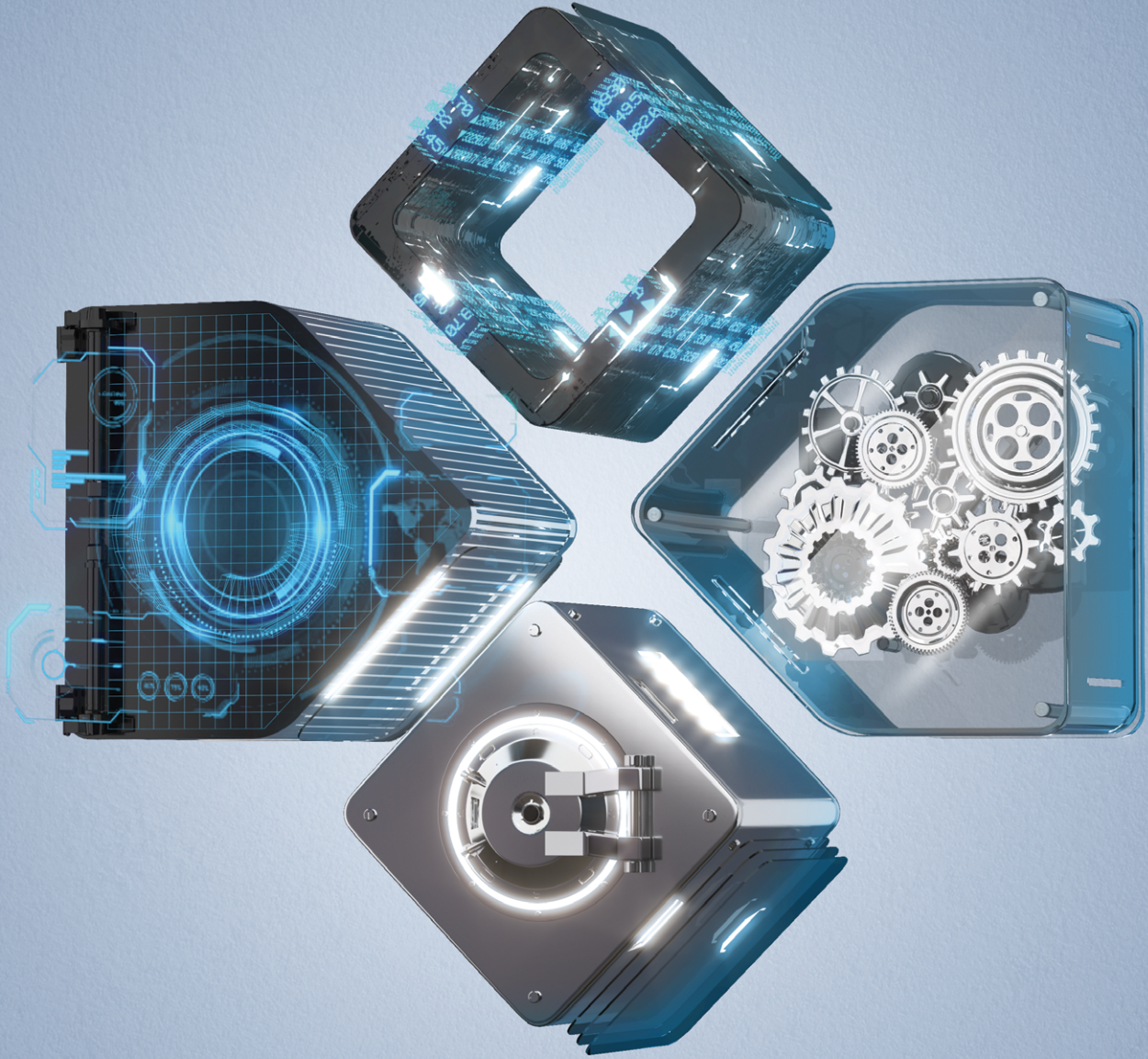


Bahrain Bourse

IR Best Practice Guide



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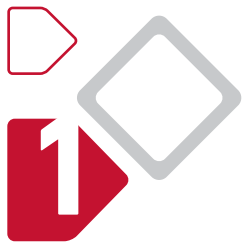
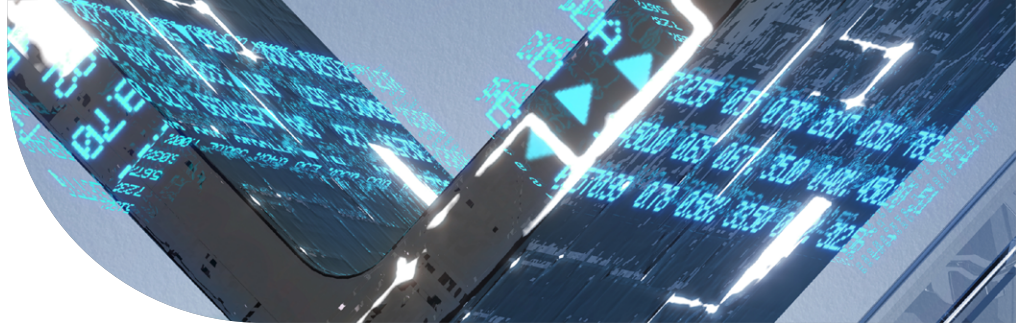
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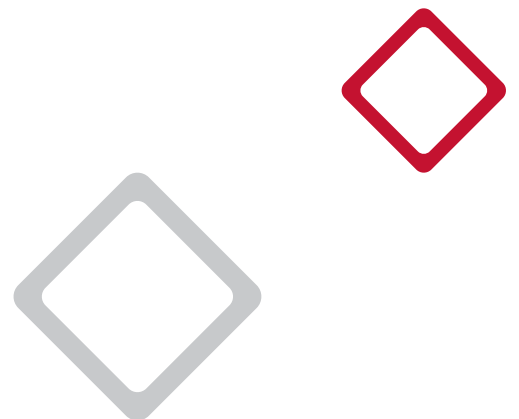


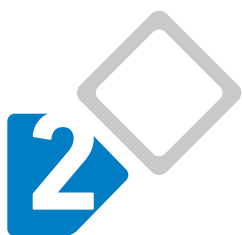


CONTRIBUTORS

Thank you to our partner, the Middle East Investor Relations Association (MEIRA), and its collaborators below for their work and contributions to developing this IR Best Practice Guide (Guide) by sharing their expertise and knowledge on IR best practices.

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FOREWORD

On behalf of the Bahrain Bourse (BHB), it gives me great pleasure to introduce our BHB IR Best Practice Guide. This is a most timely and relevant initiative in our market having joined MEIRA in 2019. In launching this Guide, BHB continues to lead by example, just as it does in its role as MEIRA Bahrain Chapter Head. BHB is most grateful for the support we receive from MEIRA, a regional champion of investor relations (IR).

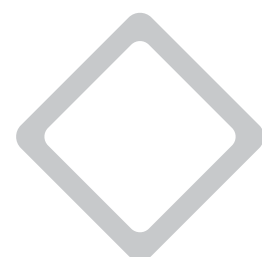
BHB and MEIRA will continue to share and promote best practice in the strategic function of IR, which has come of age in the Gulf Cooperation Council (GCC) region. Markets are opening up and issuers are seeking more international investors. As the GCC markets join the ranks of other international markets, including through greater index inclusion, IR will play a key role to differentiate issuers in the competition for capital. The BHB IR Best Practice Guide is a natural addition to other guidelines and rules that feature in GCC markets. This recognises the growing importance of IR. At the same time, other key developments, such as the introduction of ESG disclosure guidelines, serve to complement and raise the profile of investor communications and the essential role of IR.

At its simplest, IR is the two-way relationship between an issuer and its investors. However, as this Guide shows, there are other activities and factors to consider in practising effective IR. The Guide addresses why IR is important and introduces other market participants, including the investment community. IR does not act in isolation but is an integral part of a bigger market eco-system. Accordingly, we have added four case studies that bring IR to life in the Kingdom of Bahrain.

Perhaps the biggest lesson for IR is to recognise that public listed companies operate in the context of regulated capital markets. This brings opportunity; it also adds much responsibility, not least in relation to shareholders. However, all IR stakeholders, whether the internal reporting line of IR or external parties, including small investors, expect professional communication. This means complying with the regulations, and communicating with consistency, clarity and, above all, transparency. This need for effective communication is more evident in uncertain and volatile times, as witnessed in 2020 during the global COVID-19 pandemic. BHB looks forward to greater collaboration with MEIRA. We wholeheartedly commend this practical and instructive IR Best Practice Guide to all issuers listed on BHB. In addition, for issuers planning to seek new investors, including through public capital markets, this Guide is a perfect starting point and reference for your IR.



Sheikh Khalifa Al Khalifa, CEO, BHB





INTRODUCTION



What is Investor Relations (IR)?

Investor Relations (IR) is the effective two-way communication of the relevant and necessary information required between an issuer and the financial markets. It enables the investment community to consistently make an informed judgement about the fair value of an issuer's shares and securities. The aim of an IR team is to communicate and provide the financial markets with accurate, sufficient, and timely information about the issuer's objectives, strategy, activities, operating environment, and financial situation, in a manner that provides the most accurate snapshot of the issuer as an investment target.

IR is not Public Relations (PR). IR combines finance, communication, and marketing to effectively control the flow of information between an issuer, its investors, and its other stakeholders. Investors play a major and vital role in the success and growth of a business. Hence, it is important for issuers to maintain a strong and transparent relationship with current and prospective investors. This is where the IR department of an issuer comes into play to make a difference as a competitive advantage in the competition for capital.

Value of IR

Under the guidance of the Board of Directors, the Executive Management team of a listed company is collectively responsible to its shareholders, as owners of the company, for the issuer's activities. Although the shareholders do not usually take an active part in the day-to-day management of the company, they have the right to understand how the company is performing. These rights are expressed in the regulatory obligations laid upon listed companies. The wider aim of an IR programme should be to provide investors and other stakeholder audiences with a clear, transparent and accurate picture of the issuer's past performance and its prospects for the future.

IR does not act in isolation. Effective IR should draw on other company functions and resources, in that it is a strategic function that should continually inform Executive Management and the Board of Directors' strategic thinking and direction, given the IR role of being in the market and gathering market intelligence. An important feature of markets is their dynamism. Many factors can influence an issuer and its share price; the role of IR is to ensure that Executive Management and the Board of Directors know what is happening in the market and investor perception of the business compared to other issuers. After all, investors have choices.

Accordingly, it is vital that IR keeps up to date and ensures that there is a regular feedback loop in place, with proper flow of information supported by ongoing engagement. Used wisely, this intelligence can provide invaluable input to Board of Directors' strategic decision-making.

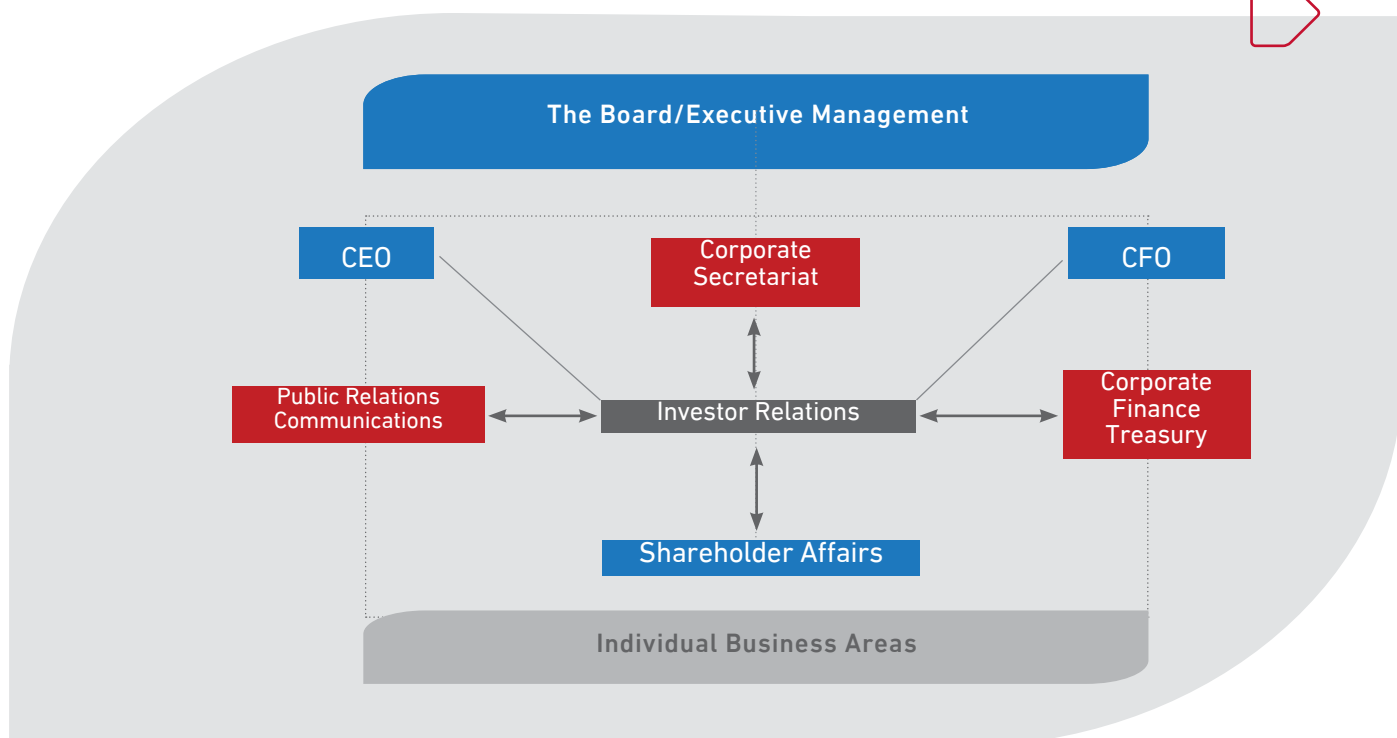
Given the importance of IR, it should be seen as an investment as opposed to a cost centre. Indeed, there are studies that demonstrate the premium accorded to effective IR, while the opposite is true in that poor or an absence of IR can result in a relatively lower share price. We discuss Key Performance Indicators (KPIs) in 'Section 5. Strategic IR', where we consider both financial and non-financial metrics, as well as other useful IR indicators of value.

Results of effective IR

Managing IR can be extremely time-consuming for many mid- to large-cap issuers with large and diverse shareholder registers. A dedicated Investor Relations Officer (IRO) can make a highly significant difference, acting as a proxy for the time-constrained Chief Executive and Chief Financial Officer (CFO), facilitating and informing dialogue between the Board of Directors and the investment community. An IRO is essentially the company's day-to-day interface with

institutional and retail shareholders, bondholders, credit and equity analysts, the financial media, the Bourse, and the Regulator.

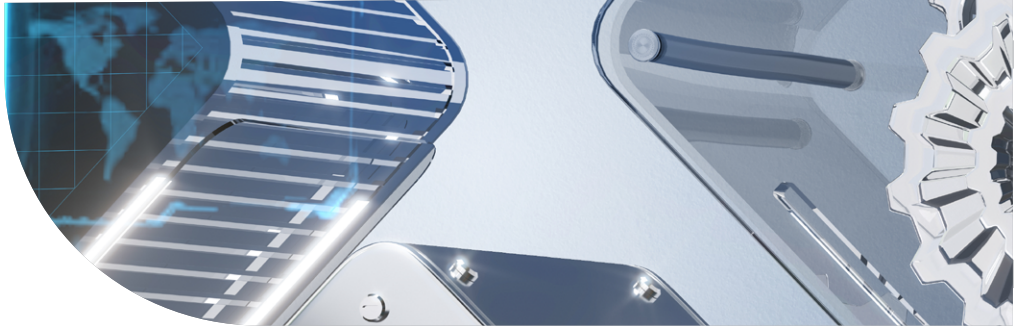
The principal role of IR is to manage interest from these audiences. To do this, IR establishes a framework of communications activities to ensure the investment community is fully informed about the performance of the business, as well as identifying potential issues that may influence the issuer's reputation. Further, IR serves to emphasise the quality of the relationship between the issuer and its stakeholders through credibility and trust. Together, all this improves the understanding of the issuer's investment proposition. In turn, over time, this can increase the valuation of the issuer's equity by attracting capital, reducing share price volatility, and potentially lowering funding costs.



↔ Coordination of communication strategy and messages

— Direct reporting line

..... Indirect reporting line



Some of the specific tasks an IRO undertakes include, for example:



Over time, a full and fair market valuation for a company should be the principal objective of effective IR, and this is achieved through minimizing the perceived cost of capital. Lowering the cost of capital should make it easier to raise capital through equity markets in the future, and or undertake an acquisition using a company's shares as currency.

IR can bring stability to the share price, minimizing volatility and giving greater predictability to a company's valuation as a basis for strategic planning, particularly in difficult market conditions. It can also support stability in the shareholder base, meaning that the company's strategy will be supported by a loyal group of core investors.

Effective IR can create a virtuous circle of effects. A compelling, positive and evolving investor proposition will lead to enhanced levels of liquidity in the stock, which will help to support a full and fair market valuation over time. Ultimately, successful IR can provide a company with easier and cheaper access to capital, thereby reinforcing the investor proposition and broadening and solidifying the support of its core shareholders.

**Easier and Cheaper
Access to Capital in
the Future**

**Full and Fair
Market Valuation**



**Strong & Loyal
Group of Investors**

**Reasonable Level
of Liquidity**



Guiding Principles of IR

Given the context of the marketplace, for example, with the rise of shareholder activism, it is important for companies to focus on the guiding principles of effective IR. Through the lens of the 5Cs, we can neatly capture what is required to build up investor confidence and trust, ultimately, translating IR into sustainable shareholder value:

Commitment

Support and commitment from Executive management and the Board of Directors are essential to establishing credibility with the market and instilling the 'right' culture or tone from the top throughout the company.

Consistency

Avoid gloss and spin by being prepared to communicate in bad times as well as in good times. There also needs to be consistency of the messaging in order to optimise effectiveness and reinforce credibility.

Credibility

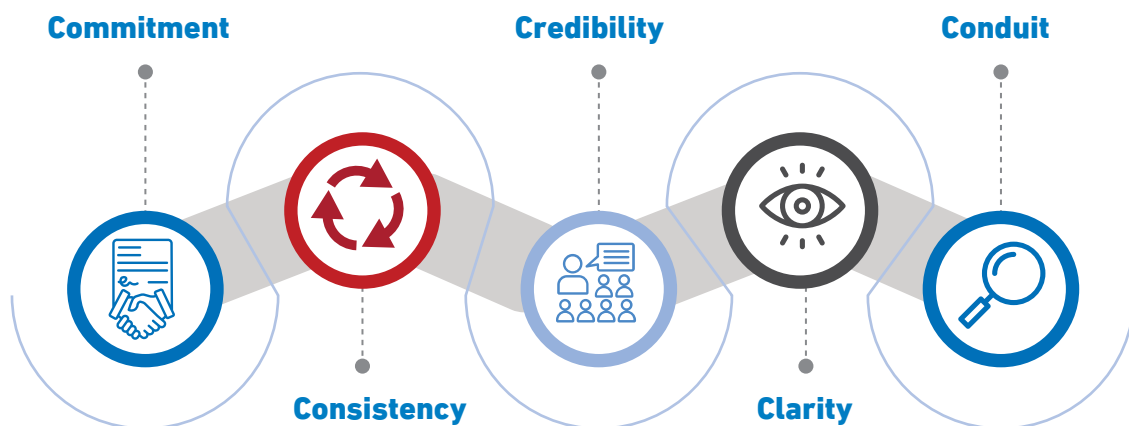
In order to act as an authoritative spokesperson for a company, IR needs to be properly resourced and have credibility both externally (with the market) and internally (with a company's Board of Directors, Executive management and across all supporting functions).

Clarity

It is important to ensure that IR messages to shareholders are precise, clear, and to the point. Whether you are communicating your strategy, growth drivers, industry trends, inflexion points, core competencies, risks etc, it is important to demonstrate a willingness to be open and transparent, while showing your mastery of the subject matter. Ambiguity and mixed messages can breed mistrust and remember that just because you know it all, it doesn't mean that your audience does.

Conduit

Effective IR acts as the conduit between the company and the financial markets on an ongoing basis through encouraging a two-way communication and valuable feedback, hence helping to minimize any information disconnect between what the company is doing and what the market sees.



MEIRA



The Middle East Investor Relations Association (MEIRA) exists as an independent non-profit regional professional body to promote best practice IR. MEIRA does this by working closely with policy-makers, regulators, and stock exchanges, including in the Kingdom of Bahrain.

In this way, MEIRA acts to ensure that issuers understand their roles and obligations in public capital markets, not least to their investors, among other important stakeholders. Ultimately, MEIRA aims to facilitate capital market development from the ground up, recognising that best practice IR develops organically among its network of IR practitioners, while benchmarking our region's IR practices against international practices. Context is everything, from MEIRA's role to practising IR in the Kingdom of Bahrain.



IR Context : Operating and regulatory environment



Introduction

First, it is important that issuers operating in public capital markets understand the context of the regulatory requirements in which they operate, while appreciating the responsibility that comes with being a public listed company. Over and above complying with The Commercial Companies Law and the Central Bank of Bahrain Laws and Rulebooks, the regulatory environment in which public companies have a licence to operate is designed to provide a level playing field for issuers seeking capital and investors seeking investments.

The overriding market principle is one of fairness, given that we are dealing with other people's money. This means that market conduct and reporting to the market are critical to ensure that we all behave properly. Moreover, from an IR point of view, we need to be seen to keep the market informed at all times with timely disclosure, in accordance with statutory reporting requirements.

The regulatory environment in any jurisdiction can generally be divided into eight main categories, encompassing:

- The Commercial Companies Law
- Listing Rules
- Market Rules
- Market misconduct
- Offering of securities and ongoing obligations
- Disclosure obligations
- Reporting
- Corporate governance

Capital market regulators and stock exchanges, including the Central Bank of Bahrain (CBB) – Capital Market Supervision Directorate (CMSD) – and BHB, play an important role to ensure that the marketplace works for all market participants, including issuers and investors. The underlying principles behind public capital markets apply everywhere that international investors seek investment opportunities, albeit there are always local rules, regulations, and practices to understand and respect.

With this in mind, it is fair to say that the overall objective of the regulatory environment is to ensure confidence in the financial markets. Without confidence in financial markets, issuers and investors will not participate, given that all companies and investors have a choice where to do business. Accordingly, the most important task for regulators is to maintain the utmost confidence in their markets. This is increasingly important in times of market uncertainty, when issuers and investors, as well as other stakeholders, look to public markets for signals about the well-being of the broader economy. Markets serve a useful purpose, among others, as price indicators for shares and other asset classes.

Role of the regulator



In the Kingdom of Bahrain, the CBB is the sole regulator of the financial sector, covering banking, insurance, investment business, and capital markets activities. The CBB seeks to inspire confidence by undertaking the following market roles:

- Regulatory supervision;
- Maintaining and promoting fairness, efficiency, and transparency within the capital market;
- Acting as an enforcement agency, with powers to investigate and take administrative, civil, or criminal actions, as it may deem appropriate;
- Approving the rules, by-laws, and regulations of the licensed exchanges or the licensed market operators, whereby any change in the rules, by-laws, and regulations of the licensed exchange or the licensed market operator would need prior approval of the CBB; and
- Licensing, supervision, inspection, investigation, and enforcement.

IROs are required to familiarise themselves with the relevant laws and regulations pertaining to the capital markets in the Kingdom of Bahrain, as well as any other jurisdiction in which the company is cross-listed, including:

- Bahrain Bourse Listing Rules¹
- Bahrain Bourse Market Rules²
- Central Bank of Bahrain Rulebook Volume 6 – Capital Markets³
- Corporate Governance Code of the Kingdom of Bahrain⁴
- The Central Bank of Bahrain Disclosure Standards⁵
- Ministry of Commerce’s Commercial Companies Law (2001) and its amendments⁶
- The Central Bank of Bahrain Financial Institutions Law (2006) and its amendments⁷

The main objective of the exchange or the market operator is to promote:

- Fairness and investor protection;
- Fair access to market facilities and information;
- The provision of timely, accessible, and relevant market data; and
- The efficient regulation of its members.

¹ Bahrain Bourse Listing Rules

² Bahrain Bourse Market Rules

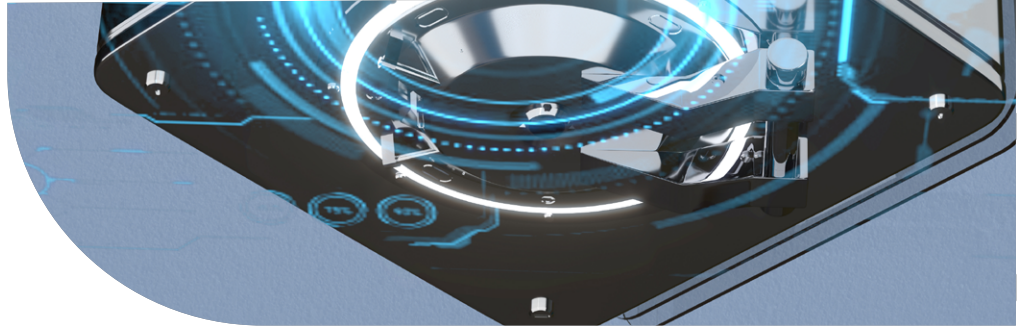
³ Central Bank of Bahrain Volume 6

⁴ The Corporate Governance Code of the Kingdom of Bahrain

⁵ CBB Disclosure Standards

⁶ The Commercial Companies Law

⁷ The Central Bank of Bahrain Financial Institutions Law (2006)



Listing Rules

As a Stock Exchange, BHB is responsible for ensuring its listed companies and securities' adherence to rules and regulations, as well as compliance with their ongoing disclosure obligations. When a company goes public, it is subject to Listing Rules, which are designed to ensure that listed companies pay due regard to the fundamental role they play in maintaining market confidence and ensuring fair, orderly, efficient, and transparent markets. Listing Rules are set to help companies identify and apply their responsibilities in the listing and disclosure regime under which public companies operate and must comply.

The main market principles include:

- A listed company must take reasonable steps to ensure its Directors and other persons to whom these Listing Rules are directed understand their responsibilities and obligations as Directors under the principles of corporate governance.
- A listed company must take reasonable steps to establish and maintain adequate procedures, systems, and controls to enable it to comply with its obligations.
- A listed company must act with integrity towards holders and potential holders of its listed securities.
- A listed company must communicate information to holders and potential holders of its listed securities in such a way as to avoid the creation or continuation of a false market in its listed securities.
- A listed company must ensure that it treats all holders of the same class of its listed securities that are in the same position equally, with respect of the rights attached to those securities.
- A listed company must respond to the regulator in an open and co-operative manner.

Market Conduct

Market Conduct regulations

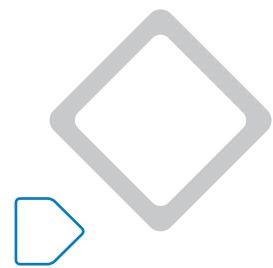
Market conduct regulations define the behaviour expected of all market participants to ensure the proper functioning of the market.

Market participants must not engage independently or with others in any practices that create a false or misleading activity in the market. Such practices involve, but are not limited to, spreading false information, collaboration between buyers and sellers to influence stock prices, and engaging in manipulative orders.

It is essential that all IROs have a full understanding of the regulatory requirements and are fully aware of the exact regulations, including but not limited to the governance of key persons trading (also known as 'insider trading') and market manipulation in the markets in which the company's shares are traded. A key part of the IR role is to manage the process of making information public as part of the IR programme.

Market misconduct includes manipulation and deceptive acts or practices, including but not limited to:

- Directly or indirectly dealing in securities that involve no change in beneficial ownership.
- Participating in any prohibited market conduct in securities or in any insider trading, or knowingly assisting a person in such conduct.
- Contributing to a material change in price and benefiting from such price alteration.
- Dealing in transactions that are intended to affect securities' valuations.



Market Abuse

The concepts of market manipulation and insider trading are well understood in every regulated market. The Kingdom of Bahrain is no exception and is committed to ensuring that BHB operates in a fair, orderly, efficient, and transparent way. Members must immediately inform BHB if they suspect, or know of, any attempted market manipulation, creation of a false market, or insider trading.

Key Person/Insider Trading is defined as the buying or selling of any company's securities by an insider, whenever he/she has any beneficial interest, direct or indirect, regardless of whether the securities are held in his/her name. Insider trading also covers revealing insider information to external individuals, to enable such individuals to trade in the company's securities on the basis of undisclosed information. By definition, this undisclosed information is most likely to have a material impact on the price of the security once the information is disclosed to the public. Accordingly, any individual who has any non-public information is prohibited from disclosing this information to any other person for their personal benefit.

The types of behaviour or conduct that amount to market abuse include: (a) Abuse of information such as: (i) Insider trading; (ii) Improper disclosure; (iii) Misuse of information, and (b) Market manipulation: (i) Manipulating transactions; (ii) Manipulating devices; (iii) Dissemination; (iv) and Misleading behaviour and distortion.

Disclosure

Regulatory disclosure

It is essential for IR to know the official BHB information dissemination channel to be used in the market and the types of information that require immediate disclosure. This is always the first priority for any announcements, disclosures, or other reporting by the company, because this is where the investing public and other stakeholders will go first if they wish to look at your company.

Over and above that, there are, of course, other communication channels that IR can use, including social media. The golden rule for IR is that once information is officially and properly shared through the BHB, including IR presentations, frequently asked questions, or any other IR tools, it is public information. Accordingly, IR can then refer to it through other media, including on other platforms.

Full and fair disclosure is a key market principle that lies at the heart of best practice IR. This approach is based on the premise that material price-sensitive information should not be released selectively at the expense of others and that all information should be made public at the same time through the BHB market website. Should material information be divulged by accident, this information needs to be disclosed publicly as soon as possible through BHB, and at the very least, before the start of the next trading period that follows the occurrence of any relevant material event. All disclosures on the BHB website need to follow the standard disclosure templates, in accordance with the BHB Guidelines for Listing Rules⁸.

⁸ Bahrain Bourse Listing Rules



Disclosure requirements under the CBB Disclosure Standards that need to be addressed include, but are not limited to:



- **Immediate disclosure of material information**
- **Announcement of specific information including, but not limited to:**
 - Changes to registered office address
 - Changes to constituent documents
 - Changes in interest of substantial shareholders
 - Calls on partly paid-up shares
 - Qualification or emphasis of matter by auditors
 - Litigation
 - Valuations
 - Changes in capital
 - Appointment or resignation
 - Board of Directors nomination
 - General meetings
 - Record date
 - Board of Directors meetings
 - Transactions and dealings in securities [new or existing shareholder transaction amounting to 5% or above (but less than 10%)]
 - Winding up, judicial management, etc.
 - Announcement of results and dividends
 - Share repurchase and treasury shares
 - Employee share option plan
- **Periodic disclosures including, but not limited to:**
 - Financial statements
 - Financial statements for closed shareholding companies
 - Annual report
 - Corporate governance
 - Policy on dealing by key persons
- **Circulars and other document requirements**
- **Disclosure requirements for debt securities**

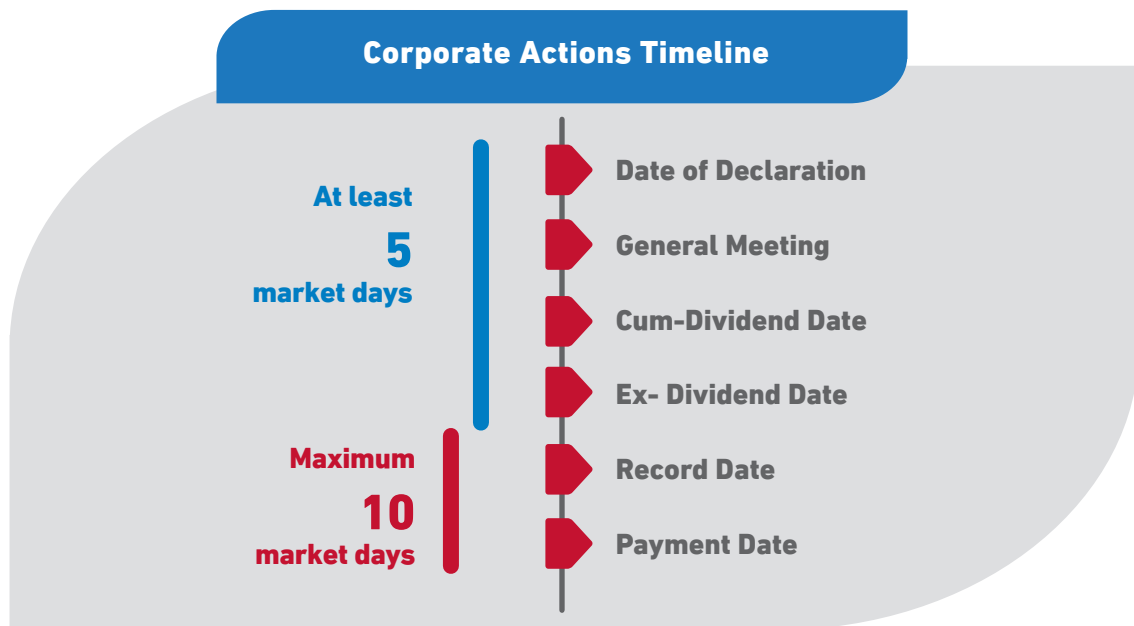
Best practice IR imposes share trading restrictions on Directors and employees with access to price-sensitive information relating to the shares of their company. The purpose is to ensure that Directors and employee insiders do not abuse, and do not place themselves under suspicion of abusing, inside information that they may have, especially in periods leading up to an announcement of the company's financial results. The restricted period is globally referred to as the 'black-out period' and precedes annual, half yearly and quarterly results.

In BHB, Permanent Insiders are restricted from trading during the trading session that is at the same time as the announcement of the company's financials. When an issuer issues its financials, all its insiders can only trade in the following day's trading session after the announcements. This is in line with best practice, as it will allow the public to evaluate such announcements thoroughly.

An important point for IR to remember is that while black-out periods are a good discipline to ensure that you do not overly expose Executive Management to the market, given the need to avoid any inadvertent and untimely disclosure, IR continues. The MEIRA Best Practice Code recommends that IR remains accessible and continues to take other enquiries throughout the year, regardless of where the company is in its reporting cycle. Part of this process is to manage investor enquiries and meeting requests, all of which can and should continue, given that IR should know what can and cannot be shared at all times.

Issuers are required to adhere to the Corporate Actions Timeline, as per CBB Disclosure Standards, as well as the recommended template for declaration of dividends.

Corporate Actions Timeline



EVENT	GLOSSARY
General Meeting Date	Shareholders' approval date
Cum-Dividend Date	Last day of trading with entitlement to dividends
Ex-Dividend Date	First day of trading without entitlement to dividends
Record Date	The day on which all shareholders whose names are on the share register will be entitled to dividends
Payment Date	The day on which the dividends will be paid to the entitled shareholders

Holding Statements

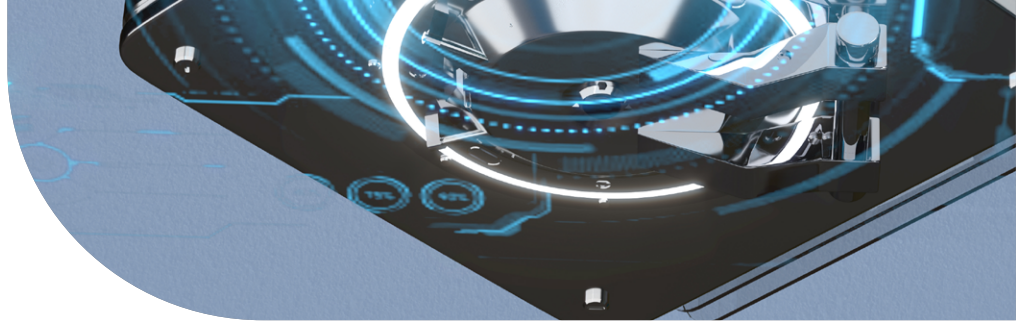


If an issuer is faced with an unexpected and significant event, a short delay in making a public disclosure may be acceptable, if it is necessary to clarify the situation. In such situations, a holding announcement should be used, if the issuer believes that there is a danger of inside information leaking before the facts and their impact can be confirmed.

Sometimes circumstances are such that an immediate response is simply not possible. It becomes a question of judgement and, if necessary, a holding statement can serve the purpose of advising the market why you are not able to give a full account of the situation, followed by a timeline of when you

expect to be in a position to respond fully to the market. IR can play an important role in working with and advising Executive Management when to disclose.

If in doubt, the golden rule is to consider disclosure and, if necessary, consult BHB for advice: Listing & Disclosure Directorate (LD@bahrainbourse.com).



Corporate Governance

Rumours

When there is media speculation or market rumour regarding an issuer, the company should assess whether a disclosure obligation arises. Sometimes such cases are a function of good guessing, some mischief, or a lack of other media stories, for example. If there is any truth in the rumour, best practice IR dictates that you nip the story in the bud by consulting with Executive Management to ideally take control of the message and disclose as soon as possible.

On the other hand, there is nothing wrong with a matter-of-fact reply, such as: "We do not comment on unsubstantiated rumours or speculation."

As all markets know, once an issuer is in a position to address its disclosure requirements fully and properly, it should follow the regulations – this is a key part of the IR role.

Key Persons (Insiders) List

To ensure market conduct at the highest level of integrity, an issuer is required to ensure that it, and persons acting on its behalf, create and maintain a Key Persons List. This list includes those persons working for them, under contract of employment or otherwise, who have access to inside information relating directly or indirectly to the issuer, whether on a regular or occasional basis. Every Key Persons List must contain:

- The identity of each person that has access to inside information;
- The reason why such person is on the Key Persons List, and should this change; and
- The date on which the Key Persons List was created, and should this change.

Should the issuer's securities trade in other markets, through Global or American Depositary Receipts (GDRs and ADRs), for example, bear this in mind if you need to co-ordinate disclosure of inside information to the public across other market jurisdictions.

As with other international codes of corporate governance principles, the CBB Rule Book – Volume 6 – High-level Controls Module (Corporate Governance) seeks to improve engagement between issuers and their shareholders, essentially an IR function, while addressing the all-important rights of shareholders. These include matters relating to shareholder meetings, the composition and functions of Board Committees, and their relationship with the Board of Directors.

Corporate governance principles also regulate the formation of the Board of Directors, its responsibilities and competencies, and how it undertakes its activities, as well as the avoidance of conflicts of interest, given that the Board is expected to act in the best interests of the issuer and not itself or only the shareholders it may represent. The Board of Directors is not only under a duty to disclose conflicts of interest, but it must also annually evaluate the extent of the Board Members' independence and ensure that there are no situations that may affect their independence.

The CBB Rule book – Volume 6 – High-level Controls Module (Corporate Governance) outlines principles to lead and guide a company, including the mechanisms to regulate the various relationships between the Board of Directors, executive directors, shareholders, and other stakeholders, including employees, customers, and suppliers.

The aim of corporate governance is to facilitate the decision-making process and add transparency and credibility to it, in order to protect the rights of shareholders and stakeholders.

The Kingdom of Bahrain's Corporate Governance Code is centred around four key pillars: Timely and transparent disclosure of Information; Accountability; Justice; and Responsibility.



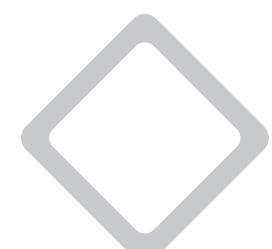
The Corporate Governance Code, which is built on the 'Comply or Explain' approach, includes 11 key principles:

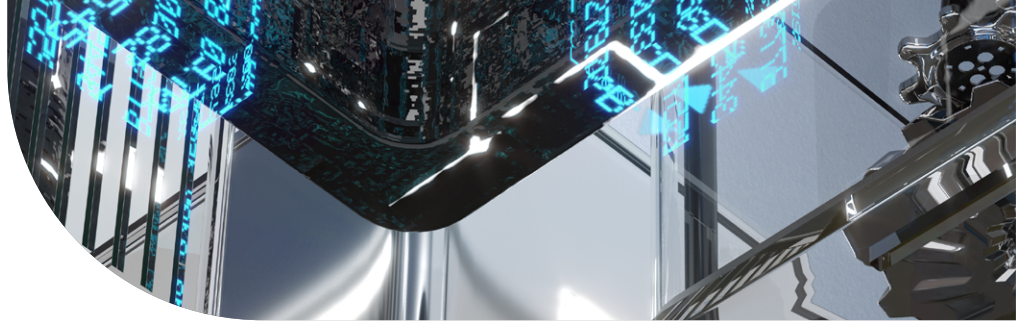
- ▶ **PRINCIPLE 1:** The company shall be headed by an effective, qualified and expert Board.
- ▶ **PRINCIPLE 2:** The Directors and Executive Management shall have full loyalty to the company.
- ▶ **PRINCIPLE 3:** The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.
- ▶ **PRINCIPLE 4:** The company shall have effective procedures for appointment, training, and evaluation of the Directors.
- ▶ **PRINCIPLE 5:** The company shall remunerate Directors and senior officers fairly and responsibly.
- ▶ **PRINCIPLE 6:** The Board shall establish a clear and efficient management structure for the company and define job titles, powers, roles, and responsibilities.
- ▶ **PRINCIPLE 7:** The company shall communicate with shareholders, encourage their participation, and respect their rights.
- ▶ **PRINCIPLE 8:** The company shall disclose its corporate governance.
- ▶ **PRINCIPLE 9:** Companies which offer Islamic services shall adhere to the principles of Islamic Sharia'a.
- ▶ **PRINCIPLE 10:** The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.
- ▶ **PRINCIPLE 11:** The company shall seek through social responsibility to exercise its role as a good citizen.

Role of advisers

It is common for regulators to require listed companies to appoint or obtain advice from approved advisers – financial and legal – particularly at the time of listing, to ensure that the issuer can comply with all requirements of the market. The responsibilities of the advisers include a duty to ensure the issuer understands and meets its responsibilities under BHB Listing Rules, and to provide assurance to the regulator that these responsibilities have been met.

Such advisers would generally be called upon when there are other corporate actions, such as the additional listing of securities or publishing of circulars to shareholders, as well as when there may have been a possible breach in compliance with the Listing Rules. IR can again advise Executive Management in this respect, as needed.





Strategic IR

A strategic function: IR planning, resources and KPIs

When issuers think of IR, they do not necessarily think of the competition for capital in which they exist, as public listed companies operating in public capital markets. To compete successfully, issuers need to take a strategic view of their business. In this, IR can play a defining role that positions IR as a competitive advantage.

Ideally, IR begins with Executive Management thinking of what it means to be a public company, what it means to have public shareholders, and what responsibilities there are to address. It makes sense to ask the question 'Why go public?', beginning with establishing business objectives and a plan to achieve these over time. IR is part of this thinking and can make a big difference in addressing not just shareholders, but also other stakeholders who have an interest in the success of the business.

It is no coincidence that The Commercial Companies Law highlights the importance of the role of the Board of Directors in pursuing success for all stakeholders. Given a licence to operate, this includes employees, customers, suppliers, the investment community, and the public at large. This role of governance has become more important and visible in a connected world that increasingly recognises that business owes its success to a broader group of stakeholders, be it in considering environmental, social, or indeed governance factors that make up a successful business in today's operating environment.

As a strategic function, IR is essential to this approach and should play a strategic role in the thinking and planning of the issuer's Executive Management and the Board of Directors. Accordingly, IR can be seen, and should be positioned, as an integral part of corporate responsibility to ensure the success of the business for all stakeholders.

How do we achieve success and what is IR's role in this important business process? Planning requires clear goals, clear roles, and clear lines of sight over time, coupled with the resources to achieve success. Ideally, once the corporate objectives are established, IR KPIs can follow this thinking and IR can develop measures that Executive Management and the Board of Directors can use to gauge progress over time to meet the business objectives.

An annual IR budget is an important component of any successful IR programme. Any budget should address the company's statutory reporting requirements, including annual report production and the AGM, to name the two most important IR-related activities. An IR budget should also consider how to get the best out of the IR team, including delivering the IR story to the market. In summary, IR KPIs can fit the issuer at any point in its life cycle and can be developed over time, just as the issuer's objectives develop over time. For example, let us consider a case study that outlines both financial and non-financial KPIs, including an individual IRO's goals.



Case Study: Aluminium Bahrain B.S.C. (Alba)

IR function and KPIs: a strategic enabler on the go

Conversations are not one-sided but rather direct and two-sided. This is the approach Alba has been following with all its stakeholders (locally, regionally, and internationally) and the IR team is not an exception. Regular feedback from regulators, investors, shareholders, and financial analysts are always solicited to keep the IR team in check and know its ground with respect to other IR teams.

In general, IR teams have different goals depending on the size of the company, its priorities, and the maturity of its IR function. Therefore, performance measures for any IR function and individual IR professional will depend on meeting the IR objectives at any given time.

IR response

Our axiom is to constantly position Alba IR better within the investor/financial community – ultimately to increase visibility and exposure for Alba's stock (ALBH) – through regular liaison with the investing community in bad and good times. We aim to successfully articulate the equity story/investment proposition, adding value to Alba's business, taking into consideration investors' perceptions and feedback, and ensuring consistent disclosure and fair and equitable dissemination of information to the public.

Key lessons

For Alba, IR KPIs have evolved over the last decade and were assessed against IR's strategic objectives to include qualitative and quantitative measures. While Alba's IR function is assessed against actual performance of key tasks and overall impact achieved internally and externally (i.e. employees, investment community and public), it is important to note some metrics should not be solely based on factors beyond control of IR staff, such as share price trends or its liquidity, as such indicators – in Alba's case – are purely market-driven. We don't only focus on factors that are impacted by our business performance (valuations) but on softer aspects like quality of meetings (one-on-one meetings/Non-deal roadshow (NDR)), which impacts Alba's perception in financial markets. Alba IR firmly believes that perception is reality.

KPIs

The following qualitative metrics have been central to measure our IR performance in the last decade:



Accuracy and range of analyst forecasts (sell-side analyst)



Relationship with the investor community



Quality of investors



Informal feedback from market participants



Relationship with market regulators



Optimal utilisation of management time



Peer benchmarking

Also, quantitative KPIs are actively tracked, as they play an important role in measuring the success of our IR savviness and knowledge of the industry/markets, such as:



Valuation parameters



Investors' ownership mix (within 10% free float)



Share price performance



Geographic mix of ownership



Awards and recognition (IR, Corporate Governance, ESG, etc.)



Onboarding new investors



Number of analysts covering Alba



IR take-aways

It's thanks to assessing our KPIs on a regular basis that Alba has been a recipient of the MEIRA IR Award for Leading Corporate in the Kingdom of Bahrain. Such recognition acknowledges the role Alba actively plays in shaping the IR landscape in the Kingdom of Bahrain in terms of financial savviness/communications, enhanced disclosure, effective use of social media, and, hopefully, IR excellence.



Reporting Line

The reporting line for any role is important and can make a difference to its success. For IR, it very much depends on where the company is in its life cycle and what the company objectives are as far as its stakeholders are concerned. When an issuer begins its life as a public company, for example, the objective may be, simply, to begin with a dedicated IR resource who can learn on the job and start to fulfil IR's role of addressing important stakeholders, including the investment community. Accordingly, it makes sense to have a senior reporting line that knows the business and what is required, including from IR.

MEIRA IR surveys suggest that the most common reporting line is to the CFO, IR often being regarded primarily as a financial function. Other reporting lines exist and can be developed over time depending on the need. In any case, it is most important to have a reporting line that also considers regular updates to the Board of Directors, given their role in governance and oversight of the business.

In-house IR Team

Where do companies begin? Understanding the financial statements is generally considered an appropriate starting point, while recognising that financial analysis is only the beginning of any investment story. The most effective IR takes the financials, builds a story, and continues to develop the IR story as the business develops over time. This takes time and it is useful to begin with some clear objectives, both financial and non-financial, against which to measure progress.

Importantly, no matter how good the financials or how compelling the story appears, if it does not reach the target audience and is not believed and consistently supported over time, it counts for little. Issuers are in a perpetual competition for attention, if not capital. This means that the company presentation of the investment story, the distilling of the material and most telling parts of the story, need to be drawn out, presented clearly and consistently, and continually developed in response to market feedback. The best IR teams have a broad skill-set that combines the

strengths needed to execute the IR plan, in accordance with the strategic direction of Executive Management and the Board of Directors.

The essential competencies required for IR include business knowledge; data management; financial analysis; communications; market and regulatory knowledge; presentation skills; relationship management; and strategic thinking. The skill-set required for an IRO is influenced by various considerations, including:

- How much exposure the CEO and CFO have had to an IR programme in a publicly listed company;
- Diversification of the share register – the target shareholders you do not want to lose;
- The work the IRO will do; and
- Company sector.

There is a general requirement across the market for greater levels of financial literacy in IR candidates and companies will often look for a financial qualification to support this. While more highly regulated industries or complex sectors tend to prefer candidates with specific sector experience (e.g. financial services, insurance or pharmaceuticals), most companies are sector-agnostic.

It is also imperative to ensure the bilingual capabilities of IR teams, given the requirement for bilingual reporting in the Kingdom of Bahrain. There are other instances, for example, if a company is cross-listed and requires specific geographic or market knowledge. An understanding of where the global pools of capital are and a network of key fund managers in international markets can also be extremely beneficial. Above all, IROs need to be great with people, not just the reporting line but also in engaging all the relevant teams who furnish company information, as well as all external target audiences.





IR Internal Audience

The essence of IR is centred around credibility. It starts with winning over your internal audiences, from the business lines to the Board of Directors. If you have no perceived value to these important internal audiences, your IR will quickly fall short. You need them and they need you.

Once institutionalised, IR should be seen as a strategic role and its value can be demonstrated over time in accordance with KPIs that track progress. This should include regular reports to the Board of Directors that update the decision-makers on, among other matters: who owns the company; what changes are taking place in the share register and why; market feedback, including research coverage and share

price performance relative to the market and peers; and regular perception studies of how the company messaging is coming across and what, if anything, may need to be reconsidered, if not tweaked, in terms of the business strategy and its delivery. This is all part and parcel of strategic IR, and the feedback mechanism between the issuer and the market is essential.



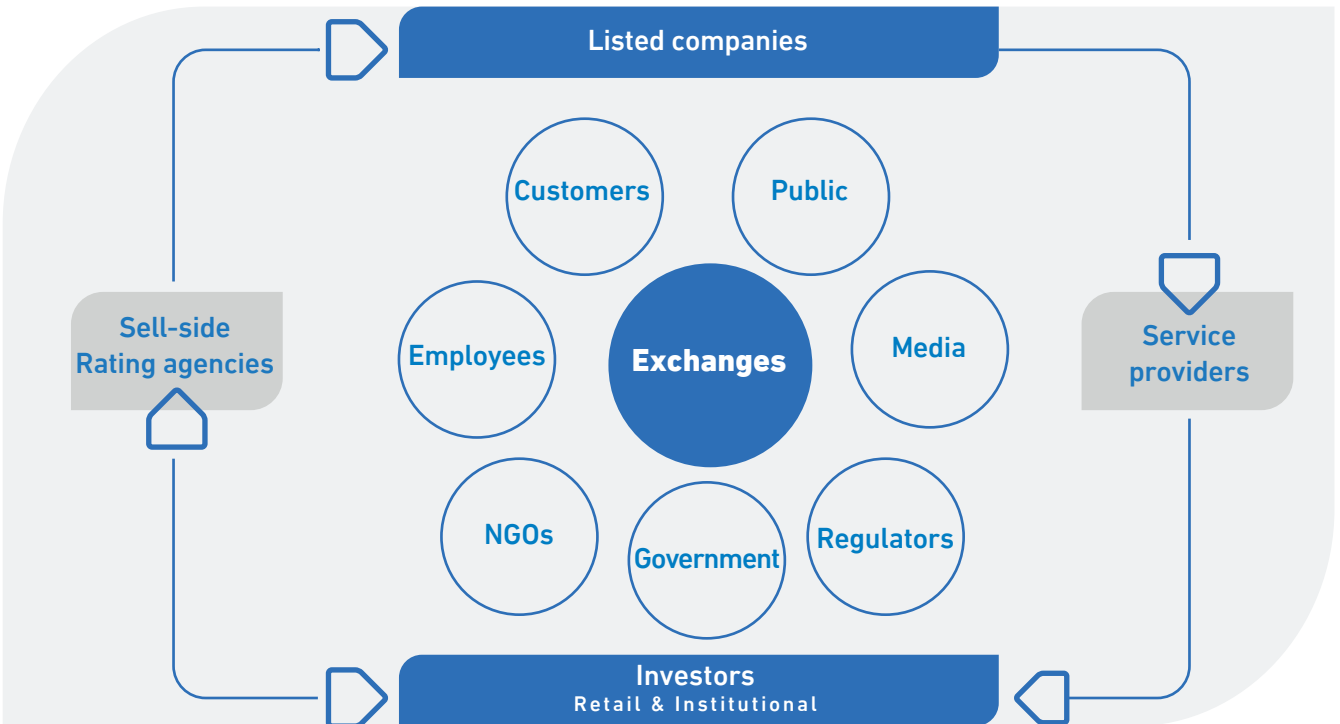
IR External Audience

Generally, IR is considered to be an external facing role. It is as far as the investment community is concerned, but IR cannot do its job well unless the internal audience is fully on board and understands and supports its strategic role.

The investment community, like any complex eco-system, is broad and potentially testing to navigate, and IR cannot do this alone. Over and above support of Executive Management and the Board of Directors, IR needs to understand the whole make-up

of the market, the primary target audience, and all the supporting intermediaries and other players that comprise a dynamic operating and regulatory environment. This is, after all, what attracts people to IR and makes IR such a challenging role to play effectively every day. It is often said that no day is the same in the world of IR, given the way markets react to external factors and how IR has to respond to try and make sense of all this on behalf of Executive Management and the Board of Directors.

Market eco-system: IR stakeholders



Investors: Institutional and Retail

Institutional investors play a pivotal role in the majority of most developed countries' capital markets. Institutional investors can be in the form of pension funds, mutual funds, insurance companies and sovereign

wealth funds. Generally, pension funds and sovereign wealth funds are the largest investment vehicles in the GCC markets, followed by mutual funds and insurance funds. The remaining types of funds comprise of private wealth funds or family offices, as well as a variety of alternative asset managers, such as hedge funds and private equity.



There is a fundamental division in investment styles between active and passive investors. Active investors make investment decisions based on analysis and judgement. They look to outperform the market by being under/overweight in sectors and stocks. Passive investors (also known as index or tracker investors) seek to match the performance of an equity index, whilst keeping trading costs to a minimum. This can be accomplished by holding a portfolio of the stocks that comprise the index in the same proportion as the index weighting. Passive investing, especially in the form of exchange traded funds (ETFs), is increasing in popularity as it appears simpler to investors and fees for active managers are generally higher.

For IR, the investor base is potentially big, broad, and needs to be understood. According to Moody's Investors Service, the assets under management in the GCC equate to approximately US\$ 260 billion. Institutional investors make up most of this base, and are the money managers that act on behalf of other institutions and other investors. Institutional investors generally comprise the big investors who manage our money, including pensions, other savings and insurance premia, for example. The trend of consolidation in the fund management industry has been perpetuated in the past two decades by the move away from active investment to increasing use of index funds and other passive investment vehicles, which have, effectively, concentrated investments in institutional hands, including on behalf of retail investors.

While the number of individual investors can be large, this retail element tends to be relatively small compared to the institutional portion of shareholdings. At the same time, retail investors can vary from very small individual shareholdings to private client monies that are managed by other institutions. Larger holdings for wealthier individuals are generally managed by private banks or family offices. The shareholdings of the latter may be considerable in size. It is certainly worth IR's time to see if these investors fit your investment story and determine how best to go about targeting them, including through intermediaries, such as private banks and specialist brokers, who may know or represent them.

In emerging and developing markets, the retail market is generally larger and more active as a percentage of the total market. This is due to many

factors, from prevailing ownership structures to an emerging equity culture in some markets, for example. At the same time, other initiatives, like privatisation programmes, have fostered a growing equity culture among the general public, which has resulted in broader equity ownership by retail investors in some markets.

From an IR perspective, it is important to appreciate the ownership structure of the issuer, to target the investors who best fit the investment story that you are promoting, while recognising that all investors are entitled to the same information in public markets. There are pros and cons to both main types of investor, institutional and retail. This includes how you communicate with them. Today, with a new generation of tech-savvy investors, it is essential to use all the channels and platforms available for your audience. Having determined the best investors for your shareholder register, it is an important role of IR to build relationships with the shareholder base and any other target investors. You may need them in tough times.

Other Stakeholders

It goes without saying that the stock exchanges and regulators are important IR stakeholders. Exchanges generally have a useful point-of-contact for all issuers. Accordingly, it is important for IR to know who to call, if needed, and to maintain a good working relationship as far as any disclosures and ongoing obligations of listed companies. For example, sometimes issuers may need clarification as far as what is required in accordance with the Listing Rules.

For BHB, refer to the Listing & Disclosure Directorate: LD@bahrainbourse.com





Case Study: SICO

Access to sell-side research, in addition to providing corporate access to investors, makes a significant impact in raising the corporate profile for listed companies. This is even more important in frontier markets, where investors and market participants may otherwise find it difficult to source reliable and quality macro and company-specific information.

IR response

While sell-side research coverage can help an issuer's investment story reach a broader audience, including new investors, it is equally important that listed companies have a dedicated, full-time IR professional, who is proactively engaging with all sell-side analysts in order to disseminate the requisite company information, performance, and strategy on a regular basis.

It is quintessential for IR to reach out not only to sell side analysts who are currently covering the company but also to other analysts who are currently not doing research on that company but can start covering the company at a future date. In addition, efforts should be made to engage with buy-side clients of the sell-side analysts and provide them corporate access on an ongoing basis. Information channels are just as significant to promote a company investment story as broadly and efficiently as possible. Effective use of market bourse, company website, and social media are extremely important to engage the audience and widen the reach.

IR should also proactively reach all sell-side analysts to decide which conference events the company's Executive Management will likely participate in a given year, and then release the IR calendar on its website for all stakeholders.

Hosting regular conference calls, proactively reaching out to investors and analysts when there is a material development in the company, and providing information in investor friendly format (through presentations and spreadsheets) goes a long way in creating a strong image of the company and keeps the investor community engaged.

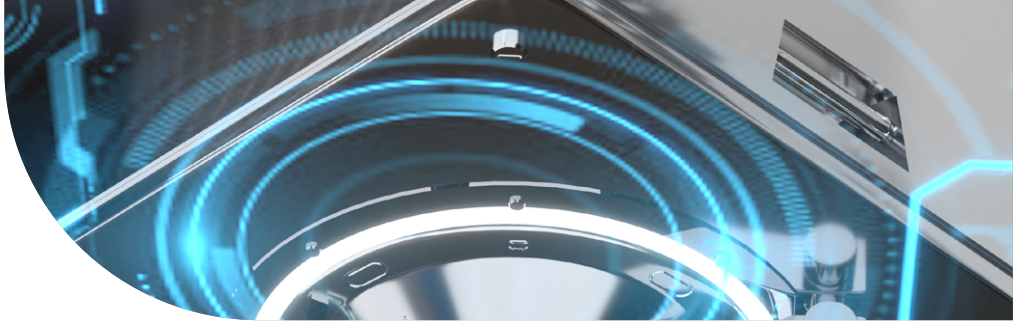
Key lessons

Companies that have a robust IR function and wide sell-side coverage can positively influence their stock valuations and make it easier to tap both debt and equity markets for funding. A strong IR function can favourably impact stock liquidity to ensure that the company trades closer to its fair valuation, and likely at a premium to its peers who are not engaging the sell side community or providing corporate access to investors.

Active and rapid engagement is important at times when there may be an adverse event affecting the company. Clear, proactive, and transparent communication will keep sell-side coverage robust and ensure that the investment story reaches a widespread audience continuously.

IR take-aways

SICO sell-side research has been proactively engaging with the IR and the Executive Management of listed companies in the Kingdom of Bahrain to host conference calls and facilitate corporate access to institutional clients with the Executive Management of these issuers. Such activities have helped the stock price and liquidity of these issuers and have generated strong interest from qualified institutional investors, both regionally and globally.



Rating Agencies – Debt IR

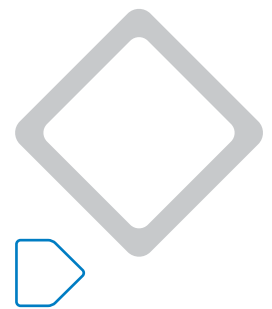
If we consider the company balance sheet for sources of funding, there is always equity and sometimes there is debt. It goes without saying that providers of debt should be treated equally as far as IR is concerned. They are, after all, providing a legal obligation that the issuer is expected to honour and eventually repay.

It is common practice to house debt IR under the treasury function. Sometimes in larger businesses that have both debt and equity, such as banks and utilities, both asset classes will come under IR, if not the finance function. Rather like the IR reporting line, it is largely academic, given it depends on where the issuer is and what its objectives are.

That said, both debt and equity investors should be interested in the state of the company balance sheet, particularly during times of financial stress, as we have experienced in a COVID-19 environment. Similarly, like after the Global Financial Crisis of 2008, there has been heightened awareness of the value of IR and it is becoming more common to see an integrated approach to IR in addressing all investors. This makes sense given the investment story is fundamentally the same, and investors wish to hear all sides of the story and how it may affect their investment in the business.



Debt IR is a big feature of capital markets in the GCC. Accordingly, credit rating agencies exist to provide information to debt investors who, like equity investors, need complete information to undertake their investment process, including ESG factors. Generally, rating agencies analyse the debt profile of issuers and put this into the context of debt markets, including considering, among other factors: the size of debt relative to equity or gearing; the term or tenor of the debt; the currency and interest rate or coupon attached to the debt instrument; and, most fundamentally, the ability of the issuer to pay the regular stream of interest payments that investors need as income, as well as, ultimately, to repay the capital.





Case Study: Bahrain Telecommunications Company B.S.C. (BATELCO)

The role of IR in engaging with credit rating agencies

Managing an issuer's relationship with its credit rating agencies often falls within the responsibilities of the IR function. Credit ratings are informed opinions on credit risk and the ability of an issuer to meet its financial obligations. They provide a standard and global benchmark on creditworthiness, and companies must cultivate their relationships with these agencies and their respective analysts as they would for other stakeholders, such as shareholders, debt investors, and research analysts.

Credit rating agencies as insiders

Credit rating agencies are considered insiders and are accordingly allowed access to confidential and non-public company information. Executive Management must consider how the company's credit ratings might be affected when making certain decisions. It is therefore important that the credit rating analysts are treated as insiders and are informed in advance of material transactions or events prior to public dissemination. The IR function would be involved in the coordination of important event-driven communications, and would be well positioned to ensure consistent and timely messaging to the credit rating agencies, in line with the other IR activities.

Annual credit rating reviews

Credit rating agencies require an annual update from Executive Management on topics such as the company's strategy, operating environment, financial results, and forecasts. Typically, these sessions are face-to-face meetings with Executive Management that require the same discipline, level of preparation, and consistent messaging required for IR communications to investors or the media. Conversely, since credit rating agencies are considered insiders and have access to forecasts and confidential data, the annual credit rating review provides an excellent opportunity for a company

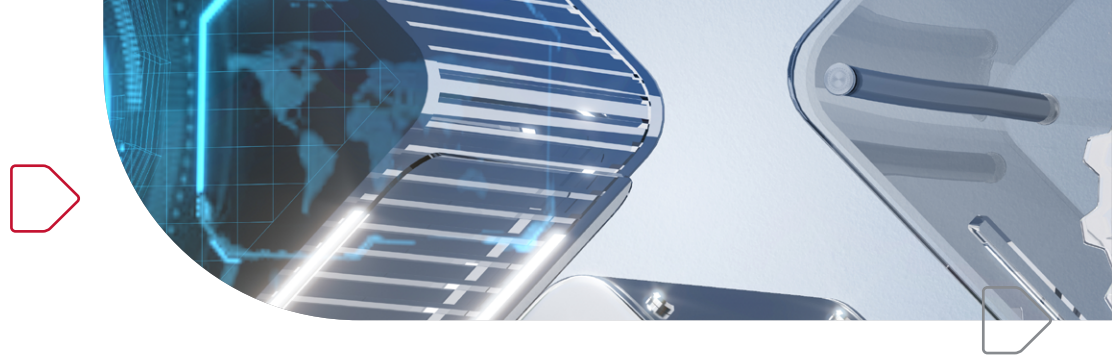
to communicate its strategic initiatives and financial goals, which could positively impact the credit rating opinion and improve credit positioning. It also provides the opportunity to showcase the quality and depth of the Executive Management team and the confidence that they instil.

Credit rating agency reports and publications

Debt investors rely on credit ratings, which influence pricing and access to capital. Thus, credit rating reports and publications provide a key communication channel that shouldn't be overlooked by the IR function or Executive Management. The credit rating opinion or report can assist with increasing the issuer's visibility to international investors and highlighting strengths that may not be commensurate to its credit rating. For example, the credit ratings of Government Related Entities (GREs) are often constrained by their respective sovereign ratings. However, credit rating agencies do disclose a stand-alone rating, which is often higher than the assigned credit rating.

IR take-aways

From an IR perspective, it is imperative to know your investors and build and nurture relationships. The same applies to the company's credit rating agencies and analysts. Executive Management and IR professionals should cultivate these relationships, as they would relationships with investors and research analysts. Credit rating agencies should have regular access to Executive Management and an ongoing, direct communication channel, which the IR function is perfectly positioned for. Accordingly, the management of credit rating agencies is an important element of an effective IR programme.



Index Providers

Index providers have become a mainstream part of markets, particularly as more investment products, including ESG investments, are based on the underlying index. Products such as tracker funds and ETFs provide a relatively simple and cost-effective way for investors to take a view on the broader market without having to consider the individual companies that make up the index. The increasing prevalence of ESG means that IR needs to seek out the decision-makers behind passive index investments, as well as the more customary active investors that IR targets.

As the needs of all service providers differ, IR should be in a position to respond accordingly. If use of debt is important to the business, rating agencies need to be kept onside and up to date. Likewise, if the company is in an index or aspires to be in one, it is useful to stay in touch with index providers and their investors. As with all IR, points of contact and relationships need to be established and developed in accordance with the company's goals.

ESG (Environmental, Social and Governance) Factors

ESG reporting in most Middle Eastern markets is currently at a nascent stage, but as Middle Eastern companies expand their activities and increasingly compete for capital from international investors, this is sure to change. In the end, it will be the issuers that are most forthcoming with information around their ESG metrics that will most likely be the biggest winners in the global race to attract investors.

Incorporating ESG metrics into the investment decision-making process is now mainstream practice. Some still view ESG data as alternative data, although it is becoming increasingly recognised as fundamental data. Regardless of which way it is viewed, company ESG metrics are critical to inform institutional decisions on the allocation of capital for sustainable investing.

High standards of disclosure and transparency mitigate some of the risk in investing in more challenging regions, where the availability of information is often opaque. The opening up of capital markets to foreign investors and a call for standardised, comparable data are powerful driving forces in the demand for ESG reporting by Middle Eastern companies. For these issuers to remain globally competitive and attract their fair share of capital from international investors who manage products that adhere to some form of ESG investing, ESG disclosure needs to be complete and fully transparent.

Although demand for ESG integration has largely come from outside Middle Eastern markets, ESG disclosure goes hand-in-hand with important local Middle Eastern practices, such as Islamic finance. Islamic finance and ESG investing complement each other, as they share common values. Integration of ESG disclosure and investing should flow naturally in a region where Islamic finance has been widely practised for decades.

ESG factors are often classified as significant in the investment decision-making process by a large percentage of investors globally, as these factors are viewed as leading indicators of future company performance. Significant issues are factors that may impact businesses' value drivers, long-term corporate sustainability, and investment returns. Investors care about ESG data, as it can provide them with an understanding of an issuer's competitiveness and sustainability.

As a result, high standards of corporate ESG reporting in the public domain are critical for accurate ESG scoring and the correct reflection of the company's ESG position. If companies are not transparent about their policies and targets, it may inevitably have a negative impact on their ESG score, as opposed to offering a competitive advantage in the competition for capital. Listed companies on BHB are encouraged to adopt the voluntary ESG Guide⁹, as part of their annual non-financial reporting, to complement their financial reporting.

⁹ Bahrain Bourse ESG Reporting Guide



Case Study: Zain Bahrain

The Role of integrating ESG into corporate reporting

IR response

Zain's approach to ESG is to ensure ESG is embedded within the strategic objectives and the corporate culture of the company. The company consistently assesses all indicators and components of ESG-related standards, against which the responsible and related departments need to report. This is compiled and consolidated at the Group level where IR, the Governance and Compliance, and the Corporate Sustainability departments collect, analyse, and disclose the data. The indicators are assessed on a quarterly basis, when the Group functions collect the relevant information from each operation, which is then presented to the Executive Management in Zain's Quarterly Operational Reviews.

The Governance principles are assessed annually and semi-annually by relevant regulatory authorities, as Zain is a listed company. Moreover, a third-party evaluation and review of the internal control systems takes place on an annual basis (Internal Control Review), which is then submitted to the Board of Directors for its action and to the relevant regulatory authorities. In addition, another audit firm evaluates the internal audit function every three years.

The company strives to be transparent in its reporting by using best practice frameworks and standards, such as the MSCI Index, FTSE4Good, S&P, CDP, GRI Standards, Sustainability Accounting Standards Board (SASB), United Nations (UN) Guiding Principles on Business & Human Rights, and the Task Force on Climate-Related Financial Disclosures. In addition, Zain's policies and practices are all aligned to the standards listed above, which are publicly available on Zain's Group website (English and Arabic).

Lastly, this information is publicised through Zain's Annual Report and Sustainability Report on a yearly basis, both of which are externally audited. The company also designated a separate page on its website focused specifically on Climate Change.

Related Links:

Annual Report – [English](#) and [Arabic](#).
Sustainability Report – [English](#) and [Arabic](#).
Climate Change – [English](#) and [Arabic](#).

Key lessons

Embedding ESG into the strategic objectives of the company is crucial in ensuring it is integrated within all of the company's practices, policies, and activities. In order to do so, a cross-functional approach and frequent engagement with relevant internal and external stakeholders needs to take place. In addition, conducting annual materiality



assessments will help ensure that companies not only identify but are able to prioritise essential topics that impact the company and affect stakeholders.

Zain's communicates and discloses ESG-related information through its official website, which is updated on a regular basis. In addition, Zain issues a range of periodic reports, including: financial statements; earnings releases; investor presentations; analyst call reports; earnings presentations; and audited financial statements. It also conducts analyst calls, carries out one-to-one meetings with current and potential investors, and attends virtual conferences to strengthen relations with both current and potential investors on a quarterly basis.

In-depth information can also be found in the 'Engaging with our Stakeholders' section in Zain's Sustainability Report.

IR take-aways

The evolution of ESG in the investor community has significantly developed in recent years, as the international community as a whole is specifically assessing such topics. At Zain, we have noticed a strong movement to further integrate ESG-related data into business practices, reflecting the needs of investors who aim to integrate such indicators themselves.

Zain takes pride in continuously adapting to its changing environment and addressing stakeholders' expectations in alignment with best practices. The company's newly established 2020-2025 Corporate Sustainability Strategy reflects its corporate Mission and Vision, which are grounded in the Sustainable Development Goals (UN SDGs).

The Strategy is centred on four pillars: Climate Change; Social Business; Inclusion; and Generation Youth. It was created by assessing the materiality of sustainability-related topics on the business and the value it creates for society. By balancing financial returns and social values, this strategic approach aims to establish purpose-driven activities centred on 'Meaningful Connectivity'. Qualitative and quantitative targets have been embedded to ensure measurable metrics are set to assess and track the progress of Zain's sustainability-related activities.

For more information, please visit the SDGs section of **Zain's website** – [English](#) and [Arabic](#).





Communications: IR, PR, media, and IR website

IR and PR

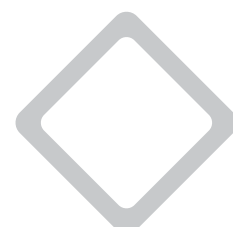


Historically, the view of corporate communications was that it would suffice for all communications, including IR. Given the difference in audiences that businesses face, including a very demanding and sophisticated investment community, it stands to reason that IR and PR, for example, offer very different propositions for different target audiences.

PR is usually part of a company's marketing programme and, as such, aims to present the company's products and services in the most favourable light possible. IR is different in that, in contrast to PR, it is essentially aimed at providing a fair and balanced understanding of business strategy and prospects to potential and actual investors, among other stakeholders. To that extent, IR needs to present a complete and holistic view of the business, whereas PR will tend to put a more positive outlook, if not spin, on the business and what it offers customers and other stakeholders.

Ultimately, a full and fair market valuation for an issuer should be the principal objective of effective IR, and this is achieved through minimising the perceived cost of capital. Lowering the cost of capital should make it easier to raise capital through equity markets in the future, or undertake an acquisition using an issuer's shares as currency, one of the main benefits of going public in the first instance.

Regulatory changes and new market forces, including social media platforms, are pushing issuers to rethink communication. Against the backdrop of volatile markets, increasing pressure for transparency, and the rise of shareholder activism, the need for effective and direct interaction with the investor community and other stakeholders is paramount.





Best Practice Communications

Best practice starts with comparing and contrasting what else is out there – determining who is doing the best job as far as the market is concerned. There is nothing wrong with taking the best ideas and making them your own. First, however, you have to put yourself in the shoes of your audience, work out what is required, and start developing the IR story internally with all the inputs you need.

Here are some best practice principles to follow, starting broadly to reiterate what is at stake and developing your own IR programme to address the target audience:

A compelling investment case

- Deliver a clear, concise, complete, compelling, and consistent message

Deliver on expectations

- Establish and manage the expectations of all stakeholders

Improve relationships with buy- and sell-side audiences

- Pro-active communications that optimise use of Executive Management time

Better visibility

- Secure the best platforms for Executive Management
- Use financial media to your advantage

Fair valuation and lower cost of capital

- Create demand for your shares through investor targeting, peer group benchmarking, and analysis
- Lower future cost of capital by developing strong ties with capital markets followers

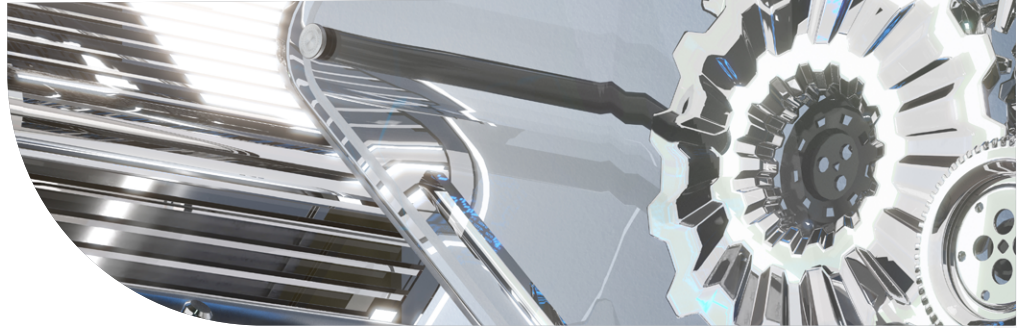
> What does a best practice IR programme look like?

1. Identify and understand audiences:

- For an issuer to achieve its communications goals, it must identify and understand its most important audiences. Stakeholder audiences vary, from media, investors, and analysts to employees, industry bodies, customers, regulators, and more.
- Investor communications must be consistent, but the requirements and interests of individual audiences need to be considered.

2. Establish an effective function

- Map out roles and responsibilities to meet obligations as a listed company.
- Irrespective of the size and structure of the issuer, the IR and communications functions need to work in tandem, with each understanding their responsibilities and boundaries.
- Workflows should be adapted to meet IR and disclosure requirements, and in almost all cases a full-time IR specialist will need to be appointed.



3. Integrate the communications calendar

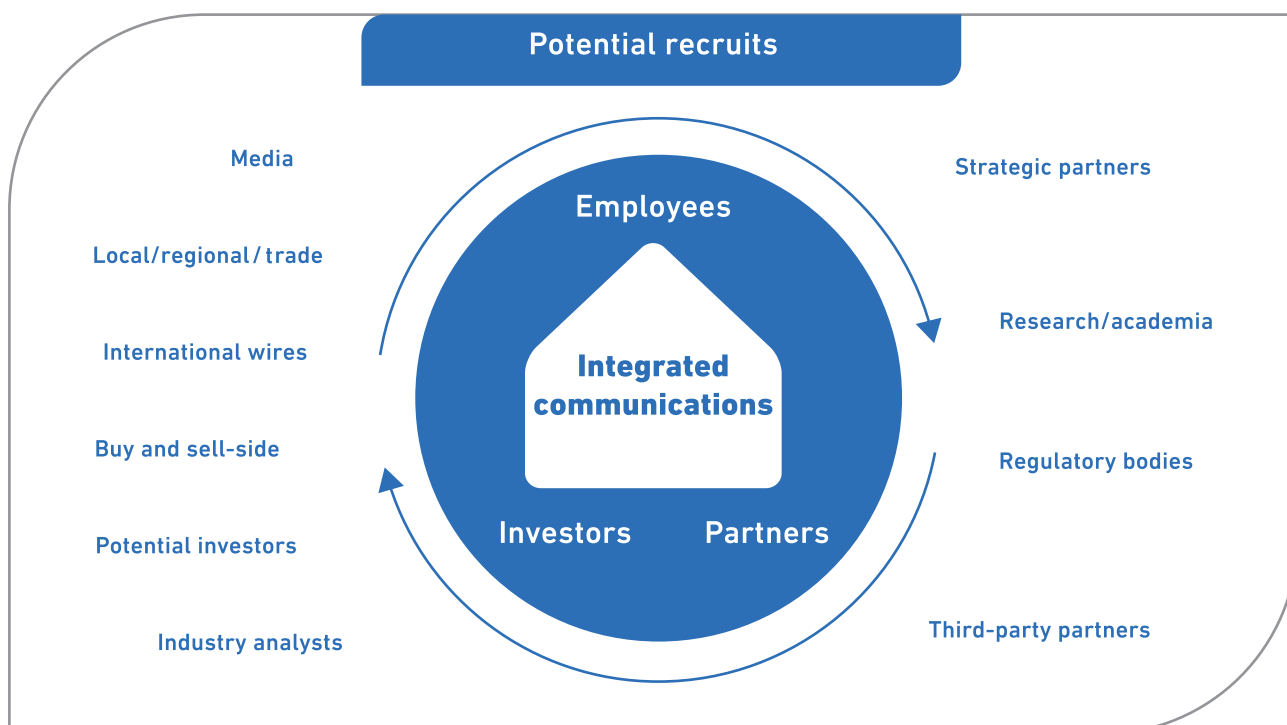
- A well-structured, rolling programme is key to managing disclosure requirements and ensuring proactive communications with stakeholders.
- The IR and communications functions need to be aligned on their obligations and priorities for the year, maximising opportunities in-between stops in the statutory reporting cycle.

A successful investor communications programme is constantly evolving. Having established the IR function and calendar, it is essential to sustain momentum through ongoing engagement, providing investors with what they need to know about the business.

However, engagement is a two-way street. Meaningful interaction can be achieved through platforms and channels, including investor days, AGMs, site visits, the annual report, and investor/market surveys to understand perceptions of the company.

4. Share the toolbox

- Develop a comprehensive IR toolbox that can be updated on a quarterly and yearly basis. IR and communications should work together in developing and then deploying the tools available to them, including:
 - Messaging
 - IR strategy
 - Perception study
 - Investor fact sheets, presentations, and earnings releases
 - ESG messaging
 - Corporate reporting
 - IR website





Media Strategy

A successful IR programme needs to be complemented by an effective media strategy. When deployed properly, a media strategy can positively impact the perceptions of an issuer's investor base, key stakeholders, and the wider investment community. By effectively demonstrating the company's ability to consistently achieve shared goals and find alignment with its stakeholders (such as business partners and customers), the company also makes its case for its ability to create long-term, sustainable value for investors. The key considerations for building an effective media strategy are outlined below.

> Build your relationships with the media

We live in the era of the 24-hour news cycle. Corporate issues make the headlines and can potentially take damaging turns, as company responses are analysed in minute detail. Therefore, it is important that you engage with the editors and reporters that matter most to your business. Most relevant are the essence and purpose of the company's existence: ensure they have a clear understanding of your business, the role you play in the industry, and the contribution you bring to the sector and economy, as well as the overarching purpose that motivates and informs your company's actions. That kind of context will be invaluable when they put pen to paper in the event of breaking news on your company or the sector in which you operate.

> Demonstrate accountability beyond financial results

An ever-growing number of global investors want to know what organisations are doing to influence social and political issues, how they are addressing broader societal challenges, or simply, what their stance is on relevant topics. They increasingly want to be associated with organisations that have broader motives than simply generating returns for shareholders. It is therefore incumbent upon corporates to demonstrate their purpose to society beyond the narrow requirements of the increasingly out-dated total shareholder return model. Your media strategy needs to communicate your business' purpose: that is, your value to society and the economies within which you operate.

> Conclusion

The Board of Directors, Executive Management teams, and IR professionals need to consider how best to protect a business' licence to operate and to generate long-term returns. Therefore, your media strategy needs to be underpinned by a strong understanding of the business purpose, current investor base, and targeted investor base, as well as its broader stakeholders and the key media outlets with which they engage.

Benefits of a media programme

- It enables the development of relationships with the media and allows for the education of journalists on the nuances of your business and equity story.
- Your equity story is effectively communicated to the market through a third party, thus adding credibility to the message.
- During times of crisis or periods of negative news, the issuer's existing relationships with the media can be leveraged to help ensure that the company receives a fair share of voice in the news cycle.

Similar to how you engage with the investment community, in your communications with the media aim to adhere to a few basic principles:

- > Transparency
- > Accuracy
- > Timely response
- > Two-way dialogue



Social Media

Take control of your narrative on social media

As the media landscape evolves and investors look to a broader range of sources for information, social media is increasingly important for the dissemination of information from issuers to investors. Owned channels are important for corporates wishing to actively engage with a range of stakeholders, and while positive news is more likely to be communicated on social media than negative news, where negative news exists, posting on Twitter can help minimise the impact of a negative price reaction. There is no doubting the importance of social media in communicating financial results for leading companies – it is now a major tool for reaching all corporate and financial stakeholders.

Our world is changing rapidly and with it the financial structures that support it. Market shocks, such as the 2008 Global Financial Crisis and the COVID-19 pandemic, have reinforced the importance for capital market participants to access accurate and reliable facts on which to base their decisions. If IR does not manage news, including via social media, the company risks losing control of its own narrative.

Social media impacts investment sentiment and, coupled with a rise in artificial intelligence, information gathered from such platforms can increasingly influence both active and passive investment decisions. Companies need to consider their social media assets as an additional channel to communicate with the investment community. Here are some important considerations for IR teams:

> Have a clear social media policy

Create a guiding document setting out how to effectively use social media, while ensuring compliance and disclosure obligations. The policy will define who is authorised to post content and in what manner. IR should have a role in both its formulation and its application.

> Keep good company

Follow the right people and companies. Contribute to discussions around environmental, social, economic, and governance issues that affect your business. The company you keep is a direct extension of your brand positioning.

> Ensure compliance

You're under the microscope and there is no room for compliance breaches. Sensitive information or misplaced opinions can be damaging and result in hefty fines. Social media posts carry similar obligations to any other public commentary.

> Stay relevant

Post regularly (minimum twice a week). Investors and analysts are more likely to follow you if you post what is relevant to them. Create a clear and concise three-month content plan that includes deal and non-deal content around the financial calendar, but also M&A, capex projects, major launches, investor days, site visits, conferences, leadership changes, and other relevant news.





> Curate your content

Make your content easy to digest, engaging, and packaged appropriately. For example, thought-leadership pieces are better for LinkedIn and time-sensitive news is best for Twitter. Invest in rich content such as infographics, videos, pictures, thought leadership editorials from Executive Management, and broadcast feeds for key events.

> Pick your platforms

Depending on your sector and capacity, Twitter, LinkedIn, and YouTube are top choices for IR. Create \$cash tags and #hashtags to increase discoverability and help tracking. Respond to conversations promptly, especially on Twitter.

Be stakeholder specific on LinkedIn and consider profiling executives as content from personal profiles is shared twice as much as content from company profiles. Use YouTube to publish all audio-visual content generated for conferences, awards, interviews, adverts, and educational material.

Apply settings to make videos public or unlisted (visible only with a link). Relatively new platforms, such as Stocktwits, might also be considered, depending on your shareholders' geographies.



> Manage your networks actively

Put in place the right infrastructure to monitor, regulate, and respond. Consider hiring a professional agency or assign an internal specialist trained on the relevant regulations to manage, post, and react to conversations. Their effectiveness can influence your share price and reputation, and may also provide feedback to inform future strategies.

Once the decision has been made to deploy social media assets in support of the IR function, the best approach to maximise benefits and limit risks is to integrate it with a corporate communications plan. IR cannot operate in a silo when it comes to social media. More so than in traditional media, the wrong approach can damage your reputation immediately.

Deployed strategically, and with the right resources, social media assets can deliver exceptional returns on investment for the IR function and the company's investment case.





IR Website

The ongoing obligations for listed companies to provide timely disclosure of price sensitive information and for equal treatment of all shareholders have always been central to the regulatory regime. The role of the company website today goes far beyond meeting regulatory obligations. In many cases, websites are the primary communication channel between an investor and a company. As standards have improved so have expectations risen and the quality of the information communicated through the website. Every company should treat its website as a key communications platform and recognise its importance to investors and other stakeholders.

Both pre- and post-IPO, issuers should put in considerable effort to ensure their company website portrays key IR content, as driven by their investors

and stakeholders at large.

Websites are a critical part of the IR toolkit, providing the issuer with a great opportunity to reach the widest investor audience, kick-off the engagement process with investors, and start building valuable relationships. The most important goal is to treat the website as an ongoing communications platform and, in this day and age, there is simply no excuse not to have a great website.

The table below sets out a guideline framework on the recommended content and a typical structure of an IR website of a listed company. It should cover the seven key areas: About Us; Governance; News & Events; Results & Meetings; Share Price Details; Shareholder Information; and Advisers & Contacts.



Recommended IR Website Structure and Content

Menu Section	Recommended Pages	Recommended Content
About Us	Business overview	The 'elevator pitch' of a business core operation
	Strategy	Strategy brief and performance KPIs/targets
	Company history	Company's evolution & history
	Product or service information	Key products & services
	Information about markets	Drivers, dynamics, trends, competitors, etc.
	Fact sheet	Key information at a glance



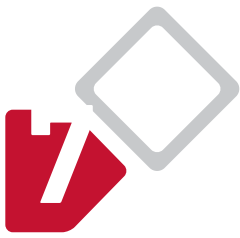
Governance	Corporate Governance Policy	Policy
	Board of Directors	Photos, profiles, roles, and responsibilities
	Board Committees	Memberships and terms of reference
	Company structure	Organisational structure
	Executive Management	Bios of company leaders
	Risk Management	Key risk policies
News & Events	Press releases	All PR
	Regulatory announcements	Key regulatory announcements
	Financial calendar	Key announcement dates
Results & Meetings	Recent/forthcoming results	Most recent financial results and archive history
	Key financial data	Latest financials
	Annual reports	PDFs of current and archives
	Presentations	Results, analyst visits, conferences, etc.
	Analyst calls	Minutes of recent and historic analyst calls
Share Price Details	Share price charts	Summary table, listing information, and charting tools allowing comparison with peers and indices





Shareholder Information	AGM information	Latest AGMs, dates, minutes, and regulatory announcements
	Key shareholders	Holdings over 5%
	Share registrar	Contact details, forms, and links to share registrar website
	Dividends	Payment history and contact details of paying agent
	Shareholder documents	Prospectus
	Analyst information	Latest analyst report and analyst contact details
Advisers & Contacts	Table of key advisers	Market maker, financial adviser, auditors, lawyers, marketing agency, etc.
	Company contact details	IRO and Corporate Communications' contacts





IR Programme

Investment Story

The foundation of an effective IR programme is a compelling investment case that resonates with the financial and investment community.

> What is it and why is it important?

Your investment case sets out what your company does, how it makes money, and why it makes an attractive investment. It should clearly articulate how your business is differentiated from peers and competing investment opportunities, and resonate with the financial and investment community to help generate a full and fair valuation and strong corporate reputation for your business.

> Key components

Your investment case should incorporate:

- The overall vision for the business and merits of the business model
- The company's addressable market and growth opportunities
- Competitive positioning in the market and differentiation from peers
- A clearly articulated strategy encapsulating where the company is going and how it will get there
- A clear roadmap to shareholder value creation
- Executive Management's strength and track record
- Detailed information about key metrics and goals for growth, profitability, and other valuation drivers

Ultimately, it should clearly communicate what's in it for investors and other stakeholders?



Developing your investment case

1. Insights Gathering	2. Development	3. Continuous Refinement
<ul style="list-style-type: none">• Determine/review the business' vision, strategy, industry, and outlook• Identify key areas of differentiation from peers• Conduct a perception audit with key stakeholders to gather feedback and determine where knowledge gaps exist	<ul style="list-style-type: none">• Establish an investment case that tells a strong, credible story and creates clear differentiation from peers (see key components above)• Identify robust supporting proof points to back up the investment case• Benchmark the company's investment case and supporting proof points against key peers and update as appropriate• Agree key elements of the investment case with relevant internal stakeholders (e.g. Executive Management and Board of Directors)	<ul style="list-style-type: none">• Keep the investment case fresh and relevant for successful investor engagement• Regularly review the investment case to ensure alignment with the current state of the business and key corporate developments• Continually gather feedback from the investment community and use findings to refine or redirect the investment case• Highlight the key metrics that Executive Management and the Board of Directors use so that investors can follow progress year-on-year

> Key attributes:

- **Clear and concise** – keep your message short and to the point
- **Simple** – ensure your investment case is easily understood
- **Consistent** – make sure that your investment case tells the same story over time

> Supporting messages

After establishing the investment case, it is important to develop a set of key messages that support it, or update your existing key messages to align with it. These key messages underpin all IR activity and should be used consistently in engagements with the investment and financial community.

It is therefore critical that they are embedded in all relevant IR materials, including:

- **Investor and results presentations**
- **IR website**
- **Press releases**
- **Financial reports**
- **Annual report**
- **Sustainability report**
- **Fact sheets**
- **Media interviews**
- **Any other channels and platforms**





Investor Presentation



Investor presentations are a common way of conveying information to capital market audiences. They are often seen as merely another channel to disclose financials. However, with a little extra effort, they can be a highly effective way to build real rapport with current and potential shareholders.

The following four success criteria will help you build an effective and engaging investor presentation:

> Find your narrative

A clear investment story is the “red thread” that guides the audience to the right information, while the absence of a convincing storyline can lead to missing pieces and an incoherent presentation. In terms of disclosing financials, your story could be relaying successes, describing changes or new approaches, or mitigating bad or middling news.

To help define your narrative, write down a list of the key points in order of priority, and determine how much time you can afford to spend on each point. Look for repetition and delete those points that are not essential to your core narrative.

> Rethink content and structure from an audience perspective

Walking an audience through lengthy non-financial content first can lead to participants dropping out to look through the income statement or balance sheet or getting impatient. A good starting point could be to begin the presentation with a dashboard containing the key financials. These will, of course, be expanded on in the presentation itself, but always with brevity and clarity in mind.

To ensure a memorable presentation that goes beyond relaying numbers, end on the three or four key takeaways you want the audience to remember, such as a quantifiable outlook, reiteration of successes, or new strategic goals.

> Storyboard your narrative

Before throwing data into PowerPoint, visualise how your narrative fits into a presentation by sketching a storyboard. This design-driven process is a great tool for breaking down your story into easily understood pieces. Look at each element in your story, and ask how this information can best be conveyed:

- If a chart or graph is needed, what type of chart works best with the data?
- Is a photograph or image going to help or hinder understanding? Or is it superfluous?
- How can you avoid cramming too much information on a single slide? Can visuals help?
- Which visual cues do you need to reinforce or explain the information on the slide?

> Provide engagement opportunities

The closing Q&A session is an often-neglected part of the investor presentation, but it is of crucial importance to many participants and the best opportunity to engage with your most important audience. Ideally, you should allocate between 30 and 60 minutes for this. It is extremely important to be prepared: at least the same due diligence that goes into preparing the presentation should go into developing a solid Q&A for management. Finally, it is important that all speakers who are expected to answer questions receive regular investor engagement training to practise handling challenging questions.



Share Register Analysis and Investor Targeting

If you have identified your existing shareholder base and considered that you are keen to evolve its composition, or attract new shareholders to create more value, then investor targeting is an effective method to find suitable candidates and tailor your IR programme accordingly.

> Why do it?

The objective of a targeting project is to develop a prioritised list of institutional investors by identifying existing and potential opportunities in key institutions with holdings and interest in your company versus a selection of global peers, be they direct competitors or companies of similar structure and outlook. Ultimately, getting in front of investors in your sector, but who may not be familiar with your company, should be a key priority for Executive Management and IR teams.

The methodology will vary from provider to provider but an investor targeting exercise will generally focus on a quantitative and/or qualitative approach. The intelligence that is produced during this process can be used to assess and reach out to possible new investors, plan roadshows, and maximise management time when in front of investors, which should in turn:

- Increase awareness of the equity proposition, specifically targeting new groups of investors
- Lower the cost of capital and increase efficiency of management time and IR activity
- Achieve a fair market value for the stock, based on the largest possible worldwide
- Target audience of investors being reached by IR and the Executive Management team
- Ultimately, provide a benchmark from which to measure future levels of IR success

> Quantitative targeting

This process provides a screening analysis of the existing shareholder base against a selection of company peers (i.e. companies that are competing within the same space based on what are found to be the best matches by industry, sector, and/or future goals).

Once a peer group list has been agreed, investment portfolio data will be scrutinised to formulate a comprehensive view of available levels of investment.

Generally, this will use a combination of bespoke analytical data and public ownership information to create rankings based on a number of parameters, which may include:

- Equities under management
- Investment style
- Market value of holdings in your shares vs. holdings in peers
- Adjusted average weighting versus global peers

> Qualitative targeting

Creation of a long list of targets through quantitative targeting can be followed by an exercise to confirm the names of interested followers, identify and canvas potential new investors and then ascertain their level of appetite in the investment proposition.

The process will yield a greatly enhanced 'short list' of target investors, including a list of individuals with confirmed and current interest in meeting Executive Management and/or receiving further information. Ideally, this will be provided alongside key information, including investor profiles and contact details, split by region.



> Tracking activity

Most companies use this intelligence against their identified shareholder base to track activity and regularly review it, in order to understand the impact of their targeting efforts. In some cases, the findings can be used as a KPI measure for IR teams (especially when conducted on an annual basis).

Investor Meetings

Strategic engagement with investors strengthens relationships, reinforces your investment case and key messages, and increases understanding of an issuer's long-term value proposition.

In today's world, the options have multiplied for virtual substitutes for what used to be regular dates in the calendar for the IR team to be on roadshows. The purpose is to meet existing shareholders and target new investors. While existing shareholders are known to IR, to address new markets the assistance of a corporate access team, be it buy- or sell-side, can make a big difference and save time. Ultimately, the role of IR is to build relationships and maintain these by addressing the needs of your IR audience.

Roadshows are an important part of the IR calendar. Accordingly, IR should prioritise these, including those for regular maintenance of IR, capital raisings, and other corporate actions. In addition, it is common to see reverse roadshows in the form of investors who organise their own initiatives to reach out to companies. There are also other useful meeting formats for IR to consider, including conferences, investor days, and site visits, for example.

> What is it and why is it important?

Face-to-face interactions form a key part of a successful investor outreach programme. They are a critical opportunity to build strong relationships with the investment community and enhance confidence in the company's business strategy and Executive Management team, ultimately helping the company achieve its fair valuation and compete for investor capital.

> Developing your investor engagement programme

It is important to develop an efficient and effective investor engagement programme that:

- Incorporates meetings with institutional investors (i.e. international and regional) and local investors (i.e. family offices, high net worth individuals (HNWIs) and retail investors)
- Captures key geographical investment centres and regions with the highest concentration of shareholders and target investors
- Aligns with key announcements in the pipeline
- Utilises bench strength of the full Executive Management team, as appropriate
- Leverages existing corporate events and Executive Management's travel schedule
- Focuses on events with the highest return on investment

The programme should be reviewed and revised periodically, based on relevant company developments and shareholder movements during the year.

At times, it may make sense for IR to consider organising off-financial calendar meetings for the Board, including the Chairman and the lead non-executive Directors, with responsibility for key areas of governance, succession planning, and remuneration. It is increasingly common to see such initiatives in the period after or possibly leading into the annual shareholder meeting or when there are key changes in the business, including changes in direction and personnel, for instance.

> Engagement approach

To support the development of this programme, it can be helpful to categorise investors to identify the most effective engagement approach for each type and ensure efficient use of time. Below is an example; however, this should be adapted to your company's investor base and requirements:

Investor type	Engagement Approach
Institutional	
Tier 1 Top 15 current shareholders Top 25 target investors	Offer regular one-on-one meetings Access to Executive Management, Chairman and Board of Directors, as appropriate
Tier 2 Underweight investors Smaller holders	Offer regular one-on-one meetings to key underweight institutions Offer group meetings to lesser underweights and smaller holders Initial engagement driven by IR team
Domestic	
Family Offices/HNWIs Founding shareholders Key local investors	Offer one-on-one meetings once per year Access to Executive Management
Retail Individuals investing in the capital markets	Engagement driven through local brokers and sell-side, as well as social media

> Company participants

Depending on the type of investor you are meeting, different company representatives may be better placed to engage with them.

Tier 1 investors will often meet with Executive Management to gain a top-level understanding of a company's strategy, as well as to gauge Executive Management's ability and commitment to delivering it. It is important that a company's CFO is available for investor engagement at the time of financial results announcements, whilst the IR team typically manages engagement throughout the IR calendar, and with smaller holders and retail investors.

> Preparation

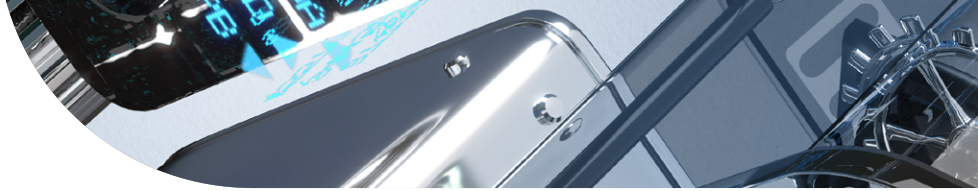
It is critical that the IR team is well prepared for investor engagement to ensure meetings are as effective as possible. A strong set of materials that are regularly updated and tailored to your audience will support engagement. These could include:

- Investor presentations
- Key messages
- Q&A
- Detailed supporting financial information

Ahead of investor meetings, the IR team should brief Executive Management on the investor's background and investment style, as well as matters discussed in previous meetings, where relevant. Company participants should also be reminded of key messages to ensure consistency in messaging across different spokespeople. The closing Q&A session of any IR meeting is a good opportunity to engage with a key IR audience. Take this opportunity to elevate the discussion according to what is important to your stakeholders.

Meetings should be recorded in CRM systems with any relevant notes so that you have a detailed record to refer back to. This also allows for preparation ahead of future meetings, which is valued by investors and demonstrates that Executive Management takes investor engagement seriously.





> Measuring effectiveness

To ensure that a company is allocating its time and resources to the right investors and engagement platforms, it can be valuable to measure the effectiveness of investor meetings, in terms of both quality and post-meeting buying/selling activity.

To measure the quality of investor meetings, the IR team can use a scorecard to evaluate the type of investor and level of engagement during the meeting. This can be supplemented by investor perception studies to understand investor views and whether these have changed following meetings.

The insights from this analysis can be used to gauge the value of different investor engagement opportunities and to shape your engagement programme.

> Key opportunities for investor community engagement

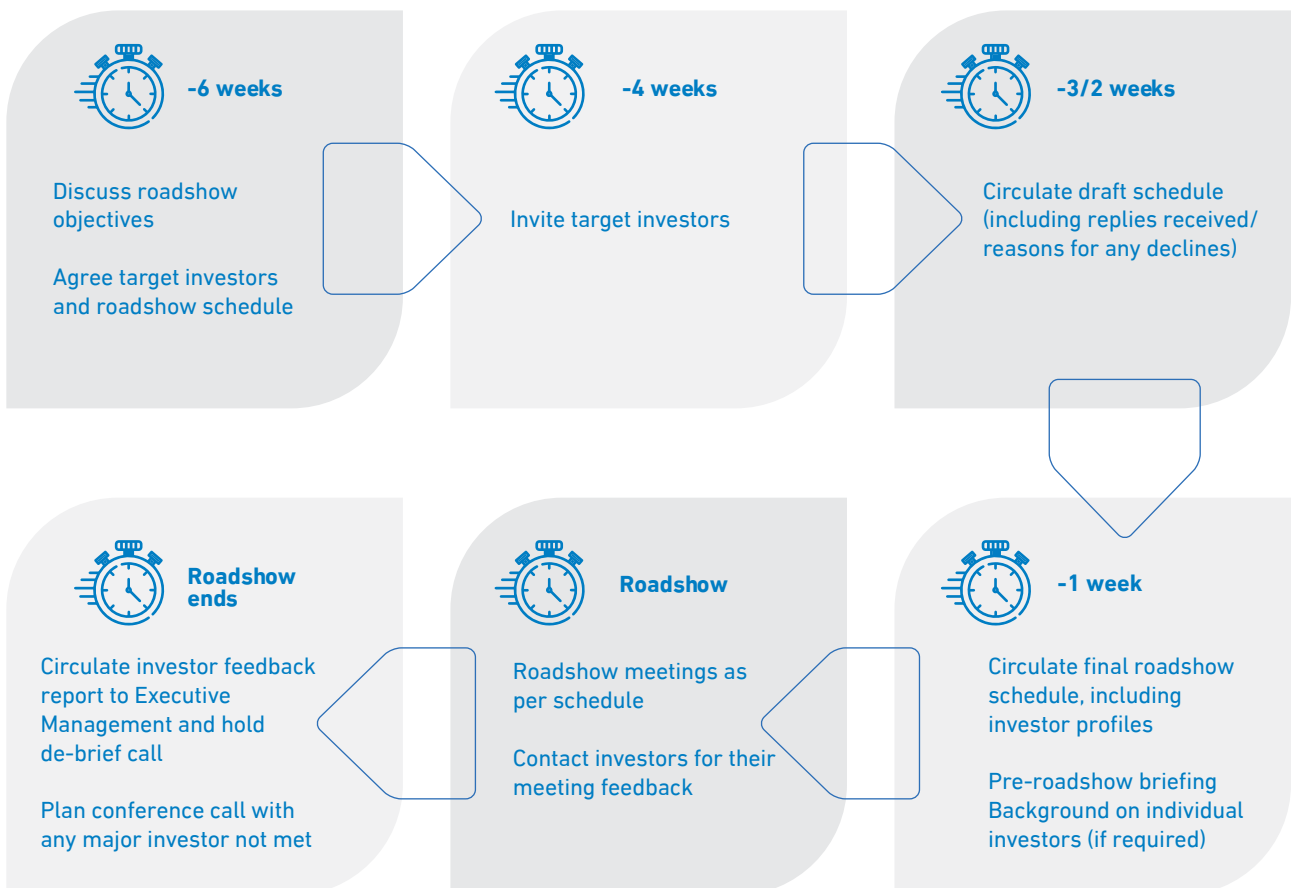
Alongside ad hoc one-on-one investor meetings, below are key opportunities to engage with the investment community, strengthen your relationships with them, and ensure an in-depth understanding of your company's investment case.

Investor Roadshows

Investor Roadshows refer to a series of meetings between Executive Management and investors, typically organised by investment banks, providing a key introduction to institutional investors. They can be hosted on the occasion of high profile, one-off events, such as an IPO or a fund raising (commonly referred to as 'deal' roadshows), or as regular post-results meetings (commonly referred to as 'non-deal' roadshows).

Roadshows are usually greatly appreciated by investors, and are a key tool to build and strengthen relationships. Non-deal roadshows also convey a clear message about a company's commitment to IR, as it actively seeks to engage with its shareholders. Roadshows can take the form of a series of presentations by individual companies, or a more generic discussion on a particular theme.

Investor roadshows typically require the attendance of the CEO and CFO, along with the IR team. To maximise their effectiveness, roadshows are often conducted in conjunction with investor targeting.





Investor Conferences

Similarly, the day of the big conference still exists, albeit in a variety of formats, including virtual offerings. The day will surely return when we can again see the benefits of being physically present in far flung markets where it is important to meet person to person. We are, after all, social beings. The opportunity to look one another in the eye and read all the other signs we need to make our decision remains critical.

In any case, conferences have other useful purposes for a busy Executive Management team, in that everyone is in the same place at the same time. Notwithstanding travel logistics, IR can always plan schedules in major financial centres around other business meetings. In this way, a combination of business and IR makes the most of any big conferences.

Investor Days/Capital Market Days

In the competition for capital, companies that provide greater transparency, insights, and broader Executive Management engagement are more likely to attract investor capital. Investor days offer an opportunity to provide these to the market.

> What are they and why are they important?

Investor days bring together investors, analysts, and sometimes financial media representatives to offer issuers an opportunity to provide a more detailed, intimate overview of the business.

Impactful investor days serve as a forum for companies to showcase the depth and quality of Executive Management, including business lines, and address any knowledge gaps, as well as deliver a compelling narrative about the company and its vision. They are a vital tool to broadly and deeply communicate key information to the financial and investment community, resulting in a better understanding and more compelling view of your business as an investment.

> Format

The typical format for an investor day is either a half-day or full-day event, including a number of presentations, possibly panel sessions, and a Q&A with Executive Management, followed by optional site visits, if relevant. Investor days are usually held at company headquarters every 12- 24 months, or when significant change occurs in the business.

With digital investor engagements on the rise, providing a webcast option for those not attending in person greatly extends the reach of your investor day. This is also relevant for corporates that have a diversified investor base across the globe, who can either follow the event live or have access to it soon after through the IR section of the website.

> Attendees

Key invitees should include:

- Sell-side analysts
- Current shareholders
- Prospective investors
- Debt investors, where applicable
- Investment banking advisers

Consideration should also be given to inviting select financial or industry-specific journalists. Retail investors do not typically attend investor days. However, it is important that key messages are effectively communicated to this broader investor group through live updates around the event on social media platforms, such as LinkedIn, Twitter, and Instagram.

To support the success of investor day participation, it is typical to anchor dates around key investor events, such as industry/investor conferences in the same location.

> Company participants

Investor days are an opportunity to showcase leadership strength and for stakeholders to interact with your Executive Management team. It is therefore important to have wider representation from Management than in other investor and analyst engagements, which are typically driven by the CEO, CFO, and the IR team.



Participants could include, for example, other C-suite executives (i.e. COO, CMO, CTO, etc.), key business leaders, operational management, product or service specialists, and ESG specialists, as qualified spokespeople on the key topics to be covered.

It is critical to secure key participants' buy-in early and ensure continued involvement, as you prepare for your investor day. Key elements of participant preparation should include:

- Presentation content preparation
- Presentation rehearsals
- Q&A preparation

> Key topics

Conducting a perception study ahead of your investor day may provide valuable insights that help shape the agenda for the day, ensuring that you address any knowledge or understanding gaps and misperceptions identified and that you develop compelling messaging to reiterate throughout the event.

Communicating new information during the investor day is crucial to the market seeing value in the event. Key elements to cover include:

- Company strategy
- Business model overview
- Operational deep dive
- Financial and operational performance
- Growth plans and initiatives
- Capital allocation plans (e.g. M&A strategy)
- Risk management and contingency plans
- Guidance
- Market/industry overview

> After the investor day

Investor days are an opportunity for deep engagement with key stakeholders, giving IR teams insights into their perceptions of your business. Following your investor day, use these insights to shape your IR strategy and messaging, ensuring these address any information gaps or misconceptions in the market.

Conducting a further perception study following an investor day can support IR teams in measuring the effectiveness of the event and understanding if it has moved the needle in terms of the market's understanding of the company and its vision.

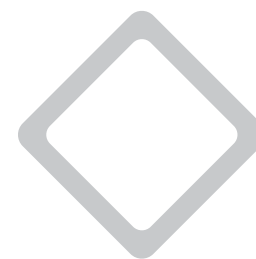
Recap – keys to a successful investor day:

- Communicate new information
- Address gaps in knowledge and understanding
- Reiterate key messages
- Showcase depth and quality of Executive Management team
- Ensure early buy-in and continued involvement from company participants

Site Visits

If your company has assets to showcase, for example production facilities, factories, etc., site visits can be a powerful way to convey your investment story. They give investors and analysts a deeper understanding of your business operations, as well as its performance, projects, and growth plans. Site visits also allow investors to engage with a broader set of company leaders and get more familiar with the underlying assets.

Issuers with operating assets typically hold an analyst site visit every couple of years, inviting all analysts who cover their stock to visit their operations. In addition, buy-side site visits are arranged on an ad hoc basis, as requested by investors.





Site visits can be anchored around a company announcement, such as the opening of new facilities or the commissioning of a new project, for instance, to complement the announcement and provide an opportunity for the investment community to see the new operations in action.

A typical site visit includes presentations from Executive Management and a Q&A session, followed by a field tour. It is common for technical and operational managers, who are able to give detailed information and updates on the business operations, to participate in and interact with analysts and investors during site visits. This provides an opportunity to showcase the quality of your business' operational teams, as well as for the investment community to obtain first-hand, up-to-date information on operations and activities. Clearly, thorough preparation of all staff, particularly those who are expected to present and interact with visitors, is key to success.

Developing an in-depth understanding of the business and its operations through a site visit can help analysts to build more accurate forecasts and can support investors' investment decisions, therefore generating a full and fair valuation for your business.

Market Intelligence and Consensus

Global data vendors do a great job of collecting real-time market data, analysing it, and representing it in useful ways to the market. This includes information for companies and the investment community. Increasingly, data on new aspects of IR, such as ESG, can be gleaned from a variety of market indices, analytics, and other market intelligence.

From an IR point of view, the data presented is as much about your peers as it is about how your company is perceived by the market. It is IR's role to stay abreast of all this data. It is important to make sure that anything material and useful is shared with Executive Management and the Board of Directors, as part of the strategic thinking process of the business.

In uncertain times, when markets can be more volatile, timely information is key and IR should take on the role of collecting and monitoring data. If we consider other aspects of data, including seeing the value of it in the eyes of investors, we can begin to make more sense of how it is being used. Today, there appear to be no limits to what we can do, from using artificial intelligence to slicing and dicing company information for a broader set of stakeholders.

Consensus management, meaning managing expectations based on the market view of your company's forecast earnings, is an important role for IR to master. It includes monitoring all external reports on the company, as well as any forecast earnings estimates and broker recommendations.

Best practice suggests that companies should share their view of what constitutes consensus. Sometimes, this may be driven by the company's own guidance. If not, at the very least, it should include a summary of the market view and how this is comprised. For example, how many analyst forecasts are included and the average, high, and low of these forecasts.

Ideally, this information should be posted on the IR section of the company website. It is important to keep the consensus figures updated for the benefit of the broader market and to consistently use the same definition. Naturally, Executive Management and the Board of Directors should be regularly apprised of the consensus numbers.





Perception Studies

Understanding where you are now is often crucial to deciding how to get to your ultimate destination. This is especially true when it comes to corporate and financial communications, which need to be based on a clear understanding of the investment community's current perception of your business, strategy, and Executive Management.

Although you may already receive regular feedback from investors, the confidential nature of the interview process in perception studies means that you will receive much more direct feedback than that provided over a meeting table or at a roadshow.

> What is it?

A well-constructed perception study has a number of advantages over day-to-day investor conversations, from the breadth and number of people spoken to, to the detail and timing of the conversation. A study will allow you to gather long-term views from the investor audience, whereas conversations around results, announcements, and conferences are, by their nature, more focused on short-term topics and themes. Such studies allow you to develop a long-term communications strategy and assess if, firstly, your plans are resonating with the investor base and, secondly, if you are communicating them effectively.

There is a risk that your day-to-day conversations with groups of investors or interested parties give you an inherent view of your stock. A good perception study moves outside of this group to speak to investors that should be interested but are currently not invested. It serves to find out why they are not currently holding, and hopefully engage them going forward in a proactive manner.

In addition, a comprehensive study will allow an IRO to deliver quantitative analysis on key feedback, rather than potentially dismissing certain feedback from investor meetings as 'one-off' comments. The

process also provides an anonymous channel to Executive Management for those interviewed, which is greatly appreciated and shows the business in a good light, in that it actively seeks feedback from key target audiences.

> What does it involve?

Typical studies will interview 20-25 investors via a phone interview or online survey. The themes covered can be varied and may include a number of the following topics:

- Key issues surrounding your stock as an investment
- Triggers to invest/divest (upgrade/downgrade)
- Strengths-Weaknesses-Opportunities-Threats (SWOT)
- Views on the company dividend policy
- Coherence and credibility of strategy
- Views on Executive Management and IR team
- Sector views, perceived investment peers, and peer group comparison
- Relative positives and negatives of different investment propositions
- Views on disclosure, guidance, and corporate governance

The results of the study are designed to assist you in refining your IR strategy and your approach to communicating with the market, in addition to shedding light on how these might impact an investor's holding.



In some cases, the findings can be used as a KPI measure for IR teams, particularly if conducted on a regular, if not annual, basis.

> Are any new themes emerging?

Perhaps unsurprisingly, given it is a key topic for investor relations, a recent trend has also seen the rise in ESG-specific perception studies to help issuers understand the growing trend in ESG, and how this might impact investment decisions for both existing and potential investors.

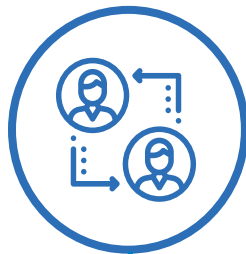
Typical study questions include:

- Does ESG feature in your investment screening?
- What is of particular importance in terms of ESG topics?
- How do you rate our focus on ESG?

IR Perception Studies enable Companies to:



Identify the strengths & challenges of your IR department



Receive direct feedback from investors and analysts to improve IR performance



Benchmark IR team performance against sector peers



Proactively increase the quality of the company's IR program



IR Calendar



Timely, clear and consistent disclosure is at the heart of effective IR. Accordingly, it is most important that IR teams fully understand the regulatory environment in which they operate.

A key value-add of the professional IR role is to be able to advise Executive Management and the Board of Directors regarding all disclosure matters. To start with, essentially, the IR calendar follows the company reporting cycle. In turn, the IR programme is very much built around these market statutory reporting requirements, including regular company results announcements. For example, assuming that a company has a financial year-end of 31 December, its IR calendar and supporting IR programme may look like this:

January	February	March
<ul style="list-style-type: none"> Content development: website, investor presentation, rolling Q&A document, factsheet Peer group benchmarking Shareholder identification Investor targeting Roadshow targets approached Notice of annual results announcement Presentation training 	<ul style="list-style-type: none"> Forecast collection and analysis Announcement of full-year financial results Analyst/investor presentation/webcast/conference call Roadshow meetings Post-presentation perception study 	<ul style="list-style-type: none"> Broker conference Update Q&A document and factsheet



April			May			June		
Shareholder identification			Forecast collection and analysis			Investor day		
Publication of annual report			Announcement of Q1 financial results					
Distribution of annual report to analysts and investors			Analyst/investor presentation/webcast/conference call					
Notice of results announcement			Annual general meeting					
			Broker conference					
July			August			September		
Shareholder identification			Forecast collection and analysis			Broker conference		
Roadshow targets approached			Announcement of Q2 financial results					
Notice of results announcement			Analyst/investor presentation/webcast/conference call					
Broker conference			Roadshow meetings					
October			November			December		
Shareholder identification			Forecast collection and analysis			Database development		
Notice of results announcement			Announcement of Q3 financial results			Planning and preparation for the new IR programme		
			Analyst/investor presentation/webcast/conference call					



Quarterly Results

Each jurisdiction has its own statutory reporting requirements. In the Middle East, quarterly reporting is the norm. With the advent of COVID-19 in 2020, the issue of corporate reporting was firmly in the spotlight.

Notwithstanding regulators allowing issuers more flexibility to respond as fully as possible in unprecedented times, the adverse climate reinforced the overriding need for regular, timely, and consistent communications with the market.

Results day preparation:



-4 weeks

- Agree timetable including rehearsals
- Agree running order for the results day
- Send out “Save the date” invitations to analysts and investors for the earnings conference
- Gather analyst and market sentiment through feedback surveys



-3 weeks

- Develop key messages
- Draft announcement releases and presentation, along with supporting script and speakers’ notes; review for tone and content
- Develop Q&A document
- Confirm venue for analyst presentation and/or arrangements with conference call or webcast providers
- Start work on the investor roadshow schedule



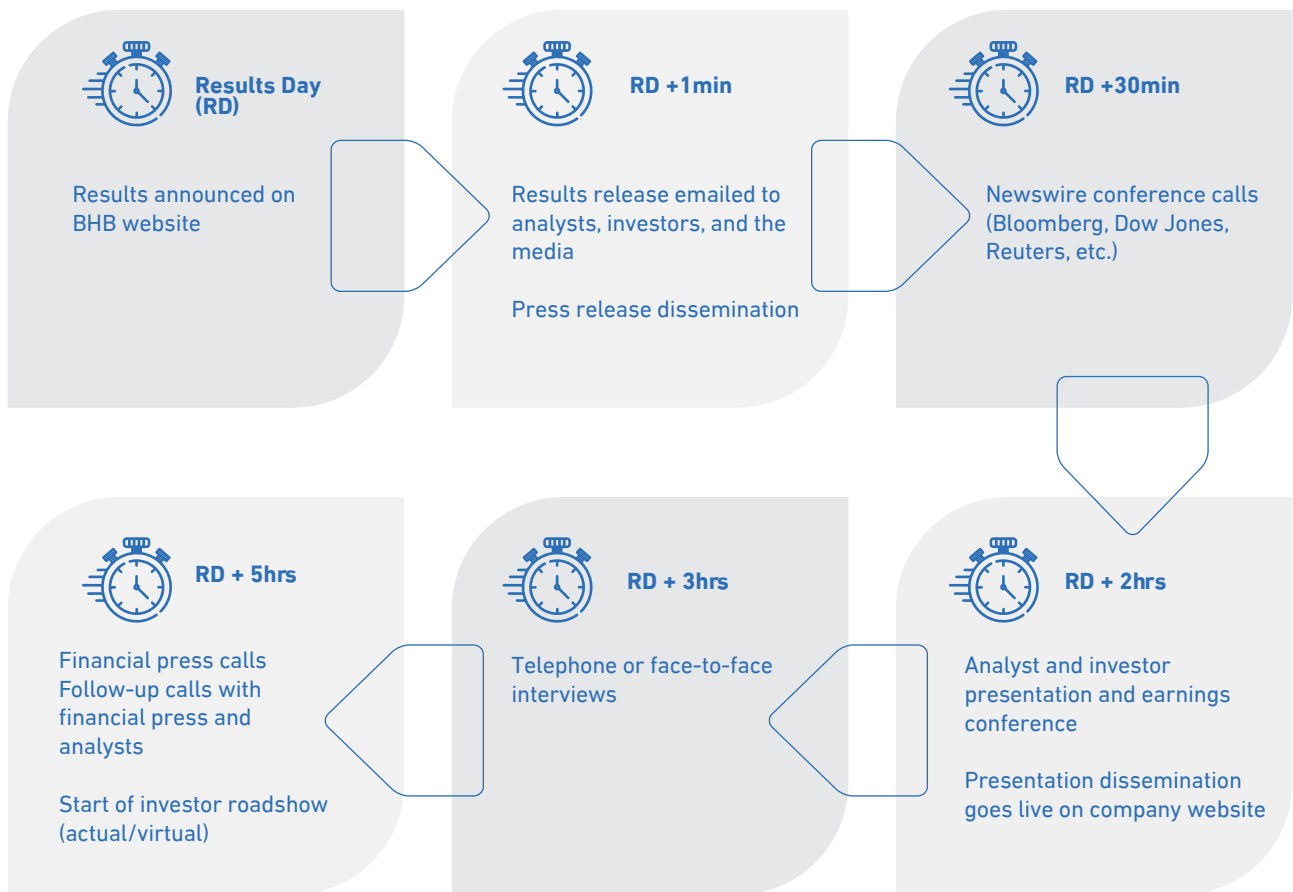
-2 weeks

- Approach domestic and international media to arrange face-to-face meetings and telephone interviews on the day
- Start collating analyst forecasts
- Presentation rehearsal



-1 week

- Contact remaining journalists to set up interviews
- Contact investors to set up roadshow meetings
- Determine analyst consensus and distribute to participating analysts and/or post on website
- Final presentation rehearsal
- Q&A session with advisers
- Sign-off of all documents
- Final press release and presentation
- Upload of results announcement (and press release, if applicable) to BHB, embargoed until results day



Annual Report

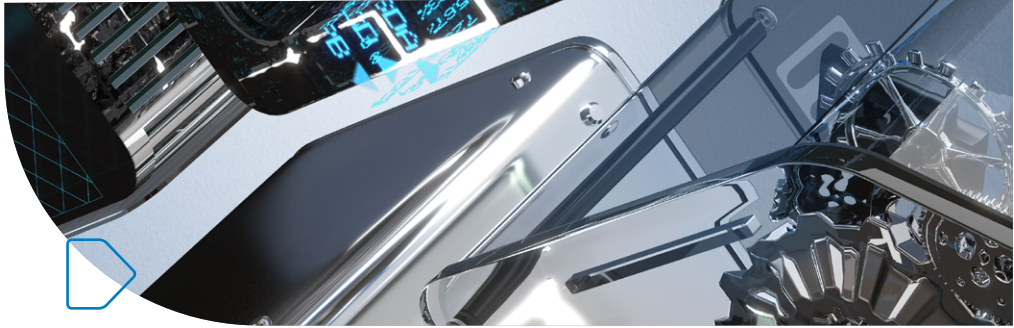
The annual report is perhaps the most important statutory reporting requirement for any company. It stands as a historic record of business performance and, in the case of public companies, the annual report takes on an even greater significance in that it is usually the first port of call for investors and other stakeholders.

It is also an opportunity to showcase what the business is all about, from how it makes money to what's in it for investors. This should include KPIs that illustrate how the Board of Directors and Executive Management run the business, while being on top of all possible risk factors and new opportunities.

It is important to remember that the annual report is a permanent record to which all stakeholders can refer. Accordingly, it has to be taken very seriously, with production resourced appropriately each year.

The annual report should address all material factors that make or potentially break a business, including ESG factors, which investors increasingly expect to see integrated into financial reporting.

In many ways, the annual report is the starting point or reiteration of the investment case and all its key messages. IR should use it as the essential historic base document from which all other communications come.



Annual General Meeting (AGM)

The AGM is another important statutory reporting requirement. Historically, it was the only opportunity for shareholders to see the Board of Directors and Executive Management physically lay the company accounts before them.

Effectively, this is the time-honoured moment to publicly hold the Board of Directors to account for its decisions made on behalf of shareholders, including any payment of dividends, among other company resolutions.

Today, with a variety of options available, AGMs have taken on other forms, including hybrid and virtual meetings. In many ways, this should allow companies to reach a bigger audience of shareholders, including smaller, individual investors. At the same time, technology enables everything from pre-registration and proxy voting to live online questions and answers. Whatever form the shareholder meetings take, it is essential to remember that the whole point of such statutory requirements is to properly address the needs of your audience. This means ensuring that they are an integral part of the discussion – they are, after all, owners of the business.

Other Considerations

There may also be general meetings outside of the AGM that IR needs to be on top of, given that they may relate to a specific issue, such as an increase of share capital or other material developments that may require amendments to the articles of association. The recent need to turn physical AGMs into remote virtual events at short notice is a case in point. It is a timely reminder of dynamic markets. When potential issues are identified, they need to be addressed immediately.

A new generation of investors is more aware of issues such as the importance of sound governance, tackling climate change, and addressing social issues. And they believe that the businesses they

invest in should play their part. Meanwhile, new market considerations increasingly give investors more influence over how companies are run. Accordingly, companies are under growing pressure to listen more to their investors and other stakeholders, and take their views into account.

Issuers need to respond to these changes and find ways to engage more with their investors. That means annual meetings are more important than ever as a way for shareholders, Boards of Directors and Executive Management to talk to one other. New digital technology allows IR to do this more effectively, with virtual and hybrid meetings presenting one of the biggest opportunities in this area.

Virtual shareholder meetings (VSMs), which are becoming increasingly popular, are meetings where participants attend via an online platform that allows them to ask questions, vote, and participate electronically in real time, as opposed to travelling to the physical meeting.

A hybrid meeting offers the option for remote participation alongside the traditional physical meeting. This online option opens up your meeting to the vast majority of shareholders who are unable to attend physically, preserving the ability of shareholders to pose questions to the Board of Directors and Executive Management.

Virtual and hybrid meetings offer exactly the same transparency as an in-room meeting, ensuring that there is still a forum to hold the Board of Directors to account. Virtual attendees can use tried-and-tested technology to ask questions and comment on proceedings. Written questions can be displayed to all attendees to promote further discussion, just as if a question were being asked in person by a shareholder in the room. It is also possible to allow attendees to ask questions live using speaker queuing technology, and technology also makes it easier and quicker to access records of the meeting.

In an era when meeting attendance has been in decline, the virtual or hybrid meeting can reignite enthusiasm among shareholders, as well as increase transparency and accountability.



Concluding Remarks and The Future of IR

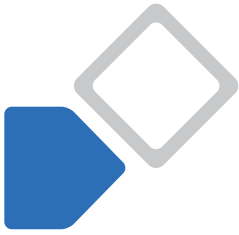
IR has come a long way and continues to evolve. A key success factor for a strategic IR function is to respond to market needs. In just the last decade, IR has witnessed significant changes that have led to its role today being seen as more broadly ESG-related, as opposed to purely financial. Indeed, it is increasingly a time for more integrated reporting to capture important non-financial metrics that the investment community itself is using to assess potential investments in companies.

The future of IR is bright and will be driven as much by its delivery as by its content. In this, technology plays a big role, in that it offers cost-effective means to reach bigger audiences, as well as more bespoke channels and platforms to deliver the IR story. With a new generation of tech-savvy investors with new needs, IR will again have to reinvent itself. To adapt and thrive, IR will need to consider new offerings, such as Augmented Reality and Virtual Reality, for product launches and site visits, for example, if it is to tap this important emerging audience of new investors.

IR will need to remain adept and clever at giving the market what it needs to make its investment decisions. This will increasingly include the use of artificial intelligence and other data-led responses, machine learning, and natural language processing. If not, what is to stop IR from being hijacked by other stories and possible untruths in the cyberworld? At the same time, the adoption of hybrid meetings, virtual AGMs, and other channels and platforms to address the ever-changing and increasingly discerning market needs will continue to test IR as an essential strategic role for public companies.

Thinking of IR as a strategic function means putting sufficient resources into it, including a budget to professionalise IR and stay abreast of technology. In this way, IR can harness the power of technology to efficiently reach target audiences, including international ones. What will the future IRO need? A key part of the answer lies in the ability to respond in the face of the needs of increasingly sophisticated investors. These stakeholders have more big data, analytics, and other ways to slice and dice, if not analyse, IR stories.

Finally, tomorrow's statutory reporting requirements may remain essentially the same, given the need for tried-and-tested company reporting in a transparent manner. However, there are clearly new ways to deliver this information quicker and more efficiently, if not productively. Reporting requirements will continue to drive the IR calendar, around which IR programmes are developed. Further, the need to stay up to date with guidelines, rules, and regulations, as well as new IR trends, means that investment in continuous professional development will remain essential. For IR professionals to stay competitive and, above all, be considered a strategic company asset in the competition for capital, the true value of IR must be evident every day.



Disclaimer

The aim of this Guide is to provide practical assistance to Issuers on investor relations by examining best practice and key principles that might be considered when developing an investor relations strategy.

The information in this Guide is provided for information and educational purposes only. The information provided does not supersede prevailing regulations and circulars, as issued by the Central Bank of Bahrain and Bahrain Bourse.

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