

REPORT LEADERSHIP

TOMORROW'S REPORTING TODAY

TAKE A LOOK AT SOME EXAMPLES

We've noticed many companies using similar ideas to those in Report Leadership over the last few months. Here are some examples from the latest batch of annual reports:

CIMA

PRICEWATERHOUSECOOPERS 

ry. radley yeldar
consistently creative

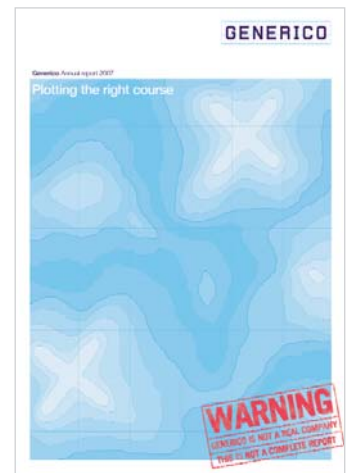
Corporate reporting

The Report Leadership group has previously called for improvements in three key areas:

- **Effective communication** – through clear messaging and navigation.
- **Modelling the future** – through the provision of contextual information that allows investors to assess the quality and sustainability of future cash flows.
- **Rethinking the financials** – to provide greater granularity on revenue, costs, segmental information, pensions and debt.

We applied our ideas via an annual report for a fictitious company 'Generico'. The report and associated guidance can be downloaded from www.reportleadership.com

The best practice examples below are of companies that have taken a similar tack within their own reports to that advocated by Report Leadership.

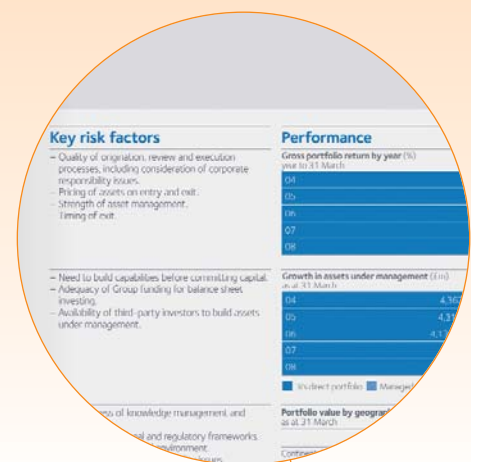


3i

The venture capital group provides a good overview of its strategic purpose and objectives and then links them to performance and key risk factors. It also details progress relative to the previous year.

- Clear performance indicators throughout
- Case studies to bring narrative reporting messages to life
- Cross-referencing throughout document
- Good use of navigational tabbing across top of pages

See *3i Group plc Report and accounts 2008* pages 10-11
www.3i.com



Cattles

The financial services group explains the rationale for presenting a revised view of the income statement, which more appropriately reflects the nature of the group's business. Graphics are used to clearly illustrate how balances map between the statutory income statement and the revised format.

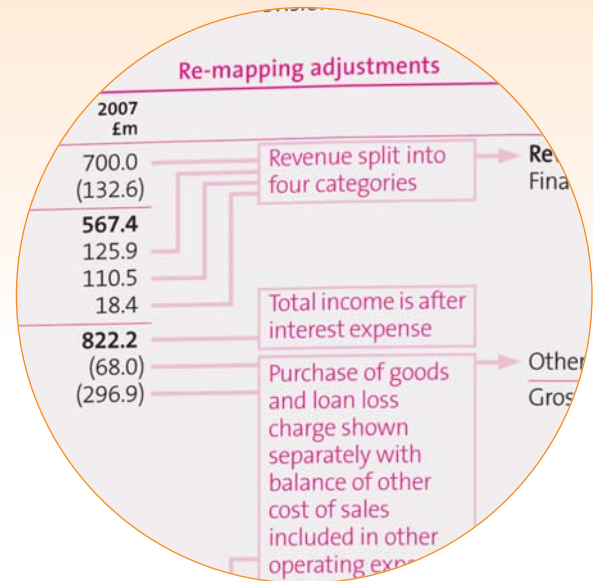
Makes use of diagrams to illustrate how balances map between formats

Uses realistic case studies to bring to life what the company does

Supports an analysis of key company resources with specific KPIs

See *Cattles annual report and financial statements 2007* pages 81-82

www.cattles.co.uk



ITV

ITV provides a clear link between its segmental aims and overall group goals, supported by specific targets. Market trends are explained and details about future market opportunities provided, while the group's principal risks are analysed for each of its areas of operation.

Objectives supported by clear strategic actions

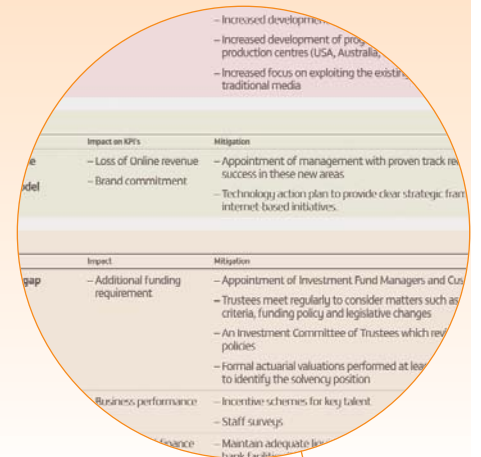
Provides an indication of the impact of each of the group's principal risks on KPIs and a summary of the processes in place to mitigate them

Sets out the group's financial and non-financial KPIs

Identifies new KPIs and provides information on those being addressed during the year

See *ITV annual report and accounts 2007* pages 34-35

www.itvplc.com



Man Group

One of few companies to offer graphs and charts alongside its financial statements, Man Group makes a real effort to communicate its performance. Meanwhile, a comprehensive discussion of the market environment is broken down into three-month periods and supported by externally-sourced statistics.

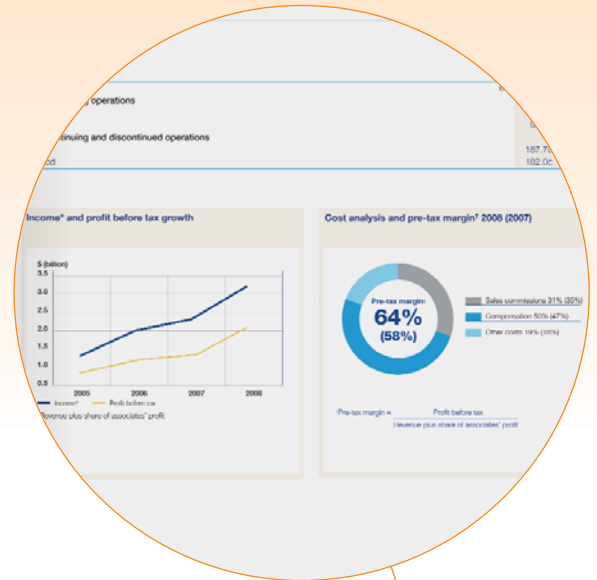
Includes graphs on the face of the primary statements to aid communication of performance

Clear identification of the different resources and relationships the delivery of strategy is dependent on

Specific sections dedicated to each resource, setting out more detail on their management and performance

See *Man Group annual report 2008 page 85*

www.mangroupplc.com



Rank Group

Rank Group provides a clear, one-page summary of its objectives and performance, presenting the KPIs which it uses to measure progress against its objectives. It also incorporates risk into this summary, highlighting the principal risks to achieving each objective.

Aligns the group's KPIs to its objectives

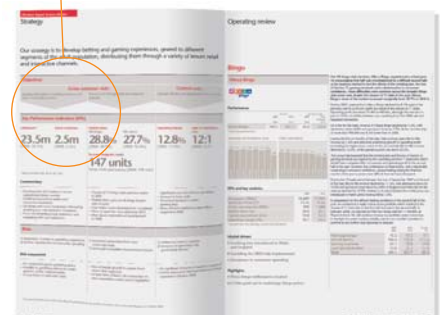
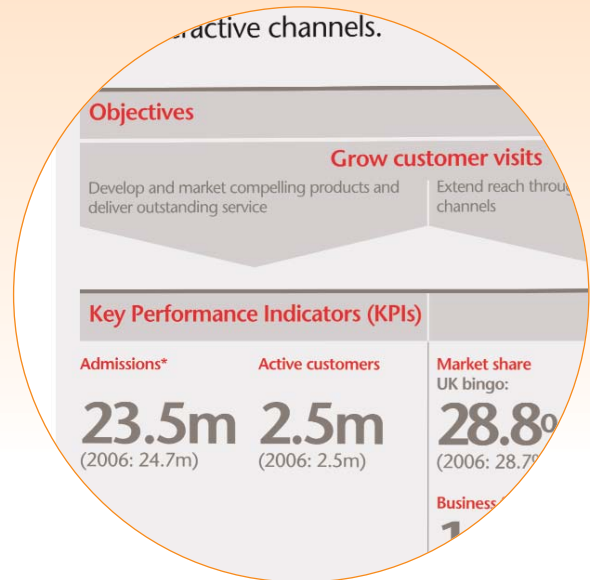
Reports year-on-year performance for each KPI, accompanied by high-level commentary

Identifies two principal risks for each objective, along with a qualitative assessment of the current profile of each risk

Reports KPIs for each business unit, replicating and supporting the group measures

See *Rank Group annual report 2007 page 16*

www.rank.com



Rok

The construction group presents a summary of the key elements of its 'success formula' and the KPIs used to measure performance early on. Colour-coding is used to differentiate each of the strategic elements, tying performance measures and information about strategic initiatives back to the relevant priority.

Up front summary of the key elements of the group's 'success formula' and the KPIs used to measure performance

Colour-coding throughout the report aids navigation

Explains actions taken to deliver on each element of the formula

Supports the explanation with a comprehensive set of quantified data

See Rok annual report 2007 pages 2-3

www.rokgroup.com



Standard Chartered

An explanation of Standard Chartered's approach to business sits at the front of its latest report. A double-page spread presents the group's KPIs, providing a description, analysis, source and previous years' data for each measure.

Clear set of financial and non-financial KPIs linked to strategic themes of the company

Strong supporting information – aim, source and trend data for each KPI

Consistent linkage throughout the report to further information on the company's website

See Standard Chartered annual report and accounts 2007 pages 16-17

www.standardchartered.com

Online presentation

Report Leadership addressed three issues for online reporting:

- **Finding information** – Navigation, the user interface and accessibility.
- **Recording information** – Bookmarking and annotation facilities that help readers keep track of the content that matters to them.
- **Extracting and analysing information** – Using video and audio content to provide greater insight. Using the exciting opportunities that the web offers to provide readers with information they can analyse and manipulate for themselves through Excel and PDF downloads, interactive charts and sensitivity analysis, interactive financial statements and, ultimately, XBRL.



We applied our ideas via an online annual report for the fictitious company 'Generico'. The report can be viewed at www.reportleadership.com or www.generico.co.uk

The best practice examples below are of companies that have taken a similar tack within their own online reports to that advocated by Report Leadership.

AstraZeneca

It's easy to move around AstraZeneca's online report. Strong primary navigation is supported by a clear secondary navigation bar within each section. Quick links to key content, the corporate website and PDF downloads are also provided on every page.

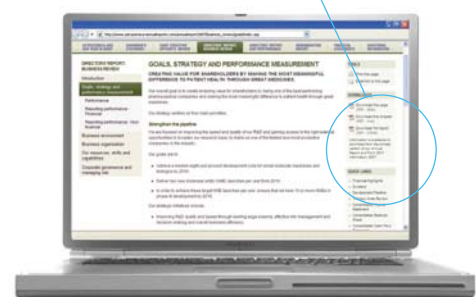
Home page provides links to financial highlights, downloads, and related information beyond the report

Quick links to financial highlights, dividend information, the development pipeline and financial statements

PDF downloads of each page, chapter and the full report

Provides links to downloadable spreadsheets next to the financial statements

See AstraZeneca online report and form 20-F information www.astrazeneca.com



Aviva

Aviva's online report offers a range of navigation options, including next/previous page links and a clear, effective search. Report tools give users the ability to print selected pages and to make notes, which can then be printed, deleted or downloaded to Microsoft Word.

Easy-to-use notation tool enables users to add or remove comments

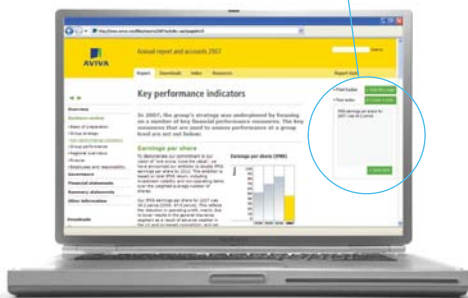
Chief Executive's statement brought to life using video

Financial statements available to download in Excel

Print basket makes it easy for users to print the pages they need

See *Aviva online report and accounts*

www.aviva.com



LandSec

A good mix of innovative design and clear navigation. Uses many of the advantages of the web without going over the top on multimedia.

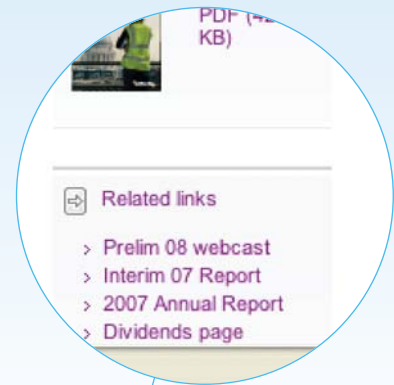
Related links within the document and to other relevant information on the Land Securities site

Ability to 'Create your own report' using check boxes to select areas of interest

Graphs can be increased in size to aid viewing

See *LandSec online report and accounts*

www.landsecurities.com



Legal & General Group

Readers of Legal & General's printed annual report are directed to the online version, where a range of videos show senior figures in the business discussing the group's strategic principles. Visitors to the online document can also produce a bespoke PDF and create their own charts.

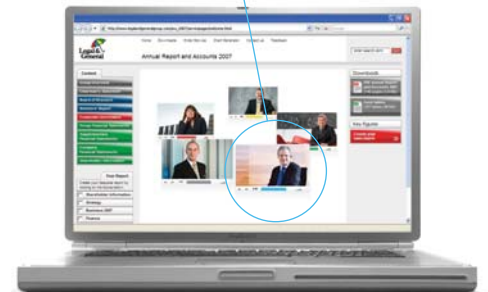
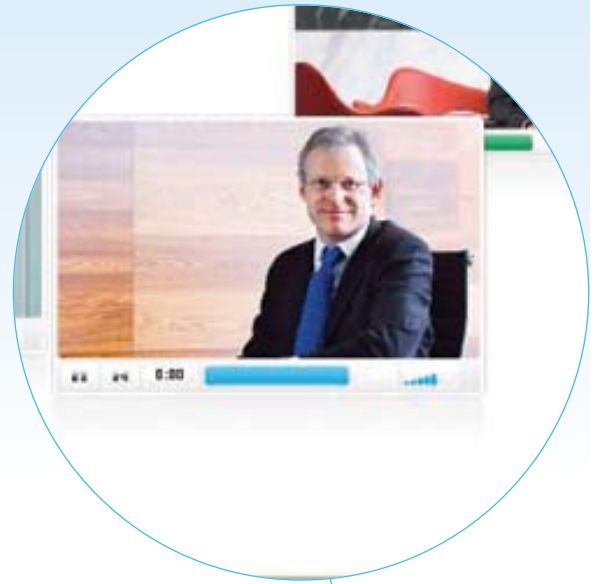
Video content brings strategy alive – and gives investors the opportunity to 'see the whites of management's eyes'

Interactive charts allow users to plot key data

Links to other pages of interest provided throughout

Users can produce their own report by selecting which sections to download

See *Legal & General Group online report and accounts*
www.legalandgeneralgroup.com



Marks & Spencer

Designed to appeal to the private investor, the M&S online report makes good use of multimedia including flash presentations and photographs.

Interactive timeline designed to bring highlights of the year alive.

Financial statements with 'focus' line to help reader follow the information across the tables

Interactive store map

See *Marks & Spencer online report and accounts*
www.marksandspencer.com



Premier Farnell

A key feature of Premier Farnell's online report is its dual-screen format, allowing users to view relevant information from elsewhere in the document without leaving the current page. Users can also make notes alongside specific content and bookmark the pages they're most interested in.

Allows users to mark pages with notes and bookmarks

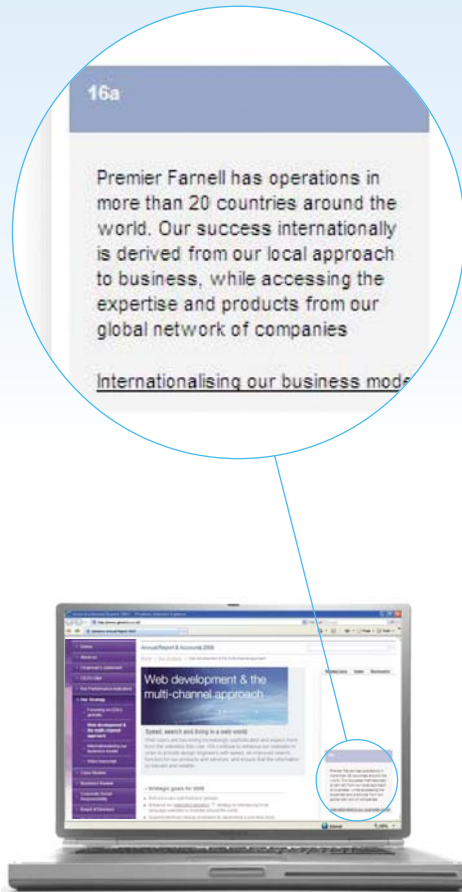
Provides links to supplementary information that can be viewed alongside the text being read – and links to related information on other pages

Video introductions from senior management

Chief Executive's video provided in Q&A format, allowing users to watch the content that's relevant to them

See *Premier Farnell online report and accounts*

www.premierfarnell.com



Royal Dutch Shell

Shell's online report features an interactive chart generator. Users are able to select from a range of performance indicators and years and choose whether the information is presented as a line chart, bar chart or table. A download manager provides easy access to PDFs of particular sections, and all of the tables in the report are provided as Excel spreadsheets.

Interactive charts allow users to choose the data to be inputted and how the outcome is presented

Related links cross-reference to other pages of interest

Navigation options include a search bar and drop-down menu of popular searches

A glossary provides definitions of acronyms used in the report

See *Royal Dutch Shell online report and form 20-F*

www.shell.com



Executive remuneration

Report Leadership suggested that executive remuneration reporting is split down into three areas:

- **At a glance information** – High level messages in the letter from the remuneration committee’s chair, accompanied by an ‘at a glance’ synopsis of key information, both qualitative and quantitative.
- **Remuneration explained** – The company’s approach to remuneration, key building blocks, current year performance and expected future changes, set out in a clear question and answer format.
- **Remuneration in detail** – Comprehensive disclosures required by local regulations and best practice disclosures according to various guidelines, set out in a format akin to the notes to the financial statements.



We applied our ideas via an executive remuneration report for a fictitious company ‘Generico’. The report and associated guidance can be downloaded from www.reportleadership.com

The best practice examples below are of companies that have taken a similar tack within their own reports to that advocated by Report Leadership.

BAE Systems

BAE Systems effectively presents key remuneration information by providing an ‘at a glance’ summary of its remuneration strategy, policy and package. It also provides a summary of changes made to the remuneration package and how these align to the strategy.

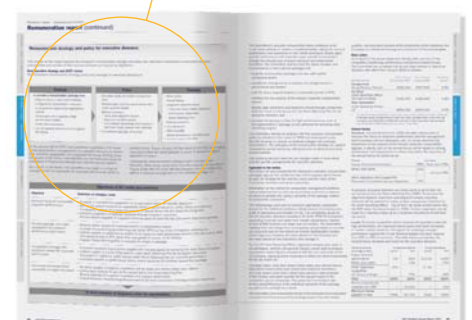
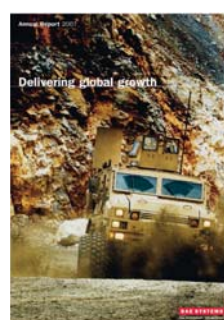
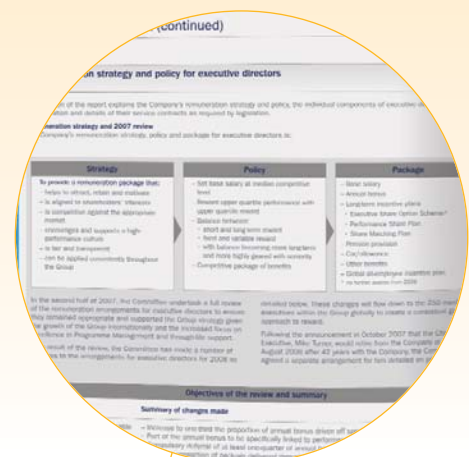
Uses tables and charts to break up dense text

Clear explanation of how the variable elements of reward align with the group’s key performance measures

Graphical analysis of the performance drivers of the overall incentive package

See *BAE Systems annual report 2007* page 66

www.baesystems.com



Lloyds TSB

Lloyds TSB offers one of the better examples of how to make executive remuneration easy to understand and follow. It makes a real effort to link the remuneration approach to wider performance measures.

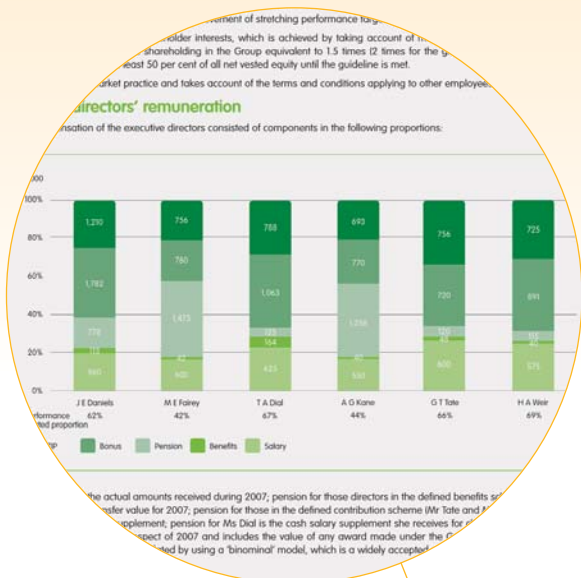
Comprehensive bar chart setting out details of the composition of each directors remuneration.

Established link between the company's balanced scorecard and the bonus payments to directors

Visual representation of dilution limits for group share schemes

See *Lloyds TSB annual report and accounts 2007* pages 64-65

www.lloydstsb.com



Pearson

The media group provides a clear breakdown of executive shareholdings, with more detail than many others. It uses tables to help explain the numbers.

Thorough details regarding the shareholding of executive directors including the share retention programme and prospective holdings.

Detailed information on service agreements including notice periods and compensation on termination.

Clear tabular explanation of performance against the individual performance measures of incentive plans

See *Pearson annual report and accounts 2007* pages 42-43

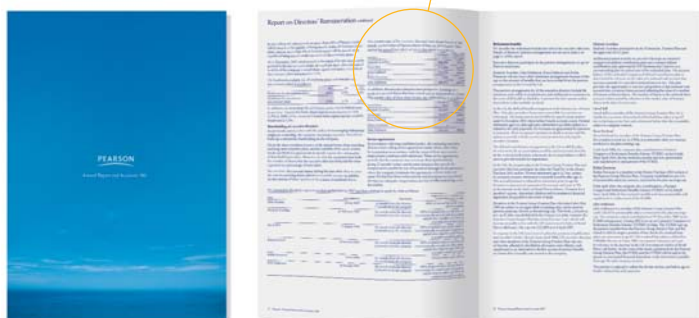
www.pearson.com

The current value of the executive directors' own shares based on the middle market value of Pearson shares of 666p on 29 February 2008 against the annual base salary set out in this report is as follows:

Own shares	Number of shares	Value (% of base salary)
Marjorie Scardino	400,886	297%
David Bell	172,896	261%
Rona Fairhead	121,556	166%
Robin Freestone	7,930	13%
John Makinson	306,592	403%

In addition, the executive directors have prospective holdings as a result of restricted shares that have vested and are held pending release. The current value of these shares before any withholdings is as follows:

Restricted shares	Number of shares	Value (% of base salary)
Marjorie Scardino	323,197	253%
David Bell	132,024	198%
Rona Fairhead	167,217	221%



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You can help shape the way the Report Leadership project evolves by giving your comments, actively participating, or adopting the elements that appeal to you. Please provide any feedback, register your interest and keep up to date with developments at www.reportleadership.com

Report Leadership is a multi-stakeholder group that aims to challenge established thinking on corporate reporting. The contributors to the initiative are the Chartered Institute of Management Accountants (CIMA), PricewaterhouseCoopers LLP and Radley Yeldar.