

Press Release

Investors Representing More Than \$1 Trillion in Assets Win Better Sustainability Disclosure from Emerging Market Companies

Five-Year Project Brought Together More Than 50 Participants and Engaged 72 Leading Emerging Market Companies

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The Emerging Markets Disclosure Project (EMDP) released its final report today, *Lessons Learned: The Emerging Markets Disclosure Project, 2008 – 2012*, documenting a five year initiative championing greater transparency among emerging market companies on key environmental, social and governance (ESG) issues. The project, which attracted more than 50 participants, including asset owners, investment managers and service providers:

- Established a model for collaboration to improve sustainability reporting and practices in emerging and developing markets, which will be used by signatories to the United Nations (UN)-backed Principles for Responsible Investment (PRI) in the years ahead.
- Won the backing of 55 investors with more than \$1 trillion in assets under management.
- Published four original research reports, documenting wide disparities in sustainability disclosure practices in emerging markets, greatly varied knowledge of ESG risks, and a lack of understanding among companies of how investors use sustainability data.
- Created a scorecard that enabled companies to benchmark their ESG performance and EMDP participants to assess companies' weaknesses in these areas.
- Formed four country teams with local and international partners in Brazil, Indonesia, South Africa and South Korea, which engaged 72 companies on sustainability issues.



The Forum for Sustainable and Responsible Investment

- Achieved its core goal—increased and improved corporate sustainability reporting in emerging markets.

US SIF CEO Lisa Woll said, “As our members’ product offerings continue to expand into emerging markets, the reporting improvements promoted by the EMDP are critical. The significant progress made by the project in persuading emerging market companies to report according to internationally recognized standards, including the Global Reporting Initiative (GRI), will likely have ripple effects for many years to come.”

Members of the International Working Group (IWG) of the US SIF Foundation, a supporting organization of The Forum for Sustainable and Responsible Investment, created the EMDP in 2008 with leadership from US SIF members Boston Common Asset Management and Calvert Investments. The project also benefited from technical assistance and local coordinative support from the PRI Secretariat, as well as in-house expertise from GRI and the International Finance Corp. (IFC).

EMDP Co-Chair and Boston Common Asset Management Managing Director Lauren Compere said, “The make up of the country teams, which included international investors and local partners with knowledge of local customs, language and contacts with companies, proved a winning combination. In addition, the educational outreach to companies and other key stakeholders on how sustainable and responsible investors use ESG information was critical to the project’s success.”

And, the project had many accomplishments:

- The **Brazil** country team contacted 102 companies and engaged 17 directly to encourage them to improve their sustainability reporting. All 17 either had plans to issue sustainability reports or were open to working towards this goal.
- The team in **Indonesia** convinced a listed polyester and petrochemicals company, **Indorama Synthetics**, to learn more about ESG best practices and helped the firm identify and focus on several key sustainability issues: energy efficiency, waste treatment and corporate governance.
- The **South Africa** team won reforms from **Aspen Pharmacare Holdings, Naspers, Sasol, Shoprite Holdings, Steinhoff International** and **Tiger Brands**, including improvements in sustainability reporting and policies.
- In **South Korea**, the local EMDP team made steady progress on reporting with all 15 companies it engaged, including **Hynix, LG Electronics, Samsung** and **Shinhan Financial Group**.

EMDP Co-Chair and Calvert Investments Senior Sustainability Analyst and Manager, Index, Mike Lombardo said, “The strength of the in-country teams can not only be seen in the results of the engagement efforts, but also in many of the local events hosted by the teams, including meetings between investors and local companies, as well as with local regulators. In many cases, the activities of the EMDP sparked a national dialogue on the strategic advantages of assessing sustainability risks and having ESG data available to investors. In fact, the project partners found that local exchange listing and regulatory requirements were the most important drivers of sustainability reporting in emerging markets.”



The Forum for Sustainable and Responsible Investment

PRI Secretariat Head of Investor Engagement Valeria Piani said, “Based on the success of the project, PRI hopes to continue the EMDP’s efforts to coordinate engagement activities among international and local investors in emerging markets in the coming years, gradually moving from engagement activities primarily focused on enhancing ESG disclosure to in-depth dialogue with companies on their sustainability performance.”

The full report can be found at: <http://ussif.org/projects/iwg/documents/EMDP2012.pdf>.

About the Organizations

Boston Common Asset Management, LLC (<http://www.bostoncommonasset.com>) is an investment manager and a leader in global sustainability initiatives, specializing in long-only International equity, U.S. equity, and U.S. balanced strategies. We are an independent, employee-owned firm and as of June 30, 2012, managed over \$1.6 billion, including sub-advised assets.

Calvert Investments (<http://www.calvert.com>) offers equity, bond, cash, and asset allocation strategies, many of which feature integrated environmental, social, and governance research. Calvert’s disciplined approach to money management goes beyond traditional factors to discover investment opportunities with greater long-term potential.

The United Nations-backed Principles for Responsible Investment (PRI) Initiative

(<http://www.unpri.org>) is a network of international investors working together to put the six Principles for Responsible Investment into practice. The Principles were devised by the investment community. They reflect the view that environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios and therefore must be given appropriate consideration by investors if they are to fulfill their fiduciary (or equivalent) duty. The Principles provide a voluntary framework by which all investors can incorporate ESG issues into their decision-making and ownership practices and so better align their objectives with those of society at large.

US SIF: The Forum for Sustainable and Responsible Investment (<http://www.ussif.org>), is the U.S. membership association for professionals, firms, institutions and organizations engaged in sustainable and responsible investing. US SIF and its members advance investment practices that consider environmental, social and corporate governance criteria to generate long-term competitive financial returns and positive societal impact.