

Risk – Resilience – Reputation

Brunswick's Governance Advisory Practice

BRUNSWICK
博然思维

Governing companies has become more complex. Threats come from many directions - financial, political and social – and risks are increasingly intertwined, with the COVID-19 pandemic a major test of competence and preparedness. Should society's trust in a company erode, recovery is difficult and can take years, whether measured by customer relationships, scrutiny from regulators, share price or reputational reserves. We therefore believe only boards and management teams that can manage both financial and non-financial risks effectively will be resilient enough and earn the right to lead in a dynamic and evolving world.

Introducing Brunswick's Governance Framework: "Risk-Resilience-Reputation"

We work with boards and C-suite executives to manage non-financial risk, build business resilience, and protect reputation. Becoming more resilient is a process that begins with introspection and ends with necessary actions. Companies must identify where they are vulnerable, determine how to mitigate those risks, and then create the right long-term plan to bolster resilience for the good of the business, its reputation, and its many varied stakeholders.



The most valuable companies are the ones that spend time to get this proposition right while also building strong connections with broad elements of society. They think long-term, rather than focusing on quarterly targets, and they focus on strategy and fundamentals, not tactical crisis management. Investors increasingly expect them to do this, rather than encouraging compliance-driving reporting and actions.

Lastly, companies that lead in this area realize that hard work and focus is needed to manage a wide range of issues. Whether it's pinpointing material issues of focus for an ESG strategy, getting a management team ready for the spotlight as a public company, or confronting governance challenges and social or shareholder activist pressures, Brunswick can help.

The Business Case for Good Governance:

"In some instances, we've applied a 33% discount for bad governance, though we don't have a hard and fast rule about this."

-Buyside analyst, Active US firm with \$45B AUM, Jul 2019

"Over time, companies that do not respond to stakeholders and address sustainability risks will encounter growing skepticism from the markets, and in turn, a higher cost of capital."

-Larry Fink, BlackRock, Jan 2020

"Stakeholder companies understand that a global health emergency such as Covid-19 requires all societal actors to temporarily reorient themselves to the emergency response needed, and they have the agility and preparedness to do so. That is not a coincidence.."

-Klaus Schwab, Founder of World Economic Forum, Mar 2020

79% of global buy-side investors surveyed agreed that ESG will be more important to investing in the next three years.

- Brunswick Group and Georgetown Business School joint survey of 55 investors, Jul 2019

Where Are You Vulnerable?



The Resilience Spectrum







Brunswick believes there are six critical dimensions of corporate resilience, usefully viewed on a diagnostic spectrum.

By assessing a company's present situation and deriving insight from stakeholders, we can converge upon a core proposition with management and/or boards to help them strengthen corporate resiliency.

How Can We Assess Resilience, in Order to Know What Needs Work?

An initial assessment can yield clues about where a company's vulnerabilities lie in the eyes of outside stakeholders including activists, analysts, investors, and employees. This initial assessment is then tested through a deep dive approach to research and analysis that is more rigorous (e.g., board and management interviews, perception audits, deep analysis of ESG risk issues, company reputation research, employee surveys and focus groups). What emerges is a clear perspective on the specific opportunities for risk mitigation and value creation that will strengthen a particular company.

The Resilience Dashboard

Dimension	Leading Indicators / Initial Assessment	Probing Areas of Vulnerability
 EXTERNAL ENVIRONMENT	<ul style="list-style-type: none"> Megatrends, geopolitical, and sector risks Evidence of NGO attacks on social issues External cyber or tech risks 	<ul style="list-style-type: none"> Do management's views align with external views? What or who could derail the business? Have you considered politics and nation-states?
 SHAREHOLDER ALIGNMENT	<ul style="list-style-type: none"> Sellside analyst ratings and comments Review of recent proxy voting behaviour 	<ul style="list-style-type: none"> Are all major shareholders aligned and confident in the management and board?
 STRATEGIC ESG / REG RISK MANAGEMENT	<ul style="list-style-type: none"> MSCI and Sustainalytics ESG Ratings High level peer benchmarking on ESG Identify looming regulations 	<ul style="list-style-type: none"> Has the company considered the most critical risks and opportunities it faces? Has it considered operational risks including data and cyber maturity technology and supply chain risks?
 TRUST AND REPUTATION	<ul style="list-style-type: none"> Media analysis and social media conversation analysis High level controversy assessment 	<ul style="list-style-type: none"> Has management or the board done anything to lose stakeholders' trust? Are the Chairman, CEO, and CFO highly respected?
 BOARD GOVERNANCE	<ul style="list-style-type: none"> ISS and Glass Lewis proxy voting recommendations Review external board governance commentary Review board skill set and risk readiness 	<ul style="list-style-type: none"> Is the board fit for purpose and ready for the most likely crises? How robust and honest are board discussions?
 PURPOSE, CULTURE AND VALUES	<ul style="list-style-type: none"> Glassdoor reviews and LinkedIn analytics Evidence of strikes or employee dissent Review of value and culture statements 	<ul style="list-style-type: none"> Is there alignment between corporate actions and stated social purpose and values? What do employees say on an anonymous basis?

How Can We Help You Close the Gaps?

Every company's needs will be unique. Once the core proposition is clear, Brunswick has a governance toolkit comprising six specialist client offers that can be combined to develop the action-oriented solution you need.

Integrated ESG Advisory

- Identifying material ESG risks and opportunities
- Developing overarching ESG strategies and articulating them to external stakeholders
- Peer benchmarking and key metrics analysis
- Engagement with ratings intermediaries
- Data leadership strategy

Pre-IPO Governance Advisory

- Preparing private, founder-controlled companies for public markets
- Mapping risks and opportunities and tailoring approaches to governance and corporate / ESG strategy.
- Identifying the skills and experience criteria for the board and advising on board/committee structure

Activism Preparedness and Defense

- Identifying vulnerabilities that may attract shareholders or social activists
- Crafting strategies and defense plans in the event of an attack
- Supporting the board during a short seller / activist attack

Shareholder Voting Campaigns

- Supporting during proxy season, and on complex and contested situations
- Developing effective shareholder engagement strategies, including engaging with proxy advisors
- General meeting and voting support

Governance Advisory / Transformation

- Full review of corporate governance framework, esp. for conglomerates and family businesses during succession, crisis, related party transactions or other critical moments
- Approach could include benchmarking of existing committees / policies / framework, drafting new policies / codes

Board Governance Support

- Reviewing board members' skills/experience, identifying gaps; prepare board and risk committee to face next wave risks of COVID-19 pandemic and geopolitical uncertainty
- Reviewing governance framework to ensure right information flow for decision making
- Facilitating board accountability for ethical and data risk, including process and protocol

Brunswick is Uniquely Placed to Advise on Governance Matters

- Deep investor relations, crisis management, and board advisory expertise, honed over 30+ years.
- Strong relationships with governance teams, ESG analysts, and portfolio managers at large investment houses and ratings agencies.
- Global reach across Asia, America, Europe, Middle East, and Africa, with experts in all major capital markets operating as one international team.
- The ability to help companies articulate their purpose in the world and in their industry.
- Visual and creative professionals residing in our sister company MerchantCantos, which has produced reports, websites, films, and digital content alongside Brunswick for decades.

Governance Case Studies



Brunswick advised Alibaba on governance messaging with investors and launched its first ESG Report

A Board and C-suite level imperative that laid the groundwork for Chairman succession planning. Launched and presented at Investor Day by Vice Chairman. Alibaba subsequently achieved MSCI ratings upgrade.



Brunswick supported Belgian materials company Umicore to take on the issue of artisanal and small-scale cobalt mining

Worked with C-Suite to increase public awareness about the issue of artisanal and small-scale cobalt mining and to reinforce Umicore's reputation as the industry leader in sustainability.



Brunswick worked with Thailand's largest private company advising on an insider trading scandal and ambitious framework for corporate governance reform

Advised on the set up and management of a Group CG advisory committee, working across listed and unlisted companies. Facilitated investor community engagement.



Brunswick provided strategic counsel to a global apparel brand's board on allegations of CEO workplace misconduct.

Conducted extensive scenario planning and full risk assessment of potential outcomes. Managed CEO succession announcement and messaging around ethics and conduct.

Experienced Global Partners



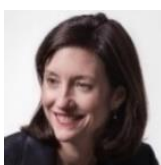
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