



**Broadridge®**

# Opportunities for e-delivery in Canada

INSIGHTS FROM OUR INVESTOR  
COMMUNICATIONS STUDY

June 2013





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**THIS STUDY IS BASED ON ONLINE SURVEYS COMPLETED BY  
MORE THAN 1,000 CANADIAN INVESTORS.**

Broadridge Financial Solutions (Canada), Inc. is a technology services and outsourcing company focused on global capital markets. We are the market leader enabling secure and accurate processing of information for communications and securities transactions among issuers, investors and financial intermediaries.

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## SUMMARY

# It's about choice

The availability of electronic solutions, the regulatory framework within which to offer them and an increasing investor appetite for digital information has created new opportunities in investor communications. Today, companies can provide information to investors when, where, and how they want it – and that makes for more engaged investors.

That's never been more important. As governance, transparency and accountability in capital markets become more closely scrutinized and more rigorously measured, engaging investors, encouraging voter participation and demonstrating leading communication practices is vital.

Here are the key take-aways:

- ▶ Sending information to investors the way they want to receive it encourages more robust investor engagement.
- ▶ Investors have adopted online and mobile communications as convenient, efficient and environmentally responsible alternatives to paper.
- ▶ Proven and trusted e-delivery platforms already exist, making the deployment of alternative delivery efficient and extremely cost effective.
- ▶ Preference management makes communicating with investors according to the investor's preference – either paper or electronically – efficient and cost effective.

## INTRODUCTION

# Investor communications have never been so dynamic

Regulations are increasingly complex and there is increasing pressure to reduce communications costs while effectively engaging investors. At the same time, investor preferences for how, when and what kind of information they receive are evolving rapidly. As the transaction and information hub of our industry, Broadridge is supporting market participants by developing solutions and services that enable more choice – for corporate issuers, banks, brokers, dealers, and, ultimately, investors.

To better understand where emerging opportunities in investor communications lie, we retained Ipsos Reid<sup>1</sup> to conduct online surveys with over 1,000 retail investors – both shareholders and unitholders.

What we learned is this: investors want choices.

- ▶ They want to receive information from the companies they invest in by mail, online or both.
- ▶ They are interested in new options for receiving information and, among certain demographic groups, there is an appetite to leverage mobile platforms for even more dynamic communications.

And here's what we know: both new regulatory frameworks and innovative technology-based solutions can help facilitate communication that is engaging, efficient and cost-effective.

<sup>1</sup>Ipsos Reid is Canada's leading provider of public opinion research, and is a research partner for loyalty and forecasting and modelling insights. Ipsos Reid is an Ipsos company, a leading global survey-based market research group.



## E-DELIVERY

# Defining the opportunity in Canada

Technology is driving more efficient communications, greater cost-effectiveness, and perhaps most significantly, better engagement with investors.

Electronic proxy voting was one of the first technology-based communication platforms for investors. Since 1998, adoption of e-voting channels has increased from about 37% to over 84% in 2012, contributing significantly to the efficiency of the proxy voting process, a meaningful reduction in costs to issuers, as well as increased participation among voters.

More than 4,000 institutional investors and financial advisors worldwide are using electronic communications and voting platforms. During the 2012 proxy season in the U.S., institutional investors voted over 201 billion shares through electronic channels. Retail investors are also adopting e-voting. Together, over 95.5% of all shares, retail and institutional, were voted electronically this past year<sup>2</sup>.

Electronic delivery of proxy materials represents another opportunity to drive efficiency and cost reductions in the communication process. In 2012, e-delivery reached an all-time high of 35.4 million security positions in North America. While e-delivery is well entrenched in the U.S., there is room to increase participation here in Canada, where only 2.7 million emails were delivered, representing 3% of eligible records.

With this much room for growth in e-delivery in Canada, and given that the systems to efficiently and cost-effectively deploy e-delivery already exist, what's keeping companies and their investors from leveraging the opportunity?

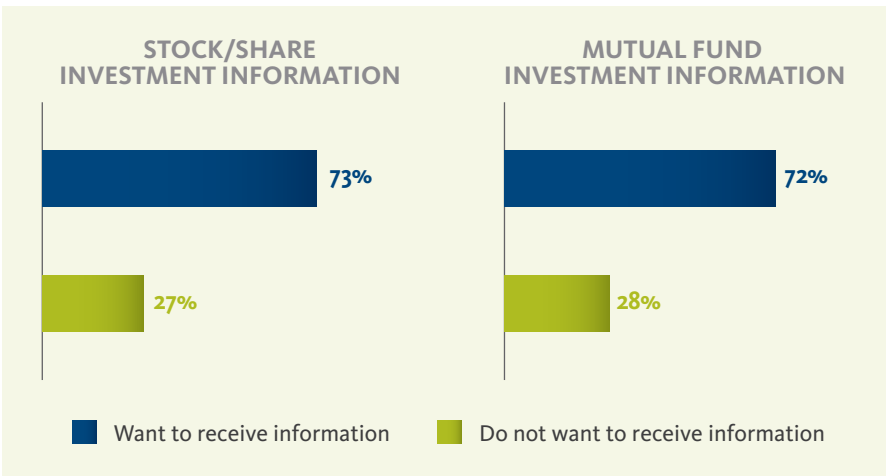
Our research sheds some light on what investors really want.

<sup>2</sup> Includes ProxyEdge®, ProxyVote.com, and telephone response system. ProxyEdge accounted for over 85% of those votes. Source: Broadridge Financial Solutions, Inc., 2012 Proxy Season Statistics.

KEY FINDINGS

# What investors really want

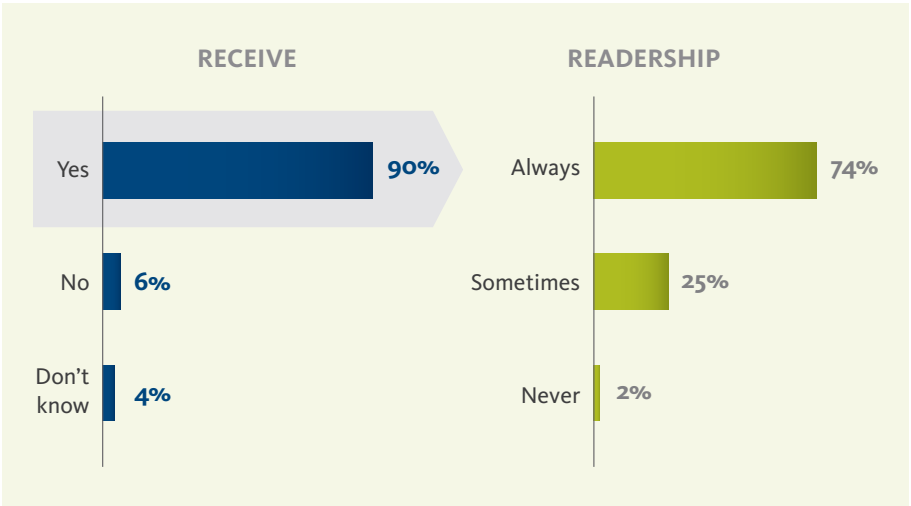
Our research shows that more than seven in 10 investors say they want to receive information about their investments.



Why equity and mutual fund investors may sign up for online information:

“It’s a convenient way to receive the information.”

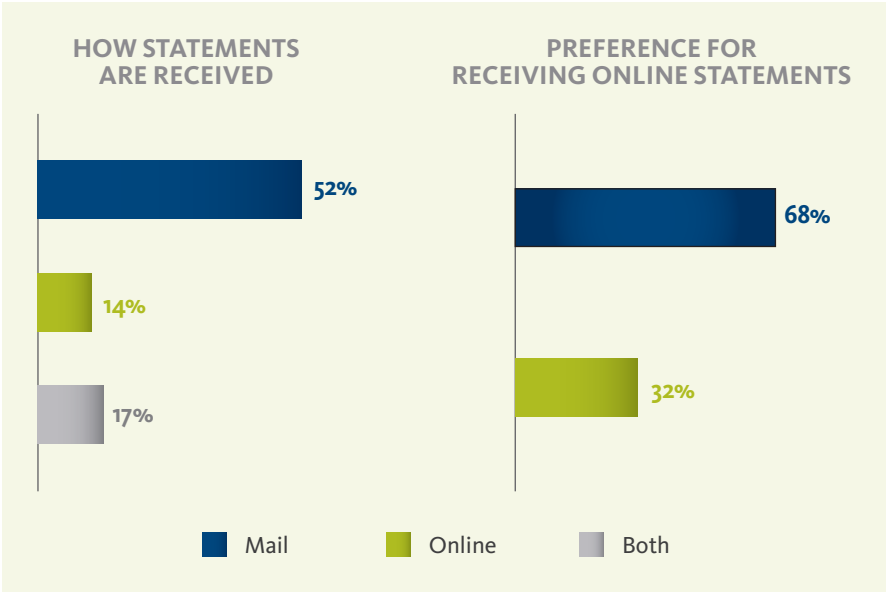
Of the 90% of investors who receive information about their investments, more than one in three say they always read the investment information that is sent to them, while only about one in 10 say they never read the investment information.



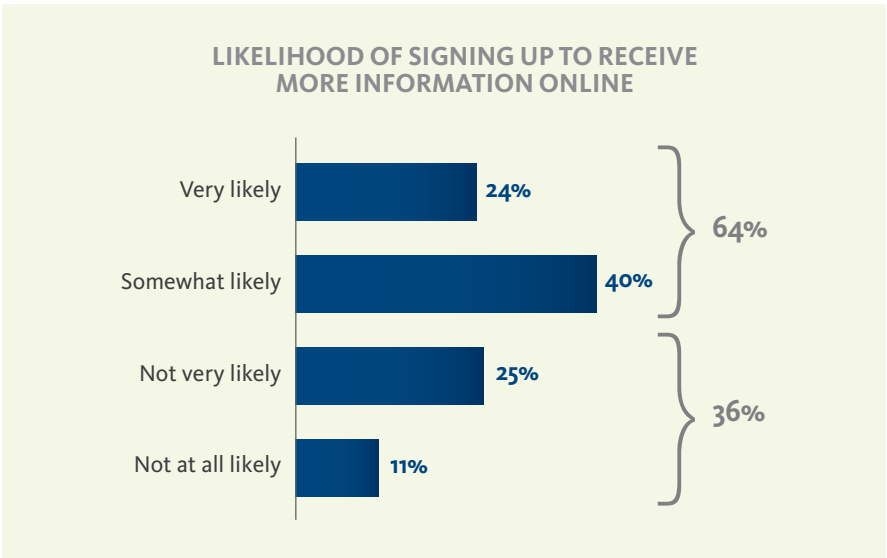
Why investors may not sign up for online information:

“Prefer mail because of security issues.”

Of those who receive statements, one in three prefers to receive them online and over half of the investors who receive statements by both mail and online prefer to receive them online.



When asked about their likelihood of signing up to receive more information online (information that is currently available only by mail), 64% of investors said they are either very or somewhat likely to do so – considerably more than the 30% and 40% who choose online when asked if they would like to receive all their information by mail or online.

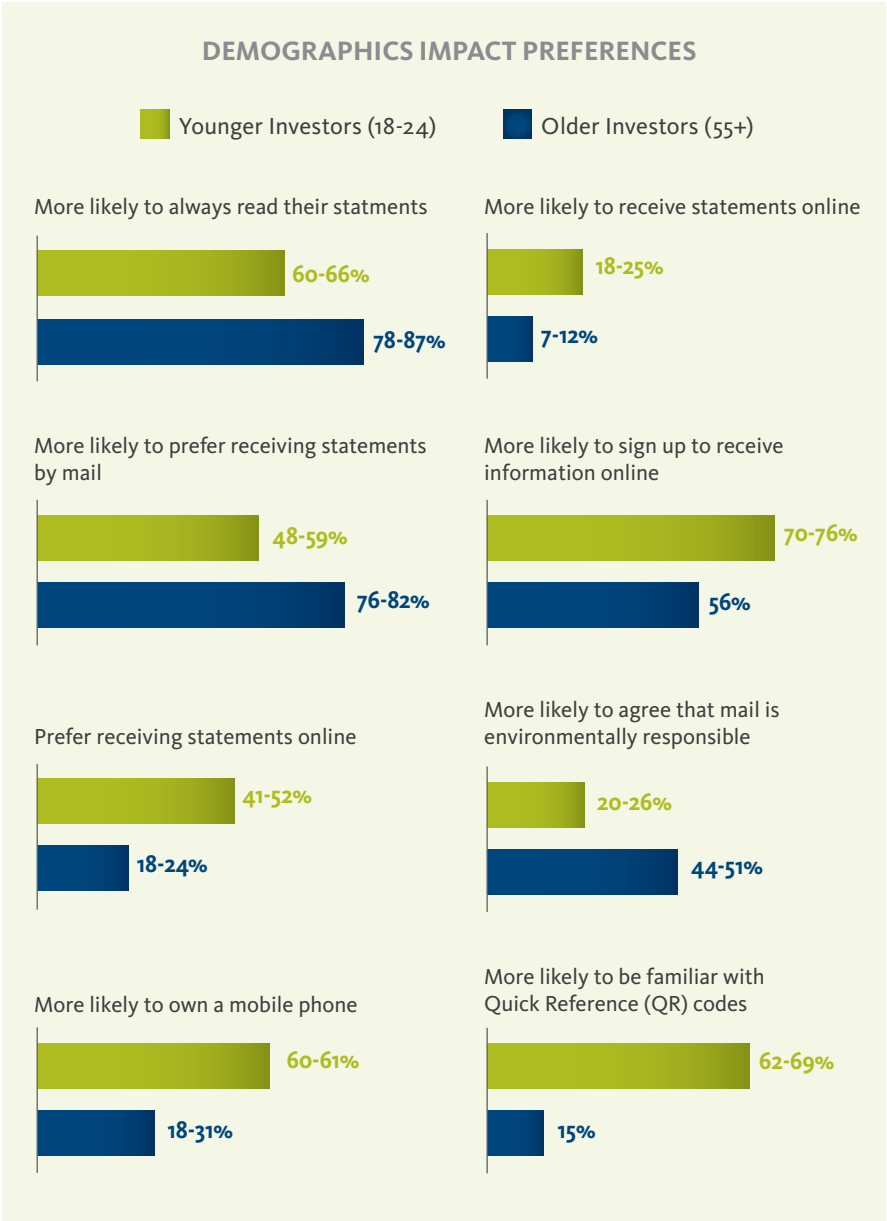




Demographics affect investor preference for mail or online delivery. In general, older investors prefer mail, while younger investors prefer online alternatives.

Why investors may sign up for online information:

“Filing online is easier than filing paper.”





THE EVOLUTION CONTINUES

## From Notice and Access to Quick Reference (QR) Codes

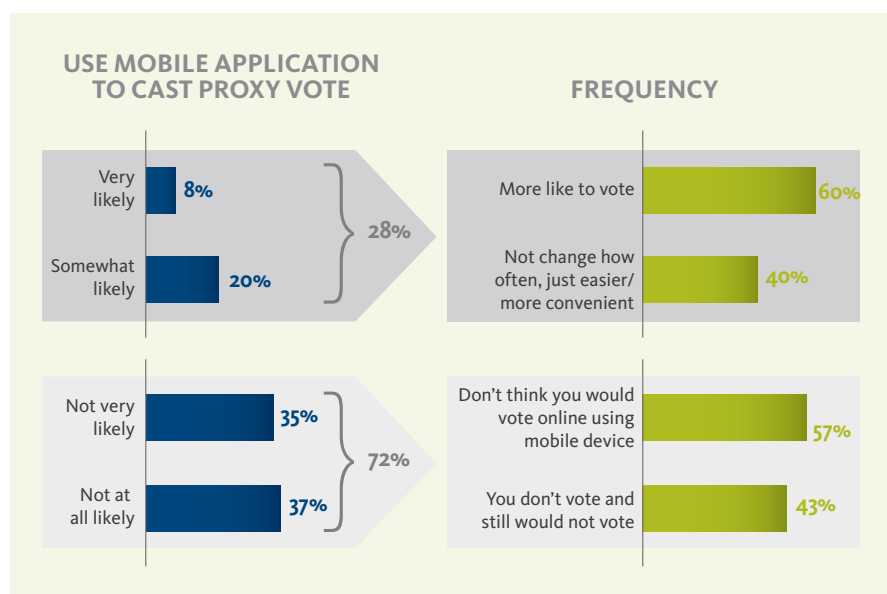
New technologies and regulatory change go hand-in-hand. In fact, technological evolution relies on – and at the same time allows – regulatory evolution. Together, new regulations and innovative, technology-based solutions that permit the practical implementation of new rules are driving efficiency and more robust investor engagement.

On November 29, 2012, the Canadian Securities Administrators (CSA) published amendments to National Instrument (NI) 54-101, which became effective on February 11, 2013. In addition to these amendments, NI 54-101 introduced Notice and Access, which gives issuers another Internet-based delivery model through which investors can access proxy materials. This means issuers may now mail a lighter set of materials that excludes the Management Information / Proxy Circular, rather than the traditional proxy package in paper form, known as Full Set. This new model should result in meaningful print and postage savings for issuers. Based on the U.S. experience, issuers who have used Notice and Access have realized significant savings and we anticipate the same for Canadian issuers.

With the introduction of Notice and Access (in Canada) and an array of flexible solutions for issuer communications, investors have more choices than ever before, including material selection, delivery method, and method of access to information. Electronic delivery systems let investors self-select their preferences, improving their level of engagement while helping to reduce costs for issuers.

## MOBILE PLATFORMS

We asked investors about their propensity to use a mobile application to cast their proxy votes. Of investors who regularly access the Internet with their mobile device, approximately one in three would be likely to use it to vote their shares.



Why investors may sign up for online information:

“Online information is available for review anywhere, any time.”

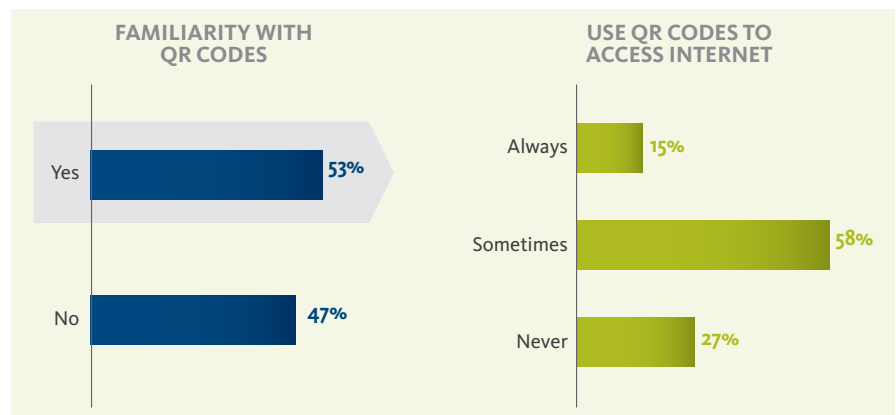
## PROXYVOTE®.COM AND MOBILE PROXYVOTE®.COM

During the 2012 proxy season, we saw significant adoption of our Mobile ProxyVote.com site in both Canada and the U.S. ProxyVote.com, our Internet voting platform for retail investors, accounted for over 28 billion shares voted, or nearly twice as many shares voted as by paper voting forms (15.3 billion shares for Canadian issuers). In addition, there were over 445,000 votes cast this past season through Mobile Proxyvote.com, a nearly four-fold increase over last season. About 30% of mobile votes were previously non-voters. Mobile ProxyVote.com allows an array of mobile devices to seamlessly integrate with ProxyVote.com through a sophisticated graphical interface.



## QR CODES

Quick Reference (QR) codes are incredibly data-rich, and by scanning them with a smart phone or tablet, investors are immediately directed to the voting site. Among the investors we surveyed, we found that of those who were likely to vote their shares online, about half are familiar with QR codes. And of those familiar with QR codes, approximately three in four would use QR codes to access investment information on the Internet.



In the 2012 proxy season, Broadridge launched a pilot program featuring QR codes on voting forms for six issuers sent to over 1.1 million investors. In 2013, all Voter Information Forms (VIF) for Canadian issuers contain a QR code to encourage further investor participation and help reduce costs through the use of electronic communications.

## DIGITAL MAIL

New integrated delivery platforms like digital mail are innovative solutions that allow companies to deliver information to their investors in the form they prefer. In September 2012, Broadridge launched Fluent<sup>SM</sup> in the U.S., a new service that significantly improves communications between financial services firms and their investors. Broadridge Fluent enhances customer engagement by enabling firms to distribute marketing, transactional and regulatory communications to the investor's preferred delivery channel with enhanced insight and interactive capabilities. It builds upon existing print mail and e-delivery services to support communications across a variety of channels, including emerging digital mail services. The platform contains a robust preference and consent management capability allowing intermediaries to capture investor preferences through any channel and utilize those preferences for issuer communications.

Currently, we're working with Canada Post's epost<sup>TM</sup> digital mail platform to deliver Fluent to the Canadian marketplace.

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**Why investors may sign up  
for online information:**

**"I'm online  
all the time."**

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<sup>TM</sup> epost is a trademark or registered trademark of Canada Post Corporation in Canada.

## COST SAVINGS

# Another reason to think about e-delivery

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Why investors may not sign up for online information:

“If I have it in front of me I am more likely to read it.”

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In 2012, an all-time high of over 36.7% (suppression rate) of all records processed were delivered electronically or consolidated into a single delivery as a result of Broadridge’s mail elimination processing and managed accounts. In total, issuers are realizing growing savings on the costs of printing and postage: in comparison to the costs of mailing full packages, for example, these savings exceeded \$22.7 million in 2012.

- ▶ A traditional full set proxy package weighs on average 180 grams. That adds up to a cost of \$6.98 per investor – \$4.65 for printing, \$2.15 for postage and \$0.178 for stationery.
- ▶ A Notice and Access package on the other hand is about 6” x 9”, weighs 30 grams and costs only \$0.25 for printing, \$0.63 for postage and \$0.108 for stationery. That’s only \$0.99.
- ▶ A cost saving of \$5.99 per package is another compelling reason to think about using e-delivery.\*

More information about Notice and Access, including the disclosure and timeline requirements and a savings calculator, can be found at [www.noticeandaccess.ca](http://www.noticeandaccess.ca), or by contacting your Broadridge representative. To ensure your company is eligible to use Notice and Access, please consult your legal counsel.

\* The unit savings is based on Broadridge internal data. The median print cost is estimated at \$4.65. Postage is calculated at \$2.15 and is based on the Broadridge data for the 2012 proxy season.

# How the research was conducted

## THE OBJECTIVES

The goal of this study was to determine investor views on the disclosure information they receive from the companies in which they invest. To do so, we assessed:

- ▶ Investors' level of awareness and recall of receiving corporate reports and proxy packages – whether investors opened the material, read the material and voted.
- ▶ Investors' inclination toward switching to e-delivery to receive information.

## METHODOLOGY

This report is based in part on an online survey conducted between May 9, 2012, and May 15, 2012, of 1,003 Canadian investors using Ipsos Reid's consumer research panel.

Qualified investors were asked about the issuer disclosure information sent to them and their proxy voting actions, preferences and concerns. The data collected by Ipsos Reid is juxtaposed against actual voting and proxy delivery statistics (Internet, postal and telephone) collected by Broadridge in its capacity as the largest supplier of beneficial shareholder services in North America.

This survey was conducted via the Ipsos I-Say Online Panel, Ipsos Reid's national online panel. The results are based on a sample where quota sampling and weighting are employed to balance demographics and ensure that the sample's composition reflects that of the actual Canadian population according to census data. Quota samples with weighting from the Ipsos online panel provide results that are intended to approximate a probability sample. An unweighted probability sample of 1,003, with 100% response rate, would have an estimated margin of error of  $\pm 3\%$ , 19 times out of 20. The margin of error within subgroups of the sample will be higher.

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Why investors may sign up  
for online information:

“I do everything  
online and  
don't like to  
receive mail.”

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## Learn more

For more information about opportunities in e-delivery, contact us at **1.888.789.7780** or **[client.relations@broadridge.com](mailto:client.relations@broadridge.com)** or visit:

- ▶ **[broadridge.com](http://broadridge.com)**
- ▶ **[chartingthecourse.ca](http://chartingthecourse.ca)**
- ▶ **[noticeandaccess.ca](http://noticeandaccess.ca)**

### ABOUT BROADRIDGE INC.

Broadridge Financial Solutions (Canada), Inc. (Broadridge) is an industry leader in the Canadian financial marketplace, facilitating the delivery of proxy communications since 1987. Our services include delivery of securityholder communications and other documents on behalf of corporate issuers, mutual funds and banks, brokers and trust companies, in compliance with industry regulations. We currently support 70 proximate intermediaries representing 230 financial institutions and approximately 3,600 public issuers in Canada, as well as custodians and institutional investors. Broadridge's global reach also provides U.S. and other foreign investors the opportunity to receive materials from and participate in the voting process for Canadian reporting issuers. Unique to Broadridge is our combined industry, regulatory and information technology expertise. Our clients rely on us to help them efficiently and cost-effectively comply with industry laws and regulations.



**Broadridge®**

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