INSIGHTIA MONTHLY

VOLUME 1 ISSUE 5 | JULY 2022

HALF-YEAR REVIEW

IN ASSOCIATION WITH OLSHAN FROME WOLOSKY

GOVERNANCE

ENGAGEMENT

STEWARDSHIP

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CONTENTS

INSIGHTIA MONTHLY, JULY 2022.

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WELCOME

REBECCA SHERRATT
PUBLICATIONS EDITOR, INSIGHTIA.

Welcome to *Insightia Monthly*'s inaugural *Half-Year Review*, produced in association with Olshan Frome Wolosky and Alliance Advisors. In this very special edition of the magazine, we reflect on the news and trends shaping corporate governance and stewardship during the first six months of 2022.

Our two lead articles this month explore the evolution of activism and voting, respectively, in the first half of 2022. As of June 30, 678 companies were publicly subjected to activist demands globally, up from 646 at the same time last year, marking the first year-on-year upturn in five years. There was also a jump in demands for the removal of personnel, particularly in the U.S. and Australia, reversing a three-year downtrend.

With several proxy contests yet undecided, and others mired in litigation, the second half of the proxy season promises to be lively for boards and shareholders alike.

Olshan Frome Wolosky also talks activism in this year's report, examining universal proxy's potential to spring launch a whole new range of activist campaigns from non-activist institutions, as well as the impact new 13D filing deadlines will have on campaigns.

It has been a surprising season for ESG, as we explore in our second lead article this month. After what was an incredibly successful 2021 proxy season, especially in regard to holding companies to account on greenhouse gas (GHG) emissions and board diversity, the 2022 proxy season has been notably more muted.

The 63 environmental shareholder proposals subject to a vote at U.S.-listed companies in the first half of 2022 won 33.6% average support, a far cry from the 44.3% average support proposals of this kind won throughout 2021. A combination of the global energy crisis and ESG proposals becoming more prescriptive have resulted in ESG engagements losing their momentum.

One area that it is becoming increasingly important for boards to strengthen is their diversity initiatives and disclosure. In this year's report, Brian Valerio of Alliance Advisors compares how the various diversity initiatives adopted by investors this year performed and explores how companies can proactively address shareholder wants and needs.

In addition, this month we are pleased to speak to Jim Chadwick, president, alternatives, at Ancora Holdings. Jim shares with us his thoughts on director term limits, as well as the fund's plans for the second half of the year.

Elsewhere in this edition, we delve into some of the biggest U.S. "say on pay" revolts this season and short selling in the first half of 2022, while the Diligent Institute takes a deep dive into what constitutes the ideal board director.

The past few months have been especially fruitful for the Insightia team, with the release of our *Shareholder Activism in Europe* and *Shareholder Activism in Asia* reports released in May and June, respectively. Both reports take a deep dive into how activist campaigns evolved over the past 12 months and are free to read online.

> **"A COMBINATION OF THE GLOBAL ENERGY CRISIS AND ESG PROPOSALS BECOMING MORE PRESCRIPTIVE HAVE RESULTED IN ESG ENGAGEMENTS LOSING THEIR MOMENTUM."**

This month on the *Beyond the Boardroom* podcast, host Kieran Poole is joined by Sanford Lewis, director at the Shareholder Rights Group, to discuss evolving climate disclosure requirements and the reality of majority voting. The episode is available to listen to on Apple Podcasts and Spotify.

We hope you enjoy this issue of *Insightia Monthly.* We encourage our readers to let us know what they think of the magazine and how we can make it even better. You can let us know what you think by emailing us at **Insightia.Press@diligent.com**. Happy reading!

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CONTRIBUTOR FOREWORD

ANDREW FREEDMAN,
SHAREHOLDER ACTIVISM PRACTICE CO-CHAIR, OLSHAN FROME WOLOSKY.

The 2022 proxy season is one of the most active ones we have witnessed in years. There has been a little bit of everything, ranging from deadlocked boards and aggressive Securities and Exchange Commission (SEC) rulemaking, to more aggressive defensive tactics, and the rise of "celebrity activism." As the leading law firm in shareholder activism, Olshan has unique firsthand insight into the current trends that have taken shape during these dynamic times.

SHAREHOLDER ACTIVISM ROARS BACK

While the number of activist campaigns declined slightly in 2020 and 2021 in the midst of the havoc wrought on the global economic system by the COVID-19 pandemic, the first half of 2022 set a new record pace. The number of new campaigns launched in 2022 made the first half of the year the busiest on record in recent times. As of June 30, 678 public companies have been publicly subjected to activist demands globally, compared to 694 and 646 through June 30 in 2020 and 2021, respectively, according to Insightia's *Activism* module.

> ***THE NUMBER OF NEW CAMPAIGNS LAUNCHED IN 2022 MADE THE FIRST HALF OF THE YEAR THE BUSIEST ON RECORD IN RECENT TIMES.***

REGULATORY CHANGES

New SEC regulations are sure to have an impact on shareholder activism both in 2022 and in the years to come. The universal proxy rule, which goes into effect in September, will likely encourage mainstream investors to consider running proxy contests. The SEC's proposed rule amendments to the 13D reporting regime, while highly questionable and disappointing, could change the incentive structure for activist investors to seek changes at underperforming public companies.

ESG PRESSURE

A desire to address social justice concerns has risen to the forefront of the many ESG developments reshaping the market in recent years. In particular, we previewed back in 2021 our view that investors would begin requesting that companies conduct racial equity audits. Sure enough, the 2022 proxy season witnessed an increase in shareholder proposals related to these audits with certain companies taking the issue very seriously. For example, Amazon announced that it will conduct a racial equity audit in response to a shareholder proposal filed by the New York State Common Retirement Fund.

Environmental-focused shareholder activism has also increased in frequency and rate of success. The newly proposed SEC rule mandating disclosures on companies' climate impact will only accelerate an already robust trend. Following in the footsteps of Engine No. 1's successful 2021 proxy contest at Exxon Mobil, investors will continue to use ESG concerns in campaigns both as fundamental attacks and as secondary wedge criticisms to sway index funds and other ESG-minded investors.

ACTIVISM CONTINUES TO SPREAD

Over the past decade, many activist investors have spread their wings into Europe and Asia due to a heavily crowded market in the U.S. While we have seen the rapid return and growth of activist opportunities in U.S. as the challenges created by the pandemic have receded, we believe the larger, well-known activists are expected to again set their sights on opportunities abroad as the pandemic further wanes.

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MONTHLY SUMMARY

THE LATEST TRENDS IN GOVERNANCE AND SHAREHOLDER ENGAGEMENT.

PROPORTION OF DIRECTOR ELECTIONS RECEIVING <80% SUPPORT

	2020		2021		2022 YTD*	
	NO.	%	NO.	%	NO.	%
U.S.	1,508	6.6%	1,668	6.9%	1,470	7.1%
CANADA	195	3.4%	266	4.3%	271	5.1%
AUSTRALIA	70	4.6%	79	4.8%	15	4.8%
EUROPE	179	2.1%	249	2.7%	155	2.4%
ASIA	508	1.5%	625	1.7%	446	1.9%
OTHER	37	3.5%	65	6.9%	18	5.6%

SOURCE: INSIGHTIA / VOTING
**DATA AS OF JUNE 30, 2022.*

PROPORTION OF ADVISORY "SAY ON PAY" PROPOSALS RECEIVING <50% SUPPORT

	2020		2021		2022 YTD*	
	NO.	%	NO.	%	NO.	%
U.S.	60	2.0%	64	2.2%	69	2.7%
CANADA	1	0.4%	6	2.4%	5	2.2%
AUSTRALIA	12	1.7%	15	1.9%	2	1.6%
EUROPE	13	1.0%	17	1.1%	19	1.3%
ASIA	1	5.0%	0	0.0%	1	16.7%
OTHER	14	6.0%	12	5.3%	5	7.1%

SOURCE: INSIGHTIA / VOTING
**DATA AS OF JUNE 30, 2022.*

DEMAND TYPE BREAKDOWN OF U.S.-LISTED COMPANIES PUBLICLY SUBJECTED TO ACTIVIST DEMANDS BY TIME PERIOD

DEMAND GROUP	2018 H1	2019 H1	2020 H1	2021 H1	2022 H1
OPPOSE M&A	15	18	8	15	13
PUSH FOR M&A	48	39	27	15	24
DIVESTITURE	21	22	11	15	9

SOURCE: INSIGHTIA / ACTIVISM
DATA AS OF JUNE 30, 2022.

NO. RESOLVED ACTIVIST BOARD SEAT DEMANDS BY OUTCOME, METHOD, AND TIME PERIOD, AT U.S.-LISTED COMPANIES

OUTCOME	2018 H1	2019 H1	2020 H1	2021 H1	2022 H1
UNSUCCESSFUL/ WITHDREW WITHOUT GOING TO VOTE	**20**	**18**	**18**	**29**	**21**
SETTLEMENT	**107**	**74**	**64**	**52**	**49**
WENT TO VOTE	**16**	**7**	**16**	**14**	**17**
AT LEAST ONE ACTIVIST BOARD SEAT WON	10	1	8	5	5
NO SEATS WON	6	6	8	9	12

SOURCE: INSIGHTIA / ACTIVISM
DATA AS OF JUNE 30, 2022.

NO. BOARD SEATS GAINED BY ACTIVIST NOMINEES BY TIME PERIOD, AT U.S.-LISTED COMPANIES

	2018 H1	2019 H1	2020 H1	2021 H1	2022 H1
NO. SEATS WON	205	131	137	96	102

SOURCE: INSIGHTIA / ACTIVISM
DATA AS OF JUNE 30, 2022.

NO. PROXY CONTESTS BY OUTCOME, METHOD, AND TIME PERIOD, AT U.S.-LISTED COMPANIES

OUTCOME	2018 H1	2019 H1	2020 H1	2021 H1	2022 H1
UNSUCCESSFUL/ WITHDREW WITHOUT GOING TO VOTE	**7**	**7**	**5**	**10**	**11**
SETTLEMENT	**13**	**7**	**12**	**5**	**7**
WENT TO VOTE	**16**	**7**	**14**	**14**	**15**
AT LEAST ONE ACTIVIST BOARD SEAT WON	10	1	7	5	3
NO SEATS WON	6	6	7	9	12

SOURCE: INSIGHTIA / ACTIVISM
DATA AS OF JUNE 30, 2022.

NEWS IN BRIEF

A ROUNDUP OF DEVELOPMENTS IN GOVERNANCE, STEWARDSHIP, AND SHAREHOLDER ENGAGEMENT.

BOARDROOM BATTLES

Twitter sued Elon Musk to force Tesla's billionaire CEO to go ahead with his $44 billion purchase of the social media platform. Musk said he was giving up on the buyout, blaming the company for misrepresenting user data. DETAIL

Aerojet Rocketdyne CEO Eileen Drake came out ahead of Chair Warren Lichtenstein in one of the most hard-fought proxy battles this year. The eight-person board slate headed by Drake was elected at Aerojet's June 30 annual meeting, all with more than 75% of votes cast in favor. DETAIL

Jana Partners pulled its board campaign at Zendesk after the software company announced a $10.2 billion takeover deal with a group of private equity firms. The disclosure came shortly after Zendesk unveiled an agreement to sell itself to a consortium of buyout firms led by Hellman & Friedman and Permira for $77.50 a share. DETAIL

Building materials company Bunka Shutter and industrial equipment retailer Kyokuto Boeki survived challenges by Strategic Capital, one of the most active hedge funds in Japan. DETAIL

Engine Capital urged online game developer SciPlay to have a new board committee negotiate an expanded IP agreement with parent Light & Wonder, saying that a simple extension of the existing one is of "little value" to SciPlay. DETAIL

The dissident group agitating for changes at Trian Partners' listed vehicle argued the fund's board has been "captured" and is not acting in the interests of its independent shareholders. DETAIL

Iroquois Capital Management revealed its slate of director candidates for election at PharmaCyte Biotech's August 25 annual meeting. In a letter to PharmaCyte shareholders, Iroquois stated "a change of tone at the top through a material reconstitution of the board is urgently needed for the company to turn over a new leaf for the benefit of all PharmaCyte stockholders." DETAIL

GIVING INVESTORS MORE OF A SAY

As You Sow and U.K.-based fintech Tulipshare announced a strategic partnership aimed at empowering global retail investors to engage in shareholder advocacy. The partnership will enable retail investors to vote for As You Sow shareholder resolutions, which call on leading U.S. companies such as Amazon, McDonald's, and Twitter to strengthen their ESG commitments and reporting. DETAIL

BlackRock clients owning 49% of its $4.9 trillion in equity index assets are now free to control how votes are cast at annual meetings and the fund manager intends to expand the program to a broader range of clients. DETAIL

The Council of Institutional Investors (CII) and RPMI Railpen launched the Investor Coalition for Equal Votes (ICEV), a $1 trillion initiative aimed at pushing back against unequal voting rights at portfolio companies. The group intends to foster dialogue with key market participants and policymakers, emphasizing the importance of single-class share structures as a way of fostering "long-term sustainable company performance." DETAIL

REGULATORY ACTION

On July 13, the Securities and Exchange Commission (SEC) voted in favor of rescinding rules requiring the disclosure of proxy adviser recommendations to corporate executives. DETAIL

JANA PARTNERS PULLED ITS BOARD CAMPAIGN AT ZENDESK AFTER THE SOFTWARE COMPANY ANNOUNCED A $10.2 BILLION TAKEOVER DEAL WITH A GROUP OF PRIVATE EQUITY FIRMS.

Sometimes activist Weiss Asset Management agreed to pay more than $6.9 million to end a SEC case alleging it violated short selling rules. DETAIL

The SEC's proposed rules on climate-related disclosure faced pushback from Congress over claims that the onus should be on companies to determine how ESG applies to them, while BlackRock urged the regulator to refrain from going beyond the recommendations of the Task Force for Climate-related Financial Disclosure (TCFD). DETAIL

U.S. banks should be required to disclose how their lending and investment activities impact pollution, according to a group of Democratic senators, according to a letter sent to the SEC by six Democratic senators late-June. DETAIL

Under new European Union (EU) legislation approved Tuesday, all listed companies in the 27 member countries will be required to feature at least 40% female representation on boards. DETAIL

Six leading financial institutions may no longer be allowed to conduct business in West Virginia, with State Treasurer Riley Moore warning that they face potential bans over boycotting the fossil fuel industry. DETAIL

The SEC charged Egan-Jones Ratings and CEO Sean Egan with violating conflict of interest provisions. The U.S. regulator stated that in 2019 Egan became "influenced by sales and marketing considerations" while participating in determining a credit rating for a client, creating a prohibited conflict of interest. DETAIL

ESG ACTIVISM

CDP's 2022 campaign attracted record participation, with a 57% annual increase in the number of financial institutions requesting environmental disclosure from portfolio companies. More than 260 member institutions targeted 1,473 companies across 50 countries. DETAIL

From 2023, State Street Global Advisors (SSGA) will "hold directors accountable" where companies "fail to show adequate progress" on meeting climate disclosure expectations, according to the fund manager's inaugural Task Force for Climate-related Financial Disclosure (TCFD) report. DETAIL

The New York State Comptroller's proposal asking Activision Blizzard to report on efforts to prevent abuse, harassment, and discrimination won 67.4% support at the U.S. video game company's June 21 annual meeting. DETAIL

Shareholder proposals asking Japanese energy firms to strengthen their climate commitments continue to win impressive levels of support from shareholders, with requests for enhanced environmental disclosure winning upwards of 20% support at Mitsubishi, Sumitomo Mitsui Trust, and J-Power. DETAIL

SHAREHOLDER PROPOSALS ASKING JAPANESE ENERGY FIRMS TO STRENGTHEN THEIR CLIMATE COMMITMENTS CONTINUE TO WIN IMPRESSIVE LEVELS OF SUPPORT FROM SHAREHOLDERS.

Danish pension fund AkademikerPension expressed "serious concerns" over Toyota Motor's ongoing negative climate lobbying after its related shareholder proposal was omitted from the ballot. DETAIL

The Institutional Investors Group on Climate Change (IIGCC), Principles for Responsible Investment (PRI), and the UK Sustainable Investment and Finance Association (UKSIF) wrote a letter of opposition to the U.K. government over the possible inclusion of natural gas activities in its "green taxonomy." DETAIL

SHORT SELLING

Bonitas Research accused insiders at Alphatec Holdings of colluding with undisclosed related-party distributors to artificially inflate the medical technology company's revenue. DETAIL

Recent short target Hannon Armstrong Sustainable Infrastructure Capital accused Muddy Waters of putting out a report filled with "factual errors and inflammatory and misleading statements. DETAIL

Ebix shares surged in June after the India-focused fintech issued a rebuttal to Hindenburg Research allegations targeting its financial accounts. DETAIL

Chinese electric vehicle manufacturer Nio criticized a recent short report by Grizzly Research for being "without merit and contain[ing] numerous errors." DETAIL

Bonitas Research revealed a new short position in Gogoro, claiming the Taiwanese electric scooter manufacturer is overvalued with plummeting user growth. DETAIL

Spruce Point Capital made generator company Generac Holdings its latest target, labelling the company's shares as materially overvalued. Spruce Point said Generac's core portable generator business is under "extreme pressure" from having to cut prices to compete against an onslaught of new foreign competition. DETAIL

Viceroy Research challenged Swedish property manager Samhallsbyggnadsbolaget (SBB) to justify asset values in its financial accounts. Viceroy said that after conducting a deeper review into SBB's financial accounts, a challenge arose from the company's consolidation of acquisitions, which the short seller believes to be "incorrect and unjustly inflating asset values." DETAIL

CHINESE ELECTRIC VEHICLE MANUFACTURER NIO CRITICIZED A RECENT SHORT REPORT BY GRIZZLY RESEARCH FOR BEING "WITHOUT MERIT AND CONTAIN[ING] NUMEROUS ERRORS."

HOLDING BOARDS ACCOUNTABLE

While ESG activism remained a hot topic this season, boards of directors also faced a rise in traditional activist demands for management changes and asset sales in the first half of the year, writes Jason Booth.

In response to the COVID-19 pandemic, shareholder activists often granted boards of directors a 'get out of jail' free card in 2021, but with stock prices falling and interest rates rising this year, activists have expressed a renewed interest in launching campaigns.

Traditional demands, such as the removal of underperforming CEOs and directors, demands for more mergers and acquisitions, and challenging executive payouts, have all become increasingly common in the first half of 2022, according to Insightia's *Activism* module. With several proxy contents yet undecided, and others mired in litigation, the second half of the year also promises to be lively for boards and shareholders alike.

As of June 30, 2022, 678 companies were subject to activist demands around the world, up from 646 at the same time last year. This is the first year-on-year upturn in five years but remains well below the pre-pandemic average. Globally, 202 seats were won by activists, up from 201 at the same time last year, also reversing a multi-year decline.

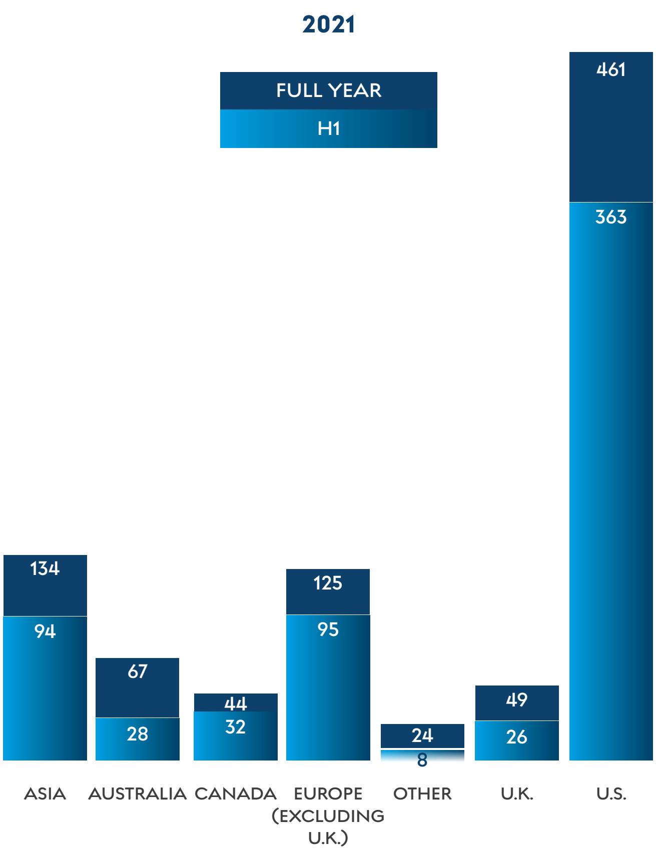
BACK TO BASICS

The 2022 proxy season has experienced a surge in demands for the removal of personnel, particularly in the U.S. and Australia, reversing a three-year downtrend. Starboard Value led a bitter, and ultimately unsuccessful campaign to oust Huntsman Corp. CEO, Peter Huntsman. Legion Partners similarly ran a campaign to vote out Guess founders Paul and Maurice Marciano, arguing that a long history of sexual harassment accusations has hurt the fashion retailer's brand. Both failed.

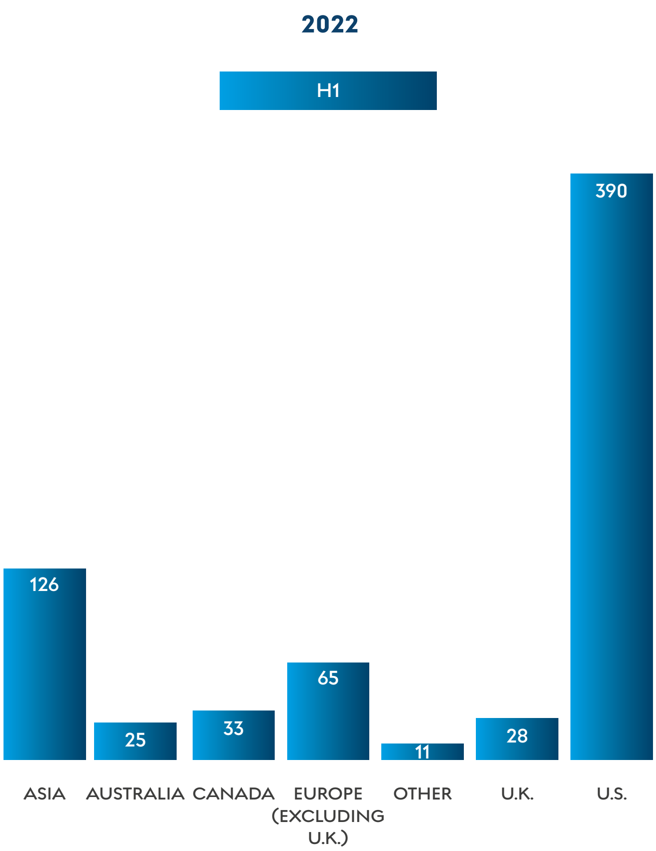
Carl Icahn had more success at SouthWest Gas, where chief executive John Hester was forced to retire and leave the board as part of a settlement with the veteran activist. Elsewhere, London-based activist Crystal Amber prompted the removal of Allied Minds Chairman Harry Rein, Republic First Bancorp CEO Vernon Hill was pushed out after pressure from Driver Management, and Canadian National Railway named a new chief executive officer as part of a settlement with activist investor The Children's Investment (TCI) Fund Management.

Demands related to mergers and acquisitions also picked up in the first half of the year in the U.S. and especially in the U.K., where such demands reached their highest number on record. Among the activist victors in the space was Jana Partners, which prompted Zendesk to be bought by a consortium led by Hellman & Friedman and Permira at a roughly 34% premium. In the U.K., Browning West and Inclusive Capital Partners compelled Countryside Partnerships to launch a sales process.

BREAKDOWN OF COMPANIES PUBLICLY SUBJECTED TO ACTIVIST DEMANDS BY COMPANY HQ REGION



SOURCE: INSIGHTIA / ACTIVISM
DATA AS OF JUNE 30, 2022.



SOURCE: INSIGHTIA / ACTIVISM
DATA AS OF JUNE 30, 2022.

The U.K. also staged the acquisitions of two cannabis-related companies, Love Hemp Group and Oxford Cannabinoid Technologies, following demands from concerned shareholders over declining revenue.

ESG EVOLUTION

Demands related to environmental, and to a lesser degree social, concerns continued to rise this season. According to Insightia data, 114 companies were subject to environmental demands in the first half of 2022, almost twice the number during the same period last year.

Social demands, which declined in number during the pandemic, rebounded to a record 129 globally in the first half of 2022; though the recovery was more muted in the U.S., where such demands remained just short of the 2019 figure. While the topic of diversity, equity, and inclusion (DEI) accounted for the largest portion of demands, there was a notable increase in demands seeking disclosure of political spending.

Demands for enhanced disclosure concerning weapons are also on the rise this season, with investors such as the Employees' Retirement System of Rhode Island urging Mastercard shareholders to vote in favor of its proposal calling for reporting on how it manages risks associated with "ghost guns."

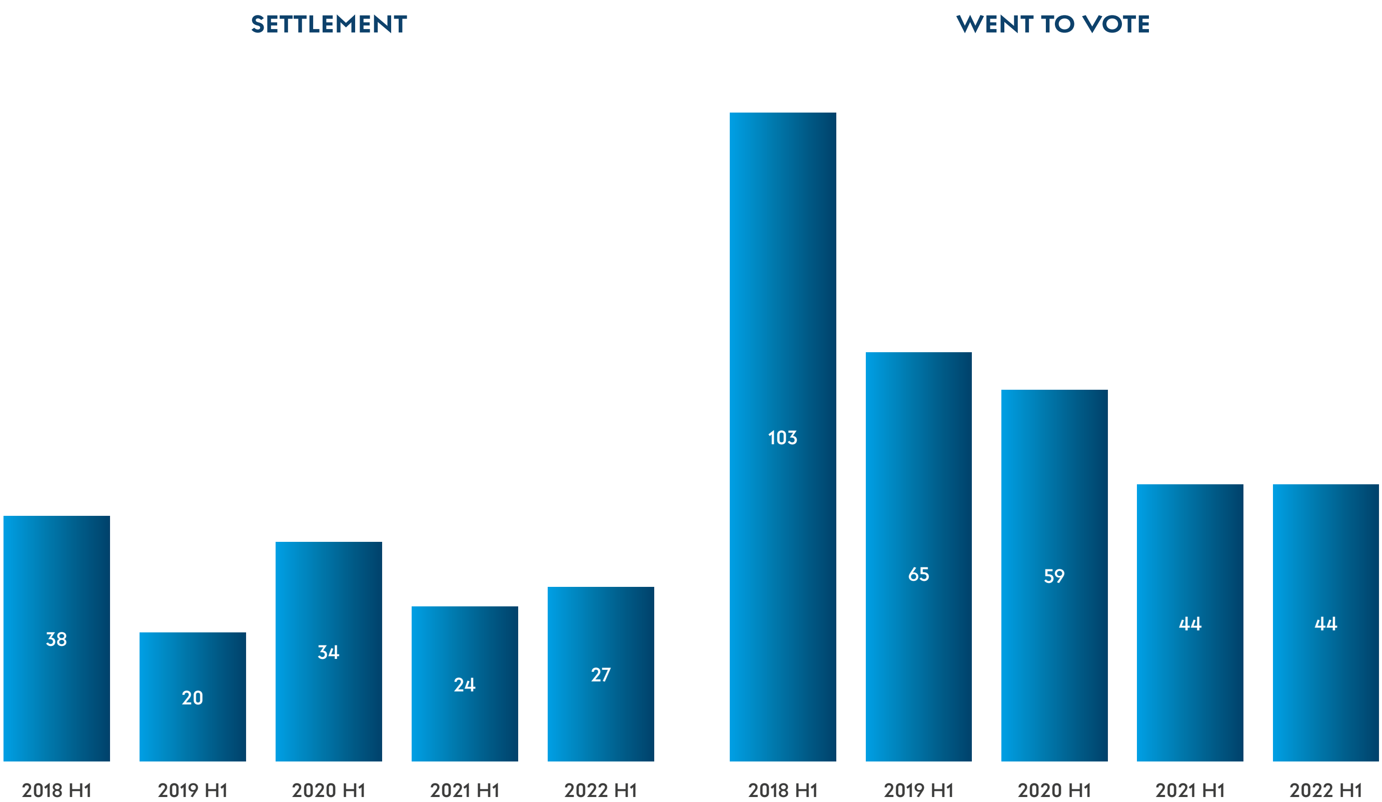
Significantly, six companies in the first half of the year faced environmental demands by primary-focus activists who typically follow a purely financial logic, versus just one such case throughout 2021 and three in 2020, led by Carl Icahn's somewhat quixotic campaigns for animal rights at McDonald's and Kroger.

Other dedicated activists mixing environmental demands into their campaigns this year include Starboard Value at chemical company Huntsman and Bluebell Capital at Glencore, where the activist said, "coal activities are depressing the company's valuation." In Asia, Asset Value Investors called on Japan's SK Kaken to disclose Scope 1 and Scope 2 greenhouse gas (GHG) emissions.

While acknowledging that ESG has become a part of the activism toolbox, some industry veterans consider ESG as more of a short-term tactic to win support from influential proxy advisory firms, rather than a core strategy.

"[Activists] want to make sure that they touch all the hot buttons of all of the voting constituencies of the shareholder base," suggested Andrew Shapiro, president, Lawndale Capital

NO. BOARD SEATS GAINED BY ACTIVISTS IN PROXY CONTESTS* BY METHOD, GLOBALLY



SOURCE: INSIGHTIA / ACTIVISM
DATA AS OF JUNE 30, 2022.

SOURCE: INSIGHTIA / ACTIVISM
DATA AS OF JUNE 30, 2022.

**A proxy contest is defined as a gain board representation demand where the target company publicly rejects the activist nominee(s).*

Management, when speaking with Insightia in June about ESG in activism. "They want to make sure that they get the support of Institutional Shareholder Services (ISS) and Glass Lewis."

TOUGH TO WIN

Activists continue to face an uphill battle in winning contested votes. Globally, 54 proxy contests went to vote in the first half of 2022, the highest number since H1 2019. Yet of those, only 14 cases saw the activist win at least one seat, equivalent to a 26% success rate, versus an average 33% success rate during the same periods in both 2021 and 2020.

Macellum Advisors and Ancora Advisors lost their bid for board seats at SpartanNash, shareholders reelecting all nine directors nominated by management. Alta Fox Capital Management's campaign for board seats at U.S. toymaker Hasbro also came up empty following a shareholder vote.

The clearest win of the first half of the year could well be Cruiser Capital's proxy campaign at specialty chemicals company American Vanguard. Keith Rosenbloom's fund nominated four directors in April and, after gaining support from ISS, won three seats in a June 2 shareholder vote. The stock is up around 35%, likely helping Cruise to avoid the kind of portfolio losses faced by other activists.

Some of the biggest wins this season also came through settlements, particularly D.E. Shaw Group at FedEx and Mantle Ridge at Dollar Tree, where Paul Hilal's fund replaced seven out of 12 directors in a settlement.

WHAT TO EXPECT

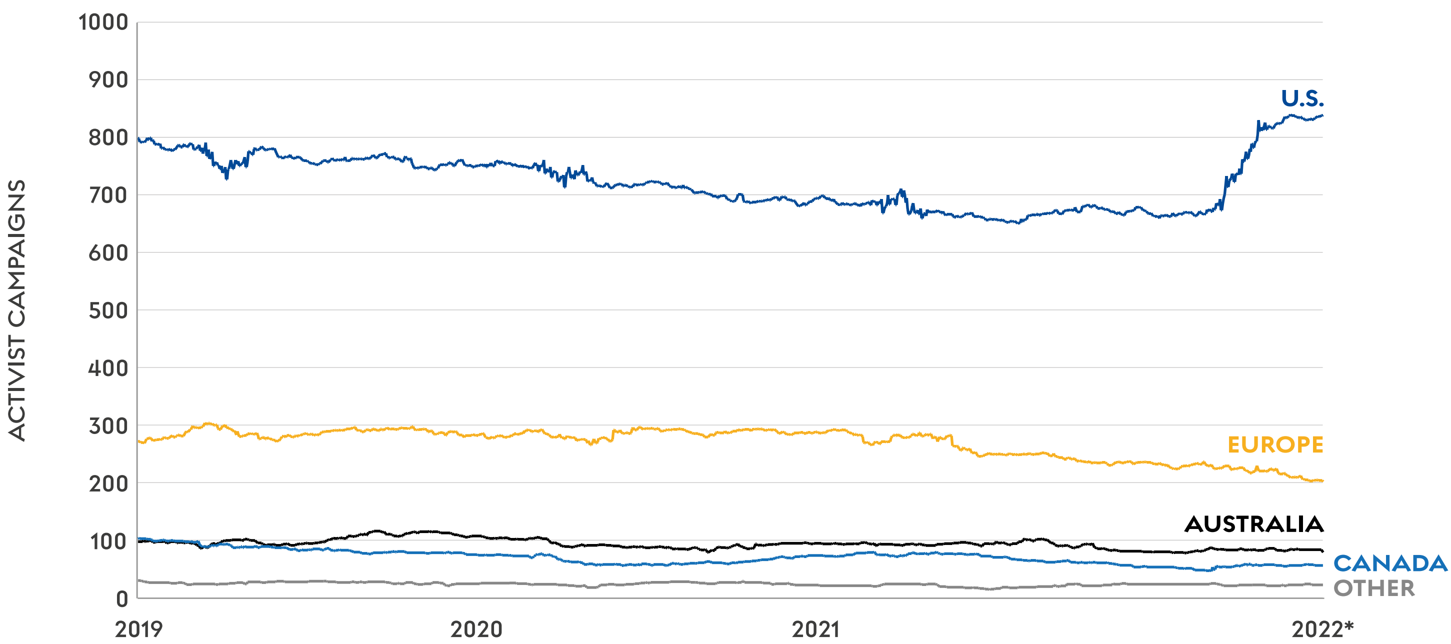
The second half of the year looks to be busy for both boards and activists, partly because some companies that delayed their annual meetings during the COVID-19 pandemic have yet to return to their prior schedule. There were at least 111 annual meetings scheduled by Russell 3000 companies in July and August this year, according to Insightia data. Indeed, some of the more contentious campaigns of the first quarter have been over delayed shareholder meetings.

Returning capital to shareholders is one demand expected to increase in the coming months, given that during the pandemic many companies husbanded cash. In the U.S., around 64% of public demands to return cash to shareholders achieved at least partial success, up from 50% one year earlier and 30% in the first half of 2020.

Stock market losses and rising interest rates will also create new opportunities. Shapiro at Lawndale saw opportunities in businesses that went public via a merger with a special purpose acquisition company (SPAC), the majority of which are trading below their initial public offering (IPO) prices.

"These are companies that became public too easily and may have good assets but do not have good governance structures," Shapiro noted.

365-DAY ROLLING TOTAL OF ACTIVIST CAMPAIGNS, BY COMPANY HEADQUARTER REGION



SOURCE: INSIGHTIA / ACTIVISM
*DATA AS OF JUNE 30, 2022.

ACTIVISTS EMBRACE ESG

AN INTERVIEW WITH ELIZABETH GONZALEZ-SUSSMAN AND RYAN NEBEL, PARTNERS AT OLSHAN FROME WOLOSKY.

IT WAS ANOTHER PROXY SEASON DOMINATED BY CONCERNS ABOUT THE BROADER ECONOMY, THIS TIME INFLATION AND SUPPLY CHAIN DISRUPTION. HOW MUCH OF AN IMPACT HAS THAT HAD ON ACTIVISTS OVER THE PAST THREE YEARS?

Elizabeth Gonzalez-Sussman (EG): A lot of these macro-economic issues, especially during the past year, have created a lot of volatility in the stock market. In turn, this can create a lot of opportunities for activists to potentially acquire larger positions more rapidly, especially in small- and micro-cap companies. More opportunities also come with more strategic interest in making unsolicited bids. We have seen this occur frequently and I predict that it is only going to happen more and more. Certain companies that were highly leveraged to begin with have to start exploring alternative financing.

Ryan Nebel (RN): I think market volatility has created substantial opportunity for activist investors across a wide spectrum of industries and one thing that we are seeing recently is renewed interest in take-privates. Some of our clients are potentially looking at take-privates now despite these methods having never been in their playbook before.

IF THE 2021 PROXY SEASON WAS DOMINATED BY CLIMATE CHANGE, HOW DO YOU ASSESS ACTIVISTS' EFFORTS TO PUT OTHER ISSUES, INCLUDING ANIMAL WELFARE, SEXUAL HARASSMENT, AND DIVERSITY, ON THE BALLOT THIS YEAR?

EG: This proxy season, social issues were definitely a lot more prominent. In addition to activist engagements, we are also starting to see a lot more shareholder proposals being filed seeking racial equity audits. These are the topics that are front and center in our society right now, so when these issues are what the younger generation or our generally more diverse population care about then long-term passive institutional investors are definitely going to put a lot more pressure on boards to see these types of changes.

When companies are not being responsive to what peers are doing in the ESG space then they will be seen as falling behind, which may have subsequent financial impacts on business. So, our clients are looking to prove that if ESG elements are not being addressed by a company then they are likely also contributing to company underperformance. If you can prove ESG shortcomings will impact financial returns then these concerns will resonate with other shareholders.

WILL SOCIAL ISSUES CONTINUE TO SEE ADOPTION BY ACTIVISTS IN 2023?

EG: I think both environmental and social issues will be big next year. Sustainability in particular is going to be a hot issue, as it straddles both environmental and social issues, in relation both to the supply chain and human capital management. Investors are also wanting more information on how companies pay their employees, working conditions, as well as the treatment of employees unionizing.

> ***MARKET VOLATILITY HAS CREATED SUBSTANTIAL OPPORTUNITY FOR ACTIVIST INVESTORS ACROSS A WIDE SPECTRUM OF INDUSTRIES.***

INSIGHTIA HAS TALKED ABOUT THE GROWTH OF "CELEBRITY ACTIVISM" IN THE 2022 PROXY SEASON. DO YOU EXPECT MORE RICH OR WELL-KNOWN INDIVIDUALS TO FOLLOW IN THE FOOTSTEPS OF ELON MUSK?

EG: Activism is being embraced more broadly as an engagement mechanism because it leads to real results, so if you have significant capital to deploy and you see opportunities a company has yet to embrace or are frustrated and want to know how best to get the attention of a board then using activism as a tool becomes addictive. I think there may be an increased willingness to start looking at companies through an activist lens if you have that capital to spend.

RN: We certainly have a handful of clients that historically have not been investors. They may be sitting on large amounts of capital and have now turned to activism to inspire and encourage change. I think high-profile individuals could certainly get involved with more companies on hot-button issues, especially those related to ESG.

> *IF YOU CAN PROVE ESG SHORTCOMINGS WILL IMPACT FINANCIAL RETURNS THEN THESE CONCERNS WILL RESONATE WITH OTHER SHAREHOLDERS.*

THE SECURITIES AND EXCHANGE COMMISSION (SEC) HAS PROPOSED SHORTENING THE WINDOW FOR 13D FILINGS, WHILE MUSK HAS ARGUABLY SHOWN UP SOME OF THE WEAKNESSES OF ENFORCEMENT IN THIS AREA. WHAT SHOULD HAPPEN TO 13D REGULATIONS?

RN: I think it would be beneficial for the 13D deadline to stay the way it is, with a 10-day filing period rather than shortening it to five days. Frankly, I think shortening the deadline will put investors at a disadvantage, increase the cost of doing business, and may make them reluctant to undertake certain campaigns, particularly with illiquid stocks where shareholders need to take advantage of those full 10 days to build a position and make a campaign worth their while.

EG: I couldn't agree more. However, activists will have to be a lot more careful and timely in their filings as I think new rules will ultimately be adopted. These rules haven't been changed in decades, and that was one of the big arguments from SEC staff who had hand in writing the new rule – that this policy has been a long time coming.

THE UNIVERSAL PROXY WILL BE MANDATORY FROM SEPTEMBER ONWARD. HOW DO YOU THINK IT AFFECTED THE FIRST HALF OF 2022 AND WHAT CHANGES DO YOU EXPECT TO SEE WHEN IT COMES INTO EFFECT?

RN: In the first half of 2022 we saw quite a few funds pushing for board control. Now, with the introduction of the universal proxy card, I think that control fights are going to be a lot more difficult to succeed in and we may see fewer of those campaigns being launched.

What I do think we will see is an increase in activism from those who are considered to be non-activists, perhaps not even investment firms. We have been contacted by a range of institutions that are evaluating how they can potentially use universal proxy to their advantage. Even non-profits may use universal proxy to run single-issue campaigns to get a director elected at a company.

EG: Indeed, a number of fights this year were controlled and one big argument as to why you shouldn't give control over has always been that of unintended consequences - if you elect too many dissident directors to a board then it is going to result in the full slate being elected.

When we requested to use a universal card this proxy season, I think in all but one situation the universal card was rejected. Companies argue that the rule was just implemented so they haven't had time to consider what the card should look like and we think that's an excuse. Issuers are trying to bank on this unintended consequences issue to avoid having more dissident directors elected.

Going forward, the universal card is going to mean that every director will be vulnerable. There will be a lot more pressure for every director to be engaged in all activist situations. A lot of the time some directors get a pass if they are not the direct target of a campaign so this is going to shift that dynamic. Each director has to make a big effort to understand all stockholders and their concerns.

THANK YOU, ELIZABETH AND RYAN.

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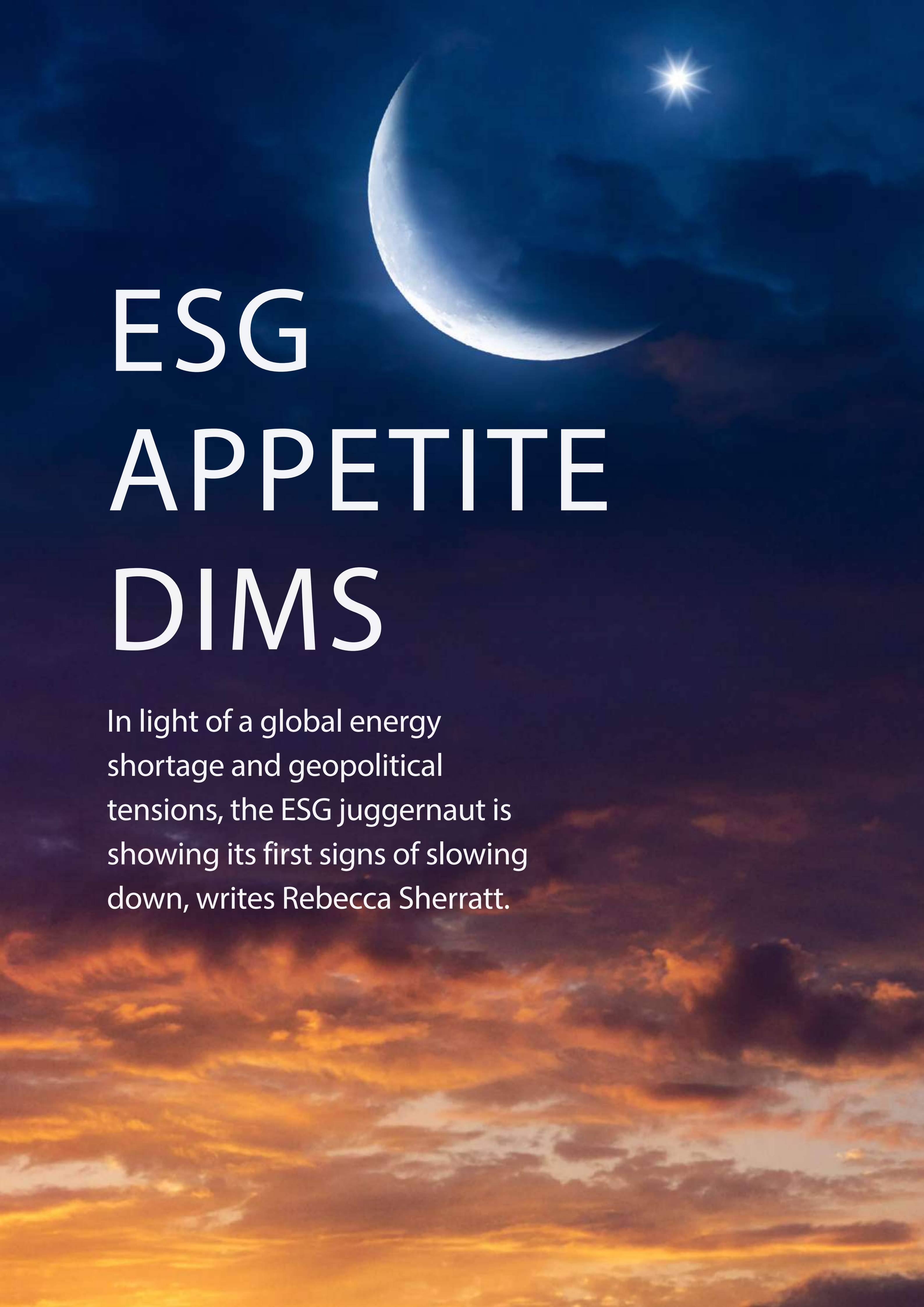


ESG APPETITE DIMS

In light of a global energy shortage and geopolitical tensions, the ESG juggernaut is showing its first signs of slowing down, writes Rebecca Sherratt.

The 2021 proxy season provided responsible investors with a wealth of victories, as ESG shareholder proposals won record levels of support. The same can't be said for 2022, however, as support for ESG proposals has dwindled in light of the global energy shortage, incoming regulations, and concerns that the demands being placed on companies may have gone too far.

As of June 30, 2022, the 29 shareholder proposals seeking climate change reporting at U.S.-listed companies have won 30.8% average support, a far cry from 39.8% and 50.1% average support throughout 2020 and 2021, respectively. Five proposals of this kind have won majority support this year, half the number to pass throughout the entirety of 2021, and a similar story presents itself with social shareholder proposals.

"Coming into this proxy season, we expected a larger volume of shareholder proposals related to climate change and social equity, but investors have taken a nuanced approach to voting, supporting some proposals and not others," Maria Moats, governance center insights leader at PwC told *Insightia Monthly* in an interview.

A record number of ESG proposals were filed with U.S.-listed companies this year, many of which were opposed by leading investors due to what asset management giant BlackRock described as their "unduly prescriptive and constraining nature."

Meanwhile, the climate crisis has largely been overshadowed by the global demand for oil & gas and investors have had to account for incoming mandatory climate disclosures proposed by the Securities and Exchange Commission (SEC) earlier this year, as well as the regulator's more permissive approach to no-action requests.

> ***INVESTORS HAVE TAKEN A NUANCED APPROACH TO VOTING, SUPPORTING SOME PROPOSALS AND NOT OTHERS.***

EASY STREET

Declining support for ESG shareholder proposals was most evident in the energy and financial sectors, which bore the brunt of climate activism in 2021. In comparison, both sectors had a pretty easy ride this season.

Six proposals from Follow This calling on U.S. and European energy giants to strengthen their emissions reduction targets won 42.8% average support – three of them over 50% – last year. In stark contrast, the

AVERAGE SUPPORT (%) FOR ESG SHAREHOLDER PROPOSALS AT U.S.-LISTED COMPANIES BY YEAR

ENVIRONMENTAL

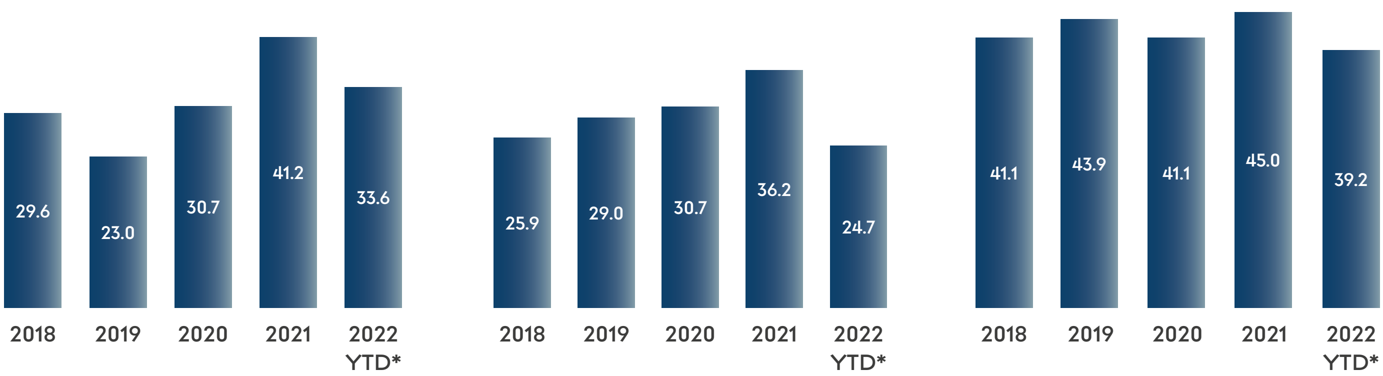
NO. PROPOSALS				
2018	2019	2020	2021	2022 YTD*
58	36	33	43	63

SOCIAL

NO. PROPOSALS				
2018	2019	2020	2021	2022 YTD*
102	116	115	113	186

GOVERNANCE

NO. PROPOSALS				
2018	2019	2020	2021	2022 YTD*
181	169	179	190	148



SOURCE: INSIGHTIA / VOTING
**DATA AS OF JUNE 30, 2022.*

environmental advocacy organization's 10 proposals in 2022, six of which targeted the same companies, garnered 26.7% average support and no majority wins this year.

In a June statement on its website, Follow This acknowledged that the fight against the climate crisis has "lost momentum," with investors "accepting Big Oil's narrative that the crisis created by the war in Ukraine overrides the climate crisis."

> ***WHILE THE VOLUME OF ESG SHAREHOLDER PROPOSALS SUBJECT TO A VOTE HAS INCREASED THIS YEAR, THE QUALITY OF TARGETING OF THESE PROPOSALS HAS BECOME MORE DISPERSED.***

Another contributing factor was the energy sector's rapid adoption of "say on climate" plans. While advisory votes on corporate decarbonization strategies come with their own set of problems, this year was the first in which investors were given a method to voice their concerns about a company's climate transition strategy through an annual advisory vote, making environmental shareholder proposals just one way to hold companies accountable for their climate commitments.

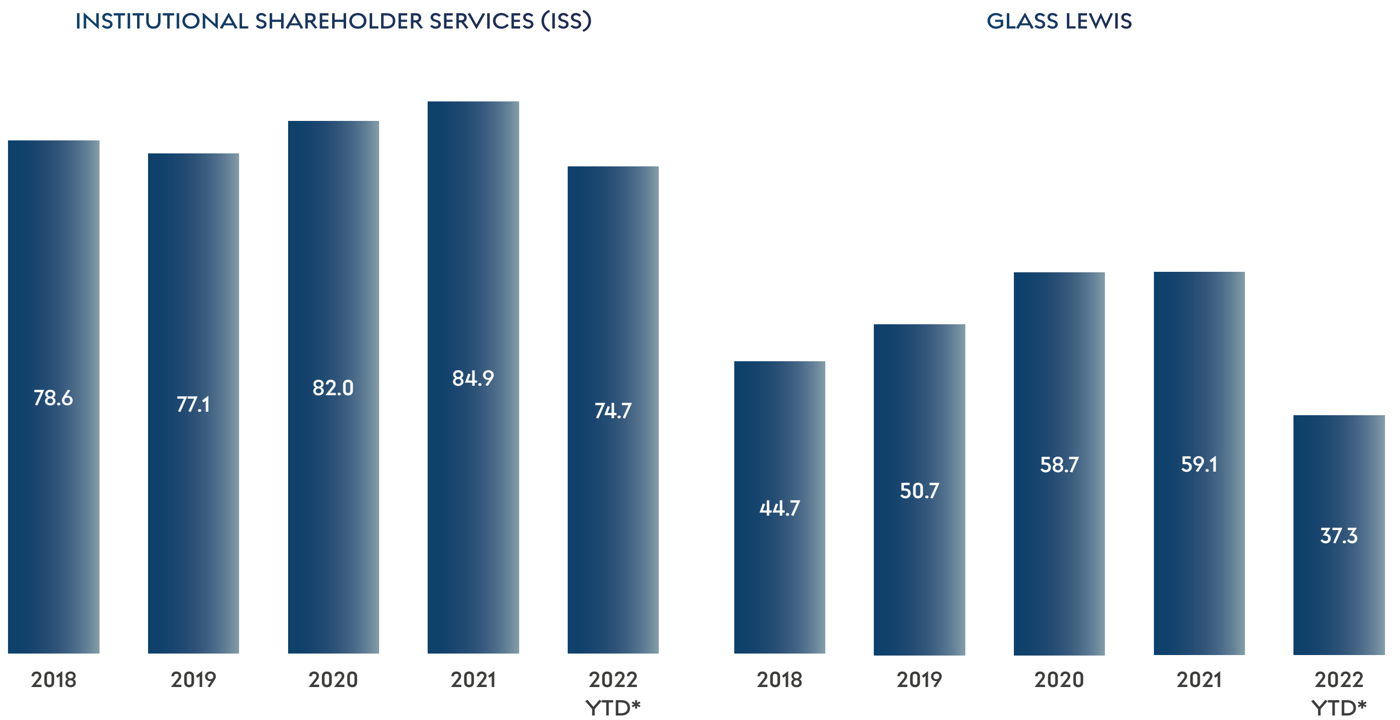
The U.S. financial sector also had a relatively easier ride this season. A new set of shareholder proposals asking financial services companies to eliminate financing for new fossil fuel projects in line with the International Energy Agency's (IEA) net-zero scenario won only 11.2% average support.

Proxy voting adviser Glass Lewis cited current events when recommending Bank of America shareholders vote against a proposal of this kind.

"In response to the shortfall from sanctioned Russian oil, world leaders are engaging with other oil-rich nations

PROXY ADVISER 'FOR' RECOMMENDATIONS FOR ESG SHAREHOLDER PROPOSALS AT U.S.-LISTED COMPANIES (%)

ENVIRONMENTAL AND SOCIAL



SOURCE: INSIGHTIA / VOTING
**DATA AS OF JUNE 30, 2022.*

SOURCE: INSIGHTIA / VOTING
**DATA AS OF JUNE 30, 2022.*

to boost production, which will likely lead to new or expanded fossil fuel development," Glass Lewis said in a voting bulletin seen by Insightia. "Shareholders may be reluctant to limit Bank of America's ability to participate in such projects in the current geopolitical context."

John Hoeppner, head of U.S. stewardship and sustainable investing at Legal & General Investment Management (LGIM), told *Insightia Monthly* in June that while it was "supportive of these proposals, many of our peers were not. For many investors, these proposals simply went too far in being unduly burdensome or seeking to micromanage the company."

MUDDYING THE WATERS

Indeed, another factor in the lull in support for ESG shareholder proposals has been what BlackRock described to be their "unduly prescriptive" and "constraining" nature.

In a May whitepaper, the world's largest fund manager warned that it would be supporting fewer ESG proposals this season as an increasing number "call for changes to a company's strategy or business model, or address matters that are not material to how a company delivers long-term shareholder value."

BlackRock is not alone in observing how ESG shareholder proposals are becoming overly prescriptive. Ben Colton, global head of asset stewardship at State Street Global Advisors (SSGA), told Insightia in an interview that while the volume of ESG shareholder proposals subject to a vote has increased this year, the "quality of targeting of these proposals has become more dispersed."

The SEC's more ESG-friendly stance towards Rule 14a-8 no-action letters is partly to blame for this. In November, the U.S. regulator revealed that it will no longer exclude proposals that "raise issue with a broad societal impact, such that they transcend the ordinary business of the company."

Conscious of the impact that this new ruling would have on ESG proposals, investors filed ESG proposals in abundance ahead of the 2022 proxy season. As of June 30, 2022, 139 no-action letters were filed with the SEC, compared to 295 throughout 2021.

A TEMPORARY SETBACK

Despite the first half of 2022 being relatively muted on the responsible investment front, the consensus is that the lull in support for shareholder proposals will be temporary.

As governments and energy companies navigate the challenges brought on by the global energy shortage, investors will resume business as usual and continue to hold companies to account on their climate commitments.

Follow This is one of many investors arguing that the energy crisis and climate crisis "must be dealt with simultaneously," urging investors to step up and take voting action against climate laggards in the coming season. The environmental advocacy organization's sentiment has been echoed by ShareAction and the Climate Action 100+ initiative.

> ***"THE CONSENSUS HOLDS THAT THE LULL IN SUPPORT FOR SHAREHOLDER PROPOSALS WILL BE TEMPORARY."***

Further regulatory action related to ESG will also spur investors back into action. The finalization of the SEC's proposed climate disclosure rules later this year, along with human capital and diversity policies which will form part of the SEC's agenda next year, will put ESG back on investors' radars.

"ESG issues are so important to so many," Moats of PwC told *Insightia Monthly*. "Institutional investors may recalibrate their requirements and expectations in regard to climate reporting ahead of the 2023 proxy season."

Larry Fink took a similar stance in a March letter to BlackRock shareholders, warning that while the temporary focus of many countries will be on "increasing oil and gas supply," the energy shortage will "accelerate" the uptake of renewable sources of energy and green technologies over the long term.

"In the transition to net-zero we will need to pass through many shades of brown to shades of green," Fink wrote. "I remain optimistic for the future and continue to believe that our collective actions today can make a meaningful difference in the years to come."

DIVERSITY REMAINS A TOP PRIORITY

THE 2022 PROXY SEASON HIGHLIGHTED HOW DIVERSITY HAS BECOME A CENTRAL FOCUS FOR INSTITUTIONAL INVESTORS, WRITES BRIAN VALERIO, SENIOR VICE-PRESIDENT, ADVISORY GROUP AT ALLIANCE ADVISORS.

The pandemic and 2020 racial justice protests shone a light on social issues in a profound way, significantly heightening investors' interest in the treatment of employees, customers, and broader stakeholders. Diversity, both at the board and workforce level, now forms a central part of institutional investors' engagements with portfolio companies. As a result, issuers are facing an abundance of requests to demonstrate how they are advancing diversity, equity, and inclusion (DEI).

EVOLVING EXPECTATIONS

In recent years, institutional investors have significantly enhanced their expectations regarding the number of diverse directors on company boards, from a racial, ethnic, and gender perspective.

Proxy advisers such as Glass Lewis and Institutional Shareholder Services (ISS), as well as leading index funds BlackRock, Vanguard, and State Street Global Advisors (SSGA), have all updated their policies addressing board diversity this year and there is a general consensus among the investment community that the days of the all-white, male board are numbered.

As investor policies concerning diverse representation in the workplace continue to evolve and companies take proactive steps to address these concerns, the number of shareholder proposals calling for reports on the actions companies are taking to foster greater diversity has declined. As of June 30, the 10 proposals asking U.S.-listed companies to amend their diversity policies have won 18.9% average support, a far cry from the 51.3% average support proposals of this kind won throughout 2021.

RACIAL AND CIVIL RIGHTS AUDITS

Following the 2020 social justice protests, shareholder proponents launched a new campaign calling for companies to conduct independent racial equity/civil rights audits, disclosing their initiatives aimed at promoting racial justice.

So far this year, 22 racial audit proposals have been subject to a vote, winning 44.9% average support and eight proposals went on to win majority support from shareholders, according to Insightia's *Voting* module.

EEO-1 DATA

In contrast to the speedy uptake of the racial equity audit, the number of shareholder proposals filed calling on issuers to disclose their EEO-1 reports, a workforce composition report required of most U.S.-listed companies, significantly declined this year.

This is largely due to the success of the New York City Retirement Systems' (NYCRS) campaign, launched in 2020, which urged companies to proactively publish this data on an annual basis. SSGA also played its part in driving companies to provide this disclosure, 2022 being the first year that the fund manager voted against compensation committee chairs at S&P 500 companies that failed to disclose their EEO-1 reports. Since some household name issuers started disclosing their EEO-1s, the market has begun to react, and more companies are following suit.

Similar to proposals seeking EEO-1 disclosure, requests for enhanced reporting on the promotion, recruitment, and retention rates of underrepresented groups made the ballot at fewer U.S.-listed companies this year, as issuers strengthened their voluntary diversity disclosure

ENGAGEMENT IS KEY

While the number of diverse directors appointed to U.S.-listed boards has increased in recent years, investors and advisory firms expect companies to continue to strengthen their DEI initiatives and diverse representation throughout the workforce.

Issuers should be mindful of institutional investors' policies, carefully assess whether their practices meet shareholder expectations, and evaluate their current disclosures against their peers to identify potential areas of improvement. Perhaps most critical, issuers should ensure to proactively engage with investors to discuss their wants and needs, as well as how to address them.

bvalerio@allianceadvisors.com

THE IDEAL DIRECTOR NOMINEE

THE EVOLUTION OF ACTIVIST CAMPAIGNS IS MAKING THE SEARCH FOR THE IDEAL BOARD DIRECTOR EVER MORE COMPLICATED, WRITES EDNA TWUMWAA FRIMPONG, HEAD OF INTERNATIONAL RESEARCH, DILIGENT INSTITUTE.

The goals and demands of shareholder activists have grown more sophisticated and complex in recent years, especially as ESG has entered the fore. In line with the broadening of activist demands and focuses, which now encompass ESG, M&A, diversity, director age, and tenure, the characteristics of an ideal board director are also changing.

In this analysis of director elections, we examine 536 directors appointed between the years 2016 and 2019 and from January 2020 to May 2022. Analysis from this section utilizes Diligent's Compensation and Governance Intel (CGI).

THE CONSUMER DISCRETIONARY SECTOR REMAINS EVER-POPULAR

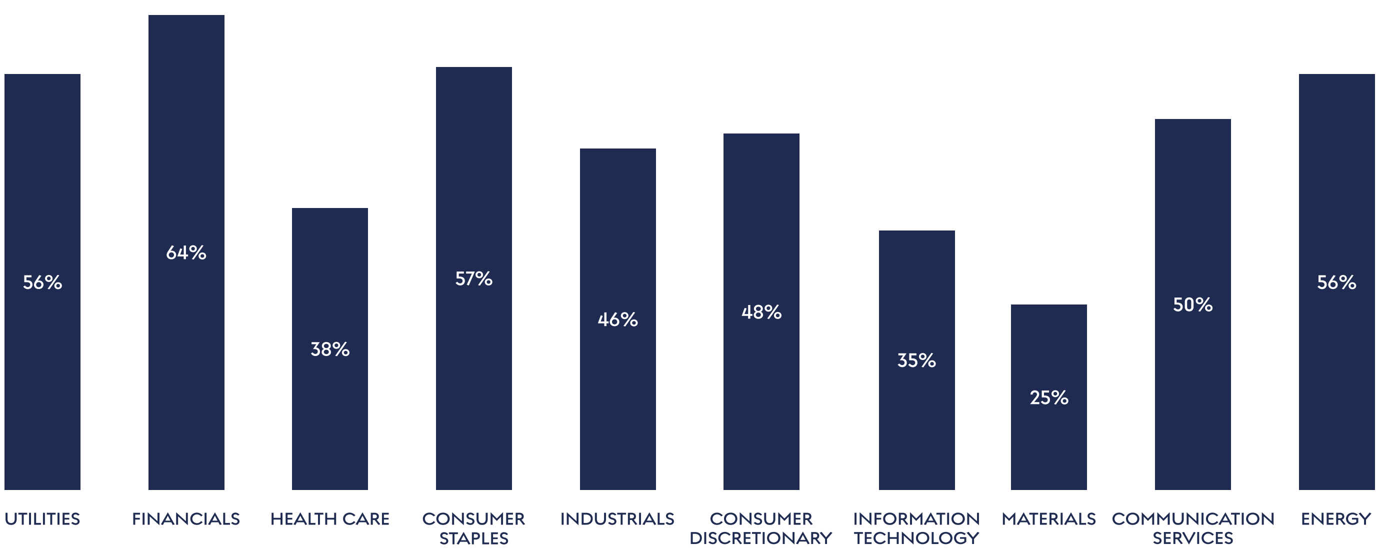
The consumer discretionary sector was subject to the highest percentage of activist director nominees among all sectors from 2016 to 2019, as well as from January 2020 to May 2022, according to CGI data. From 2016 - 2019, 19% of activist director nominees were nominated to companies in the consumer discretionary sector, closely followed in second by the information technology sector at 17%. The consumer discretionary sector has continued to be the most popular sector for dissident nominees in the years following.

THE IMPORTANCE OF SECTOR EXPERTISE

Activist investors tend to nominate directors with sector exposure; an average of 50% of directors nominated to sectors had prior experience in the sector, Diligent data suggest. Upheaval at Exxon Mobil led to the appointment of three new directors with industry and sector-specific expertise. Pre-activism, only CEO Darren Woods had energy sector expertise.

CGI data suggest that, from 2016 to 2019, approximately 70% of directors nominated to companies in the energy sector had sector exposure based on previous and or current associations. This represented the highest level of sector expertise of all the sectors, ahead of the financial sector, with 60% of directors having previous sector exposure. In

PROPORTION OF DIRECTORS (%) THAT HAD PREVIOUS INDUSTRY EXPERIENCE IN 2020 OR BEFORE BY SECTOR



SOURCE: DILIGENT / COMPENSATION AND GOVERNANCE INTEL recent years, the financial sector has overtaken the energy sector for the proportion of dissident nominees with prior sector expertise.

FINANCIAL BACKGROUNDS ARE KEY

Finance: Directors with a financial background remain popular with activist investors. Approximately 63% of directors that were nominated to companies in the healthcare sector between January 2020 and May 2022 had finance skills. Communications and financial sector boards came in joint second place at 50% each.

Sustainability: Between 2016 to 2019, directors that had sustainability expertise were mostly nominated to companies in the utilities sector. Interestingly, despite an increased focus on ESG and sustainability in particular from activists, no director nominees had this skillset background from 2020 onwards.

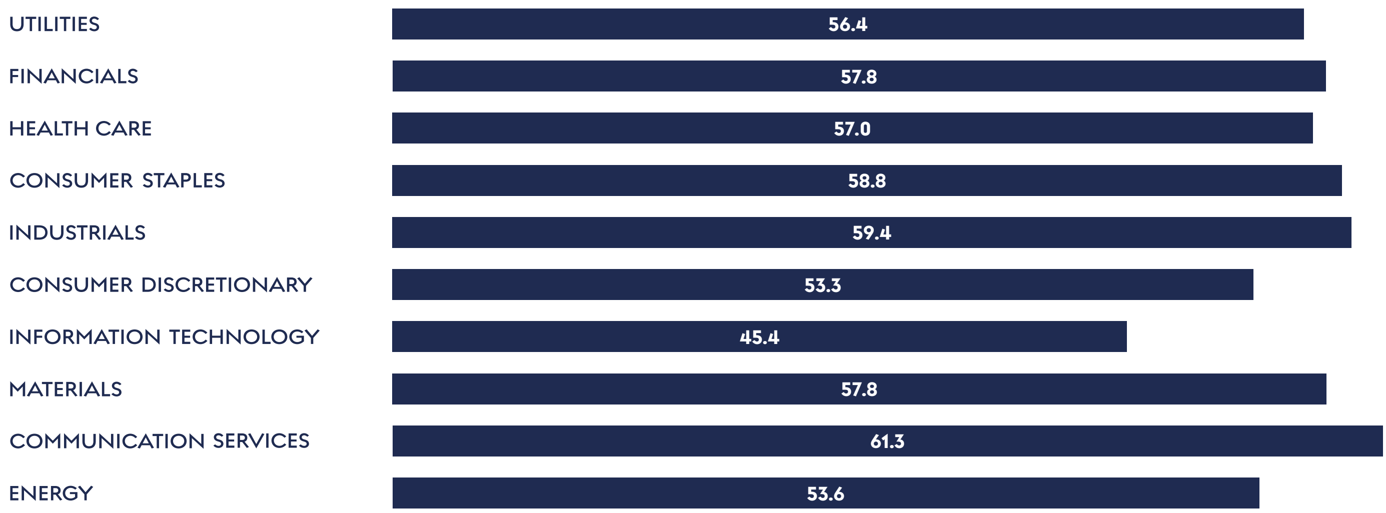
Risk management: From 2020 to May 2022, 14% of dissident director nominees in the financial sector have had a risk management background. Dissident nominees with risk backgrounds were not nominated to any communications and material boards across the time frames analyzed.

OLDER IS BETTER

Directors between the ages of 55 and 60 years remain the most popular choice for activist investors. Between January 2020 and May 2022, 17% of newly-appointed directors were between the ages of 55 and 65 years. Directors above the age of 70 accounted for approximately 8% of dissident nominees, while 12% of director nominees were under 45 years of age.

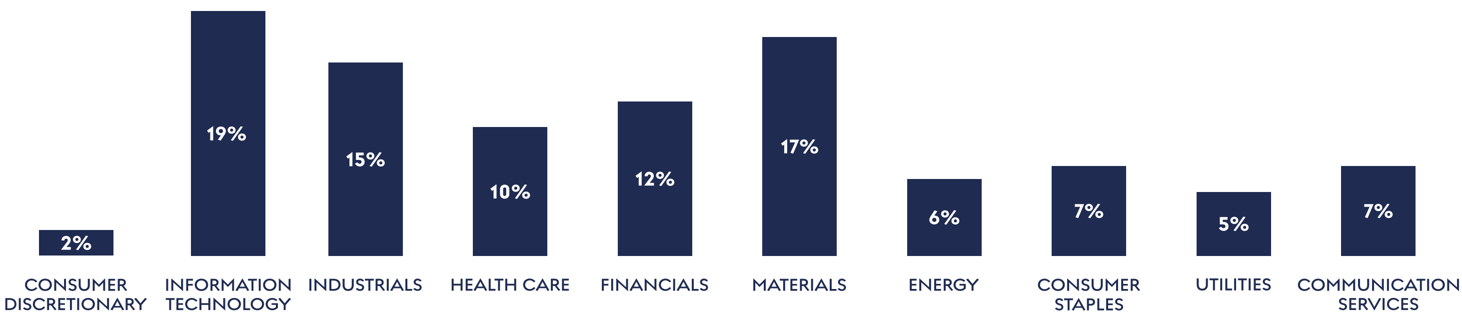
In that same period, the sector with the highest average director nominee age was the communications service sector at approximately 61.4 years. One-in-ten directors nominated by activists to financial services boards were aged 75 and over within this time frame. Information technology companies had the highest representation of activist director nominees between the ages of 35 and 40 years, at 12%.

AVERAGE AGE OF DIRECTORS BY SECTOR
DATA FROM JANUARY 1, 2020 – MAY 31, 2022.



SOURCE: DILIGENT / COMPENSATION AND GOVERNANCE INTEL

PROPORTION OF DISSIDENT DIRECTORS (%) NOMINATED BY COMPANY SECTOR
DATA FROM JANUARY 1, 2020 - MAY 31, 2022.



SOURCE: DILIGENT / COMPENSATION AND GOVERNANCE INTEL

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NEW ACTIVIST CAMPAIGNS

THE LATEST ACTIVIST INVESTMENTS FROM AROUND THE WORLD.

					PUBLIC DEMAND						
ACTIVIST	COMPANY	HQ	CAMPAIGN START DATE	CURRENT HOLDING	OPPOSE M&A	APPOINT PERSONNEL	REMOVE PERSONNEL	DIVESTITURE	GOVERNANCE	RETURN CASH TO SHAREHOLDERS	DETAIL
DISCOVERY CAPITAL MANAGEMENT	SPIRIT AIRLINES		JULY 12, 2022	1.4%	●	●	–	–	–	–	DETAIL
LECRAM HOLDINGS	PURPLEBRICKS GROUP		JULY 11, 2022	4.18%	–	–	●	–	–	–	DETAIL
KANEN WEALTH MANAGEMENT	BUILD-A-BEAR WORKSHOP		JULY 08, 2022	6.26%	–	–	–	–	–	●	DETAIL
ALIGN RESEARCH	IRONVELD		JUNE 29, 2022	7.45%	–	–	●	–	–	–	DETAIL
ASSET VALUE INVESTORS (AVI)	FUJITEC		JUNE 29, 2022	3.40%	–	–	–	–	●	–	DETAIL
JANA PARTNERS	MERCURY SYSTEMS		JUNE 24, 2022	5.82%	–	●	–	–	–	–	DETAIL
KAREN SINGER	SEACHANGE INTERNATIONAL		JUNE 24, 2022	14.60%	–	–	●	–	–	–	DETAIL
UNECO MINORITY SHAREHOLDER ASSOCIATION	UNECO		JUNE 24, 2022	N/A	–	–	–	●	–	–	DETAIL
STAR EQUITY FUND	SERVOTRONICS		JUNE 23, 2022	1.15%	–	–	●	–	–	–	DETAIL
JEC CAPITAL PARTNERS	CATALYST BIOSCIENCES		JUNE 21, 2022	8.00%	–	–	–	–	–	●	DETAIL

SOURCE: INSIGHTIA / ACTIVISM

NEW SHORT INVESTMENTS

THE LATEST DISCLOSED ACTIVIST SHORT INVESTMENTS.

				ALLEGATIONS							
SHORT SELLER	COMPANY	HQ	CAMPAIGN START DATE	ACCOUNTING FRAUD	MAJOR BUSINESS FRAUD	STOCK PROMOTION	COMPETITIVE PRESSURES	MISLEADING ACCOUNTING	PATENT INVALID	PRODUCT INEFFECTIVE	DETAIL
MUDDY WATERS RESEARCH	HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE CAPITAL		JULY 12, 2022	–	–	–	–	●	–	–	DETAIL
BONITAS RESEARCH	GOGORO		JULY 12, 2022	–	–	–	●	–	–	–	DETAIL
J CAPITAL RESEARCH	LAKE RESOURCES NL		JULY 11, 2022	–	–	–	–	–	–	●	DETAIL
FUZZY PANDA	EVGO		JUNE 29, 2022	–	–	–	–	–	●	●	DETAIL
GRIZZLY RESEARCH	NIO		JUNE 28, 2022	–	●	–	–	–	–	–	DETAIL
SPRUCE POINT CAPITAL MANAGEMENT	GENERAC HOLDINGS		JUNE 22, 2022	–	–	–	–	–	–	●	DETAIL
HINDENBURG RESEARCH	EBIX		JUNE 16, 2022	●	–	–	–	–	–	–	DETAIL
CULPER RESEARCH	PIEDMONT LITHIUM		JUNE 14, 2022	–	–	●	–	–	–	–	DETAIL
JEHOSHAPHAT RESEARCH	AMERESCO		JUNE 09, 2022	–	–	–	–	●	–	–	DETAIL
KERRISDALE CAPITAL MANAGEMENT	LIGHTWAVE LOGIC		JUNE 02, 2022	–	–	–	–	–	–	●	DETAIL

SOURCE: INSIGHTIA / SHORTS

PUTTING CAPITAL TO WORK

AN INTERVIEW WITH JIM CHADWICK, PRESIDENT, ALTERNATIVES, ANCORA HOLDINGS.

FOUNDED IN 2003 AND REPRESENTING $9 BILLION IN ASSETS UNDER MANAGEMENT, ANCORA HOLDINGS IS A PARTIAL FOCUS ACTIVIST KNOWN FOR TARGETING SMALL- AND MID-CAP U.S.-LISTED COMPANIES.

WHAT MAKES ANCORA'S APPROACH TOWARD SHAREHOLDER ACTIVISM UNIQUE?

Jim Chadwick: I began my career in activism in 1999 with Relational Investors, which was one of the first activist fund managers and a real pioneer in the strategy. At Ancora, our shareholder activism approach is heavily influenced by Relational's constructivist approach because most of our engagement tends to be behind the scenes before 13Ds or other regulatory filings are required.

IT HAS BECOME INCREASINGLY DIFFICULT FOR ACTIVISTS TO WIN SUPPORT FROM PASSIVE INDEX FUNDS.

I would estimate over half of the activism we have engaged in over the past eight years were situations that were never made public until we reached a settlement or resolution with the target. As activist fund managers focused on generating alpha with a lower beta and lower volatility portfolio, Ancora's hedging and risk management strategies are certainly unique for the activist industry. Utilizing this type of strategy means certain activist opportunities are not suitable for our fund due to the risk of the underlying investment. We are not trying to "swing for the fences" and are instead focused on long-term double-digit returns while limiting losses, regardless of the market environment.

HOW HAS SHAREHOLDER ACTIVISM EVOLVED IN THE FIRST HALF OF 2022, COMPARED TO THE PREVIOUS SEASON?

JC: I haven't seen a significant "evolution" in activism in 2022, barring that the fact it has become increasingly difficult for activists to win support from passive index funds. This has been a multi-year evolution that poses a real challenge for activist funds, given the passives' substantial shareholdings in many companies ripe for activism.

2022 proved to be challenging for activists to win the shareholder vote, even in circumstances where an activist shareholder secures Glass Lewis and Institutional Shareholder Services (ISS) support. 2020 and 2021 (to some degree) remained mired in the thick of the COVID-19 pandemic, which forced more activists to act with finesse because proxy advisory firms and investors were more likely to give incumbents a hall pass during this period.

Despite the COVID-19 pandemic affecting how certain stakeholders voted in proxy contests during the 2020-2021 season, we're seeing now post-pandemic that activism is very much back to "normal."

WHAT DO YOU THINK COULD BE THE IMPACT OF THE UNIVERSAL PROXY BALLOT ON THIS AND THE NEXT PROXY SEASON?

JC: The universal proxy ballot will provide a significant advantage for activist funds running minority slates. It will certainly make it harder to win control slates going forward, but it removes the "unintended consequences" for voters not wanting to wholly support just one proxy card. It will now be much easier to get support for one or two dissident candidates on an overall universal proxy ballot, which should also make it easier for ISS and Glass Lewis to support individual candidates on a dissident slate.

ANCORA HAD A BUSY START TO 2022, WITH CAMPAIGNS AT EVERBRIDGE, SPARTANNASH, AND CH ROBINSON, TO NAME BUT A FEW.

WHAT KEY FEATURES DOES ANCORA LOOK FOR WHEN IDENTIFYING TARGET COMPANIES?

JC: When considering a target, we focus on long-term underperformance relative to the market or peers. Successful activist targets tend to include both relative share price underperformance and a clear valuation catalyst that can be unlocked through improved governance.

AS OF JUNE 30, 2022, ANCORA HAS MADE 11 PUBLIC DEMANDS AT COMPANIES THIS YEAR, COMPARED TO FIVE AND 17 THROUGHOUT 2020 AND 2021, ACCORDING TO INSIGHTIA'S *ACTIVISM* MODULE.

> *HOW WELL A COMPANY IS IMPLEMENTING ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ENHANCEMENTS MUST BE CONSIDERED BEFORE LAUNCHING A CAMPAIGN. THIS IS EVEN MORE IMPORTANT IF A FUND PLANS ON GARNERING PROXY ADVISORY FIRM OR INSTITUTIONAL INVESTOR SUPPORT.*

DO YOU EXPECT ESG TO FORM A LARGER PART OF ACTIVIST CAMPAIGNS, GOING FORWARD?

JC: It's tough to say whether ESG will become a larger part of activist campaigns because to me it's already a big component of most campaigns today. How well a company is implementing environmental, social, and governance enhancements must be considered before launching a campaign. This is even more important if a fund plans on garnering proxy advisory firm or institutional investor support.

LOOKING AHEAD, WHAT DOES ANCORA HAVE PLANNED FOR THE SECOND HALF OF 2022?

JC: What's to come for Ancora in the remainder of 2022 is yet to be seen. The first half of the year tends to always be busier as most companies' fiscal year ends on December 31, with annual meetings being held in the first half of the year. We are invested in a few companies with June 30 or September 30 year-ends that could result in some activity towards the end of 2022. Given recent market volatility, we are being very disciplined in putting new money to work, even if it means sitting out a campaign to protect capital.

SO FAR THIS YEAR, ANCORA HAS WON BOARD SEATS AT CH ROBINSON AND AMPCO-PITTSBURGH. A BID FOR BOARD SEATS AT SPARTANNASH AND AN ATTEMPT TO UNSEAT FOUR EVERBRIDGE DIRECTORS WERE UNSUCCESSFUL.

IF YOU COULD INTRODUCE ONE CORPORATE GOVERNANCE MEASURE, WHETHER IT BE IN THE U.S. OR INTERNATIONALLY, WHAT WOULD IT BE?

JC: Directors shouldn't remain on boards forever, so implementing a director term limit would be a huge governance enhancement, in my view. To help ensure objectivity and true independence, I would propose a 10-year limit for any board term of a U.S. public company. This wouldn't apply to executive management, but to all independent directors.

THANK YOU, JIM.

WHO'S VULNERABLE?

As part of our half-year review, Rob Cribb highlights 10 companies that could face activist campaigns.

**Methodology: the data used is as of June 30, 2022, with share-price related metrics using close prices as of June 29, 2022. Metrics and data sourced from the Insightia Vulnerability module. The list of vulnerable companies is not by order of vulnerability and is taken as a hand-picked selection across different sectors. Companies with insurmountable governance provisions (such as a controlling shareholder), existing activist campaigns in-play, or those undergoing transformational M&A, have been excluded.*

1. TWILIO

SECTOR	TECHNOLOGY
TICKER	TWLO
MARKET CAP	$16.3 BILLION (LARGE-CAP)
PERCENTILE RANK	93rd
KEY VULNERABILITIES	PERFORMANCE, PROFITABILITY, GOVERNANCE

Twilio's selloff has made the travails of the wider tech stock look comparatively mild. With total shareholder return (TSR) of nearly negative 80% since last July, an activist could push for a change in strategy, including a focus on profitability or a sale. CEO and co-founder Jeff Lawson's presence is more befitting of a private company, having run the company since 2008 and incurred the wrath of shareholders due to the dual share-class structure that affords him 22% of total voting power.

2. ALTRA INDUSTRIAL MOTION

SECTOR	INDUSTRIALS
TICKER	AIMC
MARKET CAP	$2.3 BILLION (MID-CAP)
PERCENTILE RANK	99th
KEY VULNERABILITIES	PERFORMANCE, PROFITABILITY

Since mid-2021, Altra Industrial Motion has seen its share price fall by almost 50%. Concerns over the integration of Fortive – a $3 billion deal from 2018 – might be one of the reasons for investor jitters. With margins lower now than before the deal, an activist could angle for more prudent spending. Wasatch, the largest investor at the electromechanical power transmission manufacturer, has blamed supply-chain disruptions for Altra's struggles.

3. STANLEY BLACK & DECKER

SECTOR	INDUSTRIALS
TICKER	SWK
MARKET CAP	$16 BILLION (LARGE-CAP)
PERCENTILE RANK	87th
KEY VULNERABILITIES	PERFORMANCE, GROWTH, GOVERNANCE

Despite the pandemic tailwind with homeowners making house repairs, Stanley Black & Decker failed to capitalize and has underperformed. Recent acquisitions have underwhelmed, and several directors could be targeted as well as management – particularly the three who have served for a decade or more.

4. NCR

SECTOR	TECHNOLOGY
TICKER	NCR
MARKET CAP	$4.2 BILLION (MID-CAP)
PERCENTILE RANK	98th
KEY VULNERABILITIES	VALUATION, PERFORMANCE

In late April – just months after Insightia profiled NCR as vulnerable due to undervaluation – talk of a buyout led to a rally in the Atlanta-based company's stock. With nothing concrete materializing so far, an activist might find itself driving the push for a sale. The payments sector has been no stranger in recent times to activist campaigns: Starboard pushed for a sale at ACI Worldwide in late 2020, while Sachem Head achieved board representation eight months ago at Bottomline Technologies - another Insightia *Vulnerability* prediction that bore out.

5. AES

SECTOR	UTILITIES
TICKER	AES
MARKET CAP	$13.6 BILLION (LARGE-CAP)
PERCENTILE RANK	99th
KEY VULNERABILITIES	PERFORMANCE, PROFITABILITY, GOVERNANCE

AES is the most vulnerable company from the S&P 500 without an existing campaign in-play, according to Insightia's *Vulnerability* module. With earnings before interest, tax, depreciation, and amortization (EBITDA) falling year-on-year since 2018 – despite Jeff Ubben joining the board as part of a green activist campaign in that year – investors have become unsettled. CEO Andres Gluski and Chairman John Morse could face particular scrutiny, given their tenures of 10 and 13 years, respectively.

6. DENTSPLY SIRONA

SECTOR	HEALTHCARE
TICKER	XRAY
MARKET CAP	$7.9 BILLION (MID-CAP)
PERCENTILE RANK	99th
KEY VULNERABILITIES	PERFORMANCE, PROFITABILITY

Since the Dentsply merger with Sirona in 2016, revenues have grown and losses have gradually turned into profits. The share register is already loaded with occasional activists holding toehold stakes. Given the company's excess costs, long-term debt, weak share price, and limited scope of business, an activist could call for the company to pursue a sale to a larger player in the medical products sector.

7. MATCH GROUP

SECTOR	TECHNOLOGY
TICKER	MTCH
MARKET CAP	$20.3 BILLION (LARGE-CAP)
PERCENTILE RANK	97th
KEY VULNERABILITIES	PERFORMANCE, STRATEGY

An activist could be the one to get shareholders back in love with Match after a 12-month drop in the stock price of 56%. The wider tech-stock selloff only goes some of the way to explaining Match's dismal returns, as profits are down. The company's expensive equity could lead for calls to grow through acquisitions to help recover stock value.

8. ALEXANDRIA REAL ESTATE EQUITIES

SECTOR	REAL ESTATE
TICKER	ARE
MARKET CAP	$23.6 BILLION (LARGE-CAP)
PERCENTILE RANK	95th
KEY VULNERABILITIES	VALUATION, PERFORMANCE, GOVERNANCE

The life sciences property buyer appears undervalued on a price-to-book valuation relative to peers and could find itself subject to a takeover, given strong demand in the space from private equity. The CEO role is shared by Stephen Richardson and Peter Moglia, and the convoluted governance structure would likely be central to an activist's focus.

9. CITIZENS FINANCIAL GROUP

SECTOR	FINANCIAL SERVICES
TICKER	CFG
MARKET CAP	$17.9 BILLION (LARGE-CAP)
PERCENTILE RANK	94th
KEY VULNERABILITIES	VALUATION, PERFORMANCE

Lawrence Seidman asked fellow regional bank Blue Foundry Bancorp for dividends and remuneration changes last month, and the same approach could be taken at Citizens Financial Group. After a difficult year on the stock market, the move could keep shareholders onside. Lead director Shivan Subramaniam – who has served for 17 years - received less than 90% support at the recent annual meeting and could be the scapegoat for an activist demanding board changes.

10. PVH

SECTOR	CONSUMER CYCLICAL
TICKER	PVH
MARKET CAP	$3.9 BILLION (MID-CAP)
PERCENTILE RANK	91st
KEY VULNERABILITIES	PERFORMANCE, GOVERNANCE

Despite selling two loss-making brands last year that an Insightia *Vulnerability* report had cited as a potential flashpoint for a campaign, PVH is still struggling. With its share price almost halving over the last 12 months, new appointees Chairman Michael Calbert and CEO Stefan Larsson will be feeling the heat.

DISCLAIMER: Insightia Vulnerability reports use proprietary data, along with third-party analyst reports and, in certain cases, interviews with industry sources to identify companies that might become activist targets. They represent an analytical attempt at predicting companies that may be engaged by an activist from a wide range of possible targets and are in no way intended to indicate that a speculated event is imminent or will take place. Insightia does not provide investment advice or accept responsibility for the result of trades based on Insightia Vulnerability reports or descriptions of Insightia Vulnerability reports by third-party media.

PERSONNEL MOVES

THE LATEST HIRES AND APPOINTMENTS IN THE GOVERNANCE INDUSTRY.

GLOBAL

Michael Jantzi and Jeffrey Hales – International Sustainability Standards Board (ISSB)
Board members
The International Financial Reporting Standards (IFRS) appointed Michael Jantzi and Jeffrey Hales as members of ISSB. The sustainability disclosure group aims to deliver a comprehensive global standard on sustainability disclosures and to provide investors with information on sustainability-related risks and opportunities. Each member will start their role full-time in July.

U.S.

Jaime Lizárraga and Mark Uyeda – Securities and Exchange Commission (SEC)
The SEC confirmed Jaime Lizárraga and Mark Uyeda will join the regulator to replace departing commissioners Allison Herren Lee and Elad Roisman. Lizárraga is currently a senior adviser to House of Representatives speaker Nancy Pelosi. Uyeda joined the SEC in 2006 and is currently working with the Senate Banking Committee, where he serves as a securities counsel.

Mickey Weatherston – Churchill Asset Management
Head of sustainability and ESG integration
Mickey Weatherston joined Churchill Asset Management as its new head of sustainability and ESG integration. In this role, Weatherston will be responsible for providing strategic direction for ESG integration across Churchill's senior lending, junior capital, and private equity solutions strategies. Weatherston most recently served as director of marketing and client services at Muzinich & Co. where he was responsible for leading ESG integration across public and private sector products.

Marouane Bouchriha – Candriam
Fund manager, climate action strategy
Candriam appointed Marouane Bouchriha as a fund manager working on the asset manager's climate action strategy. Bouchriha joins Candriam from Edmond de Rothschild where he worked as an equity fund manager as part of its climate change thematic global equity fund.

Marie Niemczyk – Candriam
Head of ESG client portfolio management
Candriam also appointed Marie Niemczyk as head of ESG client portfolio management. As part of this role, Niemczyk will be conveying Candriam's ESG expertise to investors as well as developing the company's ESG business. Niemczyk has been with the firm since 2018, working as head of insurance relations.

Nadir Settles – Nuveen
Global head of impact investing, real estate
Nadir Settles was named global head of impact investing, real estate, at Nuveen. In this role, Settles will be responsible for prioritizing investments to foster climate-safe and sustainable housing. He joined Nuveen in 2012 and will continue to serve as the fund manager's regional head of office and portfolio manager for its New York City property fund series.

Rebecca Mather – Mercer
Sustainable investment leader for the Pacific region
Mercer appointed Rebecca Mather as its sustainability investment leader for the Pacific region. In this newly created role, Mather will be responsible for managing Mercer's sustainable investments business' commercial outcomes and revenue targets. Mather has over 20 years of investment consultancy experience and has worked for Mercer since 2001, most recently as a principal of responsible investment.

EUROPE

Ewa Jackson – BlackRock
Head of sustainable client solutions for EMEA
BlackRock appointed Ewa Jackson to the role of head of sustainable client solutions for Europe, the Middle East, and Africa (EMEA). As part of BlackRock's new client solutions initiative in its sustainable investing EMEA team, Jackson will be responsible for overseeing a team of local heads of sustainability, who will work with country-wide teams to deliver sustainable products and services to aid clients in reaching their goals. Jackson, who joined BlackRock in 2017, has been serving as director of its sustainable investment team.

Sam Tripuraneni – Aviva Investors
Head of sustainable outcomes
Aviva Investors hired Sam Tripuraneni as its new head of sustainable outcomes. In this position, Tripuraneni will oversee the firm's stewardship and sustainable outcomes franchises, as well as the firm's ESG thematic research and integration. Tripuraneni joins Aviva Investors after seven years at BlackRock, working most recently as a director in its sustainable investing team.

Tinna Nielsen – EQT
Equitable transformation lead for social and human sustainability
Tinna Nielsen joined EQT as equitable transformation lead for social and human sustainability, responsible for overseeing the fund manager's human rights and DEI initiatives. Previously, Nielsen has served at the Danish Institute for Human Rights and the World Economic Forum.

Eimear Palmer – Pantheon
Partner and global head of ESG
Pantheon appointed Eimear Palmer to be a partner and its new global head of ESG. In this newly established role, Palmer will oversee and further develop the firm's existing ESG strategy as well as a range of initiatives that reflect the company's continued integration of ESG principles.

Elsa Palanza – Intermediate Capital Group
Managing director and global head of sustainability and ESG
Intermediate Capital Group (ICG) appointed Elsa Palanza as its managing director and global head of sustainability and ESG. Starting in the role in September, Palanza will be responsible for firmwide ESG strategy as well as responsible investing. Palanza joins ICG from Barclays where she worked as the global head of sustainability and ESG since 2018, previously working for both the Clinton Global Initiative and the Bill & Melinda Gates Foundation.

Martina Macpherson - SIX Group
Head of ESG product management
SIX Group appointed Martina Macpherson as its head of ESG product management. In this role, Macpherson will be responsible for the ESG product management group at SIX's financial data division. Macpherson has a wealth of experience in senior roles relating to ESG, both in investing and sustainable finance. Most recently she worked at the European financial services group ODDO BHF as its head of ESG strategy.

REST OF THE WORLD

James Tayler - Insignia Financial
Head of responsible investing
Insignia Financial hired James Tayler to be its head of responsible investing. In this newly created position, Tayler will be responsible for developing Insignia's responsible investing strategy across all its capabilities, as well as identifying and managing ESG risks and opportunities, and optimizing the effectiveness of communication with managers and companies. Tayler joins Insignia from Ellerston Capital where he worked as its head of ESG.

DIRECTOR UPDATES

THE LATEST DIRECTOR MOVES ON PUBLIC BOARDS.

Howard Lance and Bill Ballhaus – Mercury Systems
Mercury Systems appointed two new directors and diluted its poison pill rights plan as part of cooperation agreements with activist investors Jana Partners and Starboard Value. The board will temporarily be increased from nine to 11 members, though only nine members will serve following the 2022 annual meeting, the company added.

Amy Lane and Jim Vena – FedEx
Amy Lane and Jim Vena joined the FedEx board as part of the U.S. delivery company's cooperation agreement with activist investor D.E. Shaw. As part of the agreement, a third (yet to be named) director will be added to the board at a later date. Lane currently serves as a director at NextEra Energy and TJX Co., while Vena is CEO of Union Pacific Corporation.

Ricky Sandler – Ashland Global Holdings
Eminence Capital founder and CEO Ricky Sandler said he will step down from Ashland Global Holdings' board after three years of service. Sandler joined the specialty materials company's board in January 2020 after being included on management's slate. He's set to relinquish the seat at Ashland's next annual meeting in January 2023, when another board member, William Dempsey, will also end his tenure.

David Goldhill and Janny Lee – Enthusiast Gaming
Canadian media company Enthusiast Gaming agreed to appoint two Greywood Investments director nominees to its board on July 8. CEO Adrian Montgomery, the activist's main target in the proxy contest, will transition to chairman.

Guy Gittins – Foxtons
Foxtons appointed Guy Gittins as its new CEO. Foxton's is under pressure from activist investor Converium Capital, which criticized the U.K.-based real estate agent over capital allocation decisions that have depressed its share price.

Takakazu Uchiyama – Fujitec
Fujitec CEO Takakazu Uchiyama left the company's board pending a third-party investigation of suspicious third-party transactions and will move to the role of chairman, with Executive Vice President Takao Okada taking over the company.

LESSONS TO LEARN FROM 10 MAJOR PAY REVOLTS

U.S. PAY PLANS FACE RISING DISSENT AS INVESTORS ESCALATE VOTING ACTION AGAINST CEO PAY HIKES, WRITES REBECCA SHERRATT AND WILL ARNOT.

"Say on pay" revolts are hitting hard this proxy season after outsized pay packages for CEOs made a post-pandemic comeback in 2021. So far this year, 17 S&P 500 pay plans have failed to win majority support, as many as in the whole of 2021, according to Insightia's *Voting* module.

Opposition is also notably widespread this year. As of June 30, 2022, the 409 "say on pay" proposals subject to a vote at S&P 500-listed companies this year have won 87.6% average support, compared to 89.9% and 88.5% average support throughout 2020 and 2021. Below, Insightia has highlighted some of the biggest rebellions to date. The selected companies all proposed hefty payouts to CEOs and, as a result, faced significant pushback from investors. Don Cassidy, global head of corporate governance at Georgeson, told Insightia that "among practices investors deemed problematic, retention grants without performance conditions or additional compensation without adequate justification were common."

These cautionary tales demonstrate why robust disclosure, as well as pay and performance alignment, are essential for assuring investors that companies are taking reasonable steps to incentivize management whilst simultaneously boosting shareholder value.

CenterPoint Energy

CenterPoint Energy's "say on pay" proposal faced the most significant opposition of any U.S.-listed large-cap company in Q1 2022, receiving 77.8% opposition at the utility giant's April 22 annual meeting. Shareholders were quick to criticize CEO David Lesar's proposed $37.8 million compensation package, which NEI Investments noted was "extremely excessive" relative to median employee pay. Shareholders were similarly critical of Lesar's $33 million stock award, resulting in compensation committee Chair Theodore Pound facing 22.5% opposition.

CME Group

CME Group's pay plan garnered 76.7% opposition for providing CEO Terrence Duffy with a $5 million discretionary bonus. The nail in the plan's coffin was management's failure to disclose in its proxy statement any clawback or repayment provisions for the bonus, in the event of Duffy retiring or resigning. As Vanguard discussed in a May whitepaper, any discretionary adjustments to a pay plan should be accompanied by "thorough disclosure" so investors can understand the board's "decision-making process and any guardrails that have been established alongside the metric."

D.R. HORTON America's Builder

D.R. Horton's pay plan faced pushback from investors and proxy advisers alike when it proposed a 58% year-on-year increase to CEO David Auld's pay. The residential construction company's "say on pay" proposal unsurprisingly faced a hefty 72.6% opposition, with fund manager abrdn condemning D.R. Horton's failure to "provide for meaningful pay caps."

JPMorgan Chase & Co.

It came as a surprise to many when JP Morgan's pay plan faced 68.8% opposition, given that the bank's previous pay plans won upwards of 90% support in each of the last two years. Management was evidently aware a $52 million one-off award to CEO and Chair Jamie Dimon might ruffle some feathers, issuing a special plea for support ahead of its May 17 annual meeting. It fell on deaf ears, with both Glass Lewis and Institutional Shareholder Services (ISS) recommending that investors vote against the pay plan, Glass Lewis describing the "ratcheting up" of Dimon's pay as undeniably excessive.

Intel is no stranger to pay revolts, but this year investors chose to extend their opposition to company directors. The technology giant's compensation report received 65.9% opposition at its May 12 annual meeting, while compensation committee members Alyssa Henry and Dion Weisler faced 49.6% and 28.5% opposition, respectively, major increases compared to Intel's previous annual meeting. AP Pension, abrdn, and TKP Investments were among the investors to criticize Intel's "limited responsiveness" to concerns regarding outsized payouts to CEO Patrick Gelsinger.

This year was the first in Centene's history that its remuneration report failed to win majority support, with 66.4% of votes in opposition at the healthcare giant's April 26 annual meeting. Shareholders raised issue with former named executive officers Jeffrey Schwaneke and Jesse Hunter receiving what were described as "excessive" severance packages exceeding $5 million. DWS Investment also raised issue with the company's failure to explicitly disclose whether its use of non-financial performance criteria in variable compensation schemes was "explicitly ESG-related."

Coca-Cola's "say on pay" proposal won majority support by a hair's breadth, facing 49.5% opposition at the company's April 26 annual meeting. Invesco criticized Coca-Cola for proposing a "problematic" $6.5 million pay rise for CEO James Quincy, resulting in him earning 1,791 times more than the median company employee. In stark contrast, Coca-Cola's remuneration report faced only 5.6% opposition a year earlier.

Pacwest Bancorp's pay plan faced the second-highest level of opposition among U.S.-listed companies in the first five months of 2022. The plan, which was subject to 79.6% opposition, faced criticism from Glass Lewis for proposing that CEO Matthew Wagner's pay exceeds four times that of an average NEO. Investors didn't stop expressing their dissent with just Pacwest's pay plan, compensation committee members Paul Burke, William Hosler, and Roger Molvar each also facing 33% opposition.

Arrowhead Pharmaceuticals' "say on pay" plan was one of many proposals shot down by shareholders at the biotechnology company's March 17 annual meeting. The company's pay plan faced 79.4% opposition, due to a lack of disclosure surrounding CEO Christopher Anzalone's annual bonus. UBS Asset Management also said that the disclosure provided "does not allow shareholders to make an informed assessment of remuneration paid during the year." To add insult to injury, all five compensation committee members received between 42% and 64% opposition.

Goodyear Tire & Rubber's remuneration report came under fire from shareholders this year for providing CEO Richard Kramer with what Legal & General Investment Management described as a "concerning" $21 million retention agreement. The plan faced 78.8% opposition, investors also raising issue with short performance periods and below-median relative performance metrics in the company's long-term incentive plans.

PROPORTION (%) OF "SAY ON PAY" REVOLTS AT U.S.-LISTED COMPANIES BY YEAR

	2018		2019		2020		2021		2022 YTD*	
	NO.	%	NO.	%	NO.	%	NO.	%	NO.	%
<80% Support	383	14.0%	422	14.6%	390	13.2%	346	12.0%	350	13.9%

PROPORTION OF FAILED "SAY ON PAY" PROPOSALS IN THE S&P 500 BY YEAR

	2018		2019		2020		2021		2022 YTD*	
	No.	%	No.	%	No.	%	No.	%	No.	%
S&P 500 <50% Support	6	1.3%	9	1.9%	11	2.2%	18	3.7%	18	4.2%

SOURCE: INSIGHTIA / VOTING
DATA AS OF JUNE 30, 2022.

SHORT SELLING TRENDS

NO. ACTIVIST SHORTS CAMPAIGNS PER YEAR, BY COMPANY HEADQUARTERS

The number of short campaigns in the U.S. continue to decline for the fourth annual year, a trend also exhibited in China, Canada, and the U.K.

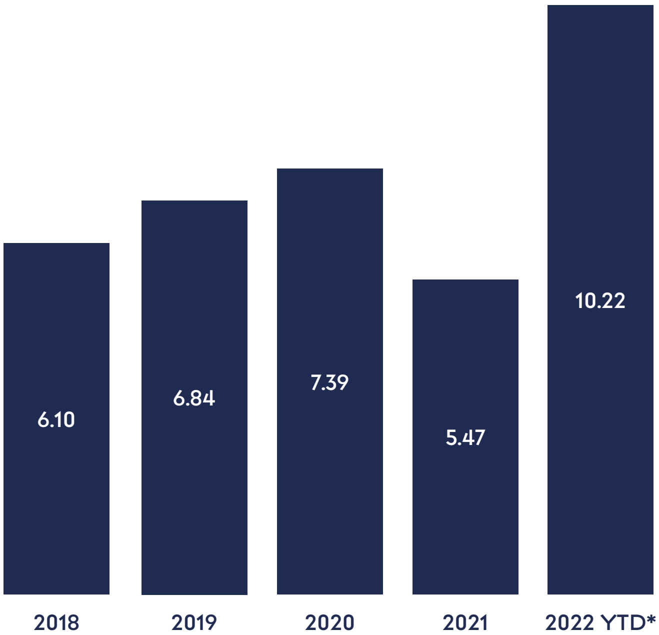
	2018	2019	2020	2021	2022 YTD*
AUSTRALIA	5	4	2	4	2
CANADA	22	7	14	11	6
CHINA	12	16	23	13	2
UK	5	1	7	3	1
US	102	123	94	79	33

SOURCE: INSIGHTIA / SHORTS
**DATA AS OF JUNE 30, 2022*

AVERAGE ONE-WEEK AND ONE-MONTH CAMPAIGN RETURNS FOR ACTIVIST SHORT CAMPAIGNS

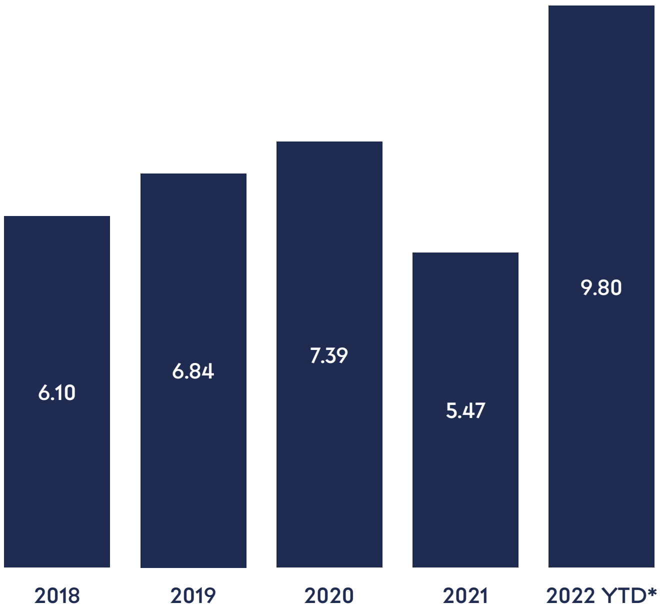
Following weak returns in 2021, campaigns have proven especially profitable for short sellers in the first half of 2022, hitting record highs both over one-week and one-month periods.

AVERAGE ONE-WEEK CAMPAIGN RETURN



SOURCE: INSIGHTIA / SHORTS
**DATA AS OF JUNE 30, 2022*

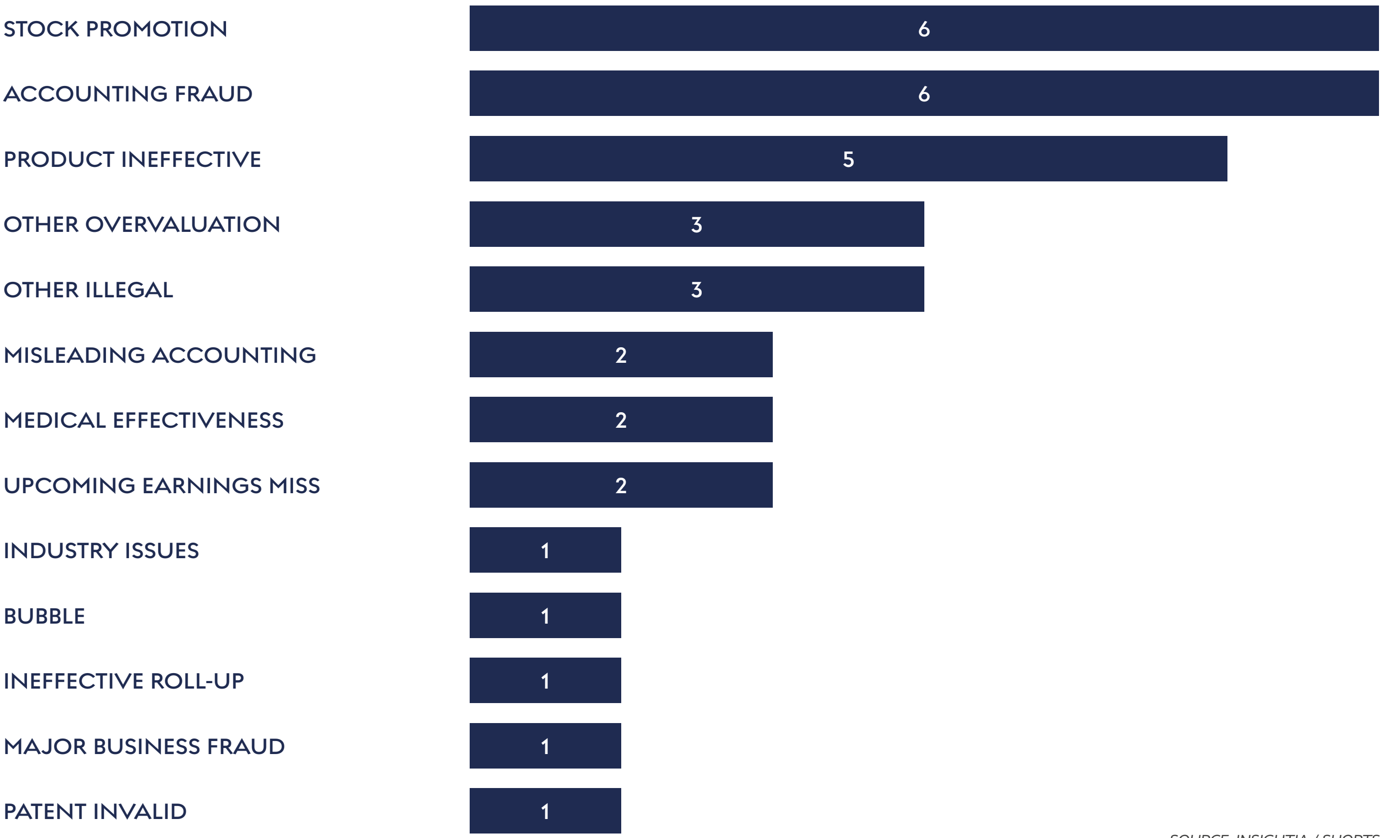
AVERAGE ONE-MONTH CAMPAIGN RETURNS



SOURCE: INSIGHTIA / SHORTS
**DATA AS OF JUNE 30, 2022*

ALLEGATIONS USED BY ACTIVIST SHORT SELLERS AGAINST U.S.-BASED COMPANIES IN 2022

Stock promotion and accounting fraud are the most common allegations used by short sellers against U.S.-listed companies in the first half of 2022, shortly followed by claims against product effectiveness, overevaluations, and illegal activity.



SOURCE: INSIGHTIA / SHORTS
DATA AS OF JUNE 30, 2022

UPCOMING EVENTS

A SELECTION OF UPCOMING MEETINGS AND SHAREHOLDER PROPOSALS.

Meetings

ISSUER	TYPE	HQ	DATE	
CONSTELLATION BRANDS	ANNUAL		JULY 19, 2022	DETAIL
VISTA OUTDOOR	ANNUAL		JULY 26, 2022	DETAIL
VODAFONE GROUP	ANNUAL		JULY 26, 2022	DETAIL
AMARIN	ANNUAL		JULY 27, 2022	DETAIL
ROCKY MOUNTAIN CHOCOLATE FACTORY	PROXY CONTEST		AUG 18, 2022	DETAIL

Shareholder proposals

SPONSOR	ISSUER	HQ	MEETING DATE	
MCKESSON CORP.	NEW YORK CITY COMPTROLLER		JULY 22, 2022	DETAIL

Enhance Rule 10b5-1 disclosure.

Adopt a Rule 10b5-1 plan policy requiring disclosure of the name of the affected individual, shares covered, and date of adoption.

SPONSOR	ISSUER	HQ	MEETING DATE	
LINDE	JOHN CHEVEDDEN		JULY 25, 2022	DETAIL

Adopt a simple majority vote.

Amend the company's bylaws so that each proposal calling for a greater than simple majority vote be replaced by a requirement for a majority of votes cast.

SPONSOR	ISSUER	HQ	MEETING DATE	
TESLA	NEW YORK STATE COMPTROLLER		AUG 4, 2022	DETAIL

Report on anti-harassment and discrimination efforts.

Report on the effectiveness and outcomes of the company's efforts to prevent harassment and discrimination.

SPONSOR	ISSUER	HQ	MEETING DATE	
SAPUTO	MOUVEMENT D'ÉDUCATION ET DE DÉFENSE DES ACTIONNAIRES		AUG 4, 2022	DETAIL

Increase employee representation in strategic decision-making.

Evaluate ways to increase employee participation in corporate decision-making.

SPONSOR	ISSUER	HQ	MEETING DATE	
ELECTRONIC ARTS	JAMES MCRITCHIE		AUG 11, 2022	DETAIL

Shareholder ratification of termination pay.

Seek shareholder approval for any manager's pay plan that provides for severance/termination payments with a value exceeding 2.99 times the sum of the executive's base salary plus short-term bonus.

SOURCE: INSIGHTIA / VOTING

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