



middle east
investor relations
society

Middle East Investor Relations Society Code of Conduct

*For investor relations best practice
in the Middle East*

21-February-2015

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1. Introduction

This Code of Conduct has been prepared by the Middle East Investor Relations Society (“**MEIRS**”) with the aim of providing guidelines on how to communicate company information to the investment community for publicly listed and private entities in the Middle East.

The key underlying principle of this Code of Conduct is that material information should be disclosed in such a manner as to ensure full, fair and timely disclosure to all investors interested in trading a Company’s securities, and the guidelines provide a basis upon which investor relations officers (“**IROs**”) can work toward achieving this ideal.

The guidelines reflect current best practices for investor relations globally, but with an understanding of the Middle Eastern market, having been prepared by senior investor relations executives from the region.

Every entity will have its investor relations function organised and resourced differently, and the IRO should exercise his or her discretion in order to determine the approach that is most appropriate in the circumstances.

The purpose of this Code of Conduct is to provide guidance on the subject matter hereof. This Code of Conduct is not designed to replace any laws, rules, regulations or obligations relating to the subject matter hereof, and MEIRS makes no representation of there being any legal obligation to adhere to the principles set out herein.

This Code of Conduct makes reference throughout to shares and shareholders. However, many of the principles set out herein also apply with respect to other forms of listed products that form part of the capital structure of a company, such as debentures and options.

What is investor relations and why is it important?

1.1 What is investor relations?

The globally accepted definition of investor relations was published by the National Investor Relations Institute (otherwise known as “**NIRI**”). It defines investor relations as “*a strategic management responsibility that integrates finance, communication, marketing and regulatory rules and compliance to enable the most effective two-way communication between a company and the financial community, which ultimately contributes to a company’s securities achieving fair valuation*”.

1.2 Why is investor relations important?

The role of investor relations within listed companies has become more important in recent years due to the globalization of financial markets as well as the increasingly complex legal and regulatory obligations being imposed in relation thereto. In addition, as the competition for capital intensifies, it is becoming increasingly understood that a well-performing investor relations function can have a significant effect on attracting investment in a company and reduce the company’s cost of capital.

2. Objectives of the investor relations function

The objectives of the investor relations function include:

- (a) ensuring that the investment community is appropriately informed of any information regarding the listed company and its shares;
- (b) ensuring that clear, sufficient and accurate information is given in a timely manner;
- (c) establishing and building relationships of a company with shareholders, potential shareholders, media, analysts, portfolio managers, investor relations industry associations, regulators, ratings agencies and other interested persons (hereinafter referred to as “**Stakeholders**”); and
- (d) providing information to the board of directors, senior management and all stakeholders regarding investor relations.

3. The responsibilities and requisite competencies of the IRO

3.1 Responsibilities of the IRO

A listed entity should have an IRO, who should be responsible for ensuring that the investor relations function is carried out effectively by the company.

The responsibilities of an IRO should include:

- (a) ensuring that all information relating to the company is disclosed to the public in accordance with:
 - (i) the principles contained in this Code of Conduct;
 - (ii) any requirements imposed by the exchange on which the company is listed; and
 - (iii) any applicable laws and regulations.
- (b) managing the dissemination of information to the public relating to the company by the board of directors and senior management;
- (c) working with the board of directors and senior management to establish, implement and regularly update the disclosure and communications policies of the company;
- (d) ensuring that the company keeps sufficient, appropriate and readily accessible information records; and
- (e) acting as spokesperson for information from Stakeholders regarding the company;
- (f) providing market intelligence to the board of directors and senior management of the company regarding:
 - (i) how the market views the company and the reasons that such views are held;

- (ii) information on, and analysis of, any macro, market, sector and company-specific events that are relevant to the investor relations function;
- (iii) information on the top shareholders (by number of shares held) and changes to shareholder composition;
- (iv) briefing on IRO activities conducted in the previous period and plans for further IRO activities to be conducted in the upcoming period;
- (v) comparison of share price performance against comparable indices and company share prices;
- (vi) summary of analyst recommendations and forecasts; and
- (vii) any other pertinent information that have been gleaned in the course of carrying out of his/her IRO role;

3.2 Key competency requirements of an IRO

There are certain key competencies that an IRO should possess in order to effectively carry out the role. These include:

- (a) communication and influencing skills – both verbal and written;
- (b) a sufficient understanding of investment and financial markets;
- (c) an understanding of the operations of the company, including:
 - (i) the organisation history, vision and goals of the company;
 - (ii) the management philosophy and the experience and work history of key management;
 - (iii) the business model of the company;
 - (iv) the key assets of the company;
 - (v) long term strategy of the company;
 - (vi) industry trends and issues;
 - (vii) competitive advantages and risks of the company;
 - (viii) key profit drivers of the business; and
 - (ix) recent financial results;
- (d) sufficient analytical skills in order to interpret, analyse and discuss all financial aspects of the company;
- (e) relationship building skills – underlying a listed entity's communications process is a foundation of trust and understanding with the investment community, built through the development of relationships with key stakeholders over time;
- (f) an understanding of the applicable legal and regulatory framework is required in order to ensure that the company is in compliance with its disclosure and communications obligations; and

- (g) an understanding of the principles contained in this Code of Conduct in order to determine the extent to which the guidelines and recommendations set out herein should be adopted by the company.

4. The annual investor relations cycle

There are a number of events that occur over a financial year which together form the investor relations cycle. These include the following:

4.1 *Financial reporting*

Under the regulatory obligations for listed entities, companies are required to publish financial results; different jurisdictions have different requirements from quarterly GAAP accounts to half yearly IFRS accounts. MEIR's recommends at the time of financial results (whether quarterly or half-yearly) companies undertake the following:

- (a) *An announcement to the investment community detailing the major changes in the financial results;* in accordance with the jurisdictional and exchange requirements on what should be included in this announcement.
- (b) *A road-show* given by senior management to the investment community; face-to-face briefings once a year coupled with a webcast or conference calls at other times. It is helpful to invite debt holders to this presentation, or arrange a separate debt focused call if appropriate. Such road-shows would typically consist of a presentation followed by a question and answer session that follows. With investor days, all questions and information delivered during questions and answer sessions should be made available on company websites. Presentations should be lodged prior to the day through the stock exchange. Presentations to forums should be lodged on company websites and released to the stock exchange.
- (c) *A media release* – Whilst frequently the investment community announcement doubles as a media release, in some markets, a simplified media release may be best to convey the appropriate messages. Listed entities should appoint one or more authorised spokesperson, with their comments to appear in media releases and in media interviews. The number of authorised spokespersons should be restricted to minimise the risk of inadvertent material disclosures.
- (d) *A media briefing* – a briefing of local and sometimes international media including wire services; financial, regional and trade press; and radio and television media outlets either face to face or via telephone.
- (e) *An analyst briefing* – a briefing of both buy- and sell- side analysts provided by the IRO, managing director/CEO, CFO and/or other senior management. It is recommended that the briefing also be webcast through the organisation's web site. Media may also request to be present at this briefing.
- (f) *Regular one-to-one meetings and roundtables* – Briefing with investment analysts and portfolio managers as a means to answer questions and develop ongoing relationships. May be organised by third parties or the company itself.
- (g) *A dealing room briefing* – visits by senior management to sell-side dealing rooms to answer questions.
- (h) *Ratings agency meetings* – regular review meetings with rating agencies

- (i) Senior management, IROs or other authorised representatives should be available for follow up calls with stakeholders after the disclosure of material financial information.
- (j) Senior management, IROs or other authorised representatives should be available to ensure that sufficient information is available for stakeholders after the disclosure of material financial information.
- (k) IROs or other authorised representatives should be involved in all discussions and meetings with analysts and investors.

4.2 Annual report

The annual report is a statutory document which must be lodged with the regulator within the timeframe following the year end that is stipulated by the relevant laws and/or regulations. The information that is required to be detailed in the annual report depends on the jurisdiction to which the company is subject, but would typically include:

- (a) an overview of the business of the company and a description of the performance of the company in the relevant twelve month period;
- (b) a review of the corporate governance process and procedures of the company; and
- (c) the financial accounts statements.

Companies may also wish to consider including information on the performance of the company against certain key performance indicators and a report on the corporate social responsibility of the company in their annual reports.

4.3 AGMs

Listed entities must hold an annual general meeting (an “**AGM**”) at least once in each calendar year and within a prescribed number of days after the end of its financial year. The required contents of the AGM may vary slightly according to the jurisdiction.

The company should consider providing the information on the following matters at the AGM in addition to the information that they are required by law to provide:

- (a) a brief overview of the business and its performance in the past financial year; and
- (b) an update on current trading activities of the business.

4.4 Regulatory announcements

From time to time companies will make announcements of a price sensitive nature outside of financial results. It is generally expected that management host a call for stakeholders following the regulatory release, depending on the importance of the announcement. However, as a minimum, a spokesperson of the company should be available to answer reactive calls from the investor community.

4.5 Ongoing investor relations activities

Other investor relations activities that typically take place over the course of the investor cycle are listed below. The type and extent of activities adopted by a particular company beyond the statutory requirements will vary depending on requirements and resources.

(a) Investor Roadshow / Analyst Meetings / Sales Team Briefings

In the days or weeks following financial results it is recommended the following activities take place for equity issuance

- (i) A domestic and international roadshow at least twice a year – meetings between the listed company CEO, CFO and IRO with existing shareholders and potential shareholders to answer questions about the recent results
- (ii) A sales team briefing annually – visits by senior management to sell-side dealing rooms to update the sales teams on the company's results allows the sales team to add value when marketing the company to their client
- (iii) A domestic and international non-deal roadshow dedicated to the company's fixed income securities (if any) and debt investors. It is also recommended that there is a dedicated debt investor section on the investor relations section of the company's website

(b) One-on-one and group briefings with investors and/or other Stakeholders

Such briefings should cover the following topics: (i) the long-term strategy of the company; (ii) the organisational history of the company; (iii) the vision and goals of the company; (iv) the management philosophy of the company; (v) the strength and depth of the management of the company; (vi) the competitive advantages and risks of the company; (vii) industry trends and issues; (viii) key profit drivers of the company's business; and (ix) and relevant economic issues.

Such briefings may occur in person, by conference call and/or by electronic means.

(c) Site visits

Many organisations conduct periodic tours of key operations or facilities during the year. Combined with accompanying presentations, these enable the investment community to gain a greater understanding and appreciation of an organisation's business and investment proposition. The recommendation is one such site visit or capital markets day per annum.

5. Analyst reports and forecasts

Any comments by companies relating to research reports should be restricted to information that is in the public domain and/or correcting material errors. Companies should refrain from making comments regarding their forecasts, but can correct if any pre-disclosed facts, factors or trends relating to the historical performance and/or publicly available information that may have been overlooked.

Great care should be taken when making or commenting on any forward-looking statements or forecasts (see also paragraph 6.1(a) below). Forward-looking statements are subject to risks, uncertainties and assumptions about the Company and its subsidiaries and investments. In light of these risks, uncertainties and assumptions, the events in the forward-looking statements may not occur. Legal disclaimers and rubrics should always accompany forward-looking statements such that, among other things, no representation or warranty is made that any forward-looking statement will come to pass.

6. Electronic communications

6.1 Website

It is strongly recommended that listed entities have a dedicated investor relations section of their corporate website as a medium through which they can obtain publicly available information quickly and easily. At a minimum, the listed entity's site should include:

- (a) annual reports;
- (b) financial results announcements;
- (c) all other announcements that have been made to the exchange;
- (d) a listed entity profile; and
- (e) listed entity contact details.

The company may also wish to include the following on its corporate website:

- (a) details of sell-side analysts and their respective earnings forecasts, provided that they obtain the prior consent of the relevant research analyst to do so, and provided that the company includes an appropriate disclaimer regarding such forecasts;
- (b) links to any social media used by the company (if any);
- (c) copies of the disclosure and communications policies of the company;
- (d) presentation materials and speeches from investor conferences, press releases, briefing meetings, etc.;
- (e) an online process for updating personal information for shareholders; and
- (f) a corporate factsheet or similar quick guide to the company.

The information on the website should be made available to the general public, not just the current investors (with the exception of personal details and other information that should not be disseminated to the public).

It is recommended that information lodged with regulators and exchanges should be made available simultaneously on the entity's website.

All website information should be regularly updated. Historical information should be archived and clearly dated to ensure users are aware that it may be out of date. Listed entities are encouraged to offer investors the opportunity to receive information via email.

The website should be easy to use and easy to navigate quickly to find relevant information.

The website should contain all information that the investment community could reasonably expect regarding the company.

The company should ensure that the information contained in the investor relations section of the website can be found easily through search terms that would typically be used to find such information.

The website should be capable of being used on all commonly used browser types (i.e. Internet Explorer, Firefox, Safari and Google Chrome – both desktop and browser versions).

When a website is the default option for access to annual reports, companies must write to shareholders informing them that they can opt to receive hard copies.

The investor relations information published should ideally be available in both the English and Arabic languages (or the local language for other jurisdictions outside the Middle East).

6.2 Webcasts

The company may wish to consider publishing webcasts for AGMs, management presentations, financial results and other management presentations via webcasts, depending on: (i) the size of the audience; (ii) the physical location of the intended audience; (iii) the accessibility of the webcast technology to the intended audience; and (iv) the cost of the webcast relative to the market capitalisation of the company.

If the company elects to adopt webcast technology as part of its strategy for disseminating information, the company should provide public notice of any intended webcast prior to the event thereof.

6.3 Email notifications and RSS feeds

The company should offer investors the opportunity to receive email updates and/or RSS feeds regarding any new information that is lodged with the stock exchange and/or added to the website as and when such information is lodged or uploaded (and to opt-out of such updates).

Email alerts and RSS feeds should be distributed as soon as practical after the relevant information is announced to which the update relates.

6.4 Social media

Companies may wish to utilise social technology mediums such as Twitter and LinkedIn to publish information relating to the company. Any such use of social media by the company is commonly the principal responsibility of the company's corporate affairs/communication department but should be subject to oversight by and collaboration with the IRO to ensure that the information provided is in compliance with applicable laws, regulations and this Code of Conduct.

The IRO should also monitor any third party information that is disseminated in such manner in order to deal with any potential issues that may arise.

7. Compliance with applicable laws and regulations

The company should ensure that it is in compliance at all times with all applicable legal and regulatory requirements regarding the disclosure of information (including, without limitation, any requirements that may be imposed by the exchange on which the company is registered).

The IRO must keep him/herself and the other spokespersons informed and updated with respect to any disclosure requirements and restrictions that are set by the stock exchange and any applicable laws and regulations.

8. Process for disclosure of new information

Any new information that may affect the share price of the company should be lodged with the regulator(s) and exchange(s) on which the issuer is listed prior to it being disclosed by any other means, and the company should ensure that the information has been announced by the regulator or the exchange before proceeding to disclose the information through any other means.

All questions and answers should be monitored by the IRO for material information, and all presentations and information delivered during question and answer sessions should be made available on the company website.

If an inadvertent disclosure of price sensitive information is made that has not been disclosed to the stock exchange, the company must disclose such information immediately.

9. Access to information

All information disseminated by the company should be accurate, complete and up to date, and should be disclosed in a timely manner.

All Stakeholders should be informed of upcoming investor briefings and when presentations and webcasts will be made available, such information shall be provided on the company's website.

All major announcements should be publicised as widely as the materiality of the announcement to be made requires, using a variety of means such as publication on the company's website, conference calls, webcasts, email and/or RSS feeds, and social media.

The company should refrain from selective dissemination of information to a person or a group of persons.

The company should not provide information to the media on an off-the-record or embargoed basis.

10. Dealing with information leaks, market rumours and speculation

In the event of market rumours and/or media speculation that causes movement in the share price, the company must promptly respond to such rumours and/or speculation by confirming whether such rumours or speculation are founded (subject to any restrictions on the nature of the information to be disclosed).

Subject to any legal or regulatory restrictions, in the event of any information regarding the company being leaked into the public domain, the company must immediately disclose the leaked information in order to ensure equality of access to information (followed by disclosure through such other methods of disclosure as the nature of the information may require).

11. Correction of incorrect information

In the event that any information that is disclosed by the company is later found to be incorrect or incomplete, such fact must be disclosed immediately (followed by disclosure through such other methods of disclosure as the nature of the information may require).

12. Spokespersons

The number of persons that are authorised to act as spokespersons for the company should be restricted in order to reduce the risk of any inconsistency of information and disclosure of any information in contravention of the laws, regulations and the principles set out herein.

The persons that would be authorised to act as spokespersons for the company would typically include the chairman of the board, the chief executive officer, the chief financial officer, the IRO, the company secretary, and certain senior public affairs officers. Other departmental heads may be authorised to act as spokespersons for the company provided that their authorisation is limited to topics to which their department relates.

Any spokespersons that are appointed to appear in media releases and/or media interviews should be sufficiently trained on any restrictions on information that they are allowed to, and restricted from disclosing.

The IRO should be involved in, or at least be fully informed of, any discussions and meetings held by the other spokespersons with Stakeholders in order to ensure consistency of information disclosure.

The company's consultants (lawyers, accountants, bankers, auditors, etc.) should not be authorised to disclose any non-public information regarding the company that may affect the share price.

13. Record-keeping

The IRO should keep a record of all briefings, meetings, calls, etc. Such record shall include:

- (i) time and date of meeting;
- (ii) place of meeting (or, if held by electronic means, the means but which such briefing meeting, or call took place);
- (iii) attendees;
- (iv) topics discussed;
- (iv) disclosure issues (if any).

14. Disclosure and communications policy

A formal disclosure and communications policy should be adopted and published, which should include:

- (a) a list of persons authorised to act as spokespersons for the company;
- (b) the protocol for filing announcements with the relevant parties; and
- (c) an obligation to comply with statutory and regulatory disclosure obligations.

15. Black-out periods

The company may wish to consider exercising a 'black-out period' (no discussions with analysts, investors etc.) between the end of the financial period and the date of the announcement of the results on the stock exchange in order to avoid any potential leakage of information on the financial results of the company.

16. Trading halts

The company should consider exercising trading halts to manage disclosure issued where the circumstances are appropriate, such as where information has been leaked into the public domain.