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**Partners for Financial Stability (PFS) Program**

**Survey  
of Reporting on Corporate Social Responsibility (CSR)  
by the Largest Listed Companies  
in 11 Central and Eastern European (CEE) Countries  
First-time Comparison with Peers in BRIC and Ukraine**

**September 2006**

**Warsaw, Poland**

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## Executive Summary

This is the PFS Program's seventh semi-annual Survey of Reporting on Corporate Social Responsibility (CSR) by the 10 Largest Listed Companies (by market capitalization) in eleven Central and Eastern European (CEE) Countries. This edition of the survey was co-financed by DWS Investments (Deutsche Bank Group). DWS Investments provided funding for PFS Program interns Dana Krechowicz (Canada) and Plamena Spassova (Bulgaria), who conducted the survey from August 14 through September 30, 2006. Additional co-financing for the Canadian intern was provided by MBAs Without Borders.

Companies in Czech Republic, Estonia, Latvia, Lithuania, Slovakia and Slovenia were surveyed for the seventh time; companies in Hungary and Poland were surveyed for the sixth time; and companies in Bulgaria, Croatia and Romania were surveyed for the fifth time. Moreover, an inaugural analysis of peer companies (the ten largest listed companies by market capitalization) in Brazil, Russia, India and China (BRIC) as well as Ukraine allows for comparisons with these emerging market peers for the first time.

PFS Program surveys analyze the English-language annual reports and websites of the ten largest listed companies in the above-mentioned 11 CEE countries in order to document the current disclosure practices of this "blue-chip" peer group and identify best practice among the peer group. Whereas the universe of companies surveyed may change over time due to changes in a company's market capitalization, the semi-annual surveys of reporting on CSR represent a snapshot of this peer group's CSR disclosure practices on a given day twice a year. Furthermore, by analyzing disclosures in both annual reports and websites, the surveys track the timing of the publication of the annual report and the related yet separate issue of periodic disclosure, namely, how blue-chip companies keep their websites data-rich and up-to-date. **The surveys enable companies to benchmark their disclosure practices against peers on a national, industry and regional basis.**

On September 15, 2006 all 10 companies surveyed in the Czech Republic, Croatia, Hungary, Latvia, Lithuania, Poland, Slovenia and Slovakia have an English-language website. 71% of the 110 CEE companies surveyed had released their 2005 annual report by September 15, 2006. In general, companies in Czech Republic, Hungary, Poland and Slovenia disclose the most information online.

This seventh semi-annual survey notes a generally similar level of disclosure on company websites to that observed during the past three years across all three information categories analyze – corporate governance, environmental policy and social policy. In general, companies provide more information on corporate governance than on environmental or social policy. Also, corporate governance codes continue to significantly impact reporting on corporate governance issues in certain countries.

Of the 110 CEE companies surveyed, 14 (13%) have English-language ESG reports available online on September 15, 2006. Five companies (4.5%) produce the report in accordance with recognized standards, such as Global Reporting Initiative (GRI) guidelines. In comparison, five Brazilian companies, four Russian companies, two Indian companies and two Chinese companies have English-language ESG reports available online. A July 2006 research survey conducted by Social Investment Research Analysts Network noted that 34 S&P 100 companies (34%) produce an ESG report in compliance with GRI guidelines.

## Introduction

In August 2001 the PFS Program launched its first regional survey, “Investor Relations Online: Survey of Websites of the largest Listed Companies in 11 CEE Countries” in response to requests from stock exchanges in several CEE countries to organize training programs on extra-financial disclosure, financial disclosure and investor relations. In August 2003, the PFS Program launched its second regional survey, “Survey of Reporting on Corporate Social Responsibility (CSR) by the Largest Listed Companies in 11 CEE Countries.”

PFS Program surveys analyze the English-language annual reports and websites of the ten largest listed companies in the above-mentioned 11 CEE countries in order to document the current disclosure practices of this “blue-chip” peer group and identify best practice among the peer group. Whereas the universe of companies surveyed may change over time due to changes in a company’s market capitalization, the semi-annual surveys of reporting on CSR represent a snapshot of this peer group’s CSR disclosure practices on a given day twice a year. Furthermore, by analyzing disclosures in both annual reports and websites, the surveys track the timing of the publication of the annual report and the related yet separate issue of periodic disclosure, namely, how blue-chip companies keep their websites data-rich and up-to-date. **The surveys enable companies to benchmark their disclosure practices against peers on a national, industry and regional basis.**

When the PFS Program launched its first survey, ESG (environmental, social and governance) was not yet a standard-acronym used to list the set of extra-financial data investors use to evaluate corporate performance and analyze risk. However, in the past years the acronym ESG – the basis for the PFS Program methodology – has become mainstream.

Currently, USD\$2.3 trillion is invested in a (socially) responsible manner worldwide. According to a study published by Eurosif (European Social Investment Forum) in September 2006, the funds placed in socially responsible investment (SRI) in nine major European markets (Austria, Belgium, France, Germany, Italy, the Netherlands, Spain, Switzerland and the UK) now exceed Euro 1 trillion and represent as much as 10-15% of total European fund assets under management. This represents a 36% increase since December 31, 2002.

**The PFS Program surveys – Investor Relations Online (published annually in March and September) and Reporting on CSR (published annually in May and October) – analyze disclosure of ESG data by listed companies in CEE in order to: (1) enable these companies to benchmark their disclosure/reporting against peers on a national and CEE regional basis; (2) enable these companies to benchmark their disclosure/reporting against peers in other emerging markets; (3) collect time series on CEE corporate disclosure that practitioners can use to chart progress and identify trends; (4) collect time series on CEE corporate disclosure that researchers can use as control data or analyze in greater detail; (5) identify best practice in the CEE region; (6) report on the corporate disclosure practices of this CEE peer group to a wide range of constituencies; (7) collect practical micro-economic data that can be presented at conferences, seminars and workshops; and (8) stimulate the writing of case studies about the disclosure practices of this peer group.**

The surveys are available free-of-charge on the PFS Program website.

## Methodology

This is the PFS Program's seventh semi-annual Survey of Reporting on Corporate Social Responsibility (CSR) by the 10 Largest Listed Companies (by market capitalization) in eleven Central and Eastern European (CEE) Countries. Companies in Czech Republic, Estonia, Latvia, Lithuania, Slovakia and Slovenia were surveyed for the seventh time; companies in Hungary and Poland were surveyed for the sixth time; and companies in Bulgaria, Croatia and Romania were surveyed for the fifth time.

This survey analyzes companies' disclosures in English (in the English-language annual report and on the English-language company website) during the time period August - September 2006 on the following three topics: corporate governance, environmental policy and social policy. The record date for the disclosures is September 15, 2006.

**When the PFS Program launched its first survey, ESG (environmental, social and governance) was not yet a standard-acronym used to list the set of extra-financial data investors use to evaluate corporate performance and analyze risk. However, in the past years the acronym ESG – the basis for the PFS Program methodology – has become mainstream.**

The survey consists of two integral components: this presentation of the survey results aggregated by country; and a database containing a report (spreadsheet) on each company that indicates whether or not the company discloses the information and includes a hyperlink or hyperlinks to the specific disclosure(s).

The April 2005 edition of the survey documented for the first time the existence of stand-alone ESG reports. In this edition, we capture the following information in the company database: existence of an English-language stand-alone ESG report available online; whether or not the company uses recognized standards (such as Global Reporting Initiative [GRI] guidelines to produce the report; and whether or not the report includes a statement of assurance by a third party. Information disclosed in the ESG report is noted in the website column of the PFS Program survey company report.

Via hyperlinks, the reader can move from the database directly into a company's website and/or annual report to read what specific information is disclosed and where.

Where possible, this survey includes a comparison of the disclosures made by companies in September 2006 with those made in April 2006, September 2005, April 2005, August 2004, April 2004 and August 2003. As noted above, not all countries were included in the first two surveys. If a country was not included in the respective survey, N/A (not applicable) is noted in the statistics section of the database.

In the corporate governance category, the parameters of the question regarding audit information have changed since the first survey was conducted in summer 2001. Therefore, this question is now entitled, "audit related information." The survey analyzes whether the company discloses information regarding its relationship with the audit firm in order to assess auditor independence. Since the parameters of the question have changed, comparisons with previous surveys prior to September 2005 are not relevant.

In several countries, notably Estonia, Latvia and Lithuania, the annual report is sometimes not available on the company website but instead on the website of the respective stock exchange. In such cases, the hyperlink to the annual report notes the online source of the annual report.

In addition to conducting this regional survey of the largest listed companies semi-annually, the PFS Program also co-finances country surveys of reporting by a larger universe of companies in specific countries. The country surveys employ the same methodology as the regional surveys. The following country surveys have been conducted to date: Croatia (2005 and 2004); Czech Republic (2004); Hungary (2004); and Poland (2003). The surveys are available on the capital markets research page of the PFS Program website.

Furthermore, since autumn 2005 each edition of the regional survey includes a comparison with peers in other markets. The fifth edition of the survey, published in September 2005, includes a comparison with peer companies in Greece and Turkey. The sixth edition of the survey, published in April 2006, includes a comparison with peer companies in Portugal and Spain. As noted above, this seventh edition of the survey (September 2006) includes a comparison with peer companies in BRIC and Ukraine.

**Use of the same methodology over a continuous time period and across a wide spectrum of companies enables the CEE peer group to establish benchmarks, identify best practice and analyze trends.**

For example, it is possible to compare the current disclosure practices of companies in Bulgaria, Croatia and Romania with the 2003/2004 disclosure practices of their peers in the then European Union (EU) candidate countries/current new member states of the European Union.

## Legend

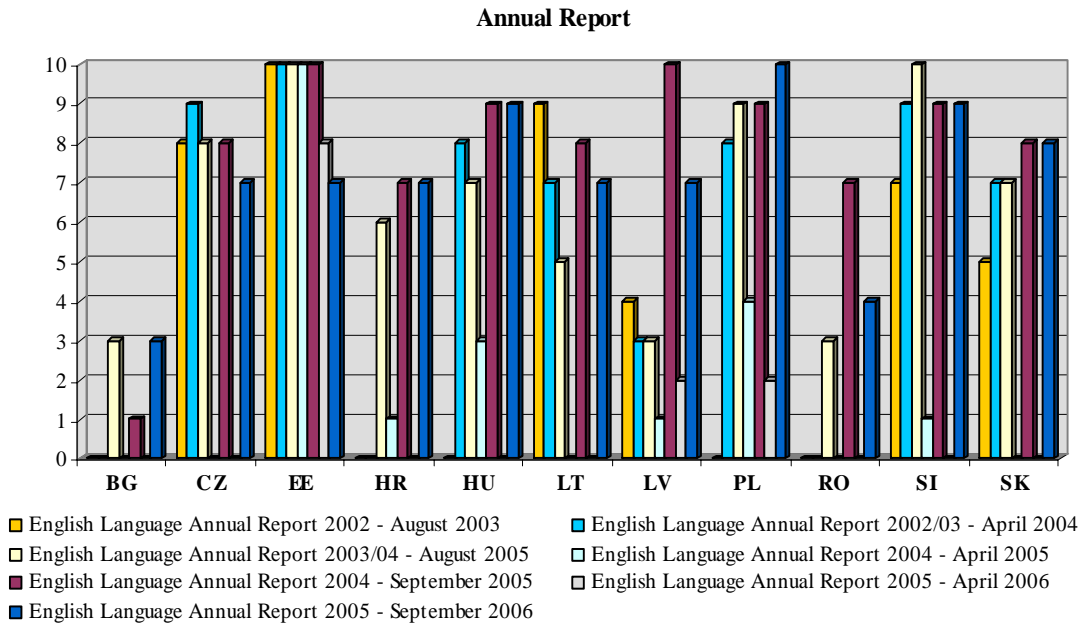
<b>BG</b>	Bulgaria
<b>CZ</b>	Czech Republic
<b>EE</b>	Estonia
<b>HR</b>	Croatia
<b>HU</b>	Hungary
<b>LT</b>	Lithuania
<b>LV</b>	Latvia
<b>PL</b>	Poland
<b>RO</b>	Romania
<b>SI</b>	Slovenia
<b>SK</b>	Slovakia
<b>BR</b>	Brazil
<b>CN</b>	China
<b>IN</b>	India
<b>RU</b>	Russia
<b>UA</b>	Ukraine
<b>No</b>	No information disclosed by the company about the particular issue.
<b>Yes</b>	Information disclosed by the company. A hyperlink to the relevant source (page of the annual report or page of the company website) is provided.
<b>N/A</b>	Not applicable. The relevant source does not exist (English-language website) or is not yet available (annual report for the previous financial year).
<b>IFRS</b>	International Financial Reporting Standards
<b>GAAP</b>	Generally Accepted Accounting Principles
<b>GRI</b>	Global Reporting Initiative

## CSR Standard Profile

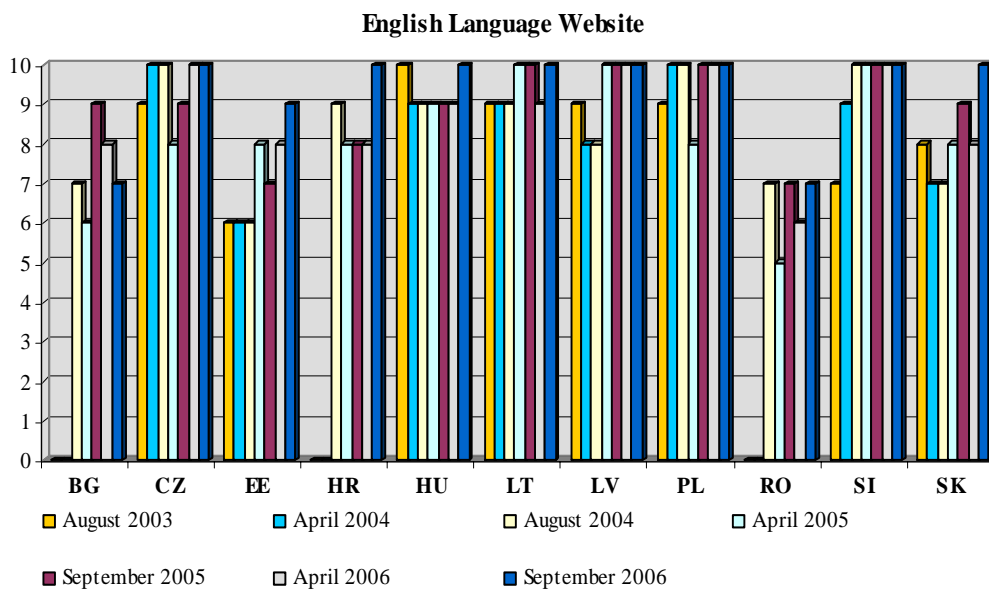
Survey of Reporting on Corporate Social Responsibility (CSR) by the Largest Listed Companies in		
COMPANY :		
Website:		
Industry Specification:		
Financial Statements prepared in accordance with:		
Primary Countries of Operation:		
Does the company have a stand alone English-language ESG report?		
Standards used for ESG report		
Year of publication of ESG report		
Does the ESG report include an assurance statement		
<b>Source:</b>	<a href="#">Annual Report</a>	<a href="#">Website</a>
Corporate Governance and Reporting		
Does the company disclose details on its corporate governance structure?		
Does the company report on compliance with a Corporate Governance Code?		
Does the Company disclose audit relation information?		
Does the company disclose its policy on shareholder rights?		
Does the company disclose and report on its internal Code of Business Conduct/ Code of Ethics?		
Environmental Policy		
Does the company state whether it complies with industry-specific, national and/or international regulations regarding environmental standards?		
Does the company disclose the names of individuals (management and/or board members) or the department responsible for environmental management and compliance?		
Does the Company report on energy and water use?		
Does the company report on its environmental performance, including efficient use of resources, emissions and waste?		
Does the company integrate environmental aspects into its supply chain management policy?		
Social Policy		
Does the company disclose compliance with industry-specific, national and/or international regulations regarding human rights and/or labor standards?		
Does the company report any community patronage/ sponsorship programs?		
Does the company disclose its employee development or employee benefits policies?		
Does the company list its health and safety policy?		
Does the company disclose its employment policy?		

## Comparison of the Seven Surveys of CEE Companies: Information Available Online in English

71% of the 110 CEE companies surveyed have an English language 2005 annual report available online on the record date of September 15, 2006 compared with 78% in September 2005 and 65% in August 2004.



94% of the companies surveyed have an English-language website on the record date of September 15, 2006 compared with 87% in April 2006, 89% in September 2005, 81% in April 2005 and 84% in August 2004.



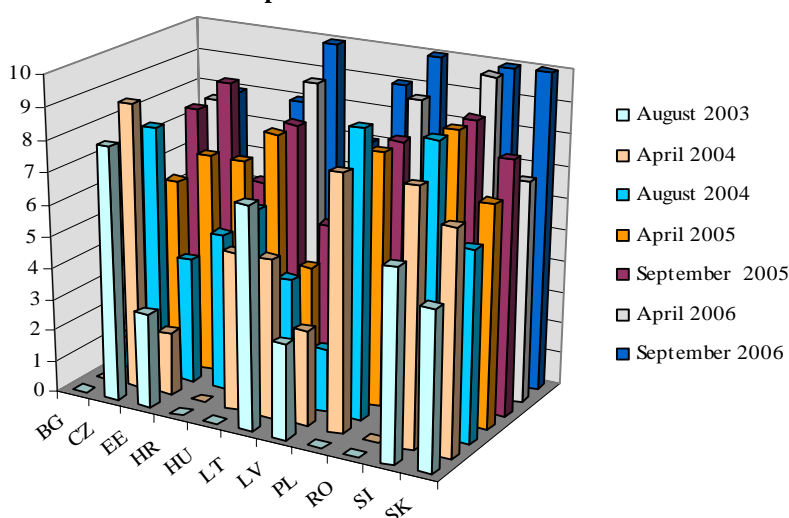
## Comparison of the Seven Surveys of CEE Companies: Corporate Governance

The survey analyzes reporting on five corporate governance issues: corporate governance structure; compliance with a corporate governance code; company specific code of conduct or ethics; audit relation information; and shareholder rights policy.

### Corporate Governance Structure

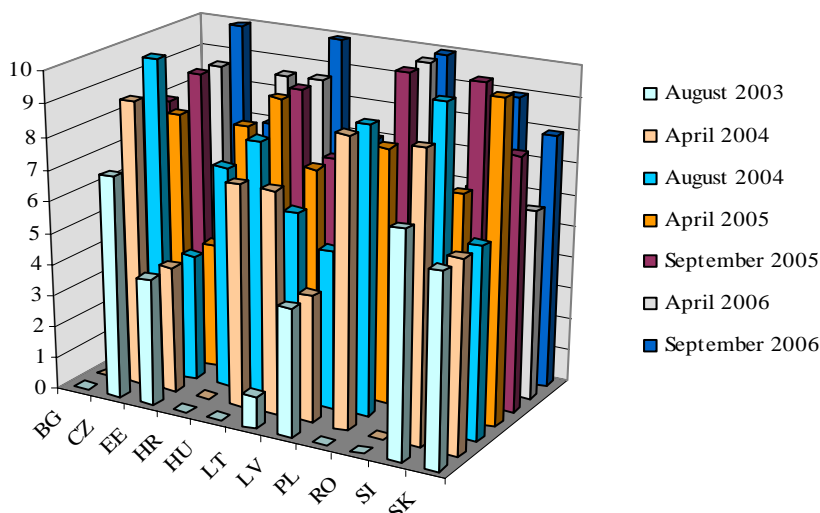
The information provided by companies in this category may include data on: board structure (management board, supervisory board, board of directors, etc.); responsibilities of board members; composition of the board; definition of independence; names and biographical details of board members; and board committees.

**Annual Report - Governance Structure**



Since the previous survey, there has been an increase in disclosure of information on corporate governance structure, both in the annual report and on companies' websites. **75% of the 100 CEE companies surveyed publish this information in their annual report compared with 68% in September 2005. 81% of the companies surveyed disclose information about their governance structure on their website; this is the highest percentage recorded since the first survey conducted in 2003.**

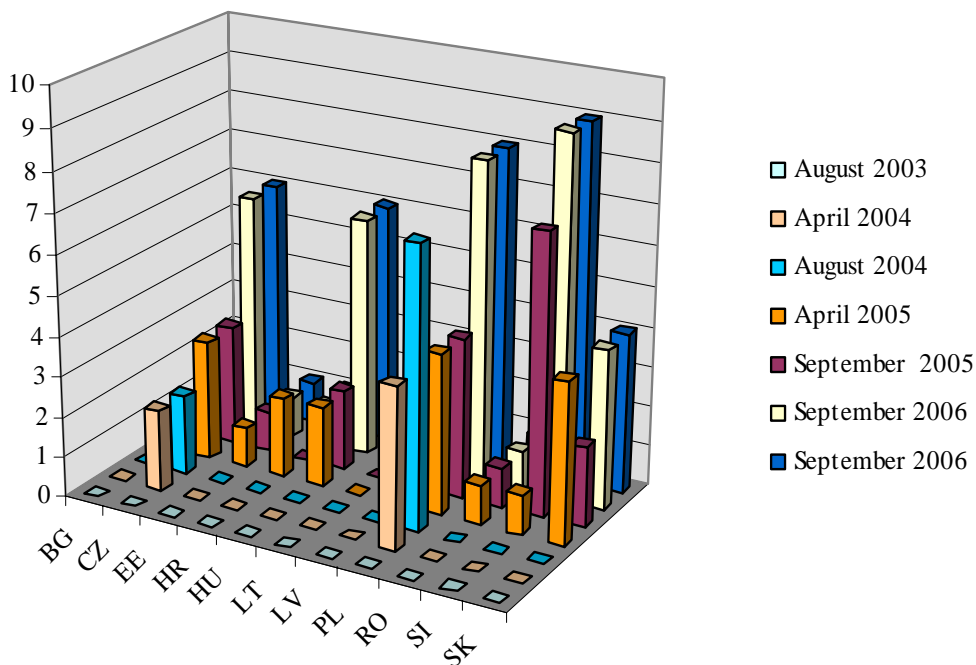
**Website - Governance Structure**



### Compliance with a Corporate Governance Code

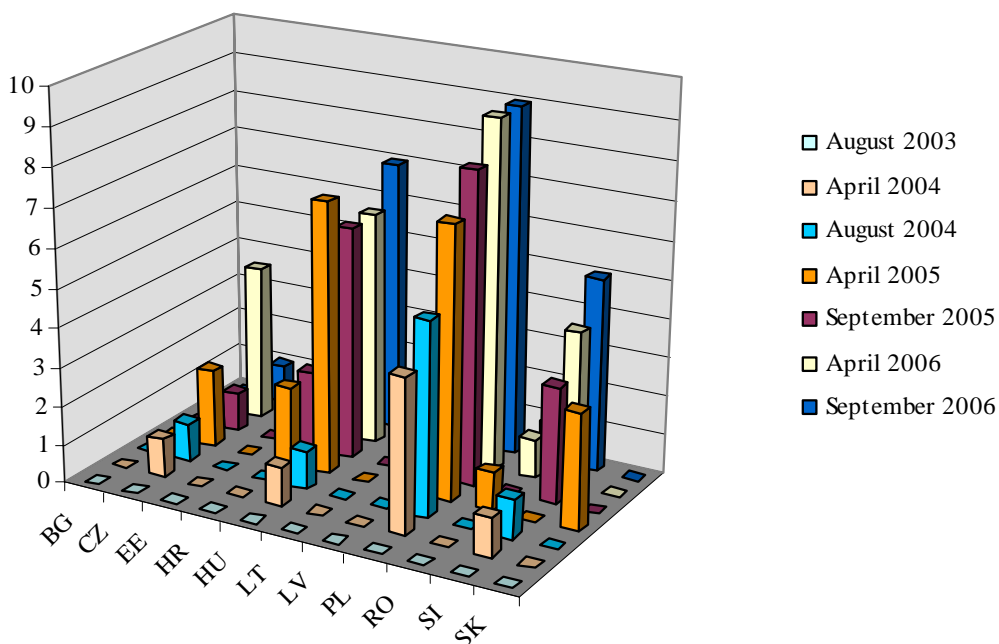
Since 2002 several CEE stock exchanges have implemented corporate codes, among them the Bratislava Stock Exchange (2002), Budapest Stock Exchange (2002), Prague Stock Exchange (2002), Warsaw Stock Exchange (2002) and Ljubljana Stock Exchange (2003).

#### Annual Report - Corporate Governance Code



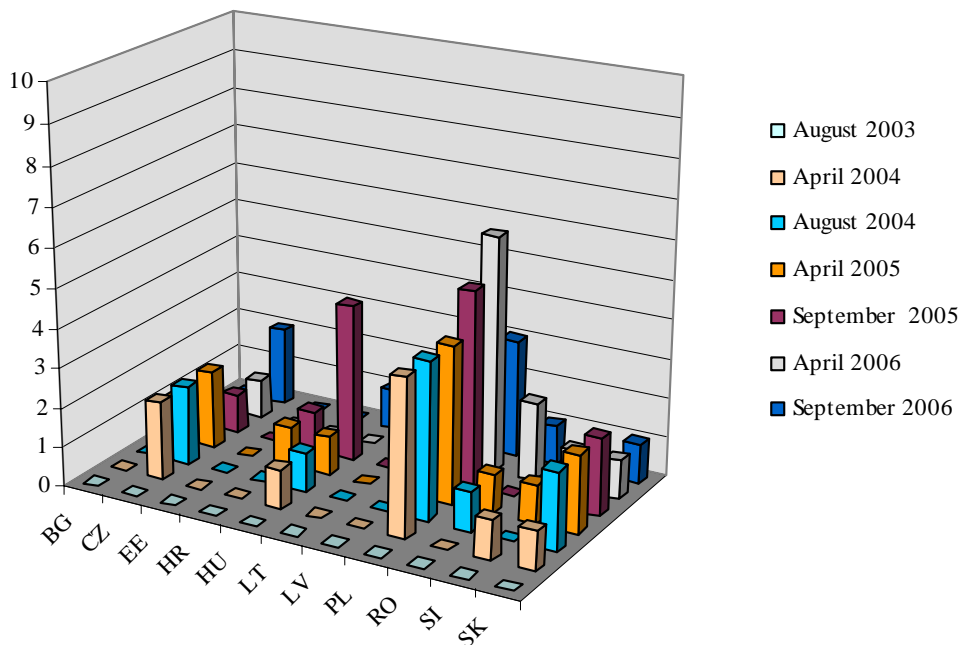
Nine Slovene, eight Polish, six Czech and six Hungarian companies disclose implementation of a corporate governance code in their 2005 annual report. Thus, 29 companies (26%) disclose this information in September 2006, compared with 26 companies (24%) in April 2006, 20 companies (18%) in September 2005 and 22 companies (20%) in April 2005.

#### Website - Corporate Governance Code



In addition to analyzing disclosure of compliance with a corporate governance code, the survey also analyzes whether the company has a company-specific/internal code of conduct or code of ethics. **The data suggests that existence of a corporate governance code is likely to influence companies to implement company-specific/internal codes.**

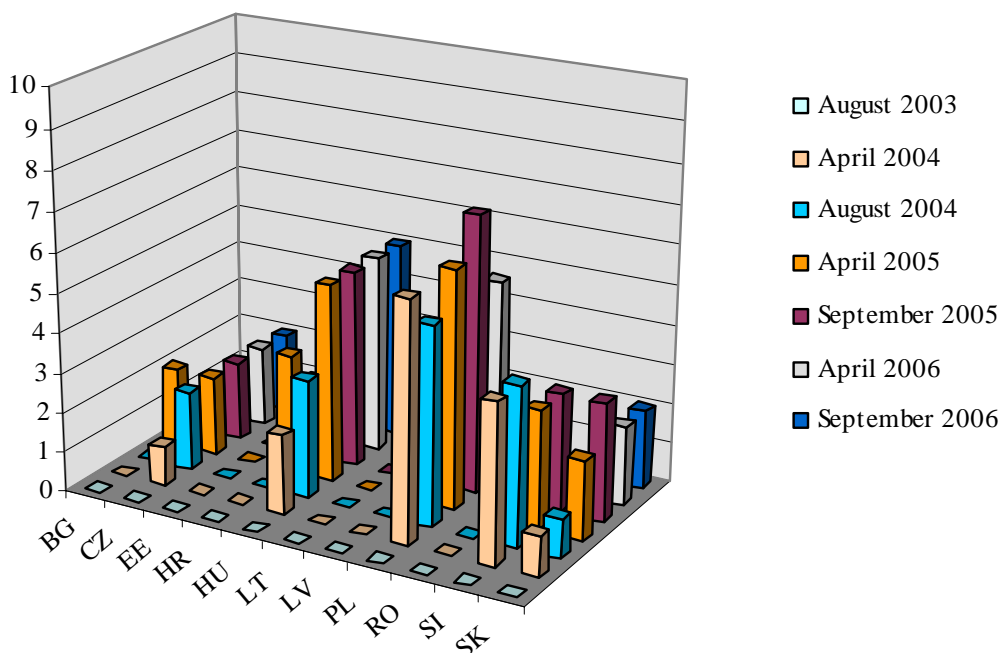
**Annual Report - Code of Business Conduct/ Code of Ethics**



7% of the 110 CEE companies surveyed disclose information on their internal code of conduct / code of ethics in their annual report. In April 2006 it was 10%, whereas in September 2005 it was 12%.

14 % of companies surveyed disclosure their internal code of business conduct / code of ethics on their website compared with 15% in April 2006, and 20% in September 2005.

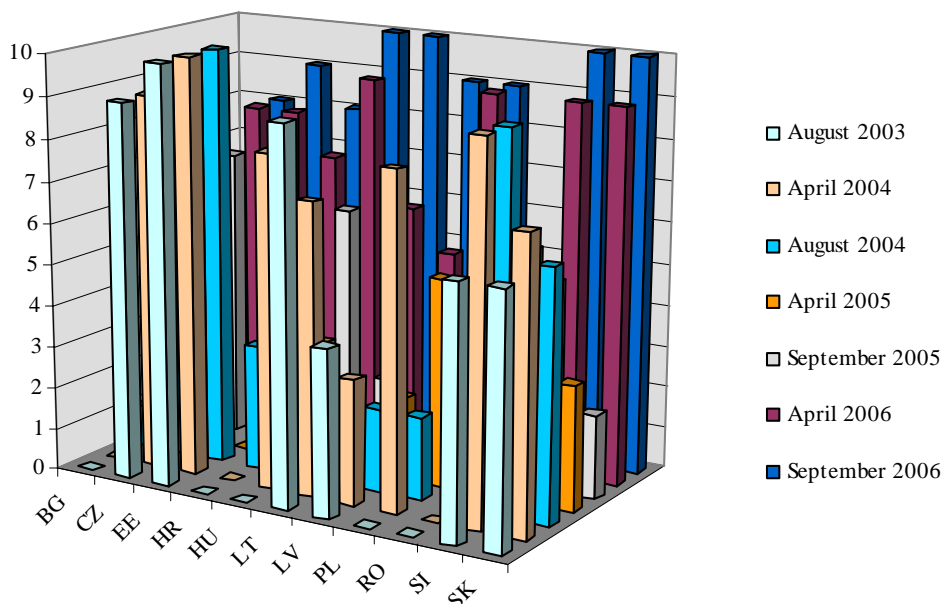
**Website - Code of Business Conduct / Code of Ethics**



### Audit Relation Information

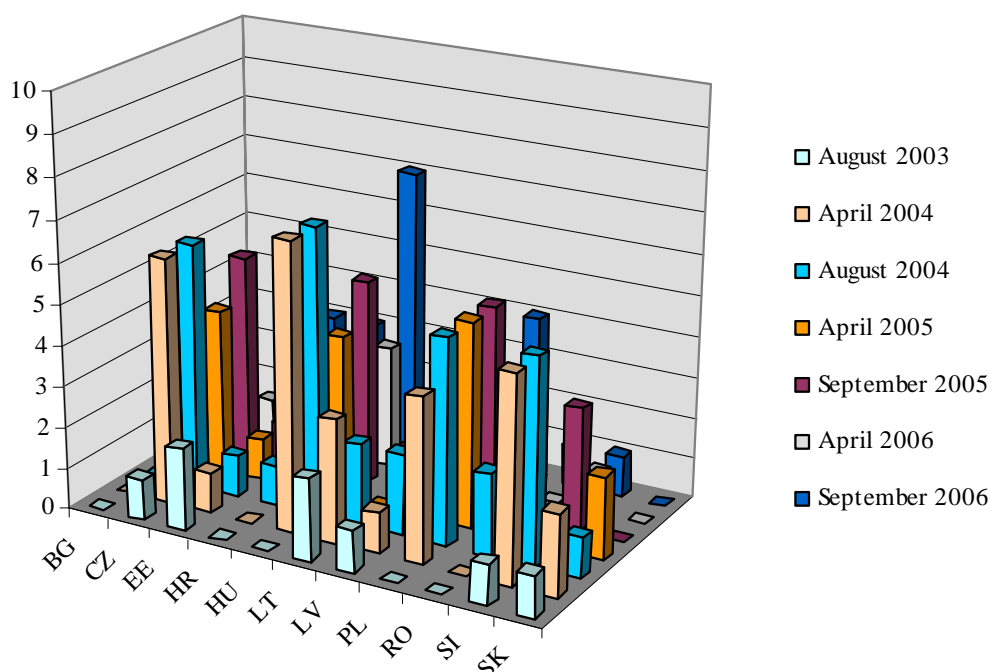
The information provided by companies in this category may include data on: existence of an audit committee; the procedure for appointment/election of the external auditor; the company's policy on rotation of auditors; disclosure of audit and non-audit fees; and the independence of auditors.

Annual Report - Audit Relation Information



**83% of the 110 CEE companies surveyed disclose audit relation information in their annual report. This is the highest percentage recorded since the first survey conducted in 2003. In contrast, only 20% of companies publish audit relation information on their websites. This is nevertheless an increase compared with August 2006 (8%) and a slight decrease compared with September 2005 (22%).**

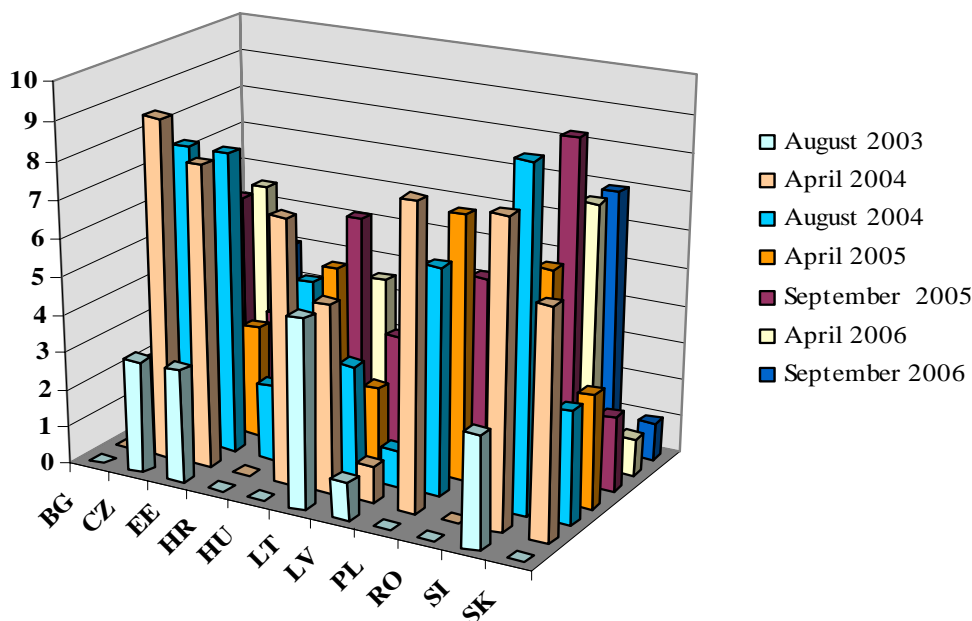
Website - Audit Relation Information



### Shareholder Rights Policy

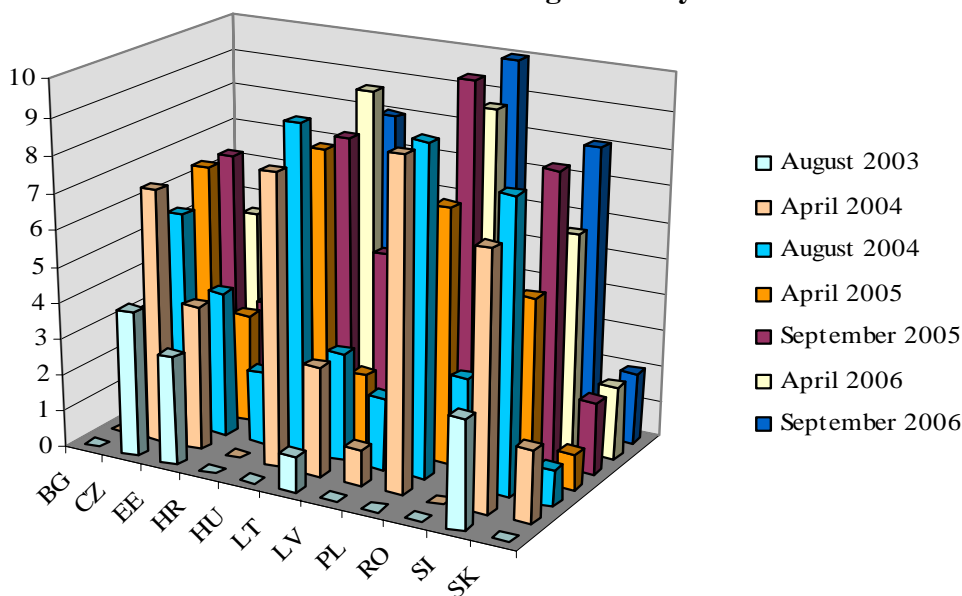
The information provided by companies in this category may include data on: the annual general meeting (AGM) of shareholders and extraordinary general meetings (EGMs) of shareholders (agendas of upcoming meetings, procedures for registration, etc as well as minutes, reports and voting records of past meetings); instructions and policies regarding voting rights; information and policies regarding financial rights; and information and policies regarding shareholder's proposals,

Annual Report - Shareholder Rights Policy



19% of companies surveyed disclose information on shareholder rights in their annual report compared with 25% in April 2006 and 41% in September 2005. 38% of companies disclose this information on their websites in September 2006, compared with 39% in April 2006 and 76% in September 2005.

Website - Shareholder Rights Policy



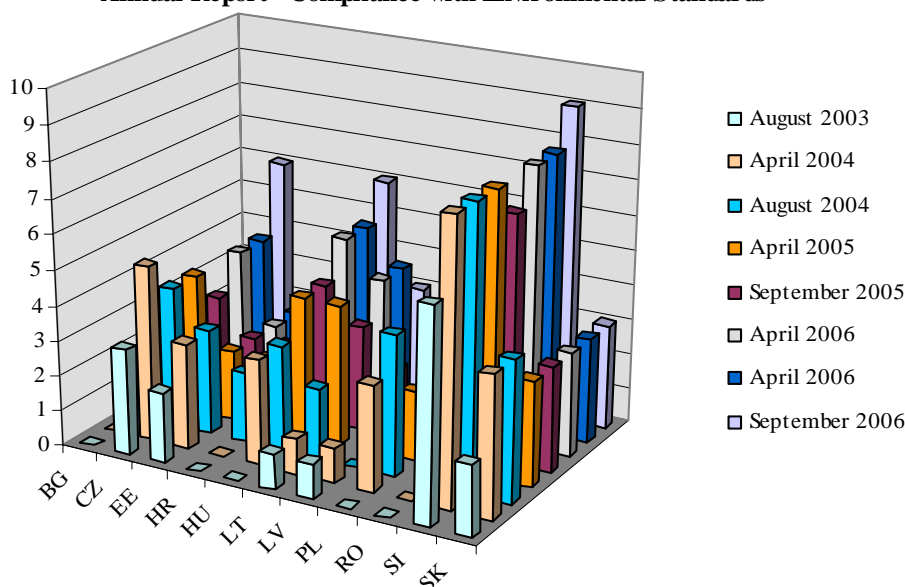
## Comparison of the Seven Surveys of CEE Companies: Environmental Policy

The survey analyzes reporting on five environmental issues: compliance with environmental laws and standards, whether the company discloses the name of a department or individual responsible for environmental policy; energy and water use; environmental reporting; and consideration of environmental issues in supply chain management.

### Compliance with Environmental Laws and Standards

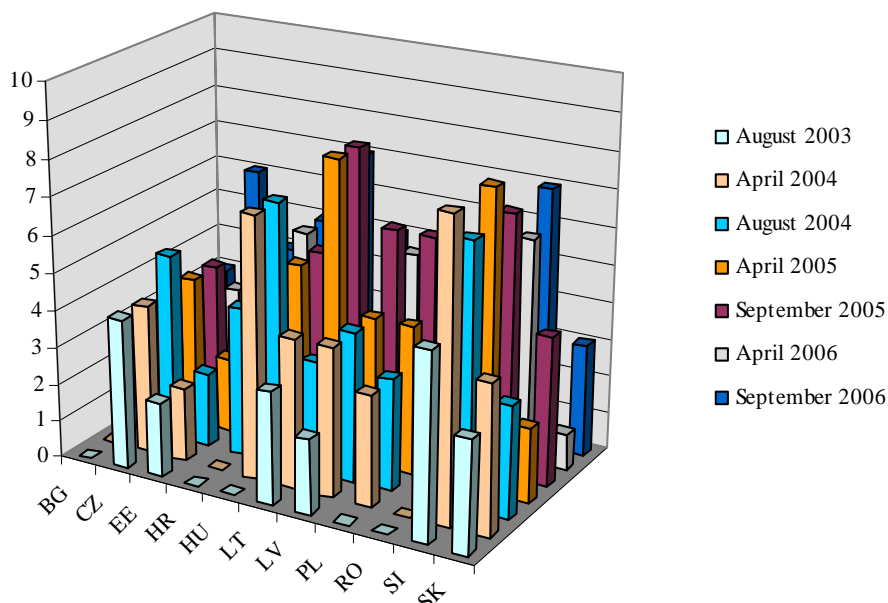
The information provided by companies in this category includes disclosures regarding the company's compliance with industry-specific, national and/or international environmental regulations. This category also analyzes whether the company has an ISO 14001 environmental management system, which is an internationally recognized standard.

**Annual Report - Compliance with Environmental Standards**



**35% of companies surveyed disclose compliance with national or international standards in their annual report in September 2006, compared to 30% in April 2006 and 27% in September 2005.** 45% of the 110 CEE companies surveyed disclose compliance with environmental standards on their website, compared with 37% in April 2006, 48% in September 2005, 41% in April 2005 and 37% in August 2004.

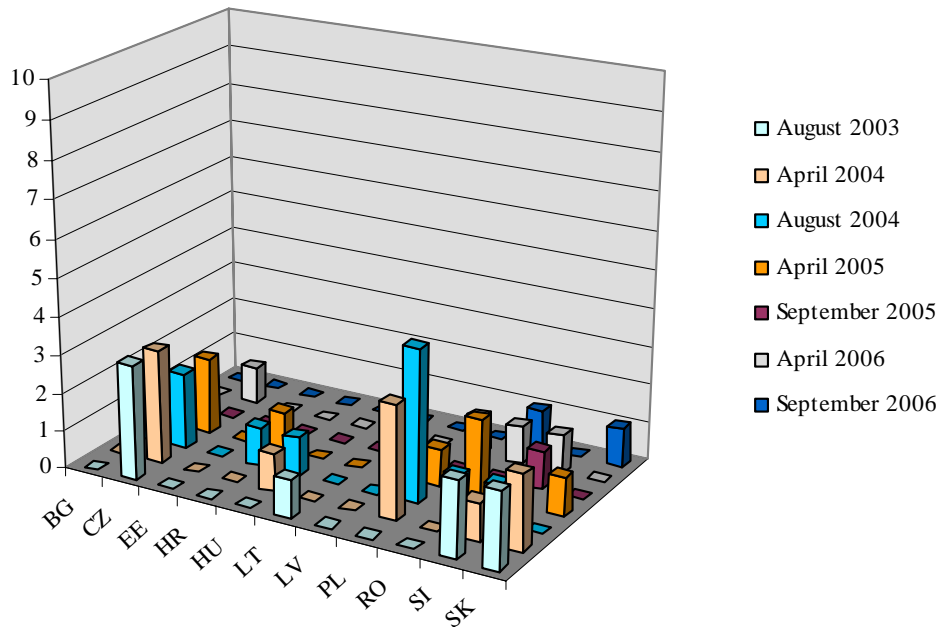
**Website - Compliance with Environmental Standards**



### Listed Department(s) for Environmental Issues

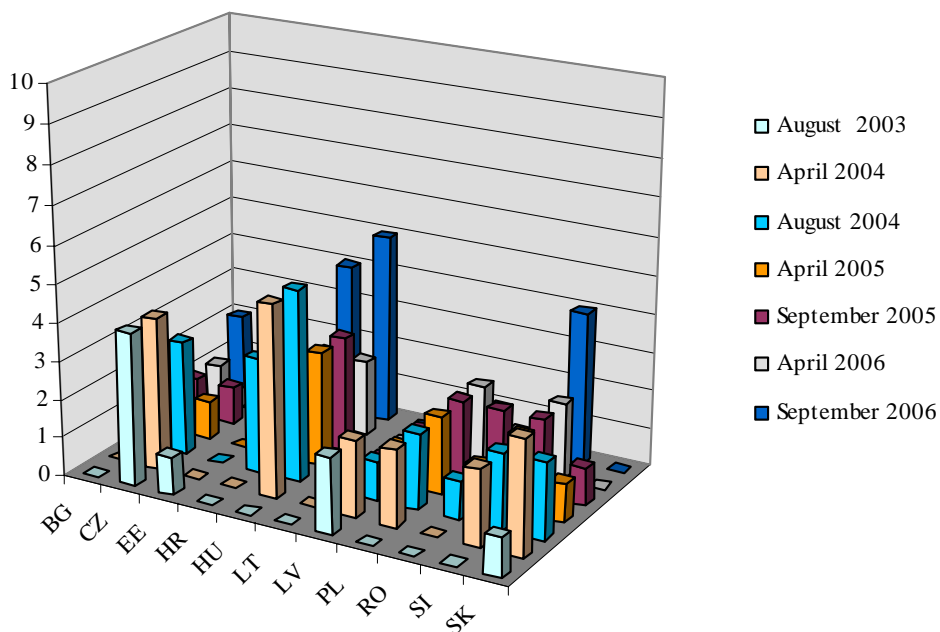
In this category the survey analyzes whether the company identifies the department or individual(s) responsible for environmental performance, policy and/or reporting.

Annual Report - Listed Departments for Environment



As the graphs on this page indicate, the seven PFS Program semi-annual surveys conducted from August 2003 through September 2006 demonstrate that few of the 110 CEE companies surveyed disclose in their annual report or on their website information about the department(s) or individual(s) responsible for environmental performance, policy and/or reporting. More companies provide this information on the company website than in the annual report.

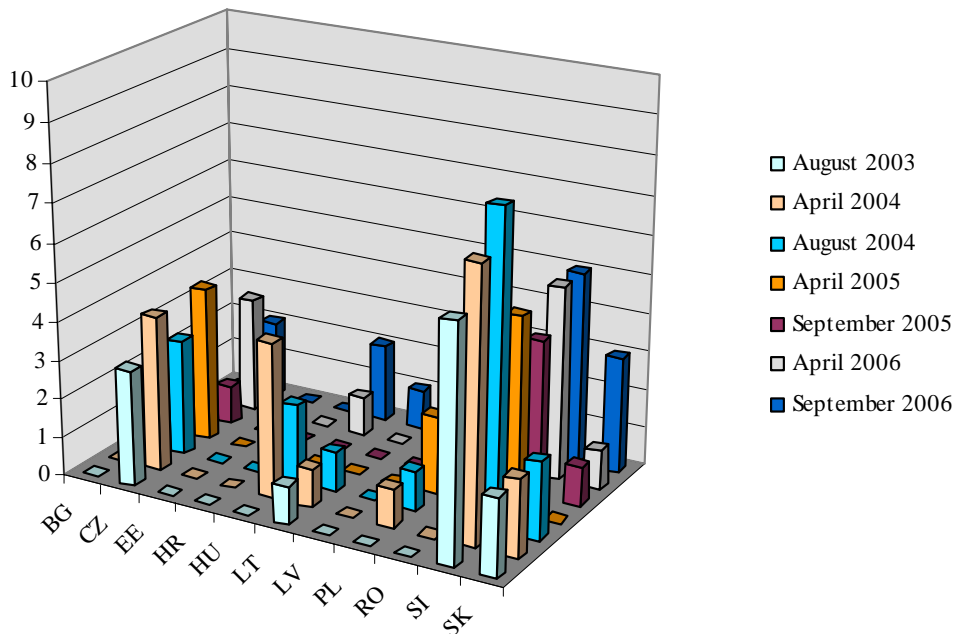
Website - Listed Departments for Environment



### Reporting on Energy and Water Use

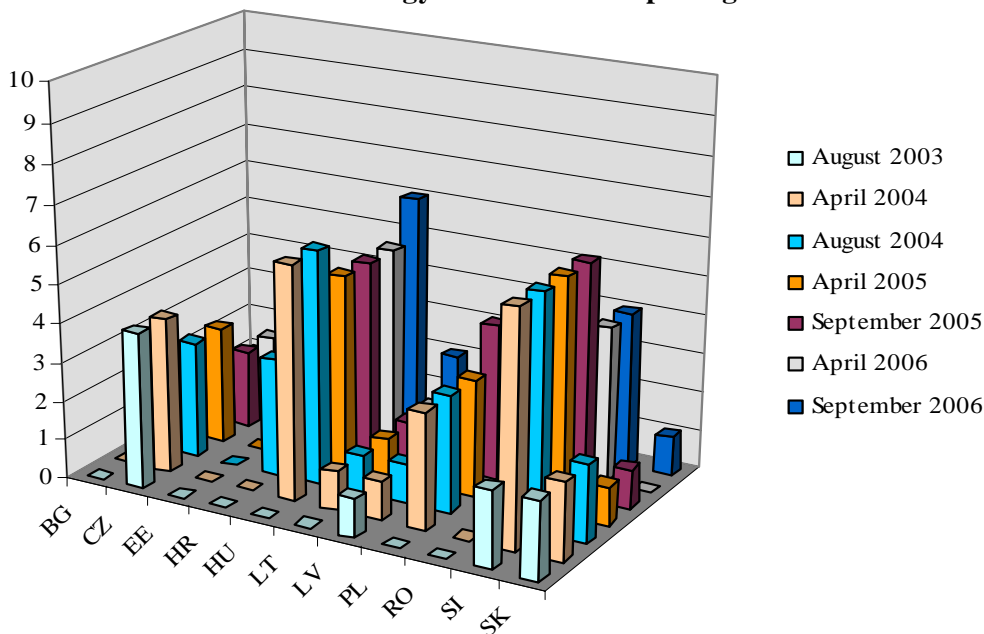
The information provided by companies in this category may include disclosures about: the source, type and quantity of energy as well as water used; conservation/recycling measures; initiatives to use renewable energy resources; energy efficiency programs; recycling/reuse of water; and water conservation programs.

Annual Report - Energy & Water Use Reporting



14 companies (12.7%) report on this issue in September 2006, compared with 13 (11.8%) in April 2006 and 7 (6.3%) in September 2005. More companies report on energy and water use on the company website than in the annual report.

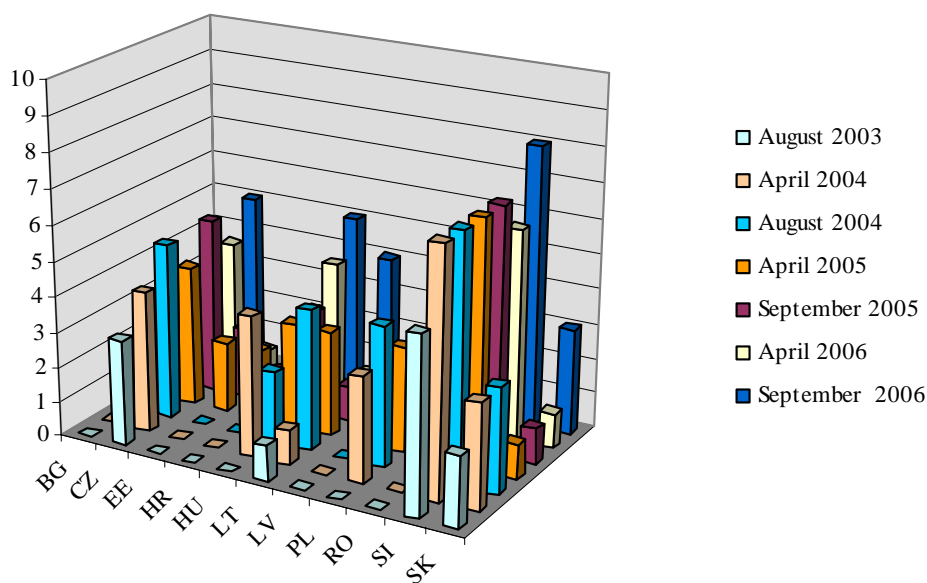
Website - Energy & Water Use Reporting



### Environmental Performance

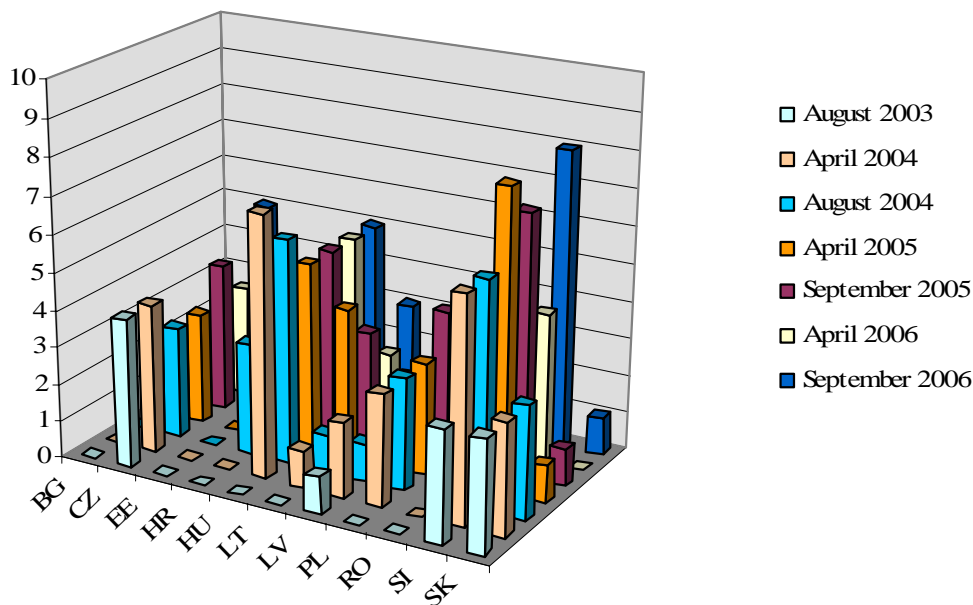
The information provided by companies in this category may include disclosures about: use of resources; emissions; waste (total amount of waste by type and destination); the use of hazardous substances and their disposal; accidents; incidents involving material spills of chemicals, oils and fuels in terms of total number and total volume (industry dependent); and whether the company has policies or programs to improve its environmental performance.

**Annual Report - Environmental Performance Reporting**



25% of the 110 CEE companies surveyed report on environmental performance in their annual reports; in April 2006 it was 18% and in September 2005 - 22%. More companies report on environment performance on the company website than in the annual report. 28% of the 110 CEE companies surveyed disclose information on this issue on the website in September 2006, compared with 19% in April 2006 and 29% in September 2005.

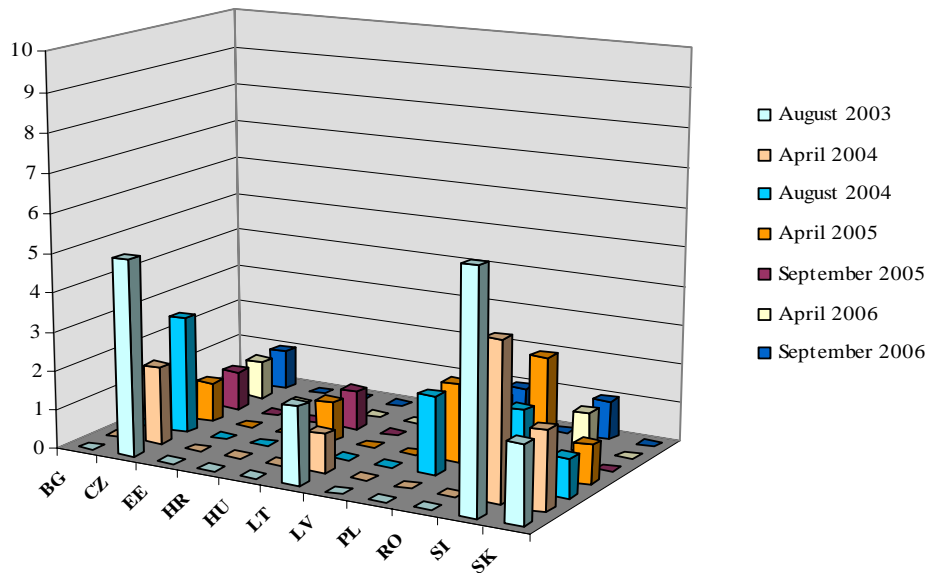
**Website - Environmental Performance Reporting**



### Supply Chain Management

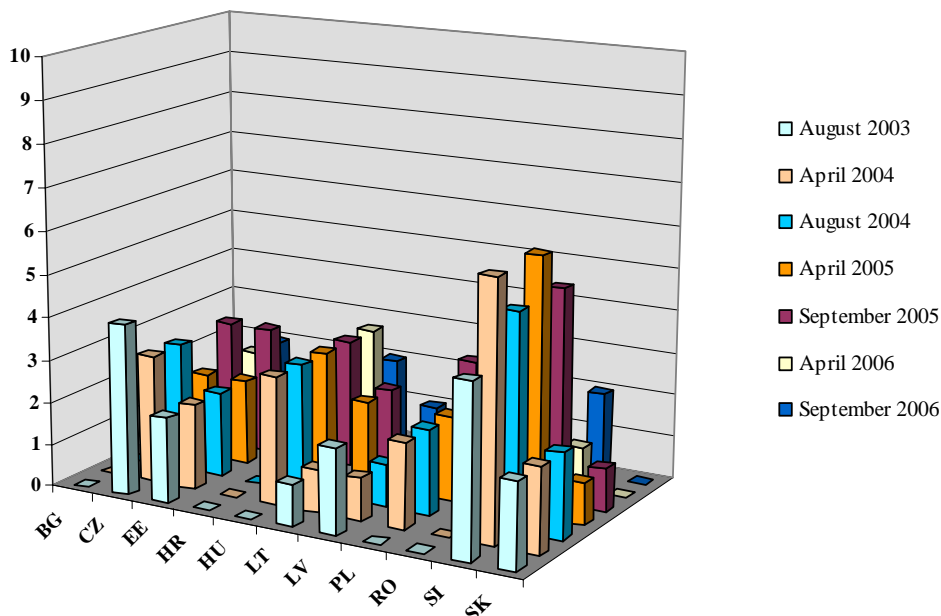
In this category the survey analyzes whether the company reports on the integration of environmental considerations into its supply chain management policy. Information may include the disclosure of environmental criteria to screen potential suppliers and/or the description of standards required for potential suppliers.

**Annual Report - Environmental Considerations with Supply Chain Management**



Three (2.7%) of the 110 CEE companies surveyed disclose in the annual report information on the integration of environmental considerations in supply chain management. As is the case with all the other questions in the environmental category, more companies disclose information on the company website than in the annual report. 10% of companies disclose this information on the company website in September 2006, compared with 9% in April 2006 and 22% in September 2005.

**Website - Environmental Considerations with Supply Chain Management**



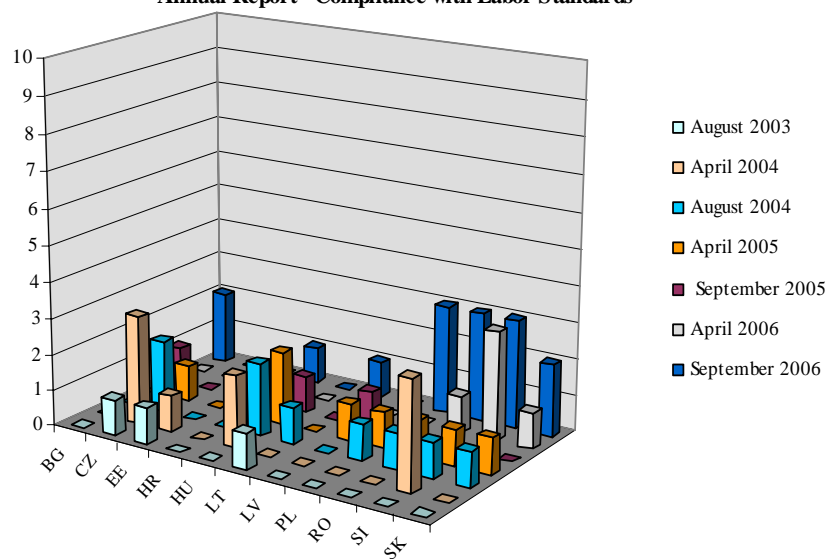
## Comparison of the Seven Surveys of CEE Companies: Social Policy

The survey analyzes reporting on five issues related to social policy: labor standards; sponsorship; employee development or benefits; health and safety policy; and employment policy.

### Labor Standards

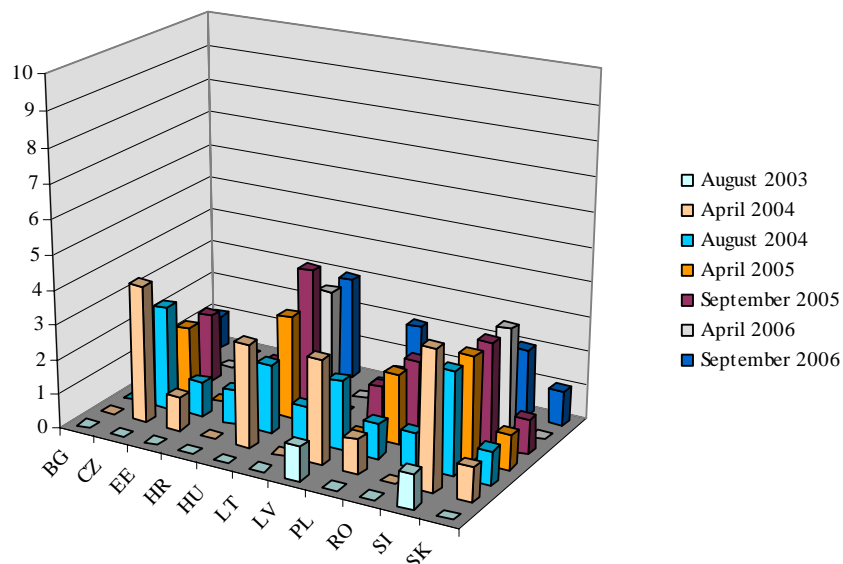
The information provided by companies in this category includes disclosures regarding the company's compliance with industry-specific, national and/or international regulations regarding labor standards. Examples include: national legislation, European Union (EU) standards and global standards, including the United Nations Global Compact.

**Annual Report - Compliance with Labor Standards**



14% of the 110 CEE companies surveyed disclose this information in the annual report in 2006. This is the highest percentage recorded since the first survey conducted in August 2003. 10% of the 110 CEE companies surveyed disclosure compliance with labor standards on their website in September 2006.

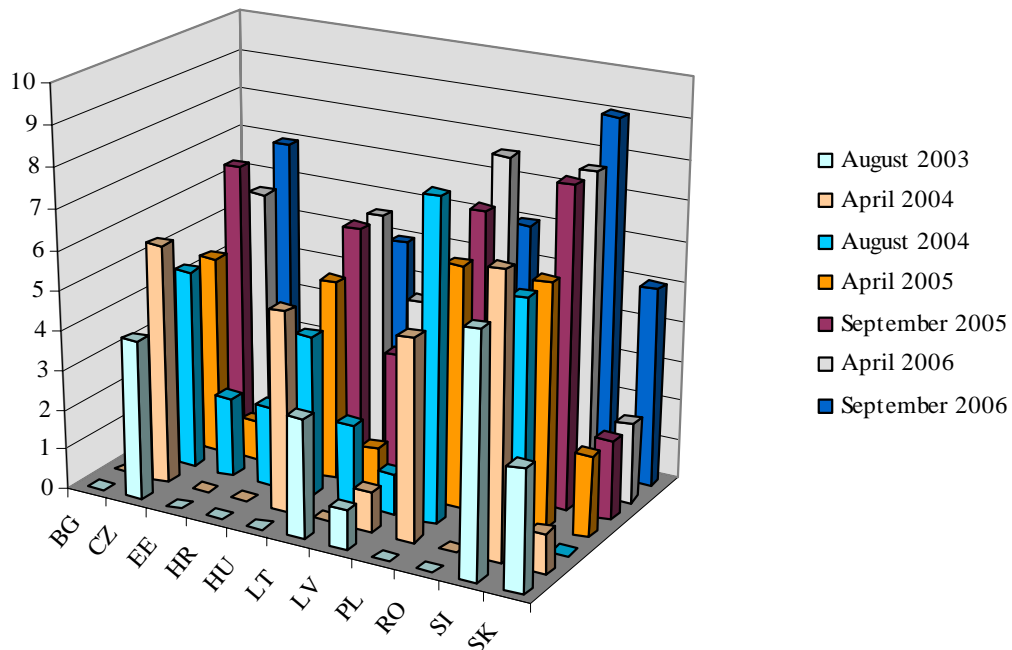
**Website - Compliance with Labor Standards**



### Sponsorship

In this category the survey analyzes whether the company discloses community patronage/ sponsorship programs, including arts and culture, charity projects, medical research, sports sponsorship and others.

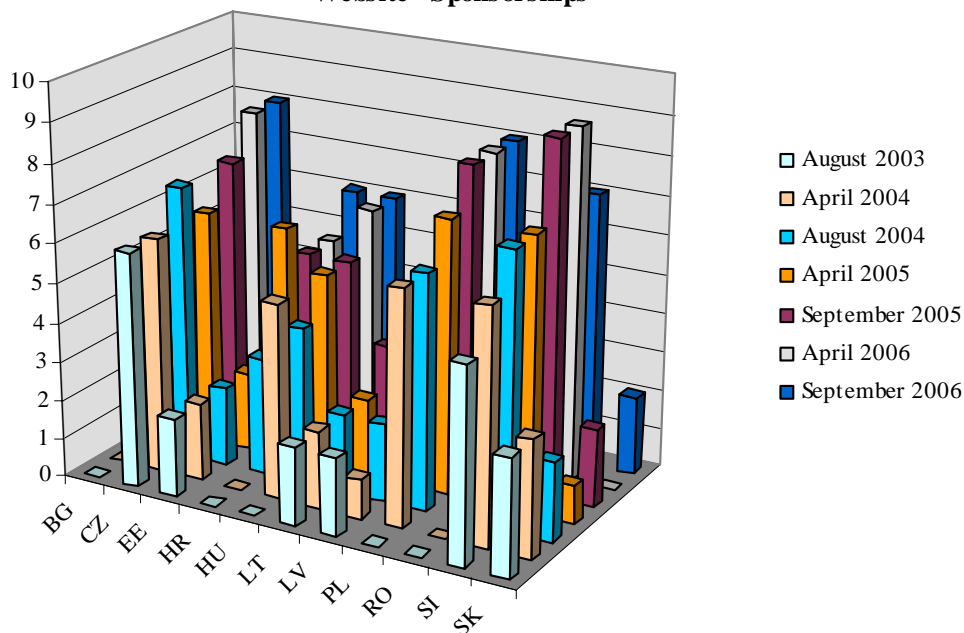
Annual Report - Sponsorships



42% of the companies surveyed disclose community, patronage and/or sponsorship programs in the (2003, 2004 or 2005) annual reports currently available online, compared with 37% in April 2006, 36% in September 2005, 28% in April 2005 and 30% in August 2004.

45% of the companies surveyed disclose community, patronage and/or sponsorship programs on the company website, compared with 37% in April 2006, 47% in September 2005, 37% in April 2005 and 33% in August 2004.

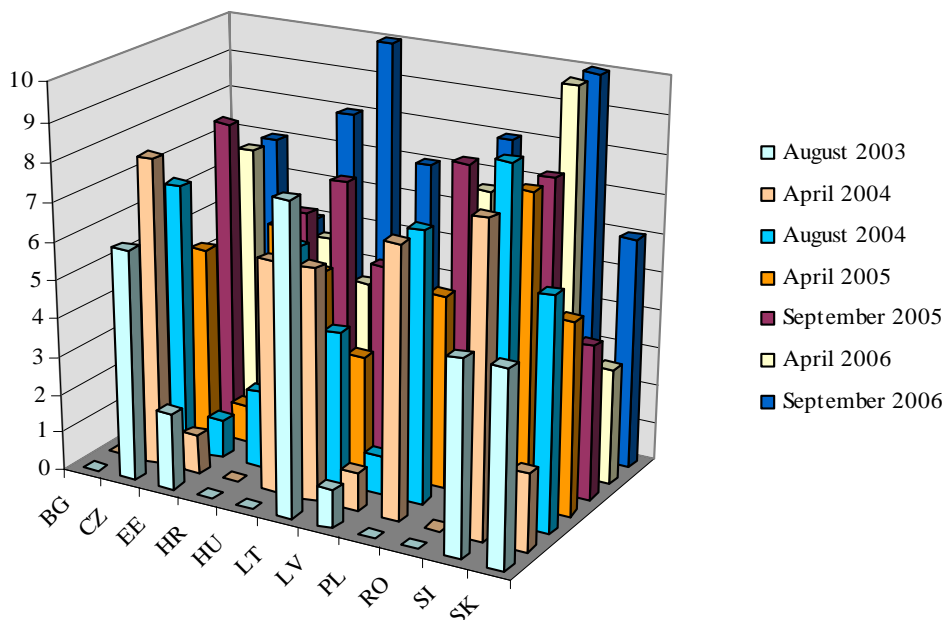
Website - Sponsorships



### Employee Development / Benefits

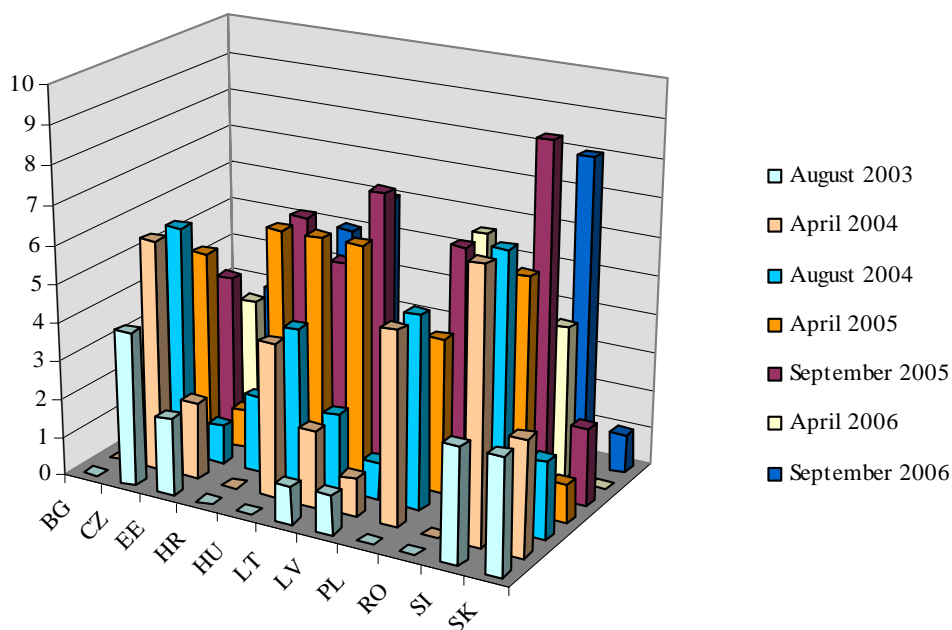
The information provided by companies in this category includes disclosures regarding the company's employee development and/or employee benefits policies. Examples include company-sponsored employee development programs (internal), details regarding employee benefits and/or employee sponsorship programs (company sports teams, volunteer programs and/or continuing education).

Annual Report - Listed Employee Development/Benefits



**64% of the 110 CEE companies surveyed disclose employee development/benefits policies in the (2003, 2004 or 2005) annual reports currently available online, compared with 42% in April 2006, 48% in September 2005, 37% in April 2005 and 42% in August 2004.** 35% of companies disclose this information on their website in September 2006, compared with 24% in April 2006, 42% in September 2005, 35% in August 2004 and 28% in April 2004.

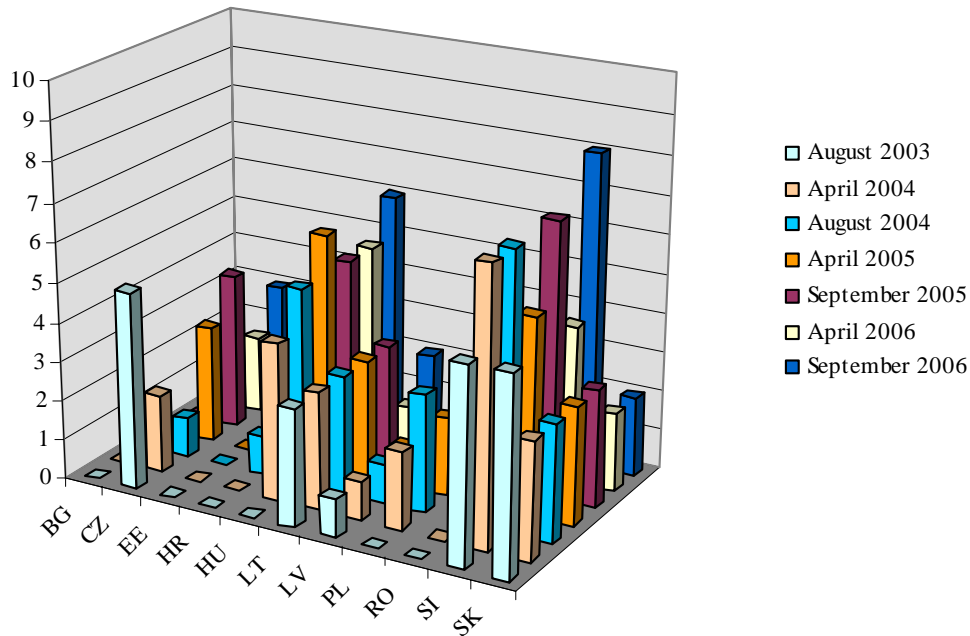
Website - Listed Employee Development/Benefits



### Health and Safety Policy

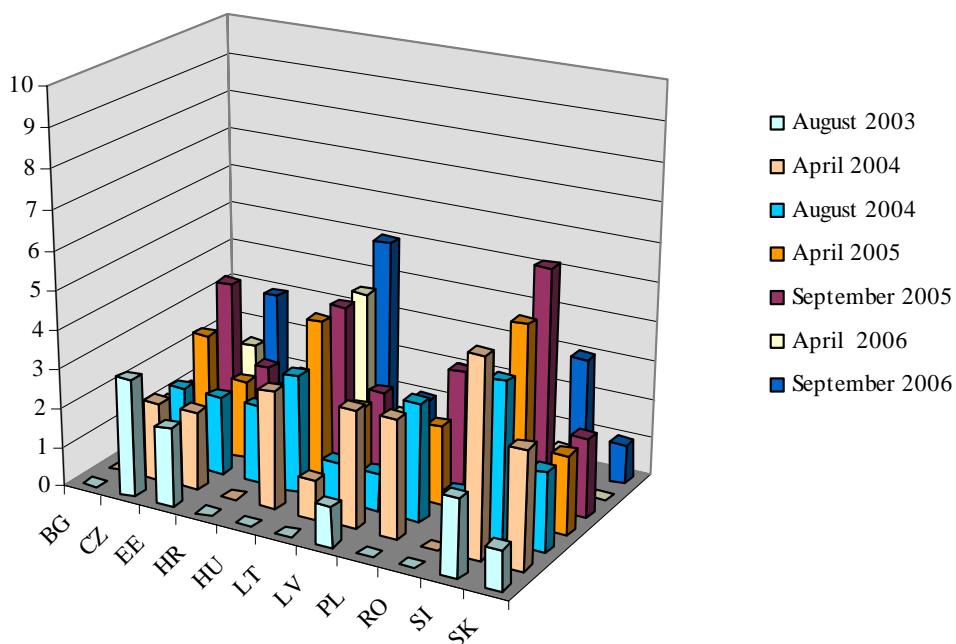
The information provided by companies in this category includes disclosures regarding: internal health and safety guidelines; reports on accidents, injuries and time lost as a result thereof; and company initiatives to analyze and improve performance in this area.

**Annual Report - Listed Health and Safety Policy**



28 (25%) of the 110 CEE companies surveyed in September 2006 disclose this information in the annual report, compared with 17 (15%) in April 2006 and 26 (23%) in September 2005. 23 (21%) of the 110 CEE companies surveyed disclose this information on the company website.

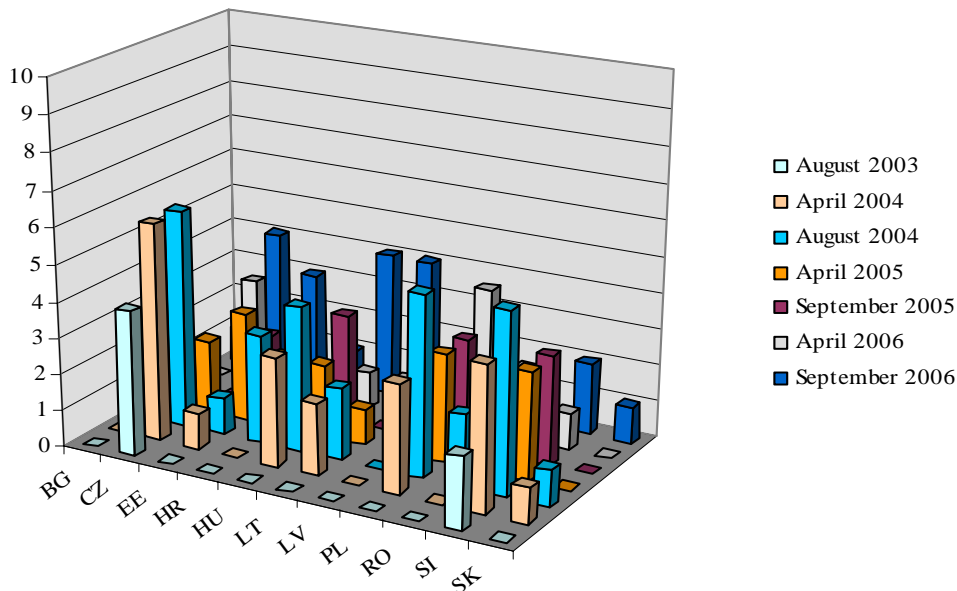
**Website - Listed Health and Safety Policy**



### Employment Policy

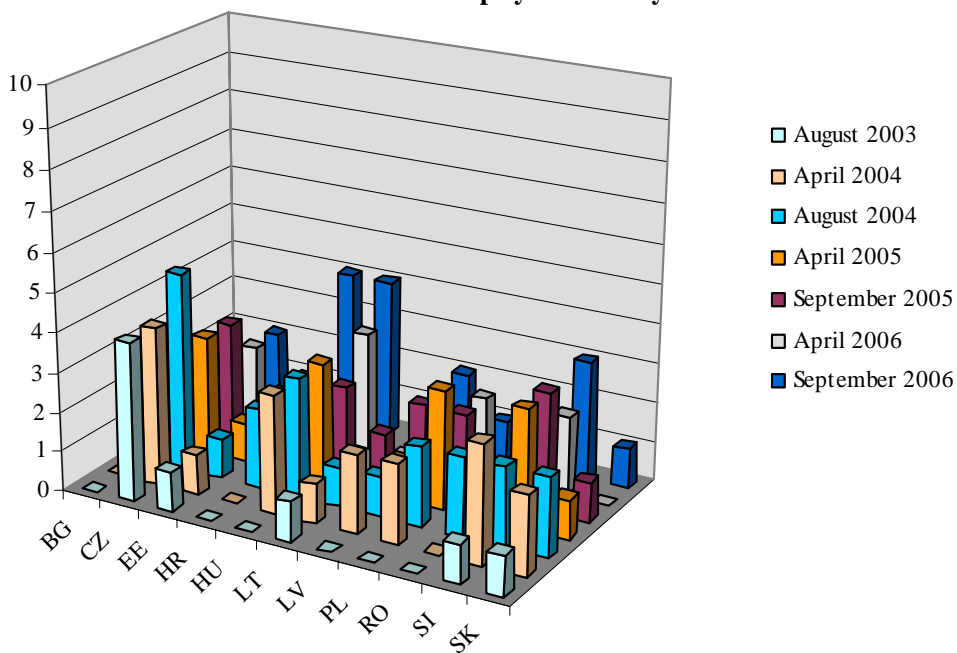
The information provided by companies in this category includes disclosures regarding employment policy, including: equal opportunity and non-discrimination policies; policies regarding unions; and the right for labor to organize.

Annual Report - Listed Employment Policy



**21% of the 110 CEE companies surveyed disclose information on employment policy in the annual report, compared with 12% in April 2006 and 11% in September 2005.** In comparison, 16% of the 110 CEE companies surveyed disclose this information on the company website; 9% of the companies surveyed did so in April 2006 whereas 15% disclosed this information in September 2005.

Website - Listed Employment Policy



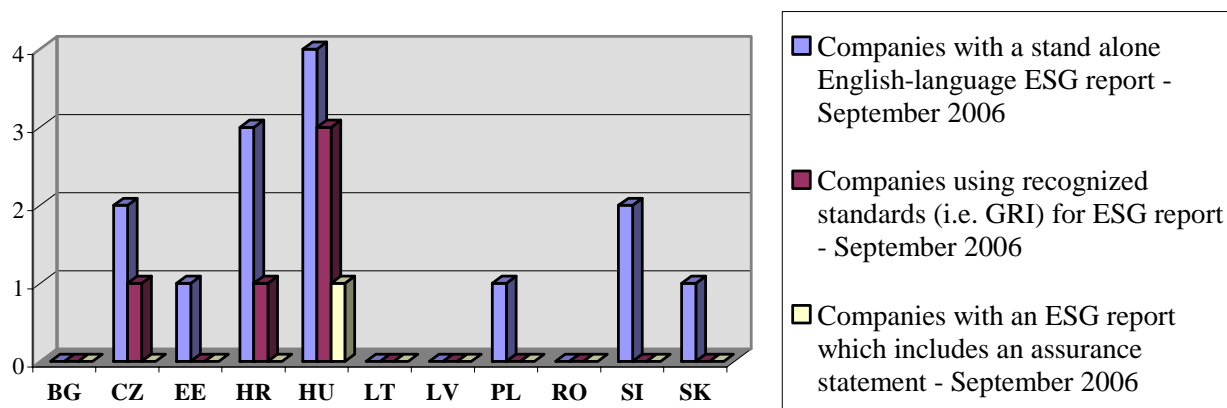
## Stand-Alone Environmental, Social and Corporate Governance (ESG) Reports – CEE Companies

The April 2005 edition of the survey documented for the first time the existence of stand-alone ESG reports. In this edition, we capture the following information in the company database: existence of an English-language stand-alone ESG report available online; whether or not the company uses recognized standards such as Global Reporting Initiative (GRI) guidelines to produce the report; and whether or not the report includes a statement of assurance by a third party.

15 (14%) of the 110 CEE companies surveyed publish such reports as of September 15, 2006. Four Hungarian companies, three Croatian companies, two Czech companies, two Slovene companies, one Estonian company, one Polish company and one Slovak company publish ESG reports at this time.

In addition to having the largest number of companies that publish ESG reports, Hungary is also home to the only company that includes an assurance statement by an independent third party.

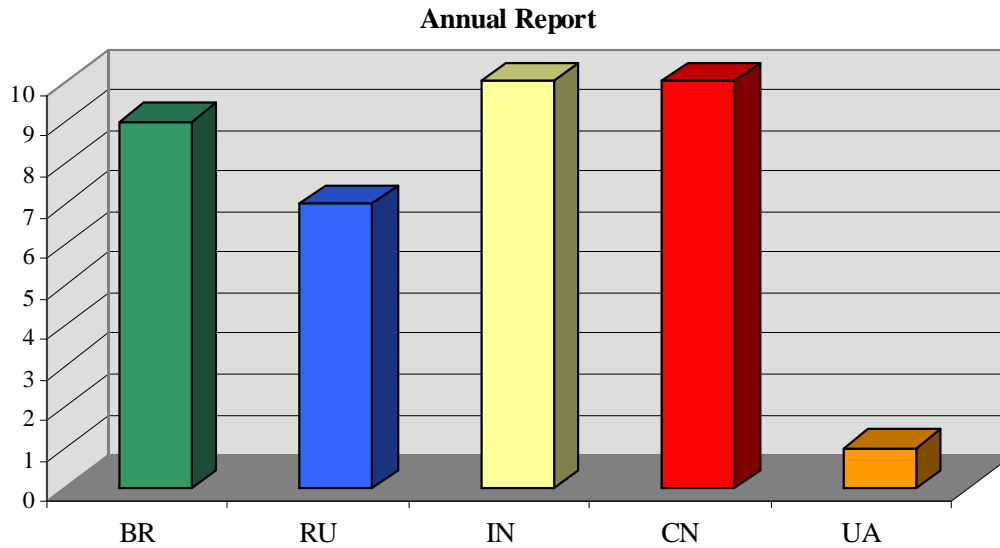
**ESG Report**



## Information Available Online in English – BRIC and Ukraine September 2006

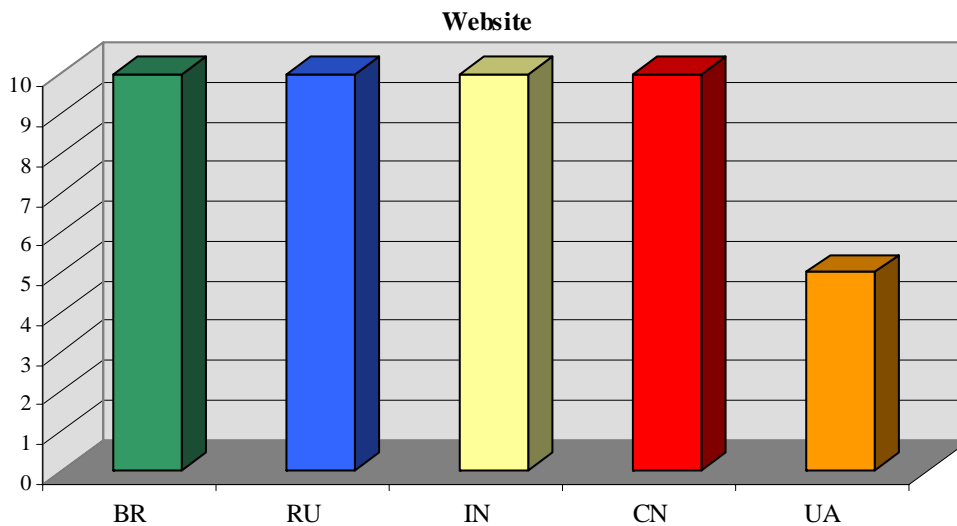
### Annual Report

100% of the companies surveyed in India and China, 90% in Brazil, 70% in Russia and 10% in Ukraine have an English language annual report available online as of September 15, 2006.



### Website

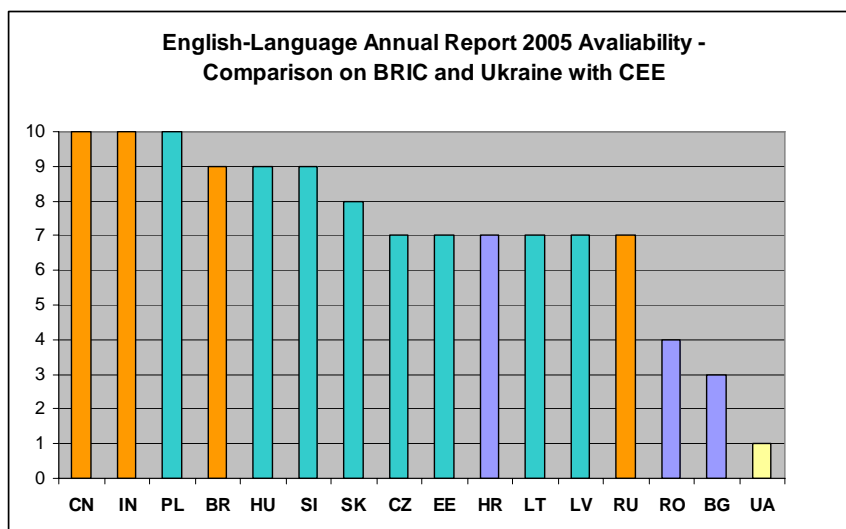
All BRIC countries have an English-language website. In Ukraine, 50% of the companies surveyed have an English-language website.



## First-time Comparison with Peers in BRIC and Ukraine: English-Language Annual Report and Website Availability

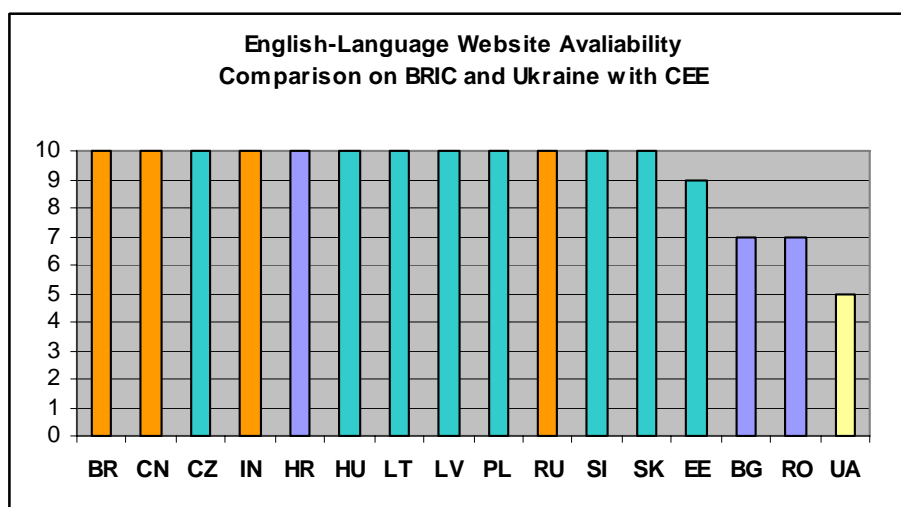
### Annual Report

In general, the largest listed companies in BRIC outperform their peers in the 11 CEE countries surveyed. 90% of the companies surveyed in BRIC have an English-language 2005 Annual Report available online on the record date of September 15, 2006 compared with 71% of the 110 CEE companies surveyed. 10% of the Ukrainian companies have an annual report on their website on the above-mentioned record date.



### Website

100% of the companies surveyed in BRIC and 94% of the 100 CEE companies surveyed have an English-language website. In Ukraine, 50% of the companies surveyed have an English-language website.



## Corporate Governance & Reporting – BRIC and Ukraine Annual Report September 2006

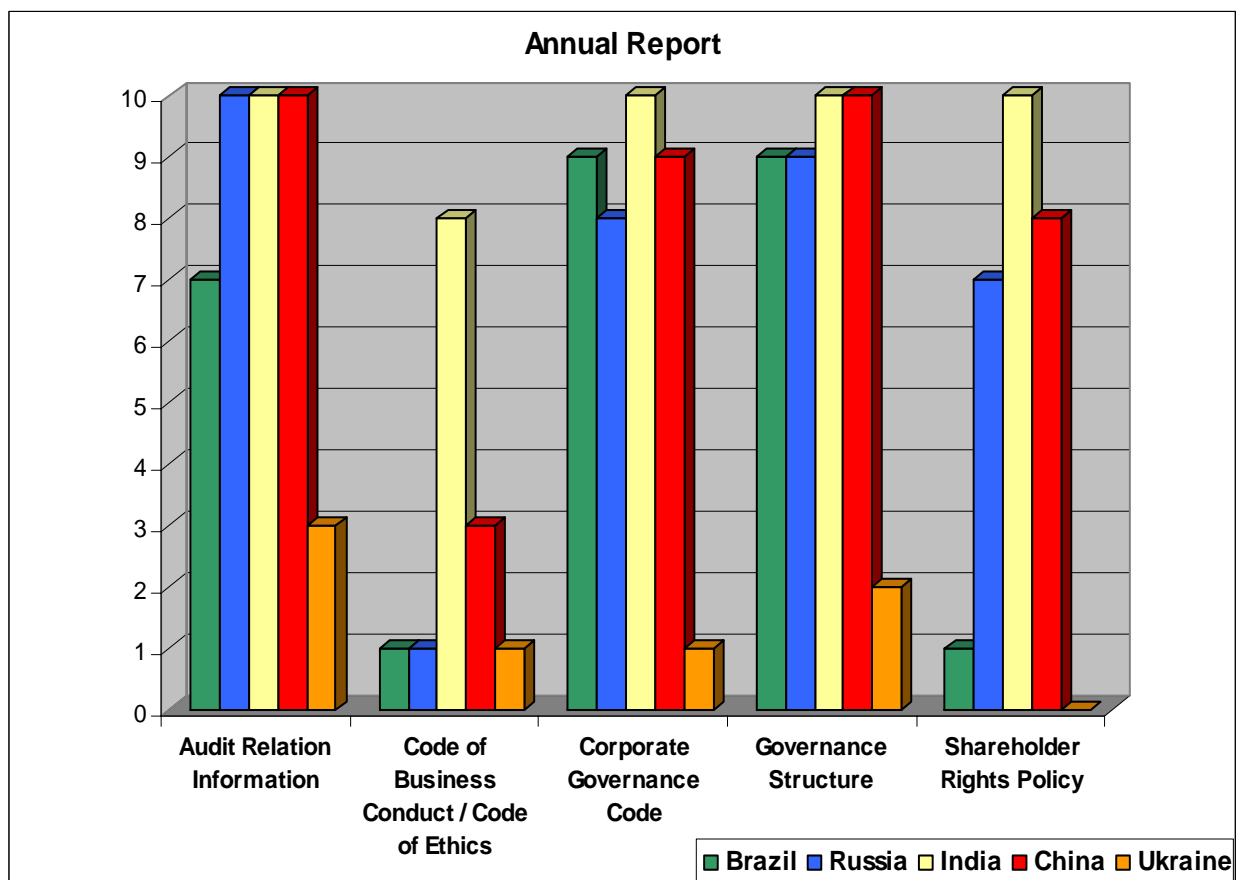
All of the companies surveyed in Russia, India and China disclose audit relation information in their annual report.

All ten companies surveyed in India, nine of ten surveyed in Brazil and in China and eight companies in Russia include information about compliance with a corporate governance code in their annual report.

Eight out of ten surveyed companies in India disclose information regarding a code of business conduct/ code of ethics in their annual report.

All ten companies surveyed in China and in India as well as nine companies surveyed in Brazil and in Russia disclose their governance structure in their annual report.

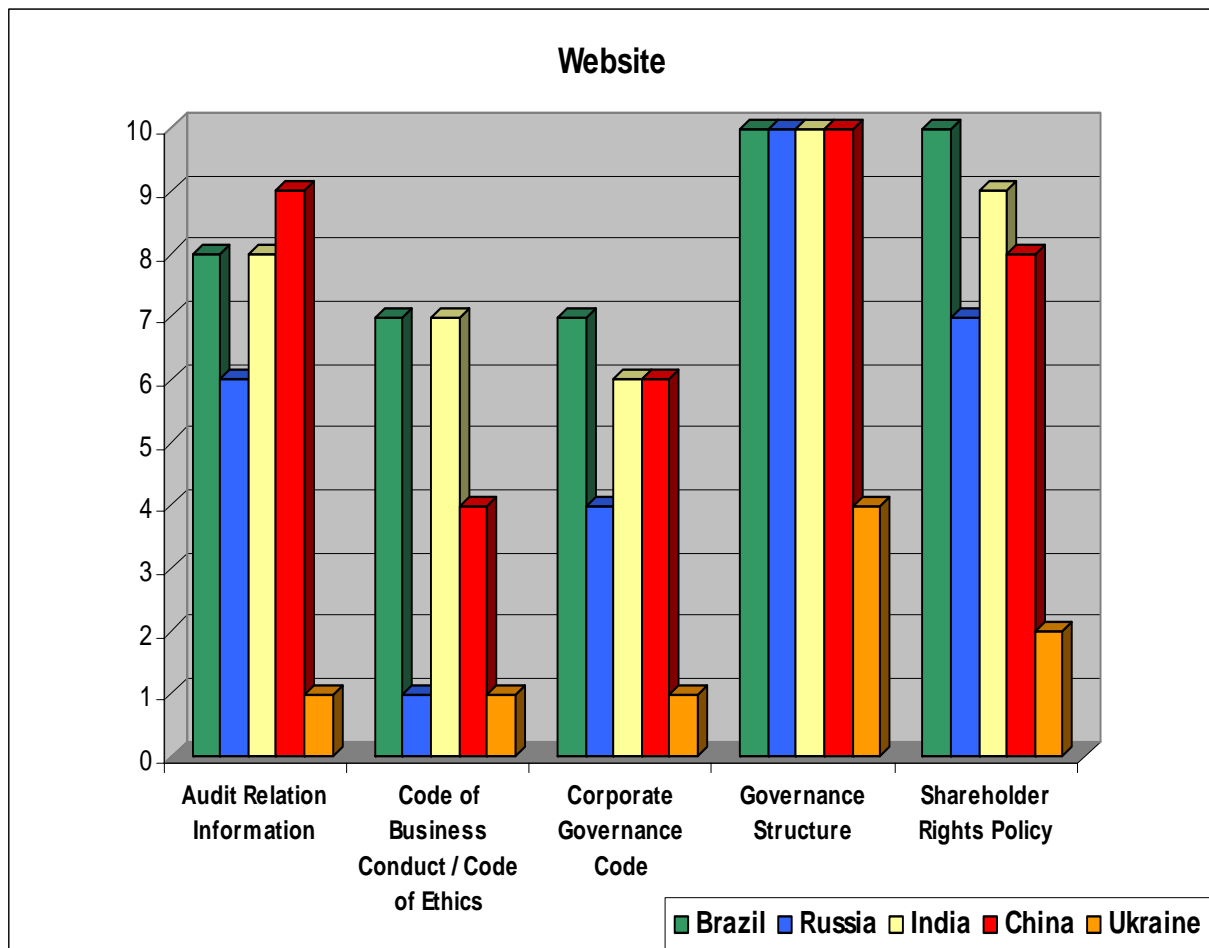
Ten companies in India, eight companies in China and seven companies in Russia disclose information concerning their shareholder rights policy in their annual report.



## Corporate Governance & Reporting – BRIC and Ukraine Website September 2006

All of the companies surveyed in the BRIC countries disclose information on their governance structure on their websites.

Ten Brazilian, seven Russian, nine Indian and eight Chinese companies surveyed disclose information on their shareholder rights policy on the company website.



## **First-time Comparison with Peers in BRIC and Ukraine: Corporate Governance**

### **Annual Report**

95% of the BRIC companies surveyed disclose information on their governance structure in the annual report, compared with 75% of the 110 CEE companies surveyed. In Ukraine, 20% of the companies surveyed disclose this information.

93% of the BRIC companies surveyed disclose audit relation information in the annual report, compared with 83% of the 110 CEE companies surveyed. In Ukraine, 30% of the companies surveyed disclose audit relation information.

90% of the BRIC companies surveyed provide information on compliance with a corporate governance code, compared with 33% of the 110 CEE companies surveyed. In Ukraine, 10% of the companies surveyed provide this information.

13 BRIC companies (33%), eight CEE companies (7%) and one Ukrainian company (10%) disclose information regarding a code of business conduct / code of ethics in the annual report.

### **Website**

100% of the BRIC companies surveyed disclose information about their governance structure on their website, in comparison with 81% of the 110 CEE companies surveyed.

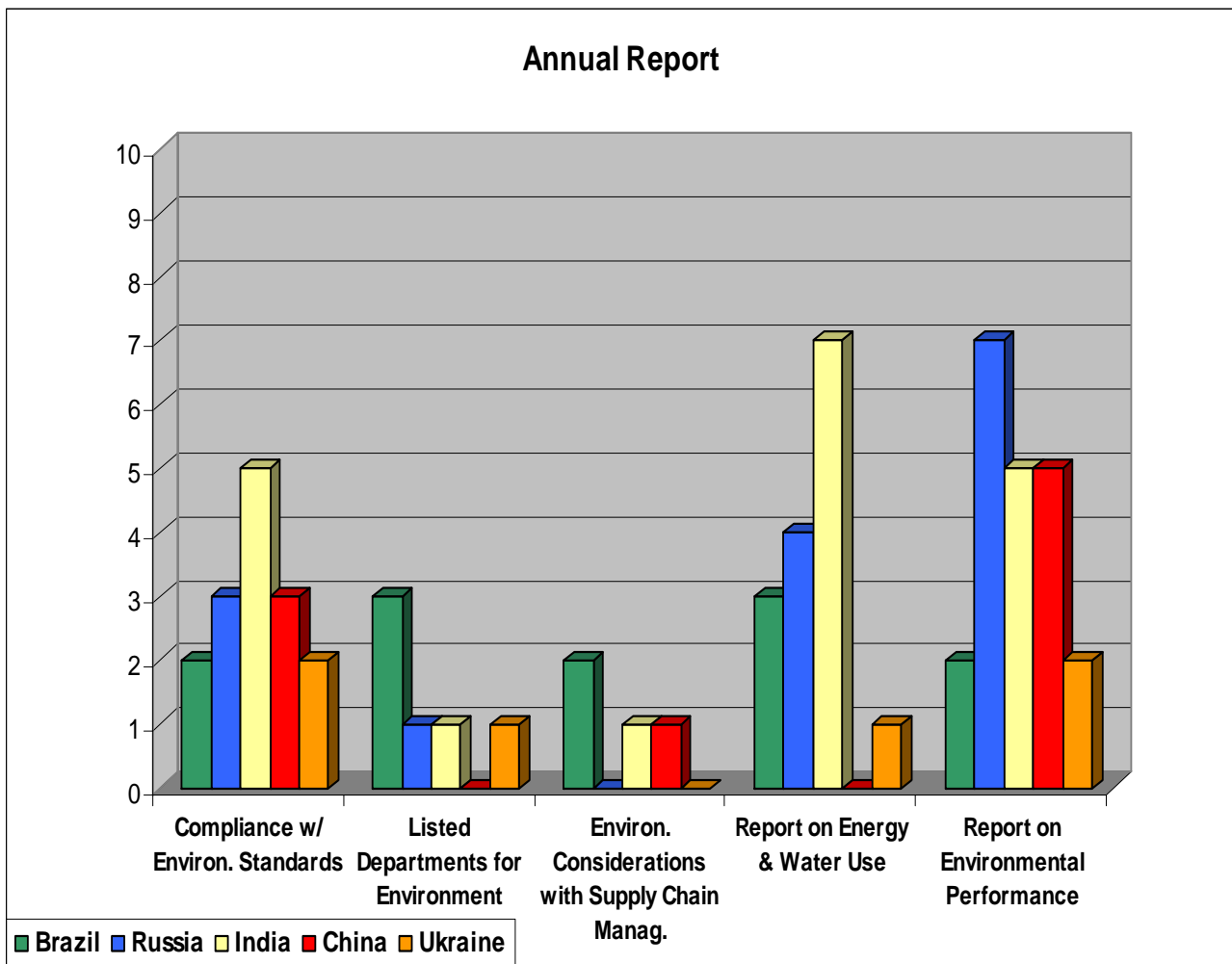
23 BRIC companies (58%) and 26 CEE companies (24%) disclose compliance with a corporate governance code on their website.

## Environmental Policy – BRIC and Ukraine Annual Report September 2006

Five Indian, three Russian, three Chinese, two Brazilian and two Ukrainian companies surveyed disclose compliance with environmental standards in the annual report.

Seven Indian, four Russian, three Brazilian and one Ukrainian company surveyed report on energy and water use in the company's annual report. None of the Chinese companies surveyed discloses this information.

Seven Russian, five Indian, five Chinese, two Brazilian and two Ukrainian companies surveyed provide information on general environmental performance in the annual report.

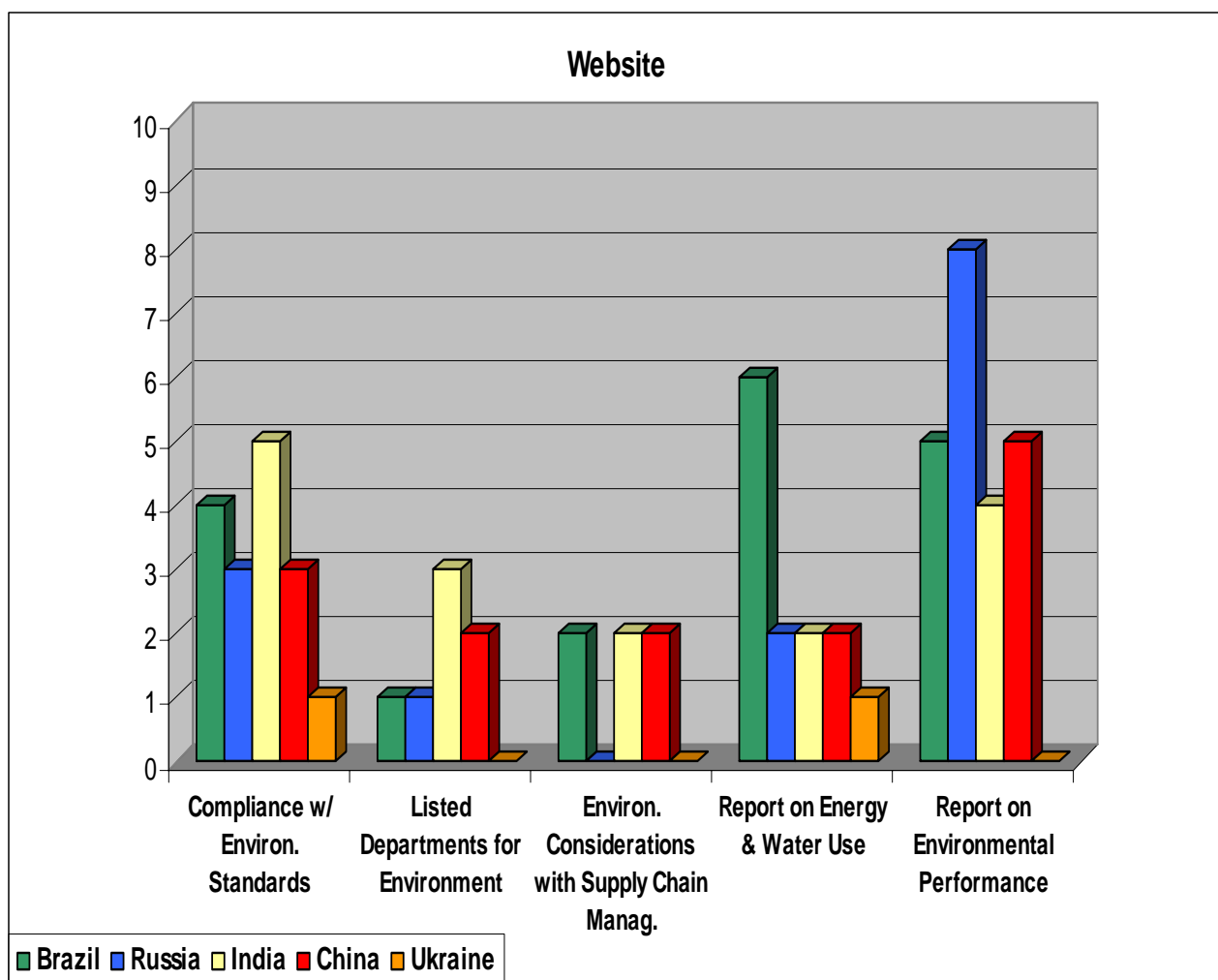


## Environmental Policy – BRIC and Ukraine Website September 2006

Five Indian, four Brazilian, three Russian, three Chinese and one Ukrainian company surveyed disclose compliance with environmental standards on the company website.

Six companies in Brazil, two in India, Russia and in China, as well as one in Ukraine report on energy and water use on the company website.

Eight Russian, five Brazilian, five Chinese and four Indian companies surveyed provide information regarding their environmental performance on the company website. No Ukrainian company surveyed provides this information on its website.



## **First-time Comparison with Peers in BRIC and Ukraine: Environmental Policy**

### **Annual Report**

**33% of the BRIC companies surveyed and 35% of the 110 CEE companies surveyed report on compliance with environmental standards in the annual report, compared with 20% of the Ukrainian companies surveyed.**

14 BRIC companies surveyed (35%) and 14 of the 100 CEE companies surveyed (13%) provide information on energy and water use.

48% of the BRIC companies surveyed and 25% of the 110 CEE companies surveyed report on environmental performance in the annual report.

### **Website**

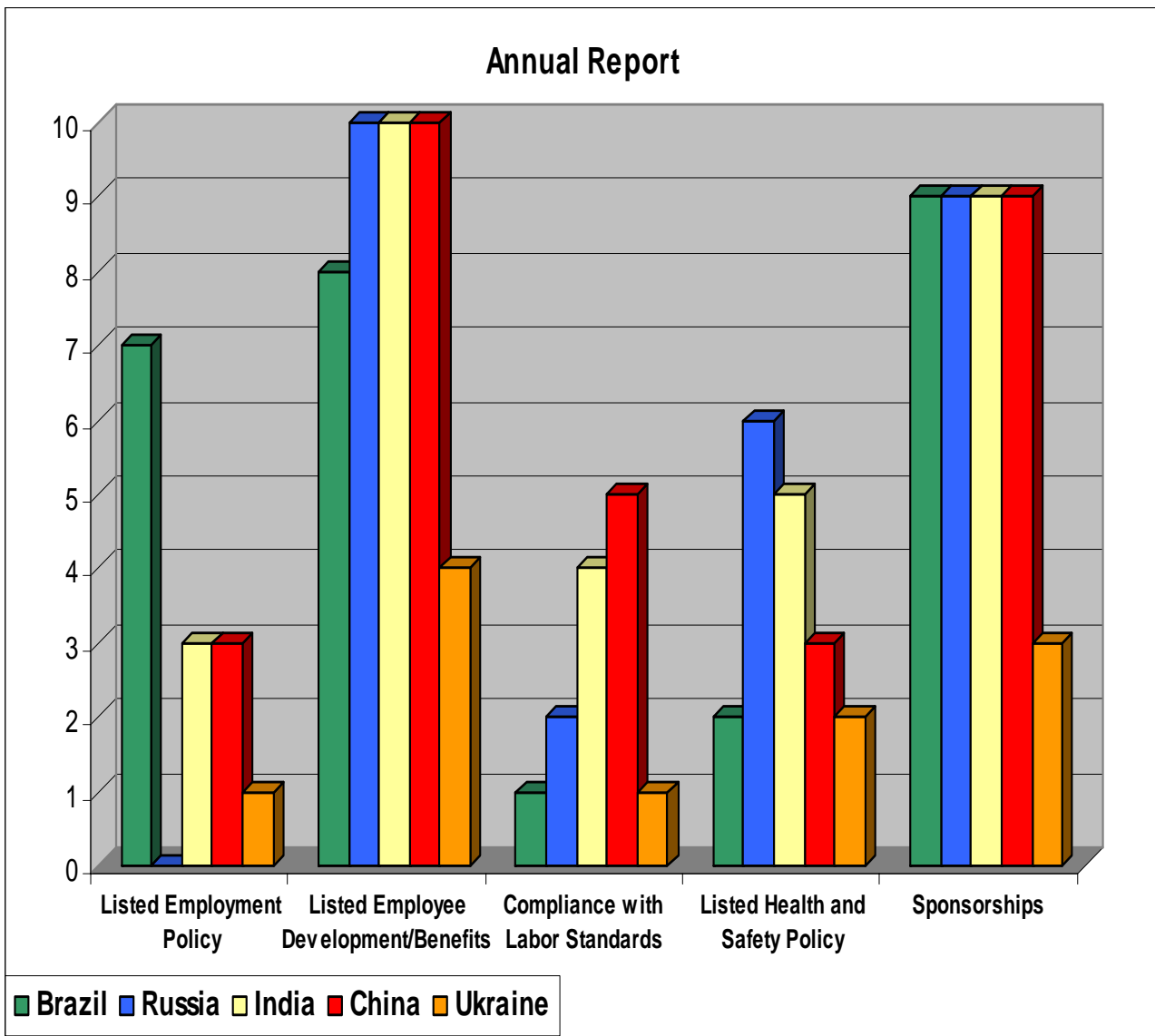
**38% of the BRIC companies surveyed and 45% of the companies surveyed in CEE mention compliance with environmental standards on the company website.**

55% of the BRIC companies surveyed and 28% of the 110 CEE companies surveyed report on environmental performance on the company website.

## Social Policy – BRIC and Ukraine Annual Report September 2006

All of the companies surveyed in China, India and Russia report on employee development/benefits policies in the annual report. In comparison, eight companies in Brazil and four companies in Ukraine do so.

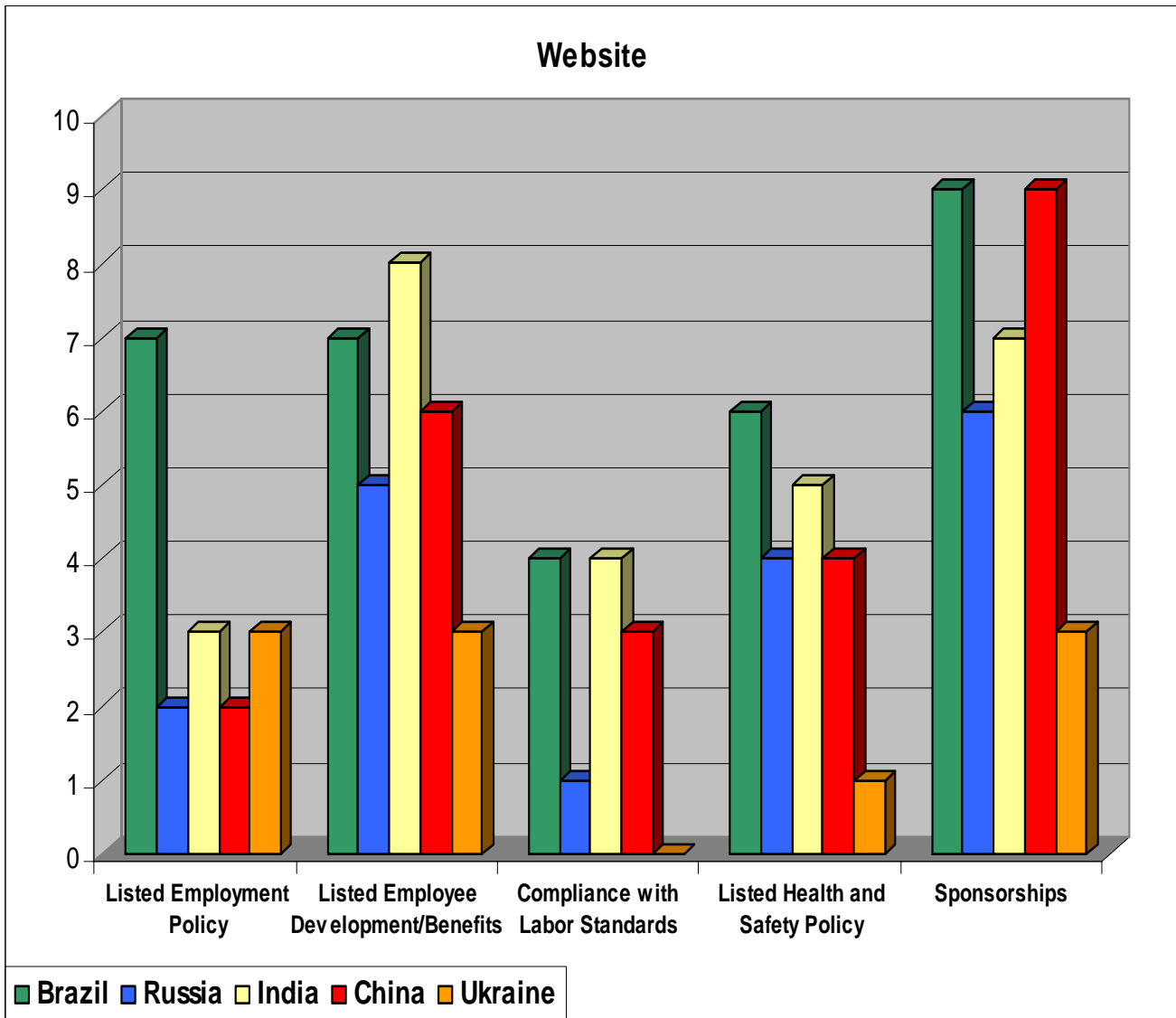
Nine of the ten companies surveyed in each of the BRIC countries disclose information concerning sponsorship in the annual report.



## Social Policy – BRIC and Ukraine Website September 2006

Eight Indian, seven Brazilian, six Chinese, five Russian and three Ukrainian companies surveyed disclose information on employee development/benefits on the company website.

Nine Brazilian, nine Chinese, seven Indian, six Russian and three Ukrainian companies disclose information concerning sponsorship on the company website.



## **First-time Comparison with Peers in BRIC and Ukraine: Social Policy**

### **Annual Report**

64% of CEE companies surveyed disclose employee benefit or development policies in their annual report, in comparison with 95% of BRIC companies surveyed.

42% of CEE companies surveyed disclose community, patronage and/or sponsorship programs in the annual reports available online compared to 90% in BRIC and 30% in Ukraine.

### **Website**

45% of the CEE companies surveyed disclose community, patronage and/or sponsorship programs on their website compared with 78% in BRIC.

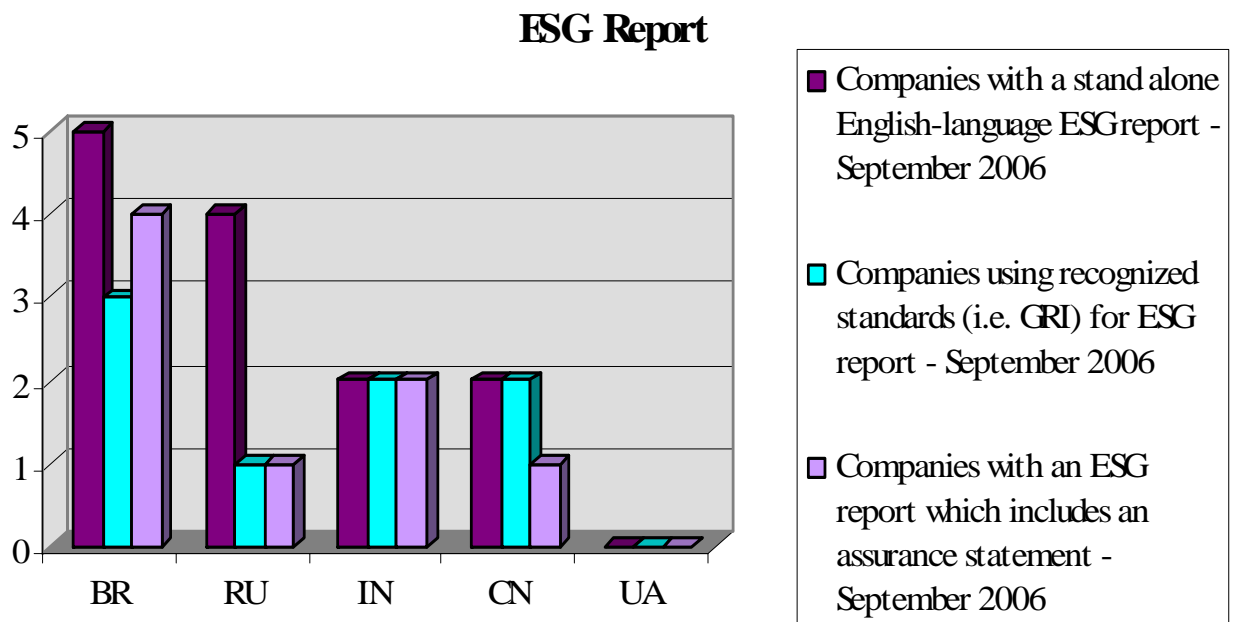
### **General Observation**

Companies in BRIC provide more information in all categories on their social policies on both their websites and in their annual reports than their CEE peers.

## Stand-alone Environmental, Social and Corporate Governance (ESG) Reports – BRIC and Ukraine September 2006

In the BRIC countries and Ukraine, 13 of the 50 companies surveyed (26%) publish a stand-alone English-language ESG report. In comparison, 14% of the 110 CEE companies surveyed publish such a report.

Five Brazilian, four Russian, two Chinese and two Indian companies surveyed publish stand-alone English-language ESG reports as at September 15, 2006. A greater number of these reports are published in accordance with GRI standards and/or provide a third-party assurance statement than the reports published by peers surveyed in the 11 CEE countries.



## **Next Steps**

This is the PFS Program's seventh semi-annual Survey of Reporting on Corporate Social Responsibility (CSR) by the 10 Largest Listed Companies (by market capitalization) in 11 Central and Eastern European (CEE) Countries, and the first time a comparison was made with companies in BRIC countries and the Ukraine.

The PFS Program's eighth regional survey will be conducted in April 2007.

The PFS Program is in the process of identifying partners in Bulgaria, Romania and Serbia that would conduct country surveys of a larger universe of companies in each of those markets in 2007.

## About the Authors

**Dana Krechowicz** – PFS Program Intern - Ms. Krechowicz is a second-year student in the International MBA (IMBA) program at the Schulich School of Business at York University in Toronto, Canada. She holds an undergraduate Honours Bachelor of Commerce degree from McMaster University. Prior to undertaking the internship with the PFS Program, Ms. Krechowicz completed an internship as a research analyst with Innovest Strategic Value Advisors in Paris, France. Ms. Krechowicz's internship was organized in cooperation with and co-financed by MBAs Without Borders, a not-for-profit organization whose mission is to contribute to the business and social development of transition economies through work rotations of MBA professionals. The PFS Program selected Ms. Krechowicz from a pool of internship candidates presented by MBAs Without Borders.

**Plamena Spassova** – PFS Program Intern - Ms. Spassova is the Deputy Director of the Economic Policy Institute, Sofia, Bulgaria. She has completed her coursework for a degree from the University for National and World Economy (Sofia). She is currently writing her thesis and plans to graduate in January 2007.

**Michal Slawinski** – Mr. Slawinski joined the PFS Program as Research Assistant in July 2006. He conducted an internship with the PFS Program in summer 2003 during which he completed the fifth edition of the PFS Program regional survey, "Investor Relations Online."

**Geoffrey Mazullo**, Director, PFS Program oversees the research work, drafting and editing of each edition of the PFS Program surveys, "Investor Relations Online" and "Reporting on CSR." Mr. Mazullo has extensive experience in corporate governance in CEE as well as other markets worldwide.

## **About the Partners for Financial Stability (PFS) Program**

The United States Agency for International Development (USAID) established the Partners for Financial Stability (PFS) Program in 1999 as a public-private partnership to help complete reforms necessary to create sound, private and well-functioning financial sectors in the eight Central and Eastern European (CEE) countries that have since joined the European Union. In 2005, the geographical focus of the program shifted to South East Europe (SEE).

East-West Management Institute (EWMI), a New York-based not-for-profit organization, is currently the primary implementing partner.

The PFS Program is mandated to fill remaining gaps in the institutional development of the financial sector in CEE and SEE countries through regional integration and cooperation, selective technical assistance programs and the practical application of lessons learned in neighboring countries. The substantive areas covered under the PFS Program are: accounting, auditing, banking, capital markets, insurance and pension reform. For more information, please visit the PFS Program website at <http://www.pfsprogram.org>.

## **About Deutsche Asset Management / DWS Investments**

Deutsche Bank has entrusted the Asset Management business to two specialists: Deutsche Asset Management (DeAM), a market leader for institutional investment solutions and DWS Investments for mutual funds.

DeAM is one of the world's largest investment managers, with more than 700 investment and client service professionals in a global network of offices and with over 3800 people in the world's major financial centers. This allows us to achieve truly global coverage of markets and sectors. We provide investment services to clients who have entrusted us with more than EUR 500 billion in assets under management. Our diverse institutional client base includes pension funds, insurances, corporations, banks and local government authorities. In delivering services for its institutional clients, DeAM collaborates with a strong partner: DWS Investments, who offers funds that are specially designed for our diverse institutional client base. We are committed to producing consistent, risk-controlled performance for our clients and adding value through all stages. As a leading partner for institutional investors, DeAM focuses on active and quantitative management, offering a comprehensive range of investment vehicles and a full spectrum of traditional and non-traditional strategies.

With its office in Vienna, DWS Investments offers individual concepts for institutional clients in Austria, extending its services also to Central and Eastern Europe. It provides expertise in finding the right, individual investment solutions and accompanies the client in every step of the process.

Please contact us for more information about DeAM and DWS Investments, we will be pleased to hear from you!

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## Appendix 1: Stand-alone English-language Environmental, Social and Governance (ESG) Reports

Country	Company	ESG Report Name	Year of Publication	Hyperlink
<b>Bulgaria</b>	None.			
<b>Croatia</b>	<b>Zagrebacka Banka</b>	Zagrebacka Banka Social Report 2004	2004	<a href="http://www.zaba.hr/info/download/zaba_godisnje_2005/annual_2005.pdf">http://www.zaba.hr/info/download/zaba_godisnje_2005/annual_2005.pdf</a>
	<b>Pliva</b>	Sustainable Development Report	2003	<a href="http://www.pliva.com/newsattach/1152/2003%20Sustainable%20Development%20Report.pdf">http://www.pliva.com/newsattach/1152/2003%20Sustainable%20Development%20Report.pdf</a>
	<b>Podravka Prehrambena Industrija</b>	Sustainable Development Report	2004	<a href="http://www.podravka.com/elementi/kiosk/odrzivi_razvoj_eng.pdf">http://www.podravka.com/elementi/kiosk/odrzivi_razvoj_eng.pdf</a>
<b>Czech Republic</b>	<b>Cez</b>	Corporate Responsibility Report 2003	2003	<a href="http://www.cez.cz/presentation/eng/GetFile?type=File&amp;version=-2&amp;id=33259&amp;download=true">http://www.cez.cz/presentation/eng/GetFile?type=File&amp;version=-2&amp;id=33259&amp;download=true</a>
	<b>Unipetrol</b>	Corporate Environmental Report 2005	2005	<a href="http://www.unipetrol.cz/pdf/f3da3332/enviro2005_web.pdf">http://www.unipetrol.cz/pdf/f3da3332/enviro2005_web.pdf</a>
<b>Estonia</b>	<b>Tallina Vesi</b>	Environmental Report 2005	2004	<a href="http://www.tallinnavesi.ee/files/AS%20Tallinna%20Vesi%20EMAS%20report%20052.pdf">http://www.tallinnavesi.ee/files/AS%20Tallinna%20Vesi%20EMAS%20report%20052.pdf</a>
<b>Hungary</b>	<b>MOL</b>	Sustainable Development Report 2005	2005	<a href="http://www.mol.hu/repository/245144.pdf">http://www.mol.hu/repository/245144.pdf</a>
	<b>Magyar Telekom</b>	Sustainability Report 2004	2004	<a href="http://www.magyartelekom.hu/english/doc/sustainability_report_2004_kicsi.pdf">http://www.magyartelekom.hu/english/doc/sustainability_report_2004_kicsi.pdf</a>
	<b>Gedeon Richter</b>	Environmental Report 2004	2004	<a href="http://www.richter.hu/NR/rdonl yres/C89ACD2B-6FBF-47C7-BFE0-C60FCB0A416A/0/er2004.pdf">http://www.richter.hu/NR/rdonl yres/C89ACD2B-6FBF-47C7-BFE0-C60FCB0A416A/0/er2004.pdf</a>
	<b>TVK</b>	Sustainable Development Report 2004	2004	<a href="http://www.tvk.hu/repository/164807.pdf">http://www.tvk.hu/repository/164807.pdf</a>
<b>Latvia</b>	None.			
<b>Lithuania</b>	None.			
<b>Poland</b>	<b>Telekomunikacja Polska S.A.</b>	Environmental Report	2003	<a href="http://www.tp-ir.pl/attachment.php?id=76&amp;type=s">http://www.tp-ir.pl/attachment.php?id=76&amp;type=s</a>
<b>Romania</b>	None.			
<b>Slovenia</b>	<b>Petrol</b>	Eco Report	2004	<a href="http://www.petrol.si/pdf/Eco%20Report%202004.pdf">http://www.petrol.si/pdf/Eco%20Report%202004.pdf</a>
	<b>Istrabenz</b>	Report on sustainable development 2005	2005	<a href="http://www.istrabenz.si/pripone/114/IB-LP-trajnostno.pdf">http://www.istrabenz.si/pripone/114/IB-LP-trajnostno.pdf</a>
<b>Slovakia</b>	<b>Slovnaft</b>	Sustainable Development Report 2004	2004	<a href="http://www.slovnaft.sk/repository/228560.pdf">http://www.slovnaft.sk/repository/228560.pdf</a>
<b>Total in 11 CEE Countries</b>	<b>14</b>			

<b>Country</b>	<b>Company</b>	<b>ESG Report Name</b>	<b>Year of Publication</b>	<b>Hyperlink</b>
<b>Brazil</b>	<b>Petrobras</b>	<i>Social and Environmental Report 2005.</i>	2005	<a href="http://www2.petrobras.com.br/ResponsabilidadeSocial/ingles/pdf/BS_completo.pdf">www2.petrobras.com.br/ResponsabilidadeSocial/ingles/pdf/BS_completo.pdf</a>
	<b>Itaubanco</b>	<i>Social Report.</i>	2005	<a href="http://ww13.itaub.com.br/novori/ing/download/rao/bs123105.pdf">ww13.itaub.com.br/novori/ing/download/rao/bs123105.pdf</a>
	<b>Bradesco</b>	<i>Social Responsibility Report.</i>	2005	<a href="http://www.bradesco.com.br/uploads/conteudo/7010/RS2005ingles.zip">www.bradesco.com.br/uploads/conteudo/7010/RS2005ingles.zip</a>
	<b>Unibanco</b>	<i>Social Report</i>	2004	<a href="http://ri.unibanco.com.br/arq/publicacao/img/Social_ING_2004.pdf">ri.unibanco.com.br/arq/publicacao/img/Social_ING_2004.pdf</a>
	<b>Arcelor Brasil</b>	<i>Sustainability Report 2005.</i>	2006	<a href="http://www.cst.com.br/empresa/perfil/relatorio/sustentabilidade_2006/english/index.html">www.cst.com.br/empresa/perfil/relatorio/sustentabilidade_2006/english/index.html</a>
<b>Russia</b>	<b>Gazprom</b>	<i>Environmental Report 2005.</i>	2005	<a href="http://www.gazprom.com/documents/Ecology%20English.qxd.pdf">www.gazprom.com/documents/Ecology%20English.qxd.pdf</a>
	<b>LUKoil</b>	<i>Sustainability Report 2003 - 2004.</i>	2005	<a href="http://www.lukoil.com/materials/doc/reports/Social/Report-eng.pdf">www.lukoil.com/materials/doc/reports/Social/Report-eng.pdf</a>
	<b>RAO UES</b>	<i>Corporate Sustainability 2005.</i>	2005	<a href="http://www.rao-ees.ru/en/info/respons/cor_sust_2005.pdf">www.rao-ees.ru/en/info/respons/cor_sust_2005.pdf</a>
	<b>SibNeft (Gazprom Neft)</b>	<i>Report on Social Responsibility 2004.</i>	2005	<a href="http://www.gazprom-neft.ru/social/report-04-eng.pdf">www.gazprom-neft.ru/social/report-04-eng.pdf</a>
<b>India</b>	<b>Reliance Industries</b>	<i>Corporate Sustainability Report.</i>	2005	<a href="http://www.ril.com/downloads/pdf/RIL_CSR_2005.zip">www.ril.com/downloads/pdf/RIL_CSR_2005.zip</a>
	<b>ITC</b>	<i>Sustainability Report 2005.</i>	2005	<a href="http://www.itcportal.com/sustainability_report_2005/default.html">www.itcportal.com/sustainability_report_2005/default.html</a>
<b>China</b>	<b>HSBC</b>	<i>HSBC Corporate Social Responsibility Report 2005.</i>	2006	<a href="http://a248.e.akamai.net/7/248/3622/de0b031c518c46/www.img.ghq.hsbc.com/public/groupsite/assets/csr/hsbc_csr_report_2005.pdf">a248.e.akamai.net/7/248/3622/de0b031c518c46/www.img.ghq.hsbc.com/public/groupsite/assets/csr/hsbc_csr_report_2005.pdf</a>
	<b>Standard Chartered PLC</b>	<i>Corporate Responsibility Report 2005.</i>	2006	<a href="http://www.standardchartered.com/corporateresponsibility/downloads/pdf_csr_07072006.html">www.standardchartered.com/corporateresponsibility/downloads/pdf_csr_07072006.html</a>
<b>Ukraine</b>	None.			
<b>Total in BRIC Countries and Ukraine</b>	<b>13</b>			