

# Institutional Investor Viewpoints on Activism

Our global survey reveals that investors and analysts around the world see value in shareholder activism, but the level of tolerance for specific activist proposals varies based on where the issuers and investors are located.

These findings confirm that a one-size-fits-all approach to activism is not effective. To garner and sustain investor support, engagement and messaging must reflect the appropriate regional nuances.



## 1 Investors see activism as a force for good

Across all markets, investors largely agree that activism adds value for companies



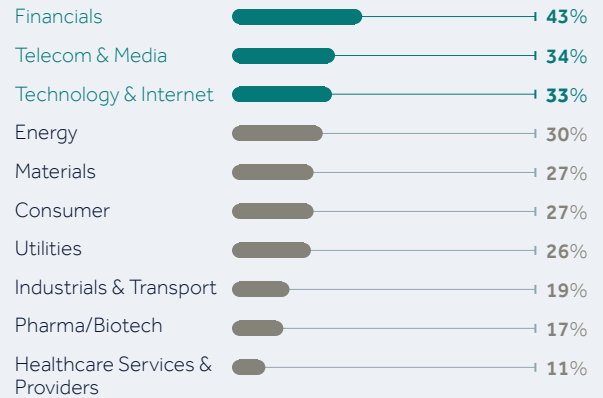
**Adds value** for companies by pushing management to make hard decisions



Is **disruptive** and diverts the board from a focus on value creation

## 2 Financials & TMT most vulnerable sectors globally

Industries most in need of refocusing profits



## 3 Investor concerns are numerous and vary by region

Concerns about corporate governance and management are driving investors' receptivity to activist proposals, followed by operational improvements, structural changes, and executive compensation



North America

1.



Poor corporate governance

2.



Need for a structural change



European Union



Poor corporate governance



Ineffective CEO leadership



United Kingdom



Ineffective CEO leadership



Need for a structural change



Asia



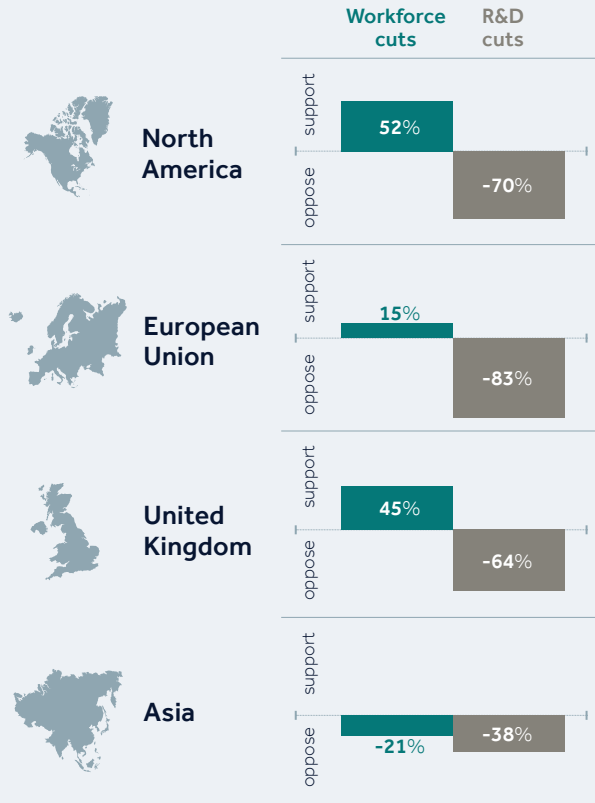
Poor corporate governance



Inefficient use of cash on balance sheet

## 4 Not all activist tactics are created equal

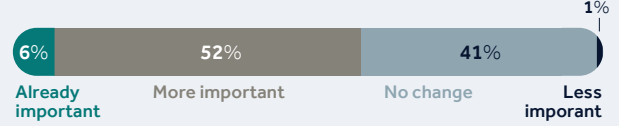
Eliminating jobs is generally accepted in the West, but cuts to R&D are more universally opposed



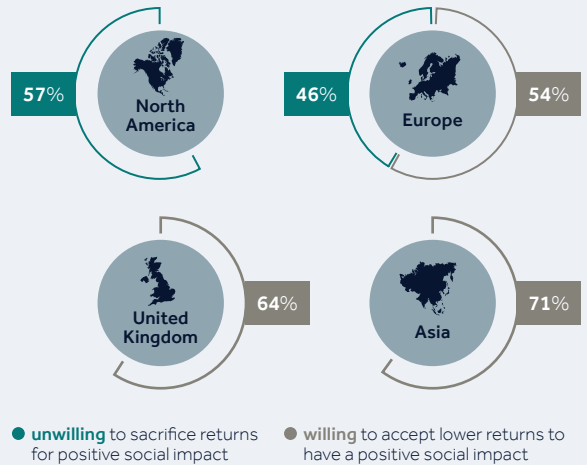
## 5 ESG factors are increasingly important, but not at the expense of returns

Despite the perceived rising importance of ESG factors...

Investors' outlook of ESG importance over next 3 years



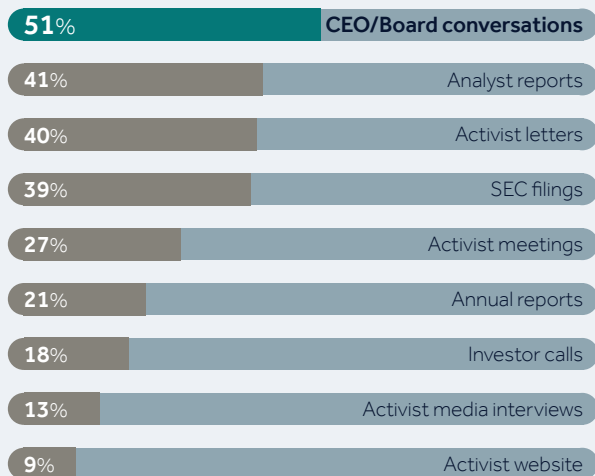
...investors in North America and Europe aren't yet willing to sacrifice returns for a positive social impact.



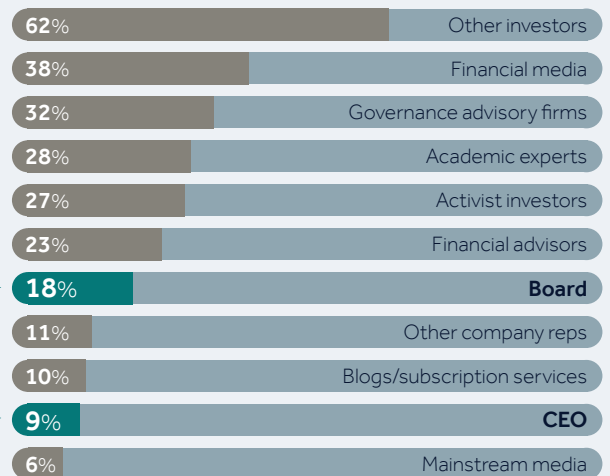
## 6 Board and CEO engagement is imperative, but trust levels are low

There is an opportunity for enhanced CEO engagement with investors before or outside of a proxy fight

Useful Information Sources in a Proxy Fight



Trusted Messengers



**Methodology:** Brunswick Insight surveyed 150 investors and analysts in North America, European Union, United Kingdom, and Asia from November 16 to December 8, 2017.

**Questions about activism?** Contact us at [BGActivism@brunswickgroup.com](mailto:BGActivism@brunswickgroup.com)