

## Survey of Corporate Secretaries at North American Corporations

*Executive Summary*



**THE ROLE OF THE CORPORATE  
SECRETARY IN ENGAGEMENT WITH  
INSTITUTIONAL INVESTORS  
MARCH, 2016**

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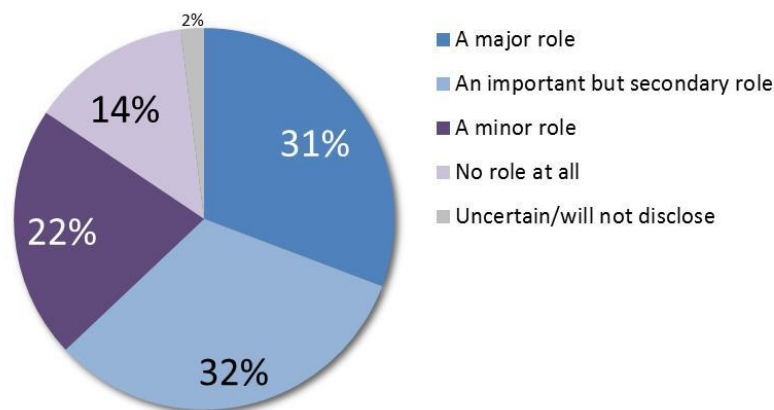
# ENGAGEMENT & THE CORPORATE SECRETARY



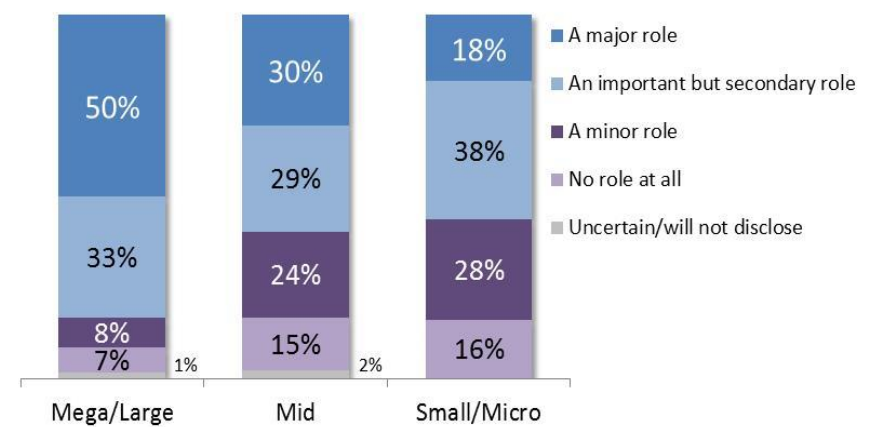
## INTRODUCTION AND METHODOLOGY

- Results based on interviewing period completed in February 2016 among North American governance professionals.
- 278 interviews completed in the United States and Canada – 72 large-cap, 102 mid-cap and 87 small-cap (plus 17 who did not divulge their company’s size).
- Study designed to inform the corporate audience by adding greater dimension and context around the respective roles of the governance professional and IRO in high-level engagement with institutional investor on governance matters.
- This research is a service of the Rivel Corporate Governance Intelligence Council™ – an advocacy forum of experienced governance professionals committed to elevating the importance and efficacy of the practice.
- Note: Due to multiple responses and computer rounding, percentages may not add to 100% throughout this report.

**Role in Communicating/Engaging with Investment Professionals about Company's Corporate Governance Practices**



**MARKET CAP BREAKDOWN**



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We are pleased to present the inaugural Rivel Research Group Corporate Governance Flashpoint study, a service of the *Corporate Governance Intelligence Council*. Rivel initiated this research project after detecting significant gaps in understanding of best practices in corporate governance engagement activities and a lack of knowledge around the roles and responsibilities of those involved in communication efforts, namely the investor relations officer and the corporate secretary. In developing this research, our goal is to survey corporate governance professionals to gain a more complete and realistic view of the role governance plays in the decisions made by institutional investors, and the mechanisms public companies use to communicate on governance topics. These insights will enable management teams to develop actionable and reliable benchmarks for engagement and determine the most effective ways to communicate with investors on this important topic.

The research comprised 19 detailed questions on the role of the corporate secretary in the creation and communication of the governance message. The following pages provide a high-level summary of some of the major talking points. What is apparent is that, on average, no one has taken ownership of governance communication efforts. Some exceptions exist – almost exclusively at larger companies – but generally speaking, neither the IRO nor corporate secretary is leading the governance communication process.

While 63% of corporate secretaries claim at least some involvement in governance engagement, only 39% believe the corporate secretary should be the primary owner of the conversation. Additionally, only half of the respondents say they want a higher level of involvement. The numbers are similar on the IRO side. Two areas where the corporate secretary is leading the way are written disclosures and board education/interaction. Investors cite written disclosures and transparency as among the most important hallmarks of good governance and a majority of corporate secretaries own this process. Additionally, most corporate secretaries are the primary source of governance education for the board of directors.

While some corporate secretaries are at the forefront of governance engagement with investors it is clear that the profession as a whole has a prime opportunity to take ownership of the communication process and liaise more directly with institutional shareholders. Given their natural position as the subject-matter expert, it is fair to suggest that increased involvement both internally and externally by the corporate secretary will not only elevate the status of the profession but also add significant value to the company given the growing importance of governance as an investment driver.

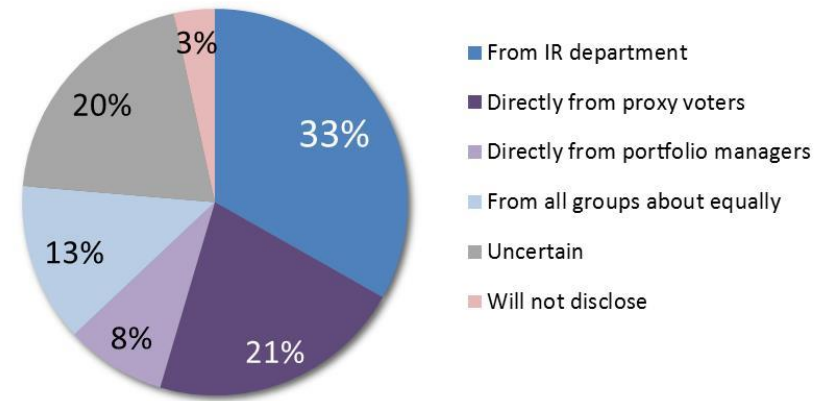
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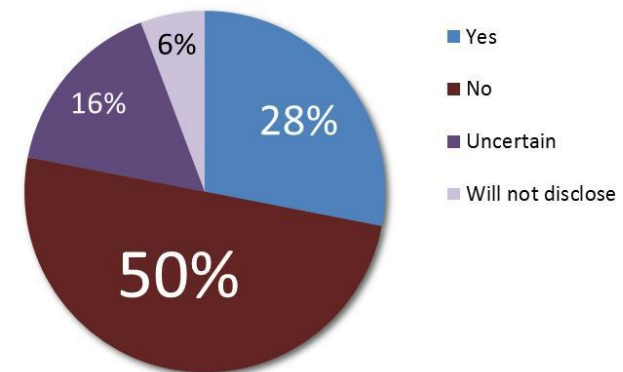
## HEADLINES

- **63% of corporate secretaries are at least somewhat involved in communications with investors.**
  - 50% of large-cap corporate secretaries play a “major” role in shareholder engagement.
  - This drops to 30% and 18% for mid- and small-caps respectively.
- **Only 39% of corporate secretaries say they want primary responsibility for direct engagement with institutional investors.**
  - And 29% say the IR officer should be responsible for governance engagement with investors.
- **The IRO often is the primary lead in governance communication, especially at small- and mid-cap companies (perhaps by default ... See below). The corporate secretary is the internal educator.**
  - One third of all governance questions come from the IRO.
  - 60% have on-going dialogue with board members.
  - 54% control written reports to the board on governance matters.
- **Corporate secretaries control the vitally important written governance disclosure documents.**
  - Previous Rivel studies among institutional investors identify that commitment to transparency and disclosure as the single most important characteristic of “superb” corporate governance.
- **There is a general lack of ownership for governance engagement.**
  - IROs don’t want this role either. In a separate Rivel study, 63% of IROs did not want to be more involved and only 17% said they did.

Group from Which Receive the Most Corporate Governance Questions/Requests



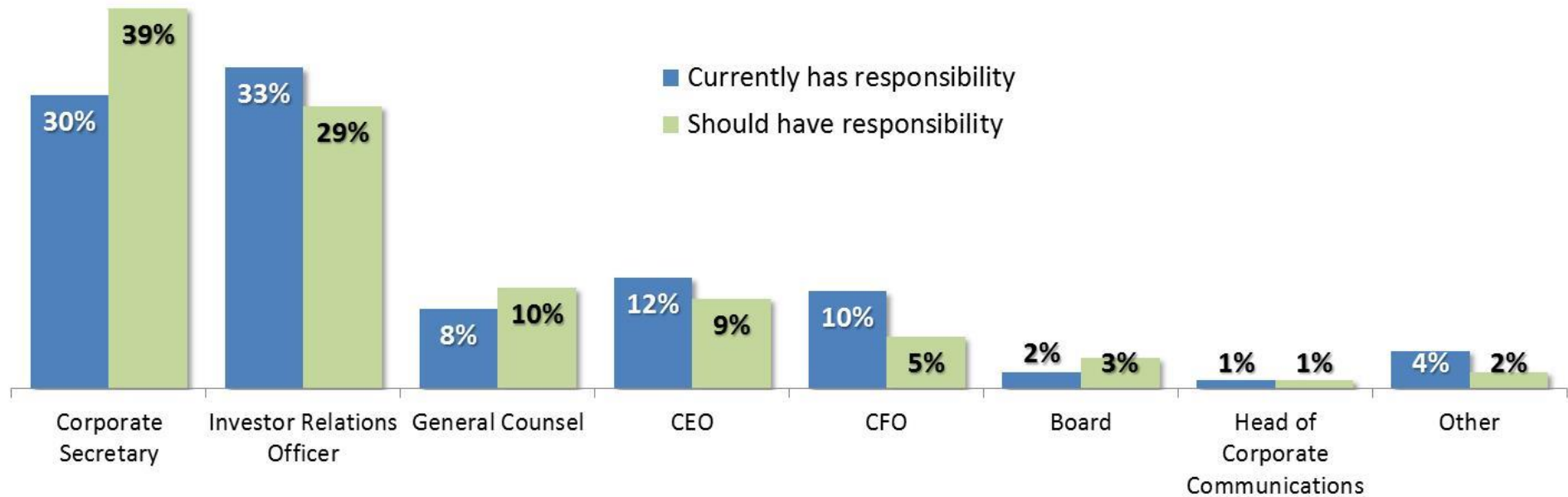
Whether Corporate Secretaries Want to Be More Involved Setting and Communicating Governance Policies to Investors



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## Who Has Primary Responsibility for Corporate Governance Communications with Investors versus Who Should Have the Responsibility



For more information on the Corporate Governance Intelligence Council, or to review the full unabridged version of the “Role of the Corporate Secretary in Institutional Investor Engagement” report please contact David Bobker at 203.803.1515, or [dbobker@rivel.com](mailto:dbobker@rivel.com).