THE ACTIVIST INVESTING HALF-YEAR REVIEW

IN ASSOCIATION WITH OLSHAN FROME WOLOSKY

OUT OF THE SHADOWS

ANDREW FREEDMAN

MISAKI CAPITAL

ACTIVIST INSIGHT MONTHLY

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OLSHAN

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EDITOR'S LETTER

JASON BOOTH, ACTIVISM EDITORIAL AT INSIGHTIA

Welcome to the Half-Year Review edition of *Activist Insight Monthly*, produced in association with Olshan Frome Wolosky, in which we look back at the news and trends shaping activism during the first six months of 2021.

With a new administration in Washington DC and the economy recovering from a pandemic that appears to be on the wane, regulators have been busy rethinking policy in ways that could impact activism.

On June 21, new U.S. Securities and Exchange Commission (SEC) Chairman Gary Gensler disclosed that he has asked his staff to consider a rule change requiring that investors disclose when they cross the 5% ownership threshold at a public company within five days, rather than the current 10. Activists have long cherished the 10-day rule as the delay enables them to build sizable stakes without triggering a jump in stock prices. Public companies, however, argue the 10-day rule, dating to the 1970s, makes little sense given how fast modern markets move and how successful activists have become.

Also in June, the SEC indicated a change of heart regarding proxy advisory firms, which can make or break a proxy fight. The new SEC guidance is that their recommendations should not be regarded as solicitations that meet a higher standard of regulatory scrutiny. Chairman Gensler also announced he will not recommend enforcement actions against proxy voting advisers on such matter, effectively overturning a rule change put in place last year under the guidance of former Chairman Jay Clayton.

Elsewhere in Washington, the U.S. Federal Trade Commission (FTC) announced plans to hold a vote on whether to rescind a 1995 policy statement regarding "prior approval" and "prior notice" remedies in merger cases. Such a policy reversal would mean greater FTC scrutiny on antitrust and competitive issues for deals that might otherwise have skated through the regulatory process.

UNWANTED M&A

This month's cover feature, in which Josh Black examines activism trends so far this year, finds that activist investors are also questioning the value of M&A – especially for deals done during the pandemic at valuations that now look overly pessimistic. Thirty-seven companies were publicly subjected to oppose M&A demands in the first half, exceeding push-for-sale ones for the first time since at least 2013. Josh also finds that this year's proxy season is notable in terms of proxy fights going all the way to a vote, while the shock result of a green proxy contest at Exxon Mobil has raised the profile of ESG activism.

Elsewhere in the magazine, Iuri Struta profiles Japanese activist investor Misaki Capital, whose campaigns rarely top the news, but is no less influential than its more outspoken brethren. Eleanor O'Donnell looks at how Lordstown Motors provided Hindenburg Research with an easy short target, resulting in an SEC investigation, a CEO stripped of his title, shareholder lawsuits, and a rising bankruptcy risk. Our long campaign in focus, meanwhile, looks at Starboard Value's high-stakes fight for additional board seats at cloud software company Box Inc.

WILD CAMPAIGNS

The spat at Box, with management accused of buying votes via a controversial private equity investment, could well rank as one of the wildest campaigns of 2021. To find out, look out for the August edition of *Activist Insight Monthly,* where we will present out Top-10 Wildest Campaigns of 2021, as judged by our editorial team.

Until then, be sure to download our recently released special report on ESG investing. And for more insights on this month's edition of *Activist Insight Monthly*, including a discussion with Andrew Freedman, co-head of the activism practice at Olshan Frome Wolosky, you can listen to our podcast.

Jason Booth

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INTELLIGENT ANALYTICS

WHERE INTELLIGENCE MEETS ANALYSIS

GOVERNANCE • ENGAGEMENT • STEWARDSHIP

OUT OF THE SHADOWS

U.S. ACTIVISM WENT THROUGH A TRANSFORMATIVE PROXY SEASON, ASIA KEPT BOOMING, AND EUROPEAN DISSENT STARTED TO SHOW SIGNS OF EMERGING FROM LOCKDOWN,
WRITES JOSH BLACK.

The return of M&A and economic growth helped unleash activists in the first half of 2021, especially in terms of proxy fights, while the shock result of a green proxy contest at Exxon Mobil raised the profile of ESG activism. Such were the highlights of a proxy season that had a little more life to it than last year's affair but where overall levels of activism remain below pre-pandemic norms.

Amy Lissauer, head of activism and raid defense at Bank of America, told *Activist Insight Monthly* in an interview that an "unusually busy" end to 2020 set the stage for a lively proxy season. Furthermore, she notes a trend of companies seeing multiple activists showing up at the same time, something she attributes to more engagements staying private. "Companies should not assume that focusing on and settling with one activist will prevent other funds from launching independent campaigns," she warns.

> EVEN BEYOND EXXON, ESG DOMINATED THE PROXY SEASON.

Indeed, although settlements for board seats were down, factors ranging from increased executive confidence to emboldened activists meant the number of proxy contests that went to a vote worldwide remained relatively stable at 40 in the first half, versus 42 at the same point in 2020. European fights more than doubled from the lowest level in at least six years.

> DEDICATED ACTIVISTS ARE STILL RELEVANT AND CERTAINLY DRIVE HEADLINES, BUT THEY REPRESENT ONLY A FRACTION OF OVERALL CAMPAIGN VOLUME.

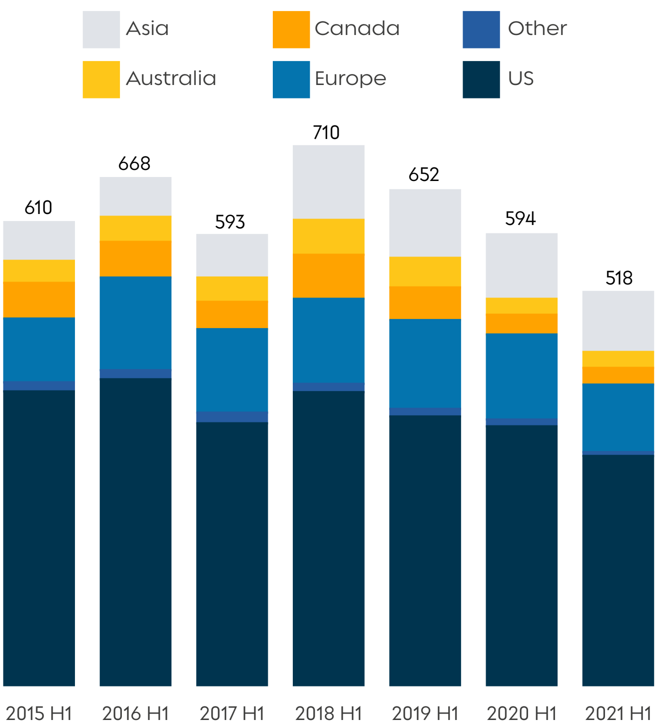
REACTIVATION

Opposition to M&A and balance sheet demands were a major focus, as activists sought to challenge management decisions made during the pandemic that struck them as overly pessimistic. So far, 37 companies were publicly subjected to oppose M&A demands in the first half, exceeding push-for-sale ones for the first time since 2013.

"Deals struck prior to the widespread availability of vaccines and the reopening of the economy have been under the most scrutiny because it's logical to assert that the pricing of those transactions did not fully reflect the post-pandemic upside," Spotlight Advisors' David Whissel told *Activist Insight Monthly.*

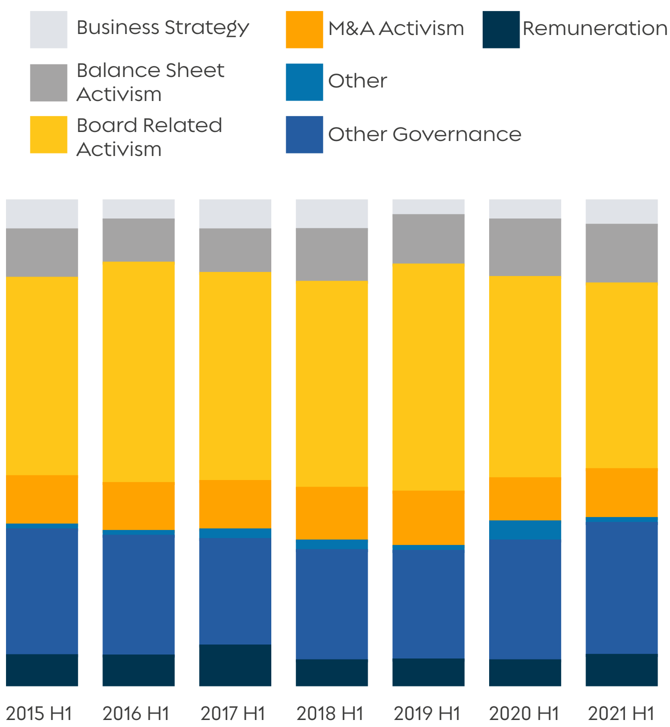
ACTIVIST TARGETS BY GEOGRAPHY

Number of companies publicly subjected to activist demands by company headquarters, in the period January 1–June 30 of each year.



ACTIVIST DEMAND TYPES %

Proportion of public activist demands by demand group, in the period January 1-June 30 of each year, globally.



SOURCE: INSIGHTIA | ACTIVIST INSIGHT ONLINE

Calls for greater shareholder payouts were another feature of demands in the U.S., Japan, and Europe, often tied to corporate portfolio reviews and asset sales. In the U.S., that was most evident in retail, with Legion Partners Asset Management's proxy contest at Genesco due to go to a vote on July 20, and a Macellum Advisors-led quartet that included Legion winning a settlement for minority board representation at Kohl's in a relatively brief campaign. In recent weeks, GlaxoSmithKlein faced calls for buybacks, among other things, from Elliott Management, while Vivendi's separation of Universal Music Group drew activism from Bluebell Capital and Artisan Partners.

ESG ARRIVES

The proxy season's defining moment was, of course, the triumph of newly formed Engine No. 1 over Exxon Mobil. Few expected that the 0.02% shareholder would take three out of the four board seats it was seeking, especially after the company's handshake deal with D.E. Shaw Investment Management and the addition of Inclusive Capital Partners' Jeffrey Ubben to the board. But armed with support from the three major index funds and the California State Teachers' Retirement System (CalSTRS), which is doubling down on its commitment to activist partnerships this year, Chris James' fund launched itself into the big time with an epic win. Dozens of profiles in mainstream media and plans for an exchange traded fund (ETF) with a mandate to push companies on environmental and socially issues will ensure the fund is a player going forward.

> CALLS FOR GREATER SHAREHOLDER PAYOUTS WERE ANOTHER FEATURE OF DEMANDS IN THE U.S., JAPAN, AND EUROPE, OFTEN TIED TO CORPORATE PORTFOLIO REVIEWS.

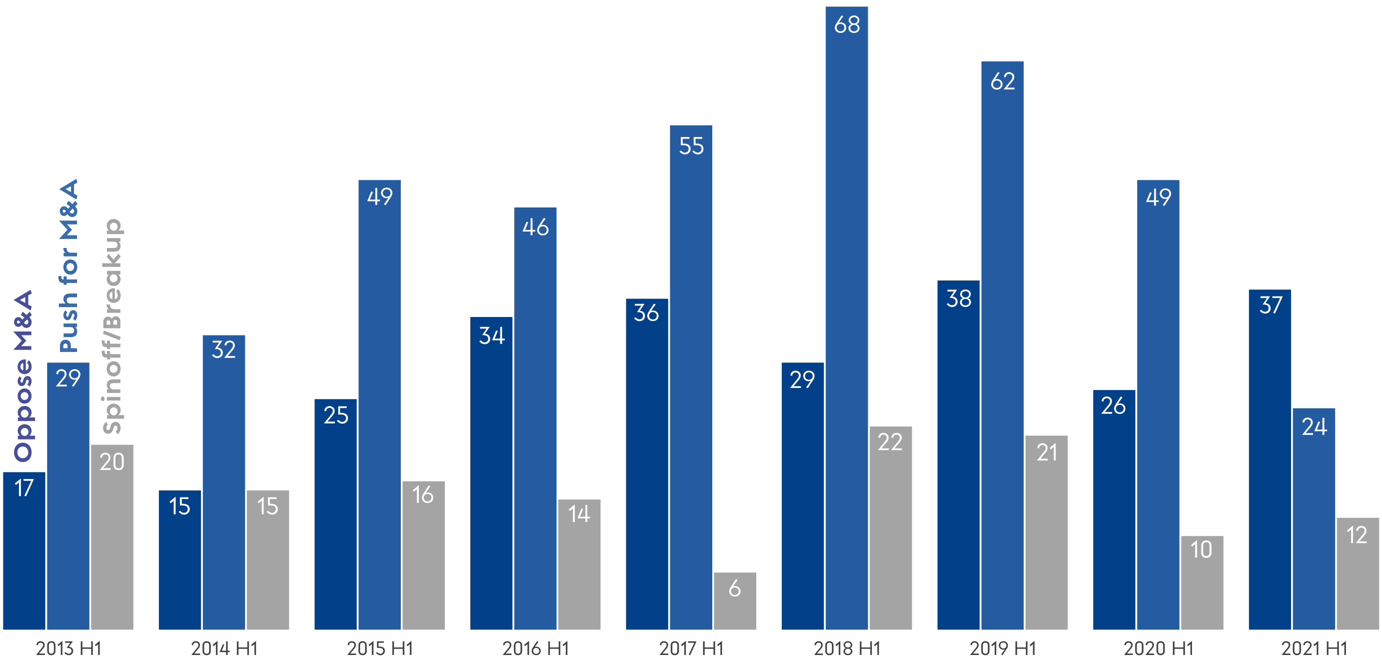
Even beyond Exxon, ESG dominated the proxy season. Seventeen environmental or social shareholder proposals received more than 50% support this year, a record. Notably, more than 60% of environmental shareholder proposals at energy companies passed. Many companies saw it as an opportune moment to link CEO pay to ESG metrics.

At Tegna, Standard General sought to paint a picture of systemic diversity, equity, and inclusion (DEI) issues, while Legion provoked an angry response from Genesco by accusing the company of a tardy conversion to ESG and promising greater disclosure if the dissident nominees were elected.

"Activists will look for climate issues or hooks in the DEI space, and look to bring those elements into their campaigns,"

M&A ACTIVISM

Number of companies publicly subjected to M&A demands by demand type, in the period January 1-June 30 each year, globally.



SOURCE: INSIGHTIA | ACTIVIST INSIGHT ONLINE

said Rob Main, managing partner at Sustainable Governance Partners, in an interview. Investors are more likely to come into the activists' tent if they keep up with the times, he added, while separately showing more willingness to hold directors accountable through voting.

GOVERNANCE MATTERS

Meanwhile, governance took center stage in Japan's biggest proxy campaign of the season, as a shareholder-appointed investigation into Toshiba's 2020 annual meeting accused the company of coordinating with government officials, including Prime Minister Yoshihide Suga (who denies the claims), to hobble campaigns by Effissimo Capital and 3D Capital and sway the votes of the Harvard University endowment. Toshiba's management is still considering the report but has already parted ways with its CEO. Whether it faces a second proxy fight or even another attempted private equity buyout is uncertain.

While the outcome at Toshiba is yet to unfold, many experts see activism continuing in Japan under Suga, who replaced economic reformer Shinzo Abe following the latter's resignation for health reasons last year. "We expect continued interest in Japan for a couple of reasons," said Lissauer. "First, U.S. activists have done well in Japan, including winning board seats. Secondly, there used to be an investor attitude that activists were unwelcome; that mentality has shifted and there is now an investor view that an activist could come in and create value."

OUTLOOK

With activism continuing to lag in almost every market – the slightly more than 500 companies targeted worldwide year-to-date was short even of last year's mid-pandemic levels – there is plenty of space for activism to pick up. Notably, 2021 has so far seen a 17% decline in settlements for board seats, compared to the same period last year, driven by a bigger fall in the U.S. where the largest share of agreements is typically registered.

> ACTIVISTS SOUGHT TO CHALLENGE MANAGEMENT DECISIONS MADE DURING THE PANDEMIC THAT STRUCK THEM AS OVERLY PESSIMISTIC.

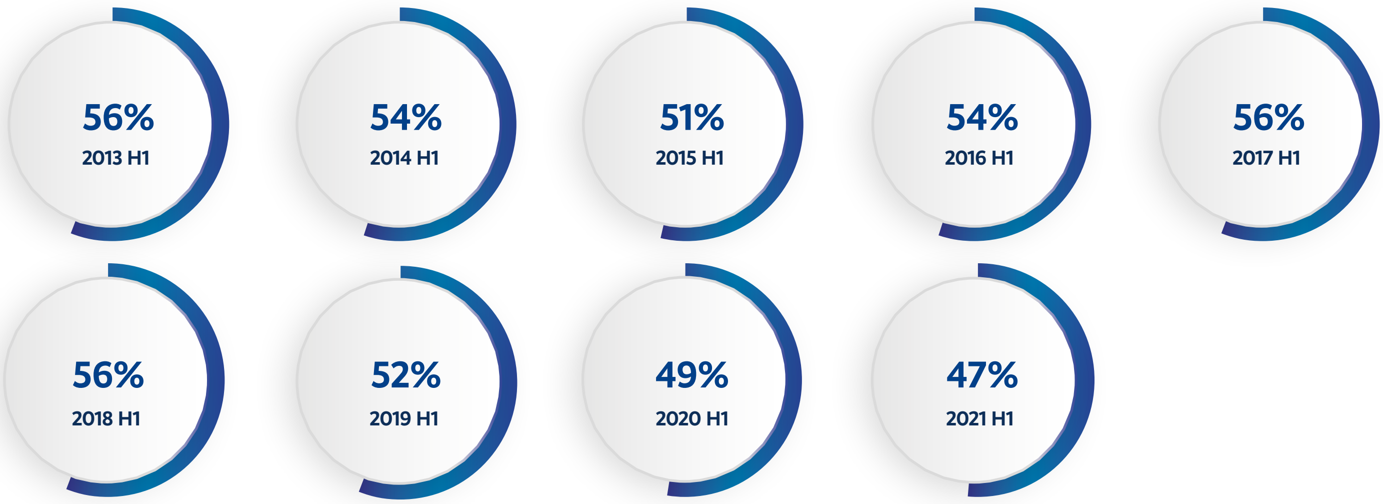
One hurdle is that the number of campaigns driven by primary, partial, or occasional focus activists hit their lowest since H1 2014. Some primary or partial focus activists may still be performing due diligence on potential targets in fast-changing circumstances, while another hurdle is that they could be distracted by special purpose acquisition companies (SPACs). Pershing Square Capital Management has already struck one deal and is looking for one or two more, while Starboard Value closed its merger with Cyxtera and is considering its next steps.

But the bigger question is over occasional activists, who might be more reactive. "Dedicated activists are still relevant and certainly drive headlines, but they represent only a fraction of overall campaign volume, and assets allocated to dedicated activist funds have been declining for years," notes Whissel. "For most investors, activism is a potentially useful tool to be used opportunistically, rather than a full-time strategy or default posture."

Activism may have lost a little luster in the pandemic for the opportunists but if the economy continues to recover and markets plateau, it won't lack for opportunity.

IMPACTFUL CAMPAIGNS

Number of companies publicly subjected to activist demands by Primary, Partial, and Occasional Focus activists as a proportion of all companies publicly subjected to activist demands, in the period January 1- June 30 of each year, globally.



SOURCE: INSIGHTIA | ACTIVIST INSIGHT ONLINE

BACK TO BUSINESS

AN INTERVIEW WITH ANDREW FREEDMAN, PARTNER AT OLSHAN FROME WOLOSKY AND CO-CHAIR OF THE FIRM'S SHAREHOLDER ACTIVISM GROUP.

Activism is front-page news again. How did activists find their way back?

2020 was a bit of a rough go of it with the pandemic taking hold right during the midst of proxy season. It really was a shock to the system. And that's why we witnessed the lowest levels of activist campaigns since around 2014. However, in the latter half of the year, while the pandemic was still raging in certain areas, it was really back to business as usual. The markets rebounded and shareholder activists found their footing.

It was, in a lot of ways, just getting back to the basics. The pandemic laid bare some of the laggards in certain industries and sectors, so activists were able to again set their sights on companies that were underperforming – and some that had other deficiencies as well, whether it be ESG or otherwise. There weren't any widespread changes post-pandemic to the way activists do things. It was just getting back to business.

> THE MARKETS REBOUNDED AND SHAREHOLDER ACTIVISTS FOUND THEIR FOOTING.

Last year the pandemic led to some settlements. Are companies in a punchier mood this year?

It certainly seems that way when you look at the number of contests that are going the distance compared to the number of settlements. We're seeing companies tending to take things further this year.

To me, that shows some companies are being advised differently. Maybe the defense tactics have changed somewhat, but what it really demonstrates is that companies are having to make big changes to sway votes and aren't just maintaining the status quo as they're going through these proxy fights. They're having to make widespread changes and big promises to try to appeal to shareholders up and down their base.

I know this year it seems that many more are going the distance, and, in some cases, management is coming out on top. But I bet if we looked at all those companies, what we would see are companies that are much differently and better positioned than the day the activist surfaced. And that to me, that's what shareholder activism is all about.

Why are we seeing record levels of M&A opposition?

In the unpredictability of a pandemic, companies were doing everything they could to try to operate in the environment in which they found themselves and M&A wasn't top of their mind or paramount. In 2021, the M&A environment is back and it's as strong and robust as ever.

We're getting to some announced deals where the investors think that there's money being left on the table and they are going to do whatever they feel they can and need to do to ensure that they're getting the full and fair value for their investment in the company. In so doing, investors are questioning whether the process that the company followed was fair and balanced from start to finish, and inclusive of all participants and potential buyers.

The other thing we're seeing in M&A is where an activist believes the company should be undertaking a strategic review or looking at potential M&A because, again, we're in an incredibly strong M&A environment and rather than continue to operate and try to execute on a strategic plan with the risks that are attendant to that, especially for a company that hasn't been able to achieve and create value or where the activist doesn't have confidence in management, a bird in the hand is often better than waiting to see if the strategic plan ever bears fruit.

Where does ESG activism go next?

It's hard to say but it's certainly the trend and all recent signs point to ESG being here to stay, especially as far as social reform, social justice, and environmental concerns are involved. Obviously, Exxon Mobil and Engine No. 1 was a seminal moment for ESG and activism as it was a confluence of the two in terms of the success of that campaign.

I believe activism is incredibly fluid and incredibly versatile. This is definitely not going to be the activism that we saw in the early 2000s where it was very cookie cutter with a small universe of participants. Activism is now a much broader phenomenon involving all sorts of investors.

ESG is in many ways a natural outgrowth of shareholder activism. Any time you have important issues that aren't being addressed by companies and their boards and management teams, who's going to be there to try to strike up and catalyze the change?

It's been all change at the Securities and Exchange Commission (SEC). Is this good for activism?

Any time you have a new guard at the SEC, we're wary of what changes may be coming. So far, the news seems mostly positive for activists. We welcome the universal proxy rule coming back onto the table and we'll see where that goes.

I think it was a welcome development to see the proxy advisory rules taken off the table. One of the recent developments which isn't so welcome, is the potential focus on shortening the 10-day 13D window. It would be a disservice to investors at large and to public companies to change any rules that could disincentivize activist investors.

The SEC has got a lot on its plate these days. We'll have to see where its focus lies as it relates to shareholder activism and the like.

THIS IS DEFINITELY NOT GOING TO BE THE ACTIVISM THAT WE SAW IN THE EARLY 2000S WHERE IT WAS VERY COOKIE CUTTER WITH A SMALL UNIVERSE OF PARTICIPANTS.

Is there room for activism to grow from here?

There's a tremendous amount of room for activism to grow. Just the sheer number of participants in the space has grown in the last six months alone.

We're seeing former directors, former CEOs, and founders dipping into the activist toolkit where they've been, for whatever reason, forced to leave the public company that they were with. We're seeing a continued convergence of activism in the private equity world that is enlarging and emboldening the area of shareholder activism. Globally, we're seeing a continued warming toward activism and the positive forces of shareholder activism at companies that have had some sort of an inertia set in where for whatever reason.

I believe we're going to see tremendous uptick in global activism, especially Europe, Asia, and Canada, come fall and late summer. Based on what we're seeing here at Olshan, I'm expecting it to continue to be very busy.

This interview has been edited for length from an episode of The Activist Investing Podcast which accompanies this publication. Find the audio version here.

IT'S BEEN ALL CHANGE AT THE SECURITIES AND EXCHANGE COMMISSION (SEC).

ACTIVIST CONSULTANTS

JAPANESE ACTIVIST INVESTOR MISAKI CAPITAL RARELY TOPS THE NEWS BUT THAT DOES NOT MEAN IT IS LESS INFLUENTIAL THAN ITS MORE OUTSPOKEN BRETHREN, WRITES IURI STRUTA.

MISAKI CAPITAL	
FOUNDED	**2013**
HQ	**TOKYO, JAPAN**
ACTIVISM FOCUS	**PRIMARY**
AUM	**$1B (JUNE 2021)**

YASUNORI NAKAGAMI,
FOUNDER OF MISAKI CAPITAL

Yasunori Nakagami, the founder of Japan-based investment firm Misaki Capital, has often preferred to take the road less traveled.

When looking for his next career step after a few years at Andersen, now called Accenture, he eschewed the traditional move into private equity favored by most consultancy peers and instead set up a public equity activist investing shop. But, unlike many other activists, Nakagami steers clear of the typical public wrangling, targeting only those companies that are happy to receive help, or, as he likes to say, free consulting services.

S FIRST

When it comes to ESG, which has engulfed the activism space in recent years, Nakagami is also taking a different route. While ESG activists and institutional investors in Western countries are largely zeroing on the environment, Nakagami focuses on social issues, which he says are of particular importance in Japan because the society is "getting poorer comparing to the rest of the developed world."

"As a constructive activist, we really should address this social problem. You can be happy if your environment becomes good, but you can never overcome poorness if companies do not function well," Nakagami said in an interview with *Activist Insight Monthly.*

The interests of investors and employees should be aligned, Nakagami argued. "Shareholders can and should work hard, and hard-working employees can and should be shareholders, too," he wrote in a recent newsletter to his investors.

Nakagami's idea to tackle the lack of real wage growth in Japan is simple. Give enough shares to all employees - not just directors and executive officers – to motivate them to work hard and participate in the company's success. On average, the activist says, employees own only 1%-2% of Japanese companies, lower than France's 4%. This should be raised to 10%, according to the investor.

SHAREHOLDERS CAN AND SHOULD WORK HARD, AND HARD-WORKING EMPLOYEES CAN AND SHOULD BE SHAREHOLDERS, TOO.

Nakagami's first ESG target is Marui, a department store and credit card conglomerate with a market capitalization of 470 billion yen ($4.2 billion). Nakagami joined the board in May as a "specialist" to help "achieve harmony and expand the intersection between the monetary interests and non-monetary happiness of all stakeholders," Marui said in an announcement at the time. As part of this initiative, Marui hired a so-called chief wellbeing officer and a sustainability adviser. It also increased gender diversity on the board from one to two women.

HANDS-ON STYLE

Nakagami also takes a different path when choosing investment targets. Unlike most Western activists, he avoids ones with good assets and poor and entrenched management, as most of the time these companies are complacent and don't want to engage, Nakagami said. Instead, the activist says his perfect investment is an undervalued company in need of transition which has a management team eager to listen to outside ideas.

"Our engagement is not only dialogue but also a consulting project. We might devise the marketing strategy, overseas expansion, those kinds of business-oriented projects," Nakagami said.

The closest Western activist shops that have a similar style are Sweden-based Cevian Capital and U.S.-based ValueAct Capital, although even these firms sometime go public with their concerns. If the company takes a different direction mid-way through the investment than Nakagami envisioned, he would rather exit.

This style has so far proven successful. Since inception in 2013, Misaki returned 61% net of fees to its investors. The Topix Index, which tracks the entire Japanese market, returned around 52%.

HARD WORK

One of Nakagami's most successful campaigns was at baby products maker Pigeon Japan, a holding from his previous fund Asuka Asset Management. When Nakagami started to invest back in 2005, Pigeon had a market capitalization of around 30 billion yen ($270 million). It was a market leader at home but faced slowing sales as birth rates in the country were falling. Nakagami saw an opportunity to push for overseas expansion, including in poorer countries like China, arguing that parents are typically more willing to buy the most expensive products for their babies, as Pigeon's were typically three- to-four-times costlier than local alternatives. The strategy worked, and the company's sales boomed in the following years. The company's market capitalization reached a peak of 600 billion yen ($5.4 billion) in October 2018.

At Marui, Nakagami is also working on an operational strategy. He said the company has a great credit card business that is dragged down by its apparel retail unit. Spinning off the department store is not a solution as this is driving customers for the credit card segment. Instead, Nakagami believes Marui can turn around the department store by shifting the demographic focus to younger generations and changing the merchandise.

> OUR ENGAGEMENT IS NOT ONLY DIALOGUE BUT ALSO A CONSULTING PROJECT. WE MIGHT DEVISE THE MARKETING STRATEGY, OVERSEAS EXPANSION, THOSE KINDS OF BUSINESS-ORIENTED PROJECTS.

Some engagements have not been as successful. Misaki's first investment in leading materials distributor Sangetsu in 2014 started well, and it was also featured in a Harvard University case study. The company had just hired someone from outside the founding family as CEO, Shosuke Yasuda, and was open to external advice. The main operational thesis was expansion overseas, as well as steps like an improvement in the cash conversion cycle (the time between the delivery of goods and cleared payment was half a year), and capital structure. However, Nakagami disagreed with Yasuda when he decided to acquire U.S.-based Koroseal Interior in 2016, so the activist exited the stock.

"Not many Japanese businessmen can manage a U.S. company," Nakagami said, adding the acquisition price was also too high. Sangetsu shares are down 20% over the past five years, while the Topix Index is up 56%.

SINCE INCEPTION IN 2013, MISAKI RETURNED 61% NET OF FEES TO ITS INVESTORS.

HIGH STAKES POKER

BOX AND STARBOARD ARE APPROACHING A SHOWDOWN IN THEIR SECOND BOARD FIGHT IN AS MANY YEARS, AND NEITHER SIDE IN THIS CONTEST LOOKS READY TO FOLD, WRITES JASON BOOTH.

BOX	
SECTOR	**TECHNOLOGY**
MARKET CAP	**$3.9B (MID CAP)**
EXCHANGE	**NYSE**
TICKER	**BOX**
HQ	**REDWOOD CITY, CA**
CORPORATE GOVERNANCE SCORE*	**14/20 (AVERAGE)**

Starboard Value hasn't lost a proxy fight at the voting stage since 2012. So, when Jeff Smith's firm launched its second push for board seats in as many years at enterprise cloud company Box, a quick victory, or at least a favorable settlement seemed likely. So far, neither has happened. Under the leadership of co-founder and CEO Aaron Levie, Box has put up a stubborn and creative defense, highlighted by the inking of a controversial and dilutive investment by private equity firm KKR.

Shareholders are scheduled to vote on September 9. The election of Starboard's three candidates, including the fund's own partner Peter Feld, would result in Box chief executive and co-founder Aaron Levie losing his seat, though the activist has indicated that in such a scenario it might add him back to an expanded board, if he was willing to serve. Earlier in the campaign Starboard had called for Levie to be fired, according to the company's proxy filings.

OLD SCORES

Box was a tempting target for activists, as noted in a 2019 *Activist Insight Vulnerability* report citing poor stock performance and slowing growth. Box has a staggered board, a point that continues to rankle Starboard and until recently a combined CEO/chairman role, and no majority vote standard.

Starboard disclosed a stake in September of that year. Six months later the company agreed to appoint activist nominees Bethany Mayer, the former CEO of network equipment company Ixia, and Jack Lazar, former finance officer at GoPro. Both subsequently gained key roles on the board's audit, governance, and compensation committees. Another Starboard nominee, Carl Bass was added shortly after. None of the new directors are up for re-election this year due to the board being classified.

The increased activist presence in the board room failed to generate added value, however. Box's stock price continued to languish at less than $20, little changed from trading levels following its 2014 initial public offering.

"At the time of our settlement, we stated that we see a number of opportunities for substantial shareholder value creation. Unfortunately, execution has fallen well short of expectations," Smith wrote in a letter to Box shareholders, noting that 2020 annual billings growth had fallen below 10% for the first time since the IPO, while rival technology companies were thriving due to the remote working trend.

> THE RECENT KKR TRANSACTION – CLEARLY TO ENTRENCH MANAGEMENT AND BOARD MEMBERS UP FOR ELECTION – IS THE ICING ON THE CAKE.

Box's stock price fell almost 10% after the company released fiscal third quarter results on December 1. A week later, Starboard demanded the board either explore a sale of the entire company or fire CEO Levie, or otherwise face a proxy contest.

WHITE SQUIRE

Instead, Box's management team began raising money with an eye to making its own acquisitions. In January, Box announced a proposed private offering of $300 million of convertible senior notes, saying it was "examining potential acquisitions." On February 3, it announced the acquisition of electronic signature company SignRequest for $55 million.

But Levie's most defiant move came on April 8, when Box announced that private equity giant KKR would lead a $500 million investment, which the company intends to return to shareholders through a "Dutch auction" self-tender. KKR's John Park, head of Americas technology private equity, joined Box's

*Source: Insightia | Activist Insight Governance. A higher score indicates a more shareholder-friendly corporate governance structure.

board as part of the deal. The transaction, which Smith called "a shameless and utterly transparent attempt to 'buy the vote,'" resulted in a 10% fall in Box's stock price that lasted until the activist formally nominated director candidates.

Other Box shareholders were also disappointed by the company's move. "Starboard's proxy case is based on a long-standing track record of significant underperformance and capital misallocation by Box," one top-10 Box shareholder, who asked not to be named, told *Activist Insight Monthly*. "The recent KKR transaction – clearly to entrench management and board members up for election – is the icing on the cake."

> BOX'S MANAGEMENT TEAM BEGAN RAISING MONEY WITH AN EYE TO MAKING ITS OWN ACQUISITIONS.

Despite KKR's new 11% stake, 8% shareholder Starboard moved ahead with its proxy, nominating four director candidates: its own managing member Peter Feld; former chief marketing officer at Intel, Deborah Conrad; former AT&T executive Xavier Williams; and the former CEO of Websense, John McCormack.

THE ODDS

Voting records at the 2020 annual meeting indicate a level of shareholder dissatisfaction with incumbent directors. While Jack Lazar and Carl Bass, both put in place as part of the earlier settlement with Starboard both received around 99% support, incumbent director Sue Barsamian won just 72% approval.

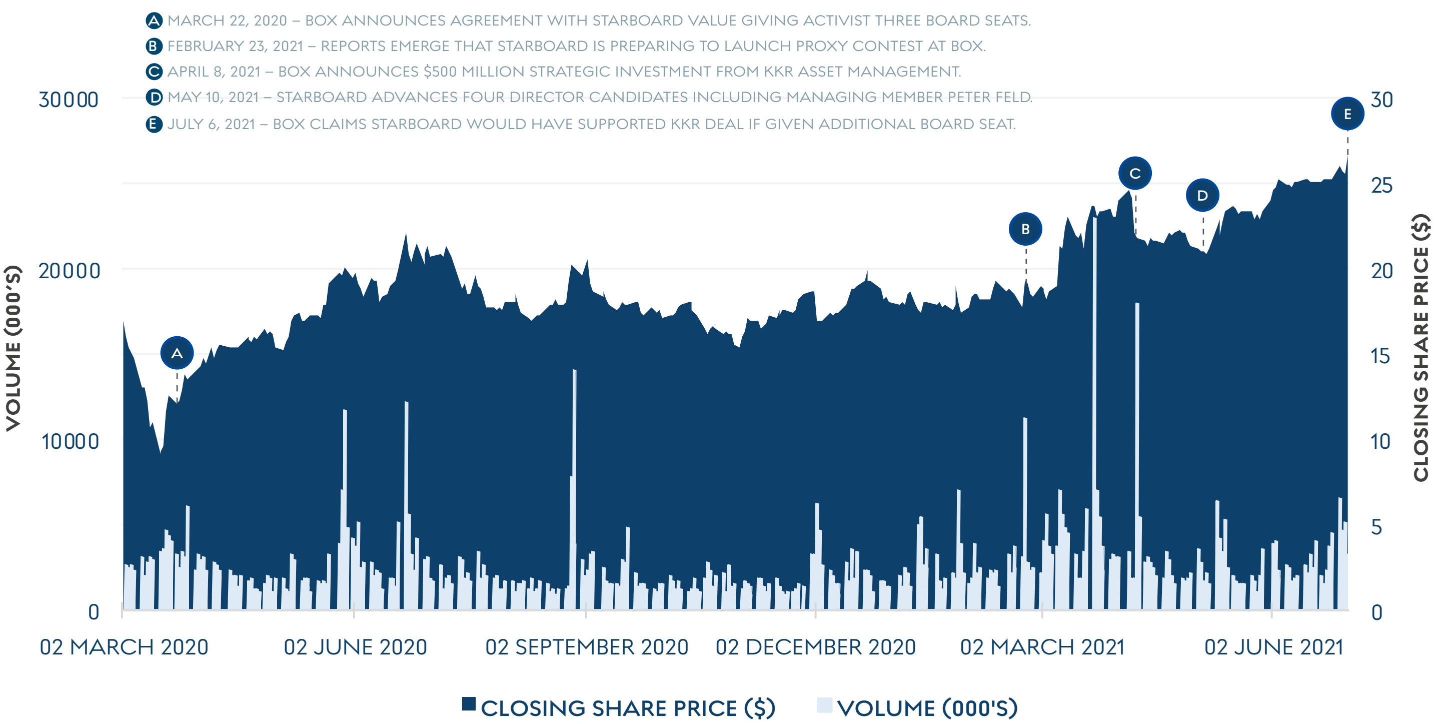
Dissenting shareholders cited Barsamian's role as chairperson of the operating committee and member of the compensation committee, protesting what they saw as the company's weak performance and a disconnect between pay and performance.

As the AGM vote approaches, the company argues that its governance has improved since the 2020 meeting. As part of the KKR deal, the vote required to elect directors changed from a plurality of votes cast to a majority of votes cast, with a carve-out to provide for a plurality voting standard in contested director elections. Aaron Levie, meanwhile, will retain his CEO role but relinquish the chairman position to director Mayer, who joined the board as part of the 2020 agreement with Starboard.

And in an apparent attempt to undermine the activist's credibility with other shareholders, the company also accused Starboard of secretly favoring its KKR deal while publicly opposing it. According to its most recent proxy statement, Starboard's Feld said the activist would drop its planned proxy fight and throw its weight behind the KKR equity placement if the activist was allowed to participate in the transaction and Feld was added to the board. Starboard says the company is misinterpreting the discussions.

"I don't think it makes any difference," the Box shareholder stated when asked if the allegations weakened Starboard's cause. "Most every shareholder, if given the chance, would have wanted a look at the KKR transaction because it was so favorable to KKR."

BOX INC'S SHARE PRICE PERFORMANCE



Share price data sources: CSI - www.csidata.com and Xignite

Greenbrook

Europe’s leading advisor to engaged shareholders

Greenbrook is a specialist communications advisor to the alternative investment industry, helping to build and protect value

We devise tailored communications strategies to reach key stakeholders, using both traditional channels and the latest digital technology

We are the #1 advisor to activist investors globally, by size of investment position, and advised on more campaigns in Europe than any other firm in 2020 (Source: Bloomberg Global Activism Advisory Rankings)

Integrated capabilities

We take a holistic approach to reputation management for engaged shareholders – helping with positioning and messaging; building relationships with important stakeholders; campaigns to grow AUM and support fundraising; and advising on how to mitigate and manage issues.

Profile management

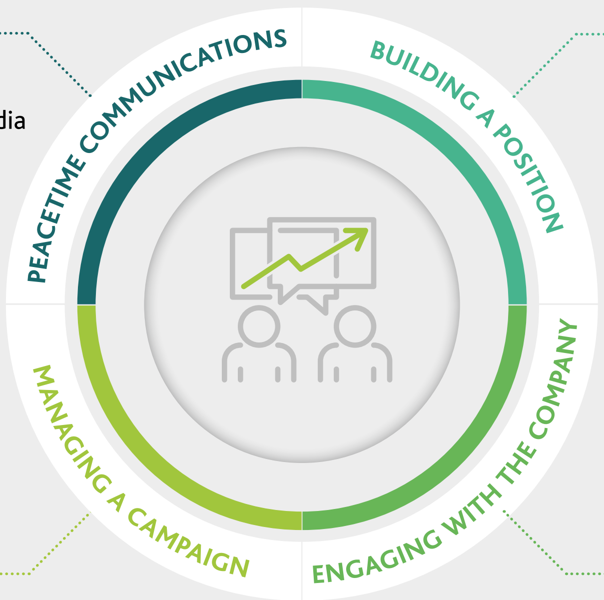
Establishing and managing media relationships

Due-diligence/market intelligence on potential investments

Communications regarding disclosure/position being made public

Strategic planning with other advisors (e.g. lawyers/solicitation advisors/IOD)

Political intelligence



Communications to support proxy contest

Reactive and proactive media management

Shareholder and broader stakeholder engagement

Digital strategy (micro-site, social media)

Advising on engagement with board and management teams (including constructive private discussions)

Drafting/review of materials e.g. letters to the board; investor communications

Preparedness for counter-briefing

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EMBRACING DIVERSITY

WHILE ENVIRONMENTAL ISSUES HAVE GAINED THE SPOTLIGHT IN THE ESG CRAZE, DIVERSITY PROPOSALS ARE SEEING SOME OF THE STRONGEST SUPPORT, WRITES REBECCA SHERRATT.

With global warming blamed for floods in Europe and heat waves in America, shareholder support for environmental proposals at annual meetings is soaring. As seen with Engine No. 1's recent win at Exxon Mobil, investor engagements with oil and gas companies this year have been especially successful. Average support for environmental proposals at oil and gas companies in the U.S. jumped to 44% this year, compared to 21.2% and 27.7% support in 2019 and 2020, respectively.

Last year's Black Lives Matter protests and the economic disruption caused by COVID-19, have likewise prompted increased investor engagement over social concerns, with leading pension funds joining the ranks of more traditional ESG investors to support a growing number of proposals seeking diversity reporting, racial audits, and EEO-1 data disclosure.

Social shareholder proposals have averaged 30.6% support so far this year, compared to 23.5% and 26.3% in 2019 and 2020 respectively, while 50% of proposals seeking diversity reporting and/or EEO-1 disclosure in the first five months of 2021 won majority support, according to *Proxy Insight Online* data.

Proposals seeking diversity reporting, as well as EEO-1 data disclosure, at Charter Communications' April 27 meeting, were both supported by BlackRock and Vanguard, on the grounds that they are "consistent with our expectations for companies to disclose the actions that they are taking to advance diversity, equity, and inclusion (DEI)."

BLACKROCK LEADS

BlackRock, the world's largest fund manager, seems to be acting on its promises to increase its engagement with portfolio companies on ESG concerns. It has supported an impressive 75% of E&S shareholder proposals this year, according to its global Q1 report, a notable increase compared to the 11.8% of social and 12.5% of environmental proposals it supported throughout 2020, according to *Proxy Insight Online* data.

"We are seeing large investors like BlackRock saying to portfolio companies that now is the time to act boldly and comprehensively on DEI," said Jonas Kron, chief advocacy officer at Trillium Asset Management, in an interview with *Proxy Insight Online*.

Similarly, State Street Global Advisors (SSGA) CEO Cyrus Taraporevala announced in his annual letter in January that the fund manager expects S&P 500 and FTSE 200 companies to disclose their EEO-1 survey for the first time this year. Where companies don't provide this disclosure, SSGA will vote against the chairman of the nominating committee, and further voting sanctions will be implemented in the coming year.

"This year it is all about disclosure," Robert Walker, global co-head of asset stewardship at SSGA, said in an interview with *Proxy Insight Online*. "The biggest challenge when engaging with companies on diversity is data, understanding the makeup of the workforce in order to be able to have that conversation. In 2022, we will start to take action on the disclosure provided to us."

As leading fund managers continue to support an increasing number of E&S shareholder proposals, the expectation is that smaller fund managers are likely to follow suit, putting the pressure on issuers to engage with investor concerns.

FUND DIVERSITY

Indeed, the fund management world itself may be coming under more scrutiny in terms of diversity as the U.S. Securities and Exchange Commission (SEC) is reportedly considering proposed rule changes requiring mutual funds disclose information on the gender and racial diversity of their directors.

At present, there is "virtually no representation of women and minorities" on the boards that set policies across the $29.3 trillion U.S. mutual fund industry Gilbert Garcia, chair of the subcommittee and managing partner of a Houston investment firm, said in an interview with Reuters in early July.

Garcia said the subcommittee does not have a specific set of disclosures in mind, but believes more data should lead to more diversity. "The theory is that by shining transparency on this, market forces will change the makeup" of boards, he said.

WHO'S VULNERABLE?

AS PART OF OUR HALF–YEAR REVIEW, IURI STRUTA HIGHLIGHTS 10 OF THE MOST VULNERABLE COMPANIES IN THE S&P 500 INDEX.

DOLLAR TREE

SECTOR	**CONSUMER DEFENSIVE**
MARKET CAP	**$23B**
PERCENTILE RANK	**92%**
KEY VULNERABILITIES	**WEAK TSR PERFORMANCE OVER ONE, THREE AND FIVE YEARS / LOW REVENUE, GROWTH, AND MARGINS / HIGH OPPOSITION AGAINST SOME DIRECTORS**

Dollar Tree has been slow in integrating its 2015 acquisition of Family Dollar, while its initiative for multiple price points above $1 has been moving at a glacial pace. As a result, the company's revenue growth and margins are lower than key peers Dollar General and Five Below, while it has woefully underperformed on total shareholder returns. An activist could demand more urgency, including the divestment of Family Dollar, a demand Starboard Value made in 2019 but did not pursue to completion.

DOMINION ENERGY

SECTOR	**UTILITIES**
MARKET CAP	**$61B**
PERCENTILE RANK	**92%**
KEY VULNERABILITIES	**WEAK TSR PERFORMANCE / LOW RETURN ON AVERAGE CAPITAL EMPLOYED / HIGH DEBT**

Dominion Energy has made a series of strategic mistakes over the years including an expansion into natural gas assets, which it has been undoing as part of a streamlining plan, and a botched multi-billion dollar Atlantic Coast Pipeline project together with Duke Energy (an Elliott Management target). The company's total shareholder returns and operational performance have suffered as a result. Dominion also appears vulnerable to ESG activism. It generates 11% of its energy from renewable sources, versus 35% for clean energy leader NextEra Energy.

BOSTON SCIENTIFIC

SECTOR	**HEALTHCARE**
MARKET CAP	**$62B**
PERCENTILE RANK	**98%**
KEY VULNERABILITIES	**POOR ONE-, THREE- AND FIVE-YEAR TSR / LOW PROFITABILITY / LOW SUPPORT FOR SOME DIRECTORS**

Boston Scientific has lagged peers both in terms of revenue growth and total shareholder return. An activist could demand a merger or sale to a peer, as well as a management change, given that organic revenue growth targets have largely disappointed analysts and a key heart valve product has been discontinued.

MICROCHIP TECHNOLOGY

SECTOR	TECHNOLOGY
MARKET CAP	$40B
PERCENTILE RANK	97%
KEY VULNERABILITIES	POOR ONE-, THREE-, AND FIVE-YEAR TSR / WEAK PROFITABILITY AND RETURN ON EQUITY / POOR CORPORATE GOVERNANCE

Microchip Technology has underperformed its peers in the semiconductor space over all relevant periods. This might be due to the recent acquisition of Microsemi for $8.4 billion, which has increased its leverage above peers and has depressed the return on invested capital. An activist could demand the company take steps to reduce leverage and improve margins.

AUTOZONE

SECTOR	CONSUMER CYCLICAL
MARKET CAP	$33B
PERCENTILE RANK	98%
KEY VULNERABILITIES	POOR ONE-, THREE-, AND FIVE-YEAR TSR / WEAK VALUATION / WEAK BALANCE SHEET

AutoZone has underperformed key competitors like O'Reilly Automotive and Advance Auto Parts, and its stock looks undervalued. The company has made some questionable capital allocation decisions like aggressive share buybacks instead of debt repayment, something that might attract activism. There is also room for higher growth and better operating margins.

BANK OF NEW YORK MELLON

SECTOR	FINANCIAL SERVICES
MARKET CAP	$44B
PERCENTILE RANK	97%
KEY VULNERABILITIES	POOR ONE-, THREE-, AND FIVE-YEAR TSR / LOW VALUATION / WEAK RETURN ON ASSETS AND EQUITY

Bank of New York Mellon had activist investor Trian Partners on its share register for six years through to June 2020. However, the bank remains highly vulnerable to activism, due to its poor total shareholder returns, low valuation and weak return on equity. An activist could demand the company run a strategic review to assess whether it is worth separating the high-margin investment services unit from the secularly-challenged wealth management business.

FLEETCOR TECHNOLOGIES

SECTOR	INDUSTRIALS
MARKET CAP	$22B
PERCENTILE RANK	95%
KEY VULNERABILITIES	POOR CORPORATE GOVERNANCE / POOR ONE-, THREE-, AND FIVE-YEAR TSR / LOW VALUATION

Corporate governance is a particular vulnerability at FleetCor, with seven red flags identified by *Activist Insight Governance*, including high director average tenure, weak gender diversity, and lack of an independent chairman. FleetCor is one of the leaders in the business payments industry, which is seeing massive tailwinds, yet its stock has underperformed peers and appears undervalued on certain metrics, like price-to-Ebitda.

ECOLAB

SECTOR	BASIC MATERIALS
MARKET CAP	$60B
PERCENTILE RANK	95%
KEY VULNERABILITIES	WEAK TSR PERFORMANCE / HIGH COSTS AND WEAK PROFITABILITY / LOW DIRECTOR SUPPORT

Ecolab has underperformed its median peer on a total shareholder basis over the past one and three years. The company's general and administrative costs are nearly double its median peer, possibly due to costs related to integrations of acquisitions. An activist could demand the company stop its deal-making until it improves its cost base and margins. According to *Activist Insight Vulnerability,* Ecolab's net operating margins of 11.3% are lower than its median peer's 17.4%.

SBA COMMUNICATIONS

SECTOR	COMMUNICATIONS SERVICES
MARKET CAP	$35B
PERCENTILE RANK	99%
KEY VULNERABILITIES	LOW DIVIDEND YIELD / POOR ONE-YEAR TSR / POOR RETURN ON EQUITY

With the advent of 5G, cell tower companies like SBA Communications should benefit enormously. SBA has most exposure to U.S. towers, which analysts believe are best in the industry. The company trades at a premium to its competitors Crown Castle, which was targeted by Elliott Management, and American Tower, and its total shareholder return is higher. However, the company's low dividend yield could make it a target, as its payout ratio has been historically lower than peers.

DIGITAL REALTY TRUST

SECTOR	REAL ESTATE
MARKET CAP	$42B
PERCENTILE RANK	99%
KEY VULNERABILITIES	POOR ONE-YEAR TSR / WEAK VALUATION / HIGH OPPOSITION TO FOUR DIRECTORS

The vulnerability of Digital Realty Trust increased dramatically in the spring, as the company's stock underperformed. Digital Realty shares are up 10% year-to-date, while Real Estate Select Sector SPDR Fund is up 26%. The company also trades at a price-to-book ratio of 2.3 versus 2.8 for the median peer. Meanwhile, four directors faced shareholder opposition of between 22% and 29%.

Methodology: Data as of July 1, generated by the *Activist Insight Vulnerability* module. Certain companies that have high governance hurdles or are undergoing transformational M&A have been excluded. The list of vulnerable companies has been limited to one company per sector. The vulnerability of companies is not in order of appearance.

LORDSTOWN LET DOWN

WITH A U.S. SECURITIES AND EXCHANGE COMMISSION (SEC) INVESTIGATION AND ONE RUMOURED BY THE DEPARTMENT OF JUSTICE (DOJ), A CEO STRIPPED OF HIS TITLE, SHAREHOLDER LITIGATION, AND RISING BANKRUPTCY RISK, LORDSTOWN MOTORS PROVIDED HINDENBURG RESEARCH WITH ONE OF THIS YEAR'S MOST COLOURFUL TARGETS, WRITES ELEANOR O'DONNELL.

LORDSTOWN MOTORS	
SECTOR	**CONSUMER CYCLICAL**
MARKET CAP	**$1.6B (SMALL CAP)**
EXCHANGE	**NASDAQ**
TICKER	**RIDE**
HQ	**LORDSTOWN, OH**
CORPORATE GOVERNANCE SCORE	**13/30 (AVERAGE)**

In its latest fight against what it considers dodgy special purpose acquisition companies (SPACs), Hindenburg launched an attack on electric vehicle maker Lordstown Motors in March, accusing the company of misleading investors on its demand and production capabilities while producing no revenue and no sellable product.

Shortly after the report was published, then-CEO Steve Burns appeared on CNBC to explain that what he had once described as "pre-orders" were actually non-binding letters of intent. He excused the word play as an industry practice. The board thought otherwise and forced him to step down. Chief Financial Officer Julio Rodriguez also resigned his position.

Despite the embarrassment, President Rich Schmidt said at an event in June that the company had "firm" and "binding" orders for its Endurance truck for 2021 and 2022, but the company recanted the statement two days later.

PUMPING THE STOCK

ESG-focused companies have attracted plenty of short seller scrutiny in the past year. Clean energy companies, and electric vehicle companies in particular, have been accused of using ESG buzzwords and exaggerated statements to excite retail investors and pump-up stock valuations. The ability to go public with little scrutiny via a SPAC merger has only added to the trend.

One such company was Nikola, an electric vehicle company targeted by Hindenburg in September 2020. Since then, founder and CEO Trevor Milton has stepped down and the company has been sued for fraud and subpoenaed by the SEC and the DOJ. In March, Muddy Waters Research hit out at XL Fleet, alleging the company hyped its sales pipeline. The stock has lost around half its value since then.

GreenPower Motor and Blink Charging have also faced short criticism, thought their share prices have continued to prosper.

PT BARNUM

Hindenburg's claims against Lordstown are very similar to those made against these other EV companies. The short seller called Lordstown's bluff on its supposed orders back in March, citing conversations with former employees and business partners, as well as document analysis. In its published research, Hindenburg presented evidence of multiple agreements that required no deposit, were non-binding, and were from customers that did not operate fleets or have the means to make the purchases.

> MULTIPLE FORMER SENIOR EMPLOYEES WHO HAVE WORKED WITH BURNS OPENLY DESCRIBED HIM AS A 'CON MAN,' OR A 'PT BARNUM' FIGURE.

The short seller also accused Burns of paying consultants for every truck pre-order made as early as 2016. "Multiple former senior employees who have worked with Burns openly described him as a 'con man,' or a 'PT Barnum' figure," Hindenburg added, while also claiming that executives and directors had unloaded around $28 million in stock following its SPAC merger into public existence in October.

On top of this, Hindenburg claimed that Lordstown was experiencing delays in its vehicle production and with "drastic" design modifications. It estimated the company was three to four years away from production of its Lordstown Endurance electric pickup truck, despite its September 2021 goal.

**Source: Insightia | Activist Insight Governance. A higher score indicates a more shareholder-friendly corporate governance structure.*

"We think investors, workers, and the local community deserve much more transparency on what is going on at Lordstown," the short seller concluded.

ANALYST APPREHENSION

Despite vehemently denying Hindenburg's accusations, a special committee of Lordstown's board later found that some of the company's disclosures of pre-orders were in fact inaccurate. While the company claimed that its pre-orders were primarily from commercial fleets, the investigation found many were from parties that did not intend to purchase them directly. It also found that one entity promising a great many orders apparently lacks the resources to complete the purchase.

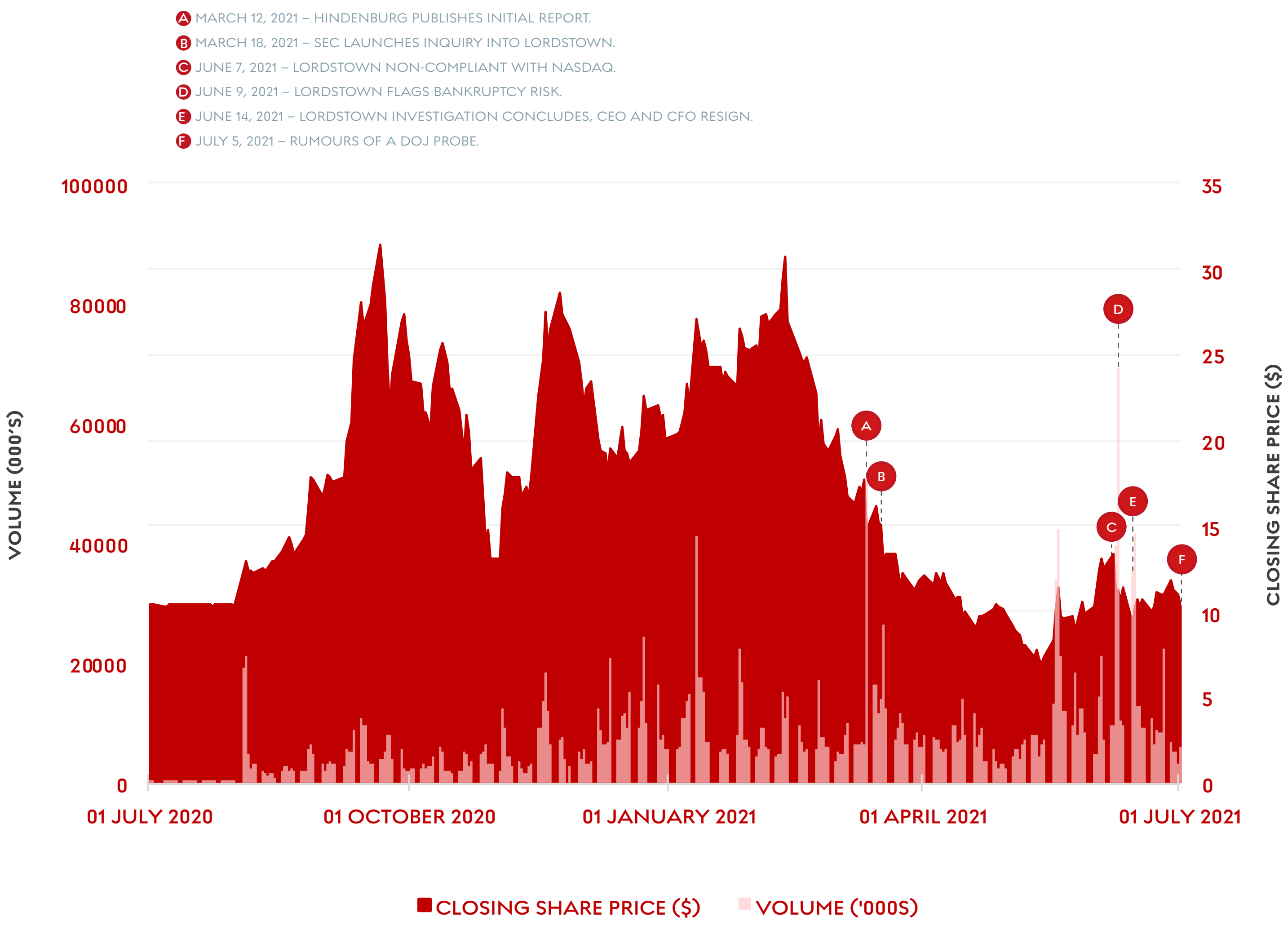
Meanwhile, the company received a notice from Nasdaq, explaining that its failure to file its Q1 2021 report with the SEC rendered the company non-compliant with the stock exchange's listing rules, and it has until July 27 to rectify the situation.

> WE THINK INVESTORS, WORKERS, AND THE LOCAL COMMUNITY DESERVE MUCH MORE TRANSPARENCY ON WHAT IS GOING ON AT LORDSTOWN.

Shortly after, the company amended its annual report to include a warning that it does not have enough money to get its debut pickup truck to market and may go out of business in the next year.

The company has also experienced the loss of analyst support. While still positive on Lordstown's long-term potential, Goldman Sachs explained in a June 9 report seen by *Activist Insight Shorts* that liquidity risk and competition from other makers could affect demand for the Endurance truck. Goldman lowered its 12-month price target to $7 from $8 and lowered its bear-case valuation to $1 from $2. Lordstown's shares were trading at $8.57 as of July 7, a more-than 50% drop in price since Hindenburg published its report.

LORDSTOWN MOTORS' 12 -MONTH SHARE PRICE PERFORMANCE



Share price data sources: CSI - www.csidata.com and Xignite

SHORT NEWS IN BRIEF

A ROUNDUP OF DEVELOPMENTS IN ACTIVIST SHORT SELLING IN JUNE.

Culper Research released a follow-up report on electric grid software company CleanSpark, and claimed the company also moonlighted as a bitcoin and electric vehicle company, saying it is “unable to reconcile” its reported financials. DETAIL

A year after its initial critiques, White Diamond Research published another report on Wrap Technologies, claiming the company’s revenues will decline next quarter and slamming its trial programme with the Los Angeles Police Department (LAPD). White Diamond said the LAPD extended its pilot programme for the BolaWrap technology, which “humanely restrains” resisting subjects from a distance, but it was only used once in a six-month period. DETAIL

Grenke, the German leasing specialist facing fraud accusations from Viceroy Research, announced the departure of CEO and Chairperson Antje Leminsky and her replacement by Michael Bücker. In mid-September of 2020, Grenke came under fire from Viceroy over alleged market manipulation, money laundering, and fraud. Founder Wolfgang Grenke will also be stepping down from the supervisory board with two others. DETAIL

Voice infrastructure technology provider AudioEye hired a new chief financial officer, around nine months after short seller Mariner Research warned investors not to trust the company’s financial reports. The company’s former finance chief Sachin Barot left in mid-May after his contract expired. AudioEye was targeted by Mariner last September for its product strategy and internal controls, particularly with respect to financial reporting. DETAIL

J Capital Research published a second report on ChromaDex, following the company’s “very narrow” Phase 3 trial news that revealed “troubling facts.” J Capital accused ChromaDex of focusing the trial on young people with no other conditions, whose likelihood of rapid recovery from COVID-19 is already high. The short seller said the company has a dubious management team and auditor is leading a pump and dump stock promotion. DETAIL

AUDIOEYE WAS TARGETED BY MARINER LAST SEPTEMBER OVER ITS PRODUCT STRATEGY.

NEW SHORT INVESTMENTS

A SELECTION OF THE LATEST ACTIVIST SHORT INVESTMENTS DISCLOSED IN JUNE.

<table>
<tr><th>ACTIVIST</th><th>COMPANY</th><th>HQ</th><th>DATE ANNOUNCED</th><th>DETAIL</th></tr>
<tr><td>BLEECKER STREET RESEARCH</td><td>HALL OF FAME RESORT & ENTERTAINMENT</td><td></td><td>JUNE 30, 2021</td><td>DETAIL</td></tr>
<tr><td colspan="5">Bleecker Street said it was concerned that Hall of Fame Resort may not be built and if it was its key assets will miss guidance by 85%.</td></tr>
<tr><td>J CAPITAL RESEARCH</td><td>CHROMADEX</td><td></td><td>JUNE 24, 2021</td><td>DETAIL</td></tr>
<tr><td colspan="5">J Capital accused ChromaDex of making inaccurate statements about the ability of its product Tru Niagen to fend off COVID-19.</td></tr>
<tr><td>VICEROY RESEARCH</td><td>RECONNAISSANCE ENERGY AFRICA</td><td></td><td>JUNE 24, 2021</td><td>DETAIL</td></tr>
<tr><td colspan="5">Viceroy called Reconnaissance Energy Africa a specialist in stock promotion and inside enrichment.</td></tr>
<tr><td>HINDENBURG RESEARCH</td><td>DRAFTKINGS</td><td></td><td>JUNE 15, 2021</td><td>DETAIL</td></tr>
<tr><td colspan="5">Hindenburg alleged the online betting house derives a big chunk of its revenues from black market operations.</td></tr>
<tr><td>THE BOATMAN CAPITAL RESEARCH</td><td>THUNGELA RESOURCES</td><td></td><td>JUNE 6, 2021</td><td>DETAIL</td></tr>
<tr><td colspan="5">The Boatman Capital accused Thungela Resources of hiding environmental liabilites and inflating the company's value.</td></tr>
<tr><td>KERRISDALE RESEARCH</td><td>VIRGIN GALACTIC HOLDINGS</td><td></td><td>JUNE 4, 2021</td><td>DETAIL</td></tr>
<tr><td colspan="5">Prior to launch Kerrisdale called Virgin Galactic's service "dangerous and unappealing."</td></tr>
<tr><td>JEHOSHAPHAT RESEARCH</td><td>VIEW</td><td></td><td>JUNE 1, 2021</td><td>DETAIL</td></tr>
<tr><td colspan="5">Jehoshaphat said the glass manufacturer's technology for making smart glass in not viable as it entails a huge negative gross margin.</td></tr>
</table>

PRIOR TO LAUNCH KERRISDALE CALLED VIRGIN GALACTIC'S SERVICE "DANGEROUS AND UNAPPEALING."

NEWS IN BRIEF

A ROUNDUP OF DEVELOPMENTS IN ACTIVIST INVESTING IN JUNE.

NORTH AMERICA

Cloud service provider Box claimed Starboard Value wanted to participate in its equity placement deal with KKR before it was publicly announced. Starboard, an 8% shareholder, is seeking four director seats at the cloud company. Earlier in June, Box rejected Starboard's books and records demand, suggesting the activist is not looking to gain insight into the company's recent deal with KKR but "attempting to manufacture a pretext" to sue the board. DETAIL

Elliott Management reportedly built a large stake in Dropbox and now stands as the company's second-largest shareholder, behind CEO Drew Houston. The activist is yet to make any public demands, though reports claimed Paul Singer's fund has been engaging with the company since the start of the year. DETAIL

Following its massive win at Exxon Mobil, activist Engine No. 1 received $100 million to start its ESG-focused exchange-traded fund (ETF) and partnered with digital investment adviser Betterment. The fund, called Engine No. 1 Transform 500 ETF, will have an annual expense ratio of 0.05% and will seek to track the Morningstar U.S. Large Cap Select Index. DETAIL

A $155 million pay package for Activision Blizzard CEO Robert Kotick narrowly won shareholder approval despite opposition from CtW Investment Group. The labor-backed investment firm called the payout excessive but conceded the recent steps by the board to modify the chief executive's contract to reduce his compensation was a "positive" step. DETAIL

Hellman & Friedman increased its buyout offer for At Home Group to $37.00 per share after the company announced that its go-shop period failed to attract new suitors. CAS Investment Partners, a 17% shareholder, said that based on its "thorough analysis" of the furniture company's business it concluded the original offer of $36 per share and the revised offer "grossly undervalue" the company and "deprive stockholders" of meaningful value. DETAIL

CHICO'S HAS BEEN ASKED TO REFRESH ITS BOARD.

Barington Capital Group returned to Chico's FAS, asking the clothing retailer to refresh its board and explore strategic alternatives for its brands. Barington said in a letter to Chico's that the company's operating performance has been lackluster in recent years while investors have endured negative returns. DETAIL

Newly-formed Civitas Resources disclosed plans for its first major acquisition, indicating that activist Kimmeridge Energy Management is moving ahead with plans to reshape the energy sector along more environmentally friendly lines. The company said it has entered into a definitive agreement to acquire rival Colorado energy producer Crestone Peak Resources in an all-stock transaction. Civitas was recently formed through the merger of Bonanza Creek Energy and Extraction Oil & Gas, which is controlled by Kimmeridge. Kimmeridge co-founder Ben Dell will serve as chairman of Civitas. DETAIL

EUROPE

Activist investor Elliott Management urged British drugmaker GlaxoSmithKline (GSK) to consider a change of management, a full divestment of its consumer healthcare business, higher profit margins targets, and stronger performance incentives, reckoning these and other measures could lead to a 45% increase in the stock price in the near term. GSK responded that the board of directors strongly believes CEO Emma Walmsley is the right leader of the company and fully supports the actions taken by her and the management team. DETAIL

Vivendi shareholders approved a plan to separate record label Universal Music Group and a resolution that allows the group to repurchase and cancel shares for up to 50% of Vivendi's capital; activist Bluebell Capital Partners commended the decision. The French media conglomerate's distribution of the 60% Universal Music stake is part of a wider scheme to list the business in Amsterdam later this year. This also includes a $4 billion deal with U.S. activist investor Bill Ackman for a 10% holding in the world's largest music label, which was inked in June. DETAIL

Cevian Capital's Harlan Zimmerman said there is more room for activists to join the boards of U.K.-based companies, in a comment piece for The Times. The activist's comments came amid speculation that it will seek to appoint a director at Aviva, after Cevian revealed a near-5% holding in the U.K. insurance company worth 800 million pounds ($1.1 billion) and said the company "has been poorly managed for years." DETAIL

Shareholders in French reinsurer Scor approved all the company's resolutions which activist investor CIAM opposed at the annual meeting. Denis Kessler and directors Claude Tendil and Bruno Pfister were re-elected to the board and Kessler's pay package was approved against CIAM's advice. Glass Lewis recommended Scor shareholders vote against all the resolutions targeted by CIAM while Institutional Shareholder Services (ISS) and local firm Proxinvest sided with the activist only on some matters. DETAIL

London-based activist Abri Advisors called on the board of video game developer CD Projekt to fire the company's top two executives and come up with a plan to regain client and investor confidence after poor sales of its latest title. Abri said in a letter to CD Projekt's board that it had lost faith in the company's top echelon and asked for the heads of CEO Adam Kicinski and his deputy, Marcin Iwinski, whom the activist holds responsible for the "disastrous" release of Cyberpunk 2077. CD Projekt has stood by the two executives who were reinstated at the annual meeting. DETAIL

Investors in Czech lender Moneta Money Bank rejected a plan to buy a trio of lending assets from private equity firm PPF Group, a win for activist Petrus Advisers, which has long opposed a deal between the two sides. Petrus called for a revamp of the management team in an apparent effort to prevent a new transaction. The activist, a near-10% shareholder in Moneta and a fierce opponent of the transaction, hailed the ballot result and labelled it "a victory for Czech shareholder democracy." DETAIL

British estate agent Foxtons unveiled a new strategy to expand beyond its traditional London market, about a month after activist investor Catalist Partners called for the move. Foxtons told investors that it would focus on capitalizing on a boom in property sales outside London, targeting new markets in south-east England and the rest of the U.K. In late April, Catalist said in a presentation that Foxtons had "lost its way" and needed a shakeup to turn around its fortunes. DETAIL

FOXTONS UNVEILED A NEW STRATEGY TO EXPAND BEYOND THE LONDON MARKET.

REST OF THE WORLD

Toshiba and the Japanese government last year "worked closely" to influence a key vote that saw all of the company's director nominees elected, an independent investigation launched at the behest of activist Effissimo Capital Management concluded. According to the report, Toshiba, together with the Industry Ministry, effectively colluded to undermine shareholders' rights at the 2020 annual meeting. The company later announced that four executives, including two board members, would step down. The chairman was also removed by shareholders. DETAIL

Australian construction materials group Boral agreed to sell its U.S. building products business to Westlake Chemical for AU$2.9 billion ($2.15 billion). The deal comes around nine months after Sandon Capital urged Boral to shed several assets, including some U.S. businesses, to boost shareholder returns. DETAIL

Yoshiaki Murakami increased his tender offer for Japan Asia Group (JAG) by about 5% as the activist's bid moved forward despite defensive manoeuvres from the energy and environment company. City Index Eleventh, the fund controlled by Murakami, increased its offer to JAG shareholders to 960 yen per share, from 910 yen per share. DETAIL

Australian activist investor Sandon Capital criticized a set of proposals that stand to place restrictions on proxy advisory firms, saying these would "serve to further entrench underperforming" directors and executives. In April, the Australian Treasury asked for feedback on several potential reforms to the country's regulatory framework concerning proxy advice. These include a requirement for proxy advisers to clear their verdict with target companies before supplying it to clients. DETAIL

MC Payment's top shareholder Ching Chiat Kwong broadened the scope of his proxy contest at the Singapore-listed company, seeking to oust five of the six current directors. Having enlarged his director slate to five candidates from three previously, the 27% shareholder sent a letter to MC Payment requesting a vote on the removal of all incumbents except non-executive independent director Kesavan Nair. DETAIL

Japanese road builder Seikitokyu Kogyo published its weighted average cost of capital (WACC), a metric activist Strategic Capital has been keen on obtaining for years. Strategic Capital first asked Seikitokyu to disclose its WACC, a metric that provides a glimpse into a company's capital allocation as it often reveals low-returning policies such as cross-shareholdings and investments in private firms, back in 2019. The activist argued that having access to more financial information would raise management's awareness of the cost of capital and promote effective dialogue with shareholders to improve the stock valuation. DETAIL

AUSTRALIAN CONSTRUCTION MATERIALS GROUP BORAL AGREED TO SELL ITS U.S. BUILDING PRODUCTS BUSINESS TO WESTLAKE CHEMICAL.

NEW INVESTMENTS

A SELECTION OF THE LATEST ACTIVIST INVESTMENTS FROM AROUND THE WORLD IN JUNE.

ACTIVIST	COMPANY	HQ	DATE NOTIFIED	DETAIL
ENGAGED CAPITAL	NEW RELIC	🇺🇸	JUNE 25, 2021	DETAIL
California-based technology company New Relic appointed a new director in settlement with Engaged Capital.				
GLOBAL VALUE INVESTMENT	ROCKY MOUTAIN CHOCOLATE FACTORY	🇺🇸	JUNE 21, 2021	DETAIL
Global Value Investment nominated five candidates for Rocky Mountain Chocolate Factory's board.				
T.M. JENNINGS	PETMED EXPRESS	🇺🇸	JUNE 17, 2021	DETAIL
PetMed Express included a shareholder proposal from T.M. Jennings requesting that the company amend the mandatory retirement age for directors.				
HANS-WERNER EIS	ZAPF CREATION	🇩🇪	JUNE 16, 2021	DETAIL
Hans-Werner Eis requested Zapf Creation increase the company dividend.				
OUTERBRIDGE CAPITAL	COMTECH TELECOMMUNICATIONS	🇺🇸	JUNE 14, 2021	DETAIL
Outerbridge Capital Management called on Comtech Telecommunications to pursue a sale.				
ARTISAN PARTNERS	VIVENDI SE	🇫🇷	JUNE 10, 2021	DETAIL
Artisan Partners said it will vote against French media group Vivendi's planned spinoff of its Universal Music Group asset.				
THOMAS MARIOTTI	ALEXANDERWERK	🇩🇪	JUNE 10, 2021	DETAIL
Thomas Mariotti requested Alexanderwerk amend its bylaws regarding surplus profit allocation.				
CEVIAN CAPITAL	AVIVA	🇬🇧	JUNE 8, 2021	DETAIL
Cevian, with a near-5% stake, wants Aviva to return 5 billion pounds to shareholders.				
KANEN WEALTH MANAGEMENT	1847 GOEDEKER	🇺🇸	JUNE 8, 2021	DETAIL
Kanen Wealth Management revealed a 6.6% stake in 1847 Goedeker and stated its intention to discuss board composition.				
MARINE BIO SPA	MARIZYME	🇺🇸	JUNE 8, 2021	DETAIL
Marine Bio SPA wanted Marizyme to hold an annual meeting and appoint a permanent, full-time, and qualified CEO.				

CONCERNED SHAREHOLDERS WANTED NISSAN TO DISCLOSE THE CONTENTS OF ITS MOST IMPORTANT CONTRACTS.

ACTIVIST	COMPANY	HQ	DATE NOTIFIED	DETAIL
ABRI ADVISORS	CD PROJEKT SA		JUNE 7, 2021	DETAIL
Abri Advisors urged Adam Kicinski and Marcin Iwinski to resign from the CD Projekt board of directors.				
MAGALLANES VALUE INVESTORS	TARKETT SA		JUNE 7, 2021	DETAIL
Magallanes Value Investors' Ivan Martin stated that the takeover offer by the Deconinck family undervalues the company.				
THE SHAREHOLDER COMMONS	CATERPILLAR		JUNE 4, 2021	DETAIL
The Shareholder Commons urged shareholders to convert Caterpillar from a conventional corporation to a public benefit corporation.				
CONCERNED SHAREHOLDERS OF NISSAN MOTOR	NISSAN MOTOR		JUNE 3, 2021	DETAIL
Concerned shareholders wanted Nissan to disclose the contents of its most important contracts, but lost at the vote.				
JERALD HAMMANN	ADAMIS PHARMACEUTICALS		JUNE 1, 2021	DETAIL
Jerald Hammann nominated four individuals, including himself, for election as directors of the board.				