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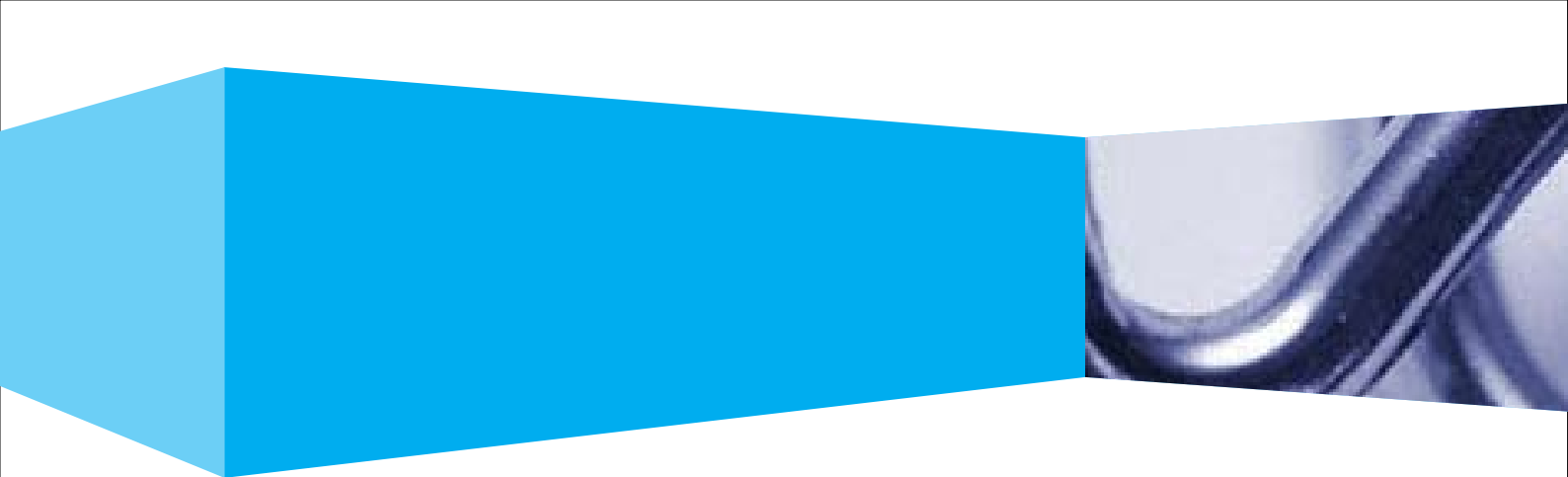
IR website best practice guide



Introduction

With the introduction of new regulations and increasingly high stakeholder expectations, it is essential that your Investor Relations (IR) website provides useful, timely, up-to-date financial and non-financial information to investors, analysts and traders alike.

This guide from RNS, the company news service from the London Stock Exchange, has been written to help companies understand what is expected from the global investment community in terms of website content and structure.



First, a word on the importance of website structure and management

“The first port of call for a trader, analyst or investor is generally the website of a company and they all expect to get information from that website at the same time as the newswires publish the information. The website also stores information that is increasingly difficult to store in the office.”

Sector Analyst, global investment bank

Today, websites are the first port of call for most investors whether they are researching your company for an initial understanding or looking to get an update on business performance. It is important therefore that the website is structured in an easy-to-use and intuitive format enabling readers to navigate it quickly and find the information they are looking for.

The most common frustration with websites is that they fail to take into account the needs of the user. The homepage within the IR section of a company's website, for example, should offer easy links to the most frequently accessed information and ideally a regular check should be carried out to ensure that these links are current. Because this information is dynamic it does require constant attention and the management of this can be time consuming. Your advisers can

help to provide the necessary support. In addition, a good search facility and site map can help users locate the information they need.

The IR website is the easiest and most cost-effective way of keeping your investment community audiences up-to-date with corporate initiatives. The site should be an additional channel of information to provide access to investor presentations, analyst meetings, workshops and site tours. E-mail alerts can easily enable interested website readers to register for up-to-date news.

Ensuring website visitors have the most positive experience from accessing the website not only promotes your company but also increases brand awareness and enhances its reputation. Providing links to relevant industry groups and related websites can reinforce the positioning and credibility of your company and its leadership.

Website structure summary

- Ease of navigation is key. Understand user needs and the fact that different audiences require different information.
- Information needs to be up-to-date and the site regularly maintained.
- Monitor usage to channel users more effectively.
- Include a sign-up facility for users to receive e-mail alerts on company news etc.
- Incorporate links to related or relevant websites (regulators, industry groups etc).



Best practice website content

“The benefits to a company of having an informative, comprehensive investor communications section on its website are manifold. Firstly, it illustrates a willingness to be open with shareholders and an understanding of their diverse information needs from financial performance to corporate governance and responsibility. It showcases the extensive work that goes on behind the scenes to ensure that shareholder interests are being served. It encourages shareholders to learn more about the company, its business and its performance which in turn should mean they take better decisions in relation to it. Most importantly, excellent web-based communication frees up investor relations time to discuss matters of substance rather than form.”

Managing Director, Governance for Owners

Once a clear and user friendly website structure has been established, focus needs to turn to the content that is provided via your site. The overall level of corporate disclosure is always a hotly debated topic. However, most companies appreciate that the more (relevant) information that is provided via the website, the better stakeholders are informed and the better the company is appreciated.

The following section of the guide focuses on content for IR

websites and provides detailed provisions for meeting best practice looking at the three areas of company information, financial information and shareholder information. However, Corporate Governance and Corporate Social Responsibility (CSR) are gaining such importance for the investment community that it is becoming increasingly common for dedicated sections and content to be provided for these topics.

Company information

The vast area of content that can be ascribed to “company information” needs to be assessed for relevance and accuracy for the investing audience. Companies should be mindful of the fact that their website readers are in receipt of huge amounts of information from other companies also and therefore this category needs to be factual, succinct, up-to-date and supportive of the business’ investment case.

When looking to provide best practice content for the company information on the IR website, the following three areas should be included:

- **market environment** (competitive situation, regulatory issues, macro-economic environment, time-bound targets as to future trends, etc.)
- **strategy** (goals, objectives, organisational structure, mix of risk, return and growth, cost of capital, divisional and group cash flows)
- **value creating activities** (innovation, brands, customers, supply chain, employees; also to include measures and metrics appropriate for the business and timebound targets).

Market environment

Best practice content dedicated to the market environment should ideally be backed-up by third party or independent research. The sorts of material provided under this category should be highly informative, if not educational, and cover the following areas:

- operations – geographically and by business segment
- products and services offered by the company
- market share, trends and the competition
- regulatory or macro-economic issues that may have an significance for the overall investment proposition of the company.

The greater conviction with which the company is seen to grasp and discuss the business issues, the further the credibility of the management team is enhanced for the investing audience.

This area should therefore aim to answer three of the most basic investor questions – *Who? What? And Where?*

Strategy

Ideally the strategy content of a best practice IR website relates back to the market environment category and positions the company within it, explaining clearly *Why? How? And When?*

The organisational goals and objectives should be discussed and an organisational structure provided in graphical form so that a picture is readily painted in investors’ minds about how the company functions as a business entity. Details such as the mix of risk, return and growth that is adopted as part of that strategy, the weighted average cost of capital and divisional and group cash flows should also be discussed.

Value creating activities

Discussion surrounding the value creating activities of a business should illustrate for investors the sometimes less tangible areas of business performance. These areas are however, often very meaningful for long-term competitive advantage and therefore it is important for investors to be able to gain further understanding in this area. For example, companies should provide clarity on customer loyalty and satisfaction, brand awareness, attracting and retaining talent within the organisation and any other factors that are important for the sustainable growth of the business.

Financial information

Aside from the statutory financial reports there are various other suites of financial data that investors now expect to see provided for their use on IR websites. Investors regard this as an essential source of hard data supplied in an accessible format. In order to provide the best clarity, financial reports should be enhanced providing links to the business operations and value-creating activities. This means that investors can read directly how the “actions” of the business are impacting the financial performance. When looking to provide best practice content for financial information on the IR website, the following should be included:

- interactive annual reports, interim reports, analyst presentations and price sensitive press releases for the last two years in an easily accessible format
- cash flows, funding and working capital management with a clear link between value creating activities and financial performance

- financial highlights and summary of key financial metrics including prior year comparisons, showing profitability, efficiency, and growth prospects and timebound future performance targets, e.g. earnings forecasts.

Most public companies now make their financial reports available online in PDF format. However, downloading PDFs can be a very time consuming and frustrating experience for investors wanting to access large documents. Best practice is therefore to provide interactive reports that are entirely and instantly searchable, offering accelerated page loading.

To find out how to convert PDF documents to fully searchable web pages using the Exchange’s Interactive Reports Service, visit www.londonstockexchange.com/irs/interactivereports for more information



Shareholder information

Best practice suggests that a company's share price be available on its website at all times, together with the stock's performance during the day's trading hours and the performance against the index and sector. New regulations also dictate that details of major shareholdings must be included within the investor website and that this must be updated every six months at the very minimum. Best practice is to update the information as soon as any changes occur. The shareholder information category therefore is seen as the area where investors can get the most recent share price pertinent information and so tends to include links and feeds for price sensitive news.

For information on how you can create an IR website in-house with real-time share price and news data using the Exchange's IR Web Modules service, please visit www.londonstockexchange.com/irs/irwebmodules

Corporate Governance

Corporate governance is the process through which a business runs itself taking into account the management of risk, corporate behaviours, fiduciary and stakeholder reporting. Companies listed on the Main Market need to iterate for investors that they are compliant with corporate governance issues as laid down in the relevant guidelines (Higgs Report, Combined Code etc) or provide explanations where this is not the case.

The codification of directors' duties in the Companies Act 2006 means that now, more than ever before, directors are required to provide full and timely information about responsibilities and behaviours.

Corporate Social Responsibility (CSR)

CSR is gaining such importance for the investment community that you should consider including a dedicated section and content within the IR website.

CSR is the process through which businesses recognise, understand and seek to improve their social and environmental impact and integrate this thinking into their corporate strategy. A well thought-out CSR strategy is increasingly seen as a key metric in evaluating long-term shareholder value as well as being a measure of the quality of management.

There is growing recognition of the impact that this can have both on the company's share price and their bottom line.

The CSR section of a best practice IR website should cover the following areas:

- sustainability policy
- social, economic, environmental and ethical issues and impact
- public reporting: transparency and accountability.

Website content summary

For IR websites to meet best practice requirements, it is recommended that the following five areas should be included in the site:

- company information
- financial information
- shareholder information
- corporate governance
- corporate social responsibility

Requirements for AIM companies

The introduction of AIM rule 26 has promoted the IR website to the role of a key reporting tool. AIM rule 26 recognises that the most effective way of providing readily accessible, comprehensive information for the global investing audience is through a company's website.

The new rule requires AIM companies to feature a regulatory minimum of IR and corporate governance information on the corporate website. This completes the website's transition from purely a marketing tool to a central medium through which a company communicates all information with investors (both current and potential) and ultimately all stakeholders.

The costs associated with external web design, development and maintenance of an IR website can sometimes be prohibitive. However, the Exchange's IR Web Modules service can be used as the basis for AIM companies to build an IR website that meets the requirements of AIM rule 26 – AIM companies should seek guidance from their Nominated Adviser. Interactive charting tools can also be incorporated which are extremely useful and greatly appreciated by retail and institutional investors. The following page shows a summary of the website requirements for AIM companies.

To find out more about how to create an IR website in-house with easy-to-use templates using IR Web Modules, visit www.londonstockexchange.com/irs/irwebmodules

Summary of requirements for AIM companies*

Each AIM company must, from admission, maintain a website on which the following information should be available, free of charge:

- a description of its business and, where it is an investing company, its investing strategy;
- the names of its directors and brief biographical details of each, as would normally be included in an admission document;
- a description of the responsibilities of the members of the board of directors and details of any committees of the board of directors and their responsibilities;
- its country of incorporation and main country of operation;
- where the AIM company is not incorporated in the UK, a statement that the rights of shareholders may be different from the rights of shareholders in a UK incorporated company;
- its current constitutional documents (eg its articles of association);
- details of any other exchanges or trading platforms on which the AIM company has applied or agreed to have any of its securities (including its AIM securities) admitted or traded;
- the number of AIM securities in issue (noting any held as treasury shares) and, insofar as it is aware, the percentage of AIM securities that is not in public hands together with the identity and percentage holdings of its significant shareholders. This information should be updated at least every 6 months;
- details of any restrictions on the transfer of its AIM securities;
- its most recent annual report published pursuant to rule 19 and all half-yearly, quarterly or similar reports published since the last annual report pursuant to rule 18;
- all notifications the AIM company has made in the past 12 months;
- its most recent admission document together with any circulars or similar publications sent to shareholders within the past 12 months; and
- details of its nominated adviser and other key advisers (as might normally be found in an admission document).

* excerpt from AIM rule 26, AIM Rules for Companies, February 2007

Further information

IR Web Modules

www.londonstockexchange.com/irs/irwebmodules

Interactive Reports Service

www.londonstockexchange.com/irs/interactivereports

AIM Rules

www.londonstockexchange.com/aim

If you have any questions about the contents of this guide
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This guide is produced by RNS, the company news service from the London Stock Exchange, and does not constitute regulatory guidance. The advice for AIM companies within this guide should be used in conjunction with the AIM rulebook which is available at www.londonstockexchange.com/aimrules

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