



Strengthening Stakeholder Management and Investor Relations

Guidebook

3

PLC Transformation (PLCT) Programme

Towards a more responsible and high performing
Corporate Malaysia

A quick tour of Guidebook 3



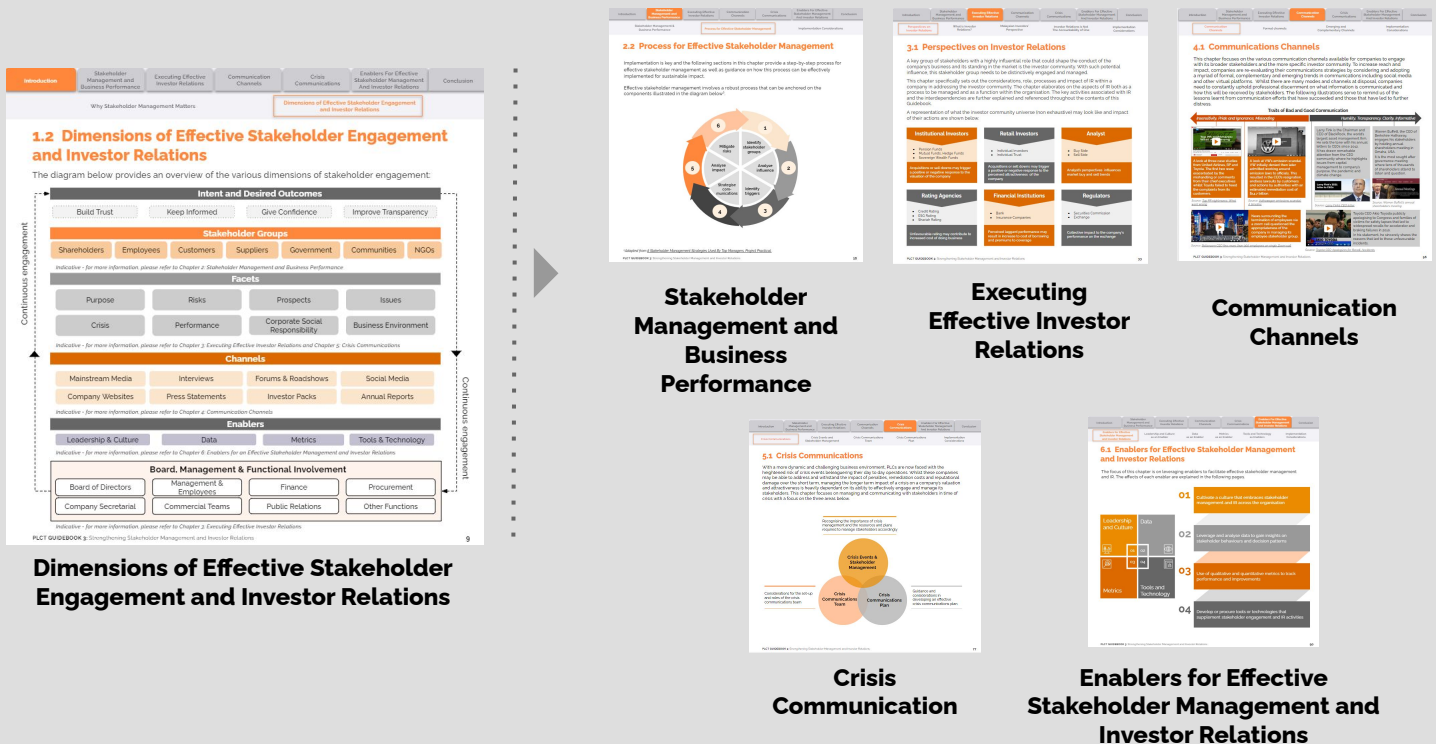
Strengthening Stakeholder Management and Investor Relations in PLCs

Guidebook 3 looks into the best practices of stakeholder management in PLCs, including the importance of the Investor Relations (IR) programme and associated activities that ultimately lead to improvements in the overall performance of PLCs.

The focus is on sharing the fundamental principles and providing a structured approach with practical 'how-to' guidance to effectively engage and communicate with various stakeholders.

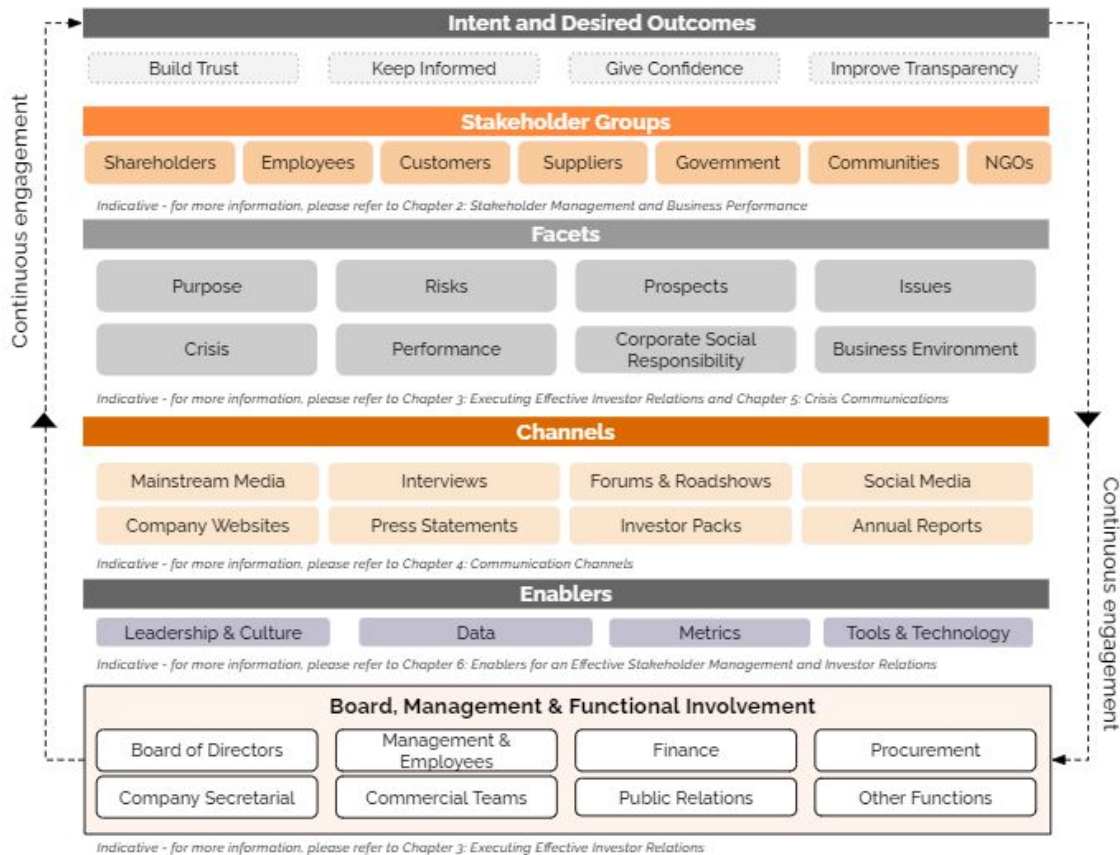
To obtain a better appreciation of the principles and methods espoused in this Guidebook, various real-life examples, videos, templates and case studies have been included. This Guidebook also aims to showcase lessons learnt, considerations for effective engagement strategies as well as methods employed by various companies.

The chart below and following pages provide an overview and quick tour of Guidebook 3.



Chapter 1: Introduction

This introductory chapter sets the framework on the Dimensions of Effective Stakeholder Engagement and Investor Relations anchored on six core attributes. These attributes help frame collectively the components, activities and desired outcomes for the PLC's stakeholder management programme. Each of the following chapters are then developed based on this framework.



Core attributes:

- 1** Intent and Desired Outcomes
- 3** Facets
- 5** Enablers
- 2** Stakeholder Groups
- 4** Channels
- 6** Board, Management & Functional Involvement

Chapter 2: Stakeholder Management and Business Performance

This chapter provides a step-by-step process for effective stakeholder management as well as guidance on how this process can be effectively implemented for sustainable impact.



2.1 Stakeholder Management and Business Performance

Stakeholder management is the process of organising, monitoring and improving relationships with stakeholders. It involves systematically identifying stakeholders, analysing their needs and expectations, and planning and implementing various initiatives to engage with them. A good stakeholder management process will be the means through which companies are able to coordinate interactions and assess the status and quality of relationships with various stakeholders.

Effective stakeholder management has a correlation with overall business performance as set out below:

- Confident renewal of products and services in the market through robust ratings and feedback from end, current and potential customers
- Enhanced market value and extra revenues through robust engagement with the wide range of diverse stakeholders
- Better management of critical business dependencies by understanding various stakeholder needs, constraints and interdependencies across the business value chain (e.g. supplier constraints, customer's complaints and regulatory requirements)
- Effective communication of an expanding corporate interest and associated relations will enable better attraction of top talent
- A corporate culture that promotes robust, transparent and timely stakeholder engagement across all functions and levels is critical in a more stable and progressive organisation
- Establishing trust with stakeholders through honest and transparent engagements will promote loyalty and confidence in the business that attracts investors, financiers and other stakeholders across the value chain

2.2 Process for Effective Stakeholder Management (cont'd)

The following sections provide guidance for companies to consider in their efforts to formulate and implement effective stakeholder management strategies based on the process illustrated.

2.2.1 Identify stakeholder groups

Identification of relevant stakeholder groups is a critical starting point for the stakeholder management process. Companies could have a multitude of stakeholders depending on their size, reach and nature of business and these will change as the business evolves. In order to ensure that a comprehensive view of stakeholders is formed, a structured stakeholder identification approach is required.

- Companies need to conduct a thorough stakeholder analysis during stakeholder engagement to identify all the stakeholders who will be directly or indirectly impacted and their interdependencies.
- Understanding who the stakeholders are and the influence they may have (see section 2.2.2) is critical to understanding what needs, interests, and expectations must be satisfied in the stakeholder management process.

2.2 Process for Effective Stakeholder Management (cont'd)

2.2.2 Analyse influence

While identifying a comprehensive list of internal, external and extended stakeholders is essential to effective stakeholder management, it is critical to assess the level of influence that those stakeholders could have on the company in order to formulate proactive engagement plans.

A structured approach to ascertaining stakeholder influence can be adopted from Mendelow's matrix depicted below. By analysing and mapping various stakeholders as identified above to these quadrants, a targeted stakeholder engagement plan can be formulated based on the level of prioritisation.

Power
Stakeholders' ability to influence the company's strategy or operations based on their position

Interest
Stakeholders' interest in the company's success

High Power / High Interest: **Manage Closely**

High Power / Low Interest: **Keep Satisfied**

Low Power / High Interest: **Monitor (minimum effort)**

Low Power / Low Interest: **Keep Informed**

Spotlight on the use of social listening by Fitbit

The spotlight below illustrates how social listening can be used to monitor stakeholder sentiments to the benefit of the company.

Customer experience is really paramount to everything we do here.
— About Us, Direct of Community for Fitbit

1,222,026 MEMBERS

- Fitbit uses social listening to monitor customer sentiment, sales and marketing and service.
- They offer proactive customer support and service by providing customer support over Twitter.
- More than 76% of consumers have stated that they tend to stay loyal to a brand if they feel a sense of belonging to a group or a community.
- A feature that was inspired by customer requests, "Reminders to Move", is a buzzing reminder on the Fitbit device that encourages the user to get up and take some steps. Users in the community forums had self-called it "side alert", but the core idea was the same.

Correlation between effective stakeholder management and overall business performance

Identifying the relevant stakeholder groups and understanding their influence

Tools for ascertaining stakeholder influence to develop targeted engagement plans

Case study on how stakeholder management is used to the benefit of the company

Chapter 4: Communication Channels

This chapter focuses on the various communication channels available for companies to engage with its broader stakeholders and the more specific investor community. This includes a myriad of formal, complementary and emerging trends in communications including social media and other virtual platforms.

4.1 Communication Channels

- Describes the traits of good and bad communication and lessons learnt from communication efforts that have succeeded and those that have led to further distress

4.2 Formal Channels

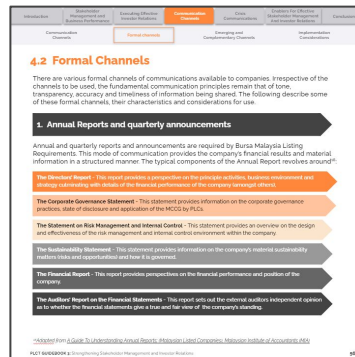
- Describes some formal channels, their characteristics and considerations for use

4.3 Emerging and Complementary Channels

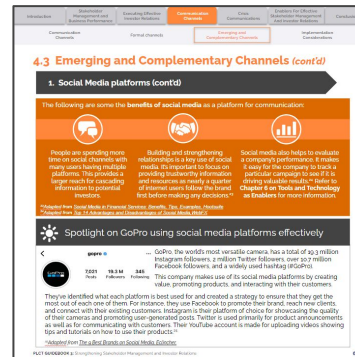
- Examples of emerging channels of communication that have gathered significant momentum over the recent years



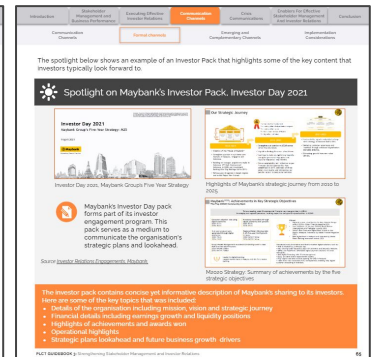
Lessons learnt from communication case studies



Description of formal channels, their characteristics and considerations for use



Description of emerging and complementary channels and their benefits



Case study on example of specific channel used to engage investor community

Chapter 5: Crisis Communications

This chapter focuses on managing and communicating with stakeholders in times of crisis with a focus on the three areas below.

Recognising the importance of crisis management and the resources and plans required to manage stakeholders accordingly



Considerations for the set-up and roles of the crisis communications team

Guidance and considerations in developing an effective crisis communications plan

5.2 Crisis Events and Stakeholder Management

While many organisations may have already implemented a robust Enterprise Risk Management (ERM) programme to identify potential risk areas and implement the necessary mitigation controls, unforeseen risks can materialise, leading to the possible occurrence of disruptive and unexpected events.

There are different crises that an organisation may potentially face:

Operational crisis	Financial crisis	Technological crisis	Humanitarian crisis	Legal crisis
<ul style="list-style-type: none"> Utility failure Failure of key equipment Supply chain disruption Product failure 	<ul style="list-style-type: none"> Insolvency Currency crisis Loss of revenue Shareholder activism 	<ul style="list-style-type: none"> IT system failure Data leakage Ransomware / malware attack 	<ul style="list-style-type: none"> Natural disaster Geopolitical situation Terrorism 	<ul style="list-style-type: none"> Enact misconduct Non-compliance with law and regulation

One may not be able to predict when a crisis will occur but one can certainly prepare for it. Any of these crises would inadvertently lead to a reputational impact to the organisation, and how the organisation communicates with its stakeholders can either make or break its image. Assigning a strong Crisis Communications Team and developing an effective Crisis Communications Plan is a key idea to preparing the organisation to be crisis-ready.

For organisations with Business Continuity Management (BCM) in place, it is key that the Crisis Communications Team works hand in hand with the Crisis Management Team / Business Continuity Management Committee in managing the stakeholders during a crisis. Similarly, the Crisis Communications Plan should work seamlessly with the Crisis Management Plan and Business Continuity Plan, an organisation that is aligned and unified may not only stand a chance in managing a crisis well, but may even thrive in challenging situations.

Illustration of different crises scenarios that an organisation may potentially face

5.3 Crisis Communications Team

The Crisis Communications Team will be responsible for executing the overall crisis communication strategy during a crisis. When assigning the respective roles and responsibilities in the Crisis Communications Team, it is important to take into account the following tasks:

- Conduct media monitoring and analysis
- Perform end-to-end communication process flow: develop, review, approve and disseminate
- Organise and manage press conference

Roles and responsibilities to consider in forming the Crisis Communications Team are as follows:

- Provide the official spokesperson with key / timely information
- Provide oversight in the development of communication strategies
- Act as central point of communication
- Provide technical contents and insights on the crisis
- Manage and monitor social media platforms
- Coordinate press conferences and logistics
- Assess the statements to be released
- Manage internal communications
- Manage and coordinate with external stakeholders

The Crisis Communications Team members should have an alternate identified in the event that the primary personnel is unable to support during a crisis. Both primary and alternate personnel should be provided with sufficient training to ensure that they are well-versed with their roles and responsibilities during a crisis. Alternatively, the team can also engage with external public relations agency specialised in crisis communication to provide assistance and guidance during a crisis.

Roles and responsibilities of the Crisis Communications Team

5.4 Crisis Communications Plan

The Crisis Communications Plan is aimed to guide the Crisis Communications Team in responding to a crisis, ensuring that the stakeholders and the organisation's reputation are managed accordingly. The plan should be reviewed and tested periodically to ensure that the communication strategies remain relevant. The Crisis Communications Plan can include the following key information:

- Incident classification code**
 - Understand what constitutes a 'crisis' in the organisation and what events would trigger one. This information can assist in determining the relevant communication strategies that should be carried out accordingly.
- Crisis communication centre**
 - Identify the location where the Crisis Communications Team will gather when activated, be it physically (primary and alternate location) or virtually. This will ease the coordination and communication among team members to enable swift response.
- Stakeholder matrix**
 - Identify the stakeholders both internally and externally that has an interest in the organisation and what their possible concerns are during a crisis. The following are some examples of stakeholders:
 - Internal stakeholders: Board of Directors, Employees
 - External stakeholders: Investors, Customers, Regulators, Media
 - Based on the stakeholders identified, assign the right individual and pinpoint the communication touchpoint that the organisation should use to reach out to them. This can include the organisation's social media channels, main website, email and customer care phone lines, etc.

Information to be included in the Crisis Communications Plan

Spotlight on EPP's swift release of press statement

On 12 February 2024, a crisis emerged for Employees Provident Fund (EPF) when a fire broke out at their Petaling Jaya branch caused by a spark from maintenance works undertaken on the first floor.

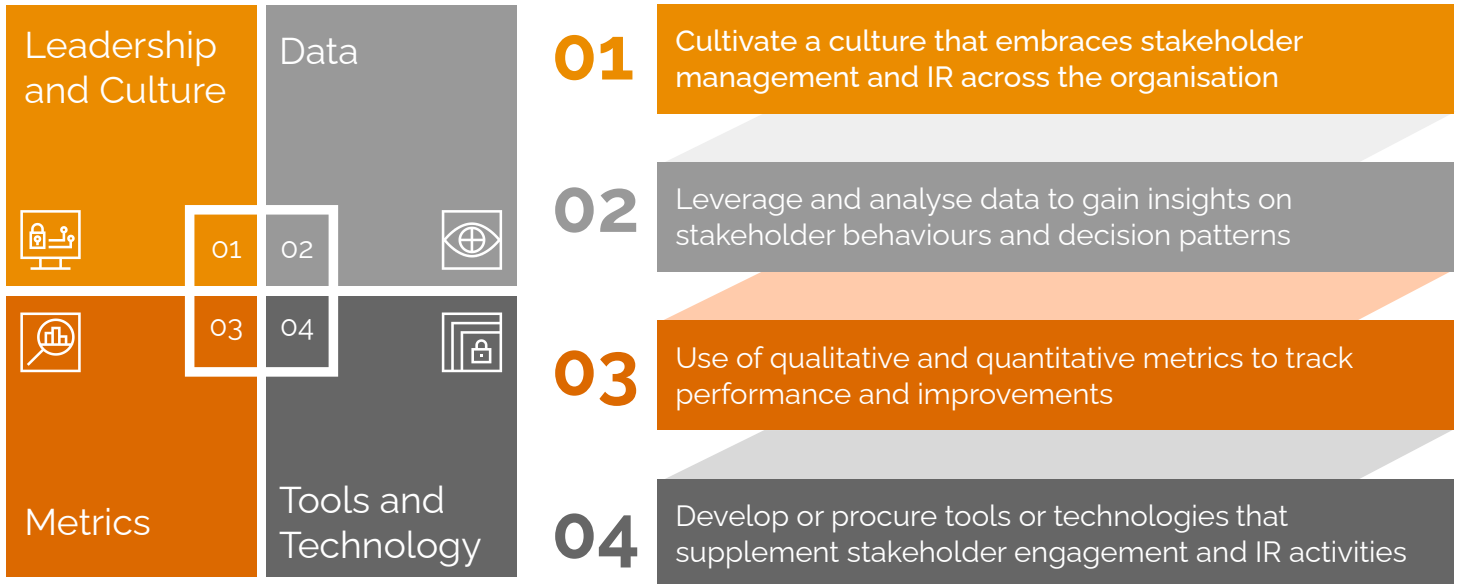
The following sets out EPF's swift response to the fire crisis:

- Activated Crisis Response Team (CRT) and alternate CRT
- Released press statement within 1 hour in 2 paragraphs (English and Bahasa Malaysia)
- Spokesperson addressed the media within 1 hour
- Addressed public inquiries and provided further updates via corporate website and Twitter
- Quickly job resumed (return by releasing press statement)

Case study on communicating in time of crisis

Chapter 6: Enablers For Effective Stakeholder Management And Investor Relations

The focus of this chapter is on leveraging enablers to facilitate effective stakeholder management and IR. The effects of each enabler are explained throughout this chapter.



Bringing to Life Stakeholder Engagement and Investor Relations

Throughout the Guidebook, supplemental content and resources have also been included to support and enable the implementation of initiatives.

2.3 Implementation Considerations

The effective implementation of stakeholder management initiatives... requires rigorous... for implementing these plans could result in... The implementation considerations for stakeholder management are:

- 1 Identify the stakeholders correctly**
The first and foremost thing to do is to identify and engagement process is impossible without this step.
- 2 Understand stakeholder expectations, needs and it is imperative to communicate the purpose of the role of each stakeholder and how they could be engaged.**
- 3 Manage the stakeholders as per their power and identification of the stakeholders is done so that stakeholders as per their power low or high and a big mistake when they manage all stakeholders.**
- 4 Keep stakeholders updated**
Many leading companies make it a point to engage some companies fail to keep stakeholders up to date.
- 5 Identify, assess and manage stakeholder risks**
Risks which ignored can turn into major risks which should make sure that they regularly monitor risks.

Appendix 1 Stakeholder Analysis Template¹

A stakeholder analysis (also called stakeholder mapping) is a critical activity. Stakeholders include individuals, community leaders, groups and other organisations who will be impacted by the company's strategy, operations, success or who could influence the outcome. They can be internal or external. This template can be used to identify the stakeholders, including their level of influence, which issues are important to them and how they will be engaged.

1	2	3	4	5	6	7
Stakeholder name	Contact person	Power	Interest	Important information	Stakeholder contribution to the company	Strategy for engaging the stakeholder
Add your own text here	Add your own text here	Add your own text here	Add your own text here	Add your own text here	Add your own text here	Add your own text here

- List the identified stakeholders (i.e. investors, financial institutions, media, government)
- There should be a contact person for each stakeholder for communication purposes include details such as phone number, email, website, address
- Identify how much influence do they have over the company's strategy or operations based on their position (Low, Medium, High)
- Identify how much interest do they have over the company's success (Low, Medium, High)
- List the important information needed by the stakeholder considering their power, interest and/or company's project
- Identify what is the stakeholders contribution to the company
- Describe how you will engage each stakeholder (i.e. monthly update meetings, weekly emails, etc.)

EPF

Puan Rohaya Mohammad Yusoff
Chief Investment Officer
Kumpulan Wang Simpanan Pekerja

PNB

Encik Sheikh Al-Zaquan bin Amer Hamzah
Cluster Head, Investment Analysis Department
Permodalan Nasional Berhad (PNB)

- Implementation considerations and practice aids that provide guidance areas for PLCs.

- Video recordings on the expectations from the investor community.

Spotlight A case study on Digi's Investor Relations strategy - enabled by Leadership and Technology

Digi approaches IR as a strategic enabler with the vision of "Empowering Societies, Connecting you to what matters most". Digi operationalises this components below:

- Enhance** Clearly identify stake 4 pillars - transparent non-selective. Max access to the same.
- Measure and monitor key metrics** Clearly setting key metrics to optimise stock valuation and target an optimum shareholder mix. Measurement metrics on the liquidity of stocks and share price performance are closely monitored.

Spotlight on Nestlé's virtual investor seminar

2021 Virtual investor seminar

Nestlé used its own YouTube channel to broadcast an investor seminar which included insights, as well as Q&A sessions with its Senior Management.

The seminar provided an opportunity for the company to share and have a conversation with its investors, financial analysts and media. At these sessions, Nestlé shared perspectives on the digital transformation of its Sales & Marketing organisation, strategies, plans and ambition.

12.8%
12.0%
1.8% 0.9% 0.6% 0.2%

25%
70% & 400M

Source: Nestlé.com Virtual investor seminar

BETTER.COM CEO FIRES 100 EMPLOYEES OVER ZOOM

In the Brunswick Groups Digital Investor Survey 2021, company-provided IR websites emerged as the most used and most trusted sources of information for investors.

The survey found that:

- 92% of investors report using the IR website of a company's website to investigate an issue
- 72% say they have made an investment decision based on something they learnt there.

The survey also found that, on trust, company-provided IR websites topped Bloomberg, the FT, and all other traditional news sources.

Legend: Digital Source, Traditional Source, Broadcast Source. Scale: Most used, Most trustworthy.

- Anchor case studies and references showcasing lessons learned from local and global companies.






- Research, statistics and publicly available videos that provide further illustrations and insights.

A Call to Action

Companies need to recognise the level of influence each stakeholder group has upon them and appreciate that the engagement and communication needs may differ from one stakeholder to another. The process of gathering, processing, consolidating and dispersing information requires significant diligence, good data governance and a well institutionalised framework in place. Stakeholders and shareholders are looking beyond the confines of financial reporting to analyse, assess and make sound conclusions and decisions on the companies that are of vested interest to them. This has made a strong case for the following fundamental principles:

- 1** Recognise that **stakeholder management** is **essential** and should not be left to chance
- 2** Develop an **IR Function** that acts as the **bridge** between the **leaders** of the companies to the wider **investor community**
- 3** **Embrace** the various **communication channels** and **enablers** for effective stakeholder management and IR
- 4** Institutionalise stakeholder management and IR as a **shared responsibility** and **collective effort** across the organisation

The PLCT Programme continues with topical initiatives for participating PLCs as well as upcoming releases of further guidebooks which will showcase important areas for elevating performance and attractiveness of our PLCs in the market.

 Guidebook 1 Creating Purpose & Performance Driven PLCs <i>(launched March 2022)</i>	 Guidebook 2 Sustainable, Socially Responsible & Ethical PLCs <i>(launched June 2022)</i>	 Guidebook 3 Strengthening Stakeholder Management & Investor Relations	 Guidebook 4 Digitally Enabled <i>(in Q4 2022)</i>	 Guidebook 5 Nation Building Drive <i>(in Q4 2022)</i>
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