



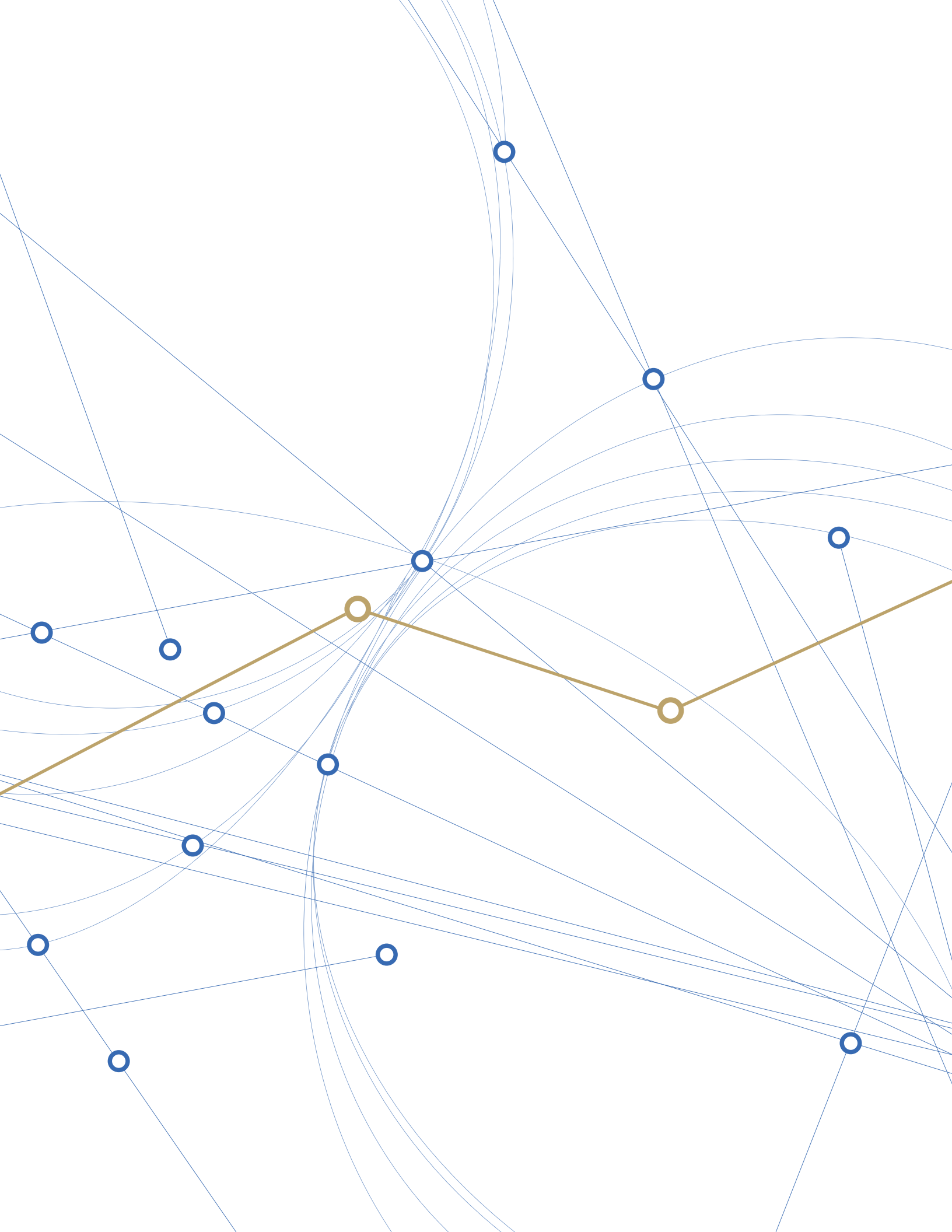
BNY MELLON



# GLOBAL TRENDS IN INVESTOR RELATIONS 2015

A SURVEY ANALYSIS OF IR PRACTICES WORLDWIDE

**TENTH EDITION**





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# Letter from Christopher Kearns

## SUPPORTING GLOBAL ISSUERS TO NAVIGATE A DECADE OF CHANGE

Dear Clients and Friends,

We are proud to present our 10th global investor relations survey, the longest running and most comprehensive global survey analysis of the investor relations function. BNY Mellon initiated this research in 2004, surveying 35 companies. Since then, more than 3,600 individual companies representing 64 countries have participated, with reports analyzing the findings produced in six languages.

In developing this research, our objective has always been squarely focused on helping global companies identify best practices in investor relations by providing actionable benchmarks. Over time the survey has also evolved into a means for profiling the increasing significance of the IR function within companies as well as identifying the emergence of key capital markets trends more broadly impacting the investment community. We have also partnered with leading academics from institutions such as Cornell University and Harvard Business School, with the view of quantifying the actual valuation impact that consistent and robust investor relations activities can produce.

Our 10th edition of this global report gives us a pause to look back on how the investor relations function has adapted in light of the profound changes of recent years, and it also provides an opportunity for global issuers to consider how to best prepare for the future.

The current market outlook may seem stacked with challenges — from intensifying geopolitical tensions, China's economic deceleration, to climate change — yet there are also new opportunities emerging for global companies to demonstrate leadership. Whether it is meeting the evolving needs of long-term stakeholders, enhancing disclosure or demonstrating increased board of director engagement and effectiveness, we remain committed to helping position companies for these trends as well as whatever the market may have ahead of us.

We look forward to discussing the findings of this report with you and identifying areas where you can enhance your current, and future, market engagement strategy.



Christopher Kearns  
Chief Executive Officer  
Depositary Receipts

# Key Global Findings

Our 2015 Global Trends in Investor Relations (IR) Study demonstrates that IR departments globally are intensifying their efforts with research analysts, building the visibility of their management teams with investors and strengthening the presence of the IR department within their companies. This is in contrast to recent years when IR teams were more predominantly focused on keeping existing investors close, while spending less time proportionately on developing new relationships.

## GLOBAL MARKET CONFIDENCE

Concern from companies over how currency exchange rates could impact global financial stability has increased, with this issue reaching third in 2015 — up from eighth in 2013 — behind systemic market risk and political risk, which ranked first and second, respectively, in 2013 as well. The regions most focused on currency worries were Latin America and Developed Asia.

## MEASURING SUCCESS

Over the past five years companies have placed increasing importance of both qualitative and quantitative metrics in evaluating overall IR performance. In 2015, 59% of companies tied IR professionals' remuneration to some measure of IR activities.

Interestingly, those companies who do tie the compensation of investor relations professionals to performance tend to hold more investor one-on-one meetings than their counterparts, 40% more than their peers.

## EVOLVING SELL-SIDE DYNAMICS

While companies broadly (72%) believe that sell-side analyst research accurately reflects their performance within a one-year timeframe, their confidence decreases markedly when considering the sell side's projections for 3–5 years,

when only 36% of companies believe sell-side research is accurate. Despite this disconnect, sell-side brokers remain fundamental to investor engagement, with more than two-thirds (76%) of companies continuing to use brokers to organize non-deal roadshows (NDRs). Notably, the percentage of companies not using the sell side for investor outreach has doubled since 2012, from 5% in that year to 10% in 2015.

## GLOBAL OPPORTUNITIES

Companies remain firmly focused on the United States and the United Kingdom as the top destinations for sources of capital in 2015. Germany has risen to the top five countries of focus for the first time, rising from seventh in 2013 to fourth in 2015. This interest has come predominantly from companies in Asia-Pacific and Latin America. Also of note, companies globally found China a promising source of capital, ranked third in 2015 up from fifth in 2013, chosen primarily by companies in Latin America and the Middle East.

Engagement with Sovereign Wealth Funds (SWFs) continues to be a growing part of companies' investor outreach activities, with 65% of survey participants reporting engagement with SWFs during the past 12 months, as compared with 57% in 2013.

## ENHANCING ENGAGEMENT

Board of Directors (BOD) involvement with and outreach to investors has more than doubled since 2013, from 24% to 49% in 2015. Developed Asia, Eastern Europe and Western Europe lead this notable BOD engagement trend. In Latin America, contact between members of the board and investors almost quadrupled, increasing from 13% in 2013 to 51% in 2015. North America continues to lag all regions, with only 26% of companies reporting any interaction in the last 12 months between the BOD and investors.

There is concurrently an uptick in companies targeting investors focused on Environment, Social and Governance (ESG) issues, with 47% of respondents stating that ESG outreach is in some way a part of their current investor relations strategy. When discussing the reasons for this outreach, 51% of companies reported that they target ESG investors because they see these investors as long-term holders. Finally, we note that more companies have put policies in place to enhance communication on corporate governance issues, up from 37% in 2013 to 46% in 2015.

# Shifts in Global Market Confidence



Companies continue to see Systemic market risk and Political risk as the top two issues with an impact on global market confidence, the same as in 2013.

The most notable increase in concern was over Currency exchange rates, which moved up from ranking eighth in impact in 2013 to third in 2015.

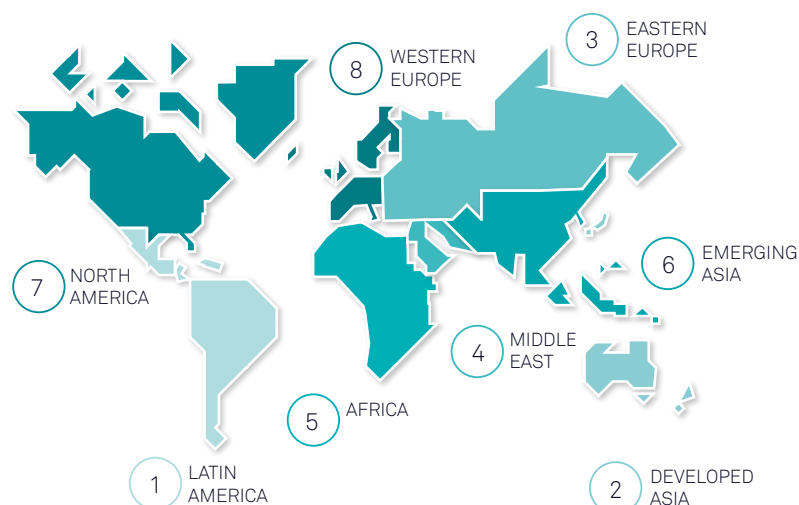
The regions driving this heightened attention were Latin America first, followed by Developed Asia and Eastern Europe. The focus on Currency exchange rates was lowest in Western Europe.

## TOP ISSUES WITH AN IMPACT ON GLOBAL MARKET CONFIDENCE CHANGE FROM 2013

2013	2015	
1	1	= Systemic market risk
2	2	= Political risk
8	3	↑ Currency exchange rates
4	4	= Eurozone Stability
3	5	↓ Uncertainty of new regulatory environment
6	6	= Sustainability of emerging market growth
5	7	↓ Liquidity in the financial markets
7	8	↓ Level of government regulation
9	9	= Commodity prices
10	10	= Inflation
12	11	↑ Regulatory protection for investors
11	12	↓ Transparency in trading

CONCERN OVER  
THE IMPORTANCE OF  
**Currency  
Exchange  
Rates** ON GLOBAL  
MARKET CONFIDENCE HAS  
INCREASED MARKEDLY,  
**from 8<sup>th</sup>** RANK IN  
2013 TO **3<sup>rd</sup>** IN 2015

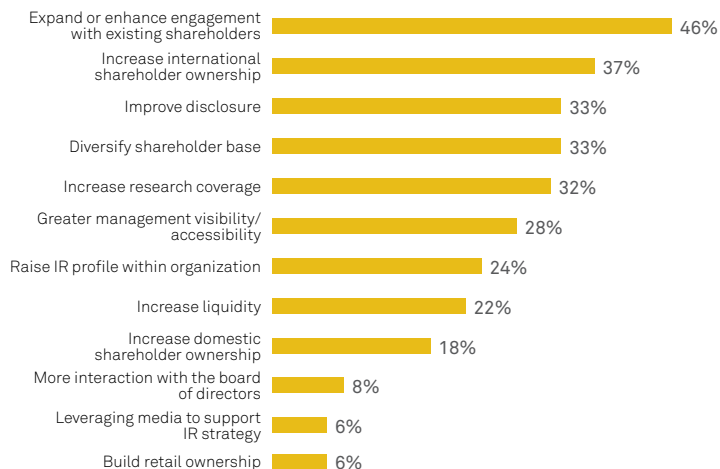
## PERCEIVED IMPORTANCE OF CURRENCY EXCHANGE RATES' IMPACT ON GLOBAL MARKET CONFIDENCE BY REGION



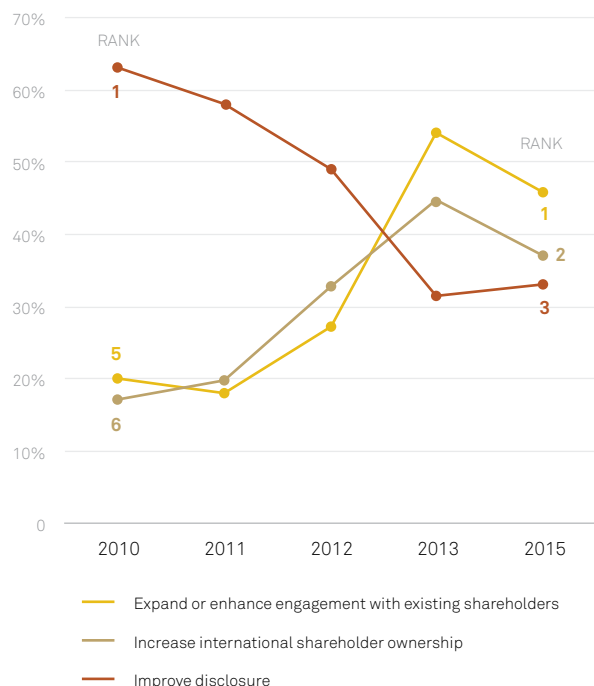
# Measuring Success



## TOP GOALS FOR IR PROGRAMS AMONG ALL COMPANIES



## TRENDS OF THE TOP THREE GOALS FOR IR PROGRAMS IN 2015



## IR PRIORITIES

The top IR priority for companies globally continues to be Expansion or enhancement of engagement with existing shareholders, although fewer companies in 2015 chose it (46%) than in 2013 (54%). Interestingly, while three of the top four goals revolve around shareholders, the number of companies citing investor engagement has declined: engagement with existing and new shareholders across the institutional and retail universe as well as diversification of shareholder base all declined from 2013:

- Expand or enhance engagement with existing shareholders: 46% in 2015 vs. 54% in 2013
- Increase international shareholder ownership: 37% in 2015 vs. 45% in 2013
- Diversify shareholder base: 33% in 2015 vs. 36% in 2013
- Increase domestic shareholder ownership: 18% in 2015 vs. 21% in 2013

We see this shift as one indicator of a larger trend: after a period of focusing exclusively on investors post-crisis and during a period of intensified competition for capital, companies are now starting to invest more time into other investor relations activities such as strengthening relationships with analysts and building visibility for management and the IR department.

## TOP GOALS FOR IR PROGRAMS

BY REGION

### NORTH AMERICA

- 1 Expand or enhance engagement with existing shareholders
- 2 Diversify shareholder base
- 3 Greater management visibility / accessibility
- 4 Increase research coverage
- 5 Increase domestic shareholder ownership

### LATIN AMERICA

- 1 Increase liquidity
- 2 Improve disclosure
- 3 Increase international shareholder ownership
- 4 Increase research coverage
- 5 Expand or enhance engagement with existing shareholders

### MIDDLE EAST

- 1 Increase international shareholder ownership
- 2 Increase research coverage
- 3 Increase liquidity
- 4 Expand or enhance engagement with existing shareholders
- 5 Raise IR profile within organization

### AFRICA

- 1 Diversify shareholder base
- 1 Expand or enhance engagement with existing shareholders
- 2 Increase international shareholder ownership
- 3 Increase research coverage
- 4 Greater management visibility / accessibility

### WESTERN EUROPE

- 1 Expand or enhance engagement with existing shareholders
- 2 Increase international shareholder ownership
- 3 Diversify shareholder base
- 4 Raise IR profile within organization
- 5 Increase liquidity

### EASTERN EUROPE

- 1 Diversify shareholder base
- 2 Improve disclosure
- 3 Expand or enhance engagement with existing shareholders
- 4 Increase liquidity
- 5 Increase international shareholder ownership

### EMERGING ASIA

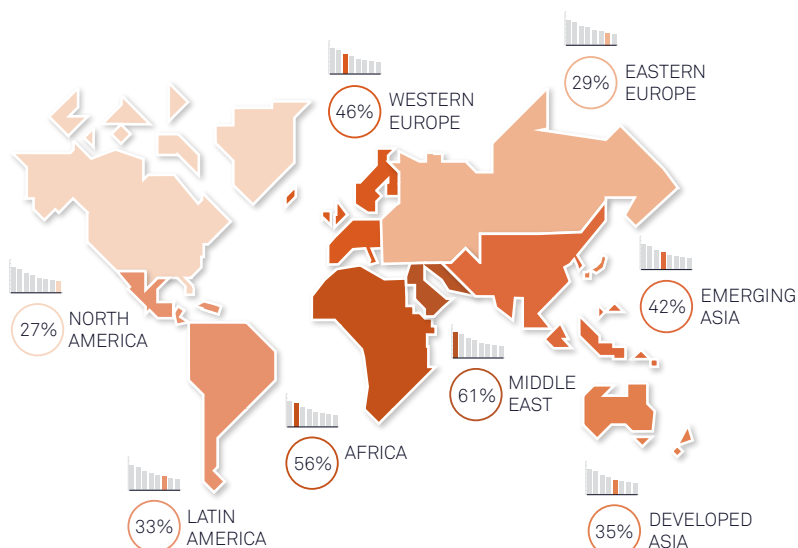
- 1 Increase research coverage
- 2 Increase international shareholder ownership
- 3 Diversify shareholder base
- 4 Improve disclosure
- 5 Greater management visibility / accessibility

### DEVELOPED ASIA

- 1 Improve disclosure
- 2 Expand or enhance engagement with existing shareholders
- 3 Increase international shareholder ownership
- 4 Diversify shareholder base
- 5 Increase research coverage

While the goal to Increase international shareholder ownership fell in overall importance from 2013 (45%) to 2015 (37%), it is a strong driver in some regions, with 61% of Middle Eastern companies pursuing it as their top goal. It is also the top goal of African companies, along with Diversify shareholder base, each at 56%. In addition, it was the second highest goal chosen by Western European companies (46%) after Expand or enhance engagement with existing shareholders (48%).

## GOAL OF INCREASING INTERNATIONAL SHAREHOLDER OWNERSHIP BY REGION

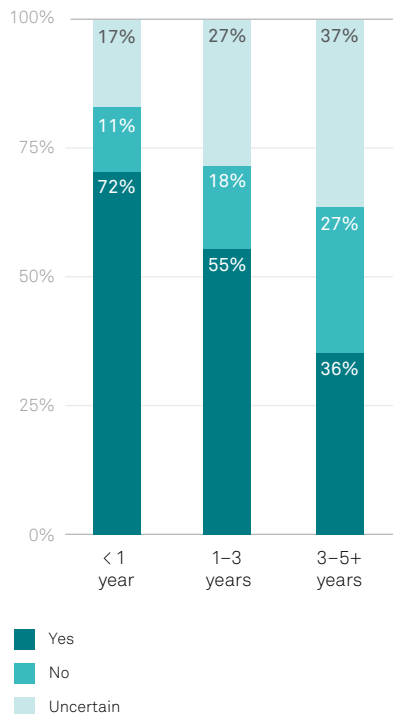




TOP GOALS FOR IR PROGRAMS  
SHIFT FROM 2013 BY MARKET CAPITALIZATION

Micro	Small	Mid	Large	Mega	
5 ↓	2 ↓	1 =	1 =	2 =	Expand or enhance engagement with existing shareholders
3 ↑	4 ↓	4 ↓	2 =	3 ↓	Increase international shareholder ownership
6 ↓	5 ↓	5 =	3 =	4 ↑	Improve disclosure
4 ↑	8 ↓	3 ↓	4 =	1 ↑	Diversify shareholder base
1 ↑	1 ↑	2 ↑	8 =	12 =	Increase research coverage
7 ↑	6 ↑	6 =	5 =	5 ↓	Greater management visibility/accessibility
10 ↑	7 ↑	7 ↑	6 =	6 ↑	Raise IR profile within organization
2 ↓	3 ↑	8 ↓	9 =	11 ↓	Increase liquidity
12 ↓	9 ↓	9 ↓	7 =	8 ↓	Increase domestic shareholder ownership
11 ↑	10 ↑	10 ↑	12 ↓	7 ↑	More interaction with the board of directors
8 ↑	12 =	11 ↓	10 ↑	9 ↑	Leveraging media to support IR strategy
9 ↓	11 ↓	12 ↓	11 ↑	10 ↓	Build retail ownership

DOES YOUR CURRENT ANALYST COVERAGE CORRECTLY REFLECT YOUR COMPANY'S PERFORMANCE OUTLOOK FOR THE FOLLOWING TIMEFRAMES?



Among the goals that moved up or down in priority, Increased research coverage has grown in importance since 2013 as it has over the last five years (32% of companies in 2015 vs. 27% in 2013 and 23% in 2010). This correlates with the increasing amount of time IROs and CEOs dedicated to communication with the sell side, the growing importance of the accuracy of sell-side research as a factor in IROs' performance evaluation, and brokers' research becoming one of the most important factors considered when selecting brokers to run Non-Deal Roadshows (NDRs).

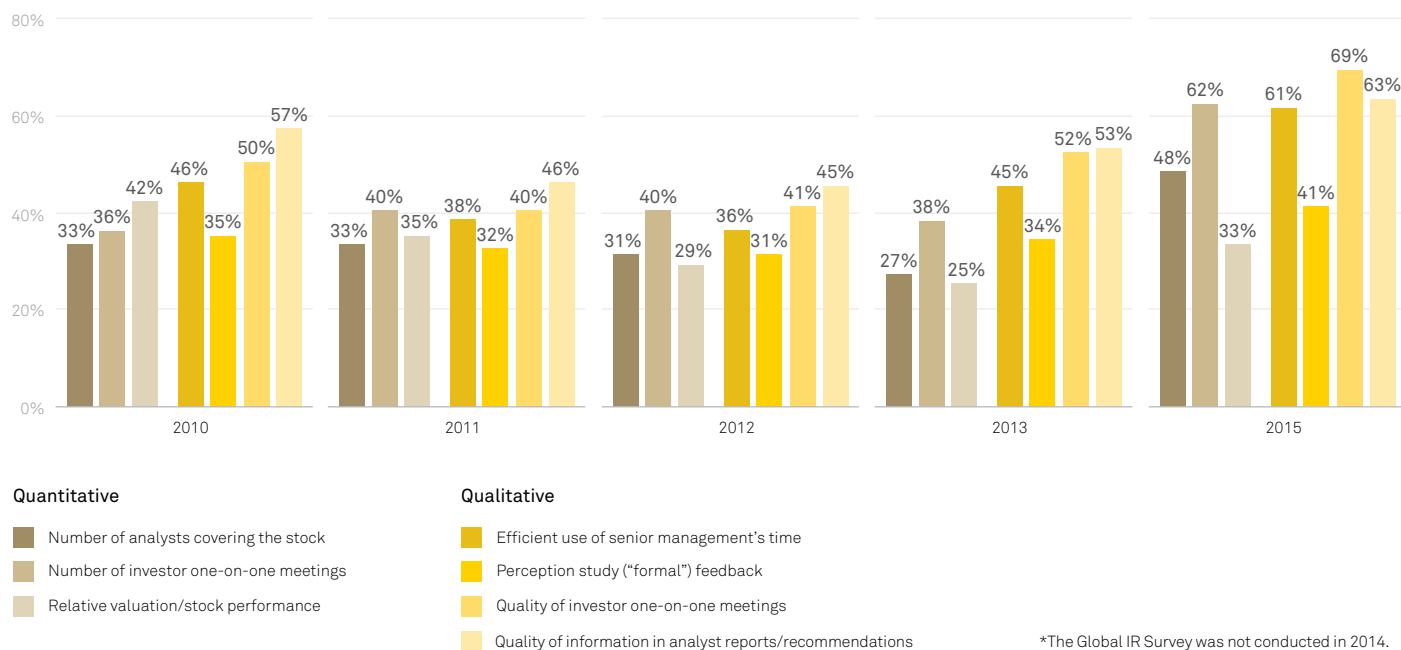
There has also been an increase in the number of companies focused on Greater management visibility and accessibility, 28% in 2015 vs. 23% in 2013. In addition, IROs appear to be placing more emphasis on their own profile within the company (24% in 2015 vs. 17% in 2013).

This increased focus on strengthening relationships with brokers is potentially a sign of companies placing more importance on the basics: while nearly three-quarters of IROs feel analyst coverage correctly reflects their company's short-term outlook, just over half (55%) feel the same for the medium-term outlook and only slightly more than one-third (36%) about analysts' accuracy for their long-term outlook.

**36%** BELIEVE  
ANALYSTS' FORECASTS  
**do not** CORRECTLY  
REFLECT THEIR  
**long-term  
outlook**

# EVALUATING IR TEAM PERFORMANCE

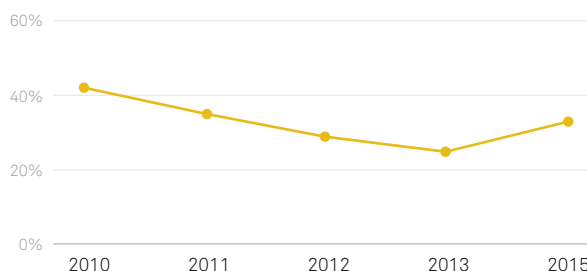
## METRICS USED IN EVALUATING COMPANY'S IR PROGRAM\*



The importance of both qualitative and quantitative indicators in evaluating performance has increased overall since 2010. Among the quantitative measures of performance, the highest ranking consideration in 2015, used by nearly two-thirds (62%), is Number of investor one-on-one meetings, the second ranking quantitative measurement in 2010, at 36%. The top qualitative metric in 2015 is Quality of one-on-one investor meetings (69%), which ranked second in 2010 at 50%. The Quality of information in analyst reports/recommendations, second in 2015 at 63%, was used by 57% in 2010 but ranked first. We note in our overall analysis that the focus on the Efficient use of senior management's time has increased, as shown here by the 61% using this metric in 2015 versus the 46% in 2010.

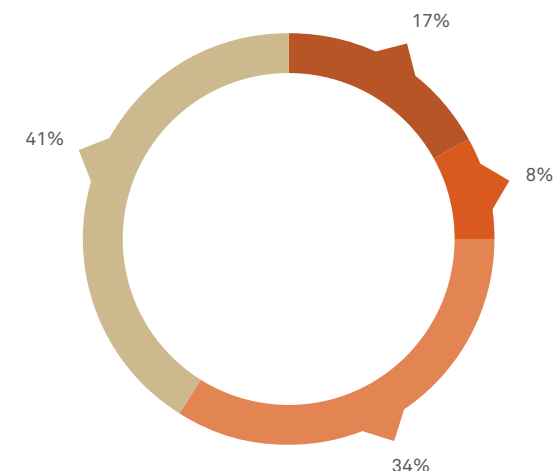
A trend we have observed over the past five years — the decline in the use of Relative stock valuation in the evaluation of IR performance — seems to have reversed. This quantitative metric had declined consistently since 2010, when 42% of companies used it to evaluate IR performance, to 25% in 2013. In 2015, 33% of companies reported it as a factor important to evaluation of IR performance.

## RELATIVE VALUATION/STOCK PERFORMANCE USED AS A METRIC IN EVALUATING COMPANY'S IR PROGRAM



# IS YOUR COMPENSATION (SALARY AND/OR BONUS) DIRECTLY LINKED TO THESE MEASURES OF IR EFFECTIVENESS?

BY MARKET CAPITALIZATION



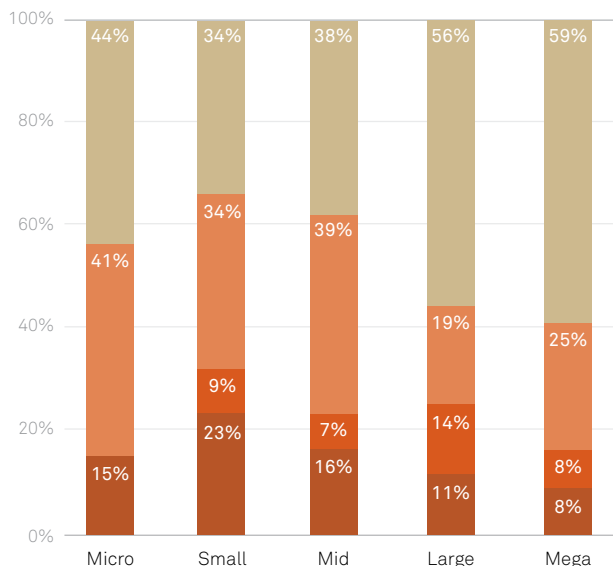
- Yes, linked to qualitative measures
- Yes, linked to quantitative measures
- Salary and/or bonus linked to qualitative and quantitative measures
- Salary and/or bonus not linked to any measures of IR effectiveness

A growing number of companies, far more than half (59%) in 2015, link IR remuneration to measures of IR effectiveness, potentially signaling that IR staff is being incentivized to align IR activities with business objectives.

IROs of companies that tie IR pay to performance evaluations also held a higher than average number of investor one-on-one meetings, both in their home markets (20.5%) and outside their home markets (73.9%) (overall average 40%).

# IS YOUR COMPENSATION (SALARY AND/OR BONUS) DIRECTLY LINKED TO THESE MEASURES OF IR EFFECTIVENESS?

BY MARKET CAPITALIZATION



- Yes, linked to qualitative measures
- Yes, linked to quantitative measures
- Salary and/or bonus linked to qualitative and quantitative measures
- Salary and/or bonus not linked to any measure IR effectiveness

COMPANIES WHOSE  
**IROs' performance evaluations ARE linked to THEIR remuneration**  
REPORTED THAT  
THEIR IROs CONDUCT  
**40% more**  
INVESTOR ONE-ON-ONE  
**meetings**

# Maximizing Resources

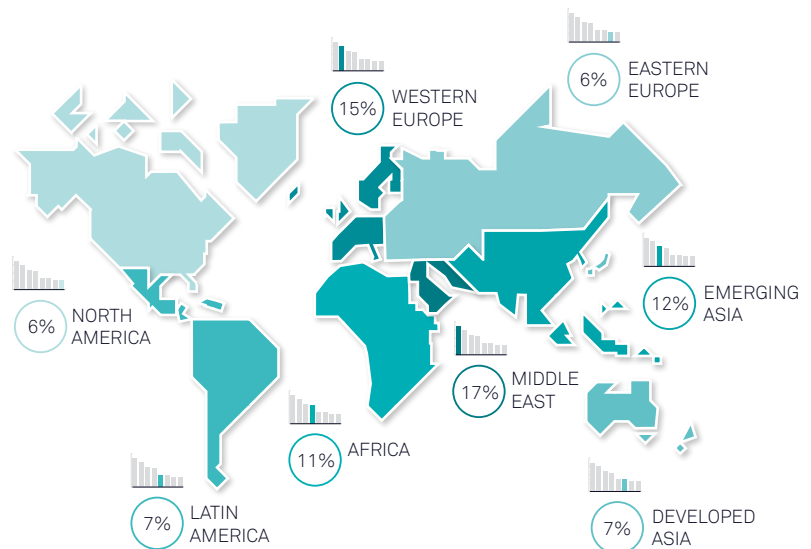


## IR PROFILES

The average IR team in 2015 consists of 3.2 members: 2.1 professionals and 1.1 support staff. This is comparable with 2013 when the average team consisted of 3.7 members (2.3 professionals and 1.4 support). Notably, the years of experience of the most senior IRO professional in the team, 9.5 years on average, has been rising steadily since, 2010, when the average was 7.4 years, tracking the increasing professionalization of the function that we have noted over the years of the Global IR survey.

One in 10 companies has IR staff located outside their home market. The 15% of Western European companies with IR staff outside their home market locate them mainly in North America.

COMPANIES WITH IR STAFF LOCATED OUTSIDE OF HOME MARKET  
BY REGION



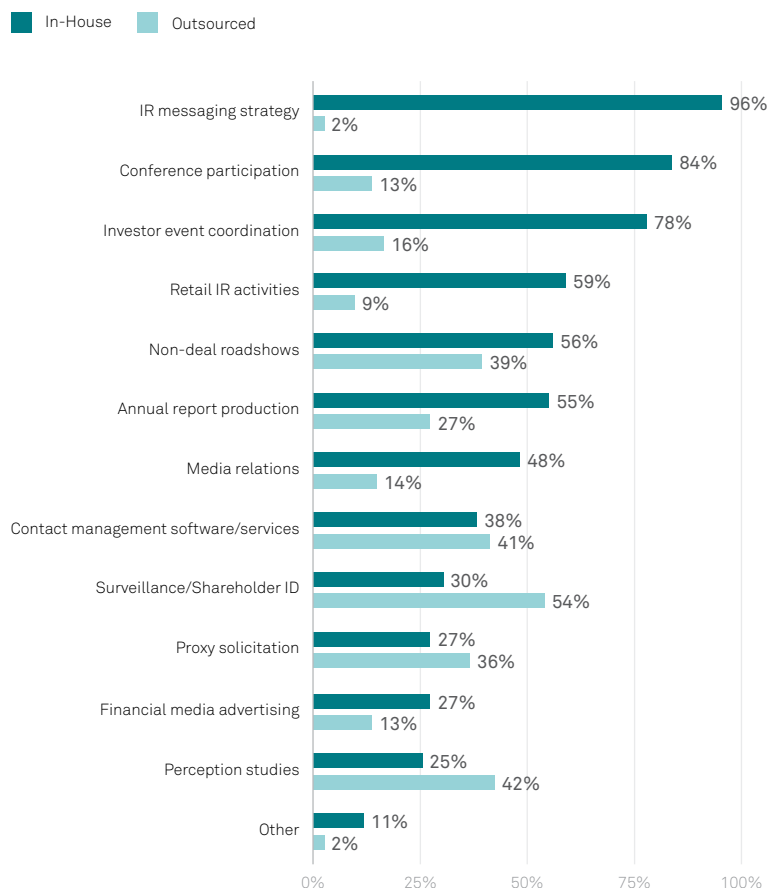
## IR ACTIVITIES

An overwhelming majority of companies, 96%, continue to report that they handle strategic functions such as IR messaging predominantly in-house. Companies also continue to place greater emphasis on controlling tactical aspects of their IR programs: the number of companies handling NDRs in-house, already high in 2013 (53%), increased in 2015 (56%), and there was a slight uptick in the same period in those managing Conference participation and Investor event coordination in-house, 81% to 84% and 77% to 78%, respectively.

**17% OF Middle-Eastern** COMPANIES  
REPORTED HAVING IR STAFF OUTSIDE THEIR  
HOME MARKETS, THE HIGHEST GLOBALLY

**North American and  
Eastern European  
Companies** REPORTED THE LOWEST  
AT **6%**

## HOW THE FOLLOWING FUNCTIONS ARE PERFORMED



The number of companies managing Contact management software and services and Surveillance/Shareholder ID using in-house resources has increased notably (38% and 30% in 2015 vs. 30% and 26% in 2013, respectively), possibly indicating that more companies are taking control of their investor outreach efforts. The importance of companies' internal Investor Relations team as a source for investor introductions has also grown over the past five years, 40% in 2011 to 50% in 2015.

The average investor relations budgets (excluding salaries for IR staff) by region shows North America with the highest average budget, USD 658,000; followed by Western Europe, USD 621,000; and Latin America, USD 497,000.

Despite an increase in IR tasks managed in-house, there has simultaneously been a notable increase in the percentage of budget allocated to external IR services (23.9% in 2015 vs. 16% in 2013). The IR budget allocation to travel has increased significantly as well (24.3% in 2015 vs. 12.8% in 2013). Also simultaneously the total number of roadshow days dropped from 25.1 in 2013 to 18.6 days in 2015. This could indicate that travel is less frequent but farther and/or to more expensive destinations.

## AVERAGE ANNUAL BUDGETS FOR INVESTOR RELATIONS PROGRAMS

BY REGION  
USD



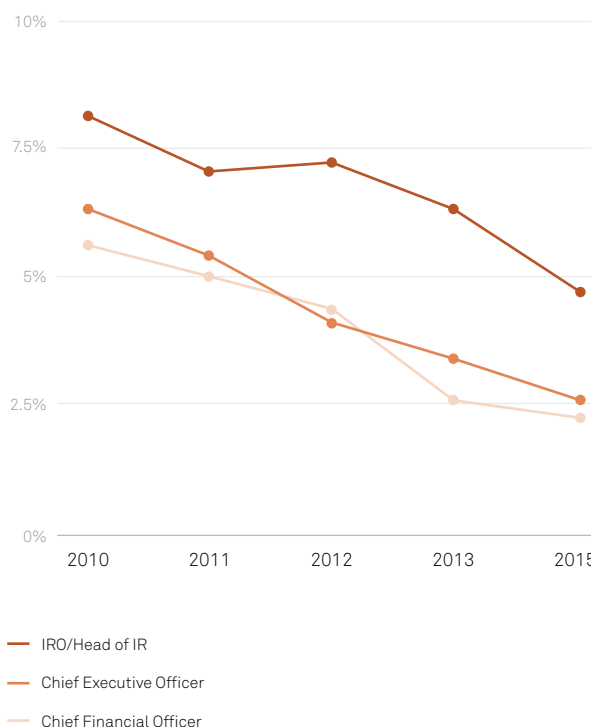
PERCENTAGE TIME SPENT ON IR-RELATED ACTIVITIES DEVOTED TO THE FOLLOWING  
BY MARKET CAPITALIZATION

	CHIEF EXECUTIVE OFFICER					CHIEF FINANCIAL OFFICER					INVESTOR RELATIONS OFFICER				
	Micro	Small	Mid	Large	Mega	Micro	Small	Mid	Large	Mega	Micro	Small	Mid	Large	Mega
Existing institutional investors	24.9	32.9	40.3	44.7	49.9	26.6	31.9	36.1	41.3	43.4	32.9	28.8	34.2	35.9	42.8
Prospective institutional investors	19.9	21.5	22.0	20.9	14.7	20.1	24.1	23.4	25.9	15.4	14.5	27.4	27.4	27.1	23.5
Sell-side analysts/ Equity sales	10.8	12.6	15.7	16.6	12.1	11.1	16.9	18.3	18.9	15.4	16.7	23.2	26.9	28.0	24.4
Retail investors	7.9	4.1	1.6	2.4	2.7	7.4	3.7	1.6	1.8	0.9	7.4	8.4	4.0	3.1	5.4
Financial media	13.1	10.9	5.1	6.3	8.0	6.2	5.8	3.2	3.7	6.4	4.8	6.1	3.5	2.4	3.7
Does not participate in IR-related activities	23.3	17.9	15.3	9.0	12.6	28.7	17.6	17.4	8.4	18.6	23.8	6.1	3.9	3.5	0.3

The percentage of C-suite executives' (CEOs and CFOs) and IROs' IR-related activity time devoted to investors in 2015 showed a slight decline for time spent on existing and prospective institutional investors since 2010; for example CEOs devoted 24.4% of their IR-related time to Prospective institutional investors in 2010 and 20.8% in 2015, the fall in the same category for CFOs was from 24.6% to 23.3%. The decline has been most pronounced, however, in the percentage of time focused on the last investor type, Retail investors.

Senior managements' IR-dedicated time spent with retail investors has declined over the years since 2010, and the management of retail investor relations in-house has also declined slightly, from 62% in 2013 to 59% in 2015. We have observed the decline of the retail investor outreach from 2010 to 2015: from 5.5% to 2.4% for CEOs, from 6.8% to 2.5% for CFOs, and from 7.9% to 4.8% for IROs. One possible explanation could be time constraints, as companies focus more on institutional investors for more efficient use of their senior managements' time.

PERCENTAGE OF SENIOR MANAGEMENT AND IROs' TIME DEVOTED TO IR ACTIVITIES SPENT WITH RETAIL INVESTORS

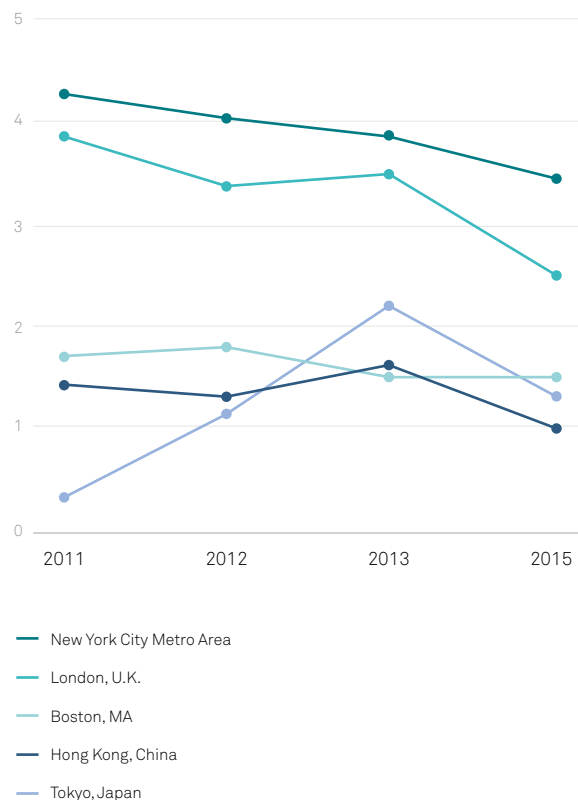


## TOP CRITERIA USED TO SELECT A BROKER FOR NON-DEAL ROADSHOWS CHANGE FROM 2013

2013 2015

1	1	= Quality of investor targeting provided by broker
3	2	↑ Geographic presence
5	3	↑ Corporate access team
2	4	↓ Insight on current investor demand
4	5	↓ Quality of formal post-meeting feedback
7	6	↑ Management of logistics
6	7	↓ Equity sales capabilities

## AVERAGE NUMBER OF ROADSHOW DAYS SPENT IN THESE TOP MARKETS IN THE LAST YEAR



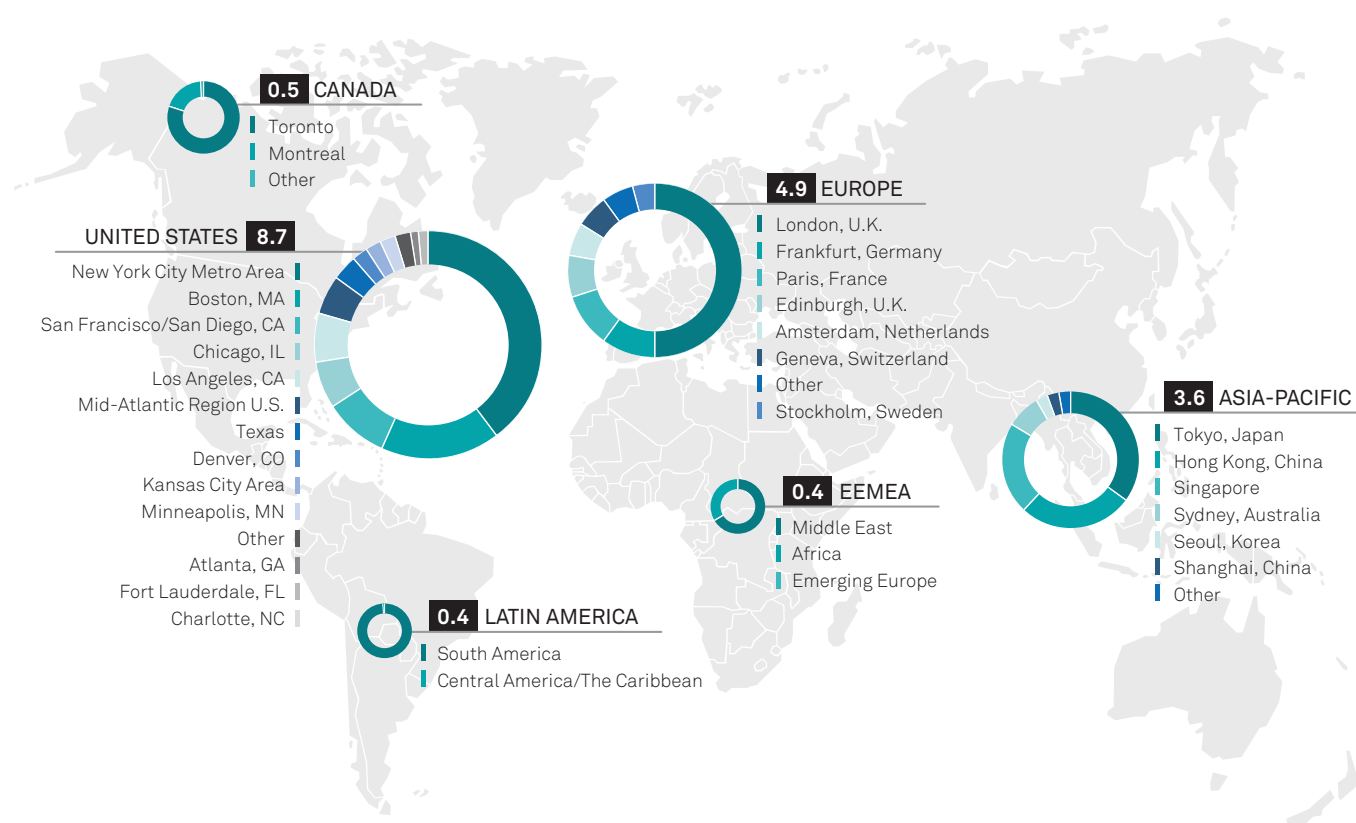
## SELECTION OF BROKERS FOR NON- DEAL ROADSHOWS

While the majority of companies continue to depend on brokers to organize NDRs, the number of companies that do not use brokers for NDRs has increased from 5% in 2012 to 10% in 2015.

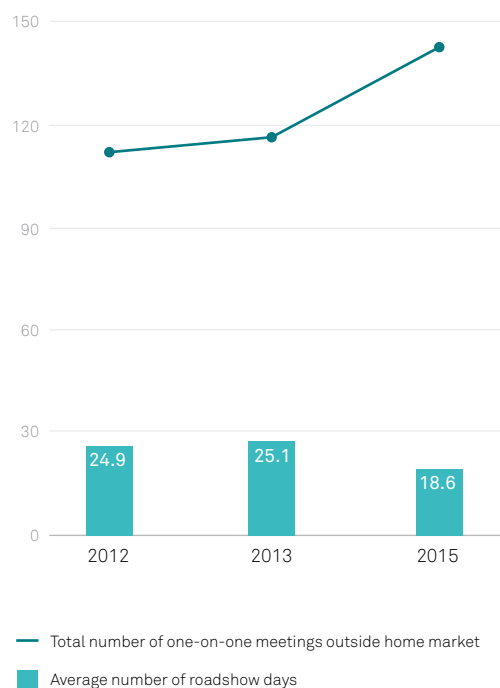
The top consideration by companies when selecting brokers for an NDR is the Quality of investor targeting (64%). It is notable that companies' use of Qualitative/market intelligence in selecting brokers for NDRs has been in decline since 2011, while the importance of brokers' ability to assist with logistics has grown (43% in 2015 vs. 39% in 2013). The importance of brokers' Research recommendations in awarding an NDR has grown as well (40% in 2015 vs. 35% in 2013).

Although the sell side continues to play a significant role in investor outreach, as 84% of companies name Sell-side/ Broker-run roadshows as their top source of introductions to investment professionals, followed by Investor conferences (75%), the importance of these sources has declined since 2010 (from 87% and 92%, respectively). Half of companies name their Internal IR departments as an important source of introductions, up from 42% in 2010.

AVERAGE NUMBER OF ROADSHOW DAYS SPENT IN THE LAST YEAR  
BY HOST REGION



NUMBER OF ROADSHOW DAYS VS. TOTAL ONE-ON-ONE INVESTOR MEETINGS OUTSIDE HOME MARKET



The U.S. and Europe remain the top roadshow destinations for companies around the world except for those in Asia-Pacific. Companies in this region target Asia-Pacific investors first. The U.S. top roadshow destinations are: the New York City Metro Area, London and Boston. The number of roadshow days spent in the U.K. (London and Edinburgh) decreased from 4.5 days in 2011 to 4.0 in 2013 and 2.9 in 2015.

## INVESTOR MEETINGS

The total number of meetings taken by C-suite executives and IROs inside and outside their home markets increased by 12.6% compared to 2013 (from 250.6 meetings in 2013 to 282.3 meetings in 2015). There was a particularly strong increase in C-suite participation in meetings outside home markets (22.2%, from 116.7 meetings in 2013 to 142.5 meetings in 2015), compared to the slight uptick in meetings inside home markets (3.1%, from 162.4 meetings in 2013 to 167.5 meetings in 2015).

Over the same period, companies almost doubled their IR budget allocation to travel, from 12.8% in 2013 to 24.3% in 2015, which in turn is interesting to contrast with the slight decrease in companies holding analyst/investor days (63% to 59%) and the decline in the number of roadshow days (25.1 days to 18.6 days).



## TRENDS IN TECHNOLOGY USED FOR IR ACTIVITIES

### CONFERENCE CALLS/WEBINARS

**63%** vs. **72%**  
IN 2013 IN 2015

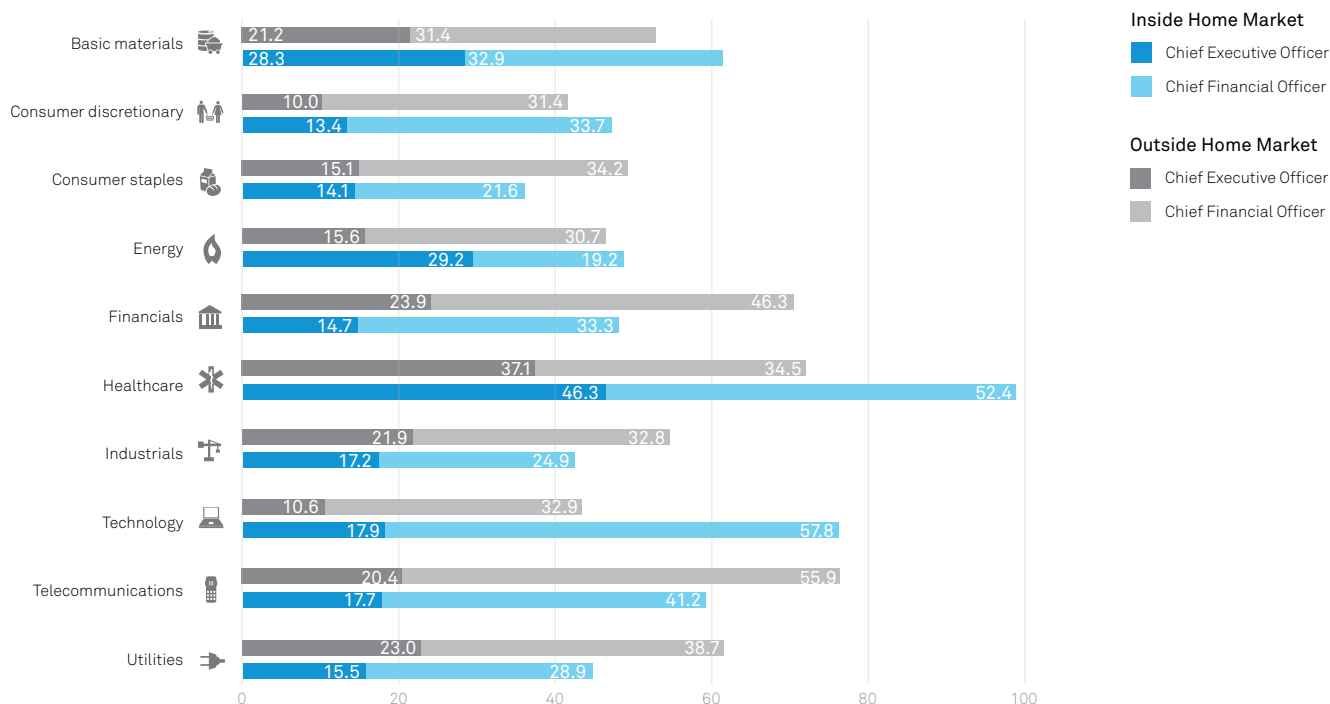
### VIDEO CONFERENCE CALLS

**34%** vs. **41%**  
IN 2013 IN 2015

The percentage of companies using Conference calls/Webinars and Video conference calls increased globally by 72% in 2015 vs. 63% in 2013 and 41% in 2015 vs. 34% in 2013, respectively. This increased use of technology allowing senior management to “meet” while in their home markets could indicate more efficient use of management time.

The sector that stands out for the participation of its CEOs and CFOs in one-on-one meetings with investors is Healthcare, with Healthcare CFOs taking the most meetings by far in a year, 98.7, of which 53% were in their home markets.

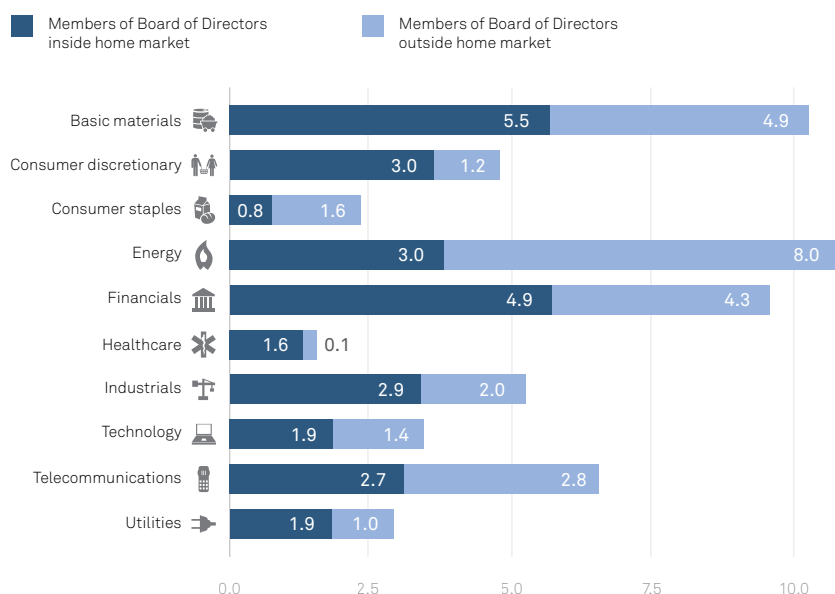
AVERAGE NUMBER OF INVESTOR ONE-ON-ONE MEETINGS ATTENDED BY THE C-SUITE  
BY SECTOR



Board members of Energy companies stand out in their participation in one-on-one meetings with investors, reporting a total of 11 in the past 12 months, 8 taking place outside their home markets. This is in contrast to the Healthcare sector, whose CEOs and CFOs are the most active (see prior page) but whose board members are the least active, reporting fewer than 2 meetings with investors in the past 12 months.

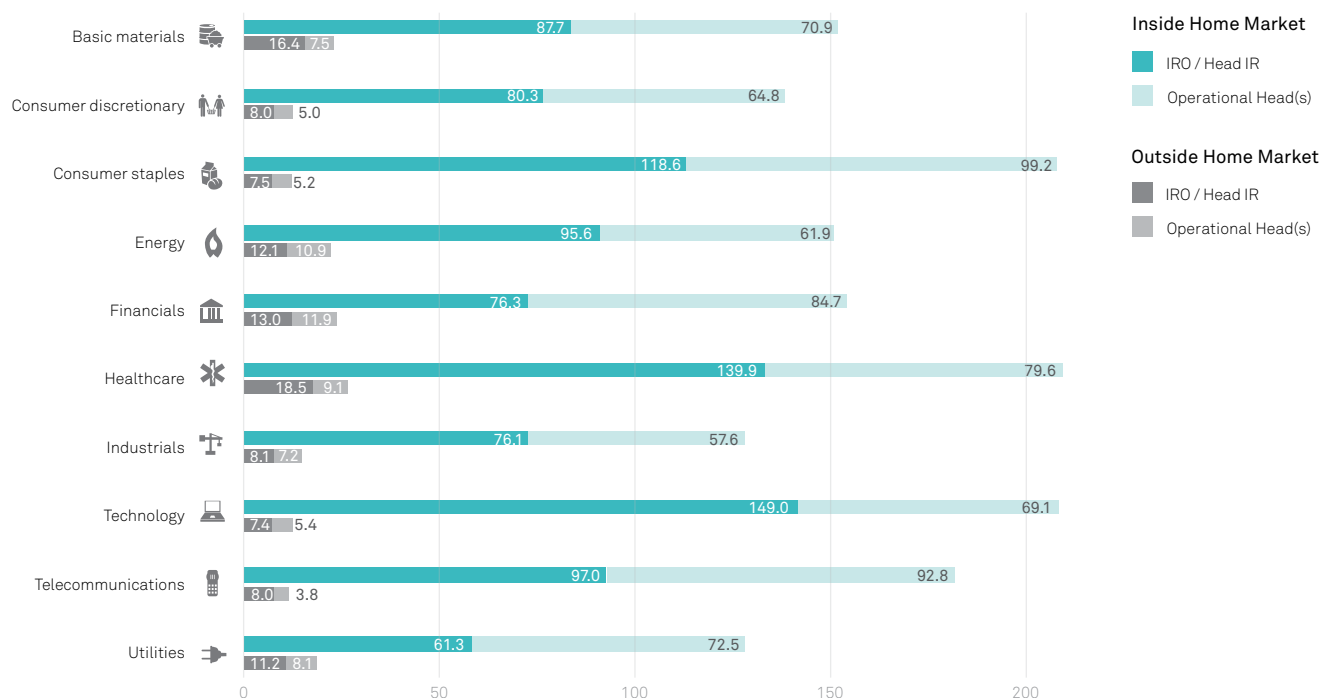
#### AVERAGE NUMBER OF INVESTOR ONE-ON-ONE MEETINGS ATTENDED BY MEMBERS OF BOARD OF DIRECTORS

BY SECTOR



#### AVERAGE NUMBER OF ONE-ON-ONE MEETINGS ATTENDED BY IRO AND OPERATIONS HEAD

BY SECTOR



# Evolving Engagement



RANK BY STRATEGIC IMPORTANCE IN THE NEXT FIVE YEARS FOR NEW SOURCES OF INVESTMENT  
CHANGE FROM 2013

## 2013 2015

1	1	=	United States
2	2	=	United Kingdom
5	3	↑	China
7	4	↑	Germany
3	5	↓	Singapore
4	6	↓	Japan
6	7	↓	Hong Kong
8	8	=	Brazil
9	9	=	India
11	10	↑	Taiwan
12	11	↑	Russia
14	12	↑	Indonesia
13	13	=	South Africa
10	14	↓	Korea

## CHANGES IN FOCUS ON CAPITAL MARKETS

Companies named the U.S. (91%), the U.K. (76%), China (50%), Germany (45%) and Singapore (44%) as the countries likely to have most strategic importance for new sources of investment in the next five years. This demonstrates the increased prominence of China, which rose from fifth place in 2013 to third in 2015. This contrasts with the decrease in the importance of several of China's regional neighbors — Singapore, Japan and Hong Kong — all of which fell in rank from 2013 to 2015. Another striking development is the increase in interest in Germany, which rose from seventh in 2013 to fourth in 2015.

**China** AND **Germany** RANKED HIGHER IN 2015 IN IMPORTANCE FOR NEW SOURCES OF INVESTMENT VERSUS 2013

THE ASIAN COUNTRIES OF **Singapore**, **Japan** AND **Hong Kong** FELL IN RANK

## TARGETING INVESTORS

Companies' choices of how they target potential new investors may signal their recognition that investors' focus has returned to fundamentals. In 2010, Investment style topped the list of criteria companies considered when targeting new investors (60%), but its importance fell from 2011 to 2013 (58% to 51%). It was replaced in the top position by the Regional/Country focus that was the main consideration during those years when more than 60% of companies were using it for targeting. This trend appears to have now reversed, with Investment style regaining its lead at top of the list (63%), and Regional/Country focus dropping significantly as a consideration (41%). The importance of investors' Sector focus has also grown significantly over the last five years (from 31% in 2010 to 56%).

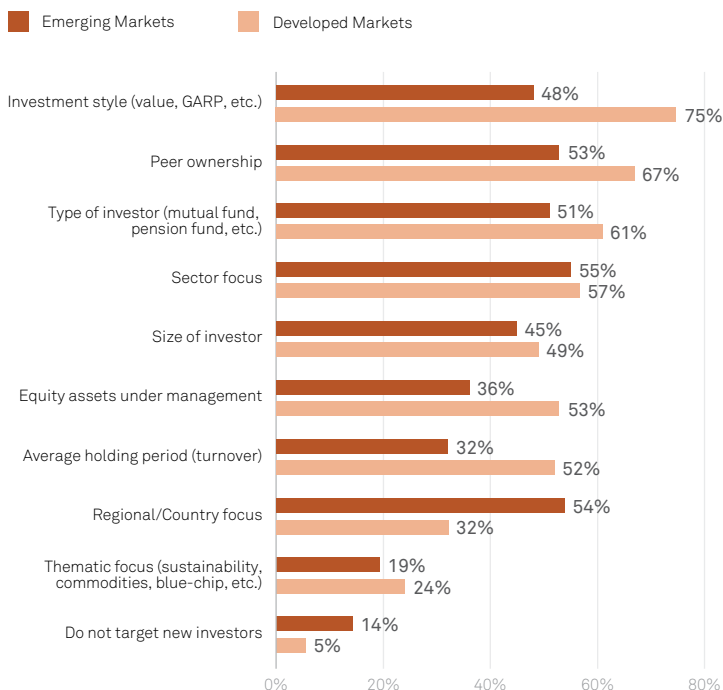
While the number of companies that do not target investors inched down from 10.2% in 2013 to 8.8% in 2015, it is still surprising to see that in 2015 nearly 1 in 10 companies still report that they do not target investors.

### CRITERIA USED BY IR DEPARTMENT TO TARGET NEW INVESTORS CHANGE FROM 2013

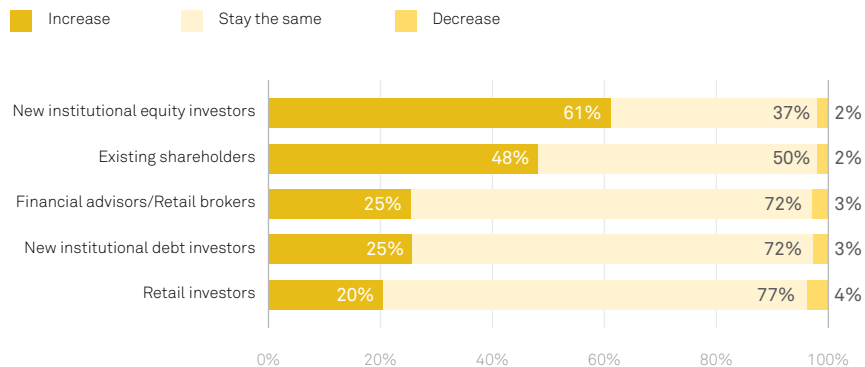
2013 2015

5	1	↑ Investment style (value, GARP, etc.)
2	2	= Peer ownership
3	3	= Type of investor (mutual fund, pension fund, etc.)
8	4	↑ Sector focus
4	5	↓ Size of investor
6	6	= Equity assets under management
7	7	= Average holding period (turnover)
1	8	↓ Regional/Country focus
9	9	= Thematic focus (sustainability, commodities, blue-chip, etc.)
10	10	= Do not target new investors

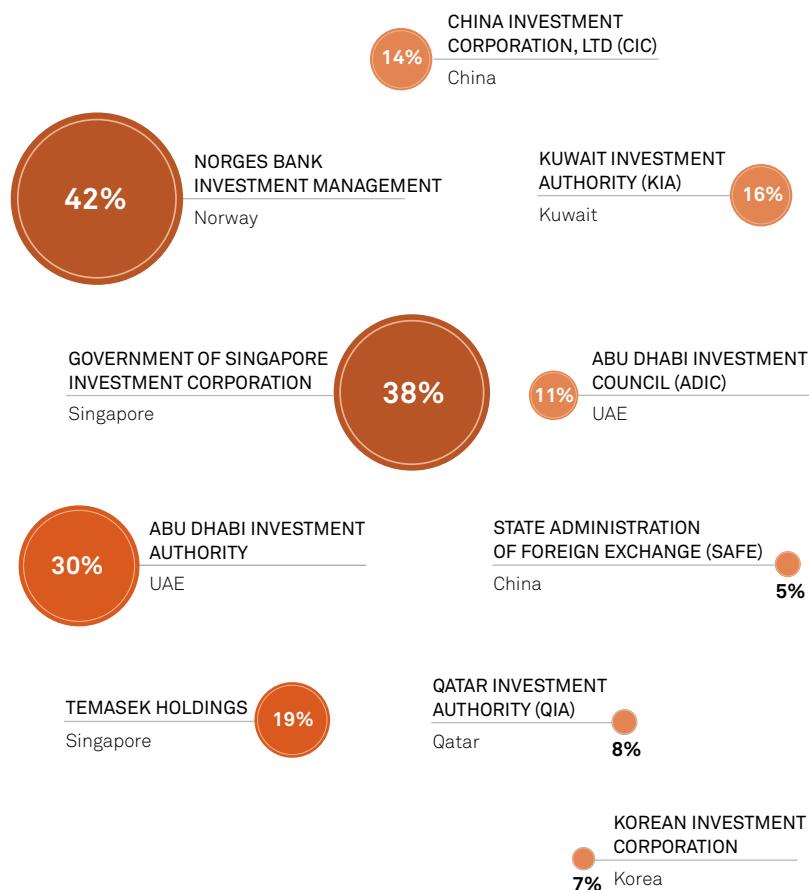
### TOP 10 CRITERIA USED BY IR DEPARTMENT TO TARGET NEW INVESTORS BY INDUSTRIALIZATION



## DO YOU PLAN TO INCREASE OR DECREASE INTERACTION WITH THE FOLLOWING INVESTOR SEGMENTS IN THE NEXT 12 MONTHS?



## TOP 10 SOVEREIGN WEALTH FUNDS (SWFs) ENGAGED WITH BY COMPANIES IN PAST 12 MONTHS



Fewer companies than previously indicate an intention to or interest in increasing their engagement with investors as a whole — in 2015 48% state they want to increase engagement with existing investors from current levels, compared to 52% in 2013 and 65% in 2011. Although the majority of companies still would like to increase engagement with prospective investors, the decline in this category is even more pronounced — 61% in 2015 compared to 72% in 2013 and 93% in 2011.

## SOVEREIGN WEALTH FUNDS

The upward trend of companies' engaging with Sovereign Wealth Funds (SWFs) continued in 2015: 65% of survey participants engaged with SWFs in the past 12 months, compared to 59% in 2011. The top three SWFs with which companies engaged in 2015 remain unchanged from 2013: Norges Bank Investment Management (42%), Government of Singapore Investment Corporation (38%) and Abu Dhabi Investment Authority (30%).

THE UPWARD TREND IN OUTREACH TO SWFs CONTINUES, WITH **65%** OF SURVEY PARTICIPANTS REPORTING **engagement with SWFs** DURING THE PAST 12 MONTHS, COMPARED WITH **57%** IN 2013

## INVESTOR ENGAGEMENT

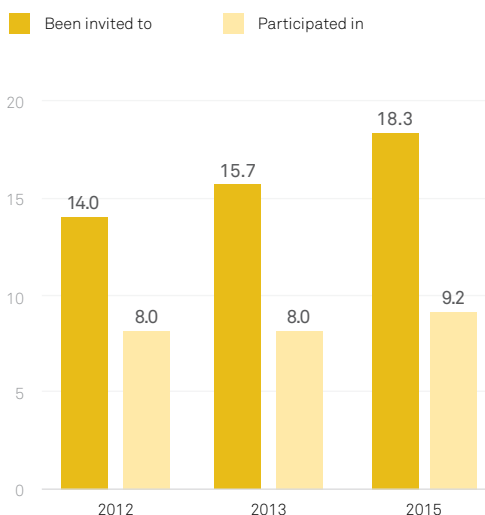
There has been a gradual but consistent decrease in the portion of the IR-related time allocated by senior management and IROs to engagement with investors — both existing and prospective — across the board.

- Existing institutional investors: CEO, 40.7% vs. 42.2% in 2013; CFO, 37.3% vs. 38.8%; IRO, 34.6% vs. 35.3%
- Prospective institutional investors: CEO, 20.8% vs. 21.7% in 2013; CFO, 23.3% vs. 23.7%; IRO, 26.4% vs. 26.8%

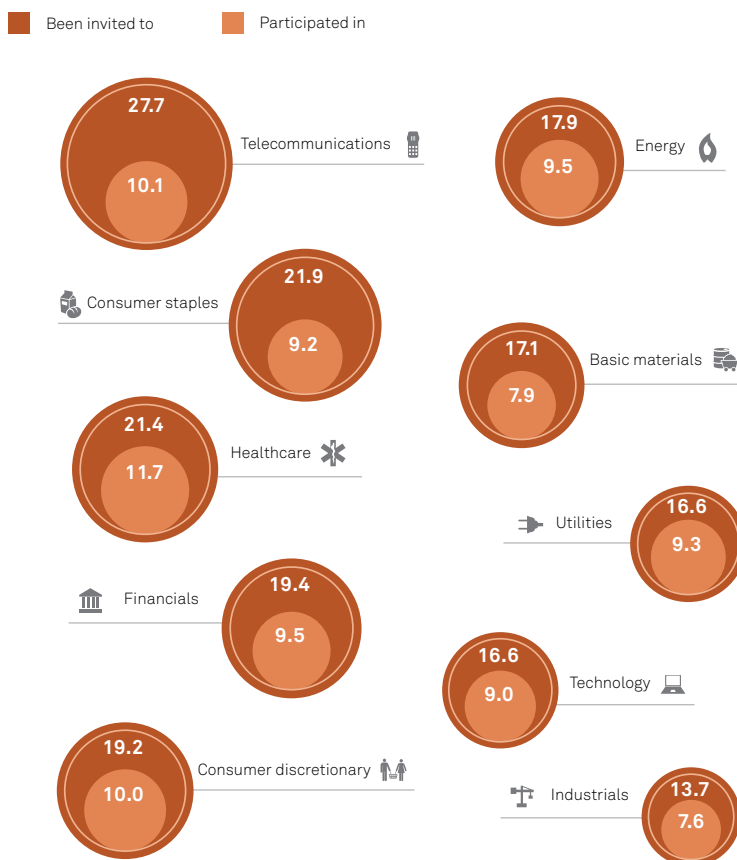
At the same time, companies report that in 2015 CEOs and IROs allocated a marginally greater proportion of time to Sell-side analysts/equity sales than in 2013 (14% to 14.9% and 25.2% to 26%). It is interesting to note that slightly more CEOs and CFOs indicated that they Do not take part in IR activities in 2015 than in 2013 (13.9% vs. 11.3% and 15.3% vs. 11.7%, respectively).

Survey results from 2010 to 2012 showed a diminishing interest in investor conferences, particularly those outside companies' home markets. In 2010 a company received, on average, 11.5 conference invitations and accepted 5.9; in 2012 these numbers fell to 7.1 and 3.6 respectively. It now appears this trend started to reverse in 2013 — the number of invitations to conferences outside companies' home markets started to go up in 2013 (7.7) and continued to increase in 2015 (10.1). The number of conferences in which companies have participated has risen as well, although not to 2010 levels, 4.5 in 2015.

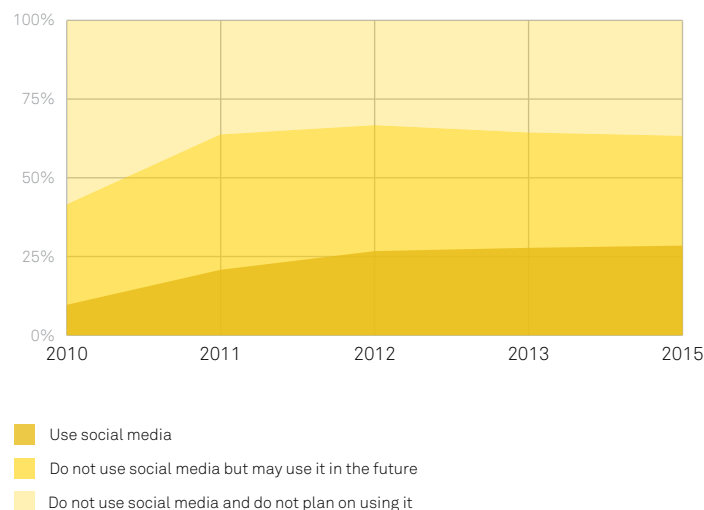
### INVITATIONS TO AND PARTICIPATION IN CONFERENCES



### INVITATIONS TO AND PARTICIPATION IN CONFERENCES IN THE PAST 12 MONTHS BY SECTOR



## USE OF SOCIAL MEDIA FOR IR PURPOSES

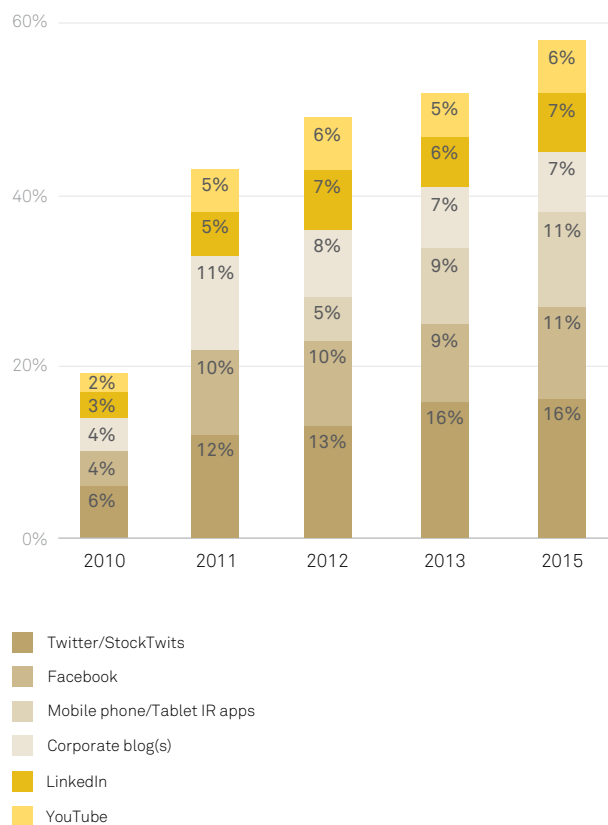


## SOCIAL MEDIA

Consistent with the trend observed over the past five years, use of social media for IR purposes continues to increase, albeit at a slower pace in recent years. The types most widely used are Twitter/StockTwits, Facebook and Mobile phone/Tablet IR apps. Although the percentage of companies who use social media now is still only 30% (from 28% in 2013), this is still a notable increase from 2010 when only 9% of companies used it. An overwhelming majority of companies that do not use social media cite lack of investor demand, although limited resources, inability to control the message and lack of management support also play important roles.

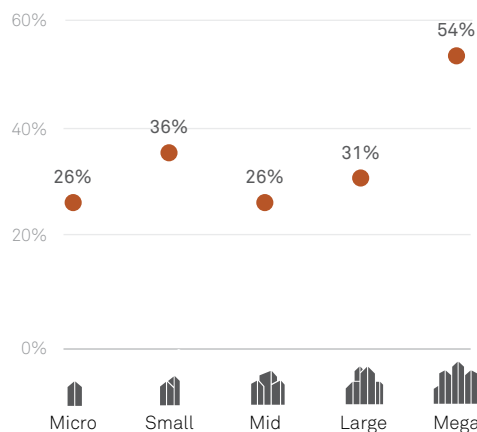
## COMPANIES USING SOCIAL MEDIA FOR IR PURPOSES

### TYPES USED

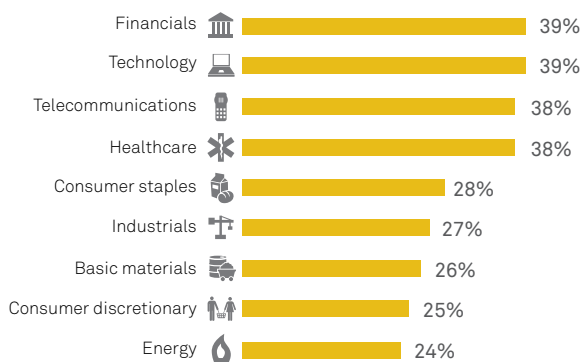


More than twice the mega cap companies (54%) use social media in IR compared to micro cap companies (26%). A cluster of four sectors report the highest usage: Technology and Financials (each 39%) and Telecommunications and Healthcare (each 38%). The Energy sector has the lowest average rate of social media, 24%. By region, more than half (53%) of Eastern European companies use social media, leading all regions; North American companies are on the other end of the spectrum, where only 24% using social media for IR purposes.

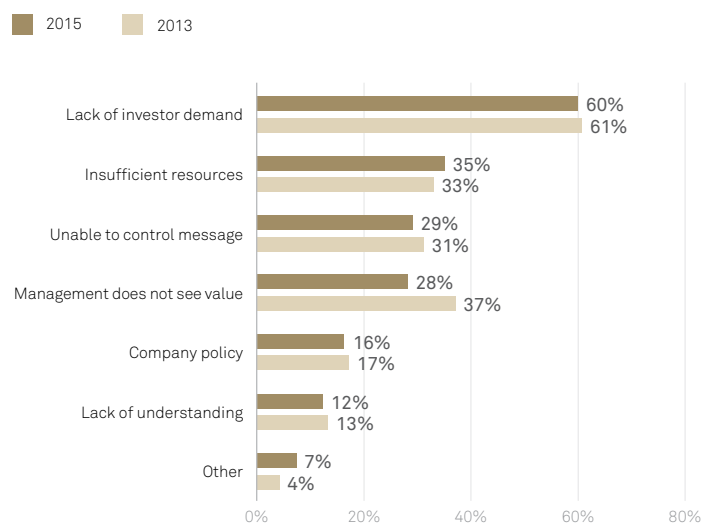
#### SOCIAL MEDIA USE BY MARKET CAPITALIZATION



#### SOCIAL MEDIA USE BY SECTOR



#### REASONS FOR NOT USING SOCIAL MEDIA



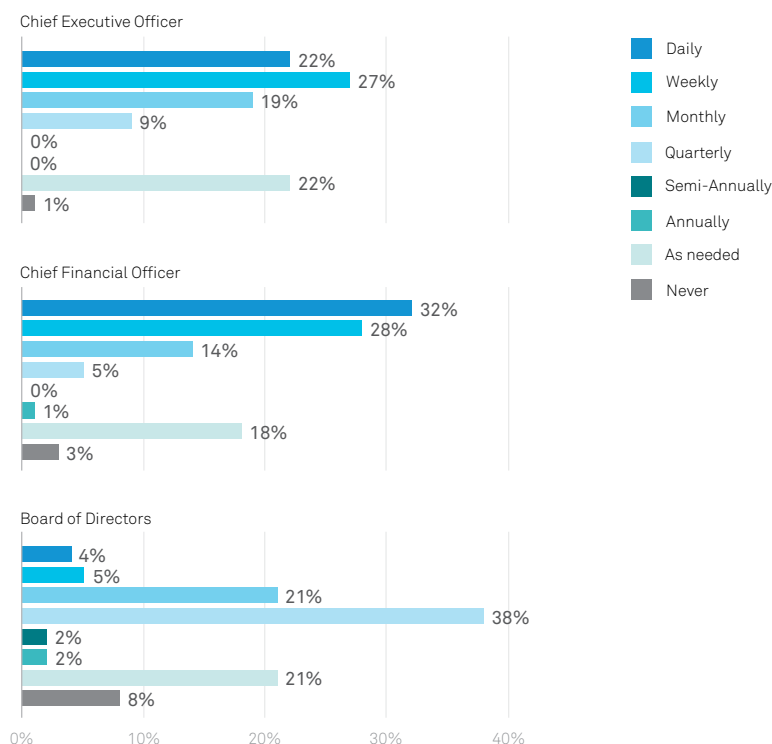


# Driving Transparency



## IRO INTERACTION WITH SENIOR MANAGEMENT

HOW OFTEN THE INVESTOR RELATIONS DEPARTMENT PROVIDES INFORMATION TO THE FOLLOWING:



As IROs act to link their company's senior management and Boards of Directors with the investment community, the types of market intelligence that IROs provide and the frequency of their interaction with each can influence how the company is seen by the market in terms of performance and transparency.

The closest IR department relationship remains with the CFO, with one-third (32%) of IROs interacting with their CFOs daily, 28% weekly and 18% on an as-needed basis. IR interaction with the CEO is slightly less frequent, and higher on a weekly basis (27%) than a daily basis (22%).

The most common reporting structure for IR departments is to report to the CFO, and this reporting line continues to gain wider acceptance, with nearly two-thirds of IROs now reporting to their CFOs (64% in 2015 vs. 57% in 2010). It is interesting to note, however, that the small number of CFOs that do not involve themselves in IR activities, 15.3%, is a slight increase for this category from 2013 (11.7%).

The top category of market intelligence provided by IROs to management is Investor community feedback, which, when viewed by market capitalization, is the category provided the most by IROs in mega- and large-cap companies to their Boards of Directors (58% and 54%, respectively). In smaller companies, however, the category of information IROs provide the most to their boards is Stock performance (54% for mid and 47% for each small- and micro-cap).

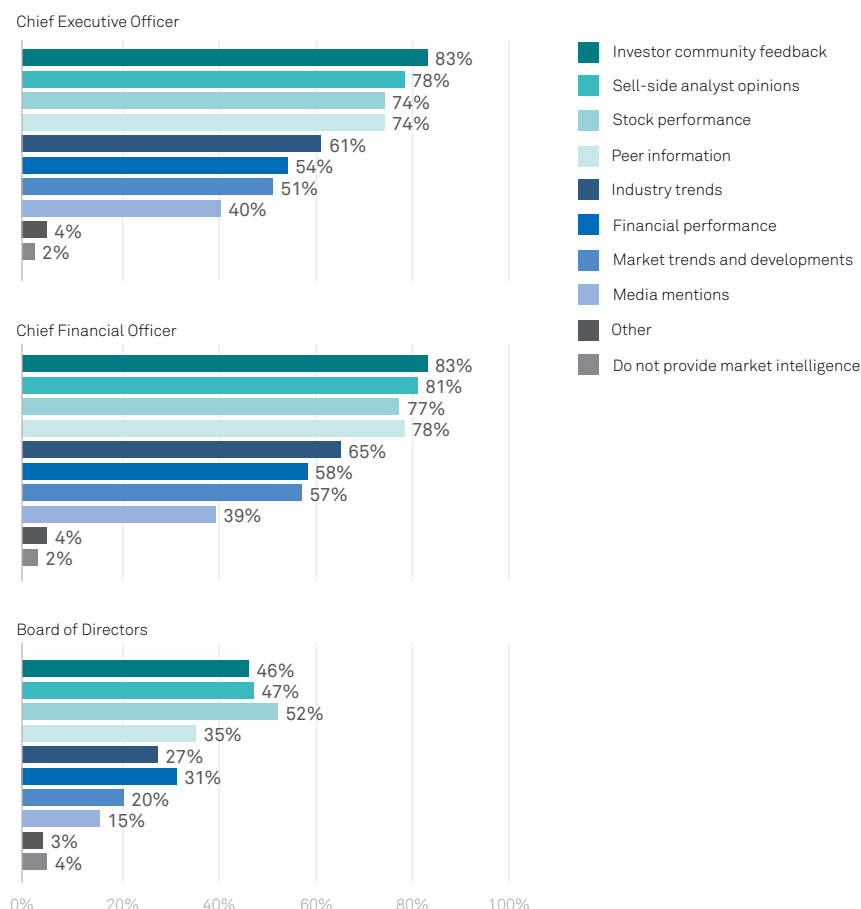
Apart from Investor community feedback, around three-quarters of companies continue to report Sell-side analyst opinions, Peer information and Stock performance as the top market intelligence provided by IROs to the C-suite (range from 74% to 81%).

## INVESTOR MEETINGS WITH BOARD OF DIRECTOR MEMBERS

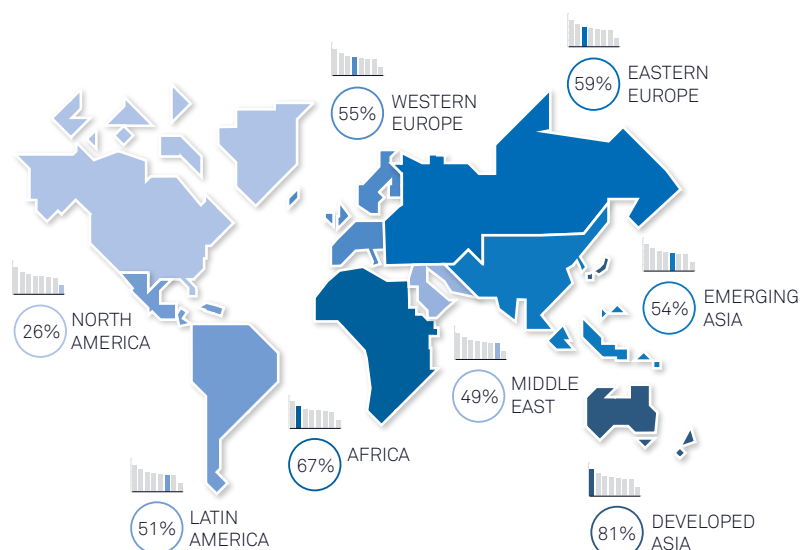
Nearly half of companies (49%) reported investor meetings involving a member of the Board of Directors during 2015, more than double the reported Board member-investor meetings in 2013 (24%). The leading region in this trend is Developed Asia with 81% reporting such meetings, followed by Eastern Europe, 59% and Western Europe, 55%. At the other end of the range was North American companies, with the lowest rate of Board/investor interaction, 26%.

**49% OF Board of Director Members**  
MET WITH **investors** IN  
2015, MORE THAN **double**  
THE **24%** IN 2013

### TYPES OF MARKET INTELLIGENCE PROVIDED BY THE INVESTOR RELATIONS DEPARTMENT TO THE FOLLOWING

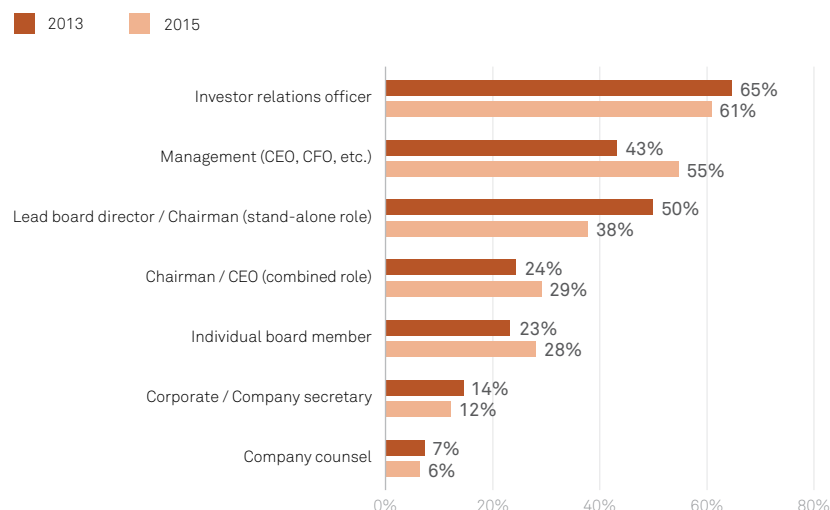


### PERCENT OF BOARD MEMBERS WHO MET WITH INVESTORS IN THE LAST YEAR BY REGION



## SENIOR MANAGEMENT ATTENDANCE IN MEETINGS BETWEEN BOARD OF DIRECTORS MEMBERS AND INVESTORS

BY ROLE

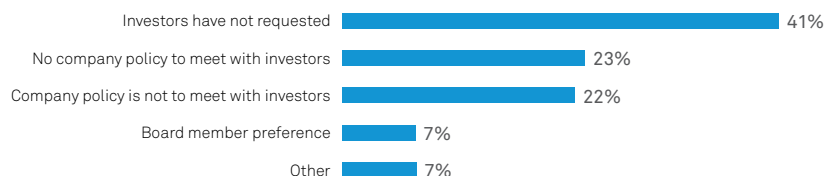


The member of the Board of Directors most likely to participate in a meeting with an investor is the Lead Director or Chairman, although a “chaperone” is usually still present, with 61% of IROs and 55% of management also in attendance. IRO participation is almost two-thirds (61%), although this is still a slight decrease from 2013 (65%). Management’s participation, at 55%, has increased from 43% in 2013. With management now attending more than half of investor meetings that involve members of the Board of Directors, it is interesting to note that one of the top issues discussed in such meetings is Management performance (50%).

Of the companies whose Board of Director members participated in investor meetings, most said such participation is Standard company practice (54%). Furthermore, most were due to investor request, indicating that Board of Director member/investor engagement continues to be somewhat reactive in nature, although there has been a slight shift in the other direction for reasons given when a company reported no such meetings, with 41% reporting that Investors have not requested meetings with Board of Director members in 2015 versus 46% in 2013.

In contrast to the significant increase in meetings between members of the Board of Directors and investors, only 24% of companies globally reported having a written policy regarding interaction between Board of Directors members and investors.

## REASONS MEMBERS OF BOARD OF DIRECTORS DID NOT MEET WITH INVESTORS

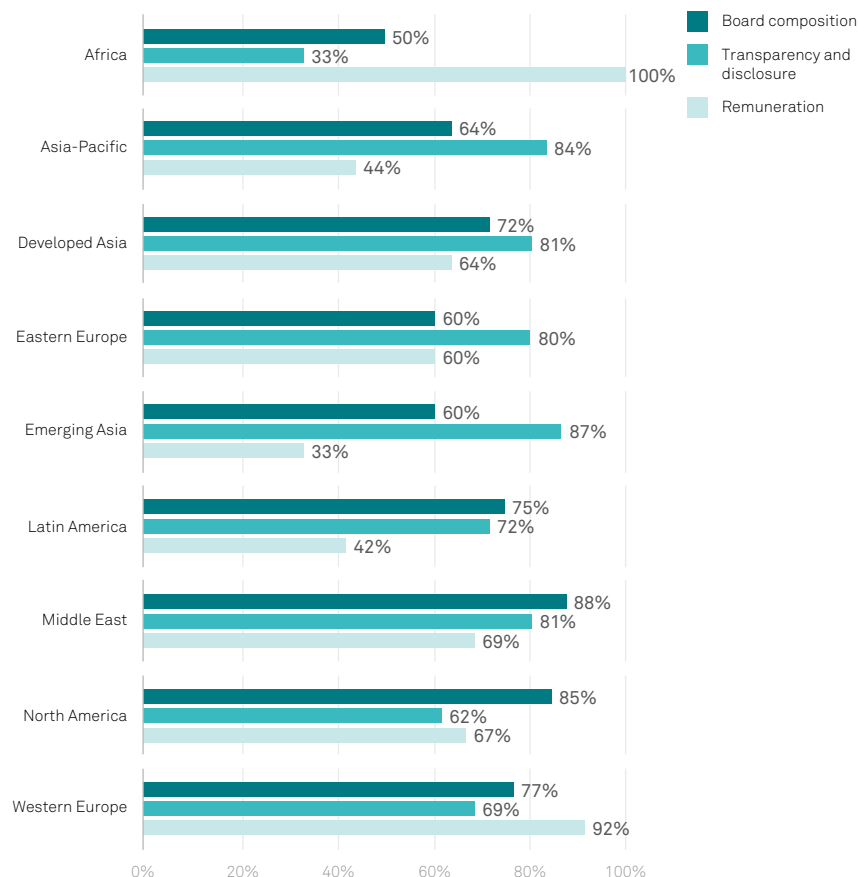


**55%** REPORTED IN 2015 THAT  
**Senior Managers** ATTENDED  
 INVESTOR MEETINGS INVOLVING  
**Board of Director Members,**  
 NOTABLY HIGHER THAN **43%** IN 2013

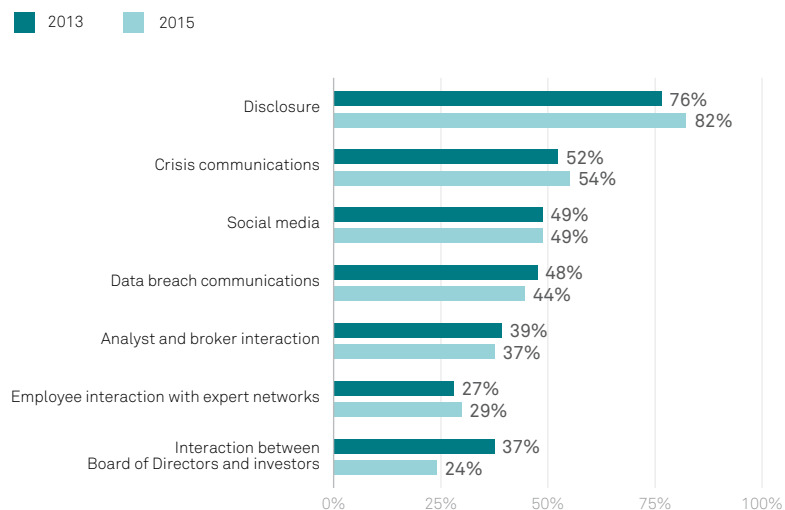
The most common topics for investor meetings with participation of Board members are Company strategy (82%) and Management performance (50%), the same topics that the most company respondents said in their opinion should be discussed, 49% and 39%, respectively. The rates for these opinions may be low due to the influence of the significant proportion (21%) that said they Do not believe Board of Director [members] should be in direct contact [with investors]. This is a substantial percentage, but lower than the 28% reporting that opinion in 2013.

Interestingly, ESG issues were discussed slightly less frequently when a member of the Board of Directors attended an investor meeting in 2015 (25%) compared to 2013 (28%).

TOP ISSUES DISCUSSED WITH KEY INVESTORS FOR COMPANIES WITH CORPORATE GOVERNANCE COMMUNICATION STRATEGIES



## WRITTEN POLICIES IN PLACE

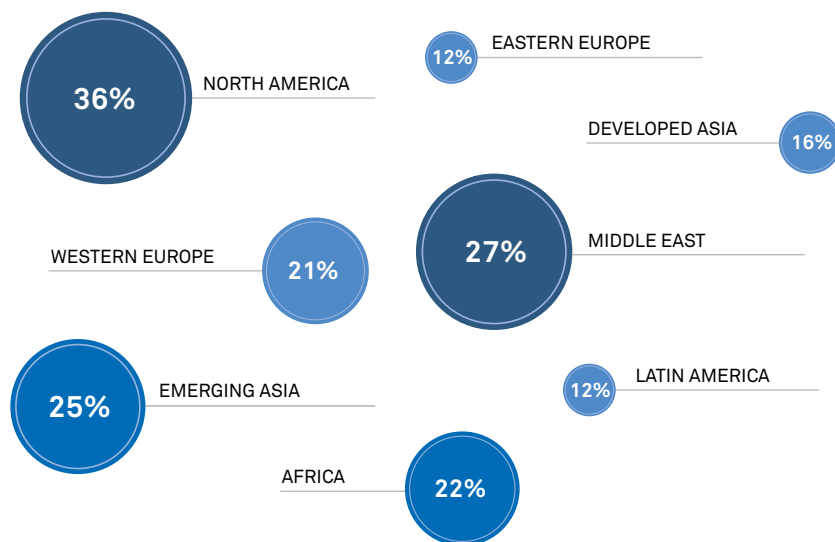


## WRITTEN POLICIES IN PLACE

Over the past five years companies have introduced formal policies at a steady pace; in 2015 more than 80% now have a disclosure policy, up from 62% when we first asked the question in 2010. Almost half of companies now have a social media policy (49%), up from 42% the first year the question was asked in 2012. Companies with crisis management policies in place have risen slightly, to 52% in 2015 from 50% in 2012. On the other hand, the number of companies reporting a policy regarding interaction between members of the Board of Directors and investors has fallen to less than one-quarter, 24% in 2015 vs. 37% in 2012.

## COMPANIES WITH POLICIES REGARDING INTERACTION BETWEEN BOARD OF DIRECTORS AND INVESTORS

BY REGION



## INCREASING ESG OUTREACH

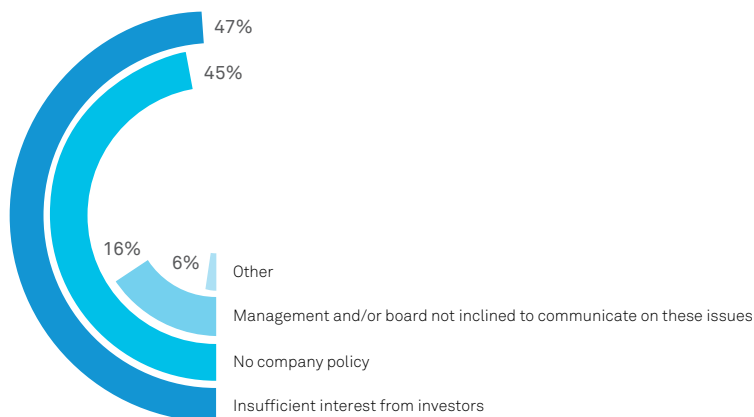
There has been a strong increase in companies who have strategies in place to communicate with key investors on corporate governance issues on a regular basis, from 37% in 2013 to 46%. Those companies reported the top issues addressed with key investors were Board composition (76%), Transparency and disclosure (71%) and Remuneration (60%). Companies reporting having no such policy in place gave their top reasons as Insufficient interest from investors (47%), and No company policy on this matter (45%).

This may indicate that ESG issues are entering the mainstream as more companies communicate corporate governance issues as a matter of course.

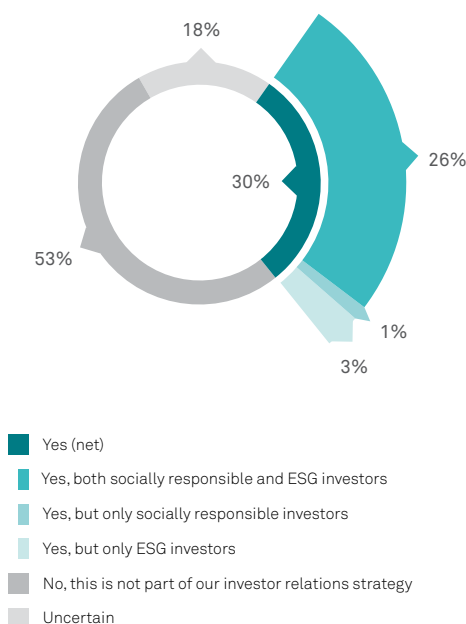
While there has been an uptick in companies reaching out to ESG investors, from 26% in 2013 to 30% in 2015, more than half of companies still do not see ESG outreach as part of their investor strategy. Companies targeting ESG investors cite their top reasons as To reach long-term investors and that they Target shareholders of all types (each 51%).

**30%** OF COMPANIES  
REPORTED **reaching out to socially responsible or ESG investors,**  
UP FROM **26%** IN 2013

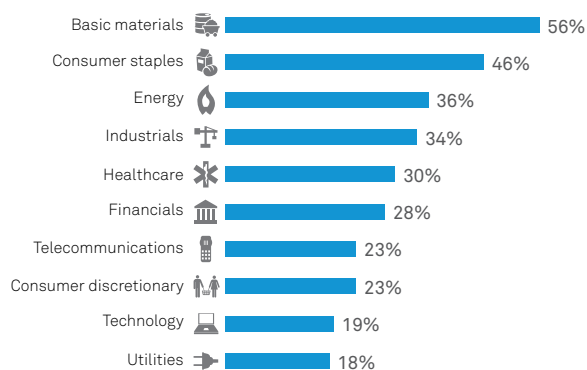
## REASONS FOR NOT HAVING A STRATEGY TO COMMUNICATE ABOUT CORPORATE GOVERNANCE ISSUES WITH KEY INVESTORS



## DOES YOUR COMPANY REACH OUT TO SOCIALLY RESPONSIBLE AND / OR ESG INVESTORS?

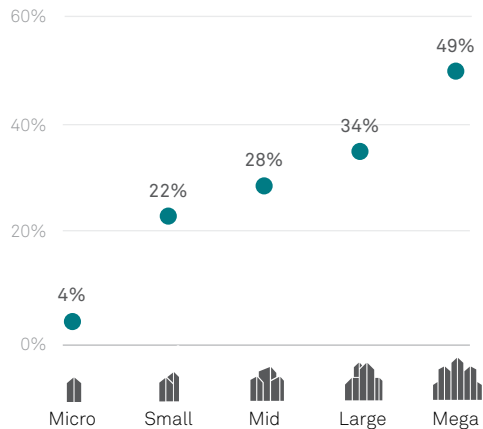


## REACHING OUT TO SOCIALLY RESPONSIBLE / ESG INVESTORS BY SECTOR

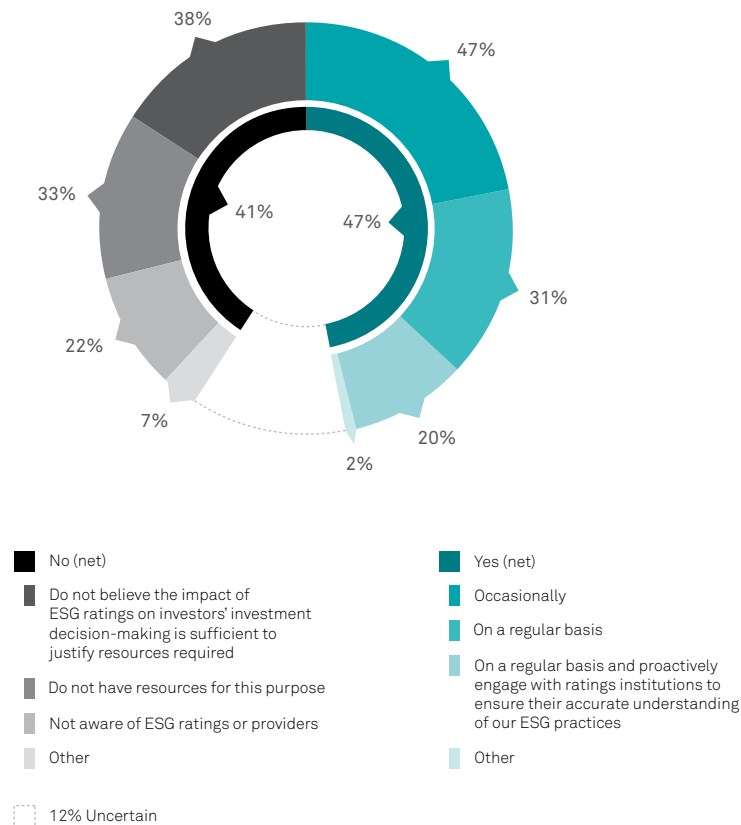


## REACHING OUT TO SOCIALLY RESPONSIBLE / ESG INVESTORS

BY MARKET CAPITALIZATION



## ARE ESG RATINGS BEING MONITORED?



The characteristics of companies that reach to SRI/ESG investors include:

- Mega-cap companies conduct the highest rate of outreach — almost half (49%)
- By sector, Basic Materials companies reach out the most (56%), followed by Consumer Staples (46%) and Energy (36%)
- Latin America is the region that reaches out the most (46%) followed by Western Europe (41%)

The characteristics of companies that do not reach to SRI/ESG investors include:

- 80% of Micro-cap companies do not reach out to SRI/ESG investors
- 63% of Utilities sector companies do not reach out to SRI/ESG investors, followed by Technology (61%) and Healthcare (56%)
- 77% of North American companies do not reach out to SRI/ESG investors

Less than 50% of companies monitor their ESG ratings. Of those who do monitor their ESG rating, 20% monitor it on a regular basis and proactively engage with ratings institutions to ensure accurate understanding of their ESG practices.

For those who do not monitor their ESG ratings, more than one-third do not believe their ESG rating has enough of an impact on investors' investment decision to justify the resources required to monitor such ratings (38%), and one-third say they do not have resources for monitoring their ratings (33%).

# Methodology



BNY Mellon's Global Trends in Investor Relations Survey Tenth Edition (2015) (the "Survey") was conducted between February and April 2015. The Survey was distributed to nearly 7,000 companies and captures the online responses of 550 companies from 54 countries.

Participants were sourced using internal and external sources and span all macroeconomic sectors and economy types, as defined by GICS and MSCI, respectively. Market capitalization classifications are defined as follows: Mega, more than USD 25 billion; Large, USD 5-25 billion; Mid, USD 1-5 billion; Small, USD 150 million–1 billion; and Micro, less than USD 150 million.

Historical references are provided to results from the 2013, 2012, 2011 and 2010 surveys. Graphs and tables provided throughout the Survey may not capture the entire respondent pool due to rounding and participant requests for anonymity.

Capitalized terms used in this report reflect language and syntax of response categories in the Survey.

550  
companies

*from*

54  
countries

## RESPONDENT PROFILES

Almost two-thirds of company respondents globally, 65%, identified themselves as the most senior IR executive at their company. Respondents had an average of 9.5 years of IR experience. The average IR experience reported was greater in Developed Markets (10.1 years) than in Emerging Markets (8.6 years). The IRO/Head of IR is the primary company contact for the investment community at 84% of respondent companies globally. This is consistent across all regions and market capitalizations.

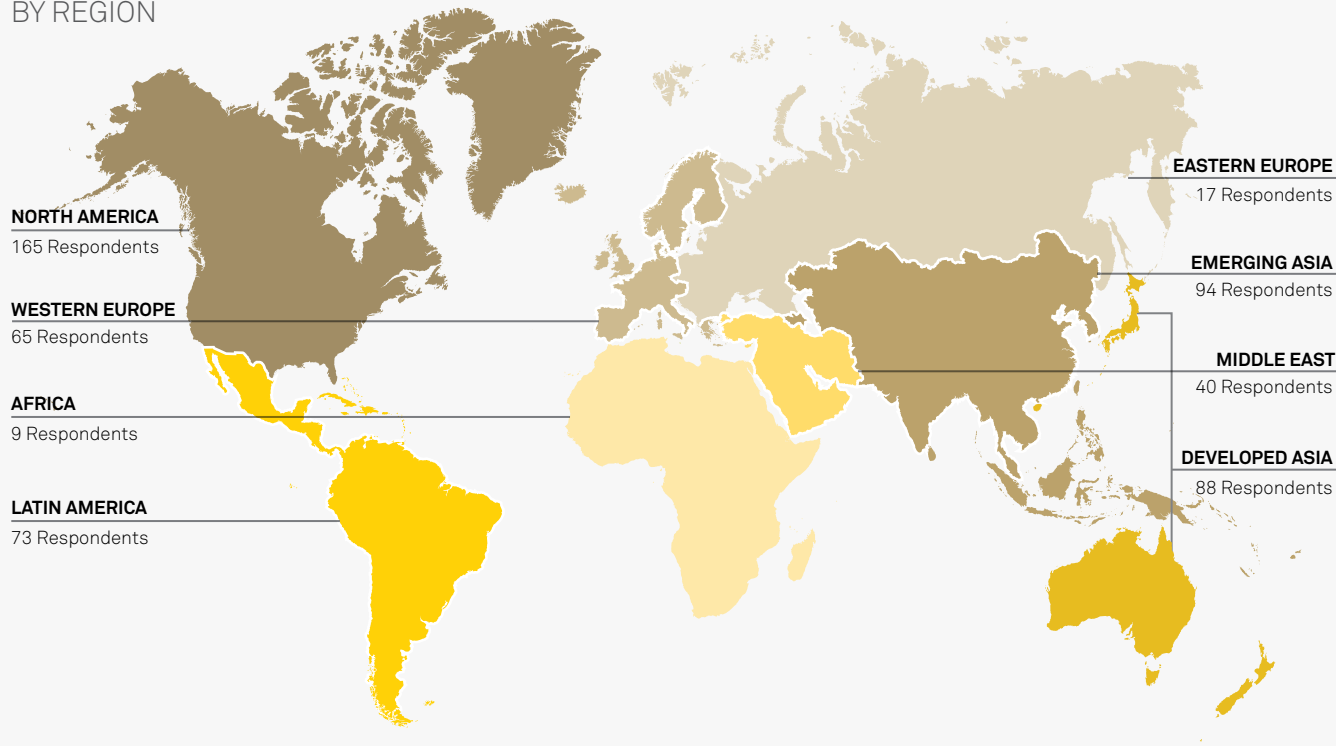
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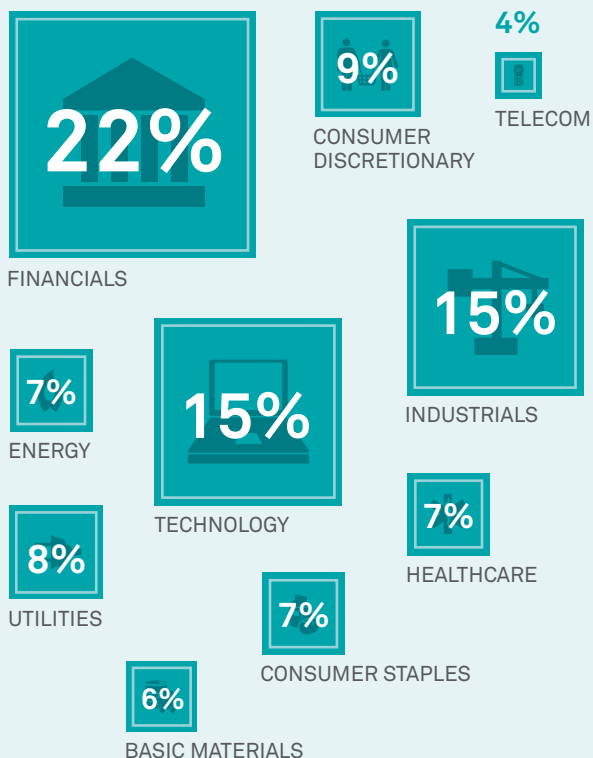


# DISTRIBUTION OF RESPONDENTS

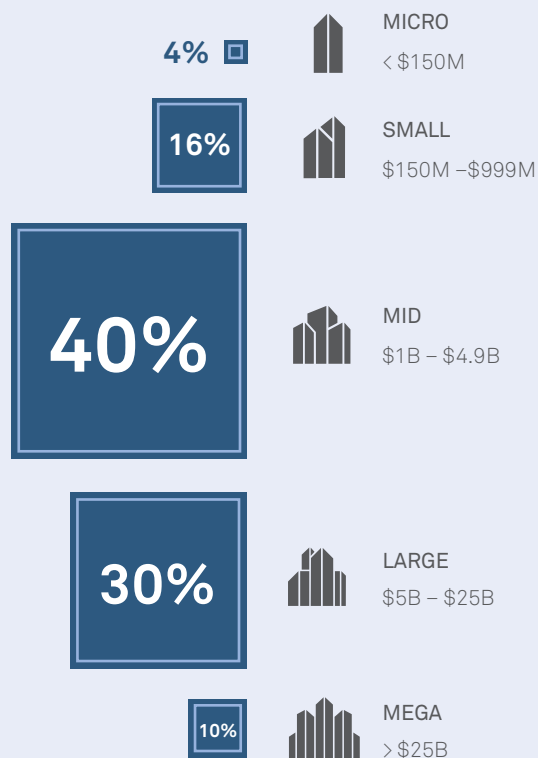
## BY REGION



## BY SECTOR



## BY MARKET CAPITALIZATION



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GROUPS FOR THEIR GENEROUS HELP IN  
SUPPORTING THE 2015 GLOBAL INVESTOR  
RELATIONS SURVEY:

Australasian Investor Relations Association (AIRA)

Instituto Brasileiro de Relações com Investidores (IBRI)

Investor Relations Society, India

The Hong Kong Investor Relations Association (HKIRA)

National Investor Relations Institute (NIRI)

Nomura Investor Relations Co., Ltd.

IR Magazine (Russia)

Stock Exchange of Thailand (SET)

The Investor Relations Society (IRS), United Kingdom

The Investor Relations Professionals Association Singapore (IRPAS)

Turkish Investor Relations Association (TÜYİD)

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