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More financial executives are taking serious action to improve their financial reports, according to a new survey by the Financial Executives Research Foundation (FERF), the independent, non-profit research affiliate of Financial Executives International (FEI), in collaboration with financial services firm EY.

Nearly three-quarters (74%) of the companies surveyed are taking action to improve

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how investors consume information.

This report, based on a survey of over 120 company financial executives, identifies actions companies have taken voluntarily to improve their financial reports and disclosures, and outlines how those efforts are progressing.

Key results from the survey include:

- **Companies are taking action to improve their financial reports.** Nearly three-quarters (74%) of the companies surveyed are taking action to improve their financial reports. Top improvement areas to the annual financial report (10-K) include management discussion and analysis (MD&A), the business section, risk factors and certain footnotes to the financial statements, with the predominant impetus for improvement coming from senior-level executives.
- **Disclosure effectiveness should be a collaborative effort.** Companies that have meaningfully improved their financial reports noted the positive impact of engaging key stakeholders including senior-executives, controllers, heads of SEC reporting, investor relations, legal counsel and board members from the start.
- **There are many benefits to improved disclosure effectiveness.** Companies of various sizes and industries cited a number of key benefits to improving disclosures, including positive feedback from senior management, board members, investors and analysts who found the information easier to read and digest – allowing them to make more informed decisions.
- **Regulator and accounting standard-setting body support can help overcome challenges.** Respondents indicated that additional guidance on materiality considerations would be beneficial in mitigating challenges, and offered a host of other suggestions. Since the survey, regulators and standard-setters have issued

proposals intended to address this area. Still, determining what to include or not

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plan to continue to improve financial reporting across a broad spectrum of filings and channels that include 10-Ks, 10-Qs, earnings releases, proxy statements and websites.

- **Follow the advice for companies getting started.** Respondents offered a great deal of advice for companies looking to improve their disclosure effectiveness. Suggestions include holding meetings with key constituents, leveraging disclosure committees, putting disclosure effectiveness on the audit committee agenda, ensuring the appropriate tone and support at the top, regular reviews of disclosure documents for effectiveness, designing executive summaries in a way that drives quality in the rest of the document and several ways to avoid repetition.

“We’ve gathered insights from some of the top leaders in finance, accounting and financial reporting across a wide range of industries,” said Andrej Suskavcevic, President and CEO of FERF. “Our results strongly indicate that the majority of companies are making great strides towards improving disclosure effectiveness and have seen the resulting benefits across the board.”

Neri Bukspan, Partner, Financial Accounting Advisory Services, Ernst & Young LLP and EY Americas Disclosure Leader, noted, “enhancing the effectiveness of corporate disclosures is an area of utmost importance and has become an increased focus for companies, investors, regulators and capital markets at large. We’ve been encouraged by the steps companies are taking to improve their financial reporting evidenced in the study and hope our findings are helpful for those companies who plan to embark on that journey.”

EY Financial Accounting Advisory Services is a sponsor of this month’s Financial Executives International’s (FEI) 34th Annual Current Financial Reporting Issues (CFRI) Conference being held November 16 – 18 in New York City. To learn more from EY, visit ey.com/disclosureeffectiveness.

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