Reader’s guide

The Annual Report on Annual Reports 2008 is made up of three documents.

Report Ratings & Ranking
Top 500 annual reports
Who ranks where?
Who can compete?
Who is compared?
Reporting in tough times
How reports are scored
How reports are rated
Report scan or duel?
Who we are
By the numbers

Report Assets & Liabilities
Watching the report flow
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Report Attributes & Picks
30 report attributes
300 picks
How we do it
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Watching the report flow

Freely inspired by Bob Dylan's "Watching the river flow" (1971), which also includes the verse: "People disagreeing everywhere you look. Makes you wanna stop and read a book", our title sums up e.com's tireless (and sometimes tiring and tiresome!) job - and our core business.

How did we spend the last months?

We collected hard copies or downloaded soft (not always so soft) versions of hundreds of annual reports. We scored them. We rated them jointly with our panel. We watched them.

We have identified a number of important report attributes and picked a number of annual reports doing best - or just better - on those.

We looked at the covers. Yes, we know that, as the bluesman Willie Dixon put it, "You can't judge a book by the cover", but that's the starting point, the invitation to go further inside, and this applies even more to annual reports.

We read the report titles. Among the untitled ones, the hackneyed phrases, the fashions, we spotted a few ones that mean something or convey a message.

We pored over key figures, share items, ratios and performance indicators.

We glimpsed the truth through some messages, caught the drift or got the thread of some, and certainly missed the point in many more.

We moved from boring - and bowing - 10-Ks to dull 20-Fs to plainly put accounts of year ended.

We tried to get the picture here and charted the course there.

We perused chairman and chief executives' messages and stared at some in disbelief.

We ran past lifeless books and stared at lively reports.

We had to dig deep into financial reviews and, less often, were struck by financial clarity.

We flicked through thousands of pages, glanced at hundreds of ones, and traced some well-balanced reporting exercises, some key report assets, and major report liabilities.
30 report attributes

Covers
Report title
Design and layout
Style
Business at a glance
Key figures
Executive message
Theme - Thread
Share information
Branding
Read appeal
Visuals
Photography
Financial review
Financial clarity
Strategy
Charts - Graphs
Business/growth drivers
Goals and targets
Performance indicators - Ratios
Historical data
Risks (all industries)
Risks (financial sector)
Outlook
Governance
Corporate responsibility - Sustainability
Non- or partly-listed company report
Online reporting pluses
Two- or plus-book management
Report availability

Note: the reports selected for each attribute are listed alphabetically.
300 picks

Covers
- Allergan
- Danone
- Domtar
- Energizer
- Entergy

Report assets and liabilities

Covered and threaded as a movie, at least until the financials. The New Orleans utility has stood among the rare U.S. annuals still able to surprise. Yet substance is not always up to style. And the MD&A is difficult to unlock - a tedious silent movie, that is.

J Sainsbury
- Ladbrokes
- Michelin
- Pepsico
- Procter & Gamble
Report title

174 pages of strong ratings, revenues and results, by RTL

Report assets and liabilities

Profit centre reviews develop further the eye-catching headlines. However, liquidity analysis is a bit of a postscript that requires subtitles.

Alexander knows how we can make a difference, by UCB
Carbon Dioxide + Water + Sunlight Chlorophyll > Glucose + Oxygen, by Weyerhaeuser
Here’s to..., by Yell
If not us, who else, by RWE
Something’s cooking, by Sara Lee
The name the world builds on, by Wolseley
There are two ways to make money with property, by Immofinanz
Use this annual report any way you want, by EVN
We couldn’t care less about the annual report 2007, by Wienerberger
Design and layout

Caterpillar
Coca-Cola
Daiwa House
Ladbrokes
LVMH
Qualcomm
Sanofi-Aventis
Sodexo
Valeo

Report assets and liabilities

Key facts and figures are enhanced with a dashboard in mind and make the whole reading a pleasant drive. For financial engine checks the passenger needs to open the covers of the official document.

Whirpool
Style

ArcelorMittal
Audi
Danone
Domtar
Entergy
France Telecom
Genentech
Johnson & Johnson
Samsung Electronics

VIE (Vienna International Airport)

Report assets and liabilities

Covered and designed as a book, it makes the airport growth account more gripping than many in-flight stories. A feat of Austrian report baggage handling. A pity that governance is low-cost.
Business at a glance

Areva
Electrolux
Fortum
Infineon
Kingfisher
Oerlikon
Sony
Tenneco

Report assets and liabilities

Well introduced and finely threaded, for sure. But can a 16-page Annual Report be considered as an informative and comprehensive reporting tool?

Trelleborg
WPP
Key figures

Aegon

Asahi Breweries

Bekaert

Report assets and liabilities

Comprehensive Key figures all placed in the inside cover flap and featuring charts, ratios and segment data. The title Financial review is misleading: it seems that it was wire-cut.
Executive message

ABB
Charles Schwab
Danone
Duke Energy
Pepsico
Philips
Procter & Gamble
Wells Fargo

Report assets and liabilities

Stewardship handover - or Turning Over the Reins, as the departing CEO puts it - fairly dealt with. As is the credit crunch. Sign of the times: balance sheet analysis is shorter than the opaque Off-Balance Sheet Arrangements and Aggregate Contractual Obligations. Still, Table 10 is worth a double-(h)edged look.

WPP
Xerox
The report from the biotech firm doesn't lack perspective. Unfortunately, and in line with thousands of others, financials do not show any sense of (investor) perspective by poorly sticking to the SECish format.
Share information

Air Liquide

Report assets and liabilities

The shareholders can walk on air. After being welcomed at the Reception Lounge, they receive details on operations affecting the capital, they can check 30-year solid and sustained performance, and are introduced to the shareholder relations committee. For liquidity and other more solid matters the investor has to go through a 260-page Reference Document in which financials are a bit... gas-cooled.

Atlas Copco
Autoliv
BNP Paribas
Electrolux
Investor
Matsushita
SEB
SKF
Stora Enso
Branding

Burberry
Diageo
Electrolux
Fedex
H&M
Michelin

Report assets and liabilities

The 4th generation of green tires is nicely charted (p 3) in a well-threaded and strongly branded report. Analysis of group results is not tiresome? Perhaps, but definitely too short.

Novo Nordisk
Pepsico
Samsung Electronics
Sodexo
Read appeal

James Hardie

Johnson & Johnson

Report assets and liabilities

Segment sales broken down by *Major Product*, and their grasp is made easy through a very reader-friendly narrative section. Amid worthwhile strategic considerations, the chairman's statement doesn't avoid a number of clichés and business fads.

Lundbeck

Pepsico

Renault

Rolls-Royce

RTL

Sanofi-Aventis

Total

Valeo
Visuals

Adidas
Caterpillar
Duke Energy
Harley-Davidson
J Sainsbury

Report assets and liabilities

Creativity is here in store, from the covers on, and through pictures telling stories - seriously or comically. But the financial review offers a skimpy meal.

Ladbrokes
Pernod Ricard
Publicis
Suzlon
Yamaha
Photography

Abbott
Baxter
BD (Becton Dickinson)
LVMH
Novartis
Samsung Electronics
Teleca
TNT
Toshiba

Report assets and liabilities

High-definition photography, modern typography and other visuals (charts, diagrams) serve a strategic message made clearer than in many low-defined annuals, especially but not only in the industry. Still, governance mainly consists of... takeover defensive measures.

Wyeth
Financial review

Agrium
Avery Dennison
Barrick
IBM
Nexen
Philips
RBC
Scotiabank
Telus
TransAlta

Report assets and liabilities

Among other strong points in the financial analysis, a table outlines significant year changes in the balance sheet (p 44). But why stopping the *we're ready* theme as early as after ten pages (out of 112)?
Financial clarity

BMO Financial
CLP
IBM
Minebea
Pepsico
Petro-Canada
Securitas
Telus
Weyerhaeuser

Report assets and liabilities

Here steps are effectively taken to make the MD&A and the whole 10-K readable: the reader (and investor) can see the forest and the trees. Many numbers for sure, but not enough gripping overviews about the woodwork operations.

Xerox
Strategy

Konica Minolta
Matsushita
National Grid
Océ

Report assets and liabilities

Ambitions and strategy put in black and white on pp 8-9. From the cover, readers may infer that the sky is the limit. Not for the Financial review, which is... limited to five-odd pages.

Saint-Gobain
Skanska
Sodexo
Toshiba
Toyota
Volvo
Charts - Graphs

Aiful
Asahi Breweries
Cathay Pacific Airways

Report assets and liabilities

The Financial Review flies thanks to numerous charts putting numbers in a long-haul perspective. The Review comments are so short that they could almost stand in a flyer.

Essilor
Itochu
Neste Oil
Pepsico
SAS
Sasol
Union Fenosa
Business/growth drivers

Abbott
Alfa Laval
Boliden
Carlsberg
Cascades
Coloplast
Essilor
PotashCorp

Report assets and liabilities

Strengths, weaknesses, opportunities and threats for each line of business are among the... strengths of a report nurtured with rock-solid strategic, industry, market and performance information.

Randstad
Wärtsilä
Goals and targets

Danske Bank
DSM
Neste Oil
OMV
RBC (Royal Bank of Canada)
Santander
Sappi

Report assets and liabilities

Financial targets and performance are reviewed without delay (on p 5), and even include *Cash interest cover*. Not lacking in informative analysis but built as quite dull paperwork.
Performance indicators - Ratios

Aviva

Report assets and liabilities

Progress on performance indicators is plainly reported, mainly through the use of medium-term charts. The summary *Review* is much welcome to compensate the lengthy 272-page *Report*.

Barloworld
Infosys
Rolls-Royce
SCA
Securitas
Singapore Airlines
Wolseley
Woolworths
Historical data

Bharat Petroleum
Electrolux
Massmart
McGraw-Hill

Report assets and liabilities

The *Investor Fact Book* goes much deeper and clearer than the core annual report, with eleven-year key ratios, among other features. But being *focused on delivering essential analysis* (as stated on p 9) should at least deserve more commitment than just delivering a standard and poorly put financial section.

SAS
Sasol
TeliaSonera
Toshiba
Volvo
Woolworths
Risks (all industries)

Adidas
BAE Systems
Barrick
CLP
Lufthansa
Metso
Philips
Sandvik

Report assets and liabilities

Sensitivity of operating profit to changes in three currencies cleverly charted (p 24). *High total return*, states p 6. A reality check on p 7 is not actually up north.

TDC
Trelleborg
Risks (financial sector)

(this page was intentionally left blank)
Outlook

Adidas

Risk analysis is here finely balanced with opportunities; and the Outlook is supported with the order backlog, among others. A certain overweight due to the format - not as sporty as it looks at first glance.
Governance

Anglo American
ANZ
AstraZeneca
BG

Report assets and liabilities

Fair disclosure of Matters reserved to the Board is one of the pluses of a transparent governance chapter. But Corporate Responsibility boiled down to a vague 4-page The way we work.

BHP Billiton
Novartis
Reed Elsevier
Sanlam
Whitbreak
WPP
Corporate responsibility - Sustainability

Accor
Danone
Holmen
Inditex
Kyocera
Metso
Novo Nordisk
Royal Dutch Shell
Toshiba
Umicore

Report assets and liabilities

Distribution of economic benefits very smartly charted (p 9). And what follows later on responsibility matters really sustains a well-achieved responsibility reporting job. Too bad the review of operations and performance is neither most advanced nor that precious materials.
Non- or partly-listed company report

Antam

Report assets and liabilities

Financial Highlights not only set over ten years (pp 4-5) but also rich in major ratios, and decoded for the reader/investor. Many fully-listed corporations lag behind in the communication effort. Designwise, the whole-and-thick-book doesn't live up to the magazine-looking cover promise.
Online reporting pluses

BASF

Report assets and liabilities

Economic, industry and customer trends set up the scene. Crystal-clear performance analysis follows. And the corporate website adds value through functionalities, too. Question: two Economic Goals are set versus almost 20 non-economic ones. Responsible? Or overplayed?

British Land
Colgate - Palmolive
Deutsche Post
Fortum
Minebea
Mitsubishi
Novozymes
Repsol YPF
Texas Instruments
Two- or plus-book management

ANZ
Aviva
Electrolux
EnCana
ING
Lundbeck
SEB

Report assets and liabilities

A bank’s Senior Economist talks about the credit crisis (p 25) in the summary and reader-friendly Review. Having questioned the value of ratings in the Review, why stressing their importance in the Report (p 25)?

Syngenta
Telus
UCB
Report availability

Ciba
Clariant
Kone

Report assets and liabilities

Values of Financial Assets and Liabilities by Categories (p 54) are made clear in one of the fastest-delivered annuals. The heart of your building is the trademark, but the report is not heart-stopping.

Merck KGaA
Novo Nordisk
Novozymes
Philips
Procter & Gamble
Roche
Volvo
How we do it

- Company selection
- Reports shortlisted
- Report scoring
- Rating
- Ranking
How reports are scored

<table>
<thead>
<tr>
<th>Report item and reporting area</th>
<th>Mark</th>
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</thead>
<tbody>
<tr>
<td>1. Packaging</td>
<td>10</td>
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<tr>
<td>2. Highlights</td>
<td>10</td>
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<tr>
<td>3. Strategy</td>
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<td>4. Business</td>
<td>10</td>
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<td>5. Financiels</td>
<td>10</td>
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<tr>
<td>6. Investors</td>
<td>10</td>
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<tr>
<td>7. Governance</td>
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<tr>
<td>8. Accounting</td>
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<td>9. Responsibility</td>
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<tr>
<td>10. Communication</td>
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</tbody>
</table>

Maximum total score: 100

Notes
- Each set of criteria is split into 5 items. The total number of evaluation criteria is 50, with each item scored on a scale of 0 to 2. The maximum score is 100.
- The scoring process is the first stage of the Reportwatch assessment that provides a basis for final ratings and results in the report rankings published in the Annual Report on Annual Reports.
- Neither the score nor the breakdown is publicly disclosed. These are only available through an order for a Report Scan (°) placed directly by the company or through an internal representative or external agency. In addition to the marks, the Report Scan gives an overview of pluses and minuses based on e.com's desk research for the Annual Report on Annual Reports.

(°) Scans are among the numerous evaluation services that allow e.com to publish a self-financed survey based on independent research. Go to Making reports pay off? for more information.
### How reports are rated

<table>
<thead>
<tr>
<th>Grade</th>
<th>Rating</th>
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<tbody>
<tr>
<td>A+</td>
<td>★★★★★ ★</td>
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<tr>
<td>A</td>
<td>★★★★★ ★ ½</td>
</tr>
<tr>
<td>A-</td>
<td>★★★★★ ½</td>
</tr>
<tr>
<td>B+</td>
<td>★★★★☆</td>
</tr>
<tr>
<td>B</td>
<td>★★★☆</td>
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<tr>
<td>B-</td>
<td>★★★☆ ½</td>
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<tr>
<td>C</td>
<td>★★★☆</td>
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<tr>
<td>C+</td>
<td>★★★☆ ½</td>
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<td>C-</td>
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<tr>
<td>D</td>
<td>★★☆</td>
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</tbody>
</table>
Report scan or duel?

Report scan?

How is your report doing?
What is your report rating? How does it score - in total and on all evaluation criteria used for the Annual Report on Annual Reports? Order a REPORT SCAN. An edited output (°) of desk research done by e.com report analysts, it provides your company (or advisers) with the complete score breakdown for 50 report items plus a summary of pluses and minuses for each of them.
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The price? € 1,500 or US$ 2,000 or £ 1,200.
(°) For copywriting and editing reasons allow a few weeks for delivery. The competitor may be the one selected in this survey or any other chosen by the client company. Price applies to a single competitive review. For broader peer review see details on this website.
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Who we are

e.com - ReportWatch

enterprise.com

enterprise.com (e.com) specializes in report input, evaluation, analysis and benchmarking. Our core business is to assess and compare corporate & financial communication tools and investor & market information vehicles, mainly annual reports.

We have developed an international, independent, integrated and competitive approach to report preparation and evaluation. Our founders, staff and network have operated in 30 countries and consulted for 100-plus corporate clients from Amsterdam to Stockholm to Vancouver; from Connecticut to Surrey to Hong Kong. A spin-off from The Enterprise Group (est. 1986, inc. 1990, liq. 1999), and originally controlled by Dutch and British investors, e.com is now part of U.S.-based Corporate Essentials, Inc. Our operating office is located in the middle of the three largest European stock markets and our team is directly or via network partners in the loop with the major financial centers in America, Europe and Asia-Pacific. The international clientele mainly consists of CFOs, IR and CC managers of listed blue chips, and also includes spin-offs, IPOs, consultants, analysts, design agencies and -private or institutional- investors.

e.com provides customized reporting services to companies, while ReportWatch is the name given to the continuous report monitoring, scanning and scoring process that results into the Annual Report on Annual Reports.

Annual Report on Annual Reports

e.com is the researcher and publisher of the “Annual Report on Annual Reports” (created in 1996), the only global annual report ranking. Based on a selection of thousands of listed corporations worldwide that results in a scoring and rating of more than 500 annuals, it is often regarded as the most comprehensive, authoritative and international survey on reporting practice.

www.reportwatch.net

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Annual Report on Annual Reports 2008

By the numbers

1996: The kick-off year of the Annual Report on Annual Reports. The real take-off came one year later. 2008 is thus the twelfth issue.

1,500: The number of companies selected for the Annual Report on Annual Reports. 2008. 1,500 is only a small portion of the world’s estimated 35,000 companies. 44% of companies are from Europe; 37% from the Americas; 18% from Asia-Pacific; and 1% from Africa. Only listed companies were considered, these were from 48 countries. Selection is primarily based on published rankings from well-known publications. However, a number of privately- or government-owned companies elected to compete.

750: The number of reports shortlisted for the watching, scoring and rating process. Why not considering all of the 1,500? For quantitative, qualitative and timing reasons. ReportWatch strives to have a representative cross section of industries and geographies. Yet not far from perfect, it strikes a rather good balance. Some reports were eliminated because they were simply not made to communicate. While others were shortlisted because of some companies’ sustained commitment to quality annuals. And a deadline is needed if the Annual Report on Annual Reports has to be released sooner or later.

500: The number of reports rated and compared for the final ranking. Note that some reports excluded in the shortlisting process had to be re-included for the sake of competitive comparison, sometimes in spite of evident weaknesses.

200: Report assets and liabilities shown for two hundred annuals.

100: The maximum score that an annual report can reach. As nothing is perfect, and as the ReportWatch process is based on multiple evaluation criteria (see below), needless to say that even the reports getting “full marks” never score 100 points. Score total and breakdown is not publicly disclosed and only available through a charged Report Scan.

50: Report items or reporting areas subject to evaluation.

41: A-rated reports among 500. From very good A- to excellent A to first-rate A+.

30: Key attributes identified in a report. Ten picks are displayed for each of them.

10: The number of ratings from D (uncompetitive) to A+ (first-rate). The role of ReportWatch panelists is to cross-check and correct selected reports scored by e.com report analysts, and to switch from a quantitative scoring process to a more qualitative rating aspect. As a result, some reports are upgraded while others are marked down. Note that almost 25%+ of “top” annuals are C-rated (i.e. poor, substandard or common).
COMPANY VALUE > REPORT VALUE