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CSR Compliance and Disclosure in BRICS

An intra- and inter-country comparison

BUSM 36 Degree Project in Corporate and Financial
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ABSTRACT

- Title:** **CSR Compliance and Disclosure in BRICS:**
An intra- and inter-country comparison
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- Authors:** Clarice Ha and Pradeep Krishnan
- Advisor:** Claes Svensson
- Five Key Words:** CSR, BRICS, stakeholders, emerging & the environment/community
- Purpose:** The primary aim of this study is to assess the quality of reported CSR activities undertaken by corporations in BRICS.
- Methodology:** This study is exploratory in nature - Through the assessment framework developed for the empirical study, a qualitative analysis of CSR activities disclosed by the companies in the respective countries is conducted.
- Theoretical Perspectives:** The authors advocate stakeholder approach in CSR activities, which works in tandem with corporations' economic motives.
- Empirical Foundation:** A sample size of 100 companies, constituting 20 firms from each BRICS indice - IBrX50, RTSI, S&P CNX Nifty, SSE 50 and FTSE/JSE RAFI 40.
- Conclusion:** Despite some companies going beyond regulatory requirements in contributing towards various stakeholders, a majority have yet to see beyond the bottom line in understanding the criticality of stakeholders approach in organisation sustainability. Unfortunately, evidences of window dressing and unsubstantiated claims with respect to the CSR activities undertaken by these corporations remain.

LIST OF ABBREVIATIONS

- AIDS – Acquired Immunodeficiency Syndrome
- ARV – Anti Retro-Viral
- BBC – British Broadcasting Corporation
- BEE – Black Economic Empowerment
- BBBEE – Broad Based Black Economic Empowerment
- BOVESPA – Sao Paulo Stock Exchange
- BRICS – Brazil, Russia, India, China and South Africa
- CE – Circular Economy
- CBSCD – China Business Council for Sustainable Development
- CICPA – Chinese Institute of Certified Public Accountants
- CDP – Carbon Disclosure Project
- CG – Corporate Governance
- CSR – Corporate Social Responsibility
- CP – Corporate Philanthropy
- CRISIL – Credit Rating and Information Services of India Ltd.
- EU – European Union
- FDI – Foreign Direct Investment
- GDP – Gross Domestic Product
- GIGA – German Institute of Global and Area Studies
- GRI – Global Reporting Initiative
- HIV – Human Immunodeficiency Virus
- ICRA – Information and Credit Rating Agency of India
- ILO – International Labour Organisation
- ISE – Corporate Sustainability Index (Brazil)
- ISO – International Organisation for Standardisation
- JSE – Johannesburg Stock Exchange

NGO – Non Governmental Organisation

OECD – Organisation for Economic Cooperation and Development

OHSAS – Occupations Health Safety Advisory Services

PPP – Purchasing Power Parity

PPP – Public Private Partnership (Russia)

PwC – Pricewaterhouse Coopers

RoHS – Reduction of Hazardous Substances

RSPP – Russian Union of Industrialists and Entrepreneurs

SASAC – State-owned Asset Supervision and Administration Commission

SEPA – State Environmental Protection Administration

SOX – Sarbanes Oxley Act

SRI – Socially Responsible Investment

SZSE – Shenzhen Stock Exchange

UN – United Nations

WEE – Waste Electric and Electronic Equipment

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1 INTRODUCTION

1.1 Background – Brazil, Russia, India, China and South Africa (BRICS)

The term BRIC (Brazil, Russia, India and People's Republic of China (PRC)) was coined by economist Jim O'Neill from Goldman Sachs in 2001, who forecasted that BRIC are the largest economies with the fastest growth, with a combined Gross Domestic Product (GDP) in 2050 exceeding that of G7¹ nations. A baseline projection by the Goldman Sachs Group Inc. predicts BRICs' economy to aggregately surpass the United States (US)' by 2018.

On 14 April 2011, 'BRIC' was transformed into 'BRICS', with South Africa's official membership into the dominant coalition of emerging economies. With tremendous economic growth and an enormous share of the global population, BRICS are the new force to be reckoned with. Currently, BRICS make up 45% of economic growth, 18% of global trade and 40% of the world's population (Bodeen, 2011).

Apart from listed corporations in BRICS which recognise long term Corporate Social Responsibility (CSR) benefits, the informal² sector is relatively oblivious to the CSR concept. The CSR concept is guided by the idea that it is no longer possible for corporations to function as separate economic units that are detached from society. There is a need for businesses to be accountable to a larger range of stakeholders other than shareholders (IISD, n.d.).

Therefore, there is an urgent need to change this attitude towards CSR to ensure that corporations' business activities and its benefits pilfer down to every strata of society.

The driving force for focusing on CSR activities within BRICS is based on the transformation potential of these nations into global leading economies in the decades to come, coupled with the impending pressure for corporations in these nations to comply with CSR conducted by developed economies and the ability and/or opportunities to customise CSR activities in each nation's local context.

¹ G7 is made up of the United States, Japan, Germany, France, United Kingdom, Italy and Canada.

² The informal sector is defined as the portion of economy without governmental monitoring, taxation or inclusion in Gross National Product (GNP).

1.2 Problem Discussion

The CSR concept has successfully rooted itself in developed countries but not in BRICS. Despite the spotlight being casted on BRICS for globalisation and its emerging economy power, little is known about corporations' strategy orientation towards CSR. Furthermore, BRICS corporations' internationalisation leads to increased interests of concerned individuals, groups and government on global environmental issues (Bogdanich, 2008). As such, CSR in BRICS makes a worthy research target.

As compared to developed economies, social and environmental issues remain as a significant challenge for emerging countries. With the growth of BRICS – the 'Waking Giant', the environment has been identified to be one of the new global challenges (Lanzeni, 2008). In general, this makes CSR in BRICS more far-reaching and possesses greater implications to the society.

In the CSR arena, a distinct characteristic of BRICS is consumers' marginal role in motivating corporations to undertake CSR activities. In essence, consumers' commodity purchasing decisions are relatively insensitive to CSR efforts undertaken by corporations. In the lack of consumer and hence public pressure to function as a staunch critic of corporations' social duties, the onus of ensuring CSR and hence sustainability then lies on other formal institutions and corporations themselves. Furthermore, BRICS continue to struggle with inadequate provision of universal social services, such as healthcare and education to its citizens.

Cumulatively, these factors result in corporations in BRICS shouldering the burden of ensuring fulfilment of responsibility towards the better good of society. Also, there are pressing issues for local adaptations of CSR activities to address unique social issues faced by the respective nations in BRICS.

Another key highlight is that the developing economies have been constantly cited when it comes to exploiting labour, owing to poor legislation and the need to cut costs to remain competitive. While developed countries exert influence to undo the damage of industrialisation (specifically on environmental degradation), developing economies vie for a share of the global pie at the expense of the environment. With these emerging trends in developing economies, the crux lies in socially responsible

conduct, sustainable development and ensuring equitable distribution of benefits amongst all stakeholders of corporations.

Despite low CSR disclosure requirements in BRICS, globalisation of financial market and cross border flow of funds have resulted in companies complying to international norms, such as the Global Reporting Initiatives (GRI³), United Nations Global Compact, Carbon Disclosure Project (CDP⁴) etc. While companies have identified the issues to be addressed, much work needs to be done to benefit the local masses. Corporations tend to focus on activities to target the immediate community in which they operate in, with the primary aim of using CSR as a marketing tool to glamorise the corporate image (Chahal & Sharma, 2006) and fend off possible claims of the detrimental impact of their manufacturing processes.

1.3 Research Purpose

The primary aim of this study is to assess⁵ the quality of reported CSR activities undertaken by corporations in BRICS.

This study therefore intends to develop a qualitative CSR assessment framework and apply it to a limited number of sample companies, with the ultimate goal of evaluating the effectiveness of CSR initiatives in corporate sustainability. 'Effectiveness' in this study is defined to be the capability of these CSR activities in creating the intended effect to targeted stakeholders.

An elaboration of our assessment approach can be found in Section 4.2.

In essence, this study seeks to answer the question of whether social development in BRICS is keeping pace with their blistering economic growth.

³ Global Reporting Initiative (GRI) is an organisation which initiated the world's most commonly used framework for sustainability reporting.

⁴ The Carbon Disclosure Project is the measure and disclosure of corporations' greenhouse gas emissions, water usage and strategies in climate changes.

⁵ 'Assess' in this paper refers to the process of passing a judgement, after careful consideration of identified factors that are deemed to be important to BRICS.

1.4 Study Limitations

With the main source of data for the study being annual and/or sustainability reports, corporations included in the study are therefore limited to established and listed companies on stock exchanges in BRICS. Consequently, an assessment of CSR activities by small and private companies will not be in the scope of our research.

Also, the CSR compliance and disclosure level are analysed based on reports issued by corporations and this sets the boundary for our information source and analysis.

1.5 Report Structure

This Master thesis comprises of six chapters. **Section 1** puts forward the general background of the research, discusses the problem, states the research purpose and acknowledges the inherent research limitations.

Section 2 describes CSR in BRICS' context - the global driving forces of CSR, institutional pressure and enhancement of CSR effectiveness. Lastly, nations in BRICS are discussed individually to set the groundwork for the thesis.

Section 3 presents the literature review, in which a condensed theoretical background lays the CSR foundation and CSR definition follows. Subsequently, CSR activities are differentiated from corporate philanthropy activities along with a discussion on four dimensions of CSR activities using Carroll CSR pyramid. Finally, various CSR analytical frameworks are put forward (The traditional Shareholder model, the Stakeholder model and the Alliance model), before concluding with criticisms of CSR.

Section 4 details our empirical study, containing a description of the assessment framework which has been formulated to assess CSR effectiveness in BRICS, before ending off with limitations faced in our investigation process.

Section 5 presents the data interpretation of our empirical investigation.

Section 6 concludes the thesis, followed by an educated speculation of the future of CSR in BRICS.

2 SCOPE OF RESEARCH – BRICS

With BRICS being our focus, this section lists their unique aspects that are different from developed countries. While globalisation and institutional pressure are the primary drivers of CSR in BRICS, corporations ought to be aware that CSR benefits them by bringing sustainable growth. Witnessing increased compliance of listed companies in BRICS leads to a need to ensure a truly holistic concerted effort by each economy, regardless of corporations' size, caste, creed or turnover.

BRICS began gaining global attention in the economic landscape over the last decade, owing to liberalisation reforms and increased adoption of market-driven model, during which nations cumulatively factored for more than one third of the world's growth in Gross Domestic Product (GDP). In terms of Purchasing Power Parity (PPP), BRICS have advanced from accounting for one sixth, to more than a quarter of the global economy. In the coming decade, the trend displayed by BRICS is anticipated to persist and perhaps, become even more predominant (Ahmed, Kelston and Wilson, 2010).

As of late December 2010, BRIC⁶ accounted for a total GDP of USD\$150.6 billion, with the International Monetary Fund (IMF)'s anticipation for the nations to contribute 61% to global growth by 2014 (Dennen, 2011). A baseline projection by the Goldman Sachs Group Inc. predicts BRIC's economy to aggregately surpass the US' by 2018.

2.1 Global Driving Forces of CSR in BRICS

Apart from domestic regulations, globalisation makes it necessary for corporations in BRICS to be aware of international CSR regulations and policies, which could materially impact their business operations. This is keeping in tune with the argument of corporations using CSR as a face mask to attain corporate citizen status and thereby access foreign capital and markets.

Also, influences of international CSR guidelines have questioned the feasibility of existing informal business relationships⁷ within BRICS, such as the Chinese '*Guanxi*'

⁶ As of December 2010, South Africa was not included in the term 'BRIC' yet.

⁷ These informal business relationships will be elaborated in further sections.

(relations), Russian ‘*Blat*’ (acquaintance) and the Brazilian ‘*Jeitinho*’ (intermediary path) (Ardichvili, 2009).

However, with increasing prominence and awareness of CSR over the last decade, organisations have come to realise its long term benefit and the need to be proactively involved in CSR to ensure sustainability of the economy and corporations.

In 2003, the importance of corporations’ responsibility towards the environment was stressed by European Union (EU)’s introduction of two legislations - Waste Electric and Electronic Equipment (WEEE) and Reduction of Hazardous Substances (RoHS). These policies mandate any corporations with European dealings to meet the standards of these regulatory directives, having an implication for BRICS to comply with them if they want to trade in Europe.

2.2 Institutional Pressure on CSR Initiatives in BRICS

A study conducted by German Institute of Global and Area Studies (GIGA) on CSR communication intensity⁸ by 105 companies in BRIC⁹ ranked in Forbes’ 2000 world’s largest corporations has shown that apart from economic factors, a country’s governance plays a crucial role to predict CSR implementation (Peetz, 2010).

Independent mediators, especially the government, have a crucial role in fending the society’s welfare from harmful corporate actions. Robert Reich¹⁰, a CSR critic, advocates the need for government to ensure the presence of law and regulations for CSR activities. This is based on the reasoning that legal compliance forms the foundation of socially responsible corporate behaviour. An institutional framework could be used to prompt corporations to lift their social responsibility above the minimum legal requirements (Zhang & Ma, n.d.).

In BRICS, the heightened need for foreign capital due to liberalisation of their economies mandates compliance with several Corporate Governance (CG) and CSR

⁸ The level of CSR intensity by each company is measured by the frequency of which CSR processes, stakeholders and motives are mentioned in the company’s external relations communications.

⁹ South Africa is excluded.

¹⁰ Robert Bernard Reich, a professor, political economist, author and political commentator of American origin, has served Presidents Ford, Carter and President Bill Clinton in national administrations.

initiatives. Also, the presence of migratory workforce leads to a high level of international internal CSR standards and the demand for increased transparency, in light of increasing consumers' choice, despite on a marginal scale (Sapovadia, n.d.).

For corporations in BRICS, a fundamentally sound CSR approach would therefore be uniquely defined by individual companies with their own set of internalised ethics & values that transcends profit maximisation goals proactively while adhering to all national and international norms, even in face of a lack of demand for CSR practices (Agarwal, 2003).

2.3 Enhancing CSR Effectiveness in BRICS

Due to the inherent self-interest seeking nature of corporations, market mechanism¹¹ in the economy does not motivate corporations sufficiently to undertake full social responsibility on a voluntary basis. Therefore, the government could play an active role to close this gap of social consideration to lay the CSR foundation.

In a study prepared for the World Bank, PricewaterhouseCoopers (PwC) Denmark proposed the categorisation of interventions by public sectors in developing countries into four main groups:

- (i) **Mandating** via standards setting and enforcement of laws and regulations;
- (ii) **Facilitating** through setting up of clear frameworks to direct businesses to invest in CSR and provision of (tax and other) incentives to encourage CSR activities;
- (iii) **Partnering** with businesses (either as catalysts or fellow participants) so as to complement one another in terms of resources and skills in the CSR arena;
- (iv) **Endorsing** via display of public support politically for CSR practices in the market or the promotion of CSR activities via introduction of specific award schemes and/or implementation of metrics or standards for CSR initiatives.

¹¹ Market mechanism is an economic term used to describe the exchange of money by both buyers and sellers in a transparent value system and trade-off of time in the distribution of goods and services. Market mechanism does not equate to a free market and hence applies to controlled market as well.

Also, it is recommended for authorities in developing countries to implement these frameworks in an all-encompassing manner (PwC, 2004).

2.4 BRICS

Keeping in mind that CSR approaches are not designed to be ‘one-size-fits-all’ and therefore have to be adapted to local needs and contexts, BRICS are studied individually to pinpoint issues that are unique to each nation. This allows CSR assessment to be more meaningful, since it permits a qualitative evaluation of effectiveness of CSR activities in tackling specific highlighted issues faced by the nations.

For the following Section 2.4.1 and 2.4.2, the five countries are categorised according to their political regime. In Section 2.4.1, Russia and China are studied together due to their communist traits and in Section 2.4.2, Brazil, India and South Africa are analysed as a group based on the democratic nature of their political system.

2.4.1 Russia and China

Due to governmental control of scarce economic resources, government interventions in businesses are common in both nations. CSR activities are claimed to be the pillar of the nation’s strategy in pursuing sustainable social-economic development.

The government plays a crucial role in shaping CSR priority in organisations. Through CSR reports of Chinese and Russian corporations, ten sets of non-mutually exclusive CSR activities targeting the local context have been identified. These ten sets of activities, which are largely external in nature, are fundamental to the growth of any economy. They are; reduction of poverty, provision of education, protection of environment, assistance in disaster, provision of healthcare, promotion of benefit to children, elderly benefit, building of physical infrastructure, arts/culture and sports. These factors serve as part of the background of our empirical study.

The following sub-sections cover the individual countries in depth.

2.4.1.1 China

Largest of BRICS in terms of population and second to Russia in terms of size, China is the second largest economy in the world. Ethicality of decisions in China is often debatable, with blurring of the line between reciprocation and corruption (Su &

Littlefield, 2007, from Ardichvili, 2009). The economic system of China is mainly socialism, assimilating partial Chinese characteristics. The Confucian value system of informal relations such as '*guanxi*'¹² (relations) and '*mianzi*'¹³ (face) in the business environment still retain their influence, making the adoption of effective CSR protocols more cumbersome.

CSR in China was a foreign concept until 2005, when the government of PRC, National People's Congress, implemented its Harmonious Society policy. This has resulted in a shift in attention from economic growth to harmonic and societal balance, accentuating CSR. A commendable legislation is 2006 Chinese Company Law Article 5 which mandates companies to 'undertake social responsibility' in the ordinary course of business (Lin, 2010).

CSR serves as the foundation for forming a harmonious society, which was further reinforced by Shanghai hosting the 'Building Harmonious Society and Corporate Social Responsibility' forum. Philanthropy acts serve as a constructive manner for companies to network with government agencies personally and/or to garner support from the local authorities to further develop business within the region. The top-down approach to CSR implementation by the government is carried out via regulatory policies, guidelines and requests.

The government regards CSR as a 'soft competitive advantage' (State Grid Corporation, 2006). In the process of policy making, the government's attempt to strike a balance between economic development, social welfare and protection of the environment can be seen (Shen, 2006). The rising importance of CSR in China is shown in the central government's shift in strategy focus from mere economic growth to one that incorporates sustainable development for its eleventh Five Year Plan from 2006 to 2010. An example of the strategic shift in focus can be seen in establishment of agencies to promote CSR, as described in the following sub-section.

¹² Chatterjee and Pearson (2003) has defined '*guanxi*' (relations) as 'a deep rooted socio-cultural phenomenon which enhances social harmony, maintains correct relationships and addresses the sensitive issue of face, and is a reciprocal obligation to respond to request for assistance'.

¹³ Li et al (2007) interpreted '*mianzi*' (face) to mean 'prestige and honour that accrues to a person as a result of success and/or ostentatious behaviour before others', highlighting the importance of this factor in the decision making process.

2.4.1.1.1 Role of Other Institutions in China on CSR

CSR promotion within China can be seen in the upsurge of agencies such as China Enterprise Confederation (CEC), Chinese Institute of Certified Public Accountants (CICPA) and China Business Council for Sustainable Development (CBSCD) within the country (Shen, 2006). In 2006, the Ministry of Commerce (MCC) of PRC, authorised as the main department for CSR reporting, published reporting guidelines based on SA8000¹⁴ indicators, GRI and multinational companies' best practices.

In November 2007, 'Recommended Standards and Samples for Chinese Corporate Social Responsibility' was released by CEC. Following closely was the issuance of 'Advice on Social Responsibility Practice for Central Enterprises' by State-owned Assets Supervision and Administration Commission (SASAC) in January 2008.

In April 2008, 'Social Responsibility Guidance for Chinese Industrial Enterprises and Associations' was released jointly by China Federation of Industrial Economics and other 10 industrial enterprise associations.

Furthermore, the State Environmental Protection Administration (SEPA) has been actively involved in promoting environmental CSR in China, complementing the Circular Economy (CE) promotion law that was in place in January 2009 to protect the environment.

The number of CSR or environmental sustainability reports has been increasing exponentially (from 1 report in 2001 to 631 reports in 2009¹⁵). Also, ISO Survey 2009 shows that China has the most number of companies (55,316¹⁶ in total) that are certified with ISO 14001, with Japan trailing behind at a figure of 39,556.

Nonetheless, it is said that CSR in China is a paradox. In the absence of audits by an independent authority, CSR reporting for most companies in China merely serves as a tool for public relations. However, large Chinese companies distinguish themselves via responsible and comprehensive third-party audits and CSR reporting (Lee, 2011).

¹⁴ SA8000, developed by Social Accountability International (SAI), is a global standard to ensure social accountability for decent working conditions.

¹⁵ Data source: China WTO Tribune CSR Practice Benchmark Report

¹⁶ Data source: ISO Survey of Certifications 2009

Finally, the fundamental role played by stock exchanges in standardising CSR discipline among corporations cannot be disregarded. In September 2006, Shenzhen Stock Exchange (SZSE) introduced ‘Social Responsibility Guidance for IPO Companies’.

In 2008, ‘Taida Environmental Index’ was added by SZSE. In the same year, Shanghai Stock Exchange issued ‘Guidance for Environment Information Disclosure’, followed by issuance of ‘Shanghai Stock Exchange Social Responsibility Index’ in 2009.

2.4.1.1.2 Specific Issues Faced by China

Economically, China’s transition to a market-oriented system has made it the largest exporter since 2010, coming in second to US, in terms of value of services produced. Notably, China’s agricultural and industrial output exceeds US’.

Despite its strong economic growth, China ultimately faces issues such as high domestic savings rate, which consequently leads to low domestic demand. Corruption remains and the job market for millions of migrants struggle with maintaining sustainable growth.

Socially, the world’s most populous country’s well-known ‘one-child policy’ has resulted in China being one of the most rapidly ageing countries globally. This also implies the steep incline in provision of healthcare for the elderly while challenging sustainable growth in the absence of talent pool for the coming decades.

On the environmental scale, rising pollution levels, soil erosion and a fall in water table in the northern province indicate an ecological disaster in the absence of corrective measures.

2.4.1.2 *Russia*

Russia’s economic system displays state capitalism characteristics. Companies are formally urged to show a regard for societal welfare via Public-Private Partnership (PPP) framework. Since late 1990s, socio-economic cooperation agreements between large Russian companies and regional authorities can be observed.

The direction and magnitude of corporations' social investments are predominantly determined by the government. The significance of governmental impact on CSR initiatives can be seen in a survey conducted in 2005 by the Russian Managers Association, which shows that companies' fundamental rationale in carrying out CSR activities boils down to administrative pressure (Zhao, 2011).

In addition, in Russian context, '*blat*' (acquaintance), which is defined as 'reliance for favours upon personal contacts with people in influential positions' (McCarthy & Puffer from Ardichvili, 2009), is considered ethical and perfectly natural.

2.4.1.2.1 Role of Other Institutions in Russia on CSR

The Russian Managers Association, which has introduced a CSR Committee, was set up in 1999 with the intention to assist Russian businesses integration to the global economy, given the shifting trends towards ethical business conducts and international standards.

In 2004, CSR was officially brought under the spotlight among Russian companies with the implementation of 'Social Charter of the Russian Business' by Russian Union of Industrialists and Entrepreneurs (RSPP). Within the same year, CSR reporting in Russia was given a high profile boost with the setting up of Business Club for Development of Non-Financial Reporting, by cooperation between Institute for Urban Economics Foundation, Agency for Social Information, RSPP, Renova Group's Institute for Corporate Development and Corporate Philanthropists Club.

Subsequently, in 2005, the Public-Private Framework was introduced in a wide range of public areas from healthcare to education to utilities. In 2007, the national forum on CSR was established, with the backing of the National Centre for Social Monitoring and the Public Chamber and Audit Chamber of the Russian Federation (Zhao, 2011).

2.4.1.2.2 Specific Issues faced by Russia

On the economic front, Russia faces a shrinking workforce, high level of corruption, inadequate infrastructure and limited capital access by small non-energy companies. Except for the energy and defence sector, privatisation in the 1990s has resulted in a more market-based and globally integrated economy.

Socially, Russia faces an ageing population with a median age of 39 years and a relatively low life expectancy of less than 60 years old for males, compared to 73 years old for females. Also, Russia has a negative population growth of -0.47%¹⁷.

Environmentally, issues requiring immediate attention are air pollution, deforestation, soil contamination through agricultural chemicals, ground water contamination through toxic wastes and industrial pollution of inland waterways.

2.4.2 Brazil, India and South Africa

While Brazil and India share similar economic policies from 1950 to 1980, South Africa paints a different picture with the apartheid era from 1950 to the early 1990s. Coincidentally, liberalisation was undertaken at about the same time across all three economies. Currently, the three countries are ruled by a relatively stable democratic government and the service sector serves as the largest contributor to GDP.

2.4.2.1 Brazil

Brazil is Latin America's largest country and the fifth most populous in the world. British Broadcasting Corporation (BBC) (2009) has forecasted Brazil to be one of the growth engines in decades to come.

Corporate governance in Brazil has an adverse environment, due to unique issues to the country; own set of hurdles posed by traditional family-owned business setup, limited capital pulverisation and limited shareholder voting rights (Vilela, 2005).

What deserves to be highlighted is the culture of '*jeitinho*' (intermediary path) between what is permitted and what is not in the Brazilian corporate setting. This inherent trait, albeit a creative response to work around bureaucracy and stifling legislative requirements, may prove to be detrimental and counter-productive when it comes to implementing CSR practices (Ardichvili, 2009).

2.4.2.1.1 Role of Other Institutions in Brazil on CSR

Sao Paulo Stock Exchange (BOVESPA) was established in 2000 with the aim of improving corporate governance standards in Brazilian companies. Based on the level of corporations' adherence to corporate governance guidelines, companies are differentiated with a Level 1 or Level 2 rating. A higher level of rating translates into

¹⁷ Source: Central Intelligence Agency

a more liquid secondary market for a corporation's security on the stock exchange and this motivates corporations to increase their corporate governance standards.

In 2004, the Novo Mercado Stock Exchange and Banco Real Corporate Governance Credit Line took off. Overall, there has been a marked improvement in establishment and implementation of a legal structure and framework on CG. One contributing factor is its proximity to the US market and Foreign Direct Investment (FDI) inflows (Estrin & Prevezer, 2010).

However, even up till 2009, there were less than half of top 500 Brazilian companies adopting any formal ethical codes. Nonetheless, the increased CSR relevance and its tremendous scope for application and expansion in Brazil are shown in the introduction of Corporate Sustainability Index¹⁸ (ISE) in 2005.

2.4.2.1.2 Specific Issues Faced by Brazil

Financially, South America's leading economic power on the road to recovery is faced with Brazil having a relatively high unequal income distribution with more than 26% of the population situated below the poverty line. Subsequently, this leads to social issues of high crime rates in Brazil. However, on a positive note, Brazil possesses a relatively young workforce with a median age of 29 years old, coupled with a high literacy rate¹⁹.

Environmentally, deforestation of the Amazon basin, degradation and pollution of water caused by improper mining activities and severe oil spills pose as pressing problems in Brazil.

2.4.2.2 India

India is the largest democracy with more than 1.027 billion citizens, characterised by a market economy with a high proportion of state owned companies and federal republic political system. With regards to economic growth, India ranks top 10% globally. Its reform race track is hurdled with issues relating to infrastructure, restrictive labour regulations and a developing financial sector (World Bank, n.d.).

¹⁸ ISE is an index that includes up to forty business responsible companies which display a high level of commitment to social responsibility and corporate sustainability.

¹⁹ Source: Central Intelligence Agency

Currently, a majority of CSR activities undertaken in India are centred on rural upliftment, education (with specific focus on girls) and helping the physically challenged (Shubham, n.d.).

In terms of rules and regulations, the government functions more as a gatekeeper than an enabler, despite facing bottlenecks of slow approval processes, complex bureaucracy and corruption. Getting work done in India with 'money & influence' remains as a largely debated topic (Ardichvili, 2009).

In the post-independence era, formal CG institutions were minimal. The liberalisation phase that was initiated in early 1990s and subsequent adoption of Takeover Code in 1994 led to the creation of a market for corporate control (Estrin & Prevezer, 2010).

The increased importance of CSR is seen in the initiation of Corporate Responsibility for Environmental Protection (CREP) program in 2003, which is a guideline for seventeen polluting industrial sectors. Unfortunately, this program has failed to deliver its aim, given its non-mandatory implementation nature (Agarwal, 2003).

2.4.2.2.1 Role of Other Institutions in India on CSR

Credit Rating and Information Services of India Ltd (CRISIL²⁰) and Investment Information and Credit Rating Agency of India (ICRA²¹), two of India's premier rating agencies, are stepping up on their roles in objective assessment of corporations' qualitative parameters on CSR. Ratings by these agencies are indicative of corporations' philosophy and practices on sustainability. The growing importance of rating agencies in India can be seen as the ripple effect from the accounting scandals in the United States.

2.4.2.2.2 Specific Issues Faced by India

Economically, India has a long way to go to ensure that its social growth keeps in pace with the current economic progress. Failure to accommodate rural to urban migration is evidenced by the agricultural sector, which contributes only 16% of its GDP despite employing nearly 52% of the workforce²². Also, there is clearly an infrastructure inadequacy.

²⁰ S&P is a major shareholder of CRISIL.

²¹ ICRA is an association of Moody's Investors Service.

²² Source: Central Intelligence Agency

Socially, India has to deal with over-population, widespread poverty (25% of the population are below the poverty line) and a paltry 48% women literacy level²³. Also, medical issues remain to be improved, with India's high infant mortality rate of 47 per 1000 live births²³.

Environmentally, issues related to deforestation, air pollution from industrial effluents and vehicle emissions, water pollution from sewage and pesticides, coupled with a strain on the natural resources by the burgeoning population, pose a significant threat.

2.4.2.3 South Africa

South Africa is characterised by a free market economy with a population of over 49 million²³ and it faces a staggering unemployment rate of nearly 25%. Also, more than 40% of the South Africa population lies below the poverty line.

Industrial firms during the apartheid regime have been cited to cause considerable environmental and health damage, affecting employees and residents around the plants. The lax in authority enforcement in environment and pollution front has resulted in low compliance level of companies. Furthermore, the government has been advocating a misleading notion that law enforcement in environmental issues would potentially deter foreign investment and/or lead to capital flight, resulting in local unemployment (Fig, 2005).

CSR trend in South Africa was triggered by the release of King Report I in 1994. However, CSR scrutiny took place only after the release of King Report II in 2002, in which companies are required to produce reports on its non-financial achievements.

Subsequently, the Black Economic Empowerment Act (BEE) in 2003 assisted in setting the direction for an equitable distribution of resources and advancement of the disadvantaged.

CSR in South Africa is primarily driven by its gradual shift to democracy and undoing the injustices of the past. Hence, CSR activities are centred on better CG, social uplift of the masses, business ethics and empowerment of the black community. However, this does not suggest that other aspects are neglected; instead, it highlights the increased focus on the above mentioned specific areas.

²³ Data is accurate as of June 2009.

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For large domestic companies seeking international listing qualifications, compliance and auditing of stringent CSR standards are carried out. On the flip side, CSR is still a neglected concept in the Small-Medium Enterprise (SME) sector that employs more than 50% of the workforce in South Africa. SMEs' agenda primarily surrounds empowerment of the 'black community' and substantial CSR activities are preferred to be left to the so-called 'white firm' (Fig, 2005).

CSR in South Africa today is an evolution of laws and regulations that have been in place over the years, specifically targeting the various identified segments. Some of the law associated with CSR are listed in Exhibit 1 below.

EXHIBIT 1: Law Associated with CSR Governance in South Africa

Law	Year Enacted
National Black Economic Empowerment Act No. 53	2003
Mineral and Petroleum Resources Development Act No. 28	2002
Promotion of Access to Information Act No. 2	2000
Promotion of Equality and Prevention of Unfair Discrimination Act No. 4	2000
National Water Act No. 36	1998
Employment Equity Act No. 55	1998
Skills Development Act No. 97	1998
National Environmental Management Act No. 107	1998
Basic Conditions of Employment Act No. 75	1997
South African Constitution	1996
Mine Health and Safety Act No. 29	1996
Labour Relations Act No. 66	1995
Occupational Health and Safety Act No 85	1993

Source: CSR WeltWeit. (n.d). South Africa - Role of CSR. In *CSR Welt Weit - German Business Global Citizen*.

2.4.2.3.1 Role of Other Institutions in South Africa on CSR

The Johannesburg Stock Exchange (JSE) plays a vital role in setting CSR standards for listed companies. Launched in 2004, JSE Socially Responsible Investment Index is a local adaptation of FTSE4Good American counterpart (CSR WeltWeit, n.d.).

JSE provides a platform based on three fundamental principles of environmental sustainability, economic sustainability with a stakeholders approach and a model of good CG. It is not an ethical index and hence does not exclude any specific industry.

JSE's primary intention is to highlight best CSR practices, identify companies with good CSR track record, analyse share price performance of companies portfolio and establish a platform for Socially Responsible Investment (SRI) products. JSE

participating companies are part of the mid-capitalisation and small-capitalisation segment, indicating the non-size discriminating and CSR critical nature of the index (Ende, 2004).

2.4.2.3.2 Specific Issues Faced by South Africa

Economically, South Africa's GDP is predominantly composed of the service sector. Despite being well-endowed with natural resources, having a well-developed financial market and a relatively modern infrastructure, South Africa still has a long way to go, due to the pressing issues that are unique faced by the country.

Socially, the society faces an unusually high unemployment rate of 23% and a lack of empowerment of the disadvantaged groups. Medical issues in South Africa pose as a huge issue, with 20% of the population being afflicted with Human Immunodeficiency Virus (HIV) and/or Acquired Immune Deficiency Syndrome (AIDS), leading to a relatively low life expectancy of 50 years old. This is coupled with 50% of the population situated below the poverty line, on account of the decades of apartheid that involves nearly 80% of South Africa's total population.

2.5 Implications for Research

The five countries reviewed are characterised by being relatively populous with the government facing the problem of addressing diverse issues of different segments of the population in totality, resulting in the neglect of one or a few stakeholders. This is complicated by generic factors such as rampant corruption, self-perpetuating vicious cycle of poverty and inequitable distribution of wealth across the five nations. With BRICS corporate sector stepping in to fill governmental deficiency, there is a need to devise a method (to be discussed in Section 4.2) to assess the effectiveness of corporate activities that have been claimed to be 'socially responsible'.

The detailed study on countries in BRICS set forward in this section shows that although all nations belong to the emerging market, each country has specific issues waiting to be addressed and a mere compliance to international CSR norms will not resolve problems. With this in mind, these nations' unique characteristics assisted in forming the foundation for the research design presented in Section 4.

3 LITERATURE REVIEW

The business field has witnessed the resurgence of CSR as an influential interest topic in recent years. Between the 1960s and 1970s, the level of interest shown in CSR led to the propagation of a wide range of contributions by scholars, such as Bowen, 1920s; Cheit, 1964; Heald, 1970 and Ackermann & Bauer, 1976. Unfortunately, the short span of attention led to CSR submergence in managerial quest for economic profit in corporations (Dierkes & Antal, 1986; Vogel, 1986).

The driving force for reappearance of CSR over the decade can be attributed to heightening public concern related to globalisation. Globalisation has led to the phenomena of various interest groups advocating transparent CG; corporations find themselves guilty of infringing human rights in developing economies, as well as other deemed negative aspects of globalisation.

The CSR literature, which has gained considerable attention in recent years, has been extensive, offering differing theoretical approaches as discussed in the following sections. Some academic studies include Bhattacharya and Sen, 2004; Carroll, 1991; Drumwright, 1996; Carroll, 1999; and McCarty and Shrum, 2001. Interestingly, to date, there is still lack of a universal consensus on the definition of CSR.

3.1 Corporate Social Responsibility (CSR)

The nature of CSR concept, which has been identified to be associated with both morality and business ethics, has resulted in difficulties in arriving at a universal CSR definition (Overdeest, 2009).

According to Crane & Mattern (2004), morality is defined as the ‘norms, values and beliefs embedded in social processes which define right and wrong for individuals and communities as a whole (Caruana, 2007).

Business ethics is interpreted as ‘the study of morality and the application of reason to elucidate specific rules and principles that determine right and wrong for any given situation’ (Matten, Pohl, Tolhurst & Visser, 2007).

Intuitively, both concepts of ‘morality’ and ‘business ethics’ that set the framework for CSR are conditional upon the existing social contexts in various societies. As such, what is regarded as ‘wrong’ in one societal backdrop could be deemed

appropriate in another culture. Correspondingly, there is a disaccord of what is seen to be socially responsible decisions and/or actions in various societies. This is reiterated by Dhalsrud (2006), who states that the manner of which CSR is constructed socially in a specific context is unclear (Overdevest, 2009).

A study conducted by Ahmed, Chung & Eichenseher (2003) on students' perception of ethical business practices in China, Egypt, Russia, Korea, Finland and United States further substantiates the earlier cited disaccord, in which Russian and Chinese students were more inclined to engage in unethical behaviour if it equates to higher profitability (Ardichvili, 2009).

With the existence of ambiguity in what amounts to being socially responsible, it has to be highlighted that not all actions of corporations citing CSR is deemed to be responsible. For instance, Shell's plan to sink Brent Spar oil platform in 1994 for environmental protection resulted in interest groups' criticism of being socially irresponsible as it was regarded as hazardous (Vogel, 2005).

To complicate matters, organisations today are featuring and communicating CSR in various commitment levels. Cumulatively, these aggravate the problem of deriving a globally recognised CSR definition.

3.1.1 CSR Definition

It has been argued by Crowther and Rayman-Bacchus (2004) that CSR carries different meanings to different groups of people. Supporters of this argument include Carroll, 1991; Jones, 1995 & 1999; McWilliams & Siegel, 2001 and Idowu & Papasolomou, 2007; who advocate that there is no universal CSR definition (Filho & Idowu, 2009).

The fuzziness surrounding CSR concept contributes to the lack of a consensus on CSR definition. Social responsibility has been described as a concept that is 'vague and ill-defined' (Preston & Post, 1975), 'lacking a dominant paradigm' (Jones, 1983) and 'susceptible to subjective and value-laden judgements' (Aupperle et al., 1983) (Jamali, 2008). Nonetheless, all available definitions in the CSR literature agree that CSR is all-embracing 'doing good' for the employees, society, as well as the environment.

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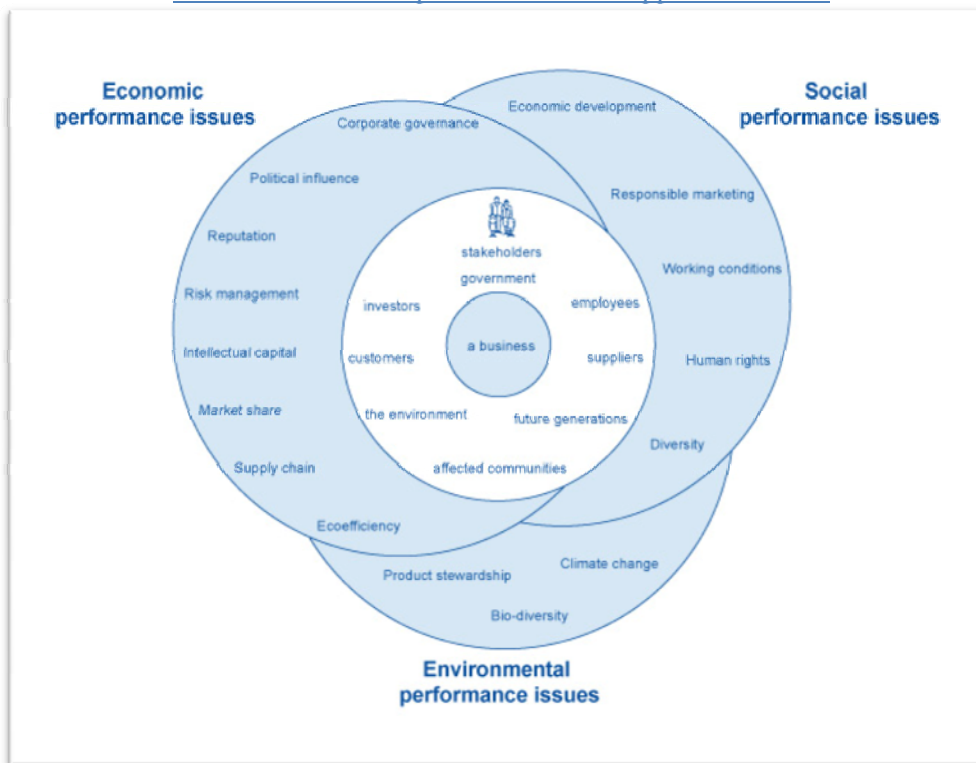
An intra- and inter-country comparison

Traditionally, CSR means corporations' responsibilities towards shareholders and compliance with existing laws and regulations. Today, this basic concept of CSR has evolved to factor in expected responsibilities towards other stakeholders of corporations, such as employees, customers, suppliers, environment, society and regulatory authorities.

Carroll (1983), one of the prominent academics in the CSR arena, advocates that CSR involves 'the conduct of a business that it is economically profitable, law abiding, ethical and socially supportive'.

The United Nation Industrial Development Organization (UNIDO) has defined CSR as a concept for companies to assimilate environment and social factors within their normal business operations and stakeholders' interactions. Predominantly interpreted as a 'Triple-Bottom-Line-Approach', CSR is the manner for corporations to simultaneously strike a balance between economic, environmental and social imperatives and meet expectations from both shareholders and other stakeholders (UNIDO, Year n.d.). Exhibit 2 shows the triple-bottom-line approach graphically.

EXHIBIT 2: The Triple-Bottom-Line Approach to CSR



Source: UNIDO. (n.d.). What is CSR – Defining the Concept. In *United Nations Industrial Development Organizations*.

Interpretatively, CSR means intentional encompassment of public interest into corporate strategies and focusing on the triple bottom line of profit, planet and people.

In line with the above definition, the European Commission has defined CSR as a concept in which companies ‘integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis’ (EUROPA, 2005).

In this paper, CSR is visualised as the manner in which corporations interact with identified²⁴ stakeholders, in the process of developing products and services that are economically viable within main business activities, leading to an improvement in social conditions and better protection of the environment (IISD, 2007).

3.1.2 Basic Characteristics of CSR activities

Despite the absence of a universal definition, fundamentally, CSR looks at the three ‘P’s – Profit (economic performance), People (social development) and Planet (environmental conservation).

CSR is primarily undertaken on a voluntary basis, with very minimal laws and regulations encompassing this arena. Companies which are socially responsible conduct CSR activities beyond what is legally expected of them.

Also, CSR activities have a long-term focus and most importantly, the expansive nature of CSR means that they are open to interpretation and do not have any limits. CSR activities can therefore take on a variety of dimensions, ranging from working with under-privileged communities, philanthropy, making it a part of the business strategy or by creating shared value that leverages on largely inter-dependent relationship between corporations and stakeholders for generating sustainable competitive advantage.

3.2 Corporate Social Responsibility versus Corporate Philanthropy (CP)

In layman’s terms, ‘CSR’ may be used interchangeably with ‘philanthropy’, ‘sponsorships’ or ‘charity’. However, academically, it is crucial to distinguish CSR from CP. The CSR concept, as a business management strategy, distinctively transcends beyond pure philanthropy acts.

²⁴ The identified stakeholders for BRICS will be elaborated in Section 4.2.

Fundamentally, the underlying motivation for firms undertaking CSR and CP is different. For CSR, economic success is a pre-requisite for the corporation to oversee societal and environmental welfare. In essence, economic profit is regarded as a ‘means to an end, rather than an end in itself’ (Zollo, n.d.). The CP model, on the other hand, shows the cause-effect reasoning in the opposite manner – it demonstrates the transformation of social action into economic results. For instance, companies undertake philanthropic activities with the belief that doing so enables them to gain an advantage in access to capital, development of business and reputation building.

In addition, sustainability has a different meaning in both models. The CSR model focuses on both environmental and social sustainability, whereas sustainable competitive advantage remains on the agenda in the CP model.

3.3 Dimensions of CSR Activities

Despite having previous empirical research which analyses CSR in a one dimensional manner that confers a common group to all CSR activities, it has been suggested by some scholars (Clarkson, 1995; Godfrey & Hatch, 2007; Waddock & Graves, 1997) that CSR constitutes various dimensions, with each being symbolised by different voluntary activities (Lee & Inoue, 2010).

3.3.1 Carroll CSR Pyramid

Archie B. Carroll (1979, 1999) was the pioneer in analysing CSR activities in a multi-dimensional manner. Despite the surge of CSR definitions in literature review today, Carroll’s four level CSR pyramid has been the most longstanding and widely cited.

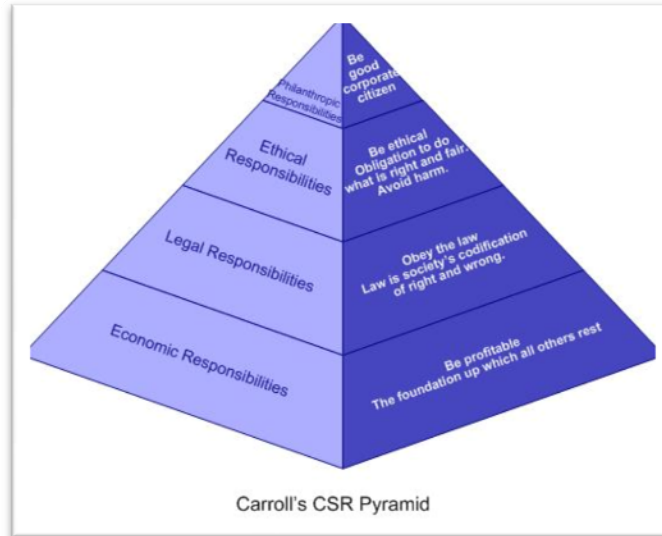
In Carroll’s CSR pyramid, total social responsibilities consist of four components, namely, economic, legal, ethical and philanthropic. The CSR pyramid in Exhibit 3 illustrates the relationship and relative importance of the four aspects of social responsibility, with economic performance of corporations forming the fundamental building brick. Concurrently, corporations face the expectations of complying to the law, which is society’s codified tolerable and/or objectionable behaviour. Next on the agenda will be corporation’s ethical responsibilities. At the most basic level, this refers to firms’ accountability to carry out actions that are deemed to be just, right and fair to downplay harm to various stakeholders. Finally, society carries an expectation for businesses to be good corporate citizens. This is embedded within philanthropic

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responsibilities to society, in which there is an implicit anticipation of corporations to support the community financially and in terms of human resources, with the ultimate aim of elevating life quality.

EXHIBIT 3: Carroll's CSR Pyramid - A Conceptual Model of CSR



Source: Carroll, A.B. (July - August 1991). In *The pyramid of corporate social responsibility: toward the moral management of organizational stakeholders - balancing economic, legal, and social responsibilities*.

Between ethical and philanthropy responsibilities, there exists a thin line of difference. One differentiation factor is the nature of both responsibilities. Ethical responsibilities are always expected by society, whereas philanthropy responsibilities are deemed to be on a voluntary basis. For instance, society expects firms to fulfil ethical responsibilities by providing finances, facilities and employee commitment to charitable causes but firms will not be seen to be unethical if the desired level of philanthropic responsibilities, in terms of contribution level, is not met.

Segregating the four dimensions in the CSR pyramid for discussion purposes allows one to see how the various obligations are constantly evolving and challenging one another. However, it has to be stressed that these components are non-mutually exclusive. More specifically, a corporation's economic responsibilities are not intended to rival against other responsibilities.

Traditionalistic scholars may argue that the CSR pyramid displays an inherent clash of corporations' profit interest and society concern. However, this paper takes the

stand that both economic and societal interest can and should coexist in forming the pillar of corporate sustainability.

A stakeholder perspective on CSR allows the acknowledgement of these conflicting objectives of corporations as a reality. Simultaneously, it permits one to zoom in on the CSR pyramid to decipher corporate decisions, programs and actions to be undertaken to fulfil all responsibilities.

3.4 Analytical Framework on CSR

In an attempt to lessen the complexity clouding CSR, an overview of the various approaches to determine social responsibilities of businesses to society is presented in the following sub sections.

3.4.1 The Traditional Shareholder Model - Fundamentalism

Fundamentalism lies in one end of the CSR theory spectrum, advocating that businesses either have limited or no role to play in social responsibility. The classical economic view endorses management sole responsibility towards shareholders in profit maximisation.

Milton Friedman, the most vocal upholder of this view, economist and *laissez-faire* capitalism supporter, backs up the view that social issues ought not to be a cause for concern for businesses and the free market system will eventually resolve these issues. According to Friedman (1983), ‘There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud’.

The case against CSR has been brought forward by other fundamentalists as well. Theodore Levitt maintains a ‘functionalist fundamentalist’ stand, proposing that the society in the workings of a free market is confided to ‘radical pluralism’. This pluralism, in economic, social or political context, is maintained when various ‘functional groups’ are not infringing on one another’s behavioural domains (Klonoski, 1991).

In terms of functional groups, the government serves to provide for overall societal welfare and labour group exists to support its workers and businesses operate to

maximise profit in face of vigorous competition. Levitt (1983) maintains his stand that CSR is detrimental to both businesses and the society, with business conducts in the US described as ‘like a good war, it should be fought gallantly, daringly, and above all, not morally’ (Klonoski, 1991).

Both economies Friedman and Levitt have built their arguments on businesses being shielded from social responsibilities. However, this primitive approach in full dismissal of social responsibilities notion has led to the emergence of Douglas Den Uyl’s argument in describing Friedman as a ‘fundamentalist individual agreement’ theorist. Den Uyl contends that Friedman’s fundamental stand does not necessarily disallow socially responsible corporations. In fact, there may be scope for CSR activities within boundaries set by shareholders’ contractual agreements that commands profit maximization.

The fundamental stand held by both Den Uyl and Friedman is the ‘traditional stockholders model’ (Bruono and Nichols, 1990). This model advocates that corporations are not ethically obliged to be socially responsible beyond contractual agreements.

Friedman (1970) contends that the management is responsible for making ‘as much money as possible while conforming to the basic rules of society, both those embodied in the law and those embodied in ethical custom’.

In consideration of Friedman’s argument collectively, the fundamentalism model loses its authorisation. From Friedman’s scope of management responsibility, it appears that the three bottom layers of CSR pyramid (economic, legal and ethical responsibilities) have been accounted for, precluding only philanthropic responsibilities (Carroll, n.d.).

Although it may be proper for an economist to disregard the importance of philanthropic activities, the realism of the corporate world always point towards the fact that businesses rarely exclude philanthropic elements in business conducts. Unmistakably, this responsibility is embraced by corporations under the rule and pursuit of self-interest.

3.4.2 The Stakeholder Model

The growing appetite for CSR information and activities in businesses shows the gradual yet evident shift from traditional shareholder perspective to modern stakeholder perspective in conducting business.

According to Branco and Rodrigues (2007), the stakeholder perspective of CSR includes interests of various stakeholders in management's decision making process.

The high level of managerial interests in stakeholder theory analysis was sparked off by Edward Freeman's publication of '*Strategic Management: A Stakeholder Approach*' in 1984. Freeman (1984) maintains that business relations ought to involve parties who may 'affect or be affected' by a corporation (Clarkson, 1995; Freeman, 1984 and Freeman & Reed, 1983).

Progressively, there are significant researches conducted on stakeholder theory to pinpoint the group of stakeholders that ought to have managerial attention (Angle, Mitchell & Wood, 1997). This has led to the focus on the nature of relationship between organisations and their stakeholders, which is established on legitimate claims, exchanges, power dependencies and other claims (Cummings & Doh 2000). Notably, the stakeholder theory has been attempted by researchers to reconcile with agency theory and other governance theories (Hill & Jones, 1992).

In various CSR definitions, the concept of stakeholder almost never fails to come into the picture (Blowfield & Murray, 2008). In a significant amount of literature review, the stakeholder theory is of paramount importance. This can be seen in the works of Clarkson, 1995; Davenport, 2000; Vogel, 2005 and Maon et al., 2008 (Hed & Zhang, 2009). According to Attarca & Jacquot (2005), the stakeholder concept has evolved to become the *grille de lecture* in analysing CSR (Fassin, 2009).

Maon et al. (2008) has described the stakeholder concept as one that 'extends beyond the organisation's boundaries and is driven by an ethical understanding of the organisation's responsibility for the impact of its business activities, thus, seeking in return society's acceptance of the legitimacy of the organisation'. In this approach, CSR can be visualised as a web of inter-linked relationships a corporation could possibly develop with various groups with a 'stake' in the corporation.

Narrowly defined, stakeholders are groups which directly influence the survival of corporations. These stakeholders are known as primary stakeholders, who are the shareholders, employees, customers, suppliers and key regulatory authority.

Extension of the range of stakeholders leads to identification of secondary stakeholders, who are defined to be any individual or groups who can be and/or are affected by organisations' conduct and performance. A non-exhaustive list of secondary stakeholders includes the media, government, unions, trade associations, competitors, environment, financial institutions and the community.

The trend towards stakeholder approach in conducting businesses is evident, with wide acknowledgement of other stakeholders within the business environment who could significantly influence corporations' strategy executions.

3.4.3 The Alliance Model

Patricia Werhane (1985) highlights that the moral instrument of people and corporations displays a disparity and that corporations can be assigned various degrees of moral and ethical responsibilities, which will have a direct bearing on the nature of corporate actions (Frey & Cruz-Cruz, 2009).

With this method of determining corporations' social and moral responsibilities, the level of 'personhood' and moral agency that are allocated to corporations will critically affect the nature and extent of CSR activities. With corporations being regarded as moral agents and 'persons', they can be held liable morally in the social realm, just like real persons. Otherwise, societal claims against corporations will require a separate ground of justification.

Werhane's alliance approach to CSR is comparable to the stakeholder approach, as it acknowledges the need to factor in the well-being of various groups around the corporations, which have fundamental interests that are dependent on corporate actions. These groups are similar to the parties identified in the stakeholder approach, namely, shareholders, employees, suppliers, customers, the community, government and relevant authorities, the environment, and so on. Together, these constituencies form an 'alliance' with corporations.

However, when contrasted with the stakeholder approach, there are two prominent differences in the alliance approach.

Unlike the stakeholder approach, Werhane's alliance approach negates the need for corporations to be the centre of analysis for CSR activities. In Werhane's alliance approach, the focus during the problem solving process shifts to individual stakeholder groups and regards each stakeholder group as the core of analysis, in an attempt to frame problems and formulate solutions.

In addition, corporations in the alliance approach are seen as a part of a huge system made up of interconnected and mutually dependent components, resulting in a combined action on the CSR front. Therefore, every issue manifests a complex system made up of the corporation, shareholders, employees, suppliers, customers, managers, the community, government and relevant authority and the environment. Problems surface from value clashes amid and between constituents of the system and they are solved through mutual efforts of the various constituencies in the alliance.

The alliance approach is promising, as it brings attention to moral imagination to problem framing in various perspectives. With multiple framing of problems, solutions in multiple horizons can be generated.

3.5 Criticisms of CSR

Opponents of CSR concept are in favour of Milton Friedman's old motto of 'the business of a business is business' (Hond, Bakker & Neergaard, 2007). Supporters of this view argue that the fundamental purpose of a commercial entity is profit generation and therefore should not be distracted in implementing environmental and social initiatives. CSR activities serve as a distraction to the profit seeking motive and hence would inevitably distort the workings of the market.

In the ideal world, CSR is meant to be a win-win situation for both corporations and the society; the former make money and the latter benefits. In reality, however, it is seen that CSR activities may at times divert attention away from fundamental issues, aiding corporations to gain legality and access to markets, build consumer loyalty and circumvent regulations.

3.5.1 CSR allows Corporations to Gain Legality and Access to Markets

Conferment of a 'corporate citizen' identity once CSR activities are undertaken enables corporations to gain access to finances more easily. Public entities, such as the European Bank for Regional Development and World Bank's International Finance Corporation, allow easy financing and grant export credits to companies that follow guidelines by Organisation for Economic Co-operation and Development (OECD) and complete evaluations of impact on environment (Fauset, n.d.).

Also, dedication to CSR accredits corporations, enabling them to be seen in international forums and prominent world summits, such as G8. This gives corporations the chance to influence meetings' agenda and gives them an avenue to speak out on global affairs. Corporations may therefore use CSR as a facemask and do the base minimal to pursue their corporate economic motives. As such, it can be said that corporations' title as 'corporate citizens' gain them access to resources and authority at the expense of citizens' welfare (Fauset, n.d.).

3.5.2 CSR as a Public Relations (PR) Tool

The CSR concept is appealing and enticing, as it works on consumers' conscience of doing good. CSR serves as a powerful brand loyalty building tool to foster a close and personal relationship with customers.

Alternatively, CSR may also serve as a smokescreen for companies to permeate the media with positive images and distract the public from any other negative publicity. The criticism of CSR being merely a public relations tool is not unforeseen, given that most CSR related personnel in corporations belong to the PR and/or communications departments. Most importantly, most CSR strategies, such as dialogue sessions with the Non-Governmental Organizations (NGOs), social reports and corporations' codes of conduct are the work of PR companies such as Hill and Knowlton, Burson-Marsteller and E.Bruce Harrison, to name a few (Fauset, n.d.).

In essence, CSR has resulted in re-labelling itself, facilitated a shift in meaning and carved a new compassionate image, though with a lack of substantiality (Fauset, n.d.).

3.5.3 CSR as a Regulation Circumvention Tool

Fundamentally, CSR is meant to be a response from corporations to public scepticism and the call for regulation. CSR consultants contend against regulations, citing that

regulations serve to only guard against bad practices and do not advocate desirable social practices.

However, critics point out that, having corporations to decide for themselves what are ‘good’ and ‘bad’ practices is problematic. It is argued that formal rules and regulations, including corporation structures and the environmental and societal impacts of corporations, are the only avenue for a democratic society to hold the reins on socially acceptable and/or unacceptable corporate behaviour (Fauset, n.d.).

In addition, it is argued that giving corporations the option to undertake voluntary actions in the absence of regulation is akin to disregarding governmental duties.

3.5.4 The Lack of Moral Code in the Market

CSR puts forward the view that in the classic free market, individual actors pursue their self interest and hence any social problems will eventually be solved. However, the surge of massive corporate scandals, far-reaching environmental issues and anti-trust cases cast a shadow of doubt on Adam Smith’s famous ‘invisible hand’ theory to allow the attainment of desirable outcomes.

Albeit complex, environmental and social issues that are plaguing the market today have crystal clear solutions, such as reducing consumption and adopting more environmental friendly production methods. However, it is argued that many market based ‘solutions’ implemented by corporations try to blur our vision from the ‘actual solutions’ of the crux of problems.

To reiterate, if the way to handle radical environmental and social issues is to allow the influential entities who are responsible for these problems to financially gain from their course of actions, then the utmost purpose of tackling these issues has unfortunately, taken a backseat.

4 Empirical Investigation

With the motivation to answer the purpose of this study (described in Section 1.3), an empirical exploratory study on CSR activities of corporations in BRICS is conducted, since there is no existing model for CSR assessment and ambiguity remains due to the lack of bright-line rules. With the nature of study established, the research methodology, data collection and sample selection are then determined.

Current literature on research methodology leads to two well recognised approaches of quantitative paradigm and qualitative paradigm (Crotty, 1998). This study adopts a qualitative research methodology, which is defined by Lincoln (2008) broadly as ‘involving an interpretive naturalistic approach to its subject matter’. Consequently, this research methodology gives us the capacity to study corporations’ CSR efforts in their current settings and interpret the meanings behind them.

In assessing CSR activities of corporations in BRICS, a qualitative analysis of the annual and/or sustainability reports of selected sample companies in BRICS is conducted. It entails detailed study of corporations’ published reports to critically assess the nature and quality of CSR activities undertaken. Also, it allows us to interpret if CSR activities undertaken are merely adherence to local and international regulations or adapted to address the local socio-environmental issues as well.

4.1 Data Source and Sample Selection

The sample companies chosen represent a diverse portfolio and have been selected from indices in respective economies, representing the most frequently traded shares. Notably, there is a deliberate avoidance of using sustainability indices for sample selection so as to include and assess corporations who are carrying out CSR activities on a voluntary basis.

Twenty frequently traded companies (which may or may not be listed on sustainability indices) in various industries from each country are chosen from the leading indices, constituting a total sample size of one hundred companies. An evaluation of disclosed CSR activities within the chosen sample group will potentially reveal the priority and commitment level of CSR in these corporations. The list of indices used is listed in Exhibit 4 below.

EXHIBIT 4: List of BRICS Indices Used in Data Collection

Country	Index	No. of Constituents
Brazil	IBrX 50 Notional Portfolio	50
Russia	RTSI Index – Russian Trading System Index	50
India	S&P CNX Nifty	50
China	SSE 50 – Shanghai Stock Exchange Top 50	50
South Africa	FTSE/JSE RAFI 40 Index	42

4.2 BRICS CSR Assessment Framework

For BRICS, what remains to be assessed is whether CSR is merely hogwash or indeed, a matter of increasing concern. Practically, CSR approaches are not ‘one-size-fits-all’. Instead, they have to be adapted to local needs and contexts. Given that BRICS face more pressing social and environmental issues, CSR poses an additional challenge for corporations.

In an attempt to conduct an intra- and inter-country comparison of CSR compliance and disclosure level in BRICS, an assessment framework, which focuses on corporations’ responsibility towards its various identified stakeholders, is formulated. This framework allows us to quantify the effectiveness of CSR disclosures in BRICS by assigning scores to corporations, based on the parameters that have been set forth.

4.2.1 Basis for Framework Formulation

Section 3’s literature review forms the basis of CSR assessment framework formulation. Fundamentally, the framework is set up under the guidance of IISD (2007)’s CSR definition as corporations’ interactions with stakeholders which result in social and environmental conditions improvements. The framework seeks to assess corporations’ actions and disclosures on the three ‘P’ frontiers of ‘Profit’ (economic performance), ‘People’ (social aspect) and ‘Planet’ (environmental issues), while conforming to regulations on an international and/or national level.

The framework is designed to distinguish corporations with comprehensive CSR efforts from those which conduct mere philanthropic activities. In addition, the framework reflects CSR assessment using the Stakeholder model (Section 3.4.2), which encompasses the interests of other stakeholders other than fundamental shareholders, as shown in the Traditional Shareholder model (Section 3.4.1).

4.2.2 CSR Assessment Framework

A CSR assessment framework has been set up to encompass parameters that form the pillars for future growth for BRICS. The framework is made up of comprehensive yet non-exhaustive benchmarking indicators for a corporation to fulfil its social responsibility in an all-encompassing manner. Ideally, these identified parameters ought to be addressed by all companies, regardless of business nature and industry.

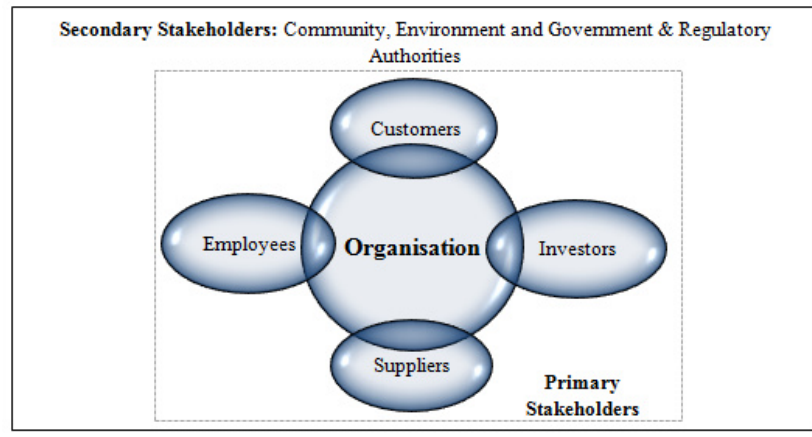
The formulated framework has comprehensively identified seven groups of stakeholders to which BRICS corporations have a duty to fulfil to. These stakeholders are employees, the community, customers, suppliers, government and regulatory authorities, shareholders and environment. They can be segregated into

- (i) **Primary (Market) stakeholders** - referring to parties which are directly involved in and/or economically affected by business transactions and include employees, customers, suppliers and shareholders.
- (ii) **Secondary (Non-market) stakeholders** – relating to those who do not have direct economic dealings with the business yet are influenced by and/or can affect corporations' actions. This group of stakeholders include the community, government and regulatory authorities and environment.

The relationship of a corporation with its seven identified stakeholders can be seen in Exhibit 5.

The media, financial institutions and competitors have been recognised to be stakeholders of corporations; however, they are not included in the assessment framework due to a uniform lack of information in BRICS corporations' disclosure. Information relating to media usage as a form of CSR communication tool is minimalistic; negligible disclosure of creditor rights led to the exclusion of financial institutions and there are little details on regional restrictive trade practices and/or guidance codes on corporations' interactions with competitors.

EXHIBIT 5: Identified Stakeholder Groups for Assessment Framework



The assessment framework is derived upon review of issues addressed under various international recognised guidelines; namely, ISO 26000²⁵, ISO 14000²⁶, Occupational Health Safety Advisory Services 18000 (OHSAS 18000²⁷), SA 8000, Business Social Compliance Initiative (BSCI²⁸), GRI and the United Nations (UN) Global Compact²⁹.

Simultaneously, specific national characteristics of BRICS are taken into account. These emerging economies are mainly characterised by having a large population, poor labour reform, relatively low literacy rates, a substantial population in poverty and poor healthcare system.

With a high probability of corporations merely translating international CSR guidelines into activities within its local operating environment, our study also aims to find out the extent of CSR localisation within each country. Localisation is meant by the manner in which corporations' CSR activities undertaken integrate into the local social and environmental fabric. For CSR effects to be far-reaching and beneficial to all stakeholders of corporations, a high degree of CSR localisation is required.

²⁵ **ISO 26000** is an international guideline on social responsibility.

²⁶ **ISO 14000** is a set of environment management standards that serves to assist corporations in curtailing negative impact of their operations on the environment and/or to comply with existing laws and regulations.

²⁷ **OHSAS 1800** is an international specification on management system on occupational health and safety.

²⁸ **BSCI** has the ultimate aim of enhancing labour's working conditions in the global supply chain.

²⁹ **UN Global Compact** is an initiative to assist corporations to associate strategies and operations with the 10 globally recognised principles in the field of labour, human rights, anti-corruption and the environment.

Taking local needs into context, there is a considerable groundwork for companies in BRICS to tackle CSR with regards to education, employment generation, child welfare, medical facilities and labour rights. This phenomenon is escalated by the increasing trend of compliance with non-mandatory GRI requirements and sustainable reporting to ensure long term viability of the firm as a going concern.

Based on the review of unique problems faced by BRICS (in Section 2.4) and criticality of environmental degradation, three local stakeholders have been ranked higher in terms of importance (assigned a weight of 16% each) in the five nations and they are:

- 1) Environment
- 2) Community
- 3) Employees

The higher weight is on account of the fact that across all five economies, the above mentioned groups have been largely neglected by corporations in the pursuit of wealth maximisation. On a compensatory note, we advocate a higher priority for the aforementioned stakeholders.

Scores for responsibility towards other stakeholders are given an equal weightage of 13%. Weights of 16% and 13% are derived with the intention of showing the relatively higher importance of the three identified stakeholder groups from others and to cumulatively arrive at a total score of 100% for all seven groups. For BRICS, due to several common problems faced by the nations and the need to conduct an inter-country comparison, the assigned set of weights is similar across five nations.

However, weights assigned to each stakeholder group in the framework are meant to be flexible to reflect the relative importance of each stakeholder in every country's context. For instance, employees in Germany form a very important stakeholder group due to the Co-Determination Act. As such, a weight of more than 16% could be assigned to CSR assessment in Germany.

CSR activities by companies in BRICS are examined based on firms' responsibilities towards seven stakeholder groups. Scores are then assigned within each group if the activities fulfil the stipulated requirements. Based on the importance of the various groups, computation of weighted average score in each group is carried out, with the

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final score for corporations' CSR activities calculated by summing seven weighted average score of various stakeholder groups. Exhibit 6 presents the formulated assessment framework for CSR in BRICS.

EXHIBIT 6: CSR Assessment in BRICS

INTERNAL STAKEHOLDERS		
	Weight Assigned	Score
1. Responsibility to Employee	16%	Score
<i>(a) Employment</i>		
- Practice of equal opportunity employment - No discrimination of employees based on gender, race, nationality, age or any other attributes		
- Presence of employee pension schemes		
- Minimum wage policy		
<i>(b) Human Rights Policy</i>		
- Presence of learning opportunities (training sessions, seminars etc) to enhance awareness on entitled human rights		
- Respect for and protection of personal information		
- Anti-discrimination treatment of employees		
- Compliance with International Labour Organization (ILO) Fundamental Principles and Rights on child labour and/or forced labour		
- Prevention of employee (power and/or sexual) harassment - presence of an avenue to seek advice		
<i>(c) Workers' Rights Policy</i>		
- Presence of a labour union to represent employees' welfare		
- Existence of an employee guidance system for communication with the management		
- Maximum working hours		
<i>(d) Health and Safety</i>		
- Declaration of compliance with company rules and applicable laws with regards to workplace safety and hygiene		
- Provision of healthcare for employees		
<i>(f) Equal Opportunities</i>		
- Schemes to employ person with disabilities		
- Schemes to employ retirees		
- Presence of training program for female leader		
<i>(g) Promotion of Work-Life Balance</i>		
- Presence of initiatives such as extended childcare leave, shorter working hours (childcare leave), maternity leave		
- Companies' initiatives to extend employees' leaves beyond legal requirements		
Total Score (out of 20)		
Total Weighted Score		0

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2. Responsibility to Customers	13%	Score
<i>(a) Presence of a feedback channel for customers</i>		
- Customer support/service system		
- Customer satisfaction surveys/focus groups		
<i>(b) Quality assurance</i>		
- ISO certification for products*		
<i>(c) Information</i>		
- Customers' right to information		
- Transparency in products composition declaration*		
- Informing customers of sustainability activities undertaken via available communication channels		
Total Score [out of 4 (for non-manufacturing) or 6 (for manufacturing)]		
Total Weighted Score		0

** Applicable to companies in the manufacturing sector only*

3. Responsibility to Suppliers/Business Partners	13%	Score
<i>(a) Presence of a dialogue channel with suppliers/business partners</i>		
<i>(b) Promotion of CSR in procurement process</i>		
- Promoting CSR initiatives (with suppliers) throughout the value chain		
- Practice of green procurement - purchase environmentally friendly raw materials and parts		
<i>(c) Presence of a formal and standard supplier selection process to avoid kickbacks/corruption</i>		
Total Score (out of 4)		
Total Weighted Score		0

4. Responsibility to Shareholders	13%	Score
<i>(a) Communication with shareholders</i>		
- Right to information - general shareholders' meeting		
- Annual report on company's financial performances on a timely basis		
- Information disclosure corporate policy		
<i>(b) Presence of a 'Investor Relations' department</i>		
<i>(c) Distribution of profits</i>		
<i>(d) Voting Rights</i>		
Total Score (out of 6)		
Total Weighted Score		0

EXTERNAL STAKEHOLDERS

5. Responsibility to Community/Social	16%	Score
<i>(a) Existence of a corporate community involvement policy</i>		

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<i>(b) Involvement in the community - philanthropic activities</i>		
- Donations for the disabled, in social welfare, disaster relief, arts and culture, science and technology and other areas		
- Investments in other areas (e.g. building houses parks, libraries, schools)		
<i>(c) Local employment generation</i>		
<i>(d) Provision of medical aid for the local community</i>		
<i>(e) Children's program</i>		
- Aid for homeless/street children		
- Education programmes		
<i>(f) Initiatives targeted to support women (eg. Training in self sustenance)</i>		
Total Score (out of 8)		
Total Weighted Score		0

6. Responsibility to the Environment	16%	Score
<i>(a) Existence of corporate policies on environmental issues</i>		
<i>(b) Employees involvement in environmental activities</i>		
<i>(c) Environmental friendly practices in value chain</i>		
<i>(d) Laws and regulations</i>		
- Adherence to local and/or global environmental regulations		
<i>(e) Activities targeting the climate change</i>		
- Corporate accounting on greenhouse gases - reduction in greenhouse gases emission		
<i>(f) Eco-efficiency assessment</i>		
- Environment auditing		
<i>(g) Technology</i>		
- Promotion of environmental technology and good environmental practices		
<i>(h) Conservation of biodiversity</i>		
<i>(i) Resource consumption</i>		
- Energy consumption and saving		
- Water consumption, reused and waste management		
- Recyclable content in manufacturing*		
<i>(j) Manufacturing of environmental friendly commodity goods*</i>		
Total Score [out of 10 (for non-manufacturing) and 12 (for manufacturing)]		
Total Weighted Score		0

**Applicable to companies in the manufacturing sector only*

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7. Responsibility to Government and Regulatory Authorities	13%	Score
<i>(a) Compliance to international and local regulations (on all operational issues)</i>		
<i>(b) Official meetings and briefings with the local authority</i>		
<i>(c) Adoption of internationally recognized CSR guidelines</i>		
<i>(d) Presence of Anti-Corruption corporate policy</i>		
Total Score (out of 4)		
Total Weighted Score		0

Cumulative Weighted Score		0
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4.3 Limitations of Empirical Study

4.3.1 Data Source

As indicated in Section 1.4, with the study being totally dependent on secondary data (annual reports and/or sustainability reports), access to information was a minor handicap with regards to Russia and China corporations, as the publications were originally in the national language of Russian and Mandarin respectively. However, this was overcome by translating the languages using translation softwares.

Also, with a sample size of twenty corporations across various industries in each nation, it is not a strong representation of current CSR compliance and disclosure in respective countries. These sample size represents only twenty out of fifty highly liquid stocks (with the exception of South Africa in which it was out of forty two corporations) and there is a lack of an equitable industry diversity from which the corporations are selected. Therefore, these one hundred sample companies would be at best deemed to represent a macro trend, providing a basis for further exploration.

In addition, the time constraint of eight weeks for the entire study period poses as a huge limitation to the number of sample size used and the usage of a primary data collection process.

4.3.2 Effectiveness of Assessment Framework

With regards to the assessment framework in Exhibit 6, it seems to have fallen short in addressing the key concern of shareholders. While companies seem to comply with all standard disclosures to shareholders, have an investor relations department and voting rights in place, this parameter does not analyse features with regards to the

independence of board of directors and other corporate governance aspects to safeguard shareholders' interest in face of agency conflicts.

Also, the framework does not address all stakeholders that matter to corporations. Despite having the research design starting out with issues related to nine stakeholders of corporations, due to limited accessibility and disclosure of information, **the Media** and **Competitors** are excluded from our framework.

The framework could also encompass further scoring parameters, such as giving corporations higher CSR scores for disclosure on the precise amount spent on various CSR activities. A detailed breakdown of CSR activities conducted was restrictive even for GRI compliant firms in the sample. From our sample size of a hundred firms, only 11% of corporations disclosed financial details of its CSR activities; two in Brazil, none in Russia, five in India, two in China and two in South Africa.

Also, certain pertinent issues specific to each economy in BRICS could have been excluded. In setting up the CSR assessment framework, comprehensiveness was one of the key agenda. Nonetheless, the parameters listed in the framework are by no means exhaustive, since a 'one size fits all' approach to CSR is not the approach we advocate. However, our framework is an important result which can be further developed.

5 DATA INTERPRETATION

As indicated in Section 4.1, the primary intention of selecting companies listed in BRICS indices is to gauge the extent to which CSR activities have filtered down amongst the most popular companies in each of the economies. However, some companies in the sample size are coincidentally listed in their country's sustainability index as well. To minimise the probability of selecting only companies with good CSR practices, samples are chosen from a diverse set of industries to facilitate the study of whether the service sector and relatively harmless manufacturing companies (as compared to mining) adhere to both national and international CSR mandates.

The twenty companies chosen from each country serve as a proxy for the most liquid stocks in the respective economies. Notably, they do not represent CSR efforts of SMEs. Nonetheless, the proxy companies are useful in providing a broad idea of the macro trends of CSR efforts in BRICS, since they are the companies with financial capacity for voluntary CSR activities. Therefore, it is reasonable to assume that the intensity and substance of CSR activities of these companies form the ceiling on the extent of effort by other corporations within the respective economies.

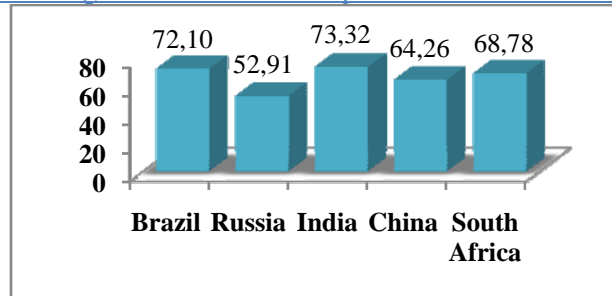
The industries in the sample include **Energy, Banking & Finance, Metals & Mining, Electricity & Utilities, Telecommunications, Transportation, Pharmaceutical, Automobile, Consumer Products, Real Estate, Construction, Information Technology, Infrastructure and Conglomerates.**

A sequential approach to data analysis has been adopted, by considering each individual country individually before conducting an inter-country analysis on the extent of CSR localisation and corporations' responsibility towards the seven stakeholder groups. Analysis in the sections that follow is based on data from a hundred sample companies in BRICS. Appendix A to E provides a comprehensive breakdown of CSR assessment scores of these corporations.

5.1 Results Overview

To get a macro view on how corporations' CSR efforts in the five nations fare, individual nation's average CSR scores across industries are tabulated and shown in Exhibit 7 graphically.

EXHIBIT 7: Average CSR Scores of Corporations in BRICS across Industries



From Exhibit 7, it can be seen that India leads the pack in CSR compliance and disclosures with a score of 73.32, followed closely by Brazil with 72.10. South Africa earns a score of 68.78, with China and Russia lagging behind at 64.26 and 52.91 respectively.

History is evidence to the fact that an economic crisis brings forth a fresh set of regulatory requirements. The Sarbanes-Oxley Act (SoX), Basel III, GRI, to name a few, are a result of transgressions of previously unaddressed economic deficiencies. As such, we witness the gradual shift from relation-based to rule-based governance system. The highlight is that each economy is on its respective stages of development that defines its compliance/disclosure to national and international CSR norms.

In Russian and Chinese context, historical and continuous impact of selective state intervention may be a contributing factor to their poor CSR scores in our assessment. High level of state ownership and financial support provided to the respective industry stands to be questioned. However, we can reasonably assume that as these economies increasingly adopt a market-driven model, there is an anticipated increase in the level of CSR compliance and disclosure.

5.2 Intra-Country Analysis

After providing an overview of the relative standing of CSR efforts in BRICS, each country's CSR disclosure and compliance level is then analysed separately.

5.2.1 Brazil

5.2.1.1 Comparison across Industries

The Brazilian sample of companies includes a broad range of industries, from **Energy, Metals & Mining, Electricity & Utilities, Telecommunications, Consumer Products, Real Estate to Construction**. Exhibit 8 condenses the CSR assessment scores of twenty Brazilian corporations.

EXHIBIT 8: CSR Assessment Score of Brazilian Corporations

BRAZIL					
Industry	Company/CSR Score				
Energy	Petróleo Brasileiro S.A.	Braskem S.A.	Basic Ecodiesel	Tractebel Engineering	Cemig
	84.45	72.53	44.62	83.37	78.17
Metals & Mining	Usiminas Mecânica S.A.		Gerdau S.A.		Vale S.A.
	78.53		56.15		88.67
Electricity & Utilities	Electrobras		AES Eletropalo		Copel
	83.95		85.15		80.65
Telecommunications	Tim Part S.A.				
	77.10				
Consumer Products	AmBev	Cosan	Marfrig Group		
	71.78	81.10	55.92		
Real Estate	Gafisa S.A.		Rossi Residencial		Cyrela Brazil Realty
	56.43		59.05		52.73
Construction	Fibria Celulose S.A.				
	81.82				
Diversified	Brookfield Brazil LTDA				
	69.90				
Average CSR Score	72.10				

As shown in Exhibit 8, the level of CSR disclosure and compliance within each industry in Brazil is reasonably consistent, save for a couple of companies in the **Energy** and **Metals & Mining** industry. A majority (55%) of sample companies belong to the **Energy, Electricity & Utilities** and **Metals & Mining** industry, which have stricter and/or mandatory regulations on environmental protection. As such, these corporations perform comparatively better in fulfilling their responsibility to the environment due to law requirements, as compared to other corporations who performed environmental protection on a voluntary basis. Therefore, it may be

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misleading to conclude that CSR activities in Brazilian context across all industries are of high calibre.

Among the industries in sample, **Real Estate** performed the worst, scoring an average score of 56.07, lagging behind the average CSR score by 28.6%. While these companies address issues regarding energy conservation, very little seems to be done for the community and the employees.

5.2.1.2 Extent of CSR Localisation in Brazil

As shown in Exhibit 9 below, Brazil is seen to be placing increased emphasis on responsibility to the environment, as shown in a high percentage of companies assessing its environmental impact and incorporating measures to effectively manage energy consumption. This is in tune with our sample's characteristic, where eleven of twenty companies are subjected to mandatory environmental compliance.

EXHIBIT 9: The Extent of CSR Localisation by Brazilian Corporations

BRAZIL							
Percentage of Companies (within Industry) with CSR Activities Targeting Respective Stakeholders							
Industry (No. of Companies within this Industry)	Identified Stakeholders						
	Employee		Community			Environment	
	Schemes to Employ the Disabled	Schemes to Train Female Leader	Provision of Medical Aid for the Community	Provision of Education for Children	Initiatives Targeted at Women (Training etc)	Corporate Accounting on Greenhouse Gases	Effective Resource Allocation (Energy Saving)
Energy (5)	40%	-	80%	80%	-	80%	80%
Metals & Mining (3)	33%	-	33%	33%	-	100%	100%
Electricity & Utilities	67%	-	100%	100%	-	100%	100%
Telecommunications (1)	100%	-	-	100%	100%	100%	100%
Consumer Products (3)	-	-	33%	33%	-	67%	67%
Real Estate (3)	67%	-	-	33%	-	-	67%
Construction (1)	-	-	-	-	-	-	-
Diversified (1)	-	-	-	100%	100%	-	100%
Average (Individual)	38%	-	31%	60%	25%	89%	77%
Average (Stakeholder)	19%		39%			83%	

At a community level, priority is placed in providing education for the disadvantaged community and medical facilities. However, current medical provision is limited to raising medical awareness and preventive camps. Unique to Brazil, emphasis is placed on the hiring people with disabilities, adhering to ILO's principle of equal employment opportunities to the disabled. However, women empowerment is not emphasised by Brazil corporations, as seen in the lack of initiatives in grooming female leaders in corporations and programmes reaching out to the women in community at large.

5.2.2 Russia

5.2.2.1 Comparison across Industries

Exhibit 10 below shows that with the exception of Tatneft OAO (Energy), NLMK and OJSC MMK (Metals & Mining), CSR initiatives across Russian industries are mediocre, with an average score of 52.91. With the exception of the three companies mentioned above with high CSR disclosure and compliances, CSR scores of corporations in Russia are pretty uniform, regardless of the nature of corporations (manufacturing- or service-oriented).

The absence of mandatory CSR and administrative pressure to undertake CSR in Russia can be inferred as one of the few reasons for the low level of CSR disclosure, resulting in the low scores of corporations.

EXHIBIT 10: CSR Assessment Score of Russian Corporations

RUSSIA				
Industry	Company/CSR Score			
Energy	Gazprom	JSC Gazprom	Tatneft OAO	
	59.23	51.10	75.37	
Banking & Finance	Sberbank		JSC VTB Bank	
	50.65		47.50	
Metals & Mining	NLMK	OJSC Polyus Gold	OJSC MMK	Mechel OAO
	79.33	44.33	78.70	49.67
Electricity & Utilities	OAO Mosenergo	JSC RusHydro	JSC Inter Rao Ues	
	44.80	48.50	50.30	
Telecommunications	MTS OJSC		Sistema JSFC	
	48.00		56.80	
Chemical Products	Sil'vinit		JSC Acron	
	36.75		52.67	
Transport	PJSC NCSP			
	48.60			
Consumer Products	WBD Foods			
	49.25			
Pharmaceutical	JSC Pharmstandard			
	36.45			
Automobile	Severstal-Auto			
	50.13			
Average CSR Score	52.91			

5.2.2.2 Extent of CSR Localisation in Russia

From Exhibit 11 below, it is clear that most corporations in Russia have placed a priority on fulfilment of responsibility towards both stakeholder groups - community and environment. There is a trend in providing education for children and medical aid for the community at large, followed by environment policies in place to monitor greenhouse gases and ensure more effective resource allocation. Women empowerment is not on the corporations' agenda, shown in the lack of schemes to

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train female corporate leader and a low level of initiatives targeted at providing training to women in the community.

EXHIBIT 11: The Extent of CSR Localisation by Russian Corporations

RUSSIA							
Percentage of Companies (within Industry) with CSR Activities Targeting Respective Stakeholders							
Industry (No. of Companies within this Industry)	Identified Stakeholders						
	Employee		Community			Environment	
	Schemes to Employ the Disabled	Schemes to Train Female Leader	Provision of Medical Aid for the Community	Provision of Education for Children	Initiatives Targeted at Women (Training etc)	Corporate Accounting on Greenhouse Gases	Effective Resource Allocation (Energy Saving)
Energy (3)	-	-	67%	100%	33%	100%	100%
Banking & Finance (2)	-	-	100%	100%	-	-	-
Metals & Mining (4)	-	-	50%	100%	25%	75%	50%
Electrical & Utilities (3)	-	-	67%	67%	-	100%	100%
Telecommunications (2)	-	-	100%	50%	-	-	50%
Production (2)	-	-	100%	100%	-	100%	100%
Transport (1)	-	-	100%	100%	-	-	-
Consumer Products (1)	-	-	-	100%	-	-	100%
Pharmaceutical (1)	-	-	-	-	-	-	-
Automobile (1)	-	-	100%	100%	-	100%	100%
Average (Individual)	-	-	68%	82%	6%	48%	60%
Average (Stakeholder)	-	-	-	52%	-	-	54%

5.2.3 India

5.2.3.1 Comparison across Industries

Among the five nations, India leads in CSR disclosure and compliance, with average CSR score of 73.32 across all industries. Exhibit 12 provides a snapshot of CSR activities within India.

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EXHIBIT 12: CSR Assessment Score of Indian Corporations

INDIA			
Industry	Company/CSR Score		
Energy	ONGC India		
	89.83		
Banking & Finance	HDFC Bank	ICICI Bank	
	46.45	51.30	
Metals & Mining	Tata Steel		
	88.58		
Telecommunications	Bharti Airtel		
	49.25		
Consumer Products	Hindustan Unilever		
	85.68		
Pharmaceutical	Cipla Ltd	Ranbaxy Labs Ltd	
	39.07	53.18	
Automobile	Bajaj Auto Ltd	Hero Honda Motors Ltd	Maruti Suzuki India Ltd
	59.05	63.12	94.80
	DLF Building India		
Real Estate	59.27		
	DLF Building India		
Construction	Ambuja Cements Ltd.	Grasim Industries Ltd.	
	89.15	89.82	
	DLF Building India		
Information Technology	HCL Technologies Ltd.	Infosys Technologies Ltd.	
	77.85	94.80	
Diversified	ITC Ltd. India	Wipro Ltd.	
	94.23	92.80	
Infrastructure	Larsen & Toubro Ltd.	Reliance Industrial Infrastructure Ltd.	
	92.75	55.33	
Average CSR Score	73.32		

As shown in Exhibit 12, the CSR efforts in **Banking & Finance**, **Telecommunications** and **Pharmaceutical** industry are seen to be lax, supported by their less than average CSR scores. This suggests that the service sector seems to have taken a backseat in the absence of any finger-pointing by the public. Additionally, pharmaceutical companies, under the pretext of working for a noble cause of providing medicine at affordable rates, seem to have neglected related CSR activities and turned a blind eye to other stakeholders.

Another key observation from annual and/or sustainability reports of corporations in India is the conduct of CSR activities via separate independent foundations. Fulfilment of CSR in such a manner through a third party leads to the questioning of the extent of CSR internalisation into the value chain. While substantial resources are allocated to set up an exclusive wing for CSR activities, in the absence of employee involvement and incorporation of CSR into the company's philosophy, the resultant CSR value stands to be questioned.

5.2.3.2 Extent of CSR Localisation in India

From the data in Exhibit 13, it can be seen that responsibility towards the community dominates CSR activities of corporations. More specifically, providing medical aid for the community is corporations’ topmost agenda, followed by ensuring education channels for local children and women empowerment, which are groups that have for decades been amongst the oppressed lot in society. In addition, in India, education for girls is emphasised, coupled with micro-credit provided by self-help groups run by women entrepreneurs.

EXHIBIT 13: The Extent of CSR Localisation by Indian Corporations

INDIA							
Percentage of Companies (within Industry) with CSR Activities Targeting Respective Stakeholders							
Industry (No. of Companies within this Industry)	Identified Stakeholders						
	Employee		Community			Environment	
	Schemes to Employ the Disabled	Schemes to Train Female Leader	Provision of Medical Aid for the Community	Provision of Education for Children	Initiatives Targeted at Women (Training etc)	Corporate Accounting on Greenhouse Gases	Effective Resource Allocation (Energy Saving)
Energy (1)	-	-	100%	100%	-	100%	100%
Banking & Finance (2)	-	-	100%	100%	100%	-	-
Metals & Mining (1)	-	-	100%	100%	100%	100%	100%
Telecommunications (1)	-	-	100%	100%	100%	-	-
Consumer Products (1)	-	-	100%	100%	100%	100%	100%
Pharmaceutical (2)	-	-	100%	-	-	-	50%
Automobile (3)	33%	-	100%	100%	100%	67%	100%
Real Estate (1)	-	-	100%	100%	-	100%	100%
Construction (2)	-	50%	100%	100%	100%	100%	100%
Information Technology (2)	-	-	50%	100%	50%	100%	100%
Diversified (2)	100%	100%	100%	100%	100%	100%	100%
Infrastructure (2)	-	-	100%	100%	59%	50%	50%
Average (Individual)	11%	13%	96%	92%	67%	64%	75%
Average (Stakeholder)	12%		85%			69%	

The environmental impact has been focused by corporations in the manufacturing sector, in terms of energy conservation. It is noted that the manufacturing sector lags behind in carbon footprint reduction efforts. Despite having corporate accounting on greenhouse gases, corporations merely disclosed the level without proactive measures to reduce emissions.

5.2.4 China

5.2.4.1 Comparison across Industries

In China, as displayed in Exhibit 14, **Energy, Banking & Finance** and **Metals & Mining** industries register a reasonably consistent CSR score that is higher than the average of 64.62. Notably, in the absence of mandatory compliance to environmental regulations (as compared to the **Energy** and **Metals & Mining** sector), corporations

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in the **Banking & Finance** sector actually disclosed a high level of CSR information and undertook activities which are beyond what the law mandates.

EXHIBIT 14: CSR Assessment Score of Chinese Corporations

CHINA						
Industry	Company/CSR Score					
Energy	PetroChina Company Ltd	China Shenhua Energy Company Ltd	China Yangtze Powder Co. Ltd	China Coal Energy		
	70.02	79.53	52.70	79.50		
Banking & Finance	China Merchants Bank Co. Ltd	China Everbright Bank Co. Ltd	Bank of Communication Co. Ltd	China Minsheng Bank Co. Ltd	Industrial Bank Co. Ltd	Shanghai Pudong Development Bank Co. Ltd
	67.00	63.50	63.05	67.20	73.85	74.15
Metals & Mining	Jinduicheng Molybdenum Co. Ltd	Zijin Mining Group Co. Ltd	Baoshan Iron & Steel Co. Ltd	Shandong Gold Mining Co. Ltd		
	68.92	73.60	79.70	41.12		
Telecommunication	China United Network Communications Ltd					
	58.70					
Transport	Daqin Railway Co. Ltd			Air China Ltd		
	49.40			58.15		
Automobile	SAIC Motor Co. Ltd					
	64.62					
Manufacturing	Inner Mongolia Baotou Steel Rare-Earth (Group) Hi-Tech Co. Ltd					
	58.27					
Real Estate	Poly Real Estate Group Co. Ltd					
	42.28					
Average CSR Score	64.26					

One of the factors contributing to a relatively low CSR score in China is the snags in information access, as some Chinese companies published CSR information which are inconsistent in Mandarin and English, with a disclaimer that in the event of any discrepancy, the information in Mandarin takes precedence over the translated set in English. In some extreme cases, information can only be found in the Mandarin version of CSR reports.

5.2.4.2 Extent of CSR Localisation in China

As seen in Exhibit 15, it is clear that regardless of industry, corporations in China focus on environmental issues, with 96% of the sample having corporate accounting on greenhouse gases and effective resource allocation. This is in line with China's current increased pressure to measure its waste treatment and to reign in their energy consumption, brought about by its growing population level.

Provision of medical facilities and education for the community is seen to be weak, with only 34% of samples fulfilling their social responsibilities. 51% of sample corporations are involved in the provision of education for children and 40% arrange for communal medical facilities. Female empowerment is not an issue that is focused

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on by corporations in China, as seen in the lack of initiatives targeted at women (10%) and within corporations, schemes for female leader is clearly lacking (6%). Despite the active promotion of gender equality by the state, it can be seen that little is done on corporations' part to stay in line with state policy.

EXHIBIT 15: The Extent of CSR Localisation by Chinese Corporations

CHINA							
Percentage of Companies (within Industry) with CSR Activities Targeting Respective Stakeholders							
Industry (No. of Companies within this Industry)	Identified Stakeholders						
	Employee		Community			Environment	
	Schemes to Employ the Disabled	Schemes to Train Female Leader	Provision of Medical Aid for the Community	Provision of Education for Children	Initiatives Targeted at Women (Training etc)	Corporate Accounting on Greenhouse Gases	Effective Resource Allocation (Energy Saving)
Energy (4)	25%	50%	50%	75%	50%	100%	100%
Banking & Finance (6)	-	-	33%	67%	17%	67%	100%
Metals & Mining (4)	-	-	33%	67%	17%	67%	100%
Telecommunications (1)	-	-	-	100%	-	100%	100%
Transport (2)	-	-	-	-	-	100%	100%
Automobile (1)	-	-	100%	-	-	100%	100%
Manufacturing (1)	-	-	-	100%	-	100%	100%
Real Estate (1)	-	-	100%	-	-	100%	100%
Average (Individual)	3%	6%	40%	51%	10%	92%	100%
Average (Stakeholder)	5%		34%			96%	

5.2.5 South Africa

5.2.5.1 Comparison across Industries

CSR in South Africa ranks third among all nations, with an average score of 68.78 across the eight industries in the sample size. A breakdown of twenty individual corporations' CSR score can be seen in Exhibit 16 below.

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EXHIBIT 16: CSR Assessment Score of Chinese Corporations

SOUTH AFRICA				
Industry	Company/CSR Score			
Energy	Sasol Ltd		BHP Billiton Energy Coal South Africa Ltd	
	77.60		78.27	
Banking & Finance	Firststrand Ltd	Nedbank Group Ltd	RMB Holdings Ltd	Standard Bank of South
	54.08	91.20	47.00	73.85
Metals & Mining	Arcelor Mittal South Africa Ltd	Anglo Platinum Ltd	Gold Fields Ltd	Impala Platinum Holdings
	75.48	79.32	80.05	84.65
Telecommunications	Telkom SA Ltd	Vodacom Ltd	MTN Group	
	60.65	65.98	63.00	
Transport	Barolo World Ltd			
	59.95			
Consumer Products	Sappi Ltd	Tiger Brands Ltd	SAB Miller Ltd	Mondi Packaging
	78.48	64.60	76.40	71.67
Pharmaceutical	Aspen Pharmacare Holdings Ltd			
	50.93			
Diversified	Remgro Ltd			
	42.45			
Average CSR Score	68.78			

Similar to the trend in India, **Telecommunications** and **Pharmaceutical** industries are trailing CSR performance of **Energy**, **Metals & Mining** and **Consumer Products** industries. In comparison to other industry, the **Banking & Finance** sector appears to be doing more than the other industries.

In the analysis of CSR disclosures by corporations, it was noted that over 83% of the manufacturing companies in the sample also participates in the Carbon Disclosure Project (CDP). The annual participation in the CDP project has been consistently growing, indicative that assessing the impact of greenhouse gases and internal auditing of carbon emission are gaining prominence.

In addition, through sustainability reports and/or annual reports of South African companies, substantial effort is also being placed in undoing the wrongs of the apartheid era. This is consistent with the King's III report and Black Economic Empowerment Act described in Section 2.4.2.3. This, however, is a direct result of governmental directive for mandatory compliance.

5.2.5.2 Extent of CSR Localisation in South Africa

From the data in Exhibit 17, it can be seen that environmental concerns are regarded seriously by South African corporations, displayed by an average of 73% of corporations which practise corporate accounting on greenhouse gases emission and effective resource allocation. Furthermore, through annual and/or sustainability reports of these corporations, over 80% of the corporations participate in CDP. This is commendable, since the sample is equitably distributed over various industries in which environmental protection is not mandatory.

EXHIBIT 17: The Extent of CSR Localisation by South African Corporations

SOUTH AFRICA							
Percentage of Companies (within Industry) with CSR Activities Targeting Respective Stakeholders							
Industry (No. of Companies within this Industry)	Identified Stakeholders						
	Employee		Community			Environment	
	Schemes to Employ the Disabled	Schemes to Train Female Leader	Provision of Medical Aid for the Community	Provision of Education for Children	Initiatives Targeted at Women (Training etc)	Corporate Accounting on Greenhouse Gases	Effective Resource Allocation (Energy Saving)
Energy (2)	50%	50%	100%	50%	-	100%	100%
Banking & Finance (4)	50%	75%	100%	50%	25%	50%	50%
Metals & Mining (4)	25%	75%	75%	75%	25%	75%	100%
Telecommunications (3)	67%	33%	33%	67%	33%	67%	33%
Transport (1)	-	-	-	-	-	100%	100%
Consumer Products (4)	25%	-	50%	100%	25%	100%	100%
Pharmaceutical (1)	-	-	-	-	-	-	-
Diversified (1)	-	-	-	-	-	100%	100%
Average (Individual)	27%	29%	45%	43%	14%	74%	73%
Average (Stakeholder)	28%		34%			73%	

At a community level, it remains that more could have been done by corporations to address the local issues. Medical aid provision remains low at an average of 45% of corporations, despite South Africa’s urgent social medical needs, especially with respect to HIV/AIDS. Among the 45% of samples who have provided medical aid for South Africa community, unfortunately, the efforts are limited to merely increasing awareness with regards to transmitted diseases and testing camps primarily for HIV/AIDS. Very few companies go a step further in the provision of Anti Retroviral (ARV’s) drugs for the afflicted patients. As such, it can be inferred that despite corporations’ efforts in conducting healthcare-related CSR activities, in the absence of provision of full-fledged medical facilities, the pressing medical needs for the afflicted population are largely overlooked.

In terms of employment, similar to Brazil, although not a huge feature, it is notable that equal employment opportunities are emphasised by 28% of corporations. Corporations do employ the disabled and specific programs for the empowerment of the women in the workforce are in place. Another feature that was not covered in our

assessment framework but has gained substantial prominence in the South Africa context relates to empowerment of the black community. Companies in the post-apartheid era show a sincere attempt at correcting the damage of oppression through the King’s report and Broad Based Black Economic Empowerment (BBBEE) Act. This has led to considerable employment generation for the black community and thereby a marginal increase in the equitable distribution of wealth.

5.3 Inter-Country Analysis

Following an intra-country analysis, an inter BRICS analysis of CSR efforts across various industries and stakeholder groups are carried out.

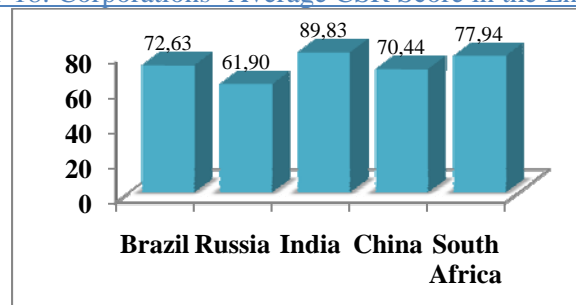
5.3.1 Comparison across BRICS Industries

In order to evaluate BRICS corporations’ CSR disclosure and effort on a level-playing field, an inter-country comparison of CSR scores within the same industry is conducted.

5.3.1.1 The Energy Industry

Exhibit 18 below shows that in general, corporations in the energy sector scores high in terms of CSR disclosure and compliance.

EXHIBIT 18: Corporations’ Average CSR Score in the Energy Sector



Across BRICS, Indian corporations rank highest in CSR disclosure and compliance, scoring 89.83 out of 100. South Africa comes in next at 77.94, followed by Brazil at 72.63, China at 70.44 and finally, Russia at 61.90.

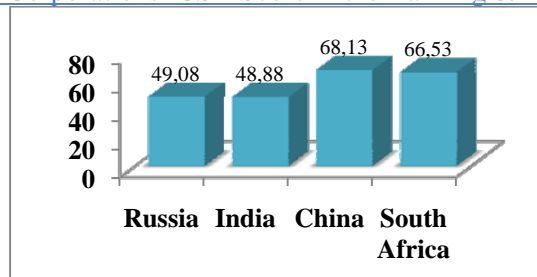
The high level of CSR scores in this industry can be explained by its capital intensive nature, leading to the need to access foreign capital. As such, corporations see the need to comply with international CSR regulations as a gateway to obtain foreign investments.

Furthermore, due to the potentially high level of negative impact this industry has for the environment, global and local environmental regulations are in place to serve as a gatekeeper to limit the damage to the environment. In the sample corporations across BRICS, corporations are seen to be proactive in the conserving of bio-diversity, monitoring greenhouse gases, disclosing carbon footprints, reducing energy consumption, recycling and/or reusing water and other manufacturing components.

5.3.1.2 *Banking & Finance Industry*

Due to sample unavailability, Brazil is not included in this comparison. Exhibit 19 shows that China ranks first with a score of 68.13 in the **Banking & Finance** industry, followed closely by South Africa at 66.53. Despite the service-oriented nature of this industry, it is observed that sample corporations voluntarily adopted international guidelines on environmental impact and carbon footprint. Also, it is noted that corporations are substantially involved in CSR for the local community (displayed by figures in Exhibit 11, 13, 15 and 17), possibly with the aim of building a people-oriented approach to the society and consumer in general. After all, involvement in community activities is seen as an effective method of brand building.

EXHIBIT 19: Corporations' CSR Score in the Banking & Finance Industry



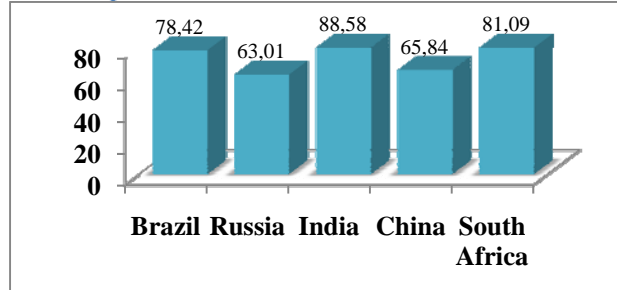
5.3.1.3 *Metal & Mining Industry*

As shown in Exhibit 20, the average CSR score of corporations in the **Metal & Mining** industry are reasonably consistent across BRICS. This can be attributed to the high level of mandatory CSR disclosures and compliance with environmental regulations.

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EXHIBIT 20: Corporations' CSR Score in the Metal & Mining Industry

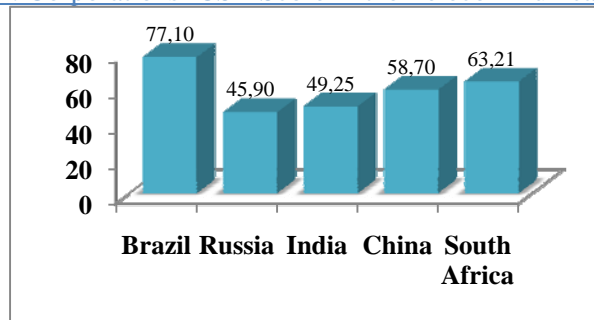


In the Russian context, CSR scores display a certain degree of volatility (as shown in Exhibit 10), which may primarily be due to the loss of meanings in translations of annual and/or sustainability reports from Russian to English, leading to an imperfect access to disclosed CSR information.

5.3.1.4 Telecommunications Industry

Exhibit 21 shows that corporations in Brazil and South Africa ranks relatively high in CSR efforts, with Russia, India and China lagging behind. A possible explanation for the low CSR score in India could be due to the presence of a foundation of the parent company to undertake CSR activities. Despite strong involvement in CSR, a myopic focus was undertaken in only 'visible' areas such as providing education for children and other community work, neglecting other stakeholders such as the environment, consumer and supplier. Therefore, when assessing CSR quality using our assessment framework developed, corporations in India's **Telecommunications** industry earned a low average score of 49.25.

EXHIBIT 21: Corporations' CSR Score in the Telecommunications Industry



5.3.1.5 Consumer Products Industry

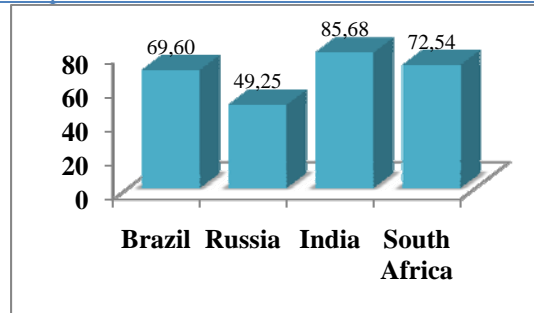
CSR efforts in the consumer products industry is compared across BRICS, since it was identified in Section 1 that in BRICS, consumers have an inelastic demand for commodity, with respect to corporations' CSR efforts. As such, one would expect

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corporations in consumer products to be lax in CSR efforts, due to an absence of consumer and public pressure.

EXHIBIT 22: Corporations' CSR Score in the Consumer Products Industry



However, Exhibit 22 shows that with the exclusion of China's **Consumer Products** industry in the sample, corporations in Brazil, India and South Africa fare high in CSR scores. It would be interesting to investigate the performance of Chinese corporations in this industry, as this sector has been under close global scrutiny with its relatively recent consumer product quality scandals, such as the melamine milk scandal in 2008 and bursting watermelons in 2011.

5.3.2 Comparison across BRICS Stakeholder Groups

In this section, an analysis of CSR efforts across the seven identified stakeholder groups in BRICS is conducted. One of the limitations in this analysis is posed by the differences in the number of evaluation parameters in each of the seven stakeholder groups. For instance, to garner a full score in the **Employees** stakeholder group, corporations have to fulfil twenty criteria whereas only six criteria have to be met for the **Shareholders** group to get a 100% credit. As such, it is not practical to compare CSR priority on various stakeholder groups within each country.

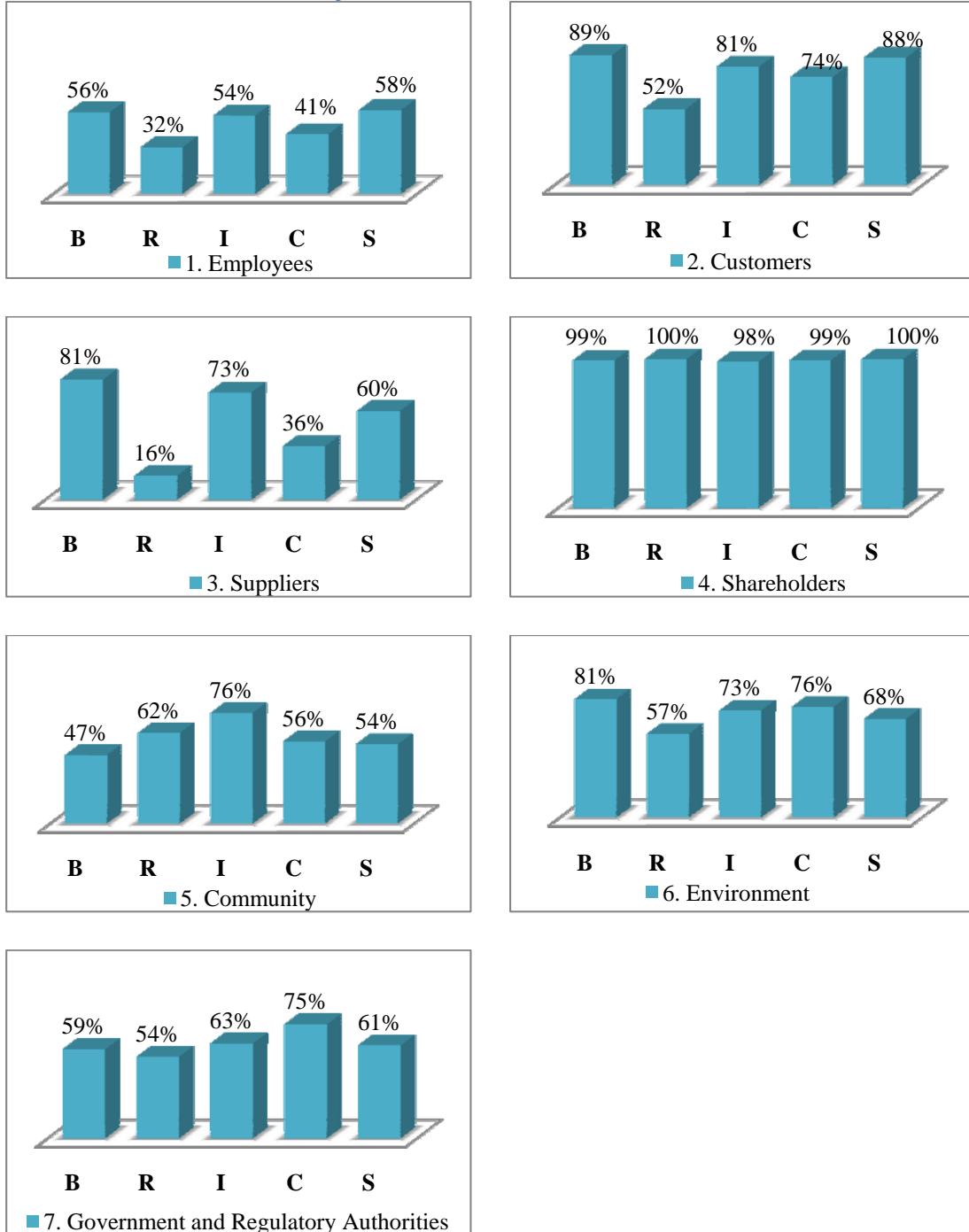
Instead, to ensure a level playing field, a comparison of the average percentage of CSR parameters met by corporations across five nations' same stakeholder group is conducted. In this analysis, the different weights of 13% and 16% in different stakeholder groups are disregarded.

Exhibit 23 provides a snapshot on the relative importance of various stakeholder groups in BRICS.

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EXHIBIT 23: BRICS Corporation's CSR Activities towards Various Stakeholders



For responsibilities towards primary stakeholders, it can be seen that Russia ranks the lowest in terms of **employees**, **customers** and **suppliers**. China remains the second lowest in rank across the three groups, performing marginally better than Russia but significantly worse than the other 3 nations. Consistent with the argument stated in section 2.4.1.1, historical high level of state intervention may have a role to play in corporations being lax in CSR activities out of own initiatives.

BRICS fulfil almost or total responsibility towards **shareholders** which leads us to infer that shareholder value creation still remains to be highest on corporations' agenda. Although no fault can be found on behalf of corporations, there is a pressing need to look beyond shareholders as the only stakeholder and have a far-sighted vision in order to achieve sustainable growth.

For **government and regulatory authorities** as a stakeholder, China, on average, meets 75% of the four parameters set out in the assessment framework. This can be explained by the nature of China's political system, with the government holding a tight reign on corporations. In Russia, as cited earlier, CSR activities are undertaken as a result of administrative pressure. As such, base minimal CSR requirements is all that are being undertaken by corporations, resulting in a low CSR score, despite a relatively higher state intervention that is similar to China's political system.

6 CONCLUSION

With ambiguity surrounding CSR heightened by its voluntary nature and the absence of a concrete definition, CSR till date remains as a concept with ‘ethics’ and ‘morality’ functioning as its gatekeepers. Zooming into a micro-level, regional and/or local application of the CSR concept leads to variations in each context. This is especially so in the case of emerging markets, which tend to focus more on the bottomline rather than qualitative CSR aspects.

Despite varying priorities in corporations, a gradual shift from the shareholder to stakeholder perspective in CSR is a global phenomenon. Furthermore, percolation of the CSR concept across all countries and economies is sped up by the rapid pace of globalisation.

While Carroll’s CSR pyramid takes a holistic approach by segregating CSR into four sections, current emerging trend indicates merger of the two topmost layers of **Ethical Responsibilities** and **Philanthropic Activities**. The latter category has in fact outgrown the concept of mere philanthropy to encompass a more dynamic concept of community, environmental and societal involvement by corporations.

Our study sets out to assess and evaluate the quality of reported CSR activities undertaken by corporations in BRICS, by developing and applying a qualitative assessment framework to sample corporations in BRICS.

As evidenced by our empirical study, since all corporations attempt to address the needs of all stakeholders, this points towards the need for non-acceptable traditional shareholder model to make way for the stakeholder model. The alliance model, though flexible, shifts the focus away from corporations, which may blur the lines of required corporations’ CSR initiatives. While the use of CSR as a facemask to legally access financial capital may be questioned, the media plays a vital role in scrutinising and exposing the dummy initiatives of a corporation. Nonetheless, the high level of state intervention in traditional communist economies restricting media exposure may be a significant hurdle.

While current level of voluntary CSR undertaken by corporations are noteworthy, there is a much needed call for rules and regulations to ensure the inclusion of CSR

efforts by SMEs and the unorganised sectors, resulting in overall sustainable growth in the economy. In essence, while corporate scandals continue making headlines with global rippling effects, a pro-active approach to CSR and the stakeholder approach should be the order of the day.

The empirical results has shown that with CSR activities being voluntary in nature, market driven economies with relatively less state intervention tend to fare better. This is evidenced by **Brazil**, **India** and **South Africa** showing a greater degree of societal and environmental contribution as compared to **Russia** and **China**.

Owing to its proximity to US, **Brazil** is seen to have a high degree of conformance to environmental regulations. However, decades of neglect of the education sector has resulted in skill and talent shortages, jeopardising sustainability of **Brazil**'s growth.

On the other hand, **Russia**'s dismal performance may be the due to the lack of external pressure or its non-dependence on external financial support. Within the periphery, corporation activities are focused on providing education for children, medical aid for the community and reduction in energy consumption.

In **India**, except for the IT industry, CSR activities undertaken by the service sector is found to be wanting. There seems to be a balanced approach in addressing environmental and community issues. However, more focus is evident in the provision of medical aid, education for children (especially for girls) and initiatives to enhance employability of women in the community.

For **China**, the contribution of the banking industry is in stark contrast to all other countries. All six banks in the sample seem to be following the integrated stakeholder approach. A review of CSR localisation reveals a clear inclination towards environmental concerns of greenhouse gases accounting and reduction in energy consumption with largely marginalised community initiatives.

Of all the countries in the BRICS, **South Africa** seems to have the most balanced outlook when it comes to addressing issues of all stakeholders. The importance of employees, environment and community are recognised, which is in tune with higher weights assigned to the three stakeholders in our assessment framework.

6.1 The Future of CSR in BRICS

With generic inference that is substantiated with data results, an educated speculation with regards to CSR future in BRICS is conducted.

While majority of these BRICS corporations are seen to comply with international norms in order to access foreign capital, the absence of mandatory rules & regulations is seen as a major drawback, for the widespread dispersion of CSR activities and respective disclosures.

Also, the inherent conflict between profitability and the need to address societal concerns is visible, since CSR activities in BRICS are limited to the immediate precincts of operations, with an eye on CSR impact on the bottom line. In a way or so, employees benefit, as they are at the receiving end of a majority of CSR activities by corporations, such as protection of employees' fundamental rights, anti-discrimination policies, on-the-job trainings, employment for the disabled and empowerment of women as future leaders.

With projected dominance of BRICS and the evidence of its relatively swift recovery from the recent financial crisis, the future is definitely bright on the economic front. However, the access to subsequent benefits by all stakeholder groups entirely depends on the resolution of conflicts between profitability and an integrated stakeholders' perspective by corporations.

With an average lowest score of 16.25% standing in addressing **Russian** suppliers as a stakeholder to almost or absolute 100% in recognising shareholders as a stakeholder in all five nations, it can be reasonably inferred that all companies in BRICS are involved in one form of CSR or another. As the conduct of CSR activities gains momentum from the implementation of ISO 26000, an increased adoption of voluntary CSR activities among companies, including the SME sector, is expected.

Furthermore, we expect to witness a cross border infusion of international working standards, training procedures, promotion of human rights, respect for culture, community and environment, as well as an increased in transparency in shareholders' information disclosure. This is brought about by common cross-border listing and international mergers and acquisitions ongoing today that transcend geographical boundaries, which mandates corporations to adhere to international CSR guidelines

and standards. While it is beneficial for BRICS to undertake a long-term horizon in CSR activities, the requirement to abide to international CSR regulations would result in an additional cost, which could reduce the cost advantage of emerging markets over developed economies.

6.2 Proposed Further CSR Study

Since the terms BRICS formally emerged only in April 2011, it may be reasonable to state that our study could be the first few, if not the first, to study the level of CSR compliance and disclosure with the inclusion of South Africa into the group 'BRIC'.

In general, the 100 sample in our study may not be construed as an identical proxy for corporations in BRICS. As such, it is proposed that further CSR studies could perhaps delve deeper into the following issues across BRICS;

1. Assessing and comparing specific issues faced by stakeholders which are deemed to be more important, such as **the environment, community or employees**; or
2. Focusing on assessing CSR activities in specific industry across BRICS, such as **Metals & Mining** or the **Petroleum** industry, which serves as one of the engines of growth in all five economies. In addition, the impact of the selected industry on the environment could be focused on; or
3. Analysing the level of disclosure at SME level, which would provide a more realistic scenario of the stakeholder approaches by corporations.

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CSR Compliance and Disclosure in BRICS - Appendix (A)

- Aid for homeless/street children																				
- Education programmes	1		1	1	1	1			1	1	1	1		1		1			1	1
(f) Initiatives targeted to support women (eg. Training in self sustenance)																				1
Total Score (out of 8)	6	3	6	6	5	4	1	5	4	5	6	3	1	5	1	3	0	1	4	6
Score Converted to 100	75	38	75	75	63	50	13	63	50	63	75	38	13	63	13	38	0	13	50	75
Total Weighted Score	12,00	6,00	12,00	12,00	10,00	8,00	2,00	10,00	8,00	10,00	12,00	6,00	2,00	10,00	2,00	6,00	0,00	2,00	8,00	12,00

6. Responsibility to the Environment	16%																			
(a) Existence of corporate policies on environmental issues	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
(b) Employees involvement in environmental activities	1	1	1	1	1	1		1	1	1	1	1	1	1			1		1	1
(c) Environmental friendly practices in value chain	1	1	1	1	1	1		1	1	1	1	1	1	1					1	1
(d) Laws and regulations																				
- Adherence to local and/or global environmental regulations	1	1		1	1	1	1	1	1	1	1	1	1	1	1	1	1		1	1
(e) Activities targeting the climate change																				
- Corporate accounting on greenhouse gases - reduction in greenhouse gases emission	1	1		1	1	1	1	1	1	1	1	1	1	1	1				1	
(f) Eco-efficiency assessment																				
- Environment auditing	1	1		1	1			1	1	1	1	1	1	1					1	
(g) Technology																				
- Promotion of environmental technology and good environmental practices	1	1	1	1	1	1		1	1	1	1	1	1	1				1	1	
(h) Conservation of biodiversity	1	1	1	1	1			1	1	1	1		1	1	1	1			1	1
(i) Resource consumption																				
- Energy consumption and saving	1	1		1	1	1	1	1	1	1	1	1	1	1				1	1	1
- Water consumption, reused and waste management	1	1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
- Recyclable content in manufacturing*	1	1		1	1	1	1	1					1	1	1	1	1	1	1	1
(j) Manufacturing of environmental friendly commodity goods*		1												1	1					
Total Score [out of 10 (for non-manufacturing) and 12 (for manufacturing)]	11	12	5	11	11	10	7	11	10	10	10	9	12	12	6	5	6	4	11	8
Score Converted to 100	92	100	42	92	92	100	70	92	100	100	100	90	100	100	50	50	60	33	92	67
Total Weighted Score	14,67	16,00	6,67	14,67	14,67	16,00	11,20	14,67	16,00	16,00	16,00	14,40	16,00	16,00	8,00	8,00	9,60	5,33	14,67	10,67

*Applicable to companies in the manufacturing sector only

7. Responsibility to Government and Regulatory Authorities	13%																			
(a) Compliance to international and local regulations (on all operational issues)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
(b) Official meetings and briefings with the local authority				1				1												
(c) Adoption of internationally recognized CSR guidelines	1			1				1	1	1	1		1	1					1	
(d) Presence of Anti-Corruption corporate policy	1	1		1	1	1		1	1	1	1	1	1	1	1	1			1	1
Total Score (out of 4)	3	2	1	4	2	2	1	4	3	3	3	2	3	3	2	2	1	1	3	2
Score Converted to 100	75	50	25	100	50	50	25	100	75	75	75	50	75	75	50	50	25	25	75	50
Total Weighted Score	9,75	6,50	3,25	13,00	6,50	6,50	3,25	13,00	9,75	9,75	9,75	6,50	9,75	9,75	6,50	6,50	3,25	3,25	9,75	6,50

TOTAL CSR SCORE	84,45	72,53	44,62	83,37	78,17	78,53	56,15	88,67	83,95	85,15	80,65	77,10	71,78	81,10	55,92	56,43	59,05	52,73	81,82	69,90
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APPENDIX B: CSR ASSESSMENT FOR 20 RUSSIA CORPORATIONS

Company	ENERGY			BANKING & FINANCE		METALS & MINING				ELECTRICITY & UTILITIES			TELECOMMUNICATIONS		CHEMICAL PRODUCTS		TRANSPORT	CONSUMER PRODUCTS	PHARMACEUTICAL	AUTOMOBILE	
	Gazprom	JSC Gazprom Neft	Tatneft OAO	Sberbank	JSC VTB Bank	NLMK	OJSC Polyus Gold	OJSC MMK	Mechel OAO	AOO Mosenergo	JSC RusHydro	JSC Inter Rao Ues	MTS OJSC	Sistema JSFC	Sil'vinit	JSC Acron	PJSC NCSP	WBD Foods	JSC Pharmstandard	Severstal-Auto	
INTERNAL STAKEHOLDERS																					
		Weight Assigned																			
1. Responsibility to Employees		16%																			
<i>(a) Employment</i>																					
- Practice of equal opportunity employment - No discrimination of employees based on gender, race, nationality, age or any other attributes				1								1									
- Presence of employee pension schemes		1		1	1	1	1	1	1	1	1			1	1		1		1	1	
- Minimum wage policy				1		1															
<i>(b) Human Rights Policy</i>																					
- Presence of learning opportunities (training sessions, seminars etc) to enhance awareness on entitled human rights		1		1																	
- Respect for and protection of personal information																					
- Anti-discrimination treatment of employees				1				1													
- Compliance with International Labour Organization (ILO) Fundamental Principles and Rights on child labour and/or				1	1	1		1													
- Prevention of employee (power and/or sexual) harassment -																	1				
<i>(c) Workers' Rights Policy</i>																					
- Presence of a labour union to represent employees' welfare		1	1	1		1		1		1		1							1		
- Existence of an employee guidance system for communication with the management		1	1	1	1	1	1			1		1		1				1			
- Maximum working hours																					
<i>(d) Health and Safety</i>																					
- Declaration of compliance with company rules and applicable laws with regards to workplace safety and hygiene		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1			1	
- Provision of healthcare for employees		1	1	1	1	1	1	1	1	1	1	1		1	1	1				1	
<i>(e) Skills Development/Education and Training</i>																					
- Presence of training programs (e.g. Job-specific training, rank-specific training, etc)		1	1	1	1	1	1	1	1	1	1	1		1	1	1	1	1	1	1	
- Existence of employees' personal development program (E.g. E-learning, self-development courses (English conversational course) etc)		1	1	1	1	1	1	1	1	1	1	1		1	1	1	1	1	1	1	
<i>(f) Equal Opportunities</i>																					
- Schemes to employ person with disabilities																					
- Schemes to employ retirees																					
- Presence of training program for female leader																					
<i>(g) Promotion of Work-Life Balance</i>																					
- Presence of initiatives such as extended childcare leave, shorter working hours (childcare leave), maternity leave			1	1	1	1		1								1			1	1	
- Companies' initiatives to extend employees' leaves beyond legal requirements				1													1				
Total Score (out of 20)		8	7	14	8	5	10	5	9	5	7	5	8	0	6	5	5	6	5	4	6
Score Converted to 100		40	35	70	40	25	50	25	45	25	35	25	40	0	30	25	25	30	25	20	30
Total Weighted Score		6,40	5,60	11,20	6,40	4,00	8,00	4,00	7,20	4,00	5,60	4,00	6,40	0,00	4,80	4,00	4,00	4,80	4,00	3,20	4,80

2. Responsibility to Customers		13%																		
<i>(a) Presence of a feedback channel for customers</i>																				
- Customer support/service system		1		1	1	1			1					1	1		1			1
- Customer satisfaction surveys/focus groups				1	1		1		1					1		1				
<i>(b) Quality assurance</i>																				

Total Weighted Score		8,00	12,00	14,00	12,00	12,00	12,00	10,00	10,00	10,00	4,00	12,00	10,00	6,00	10,00	10,00	12,00	10,00	8,00	2,00	14,00	
6. Responsibility to the Environment	16%																					
(a) Existence of corporate policies on environmental issues		1	1	1			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
(b) Employees involvement in environmental activities		1		1			1	1	1			1										
(c) Environmental friendly practices in value chain		1		1			1		1	1	1	1	1	1	1				1	1	1	1
(d) Laws and regulations																						
- Adherence to local and/or global environmental regulations		1	1	1			1	1	1		1	1	1		1	1	1	1	1	1	1	1
(e) Activities targeting the climate change																						
- Corporate accounting on greenhouse gases - reduction in greenhouse gases emission		1	1	1			1	1	1		1	1	1			1	1			1	1	1
(f) Eco-efficiency assessment																						
- Environment auditing		1	1	1			1				1	1			1				1			
(g) Technology																						
- Promotion of environmental technology and good environmental practices		1	1	1			1	1	1	1	1	1	1				1	1	1	1	1	1
(h) Conservation of biodiversity		1	1	1			1	1	1	1	1	1	1			1						
(i) Resource consumption																						
- Energy consumption and saving		1	1	1			1		1		1	1	1	1		1	1		1		1	1
- Water consumption, reused and waste management		1	1	1			1	1	1		1	1	1		1	1	1	1	1	1	1	1
- Recyclable content in manufacturing*																						
(j) Manufacturing of environmental friendly commodity																						
Total Score [out of 10 (for non-manufacturing) and 12 (for manufacturing)]		10	8	10	0	0	10	7	9	4	9	10	8	5	5	6	6	6	6	6	4	6
Score Converted to 100		83	67	83	0	0	83	58	75	33	90	100	80	50	50	50	50	60	50	33	50	50
Total Weighted Score		10,83	8,67	10,83	0,00	0,00	10,83	7,58	9,75	4,33	11,70	13,00	10,40	6,50	6,50	6,50	6,50	7,80	6,50	4,33	6,50	6,50

*Applicable to companies in the manufacturing sector only

7. Responsibility to Government and Regulatory Authorities	13%																					
(a) Compliance to international and local regulations (on		1	1	1			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
(b) Official meetings and briefings with the local authority							1		1	1												
(c) Adoption of internationally recognized CSR guidelines		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
(d) Presence of Anti-Corruption corporate policy				1					1	1												
Total Score (out of 4)		2	2	3	1	2	3	2	4	4	2	2	2	2	2	1	2	2	2	2	1	2
Score Converted to 100		50	50	75	25	50	75	50	100	100	50	50	50	50	50	25	50	50	50	50	25	50
Total Weighted Score		6,50	6,50	9,75	3,25	6,50	9,75	6,50	13,00	13,00	6,50	6,50	6,50	6,50	6,50	3,25	6,50	6,50	6,50	6,50	3,25	6,50

TOTAL CSR SCORE		59,23	51,10	75,37	50,65	47,50	79,33	44,33	78,70	49,67	44,80	48,50	50,30	48,00	56,80	36,75	52,67	48,60	49,25	36,45	50,13
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- Customer satisfaction surveys/focus groups			1									1		1	1			1			1	
(b) Quality assurance																						
- ISO certification for products*	1			1		1		1	1		1		1	1				1			1	
(c) Information																						
- Customers' right to information	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
- Transparency in products composition declaration*	1			1		1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
- Informing customers of sustainability activities undertaken via available communication channels	1		1	1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Total Score [out of 4 (for non-manufacturing) or 6 (for manufacturing)]	5	3	3	5	2	5	3	5	5	4	6	4	6	6	3	4	5	4	6	4	6	4
Score Converted to 100	83	75	75	83	50	83	50	83	83	67	100	67	100	100	75	100	83	100	100	100	67	
Total Weighted Score	10,83	9,75	9,75	10,83	6,50	10,83	6,50	10,83	10,83	8,67	13,00	8,67	13,00	13,00	9,75	13,00	10,83	13,00	13,00	13,00	8,67	

* Applicable to companies in the manufacturing sector only

3. Responsibility to Suppliers/Business Partners	13%																					
(a) Presence of a dialogue channel with suppliers/business partners	1		1	1		1	1	1		1	1	1	1	1	1	1	1	1	1	1	1	
(b) Promotion of CSR in procurement process																						
- Promoting CSR initiatives (with suppliers) throughout the	1			1		1				1	1		1	1	1	1	1	1	1	1	1	
- Practice of green procurement - purchase environmentally friendly raw materials and parts	1			1		1				1	1		1	1	1	1	1	1	1	1	1	
(c) Presence of a formal and standard supplier selection process to avoid kickbacks/corruption	1		1	1	1	1			1	1	1	1	1	1	1	1	1	1	1	1	1	
Total Score (out of 4)	4	0	2	4	1	4	1	1	1	4	4	2	4	4	4	4	4	4	4	4	2	
Score Converted to 100	100	0	50	100	25	100	25	25	25	100	100	50	100	100	100	100	100	100	100	100	50	
Total Weighted Score	13,00	0,00	6,50	13,00	3,25	13,00	3,25	3,25	3,25	13,00	13,00	6,50	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	6,50	

4. Responsibility to Shareholders	13%																					
(a) Communication with shareholders																						
- Right to information - general shareholders' meeting	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
- Annual report on company's financial performances on a timely basis	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
- Information disclosure corporate policy	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
(b) Presence of a 'investor relations' department	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
(c) Distribution of profits	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
(d) Voting Rights	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Total Score (out of 6)	6	6	6	6	6	6	6	6	6	6	6	4	6	6	6	6	6	6	6	6	6	
Score Converted to 100	100	100	100	100	100	100	100	100	100	100	100	67	100	100	100	100	100	100	100	100	100	
Total Weighted Score	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	8,67	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	

EXTERNAL STAKEHOLDERS																						
5. Responsibility to the Community	16%																					
(a) Existence of a corporate community involvement policy	1	1	1	1	1	1	1		1	1	1	1	1	1	1	1	1	1	1	1	1	
(b) Involvement in the community - philanthropic activities																						
- Donations for the disabled, in social welfare, disaster relief, arts and culture, science and technology and other areas		1		1	1	1			1	1	1	1	1	1	1	1	1	1	1	1	1	
- Investments in other areas (e.g. building houses parks, libraries, schools)	1			1		1			1	1	1	1	1	1		1	1	1	1	1	1	
(c) Local employment generation	1	1	1	1	1	1			1	1	1	1	1	1	1	1	1	1	1	1	1	
(d) Provision of medical aid for the local community	1	1	1	1	1	1	1	1	1	1	1	1	1	1		1	1	1	1	1	1	
(e) Children's program																						
- Aid for homeless/street children		1						1							1	1					1	

- Education programmes	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
(f) Initiatives targeted to support women (eg. Training in self sustenance)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Total Score (out of 8)	6	7	5	7	6	8	2	1	7	7	7	5	7	8	5	7	7	6	8	5	
Score Converted to 100	75	88	63	88	75	100	25	13	88	88	88	63	88	100	63	88	88	75	100	63	
Total Weighted Score	12,00	14,00	10,00	14,00	12,00	16,00	4,00	2,00	14,00	14,00	14,00	10,00	14,00	16,00	10,00	14,00	14,00	12,00	16,00	10,00	

6. Responsibility to the Environment	16%																				
(a) Existence of corporate policies on environmental issues	1			1	1	1		1	1	1	1	1	1	1	1	1	1	1	1	1	1
(b) Employees involvement in environmental activities	1			1	1	1					1	1	1	1	1	1	1	1	1	1	1
(c) Environmental friendly practices in value chain	1			1		1		1	1		1	1	1	1	1	1	1	1	1	1	1
(d) Laws and regulations																					
- Adherence to local and/or global environmental regulations	1			1		1		1	1	1	1		1	1	1	1	1	1	1	1	1
(e) Activities targeting the climate change																					
- Corporate accounting on greenhouse gases - reduction in greenhouse gases emission	1			1		1				1		1	1	1	1	1	1	1	1	1	1
(f) Eco-efficiency assessment																					
- Environment auditing	1			1		1		1			1	1	1	1	1	1	1	1	1	1	1
(g) Technology																					
- Promotion of environmental technology and good environmental practices	1			1		1		1	1	1	1	1	1	1	1	1	1	1	1	1	1
(h) Conservation of biodiversity	1			1	1	1	1	1	1		1	1	1		1	1	1	1	1	1	1
(i) Resource consumption																					
- Energy consumption and saving	1			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
- Water consumption, reused and waste management	1			1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
- Recyclable content in manufacturing*	1			1		1	1	1	1		1	1	1	1		1	1	1	1	1	1
(j) Manufacturing of environmental friendly commodity goods*	1			1		1	1	1	1	1	1	1	1	1			1	1	1	1	1
Total Score [out of 10 (for non-manufacturing) and 12 (for manufacturing)]	12	0	0	12	4	12	5	9	8	6	12	10	12	11	10	10	12	12	12	12	2
Score Converted to 100	100	0	0	100	40	100	42	75	67	50	100	83	100	92	100	100	100	100	100	100	17
Total Weighted Score	16,00	0,00	0,00	16,00	6,40	16,00	6,67	12,00	10,67	8,00	16,00	13,33	16,00	14,67	16,00	16,00	16,00	16,00	16,00	16,00	2,67

*Applicable to companies in the manufacturing sector only

7. Responsibility to Government and Regulatory Authorities	13%																				
(a) Compliance to international and local regulations (on all operational issues)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
(b) Official meetings and briefings with the local authority	1			1				1			1						1	1	1		
(c) Adoption of internationally recognized CSR guidelines	1										1		1	1		1	1	1	1	1	1
(d) Presence of Anti-Corruption corporate policy	1	1		1	1				1		1	1	1	1	1	1	1	1	1	1	1
Total Score (out of 4)	4	2	1	3	2	1	1	2	2	1	4	2	3	3	2	4	4	4	4	3	2
Score Converted to 100	100	50	25	75	50	25	25	50	50	25	100	50	75	75	50	100	100	100	75	50	50
Total Weighted Score	13,00	6,50	3,25	9,75	6,50	3,25	3,25	6,50	6,50	3,25	13,00	6,50	9,75	9,75	6,50	13,00	13,00	13,00	9,75	6,50	

TOTAL CSR SCORE	89,83	46,45	51,30	88,58	49,25	85,68	39,07	53,18	59,05	63,12	94,80	59,27	89,15	89,82	77,85	94,80	94,23	92,80	92,75	55,33	
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APPENDIX D: CSR ASSESSMENT FOR 20 CHINA CORPORATIONS

Company	ENERGY				BANKING & FINANCE						METALS & MINING				TELECOMMUNICATIONS	TRANSPORT		AUTOMOBILE	MANUFACTURING	REAL ESTATE
	PetroChina Company Ltd	China Shenhua Energy Company Ltd	China Yangtze Powder Co. Ltd	China Coal Energy	China Merchants Bank Co. Ltd	China Everbright Bank Co. Ltd	Bank of Communications Co. Ltd	China Minsheng Bank Co. Ltd	Industrial Bank Co. Ltd	Shanghai Pudong Development Bank Co. Ltd	Jinduicheng Molybdenum Co. Ltd	Zijin Mining Group Co. Ltd	Baoshan Iron & Steel Co. Ltd	Shandong Gold Mining Co. Ltd	China United Network Communications Ltd	Daqin Railway Co. Ltd	Air China Ltd	SAIC Motor Co. Ltd	Inner Mongolia Baotou Steel Rare-Earth (Group) Hi-Tech Co. Ltd	Poly Real Estate Group Co. Ltd
INTERNAL STAKEHOLDERS																				
		Weight Assigned																		
1. Responsibility to Employees		16%																		
<i>(a) Employment</i>																				
- Practice of equal opportunity employment - No discrimination of employees based on gender, race, nationality, age or any other attributes		1	1	1							1								1	
- Presence of employee pension schemes		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
- Minimum wage policy											1						1	1		
<i>(b) Human Rights Policy</i>																				
- Presence of learning opportunities (training sessions, seminars etc) to enhance awareness on entitled human rights			1		1												1			
- Respect for and protection of personal information					1												1			
- Anti-discrimination treatment of employees			1	1	1												1			
- Compliance with International Labour Organization (ILO) Fundamental Principles and Rights on child labour and/or		1	1		1	1	1		1	1	1	1	1			1		1		
- Prevention of employee (power and/or sexual) harassment													1							
<i>(c) Workers' Rights Policy</i>																				
- Presence of a labour union to represent employees' welfare		1	1			1	1	1	1	1	1		1		1	1	1	1		
- Existence of an employee guidance system for communication with the management		1	1	1	1	1	1	1	1	1		1		1		1	1	1		
- Maximum working hours											1									
<i>(d) Health and Safety</i>																				
- Declaration of compliance with company rules and applicable laws with regards to workplace safety and hygiene		1	1	1	1	1						1	1		1		1	1	1	1
- Provision of healthcare for employees		1	1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
<i>(e) Skills Development/Education and Training</i>																				
- Presence of training programs (e.g. Job-specific training, rank-specific training, etc)		1	1	1	1	1	1	1	1	1	1	1	1	1	1		1	1	1	1
- Existence of employees' personal development program (E.g. E-learning, self-development courses (English conversational course) etc)		1	1	1	1	1	1	1	1	1	1	1	1	1	1		1	1	1	1
<i>(f) Equal Opportunities</i>																				
- Schemes to employ person with disabilities			1																	
- Schemes to employ retirees																				
- Presence of training program for female leader		1	1																	
<i>(g) Promotion of Work-Life Balance</i>																				
- Presence of initiatives such as extended childcare leave, shorter working hours (childcare leave), maternity leave		1								1							1			
- Companies' initiatives to extend employees' leaves beyond legal requirements		1																		
Total Score (out of 20)		12	14	7	10	9	8	5	6	7	9	10	7	9	5	7	11	7	9	7
Score Converted to 100		60	70	35	50	45	40	25	30	35	45	50	35	45	25	35	55	35	45	35
Total Weighted Score		9,60	11,20	5,60	8,00	7,20	6,40	4,00	4,80	5,60	7,20	8,00	5,60	7,20	4,00	5,60	8,80	5,60	7,20	5,60

2. Responsibility to Customers		13%																		
<i>(a) Presence of a feedback channel for customers</i>																				
- Customer support/service system		1	1		1	1	1	1	1	1	1	1		1			1	1	1	1
- Customer satisfaction surveys/focus groups		1	1		1	1	1	1	1	1	1	1	1	1				1		

Total Score (out of 8)	7	5	6	5	5	3	3	5	5	5	4	7	6	3	5	0	2	5	5	4
Score Converted to 100	88	63	75	63	63	38	38	63	63	63	50	88	75	38	63	0	25	63	63	50
Total Weighted Score	14,00	10,00	12,00	10,00	10,00	6,00	6,00	10,00	10,00	10,00	8,00	14,00	12,00	6,00	10,00	0,00	4,00	10,00	10,00	8,00

6. Responsibility to the Environment	16%																			
(a) Existence of corporate policies on environmental issues	1	1	1	1	1			1	1	1	1	1	1	1	1	1	1	1	1	1
(b) Employees involvement in environmental activities	1			1	1	1			1	1	1		1	1					1	1
(c) Environmental friendly practices in value chain	1	1	1	1	1			1	1	1	1	1	1	1	1	1	1	1	1	1
(d) Laws and regulations																				
- Adherence to local and/or global environmental regulations	1	1	1	1				1	1	1	1	1	1	1	1	1	1			1
(e) Activities targeting the climate change																				
- Corporate accounting on greenhouse gases - reduction in greenhouse gases emission	1	1	1	1				1	1	1	1	1	1	1	1	1	1	1	1	1
(f) Eco-efficiency assessment																				
- Environment auditing				1	1	1					1	1	1				1			
(g) Technology																				
- Promotion of environmental technology and good environmental practices	1	1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
(h) Conservation of biodiversity	1	1	1	1						1	1	1	1	1			1			
(i) Resource consumption																				
- Energy consumption and saving	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
- Water consumption, reused and waste management	1	1	1	1				1	1	1	1	1	1	1	1	1	1	1	1	1
- Recyclable content in manufacturing*														1						
(j) Manufacturing of environmental friendly commodity																			1	
Total Score (out of 10 (for non-manufacturing) and 12 (for manufacturing))	9	8	7	10	6	7	6	8	10	9	9	10	10	9	7	7	8	8	8	7
Score Converted to 100	75	67	70	100	60	70	60	80	100	90	75	83	83	90	70	70	80	67	67	58
Total Weighted Score	9,75	8,67	9,10	13,00	7,80	9,10	7,80	10,40	13,00	11,70	9,75	10,83	10,83	11,70	9,10	9,10	12,80	8,67	8,67	9,33

*Applicable to companies in the manufacturing sector only

7. Responsibility to Government and Regulatory Authorities	13%																			
(a) Compliance to international and local regulations (on all operational issues)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
(b) Official meetings and briefings with the local authority	1	1		1	1	1	1	1	1	1	1	1	1		1				1	
(c) Adoption of internationally recognized CSR guidelines	1	1	1	1	1	1	1	1	1	1	1	1	1		1		1	1	1	
(d) Presence of Anti-Corruption corporate policy	1	1		1		1		1	1			1	1		1					
Total Score (out of 4)	4	4	2	4	3	4	3	4	4	3	3	4	4	1	4	1	2	3	2	1
Score Converted to 100	100	100	50	100	75	100	75	100	100	75	75	100	100	25	100	25	50	75	50	25
Total Weighted Score	13,00	13,00	6,50	13,00	9,75	13,00	9,75	13,00	13,00	9,75	9,75	13,00	13,00	3,25	13,00	3,25	6,50	9,75	6,50	3,25

TOTAL CSR SCORE	70,02	79,53	52,70	79,50	67,00	63,50	63,05	67,20	73,85	74,15	68,92	73,60	79,70	41,12	58,70	49,40	58,15	64,62	58,27	49,50
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(b) Quality assurance																				
- ISO certification for products*	1	1				1		1	1	1		1	1					1		
(c) Information																				
- Customers' right to information	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
- Transparency in products composition declaration*	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
- Informing customers of sustainability activities undertaken via available communication channels	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Total Score [out of 4 (for non-manufacturing) or 6 (for manufacturing)]	5	5	4	5	5	5	4	6	5	5	5	6	6	5	5	4	5	6	4	4
Score Converted to 100	83	83	67	100	100	100	67	100	83	100	83	100	100	83	83	100	83	100	67	67
Total Weighted Score	10,83	10,83	8,67	13,00	13,00	13,00	8,67	13,00	10,83	13,00	10,83	13,00	13,00	10,83	10,83	13,00	10,83	13,00	8,67	8,67

* Applicable to companies in the manufacturing sector only

3. Responsibility to Suppliers/Business Partners 13%

(a) Presence of a dialogue channel with suppliers/business partners	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
(b) Promotion of CSR in procurement process																				
- Promoting CSR initiatives (with suppliers) throughout the	1	1	NA	1		1		1		1					1		1			
- Practice of green procurement - purchase environmentally friendly raw materials and parts				1				1		1							1			
(c) Presence of a formal and standard supplier selection process to avoid kickbacks/corruption	1	1		1	1	1	1	1	1	1		1	1	1	1	1	1	1	1	1
Total Score (out of 4)	3	3	1	4	2	3	4	2	4	2	1	2	2	2	3	2	4	2	2	0
Score Converted to 100	75	75	25	100	50	75	100	50	100	50	25	50	50	50	75	50	100	50	50	0
Total Weighted Score	9,75	9,75	3,25	13,00	6,50	9,75	13,00	6,50	13,00	6,50	3,25	6,50	6,50	6,50	9,75	6,50	13,00	6,50	6,50	0,00

4. Responsibility to Shareholders 13%

(a) Communication with shareholders																				
- Right to information - general shareholders' meeting	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
- Annual report on company's financial performances on a timely basis	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
- Information disclosure corporate policy	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
(b) Presence of a 'investor relations' department	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
(c) Distribution of profits	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
(d) Voting Rights	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Total Score (out of 6)	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Score Converted to 100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Total Weighted Score	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00	13,00

EXTERNAL STAKEHOLDERS

5. Responsibility to the Community 16%

(a) Existence of a corporate community involvement policy	1	1	1	1		1		1	1	1	1	1	1		1	1	1	1		1
(b) Involvement in the community - philanthropic activities																				
- Donations for the disabled, in social welfare, disaster relief, arts and culture, science and technology and other areas	1	1	1	1		1		1	1		1	1	1		1	1				1
- Investments in other areas (e.g. building houses parks, libraries, schools)		1		1				1	1	1	1		1			1				
(c) Local employment generation	1	1	1	1		1		1	1	1	1				1	1	1	1		
(d) Provision of medical aid for the local community	1	1	1	1		1		1	1	1			1			1		1		
(e) Children's program																				
- Aid for homeless/street children		1	1							1					1			1		
- Education programmes	1		1	1				1	1	1	1		1		1	1	1	1		

(f) Initiatives targeted to support women (eg. Training in self sustenance)						1				1			1			1					
Total Score (out of 8)	5	6	6	6	0	5	3	6	5	8	5	2	6	1	6	6	4	5	0	2	
Score Converted to 100	63	75	75	75	0	63	38	75	63	100	63	25	75	13	75	75	50	63	0	25	
Total Weighted Score	10,00	12,00	12,00	12,00	0,00	10,00	6,00	12,00	10,00	16,00	10,00	4,00	12,00	2,00	12,00	12,00	8,00	10,00	0,00	4,00	

6. Responsibility to the Environment	16%																			
(a) Existence of corporate policies on environmental issues	1	1		1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
(b) Employees involvement in environmental activities	1	1	1	1		1	1	1	1	1			1	1		1	1	1		
(c) Environmental friendly practices in value chain	1			1		1	1	1	1	1			1	1		1	1			
(d) Laws and regulations																				
- Adherence to local and/or global environmental regulations	1	1		1		1	1	1	1	1		1	1	1	1		1	1	1	1
(e) Activities targeting the climate change																				
- Corporate accounting on greenhouse gases - reduction in greenhouse gases emission	1	1		1			1	1	1	1	1	1		1	1		1	1		1
(f) Eco-efficiency assessment																				
- Environment auditing	1	1		1			1	1	1	1			1	1		1	1			1
(g) Technology																				
- Promotion of environmental technology and good environmental practices	1	1		1		1	1	1	1	1		1		1	1		1	1		
(h) Conservation of biodiversity	1	1	1				1	1	1	1			1		1					
(i) Resource consumption																				
- Energy consumption and saving	1	1		1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
- Water consumption, reused and waste management	1	1		1		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
- Recyclable content in manufacturing*	1	1		1		1	1	1			1	1		1		1	1	1		
(j) Manufacturing of environmental friendly commodity goods*									1	1					1		1	1		
Total Score [out of 10 (for non-manufacturing) and 12 (for manufacturing)]	11	10	2	10	0	8	11	11	11	11	5	7	4	8	12	3	11	11	5	4
Score Converted to 100	92	83	17	100	0	80	92	92	92	110	42	58	40	67	100	30	92	92	42	33
Total Weighted Score	14,67	13,33	2,67	16,00	0,00	12,80	14,67	14,67	14,67	16,00	6,67	9,33	6,40	10,67	16,00	4,80	14,67	14,67	6,67	5,33

*Applicable to companies in the manufacturing sector only

7. Responsibility to Government and Regulatory Authorities	13%																			
(a) Compliance to international and local regulations (on all operational issues)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
(b) Official meetings and briefings with the local authority				1																
(c) Adoption of internationally recognized CSR guidelines	1	1	NA	1			1	1	1	1	1	1		1		1		1		
(d) Presence of Anti-Corruption corporate policy	1	1	1	1	1	1	1	1	1	1		1	1	1	1		1		1	
Total Score (out of 4)	3	3	2	4	2	2	3	3	3	3	2	3	2	3	2	2	2	2	2	1
Score Converted to 100	75	75	50	100	50	50	75	75	75	75	50	75	50	75	50	50	50	50	50	25
Total Weighted Score	9,75	9,75	6,50	13,00	6,50	6,50	9,75	9,75	9,75	9,75	6,50	9,75	6,50	9,75	6,50	6,50	6,50	6,50	6,50	3,25

TOTAL CSR SCORE	77,60	78,27	54,08	91,20	47,00	73,85	75,48	79,32	80,05	84,65	60,65	65,98	63,00	59,95	78,48	64,60	76,40	71,67	50,93	42,25
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