

IR Guidance Notes

Preamble

Qatar Stock Exchange is issuing IR Rules as part of an update to its Rulebook; the IR Rules will become mandatory for all listed companies.

The IR Rules consist of a number of base line provisions in the QSE Rulebook and further mandatory requirements as provided for by way of Market Notice.

To further support Issuers in developing their investor relations function, QSE has published non-mandatory IR Guidance Notes, which will be updated from time to time as investor relations best practices evolve over time. QSE encourages Issuers, and their IROs in particular, to regularly consult these IR Guidance Notes and contact our Listing Department at [contact details] for any assistance or feedback as required.

Appointment of an Investor Relations Officer ('IRO')

The company must **appoint an IRO**. The IRO will be a **dedicated** resource whose **primary** function will be the duties of investor relations (as outlined below in Guidance Note).

The IRO must have an academic qualification and **at least three years** practical experience in the fields of finance, business, investor relations, public relations, legal and accounting or a similar field.

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*The **responsibilities of the IRO**, as set in in the Middle East Investor Relations Society Code of Conduct, are to ensure the investor relations function is carried out effectively by the company:*

- (a) ensuring that all information relating to the company is disclosed to the public in accordance with:
 - (i) the principles contained in these IR Rules;*
 - (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;*
- (e) acting as spokesperson for information from stakeholders regarding the company;*
- (f) working with market participants and investors to promote corporate access; and*
- (g) 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 has been gleaned in the course of carrying out of his/her IRO function.*

*In order to effectively carry out the role the IRO should **demonstrate** the following characteristics⁽¹⁾:*

- (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; and*
- (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.*

Creation of an Investor Relations Section Website

The company **must** create a **dedicated** ‘Investor Relations’ section on its own company/corporate website which must be available in both Arabic and English.

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This Investor Relations section should be readily accessible from the Home Page of the listed company’s corporate website.

*This section should be maintained and updated regularly, in line with international standards. In **addition to the mandatory** contents prescribed in the QSE Rulebook and related Market Notice the company may consider:*

(a) General Information

- (i) Financial data presented in interactive graphs;*
- (ii) Financial data downloadable in excel;*
- (iii) Share price chart with index and peer group comparison;*
- (iv) Investment and dividend calculator;*
- (v) Ownership structure (by top shareholders, by geography);*
- (vi) Analyst coverage and consensus forecasts (if available); and*
- (vii) Social media links;*

(b) Company Information

- (i) Business model description;*
- (ii) Ratios and key figures;*
- (iii) Risk factors;*
- (iv) Peer group comparison; and*
- (v) Approach to CSR (in particular referencing any separate report produced under voluntary ESG Guidelines or equivalent);*

(c) Financial Information

- (i) Financial calendar and earnings guidance (if any);*

(d) Investor Information

- (i) Investor roadshows/conferences, event presentations, general corporate news, news archive, fact sheet, publications archive, creditor information (if applicable); funding strategy; creditor presentation (if any) and ratings (if any);*

(e) Management Information

- (i) Internal control mechanisms and risk management systems;*
- (ii) Key policies (summary overview); and*
- (iii) Organisation chart;*

(f) IR Services

- (i) Location map, document order form, event reminder, stock glossary and RSS feed.*

Whilst the Guidance Note sets out 'best practice' for an IR section the content of such section can be amended to suit the size/complexity of the businesses within the company, the industries within which it operates and the resources available.

Periodic Investor Updates

At a minimum listed companies will be required to (i) publish (on its own website) **quarterly investor presentations** and (ii) hold **quarterly investor** calls hosted by a C-level executive.

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Such presentations are designed to assist investors in understanding the investment including the opportunities that exist in a company's markets, how the company is positioned within these markets, and the strategy and assets that are being deployed to exploit those opportunities. Corporate strategy should be the focus of an investor presentation, not merely historic financials.

Typically the contents of an investor presentation will include:

- (a) Company profile;*
- (b) Financial track record (trend graphs);*
- (c) Overview of investment proposition;*
- (d) Market opportunities and challenges;*
- (e) Competitive advantages;*
- (f) Strategy and business model;*
- (g) Risk management;*
- (h) Qualitative management discussion on outlook; and*
- (i) Investment highlights.*

A good investor presentation will explain how company will drive revenue, earnings and cash flow over long term, convey key investment messages and be clear, concise, compelling, and sufficiently comprehensive.

The company must hold quarterly investor conference calls to highlight earnings, results and significant events. The calls are usually scripted to ensure delivery of key messages with the aim of conveying focus, preparedness and confidence in the company's investment case. The conference calls reach a broad audience in an efficient manner; the content of the calls can be based broadly on the investor presentations suggested above.

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