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New research confirms link between corporate responsibility and improved financial performance

Source: Business in the Community

30 October 2008: New research released today by Business in the Community (BITC) reveals a statistically significant link between effective management and governance of environmental and social issues and financial performance.

The research clearly shows that FTSE companies that actively managed and measured corporate responsibility issues outperformed the FTSE 350 on total shareholder return by between 3.3% and 7.7% throughout the period 2002-2007.

Sponsored by Legal & General and conducted by Ipsos MORI, the research examined the relationship between total shareholder return and the management of environmental and social impacts in 33 FTSE companies that have measured and managed their corporate responsibility through Business in the Community's Corporate Responsibility Index (CR Index) in each of its six years.

In addition, the research found the more a company measures its environmental and social impacts, the less volatile its stock price.

Stephen Howard, Chief Executive, Business in the Community, said: "Now more than ever, businesses need to demonstrate that corporate responsibility isn't an over-head but a value creator. This research clearly shows that sustained environmental and social performance does pay dividends – literally."

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Notes for Editors

Please see the full report 'The value of corporate governance: The positive return of responsible business': www.bitc.org.uk/financialimpact

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1. About Business in the Community
Business in the Community mobilises business for good.
We inspire, engage, support and challenge companies to continually improve their impact on society. Four impact areas - Marketplace, Workplace, Environment and Community - define our focus.
- 2.

More than 850 companies are Business in the Community members, representing 1 in 5 of the UK private sector workforce alongside a network of global partners.

We're committed to help members integrate responsible business, share experience and take collaborative action.

More information www.bitc.org.uk

2. Legal & General Group Plc.

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3. About the CR Index

Established in 2002, and managed by Business in the Community, it is the UK's leading self-assessed corporate responsibility benchmark, giving companies a framework to measure and compare their corporate responsibility management with peers.

4. Glossary of terms used

Total Shareholder Return

The total return earned on a share over a period of time: divided per share plus capital gain divided by initial share price.

Stock Price Volatility

Average 12 month volatility figure for stock price return.

Definitions of governance

Good corporate governance is the glue that underpins responsible business practice, which ensures positive workplace management, marketplace responsibility, environmental stewardship, community engagement and sustained financial performance.

"Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The aim is to align as nearly as possible the interests of individuals, corporations and society." Sir Adrian Cadbury

5. The 33 companies included in the analysis are:

- 3i
- AMEC
- Anglo American
- Barclays
- BBA Aviation
- BHP Billiton
- BT Group

- Cadbury Schweppes
- Carillion
- Diageo
- Friends Provident
- Go-Ahead Group
- HBOS
- International Power
- ITV
- J Sainsbury
- Lloyds TSB
- Marks & Spencer
- National Grid
- Northumbrian Water
- Pearson
- Reckitt Benckiser
- Reed Elsevier
- Rentokil Initial
- Rio Tinto
- Rolls-Royce
- Serco Group
- Severn Trent
- Shire
- Tesco
- Unilever
- United Utilities
- WH Smith

6. FTSE companies that actively managed and measured corporate responsibility issues, outperform the FTSE 350 on total shareholder return by between 3.3% and 7.7% per year