



## FOR IMMEDIATE RELEASE

### IR practitioners should develop narratives to manage impact of COVID-19

- IRPAS recommends an active dialogue on managing Virtual AGMs

**Singapore, 16 March 2020** - COVID-19 seems now to be a Black Swan of 2020. Countries and companies, individuals and institutions are personally impacted by the virus, with lives at risk. Understandably, IR practitioners have been inundated with requests from the investing community and the media on what is the impact on their company, how management is preparing for this Black Swan event, and some basic granular issues related to the employees, customers, suppliers, and business contingency and continuity. Singapore leaders have indicated that this might potentially stretch for as long as one year. This means deep and lengthy impact on businesses, and shareholders of companies will be anxious not only of their own health but also the health of the companies they have invested in.

These are some of the common areas of interest that require answers from IR practitioners:

#### Practical Propositions:

**AGMs and attendance:** The Singapore Exchange has granted extensions up to the end of June for AGMs. Is it safe to hold AGMs and what steps are taken if the AGMs have to go ahead? Are there alternative ways such as virtual AGMs? In this age of technology, what rules must be reviewed to enable virtual AGMs?

**Curtailed travel and cancelled meetings:** Many companies as part of the Business Continuity Plan have banned all non-essential travel. The question is what are the alternative ways to communicate with clients, customers, investment community, and overseas clients and colleagues to minimise disruption to business continuity. COVID-19 would prompt to review travel plans (and help reduce carbon footprint with less airplane travels) and overseas meetings. Technology allows webcast meetings delivering perhaps the same results with less costs.

#### Financials:

**Cashflow:** This is one of the critical issues for the investment community—can the company last if this is a one-year crisis situation. What are the contingency plans for six months and twelve months to manage cashflow? What cost cutting measures must be taken without fundamentally hurting the business?

**Capital Spending:** It is to re-evaluate capital spending plans which includes articulating cash conservation or managing the runway on cash, addressing opportunities on the horizon post the crisis, and guiding on changing circumstances and prospects.

**Fundraising:** What steps can be taken to seek financing support? On what terms? What are the narratives that set the company apart in these difficult times and that it will come out stronger with additional financial support?

**Sales Forecast:** In almost all industries (except perhaps mask producers and medical products necessary to combat COVID-19), we will see a drop in their sales in the foreseeable future. Again, there is a need to develop narratives that talk of steps taken and capacity to emerge stronger after this crisis.

#### Business Proposition:

**Business Activity:** The pressing and persistent questions will be on this: how has it affected business activity, and how significant is the drop in business activities. The narrative would cover the near term (before the next results) and prospects in the next several months. Are there any steps to be taken to mitigate the drop?



**Supply Chain Disruptions:** With many countries in particular China in an unprecedented lockdown mode, is the company affected? In what way? If not, this is a positive point to highlight that they are not exposed to supply chain disruptions and that there are no concentration risks in the supply chain.

**Employees:** This is a sensitive issue and will attract maximum publicity. It is a time to be realistic while also being compassionate and caring for the most important asset of the company—its employees. Internal communication is essential so that staff feel safe especially key staff - that management is managing the crisis with the companies and their interests in mind. Singapore government in particular expects employees to be treated as assets and not as disposable cost items to be shed at every bum in the business cycle.

Harold Woo, President of IRPAS said, "COVID-19 has presented new challenges for companies, requiring them to clearly articulate the impact on business operations, and messaging to shareholders and stakeholders on steps being taken to prepare for the worsening situation. Many of the Singapore Exchange companies have announced pay cuts at senior management level while trying to keep their headcounts. The Singapore Government's policies are supportive of keeping employees, and minimising the negative fallout on staff by providing financial incentives to companies. This is also a time to reskill the workforce and step up the use of technology to augment business continuity plans."

He added, "It makes more sense for example to hold virtual AGMs to avoid crowded function rooms that could lead to another cluster infection. However, to do so calls for a review of the Articles of Association which requires AGMs to be held in a physical location and in Singapore, review of the Practice Guidance of the Code of Corporate Governance on whether AGMs can be held virtually, and finally the issue of having a quorum - can one have a quorum in a virtual AGM?"

IRPAS recommends an active dialogue on managing Virtual AGMs in the light of advanced technology solutions while meeting the governance requirements. While the technology to allow webcast meetings or vote electronically already exists, there are outstanding issues to be addressed such as the authentication of proxies and ensuring the privacy of the webcast is sufficiently robust. It will be ideal if the authorities can set some guidelines to provide some assurance to companies. It is inevitable that COVID-19 will bring about a sea change in community behaviour.

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#### About IRPAS

Run by IROs for IROs, IRPAS is a voluntary commitment by a team of IR veterans united by the same dedication to build a community for fellow IR practitioners. It aims to empower members through education, professional development and networking initiatives, and to promote the sharing of IR knowledge and practices through internal research and partnerships with leading institutions and IR societies around the world.

IRPAS was established in 2006 by leading IROs, supported by SGX, with the primary objectives of championing IR best practice, enhancing professional competencies and elevating the overall standard of the IR profession in Singapore.

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