

## **CSR Asia Business Barometer**

### ***The State of CSR Disclosure in Asia 2008***

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## Executive Summary

The 'CSR Asia Business Barometer 2008' compares the Corporate Social Responsibility (CSR) disclosure of the 20 largest listed companies in Hong Kong, Malaysia, Singapore and Thailand.

More companies are seeing the value of making commitments to responsible business practices and disclosing their practices. Publicly available reports based on a robust data collection and reporting framework can be an excellent communication tool to inform stakeholders of CSR strategy, approach and performance.

**Table 1**

**Top 10 Companies – CSR Asia Business Barometer 2008**

Rank	Company	Exchange Listing	Adjusted Score (%)
1	CLP (China Light and Power)	Hong Kong	92.7
=	HSBC	Hong Kong	92.7
3	China Mobile	Hong Kong	74.2
4	Hang Seng Bank	Hong Kong	73.4
5	PetroChina	Hong Kong	72.6
6	Siam Cement	Thailand	70.2
7	City Developments Ltd	Singapore	66.1
8	MTR	Hong Kong	63.7
9	BAT Malaysia	Malaysia	56.5
10	SembCorp Industries	Singapore	54.8
=	Telekom Malaysia	Malaysia	54.8

Table 1 details the top 10 companies on the *CSR Asia Business Barometer 2008*. Leading the way in the ranking is both CLP (China Light and Power) and HSBC who scored 115 out of a possible 124 points. These scores were adjusted to percentage values and this is reflected in the ranking table; both companies therefore managed to achieve a total score of 92.7%.

Companies listed in Hong Kong clearly lead the way in CSR disclosure. The first five companies in the *CSR Asia Business Barometer 2008* were listed in Hong Kong and make up ten of the Top 20 *CSR Asia Business Barometer 2008* constituents. Ranking

6<sup>th</sup> Siam Cement leads the way for companies listed in Thailand, whilst for Singapore and Malaysia listings City Developments Ltd (7<sup>th</sup>) and BAT Malaysia (9<sup>th</sup>) score top marks respectively.

To create the ranking 62 indicators were used to score each of the companies under six Indicator Sections:

- Company (Codes and Policies)
- CSR Strategy and Communication
- Marketplace and Supply Chain
- Workplace and People
- The Environment
- Community Investment and Development

Across the 62 indicators, the highest scores were for the Company Indicator Section, specifically in the “Corporate governance report” and “Risk management code or policy” indicators. The lowest scores were for the Community Indicator Section and Workplace Indicator Section more specifically in “UN Millennium Development Goals or National Development Goals alignment” and “Overtime compensation statement or policy”.

Table 2 illustrates the superior quality of CSR disclosure by companies listed in Hong Kong across all of the Indicator Sections. With an average score of 41.8% (51.8 points) companies listed in Hong Kong were far ahead of those listed in the second highest average country score which came from Malaysia at 28.9% (35.8 points). Companies listed in Thailand, with 24.6% (30.55 points), and Singapore, with 24.1% (29.9 points) were slightly further back. Although those listed in Hong Kong performed well against regional neighbours, the majority of companies listed in each of the countries have significant room for improved disclosure.

**Table 2 – Average Stock Exchange Percentage Scores by Indicator Section**

Indicator Section	Stock Exchange			
	Hong Kong	Malaysia	Thailand	Singapore
Company (Codes and Policies)	69.1%	60.5%	55.7%	50.5%
CSR Strategy and Communication	30.7%	16.6%	17.7%	13.2%
Marketplace and Supply Chain	42.9%	23.2%	12.5%	14.3%
Workplace and People	30.0%	19.4%	11.5%	16.0%
The Environment	37.8%	17.5%	17.5%	20.6%
Community Investment and Development	32.5%	22.8%	19.4%	18.9%
<b>Total</b>	<b>41.8%</b>	<b>28.9%</b>	<b>24.6%</b>	<b>24.1%</b>

To maintain credibility as a responsible and transparent business, attract investment, and create sustainable practices companies in the region need to vastly improve their disclosure. Apart from a select few, most companies, 59 in total, scored between 10% and 40% on the *CSR Asia Business Barometer 2008*.

Companies need to act now and tackle emerging risks proactively. A strong and visible commitment to CSR disclosure can provide a useful tool for companies to attract the attention of international investors, allow civil society, suppliers and consumers to better understand their business and also better position companies to assess emerging risks.

## Introduction

As the importance of CSR increases initiatives such as the United Nations Global Compact and Principles for Responsible Investment, the International Finance Corporation's (IFC) Performance Standards, the Global Reporting Initiative (GRI) and the upcoming ISO26000, dictate that developing a credible and ongoing disclosure programme with stakeholders is a necessary business deliverable. This can partly be achieved through effective and regular reporting and communications to demonstrate the scope and scale of CSR activity with an organisation.

To understand the state of CSR disclosure in the region, CSR Asia has conducted an innovative research project that assesses how the biggest listed companies in four markets in Asia report and communicate CSR.

The '*CSR Asia Business Barometer 2008*' compares the CSR disclosure of the top 20 listed companies in Hong Kong, Malaysia, Singapore and Thailand. The following Indicator Sections were used:

- Company (Codes and Policies)
- CSR Strategy and Communication
- Marketplace and Supply Chain
- Workplace and People
- The Environment
- Community Investment and Development

The research was undertaken to assess the publicly available information as a proxy for understanding the level of CSR within the companies covered in the report. Whilst many companies may well undertake more than is indicated in their current reporting framework, if information is not readily available for stakeholders to access they will be unable to make a reasonable assessment of CSR.

## Research Methodology

Four economies in Asia were chosen for the first report of the *CSR Asia Business Barometer 2008*: Hong Kong, Malaysia, Singapore and Thailand.

62 indicators were used to score each of the companies under six Indicator Section headings. Table 3 shows the Indicator Section headings and the number of indicators under each area. The scoring system is a points system given for each of the criteria: 2 points awarded for comprehensive disclosure, 1 point for partial disclosure and 0 points for non-disclosure.

**Table 3 – Score and Indicator Sections**

<b>Indicator Section</b>	<b>Number of Indicators</b>	<b>Maximum Section Score</b>
Company (Codes and Policies)	14	28
CSR Strategy and Communication	11	22
Marketplace and Supply Chain	7	14
Workplace and People	13	26
The Environment	8	16
Community Investment and Development	9	18
<b>Total Indicators</b>	<b>62</b>	<b>124</b>

A brief overview of the research expectations for each of the categories is as follows:

### **1. Company (Codes and Policies)**

The indicators in this section assess the availability and communication of company policies and codes of conduct in relation to key CSR factors including corporate governance, risk management, anti-corruption, labour and human rights issues.

### **2. CSR Strategy and Communication**

The indicators in this section assess company strategy on CSR and how their activities are communicated to stakeholders through reporting initiatives such as the use of internationally recognised reporting guidelines, stakeholder engagement

programmes, CSR training and awareness and alignment with voluntary CSR standards in company operations.

### **3. Marketplace and Supply Chain**

The indicators in this section assess the supply, delivery and distribution of products and services and customer focussed activities. This includes the areas of health and safety management, supply chain standards and supplier engagement.

### **4. Workplace and People**

For all organisations, people are the strongest asset. The indicators in this section assess how a company views its employees and how their actions are communicated both internally and externally, this includes health policies and human resource issues, training and lifelong learning, diversity and freedom of association.

### **5. The Environment**

With climate change and environmental performance reaching the top of the agenda at public policy level around the region, the indicators in this section assess the level of environmental data and targets set by the company and how they are reported to stakeholders. Indicators include environmental management systems, emissions data, the use of renewable energy and customer and employee focussed environmental initiatives.

### **6. Community Investment and Development**

Community investment initiatives are perhaps the most well know aspects of CSR in an Asia specific context with its rich history of philanthropy. However, the emerging model for issues in this section are how community initiatives are reported on and if there is evidence of data collection and monitoring of impacts and longer term goals. The indicators in this section assess evidence of long term strategies and targets, monitoring systems and quantifiable impacts of the investment and related employee volunteering.

Full details of the indicators used under each of these headings can be found in Appendix 2.



For the purposes of this project, information was gathered from a range of sources, all of which were publicly available. These included, but were not limited to, annual financial reports, CSR reports, corporate websites, press releases, brochures and presentations.

## Company Results

The 'Top 20' companies in the *CSR Asia Business Barometer 2008* ranking are shown in Table 4. For the purposes of the ranking table, company scores were adjusted to a percentage score (rather than using the 124 points total).

There is clearly a group of companies that have taken CSR disclosure seriously in Asia and address most of the relevant issues, in some form, that are considered to be international best practice. These companies are led by CLP and HSBC, who both scored an impressive 92.7%. They are significantly ahead of every other company on the ranking and scored well across all of the Indicator Sections.

**Table 4 – Top 20 Companies Scores**

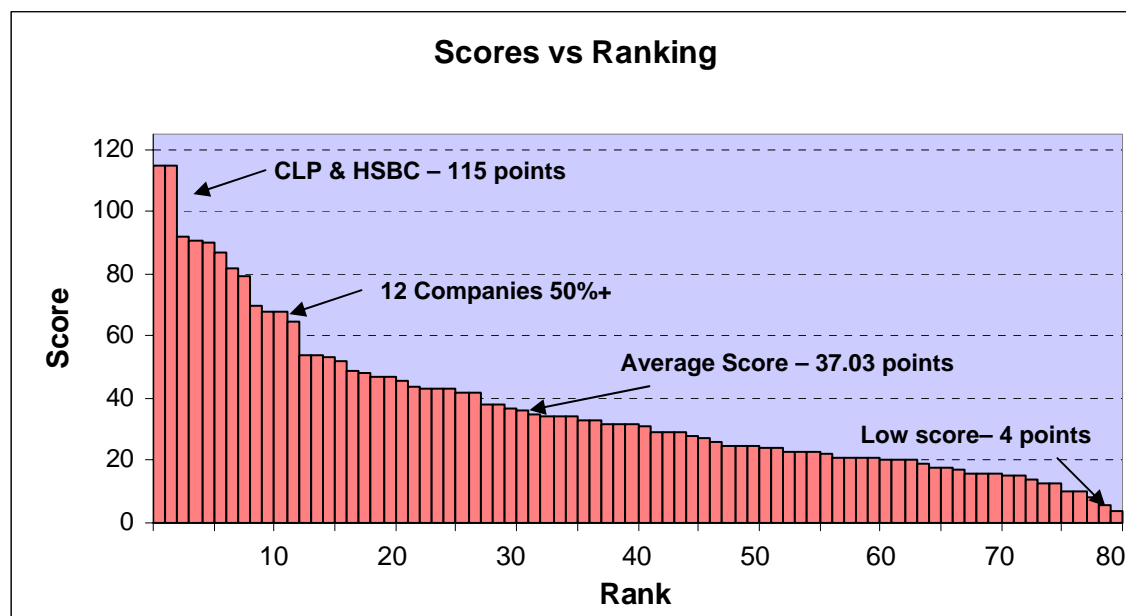
	<b>Company</b>	<b>Country</b>	<b>Score (%)</b>
1	CLP (China Light and Power)	Hong Kong	92.7
=	HSBC	Hong Kong	92.7
3	China Mobile	Hong Kong	74.2
4	Hang Seng Bank	Hong Kong	73.4
5	PetroChina	Hong Kong	72.6
6	Siam Cement	Thailand	70.2
7	City Developments Ltd	Singapore	66.1
8	MTR	Hong Kong	63.7
9	BAT Malaysia	Malaysia	56.5
10	SembCorp Industries	Singapore	54.8
=	Telekom Malaysia	Malaysia	54.8
12	China Construction Bank	Hong Kong	52.4
13	CIMB	Malaysia	43.5
=	HK and China Gas	Hong Kong	43.5
15	ICBC	Hong Kong	42.7
16	Tenaga Nasional	Malaysia	41.9
17	PTT Exploration and Production	Thailand	39.5
18	CNOOC	Hong Kong	38.7
19	IOI	Malaysia	37.9
=	PTT	Thailand	37.9

The research demonstrates that only the top twelve companies achieved a score of 50% (62 points) or above; beyond that, the remaining 68 companies did not score above

43.5% (54 points) and the range went all the way down to 3.2% (4 points). Figure 1 illustrates the range of scores achieved by companies in relation to their ranking.

The mean score was 37.03 points and the median 31.5 points; both very low at 29.9% and 25.4% when the percentages are considered.

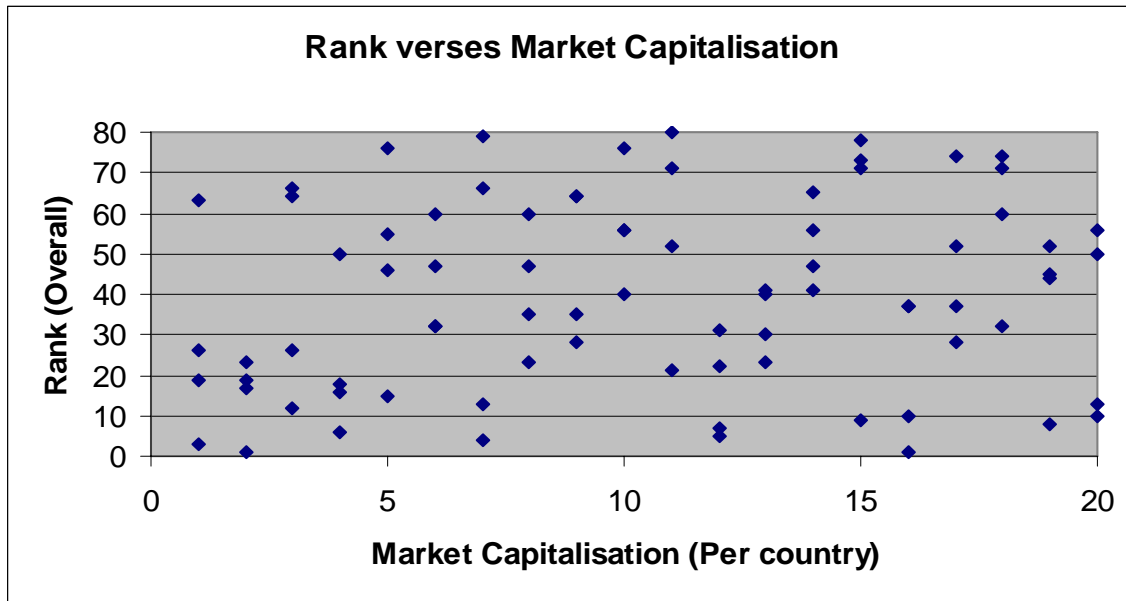
**Figure 1 – Company Scores and Rankings**



After the leading two companies who both achieved a score of 92.7%, the next best scores were under 75% (China Mobile 74.2%, Hang Seng Bank 73.4%, PetroChina 72.6% and Siam Cement 70.2%) as Hong Kong listed companies took the top five places in the ranking table.

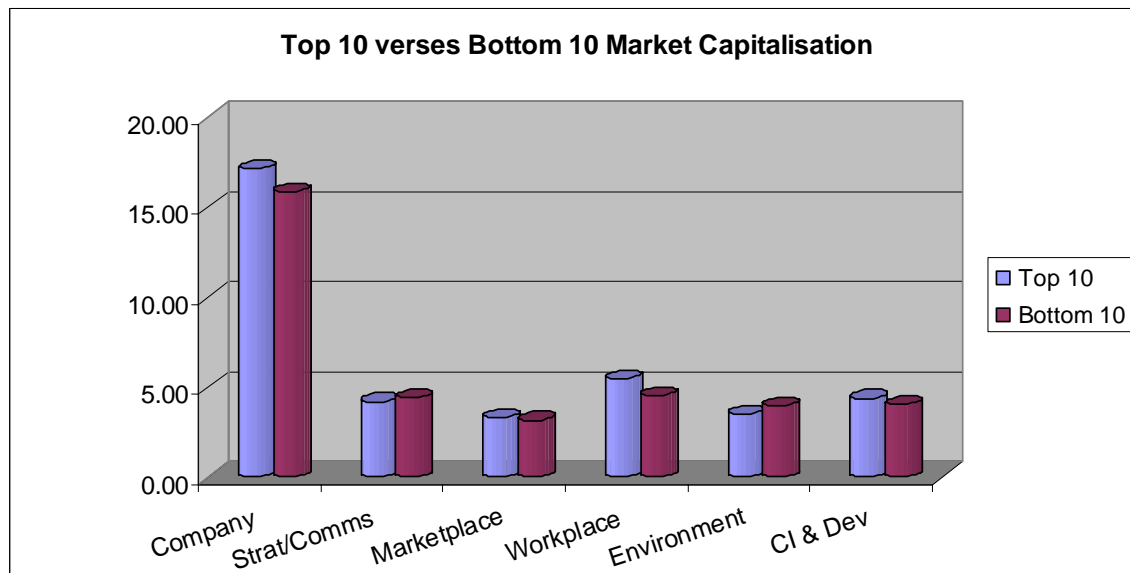
More detailed analysis in Figure 2 reveals, interestingly, that there is no correlation between the size of a company and its ranking in the *CSR Asia Business Barometer 2008*.

**Figure 2 – Overall Company Ranking Versus Market Capitalisation Per Country**



Average scores by Indicator Section of the 'Top 10' companies by market capitalisation and the 'Bottom 10' by market capitalisation, as seen in Figure 3, demonstrated that company size was not a factor in the results.

**Figure 3 – Comparison of Results of Top 10 and Bottom 10 Companies by Market Capitalisation**



Across the 62 indicators, the highest scores were found in the “Corporate governance report” and “Risk management code/policy” indicators, both scoring an average of 1.91 points out of a maximum score of 2.00 points. The lowest scores were the “UN Millennium Development Goals or National Development Goals alignment” (0.06) and “Overtime compensation statement or policy” (0.09) indicators.

After the good performance by companies listed in Hong Kong, Malaysia was represented by four companies in the Top 20 with the highest, BAT Malaysia, ranking in 9<sup>th</sup> place overall with a score of 56.5%. Thailand, led by Siam Cement with 70.2%, contributed three companies and Singapore only managed to get two companies into the Top 20, City Development Limited (66.1%) and SembCorp Industries (54.8%).

Table 5 breaks down the aggregated average scores by Indicator Section. Looking specifically at the Company Indicator Section, the average score was 58.9% but other more specific indicator sections saw much lower scores. A breakdown of indicators is shown in Table 6.

**Table 5 – Average Indicator Section Scoring (Points and Percentage Scores)**

<b>Indicator Section</b>	<b>Average</b>	<b>Maximum Section Score</b>	<b>% of Max Score</b>
Company (Codes and Policies)	16.5	28	59.0%
Strategy and Communication	4.3	22	19.5%
Marketplace and Supply Chain	3.2	14	23.2%
Workplace and People	5.0	26	19.3%
The Environment	3.7	16	23.4%
Community Investment and Development	4.2	18	23.4%
<b>Total</b>	<b>37.0</b>	<b>124</b>	<b>29.9%</b>

The Company (Codes and Policies) Indicator Section, which includes issues such as corporate governance, board diversity and independence and published codes and policies across issues such as health and safety and anti-corruption, was the highest scoring Indicator Section for all aggregate scores for both company and country data. This Indicator Section includes factors that are more highly regulated than any of the others Indicator Sections in the research.

The remaining five Indicator Sections scored an average below 25%. It is in these Indicator Sections where the voluntary commitment to reporting on more responsible business practices exists and the *CSR Asia Business Barometer 2008* demonstrates that many are failing to live up to increasing expectations.

**Table 6 – Scoring for the Company (Codes and Policies) Indicator Section**

	<b>Company (Codes and Policies)</b>	<b>Average Indicator Score (Max 2 points)</b>	<b>Average Indicator % Score</b>
1	Board diversity and composition	0.85	42.5%
2	Number of independent directors; independent chairman	1.63	81.3%
3	Disclosure of remuneration/compensation for board	1.46	73.1%
4	Corporate governance report	1.91	95.6%
5	Corporate governance policy	1.86	93.1%
6	Risk management code/policy	1.91	95.6%
7	Risk analysis framework	1.61	80.6%
8	Business ethics code/policy	0.94	46.9%
9	Environmental code/policy	0.89	44.4%
10	HR/personnel code/policy	1.14	56.9%
11	Health and safety code/policy	0.74	36.9%
12	Service/product responsibility code/policy	0.50	25.0%
13	Supply chain/business partner code/policy	0.49	24.4%
14	Anti-corruption code/policy	0.59	29.4%
<b>Total Average Indicator Section Score</b>		<b>16.51</b>	<b>59.0%</b>

The Strategy and Communication Indicator Section scores, shown in Table 7, were poor. The highest score in the section was for demonstrating some level of CSR reporting content 58.8% (an average of 1.18 out of 2 points) either on the corporate website, in a section in the annual report or as a stand alone CSR report.

**Table 7 - Scoring for the Strategy and Communication Section**

	<b>Strategy and Communication</b>	<b>Average Indicator Score (Max 2 points)</b>	<b>Average Indicator % Score</b>
15	Board committee (or equivalent) for CSR issues	0.24	11.9%
16	CSR strategy (e.g. explicit or in chairman's statement)	0.80	40.0%
17	Direct/named contacts for CSR issues	0.11	5.6%
18	CSR report (stand alone, in annual report, online content)	1.18	58.8%
19	Use of reporting guidelines (e.g. Global Reporting Initiative, AccountAbility AA1000)	0.20	10.0%
20	Set objectives and targets for environmental indicators	0.39	19.4%
21	Set objectives and targets for social indicators	0.25	12.5%
22	Report assurance (internal or external)	0.15	7.5%
23	Voluntary CSR standards (e.g. United Nations Global Compact)	0.29	14.4%
24	Stakeholder dialogue, engagement and response	0.56	28.1%
25	Promotion of CSR awareness/CSR training	0.14	6.9%
	<b>Total Average Indicator Section Score</b>	<b>4.30</b>	<b>19.5%</b>

For the Indicator Section Marketplace and Supply Chain, average indicator scores are shown in Table 8. The expectation for this section is that companies will engage with their suppliers to ensure that they understand and have some kind of mutual control CSR issues in their supply chain.

The highest average score of 36.9% (0.74 points) was for companies' "Health and safety management systems".

There are significant risk factors in supply chains. Ensuring that these issues are addressed does not, however, appear to be part of the CSR agenda for the majority of companies analysed for the purposes of the *CSR Asia Business Barometer 2008*.

**Table 8 – Scoring for the Marketplace and Supply Chain Section**

	<b>Marketplace and Supply Chain</b>	<b>Average Indicator Score (Max 2 points)</b>	<b>Average Indicator % Score</b>
26	Supply chain accreditation/registration for suppliers	0.30	15.0%
27	Support initiatives/programmes/audits for supply chain partners	0.33	16.3%
28	Voluntary/required CSR standards for suppliers	0.28	13.8%
29	Health and safety management system	0.74	36.9%
30	Disclosure of main health and safety objectives/risks/accidents	0.61	30.6%
31	Customer-focussed initiatives (e.g. labelling, health, etc.)	0.59	29.4%
32	Initiatives for product life cycle/recycling/waste	0.41	20.6%
<b>Total Average Indicator Section Score</b>		<b>3.25</b>	<b>23.2%</b>

In the Workplace and People section, the focus of the research analysis centres on how companies engage and treat their employees. Table 9 demonstrates that, perhaps surprisingly, this section scored the lowest of any with an average percentage score of only 19.3% (0.33 points) across all companies.

Many companies have still not addressed human rights and equal opportunities issues. Policies on HIV-AIDS and other diseases such as Hepatitis-B is another area where companies do not appear to see the business risk, despite a rising number of cases in many countries throughout the region.

At a more basic level few companies reported on employee training or benefits.



**Table 9 – Scoring for the Workplace and People Section**

	<b>Workplace and People</b>	<b>Average Indicator Score (Max 2 points)</b>	<b>Average Indicator % Score</b>
33	Health policy (i.e. HIV-AIDS)	0.35	17.5%
34	Health and safety training programme (e.g. accident prevention)	0.61	30.6%
35	Pre-planned staff training time/budget	0.93	46.3%
36	Lifelong learning policy/programmes	0.34	16.9%
37	Company-wide employee benefits statement/policy	0.63	31.3%
38	Overtime compensation policy	0.09	4.4%
39	Employee satisfaction surveys (frequency, completeness)	0.33	16.3%
40	Disclosure of diversity statistics (e.g. race, sex, etc.)	0.30	15.0%
41	Diversity policy/initiatives	0.18	8.8%
42	Equal opportunity statement/policy	0.31	15.6%
43	Human rights statement/policy	0.15	7.5%
44	Process for formal complaints (e.g. whistleblower scheme)	0.49	24.4%
45	Freedom of association policy statement	0.33	16.3%
	<b>Total Average Indicator Section Score</b>	<b>5.01</b>	<b>19.3%</b>

Issues such as climate change and the economic effects of access to water are very much at the top of the agenda for governments and the media. Whilst awareness is growing amongst the business community in Asia, the scoring for the Environment Indicator Section in Table 10 demonstrates a lack of significant efforts in responding to the need to proactively manage and report on environmental indicators.

The best average score was for companies incorporating an “Environmental management system” into their operations at 38.1% (0.76 points out of 2.00).

Internationally, companies have demonstrated that an environmental system to track and improve on performance not only addresses the critical issue of climate change, but it has also provided cost-benefit and new business opportunities.

**Table 10 – Scoring for the Environment Section**

	<b>The Environment</b>	<b>Average Indicator Score (Max 2 points)</b>	<b>Average Indicator % Score</b>
46	Environmental management system (based on national, international or internal standards)	0.76	38.1%
47	Emissions data	0.36	18.1%
48	Energy/water consumption data	0.39	19.4%
49	Waste production data	0.36	18.1%
50	Emission reduction initiatives	0.44	21.9%
51	Renewable energy/water initiatives	0.56	28.1%
52	Waste reduction initiatives	0.55	27.5%
53	Customer-focussed environmental initiatives	0.31	15.6%
	<b>Total Average Indicator Section Score</b>	<b>3.74</b>	<b>23.4%</b>

There has been a shift in the best practice of companies to move away from a philanthropic approach to one covered by our indicators on Community Investment and Development. The paradigm shift involves developing longer term commitments, setting more stringent community investment criteria for projects (including due diligence on potential and current partners), and also monitoring and evaluating the economic and social impacts and benefits to the communities that are involved.

Table 11 illustrates that the leading indicator is “Long-term projects/developments”; this scored an average of 61.5% (1.23 points). So while one side of the paradigm shift is demonstrated to be having some kind of effect, in terms of impact, monitoring and criteria setting, there is a not a great deal of supporting evidence.

**Table 11 – Scoring for the Community Investment and Development Section**

	<b>Community Investment and Development</b>	<b>Average Indicator Score (Max 2 points)</b>	<b>Average Indicator % Score</b>
54	Impact assessment for community investment initiatives	0.16	8.1%
55	Quantified community investment	0.76	38.1%
56	Community investment resources (e.g. money, in-kind, volunteer hours)	0.74	36.9%
57	Community investment monitoring system	0.50	25.0%
58	Set community investment criteria (e.g. % profit commitment per annum, type, amount)	0.14	6.9%
59	Employee volunteering commitments and data	0.24	11.9%
60	Long-term projects/development	1.23	61.3%
61	Employee community investment engagement	0.39	19.4%
62	United Nations Millennium Development Goals/National development goals alignment	0.06	3.1%
<b>Total Average Indicator Section Score</b>		<b>4.21</b>	<b>23.4%</b>

It will be interesting to see over the next 12 months how community investment programmes, even if they are long term commitments, stand up to the economic uncertainties that the financial markets are currently facing. CSR Asia has developed the *Community Investment Roundtable* (CSR Asia CIRT) through its Community Development Foundation to help corporates address many of these needs.

## Best in Class – Results

The two highest ranking companies, with 115 points out of a possible 124 points (or 92.7%) in the *CSR Asia Business Barometer 2008* were global banking giant, HSBC and global integrated power company, CLP (China Light and Power).

Tables 12 and 13 show a breakdown of the scorecards for the two leading companies. HSBC scored 100% in the Strategy and Communication and Marketplace and Supply Chain Indicator Sections. The lowest scoring Indicator Section for HSBC was Workplace and People, but this still registered a high score of 76.9%.

China Light and Power also scored 100% in two Indicator Sections, firstly in the Environment Indicator Section and secondly in the Marketplace and Supply Chain Indicator Section. The lowest Indicator Section score for China Light and Power was 77.7% in Community Investment and Development.

**Table 12 – HSBC Scorecard by Indicator Section**

Indicator Section	Average	Maximum Section Score	% of Max Score
Company (Codes and Policies)	27	28	96.4%
Strategy and Communication	22	22	100.0%
Marketplace and Supply Chain	14	14	100.0%
Workplace and People	20	26	76.9%
The Environment	15	16	93.8%
Community Investment and Development	17	18	94.4%
<b>Total</b>	<b>115</b>	<b>124</b>	<b>92.7%</b>

**Table 13 – China Light and Power Scorecard by indicator Section**

<b>Indicator Section</b>	<b>Average</b>	<b>Maximum Section Score</b>	<b>% of Max Score</b>
Company (Codes and Policies)	27	28	96.4%
Strategy and Communication	20	22	90.9%
Marketplace and Supply Chain	14	14	100.0%
Workplace and People	24	26	92.3%
The Environment	16	16	100.0%
Community Investment and Development	14	18	77.7%
<b>Total</b>	<b>115</b>	<b>124</b>	<b>92.7%</b>

Both companies performed well in all Indicator Sections and are undoubtedly the regional leaders. Whilst they represent vastly different industry sectors, they have shown a deep commitment to responsible business practices and provide practical examples to other organisations of how to move forward with a sound CSR strategy and systematic reporting as a basis for informing stakeholders of all the risks that the businesses are facing.

The highest ranking company from Thailand was Siam Cement. Table 14 reveals that it received above 50% for every Indicator Section. The biggest score was achieved in the Company (Codes and Policies section with 89.3%, whilst the lowest was Community Investment and Development which managed only 50%.

For a manufacturer of cement, environmental concerns should be especially important considerations and Siam Cement score 75% in the environment section.

**Table 14 – Siam Cement Scorecard by Indicator Section**

<b>Indicator Section</b>	<b>Average</b>	<b>Maximum Section Score</b>	<b>% of Max Score</b>
Company (Codes and Policies)	25	28	89.3%
Strategy and Communication	14	22	63.6%
Marketplace and Supply Chain	9	14	64.3%
Workplace and People	18	26	69.2%
The Environment	12	16	75.0%
Community Investment and Development	9	18	50.0%
<b>Total</b>	<b>87</b>	<b>124</b>	<b>70.2%</b>

City Developments Ltd (CDL) was seventh on the overall ranking and lead the way for companies listed in Singapore.

**Table 15 – City Developments Ltd Scorecard by Indicator Section**

<b>Indicator Section</b>	<b>Average</b>	<b>Maximum Section Score</b>	<b>% of Max Score</b>
Company (Codes and Policies)	22	28	78.6%
Strategy and Communication	15	22	68.2%
Marketplace and Supply Chain	10	14	71.4%
Workplace and People	14	26	53.8%
The Environment	13	16	81.3%
Community Investment and Development	8	18	44.4%
<b>Total</b>	<b>82</b>	<b>124</b>	<b>66.1%</b>

CDL, a leading property developer, has been especially active in moving forward its environmental commitments and this section saw the company's top score of 81.3%. Table 15 shows that the lowest scoring section was Community Investment and Development with 44.4%.

The leading Malaysian company was BAT Malaysia. They were ranked ninth overall in the *CSR Asia Business Barometer 2008* and have been a GRI standard reporter for a number of years. They scored over 80% in two sections, 89.3% in Company (Codes and Policies) and 81.3% for the Environment.

Unlike the other leading companies for each of the other countries, BAT Malaysia had two very low scoring sections, gaining only 35.7% in Marketplace and Supply Chain and 26.9% in Workplace and People, as shown in Table 16.

**Table 16 – BAT Malaysia Scorecard by Indicator Section**

<b>Indicator Section</b>	<b>Average</b>	<b>Maximum Section Score</b>	<b>% of Max Score</b>
Company (Codes and Policies)	25	28	89.3%
Strategy and Communication	11	22	50.0%
Marketplace and Supply Chain	5	14	35.7%
Workplace and People	7	26	26.9%
The Environment	13	16	81.3%
Community Investment and Development	9	18	50.0%
<b>Total</b>	<b>70</b>	<b>124</b>	<b>56.5%</b>

## Stock Exchange – Results

Companies listed on the Hong Kong Stock Exchange performed, on average, better than any of the other three exchanges with a score of 41.8% (51.8 points). Table 17 provides details of the Indicator Section scores and points totals.

Hong Kong outperformed its rivals in all six Indicator Sections and the average Hong Kong score was 44.7% higher than the second highest performer, Malaysia with a score of 28.9% (35.8 points). Thailand came in third with an average score of 24.6% (30.55 points) and lastly came Singapore with an average score of 24.1% (29.9 points).

**Table 17 – Comparison of Country Scores by Indicator Section**

Indicator Section	Stock Exchange							
	Hong Kong		Malaysia		Thailand		Singapore	
	Points	%	Points	%	Points	%	Points	%
Company	19.35	69.1%	16.95	60.5%	15.60	55.7%	14.15	50.5%
Strategy	6.75	30.7%	3.65	16.6%	3.90	17.7%	2.90	13.2%
Marketplace	6.00	42.9%	3.25	23.2%	1.75	12.5%	2.00	14.3%
Workplace	7.80	30.0%	5.05	19.4%	3.00	11.5%	4.15	16.0%
Environment	6.05	37.8%	2.80	17.5%	2.80	17.5%	3.30	20.6%
Community	5.85	32.5%	4.10	22.8%	3.50	19.4%	3.40	18.9%
<b>Total</b>	<b>51.80</b>	<b>41.8%</b>	<b>35.80</b>	<b>28.9%</b>	<b>30.55</b>	<b>24.6%</b>	<b>29.90</b>	<b>24.1%</b>

### *Hong Kong*

With an average score of 41.8% shown in Table 19, Hong Kong outperformed the other countries across all of the Indicator Sections. It also had the biggest scoring range of the four countries with a differential of 84.6% (105 points) between maximum and minimum scores.



**Table 18 – Top 5 Hong Kong Companies by Ranking**

Rank	Company	Stock Exchange	Score (%)
1=	CLP	Hong Kong	92.7
1=	HSBC	Hong Kong	92.7
3	China Mobile	Hong Kong	74.2
4	Hang Seng	Hong Kong	73.4
5	PetroChina	Hong Kong	72.6

In terms of scoring for the complaints procedures indicator, (82% of average indicator score) board independence (89%), corporate governance reports (94%) and risk management frameworks (also 94%), Hong Kong underperformed. However in the majority of all other indicator it over-performed against the overall average scores.

In total, companies listed in Hong Kong scored 35.3% of total points (1,036 points out of 2,962).

**Table 19 – Hong Kong Scorecard by Indicator Section**

Indicator Section	Average	Maximum Section Score	% of Max Score
Company (Codes and Policies)	19.35	28	69.1%
Strategy and Communication	6.75	22	30.7%
Marketplace and Supply Chain	6.00	14	42.9%
Workplace and People	7.80	26	30.0%
The Environment	6.05	16	37.8%
Community Investment and Development	5.85	18	32.5%
<b>Total</b>	<b>51.8</b>	<b>124</b>	<b>41.8%</b>

## Malaysia

Companies listed in Malaysia scored, on average, 28.9% (35.8 points) and this puts them in second place in terms of countries on the *CSR Asia Business Barometer 2008*.

**Table 20 – Top 5 Malaysia Companies by Ranking**

Rank	Company	Stock Exchange	Score (%)
9	BAT Malaysia	Malaysia	56.5
10	Telekom Malaysia	Malaysia	54.8
13	CIMB	Malaysia	43.5
16	Tenaga Nasional	Malaysia	41.9
19	IOI	Malaysia	37.9

The best performing company was BAT Malaysia with a score of 56.5% (70 points) whilst the worst was YTL Power with only 10.5% (13 points). The range of scoring was therefore much less than Hong Kong, and the lowest out of all four countries, with a differential of 44.9% (57 points).

**Table 21 – Malaysia Scorecard by Indicator Section**

Indicator Section	Average	Maximum Section Score	% of Max Score
Company (Codes and Policies)	16.95	28	60.5%
Strategy and Communication	3.65	22	16.6%
Marketplace and Supply Chain	3.25	14	23.2%
Workplace and People	5.05	26	19.4%
The Environment	2.80	16	17.5%
Community Investment and Development	4.10	18	22.8%
<b>Total</b>	<b>35.80</b>	<b>124</b>	<b>28.9%</b>

There has been a lot of effort from the regulatory bodies in Malaysia to develop a strong strategic approach to CSR and whilst some companies have obviously taken this on board, this does not show up in the research results across the full representative range of companies.

## ***Thailand***

Thailand just managed to stay ahead of Singapore to take the third spot on the country comparison table. Companies listed in Thailand scored an average of 24.6% (30.55 points).

**Table 22 – Top 5 Thailand Companies by Ranking**

<b>Rank</b>	<b>Company</b>	<b>Stock Exchange</b>	<b>Score (%)</b>
<b>6</b>	Siam Cement	Thailand	<b>70.2</b>
<b>17</b>	PTTEP	Thailand	<b>39.5</b>
<b>18</b>	PTT	Thailand	<b>37.9</b>
<b>28</b>	PTT Aromatics and Refining	Thailand	<b>30.6</b>
<b>31</b>	Thai Oil	Thailand	<b>29.0</b>

The best performing company was Siam Cement, scoring 70.2% (87 points out of 124) whilst the worst company Land and Houses score only 11.3% (14 points).

Siam Cement is by far the most comprehensive CSR reporter in Thailand with the next best company, PTT Exploration and Production, scoring 38 points less with a total of 39.5% (49 points). The differential in the range of scores overall was 55.6% (69 points).

**Table 23 – Thailand Scorecard by Indicator Section**

<b>Indicator Section</b>	<b>Average</b>	<b>Maximum Section Score</b>	<b>% of Max Score</b>
Company (Codes and Policies)	15.60	28	55.7%
Strategy and Communication	3.90	22	17.7%
Marketplace and Supply Chain	1.75	14	12.5%
Workplace and People	3.00	26	11.5%
The Environment	2.80	16	17.5%
Community Investment and Development	3.50	18	19.4%
<b>Total</b>	<b>30.55</b>	<b>124</b>	<b>24.6%</b>

## ***Singapore***

Singapore companies achieved the lowest average score out of the four countries in the research study with 24.1% (29.9 points).

**Table 24 – Top 5 Singapore Companies by Ranking**

<b>Rank</b>	<b>Company</b>	<b>Stock Exchange</b>	<b>Score (%)</b>
7	CDL	Singapore	66.1
10	SembCorp Industries	Singapore	54.8
23	Keppel	Singapore	34.7
23	Wilmar	Singapore	34.7
26	SingTel	Singapore	33.9

The best performing company was property developer City Developments Ltd, who have recently published Singapore's first Global Reporting Initiative report, with 66.1% (82 points) whilst the worst performing company was Hong Kong Land with only 3.2% (4 points) the lowest score of any company. The differential in the range of scores was therefore 62.9% (78 points).

**Table 25 – Singapore Scorecard by Indicator Section**

<b>Indicator Section</b>	<b>Average</b>	<b>Maximum Section Score</b>	<b>% of Max Score</b>
Company (Codes and Policies)	14.15	28	50.5%
Strategy and Communication	2.90	22	13.2%
Marketplace and Supply Chain	2.00	14	14.3%
Workplace and People	4.15	26	16.0%
The Environment	3.30	16	20.6%
Community Investment and Development	3.40	18	18.9%
<b>Total</b>	<b>29.90</b>	<b>124</b>	<b>24.1%</b>

## Conclusions

With issues of global concern such as financial stability and governance as well climate change, poverty and the spread of infectious diseases, continuing scandals over product responsibility and widespread corruption in many Asian countries, the need for companies to take the lead in developing improved corporate social responsibility strategies for their business operations has never been more apparent.

The leading companies from each of the four stock exchanges examined have made great strides in understanding their business responsibility requirements and setting objectives accordingly. They have, along with pressure from regulators and civil society and increasing awareness of CSR issues by Asian stakeholders, raised the bar in Asia in terms of expectations of disclosure and active business responsibility and inclusive risk management.

However, to maintain credibility as a responsible and transparent business, the majority of companies in the region need to vastly improve their CSR disclosure. Apart from a few who scored highly in the analysis, most companies, 59 in total, scored between 10% and 40% on the *CSR Asia Business Barometer 2008* and there is clearly a need to address CSR, to develop CSR Strategy and to disclose practice.

One interesting conclusion which can be drawn from the data is the lack of correlation between company size (market capitalisation) and the ranking on the *CSR Asia Business Barometer 2008* in each of the countries. CSR is about business strategy and developing and ensuring a sustainable business model which addresses and effectively manages all potential risks. It is not just something that the biggest businesses do and certainly the bigger the business is no guarantee that they are getting things right.

A strong and visible commitment to CSR disclosure can provide a useful tool for companies to attract the attention of international investors, ensure access to markets with higher levels of regulation, allow civil society and consumers to better understand

their business and also better position companies to assess emerging risks. Attracting and retaining the right talent is also crucial to business success in the current climate and increasingly business responsibility is a factor in the choice of employer.

There is significant room for improvement in CSR disclosure for most companies in the four locations under review. Nevertheless there are pockets of very good practice and we believe that as CSR matures in the region this is set to increase. We look forward to next year's *CSR Asia Business Barometer 2008* in the hope that more CSR activities will be both apparent and disclosed.

## Appendix 1 – Complete Table of Company Rankings

	Company	Country	Adjusted Score (%)
1	CLP	Hong Kong	92.7
=	HSBC	Hong Kong	92.7
3	China Mobile	Hong Kong	74.2
4	Hang Seng	Hong Kong	73.4
5	PetroChina	Hong Kong	72.6
6	Siam Cement	Thailand	70.2
7	CDL	Singapore	66.1
8	MTR	Hong Kong	63.7
9	BAT Malaysia	Malaysia	56.5
10	SembCorp Industries	Singapore	54.8
=	Telekom Malaysia	Malaysia	54.8
12	CCB	Hong Kong	52.4
13	CIMB	Malaysia	43.5
=	HK and China Gas	Hong Kong	43.5
15	ICBC	Hong Kong	42.7
16	Tenaga Nasional	Malaysia	41.9
17	PTTEP	Thailand	39.5
18	CNOOC	Hong Kong	38.7
19	IOI	Malaysia	37.9
=	PTT	Thailand	37.9
21	DiGi	Malaysia	37.1
22	Resorts World	Malaysia	35.5
23	Bank of Communications	Hong Kong	34.7
=	Keppel	Singapore	34.7
=	Wilmar	Singapore	34.7
26	Public Bank	Malaysia	33.9
=	SingTel	Singapore	33.9
28	PTT Aromatics and Refining	Thailand	30.6
=	SIA	Singapore	30.6
30	Shangri-La Asia	Singapore	29.8
31	Thai Oil	Thailand	29.0
32	Banpu	Thailand	28.2
33	Hutchison Whampoa	Hong Kong	27.4
=	MISC	Malaysia	27.4
=	Ratchaburi Electricity Generating Holding	Thailand	27.4
36	SHK	Hong Kong	26.6
=	Petronas Gas	Malaysia	26.6
38	Airports of Thailand	Thailand	25.8
=	SembCorp Marine	Singapore	25.8
=	YTL Corporation	Malaysia	25.8
41	Krung Thai Bank	Thailand	25.0
42	CapitaLand	Singapore	23.4
=	China Life	Hong Kong	23.4
=	PLUS Expressways	Malaysia	23.4



45	Hong Leong	Malaysia	22.6
46	Central Pattana	Thailand	21.8
47	Maybank	Malaysia	21.0
48	Golden Agri-Resources	Singapore	20.2
=	OCBC	Singapore	20.2
=	Siam Commercial Bank	Thailand	20.2
51	Minor International	Thailand	19.4
=	UOB	Singapore	19.4
53	Bank of China HK	Hong Kong	18.5
=	Noble Group	Singapore	18.5
=	STEngg	Singapore	18.5
56	Bangkok Bank	Thailand	17.7
57	Bank of Ayudhya	Thailand	16.9
=	IRPC	Thailand	16.9
=	KLK	Malaysia	16.9
=	RHB Capital	Malaysia	16.9
61	Genting	Malaysia	16.1
=	Great Eastern Life	Singapore	16.1
=	Kasikornbank	Thailand	16.1
64	Sime Darby	Malaysia	15.3
65	AIS	Thailand	14.5
=	China Netcom	Hong Kong	14.5
67	PPB	Malaysia	13.7
68	Bank of China	Hong Kong	12.9
=	DBS	Singapore	12.9
=	PTT Chem	Thailand	12.9
71	China Unicom	Hong Kong	12.1
=	Total Access Communication	Thailand	12.1
73	Land and Houses	Thailand	11.3
74	Ping An Insurance	Hong Kong	10.5
=	YTL Power	Malaysia	10.5
76	Cheung Kong	Hong Kong	8.1
=	Jardine Matheson	Singapore	8.1
78	Dairy Farm	Singapore	6.5
79	Jardine Strategic	Singapore	4.8
80	Hong Kong Land	Singapore	3.2
<b>Average % Score</b>			<b>29.86</b>

## Appendix 2 – List of Indicators

### Section 1

	<b>Corporate Governance/Codes and Policies</b>
1	Board diversity and composition
2	Number of independent directors; independent chairman
3	Disclosure of remuneration/compensation for board
4	Corporate governance report
5	Corporate governance policy
6	Risk management code/policy
7	Risk analysis framework
8	Business ethics code/policy
9	Environmental code/policy
10	HR/personnel code/policy
11	Health and safety code/policy
12	Service/product responsibility code/policy
13	Supply chain/business partner code/policy
14	Anti-corruption code/policy

### Section 2

	<b>CSR Strategy and Communication</b>
15	Board committee (or equivalent) for CSR issues
16	CSR strategy (e.g. explicit or in chairman's statement)
17	Direct/named contacts for CSR issues
18	CSR report (in stand alone, in annual report, online content)
19	Use of reporting guidelines (e.g. GRI, AA1000)
20	Set objectives and targets for environmental indicators
21	Set objectives and targets for social indicators
22	Report assurance (internal or external)
23	Voluntary CSR standards (e.g. UN Global Compact)
24	Stakeholder dialogue, engagement and response
25	Promotion of CSR awareness/CSR training

### Section 3

	<b>Marketplace Practices and Supply Chain</b>
26	Supply chain accreditation/registration for suppliers
27	Support initiatives/programmes/audits for supply chain partners
28	Voluntary/required CSR standards for suppliers
29	Health and safety management system
30	Disclosure of main health and safety objectives/risks/accidents
31	Customer-focussed initiatives (e.g. labelling, health, etc.)
32	Initiatives for product life cycle/recycling/waste

## Section 4

	<b>Workplace and Personnel</b>
33	Health policy (i.e. HIV-AIDS)
34	Health and safety training programme (e.g. accident prevention)
35	Pre-planned staff training time/budget
36	Lifelong learning policy/programmes
37	Company-wide employee benefits statement/policy
38	Overtime compensation policy
39	Employee satisfaction surveys (frequency, completeness)
40	Disclosure of diversity statistics (e.g. race, sex, etc.)
41	Diversity policy/initiatives
42	Equal opportunity statement/policy
43	Human rights statement/policy
44	Process for formal complaints (e.g. whistleblower scheme)
45	Freedom of association policy statement

## Section 5

	<b>Environment</b>
46	Environmental management system (based on national, international, or internal standards)
47	Emissions data
48	Energy/water consumption data
49	Waste production data
50	Emission reduction initiatives
51	Renewable energy/water initiatives
52	Waste reduction initiatives
53	Customer-focussed environmental initiatives

## Section 6

	<b>Community Investment and Development</b>
54	Impact assessment for community investment initiatives
55	Quantified community investment
56	Community investment resources (e.g. money, in-kind, volunteer hours)
57	Community investment monitoring system
58	Set Community investment criteria (e.g. % profit commitment per annum, type, amount)
59	Employee volunteering commitments and data
60	Long-term projects/development
61	Employee community investment engagement
62	UN Millennium Development Goals and/or National development goals alignment