



Институт за икономическа политика
Economic Policy Institute

Reporting
on Corporate Social Responsibility (CSR)
by the Forty Largest Listed Companies
In Bulgaria

Sofia, 2007

EAST • WEST
MANAGEMENT
INSTITUTE

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In 2007 the Economic Policy Institute (Sofia), thanks to the support of the Partners for Financial Stability (PFS) Program*, conducted the inaugural country survey on: *Reporting on Corporate Social Responsibility (CSR) by the Forty Largest Listed Companies in Bulgaria*. The Survey is part of an ongoing regional initiative launched by the PFS Program.

The PFS Program has been conducting semi-annual regional surveys on Investor Relations Online: Websites of the Largest Listed Companies in Central and Eastern Europe (CEE) since 2001 and semi-annual regional Surveys on Reporting on CSR by the Largest Listed Companies in CEE since 2003. In addition, the PFS Program has co-financed, through PFS Program grants, country studies conducted by local research institutes in Croatia, Czech Republic, Hungary and Poland. The country surveys use the same methodology as the PFS Program regional surveys, but analyze a larger group of companies.

This inaugural survey on: *Reporting on Corporate Social Responsibility (CSR) by the Forty Largest Listed Companies in Bulgaria* analyzes the annual reports and websites of the forty largest companies by market capitalization listed on the Bulgarian Stock Exchange (BSE) - Sofia. It sought to document the existing disclosure practices on this issue and to identify best practices in reporting by Bulgarian listed companies. The publication is designed to determine the extent to which the top largest listed Bulgarian enterprises reveal to the public and to potential investors specific information on corporate governance, social policy and environmental policy. The primary purpose of the survey is to enable each company in the peer group to **benchmark** its disclosure practices against its peers. A broader goal of this exercise is to contribute to the process of raising awareness on the importance of transparent public reporting on corporate governance and corporate social responsibility issues.

The Economic Policy Institute is aware of the limits of this publication to reveal in details the overall situation in Bulgaria on such topical issue. However, it is our belief that with this coverage we both initiate and enrich the public discussions on important aspects of the debate on corporate social responsibility. We would also appreciate to provoke improvement in management practices by encouraging companies to voluntarily adopt international corporate standards while considering the interests of the society.

Plamena Spassova
Executive Director, EPI

* The United States Agency for International Development (USAID) established the Partners for Financial Stability (PFS) Program in 1999 as a public private partnership to help complete reforms necessary to have market-oriented, sound and well-functioning financial sectors in the eight Central and Eastern European (CEE) countries that have since joined the European Union. In 2005, the geographical focus of the program shifted to South East Europe (SEE). The goal of the PFS Program is to work with CEE and SEE countries to accelerate financial sector development and reform based on best practices as well as international standards, promoting integration into the European and international economic systems. For further information, please visit: <http://www.pfsprogram.org/>

General Remarks

There is not a commonly accepted definition of the term Corporate Social Responsibility (CSR). One of the most frequently implemented is the definition found in the European Commission's Green Paper on Employment and Social Affairs dated of July 2001 which states that CSR is a concept whereby *companies integrate social and environmental concerns into their business operations and in interactions with stakeholders on a voluntary basis.*

When analyzing this term it is reasonable to use the following points of departure:

- The European Parliament resolution of 1999 calling a binding code of conduct to govern European Union (EU) companies' environmental, labor and human rights compliance worldwide;
- The international initiative the Global Compact of 31 January 1999. It addresses business leaders and contains ten principles related to human rights, working conditions, environment and anti-corruption;
- The Lisbon Agenda, of which CSR became part of in 2000;
- The European Commission's Green and White Papers on CSR of the early 2000s, which put CSR on the agenda for the EU institutions. The setting up of a European Multistakeholder Forum (MSF) enabled a debate to take place amongst stakeholders.

There is evidence that companies which incorporate CSR in their management policy are between the most successful firms in the world, since: on the one hand, in most of the cases the customer behavior is influenced by the company's CSR behavior and on the other hand, CSR represents a competitive advantage of the company's activities in the globalization process.

CSR in Bulgaria

In the recent years, the interest towards Corporate Social Responsibility issues in Bulgaria increased considerably. As a part of the so-called *New Europe*, the state and the Bulgarian business in particular, began to pay more attention on how companies manage their impact on the environment and how they contribute to the society as a whole. Gradually, the Bulgarian business has become more conscious on the importance of implementing CSR's principles and policies, which have a direct impact not only on business competitiveness, but also on social cohesion, transparency and trust among the stakeholders - employees, suppliers, clients, partners, state institutions, and non-governmental organizations (NGOs).

During the past years, the Bulgarian companies started to realize the necessity of conducting a socially responsible business policy and behaving in conformity with a Code of Business Conduct or Code of Ethics. Sponsorship by businesses has deep roots in the economic history of Bulgaria. This practice reemerged after the changes of the political system. The community patronage/ sponsorship programs and the employee benefits policies evolved from not so coordinated activities to more precisely directed corporate policy. Thus, the modern conception for charity and social affairs has founded a response in more and more Bulgarian leading companies. The business is seeking options

to manifest its commitment towards the employers, concrete society's problems/concerns and the environment. More than 40 % of the Bulgarian companies are declaring to be engaged in charity and social activities as a part of their business conduct and corporate policy.

According to Bulgarian legislation listed companies should prepare their documents following the transparency directives set by the Financial Supervision Commission (1). The Commission implements its policy mainly on the basis of the Law on Public Offering of Securities (2). The primary function of the institution is to assist - through legal, administrative and informational means - the maintenance of stability and transparency of the investment, insurance and social insurance markets. Furthermore, in July 2007 the National Corporate Governance Code, prepared by the BSE - Sofia, was finalized. At present it is in a process of approbation by the managers of the Bulgarian companies listed on the BSE - Sofia.

(1) Financial Supervision Commission Act - Promulgated State Gazette issue 8 of 28 Jan., 2003 in effect as of 1 March, 2003; amended issue 31 of 4 April, 2003; amended and supplemented issue 67 of 29 July, 2003; amended issue 112 of 23 December 2003; amended and supplemented issue 85 of 28 September, 2004; issue 39 of 10 May, 2005.

(2) Law on Public Offering of Securities - Promulgated State Gazette issue 114 in 1999; amended iss. 63 and 92 in 2000; iss. 28, 61, 93 and 101 in 2002; iss. 8 31, 67 and 71 in 2003; iss. 37 in 2004; iss. 19, 31, 39, 103 and 105 in 2005; iss. 30, 33, 34, 59, 63, 84 and 86 in 2006.

methodology of the survey

The survey on: *Reporting on Corporate Social Responsibility (CSR) by the Forty Largest Listed Companies in Bulgaria* analyzes companies' disclosures in Bulgarian and English (in the annual reports and company website) during the time period **March - June 2007** in three specific areas:

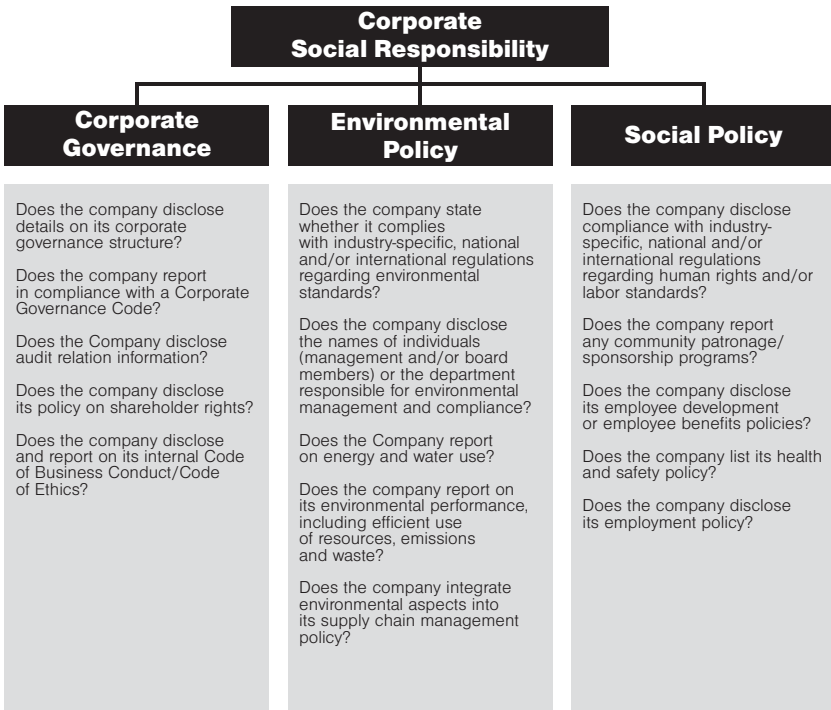
- Corporate Governance;
- Environmental Policy;
- Social Policy.

The record date for the disclosures is June 15, 2007.

The survey consists of two integral components:

- 1) this presentation of the survey results aggregated by sections and
- 2) a database containing a report (spreadsheet) on each company that indicates whether or not the company discloses the information and includes a hyperlink or hyperlinks to the specific disclosure(s). Via hyperlinks, one can move from the database directly into a company's website and/or annual report to read what specific information is disclosed and where.

The survey analyzes the following 15 questions:



The template for the survey contained the following sections and categories:

Survey of Reporting on Corporate Social Responsibility (CSR) by the Largest Listed Companies in Bulgaria	
Company	
Website	
Industry Specification	
Financial Statements prepared in accordance with	
Primary Countries of Operation	
Does the company have a stand alone English-language ESG report?	
Standards used for ESG report	
Year of publication of ESG report	
Does the ESG report include an assurance statement	

Source:	Annual Report	Website
Corporate Governance and Reporting		
Does the company disclose details on its corporate governance structure?		
Does the company report on compliance with a Corporate Governance Code?		
Does the Company disclose audit relation information?		
Does the company disclose its policy on shareholder rights?		
Does the company disclose and report on its internal Code of Business Conduct/ Code of Ethics?		
Environmental Policy		
Does the company state whether it complies with industry-specific, national and/or international regulations regarding environmental standards?		
Does the company disclose the names of individuals (management and/or board members) or the department responsible for environmental management and compliance?		
Does the Company report on energy and water use?		
Does the company report on its environmental performance, including efficient use of resources, emissions and waste?		
Does the company integrate environmental aspects into its supply chain management policy?		
Social Policy		
Does the company disclose compliance with industry-specific, national and/or international regulations regarding human rights and/or labor standards?		
Does the company report any community patronage/ sponsorship programs?		
Does the company disclose its employee development or employee benefits policies?		
Does the company list its health and safety policy?		
Does the company disclose its employment policy?		

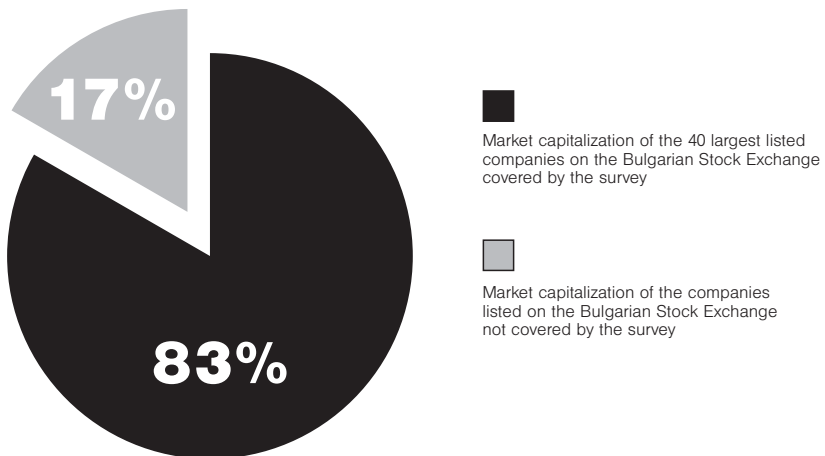
companies surveyed

An increasing number of Bulgarian companies promote their corporate social responsibility strategies as a response to a variety of social, environmental and economic challenges. They aim to send a signal to the various stakeholders with whom they interact - employees, shareholders, investors, consumers, public authorities and NGOs. In doing so, companies are investing in their future and they expect that the voluntary commitment they adopt will help to increase their profitability.

The corporate social responsibility concept is mainly driven by large companies, even though socially responsible practices exist in all types of enterprises, public and private, including small - and medium-sized enterprises (SMEs). The survey analyzes the 40 largest listed companies on the BSE - Sofia according to their market capitalization as of March 1, 2007. (3)

The selected companies in the research account for approximately 83% of the market capitalization on the BSE - Sofia. (See Figure 1)

Figure 1.: Market Capitalization: Share of the Forty Companies Surveyed as Part of the Total Market Capitalization of the BSE - Sofia:



(3) The Economic Policy Institute is grateful to „Trading, Surveillance & Market Data“ Department, BSE-Sofia for providing necessary data.

list of companies surveyed

The list of the 40 largest companies by market capitalization listed on BSE - Sofia as of 1st of March 2007 presented in descending order:

- 1 Bulgarian Telecommunication Company - Sofia (BTC) (4)
- 2 Chimimport AD - Sofia (CHIM)
- 3 Sopharma AD - Sofia (SFARM)
- 4 Economic & Investment Bank - Sofia (BRIB)
- 5 Bulgarian American Credit Bank - Sofia (BACB)
- 6 DZI Insurance & Reinsurance Plc. - Sofia (DZI)
- 7 Central Cooperative Bank - Sofia (CCB)
- 8 Petrol PLC - Sofia (PET)
- 9 Albena AD - Albena (ALB)
- 10 Druzhba Staklarski Zavodi AD - Sofia (DRUPL)
- 11 Bulstrad Insurance and Reinsurance PLC - Sofia (BSTR)
- 12 Lead and zinc complex Plc. - Kardzhali (OTZK)
- 13 Kremikovtzi - Sofia (KREM)
- 14 Bulgartabac Holding AD - Sofia (BTH)
- 15 Bulgarian River Shipping - Ruse (BRP)
- 16 Alcomet PLC - Shoumen (ALUM)
- 17 Duropack Trakia Papir S.A. - Pazardzhik (PAPIR)
- 18 Blagoevgrad-BT Inc. - Blagoevgrad (BLABT)
- 19 Industrial Holding Bulgaria - Sofia (IHLBL)
- 20 Eurohold Bulgaria PLC - Sofia (EUBG)
- 21 Monbat PLC - Sofia (MONBAT)
- 22 Energoremont Holding - Sofia (ERH)
- 23 Synergon Holding PLC - Sofia (PETHL)
- 24 Holding Company Roads PLC - Sofia (HDPAT)
- 25 Toplivo AD - Sofia (TOPL)
- 26 Neochim PLC - Dimitrovgrad (NEOH)
- 27 Biovet PLC - Peshtera (BIOV)
- 28 Oil & Gas Exploration & Production AD - Sofia (GAZ)
- 29 Dominant Finance AD - Sofia (DOMIN)
- 30 Riviera Holiday Club - Varna (RIVR)
- 31 M+S Hydraulic - Kazanluk (MCH)
- 32 Euroterra Bulgaria JSC - Sofia (TERRA)
- 33 Moststroy PLC - Sofia (MOSTS)
- 34 Sopharma Properties REIT - Sofia (SFI)
- 35 Albena Invest Holding AD - Albena (ALBHL)
- 36 ODESSOS Shiprepair Yard S.A. - Varna (ODES)
- 37 Doverie - United Holding Plc - Sofia (DOVUHL)
- 38 SS Constantine And Helena Holding AD - Varna (SKELN)
- 39 Sofia-BT AD - Sofia (SOFBT)
- 40 Zlatni Piasaci PLC - Varna (ZLP)

(4) BSE Code

general survey information

Figure 2.: Available Websites

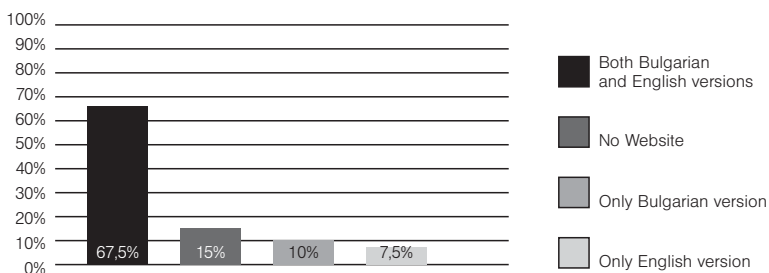


Figure .2 presents the percentage of companies surveyed that have a Bulgarian-language website, a website in English or both versions of website. Twenty seven of the companies (**67.5 %**) have both a Bulgarian and an English version of their website. Four companies have a website only in Bulgarian and three have only in English. Thus, the data suggests that most Bulgarian listed companies are aware of the importance of disclosing information on the company website.

Figure 3.: Reporting in Accordance with International Financial Reporting Standards (IFRS)

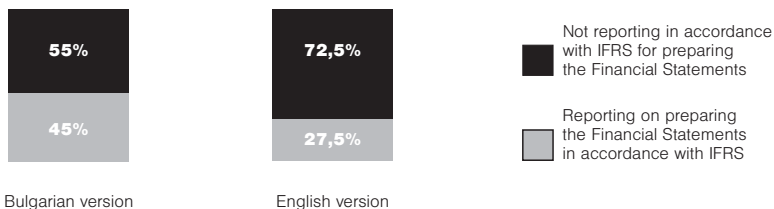


Figure 3. presents information on the number of companies reporting in the annual reports or websites on the preparation of their financial statements in accordance with the International Financial Reporting Standards. **18 companies (45%)** reveal this information in Bulgarian. Of these, **1 company** discloses this data in the Bulgarian-language version of the company website, while the remaining **17 companies** report in compliance with IFRS in the Bulgarian-language annual report. In comparison, **11 companies (27.5%)** provide this information in English; in all cases the information is noted in the English-language annual report.

corporate governance

The degree to which corporations observe basic principles of good corporate governance is an increasingly important factor for investment decisions. Of particular relevance is the relation between corporate governance practices and the increasing international character of investment. International flows of capital enable companies to access financing from a much larger pool of investors.

Corporate governance is only a part of the larger economic context in which firms operate, that is a component of the CSR framework. The corporate governance outlines also depend on the legal, regulatory, and institutional environment. In addition, factors such as business ethics and corporate awareness of the environmental and social interests of the communities in which a company operates can also have an impact on its reputation and its long-term success.

While a multiplicity of factors affect the governance and decision making processes of companies, and are important to their long-term success, the current section is focused on the effective governance that is strongly connected with the separation of ownership and control. However, this is not simply an issue of the relationship between shareholders and management, no matter that it is indeed the central element. In some jurisdictions, governance issues also arise from the power of certain controlling shareholders over minority shareholders. In other countries, employees have important legal rights irrespective of their ownership rights.

The current „Corporate Governance“ section of the inaugural survey provides some initial insights into the reporting of the forty largest listed Bulgarian companies on this issued. Broad generalizations can not be made, and there is no possibility to compare with previous periods (5). The survey analyzes the following five questions in the field of corporate governance, entitled as Component I, II, III, IV & V:

I Component: *Does the company disclose details on its corporate governance structure?*

II Component: *Does the company report in compliance with a Corporate Governance Code?*

III Component: *Does the Company disclose audit relation information?*

IV Component: *Does the company disclose its policy on shareholder rights?*

V Component: *Does the company disclose and report on its internal Code of Business Conduct/ Code of Ethics?*

(5) Since 2001, the PFS Program conducts semi-annual regional surveys on Investor Relations Online. The ten largest Bulgarian listed companies have been surveyed since 2004. The regional surveys provide data enabling benchmarking of the blue chip peer group in 11 CEE countries.

The two graphs below (See Figure 4. & Figure 5. / I Component) show that the majority of the companies publish more information about their corporate governance structure on the Bulgarian/English website than in the Bulgarian/English annual report. The Bulgarian-language version of the website contains slightly more information than the English-language version. Furthermore the analysis show that annual reports available on-line in English present almost twice less information on the issue than the Bulgarian versions.

Figure 4.: Reporting on Corporate Governance in Bulgarian

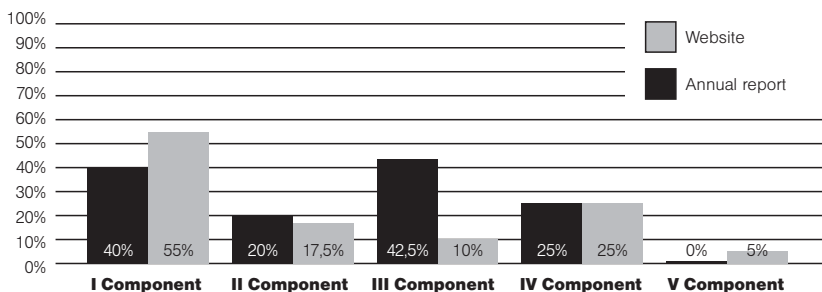


Figure 5.: Reporting on Corporate Governance in English

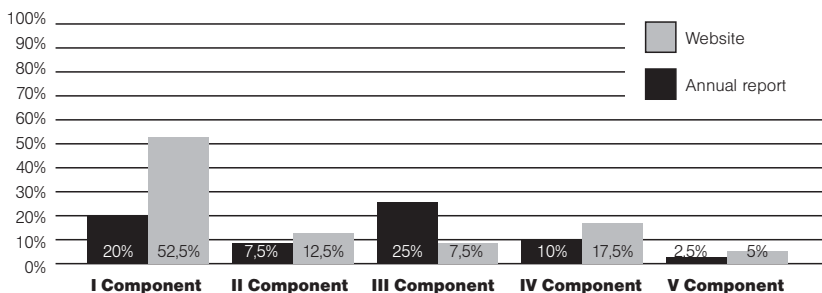


Figure 4. (Component II) shows that the highest number of the companies surveyed (**20%**) disclose in their annual reports in Bulgarian compliance with Corporate Governance Code (6). Disclosures on the local language version of the website could be found in **17.5%** of the companies. The data presented in English (See Figure 5 / II Component) reveals the following - **7.5%** of the companies report in the annual report, while **12.5%** disclose on the website.

(6) The final version of the Corporate Governance Code was prepared and approved by the Bulgarian Stock Exchange Sofia in July 2007

A significant percentage of companies surveyed (**42.5%** in Bulgarian and **25%** in English) present in their annual reports a full audit report and the name of the institution that conducted the audit. (See Figure 4. & Figure 5. / III Component.)

Another important aspect of the corporate governance is the relationship among participants in the governance system. Controlling shareholders, which may be individuals, family holdings, bloc alliances, or other corporations acting through a holding company or cross shareholdings, can significantly influence corporate behavior. As owners of equity, institutional investors are increasingly demanding a voice in corporate governance in most markets. Individual shareholders usually do not seek to exercise governance rights but may be highly concerned about obtaining fair treatment from controlling shareholders and management.

On the growing capital market in Bulgaria leading public companies realize the importance of comprehensive overview presenting the rights of their shareholders on-line. In this regard, the survey shows that many companies publish this sort of information on their website or in the annual report in Bulgarian. However, in the English version we recognized more examples of disclosures on the website rather than in the annual report. (See Figure 4. & Figure 5. / IV Component.)

Two companies disclose information about an internal code of business conduct on their websites in both English and Bulgarian, while one company reports only in the English version of the annual report. (See Figure 4. & Figure 5. / V Component.)

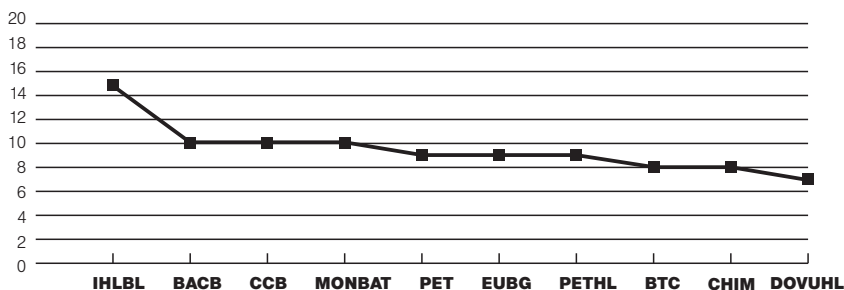
BEST PRACTICES IN REPORTING ON CORPORATE GOVERNANCE

The survey compares companies' reporting in each of the three sections of CSR, researched by the current survey - corporate governance, environmental policy and social policy.

A maximum score of **20 points** could be achieved by disclosing information on each question in Bulgarian as well as in English:

- One point for disclosing information on each of the five corporate governance questions in English (*five points for reporting in the annual report & five points for reporting on the website*) and
- One point for disclosing information on each of the five corporate governance questions in Bulgarian (*five points for reporting in the annual report & five points for reporting on the website*).

Figure 6.: *Best Practice: Top Ten Companies in Reporting on Corporate Governance - June 2007*



Herewith, it is important to be mention that largest companies by market capitalization have overwhelming presence in the Top ten *Best Practice* examples in reporting on corporate governance. (See Figure 6) Three companies of the leading five by market capitalization are among the leading ten in reporting on corporate governance policy. However, the company which gathered the best score according to the survey's framework is Industrial Holding Bulgaria AD and it is on 19th place by market capitalization. Some of the main activities of the holding are acquisition, evaluation and sales of equity in Bulgarian and foreign companies which require permanent and well established reporting on corporate governance.

environmental policy

Bulgarian listed companies gradually pay more attention on the fact that the *responsibility*, as a part of CSR has relation not only to the environment inside of the companies, but to this one in which they operate.

In Bulgaria, the incorporation of the environmental policy in the companies' management is comparatively a new practice. In spite of the low starting levels presented in the figures bellow, we must say that in the forthcoming future there is room for serious improvement, especially having into consideration the fact that Bulgaria joined the EU at the beginning of the current calendar year. Improvement can be expected also if we take into account the positive experience of other countries from CEE in the past few years.

As noted above, the data presented here does not allow broad generalizations. There is also no possibility to compare with previous periods, since this is an inaugural country survey.

The second section of the survey *Reporting on Corporate Social Responsibility (CSR) by the Forty Largest Listed Companies in Bulgaria* considers the following five questions:

I Component: *Does the company state whether it complies with industry-specific, national and/or international regulations regarding environmental standards?*

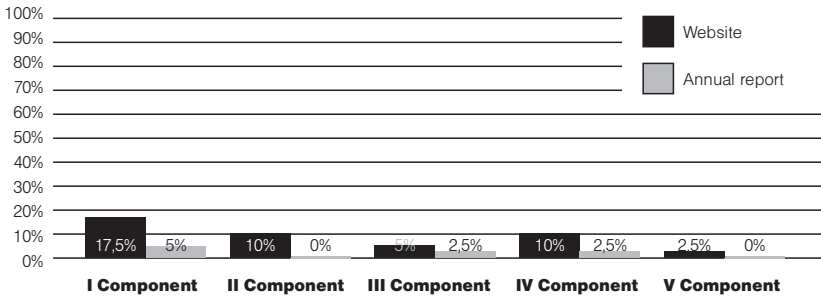
II Component: *Does the company disclose the names of individuals (management and/or board members) or the department responsible for environmental management and compliance?*

III Component: *Does the Company report on energy and water use?*

IV Component: *Does the company report on its environmental performance, including efficient use of resources, emissions and waste?*

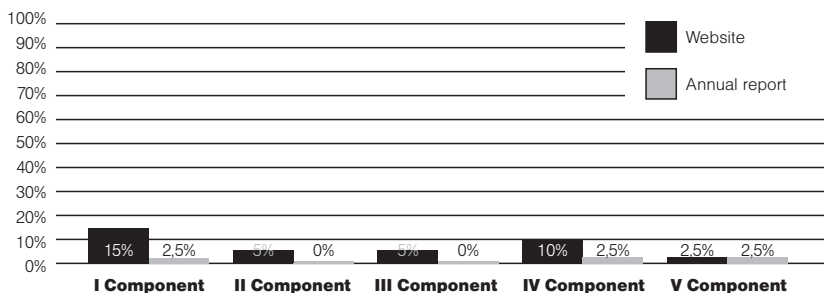
V Component: *Does the company integrate environmental aspects into its supply chain management policy?*

Figure 7.: Reporting on Environmental Policy in English



As noted in the Figure 7. above, **17.5%** of the companies surveyed report on their website about compliance with industry-specific, national and/or international regulations regarding environmental standards. (Component I.) **10%** of the companies surveyed disclose on their websites the names of individuals (management and/or board members) or the department responsible for environmental management and report on their environmental performance, including efficient use of resources, emissions and waste. In general, more detailed information on environmental policy could be found out on the website.

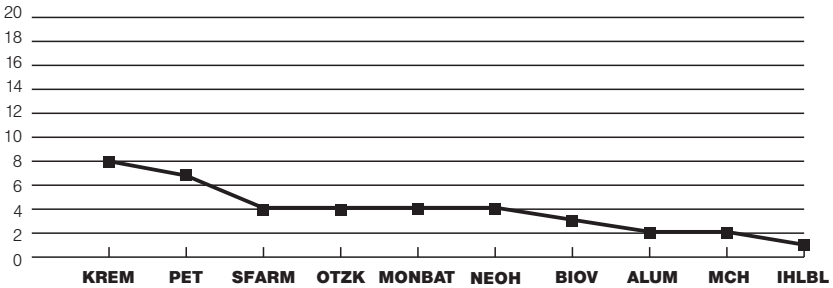
Figure 8.: Reporting on Environmental Policy in Bulgarian



A similar tendency to those of the previous chart (See Figure 7.) is related to the difference between the information provided on the websites and respectively in the annual reports of the surveyed companies. The figure above (See Figure 8.) illustrates that between **2.5%** and **15 %** of the companies surveyed disclose this data in the Bulgarian-language version of the website. In comparison, the annual reports present less data; between **0** and **2.5%**.

BEST PRACTICES IN REPORTING ON ENVIRONMENTAL POLICY

Figure 9.: Best Practice: Top Ten Companies in Reporting on Environmental Policy - June 2007



The majority of the companies included in the Top Ten *Best Practice in Reporting on Environmental Policy* are involved in chemical industry, production, manufacturing and distribution of products and materials. (See Figure 9.) Two of the ten largest companies by market capitalization are included here, namely Sopharma AD and Petrol PLC.

social policy

In the increasingly globalised economy, the awareness of the Bulgarian business with regard to the social conditions of workers is constantly growing. In the past years, the leading companies in the state started to publicly manifest their interest and concern in issues related to investing in human capital, employment benefits policies and sponsorship programs. The business is currently strictly following various principles and guidelines in the areas of employment, training, working conditions, and industrial relations.

The following two figures (See Figure 10. and Figure 11.) present the practices of the 40 companies surveyed in reporting activities in the field of social policy, they are providing. The five considered components correspond to the below listed questions and their publishing on the companies' websites or as a part of their annual reports:

I Component: *Does the company disclose compliance with industry-specific, national and/or international regulations regarding human rights and/or labor standards?*

II Component: *Does the company report any community patronage / sponsorship programs?*

III Component: *Does the company disclose its employee development or employee benefits policies?*

IV Component: *Does the company list its health and safety policy?*

V Component: *Does the company disclose its employment policy?*

Figure 10.: Reporting on Social Policy in Bulgarian

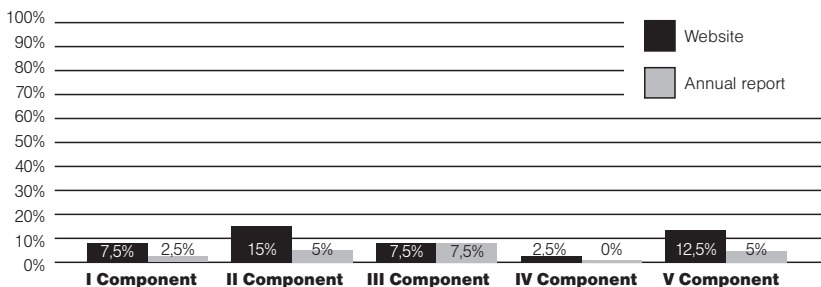
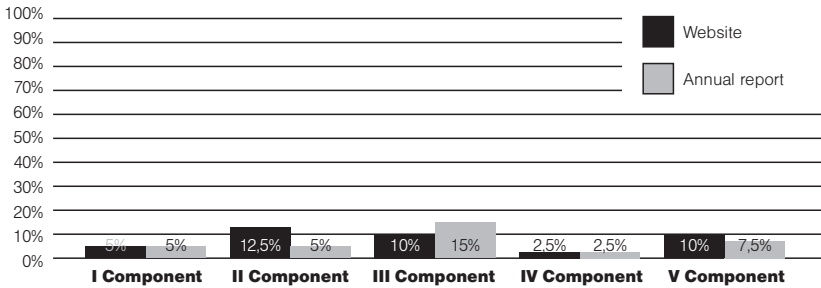


Figure 10 shows that the highest number among the surveyed companies report in Bulgarian on community patronage and/or sponsorship programs - **15%** of the companies disclose this information on the website, while **5%** report on this in the annual report. Fewer companies provide data on the website (**12.5%**) and in the annual report (**5%**) related to the employment policy. **7.5%** of the surveyed companies disclose information on the Bulgarian-language version of the website about compliance with specific national/international regulations and about employee development or employee benefits policies. Only one company reports on its health and safety policy.

In general, the company website provides more information than the respective annual report. Based on the generally low levels of disclosure, an observation may be made that the overall level of reporting on social policy should be improved in the years to come.

Figure 11.: Reporting on Social Policy in English

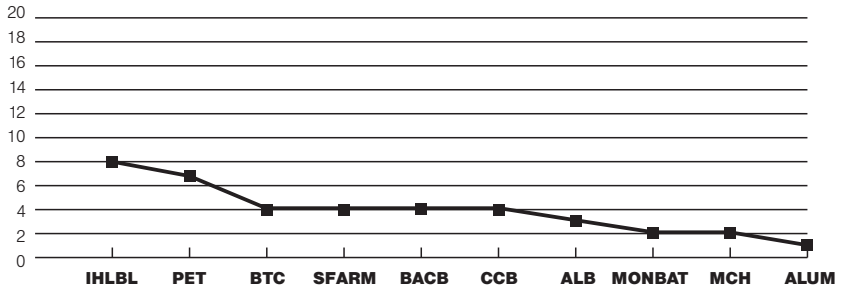


In general Figure 11. confirms some of the tendencies mentioned above in reporting on social policy in Bulgarian. **12.5%** of the surveyed companies report on their English-language websites about social and sponsorship programs while **5%** prefer to include this type of information in their annual reports in English. **10%** of the surveyed companies present aspects of their employment policy on the English version of the websites and **7.5%** report on employment policy in the annual reports in English.

BEST PRACTICES IN REPORTING ON SOCIAL POLICY

Using the same methodology, in Figure 12, we note the Bulgarian companies with best scores in reporting their social policies, based both on annual reports and websites in English and Bulgarian.

Figure 12.: Best Practice: Top Ten Companies in Reporting on Social Policy - June 2007



Social policy includes two basis elements: the company's policy regarding its employees and its policies regarding society in general. This inaugural survey notes that in general more information is disclosed on the company policy regarding employees. The leading companies noted in the chart above are among the companies with the highest number of employees in the country. Therefore, they are strongly interested in building good reputation in the society. Well organized and strict social policy may attract highly motivated and well prepared individuals in the company.

The graphic above shows that best results in the section were registered by the Industrial Holding Bulgaria (Sofia). The second and the third positions were taken by the Petrol PLC (Sofia) and the Bulgarian Telecommunication Company (Sofia), which respectively are the 8th and 1st largest companies in terms of market capitalization on the BSE - Sofia.

conclusions

Increasingly CSR becomes a competitive advantage for the companies in the process of searching for capital, customers and employees. This inaugural survey: *Reporting on Corporate Social Responsibility (CSR) by the Forty Largest Listed Companies in Bulgaria* analyzed the current disclosure practices of this peer group and presents current best practices. It allows each enterprise in the observed group to compare its CSR disclosing practices with the disclosures of the rest of the survey's peers and to draw conclusions on the essence of the companies' data and information provided in the Bulgarian/English annual reports and websites.

We observe that the companies surveyed disclose more information on corporate governance than on environmental and social policy. This could be partially explained by companies familiarity with the corporate governance principles espoused by the Organization for Economic Cooperation and Development (OECD) and the many initiatives in the field conducted during the past decade. As a result of all of these, Bulgarian business understands the necessity of corporate governance disclosures.

Survey findings include the following:

- GENERAL: **75%** of the companies surveyed disclose information in Bulgarian/English in at least one component of all three categories.
- CORPORATE GOVERNANCE: **72.5%** of the companies surveyed disclose information in at least one of the five different components of the *Corporate Governance* section in the Bulgarian/English annual report or website. Of these, **96.6%** report on the corporate governance structure; **68.9%** disclose audit related information and **55.2%** disclose information about company's policy on shareholder rights.
- ENVIRONMENTAL POLICY: **27.5%** of the companies surveyed disclose data (in the Bulgarian/English annual report or website) about at least one of the five questions of the *Environmental Policy* section. Of these (**72.7%**) report on compliance with industry specific, national/ international regulations.
- SOCIAL POLICY: **42.5%** of the companies surveyed present information in at least one of the components of the *Social Policy* section in the Bulgarian/English annual report or website. Of these, **58.8%** disclose information about employee development and employee benefits policies whereas **41.1%** disclose information on community patronage/ sponsorship programs.

Believing that positive examples create followers, we present the ten companies with the best overall scores. (See Figure 13.)

Figure 13.: Top Ten Companies in On-line Reporting on CSR (Corporate Governance, Environmental Policy, Social Policy) (Maximum 60 points)

