



# SHAREHOLDER ENGAGEMENT SUPPORT SERVICES

Supporting Boards to Understand and Respond

**HUGESSEN**  
CONSULTING

**STEVEN HALL  
& PARTNERS**  
EXECUTIVE COMPENSATION

# The Shareholder Community: As Active As Ever

The shareholder community, comprised of major institutional shareholders (e.g. Blackrock, TIAA-CREF, etc.), including activist investors (e.g. Jana, Oxford Park Group), proxy advisors (ISS and Glass Lewis) and shareholder associations (e.g. CII, ICGN), has become increasingly assertive on pay-for-performance and related governance issues, demanding considerably more time and attention from boards across North America

Hugessen has the knowledge of and relationships with the shareholder community to understand, advise on, and influence outcomes

- We maintain ongoing working relationships with the full spectrum of the shareholder community, providing real-time insights into their prevailing views beyond publicly disclosed guidelines and voting standards
- We have extensive experience providing support directly to boards as they engage with shareholders and address potentially sensitive issues
- We leverage our shareholder knowledge and relationships to provide insight on shareholder priorities and proxy advisor behaviour across North America

# Shareholder Engagement Expertise

Hugessen has a first-hand understanding of the key priorities of major institutional shareholders, their associations and proxy advisors. In addition to numerous client mandates, in the past year we have been facilitating discussions about executive compensation, corporate performance and related governance topics with directors and management teams

## Recent Activities



### **Director and Investor Roadshow (*December 2015*)**

Hugessen & Hall hosted a Director and Investor Roadshow in New York City, bringing together experienced North American directors and representatives from U.S. institutional investors (\$7 trillion in AUM) for a day of unfiltered discussion on a variety of executive compensation and governance topics



### **The Evolving Role of Directors in Shareholder Engagement: The Directors' Perspective (*NACD Journal Fall 2015*)**

To provide perspective on the director's role in engaging with shareholders, Hugessen spoke to two prominent directors with extensive experience on the matter



### **Conversations with U.S. Institutional Shareholders: Executive Compensation and Governance Priorities (*June 2015*)**

Interviewed ten large- and mid-sized U.S. institutional investors – including pension funds and asset managers – representing combined total AUM of more than US\$16 trillion.

# Relationships with Institutional Shareholders

Proactively, and as required by clients, Hugessen gathers the emerging opinions of significant shareholders and their advisors. In doing so, we are a channel between the shareholder and director communities

## Relationships with Institutional Investors

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**BLACKROCK**<sup>®</sup>

**BURGUNDY**<sup>®</sup>  
ASSET MANAGEMENT LTD.



**CALSTRS**<sup>®</sup>



Morgan Stanley  
INVESTMENT MANAGEMENT



**STATE STREET**  
**GLOBAL ADVISORS**<sup>®</sup>



## Relationships with Shareholder Advisory Groups

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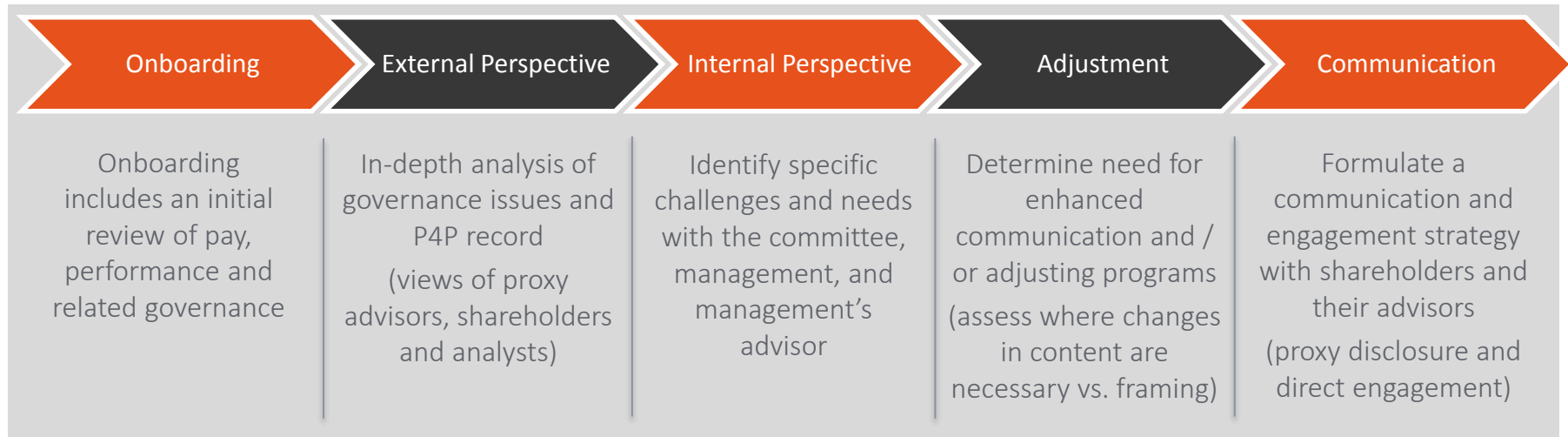


# How We Support Shareholder Engagement

Hugessen is the advisor of choice in shareholder engagement and potentially contentious situations

- We are directors' first call in challenging situations that require independent advice and sound business judgment, whether it is shareholder discontent with pay-for-performance (P4P) or low Say-on-Pay support
- We work collaboratively and directly with boards and management teams to arrive at proven solutions that balance the need to address shareholder "flashpoints" with the overarching need to attract, retain and motivate executive talent
- Our approach considers the need for enhanced disclosure, supporting engagement with shareholders, and / or the redesign of plans and policies to strengthen pay and performance linkage

Hugessen's typical approach to addressing governance issues:



# Relevant Specialized Services

- Board members are well advised to consider, prioritize, interpret and apply the views of many stakeholders when assessing performance and making executive compensation decisions
- Hugessen's expertise allows us to understand and advise on the views of the shareholder community
- Guiding principles for boards:

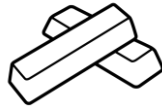


# Overview of Select Recent Client Mandates

Supporting major issuers with shareholder engagement & other governance matters

Ongoing

## Large-Cap Gold Company



- Following a 75% Say-on-Pay score in 2014 and second Glass Lewis against recommendation in 2015, we supported the Board and Mgmt in shareholder outreach and engagement; Company received 89% 2015 Say-on-Pay score

2015 - Current

## Healthcare Service Provider



- In response to activist shareholder, we evaluated Company's compensation plan for vulnerabilities
- Ongoing support to implement shareholder-sensitive plan design and governance provisions

Ongoing

## Auto Parts & Equipment Firm



- Hugessen reviewed letters from shareholders sent in response to proxy circular
- Ongoing support in Company's response to and engagement with shareholders to address issues brought up

Ongoing

## Large Financial Services Company



- Ongoing governance support to Company, including drafting responses to shareholder enquiries, supporting direct shareholder engagement, and informing Company on concerns specific to their shareholders

2014 - Current

## International Resources Firm



- Company received 77% 2014 Say-on-Pay score
- We supported discussions between shareholders, proxy advisors, Management and the Board to address issues; Company received 91% 2015 Say-on-Pay

2014 - Current

## Large-Cap Oil & Gas Company



- Company received 55% Say-on-Pay score in 2013 and negative proxy advisor recommendations
- We supported direct engagement with proxy advisors / shareholders, and enhanced CD&A
- 2014 Say-on-Pay increased to 95%



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