

# Annual Reports Remain the Single Most Effective Communications Tool

## Recent Research by Neenah Paper on Thousands of Annual Reports

Recent analysis of thousands of this year's annual reports by Neenah Paper has shown that companies are continuing to save money by printing fewer annual reports and focusing their efforts on putting more information online.

"However, the SEC's plain English and financial disclosure efforts are turning companies back to the traditional annual report with fully designed financial sections." Strategically branded ancillary materials are also being produced in far greater numbers, including integrated social responsibility reports, financial reviews, corporate capability reports, philanthropy reports and employee handbooks.

Though still popular, "10-K wraps are increasingly being replaced by separately-printed, user-friendly financial sections that meet both the SEC's clarity of end-use requirement as well as fulfill abbreviated filing schedules." This has been a great workaround for the often dense and unreadable Compensation Disclosure and Analysis (CD&A) SEC requirement.

Leveraging the annual report to a broader audience has been a key consideration by companies. "The annual report is being more aggressively positioned for marketing and capabilities efforts as well as for continued shareholder communications." This includes the entire annual report – from the most-frequently read shareholder's letter to an increasingly illustrated MD&A.

The deluge of recent financial reporting, disclosure and investor relations rules and requirements has become a budgetary burden on many companies. Notice and Access was at first glance a way to save money through regulatory fulfillment. Reality has shown the converse, however, with "N&A actually costing more than the savings realized by lowered press runs." A carefully positioned transition approach into N&A is crucial in order to successfully reduce costs.

"Effective design and strategic conceiving are key for a successful annual report that meets the needs of investors, employees, media and key stakeholders."

