

GLOBAL TRENDS IN INVESTOR RELATIONS 2013

A SURVEY ANALYSIS OF IR PRACTICES WORLDWIDE



NINTH EDITION



BNY MELLON



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LETTER FROM CHRISTOPHER KEARNS

We find ourselves today in a global market that is exhibiting some resilience, albeit on a selective basis. Capital inflows to developed markets have far outpaced those into emerging markets with nearly \$200 billion in net buys of developed market equities relative to \$13 billion of net buys into emerging markets.¹

With this in mind, we are pleased to bring you the results of our ninth annual global survey of investor relations practices. Our goal in producing this analysis is to highlight and encourage best practices in how companies can more effectively target, secure and service current or potential investors. In addition, we look at how companies from around the world are responding to evolving opportunities or challenges in today's equity markets. This year we had nearly 700 respondents representing companies from 63 countries.

Our Global Investor Relations Advisory team has extensive experience

¹ Ipreo data as of December 11, 2013 "Net Activity" is a measure of the open market activity of an individual investor calculated as [(current position minus previous position) * current price], which backs out the change in the value of the securities held and isolates just open market buys and sells.

helping position our clients for greater market visibility so as to help them realize their full potential in equity markets. We are unique among depositary banks in the scale of our specific commitment of resources and personnel to investor relations (IR) advisory support and corporate governance. This survey is an important tool in our efforts to bring intelligence and transparency to what matters most to our clients. It covers:

- Goals and priorities of investor relations departments
- Where boards of directors are connecting directly with investors
- Where companies are targeting new investors
- How companies are leveraging external resources

Finally, we have continued our tradition of supporting academic study by collaborating with Eugene Soltes of Harvard Business School on this survey. This endeavor is part of our comprehensive effort to expand general understanding of how market engagement can ultimately help companies realize long-term shareholder value.

We look forward to speaking with you about the insights in this report, how your IR program compares to those of

your peers, and what new approaches may be available for your IR program. Please contact your BNY Mellon Depositary Receipts Relationship Manager or a member of our Global Investor Relations Advisory team to discuss new ideas.

Christopher Kearns
Chief Executive Officer
Depositary Receipts

LETTER FROM EUGENE F. SOLTES

Investors are confronted with a bewildering amount of firm news every day. Coupled with lower barriers to global investment, investors have more opportunities to allocate their capital than ever before. In this increasingly competitive environment, the value created by effectively communicating your firm's unique value proposition cannot be understated.

Scholarly research on corporate communications strategies by myself and others have demonstrated clear connections between communication strategies and firm value. Investor relations' choices impact the pricing of securities, the liquidity of trading, and even the cost of capital. The magnitude of these effects suggests that the method of dissemination can be just as important as the underlying information.

Much as a firm's strategy needs to evolve over time, so too should the role of an effective investor relations department. Changes in the macro economy, competitive landscape, and expectations by investors all demand adjustments to a firm's communications

strategy. Understanding new and emerging practices contributes to the development of an effective communications strategy. BNY Mellon's Annual Survey of Investor Relations Trends offers a timely and comprehensive view of investor relations around the world. I hope you share my enthusiasm in exploring the results of this year's survey to further advance the practice of investor relations.

Eugene F. Soltes

Assistant Professor of Business
Administration
Harvard Business School

KEY GLOBAL FINDINGS

Companies named systemic market risk as having the largest impact on overall global market confidence in 2013, up from second place in 2012. Notably, Eurozone stability, considered to have the most impact in 2012, diminished in significance to fourth place in 2013.

The top goals for IR teams globally for 2014 will be first to maintain relationships with existing investors (54%), closely followed by diversification of the shareholder base: both internationally (45%) and in general (36%). Growing international shareholder ownership has become a more prominent goal over the past four years, with the number of companies reporting this among their prime goals rising consistently, from 17% in 2010 to 45% in 2013.

Companies are increasingly weighting qualitative over quantitative metrics in evaluating IR performance, shifting towards factors over which IROs have more direct influence and away from those more heavily dependent on external variables. The three qualitative categories that topped the list were informal feedback from investment community, ranked first at 63%, followed by the quality of information in analyst reports, 53%, and the quality of investor one-on-one meetings, 52%.

Reliance on brokers when organizing non-deal roadshows (NDRs), while still high, has diminished over the

last three years. In 2011, 91% globally reported using brokers for NDRs in the previous 12 months; in 2012 it was 83%, and by 2013 the percentage had dropped to 71%.

There has also been a shift in factors considered important when selecting a broker to run NDRs: the influence of both equity sales and corporate access functions on the selection decision have been waning while the value of the investment banking relationship has risen. Fewer than a third of companies globally (23%) believe the sell side should be compensated for providing investor access to companies' senior management.

Corporate governance is a prominent item on the investor agenda today: 74% of companies reported communicating with investors on corporate governance matters in the last 12 months, with only 26% not engaging on corporate governance with investors.

Companies are taking a more formal approach to managing potential risk when communicating with capital markets; notably, over the last four years the number of companies with formal crisis communications policies in place has risen from 31% in 2010 to 52% in 2013. In terms of social media, 42% of companies had policies in place governing approaches to these new communications mediums in 2012, which increased to 49% in 2013. Similarly, 38% of companies had written data breach policies in place in 2012, which rose to 48% in 2013.

The opinion of companies regarding board of director interaction with investors is positive: 72% of companies believe there is tangible value in direct board and investor dialogue as opposed to only 28% believing there should be no interaction.

The biggest driver of board interaction with the investment community is investor demand, the lack of which was cited by 46% of the companies whose boards did not participate in any investor meetings. Of the 24% of boards of directors who have met with investors in the last 12 months, 54% cited their company's policy on board member participation in investor meetings as the dominant cause, with the remaining 46% of meetings associated with special situations.

Financial media outlets leveraging on-air or on-line environments have grown in influence over the last year, these being professional investor news services (e.g., Bloomberg and Reuters), from 58% to 84%, Financial television (CNBC, Bloomberg TV, etc.) 28% to 52%, and investor-generated media (Seeking Alpha, Motley Fool, etc.) 5% to 15%.

For a second consecutive year companies reported increased growth in the number of active investors in their shareholder base versus passive investment. In 2013, 36% of companies reported an increase in active investors versus 26% in 2012.



CURRENT CHALLENGES

CURRENT CHALLENGES

MARKET OUTLOOK

Companies continue to be nervous about the resilience of global financial markets, naming systemic market risk as having the most impact on overall global market confidence in 2013, up from the second in 2012. Concern over last year's top issue, Eurozone stability, has lessened, with that issue dropping to fourth this year. Companies rated uncertainty regarding new regulatory environments as slightly higher in importance in 2013; it moved from fifth to third in ranking of impact.

TOP ISSUES IMPACTING GLOBAL MARKET CONFIDENCE

SHIFT FROM LAST YEAR

AMONG ALL RESPONDENTS

2012 2013

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

TOP FIVE ISSUES BY REGION

NORTH AMERICA

- 1 Systemic market risk
- 2 Political risk
- 3 Uncertainty of new regulatory environment
- 4 Eurozone stability
- 5 Liquidity in the financial markets

LATIN AMERICA

- 1 Level of government regulation
- 2 Systemic market risk
- 3 Uncertainty of new regulatory environment
- 4 Political risk
- 5 Liquidity in the financial markets

MIDDLE EAST

- 1 Uncertainty of new regulatory environment
- 2 Systemic market risk
- 3 Level of government regulation
- 4 Political risk
- 5 Currency exchange rates

WESTERN EUROPE

- 1 Eurozone stability
- 2 Systemic market risk
- 3 Political risk
- 4 Liquidity in the financial markets
- 5 Sustainability of emerging market growth

EMERGING EUROPE & AFRICA

- 1 Systemic market risk
- 2 Sustainability of emerging market growth
- 3 Political risk
- 4 Liquidity in the financial markets
- 5 Eurozone stability

EMERGING ASIA

- 1 Systemic market risk
- 2 Sustainability of emerging market growth
- 3 Liquidity in the financial markets
- 4 Currency exchange rates
- 5 Uncertainty of new regulatory environment

DEVELOPED ASIA

- 1 Systemic market risk
- 2 Political risk
- 3 Eurozone stability
- 4 Sustainability of emerging market growth
- 5 Currency exchange rates

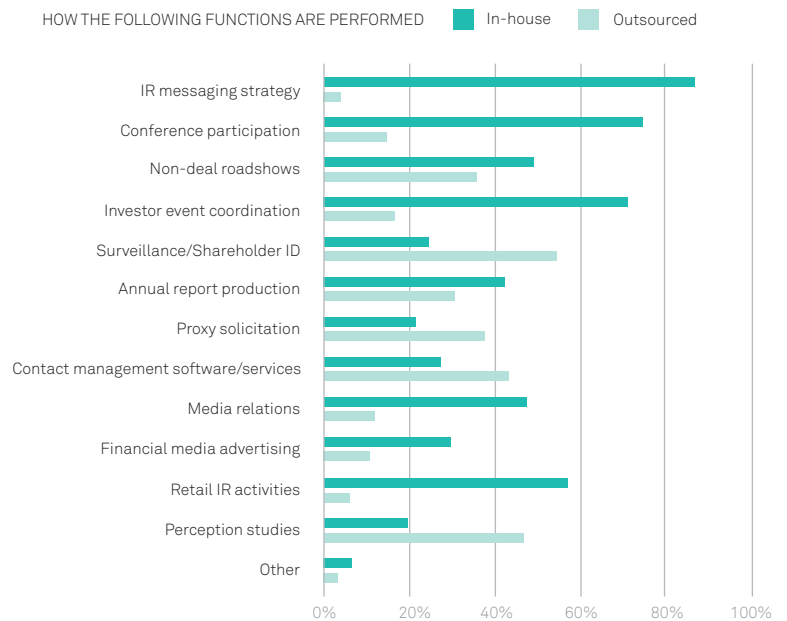
IR PRIORITIES

The access to and retention of investor capital has been the major challenge of the last year, with companies developing a heightened appreciation of the importance of a well-established dialogue with the investor community. Thus, the priority for 2014 for the majority of IROs is to support and maintain relationships with investors, both existing and prospective.

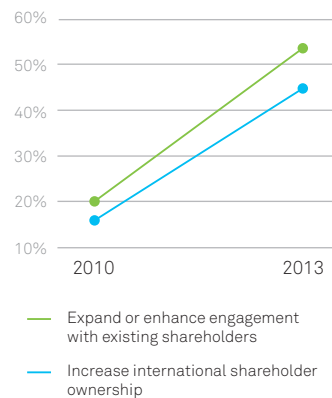
While the maintenance of relationships with current investors is the top goal for 2014, it is followed closely by diversification of the shareholder base: both internationally (45%) and in general (36%). These priorities are reflected in the way IROs allocate their time and also in the allocation of senior management's time devoted to IR-related activities.

More companies reported that their IR departments perform functions associated with such investor-focused activities as conference participation and investor event coordination in-house (74%, and 71% respectively), rather than outsourcing them—another testament to the importance of this area.

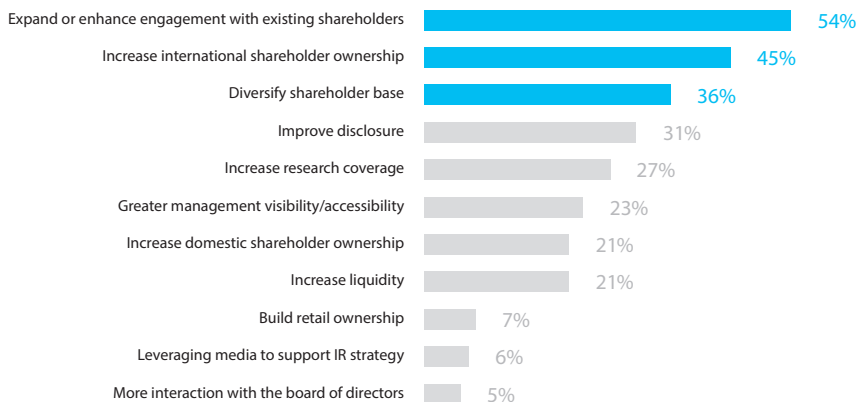
HOW THE FOLLOWING FUNCTIONS ARE PERFORMED



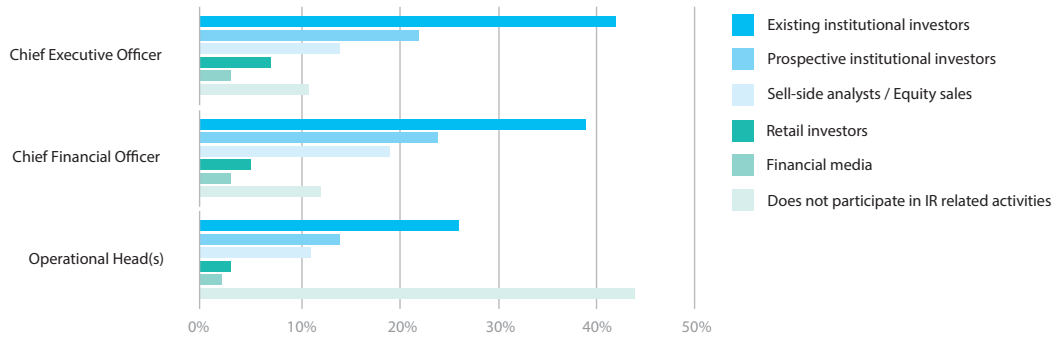
CHANGE IN TOP GOALS FOR THE INVESTOR RELATIONS FUNCTION/PROGRAM



TOP GOALS OF INVESTOR RELATIONS PROGRAM FOR 2014



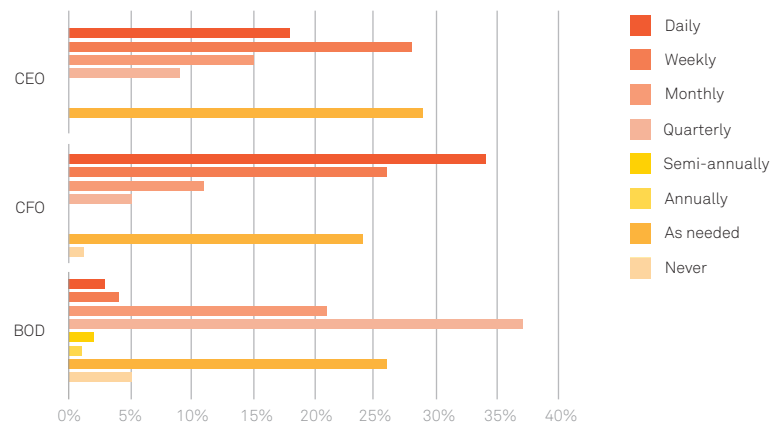
SENIOR MANAGEMENT'S TIME SPENT ON THE FOLLOWING



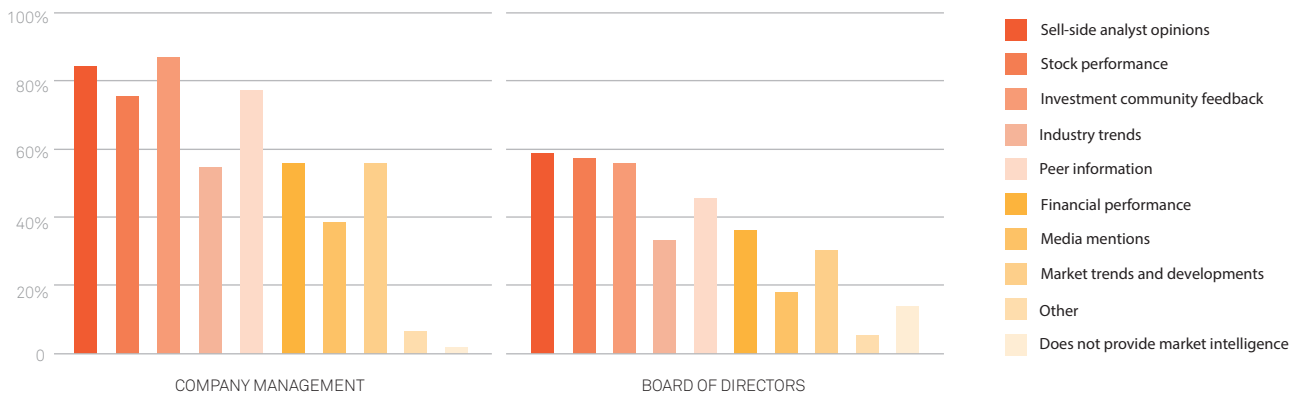
INTERACTION WITH SENIOR MANAGEMENT

The evolution of investor relations, observed over a four-year period, continues as a whole, and the IR department is increasingly considered an integral part of an efficient management team. The level of interaction between IROs and senior management continues to increase; for example 18% of the IR teams report daily interaction with their respective CEOs, and 34% with their CFOs, up from 8% and 20% respectively in 2012. This more frequent and informal interaction supports the changing nature of the IR-senior management relationship, from reporting to consultative. In terms of intelligence provided to senior management, IROs' insight on investment community feedback and sell-side analyst opinions are the top ranked categories, 88% and 86% respectively.

FREQUENCY WITH WHICH THE INVESTOR RELATIONS DEPARTMENT PROVIDES INFORMATION TO THE FOLLOWING



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

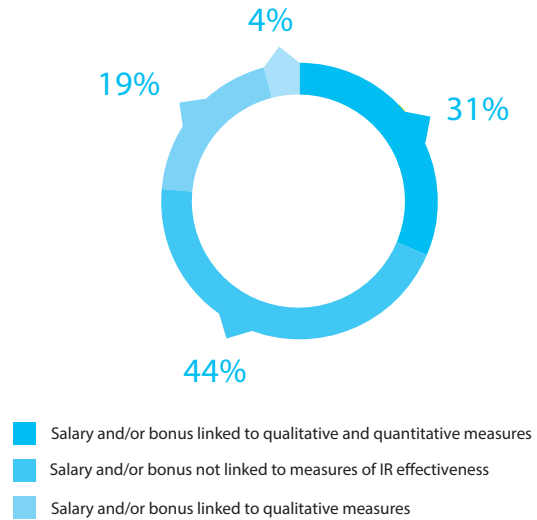


EVALUATING IR TEAM PERFORMANCE

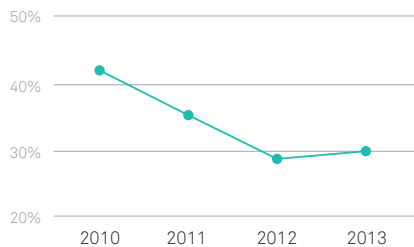
There has been a continued shift in the way investor relations team performance is evaluated. Companies are increasing the weighting of qualitative versus quantitative metrics, factors on which IROs have more direct influence versus those more heavily dependent on external variables. Specifically, three qualitative categories topped the list, with informal feedback from the investment community ranked first at 63%, followed by the quality of information in analyst reports (53%), and the quality of investor one-on-one meetings (52%). Not only did these categories dominate as performance measures in 2013, but their relative importance has also grown since 2011 (when they were used by 52%, 46% and 40% of companies respectively). Use of quantitative measures has declined in the same period; for instance, use of relative valuation/stock performance as a metric fell from 35% in 2011 to 30% in 2013, and the number of analysts covering stock from 33% to 27%.

The majority of IROs (56%) see a direct link between their performance measured in terms of IR effectiveness and their remuneration. Nearly one-third report that they are evaluated on both qualitative and quantitative measures, while the percentage of IROs whose remuneration is linked only to qualitative measures is far higher than that of those whose remuneration is tied only to quantitative measures (19% vs. 4%).

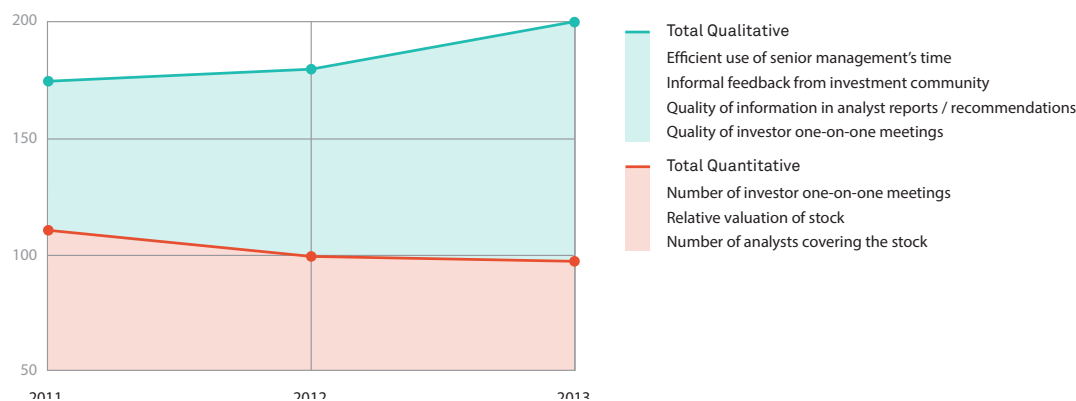
LINK BETWEEN COMPENSATION AND MEASURES OF IR EFFECTIVENESS



STOCK VALUATION AS A MEASURE OF PERFORMANCE OF INVESTOR RELATIONS TEAM

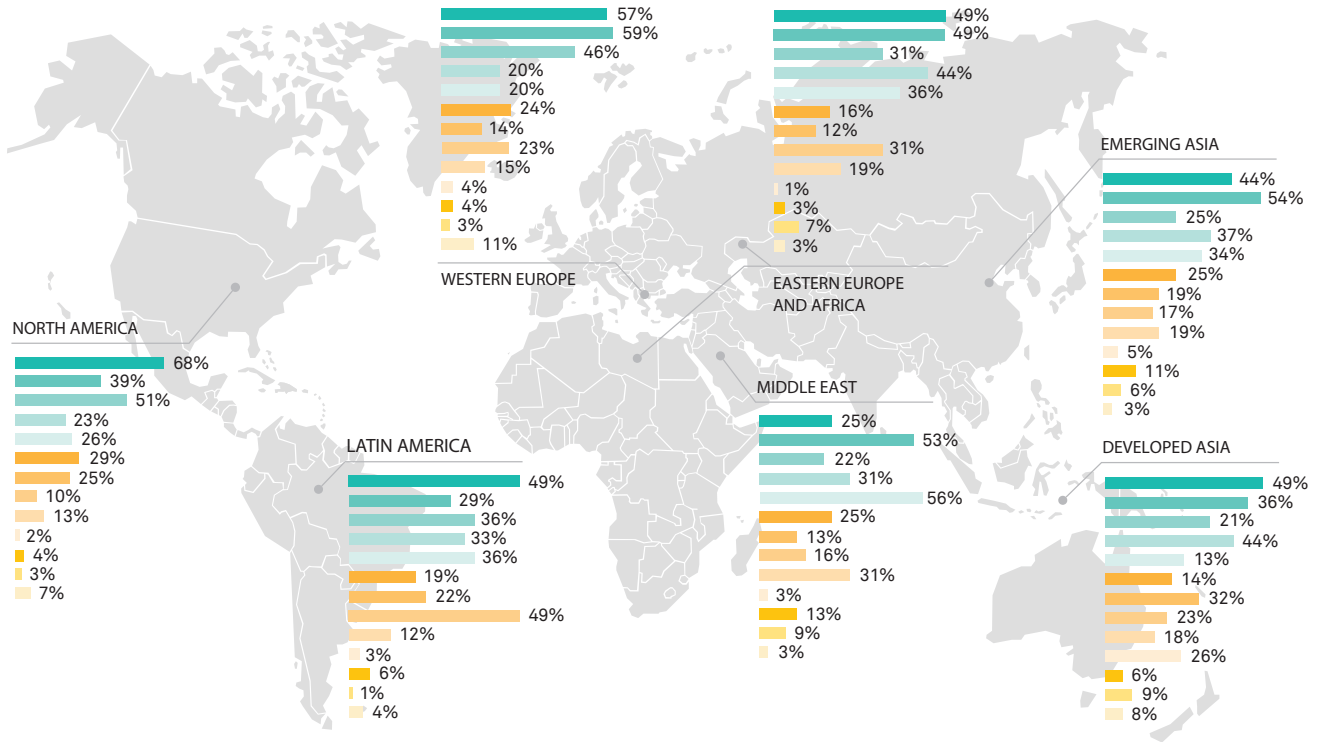


QUALITATIVE VS. QUANTITATIVE MEASURES OF IR TEAM PERFORMANCE BY NUMBER OF COMPANIES

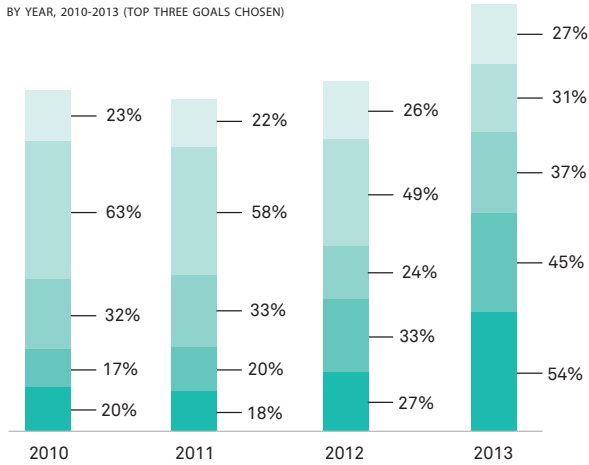


TOP GOALS FOR INVESTOR RELATIONS PROGRAMS

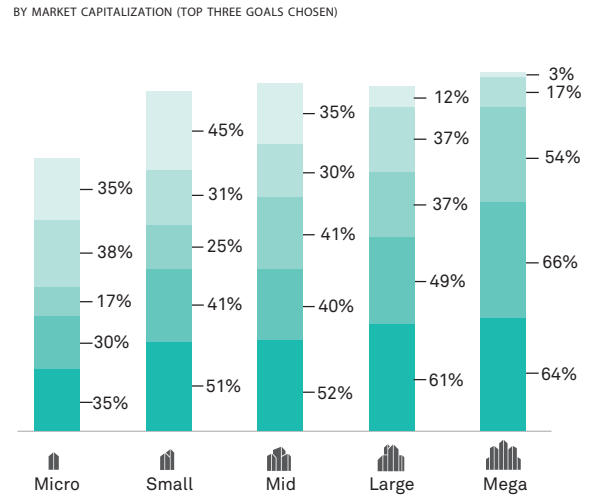
BY REGION



TOP FIVE GOALS BY YEAR, 2010-2013 (TOP THREE GOALS CHOSEN)



TOP FIVE GOALS BY MARKET CAPITALIZATION (TOP THREE GOALS CHOSEN)



LEGEND

- Expand or enhance engagement with existing shareholders
- Increase international shareholder ownership
- Diversify shareholder base
- Improve disclosure
- Increase research coverage
- Greater management visibility/accessibility
- Increase domestic shareholder ownership
- Increase liquidity
- Raise IR profile within organization
- Build retail ownership
- Leveraging media to support IR strategy
- More interaction with the board of directors
- Other



APPROACHES TO GLOBAL MARKETS

APPROACHES TO GLOBAL MARKETS

DIVERSIFYING EQUITY OWNERSHIP BEYOND HOME MARKETS

While the majority of companies named servicing their existing shareholders as a top goal for the next year, another priority, expanding the shareholder base internationally, has become a prominent item on the 2014 IR agenda. The number of companies reporting this among their prime goals for the next 12 months has grown consistently since 2010 (17%), to become a top goal for nearly half of responding companies globally for 2014 (45%).

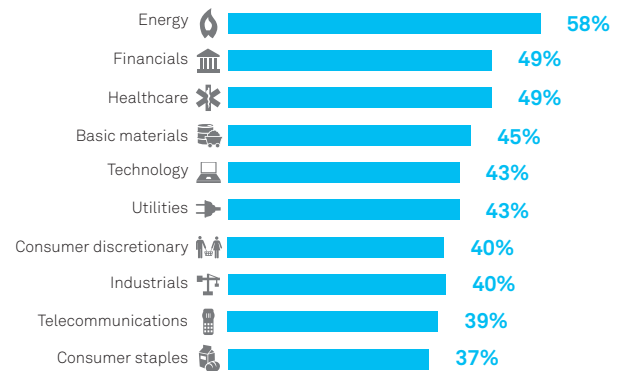
Western Europe leads this trend with nearly two-thirds of companies reporting international diversification of their shareholder base as their top goal (59%), with Emerging Asia and the Middle East not far behind (54% and 53% respectively). Energy companies stand out as the most active in targeting investors outside their home markets (58%) and Consumer Staples the least (37%).

In tandem with the upward trends of engaging more with both current and potential international investors, the top goal named for the previous three years, 2010-2012, has

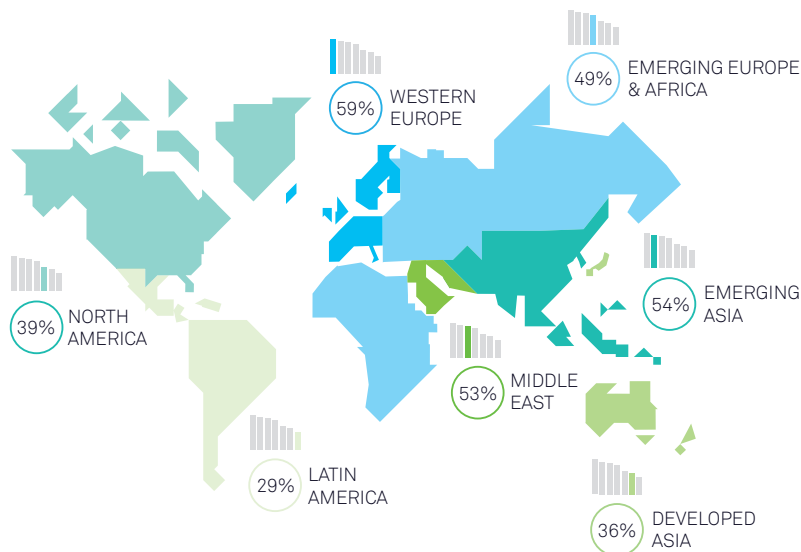
been trending downward. Improved disclosure, named by 63% as a top priority in 2010, has now fallen to 31% in 2013 and fourth place.

There is also a notable correlation between the size of the company and its pursuit of international investors.

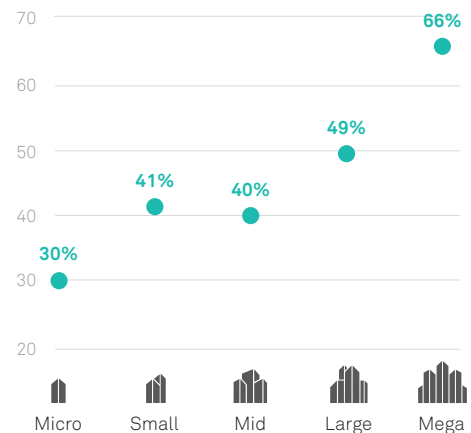
GOAL OF INCREASING INTERNATIONAL SHAREHOLDER OWNERSHIP BY SECTOR



GOAL OF INCREASING INTERNATIONAL SHAREHOLDER OWNERSHIP BY REGION

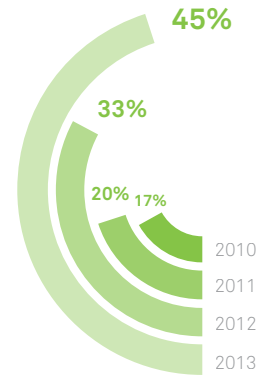


GOAL OF INCREASING INTERNATIONAL SHAREHOLDER OWNERSHIP BY MARKET CAPITALIZATION

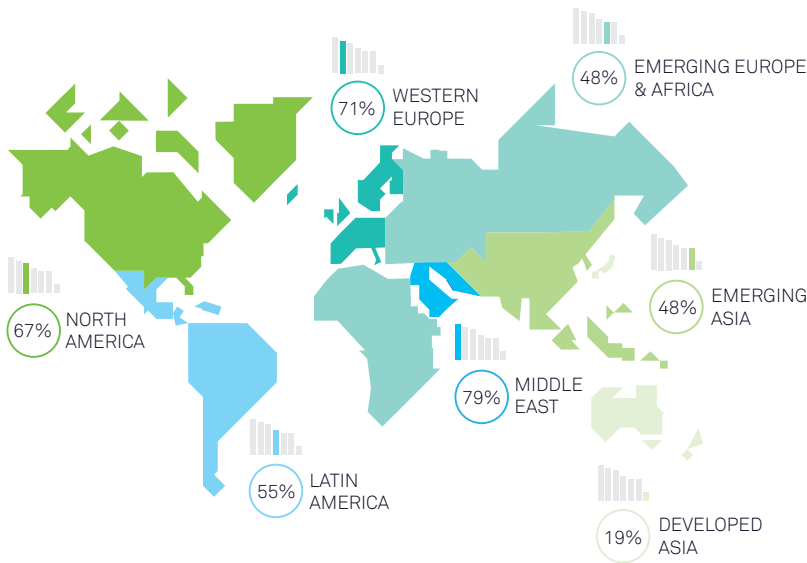


Surprisingly, while targeting international investors is a priority for almost half of companies, more than one-third report that they do not distribute financial result press releases outside their home market. This paradox is particularly acute in Developed Asia, where 36% say they want to seek investors internationally but only 19% distribute their company announcements internationally.

GOAL OF INCREASING INTERNATIONAL SHAREHOLDER OWNERSHIP



DISTRIBUTE FINANCIAL RESULT PRESS RELEASES ON A NEWSWIRE SERVICE OUTSIDE OF HOME MARKET BY REGION



DOES YOUR COMPANY DISTRIBUTE FINANCIAL RESULTS PRESS RELEASES ON A NEWSWIRE SERVICE OUTSIDE YOUR HOME MARKET?

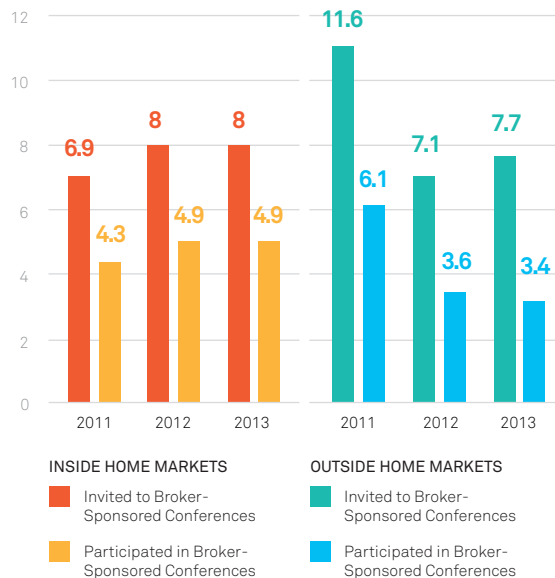


COMPANIES' INTERACTION WITH INVESTORS

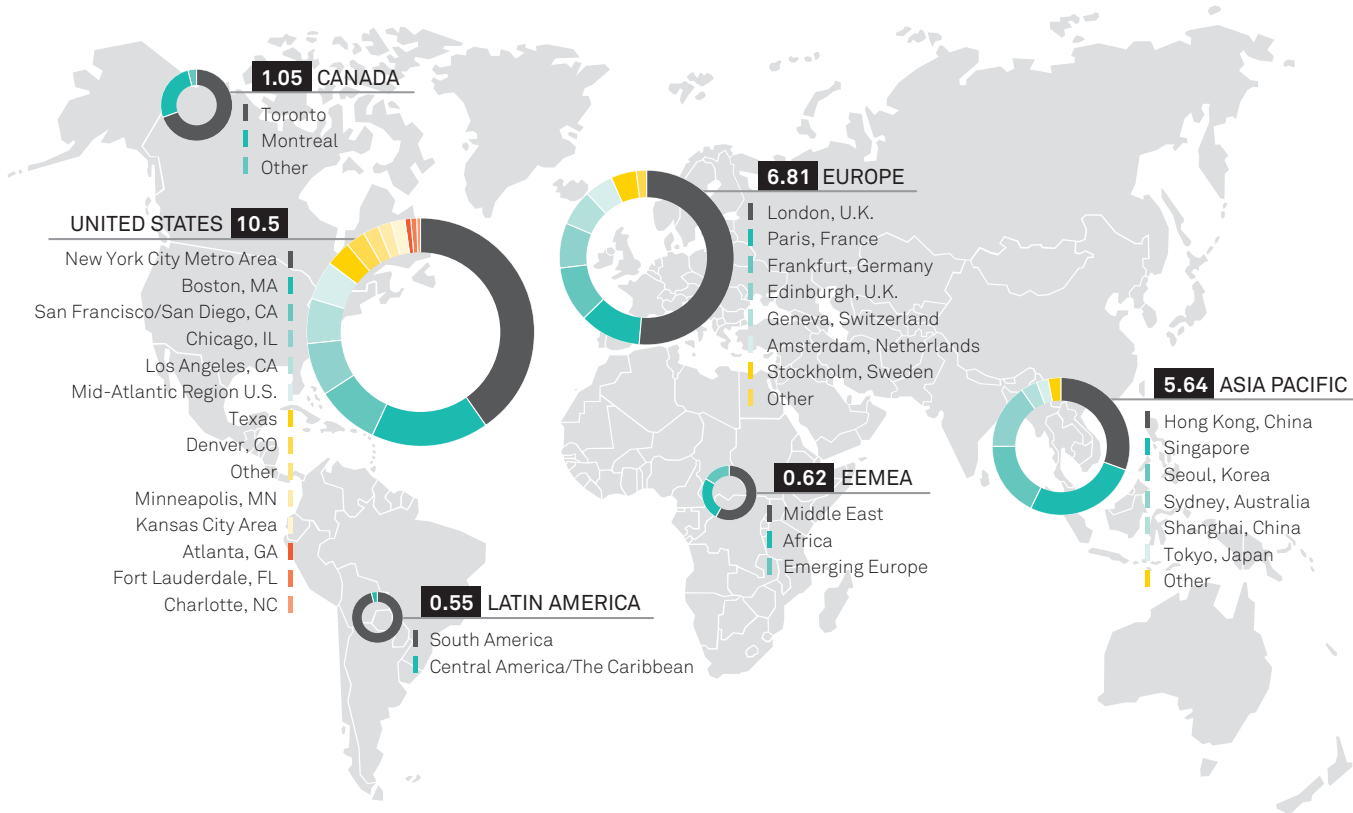
Companies reported that management held a larger number of investor meetings inside rather than outside their home markets. This is true across different management roles and IROs.

This disparity in home versus outside market activity can also be seen in companies' conference participation: while on average the number of invitations to conferences at home vs. outside is similar, companies tend to take part in a marginally larger number of conferences held in their home market. On average companies were invited to 8 conferences in their home markets and participated in 4.9; invited to 7.7 conferences outside their home markets, they participated in 3.4.

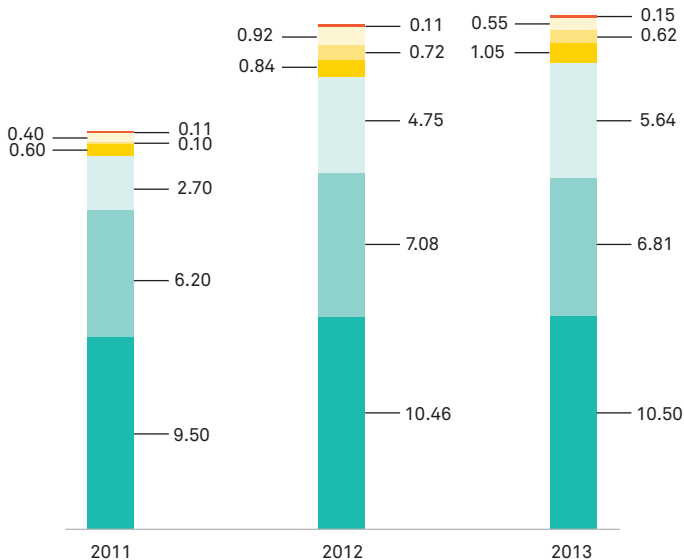
AVERAGE NUMBER OF BROKER-SPONSORED CONFERENCES



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



AVERAGE NUMBER OF ROADSHOW DAYS SPENT IN EACH REGION
BY YEAR, 2011-2013



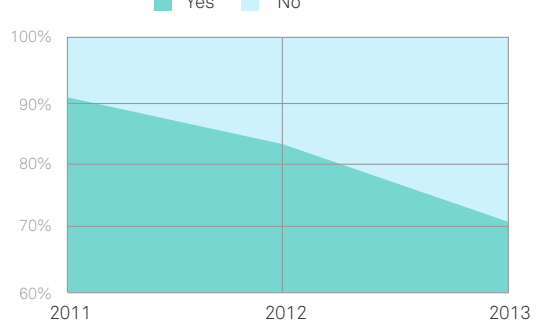
LEGEND

- United States
- Europe
- Asia Pacific
- Canada
- Emerging Europe, Middle East & Africa
- Latin America
- All other regions

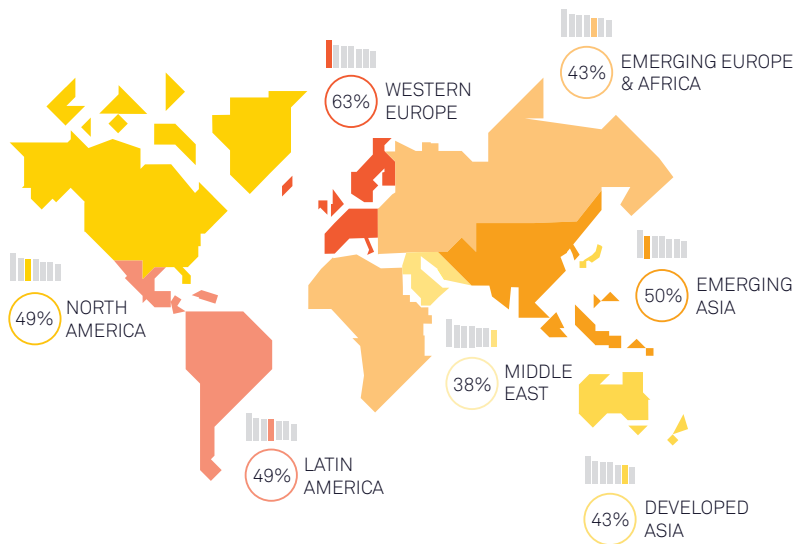
TARGET MARKETS

The destinations most visited by companies for NDRs continue to be North America and Western Europe, with the Asia Pacific region also important, particularly for companies within that region. This is true not only in terms of NDRs reported for the past 12 months but also in terms of where companies plan to increase their NDR activity in the next 12 months.

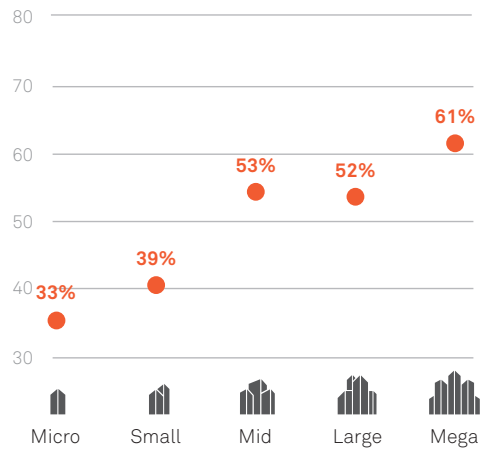
IN THE LAST YEAR, DID YOU USE BROKERS TO ORGANIZE NON-DEAL ROADSHOWS?



GEOGRAPHIC PRESENCE USED TO SELECT A BROKER FOR NON-DEAL ROADSHOWS BY REGION



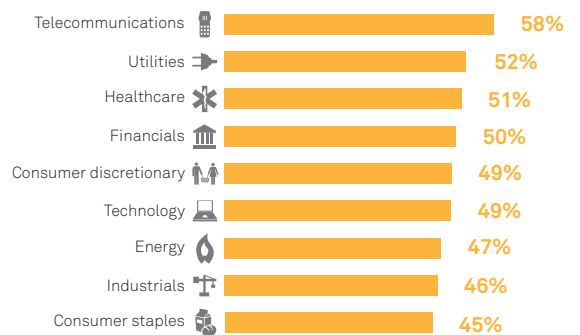
GEOGRAPHIC PRESENCE USED TO SELECT A BROKER FOR NON-DEAL ROADSHOWS BY MARKET CAPITALIZATION



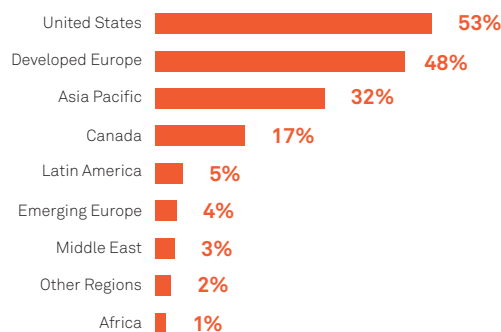
Overall reliance on brokers when organizing NDRs, while still high, has diminished. In 2011, 91% of companies globally reported using brokers for NDRs in the previous 12 months; in 2012 it was 83%, and by 2013 it had dropped to 71%.

Another notable finding is that the importance of geographical presence for selection of a broker for an NDR, while still significant, has fallen considerably, from 67% in 2012 to 49% in 2013. This factor remains of particular importance for Western European companies planning NDRs (63%) and companies in the Telecommunications sector (58%).

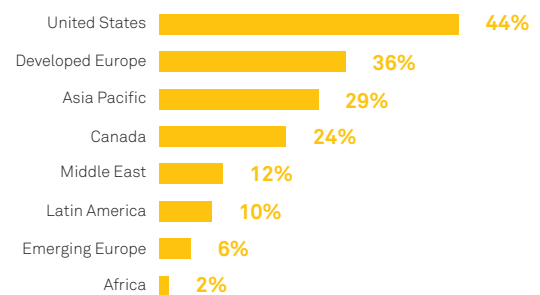
GEOGRAPHIC PRESENCE USED TO SELECT A BROKER FOR NON-DEAL ROADSHOWS BY SECTOR



COMPANIES USING BROKERS TO ORGANIZE NON-DEAL ROADSHOWS IN THESE LOCATIONS DURING THE LAST 12 MONTHS



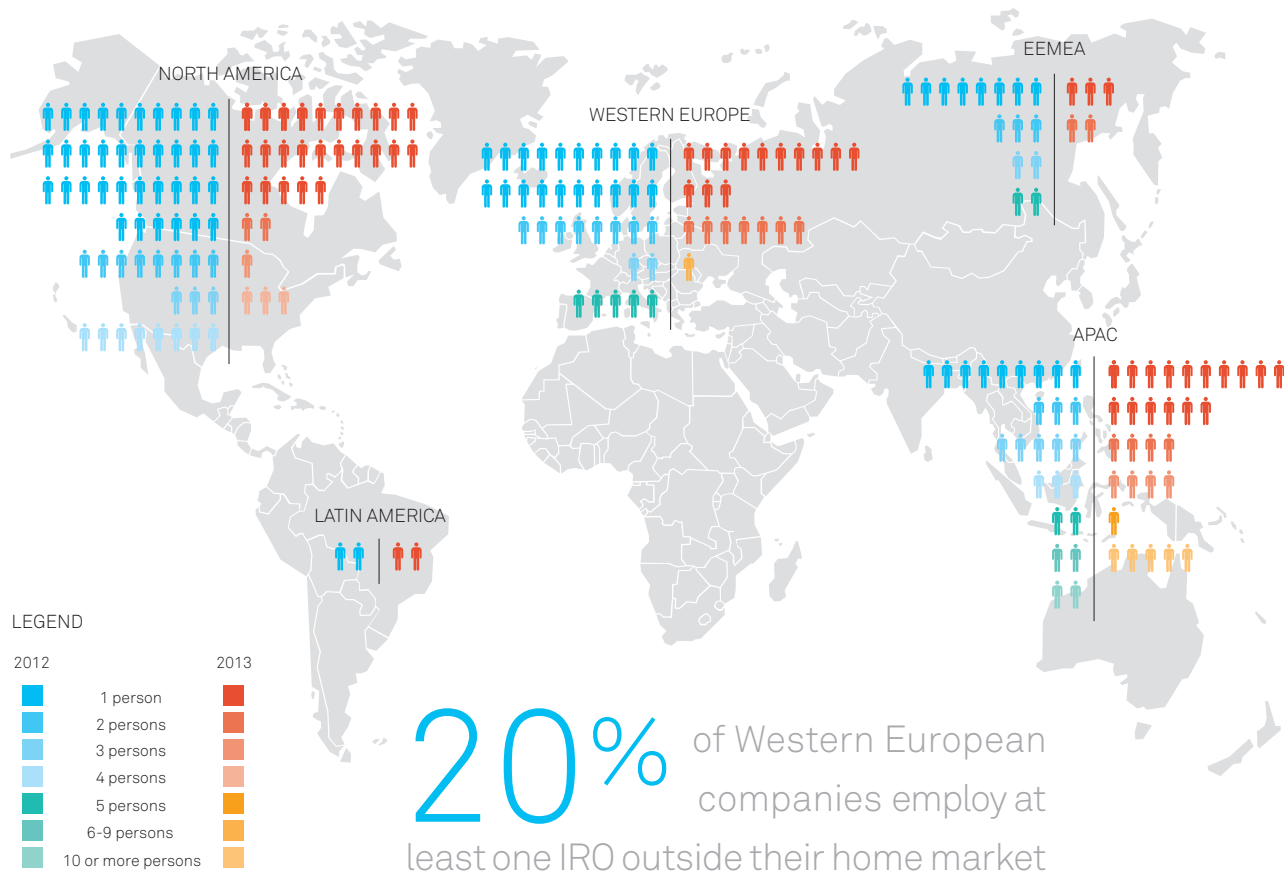
COMPANIES PLANNING TO INCREASE THE NUMBER OF ROADSHOW DAYS IN THESE LOCATIONS IN 2014



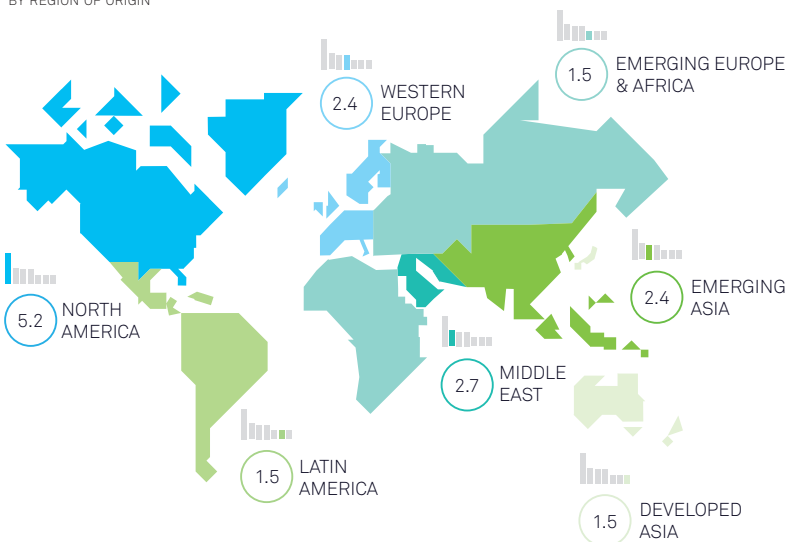
BUILDING INTERNATIONAL CONNECTIVITY THROUGH SATELLITE IR OFFICES

In the last year, companies have decreased the number of IROs based outside their home markets and shifted the location of those remaining, with Asia Pacific the only region seeing growth of IRO representation from companies outside their home markets.

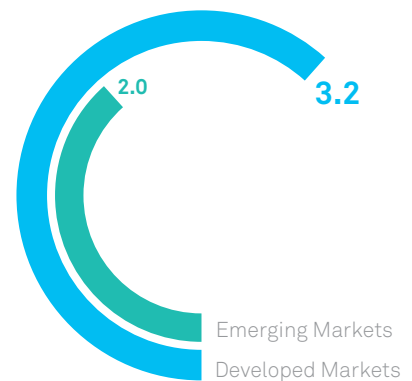
COMPANIES WITH IR STAFF LOCATED OUTSIDE OF HOME MARKET
BY HOST REGION



AVERAGE NUMBER OF IR STAFF LOCATED OUTSIDE OF HOME MARKET
BY REGION OF ORIGIN



AVERAGE NUMBER OF IR STAFF LOCATED OUTSIDE OF HOME MARKET





ESG IN THE MAINSTREAM

ESG IN THE MAINSTREAM

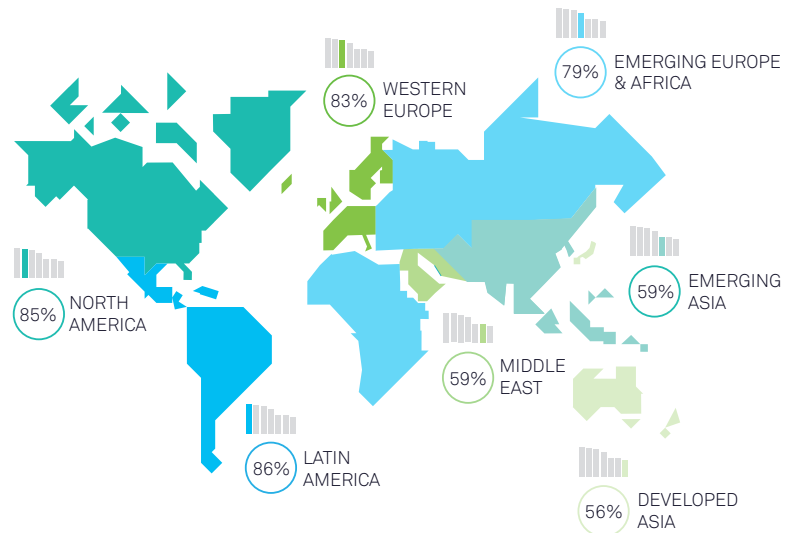
INVESTOR ENGAGEMENT

The majority of companies now communicate with investors on corporate governance: 74% reported discussing such issues with investors in the last 12 months, meaning only 26% did not engage at all on corporate governance with investors. Those companies not specifically discussing corporate governance were predominantly from Asia and the Middle East, where more than 40% reported that corporate governance is a topic not addressed at investor meetings.

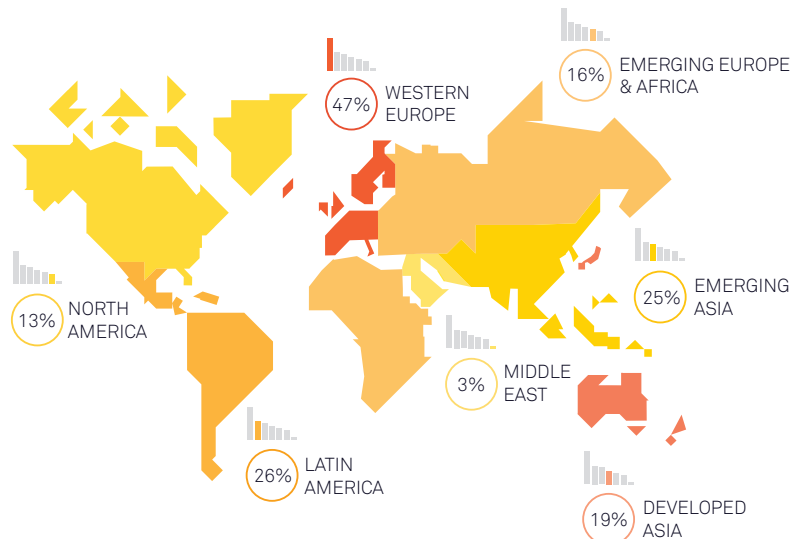
Western European companies are the most active in communicating with Environmental, Social and Governance (ESG) investors (47%), followed by Latin America (26%), and Emerging Asia (25%). The main reasons companies cited for reaching out to this type of investor were to reach long-term investors (56%), a commitment to communicating with shareholders of all types (55%), and to diversify the shareholder base (45%).

There is a noticeable difference among sectors in addressing corporate governance with investors, with fewer than 65% of Healthcare, Technology and Telecommunications companies initiating contact on such issues, while in contrast 87% of Energy sector companies engage on corporate governance. Latin American companies are most likely to discuss corporate governance matters when meeting with portfolio managers and buy- and sell-side analysts; 75% report addressing the topic in meetings. There is also a striking contrast among market capitalizations, with 88% of Mega Caps discussing corporate governance issues compared to 53% for Small and 41% for Micro Caps.

COMPANIES DISCUSSING CORPORATE GOVERNANCE MATTERS WITH INVESTORS DURING THE LAST 12 MONTHS BY REGION

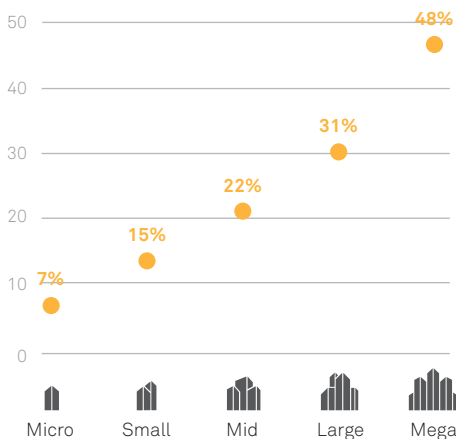


COMPANIES TARGETING BOTH SOCIALLY RESPONSIBLE / ESG INVESTORS AS POTENTIAL INVESTORS BY REGION



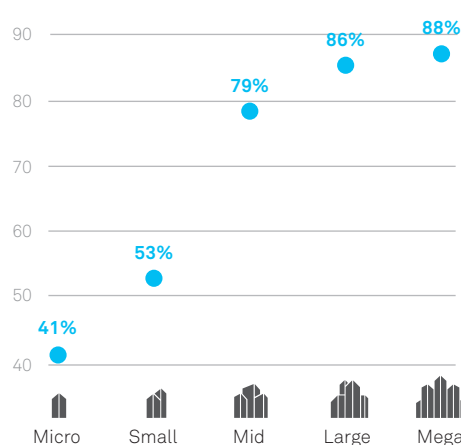
COMPANIES TARGETING SOCIALLY RESPONSIBLE / ESG INVESTORS

BY MARKET CAPITALIZATION

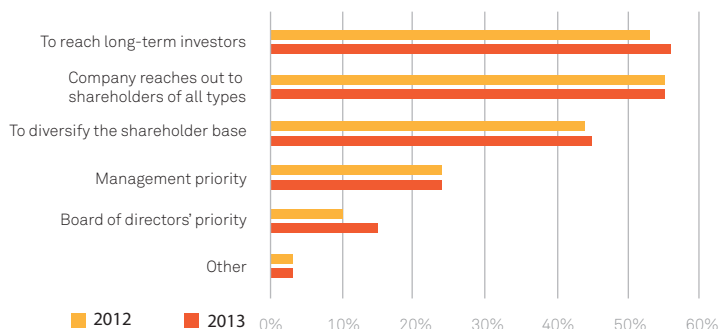


COMPANIES DISCUSSING CORPORATE GOVERNANCE WITH INVESTORS DURING THE LAST 12 MONTHS

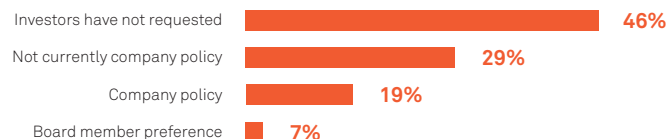
BY MARKET CAPITALIZATION



REASONS FOR REACHING OUT TO SOCIALLY RESPONSIBLE AND/OR ESG INVESTORS



REASONS BOARD OF DIRECTOR MEMBERS HAVE NOT MET WITH INVESTORS



72% of companies believe there is a tangible value in direct board and investor dialogue;

28% of companies believe there should be no interaction

WHAT ROLE SHOULD THE BOARD PLAY WITH INVESTORS?

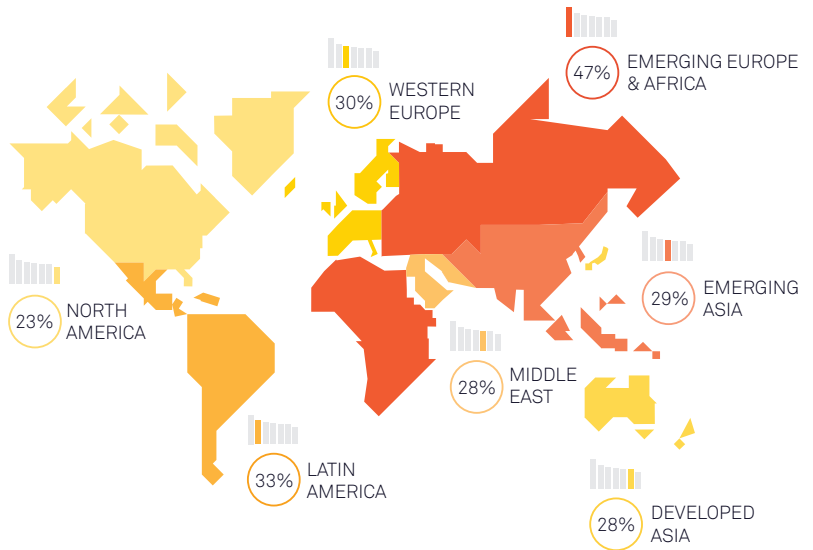
Over half of companies globally (57%) reported there has been no change in their boards' interaction with investors over the last five years. Nonetheless, 47% of companies from Emerging Europe & Africa report that this interaction has grown markedly, closely followed by Western Europe and Latin America (both 30%). Energy and Consumer Discretionary companies noted the highest increase in meetings involving board members (both 36%). When board members do meet investors, it tends to be at a very senior level; over 73% of board/investor meetings involved the Chairman or a Leading Board Director.

The biggest driver of board interaction with the investment community is investor demand, the lack of which was cited by 46% of the companies whose boards did not participate in any investor meetings.

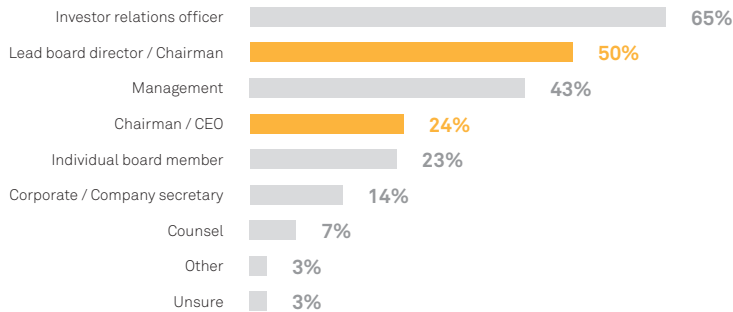
SHOULD THERE BE FORMAL POLICIES?

Nearly two-thirds (63%) of companies have no policy regarding interaction between investors and the board of directors—although almost a quarter (24%) reported that their board members did engage with investors in the last 12 months. When asked if they have a strategy to communicate with key investors on corporate governance issues on a regular basis, only 37% of companies globally reported that they do. Only in Western Europe did more companies say they have a strategy in place (46%) than not (40%), with the remaining 14% saying they were unsure.

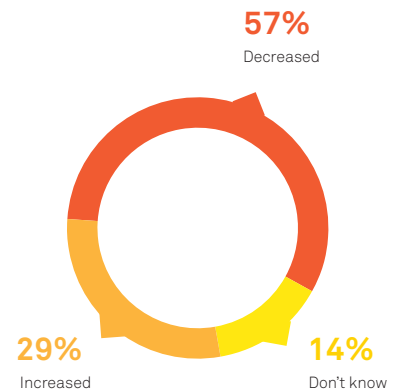
INCREASE IN INTERACTION OF BOARD OF DIRECTORS WITH INVESTMENT COMMUNITY IN THE LAST 5 YEARS BY REGION



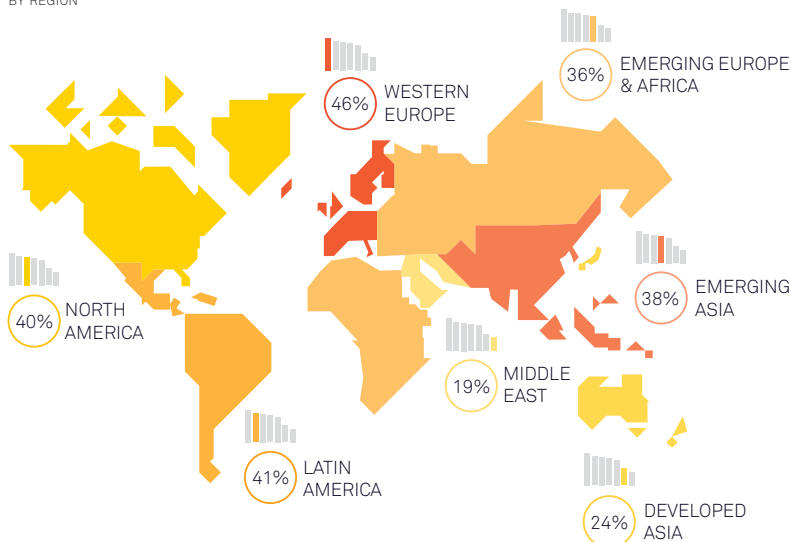
THOSE IN ATTENDANCE WHEN BOARD OF DIRECTOR MEMBERS MET WITH INVESTORS IN THE LAST 12 MONTHS



CHANGE IN BOARD OF DIRECTORS INTERACTION WITH THE INVESTMENT COMMUNITY IN THE LAST 5 YEARS



COMPANIES WITH A STRATEGY TO COMMUNICATE WITH KEY INVESTORS ON CORPORATE GOVERNANCE ISSUES ON A REGULAR BASIS BY REGION



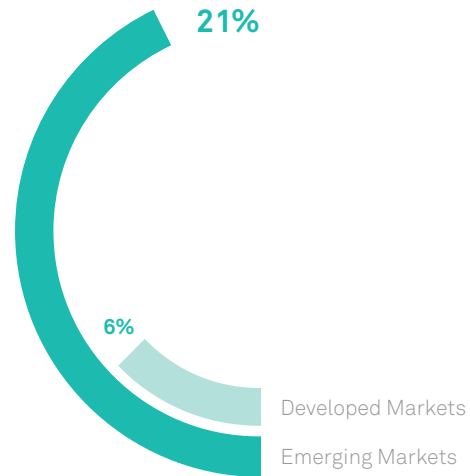
COMPANIES WITH POLICY ON INVESTOR AND BOARD OF DIRECTOR INTERACTION



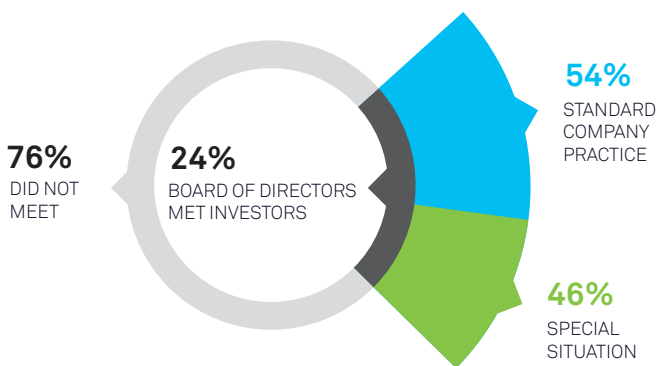
THE CORPORATE GOVERNANCE CHALLENGE FOR EMERGING MARKETS

When choosing among factors that influenced investor interest in their companies, including basic considerations such as company fundamentals, domestic and international economic conditions, 21% of Emerging Market companies said that their company's specific corporate governance practices have been a primary factor influencing investor demand for their company. This is considerable when compared to the 7% of Developed Markets companies and 12% of companies globally that chose corporate governance as a primary factor. Of the 24% of boards of directors who have met with investors in the last 12 months, 54% cited their company's policy on board member participation in investor meetings as the dominant cause, with the remaining 46% of meetings associated with special situations.

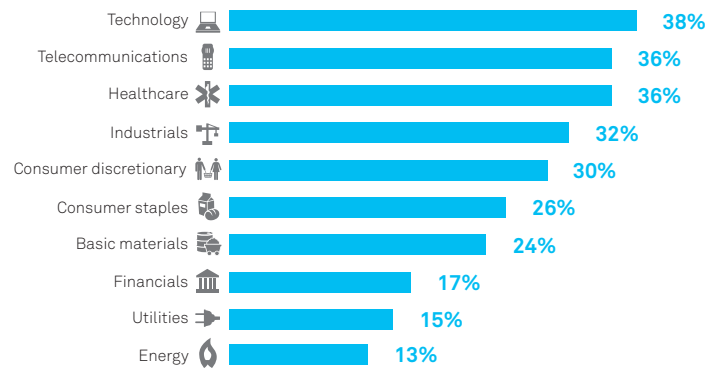
CORPORATE GOVERNANCE WAS A PRIMARY FACTOR INFLUENCING INVESTOR DEMAND



REASON MEMBER(S) OF THE BOARD OF DIRECTORS MET WITH INVESTORS



HAVE NOT DISCUSSED CORPORATE GOVERNANCE MATTERS DIRECTLY WITH INVESTORS BY SECTOR

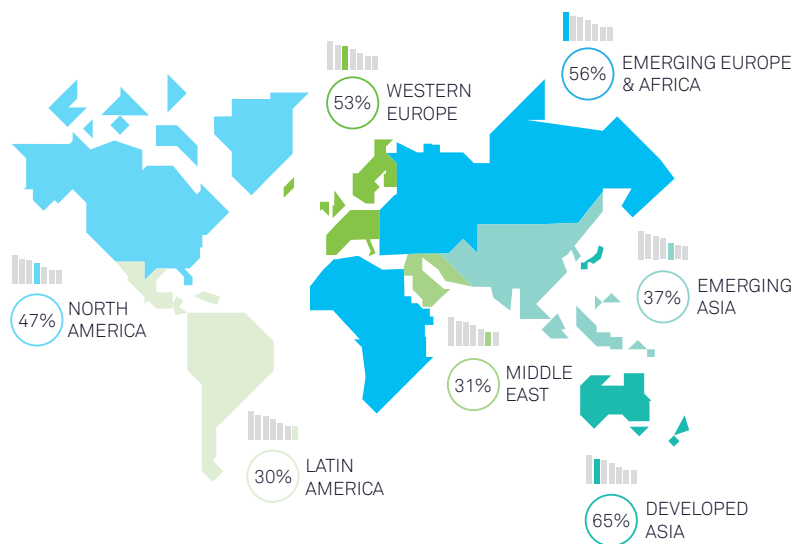




ROLE OF TECHNOLOGY

ROLE OF TECHNOLOGY

COMPANIES WITH A DATA BREACH COMMUNICATIONS POLICY BY REGION



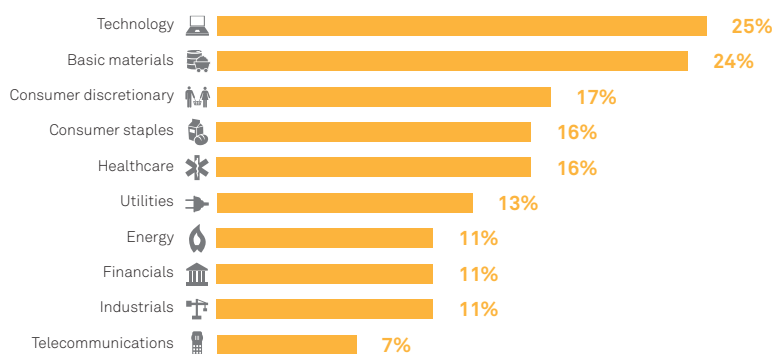
INCREASED FOCUS ON RISK

Companies are taking a more formal approach to managing potential risk when communicating with capital markets; notably, over the last four years the percentage of companies with formal crisis communications policies in place has risen from 31% in 2010 to 52% in 2013. In terms of social media, 42% of companies had policies in place governing approaches to these new communication media in 2012, which increased to 49% in 2013. Similarly, 38% of companies had written data breach policies in place in 2012, which rose to 48% in 2013.

THE CHANGING INFLUENCE OF FINANCIAL MEDIA

While the majority of companies worldwide report that daily global financial newspapers (e.g., the Financial Times and the Wall Street Journal) have influence on their investor base, media outlets leveraging on-air or on-line environments have seen significant growth, these being professional investor news services (e.g., Bloomberg and Reuters) from 58% in 2012 to 84% in 2013, financial television (CNBC, Bloomberg TV, etc.) 28% to 52%, and investor-generated media (Seeking Alpha, Motley Fool, etc.) 5% to 15%. The importance of the latter category, investor-generated media, lags other channels in influence but since its recent emergence shows the largest increase in perceived influence. This channel appears to be viewed as particularly important by Chinese companies (42%), smaller companies (more than 20%), and companies in the Technology sector (25%).

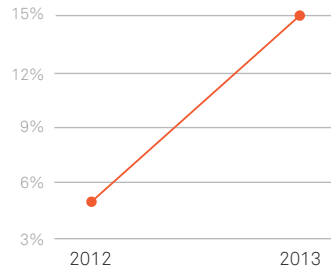
PERCEIVED INFLUENCE OF INVESTOR-GENERATED MEDIA TO INVESTOR BASE BY SECTOR



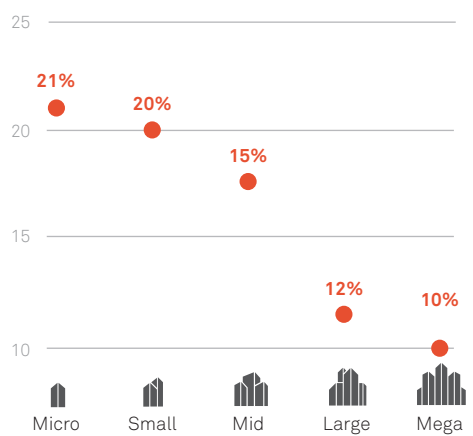
MEDIA CHANNELS THAT ARE MOST INFLUENTIAL FOR INVESTOR BASE



INFLUENCE OF INVESTOR-GENERATED MEDIA TO INVESTOR BASE



INFLUENCE OF INVESTOR-GENERATED MEDIA TO INVESTOR BASE BY MARKET CAPITALIZATION



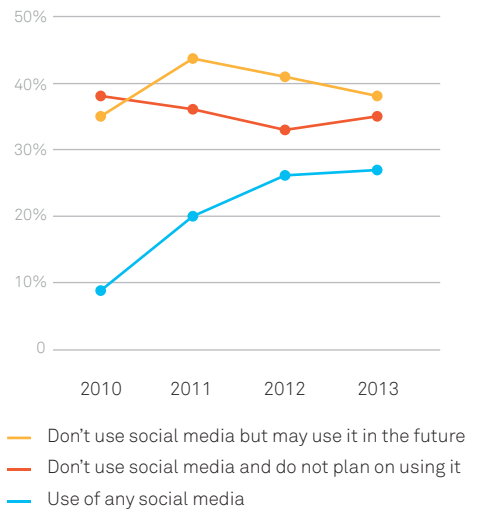
SOCIAL MEDIA – A VIABLE TOOL FOR INVESTOR CONNECTIVITY?

While many companies are still reluctant to utilize social media as a conventional communication tool (only 27% report using social media to engage investors), Western Europe appears to have opened up to the idea, with 45% of companies using social media in some form, up from 32% last year. There is a positive correlation between the size of the company and social media use, from Mega Caps reporting 44% usage down to Micro Caps reporting 21%, possibly because larger companies have relatively fewer constraints on resources. Indeed, larger companies cited insufficient resources less frequently as the reason they do not use social media (28% for both Mega and Large caps) than did smaller companies (33%, 52%, and 36% for Mid Small and Micro caps).

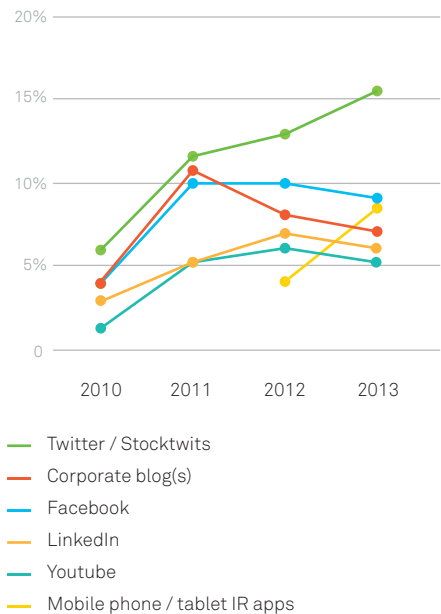
However low the adoption rates, the social media channels that top the list of most used are Twitter/ Stocktwits, Mobile Apps and Facebook (16%, 9%, and 9% respectively). The larger the company the more likely it is to use Twitter/Stocktwits and Mobile Apps—but not Facebook. Western Europe and Latin America lead in social media engagement, particularly in using Twitter/ Stocktwits (27% and 26% respectively). Developed Asia is the most reluctant region overall, with 6% using any form of social media.

Lack of investor demand continues to be the highest reported reason why companies have not adopted social media to communicate with investment professionals (61%), followed by management not seeing value (37%) and insufficient resources (33%). Not surprisingly, the companies citing insufficient resources also reported smaller budgets and fewer staff on average.

USE OF SOCIAL MEDIA

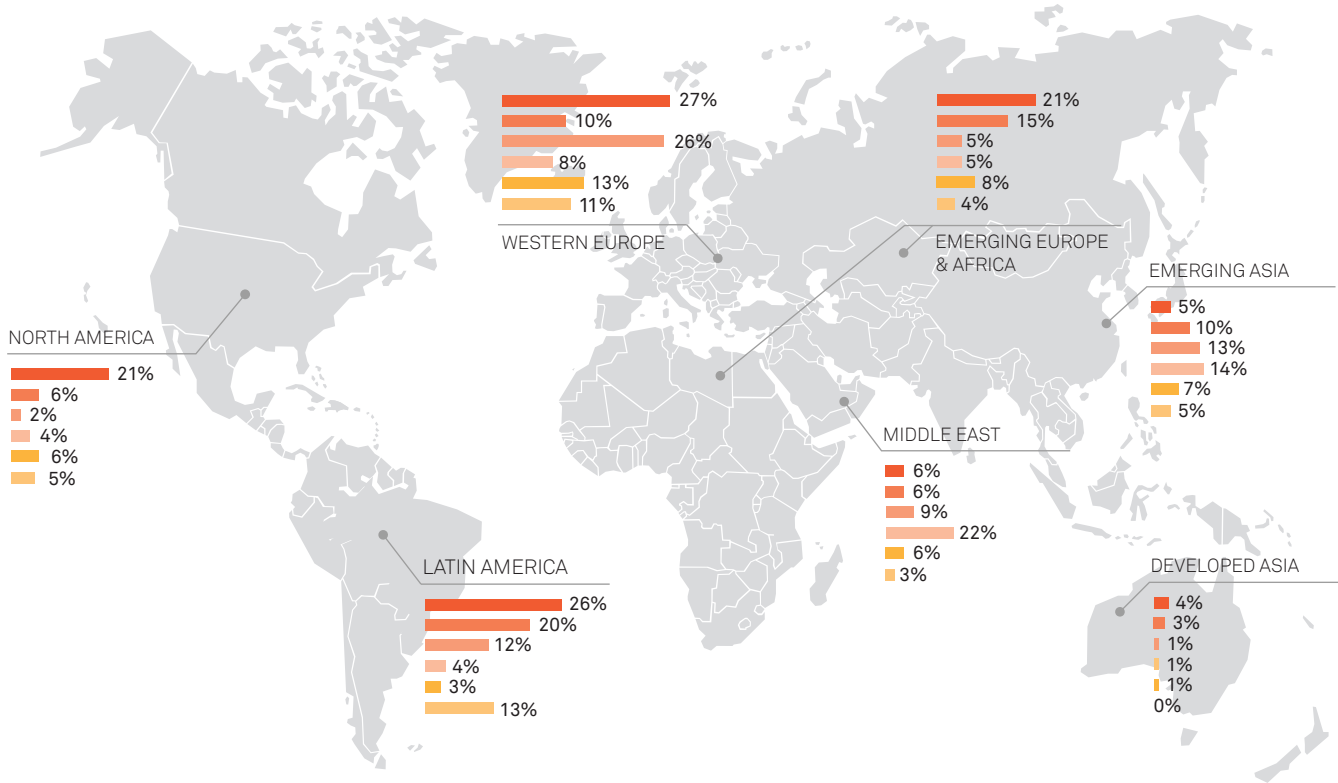


SOCIAL MEDIA TOOLS USED BY COMPANIES TO COMMUNICATE WITH INVESTMENT PROFESSIONALS

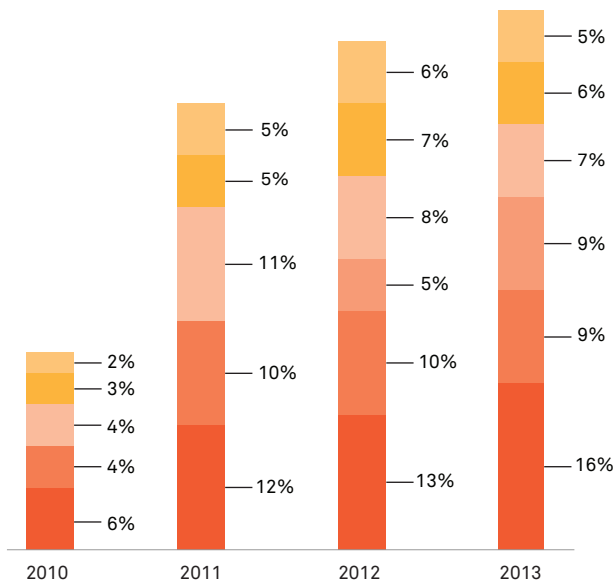


COMPANIES USING SOCIAL MEDIA TO COMMUNICATE WITH THE INVESTMENT COMMUNITY

BY REGION



USE OF SOCIAL MEDIA BY TYPE, CUMULATIVE



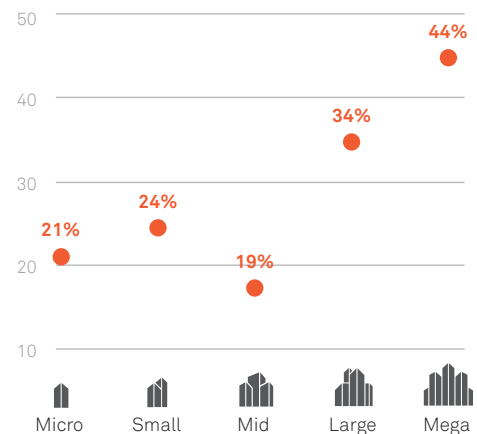
LEGEND

- Twitter/Stocktwits
- Facebook
- Mobile phone/Tablet IR apps
- Corporate blog(s)

- LinkedIn
- YouTube

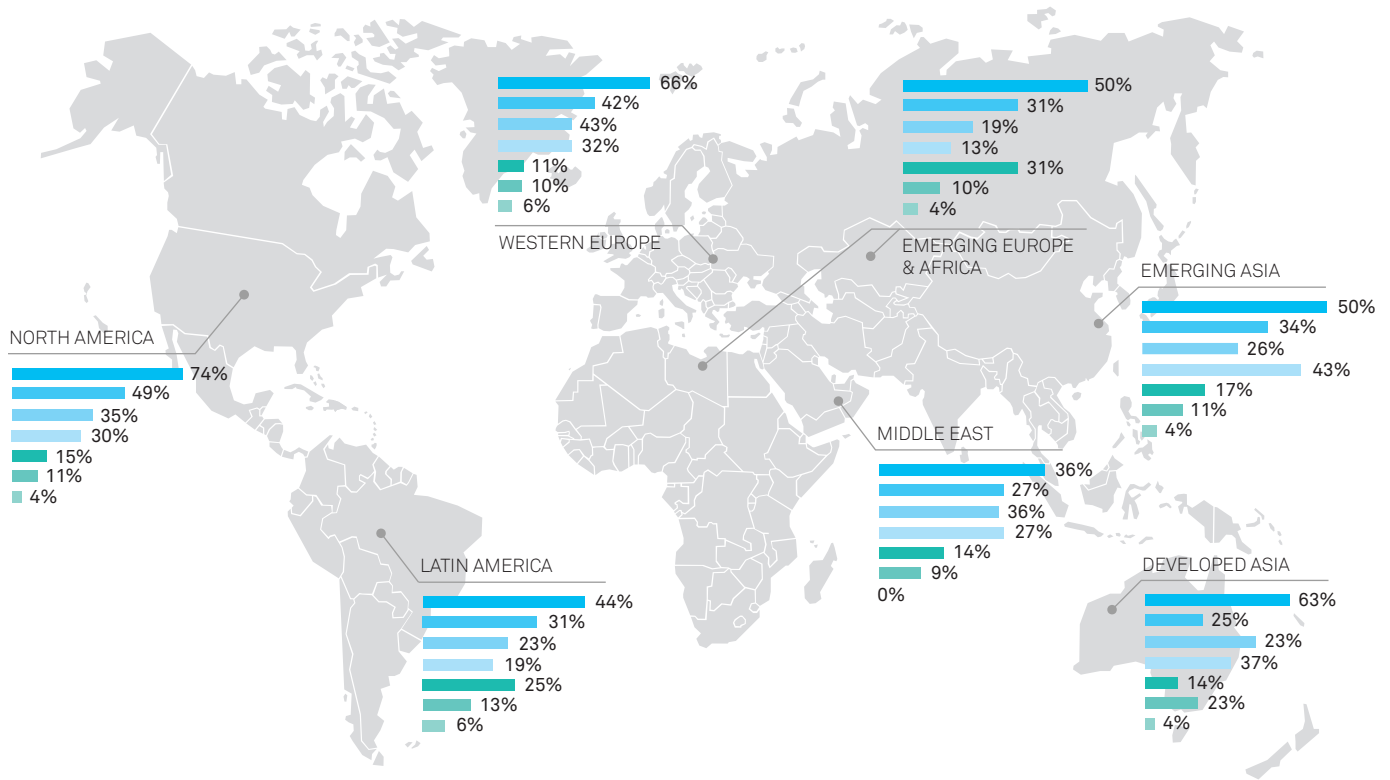
WESTERN EUROPE and LATIN AMERICA lead in use of social media

COMPANIES USING SOCIAL MEDIA TO COMMUNICATE WITH INVESTMENT COMMUNITY BY MARKET CAPITALIZATION

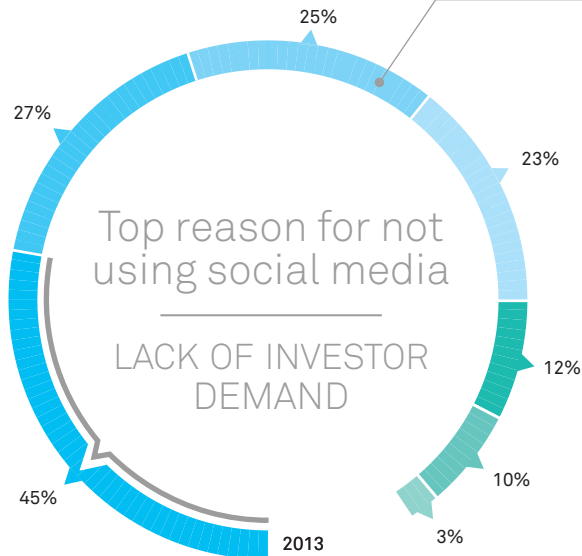


COMPANIES NOT USING SOCIAL MEDIA TO COMMUNICATE WITH THE INVESTMENT COMMUNITY

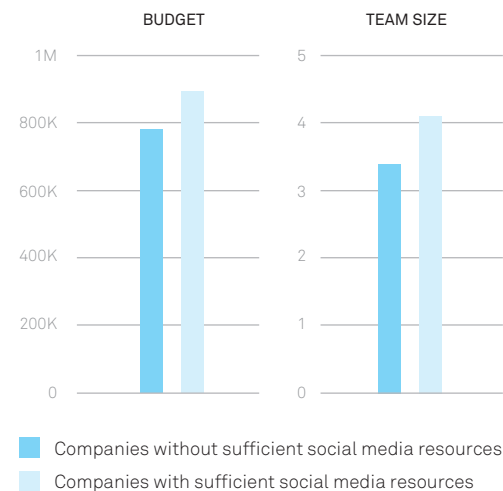
BY REGION



BREAKDOWN OF REASONS FOR NOT USING SOCIAL MEDIA



AVERAGE COMPANY RESOURCES



LEGEND

- Lack of investor demand
- Management does not see value
- Insufficient resources
- Unable to control message
- Company policy
- Lack of understanding
- Other

Larger companies tend towards use of **TWITTER/STOCKTWITS** but away from **FACEBOOK**



CHANGING LANDSCAPE OF MARKET PARTICIPANTS

CHANGING LANDSCAPE OF MARKET PARTICIPANTS

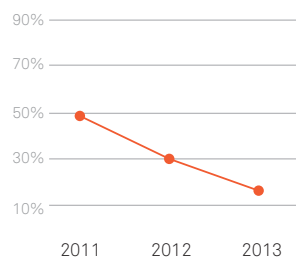
SELL-SIDE INTERACTION

The landscape for companies' interaction with brokers has been changing, as discussed in previous sections, with reliance on brokers when organizing NDRs falling from 91% in 2011 to 71% in 2013. There has also been a shift in the criteria that companies use when choosing brokers to run NDRs. Specifically, the influence of brokers' equity sales teams on the selection decision has been waning, from 51% in 2012 to 42% in 2013, and so has the importance of brokers' corporate access function, from 44% to 42%. At the same time, the value of the investment banking relationship has risen from 19% to 22%.

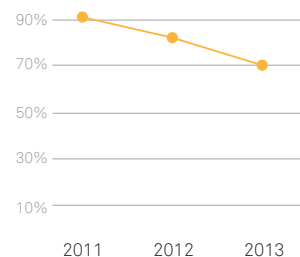
Despite these trends, brokers continue to be seen as essential in organizing both NDRs and investor conferences, which were the two most important sources of introductions to investment professionals (mentioned by 81% and 75% of companies respectively in 2013). The importance of these events, however, is also in decline, down from 89% and 92% respectively in 2011.

At a time of increasing sensitivity to and regulatory concern about the function of corporate access, in particular in the UK,¹ globally 23% of companies believe the sell side should be compensated for providing investors access to companies' senior management. Compared to other regions, the companies in North America and Western Europe were most in favor of compensating the sell side for corporate access (36% and 29% respectively).

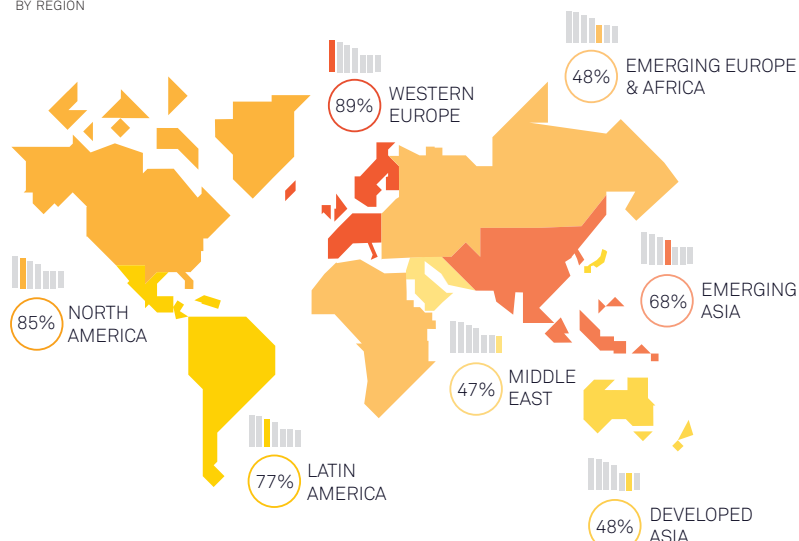
PERCENT OF RESPONDENTS WHO OUTSOURCED COORDINATION OF INVESTOR EVENTS



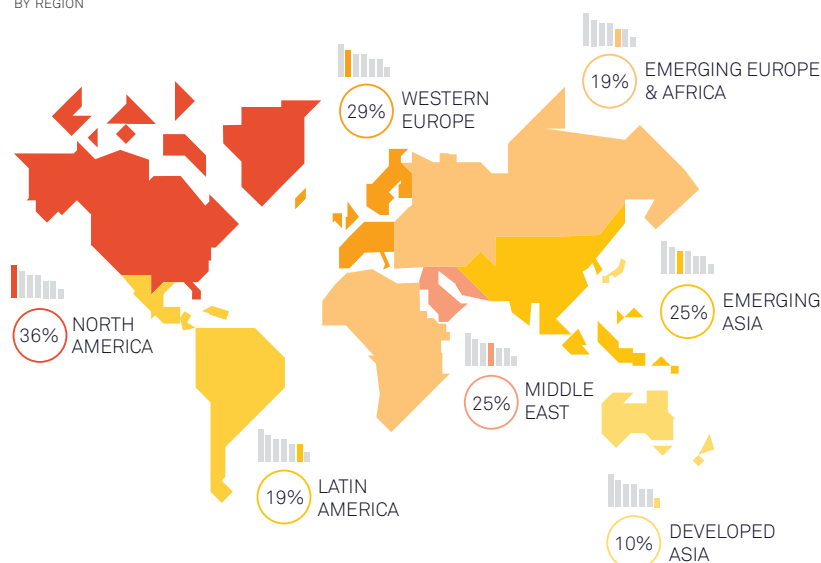
PERCENT OF RESPONDENTS WHO USED BROKERS TO ORGANIZE NON-DEAL ROADSHOWS



USE OF BROKERS TO ORGANIZE NON-DEAL ROADSHOWS BY REGION

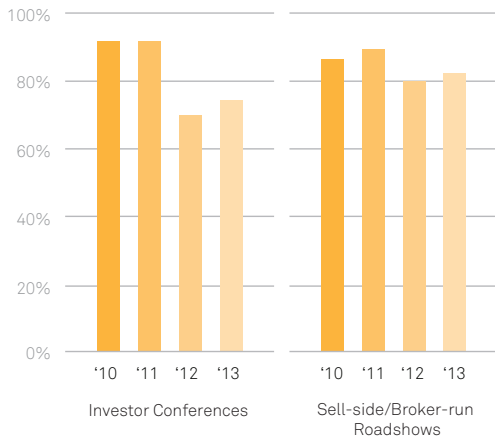


REGIONAL OPINION ON COMPENSATION OF THE SELL SIDE FOR PROVIDING INVESTOR ACCESS TO COMPANIES' SENIOR MANAGEMENT BY REGION

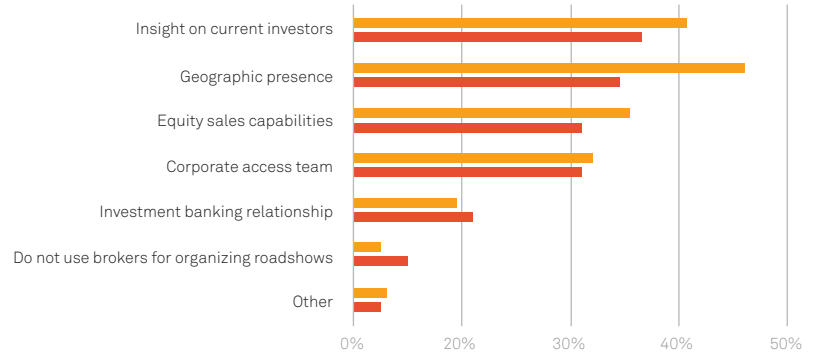


¹ FCA tightens fund manager cash-for-access rules, Mark Coby, Financial News, December 11, 2013, <http://www.efinancialnews.com/story/2013-11-25/fca-tightens-rules-cash-for-access?ea9c8a2de0ee111045601ab04d673622>

MOST IMPORTANT MEANS BY WHICH COMPANIES RECEIVE INTRODUCTION TO INVESTMENT PROFESSIONALS



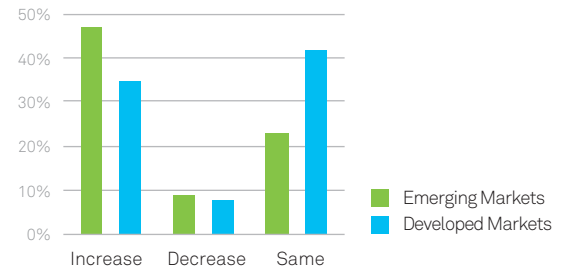
CRITERIA USED TO SELECT A BROKER FOR NON-DEAL ROADSHOWS



CONTINUED SHIFT OF ACTIVE VS. PASSIVE INVESTMENT

Consistent with the trend we observed last year and contrary to the general belief in the growing importance of passive investing,¹ for a second consecutive year companies reported an increasing proportion of active investors in their shareholder base. While 26% of companies reported an increase in active investors in 2012, in 2013 36% reported such an increase. Of companies in Emerging Markets, 47% saw an increase in active investors in 2013, and Developed Markets 35%. Moreover, 50% of Asian and 49% of Latin American respondents noted an increase in active investors in their shareholder bases, which may reflect a more selective approach to investing in those regions.

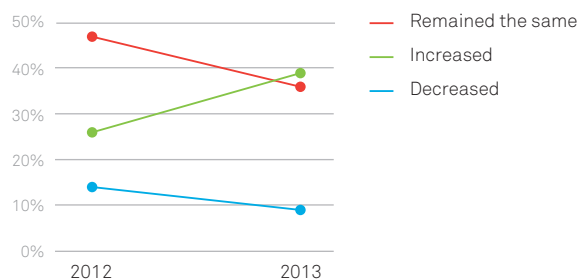
CHANGE IN NUMBER OF ACTIVE FUND MANAGERS IN EMERGING MARKETS VS. DEVELOPED MARKETS



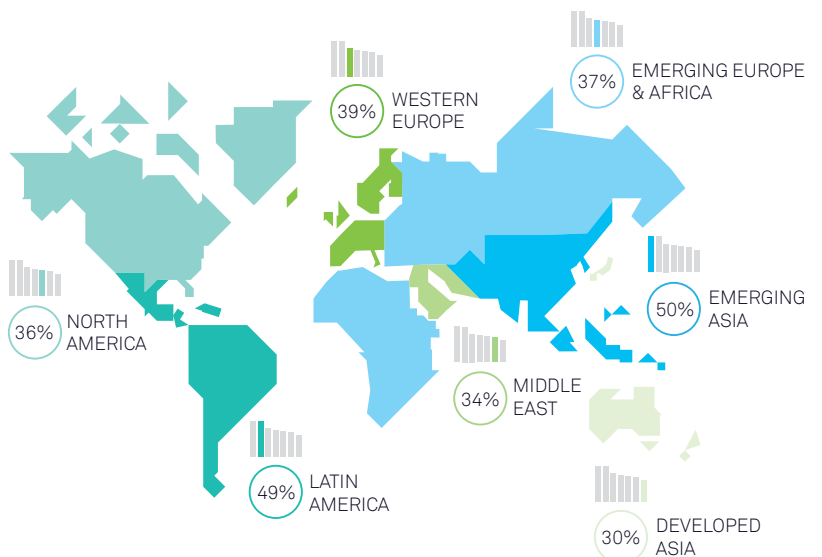
47% of Emerging Markets companies reported more active investors in their shareholder base vs. 33% in 2012

¹ This investment trend you want to follow, Larry Swedroe, CBS News, August 2, 2013, <http://www.cbsnews.com/news/this-investment-trend-you-want-to-follow/>

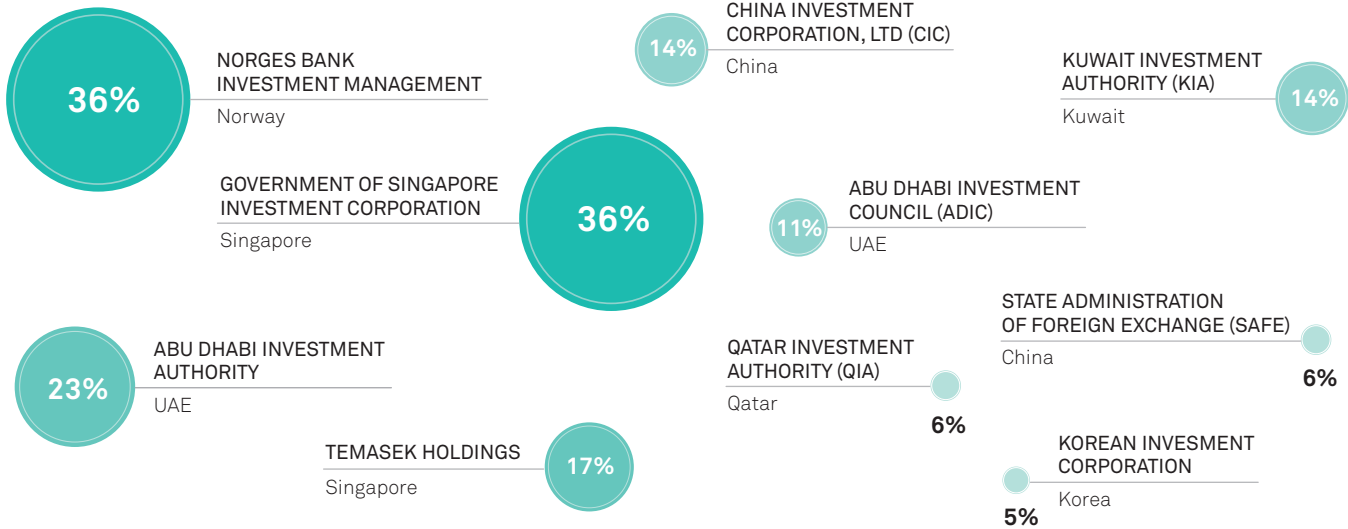
CHANGE IN NUMBER OF ACTIVE FUND MANAGERS AMONG TOP 50 SHAREHOLDERS



REGIONAL INCREASE IN NUMBER OF ACTIVE FUND MANAGERS AMONG TOP 50 SHAREHOLDERS BY REGION



TOP 10 SOVEREIGN WEALTH FUNDS (SWFs) ENGAGED WITH BY COMPANIES



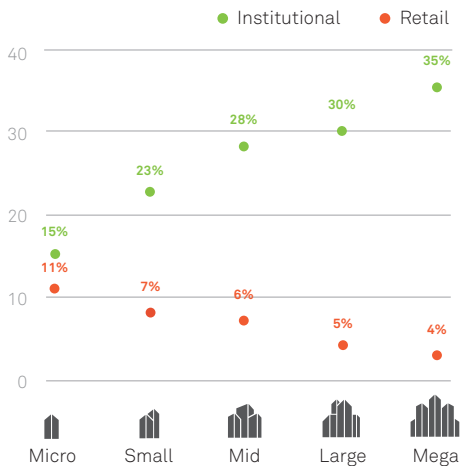
GLOBAL ENGAGEMENT WITH SWFs IS HEAVILY CONCENTRATED

of the **10 SWFs** most contacted in 2013, company engagement with **6 SWFs** have decreased since 2012

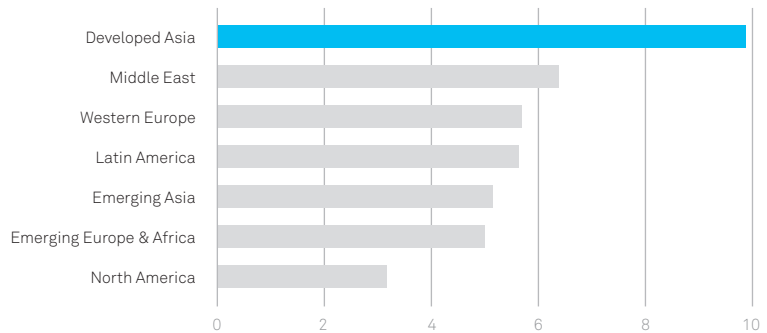
ENGAGING RETAIL VS. INSTITUTIONAL INVESTORS

Globally there is an inverse relationship between the size of companies' market capitalization and their engagement with retail investors, with larger companies engaging more with institutional investors; conversely engagement with retail investors increases for smaller companies. Developed Asia is the region where retail investors are given the most attention by IROs irrespective of their companies' market capitalization, with almost 10% of IROs' time reported to be dedicated to this type of investor.

PERCENTAGE OF TIME ALLOCATED TO INVESTOR TYPE BY MARKET CAPITALIZATION



PERCENTAGE OF TEAM'S TIME ALLOCATED TO RETAIL INVESTOR TYPE BY REGION



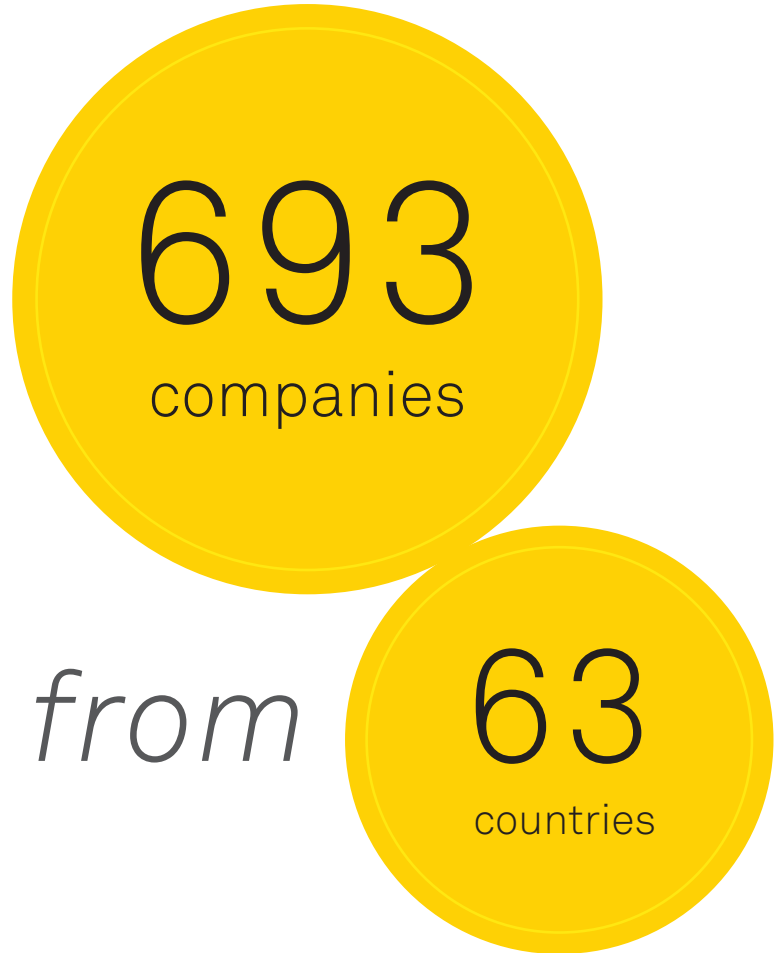


METHODOLOGY

METHODOLOGY

BNY Mellon's Global Trends in Investor Relations Survey Ninth Edition (2013) ("the Survey") was conducted between September and October 2013. The Survey was distributed to nearly 5,000 corporates and captures 693 on-line companies' responses from 63 countries.

Participants were sourced using internal and external databases 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 150-1,000 million) and Micro (less than USD 150 million). Where applicable, historical references are provided to results from the 2012, 2011, 2010, and 2009 surveys. Graphs and tables provided throughout the Survey may not capture the entire respondent pool due to rounding and participant requests for anonymity.



RESPONDENT PROFILES

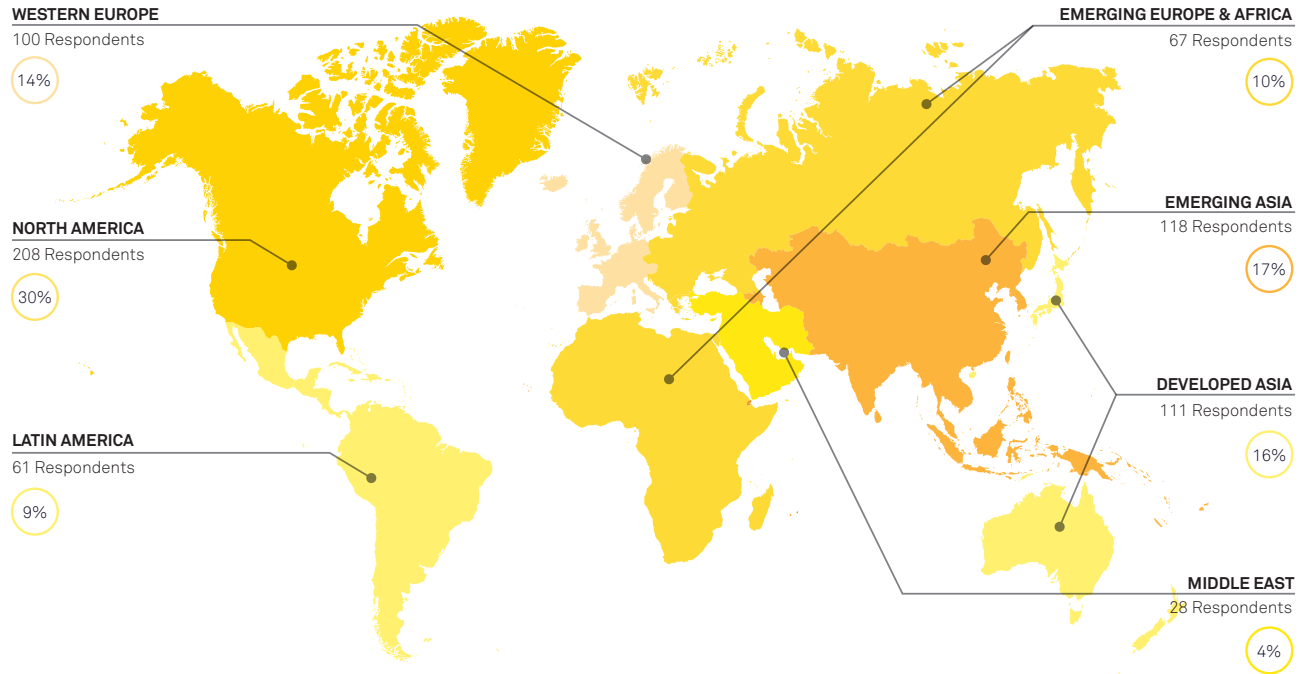
The majority of respondents globally (61%) are the senior-most IR executive at their company. Respondents have an average of 8.9 years of IR experience. Average IR experience is greater in Developed Markets (9.9 years) than in Emerging Markets (7.6 years). The IRO/Head of IR is the primary contact for the investment community (80% globally). This is consistent across all regions and market caps.

BNY MELLON GLOBAL INVESTOR RELATIONS ADVISORY

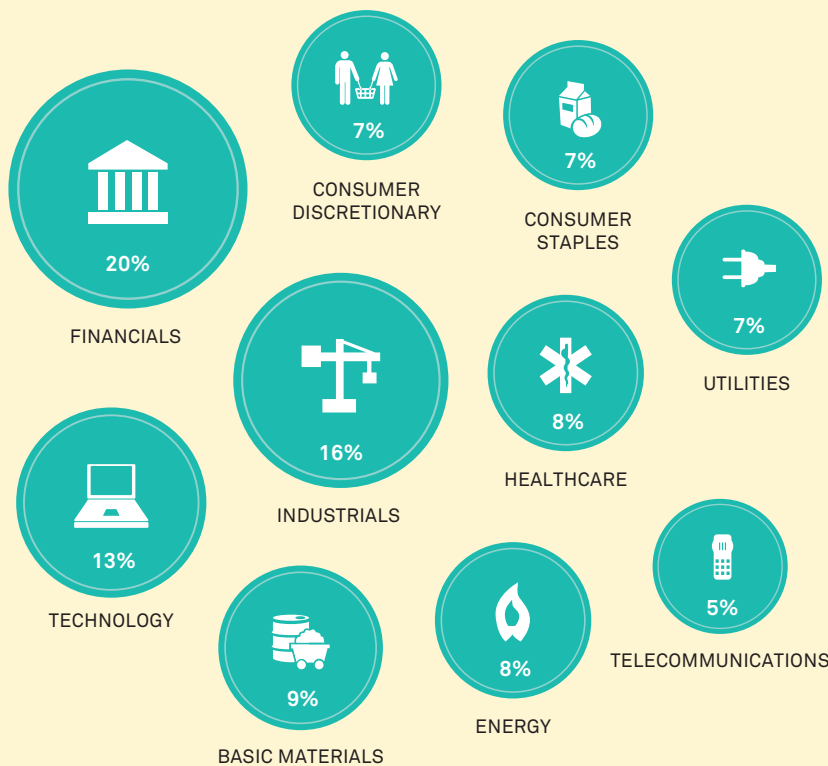
With specialists located in New York, London and Hong Kong, BNY Mellon's Global Investor Relations Advisory team works with clients to assess liquidity and build visibility with the sell side, institutional and retail investors, and the financial media. We partner with our clients and deliver broad market access with a view to fully realizing opportunities in global markets.

CORPORATES THAT RESPONDED TO THE SURVEY REPRESENT A BROAD CROSS-SECTION OF COMPANIES

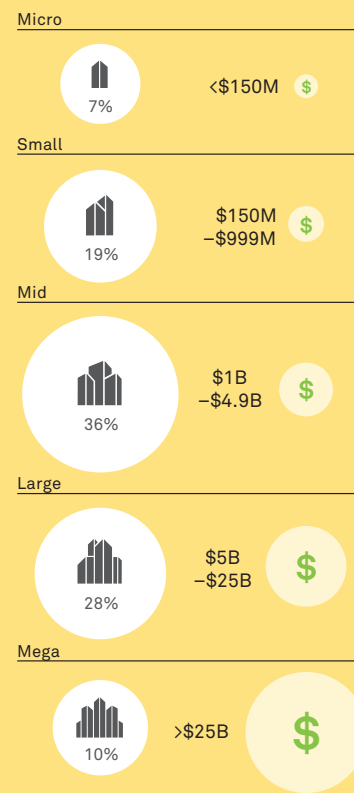
BY REGION



BY SECTOR



BY MARKET CAPITALIZATION



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WE WOULD LIKE TO THANK THE FOLLOWING GROUPS FOR THEIR GENEROUS HELP IN SUPPORTING THE DEVELOPMENT OF THE 2013 GLOBAL INVESTOR RELATIONS SURVEY:

Australasian Investor Relations Association (AIRA)

Asociación Española para las Relaciones con Inversores (AERI)

Austrian IR Society

Cercle Investor Relations Austria (CIRA)

Deutscher Investor Relations Verband e.V. (DIRK)

Forum Investor Relations (FIR) - Portuguese IR Association

Finnish Investor Relations Society (FIRS)

Instituto Brasileiro de Relações com Investidores (IBRI)

Investor Relations Society, India

IR Club, Germany

Israel IR Forum

The Hong Kong Investor Relations Association (HKIRA)

Middle East Investor Relations Society (ME-IR Society)

Nederlandse Vereniging voor Investor Relations (NEVIR)

Nomura Investor Relations Co., Ltd.

IR Magazine (Russia)

IR Kudos (Korea)

Swiss Society of Investor Relations: IR Club (CH)

The Investor Relations Society (IRS), United Kingdom

The Investor Relations Professionals Association Singapore (IRPAS)

Turkish Investor Relations Association (TÜYİD)

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