



**News Release**  
**London, 13 September 2007**

## **US firms fall behind Europe in ethical standards, says EIRIS**

Global sustainable investment specialists EIRIS today published *The state of responsible business: Global corporate response to environmental, social and governance (ESG) challenges* which provides a snapshot of the state of responsible business around the globe.

The report details findings of extensive research into the degree to which companies are addressing key issues including corporate governance, environment, equal opportunities, human rights and supply chain, and finds that responsible practices are increasingly being adopted by companies worldwide, though there are significant differences between regions:

- North American companies significantly lag behind their European counterparts across all the areas researched although a core of larger companies have adopted responsible business practices
- European companies have well developed responsible business practices across a broad range of issues. This is due to a sophisticated responsible investment market, NGO pressure and a strong regulatory environment

- Japanese companies demonstrate strong performance on environmental issues, although need to make progress on other areas to match European levels
- large companies are more likely to adopt responsible business practices than smaller companies
- continued growth in responsible investment especially amongst 'mainstream' investors - driven by a belief that environmental, social and governance issues affect financial performance - is expected to drive greater corporate take up of and reporting on these issues.

"Twenty five years ago very few companies were aware of ESG issues, let alone developing policies and systems to address them" said Bob Gordon, report author and Head of US and Japan Research at EIRIS. "Corporate responsibility continues to evolve from what was a mainly philanthropic activity to a more mainstream approach where it is integrated into core business activities"

Peter Webster, EIRIS' Executive Director said: "Investors are concerned by the potential costs of investing in irresponsible and unsustainable companies. Increasingly they are favouring those companies that are responding well to the environmental, social and governance challenges they face – each of which has the potential to affect shareholder value if not properly addressed".

Additional key findings, further background on definitions, illustrating graphs, and commentary on key differences observed are available in the full report.

A summary of key findings from the report can be downloaded [here](#)

Click [here](#) to download a full copy of the report

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#### **Note to editors:**

- 1) The research examines 1,996 companies in the FTSE All-World Developed index from Europe, North America, Aus / NZ and Asia. It analyses their performance across a selection of the most widely used responsible investment criteria as follows: corporate governance; equal opportunities; human rights; supply chain; environmental responsibility; community involvement
- 2) EIRIS assessed companies primarily by looking at information published by the company, including annual reports, sustainability/CSR reports, company documents and company websites, as well as EIRIS surveys. In cases where regulatory or voluntarily disclosed data is available via a third party, EIRIS also used this in its assessment. All figures are based on information extracted from the EIRIS databases as of March 2007.
- 3) Ethical Investment Research Services (EIRIS), established in 1983, provides the independent research into corporate social, environmental and ethical performance that is needed by investors to make informed and responsible investment decisions. EIRIS does not promote any one particular view on ethical or socially responsible issues.
- 4) EIRIS is the leading global analyst of corporate social, environmental and ethical performance with the following overseas research partners: Centre for Australian Ethical Research (CAER), Fundacion Ecologia y Desarrollo (Ecodes) of Spain, Imug – Institut fur Markt-Umwelt-Gesellschaft of Germany and EthiFinance of France
- 5) EIRIS clients include, amongst others, Aberdeen Asset Managers, ABN Amro Bank, Aegon Asset Management, AIB Investment Managers, AllianceBernstein, ATP, AXA Investment Managers, BankInvest, Bank of Ireland Asset Management, BlackRock, Cazenove Fund Management, Co-operative Bank, Credit Suisse, F & C Asset Management, Fédérés Gestion d'Actifs, FIDH, Fonds de Réserve pour les Retraites, FTSE, Gartmore Investment Managers, Insight Investment, KBC Asset Management, Martin Currie Investment Management, M&G Investment Management, Methodist Church Central Finance Board, Mondrian Investment Partners, Montgomery Oppenheim, Morgan Stanley, New Star Asset Management, Newsweek Japan, Newton Investment Management, Norwegian Government Pension Fund, Nomura Asset Management, Old Mutual Asset Management, Oxfam, Pen-Sam, Rathbone Investment Management, Robeco Institutional Asset Management, Royal London Asset Management, Santander Gestion de Activos, Sarasin Chiswell, Setanta Asset Management, Schroders Investment Management, Scottish Widows Investment Partnership, Standard Life Investments, WaterAid.