

Press release

As an instrument of communication, the annual report must explore new avenues.

A change of perspective: from a pure financial report to a responsibility report.

Hamburg, 22 September 2010 - The special agency for annual reports, HGB, makes an argument for a new model for company reporting and recommends an approach based on the guiding principle of the "Honourable Merchant". If the annual report is to become an effective instrument of communication for all of the company's stakeholders, it should address the topic of corporate responsibility more extensively than it has done so far. "After all the corruption and spying scandals in large corporations, after the financial crisis and the BP disaster, the issue of corporate responsibility has become more relevant than ever before", said Peter Poppe, HGB's managing partner. The HGB conference and the "ANNUAL REPORTS" exhibition of 23 September at the Museum für Kunst und Gewerbe, Hamburg, address these and other trends.

Corporate responsibility is moving inexorably to centre stage.

Certain fundamental developments are, in the opinion of HGB, set to influence financial communication in the coming years. One thing is obvious: customers and an increasing number of shareholders are demanding that companies be responsible in their actions.

- The digital revolution has given more power to customers and, more generally, to a critical public. Today, criticism of products and services or inadequate customer service can spread through the internet in seconds. These new balances of power force companies to handle customer issues with care and respect.
- Numerous studies and surveys have shown that shareholders are calling for a vote of confidence. Sustainable investments have therefore progressed from being niche products to bestsellers. Investors no longer make decisions on the basis of short-term company success alone. They are paying increasing attention to the long-term prospects of the company's economic, ecological and social performance. Responsible company behaviour has become much more important for them in their assessment of risk.

"Companies need to be considerably more open to the justified expectations of their various target groups than they have been thus far. Without widespread social acceptance, it will be impossible for them to do business in the long term," says Peter Poppe, HGB President. "Forward-thinking company managers are

therefore actively adapting to these developments. They are developing their strategies with the aim of creating value for all of the company's stakeholders," says Mr Poppe.

The Honourable Merchant as a recommended guiding principle.

All of the above naturally has an effect on the annual report. It must address the topic of corporate responsibility in significantly more detail in future. An initial step is for a chapter on sustainability to be included in the report. For the experts in Hamburg, however, a responsibility report needs to go even further. In order to be a genuine responsibility report, it must be based on the guiding principle of the "Honourable Merchant". "He displays positive qualities such as industriousness, honesty, sincerity and fairness. These qualities can be of great use in modern company reporting," says Mr Poppe. This would involve the following, for example:

- explaining in brief and concise terms how the company's actions are being based on the concept of responsible company management and long-term value creation;
- documenting figures concerning responsible action in concrete, measurable and implementable sizes and collecting them with the same amount of care given to the key figures for economic success;
- avoiding superficial PR and illustrating clear connections between responsible action and company success and explaining the effect that corresponding indicators have on major economic key figures;
- making it possible for forecasts to be checked (including previous forecasts) and presenting targets for the business year that have been planned and those that have been reached in target/performance comparison tables;
- not only discussing successes, but also addressing difficulties and problems that have not yet been solved in plain and frank terms.

A reporting model for companies can be developed on the basis of the "Honourable Merchant" concept, which remains as relevant as ever. This model can be both an aid to structuring content and a checklist. According to Peter Poppe: "At present, it is hard to say how much time it will take to develop the annual report into a responsibility report. But I am convinced that this will happen at some point."

A forum for opinion making

The conference and the "ANNUAL REPORTS - The Best Annual Reports of 2009" exhibition, with contributions from experts and discussions, explores the topic of "Back to the future. Rediscovering old

values". The following questions are addressed: Shareholder and stakeholder value: How can companies reconcile these concepts, which are to some extent contradictory, and thus secure the credibility of their corporate and financial communication? What roles does the topic of "corporate responsibility" play in the management agenda of global companies? In what way do companies need to communicate sustainability issues if they are to reach analysts and investors? How can the annual report become a responsibility report? And does this make a sustainability report superfluous?

Unique Exhibition

"ANNUAL REPORTS - The Best Annual Reports of 2009", an exhibition put on by HGB exclusively in Germany in the Museum für Kunst und Gewerbe from 24 September to 17 October, gives visitors the chance to see reports that have won the "International ARC AWARDS". The "International ARC AWARDS" are the world's largest and oldest international annual report competition. The competition has been run by the Academy of Communication Arts and Sciences/MerComm in New York since 1987. Some 1,900 annual reports were submitted from 27 countries this year. Deutsche Telekom won a coveted Grand Award in the "Best Photography in Europe" category this year, for their 2009 annual report that was designed by HGB. This award is considered the "Oscar of annual reports".

Service for editorial staff

Detailed information concerning the conference and the "ANNUAL REPORTS - The Best Annual Reports of 2009" exhibition can be found online at: www.hgb.de. Talks given by the speakers will be available from 23 September 2010 at: <http://www.ar-annualreports.de/vortragsarchiv>.

HGB Hamburger Geschäftsberichte GmbH & Co. KG is a major special agency for annual reports in Germany. HGB performs all services ranging from design to the printed report and the online edition. HGB's references include over 100 German companies. The agency's customers currently include Aurubis, Brenntag, DEKRA, Deutsche Lufthansa, Deutsche Telekom, Deutsche Wohnen, Gerresheimer, Greenpeace Energy, Hamburger Hochbahn, Landesbank Berlin Holding, Q-Cells, Sana Kliniken, SGL Carbon and XING. The agency employs 18 permanent staff members.

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