

PRESS RELEASE
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KOREAN COMPANIES CONTINUE TO LEAD IN ASIA ON SUSTAINABILITY DISCLOSURE

Kuala Lumpur, Malaysia – South Korean companies are still leaders in Asian ESG reporting (ex-Japan). Chinese companies are improving and companies in the Philippines now take the bottom spot, according to the findings of the 2011 Asian Sustainability Rating™ (ASR™), launched today at the CSR Asia Summit in Kuala Lumpur.

Now in its third year, the ASR™ is Asia’s most comprehensive and long running analysis of listed companies’ public disclosure on environmental, social and governance (ESG) issues. The ASR™ is a proprietary set of 100 sustainability indicators, which cover disclosure on the main elements of ESG risk. The 2011 ASR™ universe comprises 750 companies from ten Asian countries, selected according to free float market capitalisation.

The overall average score for companies benchmarked in the 2011 ASR™ increased to 36%, compared to an average score of 35% in 2010. The three highest scoring companies were Hong Kong’s CLP Holdings (2 HK), which scored 91%, and Taiwan’s AU Optronics (2409 TT) and Chunghwa Telecom (2412 TT), which both scored 89%. None of these companies featured in last year’s top three. The three lowest ranking companies meanwhile were India’s Sterling International (SIEL IN) with 4%, and the Philippines’ International Container Terminal Services (ICT PM) and JG Summit Holdings (JGS PM), both with 6%.

As in 2010, companies in Asia generally score better on Governance than the Environmental and Social categories, with some level of disclosure even among the regional laggards. For many companies mandatory Governance information is the only sustainability reporting of any kind and is produced in line with legislation and stock exchange listing rules. Most companies (83%) also score some points in the Social category, but this is often due to community investment programmes that are not tied to corporate strategy and are a poor indication of sustainability. Environmental reporting continues to be an area of limited disclosure for Asian companies with less than a fifth of companies providing meaningful disclosure to show how they are addressing environmental risks.

The Telecommunications sector leads in sustainability disclosure followed by Information Technology, with Real Estate and Health Care the overall laggards. While there has been some improvement across all sectors from 2010, no single sector has made any large improvements.

The ASR™ is a proprietary ESG tool that was developed in collaboration between Responsible Research and CSR Asia. Commenting on this year’s ratings, Erin Lyon, Executive Director at CSR Asia, said: “The increased average, although small, is good news and a step in the right direction. We expect to see greater disclosure across the region in the future. Current disclosure is being driven by stock exchanges. The demand for better disclosure is coming from a variety of stakeholders including investors, who want to see more transparency on environmental, social and governance indicators – this is an issue that companies will have to respond to sooner rather than later. A large proportion of the CSR Asia Summit reflects this pressure from investors, with a keynote speech from FTSE Asia and sessions on Socially Responsible Investment and on Reporting and Disclosure.”

Meanwhile, Benjamin McCarron, Head of Research at Responsible Research, said: “The moderate improvement in disclosure shows that Asian companies are increasingly mitigating risks relating to their stakeholders. But the low absolute score shows that there is still a long way to go. While many investors routinely consider governance when they assess companies, the statistics show that environment is also an area where there are significant unmanaged risks as well as opportunities for companies that take a proactive stance.”

The overall average and category breakdown for 2011 and 2010

Year	Average	General	Environmental	Social	Governance
2011	36%	23%	23%	31%	60%
2010	35%	27%	21%	29%	58%

Key statistics from the 2011 ASR™

- 71% of companies in the ASR™ universe have an ESG report and/or include information on ESG in their Annual Report or on their website
- 11% of companies have reports that are Global Reporting Initiative (GRI) checked
- 20% of companies in the ASR™ universe provide Greenhouse Gas emissions data, but only 13% make a clear and comprehensive disclosure
- 28% of companies have an independent majority on their board
- 67% of companies disclose a Human Resources policy or code
- 83% of the companies in the ASR™ universe have at least an elementary degree of community investment

China moves up three places in country ranking

Chinese companies recorded the largest countrywide increase, moving up from tenth position to seventh in this year's ASR™. This reflects a range of new legislation and guidelines for disclosure released in the current and previous years from the stock exchanges and other regulators. These are likely to continue to support improvements in reporting.

The average score for Indian companies fell between the two years. This was primarily due to the inclusion of a number of poorer performing companies in 2011. One area where progress has stalled for regulatory reasons is Corporate Governance. A Companies Bill, which would have improved company performance on Corporate Governance, was originally due in 2009, though it is not clear at this stage that it will pass in 2011.

South Korean companies had the highest average in 2011. While they performed well across the board, the scores were most markedly higher for Environmental disclosure.

The inclusion of new, poorly performing companies held back Malaysia's score and was enough to result in a decline in the average for the country, although its rank stayed the same. With the strong support for improvements in ESG Disclosure by Bursa Malaysia, this average is likely to improve in future years.

The average for Singapore also declined due to the inclusion of companies with less disclosure, primarily from the real estate sector, in this year's sample. The release of Sustainability Disclosure Guidelines by the Singapore Exchange and updates to the Corporate Governance Code in 2011 are set to drive improvements in reporting in future years.

2011 Country Rank	2011 Average	2010 Rank	2010 Average
1. South Korea	48%	1	48%
2. Thailand	43%	4	40%
3. Malaysia	39%	3	42%
4. India	38%	2	43%
5. Taiwan	36%	6	38%
6. Singapore	35%	5	39%
7. China	34%	10	27%
8. Indonesia	34%	7	38%
9. Hong Kong	32%	8	33%
10. Philippines	26%	9	29%

Significant changes at the company level in the 2011 ASR™

The list of top ten companies is dominated by companies from countries that also have a high average score; the major exception being China Light and Power with the highest overall score in the ASR™ despite being based out of Hong Kong. Only three companies remained in the top ten list from last year: Taiwan Semiconductor Manufacturing; China Light and Power; and, AU Optronics. This reflects an increase in the number of companies placing a strong emphasis on sustainability and disclosure over the last year. The Philippines is well represented amongst the poorer performing companies.

The 2011 ASR™ top and bottom company ranking:

Company2011	Exchange	Position	ASR™
CLP Holdings	Hong Kong	1	91%
Chunghwa Telecom	Taiwan	2	89%
AU Optronics	Taiwan	3	89%
Infosys Technology	India	4	88%
Kia Motors	South Korea	5	87%
Taiwan Semiconductor Manufacturing (TSMC)	Taiwan	6	86%
POSCO	South Korea	7	84%
Mahindra & Mahindra	India	8	84%
OCI Company	South Korea	9	84%
Hindustan Unilever	India	10	82%
Alliance Global	Philippines	746	7%
Gudang Garam	Indonesia	747	6%
JG Summit Holdings	Philippines	748	6%
International Container Terminal	Philippines	749	6%
Sterling International Enterprise	India	750	4%

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About the Asian Sustainability Rating™

The ASR™ is a proprietary ESG tool that was developed in collaboration between Responsible Research and CSR Asia. The ASR™ is a set of 100 sustainability indicators, split into four ASR™ categories - General, Environment, Social and Governance, which cover disclosure on the main elements of ESG risk. Each company is independently rated by analysts at Responsible Research. Company reports are produced by CSR Asia using the data provided by Responsible Research.

The 2011 ASR™ universe comprises 750 companies and includes the largest listed corporate entities based on free float market capitalisation from the ten countries / regions of the MSCI AC (All Country) Asia ex Japan index. All companies are scored across the same ESG factors based on publicly available information only. In order that the results are as unbiased as possible, there is no engagement or questionnaire of the companies in the methodology.

The ASR™ provides investors, companies and other stakeholders with a view of the strategic sustainability of the companies it analyses. The data in the ASR™ 2011 can be used by responsible investors to benchmark portfolios and add a sustainability dimension to investment decision-making and engagement practices.

Companies and their stakeholders can also use the tool to monitor their progress on sustainability and to review ESG management and disclosures from business partners and competitors. In theory, any company could aspire to and achieve a 100 percent rating on ASR™ within a few years of monitoring and reporting on these fundamental ESG issues.

Individual company or peer analysis can be provided for companies wishing to know how their peers are performing on sustainability disclosure. Investors, NGOs and the media are also invited to access indicator data.

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About CSR Asia

CSR Asia is the leading provider of sustainability advisory services, training, research on sustainable business practices and CSR intelligence that is specifically relevant for the Asia Pacific region. With a regional network of offices, staffed by a team of experts, clients keep ahead of the CSR issues as they evolve in the Asia-Pacific region.

CSR Asia was founded in 2004 and has offices in Bangkok, Beijing, Edinburgh, Guangzhou, Hong Kong, Kuala Lumpur, Singapore, Sydney and Tokyo. We work with leading Asia based companies and Western based multi-national clients and our work locations include the countries where we have offices as well as Brunei, Colombia, Indonesia, France, Papua New Guinea, Philippines, Solomon Islands and Vietnam.

For more information please visit our website www.csr-asia.com

About Responsible Research

Responsible Research is the leading provider of quality independent Environmental, Social and Governance (ESG) research in Asia for global institutional asset owners and asset managers. Based in Singapore, we offer a comprehensive view of industry sustainability and ESG issues as they affect risks and opportunities in the region, including consideration of regulators, competitors, supply chain, social issues and governance.

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