

IRupdate

AUGUST 2016 the voice of the investor relations profession

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Relations
Institute
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Ordem e Progresso

Order and progress — Brazilian IROs would welcome both as their profession gains esteem despite the ongoing economic and political challenges in their country.

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About Niri

Founded in 1969, the National Investor Relations Institute (www.niri.org) is the professional association of corporate officers and investor relations consultants responsible for communication among corporate management, shareholders, securities analysts, and other financial community constituents. Niri is the largest professional investor relations association in the world, with more than 3,300 members representing over 1,600 publicly held companies and \$9 trillion in stock market capitalization. Niri is dedicated to advancing the practice of investor relations and the professional competency and stature of its members.

About IR Update

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Reimagining NIRI

I have been in close communication with you as we seize upon this opportunity to “Reimagine NIRI,” a perspective brilliantly stated by NIRI Fellow Carol Murray-Negron. I ask you to join us in this exciting undertaking and share your ideas on creating our reimagined NIRI that leverages our robust history, strong membership, and extensive opportunities for the future.

The NIRI Board of Directors will hold a strategic review at our next Board meeting in late September, and we encourage you to provide input to Board members as this date approaches. We are also proactively reaching out to the NIRI Senior Roundtable leadership, chapter officers, Fellows, and former Board members to solicit input on how to remain a valued and innovative resource to our members.

As part of this effort, I also want to use this platform to share several exciting NIRI initiatives that are currently underway:

- We have created a new Service Provider Council to provide a voice for the many service providers that support our Annual Conference and other important initiatives. This group’s distinguished membership will rotate to ensure that a variety of views are heard and represented.
- In May, we conducted an advocacy issues survey, which highlighted overwhelming member support for greater equity ownership transparency, proxy system modernization, and regulation of proxy advisors. The NIRI Board plans to present these findings when we meet with the Securities and Exchange Commission on September 29, 2016. We also will ask our Advocacy Ambassadors to join us and share their chapters’ perspective on these important issues.
- We are working closely with the chapters on our targeted member recruitment efforts and undertaking new strategies and tactics for member engagement.
- We are improving how we deliver information to members. In June, we unveiled a new responsive design for *IR Weekly* to allow the newsletter to be accessed more easily on any device. We are also enhancing our design features in our NIRI Analytics research reports. Later this year, we will conduct our biannual Membership Needs Assessment to gather your views on our current offerings.

We greatly welcome your views on taking our organization to the next level. On behalf of the Board, I thank you for your support as we work together to build upon the dynamic future for NIRI.



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Order and progress – Brazilian IROs would welcome both as their profession gains esteem despite the ongoing economic and political challenges in their country.

Ordem e Progresso

By Apryl Motley

“*Ordem e Progresso*” (Order and progress). This motto appears on the blue celestial globe in the center of Brazil’s green and yellow flag. Green is symbolic of the country’s lush fields and forests while the yellow diamond represents Brazil’s wealth in gold. The flag also incorporates 27 white, five-pointed stars, one for each state and the federal district, arranged in the same pattern as the night sky over Brazil. These elements, which appear so orderly on Brazil’s flag, are in stark contrast to the recent social and political upheaval there.

All eyes have been on Brazil since the end of last year when discussions about impeaching leftist president Dilma Rouseff first began. In addition, more than a year ago, the Zika virus was first identified in Brazil and has remained a source of concern leading up to the Summer Olympic Games in August. Further, the U.S. government recently launched a multimedia campaign, “Know the Risk; Raise Your Shield,” to warn travelers of the high risk for theft of proprietary information stored on their electronic devices when traveling to Brazil and other destinations for global events.

The country’s political instability has garnered the most attention. Rouseff was suspended in May amid allegations of corruption throughout her administration, and Michel Temer was appointed interim president. Shortly after his inauguration, Temer announced measures, such as repealing nationalist oil legislation and reducing public spending, that he believes will help end corruption and restore confidence in Brazil’s economy. However, Rouseff and her supporters assert that Temer’s government is illegitimate.

Further, as reported by *The New York Times* and other news outlets, others allege

that efforts to oust Rousseff were designed to weaken a major graft investigation into national oil company Petrobras. In fact, Temer's administration faced its own allegations of corruption in June when the former head of the company's transportation unit alleged that Temer solicited illegal campaign contributions to his party in exchange for preferential treatment when bidding on government contracts. Temer has denied the allegations. Brazil's Senate could take a final vote on Rousseff's impeachment in September.

Meanwhile, work to further regulate Brazil's capital markets and establish best practices in corporate governance continues. The National Monetary Council and the Brazilian Securities and Exchange Commission (known as "CVM" for the original Portuguese name Comissão de Valores Mobiliários) administer the offering and trading of securities. The CVM has the authority to issue administrative rules concerning the securities market and to impose penalties when companies do not adhere to them. According to a March 2016 article in *Latin Lawyer*, in 2014 the National Financial System Appeal Council judged 569 companies' appeals of the CVM's decisions related to administrative wrongdoings in the capital markets. In those 569 cases, the council upheld CVM's decision in 495 instances, which constituted 339 dismissals, 11 warnings, 137 fines, and eight temporary prohibitions from exercising corporate activities.

Despite the challenges of Brazil's current political and economic situation, Ricardo Rosanova Garcia, vice president of the Brazilian Investor Relations Institute (IBRI), believes the IR function will emerge from this crisis stronger and more respected than ever before: "In the future we will see the emergence of a 'thoroughbred' IR professional, who will be increasingly in demand from a market in evolution."

Garcia, who is the investor relations manager at real estate developer Helbor, notes

that "the IR profession in Brazil has reached a highly advanced level in line with best practices employed in the most developed markets in the world." He also observes that "the importance with which the market agents and regulatory and self-regulatory bodies view the duties and standing of the investor relations profession has been enhanced, serving to raise the profile of the investor relations professional in Brazil."

We spoke to several Brazilian IROs about what it's like to practice IR in their country, which very much involves working simultaneously toward both order and progress.

Practicing Politics

So how are Brazilian IROs faring amid all the political uncertainty in the country? With so much in flux on the governmental front, Brazilian IROs are spending more of their time addressing questions and concerns from investors about how the political situation will impact public companies.

"This is an issue to which we have dedicated much more time in our day-to-day routines," Garcia notes. "Political and economic questions currently take on a much greater significance in the work of transparency and the need to explain to investors what's going on in the economy and the associated impacts on companies."

"This theme is more frequent in meetings and calls, and it requires that IR professionals are up to date and understand how the political changes may affect their businesses," acknowledges Fernanda Camiña, investor relations analyst at Multiplus, a network of companies and loyalty programs.

Garcia concurs, "Necessity has obliged us to build these types of political issues into our discussions and explanations, particularly to a depth that ensures investor comprehension. Thus, IR has had to include political questions on the agenda given their major influence on investors."

According to Michael Connell, Wilson

Sons Group investor relations and international finance manager, "the current political environment has meant the profession has come to value the importance that it has in promoting best practice in governance and accounting as well as in regular investor communications. The importance of quality of IR professionals with additional designations, such as MBAs, CFAs, CPAs, or other post-graduate education, is clearer given the necessity to provide understanding of a much more complex scenario."

Therein lays the biggest challenge and opportunity for Brazilian IROs at such a turbulent time in the country's history. "These days the IR professional faces the challenge of adjusting to a more turbulent political moment in Brazil," Garcia explains. "Over the past 20 years, the IR function has operated in a more stabilized economy and a less neurotic political environment. Now, for the first time, we are seeing turbulence in this area, which we have not experienced before."

Examining the Economy

"Since the problems Brazil faces today are of a macroeconomic order, primarily of a fiscal, balance of payments, and currency nature, and all this is very connected to political questions, on many occasions you have to set the macroeconomic scene to explain the microeconomic aspects," he explains. "If you are in a market where there is no such political turbulence influencing the macro-economy, you can focus much more on issues specifically involving the company or the sector."

"Multiplus is highly influenced by [the strength of the U.S.] dollar and family consumption, so we are seeing a negative effect that was expected for 2016," Camiña observes. "With that we have the challenge of being innovative enough to create new sources of accrual of points to guarantee our results."



Wilson Sons Group's Connell notes that "the volume invested in the Brazilian market has been directly affected by the current state of the economy, which impacts investor interest.

Market liquidity is an obvious loser, and this leads to implications like reductions in sell side teams. This, in turn, makes maximizing transparency all the more difficult, so it is even more important that companies provide timely, accurate, transparent information to the market."

Further, political unrest has taken center stage in Brazil, potentially overshadowing the Summer Olympics in Rio. Prior to the news of the Zika virus outbreak, Brazil's Institute of Tourism had estimated that 350,000 to 500,000 foreign tourists would arrive in the city to enjoy the Games. Even before the risks associated with Zika became public, few in the local IR community believed hosting the games would improve the country's overall economic outlook. While hosting major international events like the Olympics and the 2014 World Cup, which brought more than 400,000 visitors to Brazil, serves to heighten the country's reputation as a tourist destination, any significant benefits to the economy, which many believe is in danger of slipping into a recession, seem unlikely.

"There isn't going to be any major boost that could impact the economy of the country as a whole," observes Daniel Rosolen, IR coordinator for Klabin, the biggest paper and packaging company in Brazil. "We've already seen it with the World Cup. There were some regional impacts, but it didn't change the overall economy."

While Klabin is positioned for growth and has plans to double its production, Rosolen acknowledges that "most Brazilian companies, including clients and suppliers of ours, are struggling with the weak economy. We hope that the government will be able to define and implement the

necessary measures to put the economy back on a path to growth."

"It is important to act quickly and take serious action that may not be popular and may have political impacts," Roselen said. "It has to be done."

Navigating the Novo Mercado

Many in Brazil had a similar reaction to the establishment of the Novo Mercado in 2000. It had to be done. Companies participating in this special listing segment adhere to corporate governance requirements over and above Brazilian corporate law and capital market regulations, such as inclusion of shareholder rights in their bylaws, establishment of boards of directors with at least five members, and maintenance of a minimum free float of 25 percent. Participation in the Novo Mercado is voluntary based on an agreement between a company, its controlling shareholders, senior managers, and the Brazilian Stock Exchange (Bovespa). According to a presentation Edna Holanda of BM & F Bovespa, gave at the 9th European Governance Conference in Madrid in 2010, "the Novo Mercado became a reality because investors demanded corporate governance reforms, and the companies themselves saw these obligations as advantages."

Bernardo Rothe, head of IR at Banco do Brasil, describes the Novo Mercado as "representing the highest standard of transparency and governance in Brazil." According to him, after its implementation in Brazil, "the majority of companies that became listed at Bovespa joined Novo Mercado." Notably, Banco do Brasil is the only bank included in the Novo Mercado.

"The main function of Novo Mercado is to ensure high levels of corporate governance, meaning more transparency to the shareholders in the process of decision-making, independent members on the board and committees, more disclosure of

information, and being more available to the public, which includes investors, individuals, and analysts," Camiña offers. "I believe the companies that are part of Novo Mercado are doing a good job so far, but of course we see room for improvements."

From Garcia's perspective, the objective of the Novo Mercado is "to equalize governance across a market that is evolving." According to him, while there has been a securities market in Brazil for more than 100 years, the debate about best corporate governance practices became more substantive at the end of the 1990s.

Garcia notes that "concepts of governance have evolved globally, and with their introduction into Brazil, the Novo Mercado has endeavored to incorporate good governance practices in its listing regulations." He believes "the role of the Novo Mercado has been fulfilled," but observes, "there is always room for improvement."

Inviting Investors In

For Brazilian IROs, navigating various political, economic, and regulatory challenges is ancillary to their main job of attracting more investors to their companies. Accomplishing this goal means attending industry conferences, establishing active non-deal road show campaigns, and developing relationships with the sell-side analyst community.

"We spend most of our time on the street," notes Klabin's Rosolen. "We attend to around 12-18 conferences a year, and 50 percent of those are held outside Brazil." According to him, when attending conferences outside Brazil, Klabin tries to allocate some time for non-deal road shows. In addition, the company hosts an investor day and has a site visit program.

"We attend approximately seven conferences in São Paulo per year and approximately five international conferences," Multiplus' Camiña offers. "However, this year

Raising the Profile of the Profession

Efforts to raise the profile of the IR profession in Brazil have been under way for almost two decades. According to IBRI Vice President Ricardo Rosonavo Garcia, specific regulation of investor relations activity began with the introduction of CVM Instruction 358 in 2002, which regulates the disclosure of information about publicly held companies.

“So it’s been more than 14 years since formal regulation of the IR function in Brazil,” Garcia observes, “and IBRI goes back even further to its founding 19 years ago. IBRI has already successfully classified IR as a profession with the Ministry of Labor and began certification of IR professionals in 2013.”

“We are working diligently to raise the profile of the IR profession. The launch of IBRI’s certification program is evidence of this development; it demonstrates how we are evolving in spite of the lackluster performance of the Brazilian stock market.”

In Garcia’s view, the Brazilian market saw more accelerated development between 2000 and 2008-2009 until close to the onset of the global financial crisis. “Thereafter, to a certain degree, the markets stagnated in tandem with capital inflows to the country,” he explains. “In spite of this, however, the profession has continued to develop in its quest for best practices.”

In this regard, IBRI is seeing professionals with greater experience in IR: “Before it was professionals from other areas contemplating a career change to IR, but these days we are seeing people actually beginning their careers in the IR area,” Garcia said. “In other words, over the medium- to long-term, we are on our way to viewing IR as a well-respected profession.”

the political momentum, the crisis in Brazil, and [the U.S. dollar] made us review our budget, and we are not participating in all the conferences that we had planned.” The company recently completed a targeting study and then actively communicated with potential investors, which Camiña acknowledges “is not a short-term strategy, given the time that investors take to study the company.”

According to Banco do Brasil’s Rothe, the company engages in at least one non-deal road show per quarter. “Moreover, we participate in conferences hosted by international institutions all around the globe,” he adds. “In 2015 we attended 25 events – 15 overseas and 10 locally.” Rothe notes that the company also organizes sell-side field trips: “Basically, we promote interaction between different executives and areas of the bank so that both sell-side analysts and investors can share their experiences and formulate their questions related to that business area.”

When it comes to traveling internationally to court investors, Wilson Sons’ Connell indicates that “road shows and conferences are mainly focused on the UK, Europe, and the United States.”

“The majority of our shareholder composition are investors from outside of Brazil, so you have to be as close to them as you can, which means traveling to New York, Boston, Los Angeles, and Miami in the U.S. and to primarily London and Paris in Europe,” Rosolen explains. “We try go to at least four times a year.” According to Rosolen, the company is considering adding the Middle East and Singapore to its international travel plans once the potential for important investors in Klabin stock are identified in those areas.

“Multiplus always attends conferences in New York and London, basically. Sometimes there is an opportunity in Toronto or Boston,” Camiña notes. “We receive a great deal of requests for calls and meetings, so even when

we don’t act on our own initiative, we have constant contact with investors and analysts.”


Sell-Side Interactions

Judging from the companies profiled here, Brazilian IROs have considerable interaction with the sell-side community. “I interact daily with the sell-side community to maximize transparency of our company and the current trends in our industry well as the implications of political and economic changes for both,” Connell indicates.

At Banco do Brasil, there is a dedicated team that interacts with the sell-side analysts as well as equity and debt investors. “The team is always available to discuss and explain Banco do Brasil’s performance and operational environment,” Rothe offers. “On top of that, Banco do Brasil’s CFO and head of IR periodically host a breakfast with sell-side analysts to update them on the company’s performance and strategy.”

“We have the major financial institutions from all over the world with operations in the Brazilian market,” Rosolen observes. “Klabin is covered by more than 15 analysts on a regular basis, one third of them being from outside Brazil.”

“Because the Brazilian market is not that big, Brazilian IR teams have to be in touch with investors in all markets. Since these investors deal with IR teams from all over the world, our IR teams have to be up to date on the best IR practices worldwide.”

On that note, Rosolen suggests that IR best practices are pretty much the same in Brazil, the U.S., and anywhere else: “Of course, the Brazilian market has a lot of nuances and particularities and still has to evolve compared with more mature markets like the U.S. market, but at the end of the day, investors are looking to achieve similar objectives anywhere in the world.” 

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TAKING IR TO NEW HEIGHTS

NIRI's 2016 Annual Conference delivered high-level content and excellent networking in sunny San Diego.

By Ted Allen

NIRI members returned to picturesque San Diego in June to learn, reconnect, and honor their peers at the 2016 Annual Conference. The world's largest and most comprehensive IR professional event provided high-level content, multiple networking events, and the opportunities to visit with a wide array of IR service providers.

This year's conference was held at the Manchester Grand Hyatt, one of the favorite

conference locations among long-time NIRI members. The waterfront venue featured spacious and comfortable meeting rooms, as well as close proximity to the many attractions of downtown San Diego. The hotel was also a convenient base for members to visit investors in Southern California and the West Coast before or after the conference.

After a mostly overcast May in San Diego, the weather improved greatly as members began to arrive in town in early June. With

sunny skies, refreshing breezes, and low humidity, members were able to fully enjoy San Diego when they stepped outside for the NIRI Golf Classic, chapter gatherings, NIRI's 5-K Fun Run, or parties hosted by IR service providers.

Among the many Conference highlights was the on-stage celebration of the 61 IR practitioners who passed the inaugural Investor Relations Charter™ (IRC) certification exam earlier this year. (For more

Top left: Conference Co-Chairs Lee Ahlstrom and Karen Fisher during Monday's general session; **Top right:** The view of San Diego Bay from the conference hotel; **Lower left:** Attendees enjoy San Diego's weather during the Global IR Summit reception; **Lower right:** NIRI Board Member Liz Bauer asks a question during the "Forging a Path to the C-Suite" general session.

about IRC certification program and the inaugural class of IRC holders, please see page 14 of this edition of *IR Update*). At the Volunteer Appreciation Dinner on Saturday, 23 chapter members received Chapter Leadership Awards. (Please see page 18 for the list of honorees.) Bob Burton was recognized as NIRI's National Volunteer of the Year for his tireless efforts to create the IRC certification program, and because of whom and what he represents – the enormous list of volunteers who contributed countless hours of their time since 2011 to this program.

This year's event was made possible by an enthusiastic Annual Conference Committee of NIRI members led by co-chairs Karen Fisher, vice president, investor relations and compliance at OneRoof Energy, and Lee Ahlstrom, senior vice president – investor relations, strategy, and planning at Paragon Offshore.

In a post-event survey, more than 96 percent of attendees said they would recommend attending the conference to well-respected peers.

To help members keep track of all events, NIRI offered a Conference app that was downloaded by more than 660 attendees; many of them used the app to pose questions to speakers or provide feedback on sessions.

Session materials and replays are available free to attendees, and for purchase to non-attendees at www.niri.org. Additional photos from the conference can be found on NIRI's

Facebook page at www.facebook.com/NIRI.National.

Conference Highlights

On Sunday, some attendees started their learning early by attending workshops on reputational risk management, financial modeling, and shareholder activism. These seminars were followed by the always popular Global IR Summit Program, which explored messaging, market intelligence, and outreach practices.

Also on Sunday, the NIRI Board hosted a reception to honor the NIRI Fellows, the Annual Conference Committee, IRC program volunteers, and NIRI's Advocacy Ambassadors. Members also gathered for chapter events at several waterfront restaurants close to the hotel. NIRI's chapter leaders also came together for a half-day session on Sunday to prepare for the 2016-2017 program year.

Monday Learning

The first general session featured a thought-provoking address from Peter Ricchiuti, a finance professor from Tulane University. His "What the Financial Markets Are Telling Us" session was the highest rated in the attendee survey.

The second general session included a fireside chat with John Micklethwait, editor-in-chief of Bloomberg News, who discussed the presidential campaign and the likely impact on the economic climate. He also addressed notable media trends, including the growth of mobile content, the increasing customization of content for particular audiences, and consumers' greater willingness to pay for high-quality content.

To allow attendees to tailor their learning opportunities, the Annual Conference

"There was a good mix for both newer and more experienced attendees; I wanted to attend more sessions than time available."

Committee offered a variety of fast-paced, 60-minute breakout sessions in four different topic tracks: Economics & Markets; Marketing Outreach and Stakeholder Communications; Professional Development; and Corporate Governance & Regulatory.

The panels on Monday morning included a debate over IEX's application to become a full exchange, the latest trends in quarterly reporting, insights for IR professionals who wish to gain sell-side experience, and advice for working more effectively with board members and corporate secretaries to address shareholder activism.

After lunch, attendees were presented with another round of breakout sessions that included panels with expert advice on surviving proxy fights, coping with the 24-hour news cycle, and becoming a multidisciplinary IRO. The most talked-about session, "Short Attacks: The New Wolf Park: Best Practices for Preparing For Defending Against a Short Attack," featured three IROs who recounted how their companies successfully fended off bear raids from unconventional and unscrupulous activists.

A series of industry summit roundtables closed out the learning on Monday afternoon.

On Monday night, attendees gathered for a special networking reception and to hear from Carey Lohrenz, the first female pilot to qualify to fly the U.S. Navy's F-14 Tomcat, the fighter jet of "Top Gun" movie fame. She shared insights that she gained while leading a squadron of more than 250 people and managing \$1 billion worth of military assets.

"People have a fear of failure. We pass up good opportunities when we have this. We wait for someone else to go first, thinking it will keep us safe. . . . Don't be afraid to go first and don't have a fear of

"Best programs yet. The general session speakers were all top notch."

failure,” she observed. “High performers and rich people (90 percent of them) agree that they succeeded more because of what they learned from failure as they did from success. Feel the fear and do it anyway. Do one thing every day that puts a lump in your throat.”

“Appreciated the four-track system of the conference. And the general session speakers were top notch!”

Tuesday Teaching

Tuesday’s first general session featured an interactive address by Andy Goodman, a nationally recognized author, speaker, and consultant in the field of public interest communications. He discussed the elements of a good story and gave advice on how to use stories more effectively. “Stories, plus data, are the one-two punch of persuasion,” Goodman said.

In the second general session, “Forging a Path to the C-suite,” a panel of former IROs who graduated to the C-suite shared their perspectives about what they learned as IR professionals and how that helped them advance in their companies.

Before lunch, attendees had a choice of

breakout sessions about topics of interest such as how to update one’s CV, accessing the capital markets, board-shareholder engagement, and the role of IR in transactions.

During the afternoon, there were informative breakout sessions about what IR professionals should know about cybersecurity, how to understand macroeconomic trends and develop messaging, advice on “taking your career to the next level,” and a discussion of how the practice of IR differs based on company cap size.

Attendees capped off the day’s learning with a choice of roundtable topics on a broad array of IR issues.

The day concluded with more networking and cocktails at the service provider showcase reception where showcase giveaway winners were announced.

Wednesday Wisdom

The last day of the conference kicked off with a presentation by FBI Agent Jason Chaves, who discussed the sophisticated techniques that federal investiga-

tors use to nab insider trading suspects. He also highlighted the various security challenges that a company faces – from disgruntled employees who tip off the SEC to collect whistleblower awards -- to “hacktivists” and criminals who can easily gain access to sensitive data – to the risk of malware when using computers or cell phones overseas.

Finally, the 2016 Annual Conference concluded with four topic-based workshops, where attendees learned more about the advantages of obtaining the IRC credential, the implications of Big Data on IR, strategies for responding to an earnings season surprise, and how to navigate “difficult conversations” with C-suite executives.

Based on attendee survey responses, it appears that almost everyone enjoyed their time in San Diego.

Please mark your calendars now for the 2017 NIRI Annual Conference, which will be held June 4-7, 2017, in Orlando. 

Ted Allen is director of regulatory affairs and practice resources & editorial director at NIRI; tallen@niri.org. Al Rickard contributed to this article.

NIRI FELLOWS RECOGNITION

For the fourth year, NIRI used its Annual Conference as an opportunity to honor its new class of NIRI Fellows, recognized leaders who represent the ideals of the IR profession. The Fellows were honored during the Volunteer Appreciation Dinner on Saturday and at the start of Tuesday’s general session.

The NIRI Fellows Recognition Program recognizes members who have distinguished themselves on the basis of their leadership in NIRI as well as their integrity, involvement, and contributions to the IR profession throughout their careers. Those selected as a “NIRI Fellow” are highly engaged individuals whose commitment has led to continued service as content leaders, selection committee participants, authors, and thought leaders in the Institute and field of investor relations.

The 2016 class of NIRI Fellows includes:

- John T. Chevalier, vice president, global investor relations, The Procter & Gamble Company
- Nancy Hobor, a retired IR professional who now serves as a senior lecturer at Northwestern University’s Medill School of Journalism, Media, and Integrated Marketing Communications
- Jenny R. Kobin, partner, Investor Relations Advisory Solutions

The late Louis Thompson Jr., who served as NIRI’s CEO from 1982 to 2006, also was honored as a NIRI Fellow.

Upcoming editions of IR Update will include feature articles about the 2016 NIRI Fellows.

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The IRC Credential – Defining a New Standard

NIRI Celebrates the First Class of 61 IRC Holders ··· By Matt Brusch

A truly remarkable and unprecedented event occurred in San Diego this past June. An entire stage was filled with members of the inaugural Investor Relations Charter™ (IRC) holders at the NIRI 2016 Annual Conference. This history-making IRC class was being honored by NIRI leaders and conference attendees with a stirring ovation.

A New Standard Defined

The new IRC Program establishes a common global framework to define the profession of investor relations and provides IR professionals with the opportunity to demonstrate their knowledge, expertise, and commitment to the profession. The IRC is

NIRI's first professional credential, and the program is dedicated to helping NIRI meet its mission of advancing the practice of investor relations and the professional competency and stature of IR professionals.

Members of the first IRC class agreed on the importance of the new credential. "The IRC credential sets the standard of excellence for the investor relations profession," said Valerie Haertel, IRC, global head of investor relations, BNY Mellon. Another member of this class, Julie Tracy, IRC, senior vice president and chief communications officer, Wright Medical Group N.V., commented, "The IRC is an opportunity to elevate our profession. It provides a professional stature and credibility, and really helps us earn our seat at the table." Lisa

Rose, IRC, president, Dix & Eaton, believes, "The IRC brings another level of confidence, credibility, and reliability when it comes to our knowledge and expertise and how we can apply it."

Inaugural Class of IR Leaders

The first IRC class, so warmly received in San Diego, sat for the exam in March, and represented an experienced segment of IR professionals. As a group, they averaged more than 14 years of IR experience, a figure that is expected to decline as awareness of this new designation builds and participation in the exam increases. The fact that more senior practitioners were in the vanguard is normal for new professional credential programs. In NIRI's case,



ew Standard

evidence of this is that two of the primary motivations for participating in the program were: “Professional pride,” and “To advance the profession.”

The inaugural class hailed largely from the U.S., though several were from other countries, affirming the global applicability of the IRC. They ranged in age from early 30s to late 60s, and skewed slightly more male than female. The exam passing score was 160 out of 200, and the pass rate among this senior cohort was 94 percent. A relatively high pass rate is also common in new professional certification programs given that the candidates for new credentials tend to draw from those more tenured in their professions. This is, for example, the same passing rate that candidates for the



inaugural CFA exam experienced in 1963.

This data point shouldn’t, however, be confused with the idea that candidates didn’t find the exam to be challenging. About 50 percent of all candidates rated the exam as “difficult,” and in fact, those with more experience found the exam more challenging. Seven of every 10 exam takers with 16 or more years of IR experience rated the exam as “difficult.”

Jennifer Driscoll, IRC, investor relations, DuPont, notes: “If you don’t pass the first time, that’s ok. Many people take the CPA exam and don’t pass it the first time. There’s nothing embarrassing about not passing a very difficult test. So then study harder and try again later. But in addition to studying again, make sure that you have the necessary life experience. We require three years of IR experience before you can sit for the exam. And if you have any concerns, wait another year, because the test does check your knowledge and how you would behave in certain situations, and there’s really no substitute for experience.”

Why Become Certified?

“It’s really important for investor relations professionals to have the opportunity to be certified for what we do. My motivation was to solidify that for my career, as an investment in myself,” says Remy Bernarda, IRC, senior VP, IR & corporate communications, Galena Biopharma, Inc.

Investor relations professionals have a high degree of responsibility and can make a significant impact within their organizations. This demands competence across key disciplines including finance, strategy, and communications. Earning the IRC demonstrates necessary knowledge and skills in the IR

Competency Framework, the 10 subject areas essential to performing the investor relations function, namely: IR Strategy Formulation; IR Planning, Implementation, and Measurement; Messaging Development; Marketing and Outreach; Financial Reporting and Analysis; Business Insight; Strategic Counsel and Collaboration; Capital Markets and Capital Structure; Regulatory Compliance; and Corporate Governance.

“Look at it from the perspective of what is going to best advance your career,” notes Deborah Pawlowski, IRC, president & CEO, Kei Advisors LLC. “Where do you see yourself five or 10 years from now? No matter what career track you think you are going to take, the IRC charter in your resume will help you advance to levels that you haven’t considered before. This is a credential which will be valued by the C-suite and, I believe, ultimately exist in the C-suite as well.”

Commenting on passing the IRC exam, Robert Burrows, IRC, vice president, investor relations, Emergent BioSolutions Inc., says, “The feedback from my C-suite has been that it’s fantastic for me personally, that it’s a real testament to my professional knowledge, and that this is great for our company.”

Why Choose NIRI’s IRC?

With more than 3,300 members representing over 1,600 publicly held companies worldwide, NIRI is the world’s oldest and largest investor relations industry professional association. Developed through the collaboration of its practitioners and constituents, NIRI’s IRC credential assures those in the corporate, agency, and investment communities that the charter holder has demonstrated

the necessary knowledge and skills for competence across the IR discipline.

On sitting for the exam, Lisa Rose observes: “I knew I was going to ask my entire team to take the exam – we had all agreed that we would go for the certification – but I wanted to sit for it first, so I could come back with feedback on whether it was worthwhile and a good experience. I do believe that the IRC will help my team members’ careers, especially those who are advancing in the profession. And I’ve asked a couple of my clients how they would perceive it. Would they care if the team at our agency is actually a certified team? They said, all things being equal, they would care a lot, and it *would* mean something.”

“The IRC is validation of what we do, and represents how far the profession has come,” says Remy Bernarda. “We hear all the time about how IR is becoming more strategic and that there are more factors involved in the profession as a whole that we have to deal with. Earning this full credential really solidifies the fact that you have a knowledge base that’s very broad, very focused, and covers a lot of ground. The IRC is important for those that are really striving to excel in their careers.”

Exam Preparation

Eligibility includes a minimum of three years’ experience working in investor relations, which proved to be particularly important to the inaugural IRC class, according to Bob Burton, managing director, Lambert, Edwards & Associates, and NIRI’s Certification Council chair. “Certainly candidates must study the program’s *Body of Knowledge* document thoroughly,” he says, “but we also heard repeatedly from candidates that the most important preparation for the exam was specific work experience in the field of IR, which was a fundamental intent of the



A group of the inaugural IRC holders toast their new credentials, led by NIRI Vice President, Communications and Practice Information Matt Brusch, CAE.

committee as we developed the first set of exam questions.”

Jennifer Driscoll, on preparing to sit for the exam, advises, “Look at the *Body of Knowledge* for the general areas that will be covered by the test. It’s also good to find a friend who is going to sit for the exam with you, and study together. I heard, for example, of someone who paired with someone else to study and one took odd chapters and one took even chapters, and they prepared questions for the other person based on what was in the *Body of Knowledge*. I thought that was an excellent way for several people to help each other prepare.”

Sitting for the Exam


The examinations are administered during one-week testing windows in March and September at professional computer-based assessment facilities managed by NIRI’s testing vendor, Applied Measurement Professionals, Inc. Assessment sites are available at hundreds of locations throughout the U.S., and virtually anywhere in the world.

Commitment to IR

To earn and maintain the IRC credential, a candidate must meet educational and pro-

fessional IR experience requirements, adhere to the IRC Code of Conduct and to NIRI’s Code of Ethics, pass the IRC exam, and participate in ongoing professional development activities. Full information regarding approved professional development activities will be available later this year.

Considering IRC?

Mark Furlong, IRC, CPA, investor relations director, Blackbaud, Inc., summarizes his views about the IRC this way: “The IRC is a differentiator. Looking forward, just like a CPA or a CFA, I truly believe that it’s going to become the standard for IR professionals. I think it’s going to be the expectation from the buy side, the sell side, and from companies, that IROs are certified so they understand that they’re dealing with a certain level of professional with the skills and expertise necessary for investor relations.” 

Matt Brusch is NIRI’s vice president for communication and practice information; mbrusch@niri.org. For complete information about the new IRC credential, and to apply to sit for the next IRC examination, please visit the certification section of the NIRI website at: www.niri.org/certification.



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NIRI Announces Individual Chapter Leadership Award Winners

NIRI PRESENTED ITS 2015-2016 Individual Chapter Leadership Award winners at the Volunteer Appreciation Dinner at the 2016 NIRI Annual Conference. Winners include:

Jessica Thorsheim, Arizona; **Rupal Turner**, Capital Area; **Carol Merry**, Central Ohio; **Dee Johnson**, Chicago; **Al Beaupre**, Cincinnati Tri State; **Kelly Dillon**, Cleveland; **Autumn Hugo**, Houston; **John Tolo**, Kansas City; **Lori Hillman**, Los Angeles; **Darin Arita**, **Corey Kinger and Debra Wasser**, New York; **Joseph Hassett**, Philadelphia; **Jennifer Almquist**, Rocky Mountain; **Robert Uhl**, San Diego; **Nicole Noutsios**, San Francisco; **Kevin Kessel**, Silicon Valley; **Al Aneja**, South Florida; **John Hastings**, St. Louis; **Karl Deonanan**, Triangle; **Bernadette McCormick**, Twin Cities; **Sheryl Joyce and Tripp Sullivan**, Virtual.



Bob Burton, managing director, financial communications at Lambert, Edwards & Associates, received the

NIRI National Volunteer of

the Year Award. This award honors a NIRI member who best exemplifies the NIRI mission of “advancing the practice of investor relations and professional competency and stature NIRI members” at the national level.

A longtime NIRI member, Burton has consistently contributed his time to the organization as an active volunteer at both the local level, serving in leadership positions for several chapters, and at the national level where he was a chair of the Professional Development Committee of the NIRI Board of Directors.

Following his NIRI Board service, Burton

has led the new Investor Relations Charter (IRC™) Certification Council, and has been critical to the successful launch of the IRC program.

NIRI Chair Felise Kissell, vice president, investor relations, HSN, said, “I am thrilled to have the privilege of honoring these outstanding NIRI chapter leaders. The spirit of volunteerism is pervasive in our organization; it is one of the unique and truly wonderful aspects of NIRI. Our chapters are successful because of the volunteer effort of these and other leaders. As a group, they possess high integrity, instill confidence and enthusiasm, act as educators and motivators, demonstrate mutual respect, exhibit leadership skills as shown in past NIRI service, and provide support through appreciation and encouragement.”

On the Move



Louise Mehrotra, vice president of investor relations for Johnson & Johnson, will retire

in January 2017 following a transition period with her successor. She joined Johnson & Johnson in 1980 and led investor relations for more than 10 years. Mehrotra held positions of increasing responsibility in finance and compliance at several Johnson & Johnson operating companies and Johnson & Johnson world headquarters. Her experience includes four years at Janssen Pharmaceutica, N.V., in Belgium, where she supported the finances of the international marketing group, as well as pharmaceutical and chemical manufacturing management.

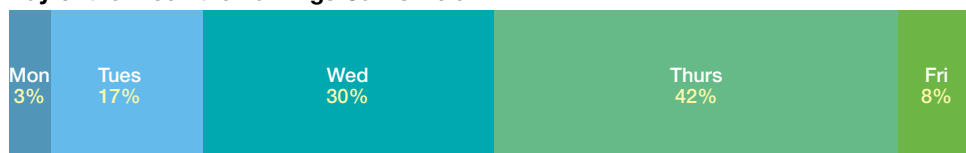


Ira Gostin launched 120 West Strategic Communications, based in Reno, Nevada. The

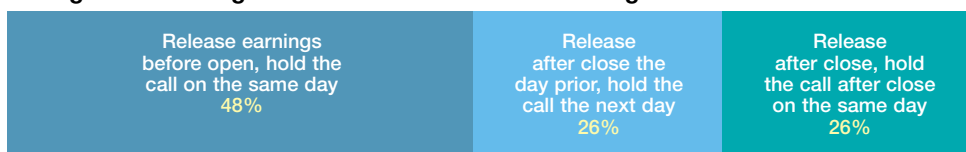
company will provide investor relations, marketing, branding, and communications for public and private companies. Gostin was previously vice president of investor relations and corporate communications for Tahoe Resources, where he took the mining company through an IPO, a secondary offering, and two mergers. His company will work with clients in the mining, hospitality, technology, and health care industries as well as start-up companies.

IR Research At-A-Glance

Day of the Week the Earnings Call is Held



Timing of the Earnings Release in Relation to the Earnings Call



Source: NIRI Earnings Process Survey – 2016. Report forthcoming.



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APPLYING A CHILDHOOD LESSON TO AN INVESTOR DAY EVENT

By Kathy MacDonald

HERE'S AN EXPERIENCE you may have had at one of your investor days: During a break, your C-suite and extended leadership presenters are swarmed by investors trying to ask their questions. Or at lunch, one individual dominates the discussion at the table, ignoring others who are respectively waiting their turns.

During a recent NIRI event, I shared a lesson from my childhood that gives everyone a fair chance to participate. NIRI Chicago chapter leaders asked me to share this idea.

Do you recall "round-robin" tournaments of ping-pong or tennis where each contestant met all other contestants in turn? Here is how we used the round-robin concept at our last investor day event for a group of approximately 90 investors.

In advance, we announced that each presenter would spend approximately 10 minutes at each lunch table. We set up 10 tables with seats for one presenter and nine investors. Each presenter went to their first designated table,

was served the first course, and answered questions at that table. In about 10 minutes, I asked the CEO to move to the next table, and each of the other executive presenters moved to their next table. There were a few challenges, such as making sure the executives were able to eat something, and sometimes kindly helping them break away from a table group that continued to ask questions.

The round-robin lunch allowed investors another 90 minutes of Q&A access to all of our presenters, in addition to the standard Q&A sessions during the presentation section. We received positive feedback from many of the attendees, who thought our arrangement provided better overall access to management.



Kathy MacDonald

is vice president – investor relations at Mead Johnson Nutrition; Kathy. macdonald@mjn.com.

Quick Takes

When you have to bring bad news to management, what strategies do you use?



Jonathan Peisner

Vice President, Investor Relations
Navistar International

► "Pause to really think it through.

The natural inclination is to rush the news up, but you really need to pause and think through how your senior management will react and what questions they may ask you. Also never do this via emails – in person is best, but if you can't do that, pick up the phone."



Gregg Lampf

Vice President, Investor Relations
CIENA Corporation

► "If the bad news is something that has a fix, offer some solutions. If it falls under the category of, 'it is what it is,' remember that a good management team should recognize that the professionals who work for them need to be honest and forthright. Honor that."



Heather Kos

Vice President, IR and Corporate Communications
Ingredion Incorporated

► "I take a step back to make sure I have a complete set of facts as well as next steps and alternatives we could explore that may minimize the hurt."

Professional Development Calendar

For more information, visit www.niri.org/calendar.

September 2016

18-21 Fundamentals of Investor Relations in Boston, MA

22 Creating Successful Investor & Investor Day Presentations in Boston, MA

23 Writing Workshop for Investor Relations in Boston, MA

November 2016

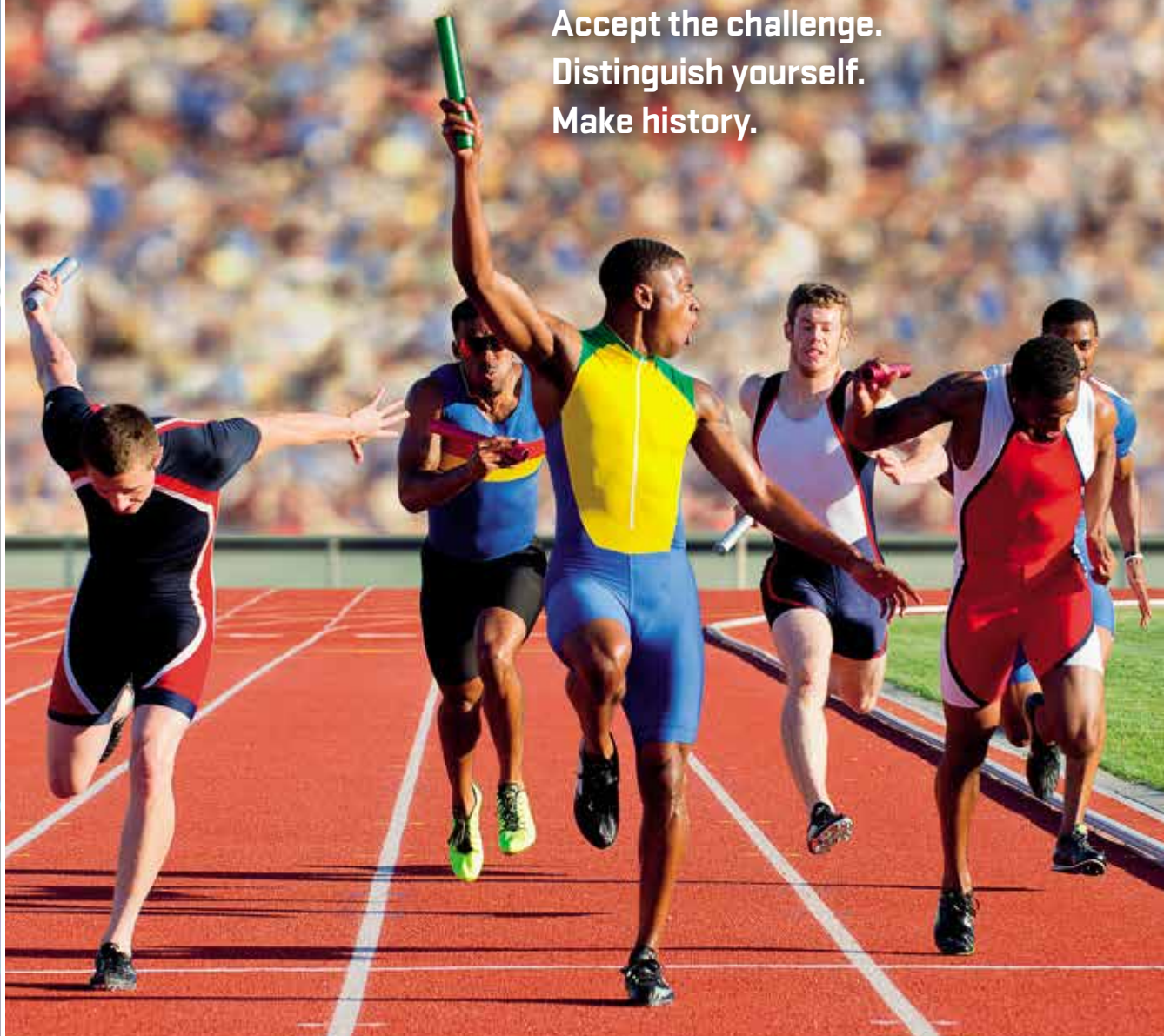
14 Finance 101 for IR Professionals in New York, NY

15-16 Finance Essentials for IR and Corporate Communications in New York, NY

17 Think Like an Analyst in New York, NY

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NIRI Virtual Chapter Hosts ‘Get Physical’ Events in Six States

New approach expected to become an annual tradition.

By Beth Carty and Sheryl Joyce

On April 12, more than 50 IROs, consultants, and representatives from the investment community gathered in six locations around the United States to network and share ideas. The meetings were organized by the NIRI Virtual Chapter in response to membership interest in getting together in person.

IR professionals met simultaneously in Birmingham, AL; Buffalo, NY; Grand Rapids, MI; Nashville, TN; Portland, OR; and Tulsa, OK. Each gathering was a success and attendees agreed to connect in person on a regular basis. There is a consensus that the “Get Physical” event will become a tradition.

Key takeaways from each location include:

Birmingham, Alabama

Five IR professionals had an interactive discussion during lunch about a variety of topics including: IR certification, analyst day best practices, and corporate governance trends.

Buffalo, New York

Twenty-three IR professionals attended an informative discussion about shareholder activism facilitated by Kayla Kloss and Alexander McClean of Harter Secrest & Emery LLP, a law firm.

The presentation addressed recent trends in shareholder activism and several proactive strategies that can reduce a company’s risk of being a target for an activist campaign. These include having a strong IR program (that involves regular

contact with shareholders), establishing a messaging plan, and maintaining a board/management/legal response team.

Grand Rapids, Michigan

Participants exchanged best practices, such as the move to virtual shareholder meetings, and how communications evolve as one’s investment thesis evolves.

Nashville, Tennessee

Members gathered to review the current state of the buy side and sell side, as well as the challenges of putting on an investor day.

With one current and one former sell-side analyst in attendance, the group discussed tactics for reaching out to analysts and investors to get their attention. Insights were also shared on how analyst coverage universes are constructed and maintained. There was discussion about how analysts are compensated and the influence that has on the need for non-deal road shows and conference participation.


Portland, Oregon

Ten local IR professionals from the sportswear, technology, craft brewing, and utility industries, as well as a representative from NASDAQ, gathered for an informal meet and greet.

A variety of topics were discussed, including the shrinking number of public companies in the Oregon/Southwest Washington market, NIRI National’s advocacy initiatives, the industry-specific challenges and trends faced by each IRO,

and strategies for dealing with proxy advisory firms.

Tulsa, Oklahoma

Five NIRI Virtual Chapter members gathered. One of the IROs recently implemented a new website, so discussion focused on the IR website provider selection and implementation process. Attendees also gave feedback on targeting and surveillance vendors, as well as strategies for investor outreach and conference participation. A majority in attendance have decreased conference participation slightly and opted to directly contact their top 10 investors for meetings. 

Beth Carty of Washington REIT is co-president of the NIRI Virtual Chapter; bcarty@washreit.com. Sheryl Joyce, a London-based digital marketing and communications consultant, is chair of the Virtual Chapter’s marketing and communications committee; sherylajoyce@gmail.com.

SUBMIT A SPOTLIGHT ON CHAPTERS ARTICLE

If your chapter is interested in writing a “Spotlight on Chapters” article, please contact Robin Kite, NIRI Director, chapter services, at rkite@niri.org.

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