

CSR Performance in Emerging Markets

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IWG

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Overview

- **Analysis of CSR trends in 40 large emerging market companies**
- **Data from publicly available information**
- **Research by EIRIS and local partners**
- **Commissioned by UNCTAD**

Criteria

Governance

Board practice
Bribery

Social

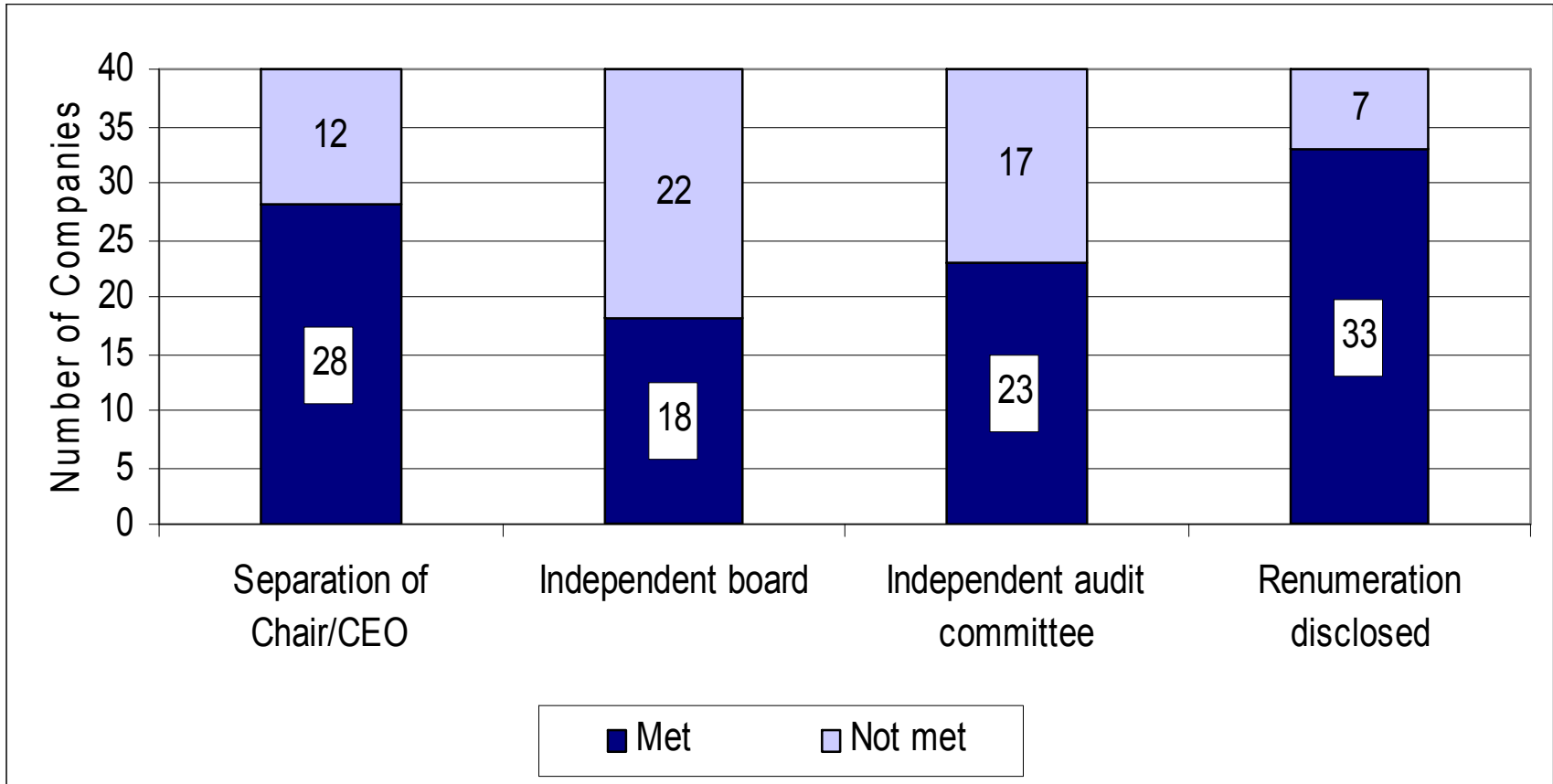
Human rights *
Supply chain *
Health & safety

Environment

Environmental issues
Climate Change *
Biodiversity *

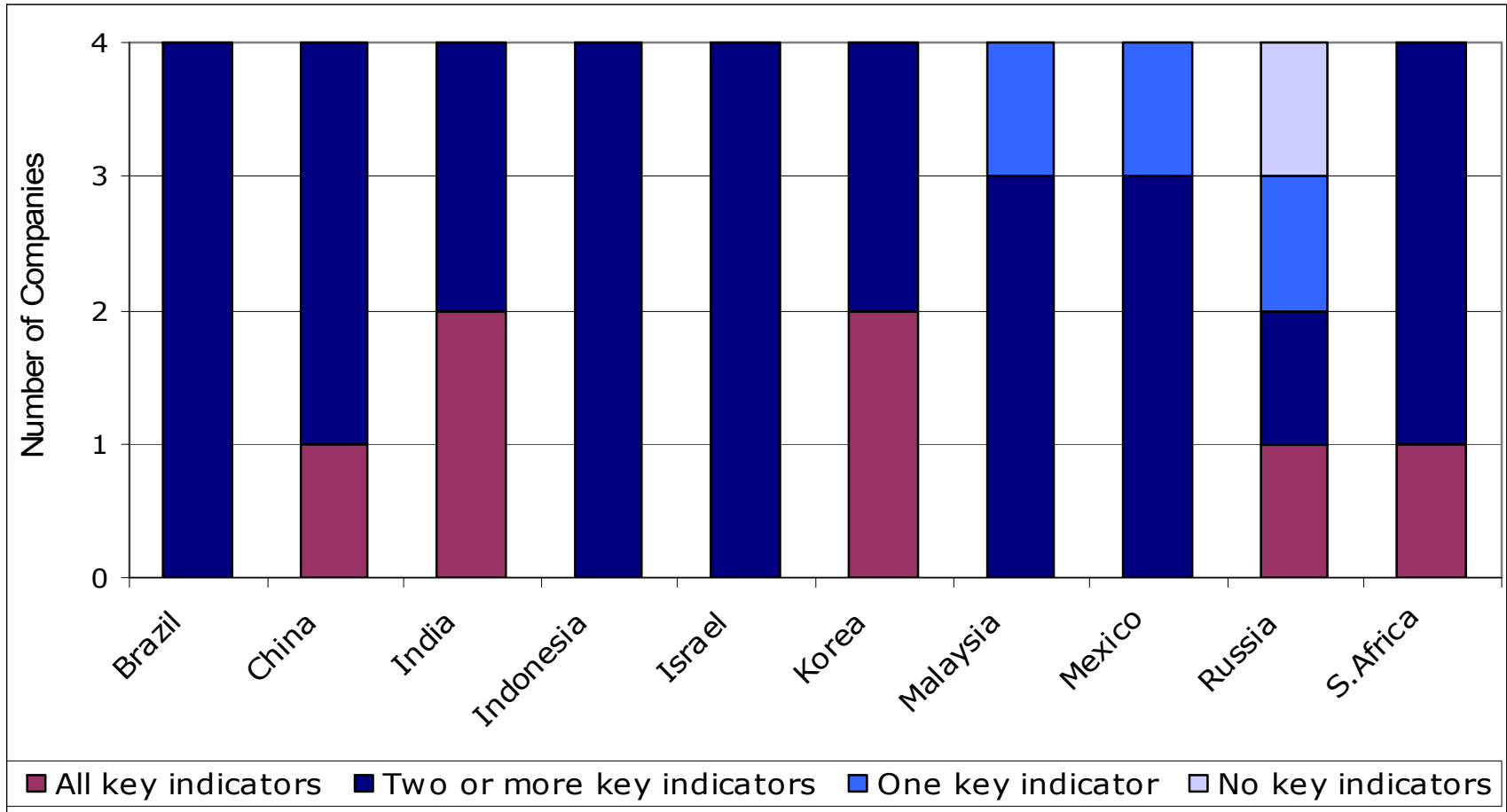
*** Sample size < 40 as only high/medium risk companies assessed**

Board Practice



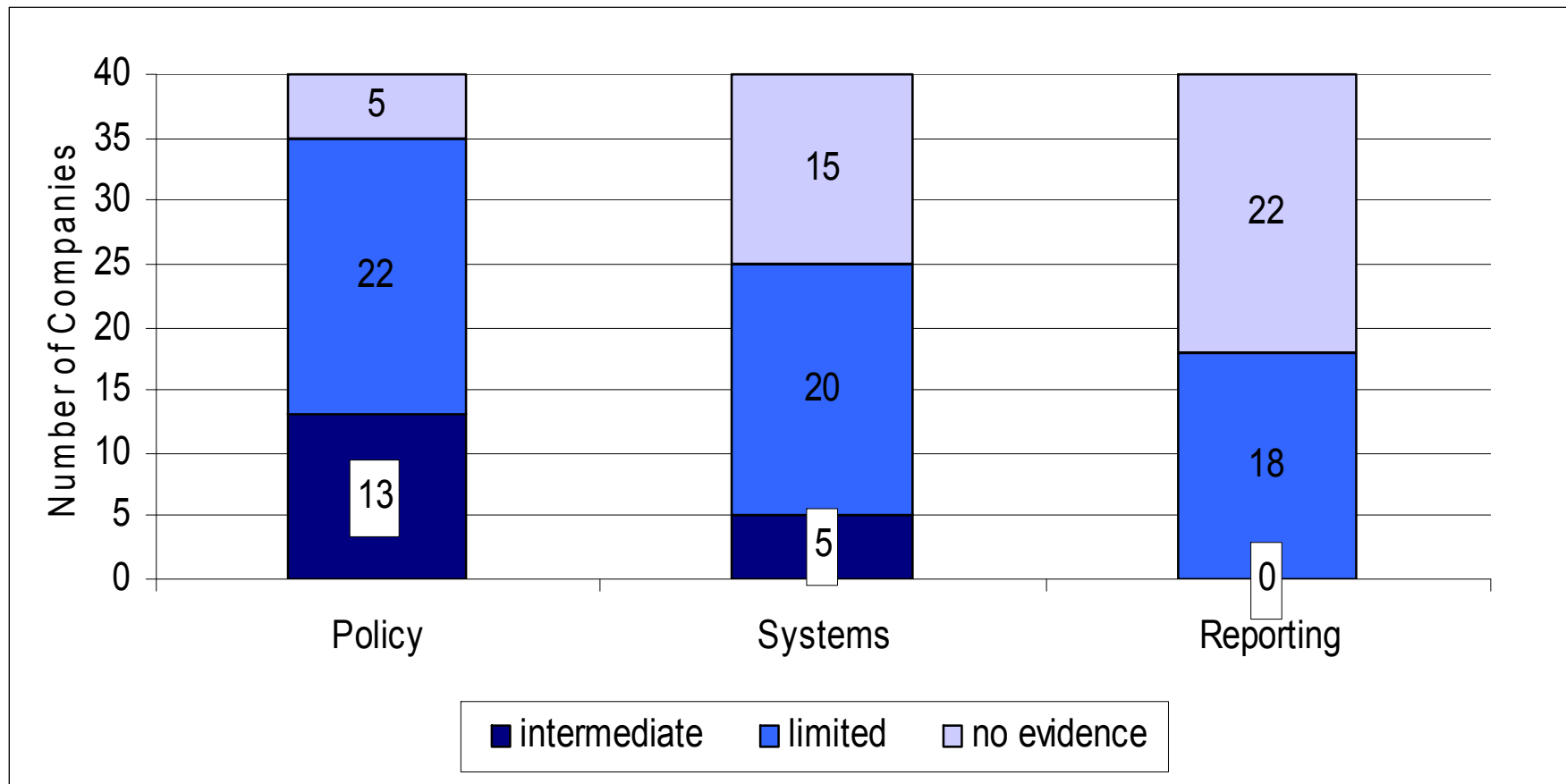
- **High disclosure of director remuneration**
- **Low board independence**

Board Practice



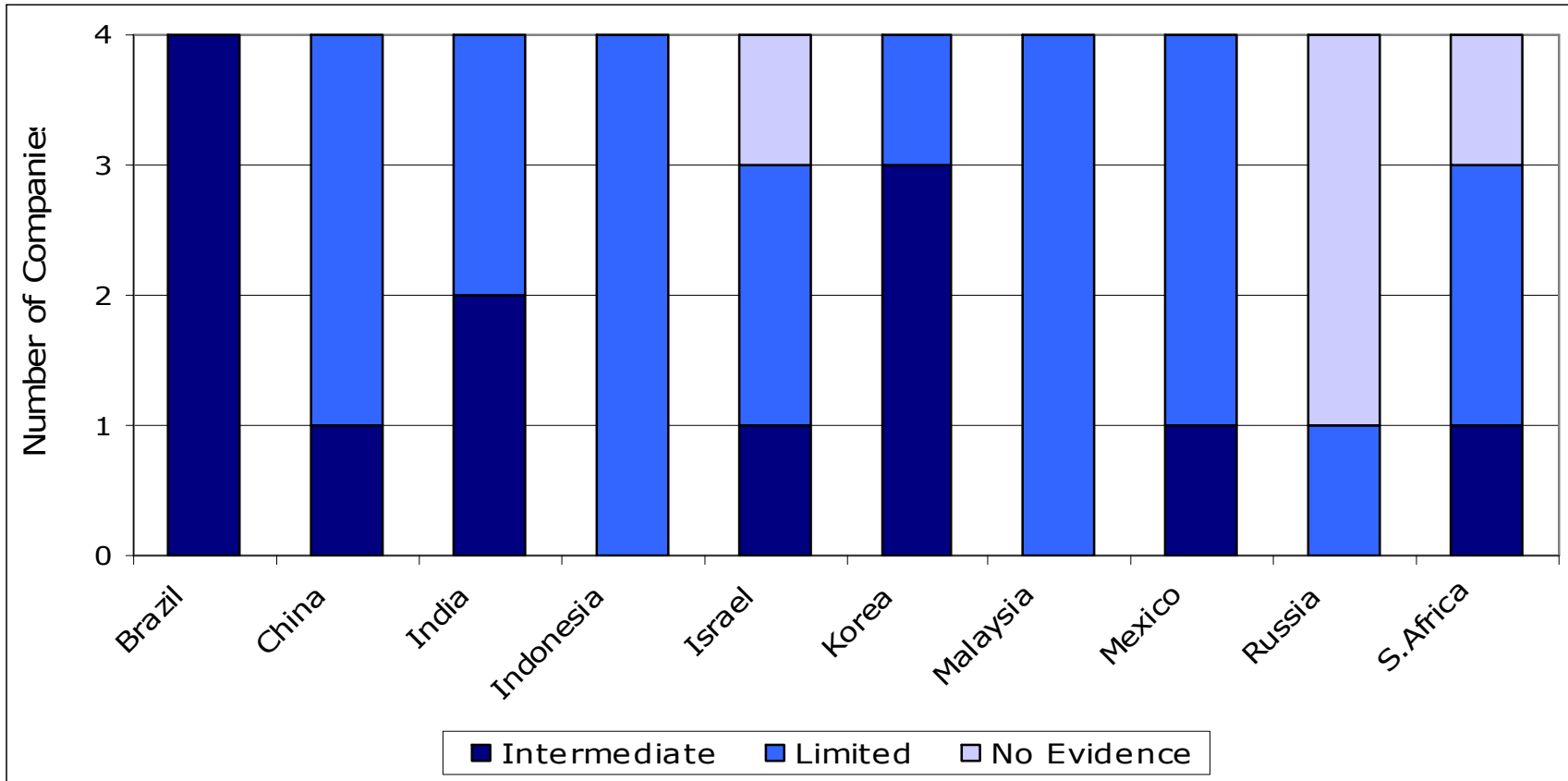
- Country differences may show effects of national corporate governance codes and their enforcement

Countering Corruption



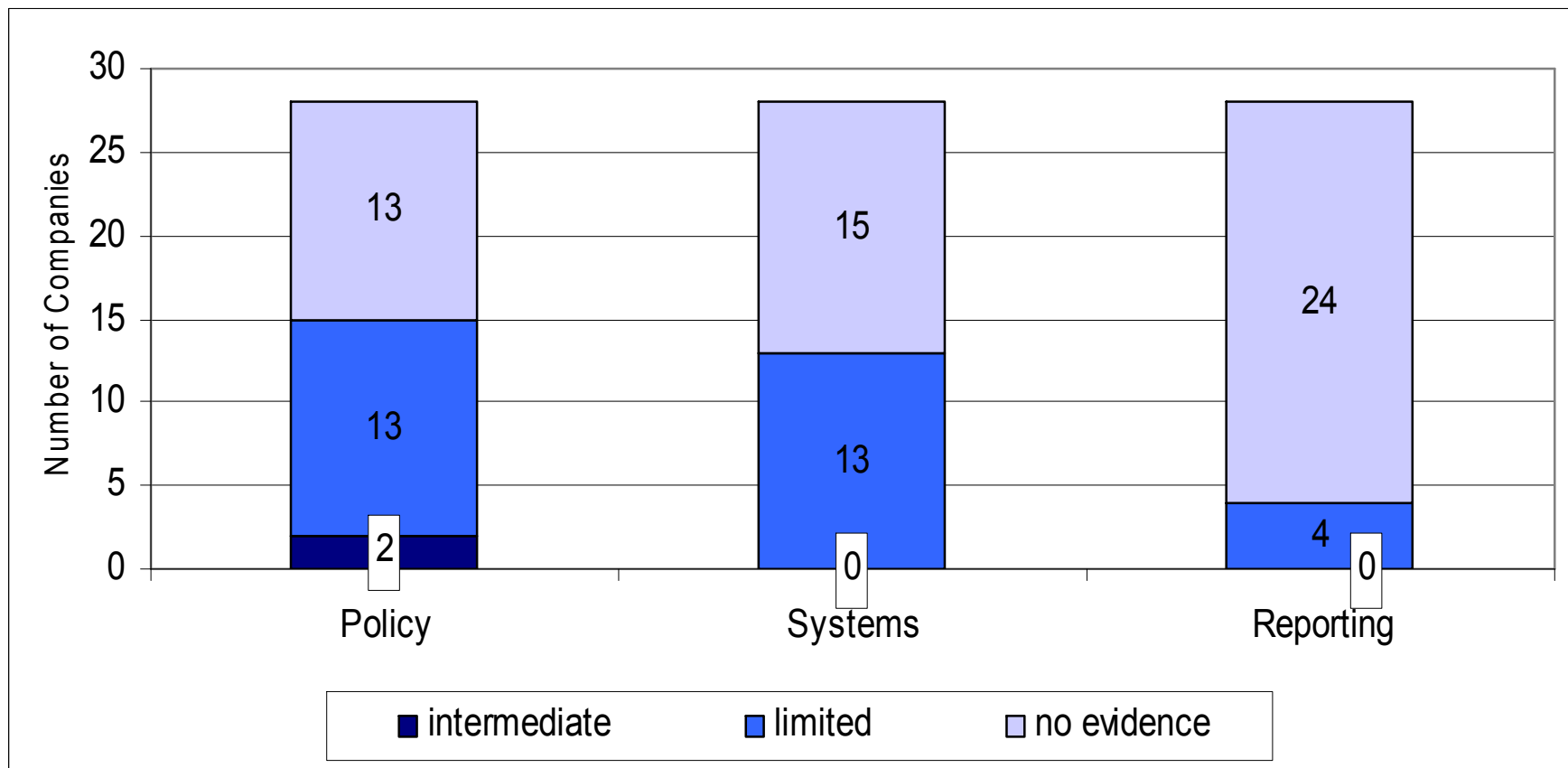
- **Most companies had a public policy but no best practice policies**
- **Low scores in anti-corruption systems and reporting**

Countering Corruption – policies



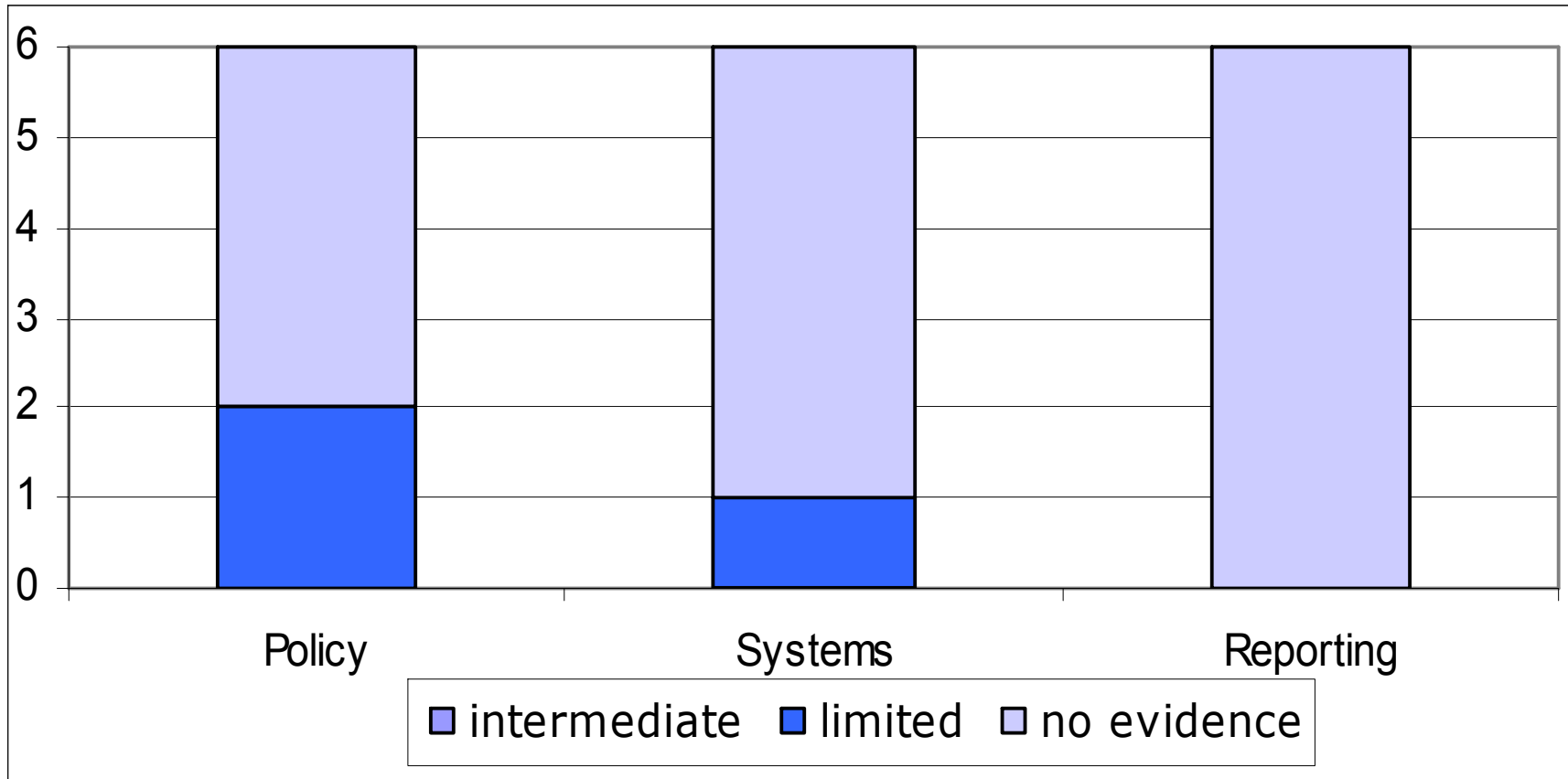
- **Brazilian companies appear most transparent**
- **Recent scandals in Korea may have focused company behaviour**

Human Rights



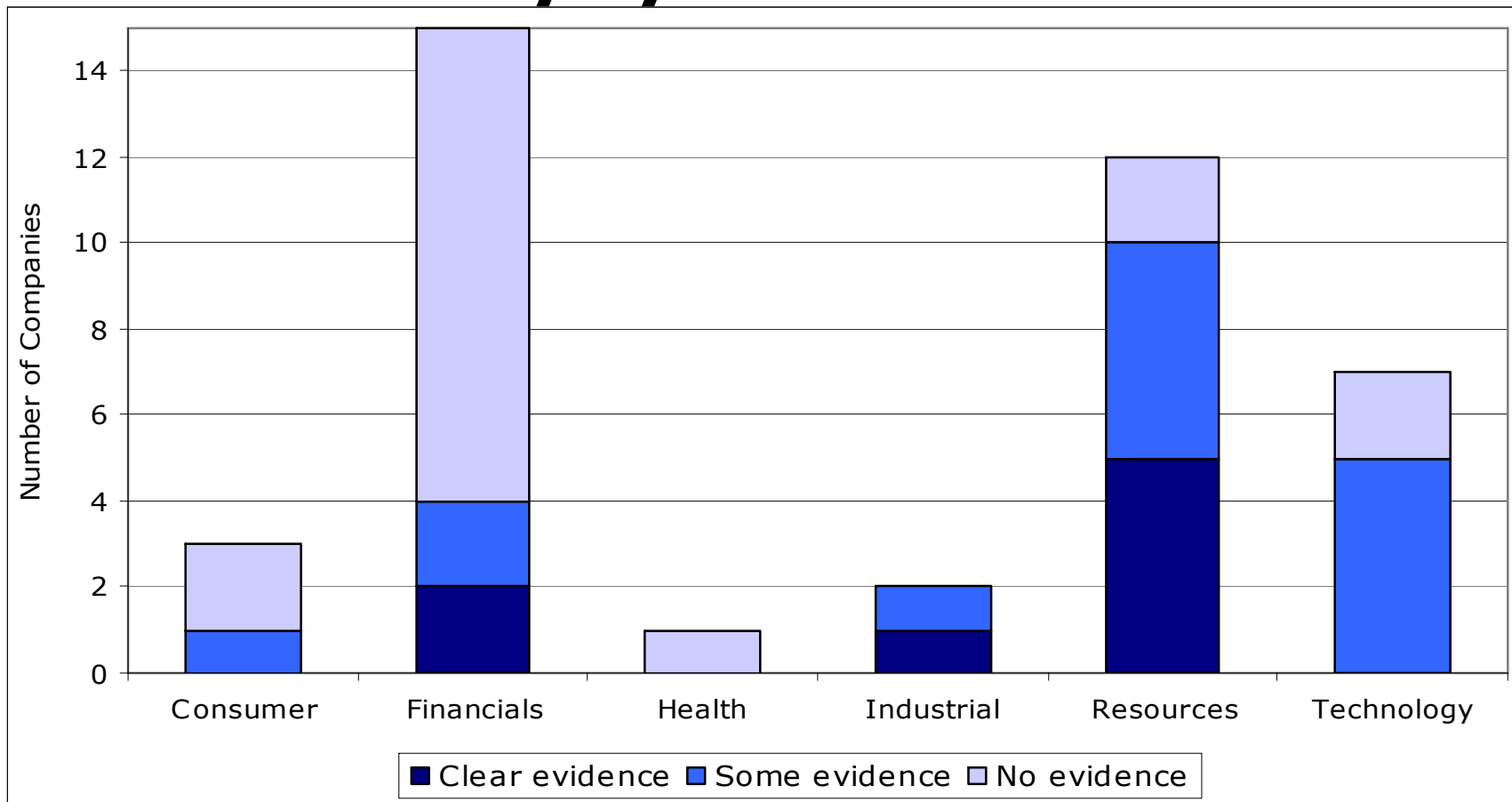
- **Resource companies scored highest but scores low in general**
- **No companies achieved above a limited grade for systems or reporting**

Supply Chain Labor Standards



- **Small sample size of six companies but scores very poor**
- **Lack of attention in stark contrast to many developed multinationals**

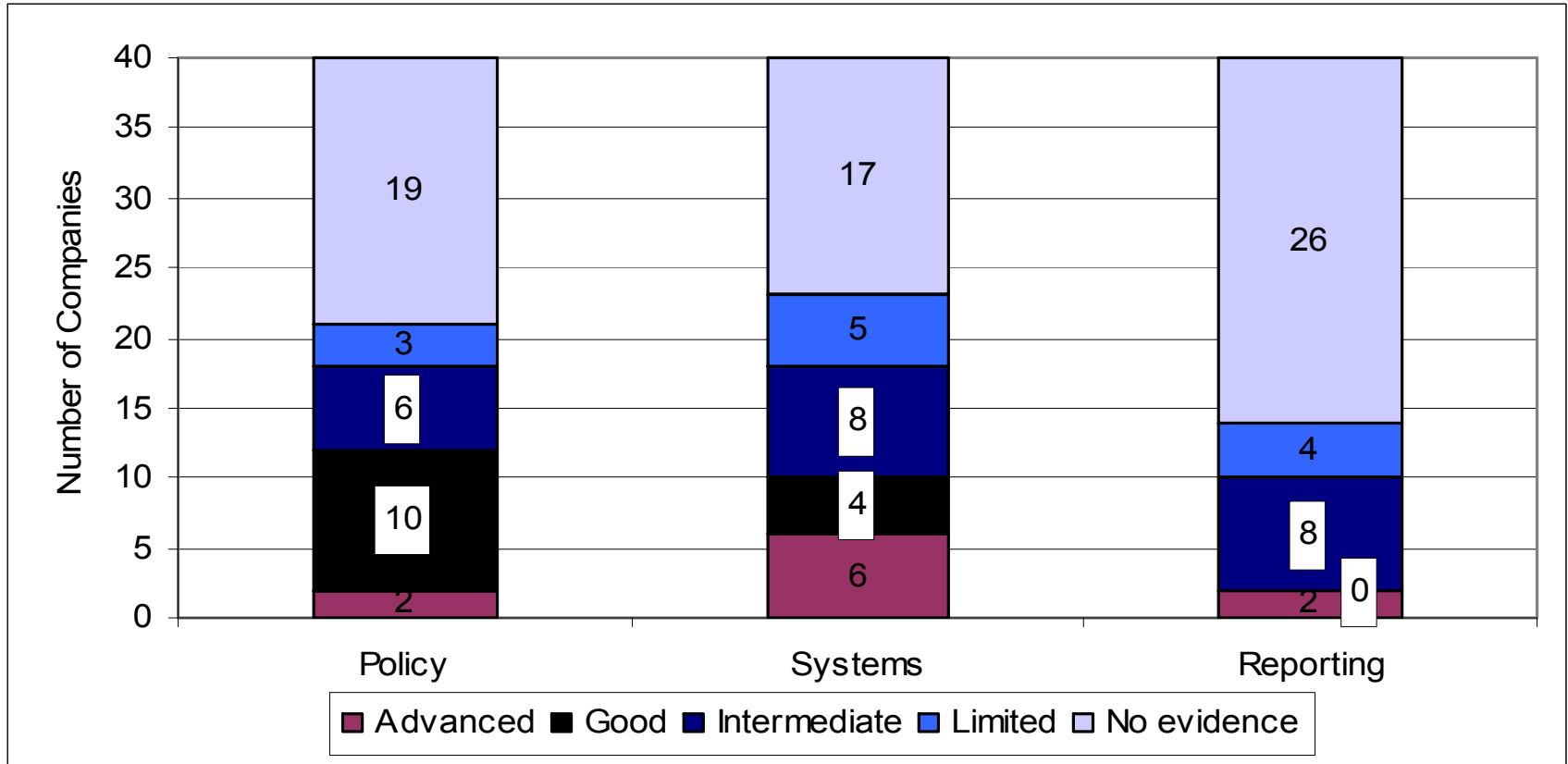
Health & Safety systems



- **50% of companies had no evidence of managing health & safety**

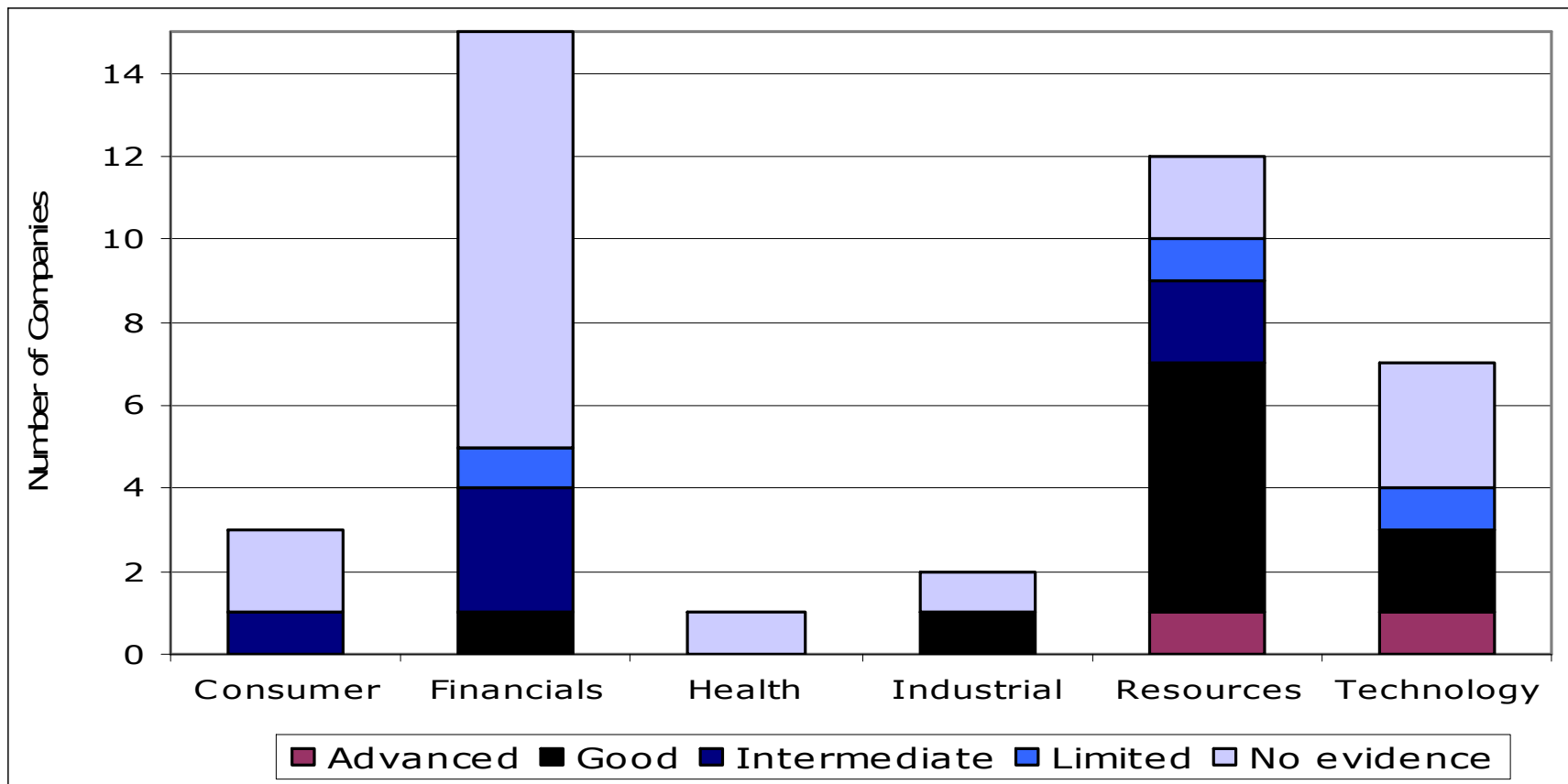
- **Resource companies managing health and safety risks best**

Environmental management



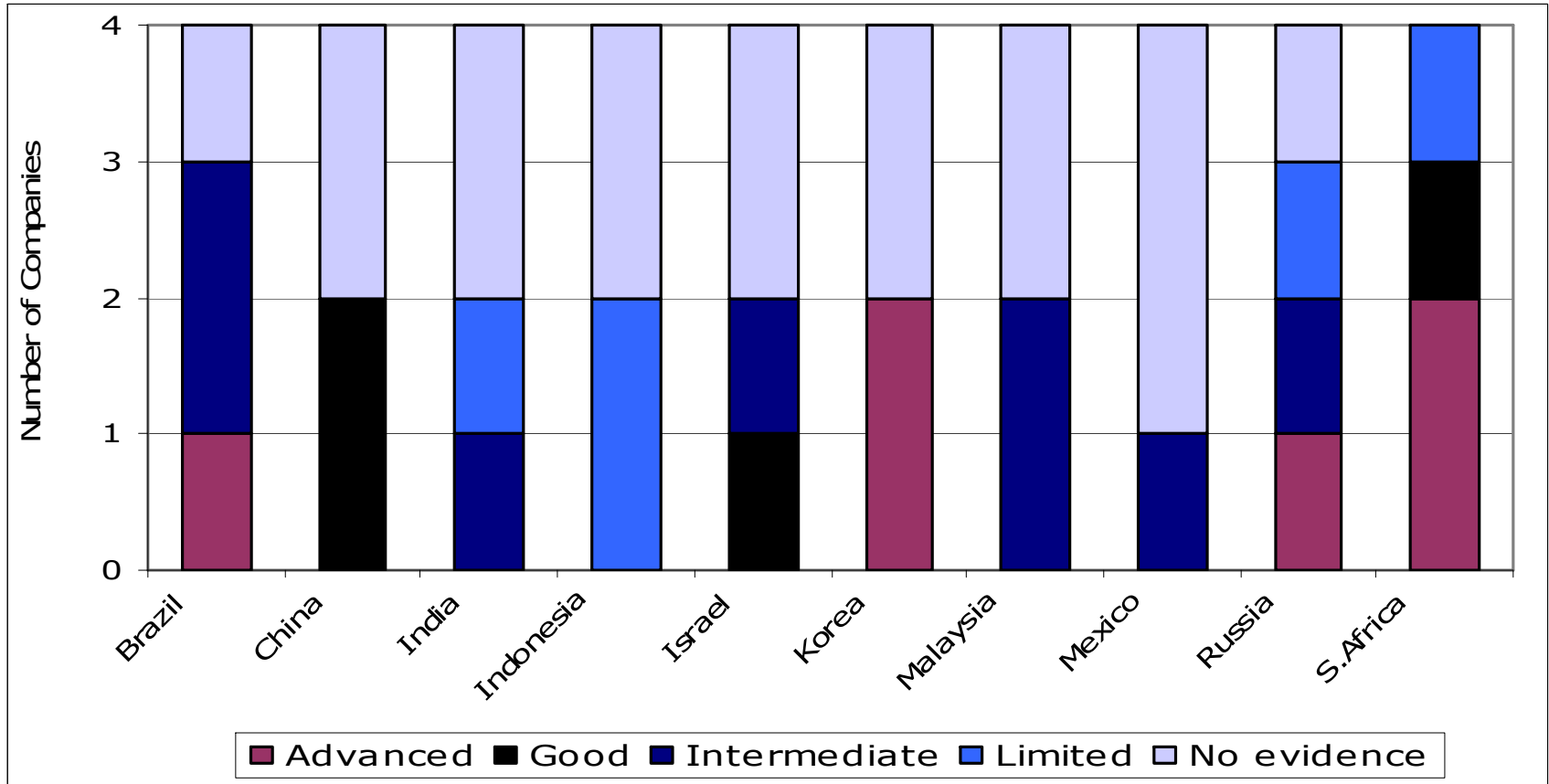
- **'Advanced' and 'Good' assessments more typically seen in developed country environmental leaders**

Environmental policies



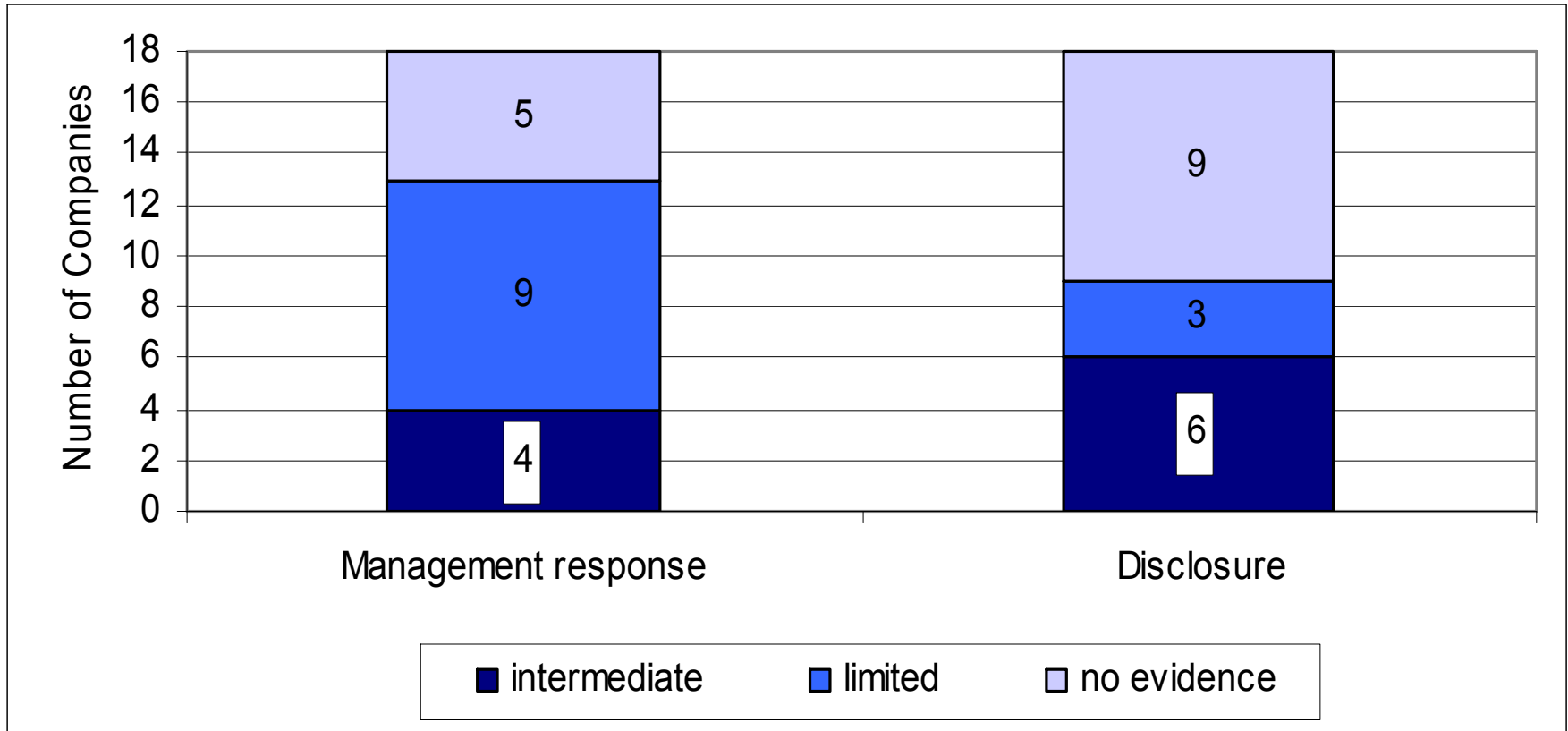
- **Companies with higher environmental impact scored better**
- **Some lower environmental impact companies also scored well**

Environmental systems



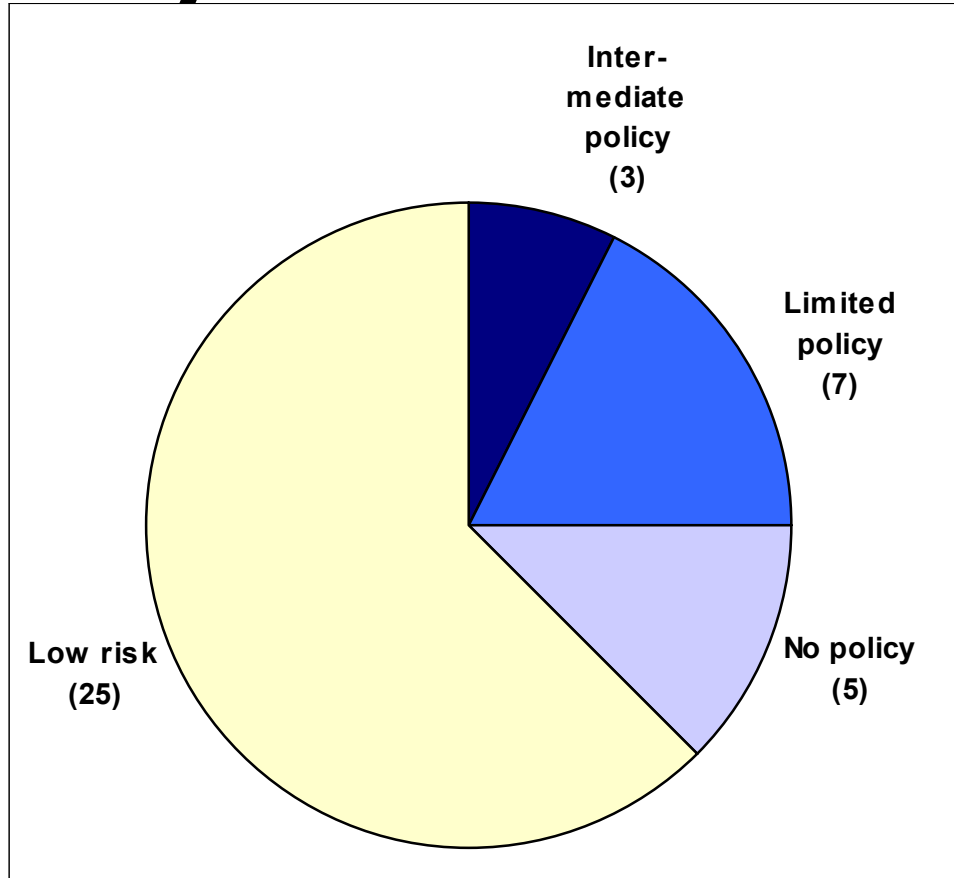
- **South African and Brazilian companies had the best scores overall**
- **Some Korean companies had high levels of ISO 14001 certification**

Climate Change



- **Management response strongest in resource companies**
- **But 6 out of 12 resource companies had no evidence of disclosure**

Biodiversity



- **No companies achieved a 'Good' grading, the highest available**
- **Resource and Industrial companies had most comprehensive policies**

South Africa

- **Higher levels of CSR vs EM peers**
- **Impact of King Reports**
- **Local sustainability index since 2004**
- **Domestic SRI funds key**

Brazil

- **Higher levels of CSR vs EM peers**
- **Impact of Brazilian Pension Fund Association guidelines**
- **Local sustainability index since 2005**

Other countries

- **Poor disclosure: a reflection of corporate policies or judgement of risk?**
- **CSR approaches may reflect local culture rather than wider norms and values**
- **One size doesn't fit all; relevance of Western criteria in EM?**

Conclusions

- **Environmental scores relatively high**
- **Social areas especially weak**
- **Higher impact companies working towards ESG risk mitigation**
- **South African and Brazilian companies lead**

Any questions?

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