

***UKSIF letter to the Financial Times:
November 28, 2005***

OFR announcement is bizarre trailer for "CSR and Finance Sector" conference; Responsible investors surprised and disappointed

Dear Sir,

Responsible investors have been surprised and disappointed by Gordon Brown's announcement today that the Operating and Financial Review (OFR) is to be scrapped. They are left wondering whether the government seriously wishes to promote improved dialogue between responsible investors and companies.

Investors had warmly welcomed the OFR as a way of providing valuable information about a range of factors underpinning long-term business profitability. This includes aspects such as environmental risk and brand management that have not traditionally been covered in annual reports.

With the Chancellor recognising that it is best practice for companies to report on social and environmental strategies relevant to their business, it is difficult to see that this move will reduce costs for business. Investor demand, and that of other stakeholders, for robust information will not disappear if the regulatory requirement is removed. But it will become harder rather than easier to set effective disclosure standards which allow the City to price in environmental and social risks.

The announcement comes only months before the OFR was to come into force and after many companies have already starting preparing their first submission. Indeed, our asset management members say that they have detected little opposition to the OFR in their company meetings.

In the week when the government is hosting a European Presidency conference on CSR and the Finance Sector, the Chancellor's move sends a bizarre signal to the City.

Yours sincerely

Penny Shepherd

Chief Executive
UK Social Investment Forum.

See also:

[Response of the UK Social Investment Forum \(UKSIF\) to the consultation on the Operating and Financial Review \(OFR\) and Directors' Report \(August 2004\)](#)

[UKSIF response to The Operating and Financial Review Working Group on Materiality: Consultation Document \(Sept 2003\)](#)