

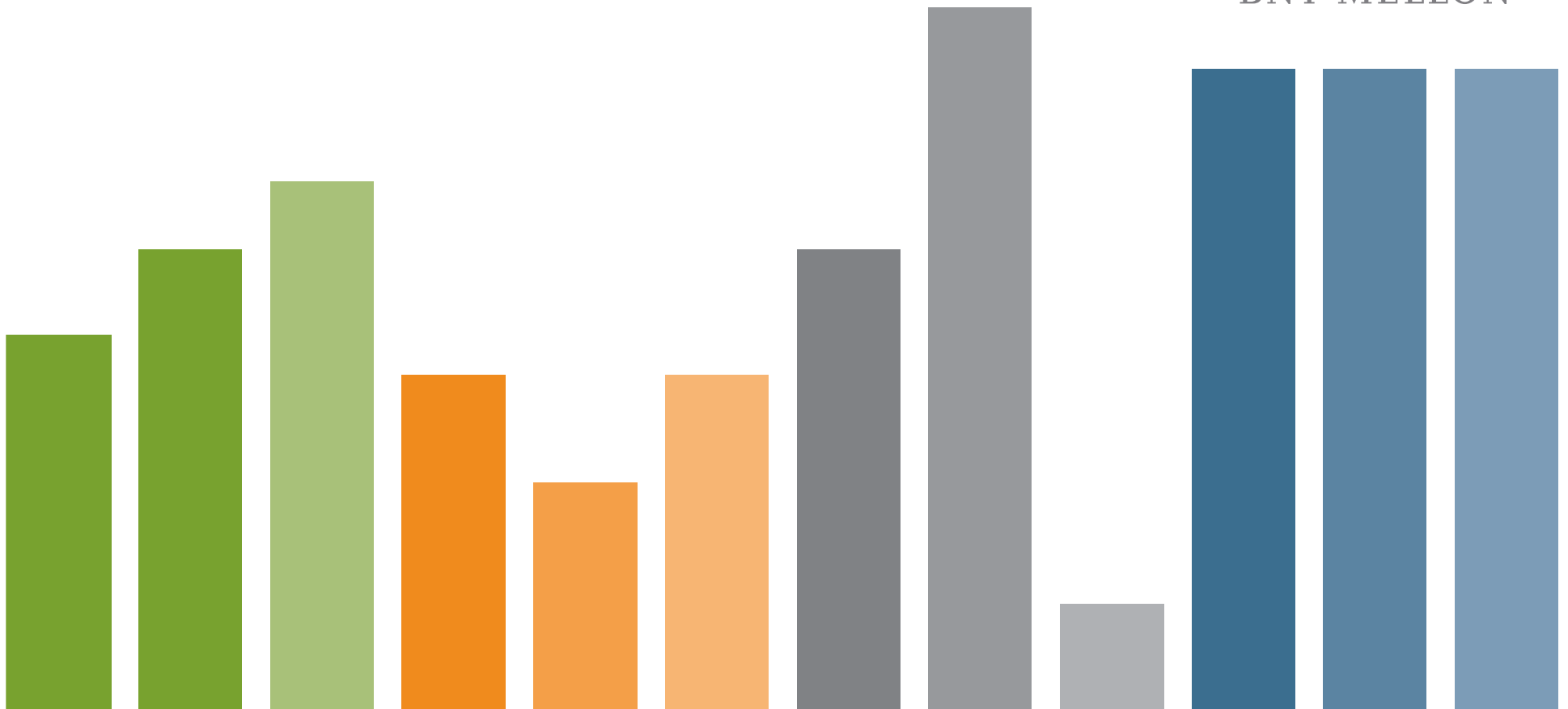
# Global Trends in Investor Relations

A Survey Analysis of IR Practices Worldwide - Eighth Edition

2012



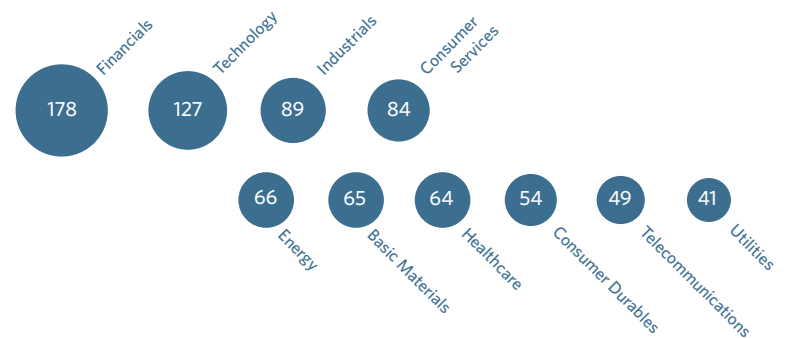
BNY MELLON





## SECTOR BENCHMARKING REPORTS

The results of the survey will be available shortly in separate sector reports.



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## **METHODOLOGY**

BNY Mellon's Eighth Global Trends in Investor Relations Survey ("the Survey") was conducted between July and September 2012. The Survey had 817 online respondents from 59 countries. For the purposes of this report, respondents to the survey are referred to hereafter as "corporates" or "companies." Participants were sourced using internal and external databases and span all macro sectors and economy types, as defined by GICS and MSCI, respectively. Where applicable, historical references are provided, primarily to results from the 2011, 2010 and 2009 surveys.

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## **BNY MELLON'S 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 generate 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.

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# Letter from Michael Cole-Fontayn

Uncertainty is the underlying theme of our 8th annual survey of investor relations professionals around the world. The instability of the Eurozone and potential systemic market risk are seen as the top two issues affecting overall global market confidence today, a view that is particularly widespread in North America and Western Europe.

This year's survey benefitted from the insight of over 800 respondents from 59 countries, a 26% increase from last year. It reveals that in the condition of uncertainty of 2012, company executives are focusing more of their investor outreach to retaining existing shareholders and are more committed than ever to expanding their international shareholder base.

We thank all the companies from around the world who participated in making this the most comprehensive survey of investor relations and also the 17 Investor Relations associations around the globe that supported this survey (listed on page 19). I commend our Global Investor Relations Advisory team for their work on this survey and their continuing service to our clients and to the industry.

We welcome the contribution of Cornell University's Emerging Markets Institute to this year's survey for the first time. We look forward to additional academic analysis to further quantify how investor relations practices influence international investment trends.

BNY Mellon operates in more than 100 markets in 36 countries allowing us to be uniquely positioned to help our clients succeed in a rapidly changing global marketplace. This annual survey serves as an ongoing example of our commitment to providing meaningful insight so that clients can best navigate market developments.

As our business continues to evolve in response to your needs, we hope you enjoy this report and that it will prove useful in your work. As ever, your feedback will be much appreciated.



**Michael Cole-Fontayn**

*CEO Depositary Receipts  
Chairman of EMEA*

# Letter from Andrew Karolyi

Barriers to cross-border capital flows have fallen steadily over the past five decades and for just about every country on earth. Tens of trillions of dollars now flow between issuers and investors annually without regard to domicile, but we are still far away from a truly integrated market. Market frictions abound in the form of differential taxes, transactions costs, uneven trading rules across markets, foreign investment restrictions, and currency convertibility limits.

The stakes are higher now than ever for investors and issuers alike to be able to navigate adeptly in these tricky waters. That is also why all financial intermediaries—and especially securities

services firms, such as depository banks—serve a mission-critical role in facilitating global finance.

My colleagues and I, affiliated with the new Emerging Markets Institute at Cornell University's Samuel Curtis Johnson Graduate School of Management, are delighted to be working together this year with BNY Mellon's Global Investor Relations Advisory team on their annual Survey of Investor Relations Trends. This year's survey not only focuses on important elements of best practices in IR outreach activities, but it also emphasizes the impact of the latest global capital markets developments on the IR function.

The survey affords us a unique opportunity to observe how IR strategies are converging with globalization and how they link up with a firm's operational and financial performance. I see only great synergies arising from a collaboration that brings together the best of thought leadership from academia and leading best practices from industry.

I look forward to sharing our findings with you all.



**Andrew Karolyi**

*Co-Director of Emerging Markets Institute  
Alumni Professor in Asset Management  
Professor of Finance  
Samuel Curtis Johnson Graduate School  
of Management  
Cornell University*

# Key Global Findings

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## TODAY'S INVESTMENT ENVIRONMENT: UNCERTAINTY DEMANDING GREATER FOCUS

Eurozone stability was cited as the top concern of 2012, with 76% of corporates globally believing this has the most impact on global market confidence. Overall, 10% of corporates have Eurozone contingency plans in place, with nearly one quarter (24%) of Western European corporates having developed Eurozone contingency plans.

Over one third of corporates (35%) globally have concerns that additional regulatory oversight will decrease market liquidity, with only 16% believing any additional regulation could positively influence liquidity.

The traditional capital markets continue to be considered the most strategic for listings over the next five years: U.S (67%) then the U.K. (37%). The third and fourth most strategic markets are Mainland China (27%) and Hong Kong (23%). Of large cap corporates from developed markets considering additional listings, 42% consider Greater China of strategic interest and 50% emerging markets more broadly.

Corporates continue to increase their focus on Sovereign Wealth Funds as prospective investors; 62% report contacting SWFs in 2012, up from 47% in 2010. Western Europe had the highest rate of engagement (79%), North America the lowest (49%).

Disclosure has been growing at the highest rate in the category of Non-Financial Goals (35% in 2010 to 56% in 2012), a major component of which is Environment Social & Governance (ESG). Still, 59% of corporates globally do not engage with investors on ESG issues and investor demand is cited by the highest number (39%) as the driver for future growth in corporate ESG activity.

Eighty-two percent of Investor Relations departments are responsible for communicating corporate governance to investors, while only 39% have a proactive strategy to engage investors on these matters.

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## CHANGING INTERACTION WITH THE INVESTMENT COMMUNITY

Corporates are pushing harder to expand their shareholder base internationally; 33% name this as a top goal versus 20% in 2011 and 17% in 2010.

Corporates are focusing more time and attention on current shareholders (a goal for 27% in 2012, up from 18% in 2011). CEOs are now spending a majority of their investor engagement time (54%) on current institutional investors.

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## INVESTORS INFLUENCE CORPORATE TRENDS

Corporates report their use of social media has increased significantly, albeit from a low base. In 2010, 9% of corporates reported using some form of social media to communicate with investors; that percentage grew to 20% in 2011, then to 26% in 2012. While only 26% of corporates use social media actively for investor engagement, 42% of corporates have developed a formal social media policy governing its use.

Disclosure on Environment, Social & Governance (ESG) is growing, but activity varies greatly by region; 43% of Western European and 40% of Latin American corporates reach out to ESG investors. Of those companies that said that ESG is not part of their Investor Relations strategy, the largest concentration was North American corporates, with 80%.

# Key Global Findings (continued)

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## REGIONAL APPROACHES TO INVESTOR RELATIONS

Regions still show distinct differences in their IR programs' strategies and concerns.

The Eastern Europe, Middle East & Africa ("EEMEA") region is the most enthusiastic region when considering additional listings, with over a third (38%) saying they are actively exploring other markets.

Western Europe has the highest number of one-on-one meetings outside their home market (22% more than the next highest region, Latin America), and its CEOs and CFOs travel out of the home market most frequently for investor meetings. The region, consistent with its current domestic challenges, is oriented outward, with 45% saying a top goal is to increase international shareholder ownership.

In contrast to global views, Latin America does not prioritize Eurozone Stability but rather systemic market risk (81%) as the primary issue affecting global market confidence. The region is the second most optimistic about possible additional listings, with 28% of corporates considering listings; of this group 74% would choose Depositary Receipts for their additional listings.

North American corporates report the lowest rate of investor enquiries into Corporate Social Responsibility, 18% versus the highest, 41% in Western Europe. North American C-suite executives take on the highest proportion of one-on-one investor meetings, with only 30% of North American one-on-ones involving only IROs, the lowest of all regions.

While corporates in Asia Pacific consider the U.S. to be the most strategic market for listings for the next five years (47%), they consider four other markets within the immediate region, Hong Kong (41%), Mainland China (36%), Singapore (35%) and Japan (29%), to be more strategic than the market ranked second globally, the U.K. (28%).

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## THE RISING VALUE OF INVESTOR RELATIONS

The Investor Relations function is integrating into the highest levels of company management, contributing more analysis to their boards (86% in 2012, up from 73% in 2011) and more IROs are presenting more frequently at board meetings (21% in 2012, up from 15% in 2011). In addition, Investor Relations Officers are giving more frequent counsel to senior executives on a regular and informal basis (26% in 2012, up from 11% in 2011).

Corporates are increasingly evaluating Investor Relations performance using qualitative rather than quantitative metrics; the top metric used is informal feedback from the financial community (58% in 2012 up from 52%), while use of stock valuation has declined (29% in 2012, down from 35% in 2011 and 42% in 2010).

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# Today's Investment Environment: Uncertainty Demanding Greater Focus

## EUROZONE UNCERTAINTY AND REGULATORY CHANGE AFFECTING GLOBAL MARKET CONFIDENCE

### Issues Impacting Global Market Confidence by Region

#### ASIA PACIFIC

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

#### EASTERN EUROPE, MIDDLE EAST & AFRICA

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

#### LATIN AMERICA

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

#### NORTH AMERICA

1. Eurozone stability
2. Systemic market risk
3. Uncertainty of new regulatory environment
4. Political risk
5. Level of government regulation

#### WESTERN EUROPE

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

The primary driver of uncertainty during 2012 was the question of Eurozone Stability, which corporates consider the issue of highest concern (76%) because of its impact on overall global market confidence. By region, this is naturally the top concern of Western Europe, followed closely by North America, and then most other regions. Latin America has different priorities: systemic market risk and sustainability of emerging market growth rank together as their corporates' top concerns.

Regulatory concerns are pervasive; half of corporates globally are uncertain about how additional regulatory oversight will affect liquidity. More than one third (35%) believe liquidity will be negatively affected by additional oversight.

### Issues Impacting Global Market Confidence Developed vs. Emerging Markets

#### DEVELOPED MARKETS

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

#### EMERGING MARKETS

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

Only

15%

of corporates globally believe **additional regulation** will improve **liquidity**



# Today's Investment Environment (continued)

## CAUTIOUS APPROACH TO ADDITIONAL LISTINGS

In the current environment, corporates are considering additional listings with care (18% globally say they are planning additional listings). Of those considering additional listings in the next five years, EEMEA corporates are the most optimistic (38%), followed by Latin America (28%). In emerging markets, 29% of corporates are considering additional listings, which is in contrast to 9% from developed markets.

Of Developed Markets  
**Large Cap** corporates  
considering additional listings

**1/2** are  
considering listing in  
**Emerging Markets**

## TRADITIONAL MARKETS SQUARELY IN FOCUS

In our 2011 survey, corporates expressed a growing interest in additional listings in emerging markets. While that interest is still apparent, predominantly from large cap issuers from developed markets, the U.S. and U.K. have been reaffirmed as the strategic markets of choice for the next five years. The third and fourth most strategic markets are China (37%) and Hong Kong (27%). The large cap corporates from

developed markets that are interested in additional listings consider Greater China (42%) and emerging markets in general (50%) to be of strategic interest. Globally, interest in Depositary Receipts ("DRs") is growing for those considering additional listings outside home markets; given the choice of listing using DRs, ordinary shares (or undecided), 42% globally would use a DR program, up from 32% in 2011.

### Most Strategic Markets for Capital Raising in the Next Five Years (top mentions)

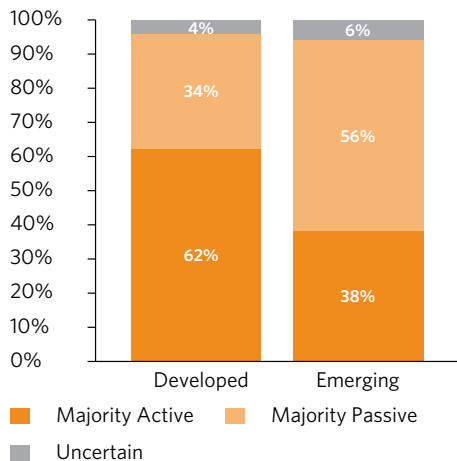
Country	Global	Asia Pacific	EEMEA	Latin America	North America	Western Europe
United States	1	1	2	2	1	1
United Kingdom	2	6	1	3	2	2
China	3	3	4	4	3	3
Hong Kong	4	2	5	6	5	6
Singapore	5	4	3	4	7	7
Japan	6	5	11	7	8	10
Brazil	7	12	15	1	6	8

# Today's Investment Environment (continued)

## MOVEMENT OF ACTIVE VERSUS PASSIVE INVESTMENT

Contrary to recent media reports on the shift from active to passive investment, more corporates reported an increase in active management among their top 50 investors in 2012 than a decrease. While the developed markets of North America and Western Europe report the majority of their investors to be active managers, a majority of emerging markets report they view the majority of their top 50 shareholders as passive. The increase in the share of passive investors in emerging markets may be allied to the global shift to index investing, in particular investors gaining exposure to emerging markets via indices.

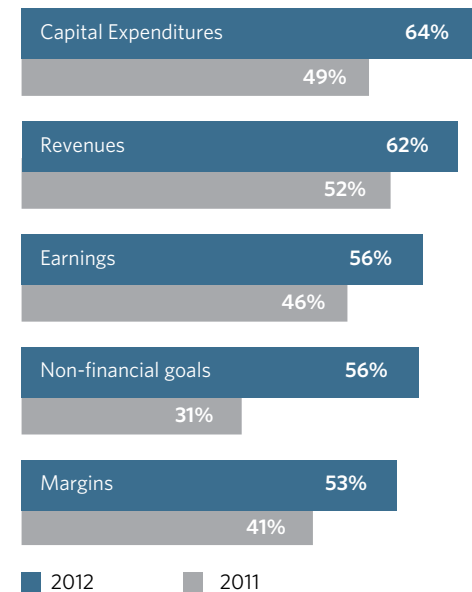
**Composition of Top 50 Shareholders**  
Top mentions (as % of individual mentions)



## RISING TO NEW DISCLOSURE DEMANDS

On the buy side, investors are asking corporates for more information, most notably Cash Flow Projections, reported by 64% of corporates, and Future Funding (62%). Corporates report that enquiries into their debt profiles have increased, a possible indication of the growing complexity of leverage. The percentage of corporates providing guidance to investors in one or more categories has now reached 91%, up from 85% in 2011 and 82% in 2010. Guidance on Capex is most common (64%), followed by Revenues (62%). The largest rate of increase, from 31% in 2011 to 56% in 2012, was in the category of Non-Financial Goals, in part responding to increased investor focus on Environmental, Social & Governance ("ESG") metrics.

**Corporate Guidance Provided to Investors**  
Top mentions (as % of individual mentions)



# Today's Investment Environment (continued)

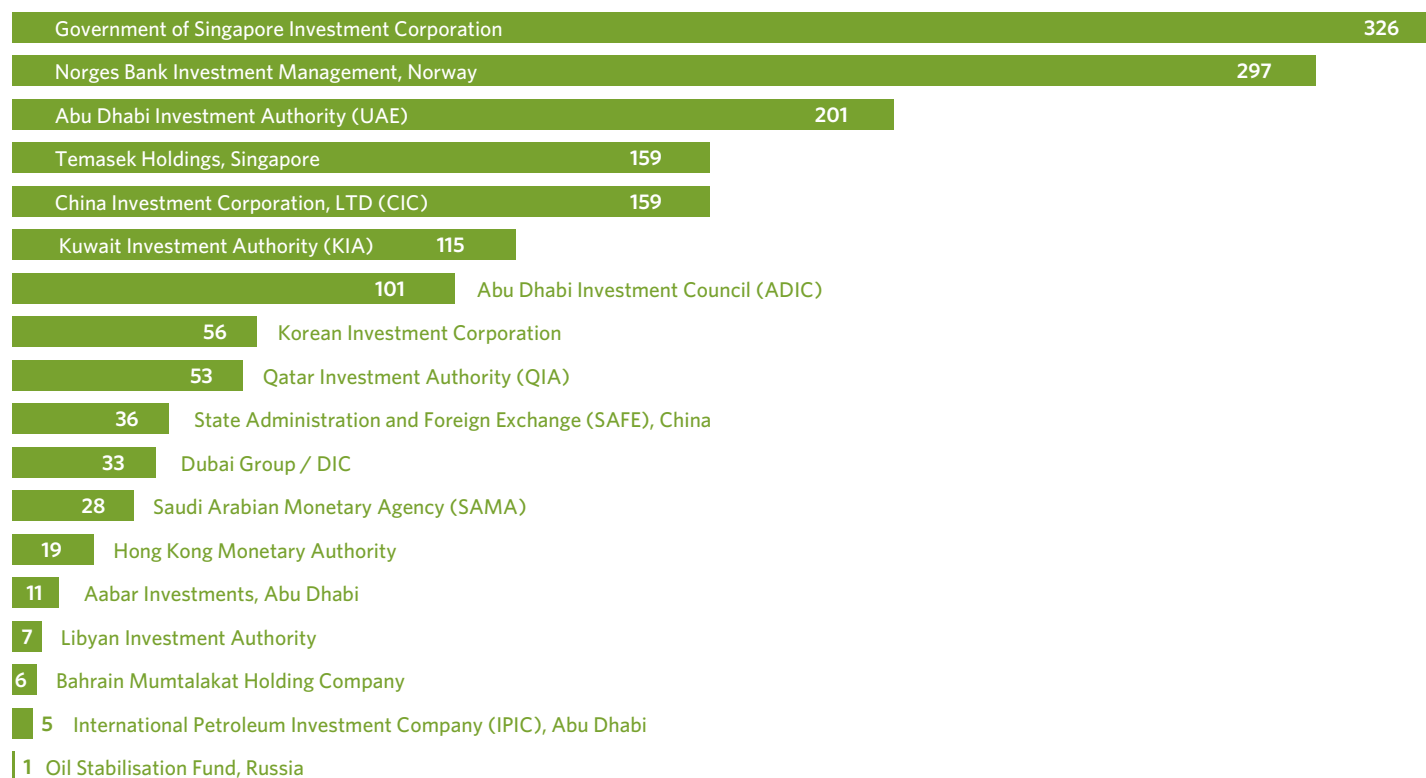
## KNOCKING ON THE DOORS OF SOVEREIGN WEALTH FUNDS

With an outlook on raising capital and the ongoing search for long-term investors, it is not surprising that more corporates than ever are targeting Sovereign Wealth Funds

("SWFs") as potential investors. Globally corporates have been steadily increasing their focus on SWFs. While in 2010 47% of corporates reported engaging with SWFs,

in 2012 that had grown to 62%. Western Europe had the highest rate of engagement (79%) with North America having the lowest rate (49%).

### Engagement with Sovereign Wealth Funds, Top mentions



# Changing Interaction with the Investment Community

## GOING GLOBAL FOR INVESTORS

The goal of increasing international shareholder ownership has risen as an IR priority, named by 33% globally, up from 20% in 2011 and 17% in 2010. Western Europe is the region pursuing investment outside domestic markets most enthusiastically, with 45% responding that it is a top goal, followed by EEMEA (43%). This builds on corporates reporting that they spent 20% more days on roadshows outside their home markets during 2011 than in 2010. Corporates visiting the U.S. spent one more day there in 2011 than in 2010; corporates visiting Europe also stayed one more day in 2011. Latin American corporates spent the most time in the U.S., on average 13 days, and EEMEA corporates the most time in Western Europe, 10 days.

## EFFECTIVE DISCLOSURE REMAINS A HIGH PROFILE GOAL

Effective disclosure continues to be seen as the dominant Investor Relations goal for 2012/13; across regions, 49% ranked it among their top three priorities for the year ahead. However, the relative importance of Effective Disclosure appears to have fallen over the last three years (from 58% in 2011 and 63% in 2010). For 2012, Asia Pacific has the highest number of corporates reporting it is a top goal (58%). Latin America has different priorities; the region's top goals are increasing liquidity and sell-side research coverage.

### Investor Relations Goals Top mentions

#### What were your top goals for 2012?

1. Effective disclosure
2. Coordinate IR/PR messaging
3. Management visibility/accessibility
4. Shareholder diversification
5. Influence corporate strategy

#### What are your top goals for 2013?

1. Effective disclosure
2. Increase international shareholder ownership
3. Management visibility/accessibility
4. Coordinate IR/PR messaging
5. Shareholder maintenance

54% of CEOs' communications time devoted to **Current Investors** in 2012  
47% in 2011  
42% in 2010

## STAYING CLOSE TO CURRENT SHAREHOLDERS

Corporates are focusing more attention on current shareholders. The majority of CEOs' investor communications time is now spent on current institutional investors, as are the highest proportions of CFOs' and IROs' time, a significant upward trend for all three categories over the past three years. The two regions relatively more focused on current institutional investors—North America and Western Europe—also perceive the highest proportion of active managers among their top 50 investors.

# Changing Interaction (continued)

## INTERPLAY OF INVESTOR RELATIONS AND CORPORATE GOVERNANCE

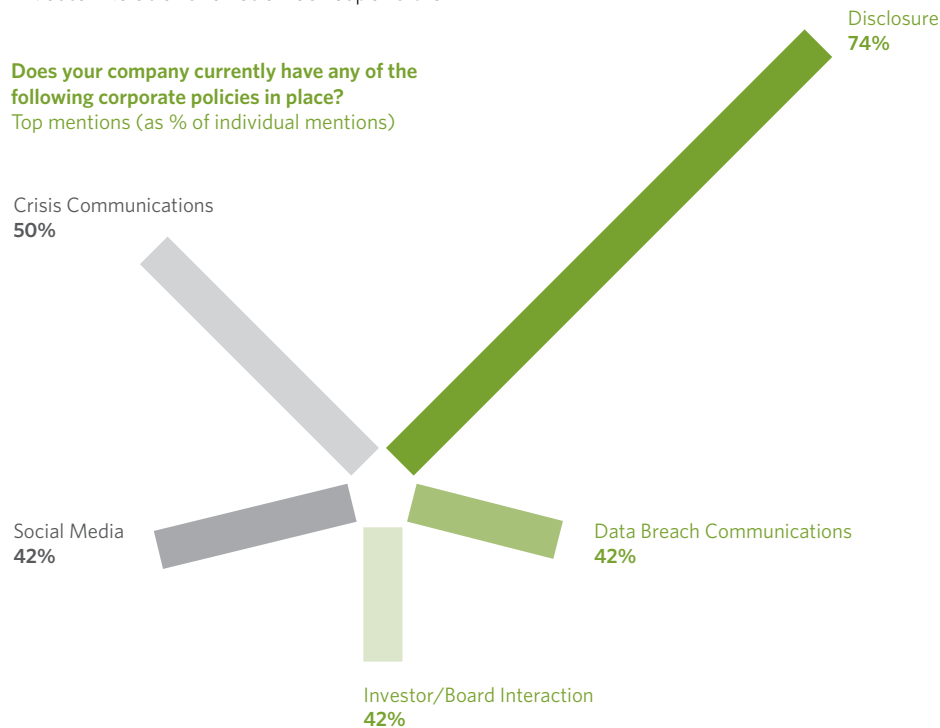
There is significant progress in the institutionalization of governance policies. The vast majority of corporates globally, 79%, now have written disclosure policies in place. This represents a steady growth trend from 2009, when the percentage was 59%. Half of all corporates now have crisis communications policies in place, up from 31% in 2010. More corporates in developed markets have these policies in place than corporates from emerging markets; 59% versus 37%.

While 82% of corporates designate the Investor Relations function as responsible

for communicating with investors on corporate governance issues, only 39% have developed a specific strategy to communicate this potentially risk mitigating information to key investors on an ongoing basis. In terms of corporate policy development in response to recent market developments, 10% of corporates have prepared contingency plans for the leading global concern of 2012, Eurozone stability. The region with the highest rate of planning for this issue is Western Europe, where 24% of corporates have Eurozone contingency plans.

### Does your company currently have any of the following corporate policies in place?

Top mentions (as % of individual mentions)



## CHANGING DYNAMICS WITH THE SELL SIDE

While broker-sponsored conferences continue to be important, corporates reported fewer invitations to conferences outside their home markets and were being more strategic in choosing the conferences they attended. Brokers continue to be viewed by corporates as the most important route for access to investors: 80% use brokers for non-deal road shows. Corporates are heavily reliant on these services but report varied results when asked how effectively brokers deliver them. Corporates say that 69% of brokers globally do a “very good job” on event logistics. At the same time, corporates in Western Europe and North America are less than satisfied with brokers’ effectiveness at tracking investor positions. In Western Europe 43%, and in North America 35%, say brokers do a “very poor” to “extremely poor” job in this category.

The dynamics of the relationship with brokers have been changing as corporates increasingly value brokers for investor access and logistics over insight and market intelligence. The factor that ranks first globally for selecting a broker for non-deal roadshows is geographic presence (67%). When undertaking roadshows, the highest priorities are for brokers to gain access to the appropriate decision-makers (79%) and new investment management firms (71%). With current market liquidity challenges, micro- and small-cap corporates continue to report they lack sufficient analyst coverage (88% and 64%). Conversely, 33% of mega-caps think they have too many analysts covering their stock.

# Investor Influence on Corporate Trends

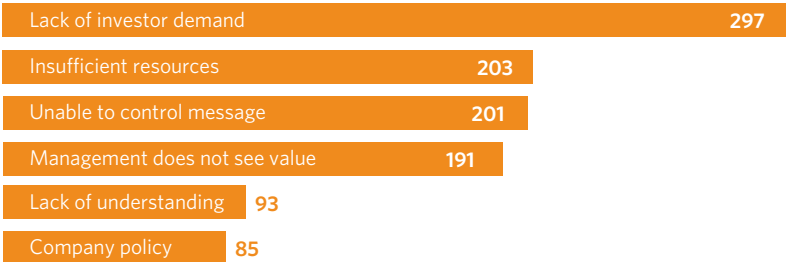
Corporates report increased attention to two current trends: one a mode of communication, social media, the other the category of non-financial metrics, specifically Environmental, Social & Governance (“ESG”). With regard to both of these trends, corporates are increasing their attention, but the survey demonstrates there is some distance to travel before universal adoption by the global corporate community.

## SOCIAL MEDIA: DISTRACTION OR INTEGRAL TOOL

Corporates report a significant increase in their use of social media, albeit from a low base. In 2010, 9% of corporates reported using some form of social media to communicate with investors; that percentage grew to 20% in 2011, then to 26% in 2012. The leading reason for such a low level was lack of investor demand, cited by 67% of North America, 63% of Western Europe, and 56% of developed markets overall. Lack of message control and simple lack of resources both ranked second. The high profile of social media in general appears to have resulted more in the development of corporate policy regarding social media than in its actual use; 42% of corporates have developed a formal policy regarding social media while only 26% use it actively.

### Why Social Media is Not Utilized

Top mentions



# Investor Influence on Corporate Trends (continued)

## CONTENDING WITH SOCIAL RESPONSIBILITY

The majority of corporates worldwide (59%) do not engage with investors on non-financial metrics such as Environmental, Social & Governance. Why are corporates not educating the investment community and engaging investors on these non-financial metrics more actively?

According to corporates, an increase in investor demand will be the primary driver for more active engagement on ESG matters. This is true in Western Europe, the leading region in this regard, where 43% of corporates have responded to the investment community and are actively engaging with investors on ESG as a matter of routine. Latin America is next most active, with 40% of corporates communicating on ESG with the primary goal of reaching long-term investors. In contrast, 80% of corporates in North America do not include engaging investors on ESG matters as part of their IR strategy.

23% reach out to ESG investors  
59% say ESG outreach is not part of their IR strategy

### Factors Influencing ESG Investor Outreach

Top mentions

Reach out to all types of shareholders	119
Reach long-term investors	114
Diversity shareholder base	96
Management objective	52
22	Board objective

# Regional Approaches to Investor Relations

## NORTH AMERICA

### *Keeping the Focus at Home*

North American investor relations programs are primarily focused on their domestic market due to the depth of the local investment pool. Considering that North American corporates are focused on their domestic market, their engagement with sovereign wealth funds is the lowest of all regions (49%).

One top goal for North American corporates that stands out is Management Visibility; 45% named it as a top goal, versus the global average of 30%. Corporates provide C-suite executives for one-on-one meetings more than Investment Relations Officers (“IROs”); only 30% of North American one-on-ones are held by IROs alone, versus 54% in Latin America and Asia Pacific (the highest regions globally).

North American IROs engage with their CEOs on the most structured regular basis of all regions (13% daily and 34% weekly). Investor Relations teams are working with the smallest average team size of all regions, with an average of 2.8 positions versus the global average of 3.7. The region had the lowest percentage of analyst/investor days per year (39%), and the fewest roadshow days outside of its home market, a mean of 3.9 days, versus Latin America with the highest globally at 23.5 days. While Corporate Social Responsibility enquiries are increasing globally, North American corporates reported the lowest rate of growth, 18%, versus the highest rate, 41% growth in Western Europe.

## LATIN AMERICA

### *A Different Outlook on the World*

Latin America stands out from other regions in terms of priorities, goals and IR activity. The region’s top global concern is systemic market risk (81%), followed by financial market liquidity (58%) (increasing liquidity is reported as IR’s primary goal). The region feels relatively disconnected from the global focus on Eurozone stability, which ranks seventh in its concerns. Meanwhile, while inflation has not been top of mind in most regions recently, 60% of Latin American corporates identify it as one of their top three concerns.

Latin American IR teams are busy (and large—the average team is 6.1 people versus the global average of 3.7). Corporates hold the most one-on-one meetings with investors of any region. The region has the highest percentage of corporates holding analyst/investor days at least once a year (74%), and also the highest rate of conference attendance, in and out of their home markets.

The region is one of the most optimistic about additional listings, with 28% of corporates considering additional listings. Of corporates worldwide considering additional listings, Latin America has the largest percentage that would choose Depositary Receipts (74%).

## ASIA PACIFIC

### *Increasingly Concentrated Regionally*

For this region, a mix of emerging and developed markets, Effective Disclosure is a much more important IR goal than for other regions. It is also noteworthy that while corporates in the region consider the U.S. to be the most strategic market for capital raising in the next five years, they consider four other markets within the immediate region, Hong Kong, Mainland China, Singapore and Japan, more strategic than the market ranked second globally, the U.K.



# Regional Approaches (continued)

## WESTERN EUROPE

### *Working Overtime on All Fronts*

As the world monitors trends in Europe, it would be reasonable to expect that Western European corporates would be working to diversify their shareholder base beyond their home market. The surprise is just how hard they are working in all categories. The region's corporates report the highest focus on increasing international ownership, greater than any other region, and the highest rate of engagement with Sovereign Wealth Funds of any region.

IR programs in Western Europe are by far the highest users of the top three categories of media outlets to communicate with investors (professional investor news services, daily financial newspapers and trade media). Mirroring this, the region

also has the highest percentage reporting use of media outside their home markets (81%) for engaging with investors. The region has a higher adoption rate for social media than the global average (32% versus 26%). Western European corporates report by far the highest number of one-on-one meetings outside their home markets, 22% higher than the next region (Latin America). Western Europe also sends its CEOs and CFOs out of home market for one-on-ones the most frequently of any region (on average 30.8 and 50.4 days, respectively, versus 19.8 and 26.4 days for the next highest region, Latin America). Corporates in the region correspondingly reported the highest budgets (median USD 1 million).

## EASTERN EUROPE, MIDDLE EAST & AFRICA

### *Primed for Action*

The region has the highest percentage of corporates whose primary goals include increasing international investors (43%), and considering additional listings (38%). It follows that corporates in the region, who already spend the most roadshow days in the developed European markets, also have the highest percentage of those (44%) planning to increase roadshow days there.

### Participation by market type

62% Developed Markets

38% Emerging Markets

# The Rising Value of Investor Relations

It is clear across a number of dimensions that the IR function is increasing in prominence and becoming a formal part of corporate strategy. Investor Relations Officers (“IROs”) are now more integrated into the corporate management team, with increasingly frequent interaction with senior executives and boards, providing them with a valued window into capital markets.

## INCREASINGLY OPEN COUNSEL TO THE C-SUITE

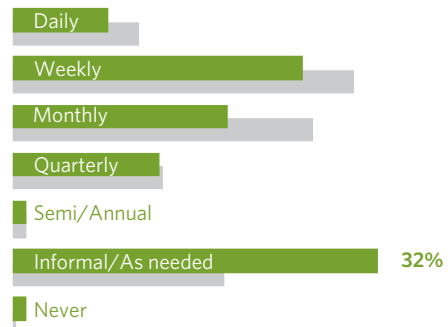
CEOs, and to a greater extent CFOs, are relying more on their IR departments for insight on a regular and informal basis. Senior management teams in North

America and Western Europe lean most heavily on their IR departments for counsel; for example, 47% of North American IROs advise the CEO at least weekly.

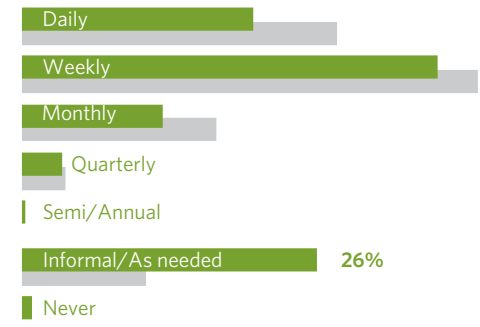
### Frequency of IR Counsel to C-Suite

Top mentions (as % of individual mentions)

#### CEO



#### CFO



0% 10% 20% 30% 40%  
 ■ 2012 ■ 2011

0% 10% 20% 30% 40%

# The Rising Value of Investor Relations (continued)

## MORE VALUE, MORE ACCESS TO THE BOARD

More than half of corporates' most senior IROs (57%) are attending board meetings (up from 52% in 2011 and 47% 2010) and nearly half (48%) now present to the Board on an ad hoc basis. This practice is most widespread in Latin America, Asia Pacific, and EEMEA, relative to North America or Western Europe. The number of IROs providing intelligence to the Board is increasing as well (86% in 2012, 73% in 2011, and 69% in 2010). Investor relations supply boards with four types of market intelligence irrespective of region: sell-side opinions (64%), stock performance metrics (61%), investment community feedback (58%), and peer information (48%).

## GROWING ACTIVITY, GROWING BUDGETS

Corporates reported higher budgets for 2012 (median USD 600,000) than for 2011 and 2010. Western Europe, the most active region overall, reported the highest median IR budget for 2012, (USD 1 million), 11% higher than the median of the next highest region, North America (USD 900,000).

26% use **stock valuation to measure IR results**

down from **35%** in 2011

down from **42%** in 2010

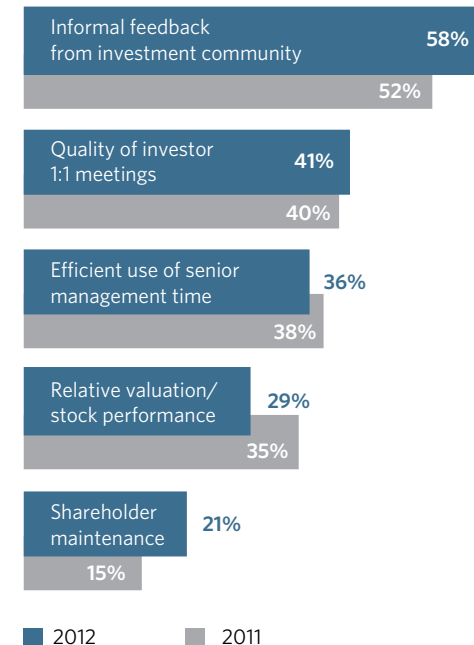
## EVALUATION OF IR: QUALITY OVER QUANTITY

The majority of corporates (58%) say that the effectiveness of their IR performance is evaluated internally using informal feedback from the investment community, followed by the quality of information in analyst reports/recommendations. The next metric is the quality of one-on-one meetings with investors, which ranked higher than the absolute number of meetings.

In contrast, the use of quantitative metrics to evaluate IR performance has been falling steadily over the past three years, for example, relative valuation/stock performance was used by 42% of corporates in 2010, 35% in 2011, and 29% in 2012. Together these signal that a more sophisticated analysis of IR success may be becoming the norm, looking at factors where Investor Relations has the most potential influence.

### Frequently Identified Measures of IR Performance

Top mentions (as % of individual mentions)



# Methodology

BNY Mellon’s Eighth Global Trends in Investor Relations Survey (“the Survey”) was conducted between July and September 2012. The Survey was distributed to nearly 5,000 corporates and captures 817 online responses from 59 countries—a 26% increase from last year’s sample size of 650 responses.

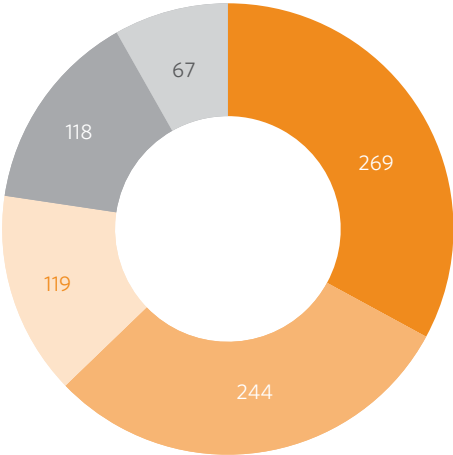
Participants were sourced using internal and external databases and span all macro sectors and economy types, as defined by GICS and MSCI, respectively. Market capitalization classifications are defined as follows: Mega (over USD 25 billion), Large (USD 5-25 billion), Mid (USD 1-5 billion), Small (USD 150,000) and Micro (under

USD 150,000). Where applicable, historical references are provided, primarily to results from the 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.

## RESPONDENT PROFILES

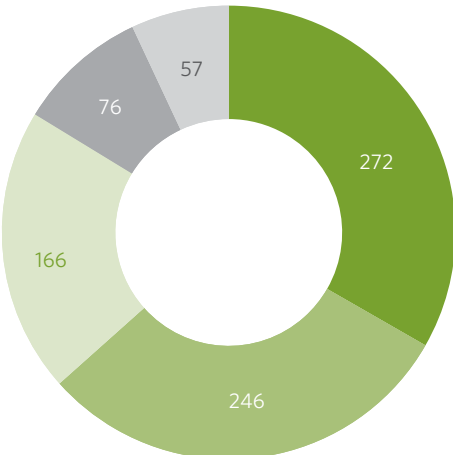
The corporates that responded to the Survey represent a broad cross-section of market capitalizations, regions, and sectors.

Regions (% of corporates)



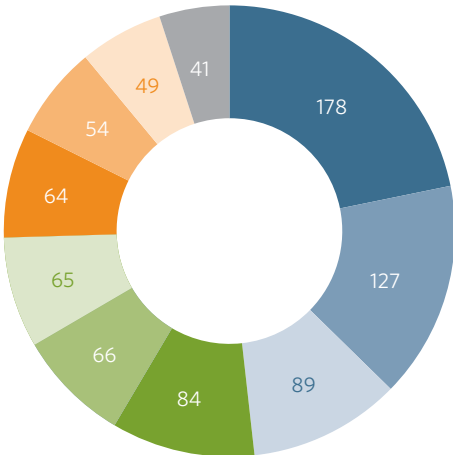
- Asia Pacific
- North America
- Western Europe
- EEMEA
- Latin America

Markets Capitalization (% of corporates)



- Mid Cap
- Large Cap
- Small Cap
- Mega Cap
- Micro Cap

Sectors (% of corporates)



- Financials
- Technology
- Industrials
- Energy
- Consumer Services
- Basic Materials
- Healthcare
- Consumer Durables
- Telecommunications
- Utilities

# Methodology (continued)

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## BRIEF CHARACTERISTICS:

The majority of respondents globally (60%) are the senior-most IR executive at their company. Respondents have an average of 7.5 years of IR experience. Experience is greater in developed markets (8.3 years) than emerging markets (6.2). The IRO/ Head of IR is the primary contact for the investment community (84% globally). This is consistent across all regions and market caps.

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Finnish Investor Relations Society (FIRS)  
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Investor Relations Society, India  
IR Club, Germany  
Malaysian Investor Relations Association (MIRA)  
Middle East Investor Relations Society (ME-IR Society)  
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