

Corporate Social Responsibility Reporting in the 35 Most Liquid Listed Baltic Companies



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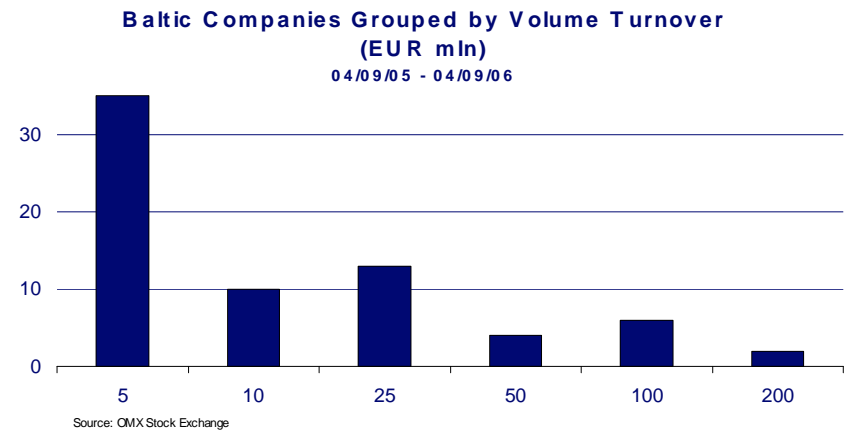
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Baltic Market Brief

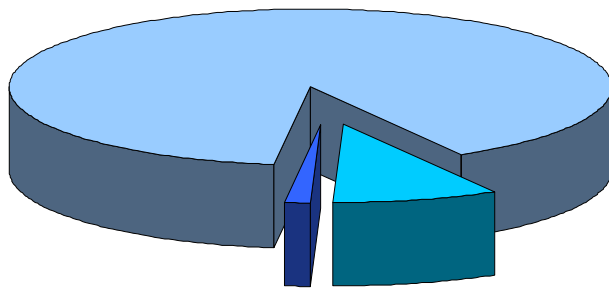


- 70 companies are listed in the Baltic Markets:
 - Riga Stock Exchange = 11
 - Tallinn Stock Exchange = 16
 - Vilnius Stock Exchange = 43

- Only 50% had a volume turnover greater than EUR5 million in the past year



Listed Baltic Companies that are Global Compact Participants



■ Lithuanian Global Compact Participants
 ■ Latvian Global Compact Participants
 ■ Non-Global Compact Participants

Source: United Nations Global Compact

- 8 companies are UN Global Compact participants
 - Riga Stock Exchange = 1
 - Tallinn Stock Exchange = 0
 - Vilnius Stock Exchange = 7

Survey Criteria & Companies



- Survey criteria based on Partners for Financial Stability Program's Corporate Social Responsibility Reporting Survey:
 - Corporate Governance
 - Environmental Policy
 - Social Policy
- Top 50% of Baltic companies in terms of volume turnover are surveyed:
 - Riga Stock Exchange = 6
 - Tallinn Stock Exchange = 12
 - Vilnius Stock Exchange = 17
- This represents companies with an annual turnover greater than EUR5 million

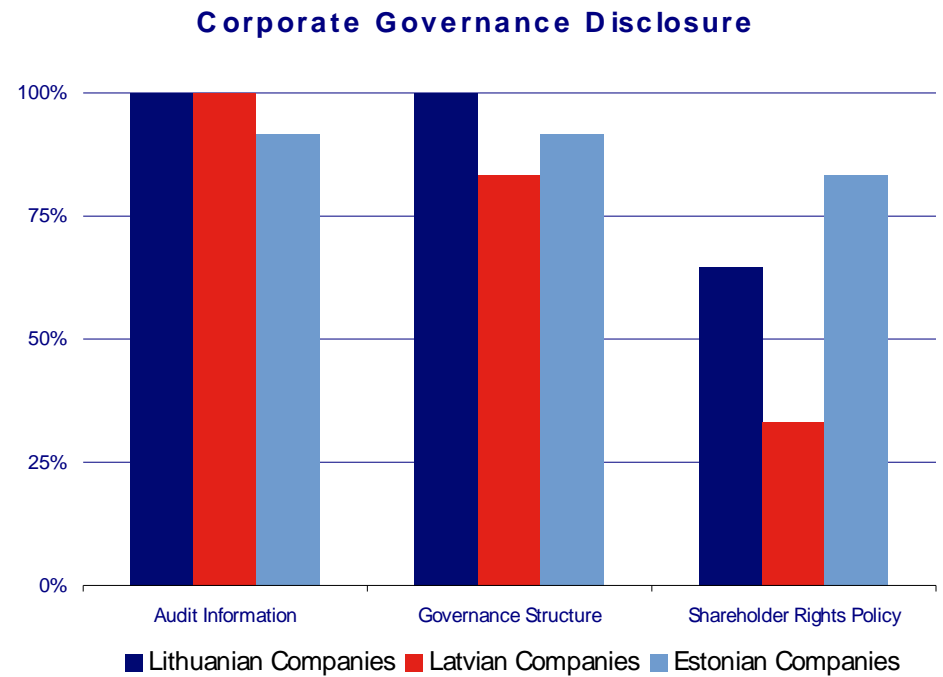


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Corporate Governance



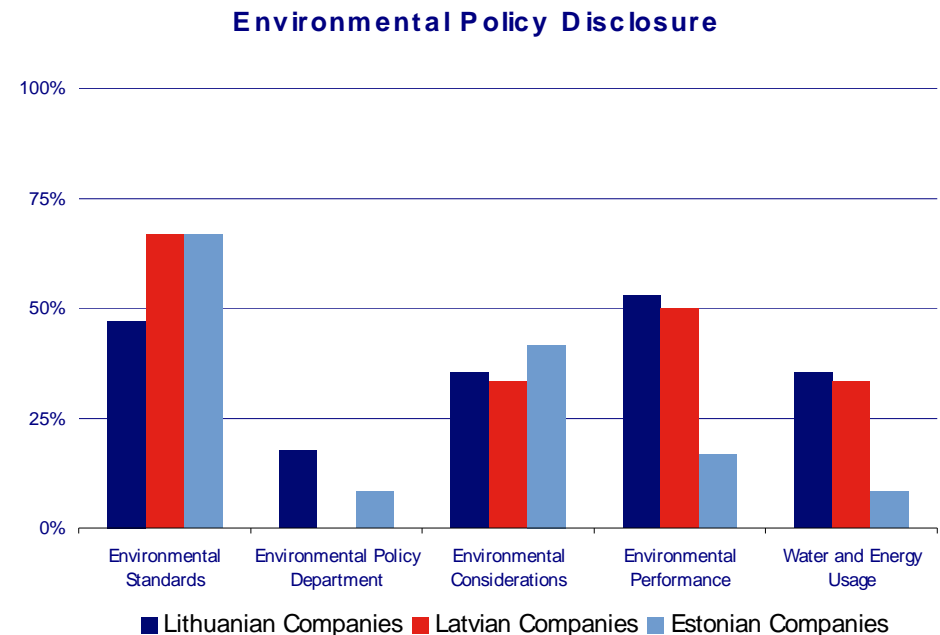
- Survey of:
 - Disclosure of audit information
 - Disclosure of the governance structure
 - Disclosure of the company's shareholder rights policy



Environmental Policy



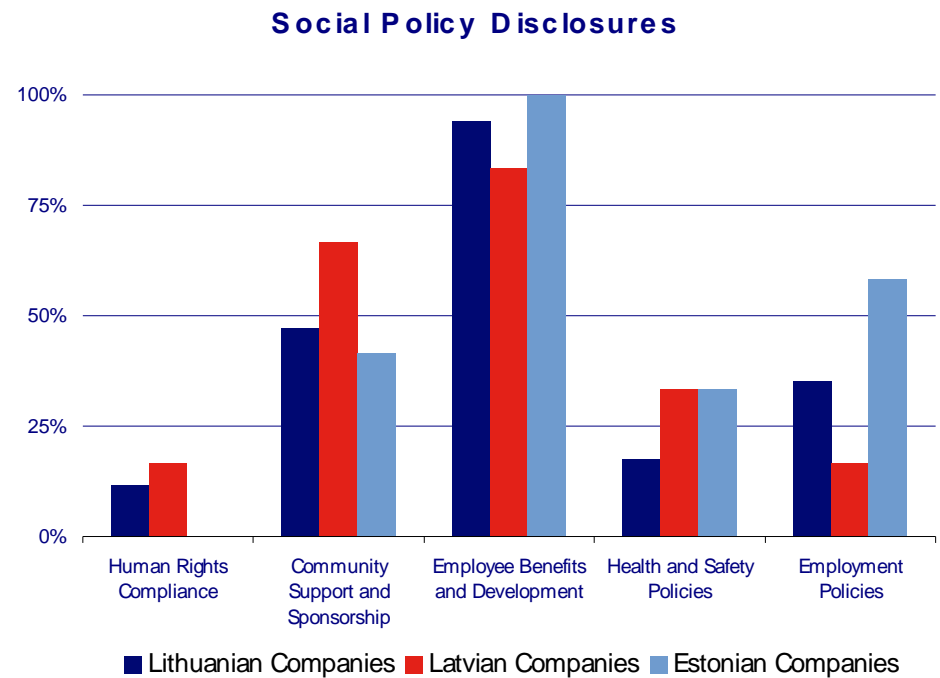
- Survey of:
 - Disclosure of compliance with environmental standards
 - Disclosure of a department responsible for the environmental policy
 - Disclosure of environmental considerations
 - Disclosure concerning environmental performance
 - Disclosure concerning water and energy use



Social Policy



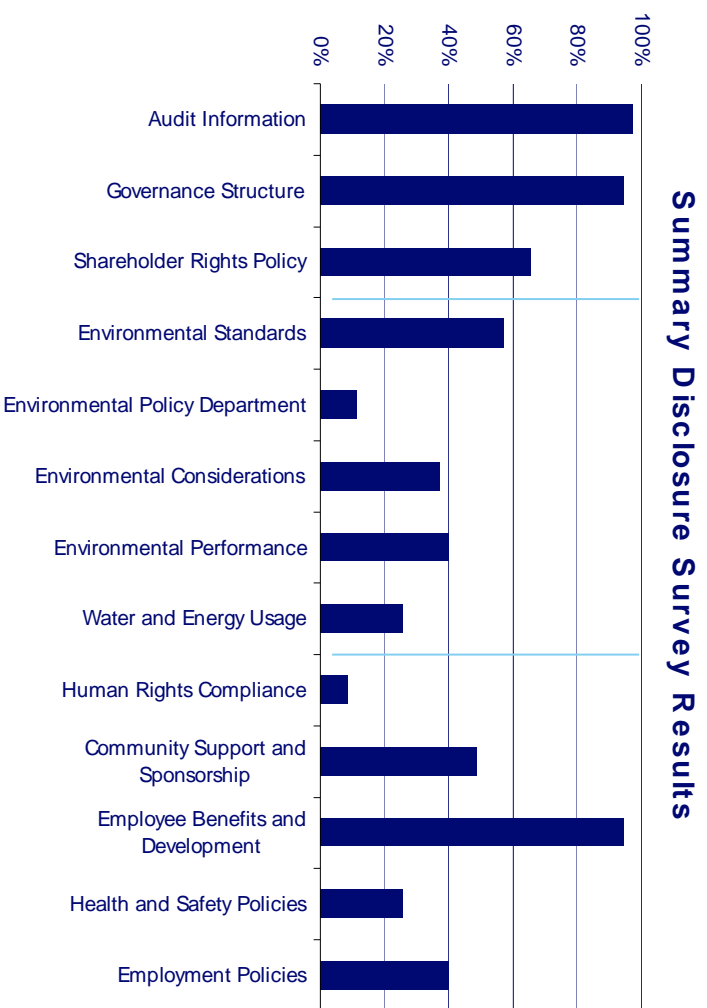
- Survey of:
 - Disclosure of compliance with regulations regarding human rights, labour standards and labour legislation
 - Disclosure of community support and sponsorship
 - Disclosure of employee development and benefit policies
 - Disclosure of health and safety policies
 - Disclosure of employment policies



Survey Results



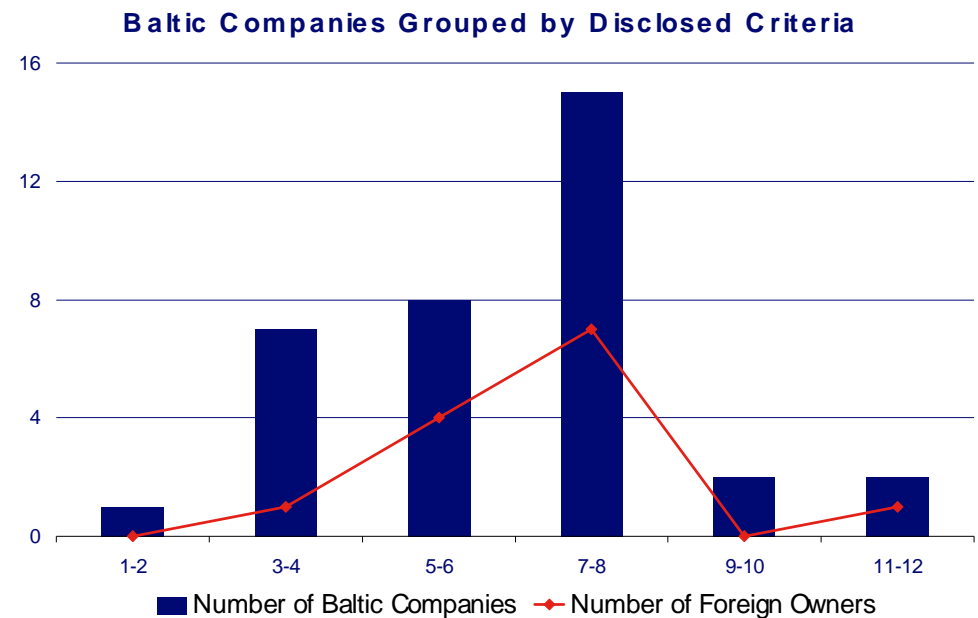
- Best results from corporate governance disclosure
- Environmental disclosure still limited – not yet considered as valuable?
- Employee benefit and development disclosure prominent, but other social disclosures could be developed further



Survey Results



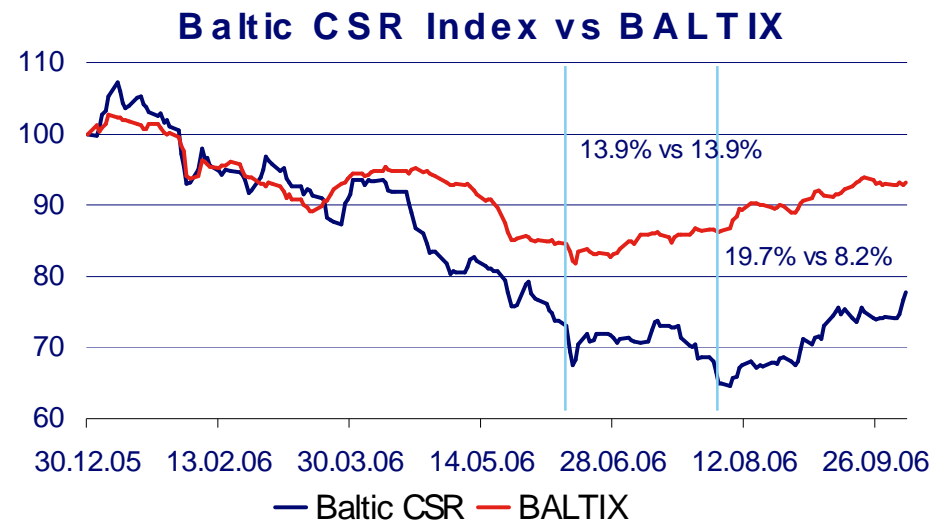
- 54% of the most liquid Baltic companies disclose at least 50% of the surveyed criteria
- 42% of these companies have foreign shareholders as the largest shareholder
- Only 31% of the companies disclosing less than 50% of the surveyed criteria have foreign shareholders as the largest shareholder



Index Performance



- Custom Baltic CSR Index
 - Custom market cap weighted index
 - Based on most liquid companies that conform to at least 50% of the surveyed disclosures
- Baltic CSR Index performance versus BALTIX
 - YTD: Baltic CSR has lost 22% and BALTIX has lost 7%
 - 15 June: Baltic CSR has gained 13.9% and BALTIX reach 2006 low and gained 13.9%
 - 3 August: Baltic CSR gained 19.7% from 2006 low and BALTIX gained 8.2%



Conclusion



- Based on the Partners for Financial Stability Program's Corporate Social Responsibility Reporting Survey:
 - Czech Republic – 50% of companies meet at least 50% of survey criteria
 - Hungary – 56% of companies meet at least 50% of survey criteria
 - Poland – 60% of companies meet at least 50% of survey criteria
- Baltic States' companies are comparable in their CSR disclosure to these three more developed Central and Eastern European countries' companies
- In particular, the Baltics have developed their corporate governance disclosure
- But more emphasis can be placed on environmental and social disclosure
- A CSR Baltic Index consisting of only the companies with better CSR disclosure has shown the potential to perform better than an All Share Baltic Index

Thank you!



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