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**UKSIF & London Stock Exchange
Press Release: April 5, 2004**



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Research Reveals Increasing Burden of Corporate Responsibility Reporting

Industry-wide committee formed to address research findings

Research published today by the UK Social Investment Forum (UKSIF) and the London Stock Exchange reveals the alarming burden that current methods of corporate responsibility (CR) reporting are placing on listed companies and their investors. Only 35 per cent of listed companies felt they were able to provide, to their satisfaction, the amount of information required by more than 30 different surveys and reporting mechanisms which seek to measure corporate governance and corporate social responsibility.

Independent research, undertaken by research specialists TNS (Taylor Nelson Sofres), focussed on understanding both the disclosure of relevant non-financial information and the gathering of this same information by institutional investors. In total, TNS polled 45 institutional investors and 55 listed companies.

The findings revealed that, on average, a UK listed company spends seven working days a month complying with and updating disclosures pertinent to corporate responsibility guidelines. 20 per cent of companies have a senior representative who spends upwards of half their entire time on these activities.

Respondents recorded that the proliferation of agencies and indices, formed to serve the market's demand for CR information, has actually served to weigh down companies with time-consuming administrative processes, distracting valuable resources away from other responsibilities.

Furthermore, the burden of corporate governance reporting falls in the AGM reporting season which magnifies the impact of completing the different questionnaires. Only 35 per cent of companies are satisfied with their ability to provide the information within the deadlines set by the information agencies.

Commenting on the findings, Helen Wildsmith, Executive Director of the UK Social Investment Forum, said, "An efficient market requires timely and relevant information. Companies are finding it difficult to prioritise one source or agency over another and this creates a disjoint between what companies spend their time on and where institutional investors source their information."

The research, the first of its kind in the UK, also found that fund management teams spend, on average, just under four days per person, per month collating available materials to produce comprehensive research into the standard of corporate responsibility of potential investee companies. This is despite the trend for specialist corporate responsibility analysts or departments within larger fund management houses.

The research, conducted with 45 UK fund management houses, demonstrates that while investors believe good CR information has become integral to adequate

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risk assessment, the channels for communicating information that companies report are not meeting their information needs. Over 50% of fund managers experience a need for more timely or more complete information.

The findings reveal that the appetite for information has led to an array of disparate reporting mechanisms and surveys (with some companies receiving more than 15 surveys in total) through which they are encouraged to disclose information about company operations, policies, supplier relationships, remuneration and governance arrangements. In turn this has resulted in multiple sources of information for investors that are often difficult to compare and necessitate lengthy additional research.

Commenting on the findings, Emma Howard Boyd, Head of SRI at Jupiter Asset Management said, "Good corporate responsibility is aligned with the long term interests of institutional investors. We find the results of this research alarming. This study highlights an excessive drain on resources that could be better employed to improve corporate performance. "

Consequently, and as a direct response to the findings of the survey outlined above, UKSIF and the London Stock Exchange are announcing the formation of a committee charged with exploring a way to reduce the reporting burden whilst improving the real flow of communication.

Announcing the formation of the committee, Simon Wilkinson, from the London Stock Exchange, said, "The most successful committees are comprised of members from all stakeholders groups and as such the committee, led by UKSIF in association with the London Stock Exchange, will comprise UK companies, industry bodies and financial institutions such as Jupiter Asset Management and EIRiS (Ethical Investment Research Service). The committee's aim is to create a dialogue between all market participants that will lead to less red tape and instead facilitate voluntary disclosure."

ENDS

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Notes to Editors

About the London Stock Exchange:

The London Stock Exchange is one of the world's leading equity exchanges and a leading provider of services that facilitate the raising of capital and the trading of shares.

The London Stock Exchange is the most international equities exchange by trading in the world and Europe's largest pool of liquidity. By the end of 2003, the market capitalisation of UK and international companies on its markets amounted to £3.3 trillion, with £3.6 trillion of equity business transacted over the year.

The London Stock Exchange is a Recognised Investment Exchange (RIE) under the Financial Services and Markets Act 2000 and is supervised by the Financial Services Authority.

About UK Social Investment Forum:

The UK Social Investment Forum (UKSIF) is the UK's multi-stakeholder

membership organisation responsible for the promotion of Socially Responsible Investment (SRI) amongst UK investors. UKSIF members include SRI pioneers and the majority of the top 20 UK occupational pension fund managers. UKSIF believes that all material social, environmental and ethical (SEE) issues should be integrated into standard investment practice and that individual investors should be able to reflect their values in their investments. For more information see [About UKSIF](#).

See also:

UPDATE: [Press Release - Industry-Wide Working Party on Corporate Responsibility Reporting Burden Announces Conclusions; London Stock Exchange to launch Corporate Responsibility Exchange](#)

[UKSIF Briefing: Speaking The Same Language: Improving Communications between Companies and Investors on Corporate Responsibility](#) - commentary on Arthur D Little report of that name and related issues. (June 2003)

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