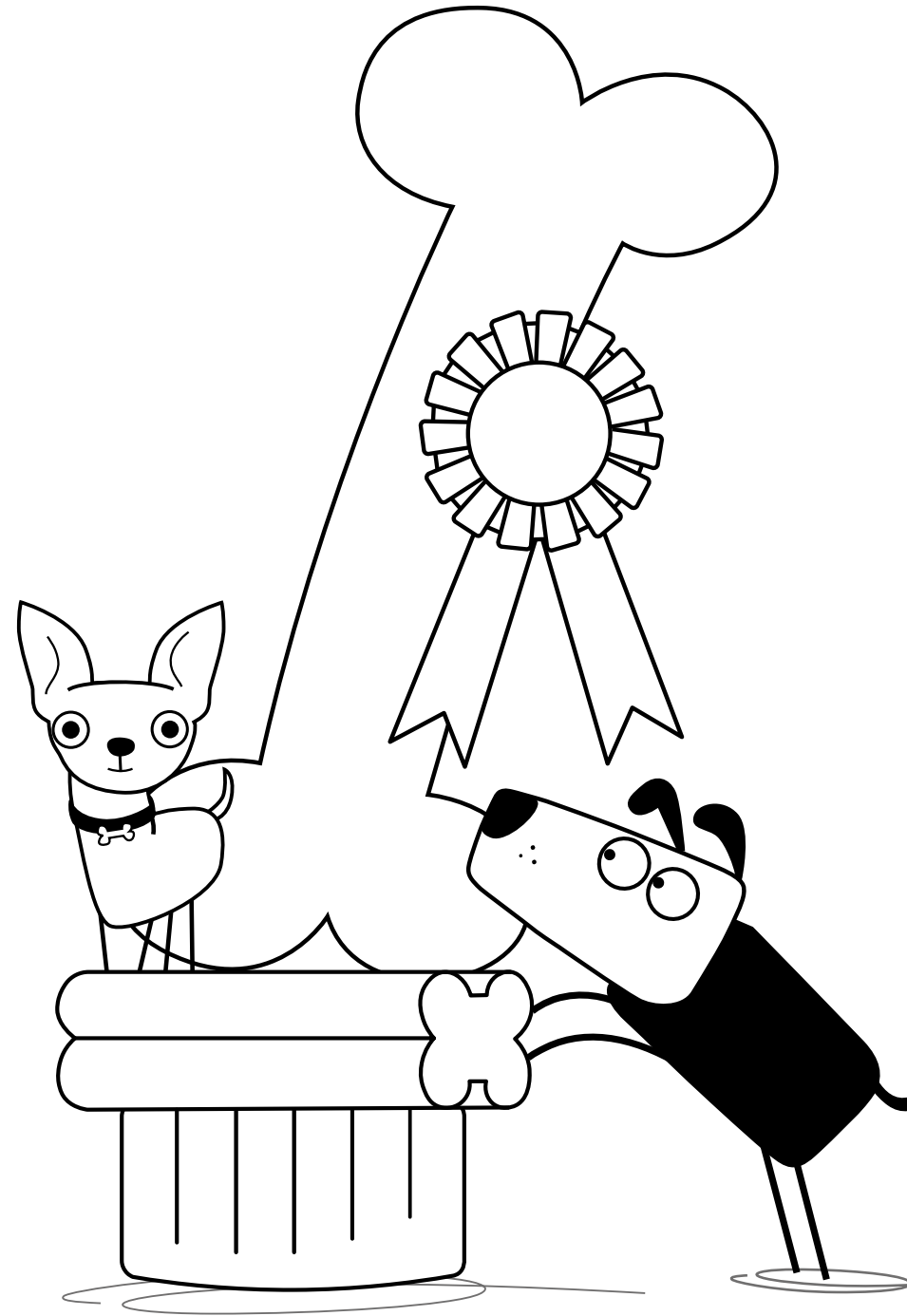


Top Dogs 2024

Best of the FTSE 100's annual reports



Welcome to

Friend's Top Dogs 2024



Every year, we undertake a thorough review of the FTSE 100's annual reports. As we do so, we're on the hunt for evidence of our four fundamentals of exceptional reporting: communication, fairness and balance, transparency and forward-looking information.

The resulting research highlights the FTSE 100 reporters who best exemplify these fundamentals (up to and including year-ends to 31 March 2024).

We hope you find our insights useful, and if you'd like our help to reach 'Top Dogs' standard, reach out at hello@friendstudio.com

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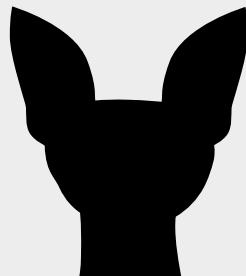
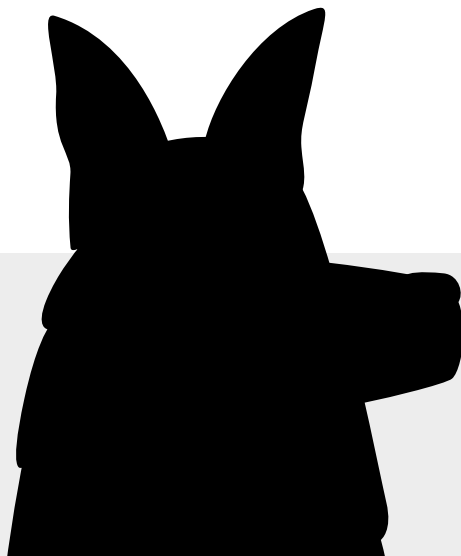
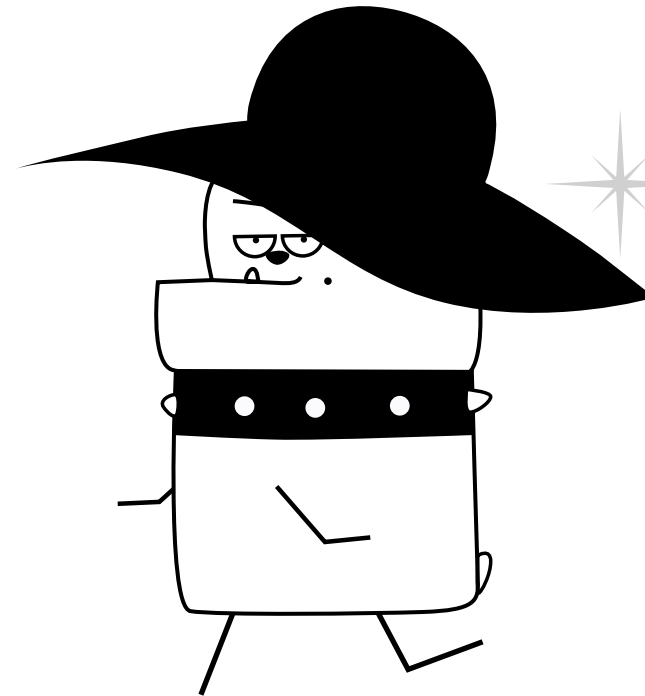
06 Top Dogs

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Top Trends

We have identified 10 top trends from our full FTSE 100 read-through and research.



10 notable trends

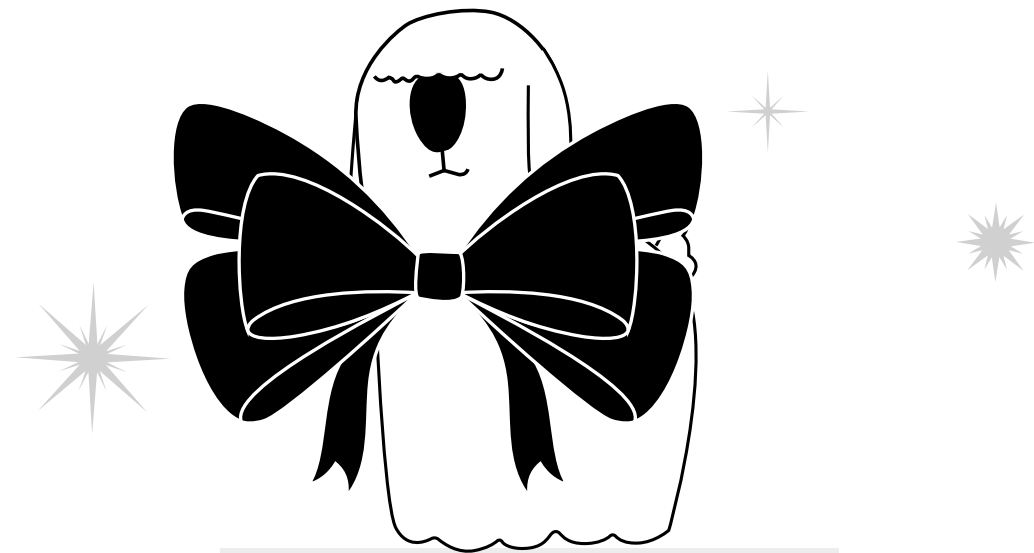
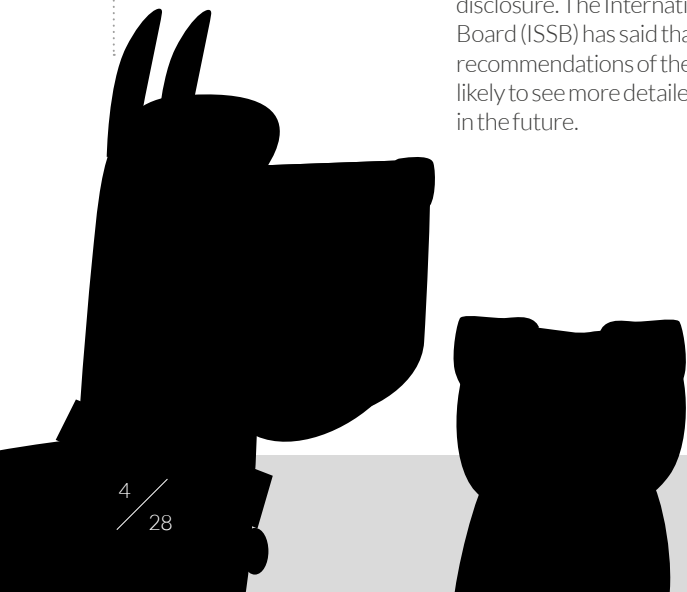
A lack of significant regulatory upheaval means that there is little dramatic change this year. Certainly, ESG/sustainability reporting continues to improve and, as ever, some companies are pushing beyond ordinary practice to offer some truly exceptional reporting.

#1 **The EU Corporate Sustainability Reporting Directive (CSRD) is clearly high** on some reporters' agendas – although only a few have described how they will comply in any depth. 48 companies reference CSRD, yet only two discuss their plans in detail.

#2 **Taskforce on Nature-related Financial Disclosures (TNFD) is starting to gain traction.** 31 companies mention it and five reporters provide meaningful disclosure. The International Sustainability Standards Board (ISSB) has said that it will build upon the recommendations of the TNFD, meaning that we are likely to see more detailed and widespread disclosure in the future.

#3 **The financial impact of climate change** is now discussed to a meaningful degree in nearly half of reports. 48 clearly show the impact of climate change on financial performance, compared with only 26 last year.

#4 Although many **climate transition plans** are becoming more built-out, a large number offer very little detail on the long term. In 2023/24, 75 reports explain how the transition to net zero will work, up from 71 last year, and 64 have SBTi-validated targets, up from 54 last year.



#5 **Capital allocation** continues to become a more prominent topic in strategic reports, with high-quality information often to be found in business model descriptions, statements from CFOs and strategy sections.

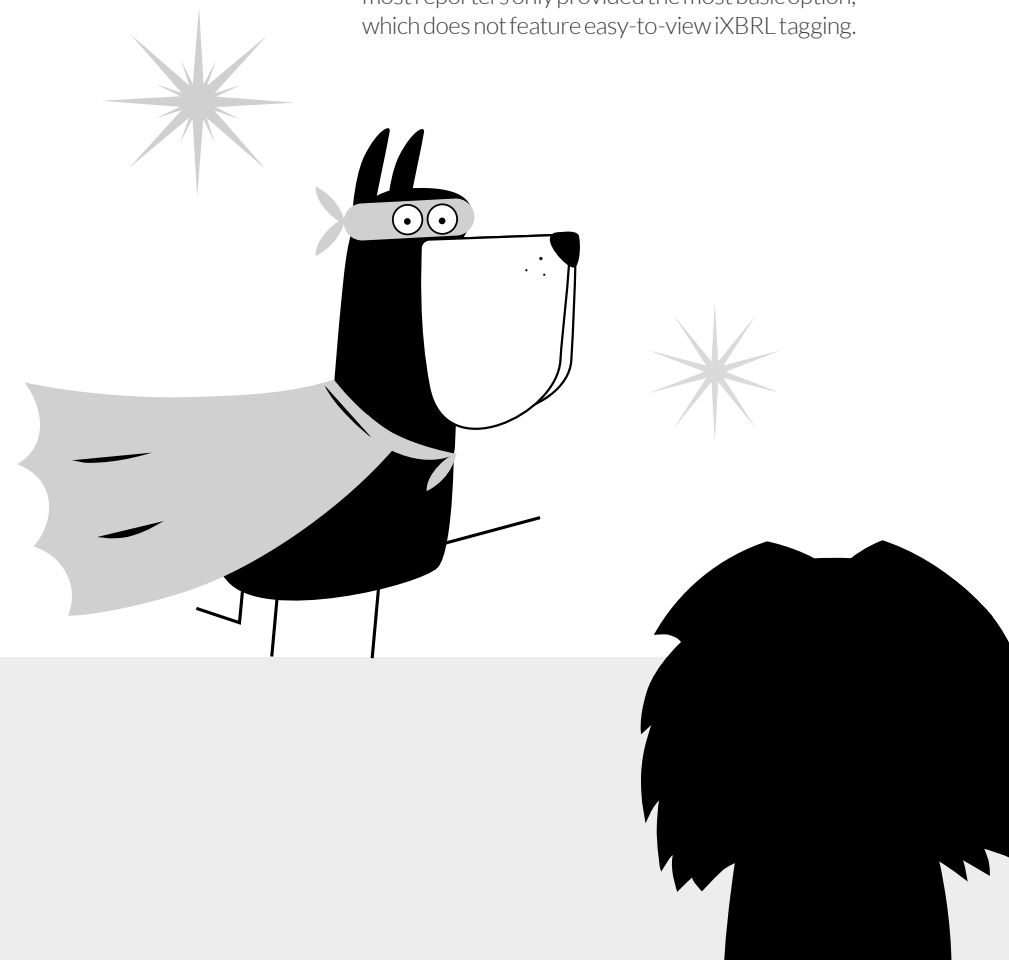
#6 However, **business model descriptions** still tend to be highly formulaic, even if some reporters are moving away from an 'everything on one spread' rule – something that is very welcome.

#7 **International and domestic political risk** and related market trends are discussed more often this year, given recent political upheaval. Many politically exposed reporters remain extremely reluctant to do more on this front, however.

#8 **Culture and purpose reporting** is in some cases offering more substance and value, with several reporters going above and beyond listing their values or producing what's needed for Code compliance.

#9 **Artificial intelligence** is featured more prominently in this year's reports. 80 of the FTSE 100 mentioned AI, with 36 including it in their risk sections. 20 reporters framed it as an opportunity, with several listing it as part of the Board's skillset.

#10 The **ESEF format** offers significant untapped potential. Despite being the mandatory format, we found that 23 of the FTSE 100 do not make their ESEF reports available on their corporate website. Of those that did, most reporters only provided the most basic option, which does not feature easy-to-view iXBRL tagging.



Top Dogs

In 2024, eleven companies achieved the 'Top Dogs' accolade, following our thorough read-through of the annual reports of the entire FTSE 100 to choose the best in each of our four categories.



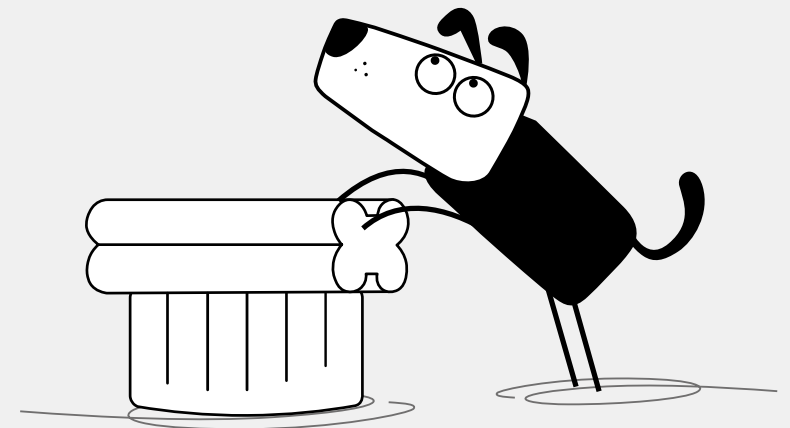
In this section

- 07 Fairness and balance

- 09 Forward-looking information

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Fairness and balance

This category highlights the reporters that acknowledge and discuss what has gone wrong or could go wrong, and those that avoid partiality and hyperbole.

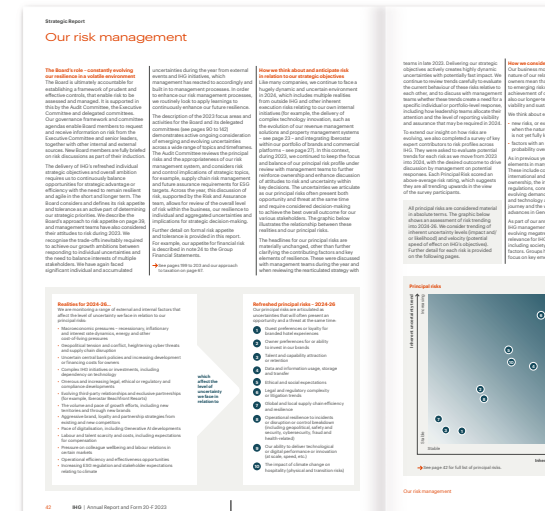


InterContinental Hotels Group Annual report 2023

A consistently exceptional reporter, InterContinental Hotels Group goes above and beyond in terms of fairness and balance this year. The standout is a comprehensive overview of the 'realities' the business faces for 2024–2026, included in the risk section. This offers an unflinching look at some of the internal and external headwinds the business is facing down, including uncertain central bank policies and executing complex initiatives and investments that depend on technology.

The report also includes a notably dispassionate overview of how the business makes money that feels markedly more balanced than equivalent business model descriptions found elsewhere in the FTSE 100.

[See the full report here](#)



Realities for 2024-26...
We are monitoring a range of external and internal factors that affect the level of uncertainty we face in relation to our principal risks:

- Macroeconomic pressures – recessionary, inflationary and interest rate dynamics, energy and other cost-of-living pressures
- Geopolitical tension and conflict, heightening cyber threats and supply chain disruption
- Uncertain central bank policies and increasing development or financing costs for owners
- Complex IHG initiatives or investments, including dependency on technology
- Onerous and increasing legal, ethical or regulatory and compliance developments
- Evolving third-party relationships and exclusive partnerships (for example, Iberostar Beachfront Resorts)
- The volume and pace of growth efforts, including new territories and through new brands
- Aggressive brand, loyalty and partnership strategies from existing and new competitors
- Pace of digitalisation, including Generative AI developments
- Labour and talent scarcity and costs, including expectations for compensation
- Pressure on colleague wellbeing and labour relations in certain markets
- Operational efficiency and effectiveness opportunities
- Increasing ESG regulation and stakeholder expectations relating to climate

which affect the level of uncertainty we face in relation to

Refreshed principal risks – 2024-26
Our principal risks are articulated as uncertainties that will often present an opportunity and a threat at the same time:

- 1 Guest preferences or loyalty for branded hotel experiences
- 2 Owner preferences for our ability to invest in our brands
- 3 Talent and capability attraction or retention
- 4 Data and information usage, storage and transfer
- 5 Ethical and social expectations
- 6 Legal and regulatory complexity or litigation trends
- 7 Global and local supply chain efficiency and resilience
- 8 Operational resilience to incidents or disruption or control breakdown (including geopolitical, safety and security, cybersecurity, fraud and health-related)
- 9 Our ability to deliver technological or digital performance or innovation (at scale, speed, etc.)
- 10 The impact of climate change on hospitality (physical and transition risks)

Rentokil Initial

Annual report 2023

Rentokil Initial includes a valuable, fair and balanced Q&A with the CEO early in the report, offering answers to the kinds of questions investors typically ask. For example, the answer to one question explains what is being done to address soft trading in the US, while another answer covers why Rentokil Initial can still be considered a 'defensive' investment, despite the company's increasing exposure to residential and termite business.

Throughout, the report offers a more measured tone than most, largely avoiding a tone that would be more appropriate for a press release.

[See the full report here](#)

Q&A with Andy Ransom, Chief Executive



Our focus has been, and will continue to be, around operational excellence, which remains key to delivering our growth ambitions. We'll achieve this by leveraging opportunities created by the Terminix integration and through further Group investments in our people, services, innovation, and digital technology.

Andy Ransom, Chief Executive

All the questions in this section have been posed to investors over the past year.

Q How would you summarise the past year for Rentokil Initial?

A It has been an extremely busy and productive year, which has made us well placed at the start of 2024. The overall Group result has passed our expectations for 2023. We have delivered on our strategic objectives for the business. The Group has been able to sustain strong momentum in our core operating businesses, created by the Terminix integration and through further Group investments in our people, services, innovation, and digital technology.

Q How do you see the future of the business?

A We have a strong pipeline of growth opportunities across our business. We are well positioned to continue to deliver strong performance over the next several years. We are focused on driving growth through our core operating businesses, created by the Terminix integration and through further Group investments in our people, services, innovation, and digital technology.

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Strategic report | Market environment | Financial statements | Other information

Q The combination with Terminix increased your exposure to residential and termite business. Should we still view Rentokil Initial as a defensive business?

A Rentokil Initial's business model remains highly resilient, underpinned by the provision of essential services in residential, pet care, and commercial markets. The combination with Terminix has increased our exposure to residential and termite business, but this is a natural evolution of our business. We are well positioned to continue to deliver strong performance over the next several years. We are focused on driving growth through our core operating businesses, created by the Terminix integration and through further Group investments in our people, services, innovation, and digital technology.

Q The group delivered another year of strong performance in its global operations. What do you attribute that performance to and how sustainable is it?

A The sustainability of our strong performance reflects our consistent high levels of service quality, as well as our ability to invest in our people, services, innovation, and digital technology. We are well positioned to continue to deliver strong performance over the next several years. We are focused on driving growth through our core operating businesses, created by the Terminix integration and through further Group investments in our people, services, innovation, and digital technology.

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Standard Chartered

Annual report 2023

As perhaps the most international of international banks, Standard Chartered is more exposed than most to the vagaries of international politics and finance. In this year's report the bank opted not to obfuscate that fact, offering insightful discussion around the implications of a high-interest-rate environment and several other global trends – even though those implications weren't good news.

Further highlights include a frank and straightforward strategy section which doesn't shy away from difficulties in some markets, and an extensive 'topical and emerging risks' section.

[See the full report here](#)

Strategic report | Market environment | Financial statements | Other information

Market environment

Macroeconomic factors affecting the global landscape

Global macro trends

Trends in 2023

Global GDP growth continued to slow in 2023, with most major economies showing a decline in growth rates. The US economy remains the largest and most resilient, while China's growth has slowed significantly. Inflation remains a key concern, with central banks in various regions raising interest rates to combat it. The energy market has remained volatile, with oil prices fluctuating due to geopolitical tensions. The global supply chain continues to face challenges, with inflationary pressures persisting in many economies.

Outlook for 2024

Global growth is likely to remain slower than in previous years, with a focus on inflation control. The US economy is expected to continue to lead, while China's growth is projected to be more modest. Inflation is expected to gradually decline as central banks maintain higher interest rates. The energy market is expected to remain volatile, with a focus on energy security. The global supply chain is expected to continue to face challenges, with a focus on diversification and resilience.

Regional outlook

Asia

Country	2023	2024
China	4.8%	4.8%
India	5.2%	5.2%
Japan	2.9%	2.9%
South Korea	3.2%	3.2%
Indonesia	2.1%	2.1%
Philippines	1.4%	1.4%
India	6.3%	6.3%
Indonesia	6.8%	6.8%
Malaysia	5.2%	5.2%
Singapore	2.6%	2.6%
Thailand	1.1%	1.1%

Regional outlook (continued)

Africa and the Middle East

Region	2023	2024
Africa	3.5%	3.5%
Middle East	4.0%	4.0%

Actual and projected growth by market in 2023 and 2024

Actual and projected growth by market in 2023 and 2024 (continued)

Market environment (continued)

Higher inflation rates, higher commodity prices and elevated energy costs are likely to continue to be a challenge for many economies. The US economy is expected to remain resilient, while China's growth is projected to be more modest. Inflation is expected to gradually decline as central banks maintain higher interest rates. The energy market is expected to remain volatile, with a focus on energy security. The global supply chain is expected to continue to face challenges, with a focus on diversification and resilience.

Forward-looking information

One of the most important attributes of any best-practice strategic report is a forward-looking orientation. Consistently discussing future plans adds significant value for all report readers.



Fresnillo

Annual report 2023

Ever since the pandemic hit, less and less forward-looking information has been included in reports, something compounded by the invasion of Ukraine, political disruption in the UK and the return of higher interest rates. Fortunately, mining company Fresnillo has consistently bucked that trend, offering a strategy section which covers both short and longer-term priorities in some detail.

Clear targets for 2024 are also included within strategy discussion, while future opportunities and possible threats are discussed in the marketplace section.

[See the full report here](#)

The screenshot displays the 'OUR STRATEGY' section of Fresnillo's 2023 Annual Report. It features a central pyramid diagram with four levels: EXPLORE (top), DEVELOP (second), OPERATE (third), and SUSTAIN (bottom). The pyramid is supported by a 'Risk management framework' at its base. To the left of the pyramid, there are sections for 'Our culture' and 'Values and behaviours'. To the right, there are sections for 'Material risks' and 'Potential risks'. Below the pyramid, there are sections for '2024 Goals', '2024 Targets', and '2024 Group Performance'. The right side of the image shows a 'Marketplace' section with various financial metrics and charts.

Transparency

In this category, we celebrate those companies that provide exceptional insights in their reports – from how they create value, and make money, to strategic progress set against long-term objectives, market context and stakeholders' needs.

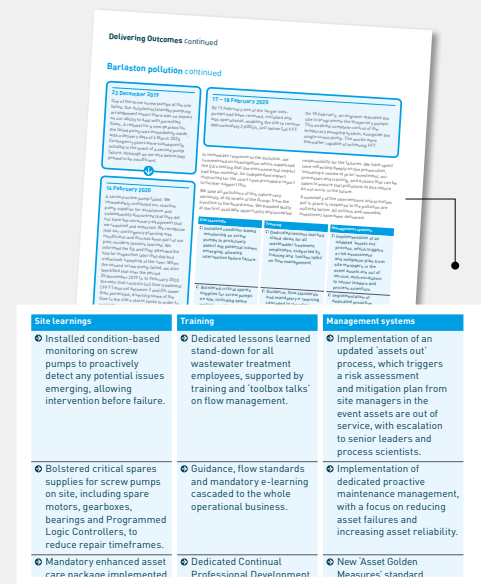


Severn Trent Annual report 2024

Under intense scrutiny from both the public and regulators, the long-term nature of Severn Trent's business is signalled on its 2024 report's cover – 'Driving Lasting Change'. It packs an awful lot into its 127-page strategic report, including plenty of excellent disclosure. Strategy is particularly strong, with each of the four components covered in detail, including frank reporting of the operational failings that caused pollution from one of its wastewater plants.

The 'Nature' component of the strategy is also interesting, as it combines Severn Trent's TCFD, initial TNFD and Net Zero Transition Plan.

[See the full report here](#)



Transparency continued

United Utilities Group

Annual report 2024

United Utilities' 2024 strategic report weighs in at 97 pages, and like the report of peer Severn Trent, it's packed with detail. Of particular interest is the description of its six capitals, especially the focus on water, its natural capital.

Other highlights include insights into the regions it serves – five counties ranging from Cumbria to Merseyside, including challenges and opportunities, as well as customer needs. The extensive strategy disclosure is also strong, starting with an outline of its short, medium and long-term planning horizons and incorporating TCFD and TNFD.

[See the full report here](#)

Merseyside

The River Mersey is an iconic part of this increasingly vibrant region. Water quality in the river has transformed over the last 30 years, but there's still more to do.

Liverpool has the highest proportion of combined sewers, which creates surface water management challenges and means a high number of overflows. Reducing the frequency that these overflows operate requires re-plumbing the sewer system and we have a long-term plan for this. Our AMP8 plan targets improvements to 26 kilometres of rivers and tackles 20 storm overflows in Merseyside. We have also proposed spending over £11 million in 'Cleaner Mersey' to investigate the best way to deploy the much larger anticipated investments required in the next ten to 15 years.



Taylor Wimpey

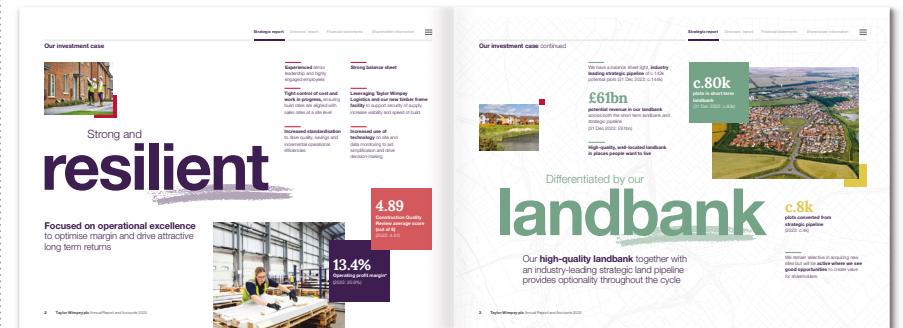
Annual report 2023

In a tough year for UK housebuilders, Taylor Wimpey's excellent 2023 report starts with an accessible presentation of its investment case.

There are plenty of other valuable disclosures throughout the report, such as: a detailed six-page business model description; comprehensive coverage of the market environment; discussion around

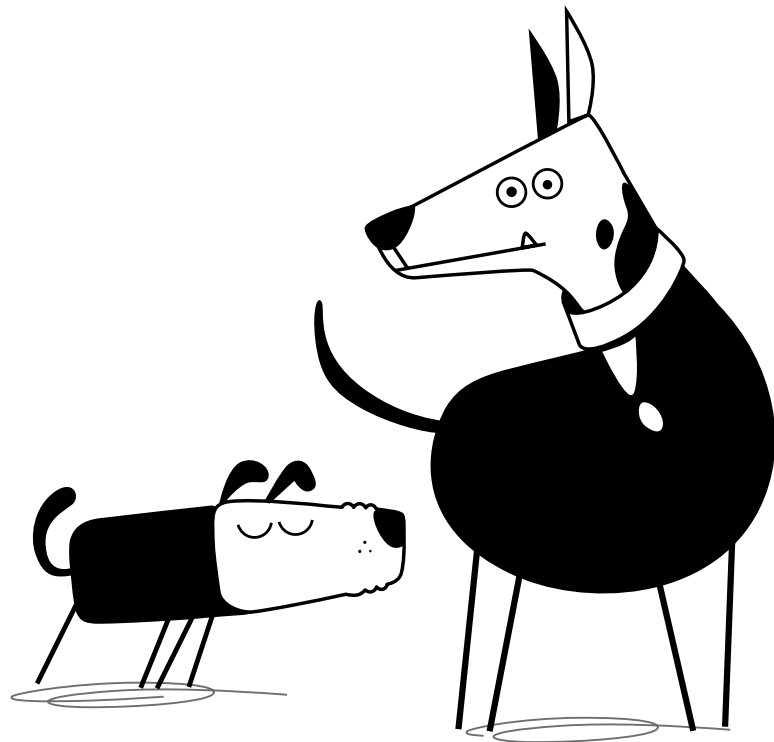
specific market trends (including short and long-term opportunities and risks); an accessible strategy section (incorporating KPIs plus short and medium-term priorities); and a granular assessment of individual risks (including risk appetite and examples of key risk indicators).

[See the full report here](#)



Communication

Communication is all about delivering the message in a manner that expresses the individuality and culture of the organisation. It encompasses design, graphics and images as well as writing, tone of voice and clarity.



Experian

Annual report 2024

Experian's 2024 report starts with a clear articulation of its transformation and continued ambition. The business model is also strong, depicting Experian's expansion from a credit bureau primarily serving banks to its current broad reach and influence as a technology-focused global data analytics and software company.

There's also extensive reporting on strategy providing valuable insight for each element of Experian's strategic framework, including the priorities for its two divisions. This is supported by examples of how Experian helps consumers and businesses across various industries.

[See the full report here](#)



Airtel Africa Annual report 2024

Airtel Africa serves 14 countries across sub-Saharan Africa, where access to mobile, digital and banking services is often limited, so by extending and improving its services it is transforming peoples' lives and livelihoods.

This story is emphasised on the opening pages of its 2024 report, which explain how Airtel is building a digital economy by offering 4G and 5G coverage to its 64 million data customers, bringing financial inclusion to hard-to-reach communities, and its commitment to education. The report also includes a frank Q&A with the CEO.

[See the full report here](#)



Next

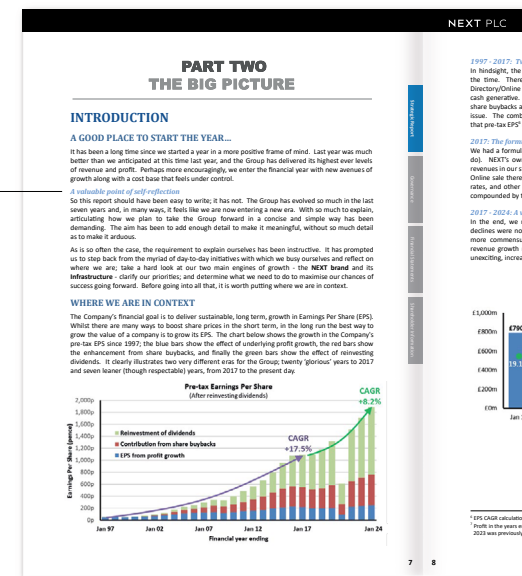
Annual report 2024

Next's report is all about its structure and tone. For example, section 2 summarises its plans as it enters a new era, set against a candid appraisal of the last 25 years. The period from 1997 to 2017 is summed up with the words 'We had a formula, or so we thought. In 2017 the formula stopped working, as all business formulas do.'

Another excerpt from the report could serve as every reporter's mantra:

'With so much to explain, articulating how we plan to take the Group forward in a concise and simple way has been demanding. The aim has been to add enough detail to make it meaningful, without so much detail as to make it arduous.'

[See the full report here](#)



A valuable point of self-reflection

So this report should have been easy to write; it has not. The Group has evolved so much in the last seven years and, in many ways, it feels like we are now entering a new era. With so much to explain, articulating how we plan to take the Group forward in a concise and simple way has been demanding. The aim has been to add enough detail to make it meaningful, without so much detail as to make it arduous.

As is so often the case, the requirement to explain ourselves has been instructive. It has prompted us to step back from the myriad of day-to-day initiatives with which we busy ourselves and reflect on where we are; take a hard look at our two main engines of growth - the **NEXT brand** and its **Infrastructure** - clarify our priorities; and determine what we need to do to maximise our chances of success going forward. Before going into all that, it is worth putting where we are in context.

The practical challenges of CSRD compliance

For many businesses with significant operations in the EU and European Economic Area (EEA) – a sizeable proportion of the FTSE 350 – the Corporate Sustainability Reporting Directive (CSRD), which mandates disclosure in line with the European Sustainability Reporting Standards (ESRS), will apply soon.

Up to now, most attention has been paid to which companies will be in scope, the double materiality assessment requirement and the numerous new mandatory data points.

It is important, however, to recognise other practical challenges that are receiving less attention.

Gold-plated CSRD

An important challenge is the fact that the CSRD is not actually the regulation that companies must comply with. The CSRD is just a foundation that EU and EEA countries must then clarify when they come to produce their own legislation. Companies are required to adhere to these local rules where they are registered. Many EU and EEA countries have in fact opted to 'gold-plate' the rules, making them even stricter. Notable changes include variations in the types of entities covered by the regulations, and adjustments in asset size, turnover and balance sheet criteria that determine regulatory scope. Companies must carefully review requirements in each jurisdiction for themselves and any subsidiaries they oversee.

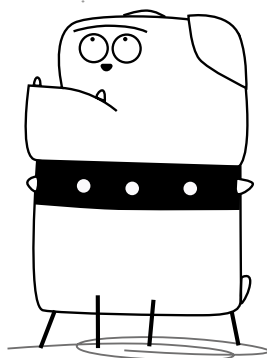




We anticipate that the shift to an iXBRL format for both sustainability and financial reporting will prompt many reporters to opt for a 'digital-first' approach, rather than prioritising the PDF.

Location of the disclosure

For EU/EEA-based companies, the ESRS disclosures must be included in the management report section of their annual report (equivalent to the UK's strategic report). However, for third-country-based companies (e.g. the UK) certain dispensations may permit these disclosures to be included in a separate sustainability report.



Format and assurance

Importantly, the CSRD requires disclosures to be in the iXBRL format (XHTML with XBRL tags), which is the same format as the ESEF version of a UK annual report.

Moreover, ESRS disclosures (both text on the page and XBRL tagging) are required to be assured.¹ For UK companies, this represents a change from current practices, as auditing of ESEF tagging is not required for financial statements.

The tagging requirement has, however, been delayed by at least one year, due to technical challenges. In the meantime, EFRAG, which publishes the ESRS, strongly recommends that content matches the structure of the ESRSXBRL taxonomy. This makes each disclosure distinct and more comparable between companies.

Knock-on impacts

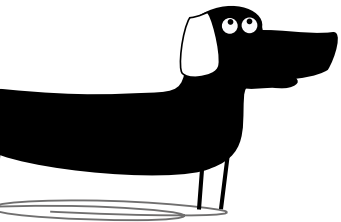
The added effort of making these disclosures will necessitate significant adjustments to the annual report production schedule to accommodate assurance, tagging and output in the iXBRL format.

We anticipate that the shift to an iXBRL format for both sustainability and financial reporting will prompt many reporters to opt for a 'digital-first' approach, rather than prioritising the PDF. This shift will enable the simultaneous production of iXBRL format reports – readable by both people and machines – and PDF files from a single source, streamlining the process significantly. Our article on page 20 explains how that will work.

¹ The European Commission plans to adopt limited assurance standards by October 2026. Reasonable assurance standards are expected to follow by October 2028.

Transition time for sustainability reporting

CSRD is already having far-reaching impact, in Europe and beyond. But it is only part of the vast wave of change sweeping through sustainability reporting.



ISSB: a waiting game for UK reporters

The IFRS Foundation's ISSB Standards will have a significant impact on annual reports when they are endorsed by the UK government.

The government aims to make the UK-endorsed ISSB Standards available in Q1 2025; these will be known as the UK Sustainability Reporting Standards.

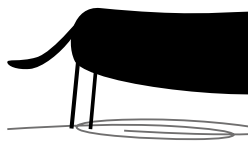
As of 30 June 2024, six countries – Brazil, Costa Rica, Kenya, Bangladesh, Nigeria and Turkey – have adopted the standards on a voluntary or mandatory basis and 16 others are planning to adopt them in the future.*

Our research found that 40 of the FTSE 100 make reference to the ISSB standards in their reports, but these references typically consist of brief acknowledgements that developments in this area are being monitored.

Transition plans now are key focus

Climate transition plans are gaining more attention from standard setters. In June 2024 the ISSB announced plans to use the Transition Plan Taskforce's disclosure framework as the basis for its own work on transition planning. That means there should be more clarity on which climate transition plan disclosures are needed under the ISSB standards. Meanwhile, the Financial Conduct Authority is planning to consult on strengthening transition plan disclosures for the new ISSB Standards. Climate transition plans are also a requirement of the CSRD.

The increasing commitment to climate transition plans is reflected in our research. 64 reporters had their emissions targets validated by the Science Based Targets Initiative (SBTi) this year, which represents a 19% increase on last year. 75 companies explain the steps they are taking to reach net zero, a 6% increase on last year.



Transition time for sustainability reporting continued

TCFD: an influential framework

TCFD reporting now feels well-established and, notably, its structure has directly inspired many of the emerging frameworks, including the ISSB's S1 and S2 standards and the Taskforce on Nature-related Financial Disclosures – meaning these new frameworks look comfortably familiar, on the surface.

TCFD reporting continues to become more sophisticated. On the back of calls from the Financial Reporting Council for companies to make the financial impacts of climate change risks and opportunities clearer, we have seen an increasing number of companies rise to the challenge. Our research found that 91 reporters in the FTSE 100 mention climate change in their financial statements, compared with 84 last year. 48 of these provide clear links between the impact of climate change on financials, compared with only 26 last year.

Interestingly, we have seen a decline of 26% in the number of standalone TCFD and climate change reports being produced, from 27 to 20. It's unclear why, possibly reporting fatigue or perhaps the desire to streamline reporting.

TNFD: a few early adopters lead the way

Nature reporting is gaining more attention, largely thanks to the TNFD recommendations which have been adopted by a handful of reporters who are leading the charge. Our research found that while 31 reporters mention the TNFD in their reports, meaningful coverage is only included by a handful of reporters leading the way, including British American Tobacco, GSK, Reckitt and Rio Tinto.

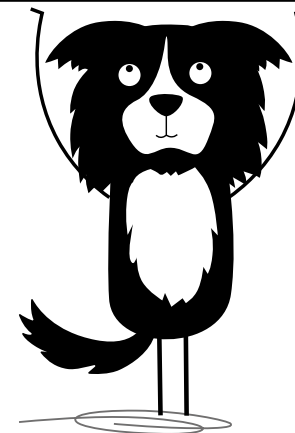
TNFD is still a voluntary framework but the ISSB is planning to accelerate its research to develop disclosure standards on biodiversity and has said that it will build upon the recommendations of TNFD. Companies using the TNFD recommendations are well placed to report against ISSB standards relating to nature and biodiversity.

* www.spglobal.com/esg/insights/june-2024-where-does-the-world-stand-on-issb-adoption



Transition plans are not just becoming the norm in the UK, but building momentum internationally... The International Sustainability Standards Board's (ISSB) Standards (IFRS S1 and S2) – which are forming the global baseline for sustainability-related financial disclosure – also expect disclosure of transition plans.

Transition Plan Taskforce disclosure framework, October 2023



Ethnicity pay gap reporting

In the King's Speech in July, the UK government pledged to make ethnicity pay gap reporting mandatory.

There is not yet a standardised format for ethnicity pay gap reporting, and the government has yet to set out detailed proposals or timings.

Many reporters are already on their way to complying, however – our research found that 30 of the FTSE 100 already disclose their ethnicity pay gap (a slight increase from 28 last year).

The big picture

The combined impact of CSRD and ISSB constitutes a major shift for sustainability reporting, with many companies already planning or starting to implement changes. While the FTSE 100 reporters haven't changed their approach dramatically up to now, we expect to see meaningful moves from next year.

Digitise your reporting and you will never look back

Over the last 10–15 years, so many aspects of our daily lives have been transformed by digitisation, with all the benefits that brings – and yet companies doggedly stick with the PDF as their format of choice for reporting. And that phenomenon seems even more peculiar when you consider that the PDF is no longer the mandatory filing version!

Of course, there's been plenty of noise about digitisation over the years, and the term 'digital-first reporting' has been bandied around for a long time. And yes, digital versions of reports exist, but these fall well short in terms of accessibility, comprehensiveness and quality, and have undergone little change over the last 25 years.

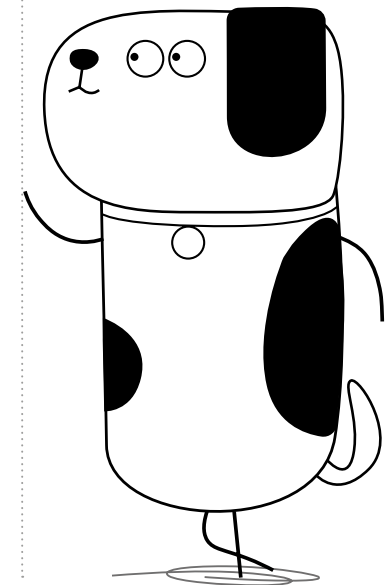
This year, about half of the FTSE 100 produced what might be termed a summary digital version – presenting just the key facts and highlights from the report in a microsite, usually with links to PDFs for those that want to see the detail.

As anyone who has been involved will know, these digital versions are produced as a separate exercise to the full PDF version, using different software and platforms, with content manually cut and pasted from the PDF. Quite an ordeal, and expense, with everything else going on at the time of a report's publication.

Crucially, in summary reports only a small fraction of the report's content is presented in XHTML, and they don't include iXBRL tagging, so these 'digital summaries' are in fact not compliant with digital reporting regulations.

A few more companies are presenting their PDF in landscape format this year. The idea being that this format is more digitally friendly for those viewing it on a laptop. And while this does make sense, it constitutes only the smallest of steps forward.

Neither of these outputs represents digital-first reporting. They don't work on mobile or deliver any meaningful digital benefits for reporters or their stakeholders.



Digital reporting is mandatory

Since 2021, the mandatory format for annual reports has been XHTML (including XBRL tagging), to make them fully accessible to both human and machine readers. This was a major change, mandating the ESEF for London-listed reporters.

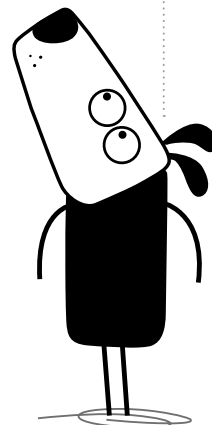
However, companies and their agencies continue to focus on the PDF and printed versions, attempting to meet their obligations to file the XHTML report by converting the PDF at the end of the process, treating it as a back-office compliance exercise akin to filing the Companies House version. This is a fudge that regulators have tolerated, but they are now actively urging companies to embrace digital-first reporting in readiness for further requirements.

Moreover, the demands of iXBRL reporting will increase over the next few years as we address CSRD and more sections of the annual report require tagging.



The whole report must be in HTML (not PDF). It must be published online. We expect issuers to devote the same level of care to publishing the digital report as the PDF.

Financial Conduct Authority, DTRs and Bulletin 37



Accessibility is overlooked by reporters

Another very important factor is that PDFs are not accessible, no matter how hard you try.

Accessibility of reporting is often overlooked, but it's a big issue, ensuring equality of access for all users of reports, regardless of their circumstances. And it's the first word in the European Securities and Markets Authority's statement of ESEF's objectives:

'the ESEF format must facilitate accessibility, analysis and comparability of annual reports.'

The Financial Reporting Council also states that companies should 'ensure the ESEF (or structured report) meets accessibility standards'.

It's not only reporting regulators that are mandating accessibility. International regulations (such as the UK Equality Act, the European Accessibility Act and the Americans with Disabilities Act) also require all online content to be accessible, including reporting in HTML published on companies' websites.

Start planning for digitisation now

Up to now, reporters' continued reliance on PDFs could be attributed to a lack of viable alternatives. However, at Friend Studio, we started planning the shift to digital reporting eight years ago and focused on developing an innovative, purpose-built digital-first reporting content management system – with input from PLCs, reporting regulators, auditors and XBRL bodies – that solves this complex challenge.

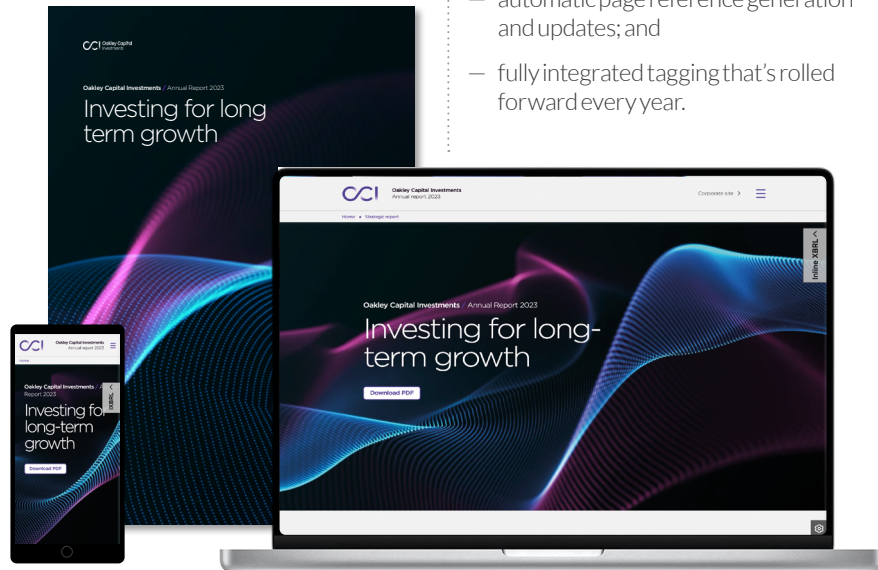
The most recent use of the system, which we call 'ReportI', has been in the creation and publication of Oakley Capital Investments' 2023 annual report, which has attracted plaudits from all quarters. One day all reports will have these attributes.

Uniquely, ReportI offers the best of all worlds: the creation and delivery of fully compliant digital, PDF and print reporting, with iXBRL tagging and instant multi-channel outputs from a single source of content. You can design, edit, proof, tag, audit and sign off on the format you prefer and publish instantly to all formats you need.

The digital versions of the report are everything you'd expect from a contemporary website: fully accessible; responsive; navigable; interactive including the use of video if you choose; search-engine friendly; and measurable with user analytics across the report. And the Oakley report's analytics are very impressive.

Reportl enables reporters to make a smooth transition to digital-first reporting and requires no special software or skills for reporting teams to learn. It also brings several significant benefits, including:

- efficient, consistent and simultaneous input and editing of content across all outputs;
- syncing of tabular content from Excel, SAP, Oracle's Hyperion Financial Management (HFM), Workiva or any other table software;
- secure, remote, live editing, with version control;
- 24/7 access to live proofs whether as PDFs or online
- automatic page reference generation and updates; and
- fully integrated tagging that's rolled forward every year.



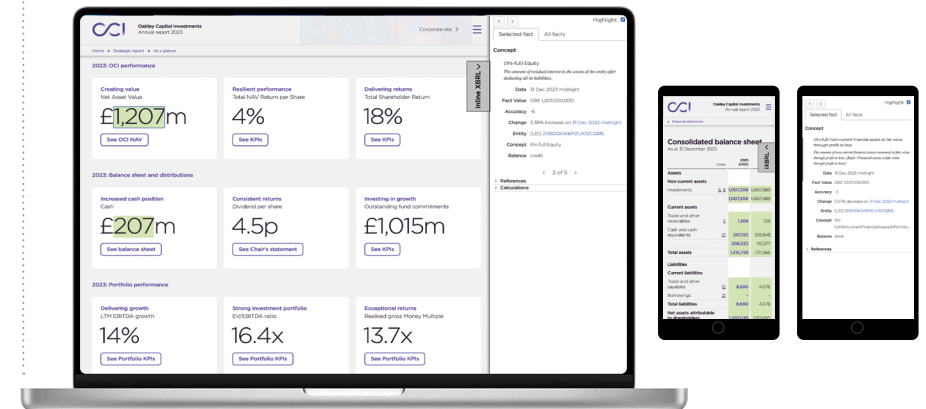
We're pleased to say that Reportl is being embraced by other UK and international reporting agencies too, and our team is training them in its use.

Our hope is that we'll one day be reviewing the FTSE 100's official digital reports for 'Top Dogs', not the voluntary PDFs.

However, we're not expecting a rush to digitise. At the start of our Top Dogs webinar in July, we gave attendees three options for when their company plans to produce a full-HTML, machine-readable report. No one opted for 'within the next two years' or even 'within the next four years'. Everyone resorted to 'when the regulator compels us to do so'.

So while those already benefiting from true digitisation aren't looking back, it seems like there's some work to be done to help everyone involved in reporting to look forward!

[See the full report here](#)



XBRL
The standard for digital reporting

An exemplar of digital-first reporting in ESEF.

Chair of XBRL UK (inventor of iXBRL)

Top Facts

Alongside our annual qualitative analysis of the FTSE 100, we also undertake a significant quantitative research exercise, covering 70 distinct data points. From our analysis we've been able to identify some clear shifts in the reporting landscape.

In this section

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27 Net zero

27 Online reporting

28 Publishing date



Report length

Still increasing, but more slowly

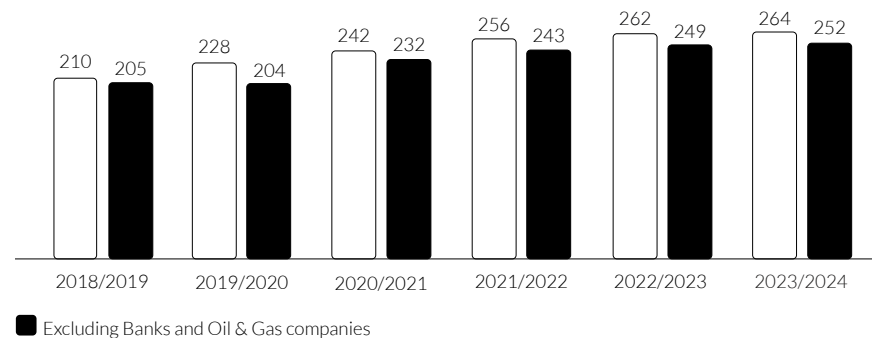
The ever-increasing scale of annual reports seems to have reached a plateau, for now at least.

The average page count of a FTSE 100 report is 264, versus 262 pages last year, representing less than 1% growth. This follows at least five years of significant increases in volume. This flattening out reflects the lack of new regulation over the past 12 months, and also, perhaps, an increasing desire to keep content concise. However, the impact of CSRD and the introduction of ISSB S1 and S2 through the new UK Sustainability Reporting Standards means that this is likely to change.

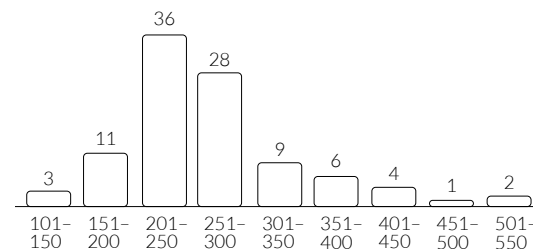
The lengthiest reports were in the Banking sector, with an average page count of 462. The five banks and two Oil & Gas companies occupy seven of the 11 longest reports among the FTSE 100. Excluding these two sectors, the average page count falls to 252 pages.

26%	1%	82
increase in the average length of annual reports over the past six years	increase in the average length of reports over the past year	pages was the average length of a strategic report in 2023/24

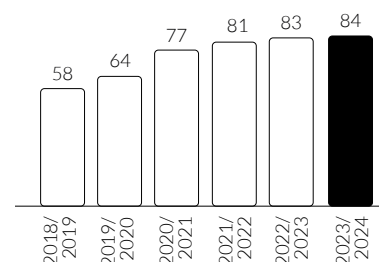
Annual report average page count



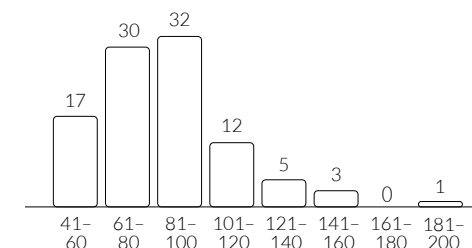
Annual report page count range



Strategic report average page count



Strategic report page count range



Sustainability

On the cusp of major change

84% of reporters included a separate sustainability section in their report, a slight increase on last year, when 77% of reporters did so. The average sustainability section page count now sits at 20 – the first reduction in the six years since we began collecting data.

Meanwhile, the percentage of reporters that also produce a standalone sustainability report (sometimes titled 'ESG' or 'Responsible Business' reports) has dropped slightly to 59% (last year it was 63%). Page counts also decreased from 66 pages last year to 61 pages this year.

Interestingly, we have seen a modest decrease in the number of reporters linking executive pay to ESG performance

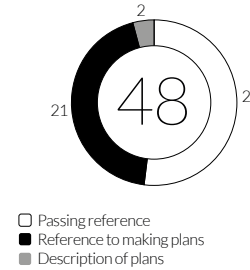
measures. This year 74 reporters did so, compared with 85 last year.

The Sustainable Development Goals (SDGs) were referenced in 64 reports, a drop of 7% from last year, and only nine of this group went beyond linking specific SDGs to the companies' activities.

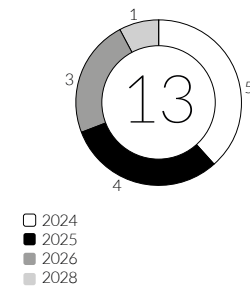
Sustainability Accounting Standards Board (SASB) continued to be routinely mentioned by most reporters (53 did so); this is slightly less than last year, when SASB was mentioned in 58 reports, although only a few reporters include the full index.

While the prominence given to SASB and the SDGs is declining somewhat, we have seen other emerging sustainability frameworks gain more attention. 40 reporters mention the ISSB (mostly just stating that they are monitoring developments), 48 reference the CSRD and 31 reference TNFD, including five that provide good coverage.

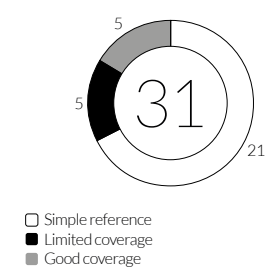
Extent of coverage of CSRD, if mentioned in the report



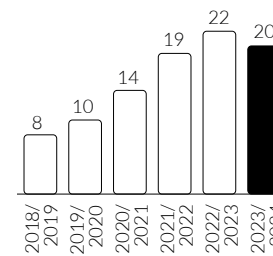
Stated year for reporting on CSRD, if mentioned in the report



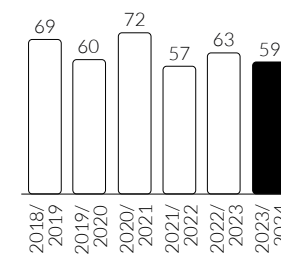
Extent of coverage of TNFD, if mentioned in the report



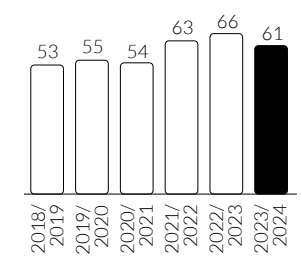
Average page count of sustainability sections



Reporters producing a separate sustainability report

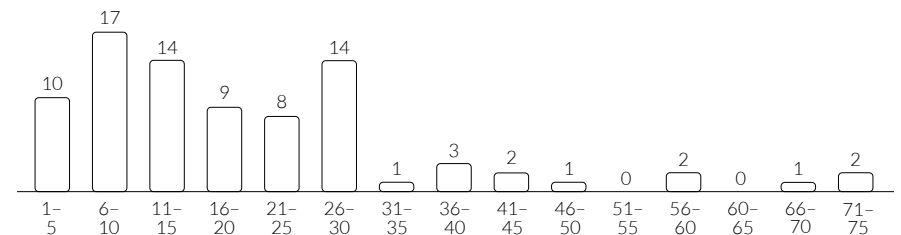


Average page count to separate sustainability reports



Sustainability section page count range

(among the 84 companies that include a sustainability section)



48

companies have a specific ESG Board committee (2022/23: 52)

69%

of companies that report on Board skills and experience include sustainability among the list of skills (2022/23: 68%)

74

link sustainability metrics to Executive remuneration (2022/23: 85)

TCFD

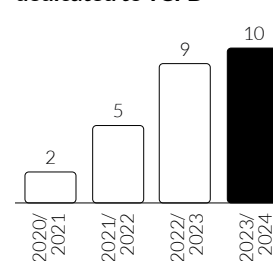
Stronger alignment with financials

TCFD sections continue to become more detailed and meaningful, with connections often made to net zero planning. TCFD sections edged up to 10 pages in 2024, with the highly scrutinised Oil & Gas sector dedicating the largest number of pages to TCFD (24), followed by the Banking sector (22).

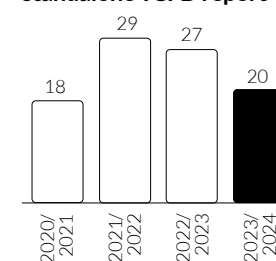
91 reporters now mention the impacts of climate change in their financial statements, with 48 of that group explaining the potential impacts in depth – a huge increase on 2023, when only 26 reporters did so. Clearly, many companies have responded to the FRC's calls for improvements in this area.

The number of companies publishing a standalone TCFD report has fallen back, with 20 of the FTSE 100 now producing a separate TCFD or climate report compared with 27 last year. The length of these reports is stabilising, moving from an average of 49 pages last year to 48 pages this year. Sectors where standalone TCFD reports are most common are Mining, Insurance and Financial Services.

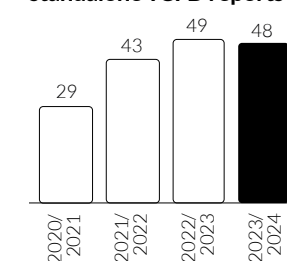
Average number of pages dedicated to TCFD



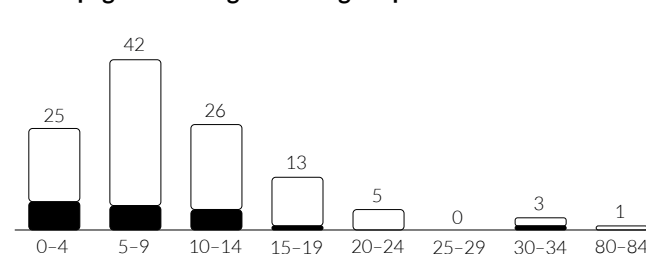
Reporters that produce a standalone TCFD report



Average page count of standalone TCFD reports



TCFD page count range in strategic reports



■ Proportion that also produce a standalone TCFD report

10

is the average number of pages dedicated to TCFD in 2023/24 (2022/23: 9)

26%

decrease in the number of reporters producing a standalone TCFD report compared with 2022/23

48

is the average number of pages for standalone TCFD reports

Net zero

More commitment and insight

The UK government has made a commitment to reduce greenhouse gas emissions by 100% from 1990 levels by 2050, and FTSE 100 businesses have a significant role to play in meeting this goal.

92 of the index have now committed to reaching 'net zero', and the number of reporters setting out milestones on the journey is gradually increasing, with 74 companies doing so this year, compared with 71 last year.

We expect this figure, and the level of insight, to continue rising, given that the ISSB has said it will use the Transition Plan Taskforce's disclosure materials as the basis for its own work on climate transition plans.

Adoption of science-based targets is also on the rise: 64 of the FTSE 100 have science-based targets validated by the SBTi, a rise of 19% on the previous year. An additional 10 are planning to implement them, or are waiting for validation, reflecting the pace at which change is happening.

92

have committed to net zero, the same as last year

75

set out milestones on the journey to net zero (2022/23: 71)

64

have SBTi-validated targets (2022/23: 54)

Online reporting

Stuck in a different era

New technology will enable truly digital-first reporting over the next few years, but in the meantime a majority (59) of the FTSE 100 produce a summary HTML report.

Video also continues to gain popularity, with the number of reporters offering it nearly doubling from 12 last year to 22 this year. Of the videos published, more than half centred on highlights from the CEO.

More FTSE 100 reporters also now favour the landscape format for their PDF, with 15 opting for it, up from five last year. We have also seen two reporters opt for a 50:50 landscape/portrait format – something hard to recommend.

While a PDF cannot comply with full digital accessibility rules, we find that landscape PDFs are far easier to read on laptops.

23

FTSE 100 reporters do not make their ESEF reports available on their corporate website

30

reporters chose to offer an XHTML filing zip download only

59

reporters provide a summary HTML report, similar to previous years

Publishing date

Slowly getting faster

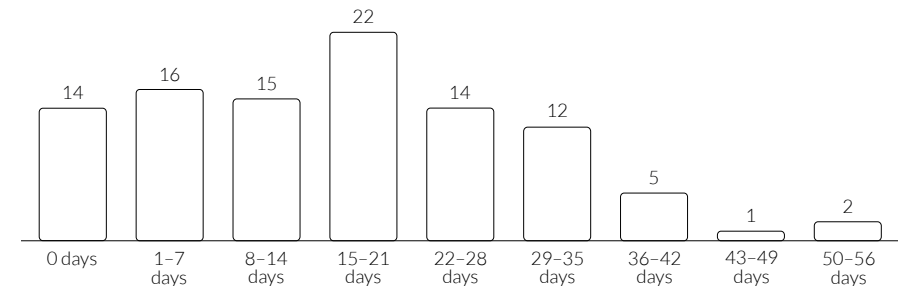
This year, we saw a significant increase in the number of companies publishing their annual reports on the same day as their full-year results announcement, with 14 reporters achieving this challenging deadline, compared with nine last year.

As always, the five banks lead this list, joined this year by an assortment including three financial services firms and three insurance providers.

Overall, the time taken to publish reports has improved compared with last year. The mean average delay between results announcement and report publication has dropped from 19 to 17 days, while the median has reduced from 17 to 15 days, including weekends.

68% of companies published the XBRL version on the same day as the PDF, compared with 70% in 2023. Despite the ESEF version of the report being the 'official' filing version, 23 companies' ESEF reports were not easy to find on corporate websites and could only be found by searching the National Storage Mechanism.

Number of days delay between the results announcement and the PDF publication



14

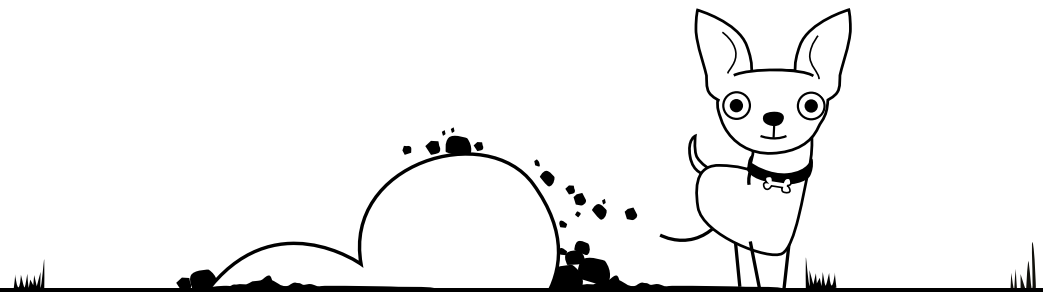
companies publish their annual reports on the same day as the results announcement

15

days is the median delay between results announcement and annual report publication, two days fewer than last year

68%

companies published the XBRL version on the same day as the PDF (2022/23: 70%)



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