

# EMERGING MARKETS DISCLOSURE PROJECT

**Update: February 2009**

The Emerging Markets Disclosure (EMD) Project is well underway in Phase 3. This phase of the project, which began in May 2008 and will run through December 2009, is focused on outreach to corporations operating in Brazil, India, Korea, Russia, and South Africa to promote greater sustainability disclosure.

## **Brazil**

Lead Investor: PREVI

Supporting Investors and Organizations: Brazilian Institute of Corporate Governance (IBGC), Brazilian Foundation for Sustainable Development (FBDS), HSBC, and the Ethos Institute

## **India**

Lead Investor: EM Capital Management, LLC

## **Korea**

Lead Investor: Boston Common Asset Management

Supporting Investors and Organizations: ASrIA, Dexia Asset Management

## **Russia**

Lead Investor: Mn Services

## **South Africa**

Lead Investor: Calvert Asset Management, Inc. (Calvert)

Supporting Investors and Organizations: Frater Asset Management, the Government Employees Pension Fund of South Africa, Futuregrowth Asset Management, EIRIS, and PRI

The above emerging market teams are actively working to promote improved sustainability disclosure in their respective markets. These teams are directly engaging with companies they invest in through letter-writing, conference calls, and eventually in-person meetings. They are utilizing their resources to strengthen awareness of the importance of sustainability reporting and the overall significance of this project in those markets. In addition to quarterly emerging market team conference calls, all of those involved participate in regularly monthly planning/coordinating calls to discuss progress and share information/best practices.

The Brazil team, led by PREVI, is highlighted in the last quarter for its innovation. In recent months, the team has organized a call among all PRI signatories in Brazil and attracted additional investors and organizations to support the EMD Initiative. In addition, a special webpage was created for PRI signatories to facilitate dialogue among those involved. Furthermore, they have are helping to coordinate education/training for Brazilian companies to better understand ways to improve their sustainability disclosure.

## **Emerging Markets Survey**

The EMD Project will be distributing an emerging markets survey to UN PRI members, US SIF members, and other global SIF partners.

The objective of the survey is to assess the current level of investment in emerging markets by socially conscious investors and which ESG issues are of interest. This information will help guide future research and inform the direction of the project's corporate engagement efforts. EIRIS will analyze the results and a report summarizing the results will be issued in June.

## **Project Background**

The EMD Project began an international initiative to improve sustainability disclosure in emerging markets. Shortly after the idea was proposed by Calvert at the 'PRI in Person' Conference in July 2007, the project quickly became a collaborative effort by the Sustainable Investment Research Analyst Network (SIRAN) of the US Social Investment Forum (SIF), Calvert, KLD Research & Analytics, Inc. (KLD), ASrIA, the Global Reporting Initiative (GRI), PRI, and the General Board of Pension and Health Benefits of the United Methodist Church.

**Phase 1** of the project involved a benchmark report on the current state of sustainability reporting in several emerging markets, including China, India, South Africa, Brazil, Korea and Russia. The study, which was conducted by KLD on behalf of SIRAN, assessed 75 companies across three sectors: Energy (Oil and Natural Gas), Material (Metals and Mining), and Telecommunications. Corporate sustainability disclosure was assessed across five areas in September of 2007:

1. Public disclosure of sustainability issues
2. Dedicated sustainability area within the website or annual report
3. Existence of stand-alone sustainability report
4. Use of the GRI framework for the sustainability report
5. Existence of sustainability goals and benchmarks

The results were announced at the Institutional Investor Events 2<sup>nd</sup> Annual Forum on Responsible Investing on January 24, 2008. According to the study, nearly 9 out of 10 companies (87%) offer at least some level of sustainability disclosure. South African companies emerged as the overall leaders, while Chinese companies were the laggards on sustainability disclosure. Overall, only 27% of the companies surveyed indicated that they use the GRI reporting framework. Additional conclusions can be found here ([www.siran.org/pdfs/SIRAN-KLD\\_Report\\_for\\_EM\\_Transparency\\_2007.pdf](http://www.siran.org/pdfs/SIRAN-KLD_Report_for_EM_Transparency_2007.pdf)).

**Phase 2** of the project - coordinated by Calvert, SIRAN, IWG – involved a sign-on statement encouraging emerging market companies to use the GRI and to improve sustainability reporting. The sign-on statement calls on companies in emerging markets to improve their transparency of management of environmental, social and corporate

governance (ESG) issues. Management of ESG issues helps investors determine which companies are best positioned to deliver potentially strong long-term investment performance. The sign-on statement has been endorsed by 28 global institutional investor signatories and 15 affiliated supporters (NGOs and research organizations).

The overall project continues to be coordinated by the US Social Investment Forum (SIF), with Calvert, International Working Group (IWG) of SIF, and the IFC acting as advisory co-chairs. Other investors/organizations participating in this project include F&C Investments and Innovest.

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