INFORMED

THE VOICE OF INVESTOR RELATIONS IN THE UK

ISSUE 76 AUTUMN 2012

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CHAIRMAN'S LETTER

An exciting schedule

Starting off on a somewhat parochial UK note, what an exciting summer it's been with a fantastic mix of depressing English weather and uplifting sporting achievements. Back to earth with the day job and the issues remain broadly unchanged – challenging European economics (Spain once again in the spotlight), uncertain growth in the US (with additional stimulus needed) and China providing a cautionary note. I don't know if I am alone in receiving so many different broking teams' daily news snapshots – but they can certainly dampen one's spirits on the journey to work if you read them all. What is interesting is how much they reflect the style and aspirations of the publishing bank – it's worth getting on the circulation list for three or four of these if you can – but don't overload unless you have a very long commute!

Like many of you, September has been a very busy month for me – typical of many IR calendars. As a team we have been meeting investors (both holders and non-holders) at conferences, on specific roadshows or as they travel through London on their own fact-finding missions. Keeping a tight focus on effective diary management for IR and the executive team is very important as it is easy to lose control.

Looking back on this period – checking back to targeting, meeting notes and time management – can be a very good discipline and can help start the process of refining the IR plans for the forthcoming year. It's also a good opportunity to make notes on how the team have performed, setting out some development thoughts to help prepare for the year-end reviews. I have also updated my supplier and broker scorecards (doesn't that sound grand – it's really just notes in a little black book). All useful tools when it comes to addressing the issue of providing feedback, undertaking pitches or just plain contract renewals. It's always much better to capture thoughts when the evidence is in front of you than to try and remember it later on.

This issue of *Informed* comes ahead of our annual dinner and awards in November. We have an exciting schedule for these this year, with a focus on both reporting best practice but also the companies and individuals who are leading examples of best practice in all aspects of IR. It's going to be a great celebration of a challenging 2012 and you'll want to be there.

We are also welcoming our new general manager this month – John Gollifer, formerly of the Singapore Exchange, who will be taking up the mantle progressively over the next three months, with the help of Mike Mitchell who plans to retire at the end of the year. There will be plenty of opportunities to meet John at our events in the next few months.

As a personal reflection, Mike has done an exceptional job for the Society over the last six years as general manager and previously as a board member, committee member and long standing supporter. We are hoping to keep him engaged on several fronts in the years ahead but if you see him at different events over the next few weeks please show your appreciation for the work he has done guiding us through some challenging conditions. ■

JOHN DAWSON

New face at the Society

John Gollifer, the new general manager of the Society, started work on 1 October. John takes over from Mike Mitchell who retires at Christmas after six years at the helm in Bedford Street.

John's background is in investment banking, capital markets and investor relations in the UK, Europe and Asia, so he brings a truly international flavour to the Society. Most recently, John was head of investor relations at the Singapore Exchange and was heavily involved in establishing the Investor Relations Professionals Association in Singapore in 2006.

John started his career with Barclays Bank in the City of London before embarking on a number of roles in Asia and Europe with Barclays, ABN Amro and BNP Paribas. He has a BA from Loughborough University and an MBA from Henley Business School.

Commenting on the appointment, John Dawson, chairman of the Society said: "We are delighted to have attracted a candidate of John's calibre as general manager of the Society. I know he will embrace the opportunity to rival the enormous commitment and energy Mike has brought to the role over the last six years. John's strong financial markets expertise and insight into investor relations on a global level will be extremely valuable with our profession and members becoming ever more international."

Commenting on his new role, John Gollifer said: "I'm very happy to be back in London and joining such a well established community. It is exciting to follow in Mike's footsteps and to have the opportunity to work with a great group of people. I really look forward to meeting everyone at the earliest opportunity and to taking the Investor Relations Society forward together in 2013."

John is married and has five children. He is a keen sportsman and lives in East Anglia. ■

SAVE THE DATE - CONFERENCE 2013

The 27th IR Society Annual Conference will be held on **18 June 2013**. Please note that Premium members of the Society who renew membership prior to the conference will be able to attend on a complimentary basis.

Conference sessions online

The key sessions of the 2012 IR Society annual conference ('The Competition for Capital', 22 May) are now available as videos online – and are free to all who attended.

For anyone who did not attend the conference there is a charge of £29.99 per session, or all 12 sessions can be viewed for £249.99.

The available sessions are:

- morning keynote – Rich Ricci;
- plenary session – The big picture;
- plenary debate – What is the debt market?
- breakout stream 1 – Dealing with debt in a crisis;
- breakout stream 2 – Power of the rating agencies;
- breakout stream 3 – Beyond debt - IR and PE;
- midday keynote – Rt Hon Danny Alexander MP;
- plenary session – The acceptable face of capitalism;
- breakout stream 4 – Managing equity in times of low growth;
- breakout stream 5 – Equity allocation;
- breakout stream 6 – Technology - Is the medium changing the message (coming soon); and
- panel discussion – Shareholder Spring.

Please contact Robert Dann at the Society (robert.dann@irs.org.uk) for password details. ■

NEW IR SOCIETY MEMBERS

The IR Society welcomes the following new members to mid-September 2012:

Emanuela Anguria – ProxyCensus
Ian Baker – Legal & General Group
David Bishop – QinetiQ
Ian Brown – Capital MSL
Rollo Crichton-Stuart – Pelham Bell Pottinger
Duncan Fox – Independent
Chris Griffith – Tesco
Charlie Harrison – Pelham Bell Pottinger
Claire Hassell – Tesco
James Hopkinson – Standard Chartered
Claire Joyner – Tesco
Tanya Landman – Sasol Limited
Jasmine Lindsay – DP World
Katie Lyons – Lyons Bennett
Rachael Malcolm – Maitland
Laura Newell – SThree
Megan Saia – Babcock International Group
Zanele Salman – Sasol Limited
Guy Scarborough – Pelham Bell Pottinger
Lorna Spears – Pelham Bell Pottinger
Sergey Ternikov – MRSK Center
Darren Walker – Richard Davies Investor Relations
Charles Wedderburn – Tesco
Lorraine Wilder – Richard Davies Investor Relations
Henry Wilkinson – Babcock International Group
Katarzyna Wodyk – Imic
Bryn Woodward – Tesco
Jamie Young – DP World

For information on membership benefits and to join the IR Society please contact Richard Knight: richard.knight@irs.org.uk or visit www.irs.org.uk

CERTIFICATE IN INVESTOR RELATIONS – PASSES

The IR Society congratulates the following candidates who passed the Certificate in Investor Relations (CIR) to September 2012:

Johan Alexander – Syngenta
Joseph Mark Anand – Straits Developments Private
Irina Averina – Russian Investor Relations
Andrey Bednyakov – Sberbank of Russia
Tiffany Cheung – Sa Sa International Holdings
Tan Chiew Kian – Sabana Real Estate Investment Management
Annabel Choo – SMRT Corporation
Lauren Goble – Ryan Financial Communications
Joan Harper - JM Harper&Associates
Peng Li Hoong – Independent
Lim Kek Siang – Time Engineering Berhad
Teo Soo Kiam – Keppel Land International
Lilian Low – China Aviation Oil Corporation
Melaine Ong Sook Mun – Hektar Asset Management
Yaroslav Paramonov – Russian Investor Relations
Lim Su Phei – ST Asset Management
Yeoh Su Qin – ST Asset Management
Yap Miow Sap – Independent
Emily Smart – Independent
Serena Toh – Keppel Land International
Wai Yee Wong – Straits Developments Private
He Xuan – COSCO Corporation

About the Certificate in Investor Relations
The CIR is the UK's foundation-level professional qualification for IR practitioners, and has been updated to include recent changes in law and regulation. For further information, please contact Laura Hayter – laura.hayter@irs.org.uk

Michael Portillo to host IR awards

Michael Portillo, the broadcaster and former secretary of state for defence, will be guest speaker and compere at this year's IR Society best practice awards annual dinner on 20 November 2012.

This year's awards dinner promises to be the best yet. The awards have been extended to include categories that recognise excellence in investor relations by individuals and companies as voted by Society members, brokers and fund managers.

The venue will once again be the Tower of London, following the success of last year's event, but the theme will this year be 'The Great Gatsby'. The evening begins with a champagne reception, followed by a delicious meal, the presentation of the 2012 best practice awards and finishes with a disco and the opportunity for further networking in the reception bar.

This is always a fantastic event and a great way to unwind at the end of another challenging year – so don't delay – book your table today!

Visit the website or contact Dipty Patel on dipty.patel@irs.org.uk for more information. ■

The Rt Hon Michael Portillo entered the House of Commons in 1984. He was a minister for 11 years and held three positions in the cabinet, including secretary of state for defence. He lost his seat in 1997, and began to develop a career in the media. He returned to parliament between 2000 and 2005, and was shadow chancellor. Since leaving politics, he has become a regular on both BBC 1's 'This Week' programme and Radio 4's 'The Moral Maze'. He has made many radio and television documentaries.

Scenes from the successful 2011 IR Best Practice awards at the Tower of London

The awards categories

There are two sections this year – Nominated and Voted (new).

Nominated awards

1. Best Communication of strategy, performance and KPIs
2. Best communication of governance and risk
3. Best communication of corporate responsibility
4. Best use of social media tools to support investor relations communications
5. Most effective use of innovative online technology within a corporate website
6. Best corporate website for investors – International
7. Best corporate website for investors – Small Cap & AIM
8. Best corporate website for investors – FTSE 250
9. Best corporate website for investors – FTSE 100
10. Award for the most effective overall Annual Report (printed and online) – International
11. Award for the most effective overall Annual Report (printed and online) – Small Cap and AIM
12. Award for the most effective overall Annual Report (printed and online) – FTSE 250
13. Award for the most effective overall Annual Report (printed and online) – FTSE 100

Voted awards

14. Best communication of investment proposition (company)
15. Most improved IR (company)
16. Best newcomer to IR (individual)
17. Best investor relations officer (individual)
18. Best overall company IR (company)

After the storms, new opportunities for IR

In his final column, **Michael Mitchell** discusses the extraordinary challenges of the past six years and the good prospects for IR professionals in the years ahead.

Michael Mitchell is the outgoing general manager of The Investor Relations Society. michael.mitchell@irs.org.uk

When I took over as general manager in January 2007 the world was at the tail end of an economic boom that had lasted on and off for 15 years. Tony Blair and Gordon Brown were arguing about who should be prime minister and a senator from Illinois called Obama had never been heard of – the next president of the US was expected to be a woman.

The global financial crisis (GFC), when it hit, took everyone unawares (apart from Gillian Tett of the *Financial Times*), but in hindsight it should have surprised no one. Its ramifications have lasted for longer than anyone expected. We have now moved from the first stage of what was a private debt crisis to a sovereign debt crisis and who knows what the next stage might be – a world trade crisis perhaps? Central bankers around the world are struggling as the conventional levers of monetary policy become increasingly ineffectual.

This has been a testing time for companies and investor relations professionals. The immediate fallout from the GFC was much finger pointing and many exercises in hindsight. Companies were blamed for either not being transparent enough or conversely being too good at investor relations 'spin'. Fund managers were accused of neglecting their duty of stewardship and regulators were too disjointed.

We are now faced with a new regulatory regime with demands for more disclosure and increased transparency by companies and more active involvement by investors. We currently have had reviews by the Department for Business, Innovation and Skills (BIS) into narrative reporting; by Sir John Kay into short-termism in the UK economy; and by the EU into corporate governance, to name but a few. As in every post-crisis reaction, there is a danger of 'throwing the baby out with the bath water'. We should remember that despite some shortcomings the UK is the leader in corporate governance, company disclosure is the best in the world and UK investor relations is looked up to as a global role model.

In this febrile environment of 'something must be done' we have an opportunity to strengthen the position of IR and imbed the tenets of best practice in all quoted companies, not just the top 100 or so.

It is encouraging to see the growth in the number of full time IR officers and we now have a generation of senior IR directors whose experience and gravitas enables them to hold their own in the executive suite. As professionals we also need to make sure that our voice is heard in Whitehall and Brussels; and through the activities of our policy committee we will continue to lobby on your behalf.

After six years as general manager of the Society I am handing over the baton to John Gollifer (see page 5). We will be working together until Christmas to ensure a smooth hand-over. I am pleased that membership numbers are once again increasing and activities such as the Club 22 dinners, the annual conference and our educational programmes are well supported. There will be new challenges ahead but I am confident that John will bring new ideas and energy to the Society. ■

'Despite some shortcomings the UK is the leader in corporate governance, company disclosure is the best in the world and UK investor relations is looked up to as a global role model'

RESPONSE TO TAKEOVER CODE CHANGES

The IR Society has responded to the Takeover Panel's consultation on profit forecasts and other amendments to The Takeover Code: 'Overall, we are in agreement with the broad thrust of this paper and we consider that the proposed amendments... will – in general – serve to strengthen the existing Code.'

However, the Society also adds that 'we do have concerns with aspects of this consultation that, whilst few in number, we feel are of significance and if left uncorrected could have an adverse impact on issuers.'

For full details, please see the response on the website – www.irs.org.uk ■

Society welcomes changes to codes...

Industry news briefing
Selected key issues for IROs

On 28th September The Investor Relations Society welcomed confirmation of changes to the Corporate Governance and Stewardship Codes. In particular we welcomed the amendments to the Stewardship Code requiring investors to make clearer the use they make of proxy voting agencies in decisions impacting on UK issuers, as our members have repeatedly made clear their concerns over the extent of the relationship between institutional investors and proxy voting agencies and the perceived lack of transparency of process. We are pleased to see the Financial Reporting Council has recognised this issue and made a first step towards encouraging greater clarity in this area.

The Society also welcomes clarification of the respective responsibilities of asset managers and asset owners regarding stewardship. In our response we asserted our view of the importance of both investors and issuers understanding which parties have stewardship responsibilities in the investment context. The two fundamental considerations for IROs in ascertaining and encouraging investor stewardship are i) recognising which parties have voting rights and ii) identifying the party that understands the company and takes decisions regarding investment so clarification of relevant parties' stewardship remits is welcome.

IR Society chairman, John Dawson said: "We are pleased that the FRC has listened to our views regarding changes to the Stewardship Code and has implemented some relevant actions to amend the code. We are strong supporters of the Stewardship Code, having endorsed its launch in June 2010 and we look forward to continuing to play our part in helping it achieve its goal of best practice investor engagement, in the interest of our members".

... and applauds Kay review

The IR Society sees investor relations as fundamental to overcoming short-termism – from fund managers not taking the risk of moving too far from their benchmark index over short periods to the excessive scrutiny of company management over short-term share price fluctuations. It is the role of IR teams to explain and report company strategy to give a true and fair perspective of current and future performance.

The Society therefore notes with interest the findings of Professor John Kay's 'Review of UK Equity Markets and Long-Term Decision Making'. Society chairman John Dawson comments: "There is much for us to support in the Kay review. We strongly believe there is a role for companies and investors working together to strengthen openness and trust, with a prominent role for the investor relations function.

"As such we welcome the Kay review's proposal for a forum for major investors to engage with UK companies and each other and indeed we have recently established our own 'IR Forum' in which representatives from some of the UK's largest fund managers meet with a cross section of investor relations directors to discuss how the two groups encourage dialogue. As the review identifies, asset managers are the 'stewards' of the funds their clients invest into. We support efforts to encourage this process although we contend that issuers have been actively engaging with the buy and sell sides through their investor relations departments for a considerable time and that, in fact, this process is improving".

The Society also notes that the Kay review proposes the scrapping of mandated quarterly corporate reporting as well as encouraging high quality, succinct narrative reporting. We support both these recommendations although consider that many companies may wish to continue reporting on a regular basis. Dawson comments: "Many of our members tell us that they are likely to continue with four to six trading updates per year because it is helpful in enhancing openness and trust. All too often, companies that don't provide clarity with regular market updates are accused of selective briefing. However, there is much that can be simplified and reporting timetables can be more flexible so many companies will welcome the opportunity of a less prescriptive approach.

NEW FSA PUBLICATION

Replacing *List!*, *Primary Market Bulletin* is the Financial Services Authority's new way to communicate and discuss a range of issues with market participants, from the factual to the technical, such as consultation on amendments to technical and procedural notes.

Keep up to speed with latest developments in the IR industry and with IR Society by subscribing to the weekly Bulletin email newsletter.
See the IR Society website to register – www.irs.org.uk.

Ending this obligation should allow greater flexibility for companies with regards to their reporting needs".

The practicality of some of the remaining recommendations is harder to determine and timing on any of these proposals is still unclear. However, this review is a step in the right direction with respect to reducing equity market short-termism, and we welcome the emphasis it places on the importance of issuer-investor dialogue.

EU to tighten abuse regulation

Michel Barnier, the EU commissioner responsible for internal market and services, has stated his preference to see the manipulation of benchmarks such as Libor as criminal activity under proposed plans to harmonise the EU market abuse framework.

A spokesman for Barnier commented: "We intend to close the regulatory gap in our proposed market-abuse legislation by including the direct manipulation of market indices such as Libor."

The proposal outlines that "there is a need to establish a more uniform and stronger framework in order to preserve market integrity and to avoid potential regulatory arbitrage as well as to provide more legal certainty and less regulatory complexity for market participants" in order to combat insider dealing and market abuse across the Union.

The intention is that "all persons follow the same rules in all the Union" to include "any financial instrument traded on multilateral trading facilities or organised trading facilities, or any other conduct or action which can have an effect on such a financial instrument traded on a regulated market, MTF or OTF". They consider that "for transparency purposes, competent authorities should notify the European Securities and Markets Authority (ESMA), which should publish a list of the financial instruments which are admitted to trading or are traded on the trading venues they supervise. This regulation should apply to such financial instruments whether or not they are included in the list published by ESMA. This should improve investor protection, preserve the integrity of markets and ensure that market manipulation of such instruments is clearly prohibited."

The Society notes that ESMA is becoming increasingly significant as an organisation - its recent consultation on the proxy advisory agency being one such example. Member states and the European parliament must give approval before it can take effect.

LORD TURNER SLAMS 'CYNICAL GREED'

Lord Turner, chairman of the Financial Services Authority, has slammed elements of investment banking for "cynical greed" while demanding the "purge" of its "culture of cynical entitlement" where this arises.

His speech highlighted the "radical change" in the FSA following criticisms of its role in the financial crisis, specifically its "woefully deficient rules on bank capital and liquidity", its "deficient and under-resourced approach to prudential supervision" and the "'underlap' between the Bank of England and the FSA, an absence of systemic analysis and macro-prudential policy tools".

However, he states that "Beginning in spring 2008, the FSA has therefore implemented radical change in its approach to prudential supervision – with more resources, better trained, and better focused on key issues. That reform has continued over the last year."

He looks forward to the new financial regulatory environment due to formally take place in 2013.

New remuneration vote plans

Business secretary Vince Cable has announced revised plans over shareholder votes on executive remuneration following recent consultations in which the IR Society participated. Annual binding votes on executive remuneration will now not take place.

However, there will be binding votes on executive pay every three years if a company chooses to leave its remuneration policy unchanged – but this becomes a binding annual vote if the policy changes. If the binding vote does not pass, the company will retain the existing remuneration policy until shareholders agree a revised one.

Once a new policy is agreed, any further changes require further shareholder approval. Companies will then have to stick to their pay plans for the next three years or have another shareholder vote.

In addition, the following will be published:

- a single figure every year showing how much executives have been paid; and
- exit payments – saying how much directors will be paid if they are sacked or resign.

The Department for Business, Innovation and Skills has taken on board representations through consultation, including those from the IR Society. The binding vote will require a simple majority of more than 50% for a policy to pass, which the Society supports. ■

GENERAL REPORTING QUALITY IS 'GOOD' – FRRP

The Financial Reporting Council has published a report of the findings of the Financial Reporting Review Panel (FRRP) in relation to its review of reports and accounts in the year to 31 March 2012.

Some highlights:

- 326 sets of accounts were reviewed;
- 130 companies were approached for further information or explanation;
- the panel found the general quality of reporting to be good;
- the panel also welcomed early signs that some boards were reconsidering the presentation of their financial information to focus on key messages; and
- as in previous years, the panel continued to be concerned about the quality of the reports and accounts of some smaller listed and AIM quoted companies with whom it raised more potentially substantive issues and which took time to resolve satisfactorily.

IR WORLD: SPAIN & PORTUGAL

A special feature looking at aspects of IR in the Iberian peninsula at a time of great economic and market challenges.

How the Iberian economies are coping with the crisis

The Iberian countries, Spain and Portugal, are among the most troubled of those affected by the sovereign debt crisis in the eurozone. Here **Carlos Andrade** of Banco Espirito Santo explains the background to these problems.

The Iberian economies have been at the forefront of the eurozone sovereign debt crisis, with severe austerity measures and the need to rebalance their own public accounts and reduce debt levels plunging these economies further into recession.

Portugal

In Portugal, GDP has continued to contract and economic activity deteriorate, year on year. This has been driven by weak internal demand (with its continued negative effect on GDP), the required changes in fiscal policy, the increasingly restrictive financial conditions, and an overall deleveraging process at both a domestic and business level. People simply aren't spending. Domestic consumption is down, despite the fact that data suggests stronger consumer confidence. In turn, imports of goods and services showed a sharp retraction while exports of goods and services have slowed down.

Even though Portugal is already feeling the brunt of the Spanish recession, the positive news is that Portuguese companies are exporting more and more to the African and Asian markets (namely to China, Angola, Mozambique and Morocco), while still maintaining strong sales growth to a number of mature markets, such as Germany and the United States. Although now slowing, exports continued to grow at a healthy pace in the second quarter, with exports of goods showing a year-on-year increase of 9% in the period of January to May. In this context, the external deficit of the Portuguese economy (ie, the combined current and capital account deficit) shrank to 3.9% of GDP in the year to March 2012 and is expected to drop to below 2% of GDP by end 2012.

In terms of the underlying numbers, the Bank of Portugal's indicator of economic activity, which broadly seeks to capture the changing GDP, fell by 2.7% year-on-year in the second quarter of 2012, which compares with year-on-year drops of 3.1% in the first quarter and 3.2% in the last quarter of 2011. In July it declined by 2.4%, which, together with other indicators, suggests some element of stabilisation (ie, year-on-year drops becoming less and less steep). This is however against a backdrop of domestic demand continuing to contract significantly.

In terms of outlook, economic activity is expected to fall by around 2.8% for 2012, starting to normalise in 2013, with a forecast GDP fall. Unemployment reached 15% in the second quarter (14.9% in the first quarter) and will continue to rise over the next year, reaching close to 16%. This is indicative of the structural transformation under way in the Portuguese economy, with a reduction in support for certain less competitive and more domestic market oriented activity sectors. These sectors now have much less capacity to absorb jobs while others that have benefitted from recent economic policy decision - chiefly those dealing in tradable goods and services that are more competitive and open to the external markets – are typically less labour intensive or do not yet have the demand to increase their workforces given the difficult financial conditions and the wider Europe recession.

The IMF-EC-ECB's 4th assessment of the economic and financial adjustment programme, released in June was positive; the programme's leaders having reaffirmed their commitment to continue to provide financial support to Portugal until conditions of access to the markets are restored. In this context, and despite the considerable challenges of the fiscal consolidation process, there has been a marked improvement in investor perception of the Portuguese economy. This can be seen by a significant narrowing of public debt securities' yields in the secondary market. (The yield of 10-year Treasury bonds retreated from a peak of

IBERIAN ECONOMIES

- **Portugese companies are exporting more to the African and Asian markets while maintaining strong sales growth to Germany and the US.**
- **Portugese economic activity is expected to fall by approximately 2.8% for 2012.**
- **The Spanish labour market has continued to deteriorate**
- **Recapitalisation of banks points to a negative outlook for the Spanish economy in 2012-2013.**

‘ Investor perception of the Portuguese economy has improved ’

Carlos Andrade is research director at Banco Espirito Santo.
caandrade@bes.pt

> ‘ Spain may be forced to request a full rescue package should investor confidence not be restored soon ’

17.4% at the end of January to 8.7% in the latter part of August.)

Spain

In Spain, after the deep recession of 2009 and the period of stagnation in 2010, the economy somewhat bounced back in 2011, growing by 0.7%. However, 2012 did not start well: recession persisted, and the focus has been more on how deep and long it might be. In the first and second quarters the Spanish economy contracted by 0.3% and 0.4% quarter-on-quarter and by 0.4% and 1% year-on-year – driven by the fall in domestic demand and the reduction in private sector debt. Both private consumption and investment continued to contract. Exports registered a small retreat in real terms, however imports experienced a much sharper contraction, reflecting the weakness of domestic demand. As a result, the trade deficit diminished. The labour market has continued to deteriorate, with unemployment reaching 24.63% in the second quarter of 2012. Within an environment of high aversion to risk, the restrictive budgetary policies combined with the recapitalisation of banks unfortunately point to a negative outlook for the Spanish economy in 2012, continuing into 2013.

Tax revenues have continued to decline, with the fiscal deficit reaching 8.5% of GDP by the end of 2011. The Spanish government has been concentrating efforts to reduce this deficit to 6.3% of GDP in 2012.

This environment of deepening recession and the strong need for fiscal consolidation has been fuelled further by tensions in the European financial markets and the limited access to financing, which has in turn penalised the public debt market and the financial sector. Moody’s, Standard & Poor’s and Fitch have downgraded their ratings of Spain to Baa3, BBB+ and BBB, respectively. (At the same time, the yield of the 10-year bonds in the secondary market rose from 5.09% at the end of 2011 to 6.2% on 21 August 2012 (with a peak of 7.621% in between)). This has left the Spanish government little option but to seek financial assistance and to recapitalise the banks, through a loan of up to EUR 100 billion to be provided by the European Financial Stability Facility.

This will be in place until the European Financial Stabilisation Mechanism becomes operational, after which the loan will be transferred to the EFSM, without the status of preferred creditor. The advantage of this direct procedure is that it will allow continued access to the financial markets while not penalising the country’s public debt.

In the short term, however, major concerns now focus on the possibility that Spain may be forced to request a full rescue package should investor confidence not be restored soon.

Update

In early September, the ECB said it would be prepared to intervene in the euro secondary sovereign bond markets via 'outright monetary transactions', and that a necessary condition for intervention would be 'strict and effective conditionality attached to an appropriate European Financial Stability Facility/European Stability Mechanism (EFSF/ESM) programme'.

The markets reacted positively to this announcement by Mario Draghi, the ECB's president - which was interpreted as a new willingness by the ECB to help troubled eurozone countries such as Greece, Spain and Portugal and to bolster the euro. However, at the time of writing, discussions continue between key eurozone participants. ■

	Portugal					Spain				
Real growth rates (%), except when indicated	2009	2010	2011F	2012F	2013F	2009	2010	2011F	2012F	2013F
GDP	-2.9	1.4	-1.7	-2.9	-1.6	-3.7	-0.3	0.4	-1.9	-0.8
Private consumption	-2.3	2.1	-4.0	-5.5	-5.6	-4.3	1.3	-1.0	-2.0	-1.5
Public consumption	4.7	0.9	-3.8	-2.8	0.8	3.2	-0.1	-0.5	-11.5	-3.2
Investment	-13.3	-3.6	-13.9	-13.3	-9.2	-16.0	-7.4	-5.5	-6.5	1.6
Exports	-10.9	8.8	7.5	4.6	5.4	-11.6	9.2	7.6	3.8	4.0
Imports	-10.0	5.4	-5.3	-5.3	-3.4	-17.8	3.5	-0.9	-6.0	-1.2
Inflation (CPI)	-0.8	1.4	3.7	3.3	1.2	-0.2	2.0	3.1	1.9	1.1
Budget balance (% GDP)	-10.1	-9.8	-4.2	-5.0	-4.5	-11.2	-9.3	-8.9	-6.3	-4.5
Public debt (% GDP)	83.0	93.4	107.8	114.4	118.6	53.8	61.0	68.5	79.8	81.0
Unemployment (% of labour force)	9.5	10.8	12.7	15.6	16.0	18.0	20.0	21.6	24.3	25.0
Current & capital account balance (% GDP)	-10.1	-8.3	-5.1	-1.7	0.8	-4.5	-4.0	-3.4	-0.7	-1.0

A Spanish giant in the UK

The perception that the troubled Spanish economy may directly affect the business and financial strength of Santander's UK operation presents a specific IR challenge, as **Stephen Jones** of Santander UK reports.

Santander UK is in many ways the most British of Britain's big-five systemically important banks. Some 99% of Santander UK's customer assets are UK-related, it ranks as the second largest mortgage lender and retail savings business in the UK whilst its exposure to the eurozone's peripheral economies is the lowest of its UK peer group. Santander UK is 100% owned by Banco Santander, a Spanish-based global business which operates in 10 distinct markets across Europe, North America and Latin America and which, as a result, originates the great majority of its profits from outside Spain.

With the eurozone financial crisis and the market's view of the Spanish economy and the state of its financial sector, Santander UK has a very specific investor relations challenge. This arises from the perception held by some investors that the issues in the eurozone and/or the Spanish economy may directly impact the business and financial strength of Santander UK. This perceived risk has often been fanned by media comment.

Rating agencies pose a further dilemma. The often mechanistic nature of the methodologies of certain agencies has meant that Santander UK has at times been rerated as a result of downgrades to the Spanish sovereign, but with the rerating not reflecting any change to Santander UK's own business performance or outlook.

The IR challenge

Santander UK's IR function was set up initially to support the needs of Santander UK's standalone fixed income issuance undertaken by 'Abbey National Treasury Services' (ANTS) and its credit ratings.

Given generic eurozone concerns, some US investors have taken the approach of avoiding any new investment in any European bank. Santander UK's IR response has nevertheless been one of continued engagement. The points of re-entry can be various: distinguishing the UK from the eurozone periphery; a specific class of security; or in providing comfort on points of concern. In the longer term we believe continued engagement will enable us to accelerate the time at which the investor can be persuaded to commit again to our securities, whilst maintaining confidence in our management. Our practical experience in the US is that the market remains large and diverse and that opportunities remain open for issuers prepared to engage.

> ‘ The message has to be reinforced and repeated to fixed income investors ’

Investors in general have become more interested in the nature of the relationship between Santander UK and its parent, and ultimately the Spanish state, and with the internal governance and regulatory constraints that are in place to limit and monitor exposures that result. Whilst considerable success is apparent in communicating the very strict risk limits and governance in place, this message remains one that has had to be reinforced and continuously repeated to fixed income investors and rating agencies (and also customers and the media).

Santander UK's operating model

The reality of Santander UK's position is that its prospects are essentially determined by the UK economy and its banking sector. In addition Santander UK sits behind a strong firewall, one acknowledged by the UK's Financial Services Authority (FSA) that, as mentioned before, ensures that Santander UK is the most British of Britain's systemically important banks. This also prevents financial problems spreading anywhere through the Santander group.

The firewall that protects Santander UK, and its investors and depositors, is the long established 'subsidiary model' of Banco Santander. The 'subsidiary model'

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A SPANISH GIANT IN UK

- **99% of Santander UK's customer assets are UK-related. It ranks as the second largest mortgage lender and retail savings business in the UK.**
- **The reality of Santander UK's position is that its prospects are essentially determined by the UK economy and banking sector.**
- **Santander is one of the world's leading banks and there are many advantages from being part of the group.**

gives local autonomy and requires each of the main businesses to be self-sufficient in capital, funding and liquidity, and to operate without guarantees in either direction between parent and subsidiary. At the same time Santander UK is regulated by FSA liquidity and capital rules which are gauged on a stand-alone basis, whilst board governance processes further reinforce the model. Finally, no funds can leave Santander UK to the group without FSA approval. All of these combine to reinforce the robust 'firewall' around Santander UK. This 'subsidiary model' is well perceived and welcomed by both the UK regulator and the Santander group's Spanish regulator.

With the support of its parent, Santander UK has disclosed the detailed workings of the 'subsidiary model'. This has been reinforced by having the 'subsidiary model' publicly accepted by ratings agencies and the UK regulator. This disclosure has been further supported by an extensive media engagement programme, engagement with the wider stakeholder group and by providing asset liability management, corporate banking and retail banking within Santander UK with the necessary briefings to be able to engage with customers and other stakeholders directly.

Simultaneously Santander UK's IR engagement with the rating agencies has focused upon a number of key areas. First, to have the agencies acknowledge the ring fencing of Santander UK, along with the limited exposure that Santander UK has to its parent. It has been important to work with the agencies to get them to acknowledge that regulators see Santander UK as a systemically important bank. Secondly, engagement with the agencies has looked closely at the consistency of their models towards Santander UK and its UK peers. But, as usual, much rating agency engagement is in ensuring that the door is always open, that the engagement is also proactive and responses are robust.

> 'The reality of Santander UK's position is that its prospects are essentially determined by the UK economy'

Our current long term credit ratings relative to our major UK peers and to Banco Santander SA are summarised in the table (below).

The right model

Despite an autonomous business model, it is important for Santander UK that investors and the rating agencies do not lose sight of the fact that the Santander group is one of the world's leading banks and that there are many commercial and strategic advantages to be gained from being part of that group. Operational synergies and strengths exist in brand, systems, platforms, corporate governance, risk management practices and management capability, and represent key underpinnings to the strategic development of Santander UK.

The inter-relationship of Santander UK and Banco Santander is defined by specific circumstances; the firewall being a key advantage. The wider investor relations lessons of the present eurozone concerns are necessarily built from basic principles. For Santander UK, this starts with a belief that we have an appropriate business model that mitigates the eurozone risk about which investors are concerned.

Beyond that Santander UK's IR programme emphasises transparency: articulates the response and aligns external messages; provides the supporting information; and is prepared to continuously engage with investors and other stakeholders. ■

Selected bank credit ratings summary (as at 01-10-12)

	S&P			Moody's			Fitch		
	LTR	Outlook	STR	LTR	Outlook	STR	LTR	Outlook	STR
Santander UK plc	A	Stable	A-1	A2	RUR	P-1	A	Stable	F1
HSBC Bank plc	AA-	Negative	A-1+	Aa3	Negative	P-1	AA	Negative	F1+
Barclays Bank plc	A+	Negative	A-1	A2	Negative	P-1	A	Stable	F1
Lloyds TSB Bank plc	A	Stable	A-1	A2	Negative	P-1	A	Stable	F1
RBS plc	A	Stable	A-1	A3	Negative	P-2	A	Stable	F1
Nationwide B. S.	A+	Stable	A-1	A2	Stable	P-1	A+	Negative	F1
Banco Santander S.A.	A-	Negative	A-2	Baa2	RUR	P-2	BBB+	Negative	F2

IR in practice – Kingfisher

Kingfisher is Europe's largest home improvement retailer and has 18 Brico Depot stores in Spain. In an interview with *Informed*, Kingfisher's head of investor relations **Sarah Levy** discusses the company's IR programme in Spain and Portugal.

What percentage of Kingfisher's shares are held in Spain?
About 1% of the company's shares are held in Spain. The holdings are spread over about seven institutions including Santander, BBVA, Banesto and Trea Capital. These holdings have been broadly constant over the last few years.

How did these holdings arise?
They are mainly the results of what I call our 'IR fishing' programme. Where I do not consider it is worthwhile for our FD or CEO to spend time, I visit potential markets on my own. This proved to be quite successful in Spain and three out of four institutions bought shares after my initial visit.

How often do you visit Spain?
I now visit Madrid about once a year. If possible I combine my visit with another European country such as Italy. I have combined visits to Spain with Portugal, but this was not so successful - so on my last trip the Portuguese fund managers attended a lunch in Madrid. If possible I also try to visit some of our overseas stores so last time I took the shuttle plane on to Barcelona.

> ‘About 1% of the company's shares are held in Spain and the holdings are spread over about seven institutions’

Do you organise the meetings yourself or do you use a broker?
We use a broker who covers us and has good connections in the country. For my most recent visit I used Barcap.

What forms do the meetings take?
We have one-to-ones with Q&A with our larger shareholders and a lunch with a presentation for three or four others plus the local specialist sales people.

The Spanish people seem to take much longer for lunch, close for a siesta in the afternoon and eat much later in the evening – how does this impact on IR trips?
The financial community operates on a more northern European schedule so it doesn't seem to impact too much on the timetable for meetings. I don't tend to stay around for evening dinners as I am usually on a flight home!

And what about language?
I can get by in Spanish which is useful for taxi drivers, etc, but all business meetings are held in English, so it's not a problem.

Are there any other useful hints and tips that you can give for IROs visiting Spain?
It's worthwhile remembering that Santander is based in its own community

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about an hour outside Madrid. It's on the way to the airport so probably best to fit in the appointment at the beginning or end of the day. Security is very tight and you have to use a bus to travel round the site so allow extra time in your schedule for this. I usually visit in June which is pretty hot. Late July and August are even hotter and are no good for meetings as everyone is on holiday.

And finally any recommendations on where to stay?
I usually stay in the Westin Palace which is very central and has lots of tapas bars close by. ■

IR in practice – National Grid

National Grid is an international electricity and gas company and one of the largest investor-owned energy businesses in the world. **Andy Mead** and **Iwan Hughes** of National Grid discuss its IR programme in Spain and Portugal with *Informed*.

Does National Grid have any operations in Iberia?

No – we don't have any operations ourselves but the energy sector is quite well represented in Spain with companies such as Iberdrola (owner of Scottish Power), Endesa and a number of renewable energy companies, so our business is reasonably well understood by investors.

What percentage of your shares is held in Spain and Portugal?

We currently have less than 0.1% of our shares held in Spain but we think this offers an opportunity. We have a number of debt investors in Spain so our Treasury department also organises visits to Madrid.

Which centres do you visit and how often?

We have only recently started regular visits to Spain as part of an enhanced IR outreach programme. We expect to visit Madrid once a year and this time we combined it with a visit to Milan which seemed to fit reasonably well together with just one overnight stop.

Did you specifically target investors in Spain and Portugal and have these been long term holders?

We target specific countries where we think there is an opportunity to increase long term investment. One member of our IR team looks after Spain, Portugal and Italy.

How do you arrange the visits and who goes on them?

The most recent visit was arranged by Barclays who is our brokers and seemed to have good connections in both Madrid and Milan. The IR team lead the visit – we don't think it is appropriate to take out our CFO or CEO just yet, but if interest builds we will certainly consider it along with operational management. We had one on one meetings but no group lunch this time.

How informed are the investors in Spain and Portugal and what are the issues they talk to you about?

It's a bit mixed – some of the investors are very well up to speed but others are just getting to know us.

> 'We target specific countries where we think there is an opportunity to increase long term investment'

Are there any other useful hints and tips that you can give for IROs visiting Spain?

We visit in January, which is a good time for us and it was good business weather. All the investors are very proficient in English so language is not a problem. There is not always agreement amongst UK brokers about who are the right investors to see in Spain, so it's worth doing some homework and talking to more than one house.

Finally, do you think it's been worth the effort to visit Spanish and Portuguese investors?

Yes, we think Spain is worth an annual IR visit and we also see some Spanish investors in the UK and at conferences. ■

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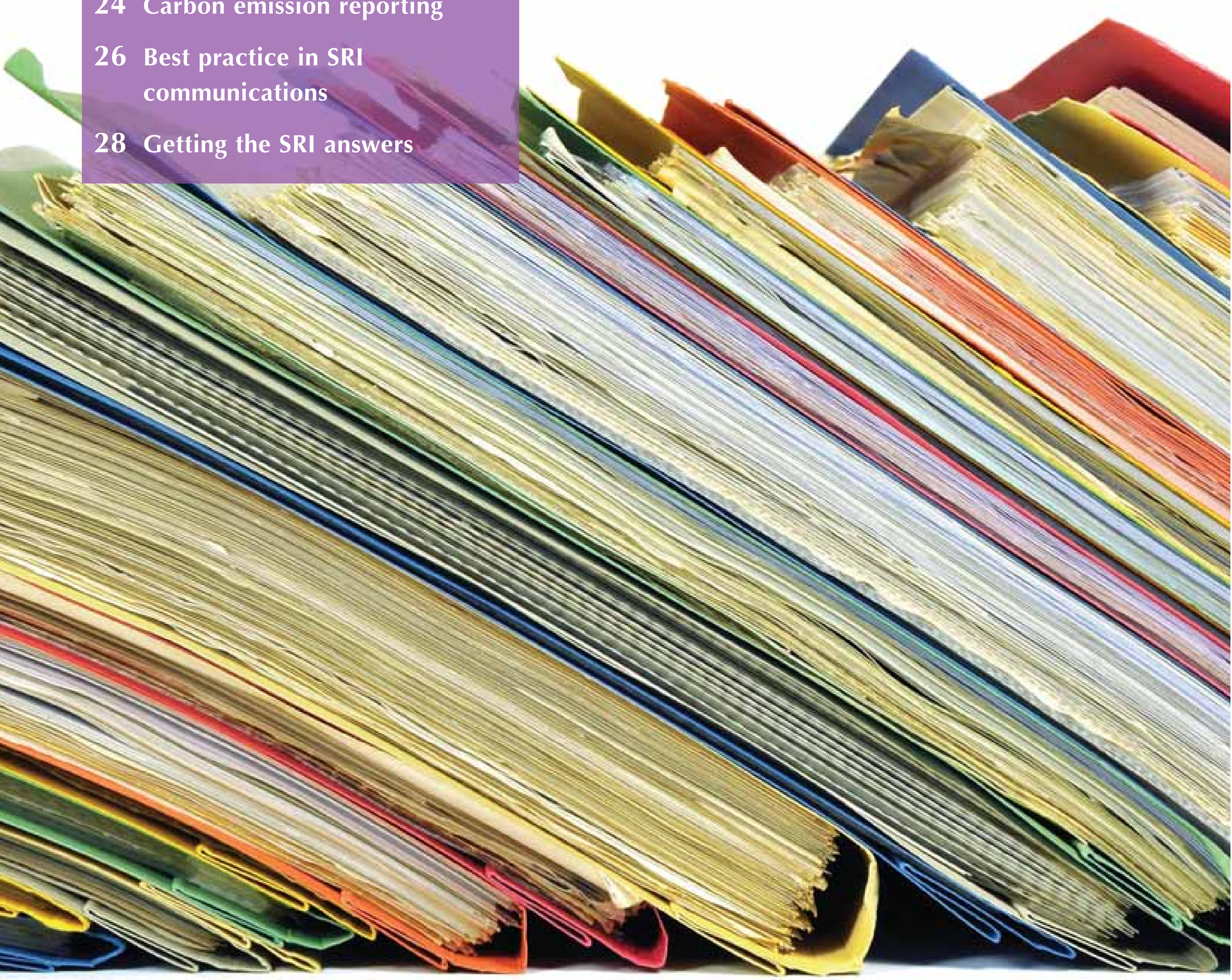
NARRATIVE REPORTING: AN UPDATE

An overview of the narrative reporting landscape, with a look at new regulation, a focus on sustainability reporting and carbon emission legislation.



The future of reporting

Sallie Pilot of Black Sun describes the continuing evolution of narrative reporting in the UK, highlighting four key areas of change.

FUTURE OF REPORTING

- **Over 20 new consultations, discussion papers and guidance notes, impacting narrative reporting have been published since the UK Governance Code in 2010.**
- **Greater strategic focus, more integrated content, sustained pressure for transparency and innovations in digital delivery are the four broad themes for narrative reporting.**

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There is a broad consensus that corporate reporting is not fit for purpose. The needs and requirements of the market are moving rapidly, with both legislation and technologies evolving, and reporting has long failed to keep pace. Stakeholders, regulators and companies alike recognise the need for change towards a model that better meets all of their requirements.

Impetus for change

To date reporting has evolved in a piecemeal fashion with changes to regulation responding to specific issues. For example, much of the focus by the government over the past year has been on tackling executive pay in response to widespread media coverage and shareholder discontent. The 'shareholder spring' has changed the dynamic for companies and, in particular, for their board members. Increasingly engaged shareholders are finding and using their voices.

In response to greater focus on corporate information there has been a plethora of new consultations, discussion papers and guidance notes impacting narrative reporting. Well over 20 have been published since the UK Corporate Governance Code in June 2010.

The good news is that those with an interest in corporate reporting seem to be heading in the same direction, with a growing consensus on what represents best practice. Leading companies are already adapting to expected changes from the regulators, which themselves are responding to the needs of investors.

The questions as to where this mood for change will lead and, more importantly, where it should be heading are still under discussion. However momentum provided by the Department for Business, Innovation and Skills (BIS)'s consultation on 'The Future of Narrative Reporting' suggests a direction of travel under four broad themes.

> ‘ Increasingly engaged shareholders are finding and using their voices ’

1. Greater strategic focus

One of the proposals under consideration by BIS is for a Strategic Report which would include the company's strategy, business model, key risks and meaningful forward-looking analysis. The aim is to cut through the complexity of reporting to enable companies to focus on material issues.

The desire for better future insights represents a shift away from the annual report as a document that simply reviews the past. At Black Sun we have tracked progress in this area for the FTSE 100 over the past seven years and have seen strategy become an increasingly prominent component of reporting. The fact that many companies are recognising these changes shows that the annual report is becoming an important vehicle for articulating the business story.

Strategy, to date, has been one of the only key elements of reporting not specifically required by legislation.

Moving forward BIS's proposals promote strategy as the driving force behind all areas of reporting. Companies will need to be more long-term in their focus, disclosing future targets for the business and providing more meaningful insight into the progress of the company. As a result, investors will be able to make better, more informed decisions.

2. More integrated content

Over the last few years there has been a proliferation of reporting standards and regulations forcing companies to increase their focus on sustainability issues in corporate reports. Leading reporters are integrating material non-financial and financial issues, helping to demonstrate more clearly how their companies can create value, both now and in the future.

As this approach becomes increasingly recognised as best practice, more companies are integrating their reports. The BIS proposals reflect this, requiring key environmental and social information to be included as part of the Strategic Report. Adding to this momentum, the International Integrated Reporting Council (IIRC) has led a global move towards more rounded reporting of company performance. The focus here is on building the foundations of financial, management commentary, governance and remuneration and sustainability reporting in a way that reflects their critical interdependences.

As the investor focus on financial and non-financial disclosure continues to intensify, companies will need to ensure that sustainability is integrated into strategic decision-making to demonstrate that it is managed in the same way as any other business issue.

> ‘Companies will need to ensure that sustainability is integrated into strategic decision-making’

3. Sustained pressure for transparency

The changes in content within the annual report are closely linked to continued demands for greater transparency and accountability.

With more pressure than ever on company performance, and particularly in recent times in linking remuneration to both strategy and performance, corporate reporting has recently taken centre stage in the debate on restoring trust in the UK market. It has been encouraging to see that, despite the uncertainty over the exact outcome of all the reforms, more companies seem to be focused on ‘telling their story’ in their own words, demonstrating their individuality and culture.

As the demands of stakeholders and regulators continue to push reporting requirements, there have already been some notable advances in disclosure and communications. For example, in 2005 only 45% of FTSE 100 companies disclosed their risks, while all do so today.

Some companies are going to great lengths to rebuild trust and meet the demand for greater transparency and accountability. However, challenges remain with many companies choosing to disclose information using ‘boilerplate’ reporting, which is neither meaningful nor transparent. For example, while the business model may have been mentioned by 84% of FTSE 100 companies, only 10% genuinely shed any light on how they actually create value.

To achieve progress towards better disclosure, companies need to stop hiding behind the complexity – which undoubtedly is there – and recognise that the focus on transparency is here to stay.

4. Innovations in digital delivery

As well as changes in the content and style of corporate reports, we are also experiencing shifts in the way that the information is delivered. Over the last few years annual reports have got longer, making it increasingly difficult for shareholders to distil the information they need. As a result, it is digital technologies that are playing a growing role in making information more accessible.

In addition, corporate reporting is increasingly becoming a year-long connected conversation, which lends itself to the digital environment. Companies are rethinking their reporting strategies to ensure they are communicating their messages in the most effective way for the selected channels. There is a greater focus on telling a clear and concise story, which can be brought to life online, using tools such as video and social media to engage audiences and give insight into the personalities behind the brand.

> ‘Challenges remain with many companies choosing to disclose information using ‘boilerplate’ reporting, which is neither meaningful nor transparent’

We expect to see continued innovation by companies in this area as reporting increasingly becomes an important communications tool, not simply a repository for information.

Conclusion

The four areas outlined above reflect a significant shift towards using the annual report to tell a more meaningful story about the business. In this way it provides a key opportunity to tie together external communications, by reflecting on the previous year and establishing key corporate messages.

The direction in which we are heading indicates that better reporting is on the way; how fast we get there, however, depends on companies, investors and regulators seizing the opportunities presented by the current impetus for change and continually striving for best practice. ■

Carbon emission reporting

The long-awaited carbon emission legislation is coming fast to UK listed companies. **Stine Jensen** of MerchantCantos provides an overview of the legislation and the challenges that companies will face as they prepare for 2013.

CARBON EMISSIONS

- **The legislation is expected to come into force in April 2013.**
- **Companies will have to make firm decisions on which numbers to use now and for the foreseeable future.**

Stine Jensen is director, sustainability, at MerchantCantos
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At the Rio 20+ the UK Government announced that it would introduce the world's first legislation on mandatory emission reporting for UK listed companies. The hope was that by asking companies to review emissions, it would lead to management teams putting a real effort into decreasing them over time.

Now, years later, the legislation is still in its last weeks of its consultation stage, and although we haven't seen the final document, companies across the UK have started to get their teeth into what is required. And there is a great deal for UK business to chew on both in terms of management and reporting.

Who, when and what?

For now, the draft legislation is aimed at all companies listed on the London Stock Exchange, any European Economic Area (EEA) state, or admitted to dealing on either the New York Stock Exchange or the Nasdaq. It excludes AIM and private companies.

The plan is that government will review the first two years of the reporting in 2015 and then decide in 2016 whether the reporting requirement will be expanded to include all companies over a certain size, including non-listed businesses, in the UK.

As the document is in its last stages of the consultation phase, we still don't know whether there will be a 'comply or explain' clause that might mean some companies do not need to report.

The legislation is expected to come into force in April 2013. This means companies producing annual reports and accounts after this date will be obliged to include carbon emission numbers. As the lead time for rolling out frameworks to manage the emissions area and producing annual reports can be lengthy, companies are now hurrying to prepare themselves before the new legislation becomes applicable.

Companies will need to report scope one and two type emissions, which are related to own energy consumption and the emissions stemming from purchased energy, as contained within the International Greenhouse Gas Protocol. The exceptions to this include land use change and supply chain, or scope three emissions. The government has, however, already stated that it may wish to include this at a later stage when the entire law will be reviewed in five years' time.

So for now, companies are asked to report on emissions stemming from:

- operation or control of any manufacturing process undertaken by the company;
- use of any means of transport, machinery or equipment operated, owned or controlled by the company; and
- fuel consumption in any premises, machinery or equipment operated, owned or controlled by the company.

All the above must include fugitive emissions, for example from leakages or other releases. And it is not just a single or few greenhouse gases; all the following will have to be included: carbon dioxide, methane, hydrofluorocarbons, nitrous oxide, perflurorocarbons and sulphur hexafluoride, using carbon dioxide equivalent units.

Companies must also include the emissions associated with purchased electricity, heat, steam, or cooling.

Apart from the overall scope numbers, companies are also required to report their 'intensity ratio', calculating overall numbers versus a specific measure, for instance number of employees. Companies are free to choose the specific ratio they want to use and they can also choose the management standards they wish to follow.

Can companies manage it?

While many companies have embraced the idea of transparency within the environmental area, the practicalities of managing and reporting on it, pose a real challenge for quite a few.

First of all, many have in the past been asking whether it is worth preparing for the legislation when there was still a chance that there would be a 'comply or explain' clause. Therefore many companies have been slow in getting the ball rolling internally, meaning there is now a lot of work to be done in a relatively short period of time, especially for companies outside of the 'energy heavy' sectors, who have not been reporting on their environmental impacts in the past.

Managing the actual data to include is not straightforward. With businesses constantly undergoing internal and external change, managing group-wide policies and reporting consistently on certain numbers can quickly become a mammoth task. Initiatives to save energy in Manchester may not be relevant in sunny Mozambique. Energy measures may traditionally have been considered more in places where energy comes at a premium than where it has been cheap. But the new reporting requirement stipulates the need to cover all operations.

Many companies have therefore seen a need to improve co-operation across teams on multiple levels from plant to local, national and global levels to align ways of managing and calculating emissions. Different functions within the business need to come together, so that for instance Procurement speaks to and understands the requirements from operations and helps to choose the right energy provider, and the planning department is on-board with the energy saving targets when new premises are considered.

Sometimes new partnership approaches outside the business also need to be considered. This is relevant for instance in the case of how to deal with partly owned or leased properties and transport vehicles, which have typically not been reported on by many companies so far.

Establishing a global framework that takes regional differences into account, and at the same time manages all elements, both fully owned and leased, is not easy and many feel that this task has not been helped by the fact that there is no preferred management framework to lean on.

> 'The new reporting requirement stipulates the need to cover all operations'

Five quick facts on carbon emission legislation

- Comes into force in 2013.
- Requires companies to disclose scope one and two emissions.
- Applies to all UK listed companies.
- Has to be included in the directors' report in the annual report.
- May be extended to cover all UK companies at a later stage.

Is reporting straightforward?

Numbers are required to be consistent year-on-year, unless there are changes to the company structure. This means companies have to make rather firm decisions on which numbers to use now and for the foreseeable future, often at the same time as they are coming to terms with how to manage the area.

The performance metrics section and its constituents won't have to be externally audited. This may at first seem to come as a great relief for many. However, several companies have already seen that unaudited environmental data in their reporting does come with its disadvantages. For instance, how do you make it clear which parts of the director's report are then assured? And many have seen that not assuring the numbers can open up to criticism from external stakeholders, who are challenging the validity of the data and questioning whether the company is in effect doing 'greenwash'. The auditing process of environmental data can be a long-winded process, which needs to be built into the planning of the report.

And then there is the question of how to integrate environmental KPIs with financial KPIs and where to place them in the report. While it looks like a minor detail, it can make a huge difference to the flow of the narrative of the document.

Are companies ready?

The new carbon legislation will be hitting our tables within a couple of weeks. Many businesses have been rather slow in getting to grips with what is required and are now having to hurry up.

Although supplier emissions are not included in the requirements, many businesses are struggling to identify the right numbers as their KPIs and are racing against time on rolling out management tools to capture the data. Many have also come to realise that unaudited environmental data is a risk long-term and that the inclusion of non-financial information in the annual report needs to be thought through from the beginning to ensure that the document is communicating a clear and consistent story.

The new legislation can be a great tool to help companies decrease their emissions long-term, but there are still a few teething problems to overcome. ■

What exactly does the draft legislation say?

(1) A directors' report must state the annual quantity of emissions in tonnes of carbon dioxide equivalent resulting directly from any of the following activities undertaken by the company:
   (a) the combustion of fuel in any premises, machinery or equipment operated, owned or controlled by the company;
   (b) the use of any means of transport, machinery or equipment operated, owned or controlled by the company; and
   (c) the operation or control of any manufacturing process undertaken by the company.

(2) For the purposes of paragraph (1), the annual quantity stated must include the leakage or other escape of emissions resulting directly or indirectly from any of the activities referred to in that paragraph.

(3) A directors' report must state the annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity, heat, steam or cooling by the company.

Best practice in SRI communications

Mike Tyrrell explains how to achieve effective communication of your sustainable and responsible investment (SRI) strategy.

SRI COMMUNCATIONS

- **Sustainability is of growing relevance to company strategy and these issues are starting to interest mainstream investors.**
- **Apply the six 'golden rules' when communicating with SRI investors.**
- **A simple 10-step process helps companies work through the stages of SRI investor communications.**

Mike Tyrrell is editor of www.SRI-CONNECT.com. He also runs the Sustainable Investor consultancy. mike.tyrrell@sri-connect.com

Communicating corporate social responsibility (CSR) and sustainability performance to investors is easy. This may surprise IR and CSR teams who feel besieged by questionnaires, indices and by ratings that they don't understand from organisations that they don't know.

Equally it will come as a surprise to IROs whose efforts to reach out to 'mainstream' investors on issues of genuine long-term significance to their business are met with a wall of total indifference.

SRI investors are brilliant…

Corporate communication of sustainability issues to the investment community (both SRI specialists and 'mainstream' investors) has become increasingly important. SRI investment has grown and is still growing; sustainability is of increasing relevance to company strategy; the issues are starting to interest 'mainstream investors'; SRI analysts have good radar screens which can help companies in their risk management; and these analysts tend to be longer-term and more supportive shareholders.

… apart from when they are not

Alongside all of these supportive attributes, the SRI industry has, however, created for companies a labyrinthine bureaucracy around the gathering and transmission of information and analysis.

This needs to be rationalised and demystified to prevent it overburdening the companies that supply the information and the investors that are expected to use it. That's my current mission! To condense 15 years of experience (gained at Jupiter, HSBC & Citi) of corporate SRI communications into a digestible format.

First, I wrote an 80-page report, then I reduced it to a 40-slide presentation, then to a 12-minute YouTube clip, now to an 800-word article. My next target is 140 characters…

Ultimately, it all boils down to the following. When communicating with SRI investors, companies should apply six 'golden rules'.

The golden rules

1. The IRO stays in charge of the process. SRI investors should be treated like investors – not as employees or customers or pressure groups.

Although they require different information from 'mainstream' investors and explore different angles, they are still investors and communications with them, therefore, should fall within the responsibilities of the IR team.

It is certainly tempting for an IR team to outsource the completion of interminable SRI questionnaires to their CSR departments. It's fine to do this – just as you would for any specialist investor question. But IROs should not hand over control of (or responsibility for) the process.

The process is often best handled by a junior member of the IR team working in partnership with a company's CSR/sustainability team.

> 'It is certainly tempting for an IR team to outsource… but IROs should not hand over control of the process'

> ‘If you follow these six golden rules and the 10 simple steps, the process of communication with SRI investors should be painless’

2. ‘Pro-active’ is much, much easier than ‘reactive’.

Obviously! If you wait for each individual SRI investor or analyst to come to you on their timetable, with their priorities, their questions and their focus, your life will be chaotic. If, instead, you define the reporting and communications timetable as well as the points of contact and the management access that these investors will receive, the process can be managed in a tight and efficient way.

3. Use a simple, structured process for maximum efficiency.

Structure is essential for efficient SRI communications. To help companies with this, I have developed a 10-step process – which is summarised in the box (right).

4. Run the process efficiently and the messages will take care of themselves.

But what should we talk about? What are these investors interested in? What should we put in a presentation?

For more sophisticated companies, Step 6 (see ‘10 steps’ box, right, with further details online) advises on the questions that companies should ask themselves to ensure that they engage ‘mainstream’ and SRI investors in the company’s long-term strategic and sustainable direction.

For first timers, however, the answer is simpler. Find out which of your Top 20 investors are interested in your company’s sustainability performance, pack a bag, go and see them, learn from the experience, do it again next year.

5. Focus on your company’s needs and investors – not general expectations or ‘best practice’.

Many people (myself included) will advise you on what constitutes ‘best practice’ in this area. Ignore them. To be successful your communications must be based on what YOUR shareholders (and target shareholders) want to hear about YOUR company.

6. Don’t be afraid to ask for help.

For all my protestations above about how easy the whole process is, it is still new to many companies and many of them need ‘a little bit’ of help to get going in this area. The good news is that this help is now available and, because the process is relatively straightforward, it is not expensive.

The consultancies that advise companies on CSR and sustainability reporting are now better able to advise on how to take communications beyond the report out into the investor community. Context and Sustainability are probably most explicit about their work in this area, but Corporate Citizenship and Two Tomorrows also understand the area.

The IR consultancies are also starting to apply their advisory skills to the SRI space. Alasdair Wight of Makinson Cowell and Simon Lindsey-Bray of Capital Precision do particularly thorough work on investor targeting – but there are also others. My own consultancy, Sustainable Investor (www.sustainableinvestor.org) specialises in organising conference calls that enable companies to present their CSR performance directly to all SRI agency analysts at the same time – thereby improving the quality of their analysis and reducing the need for questionnaires.

Most of the major brokers can now organise SRI roadshows (for free, of course) to most major investment centres and a reasonable number of relatively well-targeted conferences are hosted every year.

So, advice and guidance are available for companies that need it to get started; but, there’s no need for any company to be spun into a 20-day consultancy proposition.

If you follow these six golden rules and the 10 simple steps, the process of communication with SRI investors should be straightforward, painless and even dull. The conversations that you have with SRI analysts will never be dull. But you wouldn’t want that, would you? ■

SRI-CONNECT is a free-to-access online network aimed at improving communications on CSR and sustainability between companies and institutional investors (www.sri-connect.com).
A free guide, presentation & YouTube clip can be found at SRI-CONNECT / Info & Comment / SRI Dynamics / Take Control of SRI communications

10 steps to help with SRI investor communications

- **Step 1** Understand SRI – a basic overview of the various SRI strategies and the main players is desirable; an in-depth understanding of the finer niceties is not needed.
- **Step 2** Identify SRI investor interest levels – so you don’t under- or over-commit resources to the area.
- **Step 3** Create a ‘Register of SRI interest’ – just as you would know which mainstream sell-side and rating agency analysts cover your stock and which buy-side asset managers hold it.
- **Step 4** Record recent activity – I am always amazed by how few companies can provide a basic five point overview of their recent SRI engagement.
- **Step 5** Develop an SR-IR Plan – one page of A4 is plenty.
- **Step 6** Shape the key messages – this is the interesting bit!
- **Step 7** Publish a CSR / Sustainability Report – note, this is the seventh step, not the first!
- **Step 8** Undertake an SRI roadshow – the size and reach of these will depend on your company’s business activities, its size and its domicile; but it is simply not good enough to post a CSR report on the company’s website and go on holiday.
- **Step 9** Respond to selected requests and questionnaires – the key word here is ‘selected’.
- **Step 10** Rest – seriously, if you set the agenda, you can also define ‘closed’ (no communications) periods to allow you to focus on running the business.

Getting the SRI answers

Here, a number of SRI and communications professionals address some key questions about the practice of communication in their area. These are supplied, with permission, by SRI-CONNECT who conduct regular interviews on SRI topics.

How is SRI research and engagement structured in your organisation?

Vicki Bakhshi is an associate director at F&C Investments and advises on the investment risks and opportunities arising from climate change. She has worked on climate change policy for almost 10 years, including within the 10 Downing Street policy directorate and as a member of the Stern review team.

‘F&C has a specialist in-house team covering three key areas of activity: voting, engagement and screened funds. The team works closely with the company’s SRI fund managers in equities, bonds and private equity.

Our responsibilities are split by sector, issue and region. Reflecting the wide global spread of our work, in our London office, we have a Japanese and Chinese speaker to cover those markets, and we have three team members abroad – two in the US and one in India.

The team includes specialists on a whole range of sectors and issues and there is a lot of sharing of information and expertise. Some current priorities include: remuneration, especially in the banking sector; health and safety in the nuclear and extractive industries; shale gas; human rights in difficult areas; and engagement on fixed income portfolios.’

F&C manages 98.2 billion of assets for insurance clients, institutional investors and private individuals.

What three simple changes could companies make to help SRI investment analysts?

Based in New York, Michael Sadowski is a vice president at SustainAbility and leads the firm's work in the finance sector including helping corporates engage with investors on environmental, social and governance topics.

‘Evolve their thinking on materiality. For many companies this has resulted in dozens of issues being identified as ‘material’. Companies need to have the fortitude to name the few issues that are most material, and to make the case around these to SRI investors.

Ask SRI analysts to join earnings calls and other investor events – this will help SRI analysts better understand the company and its business model, competitive pressures, etc.

When a company releases its annual sustainability report, they should invite SRI analysts to a brief (c. one hour) conference call to share highlights and field questions. This will improve the analysts’ understanding, and also hopefully cut down on the number of questions ratings firms ask of companies.’

SustainAbility is a think tank and strategic advisory firm working to catalyse business leadership on sustainability.

Can you take us through what you do each year to report to and engage with SRI investors?

Dawn Rittenhouse is director of sustainable development for the DuPont Company with responsibilities to assist DuPont businesses integrate sustainability strategies into their management processes.

‘On reporting, we publish a ‘progress report’ that focuses on our voluntary goals and also a GRI report that strives to answer the broader set of questions that stakeholders are interested in.

We then have a set of prioritised surveys that we complete. We get so many of them that we can’t do them all. So we try to complete a few of them and also post as much information on our website, so that others can get access to the information when they need it.

Also, we are happy to have one-on-one conversations with SRI analysts to discuss DuPont’s strategies and activities. These enable us to answer any questions and to address any concerns that analysts may have about our activity. They also enable us to understand what lies behind the analysts’ questions which gives us a better context on what we need to focus on and why. Also, it helps us to build a business case internally for our activities and areas of focus.’

DuPont has been bringing world-class science and engineering to the global marketplace in the form of innovative products, materials, and services since 1802. See www.dupont.com.

What should the IRO's role be in SRI communications?

John Dawson is chairman of the IR Society and head of IR at National Grid plc. John joined National Grid in March 2011. Previously he was director of IR at Cadbury plc from 2008 to 2010 and vice president, investor relations and corporate communications for ICI from 2004 to 2008.

‘IROs' direct engagement with SRI tends to be patchy. You find much greater engagement by companies that have faced a number of high-profile issues. There's almost a vicious circle whereby companies don't really engage with the SRI community unless they have done something that makes the community worried. As a result, a lot of good stories are delivered too passively and tend to get lost.

We should find better ways of having an active dialogue with the SRI community which are less confrontational, so that companies that are doing good things on a progressive basis find mechanisms for raising the profile of these activities through dialogue with SRI investors.

For National Grid, in particular, our sustainability performance is a critical issue for the SRI investment funds that we are keen to have on-board as long-term shareholders. We have a very relevant investment proposition for them and we should appeal on a number of fronts.

Therefore, the role of the IR team here is to help the CR team and the senior management of National Grid to access the SRI community. We need to ensure that these investors have the opportunity to find out what we're doing, to understand its relevance to them and to make the right decision about whether we are a good story or a story that they should be actively managing.’

National Grid is an international electricity and gas company and one of the largest investor-owned energy companies in the world. It plays a vital role in providing energy to millions of customers across the northeastern U.S. and Great Britain.

How many days a year do you spend on SRI work?

Kirsty Collins is global CR director with GlaxoSmithKline and leads engagement with the SRI community working closely with the IR team. She is also responsible for working with the business on CR performance measurement, elements of reporting and CR governance.

‘It's almost impossible to answer your question directly. What do you define as ‘SRI work'?

At GSK, the CR team works with investor relations, we are in the same department and are directly involved in team meetings etc. In fact, one of the priorities that we have for this year is to integrate mainstream and SRI communications better.

We are aware that CR analysis can be very integrated within asset management houses or completely separate. What we want to do is make sure that our own communications are integrated so that everyone gets the same message.

Some work, such as completing the Dow Jones questionnaire can take several days of work and involves others across the business to give the right level of detail. Then on other days you may need to respond to specific ad-hoc questions from analysts that have picked up something in the media about GSK.

Of course, a lot of the work is driven by investors' own timetables – a number of analysts and research firms have their own rolling review cycle – which we're not really in control of.

By focusing more time on this area, I will be able to dig deeper into it - but we're still going to be very pragmatic about what we prioritise and spend time on.

There are too many ratings and indices out there to count and we prioritise what we respond to based on a number of factors including how they are used externally by investors and others, their influence and impact, and not least on the robustness of the assessment methodology itself. This is an ever-evolving area and it's important to be strategic about how you assess and participate in these things.’

GlaxoSmithKline – one of the world's leading research-based pharmaceutical and healthcare companies – is committed to improving the quality of human life by enabling people to do more, feel better and live longer.

Do you find direct meetings with companies on sustainability issues useful?

Pär Löfving is senior analyst for responsible investments at DNB since 2006 and is in charge of ESG analysis and RI strategy.

‘Direct meetings with companies are good in many ways. They really force you to get to know and understand companies (before the meeting) and they are great opportunities to confirm or reject your views.

They also force companies to focus on material issues and do not allow them to hide behind a cloud of numbers and nice CSR-projects as they sometimes do in reports.

I am definitely not the first one to say it, but broad questionnaires are a waste of everyone's time and money.

Questionnaires that are very specifically-designed and targeted might have some value, however.’

DNB is the largest financial institution of Norway with DNB Asset Management managing assets of around €70bn.

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What corporate governance issues are all analysts watching currently?

Robert Walker is a senior research analyst at Credit Agricole Cheuvreux. He aims to highlight the potential of corporate governance as a significant part of equity risk.

‘Board competence, expertise and board diversity remain key issues along with succession planning. Also, I think we need to recognise the potential risks and opportunities of governance momentum across European markets.’

Credit Agricole Cheuvreux is a leading European full service broker within the Credit Agricole Group, offering its clients services in equity research, sales and execution.

Will 'integrated reporting' be a stimulus to a strategic thinking or an exercise in box-ticking?

Simon Propper is the founder and CEO of Context. After completing a chemical engineering degree in the early 80’s his attention was drawn to pollution and what companies could do to avoid it.

‘It has the potential to be the former and it should end up producing more balanced annual reports – which include social, ethical and environmental subjects where they are important – and doesn’t marginalise them to little sections on their own about philanthropy or good news stories. It could ensure that those issues aren’t neglected and are properly reflected in the report in terms of risk and opportunity for the business.

What is likely to happen, however, is something different because the current template for sustainability and CR reporting is poorly-thought through and cumbersome.

If we can’t get stand-alone reporting right, the act of integration is almost certain to be a mess. And, at this stage, I don’t think that the sustainability reporting community is in a fit state to start to impose itself on the annual reporting community. We really need to get sustainability reporting in order (and that means the reform of GRI, in my opinion) before we can have any hope of integrating intelligently. The IIRC pilot exercise faces a daunting challenge. I hope a company will emerge to show how this can be done efficiently and without expansion in length. But I fear the same people who think GRI is a good way to report sustainability will be influential in the IIRC. In which case double your reporting budget.

However, there’s nothing to stop individual companies saying “we really don’t need to worry about all of those templates and we know how to do an intelligent integrated report - we’re just going to get on with it.” A number of companies are already doing that outside the IIRC. I can give you three good examples of annual reports that have been getting progressively more integrated without making a big fuss about it: WPP, Centrica and Vodafone. I’m sure there are others.’

Context is a global corporate sustainability consultancy, founded by Propper in 1997 alongside FT journalist Peter Knight. They felt that strategic advice needed good communications to make it fly. They now have offices in London, New York and Los Angeles.

What do quoted companies need to know about the PRI?*

Katie Beith is a responsible investment specialist who brings over 12 years of relevant work experience to the PRI.

‘First and foremost, they need to know that there is a huge global community of investors interested in sustainability issues. The PRI has over 1,000 signatories now and, globally, there is a desire for better information from companies on these subjects. Actually, that’s it I think. Given the PRI is an investor led initiative, that’s the main thing companies need to know!’

** The United Nations-backed Principles for Responsible Investment Initiative (PRI, www.unpri.org) is a network of international investors working together to put the six Principles for Responsible Investment into practice.*

What three tips would you give to companies looking to increase their exposure with ‘sustainable shareholders’?

Ivar Smits is manager, investor relations, at AkzoNobel, and is a spokesperson for the group within the global financial community.

‘The first step for an IR officer is to acknowledge the importance of long-term investors with a sustainability focus and start to identify and measure the SRI investors in a regular shareholding ID round. The second step would be to actively share the company’s sustainability story with the SRI community via roadshows and broker conferences, of which more and more are being organised.

As a third step, it is important to engage with key SRI analysis agencies, in order to obtain a proper independently verified profile.’

AkzoNobel is a world leader in paints and coatings, and a major producer of specialty chemicals.

How do you like to be communicated with by companies and SRI researchers?

Amanda Young is the SRI officer at Newton Investment Management, charged with conducting research, analysis and engagement work on environmental and social issues of the company in which Newton invests.

‘Electronically and in person! By email, I like to know when companies have published their corporate responsibility reports. After that, for companies that we hold, I like direct face-to-face dialogue – rather than email correspondence.’

Newton Investment Management is a London-based subsidiary of The Bank of New York Mellon Corporation, With assets under management of over £46bn (as of 31 December 2011), Newton provides a broad range of investment products and services to a wide range of clients.

Other interviews are free-to-access at the SRI-CONNECT/SRI Network/Meet... where you can also ‘connect’ with any interviewees that you find interesting.

ir society

Study for Success CIR programme

The Certificate in Investor Relations (CIR) is an internationally recognised entry-level qualification in investor relations (IR). It is regarded as an essential prerequisite for those entering the IR profession. In 2012 the CIR is running in the UK, Hong Kong, Malaysia, Singapore and Russia. The qualification ensures an appropriate level of factual knowledge of both the regulatory requirements and the financial and market environment, which will enable the practitioner to operate competently and safely.

Dates for 2012 and early 2013:

CIR Revision Course
15 November, 30 January, 10 April

CIR Exam
29 November, 11 February, 24 April

For more information:

email **cir@irs.org.uk** visit **www.irs.org.uk** call **+44 (0)20 7379 1763**

Events

The events below are scheduled over the rest of 2012 for IR Society members. Further details will be announced in due course. For the latest information and to register for our events, please visit www.irs.org.uk/events.

OCTOBER – DECEMBER 2012

IR SEMINAR: MARKET UPDATE SEMINAR

Tuesday 9 October
Time: 8.30am - 12.30pm
Venue: Citi Depositary Receipt Services, Stirling Square, 5-7 Carlton Gardens, London. SW1Y 5AD
Costs: Free of charge to STD+ members: £0
Members £100 +VAT: £120
Non-members £200 +VAT: £240

Leading practitioners will provide insights into the many regulatory, structural and policy changes that are sweeping the markets. The Seminar will cover a broad range of issues that have a direct and indirect impact on the UK IRO now and in the future, including updates on changes in the buy-side, sell-side and the accounting standards framework. We will also look at how FATCA, the impending global tax-gathering initiative from the US Treasury, will affect your company.

Chaired by Richard Davies, Managing Director of RD:IR

Speakers include:
- Neil Dawson, Analyst, Citi Investment Research & Analysis;
- Nick Dawson, Capita Registrars;
- Julie Patterson, IMA;
- Phineas Glover, ABI; and
- Emma Burdett, Partner, Maitland.

Areas we will be covering;
- Accounting Standards Update (PF rules, IAS etc)
- Buyside Update (RDR / AIFMD / etc)
- FATCA
- Regulatory Roundup (ESMA Credit Rating Agencies + PAA reviews / FSA structure changes / Kay Review / Corporate Governance Code + Stewardship Code Reviews)

This half day seminar is one not to be missed so please book your place as soon as possible.

IR WEBINAR: CORPORATE GOVERNANCE AND CSR REPORTING - SHOULD IR BE INVOLVED?

Tuesday 6 November
Time: 12.30pm - 1.30pm
Venue: Online
Costs: Free to members & non-members

IR NOW LUNCH: MEET THE FUND MANAGERS

Tuesday 13 November
Time: 12.30pm - 2.00pm
Venue: TBC
Costs: Members free of charge
Non-members £50 +VAT: £60

IR SOCIETY ANNUAL DINNER AND BEST PRACTICE AWARDS

Tuesday 20 November
Time: 6.30pm - 11.30pm
Venue: The Pavilion, Tower of London, London. EC3N 4AB
Costs: Table of 10 £2,500 + VAT : £3000
2 Tables of 10 £4,750 +VAT : £5700
Individual tickets £275 +VAT : £330

The IR Society Annual Dinner is a highlight of the IR calendar and gives the IR community an opportunity to enjoy the company of colleagues and peers in a relaxed and luxurious environment. The evening begins with a champagne reception, followed by a delicious meal, the presentation of the 2012 best practice awards and finishes with a disco and the opportunity for further networking in the reception bar.

Following the success of the 2011 event, which was attended by 450 IR professionals, this year's event will once again be held at the fantastic Pavilion at the Tower of London. Please check back regularly for details on the venue and the itinerary for the evening.

IR WEBINAR: IR & THE PRIVATE INVESTOR

Tuesday 11 December
Time: 12.30pm - 1.30pm
Venue: Online
Costs: Free of charge to members & non-members

If you have any events queries, please contact Dipty Patel at dipty.patel@irs.org.uk or call 020 7379 1763

Courses

The IR Society provides a comprehensive programme of training courses as well as half and full day seminars. For further information, visit www.irs.org.uk.

PROFESSIONAL DEVELOPMENT PROGRAMME WINTER 2012 & SPRING 2013

Foundation level	*INTRODUCTION TO FINANCIAL MARKETS FOR IR* This course gives you a basic introduction to investor relations and the financial environment in which IR professionals work. It explains how the financial markets operate and are regulated.	• Thursday 22 November '12 • Thursday 24 January '13 • Thursday 12 March '13 • Thursday 16 May '13
Foundation level	*IR – OPTIMISING CITY RELATIONSHIPS* This interactive day of workshops presented by senior practitioners explores their day-to-day roles and helps you understand their interaction with companies. This course builds on the aspects covered in 'Introduction to financial markets for IR'.	• Tuesday 4 December '12
Foundation level	*PRACTICAL IR TOOLS AND TECHNIQUES* IR is communication. This interactive day of workshops presented by senior IR executives explores the most current communication tools and techniques relevant to IR practitioners in their day-to-day roles.	• Thursday 25 October '12
Foundation level	*INVESTOR RELATIONS FOR PERSONAL AND EXECUTIVE ASSISTANTS* Executive assistants and board level personal assistants who come into contact with investors and external advisors need to understand the dynamics of the financial markets. Who should they prioritise for meetings and phone calls? What information can be disclosed and how can they support senior management.	• Wednesday 20 March '13
Core IR Skills	*DEMYSTIFYING COMPANY ACCOUNTS – MODULES ONE AND TWO* If you are working in investor relations or financial PR you need to understand financial statements and be able to answer questions from analysts, investors and the financial press. This two part course will help you achieve this by providing foundation knowledge in accounting.	• Tuesday 6/Wednesday 7 November '12 • Wednesday 6/Thursday 7 March '13
Core IR Skills	*IR REGULATION & COMPLIANCE ESSENTIALS* This course provides essential information and updates for both new and experienced IR professionals. Understand the legal compliance requirements for IR communications and how they are best applied in practice.	• Wednesday 21 November '12 • Wednesday 6 February '13 • Tuesday 30 May '13
Core IR Skills	*IR REGULATION UPDATE* This half day course will bring you up to date with latest rules and regulations.	• Tuesday 9 October '12 • Thursday 14 March '13
Core IR Skills	*EFFECTIVE INVESTOR TARGETING* Gain an understanding of how to effectively target investors nationally and internationally, through using practical tools and leveraging external advice and resources. Understand how to maximise the investment in brokers, sales teams and other service providers and get a perspective on the key requirements for executing a successful roadshow.	• Thursday 18 October '12

To join the Professional Development programme, sponsored by Deutsche Bank, call 020 7379 1763 or email laura.hayter@irs.org.uk.

PROFESSIONAL DEVELOPMENT PROGRAMME WINTER 2012 & SPRING 2013

Core IR Skills	*UNDERSTANDING THE MEDIA FOR IROS* It's easy to get the wrong headline, but how can you use the press to develop your corporate profile in a positive way? On this course you will hear directly from a journalist on what they look for in a story; from a PR advisor on how to position your company with the media; and from an IR practitioner on how its done in practice.	Wednesday 10 October '12
Specialist course	*DEBT IR – THE NEW FRONTIER* This course will explain the nature of debt instruments and help professionals to understand the information requirements of holders.	Planned for Spring '13
Specialist course	*BEHIND THE TRADERS' SCREENS – HOW SECURITIES ARE TRADED* This course provides a basic knowledge and understanding of the key aspects of equities-related securities trading including the operation of markets, use of new trading platforms and dark pools, securities lending and borrowing and the interaction with short selling and derivatives trading.	Thursday 6 December '12
Specialist course	*BEYOND THE TRADITIONAL INVESTOR BASE – HEDGE FUNDS AND SOVEREIGN WEALTH FUNDS* This course provides an overview of how hedge funds and sovereign wealth funds operate in today's global financial market place. It will offer an insight into the thinking behind some of the investor behavious which has attracted much comment in the financial press – not all of it well informed.	Tuesday 21 May '13
Specialist course	*IR FOR DIRECTORS AND SENIOR EXECUTIVES* The new Corporate Governance Code and the UK Stewardship Code has put increased emphasis on effective communication between boards and investors. It is therefore ever more important to understand how investor relations can facilitate effective contact with the investor community. This course provides a unique opportunity to understand how to make the best use of IR resources, what IR can do to help to increase liquidity in your shares, and more.	Bespoke course run in-house

CERTIFICATE IN INVESTOR RELATIONS (CIR) 2012 & 2013

	CIR REVISION COURSE To revise the CIR Study Guide and assist candidates with any questions they may have on specific sections of the syllabus.	Thursday 15 November '12 Wednesday 30 January '13 Wednesday 10 April '13
	CIR EXAM DATES The following are exam dates for the Certificate in Investor Relations.	Thursday 29 November '12 Monday 11 February '13 Wednesday 24 April '13

The IR Society promotes the highest standards among its members and the wider IR community. Our training courses increase awareness of IR techniques, issues and best practice for IR practitioners at every stage of their careers. For more details see www.irs.org.uk.

The IR Service Providers Directory

The *Informed* IR Service Providers Directory features those organisations who offer key services to the IR community and shows the categories in which they have chosen to appear.

This section is published in parallel with the service provider section on the IR Society website – www.irs.org.uk.

For more information and to list your business here, please call Libby Wimble on +44 (0)1285 831 789 or email lwimble@silverdart.co.uk.

Key to IR SERVICE PROVIDERS by category

ADR depositary services
- BNY Mellon
- Deutsche Bank

Annual reports
- Black Sun
- Capita Financial Group
- Emperor Design
- Investis
- Jones and Palmer
- Langsford Corporate Design
- MerchantCantos
- Sampson May
- SAS

Board advisory
- Fidelio

CRM databases
- IR.soft
- Nasdaq OMX Corporate Solutions
- Orient Capital
- RD:IR

Executive search
- Fidelio

Fund management
- Exane BNP Paribas

Internet services
- Black Sun
- global3digital
- The Group
- MerchantCantos
- Nasdaq OMX Corporate Solutions
- WorkCast

Investor relations
- Broadridge
- Clare Williams Associates
- EmCo
- Equiniti
- Fidelio
- h2glenfern
- Imagination
- Investis
- Maitland
- Makinson Cowell
- MHP
- Nasdaq OMX Corporate Solutions
- Orient Capital
- RD:IR
- Temple Bar Advisory
- WorkCast
- World Television

IR for small caps
- Investis
- RD:IR

Investor roadshows
- HSBC
- RD:IR

News providers
- ADVFN

Opinion research
- Orient Capital
- RD:IR

Proxy and corporate support
- Equiniti
- Orient Capital
- ProxyCensus Ltd
- RD:IR

Publications
- IR Magazine

Public relations
- Jones and Palmer
- Lansons
- MHP
- Pelham Bell Pottinger
- RLM Finsbury

Registrars
- Equiniti

Shareholder research
- Clare Williams Associates
- Equiniti
- Investor Perceptions
- Orient Capital
- RD:IR

Shareholder targeting
- Equiniti
- Nasdaq OMX Corporate Solutions
- Orient Capital
- RD:IR

Webcasting
- h2glenfern
- Investis
- Nasdaq OMX Corporate Solutions
- World Television

Website development
- Black Sun
- Clare Williams Associates
- Emperor Design
- global3digital
- The Group
- Investis
- Jones and Palmer
- MerchantCantos
- Nasdaq OMX Corporate Solutions
- WorkCast
- SAS

ADVFN – www.advfn.com – *news providers*

BLACK SUN – www.blacksunplc.com – *annual reports, internet services, website development*

BNY MELLON – www.bnymellon.com/dr – *ADR depositary services*

BROADRIDGE – www.broadridge.com – *investor relations*

CAPITA FINANCIAL GROUP – www.capitafinancial.com/1462.htm – *annual reports*

CLARE WILLIAMS ASSOCIATES – www.clarewilliamsassociates.com – *investor relations, shareholder research, website development*

DEUTSCHE BANK – www.adr.db.com – *ADR depositary services*

EMCO – www.em-co.ru/eng – *investor relations*

EMPEROR DESIGN – www.emperordesign.co.uk – *annual reports, website development*

EQUINITI – www.equiniti.co.uk – *investor relations, proxy and corporate support, registrars, shareholder research, shareholder targeting*

EXANE BNP PARIBAS – www.exanebnpparibas.com – *fund management*

FIDELIO – www.fideliopartners.com – *board advisory, executive search, investor relations*

FIDELIO

Fidelio Partners is an **International Executive Search** firm. Our unique capital markets and Investor Relations perspective enables us to attract senior talent which gives our clients a clear advantage in the competition for capital.

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h2glenfern

We provide a range of IR services helping companies worldwide to communicate more effectively with the capital markets, incorporating the provision of bespoke webcasting and corporate video solutions

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London SW1A 1NE

+44 (0)207 160 0570
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