



Policy Team

ICSA

Saffron house

6-10 Kirby Street

London EC1N 8TS

27th May 2014

Dear Sir / Madam,

Re: Consultation: Annual report contents

Thank you for giving us the opportunity to comment on this consultation. The Investor Relations Society's mission is to promote best practice in investor relations; to support the professional development of its members; to represent their views to regulatory bodies, the investment community and government; and to act as a forum for issuers and the investment community. The Investor Relations Society represents members working for public companies and consultancies to assist them in the development of effective two way communication with the markets and to create a level playing field for all investors. It has over 670 members drawn both from the UK and overseas, including the majority of the FTSE 100 and much of the FTSE 250.

The Annual Report is an important tool for communicating a company's recent and historic performance. It is a key part of the package of measures companies use to provide systematic and regular communications to investors. With a greater focus on aligning regulation and legislation, the Annual Report has attempted to become a transparency cure-all, and while the market has responded well to this increased focus on transparency and accountability, there is still room for improvement. We therefore support any ideas that can help the Annual Report become again a communication tool, and in particular give management the freedom to present information relevant to the company's performance.

The IR Society welcomes ICSA's proposal of a simple contents list for the Annual report and recognises that this is a good starting point as a guide to assisting companies when preparing for the reporting process. We would however expect a varied level of detail from different companies depending both on company size and company sector.

With recent narrative reporting reforms, the IR Society recognises that companies are placing their emphasis on meeting and adopting the new Strategic Report requirements. The Society notes that within ICSA's proposed contents list, the Strategic Report section is identified as point 5.1 in the contents, and after the Chairman's statement and CEO review. On further analysis, most of those companies who have already published Strategic Reports appear to include other sections, including the Chairman's Statement and CEO review within it, rather than as a separate item.

A provision from the UK Corporate Governance Code requires that the Directors state that they consider the Annual Report, taken as a whole, to be 'fair, balanced and understandable'. We note while this is stipulated under the contents list under point 5.1 of the Strategic Report, it should be noted that this statement should cover the Annual Report as a whole and not just the Strategic Report so this point might be more appropriate elsewhere. Furthermore, specific detail surrounding the audit committee report does not appear in the contents list. Further guidance such as 8.2 Directors' remuneration report would be welcomed to provide a helpful starting point for companies.

It is also worth noting that the FRC is currently consulting on proposed revisions to the UK Corporate Governance Code which includes the proposal of giving companies the option of publishing some or all of the information contained in the corporate governance report on their website instead of in the Annual Report and accounts.

In summary, the IR Society welcomes this helpful starting point for companies undertaking the Annual Report process, and proposes further clarity on the above mentioned points to create a more detailed checklist to assist those preparing reports.

Kind regards



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Chair of The Investor Relations Society's Policy Committee

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