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Partners for Financial Stability (PFS) Program
www.pfsprogram.org

**Investor Relations Online:
Survey of Websites of the Largest Listed Companies
in 11 Central and Eastern European (CEE) Countries**

Second-time Comparison with Peers in BRIC and Ukraine

February 2007

Warsaw, Poland

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Executive Summary

This is the PFS Program's twelfth semi-annual survey *Investor Relations Online: Survey of Websites of the 10 Largest Listed Companies (by market capitalization) in eleven Central and Eastern European (CEE) Countries*.

In 2001, the PFS Program launched a regional survey to analyze the online disclosure practices of the largest listed companies in the then eight candidate countries for European Union (EU) accession. Since 2004, the survey analyzes the 10 largest listed companies (by market capitalization) in 11 CEE countries: Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

This survey also includes for the second time a comparison with peers in BRIC (Brazil, Russia, India and China) as well as Ukraine.

This survey presents data aggregated in the following groupings to enable different types of comparison:

- Combined data on the 10 largest-listed companies in each of the 11 CEE countries;
- Separate data on the eight new member states of the EU admitted in 2004 (hereinafter referred to as 'the Eight New Member States');
- Separate data on Bulgaria, Croatia and Romania;
- Comparisons of the data from the current survey with data from the previous 11 surveys conducted (since 2001); and
- Separate data on Brazil, Russia India, China (BRIC) and Ukraine.

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. The PFS Program assesses the resulting information in designing and conducting investor relations seminars for stock exchanges in the above-mentioned countries. Although the market capitalization of companies changes over time, these semi-annual surveys represent a snapshot of disclosure practices of the blue-chip peer group on a given day twice a year. Since the definition of the survey universe has remained the same since the first survey, the surveys provide time-series data for CEE blue-chip companies and thus enable the identification of online disclosure trends.

In this survey, disclosure in almost all categories remained at or reached its highest level since the first survey was conducted in August 2001. This trend has been observed since February 2006 and may be viewed as sustainable. As of February 15, 2007 all companies surveyed in all 11 countries have a local language website. A large majority have an English-language website: including all 10 companies in surveyed in Czech Republic, Estonia, Hungary Latvia, Lithuania, and Poland. However, while basic information about management and boards is now generally available online, detailed information is still lacking in many markets.

Beginning in 2004, the survey includes recommendations on the ideal corporate website and compares CEE companies to this ideal. This component of the survey is designed to help identify best practice and enables CEE companies to benchmark their disclosure against peers in the region against other emerging markets and against industry best practice according to standardized parameters. Here also, the time-series data permits identification of trends.

1. 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 each of the above-mentioned 11 CEE countries in order to document the current disclosure practices of this “blue-chip” peer group and identify best practices. As market capitalization changes over time due to a variety of reasons, 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.**

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 Environmental, Social and Governance (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.

Both surveys are available free-of-charge on the Capital Markets Research page of the PFS Program website. The URL is http://www.pfsprogram.org/capitalmarkets_research.php

Readers may subscribe to the PFS Program’s press service in order to automatically receive press releases about the surveys. This service is also free-of-charge. In order to subscribe, please send a request, including all relevant contact information, to info@pfsprogram.org.

2. Methodology

This is the PFS Program's 12th semi-annual Survey of Websites of the 10 Largest Listed Companies in eleven Central and Eastern European (CEE) Countries. This survey analyzes companies' disclosures on the company website according to most recent statistics available from respective stock exchanges. In most cases, the market capitalization statistics are dated December 30, 2006.

The record date is February 15, 2007.

The survey distinguishes whether the company provides information on management/management board members and board of directors/supervisory board members **directly** on the corporate website or **indirectly**, meaning that information is not found on a separate page of the company website but is noted in an annual report available in electronic format on the company website and/or on the website of the respective stock exchange where the company is listed.

The criteria for the survey were determined after analyzing best practice among blue-chip companies in the EU and internationally.

The survey is conducted in phases.

The first phase of the survey analyzes whether each of the companies provides the following:

- Local-language website;
- English-language website;
- List of management/management board members available online (from here termed "management");
- Additional information on management/management board members available online (Additional information includes: educational and professional background of each individual, scope of responsibilities, description of functions, description of shares held, and photograph of the individual.);
- List of board of directors/supervisory board members online (from here termed "supervisory board"); and
- Additional information on board of directors/supervisory board members available online.

Those companies that provide information in each of the above six categories are analyzed further. The second phase of the survey analyzes in detail each company's disclosures of additional information: educational and professional background of each individual, scope of responsibilities, description of functions, description of shares held, and photograph of the individual.

The third phase of the survey compares disclosure according to the 'ideal' criteria in all 11 CEE countries, with comparisons made to BRIC and Ukraine.

The survey consists of three components:

- This report of survey results (including groupings of all 10 companies in each CEE country, separate data on the eight new member states of the EU as of 2004, separate data on Bulgaria, Croatia and Romania, and comparisons of data from previous surveys);

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- A database containing a report on each company, statistics aggregated for each CEE country and a ranking of countries; and
 - A separate database for BRIC (Brazil, Russia, India China) and Ukraine.

The several sets of aggregated data enable the comparison of current online disclosure practices of different peer groups with practices over an extended time period. The data permits the identification of benchmarks among the CEE, the definition of best practice benchmarks and the analysis of trends. The data can also be used for more complex extrapolations. For example, the survey makes possible the comparison of current disclosure practices of companies in Bulgaria, Croatia and Romania with the disclosure practices of their peers in the then EU candidate countries/current new member states of the European Union prior to their accession to the EU.

3. Legend

| | |
|-------------|---------------------------------|
| BG | Bulgaria |
| BRIC | Brazil, Russia, India and China |
| CZ | Czech Republic |
| EE | Estonia |
| HR | Croatia |
| HU | Hungary |
| LT | Lithuania |
| LV | Latvia |
| PL | Poland |
| RO | Romania |
| SI | Slovenia |
| SK | Slovakia |
| BR | Brazil |
| CN | China |
| IN | India |
| RU | Russia |
| UA | Ukraine |

4. Survey Findings for the 10 Largest Listed Companies in 11 CEE Countries

4.1. Websites

Summary

On February 15, 2007 each of the 110 CEE companies surveyed has a local-language website.

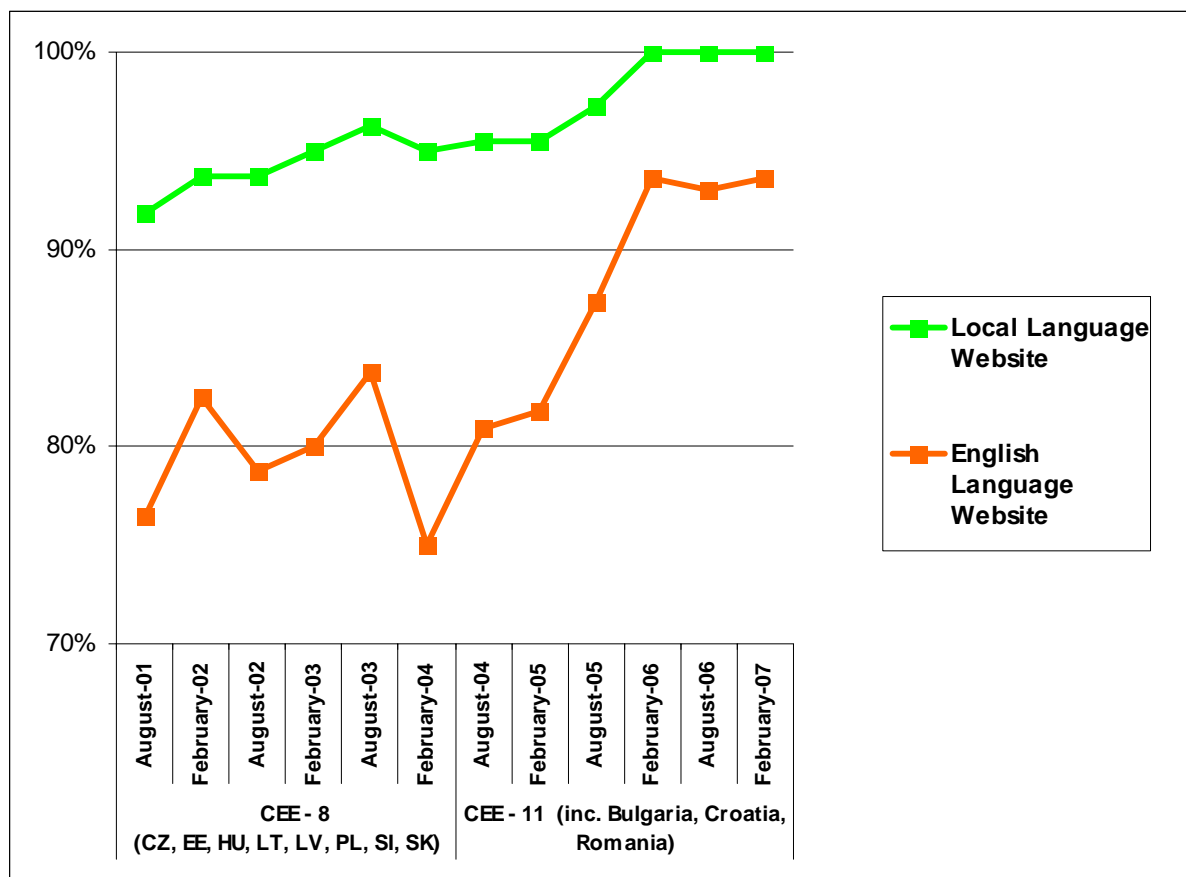
Each of the 10 companies surveyed in Czech Republic, Estonia, Hungary, Latvia, Lithuania and Poland has an English-language website. 90% of the companies surveyed in Croatia, Romania, Slovakia and Slovenia have an English-language website. 70 % of the companies surveyed in Bulgaria have an English-language website.

Comparison of Results

For the third consecutive time since the survey began in August 2001, each of the companies surveyed in the 11 CEE countries has a local-language website, indicating that such a practice is now considered industry standard.

The percentage of companies with an English-language website has remained relatively consistent for the past three surveys at approximately 94%. It has increased steadily since the first survey was conducted in August 2001, when only 71% of companies surveyed had an English-language website. Chart 4.A presents the data over the time period August 2001 through February 2007.

CHART 4.A: Existence of Local-Language and English-Language Websites: 2001-2007



4.2. Disclosure of Management and Board Members

Summary

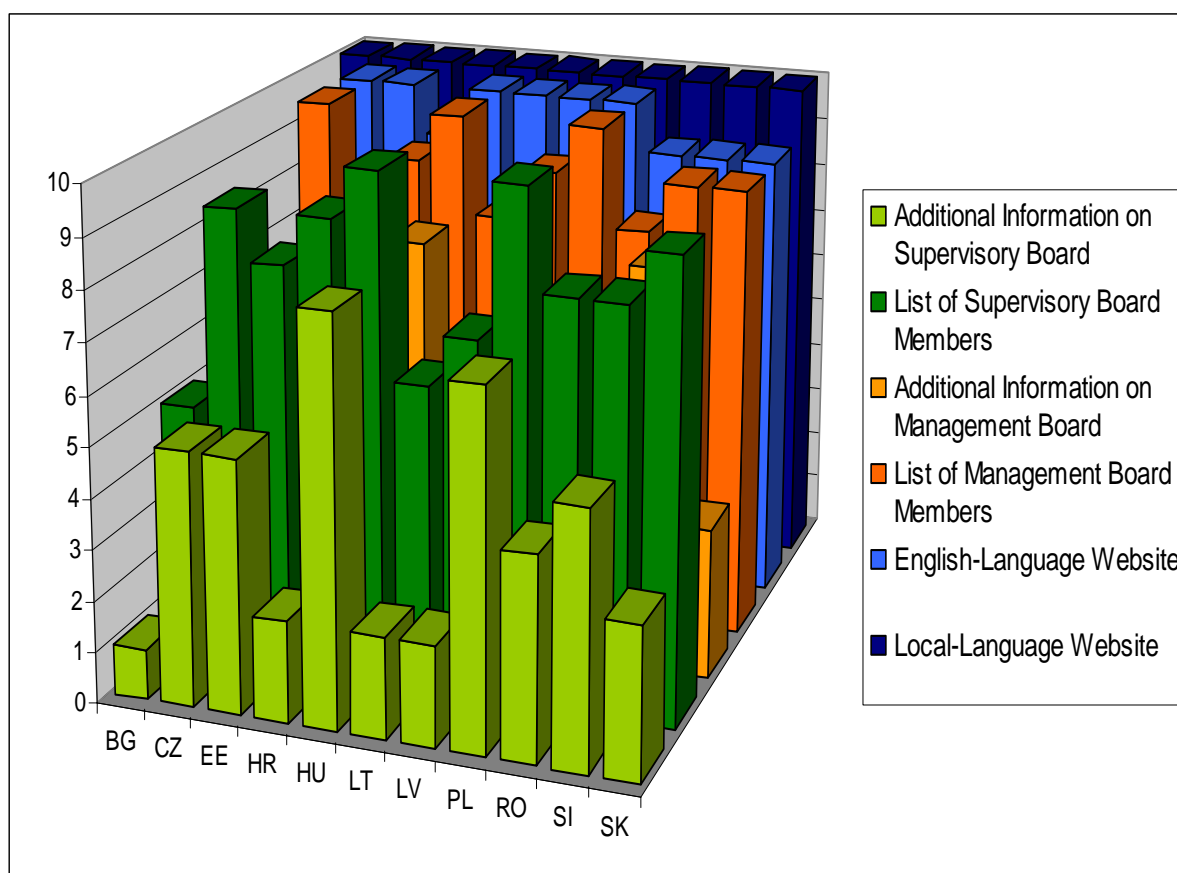
On February 15, 2007 82% of the 110 companies surveyed provide a list of management online and 53% provide additional information on management online. Disclosure of additional information varies widely, ranging from a short biography, previous work experience and/or specification of duties.

81% of companies surveyed provide a list of board members online; however, only 40% provide additional information on board members online.

Chart 4.B presents a snapshot of the disclosure practices aggregated by country in each of the six categories survey. As noted above, the survey database includes a spreadsheet of disclosures made by each company.

NOTE: The Lithuanian data on supervisory board information should be reviewed on a company-by-company basis, since some of the Lithuanian companies surveyed have a one-tiered board.

CHART 4.B: Survey of Websites of the 10 Largest Listed Companies in Eleven CEE Countries: February 2007



Comparison of Results

This survey demonstrates a slight decrease in the percentage of companies that provide a list of management online, down 5% from August 2006. Nevertheless, the percentage is relatively consistent with surveys conducted over the past two years. In each case, the percentage was between 78% and 87%).

The best performers are Czech Republic, Hungary and Poland, where 100% of all companies surveyed provide a list of management online. The disclosure of additional information on management remains at 53%, the same as in August 2006. Nevertheless, this represents a significant improvement from previous surveys.

The percentage of companies that provide a list of board members remains at 81% for the second consecutive time. 40% of companies surveyed provide additional information about board members; this percentage has remained relative consistent and could be improved.

Chart 4.C presents a comparison of the disclosure of additional information on management from February 2002 (the first time this category was surveyed in the eight new member states of the EU) through February 2007.

CHART 4.C: Additional Information on Management Available Online - 10 Largest Listed Companies in Eleven CEE Countries: 2002 – 2007

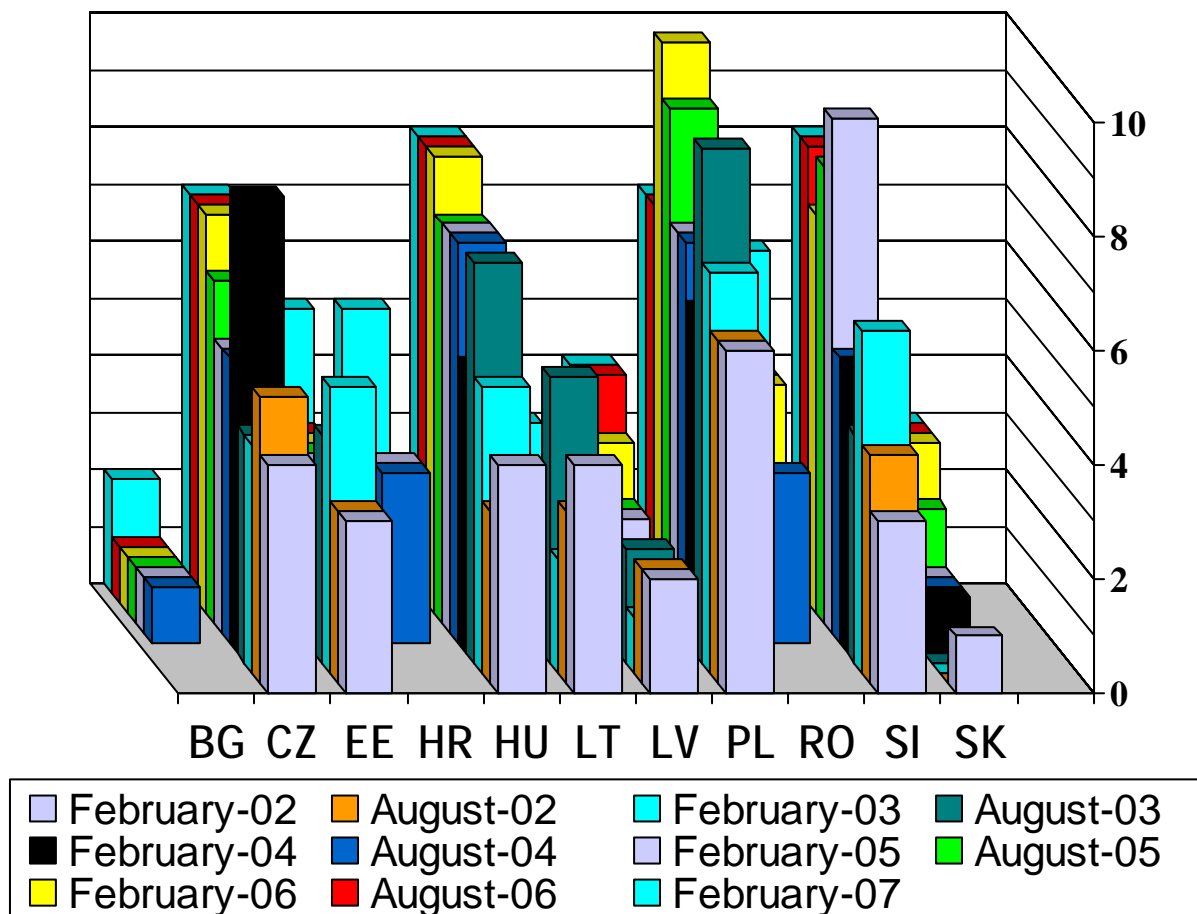
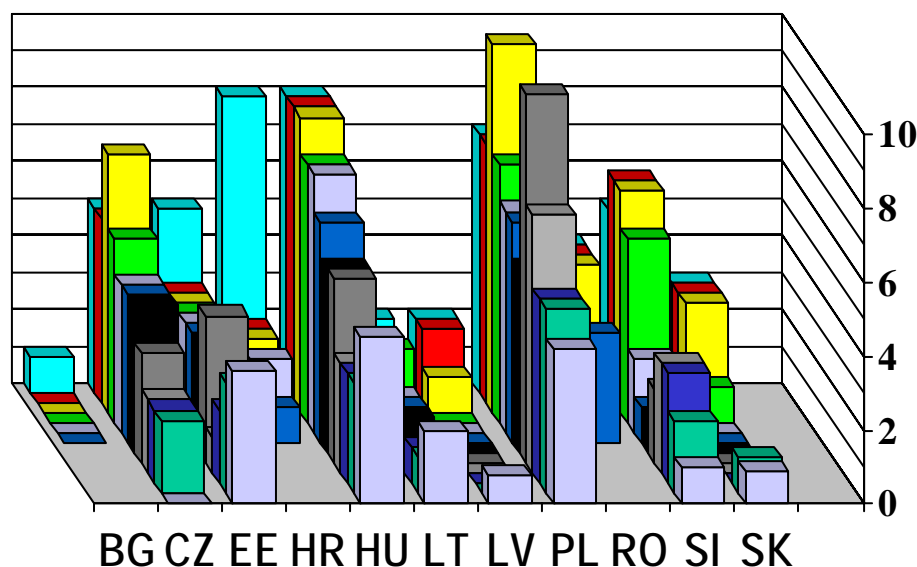


Chart 4.D presents a comparison of the disclosure of additional information on board members from February 2002 (the first time this category was surveyed in the eight new member states of the EU) through February 2007.

CHART 4.D: Additional Information on Board Members Available Online - 10 Largest Listed Companies in Eleven CEE Countries: 2002 – 2007



The surveys demonstrate the impact of corporate governance codes in several markets (Hungary, Poland and Slovenia as well as more recently in Estonia) as well as the impact of country surveys conducted in Croatia and co-financed by the PFS Program.

5. Survey Findings for the 10 Largest Listed Companies in the Eight New Member States of the EU admitted on May 1, 2004

5.1. Websites

Summary

Each of the ten companies surveyed in each of the eight CEE countries admitted to the EU on May 1, 2004 (“Eight New Member States”) has a local-language website. 100% of companies surveyed in Czech Republic, Estonia, Hungary, Latvia, Lithuania and Poland have an English-language website; 90% of companies surveyed in Slovakia and Slovenia have an English-language website.

Comparison of Results

As noted above, all of the companies surveyed have a local-language website for the third consecutive survey: February 2006, August 2006 and February 2007. This indicates that this is now industry standard. Likewise, the percentage of companies with an English-language website remains high, at 98%. This is a slight decrease from the previous survey, but levels have generally remained consistent since for the third consecutive time. In general, the disclosure practices of the eight New Member States of the EU are generally better than those of the 11 CEE countries surveyed (eight plus Bulgaria, Croatia and Romania).

5.2 Disclosure of Management and Supervisory Board Members

Summary

In Hungary and Poland all ten companies surveyed provide a list of management and a list of board members online. In Czech Republic, 10 companies surveyed provide a list of management and nine companies provide a list of board members online. In Slovakia, eight companies surveyed provide a list of management and a list of board members online.

In each of the eight new member states at least 80% of companies surveyed provide a list of management online. Online disclosure of board members varies more among the peer group; the range is from 50-100%.

The data is as follows:

- 91% of companies surveyed provide a list of management;
- 56% of companies surveyed provide additional information about management;
- 84% of companies surveyed provide a list of board members; and
- 46% of companies surveyed provide additional information about board members

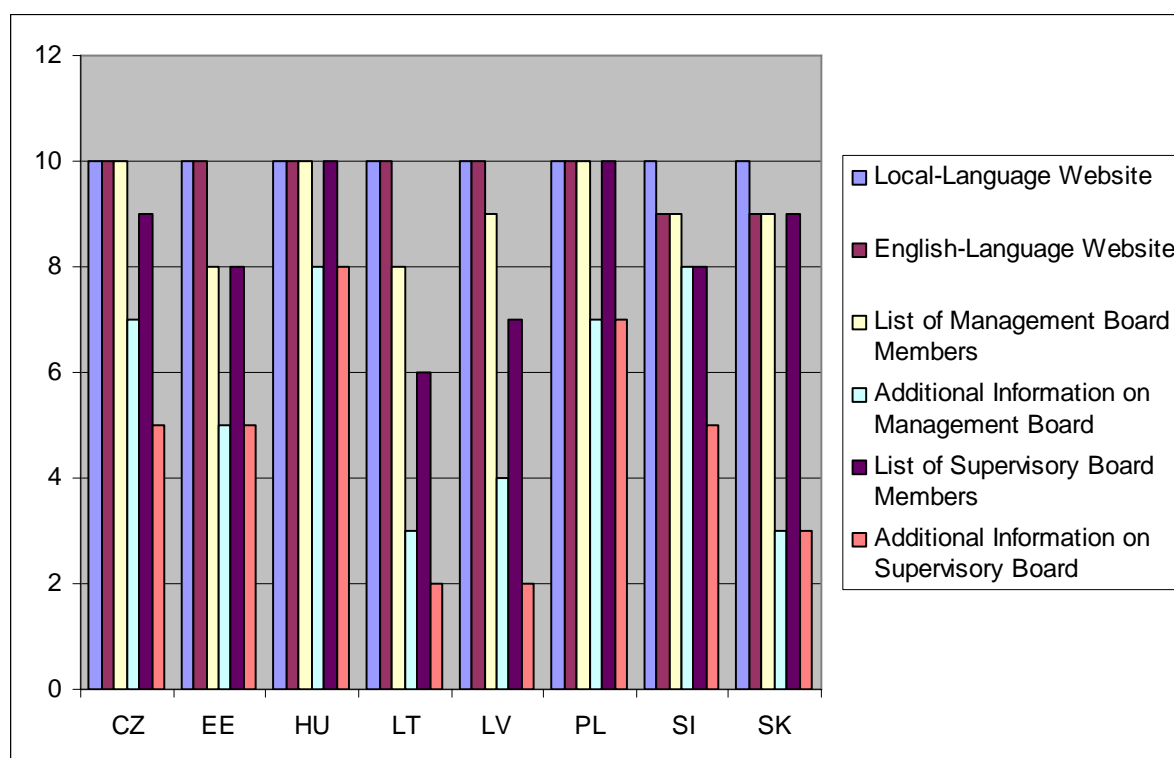
Comparison of Results

The percentage of companies providing additional information on management online increased to 56% from 52% in August 2006.

The percentage of companies providing additional information on board members online increased to 46% from 44% in August 2006.

Chart 5 provides a snapshot of the disclosure of management and board information in the Eight 8 New Member States on February 15, 2007.

CHART 5. Survey of Websites of the 10 Largest Listed Companies in the Eight New Member States of the EU: February 2007



6. Survey Findings for the 10 Largest Listed Companies in Bulgaria, Croatia and Romania

6.1. Websites

Summary

For the third consecutive year, each of the 10 companies surveyed in Bulgaria, Croatia and Romania has a local language website.

English-language websites are common in all three countries; 90% of companies surveyed in Croatia and Romania have an English-language website. 80% of companies surveyed in Bulgaria have an English-language website.

Comparison of Results

Results among this peer group have improved considerably since August 2004. A difference in disclosure practices among this peer group and the eight new member states of the EU admitted on May 1, 2004 remains, although it continues to decrease, albeit slowly.

6.2 Disclosure of Management and Board Members

Summary

90% of companies surveyed in Croatia, 80% in Romania and 60% in Bulgaria provide a list of management online.

Additional information disclosed about management varies widely among the companies in the three countries.

In both Croatia and Romania 80% of the companies surveyed provide a list of board members online; in Bulgaria only 50% of companies surveyed do so.

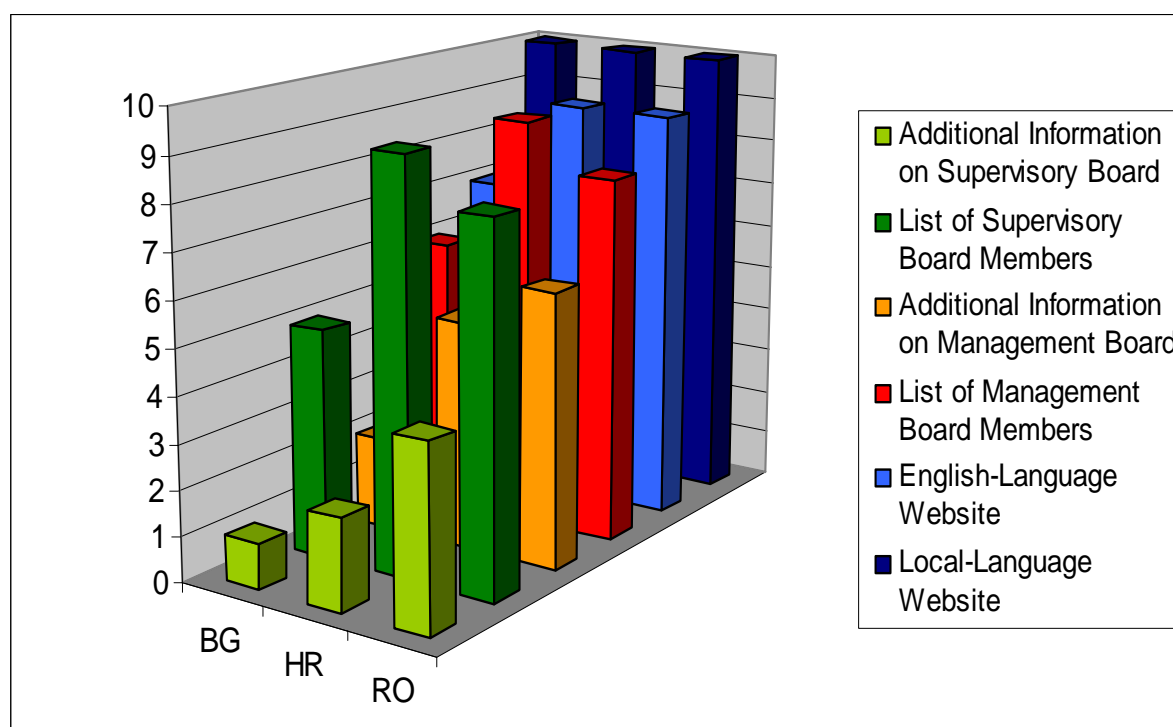
A minimum of companies surveyed provide additional information on board members online – on February 15, 2007 the percentage was 23%. This is a considerable contrast to the 46% of companies surveyed in the eight new member states of the EU admitted on May 1, 2004.

Comparison of Results

Whereas comparatively lower levels of disclosure may be found among companies surveyed in Bulgaria, Croatia and Romania the survey demonstrates considerable improvement in disclosure of both a list of management and additional information on management.

Chart 6 presents a snapshot of the disclosure practices aggregated by country in each of the six categories survey. As noted above, the survey database includes a spreadsheet of disclosures made by each company.

CHART 6. Survey of Websites of the 10 Largest Listed Companies in Bulgaria, Croatia, and Romania: February 2007



7. Survey Findings for the 10 Largest Listed Companies in the BRIC Countries (Brazil, Russia, India and China) and Ukraine

For the second time, this survey provides an analysis of peer companies in BRIC and Ukraine, in order to compare the disclosure practices of listed companies in the eleven CEE countries with those of their peers in other emerging markets. The data is presented in a separate database for companies in BRIC and Ukraine.

7.1. Websites

Summary and Comparison with CEE

In BRIC, each of the companies surveyed has both a local-language website and an English-language website. In Ukraine, 70% of the companies surveyed have a local language website and 50% have an English-language website.

Existence of a local-language website in the 10 CEE countries and BRIC is similar. The BRIC countries slightly outperform their CEE peers in terms of the existence of English-language websites. The underperformer remains Ukraine. Ukraine is the only country in which all ten companies surveyed do not have a local language; only 70% do. Also, only 50% of the companies surveyed in Ukraine have an English-language website.

7.2 Disclosure of Management and Supervisory Board Members

Summary and Comparison with CEE

In BRIC 95% of the companies surveyed provide a list of management online, compared with 82% in the CEE-11. In Ukraine 40% of the companies surveyed provide a list of management online.

78% of companies surveyed in BRIC provide additional information on management online, compared with 53% in the CEE-11 and 30% in Ukraine.

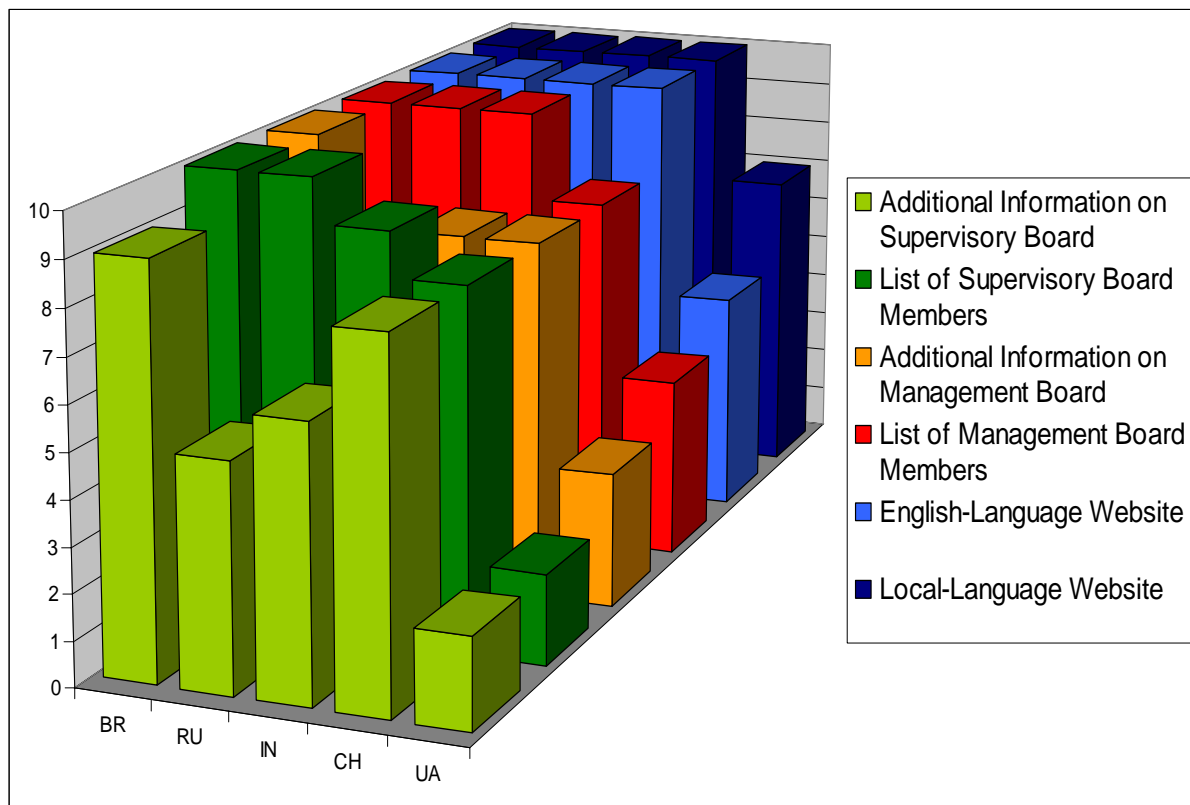
In BRIC 93% of the companies surveyed provide a list of board members online, compared with 81% in the CEE-11 and 20% in Ukraine.

70% of companies surveyed in BRIC provide additional information on board members online, compared with 40% in CEE-11 and 20% in Ukraine.

In general, BRIC companies outperform their peers in CEE

Chart 7 presents a snapshot of the disclosure practices aggregated by country in each of the six categories survey. As noted above, the survey database includes a spreadsheet of disclosures made by each company.

CHART 7B. Survey of Websites of the 10 Largest Listed Companies in BRIC and Ukraine - February 2007



8. Recommendations on the Ideal Website

Best practice in the European Union (EU) and internationally suggests that the ideal website contains the following information:

- A list of members of management;
- A list of board members;
- A brief description of the educational and professional background of each person;
- The scope of responsibilities of each person;
- A brief description of functions held by each person in other companies/institutions;
- A description of shares in the company held by each person; and
- A photograph of each person

As noted above, the survey is conducted in phases. The first phase of the survey analyzes whether each of the companies provides six basic data points: local-language website; English-language website; list of management available online; additional information on management; list of board members online; and additional information on board members available online.

Those companies that provide information in each of the above six categories are analyzed further.

The second phase of the survey analyzes in detail each company's disclosures of additional information: educational and professional background of each individual, scope of responsibilities, description of functions, description of shares held, and photograph of the individual.

As of February 22, 2007 46 of the 110 companies surveyed (**42%**) in CEE provide information on all of the categories surveyed in the PFS Program survey: local-language website; local-language website; list of management; list of board members; additional information on management; and additional information on board members.

These 46 companies were analyzed further regarding the above-mentioned ideal website recommendations.

On February 15, 2007 seven of the 110 companies surveyed (**6%**) in CEE provide all of the "ideal" recommended information:

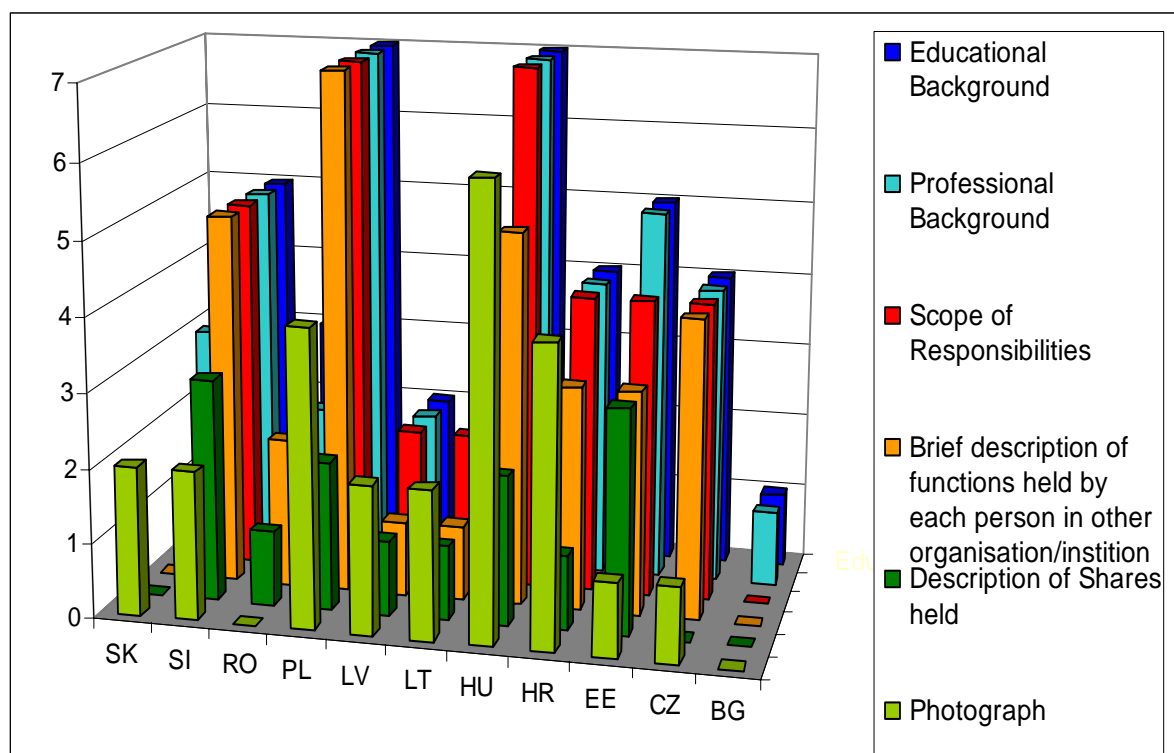
- three of the 110 companies provide information directly on their company website; and
- four of the 110 companies provide information indirectly through an annual report available online.

Furthermore:

- two of the 110 companies surveyed provide all information except for the photographs online; and
- nine of the 110 companies surveyed provide all information except for a description of shares held by board members.

Chart 8.A presents the disclosure practices of the 46 CEE companies surveyed according to the "ideal" recommendations.

CHART 8.A. Survey of Websites of the 10 Largest Listed Companies in 11 CEE Countries – “Ideal” Information in 110 CEE companies: February 2007



The third phase of the survey compares disclosure according to the “ideal” criteria in all 11 CEE countries with peers in BRIC and Ukraine.

On February 15, 2007 28 of the 40 companies surveyed (70%) in BRIC provide information on all of the categories surveyed in the PFS Program survey: local-language website; local-language website; list of management; list of board members; additional information on management; and additional information on board members. Two companies in Ukraine (20%) provide information on all of the categories surveyed in the PFS Program survey.

These 30 companies (60%) were analyzed further regarding the above-mentioned ideal website recommendations.

It should here however, that among the 30 companies that provide all the recommended information several do so only “indirectly,” that is, through an annual report available online.

On February 15, 2007 four of the 40 companies surveyed (10%) in BRIC provide all of the “ideal” recommended information.

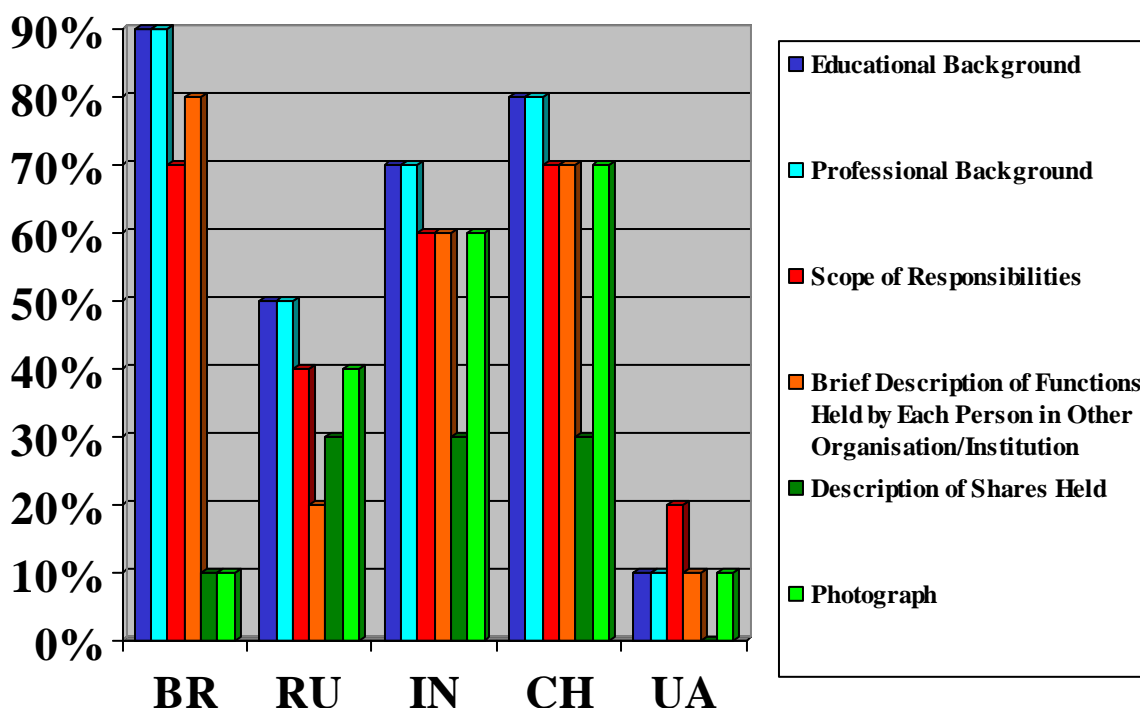
Also of note:

- two companies provide all information except for the photographs; and
- 13 companies provide all information except for description of shares held by board members.

No company in Ukraine provides all of the “ideal” information.

Chart 8.B presents the disclosure practices of the 28 BRIC companies and 2 Ukrainian companies surveyed according to the “ideal” recommendations.

CHART 8.B. Survey of Websites of the 10 Largest Listed Companies – ‘Ideal’ Information in BRIC and Ukraine: February 2007



9. Conclusions and Next Steps

This is the PFS Program’s 12th semi-annual Survey of Websites of the 10 Largest Listed Companies (by market capitalization) in 11 Central and Eastern European (CEE) Countries, and the second time comparison with companies in BRIC countries and the Ukraine. The PFS Program’s 13th regional survey will be conducted in August 2007.

About the Authors

PFS Program Manager Agnieszka Cenzartowicz and PFS Program Research Assistant Igor Solodovnik conducted the survey during the time period January 2 – March 2, 2007. Catherine Sykes, East-West Management Institute (EWMI), New York edited the survey report.

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>.