

# Investor Relations

Enterprise Nervous System



Introduction	03
Argaam CEO's Message	05
Methodology of Preparing the Report	06
<b>First:</b> Role of IR Departments	07
<b>Second:</b> IR and Enhancing Disclosures	11
<b>Third:</b> IR Page	15
<b>Fourth:</b> Targeted Segments by IR Departments	18
<b>Fifth:</b> Interaction with Analysts and Investors	20
<b>Sixth:</b> Size of Expenditure on IR Departments	24
<b>Seventh:</b> Prominent Obstacles and Success Factors	27
<b>Eighth:</b> IR and ESG Standards	31
<b>Ninth:</b> Recommendations and Directions	33
About <b>أرقام</b> argaam	38



Amid the fast-paced changes and the ever-evolving challenges of our contemporary world business, Investor Relations (IR) is becoming more than just a channel of communication, but rather the central nervous system connecting companies and investors. It is reasonable to argue that IR has evolved into a strategic tool that transforms financial data into a driving force that kindles confidence in investors, ultimately, contributing to the company's stability and growth on the long run.

By constructing bridges of transparency and credibility, IR contributes to creating a supportive environment that ensures the achievement of financial and commercial objectives, which enhances the company's status in a market that is packed with challenges and opportunities, thus enabling the company to secure its unique position amid such hectic competition.

IR is almost indispensable for any company, being the core medium that transparently and clearly transfers information to shareholders. This shall help in creating a full portrait of the company's performance, which shall thus help shareholders to make insightful investment decisions. Furthermore, IR establishes a vital link between the company and its shareholders, that expresses the investors' interests before the Management on one hand and conveys the vision of the Management to investors on the other.

IR is especially important when the company decides to make an initial public offering (IPO). At this stage, communication between the subscription coordinators, investors and analysts becomes highly important. This is the role that IR departments efficiently shoulder. A perfect IR Department would help reduce capital expenditure and increase stock liquidity, which shall set the company apart from its competitors and further alleviate the risks associated with communication and financial disclosures.

It is difficult to envision a company listed in the capital market without effective Management, that portrays a mental image of the company both internally and externally while enhancing and supporting the company.

Stemming from this belief, Argaam has surveyed the views of a number of officials in IR departments of some listed companies and posed questions regarding the following:

1. Role of IR Departments inside Companies.
2. Role of IR in Enhancing Disclosures.
3. Status of IR Page in the Company.
4. Targeted Segments by IR Departments.
5. Role of IR Departments in Research Coverage.
6. Form of Relation between Investors and IR Departments.
7. Size of Expenditure on IR Departments.
8. Prominent Obstacles and Success Factors.
9. IR and Environmental, Social and Governance (ESG) Standards.



The responses of surveyed subjects gave us an insightful look at how companies listed on the Saudi Stock Exchange organize their IR functions internally, the typical role of IR, its duties and responsibilities, IR strategy, manuals and audits, and the extent of communication between IR departments with other departments in the companies, on one hand, and with the board of directors in those companies, on the other.

Here is a summary of the inferences reached:

1. IR departments work as two-way communicators, first between the Management and analysts, and second between the Management and investors. In both cases, the aim is to communicate the voice of each team to the other.
2. Investors are the capital wealth of the company. Any company is established to serve investors and they are part of its name. Therefore, companies, and most especially IR Department, must closely follow up with investors.
3. Among prominent obstacles that hinder IR departments from playing their role perfectly are; lack of training, low salaries, unqualified workers, the Board's nonunderstanding of the IR official's role and having many regulations and manuals.
4. The success of IR departments is measured by IR's ability to build strong relationships with investors and analysts, IR departments' ability to help the Top Management in assessing the companies, the strength of the executive team, having a seat for IR independent representatives at the top table, the Financial Affairs' ability to timely generate precise financial reports and the company's ability to prepare accurate outlooks at the suitable time. All of the above are factors that give a hand of help in achieving IR departments success.
5. In case the Board comprehends the critical role of IR as a communicator between the Board, shareholders, supervisory and regulatory authorities and the company.
6. IR Departments have a role in preparing and applying ESG reports in the companies.



Islam Zween

We are pleased to share with you the results of the first IR Department survey conducted by Argaam team among Saudi-listed companies. The survey's objective is to track and identify the views of a number of IR department officials in some listed companies regarding the function of IR departments and their importance in laying down the companies' strategic plans and setting up various financing operations for companies.

In light of the increasing importance that corporate governance has gained over the last decade, IR departments have become one of the most important corporate departments that promote the application of good governance, making it a crucial element for the continuity of companies in light of the remarkable global competition over the Saudi capital market. Accordingly, we may safely say that governance, supported by IR department, constitutes the fundamental pillar for enhancing the efficiency of the economy and the stability of capital markets, in addition to its pivotal role in consolidating the strength of companies and ensuring their sustainability. What further enhances the importance of IR departments is the fact that the employees of such departments are directly in charge of conveying the appropriate messages to (both current and targeted) investors, brokers or analysts on one hand and the company management on the other. The entire task of communicating company management messages to all of these groups falls within the purview of IR departments.

In the meantime, investors and other

stakeholders have become more aware of what is going on inside companies, that exceeds what is disclosed in the board reports or quarterly and annual reports. They constantly seek to know even the simplest information that might affect their various investment approaches. Therefore, investors now focus on all financial, operational and even administrative aspects in companies, since companies are evaluated based on the quality of their executive leadership and board of directors, as well as their efficiency in managing various activities and businesses, here is the part where IR departments come in. In addition to the above, the acts of the company's boards and different departments hold particular significance in terms of implementing governance standards. In this regard, investor interaction has grown even more crucial. In fact, companies with better governance practices are likely to receive higher assessments in the market. The aforementioned advancements necessitate that IR officials function as internal advisors to executives, thereby expanding IR officials' duties and augmenting their significance.

In conclusion, we can state that IR departments are tasked with significantly improving a company's standing in the capital markets, particularly if the company fulfills its obligation to amplify investor gains. Under such circumstances, IR departments serve as the companies', investors', and analysts' central nervous systems, all at the same time.

**CEO of Argaam**



The Report was based on the opinions of surveyed IR officials in 40 companies listed in the capital market, representing 17% of total companies in the main capital market by the end of 2023.

**Argaam compiled the survey through:**

**1.** Argaam has set the main objective of the report which is to measure the efficiency of IR departments in companies listed in the Saudi Stock Exchange, and accordingly, determined the main issues in the survey.

**2. Survey Design:** The suitable questions, that duly reflect the survey objectives, were put and then fully reviewed with a number of local and international IR experts, in order to ensure the highest efficiency. The Middle East Investor Relations Association (MEIRA) was among the parties that took part in reviewing the survey before publishing and circulating the same.

**3. Sample Selection:** A sample was selected from IR officials in listed companies who could be surveyed, while companies were categorized according to their size in order to access various different categories.

The sample included **(IR officials, IR managers, department senior managers, management affairs and shareholders services managers, managers of IR departments, IR specialists, governance managers, executive managers of governance, risk management and compliance (GRC) and sustainability and secretaries and heads of governance and Shareholder Relations departments).**

**4. Holding the Survey: The survey was held in two stages:**

**1- A Pilot Stage,** which included a number of employees in IR departments in order to measure the survey efficiency and correct the questions addressed to the subjects of the survey, then make the necessary amendments.

**2- Executing the survey** and distributing the same to the sample selected samples whether on the phone, by an interview or by sending the survey through a link to be filled.

**5. Data Analysis:** Collecting the data compiled from the survey and methodologically analyzing the same to understand the trends and inferences.

**6. Preparing the Report:** Preparing a full study and providing the survey findings while explaining the inferences and necessary recommendations.



**First:**

# Role of IR Departments





IR Department is generally considered the nerve that brings together all the company joints even though it is not directly in charge of the company. IR Departments serve as the nervous system in any enterprise, connecting all its effective departments. They are also the sensor that conveys the shareholders', investors' and clients' interactions with the decisions made by different departments that have an impact on the final product of the company. At the same time, IR departments communicates the said departments' decisions to the other party. Another way to put it is that the IR departments serve as the hub for communication between all parties, so any disruption there has the potential to severely affect the enterprise as a whole.

We decided to start our adventure from the internal IR departments of the companies, which are the spaces where IR departments and other departments are established. To track this role through individuals with practical knowledge of the subject, we asked surveyed subjects a series of questions.

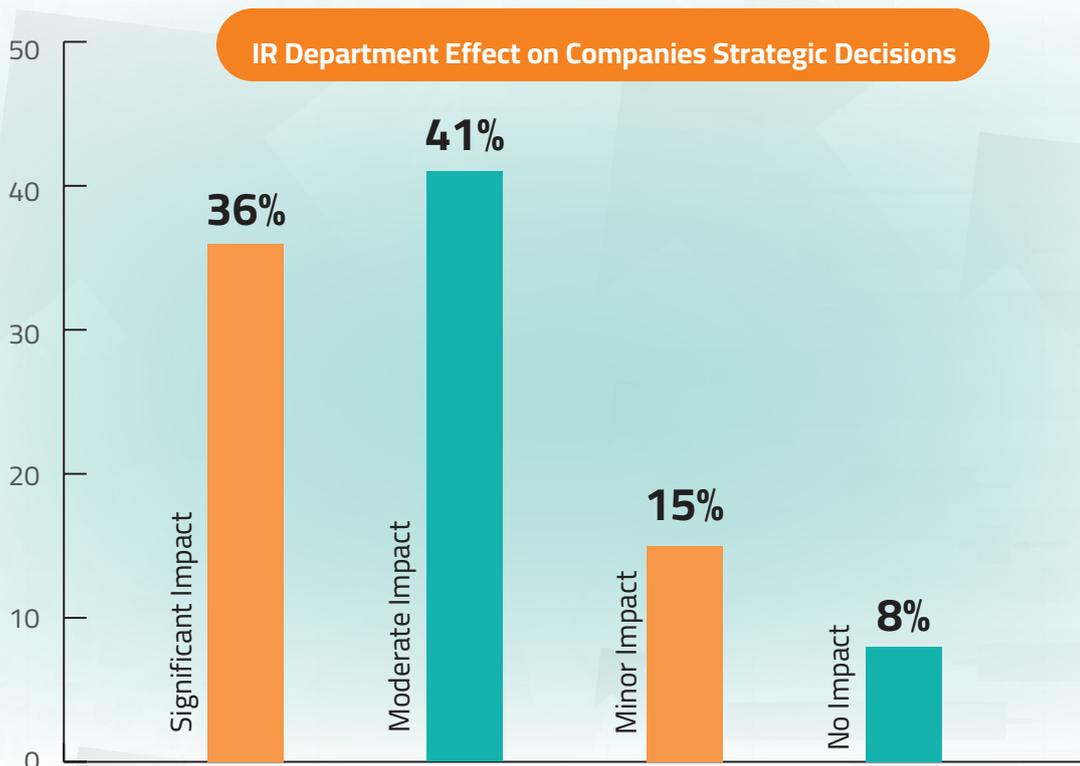
have largely varied. However, the role of IR departments in effective internal communication has been highlighted, by opening internal communication channels with lots of other companies' departments.

The survey has concluded that the role of IR departments includes helping in the selection of the perfect financing options, promoting IPOs and communicating the voice of investors to the Financial Department, which envisages the importance of such departments in enhancing the companies' financial stability.

As for following up on the performance of the company share, IR departments play a substantial role in providing periodical reports to the Board and Company Management on the share performance and the reason for substantial changes. The survey revealed that in some companies IR departments file reports monthly, which reflect the compliance of IR departments with the periodical and professional follow-up of share performance. Still, and in spite of such great effect that IR departments have, many of those working in this field are still not regarded as official representatives of their enterprises, which thus open the door for developing and expanding such roles.

### 1. Effective Department

According to Argaam survey, 41% of participants think that IR departments have a moderate impact on their companies' strategic decisions, compared to 36% who think that IR departments have a significant impact, 15% who think that IR departments have a minor impact, and 8% who think that IR departments have no influence at all.





## 2. Communication Link between all Departments

Many participants in the survey pointed out that IR departments have multiple natures, for example, 74% of participants believed that IR departments are strongly related to legal affairs departments, 87% believe that they communicate with financial departments and 59% believe that they connect with HR departments. Surveyed subjects have assured that IR departments strongly communicate with each of risk and compliance departments (72%), planning and budgeting departments (54%), operations departments (49%) and finally marketing departments (49%). Accordingly, IR departments are the demarcating line through which all departments pass, and at the same time, they serve as a link of communication between all company departments on one hand and all those dealing with the company on the other.

## 3. Providing Required Financing

As for other roles assigned to IR departments inside the companies, 31% believed that IR departments help financial departments in providing the necessary financing to the company, 36% believe that IR departments have nothing to do with the financing process, while 33% believe that financing operations are exclusively limited to financial departments.

### Helping Financial Departments in Providing Financing



Regarding the help provided by IR departments in financing operations; 33% of surveyed subjects stated that IR departments help in financing by choosing the best financing options (loans, bonds, Sukuk and capital increase), while 59% believed that IR departments help by communicating the sound of investors to financial departments, 51% stated that IR departments help by communicating the company's message regarding obtaining financing to shareholders, and finally 23% of surveyed subjects assured that IR departments have played major role in promoting IPOs, being one of the aspects for financing companies.



## 2. Regular Reports

There is still a bigger need for constant communication with companies' Boards of Directors. This is because almost 13% of the IR officials do not communicate with the Boards of Directors in their companies, while 13% only filed one report over the last year. About 24% of the surveyed subjects did not provide Boards of Directors with any reports about the performance of the company shares or related substantial changes.

## 3. Effective and Non-Represented

Despite the major role played by IR departments in companies, yet they do not represent their enterprises. Only a few of them actually speak in the name of their enterprise, as only 20% of the surveyed subjects reported that they speak in the name of their companies, while 36% stated that they plan for the same, while a bigger percentage of 44% said that they do not plan for this step in the time being.



**Second:**

# IR and Enhancing Disclosures





One of the most important IR-related issues is disclosure and specifying risks while taking the levels of disclosures and transparency to new higher levels, which requires exerting and coordinating efforts and cooperating with all effective departments in the company, mainly IR departments.

Transparency and disclosure are one of the basic pillars for building the reputation and trust of companies in capital markets. The latest survey has shown that the vast majority of companies, 96% do comply with the timely disclosure of substantial information, which reflects how keen companies are to comply with the organizational requirements and to ensure the accurate and effective communication of information. Such compliance enhances the credibility of companies among investors and is vital to maintaining confidence and stability in capital markets.

Means of disclosure vary according to each and every company. As all companies submit their disclosures on "Tadawul", while some companies resort to the use of additional means like newspapers, social media and companies' websites to ensure that investors have wider access to information. Such multiple means reflect that companies do understand the importance of accessing information in various ways to ensure transparency and that investors would have quick access to such information.

As for the details, some companies would rather provide explanations to show the effect of disclosures on financial results constantly. However, they may vary in terms of compliance with explaining such details and the call for directly interpreting the same to investors. Still, the main responsibility for preparing such disclosures is dispersed among several departments inside companies, with the biggest responsibility shouldered by IR departments. This reflects the diversity and shared roles in the disclosure process to ensure the accuracy and transparency of information. All this requires us to continue to qualify and train IR officials on special editing and content creation to ensure raising the quality of output published about companies.

### 1. Speed of Disclosure

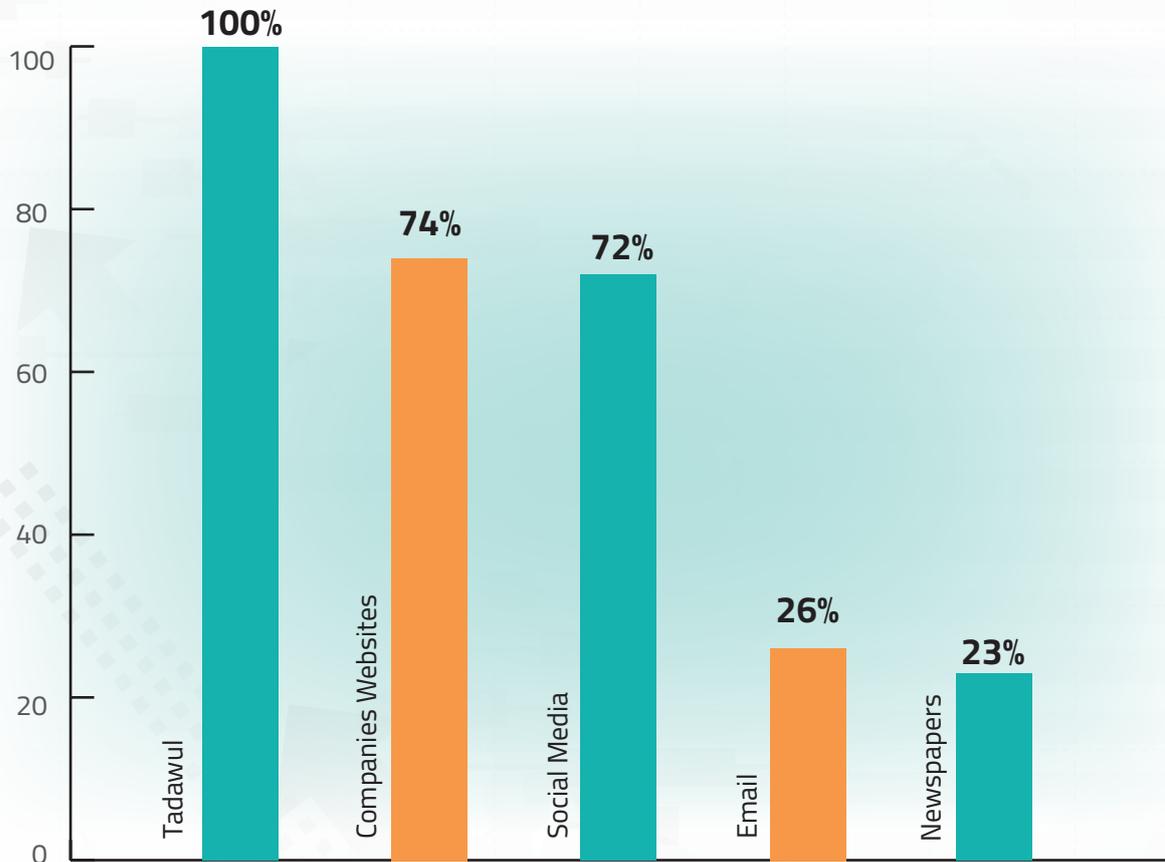
About 96% of the surveyed subjects assured that their companies are committed to the immediate disclosure of information, the measures taken, and those required to be announced on Tadawul, while only 3% stated that they disclose information in one or two days after its issuance. 94.9% stressed that they immediately disclose information constantly.

### 2. Various Methods of Disclosure

100% of the surveyed subjects confirmed that "Tadawul" is the main source for making disclosures, which is expected from them due to the obligations imposed on IR officials by the Capital Market Authority (CMA) and "Tadawul". However, they are not equally interested in disclosing the same information in other means, like websites, social media and newspapers. As 74% of the surveyed subjects mentioned that they make disclosures on social media, while 26% said that they email information, and 23% believe that the best way to make disclosures is in papers.



Means of Publishing



**3. Effect on Financial Results**

Most IR officials would not be interested in explaining the effect on financial results, if this is not an obligation, only 41% of the surveyed subjects said that they would constantly explain the effect on financial results, upon disclosing substantial information.

**4. Being Keen on Understanding Disclosure**

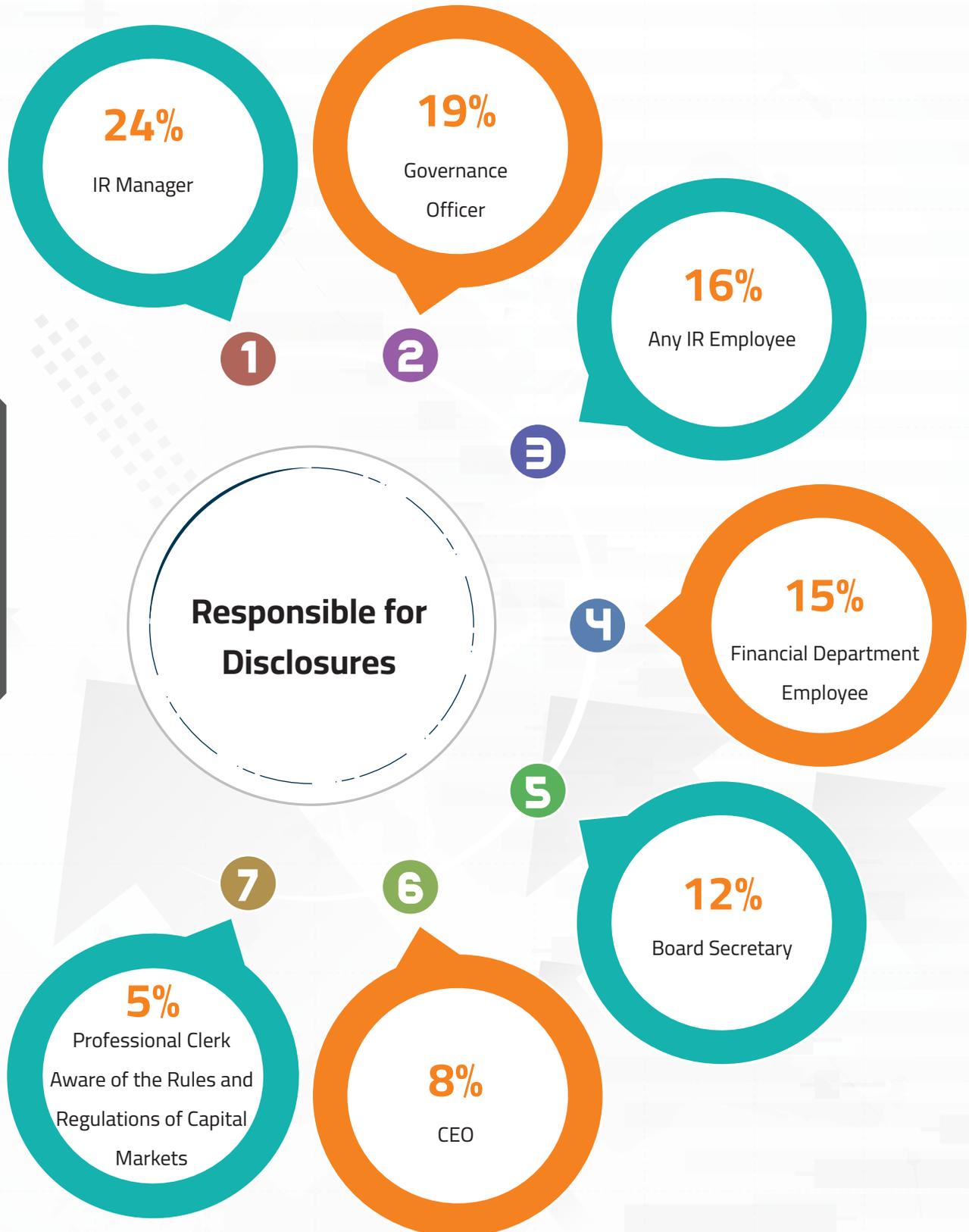
The survey revealed that there is a gap in explaining communication with investors to explain the most important disclosures, as 41% of the surveyed subjects said that they would rarely invite investors to explain some substantial announcements following their issuance on Tadawul.

**5. Responsible for Disclosures**

24% of the surveyed subjects said that the responsibility for preparing and editing company disclosures lies on the IR manager, which requires the constant training of IR officials to carry out such important role, which IR officials need to excel, being one of their main job duties.



Second: Enhancing Disclosures





Third:

IR Page





The IR page on the website of companies has become almost dispensable for any company, whether listed on the capital market or not, due to its substantial role in informing company investors of all the financial data, company-related information, latest updates regarding the company business, the provision of a precise understanding of the company strategy and its operational and financial status. The IR page also raises the awareness of investors at the same time of the company shares and immediately inform them of the latest developments.

The survey showed that 69% of participants believe that it is important to develop this page and they actually plan for doing the same, while others are reluctant to take actual steps despite realizing the importance of such development. Maintaining an updated and developed IR page is no longer an option, it is a must to keep abreast of the latest developments in the business digital environment.

The need for development may vary from one company to the other, as about two third (61%) of the surveyed subjects assured that IR pages need a significant to moderate development. Such diverse responses show that most companies do realize the importance of updating their pages to attract investors and maintain their trust, but that they might need a strong push to initiate such path. Outsourcing the development services of IR pages has been the most common choice, as 66% of participants preferred a team from outside the company to carry this role, which shows that this aspect is weak in many companies.

While seeking to update the IR pages, the biggest challenge is to continue to update information on a regular and effective basis. Despite the importance of tools like the Q&A document and mail bulletins, yet companies would be reluctant to use the same on a regular basis. Therefore, it would be highly important for companies to reconsider their strategies for communicating with investors and to make use of the available tools to enhance the transparency of information and to ensure maintaining open communication channels with the vast majority of investors on a renewable and constant basis.

### 1. Status of IR Pages

69% of the surveyed subjects assured that their IR pages require development and that they actually plan for the same, while 18% believe that their pages require development but that they do not plan for the same in the time being and only 13% expressed their opinion that their IR pages do not need development.

### 2. Significant to Moderate Development

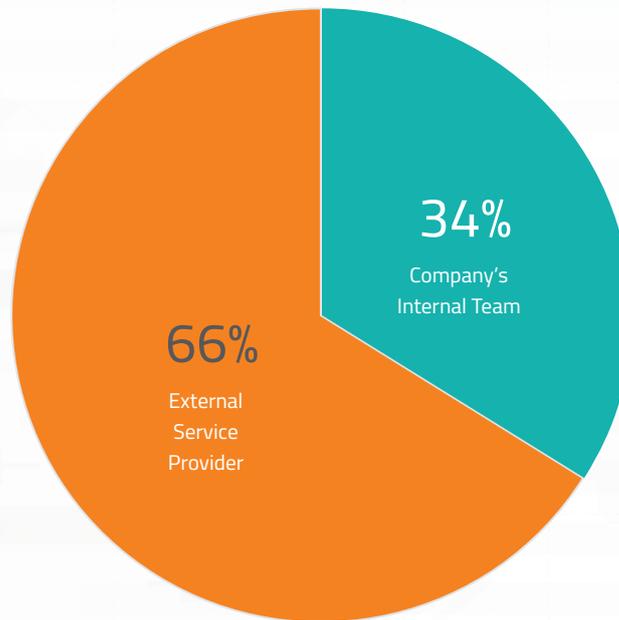
(61%) of the surveyed subjects stated that their IR pages need development that might range between significant (21%) to moderate (39%), while 39% of the surveyed subjects stated that their pages only need mild or minor development.

### 3. Responsible of Development

The vast majority of the surveyed subjects (66%) assured that they outsource the development services of their IR pages, while the rest (34%) stated that their companies' internal team is in charge of such development.



Responsible for the Development of IR Pages



**4. Means of Updating**

Only 18% of the surveyed subjects stated that the IR Q&A document is constantly updated on the company's website, while 47% expressed their intention to update the same, while 34% stated that they do not currently plan to update their Q&A document.

**5. Bulletins**

The mail news bulletin, is one of the tools used to update IR pages, to keep investors aware of the news, Management declarations, financial reports among others that might have been issued in a certain period, a week, month or a quarter, and also to remind investors of the potential and future events that the company intends to hold. Despite this, only 16% of the surveyed subjects said that they periodically issue their email news bulletin, while 42% are still planning for the same and 42% said that they have no plans to do the same in the time being.



**Fourth:**

# Targeted Segments by IR Departments





For any department, the targeted segment is the main axis of attention for such department. This is even more clear with IR departments, which are closely and directly linked to the targeted segments. Generally speaking, the matrix of company investors is the main segment that IR departments seek to please. At the same time, IR departments seek to establish communication between such matrix with all categories thereof on one hand and the company and company departments on the other. This is because, any of the company departments, each in its own field, seeks to please the matrix of investors with all their categories. The more perfect such a matrix is, the easier the company task, mainly IR departments would become.

The hierarchy of shareholders in any company is a vital element that determines the company's ability to achieve sustainability and market growth. The survey revealed that individuals are the basic common factor of all components of shareholders in any company. 97% of the surveyed subjects assured that the individual factor is an inseparable part of shareholders. Moreover, the base of shareholders may vary to include joint stock companies, licensed investment funds, capital market institutions, and even charities and social associations. Such diversity reflects the importance of creating a balanced mix of shareholders to ensure the company's stability and the achievement of the company's objectives.

Despite the importance of such a diverse matrix, the majority of the surveyed subjects (44%) believe that the current base of their shareholders is integrated and in need of no additions. Still, there is somewhat a big percentage of participants (31%) who believe that other types of investors need to be added in order to enhance the base of investors and to achieve more balance. Such diverse opinions reflect that companies do realize the importance of the matrix of investors, but that some still need to reassess their strategies in order to ensure better integration with the company's objectives.

Within this context, the need for enhancing some types of investors is highlighted in order to achieve the perfect balance, as 31% of participants pointed out the importance of adding more licensed investment funds, while others believe that the endowment institutions and joint stock companies need to be enhanced. In order to achieve such a perfect balance, companies are advised to reconsider their investors' matrix regularly and to work on attracting suitable types of investors that conform to their growth strategies and future expansion.

### 1. Individuals Are the Common Factor

Around 97% of the surveyed subjects assured that individuals are an important part of their current investor matrix. Meanwhile, 87% stated that their shareholders include joint stock companies and limited liability companies. 72% of the surveyed subjects indicated that their shareholders include capital market institutions, which trade for their accounts, and public institutions. 69% stated that their shareholders include government funds, while 77% stated that their shareholders include charities and social associations. Finally, 3% indicated that their shareholders include investment funds and public joint stock companies.

### 2. Good Matrix

The majority of the surveyed subjects (44%) believe that the current matrix of the company shareholders needs no additions, 31% believe that other types of shareholders need to be added, while 26% stated that they do not consider reaching the perfect matrix in the first place.

### 3. Complementing the Matrix

31% of the surveyed subjects reported that their companies needed to add more licensed investment funds, while 26% believed that their companies needed to attract more public institutions and 23% believed that they should attract endowment associations.



**Fifth:**

# Interaction with Analysts and Investors





Expert Houses and financial advisers are of concern equally for both investors and companies. For investors, expert houses and financial advisers facilitate their access to capital markets, by providing research coverage for companies, thus enabling investors to make their right investment decisions. For companies, expert houses and financial advisers highlight their strengths and investment opportunities they offer, which allure investors on one hand and allow companies to magnify the same. At the same time, they do highlight the weak points of companies or the threats they might face, thus making investors aware of that to help them make the right investment decisions. Companies shall be required to work on such weak points and to avoid any threats.

The survey findings show that the communication between companies and the community of investors and financial analysts is an integral part of the companies' strategies to enhance transparency and achieve fruitful interaction. Still, 55% of participants stated that they did not receive invitations to attend annual meetings of broker companies, which reflects a gap in communication between broker companies and IR Department. This means that there is still a chance to enhance the engagement of IR Department in annual meetings, which shall thus enhance their participation and open the way for holding a constructive conversation that would contribute to enhancing confidence and transparency. Data shows that most companies communicate with financial analysts to assess their shares, as 74% of participants stated that analysts communicate with their companies to consider the targeted price and to assess the company shares. Despite that, communication with analysts is not regular for all companies, which might affect the accuracy of assessments and the clarity of the same for investors. Therefore, enhancing regular communication with financial analysts and publishing precise assessment reports is an important step to provide a clear image of the company's performance and to reach a better understanding of the market.

As for meeting investors, companies may disagree with regard to laying down future plans for this purpose. Half of the participants in the survey plan to meet current and new investors, which reflects a strong commitment to enhancing IR. While the other half is not planning for the same. Due to the importance of such meetings in building confidence and attracting new investors, companies are advised to lay down strategic plans for meeting investors on a regular basis and to ensure the active participation from the concerned authorities like IR departments, the CFO and the CEO to enhance transparency and provide a full picture of the company future.

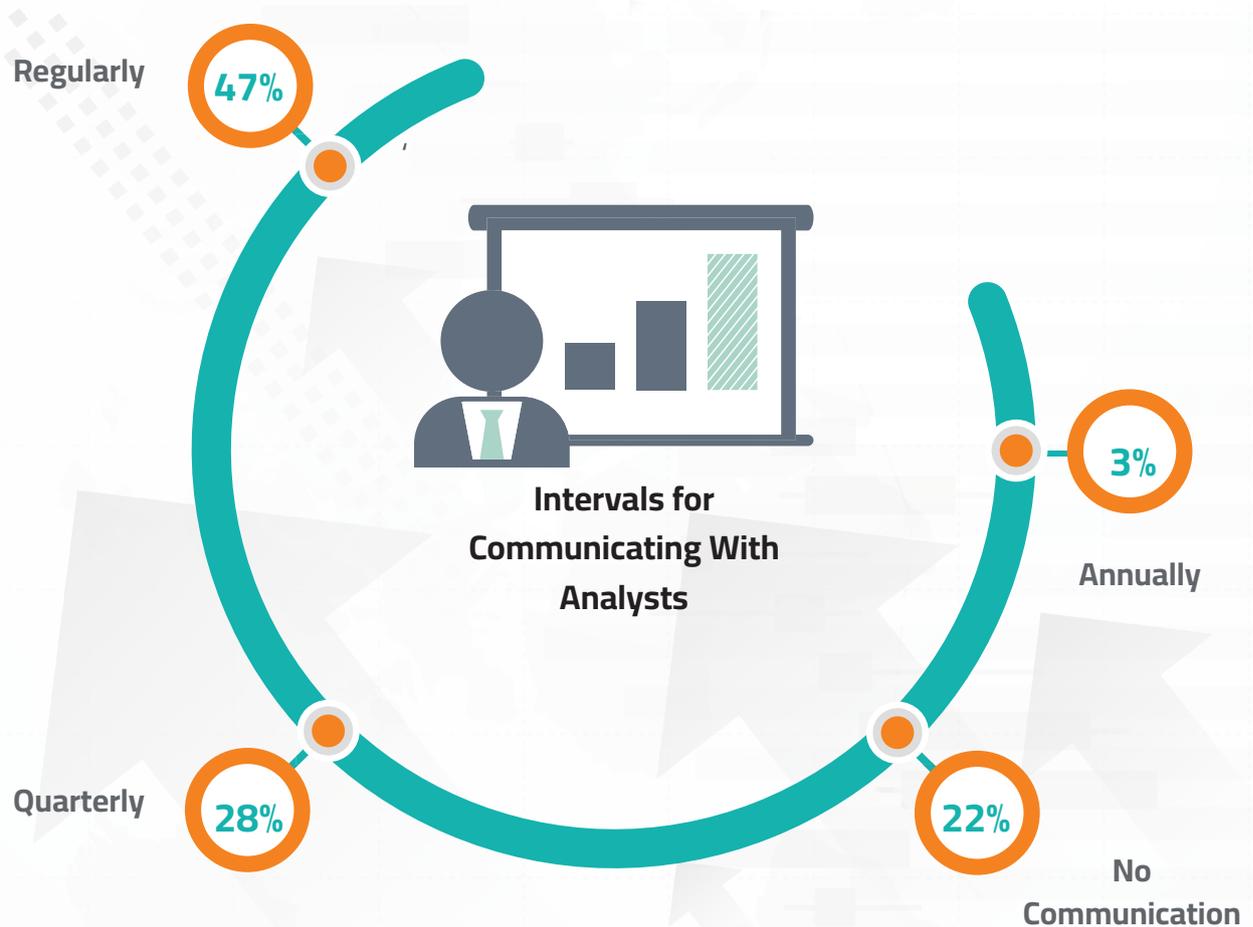


### 1. Participation

55% of the surveyed subjects pointed out that they have never been invited before by brokers to attend their annual meetings, 42% of them pointed out that they received invitations from brokers to attend their annual meetings and only 3% stated that they are planning for the same.

### 2. Share Assessment

74% of the surveyed subjects stated that some analysts are communicating with the company in order to consider the targeted price and assess the company share, while 26% only said that the company did not communicate with analysts for this purpose. As for regular communication, 47% of the surveyed subjects stated that they are regularly communicating with analysts, 28% stated that they communicate with analysts on a quarterly basis and 22% stated that they did not communicate with any before.



74% of the surveyed subjects stated that reports are issued on the assessment of the company share, while 26% stated that no reports have been issued on the assessment of the company share. According to the answers of participants, the reports issued by research companies in 2023 ranged from one report to 30 reports.

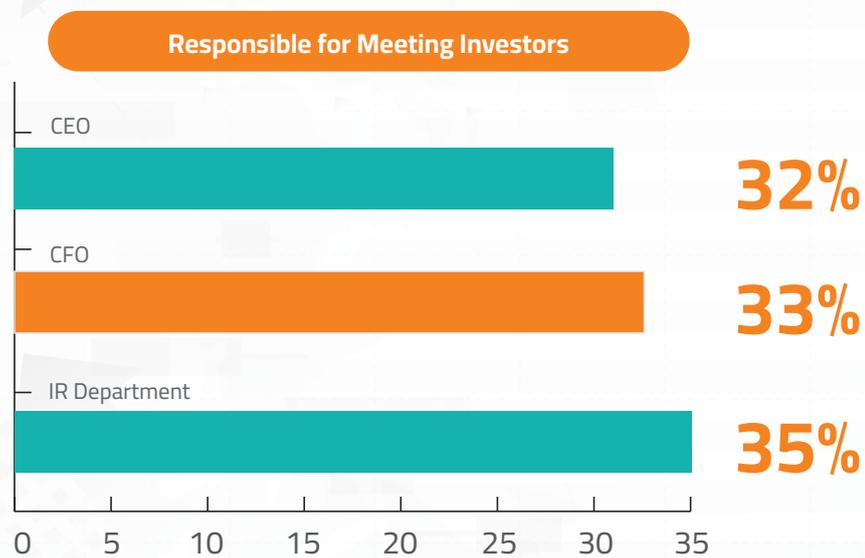


### 3. Meeting Investors

Opinions of the surveyed subjects varied with regard to laying down a plan for meeting current and new investors for the following year. Half of the participants (45%) stated that they plan to meet the current and new investors, while 55% stated that they do not plan for the same.

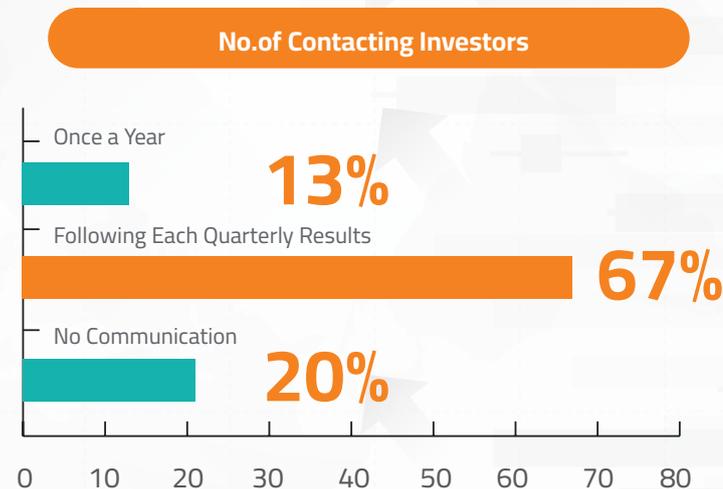
### 4. Who Meets Investors

35% of the surveyed subjects stated that IR departments are responsible for meeting investors, 33% stated that the CFO is responsible for the same, while 32% stated that this is the responsibility of the CEO. Therefore, this issues is limited to three parties only; the IR department which is viewed as being largely responsible for the same, the CEO or the CFO.



### 5. Phone or Direct Interviews with Investors

67% of the surveyed subjects stated that investors are contacted to hold post-financial results meetings following the quarterly results, 13% stated that they are contacted once a year and 21% pointed out that investors are not contacted to hold meetings following the financial results.





Sixth:

# Size of Expenditure on IR Departments





Paying rewarding remunerations that are above the market average makes employees in any enterprise feel appreciated. Most probably, such employees will be more serious in doing their work and will continue in the company for longer periods of time. Higher remunerations may lead to attracting more experienced and highly productive employees to the company, which shall increase the productivity of the company as a whole. Well-payment and rewards affect employee loyalty and incentives and training participate in backing creativity and positioning the company in a leading competitive rank. Job satisfaction shall lead to an increase in employee productivity and shall lead to obtaining feedback from employees, which shall contribute to raising the level of productivity and achieving advanced competitive positions.

The survey points out that most companies depend on a small team in IR departments, with one or two employees in several companies surveyed. Only a few companies stated that the number of employees in the department amounted to 5, 6, or 10 employees at most and that the size of annual expenditure on salaries and other expenses is less than SAR 1 to 9 million. This proves that there is a massive diversity in the allocations for such a department between various companies and that the biggest number of companies spend less than one million riyal, which points out that they are the majority in the market.

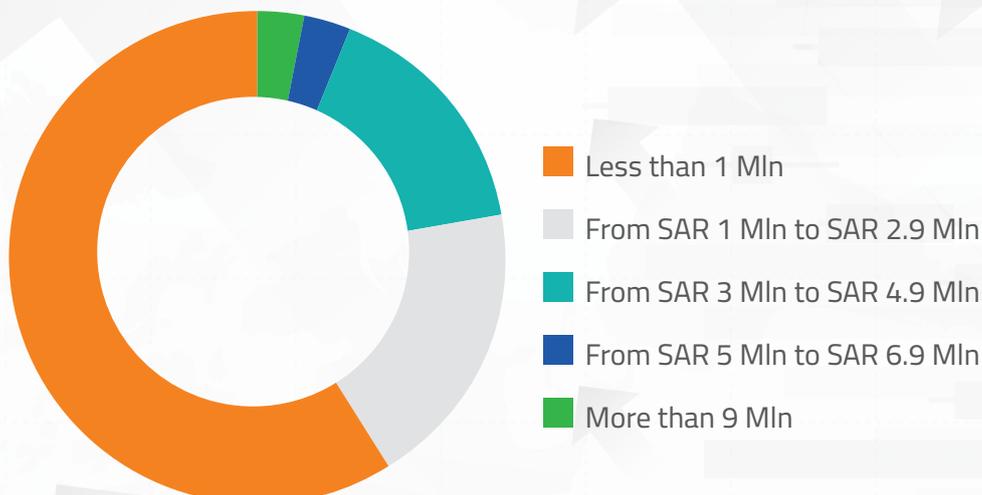
As for salaries, the survey has revealed a wide difference in the level of monthly remunerations among IR departments, starting with the directors of IR departments whose salaries range between SAR 15K and SAR 50K, until the IR specialists whose salaries range between SAR 8k and SAR 20k. Such diversity reflects the importance of the role of such companies and also highlights the necessity of re-assessing salaries to ensure attracting efficient calibers and maintaining qualified employees in such a vital field.

As for the future expenditure, the data showed that 31% of companies plan to increase the size of expenditure on IR departments by 1% and 5% while 22% of other companies plan for more increases of 11% to 20%. Still, a large number of companies (28%) have no intention to increase expenditure. In light of such diversity, companies are required to carefully assess their investment strategies in IR departments, while focusing on enhancing the abilities of such departments to ensure effective communication with investors and supporting the company's sustainable growth.

### 1. Number of Employees and Remunerations

According to the surveyed sample, the number of employees in IR departments ranged between 1 and 10 employees. 59% of the surveyed subjects stated that the size of the company's annual spending on IR departments as salaries, expenses, consultants, among others, is less than one million riyal; while only 3% of participants stated that the size of spending exceeds SAR 9 million.

Expenditure on IR Departments in 2023





### 2. Remunerations of Officials

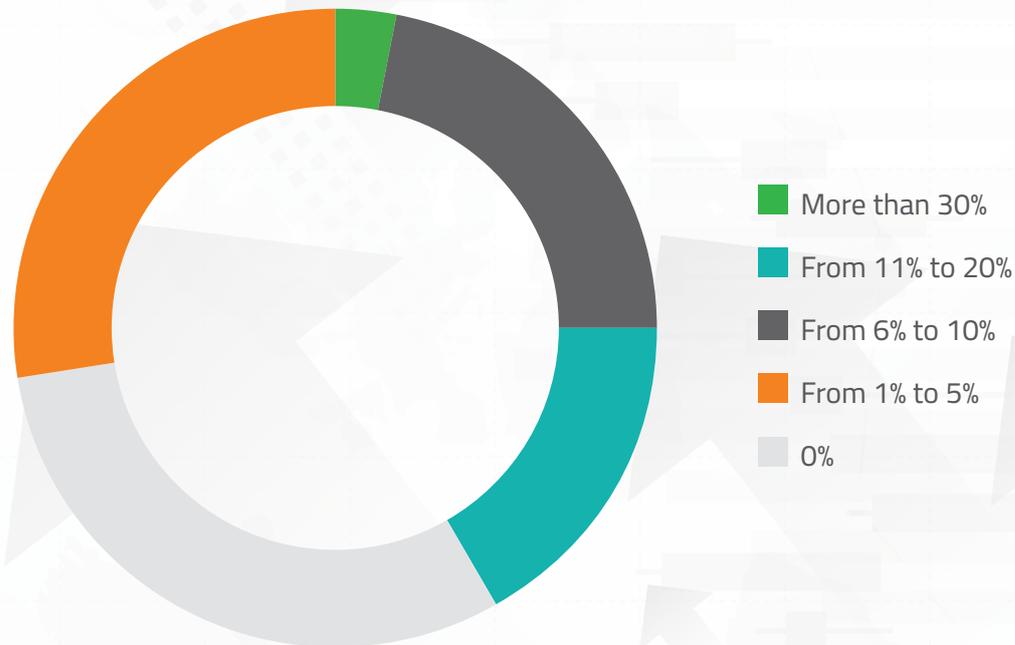
As for the monthly salary of the director general of IR departments, according to the surveyed subjects, this amount ranged from SAR 15k to SAR 50k for the IR department general director, the average salaries of senior managers of IR departments ranged between SAR 12k to SAR 45k, the average salaries of IR managers ranged between SAR 14k and SAR 40k, while the average salaries of IR senior specialist ranged between SAR 10k and SAR 20k and finally the average salaries of IR specialists ranged between SAR 8k and SAR 20k.

### 3. Companies Planning to Increase Expenditure

One-third of the survey participants, i.e. 31%, stated that their companies intend to increase expenditure on IR departments by 1% to 5%, while 22% of participants stated that their companies plan to increase expenditure by 11% to 20%. Further, 17% stated that their companies plan to increase expenditure by 6% to 10%, while 28% stated that their companies do not intend to increase expenditure in the first place.

Sixth: Size of Expenditure

Expected Increase on IR Expenditure in 2024





## Seventh:

# Prominent Obstacles and Success Factors



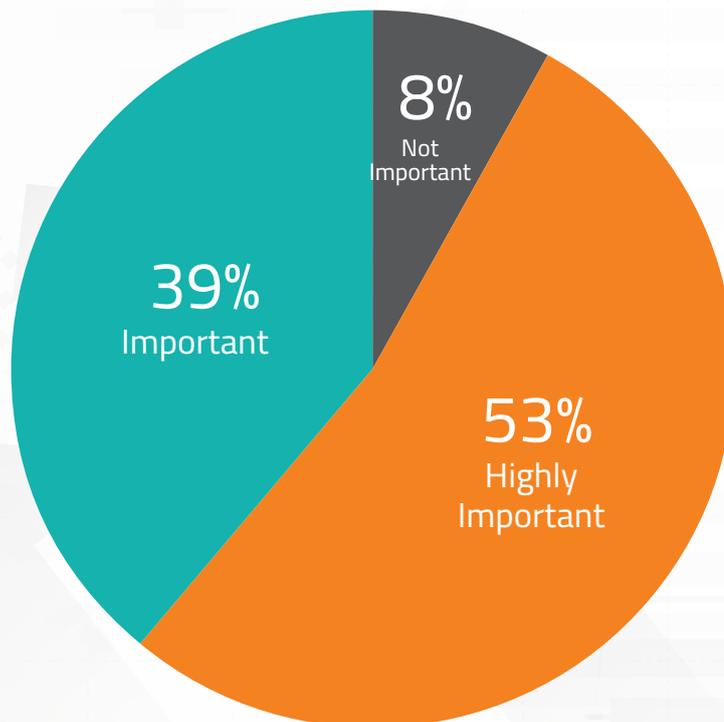


Knowing obstacles and laying our hands on the most prominent success factors according to the point of view of those in charge of the matter is the first step on the road to helping departments know their problems and start solving them. That's why we were keen on surveying the opinions of participants on the obstacles that might face IR departments, the most important success factors, and the ways to achieve success.

According to 24% of the participants, the results of the latest survey reflected the massive challenges facing IR departments in companies. Lack of qualified calibers for example, is one of the most prominent obstacles hindering the due performance of such departments. According to 19% of the participants, what further aggravates the problem are the weak salaries and training. This discloses a dire need to reconsider the training and qualification policies of such department in order to achieve the required efficiency.

On the other hand, the results showed that building a strong relationship with investors and analysts is one of the most important success factors of any IR department, according to 87% of the participants. Furthermore, enabling the senior management to make use of the role of IR in assessing the company and the power of the executive team are the main factors for achieving success. Still, opinions vary on the importance of the IR representative in the top management, with 53% believing that it is important to have an IR representative in the top management and 39% stating that it is substantially important, which expresses the variation in understanding the strategic role of such department.

The Importance of Having an IR Representative at the Top Management



In order to combat such challenges and enhance the performance of IR departments, participants proposed a number of recommendations including holding workshops for executives to educate them on the importance of such roles and activating the role of IR departments by holding regular sessions with boards of directors. Participants further stressed the importance of ensuring the independence of IR departments from the management, and linking the same directly to the CEO, while clearly defining the employee's tasks and providing rewarding salaries. Such steps shall help boards of directors comprehend the sensitive role played by IR departments as a two-way communicator between the board, shareholders, and regulatory entities.

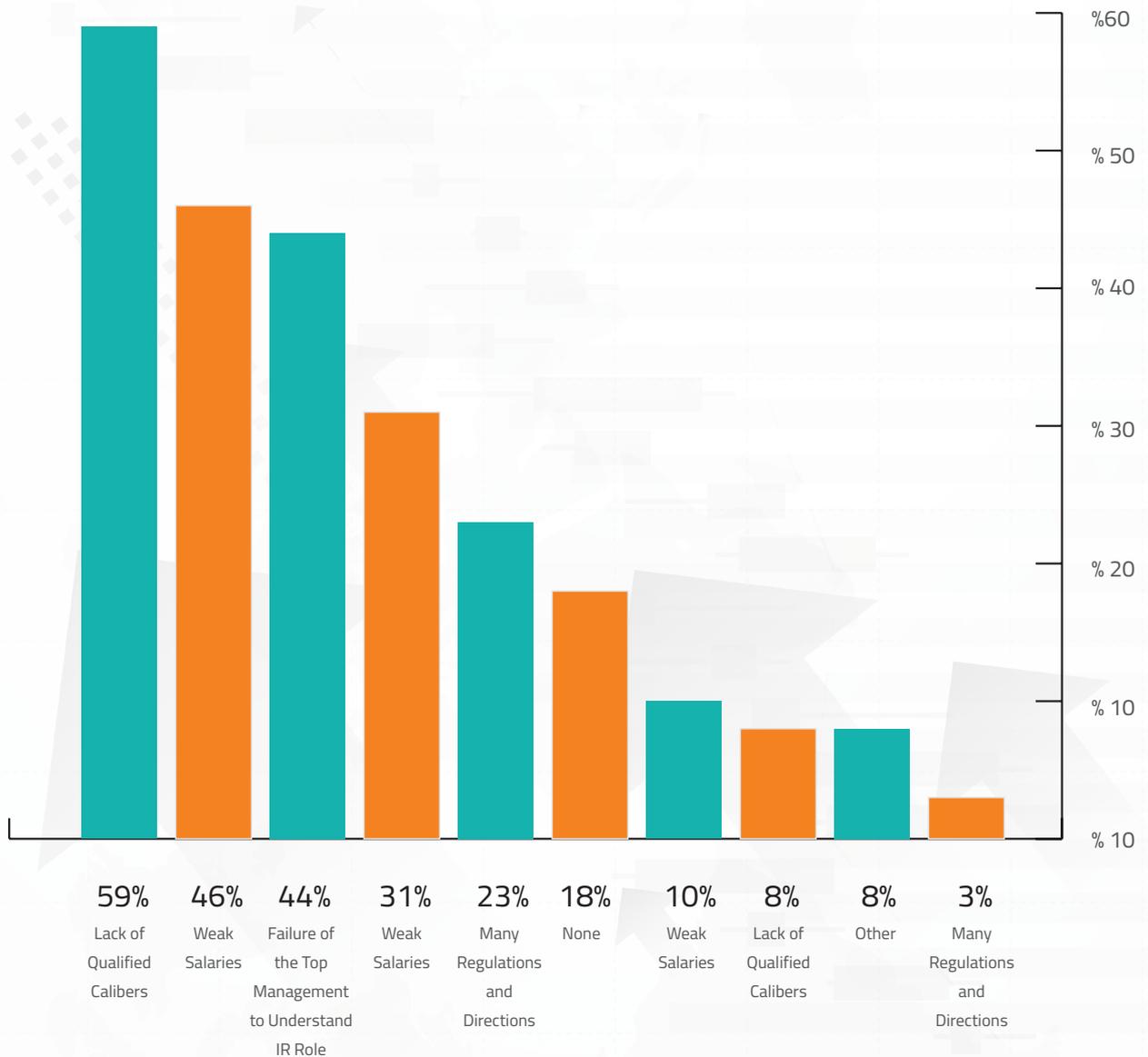
Finally, data shows that a large part of companies still lack written strategies or regular assessments. As 21.1% of the participants stated that they do not have written strategies and that they do not assess their business, this highlights the need for adopting a more organized approach and strategy in managing IR to ensure more efficiency and proficiency in such a vital field.



### 1. Prominent Challenges

Opinions of IR officials unveiled a wide gap in the labor market and the need for such jobs for constant provisions from academic authorities. 59% of the surveyed subjects stated that there are no calibers qualified for working in IR departments, 46% believed that the training that IR officials receive is weak and needs to be developed, while 44% stressed the importance of ensuring that the IR officials better understand their roles in IR departments.

Challenges Facing IR Departments



Seventh: Obstacles and Success Factors



## 2. Success Factors

Most of the survey participants believe that the success factors for IR departments include the ability of IR departments to build a strong relationship with investors and analysts, while more than half of the participants stated that IR success factors include the help offered by IR departments to the top management in assessing the company and preparing precise speculations.

The survey participants affirmed that the presence of an independent IR representative in the top management along with the efficiency of the Executive Teams of IR departments are also among the IR success factors. At the same time, 53% of participants in the survey stated that securing a seat for the IR representative in the top management is important, 39% believed that it is merely important while 8% believed that it is not important.

**The following are the suggestions to achieve the success of any IR department, according to the surveyed subjects:**

- Holding specialist workshops for executives to educate them on the role played by IR departments.
- Activating the role of IR departments by the board and giving special care to developing such departments and holding regular sessions at least twice a year.
- Ensuring that the IR department is an independent department, and defining the clear job duties of the IR managers and other employees.
- Ensuring that the IR department is totally independent and directly reporting to the CEO.
- Increasing the importance of the IR role in the board and executive management.
- Stressing the importance of ensuring that the IR manager is one of the top executives inside the company.
- Ensuring that the monthly salary is rewarding.

Participants assured that in case the board comprehends the role played by IR departments as a communicator between the board, shareholders, and regulatory entities (CMA, among others), the board shall realize the crucial role of IR departments.

## 3. Self-Assessment

About 22% of survey participants stated that they have written strategies and that they assess their works, 39% of participants said that their strategies are not written down but that they assess their works, and only 8% stated that they have written strategies with no assessments, and 31% stated that they neither have written strategies nor assessments.



**Eighth:**

## IR and ESG Standards





ESG standards are the standards that encompass the environment in its wider and narrower sense. This is mainly because ESG standards lay down a comprehensive framework used by companies to determine the material risks they are facing while specifying, at the same time, the potential growth opportunities for any company, in order to push such companies forward towards a sustainable commercial performance in the long run. The ESG world is wide and limitless, for though the governance standards might be limited to certain issues like disclosure and transparency in disclosures, the ESG standards are more comprehensive and indispensable for any listed company and thus should be on the top list of its priorities.

This is what the survey has revealed as (37%) of the participating companies have a specialized department for such aspects, which reflects their abidance in achieving sustainability at a corporate level. According to 34% of participants, a large part of such companies still depend on a partial responsibility whereby each department is responsible for its own sustainability practices, while 29% would only assign one member from the IR team to be responsible for the department, which reveals a wide gap when it comes to dealing with this vital issue.

Despite such differences in internal organization (54%) of surveyed companies adopt integrated strategies for ESG practices, which shows an increasing awareness of the importance of such issues. One-third of the companies still lack a clear strategy in the field, which points to a dire need to enhance awareness and strategic orientation to achieve better integration in such practices.

As for the role of IR departments, about two-thirds of participants (72%) pointed out that they actually take part in preparing and implementing sustainability reports, while one-third expressed their intention to do this in the future. Meanwhile, a somewhat large percentage (28%) stated that they do not plan to engage IR departments in this role. Despite the diverse ways for the issuance of sustainability reports, the general trend reveals an increasing interest in the issuance of independent reports on ESG practices, with 82.6% of surveyed companies planning to issue an independent report next year, which reflects a twist towards enhancing transparency and responsibility in this field.

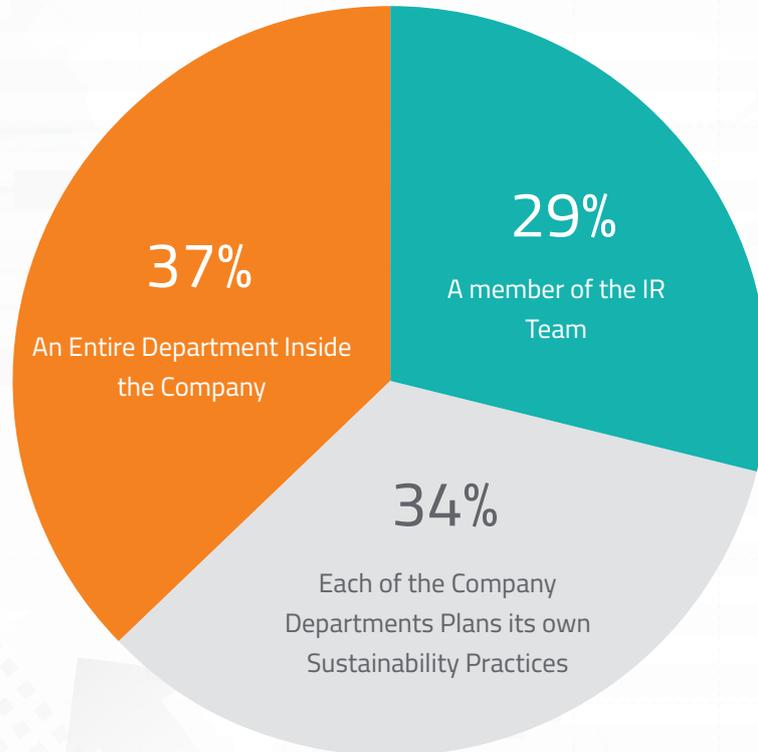
In light of such findings, we may safely say that there is an imminent need to adopt an integrated approach towards managing ESG practices in companies while enhancing the role of IR departments in this respect. Therefore, the development of a clear and comprehensive strategy and allocating enough resources to ensure the efficient execution of the same shall positively reflect not only on the company's sustainability but also on enhancing the company's reputation and its relations with investors and the community as a whole.

### 1. ESG Division Official

37% of surveyed participants assured that their companies have entire departments that are in charge of the ESG practices division, 34% stated that each of the company departments plans for the sustainability practices on their own, while 29% mentioned that one of the members of the IR team is in charge of this division.



Responsible for ESG Division



**2. Integrated Strategy**

54% of the surveyed participants assured that their companies have a comprehensive strategy for ESG practices, while 46% stated that their companies do not have such strategies.

**3. Role of Department**

32% of the surveyed participants stated that IR departments have a role in preparing and implementing ESG reports in the company, another third (32%) stated that they plan for this matter, while 32% stated that they do not plan for the same.

As for the company report in this respect, 43% stated that this report is part of the company's annual report, 43% stated that they issue an independent report on sustainability, while 14% stated that they are not interested in sustainability practices. As for planning for the issuance of an independent ESG report for the next year, 72% of surveyed participants stated that they plan for the same, while 28% stated that they have no such plans.



**Ninth:**

# Recommendations and Directions





This study is peculiarly important to support the success and sustainable growth of IR in the capital market since the development of an effective IR strategy could largely contribute to building confidence with the current and new investors, in addition to enhancing the company's image in the market. The following recommendations focus on main aspects like enhancing communication, promoting transparency and developing effective strategies to meet the expectations of investors. Such steps are not mere touch-ups, they are rather essential to support the company's financial stability and increase the company's value in the long run. By implementing such recommendations, companies may enhance their competitive abilities and therefore ensure the effective achievement of the company's financial and strategic objectives.

### 1. IR Department Employees:

#### ✓ Enhancing the Department Effect on Strategic Decisions:

IR department employees should seek to increase their participation in making the company's strategic decisions. This can be achieved by enhancing their communication with all other departments, specially the legal and financial affairs departments, while expanding the scope of their effect to include other departments.

#### ✓ Enhancing Disclosures:

IR employees should seek to timely and accurately disclose substantial information. Disclosures could be enhanced using approved methods, like "Tadawul", newspapers and social media to ensure access to a wider category of investors.

#### ✓ Constant Interaction with Investors and Analysts:

IR employees should develop plans to hold regular meetings with investors and financial analysts, with the aim of enhancing confidence and transparency between companies and investors.

#### ✓ Developing IR Pages:

IR employees should be keen to update and develop IR pages on their companies' websites on a regular basis to ensure the provision of updated information to investors.

### 2. CEOs of Listed Companies:

#### ✓ Enhancing the Role of IR Departments:

It is vital to promote the role of IR departments as a bridge linking all the company's departments and investors. Thus, CEOs of listed companies shall be required to engage IR departments more in strategic decisions to ensure better communication of information among all parties.

#### ✓ Enhancing Internal and External Communication:

CEOs of listed companies are encouraged to enhance communication between various departments of companies on one hand and IR departments on the other, in order to ensure the full activation of IR departments' role.



✓ **Focusing on Disclosures and Transparency:**

CEOs of listed companies shall ensure the compliance of their companies with the highest standards of disclosure and transparency and shall ensure constant and clear communication with investors regarding the company's performance.

✓ **Supporting Development and Training:**

It is highly important to support the constant training of IR employees in various fields including specialist editing and content creation to ensure the quality of information published.

**3. Regulatory Authorities in the Capital Market:**

✓ **Enhancing Supervision of Disclosure:**

The regulatory authorities shall be required to ensure the companies' compliance to quick and timely disclosure of substantial information while enhancing the use of multiple means of disclosure to ensure that all investors have access to information.

✓ **Promoting Transparency:**

Regulatory authorities shall be required to work on enhancing the level of transparency in the market, by laying down stringent standards and ensuring the compliance of companies with the same, especially in terms of explaining the financial effect of disclosures.

✓ **Supporting the Development of IR Departments:**

Regulatory authorities may provide training programs and workshops to IR employees in order to enhance their skills and ensure their deep understanding of the disclosure and transparency requirements.



#### 4. Broker Companies:

✓ **Enhancing Interaction between Companies and Investors:**

Brokers should increase their efforts in inviting companies and investors to attend annual meetings and other events in order to enhance open conversation between various parties.

✓ **Providing Accurate Analyses:**

Brokers shall be required to enhance their communication with financial analysts to ensure the provision of accurate and updated reports on the performance of companies' shares, which shall help investors make careful investment decisions.

✓ **Enhancing Research Coverage:**

Brokers shall provide regular research coverage of the listed companies, which shall help in explaining to investors the opportunities and challenges that companies face.

#### 5. Investors:

✓ **Active Participation in Meetings:**

Investors are advised to actively participate in annual meetings of brokers and listed companies to gain access to the latest developments and gain a deeper insight into the companies' strategies.

✓ **Depending on Reliable Information:**

Investors shall be required to rely on the information disclosed by companies on their official websites and "Tadawul", in addition to following up on the financial reports and assessments issued by analysts.

✓ **Assessing the Shareholders' Matrix:**

Investors should duly understand the matrix of shareholders in companies in which they invest and shall ensure that such matrix does support the company's sustainability and growth in the long run.



## About أرقام argaam

Argaam is the Arab world's leading news portal that provides investors and decision-makers in the Arab World with economic and financial information.

Argaam is generally considered the first top-of-the-notch option for those seeking financial information and economic news on stock markets in the Gulf region and the companies listed therein and for those seeking economic information in general.

Argaam has secured its position as a unique portal that contains several specialized platforms such as "Argaam Macro" which specializes in Saudi economic data, "Argaam Charts" which provides comprehensive economic data and statistics on the Saudi economy through simplified charts that cover all sectors, fields, and available historical periods, and "Argaam Tools" which is an advanced tool that provides investors, analysts, research houses, and corporate executives with easy access to a single source for in-depth data on economy and analyses. making it the first choice for decision-makers in lots of fields.

This website is currently visited by 700 thousand visitors who browse more than 65 million pages per month. Usually, website visitors spend almost 20 minutes browsing the website, which is considered a high figure. The visitors of Argaam financial portal are known for their high income considering their prominent positions.

### Argaam IR Unit:

Argaam IR unit is a special unit that provides IR departments at the companies listed in Gulf markets with the necessary tools to duly and diligently carry out their duties.

Argaam IR unit provides lots of specialist products like annual reports, ESG reports, and IR pages, in addition to editing financial data and specialist content for companies, in addition to the management of social media channels and content analysis.

# أرقام

argaam



Economic Gate - Building 1 A - second floor  
Riyadh, Kingdom of Saudi Arabia 11596



E-mail: [info@argaam.com](mailto:info@argaam.com)



Phone: 00966 - 92000 - 7759  
Fax: 00966 - 112293 - 429



Website: [www.argaam.com](http://www.argaam.com)