IR UPDATE

THE VOICE OF THE INVESTOR RELATIONS PROFESSION **SUMMER 2021**

Social activism issues have reached the c-suite, pushing many public companies to take stands they may not have previously considered

THE NEW SOCIAL DIALOGUE

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THE ASSOCIATION FOR INVESTOR RELATIONS

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About NIRI
Founded in 1969, the National Investor Relations Institute (www.niri.org) is the professional association of corporate officers and investor relations consultants responsible for communication among corporate management, shareholders, securities analysts, and other financial community constituents. NIRI is the largest professional investor relations association in the world, with more than 2,800 members representing more than 1,350 publicly held companies with more than $7 trillion in stock market capitalization. NIRI is dedicated to advancing the practice of investor relations and the professional competency and stature of its members.

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IR Constants: Disruption, Change, and Progress

Ruth E. Venning, IRC
NIRI Chair
Executive Director,
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Change is a constant in the world of IR. It may be one of the things that many of us like about the profession. That said, the past year and a half has been a time of major disruption, and it's not yet clear what the post-pandemic world of IR will look like. We face public company activism, stakeholder capitalism, ransomware attacks, vocal retail investors, more ESG scrutiny, and other issues. The world of IR is certainly not boring.

Many of these matters were the focus of the vibrant 2021 NIRI Virtual Annual Conference in June, which is recapped in this issue of *IR Update* on page 18.

Helping members successfully navigate change is a key focus of NIRI. So is advocating for fairness and transparency in the capital markets, and NIRI has been very active on that front. One example is our work on Section 13(f) reporting. Last year, the NIRI Advocacy Committee and Chapter Advocacy Ambassadors helped defeat the SEC's proposal to increase 13(f) reporting thresholds.

Earlier this year, the U.S. House of Representatives Financial Services Committee requested our input on modernizing Section 13(f), which was then incorporated into H.R. 4618, the "Short Sale Transparency and Market Fairness Act." If enacted, it will be the first change to 13(f) in 45 years, driving more accurate, timely and transparent reporting – and NIRI will have played an integral role in that progress.

Much of what we do in NIRI depends on the volunteer efforts of members. On behalf of the NIRI Board, I'd like to thank members of the NIRI 2021 Annual Conference Committee for all their tremendous work. Thanks also to the Advocacy Committee and our Chapter Advocacy Ambassadors for successfully advancing our advocacy agenda. And congratulations to the 12 recently announced Chapter Volunteers of the Year. The collective dedication of *all* NIRI volunteers helps drive our profession forward through any changes we may encounter along the way.

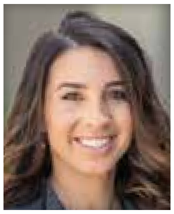
Finally, NIRI has a fresh new look. Our new branding, logo and tagline reinforce our role as the "Association for Investor Relations." The dynamic design emphasizes the vitality and diversity of the IR community and will enhance external awareness of NIRI – a positive change to carry us into the future – whatever lies ahead!

NIRI NOW

ON THE MOVE

Brook Wootton, IRC, is now Vice President of Investor Relations at Primoris Services Corporation. Before that, she was Vice President Investor Relations and Corporate Communications at InfraREIT, Inc. and Hunt Utility Services, LLC. Her previous experience includes investor relations management positions with LINN Energy, Noble Corp., Weingarten Realty Investors, as well as a consulting role with Hill & Knowlton. She currently serves on the NIRI Board of Directors and is a member of the NIRI Senior Roundtable Steering Committee.

Cherryl Valenzuela, CFA, joined Zeta as Senior Vice President of Investor Relations. She was previously Director of Investor Relations at Twitter and has more than 20 years of experience across the technology sector, including roles at Informatica, JDSU, McKinsey & Company, Gartner, Merrill Lynch, and Goldman Sachs. Valenzuela was also named to the Institutional Investor 2020 All-America Executive Team as the #3 Best IR Professional in the Internet sector. She currently serves on the NIRI Board of Directors.



Michaella Gallina, IRC, was appointed Vice President of Investor Relations at H&R Block. She was previously Vice President, Chief of Staff, and Head of Investor Relations and Communications at ViewRay, Inc. Before that, she was Head of Investor Relations at Spectranetics, which was acquired by Royal Phillips. She was also an Equity Analyst at Marsico Capital Management. Gallina was recognized as a member of the NIRI 40 under 40 Class of 2020.

Evelyn León Infurna was appointed Senior Vice President of Investor Relations at SmartRent. She was most recently Managing Director at ICR - Strategic Communications and Advisory. She has over 30 years of experience in real estate and corporate finance and has worked on both the buy side and sell side, with a focus on real estate companies. Infurna was recently appointed to the board of Getty Realty as an independent director and member of the Nominating and Corporate Governance Committee. She also serves as an advisory board member to Accesso Partners.

Juliet C. Cunningham was named Vice President of Investor Relations at NuVasive, Inc. She has more than 25 years of experience in investor relations and corporate communications. Cunningham was previously Vice President of Investor Relations at Illumina and has held several investor relations leadership roles at publicly traded companies in the medical device and telecommunications industries. She spent 10 years at Qualcomm during a period of rapid growth for the company with roles of increasing responsibility leading to Senior Vice President of Investor Relations. IR

NIRI Announces New Branding, Logo and Tagline

NIRI unveiled a major brand refresh, featuring a new logo with the tagline: “The Association for Investor Relations.” The announcement was made during the NIRI 2021 Virtual Conference.

“This dynamic design expresses the inclusive, engaging experience of NIRI membership and highlights the Institute’s role as the home for the investor relations community,” said NIRI President and CEO Gary LaBranche, FASAE, CAE.

“NIRI’s new branding emphasizes the vitality of the IR community,” said Ruth Venning, IRC, NIRI Board Chair, and Executive Director, Investor Relations, Horizon Therapeutics plc. “It will also enhance outreach with regulators, legislators, media and other stakeholders.”

More information, including the new NIRI logo and other associated resources, are available at www.niri.org/onward. The complete rollout of new NIRI branding will take place over the coming months to ensure brand consistency throughout NIRI’s extensive chapter network, NIRI programming, and member communications with a more complete website update scheduled for 2022.

NIRI

THE ASSOCIATION FOR INVESTOR RELATIONS

Tania Almond and Ed Vallejo Speak About Value of Senior Roundtable

The NIRI Senior Roundtable (SRT) was formed in November 1994 to respond to the needs and interest of the growing number of senior-level members in NIRI: The Association for Investor Relations. SRT maintains an informal, small group atmosphere requested by this group of leading IR professionals who each have at least 10 years of experience in the profession.

If you have at least 10 years of experience in the IR profession as an IRO and/or IR counselor, visit www.niri.org/srt to learn more about the benefits and application process to join SRT.

To provide more insight into SRT, *IR Update* interviewed two Senior Roundtable members to learn more about the value they derive from participation and some of their professional experiences.

Tania Almond
Vice President, Investor Relations & Corporate Communication, Helios Technologies, Inc.
Years in Investor Relations: 23
Joined NIRI in 1999
Joined Senior Roundtable in 2020

Why did you join Senior Roundtable?

To enhance my networking with other senior level IR professionals.

What have you found most valuable about being a member of the Senior Roundtable?

I am very new, so I have not yet been able to fully utilize the membership. I am looking forward to leveraging the programming and am hopeful that we will be able to get back to in-person meetings soon.

What is the toughest IR challenge you've faced in your career?

I worked for a publicly traded entity that had a majority shareholder with super voting rights as a parent company. It was sold to WorldCom before their fraud and bankruptcy, which we lived through with our minority shareholders pulled along for the ride. The company was ultimately sold again, but even then was not able to create its potential in shareholder value due to the "shareholder unfriendly" corporate structure.

What is the best/worst thing to happen in your IR career?

I started my career as an equity analyst before getting into IR, thinking at some point I would go back to Wall Street. In my IR career, I have worked with a variety of leadership teams in different industries with different business models and across the breadth of market caps. I have helped take five companies public through an IPO or spin-out and have been "acquired" five times. These transactions were a ton of work, but my IR career has unfolded to be the best thing to happen to me professionally. It has been an amazing "free" education – unless you count all the blood, sweat, and tears. In the end, I have had so much fun on the corporate side and never looked back!

What is something surprising about yourself that no one knows?

I cannot stop thinking about the future, it's just the way my brain is wired. An assessment tool identified one of my top five strengths as "futuristic" or "the kind of person who loves to peer over the horizon."

A few years ago, I decided to take a 200-hour yoga teacher training certification course. I then learned how to be more fully present in the current moment. While I still use my futuristic superpowers, being "present" is an absolute game changer for making what we want in the future to really happen.

What advice would you give a person starting out in IR?

IR has many dimensions, and it touches so much of any company. As a result, you never stop learning. A career in IR can advance to combined roles like treasury, corporate communications, corporate development, ESG, etc. In fact, senior IR professionals are transitioning to c-suite professionals and becoming board members of public companies. IR has evolved significantly over the last several decades – you can take it wherever you want to go.

What is the one quality you feel best describes you?

Tenacity – I do not give up. I can fail at something repeatedly and I will not quit until I get it.

Ed Vallejo, IRC
Vice President, Investor Relations
American Water
Years in Investor Relations: 12
Joined NIRI in 2008
Joined Senior Roundtable in 2018

Why did you join Senior Roundtable?

To share insights and ideas and learn from other veteran IROs that are members of the SRT.

What have you found most valuable about being a member of the Senior Roundtable?

The relationships I have made, benefiting from hearing how my peers handle emerging issues, and getting suggestions on best practices that I can employ in my practice.

Where did you grow up?

I grew up in Ecuador. My family and I emigrated to the United States in the 1980s, and we settled in an area in northern New Jersey that has a large Latin population.

Where did you go to college and what did you study?

I started college in Ecuador – I was always good at math – so I started in Engineering, but I did not have the intellectual curiosity about figuring out how things work mechanically or electrically. When I came to the United States, many other career choices became available – and I became fascinated by economics and capital markets. I finished my college years at the New York Institute of Technology with a B.S. in general studies and a mathematics minor, and after working in the commodities field, I went back to school and received my MBA from New York University.

How did you get into investor relations?

I was the CFO of a subsidiary water company in Chile when our German owners decided to leave the water business entirely. I helped sell our Chilean assets and then was named the Project Manager for the American Water IPO. After our IPO in 2008, I stayed as the Vice President of Investor Relations.

When the final chapter is written about your life, what would like to have carved on your tombstone?

Ed cared deeply for people, and he always managed to find a way to get things done, and to produce desired results. IR

Social activism issues have reached the c-suite pushing many public companies to take stands they may not have previously considered

THE NEW SOCIAL DIALOGUE

BY EVAN PONDEL

Mixing business and politics has always been a taboo subject. For decades, executives operated under the assumption that expressing any sort of political belief would tarnish their reputation and alienate employees. Not so these days.

Taking a stance on a topic with political or social implications is increasingly commonplace and often expected for companies, as evidenced by the #MeToo movement, the death of George Floyd, and the COVID-19 pandemic.

Window Dressing or the Real Thing?

The question is whether companies' public reaction to such events is merely window dressing or an opportunity to effect change that enhances long-term shareholder value.

"We're experiencing the perfect storm, and many of the issues that didn't affect investors and companies in the past are now putting their social license to operate at stake," says Amelia Miazad, an expert in sustainable capital who founded and leads the Business in Society Institute at Berkeley Law.

Gun control, ethical working conditions, and gender equity are garnering more support and exposure from consumers, potentially threatening the livelihood of companies that never had to address these issues in a public way.

A Higher Purpose

BlackRock and Business Roundtable are also putting the "s" in environmental, social and governance (ESG) policies on the minds of investors and management teams, Miiazad says.

In BlackRock's 2018 annual letter to CEOs, Chief Executive Officer Larry Fink urged every company to articulate its purpose and how it benefits all stakeholders, including shareholders, employees, customers, and the communities in which they operate.

The following year, the CEOs of Business Roundtable adopted a new statement on the purpose of a corporation, declaring that companies "should serve not only their shareholders, but also deliver value to their customers, invest in employees, deal fairly with suppliers, and support the communities in which they operate."

The timing of a one-two punch from BlackRock and Business Roundtable couldn't have happened at a more opportune moment. America's business world was on the brink of experiencing social forces of tectonic proportions.

Fears Come to Fruition

That's especially true for Steve West, who was Vice President of Investor Relations at Dick's Sporting Goods in 2018 when a gunman opened fire on students and staff at Marjory Stoneman Douglas High School in Parkland, Florida. Seventeen people died and 17 were injured from the incident, prompting Dick's CEO to stop selling assault-style weapons at the nation's largest sporting goods retailer.

West says Edward Stack, who was Dick's CEO at the time, "was concerned ever since the shooting at Sandy Hook (in 2012) that he would wake up one day and find out that one of the guns used was purchased at a Dick's."

Stack's fears almost came to fruition in the Parkland shooting after it was determined that the shooter had purchased a shotgun from Dick's, though it wasn't used in the rampage.

"It shook him (Stack) so much," West says. "And it was just a matter of time until he'd make a decision like this."

Economics Still Count

But it wasn't raw emotion that solidified Stack's decision. The products Stack pulled from Dick's shelves weren't very profitable, and the business rationale for the decision was a critical selling point from an institutional investor perspective.

"We didn't get any pushback from the sell-side or buy-side," West recalls. "What it came down to was, it's a CEO's fiduciary duty to create and protect shareholder value, and if he (Stack) was just making personal and social calls, he wasn't doing that. He had a business case to support his social case, and the numbers reflected that."

There isn't always a clear connection between addressing social issues and improving profit margins, and some companies are taking proactive steps to implement ESG programs that focus more on values versus value.

The Salesforce Example

Salesforce is among the more prominent examples of public companies that have embraced the "S" in ESG. In 2019, former President and Chief People Officer Cindy Robbins wrote a blog post on the company's website addressing the #MeToo movement, saying "it's not only the responsibility of men to fix it. In order to continue to move in the right direction, employers must ensure they have the right policies, programs and culture in place to combat this type of behavior."

Since then, Salesforce has started a number of initiatives that speak to the company's progressive stance on ESG. Following George Floyd's death, the company established its Racial Equality and Justice (REJ) Task Force, committing to tangible actions across four pillars – people, purchasing, philanthropy, and policy. To further demonstrate its commitment to the task force, the company disclosed specific goals, along with financial implications, including:

- Doubling the Salesforce U.S. representation of black leaders and increasing under-represented minority (URM) employees by 50% by 2023.
- Investing $200 million and one million volunteer hours in racial equality and justice over the next five years.
- Committing $100 million to black-owned businesses and $100 million to URM-founded companies by 2023.

Thinking Long Term

Saleforce's commitments parallel how institutional investors are prioritizing ESG matters. "The more your company can show its purpose in delivering value to its customers, its employees, and its communities, the better able you will be to compete and deliver long-term, durable profits for shareholders," said Fink in his 2021 letter to CEOs. "As you issue sustainability reports, we ask that your disclosures on talent strategy fully reflect your long-term plans to improve diversity, equity, and inclusion, as appropriate by region."

Fink further elaborated that even though racial justice, economic inequality, or community engagement are often classified as an "s" issue in ESG conversations, it is misguided to draw such stark lines between these categories.

"For example, climate change is already having a disproportionate impact on low-income communities around the world – is that an 'e' or an 's' issue?" Fink asked in the letter. "What matters is less the category we place these questions in, but the information we have to understand them and how they interact with each other. Improved data and disclosures will help us better understand the deep interdependence between environmental and social issues."

Indeed, sell-side analysts are homing in on companies' ESG policies as key data points when assessing financial models. In March 2021, investment banking firm Cowen announced it was including ESG scores in its company equity research reports.

"ESG factors have become a critical component of the investment process, and there is a distinct need to have a solution set that can address the volume of information involved and standardization needed to have a clear view of corporate progress," Cowen's Director of Research, Robert Fagin, said in a company blogpost.

Transparency is Crucial

But ESG issues can have qualitative nuances that are not always captured in the numbers. An increasing number of shareholder proposals are seeking greater transparency when it comes to political contributions from public companies.

The issue took front-and-center stage during Lesbian, Gay, Bisexual, Transgender, and Queer (LGBTQ) Pride Month in June 2021, when politicians and investors began calling out public companies that flew rainbow flags in solidarity with the LGBTQ community and yet donated money behind closed doors to block the Equality Act.

"A lot of companies are getting caught flat footed on these topics," Miazad says. "The problem is that there isn't a governance process in place for companies to be proactive on these issues."

Again, the lines are blurring between the "e," "s," and "g," and perhaps that's okay as long as companies are figuring out how to address these issues from a governance perspective. A key focal point of this responsibility: the board of directors.

Miazad said it's important for IROs to know how companies are approaching these issues in terms of governance, as well as articulating the process that the board and management team have in place to address ESG risk.

In 2020, 45% of directors said ESG issues were regularly a part of their board's agenda, compared with 34 percent in 2019, according to accounting firm PwC's Annual Corporate Directors Survey.

ESG issues can have qualitative nuances that are not always captured in the numbers. An increasing number of shareholder proposals are seeking greater transparency when it comes to political contributions from public companies.

Data to Support the Strategy

Boards and management teams are tapping new resources to provide more color on some of the grayer areas of ESG. Among those sources of information is KnowTheChain, an organization that benchmarks corporate practices to help companies and investors understand and address forced labor risks within their global supply chains.

In its 2021 apparel and footwear report, KnowTheChain found that more than half of the companies in its benchmark had forced labor allegations in their supply chain.

"Increasingly, we are seeing investors wanting to know about the steps companies are taking to look for and prevent harm to workers in their supply chains," Rosie Monaghan, a researcher at KnowTheChain, said in an email. "A key consideration for companies should be to demonstrate to investors that they are carrying out effective human rights due diligence, including by being able to 'know and show' the risks present in their supply chains."

Part of due diligence means being transparent about the outcomes of companies' processes – for example, where grievance mechanisms are available for workers, publishing data on the reports received, to demonstrate that mechanisms are actually used by workers. Companies should also be able to demonstrate to investors how they remediate worker abuses where they are found, by disclosing tangible outcomes or remedies for workers.

This data may help an institutional investor make a better decision on whether to include a company in its portfolio, although retail investors seem keener on leveraging the power of social media channels such as Twitter and Reddit when trading stocks.

Ben Rabizadeh, founder of social investing platform StoryTrading, said retail investors rely on trust and community to help validate market-moving information.

Rabizadeh founded StoryTrading to help investors collaborate and better understand the factors influencing a trade, including sentiment. His company recently partnered with fintech advisory firm FS Vector to establish "Ethical Guidelines for Collaboration" to demonstrate StoryTrading's moral commitment to investors.

As an increasing number of investors focus on ESG policies, social issues and investor sentiment are weighing more heavily on certain stocks.

This type of data would have been helpful to West when he worked for Dick's. Shortly after announcing the ban on assault-style weapons, the company received hate mail and death threats from retail investors. The company had to change the location of its annual meeting to ensure better security.

West, a former sell-side analyst with Stifel and A.G. Edwards, said he mostly thought of ESG as lip service from management teams until more investors started asking questions about it. "My eyes are wide open to it now, and if issuers aren't paying attention to it, then they may be doing a disservice to investors," he says.

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THE CHANGING VOICE OF PUBLIC COMPANIES

At the 2021 NIRI Virtual Annual Conference, a panel of experts assessed the evolving role of public companies in social issues and offered advice on when to weigh in. BY ALEXANDRA WALSH

Until recently, it was rare for corporate leaders to plunge aggressively into thorny social and political discussions about race, sexual orientation, gender, immigration, or the environment.

This observation, made in a recent *Harvard Business Review* article, "The New CEO Activists," was mentioned by Michael Becker, Executive Vice President, Strategic Partnerships and Initiatives at Business Wire, at the opening session of the 2021 NIRI Virtual Annual Conference in June.

"Yet, the world is changing," Becker told attendees, continuing to quote from the article. "Political and social upheaval have provoked frustration and outrage, inspiring business leaders to passionately advocate for a range of causes."

Increasingly, public company activism has strategic implications. Should a company be vocal? And if so, on what issues? When should a company remain silent or take a political stance?

These questions and the many considerations involved for shareholders and stakeholders were explored by Becker in a discussion he moderated.

A Force for Good (and Growth)

Becker began the conversation by asking panelist Marc Pritchard, Chief Brand Officer at Procter & Gamble, what led his CEO to write on the company website that citizenship must be built into how business is conducted every day to be a force for good and growth in the world.

"The consumers we serve have increasing expectations of brands and companies to be a force for good in society," says Pritchard. "But we're also in business to be a force for good in creating growth and value."

Pritchard notes today nine out of 10 consumers indicate they feel better about a brand or company that supports a social or environmental cause, and half make purchase decisions based on shared beliefs and values.

"Plus, we saw when it came to the pandemic as well as racial injustice and inequality, consumers expected companies to step up, help out, and take a stand," Pritchard points out.

He says P&G also believes that citizenship – being a positive force for societal good and building it into how you do business – can drive growth and create value.

"If there was economic equality among genders as well as races, it's estimated up to $20 trillion of economic value could be injected into the economy – that's good for market growth, and purchasing power is good for business," Pritchard explains.

Pritchard says ethics and corporate responsibility are paramount. "It's absolutely necessary, and we want to make sure we can distinguish ourselves in the areas of governance to community impact," he notes.

The virtual general session, "Public Company, Public Voice," at the 2021 NIRI Virtual Annual Meeting analyzed how public companies are joining the discussion on a range of social issues.

The Power of Advertising

When it comes to equality and inclusion, Pritchard explains that P&G uses advertising to deliver its messages.

"Advertising affects how people see each other and the world, so we start by ensuring the accurate portrayal of all people, because when that happens, you can eliminate stereotypes and bias," he says. "Also, when people can see themselves, they have a higher degree of trust in the brand – and we've proven that's good for business."

As P&G is a company that makes fast-moving consumer goods, Pritchard says the company is obligated to ensure they are produced in a way that is not only superior from a consumer experience standpoint, but increasingly more sustainable. "That means we think about how we can eliminate water waste and energy in production as well as how people consume and dispose of our products," he notes.

Pritchard says the most important factor a company should consider when directing its ESG efforts is to focus on areas that make sense for the business.

The Role of Employees

Panelist Judy Samuelson, Executive Director, Business and Society Program at the Aspen Institute, believes employees are the best allies companies have and that they can hold management accountable on critical issues.

She has seen a shift during the past several years of the role of employees and asserts that they are not just another stakeholder group.

"I believe employees are fully aligned with the long-term health of the enterprise and want the company and its brands to be prosperous over the long haul for their own sense of security and economic opportunity," Samuelson says. "I don't think there's any big difference between employees and the company in that respect."

She says employees play a unique role in their ability to bring external perspectives they hear outside the company back to management teams so they can understand and react to it. "The boundaries between business and wider society are increasingly porous," she adds. "When it comes to addressing something as complex as climate change, it's going to take public policy and it's going to take pricing to set us on the right trajectory."

Influencer CEOs

Panelist Ted Merz, Global Head of News Product at Bloomberg, says social activism by companies – particularly CEOs – is a big news story because it is unusual.

"Sometimes, the perception there are a lot of companies engaging in social discussions or taking positions can be overestimated because some of the people talking are prominent CEOs and celebrities in their own right with the security to speak out," he says. "Only 20% of the S&P 500 has a Twitter handle associated with their public role."

Merz notes that in Twitter data analysis, two thirds of influencers expect the CEO to be on Twitter and talking, and 90% expect the CEO to have a position and to convey that. "I think this may be a sign there will be movement towards more of this kind of conversation, but today it remains somewhat limited," he says.

Merz adds that the next generation of leaders is more active and outspoken about social issues. "You tend to see that authenticity the next level down, but as they move up and take on CEO roles, you may see more and more of that kind of discussion and public statement of stances on positions," he explains.

Analyzing News Coverage

Bloomberg tracks analytics about which business leaders are covered in the media and what they say, and Merz observes that on average, when a company is covered, the CEO is mentioned approximately 9% of the time in that story. However, celebrity business leaders like Elon Musk or Warren Buffet might be mentioned 40% of the time their company is covered.

"One of the things I think is going to change the landscape is that Bloomberg and others are building lots of news analytics to have a better sense of what CEOs are talking about and to calculate their sentiment," Merz says. "These technical tools are in their infancy but will start to change how we're able to analyze who's speaking and about what."

Samuelson offers that approximately 85% of company valuation today is attributed to intangibles such as reputation and trust, and that is directly tied to the ability to attract and retain talent.

"It comes up a lot as CEOs are laser focused on this particular piece of the puzzle. I think those intangibles are an open window into the conduct of the enterprise and the culture that it's building," Samuelson says. "The companies that are going to do well are building a culture that is contributing back to those who create the value to begin with and are investing in their employees – that's consistent with taking a long-term view and real asset valuation."

Where to Start

Merz suggests that a good starting point for a public company to commence citizenship or social activism is to count and disclose some of their key metrics.

"It's easy to say you're for diversity or inclusion," he says, "but when you publish the numbers you either show some progress or you don't, and then you can have a dialogue about that."

"I'd start with the fundamentals," Samuelson reasons. "What business are you in, what's the product you're creating, and is it externalizing costs on society that are being sustained by others?"

Samuelson says companies also need to pull back and look at issues, such as tax avoidance, that are critical to the health of the enterprise and also critical to the health of society.

"The use of contract workers is another huge contributor to poverty, great for the bottom line, investors love it, but not so great in terms of actually addressing the questions around inequality and wealth creation that are so present in in our society today," she explains.

Samuelson posits these are not always corporate citizenship topics, but insists they are germane. "Increasingly, they're on the minds of those who

> "The companies that are going to do well are building a culture that is contributing back to those who create the value to begin with and are investing in their employees."
>
> **- Judy Samuelson, Aspen Institute**

are watching the company and how it performs, not only in its own environment, but also how it uses its money in Washington and other complicated questions," she says.

Pritchard says the place to begin work is internally before a company decides to say something externally, making sure systems are put in place and actions and interventions are taken.

"It was actually 1989 when our then-CEO made a statement on the need for diversity," he says. "And just last year, we disclosed our diversity information. We had work to do inside, and we worked together to improve our gender, racial, and ethnic equality." The company was able to show improvement during the past five years.

Increasingly investors expect more disclosure. "I think that will hold corporations more to account in terms of improving on equality and inclusion, environmental sustainability, and creating jobs and value that contributes to the economy in the communities in which we live and work," Pritchard says.

The KPIs of ESG

"I think the balancing act we're trying to embrace today is what works for investors," Samuelson explains. "There are things that are important for investors to understand in terms of disclosure, and there are some things that lend themselves to the backward-looking reality that can define ESG metrics.

"For instance, disclosing whether the company is progressing towards its carbon goals is critically important. Sustainability is a mindset, not an end state, so in the world we live in the goalposts are going to continue to move.

"We can't just design metrics to help investors make simplistic comparisons between companies that probably cannot be compared. And they shouldn't be designed to just reward or punish; they need to be designed to help executives analyze and diagnose what's going on at their company."

Authentic Voice

Whether public companies are using the right voice for company activism depends on "authenticity," says Samuelson. "By that I mean companies should focus on keeping promises, and I think that means staying in the wheelhouse of what makes sense for the business as that is where the real energy is and where ESG issues will be resolved consistent with the business enterprise."

Merz believes the expectation is for companies to be more visible and vocal and agrees that people are looking for an authentic voice from the company CEO. "With that in mind, ask if you are you publishing ESG data so that people can understand your business – you can't simplify everything, but you should be able to put out some numbers. And if the CEO is speaking publicly, are they authentic in what they say?"

For Pritchard, the companies that are getting it right are the ones that are taking action and actually doing something like designing electric cars that create a good consumer experience while protecting for the environment. "The companies that I would really encourage everyone to look at would be those that are innovating, taking action to create value for their consumers on the basis of their product and their service, and that is environmentally or socially sustainable. That creates value for everyone," he says. IR

Alexandra Walsh is a senior publishing consultant with Association Vision, the company that produces *IR Update* for NIRI; awalsh@associationvision.com.

NAVIGATE THE NEXT

The NIRI 2021 Virtual Annual Conference delivered robust and varied content. Best of all, the sessions remain online for easy access.

BY ALEXANDRA WALSH

Whatever is coming next for the investor relations profession will be impacted by disruption, shaped by technology, and stressed by crisis. How the IR community navigates its way forward and explores new directions as the nation emerges from the COVID-19 pandemic was the timely theme of the NIRI 2021 Virtual Annual Conference held in June.

"This year, NIRI consolidated a streamlined schedule into two content-intensive half days of education and interaction for IROs to extend their knowledge, expand their network and exchange ideas to prepare for what comes next," said NIRI2021 Chair Mark Warren, IRC, Vice President, Investor Relations, Vulcan Materials Company, at the Opening General Session. "I know for me, it's always a tough call to decide which of the sessions to attend, because they all offer an opportunity to expand our knowledge and improve our effectiveness at work."

Designed by IR professionals for IR professionals, NIRI2021 brought together leading experts to help attendees navigate the next phase in the journey of IR. More than 25 hours of cutting-edge IR education grounded in the NIRI IR Competency Framework were delivered through general sessions, 45-minute concurrent education sessions, industry breakout sessions and virtual IRC lounge discussions.

"This year, we've turned the page to focus squarely on the future, exploring new directions in IR with more than 100 thought leaders to strengthen your IR programs, and help you and your companies successfully navigate the future," noted NIRI2021 Vice Chair Moriah Shilton, Senior Vice President at LHA Investor Relations.

Michael Becker, NIRI2021 Vice Chair and Executive Vice President, Strategic Partnerships and Initiatives at Business Wire, expressed his gratitude to the more than 25 IR product and service providers sponsoring NIRI2021.

"These firms are our partners and a vital part of the IR community and NIRI conferences, both in terms of the knowledge and expertise they bring to our profession, as well as their sponsorship support," pointed out Becker. Attendees were able to conduct real-time chats or schedule video chats with providers in the Virtual IR Services Showcase.

A blend of formats – general sessions, a total of 20 concurrent education sessions, industry breakout sessions, virtual IRC lounge discussions, and 15-minute express talks – offered several content delivery options for attendees.

Multiple speakers shared their perspectives on the evolution of capital markets, stakeholder capitalism, corporate social activism, ESG, artificial intelligence, and more.

SEC Commissioner Elad Roisman keynoted the 2021 NIRI Virtual Annual Conference, and NIRI President and CEO Gary LaBranche moderated a Q&A session with Roisman after his address.

An SEC Perspective on ESG Disclosure

The general sessions set the tone with the Keynote Address delivered by SEC Commissioner Elad Roisman, who addressed public company ESG disclosure.

Roisman noted the IR community serves as a primary channel for communication between companies, analysts, asset managers and investors. "It seems that an increasing amount of that communication involves environmental, social, and governance (ESG)," Roisman observed.

He said the SEC has increased its attention to ESG matters. "The [SEC] Chair has expressed his intent to propose new disclosure requirements relating to climate change and human capital," Roisman explained. "I recently shared my belief that the Commission will need to find answers to several questions before it is able to promulgate such rules that would stand the test of time and fit into our historic frameworks.

"But it has been instructive to hear companies share perspectives about how they've engaged with investors on ESG issues. I have yet to hear a company tell me that ESG is not important," he said. "Instead, I often hear from companies that they are constantly asked to provide ESG information, that they feel they must comply with all or a large majority of the requests, that the multitude of requests can be overwhelming, and that each request requires special attention because it is similar to but different from the last.

Roisman added it was tempting to think that the SEC could provide one list of ESG disclosures for companies to make that would satisfy all demands for information but was not sure it was a role the SEC could play at this time. He pointed out, as an example, that investors have not settled on an agreed list of information they want from companies.

"Instead, it sounds like there's evolution in this area and in companies' practices for providing ESG information to investors," Roisman explained. "I worry that in stepping in to promulgate a static list of ESG disclosure requirements, the SEC would displace a good amount of this private sector engagement and freeze disclosures in place prematurely."

Mark Warren, IRC, Chair of the 2021 NIRI Virtual Annual Conference Committee, and Eva Zlotnicka participated in the session, "A Healthier Planet Through Active Investing."

Addressing the expertise the SEC would require, he said, "the Commission must consider how it would acquire and maintain the necessary expertise to develop and oversee a disclosure regime that includes specifically "E" and "S" information. We don't have, for example, climate scientists on staff. It is fair to question how our staff is equipped to determine which climate or environmental information – such as various measures of companies' greenhouse gas emissions, or strategies for adapting to future climate scenarios – is material to an investment decision today."

He also commented on whether the SEC could incorporate the work of external standard setters with respect to new ESG disclosure.

"While this approach seems expedient and responsive to concerns about expertise, we have to acknowledge that this is not a plug-and-play solution. Looking at the SEC's historical reliance on the Financial Accounting Foundation (FAF) and the Financial Accounting Standards Board (FASB) to devise accounting standards, we can foresee some of the challenges that the Commission would face in taking this approach," Roisman said.

After his remarks, Commissioner Roisman engaged in a Q&A session with NIRI President and CEO Gary LaBranche on other issues related to NIRI's advocacy priorities, including proxy advisory rules, institutional investor ownership reporting, capital markets evolution, and more.

The Public Voice of Public Companies

The second half of the opening general session was a fascinating discussion on the evolving role of public companies and their CEOs as social activists.

A complete report on this session is featured in the article, "The Changing Voice of Public Companies," on page 14 of this issue of *IR Update*.

ESG Strategy and Disclosures

The general session on the second day included more commentary on the popular topic of ESG.

Mary Schapiro, Vice Chair for Public Policy, Special Advisor to the Founder and Chairman of Bloomberg, who leads the Task Force on Climate-related Financial Disclosures (TCFD), offered her views.

She believes strongly there is no company whose business model won't be profoundly impacted by the transition to a net-zero global economy.

"Corporations need to set robust targets based in science that support this transition," Schapiro said. "This requires disclosures to move beyond the static capture of a company's carbon footprint today to their strategic plans to manage the costs of transitioning to a low-carbon economy."

Schapiro added that companies will need to articulate how their net-zero strategies will impact their business model, strategy, governance, and financial performance. "The TCFD framework gives us a running start on developing the rules."

The session included a panel discussion, "A Healthier Planet Through Active Investing," that explored evolving standards for ratings, disclosure, and more.

Eva Zlotnicka, President & Co-Founder, Inclusive Capital Partners, shared her views on the emerging theme of impact investing and ESG activism and what her company looks for in the companies it adds to its portfolio.

"Ultimately, we're seeking to find out what what drives the business needs and what drives positive impact, and those two things really have to be in lockstep," Zlotnicka explained. "When we've identified that intersection is when we know that we've identified the company that fits with our mission."

Regarding companies and their boards spending a lot of time on ESG issues, Zlotnicka notes it is important to get it right, establish the governance, and incorporate it into decision making, but the board does not have to be involved in reporting.

"I think that's where you get this thinking that ESG is taking up too much time," said Zlotnika. "But really, ESG should be part and parcel of all conversations, be fully present in strategy, and seen as an opportunity."

Janine Guillot, CEO of Value Reporting Foundation, discussed the recent merger of the Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council (IIRC) to form the Value Reporting Foundation and unite their environmental, social, and governance reporting frameworks.

"In a nutshell, the Integrated Reporting Framework and the SASB Standards are really complementary tools," Guillot said. "We brought them together under the auspices of the Value Reporting Foundation to align them even more closely and try to simplify the landscape – a comprehensive, common architecture is the language I use."

Recognizing Outstanding Members

Many excellent NIRI members were recognized at the conference.

The 2021 Class of NIRI Fellows was honored. The NIRI Fellows Program recognizes distinguished professionals who demonstrate leadership, integrity, involvement, and IR knowledge while advancing or supporting the investor relations profession. NIRI Fellows are called to continued service as leaders, mentors, content distributors, and ambassadors of NIRI and investor relations. The class included:

- Remy Bernarda, IRC, *Partner, IR Advisory Solutions*
- Alexandra Deignan, *Head of Investor Relations, Lazard Ltd*
- David Dragics, *former Senior Vice President, Investor Relations, CACI International Inc.*
- Shep Dunlap, *Vice President of Investor Relations, Mondelēz International*

NIRI 2021 Virtual Annual Conference Committee

NIRI thanks the following members of the NIRI 2021 Virtual Annual Conference Committee:

Chair

- Mark Warren, IRC, *Vice President, Investor Relations, Vulcan Materials Company*

Vice Chairs

- Michael Becker, *EVP, Strategic Partnerships and Initiatives, Business Wire*
- Moriah Shilton, *Senior Vice President, LHA Investor Relations*

Members

- Peter Azzarone, *Marketing Manager, Nasdaq*
- Katie Burke, *Investor Relations Manager, Robinhood*
- Christine Cloonan, *Senior Investor Relations Analyst, PagerDuty*
- Mary Conway, *Principal and Founder, Conway Communications*
- Lesley Fishman, *Former Senior Director, Investor Relations, Johnson & Johnson*
- Fabiane Goldstein, *Partner, InspIR Group*
- Amy Jennings, *Investor Relations Manager, Blackbaud*
- Mark Kinarney, *Senior Director, Investor Relations, Lantheus Holdings*
- Douglas Kris, IRC, *Senior Director, Investor Relations, Compass Minerals*
- Jackie Marcus, *Vice President, Alpha IR Group*
- *Joshua McGinn, Senior Vice President, Western Region, Relationship Management, AST*
- Meaghan Montegari, *Managing Director, Global Corporate Access, ICR*
- Michael Rosen, *Head of Capital Markets Engagement, CEO Investor Forum, Chief Executives for Corporate Purpose (CECP)*
- Patrick Tracey, *Director - Business Development, Morrow Sodali*
- JC Weigelt, IRC, *Vice President, Investor Relations, nVent*

Committee Board Liaisons

- Victoria Sivrais, *Founding Partner, Clermont Partners, NIRI Board Chair-Elect (2022)*
- Ruth Venning, IRC, *Executive Director, Investor Relations, Horizon Therapeutics, NIRI Board Chair (2021) - ex officio*

NIRI Virtual Conference Sponsors

NIRI thanks the many sponsors of the NIRI 2021 Virtual Conference. They included:

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Stockperks

A New Brand Look for NIRI

A major brand refresh, featuring a new logo with the tagline: "The Association for Investor Relations," was unveiled at #NIRI2021.

NIRI President and CEO Gary LaBranche said the brand refresh has three goals: build external awareness of NIRI as the home for investor relations, update NIRI's 40-year-old pre-internet image, and create brand consistency across all programs.

The branding emphasizes the vitality of the IR community and will enhance outreach with regulators, legislators, media and other stakeholders.

"So, there you have it: new branding to carry NIRI onward to navigate the future with you," LaBranche said. For more details about the new brand, see the article, "NIRI Announces New Branding, Logo and Tagline," on page 7 in the "NIRI Now" section of this issue of *IR Update*.

- Joseph Hassett, *Senior Vice President, Gregory FCA*
- Felise Kissell, *Head of Investor Relations & Corporate Affairs, Aramark*
- Deborah Pawlowski, IRC, *Chairman and CEO, Kei Advisors LLC*
- Mark Warren, IRC, *Vice President, Investor Relations, Vulcan Materials Company*

NIRI also recognized new Investor Relations Charter (IRC) holders. The IRC program provides the opportunity for professionals to demonstrate their knowledge, expertise and commitment to IR. There are now more than 220 IRC holders worldwide representing nearly 150 public companies, nine countries and four continents. Individuals who earned the IRC since the December 2020 NIRI Virtual Annual Conference include:

- James Arestia, IRC
- Nahla Azmy, IRC
- John Beisler, IRC
- Jack Chang, IRC
- Angela Elrod, IRC
- Michaella Gallina, IRC
- Shelly Hubbard, IRC
- Ellen Leithold, IRC
- Stanley Martinez, IRC
- Rodney McMahan, IRC
- Connor Richardson, IRC
- Kip Rupp, IRC
- Aaron Uhde, IRC
- Mark Warren, IRC
- Tabitha Zane, IRC

Looking to the future of the profession, the 2021 Class of NIRI 30 Under 40 was recognized. This annual program recognizes rising stars who have made noticeable contributions to their companies, NIRI chapters, and the capital markets. Honorees included:

- Peter Azzarone, *Senior Marketing Manager, Nasdaq*
- Kelly Brame, *Senior Manager of Investor Relations, Danaher*

- Catharine Brierre, *Senior Investor Relations Analyst, ONEOK, Inc.*
- Mei Ni Chu, *Director of Investor Relations, Voya Financial*
- Amanda Cimaglia, *Vice President, ESG, The AZEK Company*
- Patricia Cruz, *Manager of Investor Relations, Etsy, Inc.*
- Nikhil Dixit, *Director of Investor Relations, Square, Inc.*
- Mark Fasken, *Co-Founder & Chief Operating Officer, Irwin*
- Faten Freiha, *Vice President of Investor Relations, BJ's Wholesale Club, Inc.*
- Lawrence Goldberg, CFA, CAIA, IRC, *Director of Research and Analysis, IHS Markit*
- Enrique González Casillas, *Head of Investor Relations and Finance, Genomma Lab*
- Andrew Hedberg, *Director of Investor Relations, Ecolab Inc.*
- Mike Houston, *Partner, Lambert & Co.*
- Allysa Howell, *Investor Relations Manager, OceanaGold*
- KC Katten, *Vice President of Investor Relations, e.l.f. Beauty*
- Taylor Krafchik, *Senior Director, Ellipsis*
- Garrett Low, *Senior Managing Director, Nasdaq*
- Christina Maldonado, *Senior Associate, Teneo*
- Kristen Manginelli, *Director of Investor Relations, Webster Financial Corporation*
- Galina Meleger, *Director of Investor Relations, Endeavor Silver Corporation*
- Joe Noyons, *Managing Director, Three Part Advisors*
- Chad Reed, *Vice President of IR and ESG , Hannon Armstrong*
- Zach Rothberg, *Head of Investor Relations Services, AlphaSense*
- Mallory Schmitz, *Senior Manager of Investor Relations, VF Corporation*
- Mac Schmitz, IRC, *Capital Markets Coordinator, Matador Resources Company*
- Lauren Scott, *Senior Vice President, Edelman*
- Lindsey Smith, *Director, Investor Relations and Corporate Communications, Corbus Pharmaceuticals, Inc.*
- Hunter Stenback, *Vice President, Financial Communications & Capital Markets, Edelman*
- Michael (Minye) Tang, *Assistant Professor of Accounting, College of Business, Florida International University*
- Brian Vereb, *Head of Investor Relations, Alliance Data Systems*

NIRI 2022 Annual Conference Going Live In-Person

NIRI announced that the NIRI 2022 Annual Conference will be held June 6-8, 2022, in-person at the beautiful, brand-new Omni Boston Hotel at the Seaport.

"We have waited a long time to return to in-person meetings," said NIRI President and CEO Gary LaBranche. "This outstanding conference is going to make it worth the wait."

NIRI will send many updates about the conference in the months leading up to the event, and anyone interested can also fill out an online form at www.niri.org/ac22savedate to receive notifications and updates.

Online Conference Content

All conference content will remain online until September 24, 2021, so attendees can access the more than 25 hours of general sessions and cutting-edge IR education delivered by more than 100 speakers.

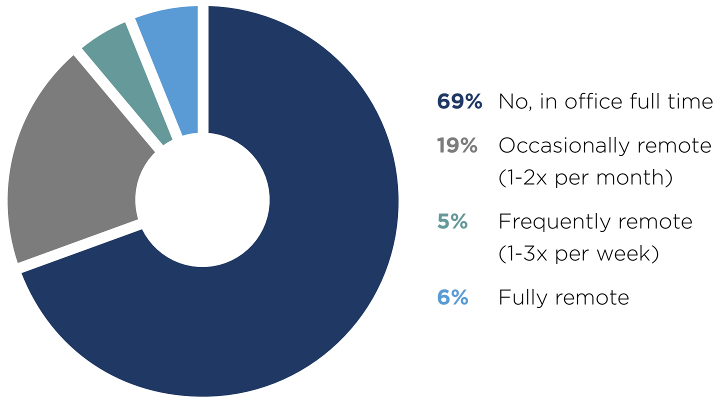
Registered attendees can visit www.niri.org/professional-development/annual-conference/annual-conference to access this content. Non-registrants may register to purchase access to the content at www.niri.org/conference. IR

Alexandra Walsh is Senior Publishing Consultant for Association Vision, the company that produces *IR Update* for NIRI; awalsh@associationvision.com.

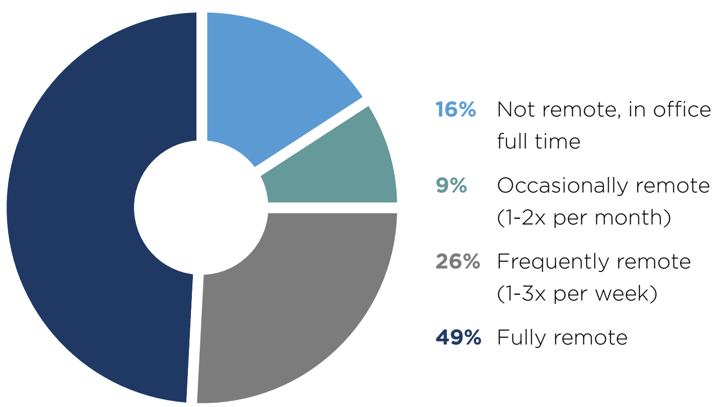
Remote Work and Virtual Meetings in Post-Pandemic Investor Relations

Surveys show that IROs believe remote work can increase productivity and offer other benefits. Virtual meetings are also likely to remain a key element of investor relations. BY AL RICKARD, CAE

Prior to the pandemic, were you a remote worker?



If your offices are now partially or fully open, what is your remote situation?



Source: Rivel, Inc. Working in IR Remotely Report

Pre-pandemic days seem like ages ago – the 18 months since COVID-19 took hold feels like an eternity.

As we emerge from the pandemic and assess how the world of investor relations has changed, two trends are apparent: Remote working is here to stay for many companies, and virtual meetings will remain prevalent.

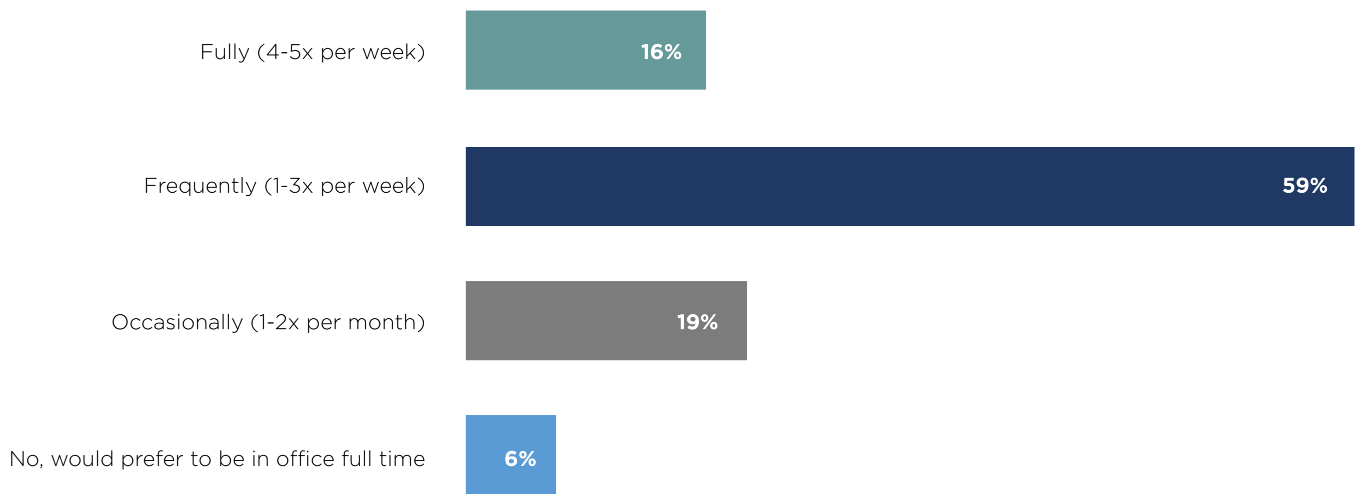
Remote Working Then and Now

A March 2021 report, "Working in IR Remotely," conducted by the Rivel, Inc. Executive Intelligence Council, asked IRO survey respondents, "Prior to the pandemic, were you a remote worker?" As shown in the chart on this page, 88% worked full time in the office or occasionally worked remotely.

Today that number is largely reversed. The Rivel report found that as of March 2021, only 25% of those who had partial or full access to their traditional offices were working full time in the office or occasionally remote.

Going forward, IROs reported in the Rivel survey that they want the current remote working pattern to remain primarily remote, with a strong preference for frequent remote working (working remotely 1-3 days per week).

Going forward, would you prefer to work remotely?



Source: Rivel, Inc. Working in IR Remotely Report

Retaining Influence in the Company

A recent report, "The State of Investor Relations in the Virtual World 2021," produced by Cision and NIRI, noted, "A significant part of the IR job requires a close working relationship with the C-suite (CEO, CFO, COO), accounting and legal departments."

The report survey found that one third of respondents said working from home impacted their ability to have a seat at the table within their organizations, a finding that may have been partly influenced by a lack of in-person accessibility to key players.

Even so, two thirds did not think working remotely hurt their influence within their organizations.

Some IROs – such as the 11% who reported to Rivel that they worked fully remote or frequently remote before the pandemic – have enjoyed that work arrangement for a long time.

For example, Chris Symanoskie, Vice President, Investor Relations at Houghton Mifflin Harcourt, recalls, "In 2007, I received a job offer from an exciting company based in a small town miles away. I had the perfect match of skills, but I was not ready to upend my family life nor prepared to live in a rural setting. Much to my surprise, the company's CFO said that I could work remotely – fully remote. Problem solved. I worked happily in that position for nearly 15 years. Today, I am fortunate to be living in Virginia and working for yet another exciting company that is based in Boston."

He adds that companies like these can attract talented executives from across the country in part because of flexibility and the possibility of working remotely.

Remote Productivity

Can IROs be productive while working remotely? The answer, according to research reports, is "Yes."

According to a survey by human resources consulting firm Mercer, 94% of employers surveyed said that productivity was the same or higher than it was before the pandemic due to the work-at-home environment.

Eighty-three percent of these same employers also said they plan to put more flexible work policies in place, including allowing more people to work remotely after the pandemic. They found that remote work was good for both the mission and the bottom line.

When asked in the Rivel survey how remote work affected their ability to execute an effective IR program, 13% said it helped, and 65% said it did not have a meaningful effect either way. Only 23% believed it had a negative effect.

In the Rivel survey, IROs most frequently cited "productivity gains," "greater availability," and "less time wasted on travel" as the top reasons for improved IR effectiveness in a remote environment. The remaining IROs surveyed suggested that the primary disadvantage of the virtual environment was the perceived "lack of personal interaction" in online meetings.

The Cision report found that while the pandemic disrupted IR programs, more than 90% of IROs were satisfied with how they pivoted to deal with the new reality. Innovation and embracing technology were the keys to success.

As noted earlier, remote working also opens new opportunities to attract talent.

"Given that the benefits of remote work seem to outweigh the drawbacks, companies seeking to attract rock-star IROs may no longer require relocation, but instead focus on flexibility as well as capabilities, knowledge, and track record (or credentials like the IRC)," Symanoskie suggests.

"Many people have said the pandemic accelerated trends that were already in motion – that certainly seems to be true. Perhaps the remote nature of the investor relations profession is also accelerating."

The Future of Virtual Meetings

The Cision survey conducted in late 2020 found that nearly half of companies planned to hold fully virtual shareholder or general meetings in 2021 while others were still weighing their options.

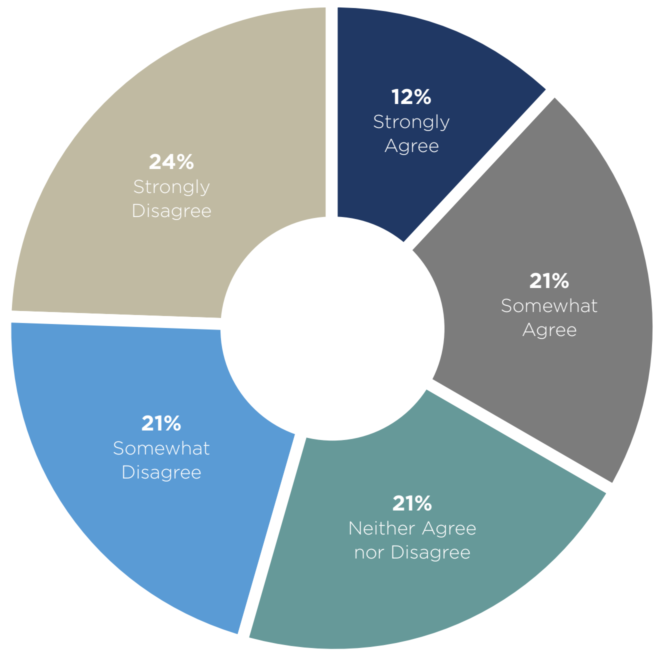
Most of the IROs surveyed by Rivel in March 2021 anticipated returning to in-person shareholder meetings and investor days after the pandemic.

The "Connect.IQ Global 100 Special Report," produced by Investis Digital in collaboration with NIRI, noted, "Virtual events are here to stay as a powerful way to build engagement with audiences everywhere. Virtual events took off because businesses had no alternatives. Just about everything—from employee communications to investor relations—went online.

"Many large organizations are getting accustomed to managing events virtually, and they're discovering that virtual makes it possible to reach more people cost effectively. Throughout 2020, many businesses realized that pulling off a big-time change like that could be achieved – not perfectly, but well enough to remain connected with crucial audiences."

One question in an Investis Digital survey of IROs in April 2021 asked, "Are you planning to host in-person events in the next six months?" Only 11% responded, "Yes," while 8% anticipated a hybrid model, 43% were not sure, and 35% said "No." Another 4% planned to delay in-person events to 2022.

Working from home impacted my ability to have a seat at the table in my organization



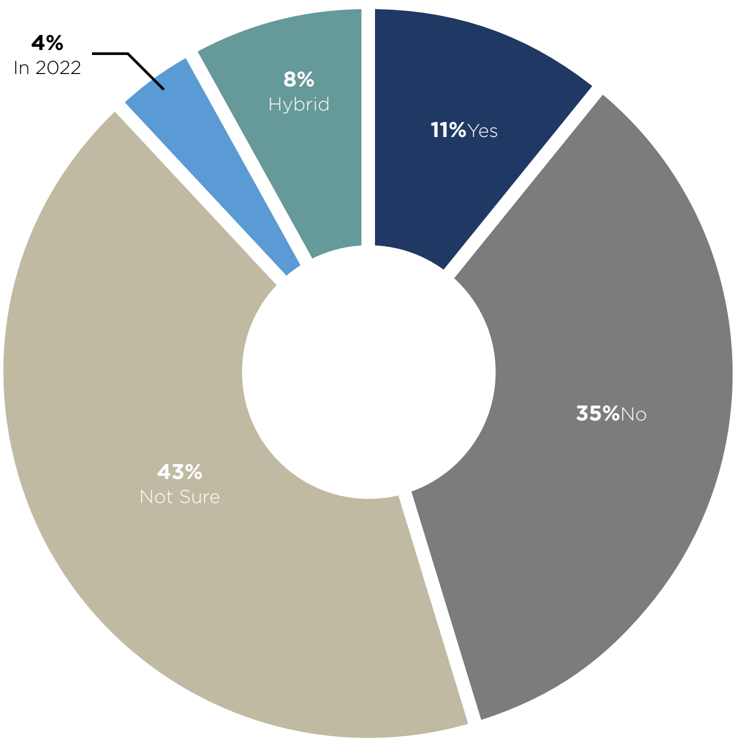
Source: Cision/NIRI State of Investor Relations in the Virtual World 2021 Report

Benefits of Virtual Meetings

"We normally conduct thousands of face-to-face, non-deal roadshow meetings every year across every major city in the U.S. for our clients," says Robert Blum, Managing Partner at Lytham Partners, commenting in the Cision report. "Those have all been converted to video and phone calls." He adds that virtual conferences provided companies with alternative ways to connect with investors.

Kip Rupp, Vice President of Investor Relations at Quanta Services, says there were some benefits to switching to video calls. "Portfolio managers (PMs) were participating in conferences much more than they normally would," he explains in the Cision report. "PMs don't usually travel as much

Are you planning to host in-person events in the next 6 months?



Source: Investis Digital Connect.IQ Virtual Events Special Report

as their analysts do, so there was more PM participation – which is good. They're the ones who pull the trigger on buying your stock."

Brandon Dobell, Managing Director and Partner in the William Blair investment banking group, says, "While we expect some conferences to transition back to in-person meetings, or to employ a hybrid schedule, we could envision IPO and secondary roadshows to be largely virtual. Based on client and management feedback regarding the many benefits of virtual meetings, we expect recent trends to continue but recognize different companies and investors will have different perspectives about in-person meetings.

"As with many things coming out of COVID-19, the increased utilization of virtual formats for many aspects of our business have broadened the ways we can engage with our clients and colleagues while maintaining opportunities for high-touch service that we believe remains key to our long-term success."

Cathy Conlon, Vice President at Broadridge Investor Communications, says, "Our expectation is that as companies continue to experience the benefits of virtual meetings – with more attendance, voting and shareholder engagement – it will be increasingly likely that having a virtual component either in place of or in addition to the in-person meeting will be the best option for companies going forward."

Blum notes in the Cision report that it could take some time to return to a pre-pandemic normal. "There will definitely be an overall decrease in the number of events, both from a conference perspective and face-to-face roadshow perspective," he says. "The pandemic has forced everyone to adapt and has highlighted the value of virtual interfacing."

Rupp agrees, saying, "For a period, it's going to be very challenging as an IRO to do a roadshow or something like that. You have no idea who is physically going to be there. This year is going to be a transition year to try to figure out how that looks, and hopefully 2022 is a bit more normal."

The Investis Digital report explains, "Organizations are starting to improve the state of the art. Tools and platforms are emerging that make it possible for businesses to make virtual not just an acceptable alternative to in-person events, but a desirable one. Virtual opens the playing field for immersive experiences, livestreaming and video, to engage with people at a much larger scale – through their laptops, mobile devices and beyond.

"Companies are being challenged to think strategically now. For example, how can virtual events help attract more high-value shareholders and build relationships that will enrich their market capitalization? Companies are also learning how to use tools such as polling and Q&A to engage with all audiences, including investors. In a digital-first world, virtual events will make or break how well businesses build trust with investors." IR

Al Rickard, CAE, is Director of Communications at NIRI and Editor-in-Chief of *IR Update* magazine; arickard@niri.org.

Creating a Powerful Digital Strategy and Presence

Investis Digital collaborated with NIRI to produce a special report on the digital presence of public companies. Learn what works and see the list of the top 100 companies that excel in the digital realm.

BY AL RICKARD, CAE

How effective is the digital presence of public companies? What is the investor relations "digital agenda" for 2021?

Every year, Investis Digital evaluates thousands of IR and corporate websites, measuring the effectiveness of their digital presence. This year, the company collaborated with NIRI to match up the key initiatives of IROs with the global leaders that are doing it right. This Connect.IQ Global 100 Special Report includes research results, a snapshot of the investor relations "digital agenda," and new benchmarks for 2021.

The report also includes input from NIRI members who were surveyed about their digital presence, priorities, and plans for digital growth.

Investis Digital CEO Don Scales says, "The Connect.IQ Global 100 is the first-ever ranking how well companies share their brand narrative in a digital-first world. We think the report can help any company understand how to build relationships with their audiences today and tomorrow."

It also measures how well websites of public firms align with the needs of IR and corporate communications professionals. The results reinforce the importance of the corporate website to building shareholder value and the potential for websites to support IROs even more than they are now.

For example, 59% of NIRI members responding to the Investis Digital survey said that their IR and corporate websites have either a large or major impact on their IR efforts. But only 18% believe their IR and corporate websites reflect their IR efforts very well, and only 47% procure help to support their digital efforts.

Social and Business Imperatives

A rapidly shifting social and economic landscape made the results of this survey even more critical.

"Being purpose-driven – a priority for many companies going back for years – has become a front-and-center need with a newfound sense of urgency," Scales observes. "The pandemic caused employees, customers, investors, and other essential stakeholders to ask businesses to show how they are making society better, such as responding to the mental health needs of their own people.

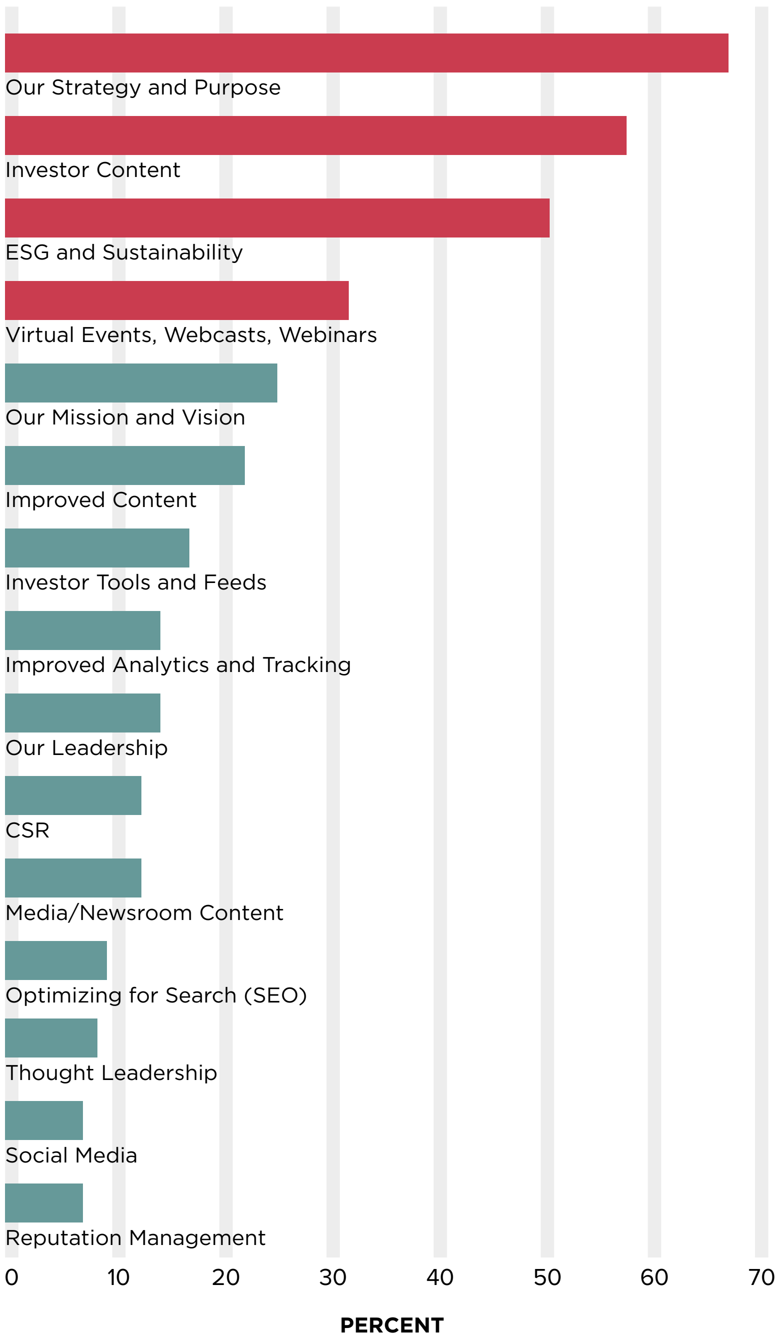
"Then, the social unrest of 2020 challenged businesses to step up and help make the world more racially just. Businesses that thought they were doing enough by tweeting their support for social justice found themselves being told, 'I'm not going to join your firm, invest in your company, or do business with you unless you show me what you are actually doing to fight racism and inequality of all types.'"

Scales also points to technology innovations such as artificial intelligence, which he says is "rewriting rules everywhere." He adds, "Businesses are accelerating their deployment of immersive digital technologies such as augmented reality and virtual reality that promise to change how people learn, do their jobs, and manage more everyday (but important) tasks such as making consumer purchases.

"Digital innovations are only going to accelerate in 2021 and beyond thanks to the advent of our digital-first economy."

The Investor Relations Digital Agenda for 2021

Which of the following topics/initiatives do you plan to prioritize in your IR and corporate website and digital channels in 2021?



Source: Investis Digital Connect.IQ Global 100 Special Report

Digital Growth Opportunities

The Investis Digital Report notes that the IR and corporate website is essential to telling the brand narrative and sharing the investment thesis for any publicly traded firm and remains the "home base" for public companies.

"Businesses have a big opportunity to improve their sites," the report explains. "How? The answer is simple: by supporting the needs of IROs. But the way forward is not always obvious. Businesses exist in a dynamic world in which priorities are always changeable."

For example, the report observes that going into 2020, COVID-19 was on no one's radar screens—but then the pandemic forced IROs to take all their IR communications online.

The rise of the socially conscious investor (institutional and individual) created a need for public firms to amplify their environmental, social, and governance (ESG) story.

"Websites don't always catch up to those changing priorities as quickly and effectively as they should," the report states.

Digital Priorities

Given the current focus on business purpose and social issues, it is no surprise that those topics are high on the list of priorities for the digital agenda of public companies in 2021.

The chart, "The Investor Relations Digital Agenda for 2021," provides a complete look at the priority topics for the year based on the survey of NIRI members.

Charting a Successful Future

The report asks, "What will separate the companies that manage change successfully from those that fall behind?"

The answer, according to the report, is "Trust. The ability to forge a close bond of trust with all stakeholders—shareholders, consumers, job seekers, and employees, especially at a time when the surging Gen Z and Millennial populations are carefully scrutinizing how well corporations align with their personal values."

Investis Digital identified the following four elements of a brand that must be managed successfully to create an excellent digital presence:

- **Responsibility** – Responsibility encompasses digital content, creative, and communications that demonstrate the measures any company takes to be a good corporate citizen. Responsibility is about rising to meet the ever-increasing expectations of today's investors, consumers, employees, and other stakeholders.
- **Reputation** – Reputation consists of digital content, creative, and communications that bolster a company's reputation—proactively and reactively. Reputation is partly about creating ongoing, positive content to balance out any negative press, content, search results, activist/retail investor activity or market manipulation that may arise.
- **Recruitment** – The next wave of talent has new expectations, and competitors are rising to the challenge. Recruitment is more than posting job openings online and mastering the art of the virtual interview. Recruitment is all encompassing, reflecting corporate culture through content ranging from employee testimonials to case studies. Targeting qualified talent, and highlighting company culture, purpose, and vision helps recruit and keep top talent as effectively as business performance does—perhaps more so at a time when people seek to align themselves with companies that share their values.
- **Reach** – What good is an amazing investment thesis if no one hears it or sees it? Leading IROs are using performance marketing to make sure that their message reaches their target audience, whether promoting thought leadership and research to a select group of institutional investors or making sure their ESG and sustainability initiatives don't go unnoticed. SEO, social engagement, accessibility, optimization and amplification should be equally important to the digital agenda for 2021. IR

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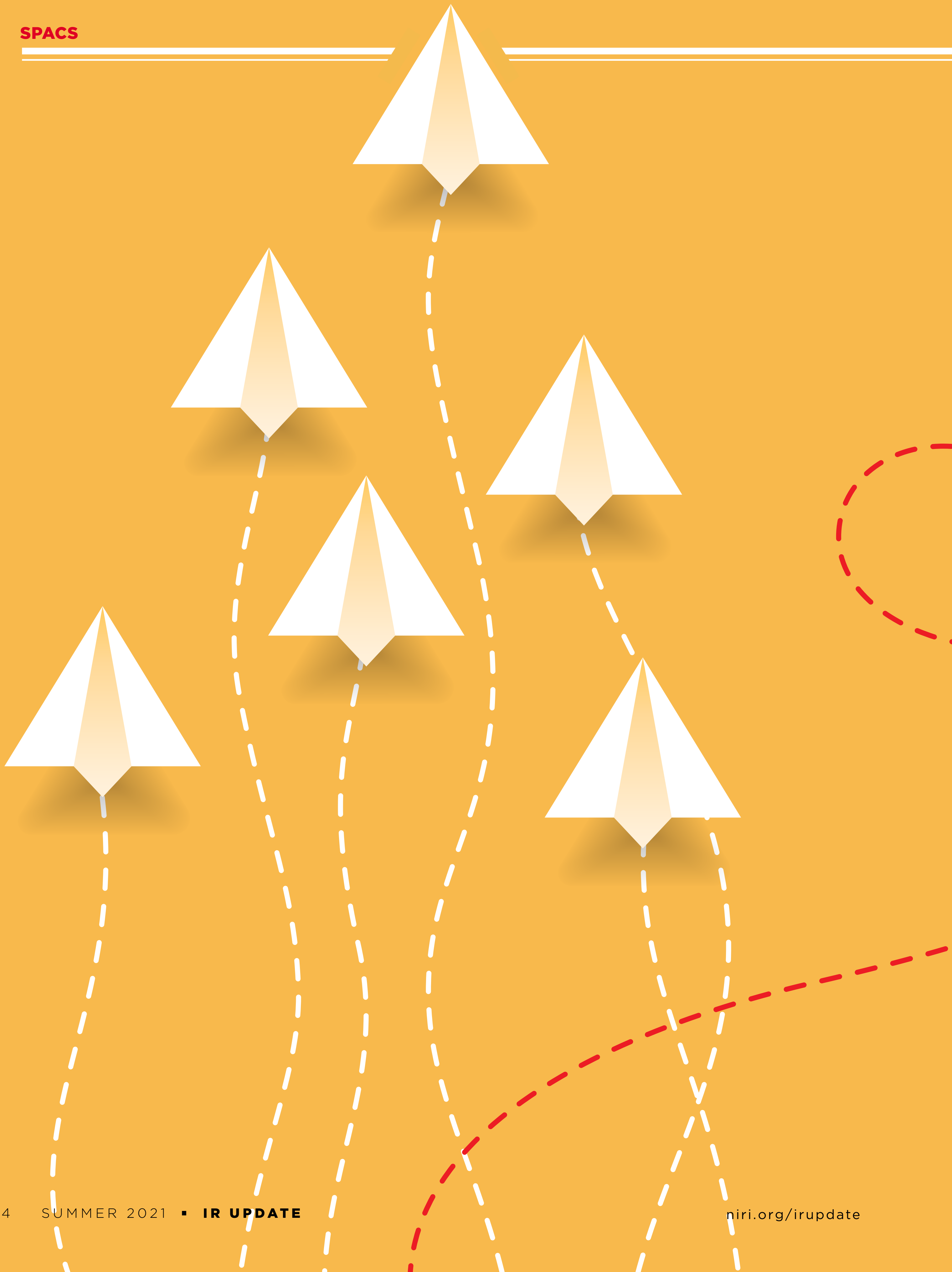
Top 100 Companies in Digital Presence

The Investis Digital Global 100 Connect.IQ Special Report created "The Global 100" to recognize public companies around the world that have achieved the best digital presence according to 300 criteria developed by Investis Digital that measure the effectiveness of their corporate websites and associated social channels. The companies are ranked below from 1 (the best) to 100.

1. Shell
2. BP
3. Nestle
4. BASF
5. Eni S.P.A.
6. Vodafone Group
7. Credit Suisse
8. BAE Systems
9. Merck Group
10. Roche
11. Rolls-Royce
12. Anglo American
13. Essity
14. Verizon
15. Novartis
16. Intel Corporation
17. Centrica
18. AT&T
19. Unilever
20. Coca-Cola HBC
21. Tesco
22. Yara International
23. Beiersdorf
24. Novo Nordisk AS
25. Lockheed Martin
26. Medtronic
27. BT Group
28. UPS
29. Royal Bank of Scotland
30. Walmart
31. Orsted
32. CVS Health
33. UBS
34. HSBC Holdings
35. Corning
36. Direct Line Group
37. DSM
38. ING Group
39. Microsoft Corporation
40. TUI Group
41. Cisco Systems
42. EcoLab
43. IBM
44. Pfizer
45. Aviva
46. Duke Energy
47. Procter & Gamble
48. Zurich Insurance
49. AstraZeneca
50. Total S.A.
51. Telenor Group
52. BHP
53. AXA
54. Bank of America
55. Johnson & Johnson
56. Mondi plc
57. Sainsbury's
58. Citigroup
59. Standard Chartered
60. Chevron
61. 3M
62. Accenture
63. Analog Devices
64. General Electric
65. National Grid
66. Danone
67. Exelon Corporation
68. Norsk Hydro
69. PepsiCo
70. Schlumberger
71. Barclays
72. GSK.
73. British Land
74. eBay
75. Chr. Hansen Holding AS
76. Boeing
77. BNY Mellon
78. Allianz
79. Legal & General
80. Texas Instruments
81. ConocoPhillip
82. Arcelor Mitta
83. Hewlett Packard
84. British American Tobacco
85. Boston Scientific
86. ExxonMobil
87. Equinor
88. Zaland
89. L'Oreal
90. Lowe's
91. ADP
92. DS Smith
93. Wells Fargo
94. SGS
95. Estee Lauder
96. Adobe Systems
97. NXP Semiconductors
98. Ocado Group
99. Prudential Financial
100. Workday

Source: Investis Digital Connect IQ Global 100 Special Report



SPACs: A New Frontier for Shareholder Activism

As SPACs spawn a new breed of newly public companies, activists are taking notice.

BY DEREK ZABA, KAI LIEKEFETT, AND JOSHUA DUCLOS

Much has been written about the torrent of activity in special purpose acquisition vehicles (SPACs) – a type of "blank check" company.

SPACs raise money in an initial public offering (IPO), which is placed in a trust account to be used for the sole purpose of identifying, acquiring, and merging with a private target company within 18 to 24 months. The culmination of this process is called a "de-SPAC," which is when the newly combined company becomes a publicly traded entity.

In the process, the formerly private company receives a public listing and a fresh infusion of cash from the SPAC's trust and/or a concurrent private investment in public equity offering (PIPE), and the SPAC's sponsor receives a hefty "promote" in the form of equity in the combined entity for putting up a modest amount of working capital funds and facilitating the transaction.

According to Bloomberg, 300 SPACs were launched in the first quarter of 2021 alone, which was more than the approximately 250 launched in 2020 (itself a banner year for SPAC launches that saw three times as many SPAC IPOs as 2019).

After the U.S. Securities and Exchange Commission (SEC) issued new guidance regarding the accounting rules to be applied to SPAC warrants, the pace of SPAC IPOs slowed to approximately 60 in the second quarter – driven largely by bottlenecks in the system created by the need for system-wide SPAC accounting restatements and investor worries regarding the SEC's increasing focus on SPACs in general.

Yet, this slower pace of SPAC IPOs remains elevated above historical levels. In addition, more than 400 SPAC vehicles now exist in the public markets that are still looking for acquisition targets. As a result, it is possible that within two years more than 10% of all public companies in the United States will have gone public through a de-SPAC.

SPACs Attract Activism

At the same time, the level of shareholder activism against public companies in general remains elevated relative to historical levels. In 2020, more than 400 activist campaigns were launched against public companies traded in a U.S. stock exchange.

Most of these campaigns were so-called "long activism" (agitating for change seeking to drive the stock up) and a minority were "short activism" (publicly criticizing the company or valuation in an attempt to drive the stock down). This is a continuation of a trend of increased activism that has grown throughout the boom in the markets since the financial crisis.

Due to increased competition within the asset class, and a decrease in the number of public companies in the United States during this time period, activists have been forced to look for targets beyond their traditional stomping grounds.

For example, until the past few years certain regulated industries such as insurance and utilities had largely been ignored by activists. Activism outside North America was also sporadic. As a result, the level of de-SPAC activity is effectively chum in the water for many hungry activists.

Nathan Anderson, Founder of Hindenberg Research, predicts, "[SPACs] taken public in 2020-2021 will be a key source of short ideas for the next decade."

SPACtivism Before the De-SPAC

The life cycle of a SPAC is well established. After a SPAC's IPO, it will spend 18 to 24 months on a search for a private company (standalone or, in some cases, a spin-off subsidiary of a public company) to acquire.

After selecting a target and agreeing to acquisition terms, the resulting transaction will require the approval of the shareholders of both the acquired company and the SPAC. Assuming shareholder approval is received, this de-SPAC transaction takes effect and the previously private company begins its life as a listed public company.

Activism is present at all stages of the SPAC life cycle, but the risk and nature of activism varies depending on the stage. The potential for activism increases immediately after the SPAC's IPO.

Before the time a target is found, an activist may attempt to influence the choice of the target. It is also possible that an activist may at the same time have a stake in a potential target company that they wish to be targeted by the SPAC.

The risk of this activism increases as the SPAC approaches its expiration, which has a punitive impact on the sponsor. As a result, the SPAC sponsor is likely to become more desperate and perhaps less discerning in evaluating acquisitions.

Activism risk continues after a target is selected during the de-SPAC process. Any time there is a shareholder vote on a substantial economic transaction, there is the potential for an investor to agitate against the deal.

In the late 2000s, there was a wave of activism against SPACs prior to a de-SPAC where activists would purchase shares of a SPAC at a discount with the intent of voting down any proposed merger and redeeming their shares for par value. While current SPAC structures have been modified to deter this specific type of activism, the risk of activism prior to a de-SPAC remains.

After the consummation of the de-SPAC, the risk of activism transfers to the newly formed public company.

SPACtivism After the De-SPAC

After the de-SPAC, the newly public company shares many characteristics with a company that recently completed a "regular" IPO. At its core, a de-SPAC is an alternative to a traditional IPO (and, increasingly, direct listings), in which a private company can transition into a public company. Generally, recent IPOs generally experience a "honeymoon" period that insulates them to some degree from both short activism and long activism.

On the short side, attacks immediately after an IPO are relatively uncommon. From a technical perspective the float of available shares of recent IPOs is often small and there are lockups in place for many insiders and pre-IPO investors to prevent them from selling shares during the first few months.

Less tangibly, there is also often a level of excitement in the wake of the IPO. However, as the lockups expire, insiders become allowed to (and do) sell down, and the float expands, the technical limitations on short-selling decrease, and the company becomes susceptible to short attacks.

On the long side, concentrated shareholder ownership through insiders and other pre-IPO investors, who also often maintain board representation, provides substantial protection against activism in the immediate wake of an IPO.

In some cases, with majority control, there is absolute protection against the threat of a proxy contest to change board composition, which is the ultimate weapon of the long activist. In addition, public institutional investors in an IPO have only recently and consciously chosen to purchase the stock because they support the company's board, management and strategy.

As a result, they are likely to give the company some time and breathing room to execute its strategy. Furthermore, from a tactical perspective, new IPOs have no public track record and stock price history for an activist to criticize.

All these factors reduce the risk of long activism shortly after an IPO. In fact, two years after an IPO the risk of long activism is only two-thirds that

Increased Activism Risk for Established Public Companies

The presence of so many SPAC vehicles may even have an impact on long activism at more tenured companies.

Activists often demand that a company pursue a spin-off or carve-out transaction. The availability of several hundred potential vehicles to facilitate such a transaction may result in more activists making this demand over the next two years.

This is particularly true as SPACs approach their expiration, and there is a perception that the SPAC sponsors are more desperate to strike a deal. In addition, several well-known shareholder activists have formed SPACs of their own.

It remains to be seen whether and how any of these SPACs may be used to facilitate the goals of the activist, such as in support of a separate activist campaign or perhaps with the goal of using the resulting de-SPAC as a permanent source of capital for future campaigns.

of a tenured public company, and it takes nearly five years of public trading to achieve equivalence.

In turn, many newly de-SPACed companies also expect to enjoy a honeymoon period similar to their traditional IPO peers. Given the similarity in purpose and result between an IPO and a SPAC merger, this is not surprising. Perhaps the greatest protection for both types of companies against a long activist is the significant insider and pre-IPO ownership in the immediate aftermath of going public, which often tends to be paired with board membership.

However, the pace at which immunity from activism fades is much faster for de-SPACed companies. This is due in part to certain aspects of the de-SPAC process, and in part to the nature of many of the companies that are increasingly going public through the de-SPAC process.

A SPAC conducts M&A due diligence on the private company it is looking to acquire, and – if there is a concurrent PIPE – the banks running that process and the institutional PIPE investors participating in it will add a second layer of vetting and validation to the transaction.

However, the de-SPAC process often still does not involve the same level of scrutiny and preparation by an underwriter that is present in an IPO (where an underwriting bank takes on statutory liability under the Securities Act of 1933), nor the same cache of credibility lent by using the name of that underwriter.

It is possible, therefore, that some companies that go public through a de-SPAC might not have survived the traditional vetting present in a traditional IPO. In addition, SEC regulations relating to a de-SPAC -- unlike those for an IPO -- provide a safe harbor for forward-looking statements, which permits financial projections to be used in marketing the deal. This is seen by many early-stage, high-growth companies as a major advantage to the de-SPAC process over the traditional IPO process.

As a result of these differences, certain companies may find themselves able to go public through a de-SPAC at a less mature stage, with a shorter track record and less public company readiness, and after marketing using forward-looking financial projections that look as many as five or more years into the future.

Furthermore, given the large number of SPACs that need to find partners for a de-SPAC in the next 18 to 24 months, there will be fierce competition to find quality private companies that are at the right stage in their evolution to become public. As a result, it is possible that certain SPACs may seek to partner with candidates that are less attractive than they otherwise would have, and which potentially have more weaknesses for activists to attack.

Finally, as a result of this increased activism risk, there is an additional risk of a sort of downward spiral, or self-fulfilling prophesy: if many activists believe there is a higher likelihood of finding an attractive activism target within this universe, then relatively more activists will look toward de-SPACed companies for potential campaigns, resulting in more activism overall and casting a further pall over those companies that access the public markets via this route.

How to Prepare for SPACctivism

As with many things, preparation for potential activism is key. An appropriate defense starts at the formation of the SPAC and continues into the de-SPAC transaction, and finally, with the resulting public operating company.

SPAC Formation and Target Identification

- **Assure Proper Board Composition for the De-SPAC Evaluation:** The SPAC board of directors should have a strong majority of directors who are truly independent of the sponsor. If it is necessary for several directors to have ties to the sponsor, consider using a special committee of independent directors to make recommendations regarding any de-SPAC. These actions protect against not only activism, but also the wave of litigation and SEC scrutiny that is beginning to crest and is typically focused on conflicts of interest between the sponsor and public SPAC shareholders.
- **Perform Extensive Due Diligence on Potential Targets:** SPACs have historically varied widely in the extent of diligence they perform on their potential target companies. It is imperative, however, for a SPAC to approach the de-SPAC as a full-scale acquisition and, as such, perform the same degree of diligence as a strategic or private equity buyer. This diligence will lead to the better choice of targets, afford the ability to correct any issues identified in the process, and give the SPAC the information it needs to properly help the target company prepare to be a public company.

De-SPAC Merger

- **Assure Proper Board Composition and Management Team Preparedness:** Operating in the public sphere is drastically different than operating as a private company. Everything from day-to-day operations to operational planning, budgeting and forecasting is different when you have thousands of owners (ranging from hedge funds and large institutional investors to retail traders) rather than a handful

Not long after the SPAC merger, a company will be held to increasingly higher standards on board and governance practices, eventually in line with more tenured public companies.

of venture capital or private equity firms. Public companies are subject to SEC reporting requirements and the scrutiny of analysts, investors and plaintiffs' attorneys. The c-suite and the board room should therefore be composed of a diverse and qualified array of experts with public company experience while also maintaining the key talent and leadership required to execute on the strategy.

- **Include Achievable Forecasts:** Understand that optimistic projections provided in conjunction with the merger may be used against a newly public company by activists if they are not achieved. More modest projections may put some pressure on immediate valuation, but will position the de-SPACed company better to meet projections going forward, rather than missing out of the gate. In addition, consider whether the benefit of longer-term forecasts (which are likely to be discounted by potential investors) are worth the potential future consequences of not achieving these forecasts.
- **Adopt Governance That Protects Against Activism:** Consider protective structures such as classified boards and prohibitions on shareholders calling special meetings or acting by written consent. In addition, any standard form charters and bylaws used by newly minted public companies do not typically include more nuanced protections against shareholder activism. Ensure that these documents have been reviewed by experienced activism counsel.

Post De-SPAC

- **Break-the-Glass Plan:** In the event of a public attack, it is crucial for the company to be prepared to respond in the same news cycle, if necessary. It should include draft "shelf" response press releases as well as a process flow for real-time decision-making and coordination with external advisors. There is no such thing as too early, and this should ideally be developed as part of the public-company readiness efforts during the de-SPAC process.
- **Board and Management Education/Tabletop Exercise:** Educate the board of directors and broader management team on the activism environment and current risk level. Hold mock sessions on a potential activist attack with senior management and/or the board to educate them on how these campaigns unfold.
- **Look for Early Warnings Signs:** Keep an eye out for unusual activity in theshareholder base – it is not uncommon for long activists to acquire toe-hold positions before approaching their targets. In addition, both long and short activists tend to reach out to former employees in an attempt to gather information. Be prepared and coach your teams ahead of time on reporting these communications up the chain and have a boilerplate response plan in advance.
- **Regularly Review Governance Practices:** Not long after the SPAC merger, a company will be held to increasingly higher standards on board and governance practices, eventually in line with more tenured public companies. In addition, consider updating governing documents to update protections against quickly evolving activist tactics. IR

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