10 QUESTIONS WITH LAUREN GOJKOVICH

Lauren Gojkovich is the Founder and Managing Member of LDG Advisory, LLC, a strategic advisory firm that counsels the capital markets participants on their highest-stakes investments.

Ms. Gojkovich has over 15 years of shareholder activism, corporate governance, legal and corporate M&A experience, advising clients navigating complex and contested shareholder matters, including activism campaigns, proxy fights, hostile takeovers, contested M&A, activism preparedness, Rule 14a-8 shareholder proposals and all aspects of shareholder engagement.

Ms. Gojkovich was most recently a Managing Director and the Head of PJT Partners' US Activism Defense Practice. She joined PJT through its acquisition of CamberView Partners, the leading global shareholder advisory firm, which has represented over half of the Fortune 100. Prior to CamberView Partners, Ms. Gojkovich was an attorney at Goldman Sachs, advising on the corporate governance of the Goldman Sachs board of directors. Prior to that, Ms. Gojkovich worked as a corporate attorney at Wachtell, Lipton, Rosen & Katz, where she specialized in M&A, corporate governance, proxy fights and takeover defense. Ms. Gojkovich began her career as an analyst in the equities trading division of Goldman Sachs.

Ms. Gojkovich is a member of the State Bar of New York and Massachusetts. She holds a JD from Columbia Law School, where she was a James Kent Scholar. She received a B.A. in public policy studies from Duke University, where she graduated magna cum laude.

13DM// You have a lot of experience on the defense side of activism advising companies while at Wachtell Lipton, Goldman Sachs and PJT Partners. Now you have shifted to advising activist investors. Tell us more about LDG Advisory and what kind of clients you work with.

LG// After having spent my whole career advising companies through some of their most challenging situations – whether activism defense, transformative M&A or challenging governance moments like high-stakes Board refreshments and CEO successions – I developed a strong belief that success very much depends on having an advisor who is both effective in the trenches with the client, and also mindful of the many stakeholders who are on the outside looking in. In these moments, there are multiple constituencies, including shareholders, who are trying to parse the tea leaves and understand what is going on in the Boardroom and the C-Suite. And part of my job was to ensure shareholders felt like the Company was being forthright with them and that they were brought on the journey that our client was navigating.

When I left the corporate advisory side, there were key people in my network who appreciated the significant value of the nuanced approach I took to crafting corporate defense campaigns that deeply embed the "investor lens" at every stage. These advocates also enjoyed collaborating with me and knew the loyalty I engendered with my clients. They were also the ones who emphasized the

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need for this type of strategic advice on the investor side. I had been a lawyer and defense banker but I hadn't considered the role of entrepreneur and founder of a strategic advisory business until these key mentors and industry experts encouraged me to take the leap.

My first campaign as an investor's strategic advisor was with Alta Fox on its Hasbro campaign. It was a game changer for those who saw the value-add that LDG Advisory brought to the table and we have been off to the races since then. In only two years, LDG Advisory was ranked the #2 advisor in the U.S. and North America and #3 advisor Globally to investors in Bloomberg's FY2023 Activism League Tables. This work has also taken us around the globe - having done campaigns in the US, Canada, Japan and Europe.

One of the most exciting campaigns from the last proxy season was working with Green-Wood Investors and Sachem Head on their ground-breaking win at Leonardo S.p.A., the Italian aerospace & defense champion. The Italian market has historically proved tricky for activists, and Leonardo is a high-profile company with important geopolitical implications for not only Italy but also the E.U. – in a time of heightened unrest with the war in Ukraine. And did I mention the government owns a ~30% stake as well? So, with that as the backdrop, we were able to achieve a major win for both investors, as well as the whole shareholder base. ISS and Glass Lewis recommended for Green-Wood's full slate, which I believe marked the first time both ISS and Glass Lewis had recommended for a dissident in Italy (and it was the first time Glass Lewis had ever supported a dissident slate against the Italian Assogestioni). We ultimately won all four seats of the seats we sought, including a seat for the fund's founder, Steven Wood.

13DM// When are you typically brought in to advise activist investors – in what part of the campaign or engagement?

LG// Well, it depends. I have certainly come in when an investor and their advisory team

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realizes there is no path to a settlement and the proxy fight is inevitable. Once they realize the campaign's success depends on the outcome at the ballot, they know they need an advisor who deeply understands what the key vote decision-makers not only think, but even more fundamentally, how they engage.

Now, in the middle of LDG Advisory's third proxy season, I tend to have a lot more runway with clients' campaigns for a few reasons. First, a number of clients who I've previously worked with now integrate me into the full lifecycle of their investment process. I know how Boards and management teams think because I've been in the boardroom – both as an advisor and also as an in-house attorney at Goldman Sachs. That's a unique perspective on the investor advisory side. So, my clients now ask for me to be alongside them not only in the heat of the campaign, but increasingly as we navigate engagement with their portfolio companies – from whether to invest, to how to make that first outreach to a management team to the delicate work of escalating our engagement when a management team and Board are not responsive to our constructive approach.

13DM// How do you complement the activist's team of lawyers, proxy solicitors and PR advisors?

LG// LDG Advisory's role is 4th leg of the long-standing corporate defense "chair" that defense bankers play. That lane just never really existed on the investor side of these campaigns. The north star of our advice, no matter the workstream, is how do we win the vote? And then we take that investor/proxy advisory firm lens and apply it to every component of the campaign. If we are considering a legal maneuver, we make certain our client fully understands not only the technical ramifications (which their legal team will lead), but also how these actions will be perceived by the different constituencies in the shareholder base and the proxy advisory firms. The same goes with how we work alongside the PR advisors and solicitors. And then we have the workstreams that we lead – crafting the fight deck and other solicitation materials' narrative and timing, preparing our clients and their nominees for each and every engagement (with the company, shareholders and the proxy advisory firms) and crafting multi-stage shareholder and proxy advisory firm engagement programs that are bespoke for each shareholder.

13DM// Where do the stewardship teams and boards at companies generally align with activist investors and where do they often diverge?

LG// Great question. And one I probably would have answered differently before I began working alongside investors.

Governance is at the heart of everything an activist investor cares about. That gets lost far too often. They are the "OG" (as the kids say) when it comes to governance. Their entire business model is built on identifying great, albeit undervalued, assets and ensuring that dedicated, aligned, best-in-class oversight of the business will drive fundamental value. That effort has always depended on ensuring that the right skillset and the right mentality of robust oversight exists in the boardroom. The same reliance on effective board oversight absolutely dominates the focus of the stewardship teams.

The Exxon campaign (how can it be that that fight was three years ago now?) wasn't about climate activism or the now-dreaded "ESG" acronym. It was fundamentally about the ability of directors to properly oversee capital allocation in an oil major's boardroom where the only person with oil & gas experience was the CEO. I know that description of the campaign doesn't fit the narrative that made headlines, but at the end of the day, governance was the kernel of the whole fight. And good gover-

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nance is always at the heart of what activists critique and stewardship teams seek.

My experience on the company side enables me in critical moments to help my investor clients both see where there is a potential path to de-escalation and, also, to be confident in their intuition that a company is not acting forthrightly. In terms of alignment between companies and investors – I would just say – if you see an investor go all the way to a proxy fight, you should know they are only doing it as a last resort. Investors are in the business of driving shareholder value. They didn't get in to this business to create 100+ page PowerPoint decks. If they wanted to do that, they would've gone into investment banking! Meanwhile, directors don't want the spotlight of a proxy fight. There is a lot more overlap in that Venn diagram of companies' and investors' desire to avoid a contested campaign than we give both sides credit for.

13DM// The UPC has had an important impact on campaigns over the last year, what has been its effect on boards, activists and other shareholders? Which group has been most impacted and what has surprised you?

LG// Going back to that Venn diagram – I think the head-to-head nature of proxy fights with the UPC has made all parties (and their advisors) zero in on the area of overlap between the investor and the company much earlier in the engagement process. The UPC now forces both sides to hold up a mirror to their nominees and ask themselves – will shareholders believe this individual credibly brings what is needed to drive value at this company?

On the investor side, it has brought a whole new microscope to the topic of corporate strategy and alignment (or lack there of) of directors' skillset. I believe the new ability for all shareholders to easily pick-and-choose their preferred directors inures to activist investors' benefit, again, as the "OG" governance-minded investors who have always seen the path to value creation as going straight through the boardroom.

I would imagine that for corporate advisors, it makes the often-uncomfortable conversations about which incumbent directors are most at risk a more factual and rational discussion – and it brings that conversation to the forefront early in the campaign. Directors who are in the "hot seat" are on notice and I would bet that drives a conversation around de-escalation much earlier than what occurred historically. So, to your question about who it has impacted the most – I think it has helped defense advisors be honest with their clients about the likely outcome at the ballot, and in turn that has had a major impact on how individual directors assess the reputational risk of a fight earlier in the process, ultimately resulting in the many settlements we are seeing.

13DM// 2023 was an unprecedented year for activist success. What factors do you think most contributed to that, and what is your outlook for this year?

LG// I believe we will continue to see more wins for activists when they decide to go all the way to a proxy fight. As I shared, I believe the UPC has been an important forcing mechanism for having hard conversations on the corporate side earlier in the process. I also believe the UPC significantly benefits those activist investors who can attract strong nominees with skillsets that align with their campaign's strategic platform. This phenomenon we saw in 2023 is effectively the opposite of the saying that the "cream rises to the top." With the UPC, there are less "unknowns," so I believe we will see more settlements more often if (and that "if" is key) there are rational

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actors on both sides. This inevitably means the stickiest situations will persist all the way to the annual meeting. And – having advised on both sides – I would say it is the investors, whose business is risk management and who have their own capital at risk, who are typically better at making a clear-eyed assessment of their odds at the ballot box.

13DM// How do boards and management teams typically react to activists today? Has that changed significantly over the last 10-15 years when you began advising in this space?

LG// It has absolutely changed. I began my legal career at the firm that founded the poison pill – and today that same firm is committed to a "New Paradigm" that prioritizes investor engagement. I also had the privilege of working for many years alongside the leaders of the governance teams at BlackRock, Vanguard and State Street, as well as at ISS and Glass Lewis. This team introduced a ground-breaking approach to advising America's leading corporations on the importance of building a strong foundation of communication with their largest shareholders, and, importantly, being open to listening to activists when they approached a company. I believe this advice sent shockwaves across the advisory community and fundamentally changed how board and management teams interact with the largest asset managers' stewardship teams.

But, I would say, there is still a strong distrust of activist investors that permeates boards and management teams. In many ways, I think that is in large part due to the gatekeeping efforts of certain advisors who believe they're better positioned to win a mandate or ingratiate themselves with a board or management team if they portray the investor and his or her intentions to be nefarious. If we could better align advisors' incentives with finding common ground between the company and the investors and ultimately de-escalating situations, I think you'd see lots more boards and management teams listening to a Company's engaged owners, far fewer fights and – ultimately – stronger corporate performance that all shareholders would benefit from.

13DM// How important is ESG in activism today? Is the recent backlash against ESG temporary or permanent?

LG// ESG is a term that has become mean-

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ingless. It is a Rorschach test for whatever its proponent wants it to be. I mentioned the Exxon situation and how ESG was a misnomer there. Even the Starbucks fight – that wasn't about "ESG." It was about a shareholder group consisting of organized labor funds who were using the machinery of shareholders rights to achieve their substantive goal of supporting unionization at Starbucks. Let's be precise in our definitions and not fall back on lazy language or ignore the identity of who is ultimately driving a campaign. I believe the investors at Starbucks tried to couch their real intentions in what they thought would resonate with shareholders – namely, saying it was about human capital management. But shareholders are smarter than that and they can easily parse campaigns that aren't forthright in communicating either the company or the investor's intentions.

13DM// What is the biggest mistake activists make when engaging with a company?

LG// Activists are about 10 years behind companies in terms of building a foundation of communication and trust with the largest shareholders. This effort by companies has certainly earned them a good deal of goodwill, and more often than not, boards are given the benefit of the doubt by the rest of the shareholder base. An activist who doesn't appreciate this dynamic, and thinks that they can show up for the first time on the evening of the closing of the advance notice window, nomination notice in hand, and breeze through to a win at the annual shareholder meeting will be in for a big surprise. The rest of the shareholder base wants to see both sides at least try to engage. At least try to find that middle ground in the Venn diagram. If that effort isn't made – and made in a good faith manner – then it will be a challenge to win other shareholders' support.

13DM// What does shareholder activism look like ten years from now?

LG// Remember the end-of-times pronouncements when proxy access was taking off across the corporate landscape? That was about ten years ago. And I believe not a single director was ever put on a corporate board due to proxy access. What I love about the world of corporate governance, activism and stewardship is that it's always evolving. So, making a prediction like this is a fools' errand.

That said, I've also heard the saying that "the only way to predict the future is to shape it." And I believe that the work LDG Advisory is doing – integrating the broader shareholder lens into every aspect of our clients' investment process and their highest-stakes campaigns– is going to have a major impact both on our clients' success and ultimately on the value that will accrue to all shareholders as a result.