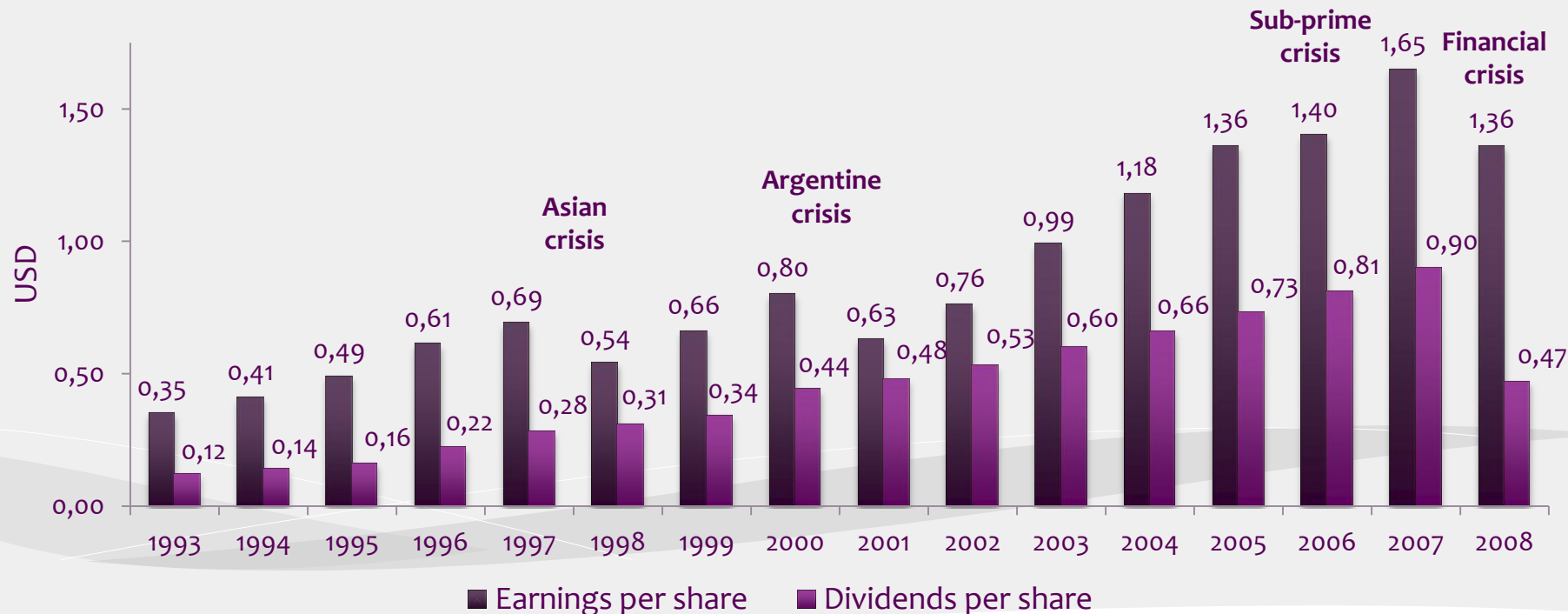
HSBC: Evolution in communication

“The two words 'information' and 'communication' are often used interchangeably, but they signify quite different things. Information is giving out; communication is getting through.”

Sydney J. Harris

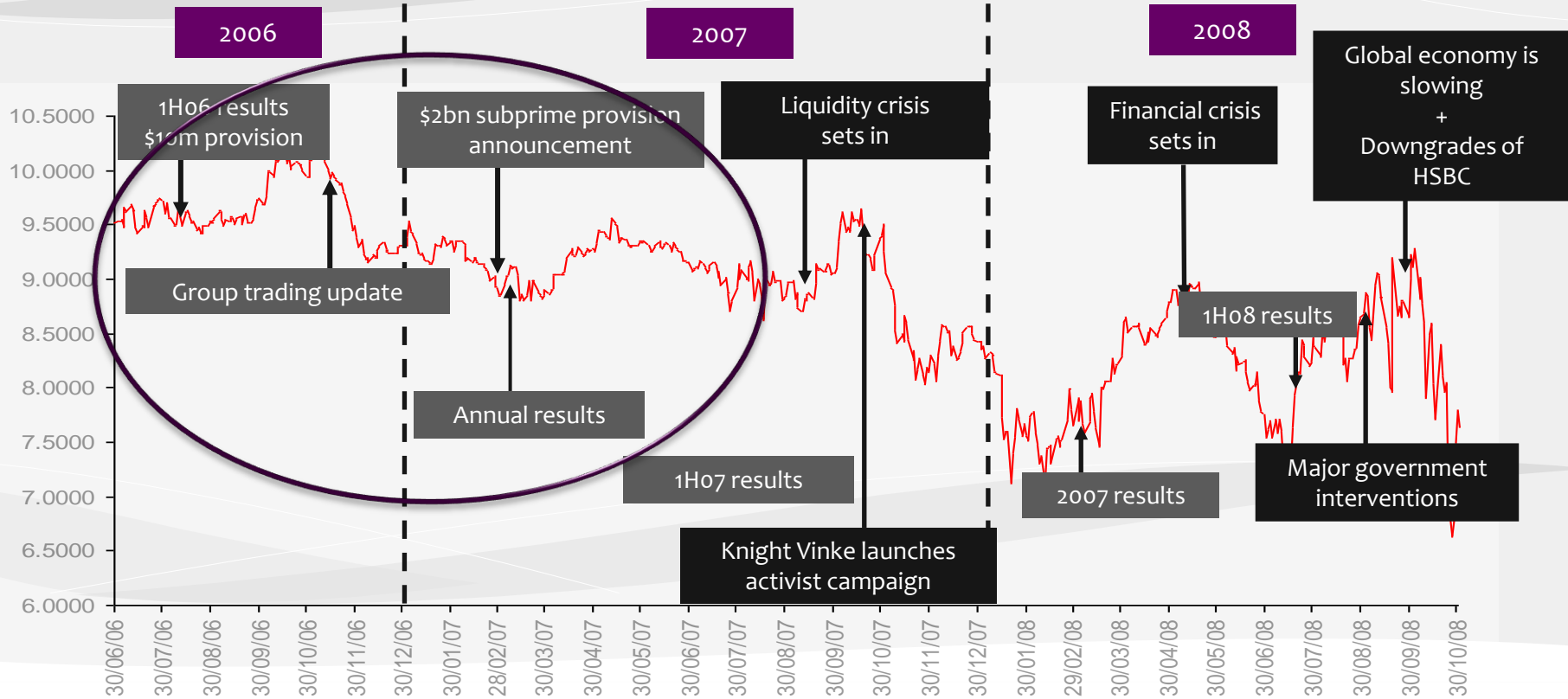
HSBC – a dividend stock

Financial performance over 15 years



HSBC's share price (Sep06 to Oct08)

A tipping point in communications



Information > Communication

How did Investor Relations adapt its programme?

Investor Relations: A key component

“I do not agree with what you have to say, but I'll defend to the death your right to say it.”

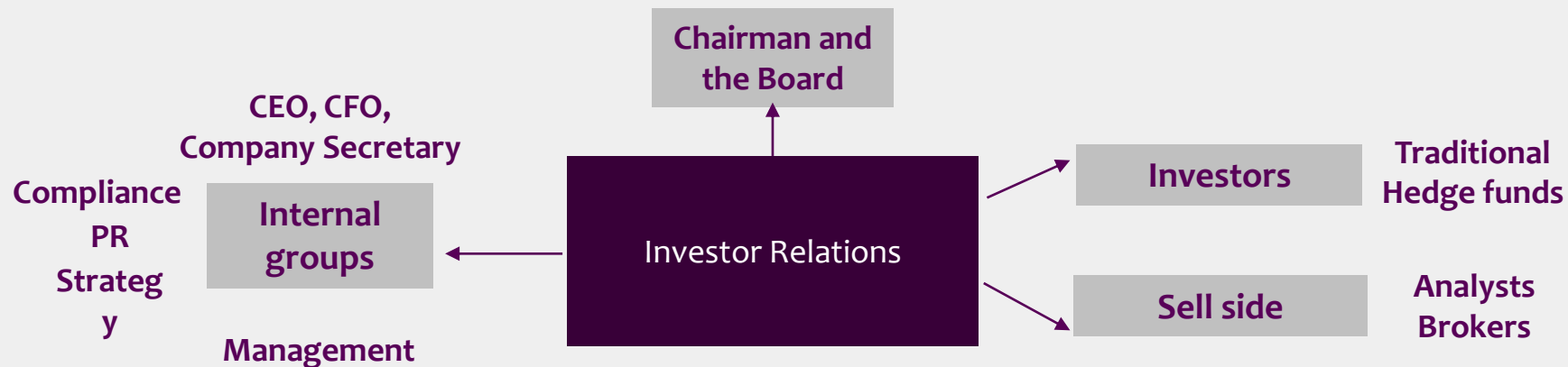
Voltaire

Investor Relations: Vision

Communicate a company's strategy and results in a transparent and consistent manner to the equity market: investors and analysts

Provide the equity perspective to the board and executives to help improve strategy execution and internal decision quality

Investor Relations' role



The Investor Relations' programme

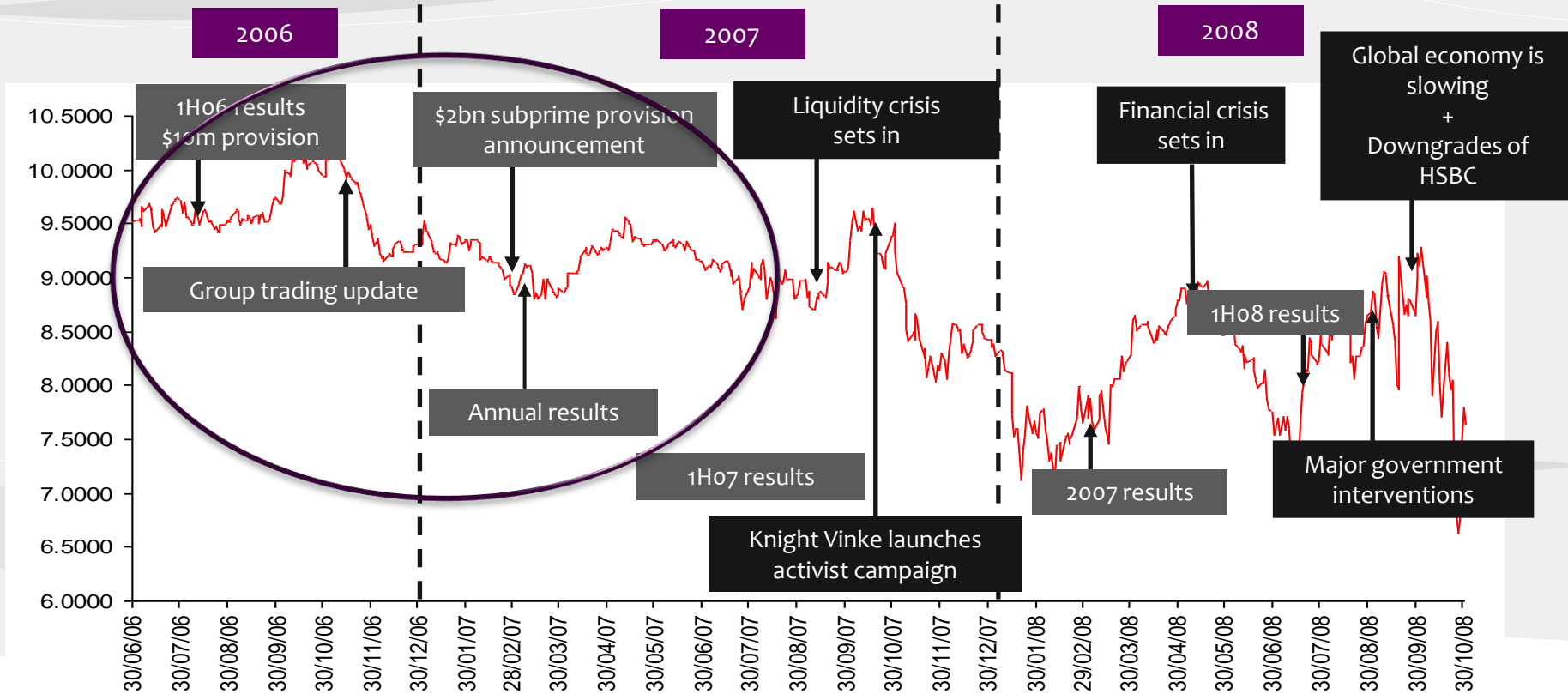
- Communications
 - Results presentations
 - IR events
 - Financial conference attendance
 - Broker meetings
 - Roadshows and 1x1 meetings
- Shareholder and analyst queries
- Website management

Elements of implementation

- Annual IR plan: who, what and where
- KYS: shareholder identification and targeting
- The broker relationship (reactive versus proactive)
- Administration: CRM system
- Presentations and 1x1 meetings: disclosure and recording of meetings
- Feedback loops

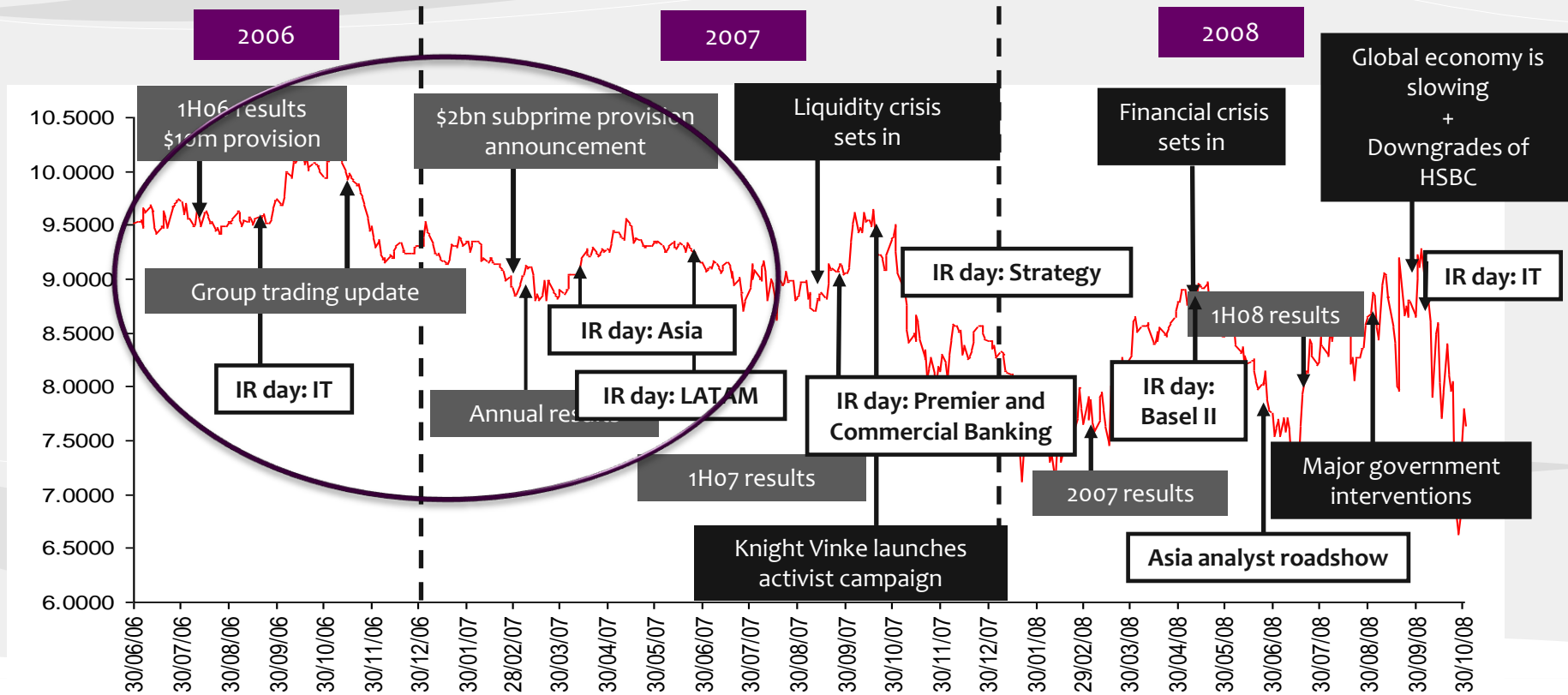
HSBC's share price (Sep06 to Oct08)

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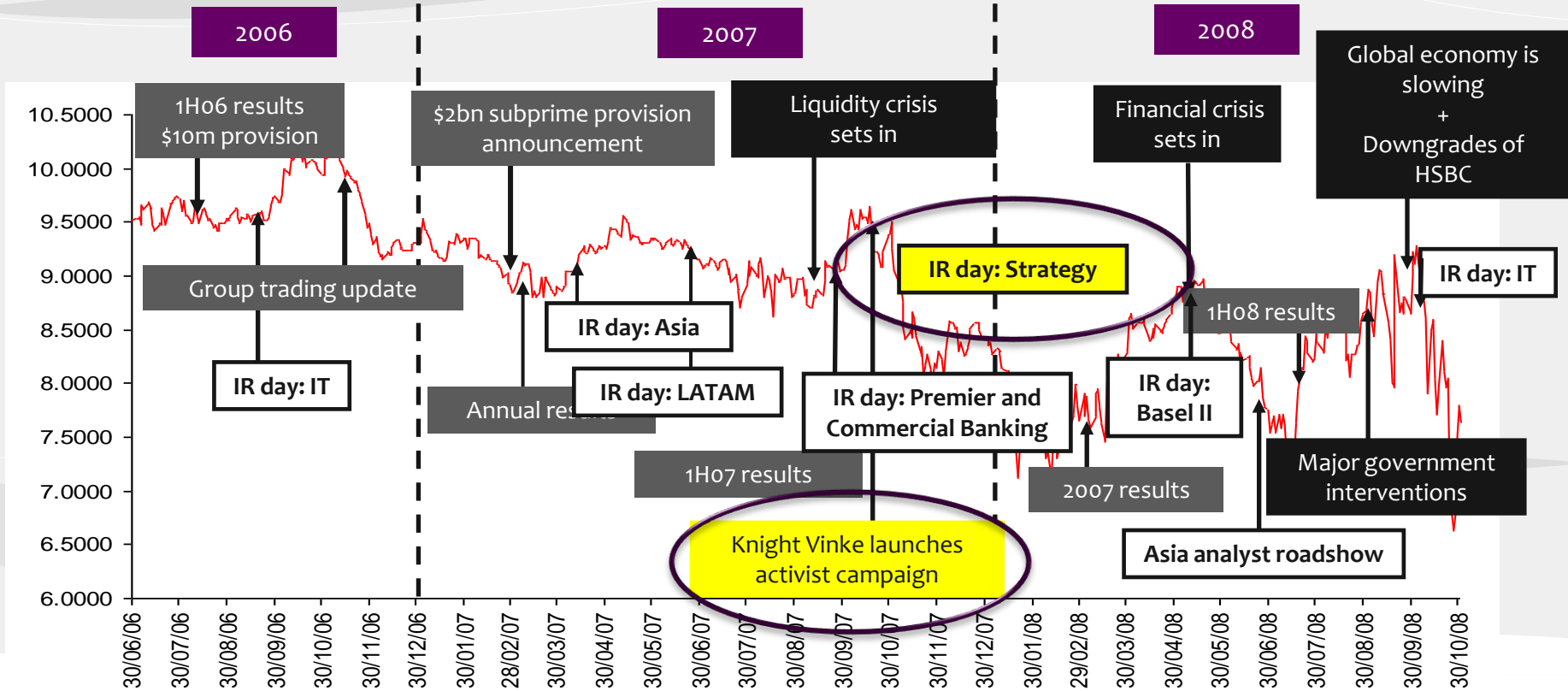
HSBC's share price (Sep06 to Oct08)

A tipping point in communications



HSBC's share price (Sep06 to Oct08)

A tipping point in communications



Shareholder activism

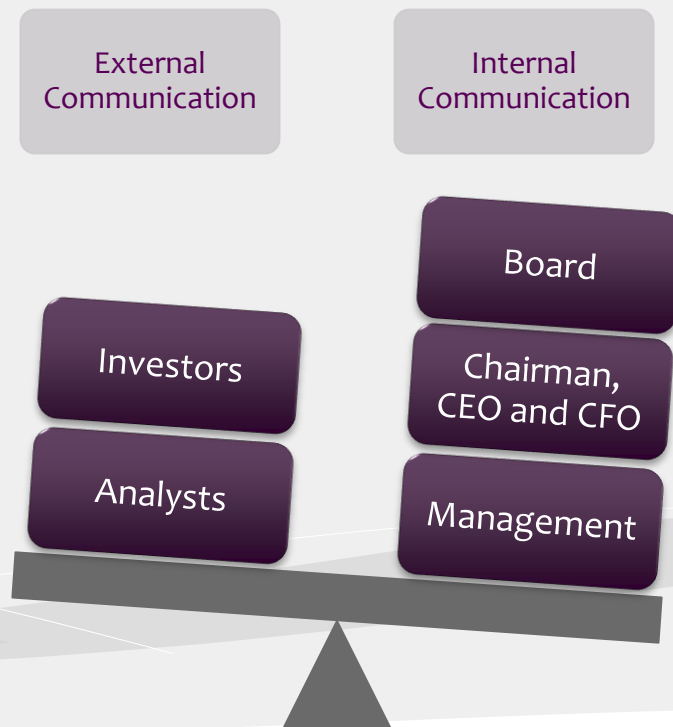
- Main drivers
 - A company is underperforming
 - Sitting on cash
 - M&A
 - Change in capital structure
- Board has a duty to act in the long-term best interest of the company and all shareholders
 - Communication of the equity story
 - Oversight on engagement with shareholders
 - Good lines of communication between management, IR and the Board
 - Evaluate feedback openly to review strategy and execution

HSBC USD17.7bn rights issue in 1Q09

- The biggest single rights issue in the UK at that time
- Announced in March 2009 at the 2008 Annual Results Presentation to Investors and Analysts
- Global roadshow completed in 3 weeks
- 99% shareholder approval
- 97% shareholder uptake, remaining shares sold immediately

Investor Relations

Communication and feedback loops



Approach as a member of the Board

“Leadership and learning are indispensable to each other.”

John F. Kennedy

Learning to be a member of the Board

- Chamber of Commerce: Corporate Governance Guidelines
- HR: Ábyrgð og árangur stjórnarmanna
- Rules of Procedure
- Company strategy, previous results, risk report
- Meet with senior management to understand the business
- FME exam: laws & regulations, accounting and corporate governance

Focus and adaptation

- Strategy
 - Board involvement to approve strategy and risk appetite
 - Change in committees
 - Annual priorities, agenda
- Review of rules of procedure:
 - The role of the Board, Committees and CEO
 - Legal and regulatory updates
 - Independence (Board, Committees, Internal Audit)
 - Setting the annual agenda in line with the rules of procedure

Focus and adaptation

- Organisation:
 - SharePoint: meeting documents, follow up items
 - Computer access

Three areas of personal focus

KPIs



Three areas of personal focus

KPIs



Continuous learning and preparation



Three areas of personal focus

KPIs



Continuous learning and preparation



The dance



From Investor Relations to Shareholder Management

Information versus communication

Proactive shareholder management and feedback loops

Leadership and continuous learning