



Thesis

Master's Degree in Corporate Finances

Corporate Social Disclosure in the Health Sector

An Overall Analysis using GRI inputs

Bernardo Gomes

Leiria, March 2015



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Thesis submitted as requirement for the conferral of Master's Degree in Corporate Finances under the supervision of PhD Teresa Cristina Pereira Eugénio, Professor of Escola Superior de Tecnologia e Gestão in Instituto Politécnico de Leiria.

Leiria, March 2015

To my folks

*“The best time to plant a tree
was twenty years ago,
The second best time
is now”*

African proverb

Acknowledgments

First, I would like to express my gratitude and respect to God who has always been by my side and whose will has been guiding me since childhood.

A very special message of thanks to my closer family, whose lessons of humility, perseverance and sense of sacrifice were vital in order to complete this task. I really appreciated the support coming from family, friends and colleagues for their complicity is irreplaceable.

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I would also like to thank for the all comments, opinions and thoughts shared by those who I did not mention directly in this section, but whose contributions were an additional source of energy at the most critical moments.

Names were not listed to avoid the risk of missing someone out but from deep inside my heart I give you big thanks. This document is dedicated to all of you!

Preface

Reality is constantly changing and we as rational beings have to face these changes rationally, promoting actions that might sustain a balanced cycle. “We have to choose between a global market driven only by calculation of short-term profit, and one which has a human face (...). Between a selfish free-for-all in which we ignore the fate of the losers, and a future in which the strong and successful accept their responsibilities, showing global vision and leadership” (Kofi Annan cited by Afonso et al., 2012). Indeed, corporate responsibility became one of the most important aspects of sustainable development in business and society as a whole (Aras & Crowther, 2010).

Why choose this issue?

I consider this holistic approach on corporate activities as an unavoidable accident. Besides the fact that we had the opportunity to become familiar with many themes during the first year of this master’s degree, I was not immediately attracted to any specific issue. It was all interesting but yet, not inspiring enough. A full year of work on my own was requested something more objective, more useful, more reachable and overall more fascinating.

During the past 10 years I gathered experience in volunteering and young activism. These activities have contributed hugely to my degree of awareness of the main social and environmental problems. Somehow my interest in this issue might also have its origins in my roots. From a young age I became familiar with un-responsible by MNEs’s in developing countries. By producing, manufacturing or even selling their products in developing countries, multinational corporations are completely changing the reality of these societies. Corporations often adopt the role of local governments dictating what one consumes, what they work on, how much a fair salary is and finally how people live. Labour exploitation, occupational accidents and massive migration are just some of the brutal consequences of multinational activities in the developing world.

My undergraduate degree in the health field was the main reason for choosing to target health organisations. It is an area with which I am familiar and curious about. Furthermore, hospitals, clinics and other health care providers face additional demands for responsible attitudes (Khanifar, Nazari, Emami, & Ali, 2012) . If patients are seen as consumers, then their confidence needs to be equally conquered and corporate disclosure might serve as a tool. The same might be true for private institutions aiming for profit, but also for public

institutions aiming for a real social state.

By combining all these ingredients I found a perfect match between health and finance. Once completely distant and dissociated one from another, but nowadays walking hand in hand to greet capitalism and globalisation.

Why write in English?

I have chosen to write my thesis in English for several reasons. First of all, English is one of the most widely spoken languages in the world. Politics, culture, education and science have been using English to connect different views and knowledge.

The possibility of introducing my contributions to the scientific community through this study and increasing its relevancy are therefore higher if it is accessible to a wider range of readers. In addition, English is by far the most used language in literature dealing with this issue of corporate social responsibility, even among Portuguese researchers (Afonso et al., 2012; Branco & Rodrigues, 2008; Lopes & Rodrigues, 2007; Lourenço, Branco, Curto, & Eugénio, 2011). It is also a challenging exercise for me to complete such a laborious task in a foreign language. Writing a thesis would in itself be a demanding task, but now it becomes twice as exciting as it requires even more concentration and additional commitment.

Abstract

Corporations' activities and market dynamics are changing realities from the North to The South. Growing awareness among stakeholders is leading to an increasing demand for corporate' responsibility while an implicit financial benefit is accelerating the debate among managers. Although this has been thoroughly discussed, there is little consensus regarding the concept of corporate responsibility and its influence on business. Industry has been found to be an important predictor of corporations' social disclosure, yet research on some industries remains scarce or inexistent. This document aims to analyse corporate social disclosure (CSD) in the health sector according to GRI' performance indicators. The sample consists of all listed companies offering health services and/or health products, present in GRI world database in 2012. Results suggest the existence of significant differences in CSD across the continents, an important valorisation of External Assurance adoption and a possible relation between CSD and CFP. This study is expected to be a valid contribution to the literature by facilitating a better understanding of the CSR phenomenon as a whole.

Key-words: *Corporate Social Responsibility, Corporate Social Disclosure, GRI, Health Sector, Corporate Financial Performance.*

As atividades empresariais e as dinâmicas do mercado têm influenciado realidades de norte a sul. O crescente alarmismo dos *stakeholders* tem provocado uma maior demanda pela responsabilidade empresarial, ao que se junta um implícito benefício financeiro que também tem acelerado o debate entre os gestores. Embora abundantemente abordados, os conceitos em torno deste tema, tal como a sua potencial influencia sobre os negócios, continuam sem reunir consensos. O sector industrial aparenta ter grande influência na divulgação de informação empresarial mas ainda assim as investigações em determinadas indústrias são raras ou inexistentes. O presente documento tem como objectivo analisar a divulgação de informação sobre a responsabilidade social empresarial (CSD) através dos indicadores de performance disponibilizados pela GRI. A amostra consiste em todas as empresas do sector da saúde - produtos e serviços – cotadas em bolsa e presentes na base de dados mundial da GRI para o ano 2012. Os resultados sugerem a existência de diferenças significativas na CSD entre os vários continentes, uma importante valorização da Auditoria Externa e uma possível relação entre a CSD e a Performance Financeira das Empresas (CFP). Este estudo surge como um contributo válido para a literatura facilitando um melhor entendimento deste fenómeno na sua globalidade.

Palavras-Chave: Responsabilidade Social Empresarial, Divulgação de Informação Social Empresarial, GRI, Sector da Saúde, Performance Financeira Empresarial.

Contents

ACKNOWLEDGMENTS	I
PREFACE	III
ABSTRACT	V
RESUMO	VII
CONTENTS	IX
LIST OF FIGURES	1
LIST OF TABLES	3
LIST OF ACRONYMS	5
1. INTRODUCTION	7
2. LITERATURE REVIEW	9
2.1 Corporate Social Responsibility.....	10
2.2 Theoretical perspectives on CSR	12
2.2.1 Resource-Based Perspective (RBP).....	12
2.2.2 Stakeholder Theory	12
2.3 Corporate Social Disclosure.....	14
2.4 Corporate Social Disclosure in the health sector	15
2.5 Corporate Social Disclosure predictors	16
2.5.1 Corporate Social Disclosure and Corporate Financial Performance	16
2.6 Guidelines for CSD.....	19
2.6.1 GRI	21
2.7 Content analysis	22
3. EMPIRICAL WORK	23
3.1 Sample.....	23
3.2 Research Method	26
4. RESULTS AND DISCUSSION	29
4.1 Accessing Corporate Social Disclosure performance	29
4.2 Corporate Social Disclosure and Corporate Financial Performance	31
4.3 External Assurance	34
5. CONCLUSION	37
REFERENCES	39

APPENDICES.....	43
APPENDIX 1 - CSD RANKINGS.....	43
CSD _{ECONOMIC} TOP 10 RANKING.....	45
CSD _{ENVIRONMENTAL} TOP 10 RANKING.....	45
CSD _{SOCIAL} TOP 10 RANKING	45
APPENDIX 2 – CSD INDEX	47
ATTACHMENTS.....	49
ANNEX 1 - GRI PERFORMANCE INDICATORS	49
ANNEX 2 - GRI DATA LEGEND.....	53
SIZE	53
LISTED/NON-LISTED	53
REGION	53
EXTERNAL ASSURANCE	53
REPORT PROFILE	54
ANNEX 3 - DATATYPE DEFINITIONS.....	55

List of figures

Figure 1 - Carroll's Pyramid.....	11
Figure 2 - Stakeholders categorization.....	13
Figure 3 - Reporting terminology used by N100	14
Figure 4 - Stages of Financial Impact From CSP	18
Figure 5 - Number of companies reporting according to GRI per sector in 2009	22
Figure 6 - Companies by region.....	25
Figure 7 - CSD total Index	29
Figure 8 - Financial Output per Region.....	32
Figure 9 - Price.....	33
Figure 10 - External Assurance by Region	35

List of Tables

Table 1- Sample	24
Table 2- Companies by country	25
Table 3 - CSD Scoring possibilities for each variable	26
Table 4 - Variables Descriptive Statistics	30
Table 5 - Financial Variables' Descriptive Statistics	32
Table 6 - Correlation Analysis	33
Table 7 - External Assurance	35

List of acronyms

CED – Committee for Economic Development

CSD – Corporate Social Disclosure

CFP – Corporate Financial Performance

CSP – Corporate Social Performance

CSR – Corporate Social Responsibility

DJSI – Dow Jones Sustainability Index

GRI – Global Reporting Initiative

ILO – International Labour Organisation

MNE – Multinational Enterprise

OECD – Organisation for Economic Co-operation and Development

WBCSD – World Business Council for Sustainable Development

1. Introduction

Multinational Enterprises (MNEs), more than governments, are balancing the weight of the human footprint on this planet. Corporation' activities are defining the market's dynamic from The North to the South, crossing differently developed and underdeveloped countries. Sometimes those activities are modulated by legal requirements and pressure exercised by civil society but in many cases there is no control at all. It influences the way our civilisation obtains and consumes the resources offered by the Earth but also the life cycle of the flora and fauna.

Some organisations intervening in delicate areas, which is the case of most of those dealing with healthcare products and services, can find their long term viability at risk if its managers do not take precautions. Governments have been making progress by approving laws specifically to engage corporations and facilitate the process. Growing awareness among civil society is also leading to an increasing demand for corporate' responsibilities (Berners-Lee et al., 2006; Falck & Heblich, 2007; OECD, 2011) mainly because literacy and social media bring people to discuss each ones contribution to maintaining the ecologic, social and economic homeostasis better.

On the other hand, many companies are taking the lead on disclosing their non-financial information. There are now several national and international guidelines available for any entity that voluntarily wants to report on the economic, environmental, social aspects and governance dimension of their operations. The global reporting initiative (GRI), funded in 1997, is one of the best known and widely used reporting framework in the world (Benau, García, & Grima, 2012; Brine, Brown, & Hackett, 2007; Brown, Jong, & Lessidrenska, 2009; Isaksson & Steimle, 2009). The objective was to create a reporting framework that could be universally applied. This makes disclosure easier for the organisation, but also the opportunity to compare companies' disclosure or even to rank them according to their performance. This is of great importance if we consider that it can add value to the company and its stakeholders.

Moreover, a perceived financial benefit from Corporate Social Responsibility (CSR) is accelerating the attention paid to this issue. Improving financial performance is for many investigators the missing element that will justify investment in social responsibility from limited liability entities. Generic drugs, for example, are increasing in quantity and popularity and for private companies disclosing good-practices is a way to regain the position to their

products. Crowther and Guler (2008) argue that “companies themselves have also changed. No longer are they concerned with greenwashing – the pretence of socially responsible behaviour through artful reporting. Now companies are taking corporate social disclosure much more seriously because they understand that it is a key to business success and it can give them a strategic advantage (...)”.

The aim of this work is to analyse corporate social disclosure (CSD) in the health sector according to GRI inputs. Having taken all listed organisations offering health services or healthcare products as the target population we selected a sample from GRI database in the year 2012.

Considering that CSD is a current issue, all alternative views that seek to provide a better understanding of this phenomenon are a valid contribution. The type of industry was found to be a great predictor of corporates’ sustainability disclosure but still, research on certain industries remain very rare or inexistent (Griffin and Mahon, 1977 cited by Sweeney and Coughlan, 2008). This study seeks to innovate literature by focusing on GRI’s implementation in the health sector and its differences from other industries. The geographical scope makes it even more valuable because the sample contains enterprises from different parts of the world, which facilitates the generalisation of results. Lastly, like any other research, this study also highlights the importance of non-financial information and provides additional evidence to on the relation between CSD and CFP.

This document unfolds as follows: The first section is a literature review of the theme, analysing simultaneously classic and recent papers. Following the literature review, the second section explores existing guidelines and the *status quo* of their application among healthcare enterprises. The third section is dedicated to the empirical work that led to this study, in which statistical methods were applied to explore the issue better. Finally, the last section is a presentation of findings, conclusions and recommendations.

2. Literature review

Corporate social responsibility (CSR) is nowadays a current issue, especially in this economical and financial context. Concerns about this matter officially started in North America in 1930s (Carroll, 1979; Falck and Heblich, 2007). However the modern era of social responsibility may be marked by the publication of *Social Responsibilities of the Businessman* from Bowen (1953), followed by a few other contributions that would fast widespread the alert around the issue. According to Carroll (1979) the real debate was established by Friedman's arguments stating that the sole social responsibility of the company was to "make as much money for their stockholders as possible" (Carroll, 1979; Falck and Heblich, 2007). This author continued arguing that those who intend to talk about business responsibilities might be following "analytical looseness and lack of rigor" simply because responsibility could not be business' attribute but men's instead (Friedman, 1970). As the discussion was getting lauder, answers did not take long to appear and the argument that corporate responsibility was far beyond the economic considerations soon got its place.

The beacon around this discussion would finally be clarified in the early 70s by the Committee for Economic Development (CED)¹ with the approach of the "Three Concentric Circles". The inner circle "includes the clear-cut basic responsibilities for the efficient execution of the economic function - products, jobs, and economic growth." The intermediate circle "encompasses a responsibility to exercise this economic function with a sensitive awareness of changing social values and priorities: for example, with respect to environmental conservation, hiring, and relations with employees. The outer circle "outlines newly emerging and still amorphous responsibilities that business should assume to become more broadly involved in actively improving the social environment" (Carroll, 2011).

¹ Committee for Economic Development, *Social Responsibilities of Business Corporations* (CED, New York 1971)

2.1 Corporate Social Responsibility

There are many concepts used in the literature to define the relations between corporations and society, yet, in-depth analysis of the literatures reveals that there are no approaches that would apply universally (Branco et al., 2014; Eugénio et al., 2010; Zink, 2005; WBCSD, 2002; Orlitzky et al., 2011). From Bowen's publication to the present day, concepts of corporate interaction with civil society have been evolving, however the concept is not consensual. Klettner (2013) defends that the meaning of these relations in a practical sense can be very different depending on size or industry. Ameer (2012) referring to a study by Robinson (2014) reveals the misunderstandings surrounding the concept of sustainability, leading sustainable practices to be confused with green-washing or other hypocritical practices. The control of social accounting by management makes its legitimacy at least questionable (Sweeney and Coughlan, 2008).

Carroll (1979) highlighted the entire range of obligations that business has to society defining four categories: economic, legal, ethical, and discretionary. The Economic responsibility assumes that companies are to produce goods and services that society wants and to sell them at a profit, and that this should be the fundamental basis of all business rules. Legal responsibilities are those laws and regulations imposed by society and under which business is expected to operate. Ethical responsibilities embody those expectations there are over and above legal requirements, the difficulties in defining them make it also difficult for businesses to deal with. Finally, discretionary responsibilities are somehow left to individual judgement and choice for they are even more abstract than the previous ones. "These roles are purely voluntary, and the decision to assume them is guided only by a business's desire to engage in social roles not mandated, not required by law, and not even generally expected of businesses in an ethical sense". (Carroll, 2011)

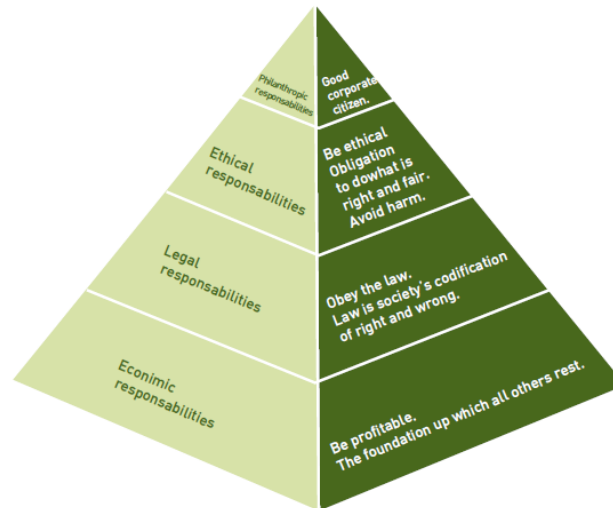


Figure 1 - Carroll's Pyramid

Source: *Sustentare, 2008*

Among the literature, other authors emphasise the three basic principles for CSR as sustainability, accountability and transparency (Crowther & Güler, 2008). The first principle, Sustainability, is concerned with the effect an action taken in the present has upon the options available in the future, and this is of particular concern if the resources are finite in quantity. Crowther and Güler (2008) explain that viewing an organisation as part of a wider social and economic system implies that these effects must be taken into account, not just for the measurement of costs and value created in the present but also for the future of the business itself.

The second principle, accountability is concerned with an organisation recognising that its actions affect the external environment, and therefore assuming responsibility for the effects of its actions. This acceptance of responsibility must therefore be a recognition that external stakeholders have the power to affect the way in which corporate actions are taken and a role in deciding whether or not such actions can be justified, and if so at what cost to the organisation and to other stakeholders.

Thirdly, the transparency principle means that the external impact of the actions of the organisation can be ascertained from that organisation's reporting and pertinent facts are not disguised within that reporting. It is of particular importance to external users of such information as these users lack the background details and knowledge available to internal users of such information. (Crowther & Güler, 2008)

More progressive stages of corporate sustainability involve a strategic incorporation of sustainable practices into the corporate business strategy (Falck and Hebllich, 2007; Klettner et al., 2013; ILO, 1998; WBCSD, 2002)

In the majority of papers analysed, authors use the term corporate social responsibility (CSR) to characterise corporate activities that contribute to sustainable development (Benau et al., 2012; Faria, 2010; Jo and Harjoto, 2011; Khanifar et al., 2012; Lumpur, n.d.; McWilliams and Siegel, 2000; Mwangi and Oyenje, 2013; Zink, 2005).

2.2 Theoretical perspectives on CSR

Among the many theories applied with regard to CSR reporting available in literature, two of the most highlighted theories are the resource-based perspective and the stakeholder theory.

2.2.1 Resource-Based Perspective (RBP)

“If organisational resources and capabilities are evaluable, rare, inimitable, and nonsubstitutable, they will form the source of an organisation’s competitive advantage.” (Barney, 1991 cited by Orlitzky, 2008)

Resource-based perspective stands for companies’ efficient improvement through the engagement of key stakeholders, namely suppliers, specialised employees or those institutions with whom partnership can be decisive (Lourenço et al., 2011). Furthermore, a company can reduce their costs and at the same time increase the costs of their competitors. This happens in industries where stakeholders are especially sensitive to CSR and a company distinguishes itself by becoming a benchmark for all others. Competitors might follow the reference either to remain competitive or either to respect legal regulations highlighted by the predecessor (Marc Orlitzky, 2008). Engaging in CSR activities prior to others, allows the company to gain experience and further develop its competences in this area guaranteeing a competitive advantage relative to similar companies.

2.2.2 Stakeholder Theory

Companies’ success depends on all internal and external interveners - either individuals, institutions or organisations – to which it may interact (Zink, 2005). Those interveners are the so called stakeholders, (anyone who might affect the business’ objective and anyone who might be affected by its realisation is considered a stakeholder- (Falck and Hebllich, 2007)). Stakeholder Theory was first raised by Freeman (1984) who presented the different groups as having a “stake” in the business. Another example is that firms that are environmentally responsible can prevent legal charges - not approved yet - linked to its activities. This theory

firmly opposes Shareholder Theory that lies in the assertion of maximising shareholder's wealth to the detriment of society. Instead, Stakeholder theory stand for the inclusion of all claimants on the firm - Stakeholders - in the decision making process of the organisation (Crowther & Güler, 2008). According to Crowther and Guler (2008) the theory states that there are 3 reasons why this should happen:

- It is the morally and ethically correct way to behave
- Doing so actually also benefits the shareholders
- It reflects what actually happens in an organisation

Stakeholders can also be mapped according to their potential importance (Sweeney and Coughlan, 2008) to interfere with enterprise's cash flow. The graphic below is a categorisation retrieved from the paper of Falck and Helbich:

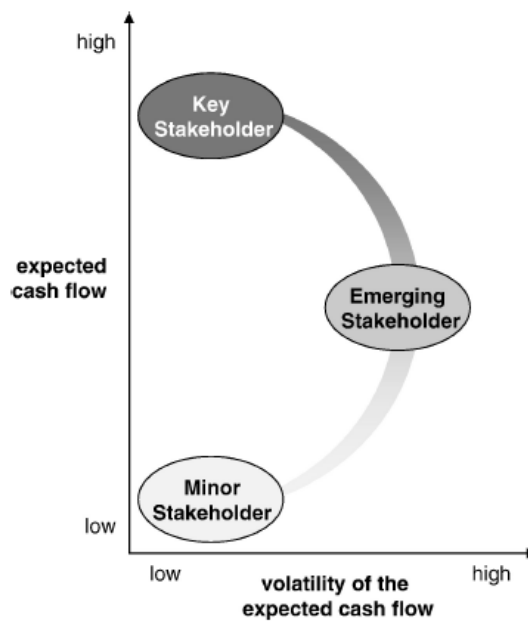


Figure 2 - Stakeholders categorisation

Source: Falck & Heblich, 2007

Key Stakeholders include all actors that have a direct connection to the company and can interfere significantly with the company's current and expected cash flow while *Emerging Stakeholders* do not have a direct connection to the enterprise's cash flow and do not influence the expected net present value. Finally *Minor Stakeholders* cannot interfere with the company's cash flow in the medium-term and their volatility is very low. Other authors have also agreed on similar stakeholders' categorisation based on their influence to the company (Zink, 2005).

Stakeholder theory is closely aligned with legitimacy theory which says that organisations can only continue to exist if the societies in which they are based perceive the organisation to be operating to a value system which is commensurate with the society’s own value system. The two are often used to complement each other (Deegan, 2002 cited by Eugénio et al., 2010).

2.3 Corporate Social Disclosure

‘Sustainability reporting’ is abroad term and many authors in this field consider it synonymous with Corporate Social Responsibility (CSR) reporting, ESG reporting and non-financial reporting is a ‘counterpart’ of financial reporting, which is common for most companies in their annual and financial reports. (Wensen et al., 2011)

Alike Ameer and Othman (2012) we approach the concept of ‘sustainability practices’ and ‘sustainable reporting’ synonymously as a corporation’s account of its legitimate existence in society amid growing concern about the lack of harmony between organisation, environment and societies. According to this research the concept brings into light the areas of economic growth, environmental protection, and social equity (Lourenço et al., 2011; Zink, 2005). The most recent KPMG Survey of Corporate Responsibility Reporting shows the discrepancy of the terminology to define these practices among the 100 largest companies in 41 countries (referred as the N100).

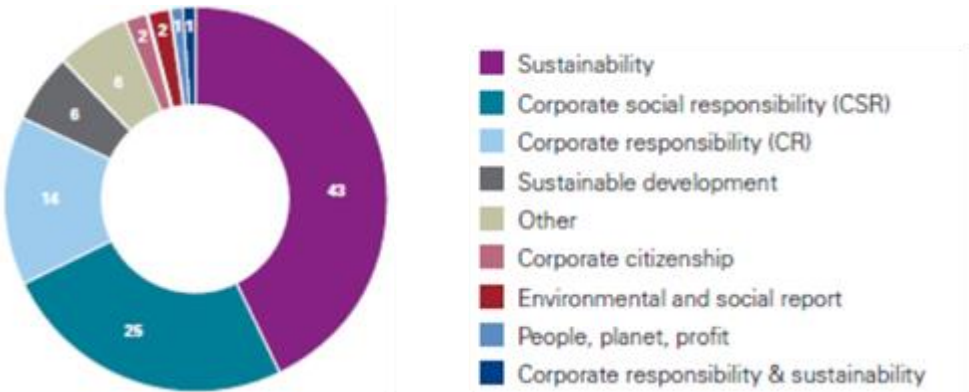


Figure 3 - Reporting terminology used by N100

Source: KPMG International, The KPMG Survey of Corporate Responsibility Reporting 2013

CSD is one of the most important factors calling the attention of managers in regard to CSR. Sweeney and Coughlan (2008) considered the content of one kind of corporate

disclosures - the annual reports - of 28 firms from a variety of industries and looked at how organisations are taking a focused stakeholder view of CSR. The sample was taken from FSTE4good index which acknowledges the social responsible behaviour of those companies. The investigators used content analyses, consistent with literature review (Ameer & Othman, 2012; de Villiers and van Staden, 2006; Eugénio et al., 2010; Klettner et al., 2013; Lopes and Rodrigues, 2007; Mwangi and Oyenje, 2013) to test their hypothesis. As expected, differences were found in stakeholders' classifications and the conceptualisation of CSR and CSD. The study brings back the idea of sustainable reporting as a marketing tool and evidences that firms report on CSR is in line with Stakeholder Theory.

Berners-Lee et. all (2006) identified four main actors in sustainability reporting: the reporting companies, the different reader groups that use the reports as a source of information, governments, which may enforce or stimulate the production and quality of sustainability reports by means of various policy instruments, and CSR (reporting) organisations and educational institutions.

2.4 Corporate Social Disclosure in the health sector

Since the beginning of the debates on this matter, investigators have been looking for similarities and differences across business industries (Ameer and Othman, 2012; Benau et al., 2012; Branco et al., 2014; Sweeney and Coughlan, 2008). Dismissing the industry variability in any investigation in the scope of CSR can even be a fatality (Cottrill, 1990 cited by Sweeney & Coughlan, 2008). Sweeney and Coughlan (2008) strongly appealed to deepen future research by assessing CSR in specific industries. Health delivery services are no exception, the principles that once guided the sale of commodities are just the same that now triumph among healthcare institutions. Overutilization of profitable procedures and tests, Falsified evidence about efficiency and safety of products, fallacious marketing, and hiding medical errors are just some of the reasons pushing the companies dealing with healthcare to adopt quality information disclosure.

Khanifar (2012) states that “Significantly, in common with other large-scale businesses, pharmaceutical firms are being exhorted to respond positively to the challenge of corporate (social) responsibility (CSR). Clearly, for individual managers within pharmaceutical firms the issue of CSR in the form of closely connected questions relating to patient access to health treatment, patent protection and affordability presents major problems” (Khanifar et al., 2012). Ameer and Othman (2012) argue that this relation might be positive for example when environmental and health regulations provide strong economic incentives to companies, to make continuous improvements in the business operations. Sweeney and Coughlan (2008)

found a significant focus on community as a group and to a lesser extent, employees by the medical side of industry. The intermediate nature of this business sector, as providers of products to health professionals rather than the public, was pointed as an explanation to this small focus on the customers. Still in relation to the health industry the health and beauty sector focused on a wider range of issues and stakeholders and was the only industry group to put a substantial emphasis on their shareholders in their reports.

2.5 Corporate Social Disclosure predictors

Beside Industry, other variables were found to be strong predictors of sustainability disclosure. In the study of Branco et al. (2010) the authors investigated whether size, industrial affiliation, activities' environmental and social risk, profitability, leverage, type of ownership and listing status were factors influencing the decision to have sustainability reports assured. All factors were found to be determinant but not the companies' type of ownership. Still, state ownership implies accountability to a larger number of stakeholders, all interested in how state-owned enterprises meet society's general objectives (Cormier and Gordon, 2001 cited by Branco et al., 2014). Recent studies have also pointed to the need of complying with regulations, avoidance of reputation risks, the opportunity of demonstrating management of sustainability performance and seeking to meet stakeholders expectations as very important reasons to report (Wensen et al., 2011).

Although all analysed authors agree that external assurance provides higher credibility to CSD, this is not an equitable practice among firms that report. Other explanations might be related to stakeholder's sensitivity, activity impact, legislation or board predisposition. Enhanced benefits and penalizations vary substantially according to those variables too (Branco et al., 2014). These authors citing Kolk and Perego's (2010) state that firms operating in countries that are stakeholder oriented, or have a weaker governance enforcement regime or even a high level of awareness on sustainability, are more likely to have their sustainability reports assured.

2.5.1 Corporate Social Disclosure and Corporate Financial Performance

The World Economic Forum and Business in the Community identified eight economic drivers that explain the voluntary adoption of CSR (Brine et al., 2007).

- Employee recruitment, motivation and retention
- Learning and innovation Learning

- Reputation management Companies
- Risk profile and risk management
- Competitiveness and market positioning
- Operational efficiency Corporate
- Investor relations and access to capital
- Licence to operate

A move to adopt CSR and consequently report it may arise from a combination of those drivers which do not operate in isolation and the relevance of which may vary across different industries.

Numerous studies about the relationship between CSR and corporate financial performance (CFP)² were undertaken but so far the results are still heterogeneous. Literature shows the research examination of this relationship dates back to the early 1970 with a clear discrepancy of metrics measuring CSR and a gap in its relation to CFP (Peloza, 2009). Findings go from no clear tendency (Brine et al., 2007; Mwangi & Oyenje, 2013) to mixed results (Afonso et al., 2012; Choi, Young-Min, & Choe, 2010; Khanifar et al., 2012). Many of them evidenced both negative and positive relation (Ameer & Othman, 2012; Jo & Harjoto, 2011; Lourenço et al., 2011; Marc Orlitzky, Schmidt, & Rynes, 2003; Marc Orlitzky, 2008; Uadiale & Fagbemi, 2012). The question of causality was also stressed (Peloza, 2009).

The meta-analyses made by Orlitzky et al. (2003) found that that CSP and CFP can be mutually reinforcing. The more financial productive companies are, the more likely they are to develop positive relations with their stakeholders and consequently engage in CSR activities. The confidence enhanced by the stakeholders might be translated into financial benefits for the companies which can now allocate more resources to invest in new social responsible activities. In Orlitzky (2008) there are references of some scholars who have demonstrated this reverse causation (Selznick, 1949; Cyert and March, 1963; Hemenway, 1975; Ullmann, 1985; McGuire et al., 1988; Orlitzky et al., 2003). This virtuous cycle is kept mainly because the financial evolution of the firm provides more resources to engage in CSR and, at the same time, showy firms are more subjected to this “sense of obligation” toward their community.

² Wood's (1991) defines CSP as 'business organisation's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships

Despite the considerable number of studies examining this topic, literature remain inconclusive and highly dependent of the discipline of the researcher (Marc Orlitzky et al., 2003; Peloza, 2009).

Peloza (2009) focused on the tools and metrics that have been used in 159 academic and practitioner literature, during the last 30years, to quantify the financial impacts of CSP. He found over 30 unique measures to examine the relation between CSP and CFP and the most popular CSP metric was used in only 18% of his total sample. The variation among metrics was found to be so wide as industry-specific codes of ethics, the used guideline or index. Environmental measures, social measures, and broad measures were used respectively 46 times, 62 times and 120 times. This author who argues that financial metrics turn abstract CSP measures into a common corporate language, and presents the metrics to quantify the financial business case for CSP in three distinct stages. These are *Mediating Metrics*, *Intermediate outcome metrics* and *End State Outcome metrics* (Figure 4). End State metrics were found to be the most commonly used (91%) or even the only metric used (80%). Inside End State metrics, Market-based approaches were the most widely used.

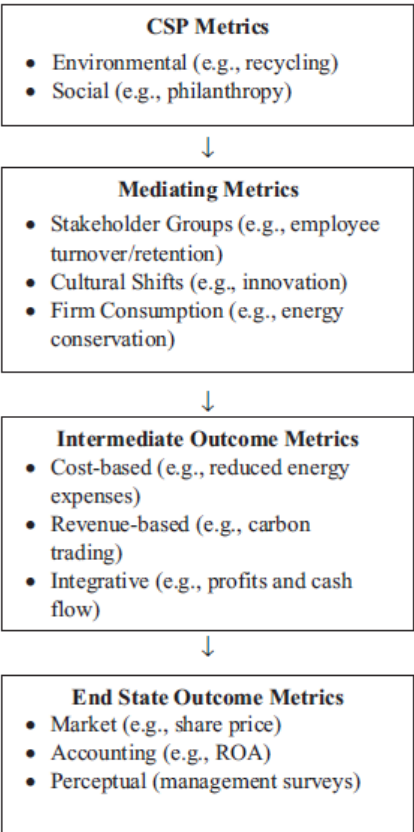


Figure 4 - Stages of Financial Impact From CSP

Source: Peloza (2009)

2.6 Guidelines for CSD

The “Three Concentric Circles” explored by Carroll (1979) were utilized by many researchers through the concept of “Triple Bottom Line (3BL)” which claims that corporation’s ultimate success or health can and should be measured not just by the traditional financial bottom line, but also by its social/ethical and environmental performance (Norman and Macdonald, 2004). In the United Nations’ conference on Environment and Development (UNCED, 1992), also known as the Earth Summit, sustainability has been also understood as resting on three pillars: economic growth, ecological balance and social responsibility (Zink, 2005).

This view is still shared by the World Business Council for Sustainable Development (WBCSD), an organisation that galvanizes the global business community to create a sustainable future for business, society and the environment. WBCSD defines Corporate Social Responsibility as the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life (World Business Council for Sustainable Development, 2002).

The United Nations Global Compact (UNGC) proposed by the United Nations Secretary General in 1999 and seeks to advance responsible corporate citizenship so that business can contribute to the challenge of globalization. Global Compact is a network that comprises all relevant social actors for – among others – sharing good practices and learning. The Global Compact’s nine principles are based on The Universal Declaration of Human Rights, The International Labour Organisation’s Declaration on Fundamental Principles of Rights at Work and The Rio Declaration on Environment and Development (Zink, 2005).

The Dow Jones Sustainability Indexes (DJSI) is the first global indexes tracking the financial performance of the leading sustainability-driven companies worldwide. Based on the cooperation of Dow Jones and other similar indexes they provide asset managers with reliable and objective benchmarks to manage sustainability portfolios.

The International Labour Organisation (ILO) defines CSR as a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprise driven initiative and refers to activities that are considered to exceed compliance with the law. The ILO Declaration on Fundamental Principles and Rights at Work (ILO, 1998), for example, creates a requirement for

governments to implement the principles of the ILO's core labour standards. The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the ILO refers to 28 international Labour Conventions and recommendations and sets out principles in the fields of employment, conditions of work and life, and industrial relations.

The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises. Those Guidelines aim to ensure that the operations of these enterprises are in harmony with government policies, to strengthen the basis of mutual confidence between enterprises and the societies in which they operate, to help improve the foreign investment climate and to enhance the contribution to sustainable development made by multinational enterprises (OECD, 2001). The OECD guidelines help to guarantee the harmony between MNEs, countries' policy and societal expectations. Gordon (2001) defends that they are the only comprehensive, multilaterally endorsed code of conduct for MNEs. The fact of being a product of internationally agreed principles prevents misunderstandings and creates a sense of complicity among business, labour, governments and society as a whole.

The ILO Declaration and the OECD Guidelines content detailed recommendations on expectable business conduct and provide a clear separation between governmental and enterprise's duties. On the other hand, the UNGC brings relevant orientations encouraging enterprises to integrate CSR into their daily operations' (Klettner et al., 2013)

A working paper of Gordon (2001) examines the similarities and differences between the OECD Guidelines and the following six global instruments: Caux Principles for Business, the Global Reporting Initiative, Global Sullivan Principles, the Principles for Global Corporate Responsibility: Benchmarks, Social Accountability 8000 (SA 8000) and the United Nations Global Compact. The review was based on material developed by Business for Social Responsibility (BSR) that selected instruments among the prominent initiatives shaping individual company initiatives.

In Europe, the debate around CSR was brought more firmly to the table in the early 90s by the Commission of European Community (COM). The green paper launched by this commission recognises CSR as part of sustainability (Zink, 2005). The purpose was to promote a European framework for CSR, in the expectation that it would contribute to the economic competitiveness of Europe based on a sustainable development (Afonso et al, 2012). Because it's a relatively recent phenomenon, continental studies remain scarce (Falck and Heblich, 2007) but increasing exponentially in the recent years.

The European sustainability reporting association (ESRA), is an organisation formed by national accountancy bodies and aims to improve Sustainability Reporting by sharing trends and best practices across European countries. The FTSE4Good designed an index to objectively measure the performance of companies that meet globally recognised corporate responsibility standards (FTSE, 2014). In Australia the Australian Council of Superannuation Investors (ACSI) provides independent research and advice to assist its member superannuation funds to manage the environmental, social and corporate governance (ESG) investment risk.

2.6.1 GRI

The Global Reporting Initiative (GRI) is a leading organisation in the sustainability field. Founded by the Coalition for Environmentally Responsible Economies (CERES) and the United Nations Environmental Programme (UNEP), GRI promotes the use of sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development. This non-for-profit organisation states that a sustainable global economy should combine long term profitability with ethical behaviour, social justice, and environmental care. Its Framework includes the Reporting Guidelines, Sector Guidance and other resources, enabling greater organisational transparency and accountability. The Guideline is a reporting standard designed for voluntary use by organisations reporting on the economic, environmental, and social aspects and governance dimensions of their services³. The economic dimension (9 indicators) refers to the economic performance, revenues, market presence and indirect economic impacts. The Environmental part (30 indicators) tackles aspects' regarding the impact of corporate activities in the ecosystem, biodiversity, material usage, energy and water consumption, emissions and waste. The social dimension refers to corporate' performance on labour practices and decent work (14 indicators), Human rights (11 Indicators), Society (8 indicators) and product responsibility (9 indicators).

GRI owns and operates a sustainability disclosure database, an advanced application which is the outcome of years of data collection. The database profiles give an overview of organisations and their reports, making sustainability information easily and freely accessible to all users. The GRI's website also provides a benchmark tool that allows users to compare the levels of disclosure among reports that use GRI's Framework, facilitated by filter options for Region and Sector.

³ Please view Annex 1 – GRI Performance Indicators

Berners-Lee et. al (2006) conducted an exhaustive analysis of the reporting in specific sector using GRI. The graphic below (Figure 5 - Number of companies reporting according to GRI per sector in 2009) shows how the sector containing healthcare products and services lacks in report behind other industries.

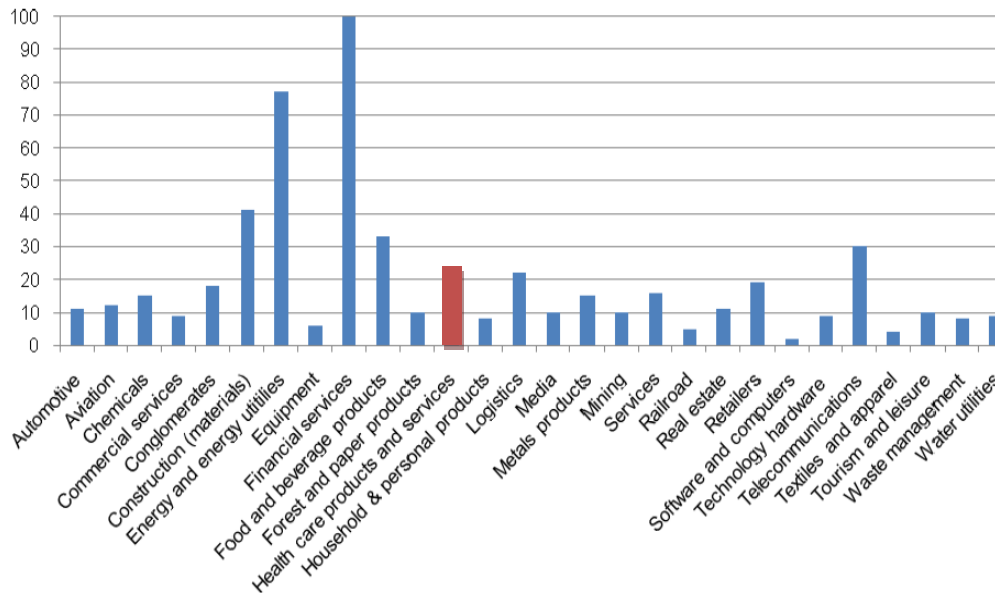


Figure 5 - Number of companies reporting according to GRI per sector in 2009

Source: Berners-Lee et. al, 2006

The GRI Framework also offers sector guidance to make the report more relevant and user friendly for organisations in diverse sectors but the current version (G3 and G3.1) still does not have sector supplements for companies acting on health services or health products.

2.7 Content analysis

Literature shows a tremendous effort to measure appropriately CSR, a concept that seems so clear but simultaneously vague. The majority of studies measuring CSR used content analysis (T. Eugénio et al., 2010), a technique for gathering data which Abbott and Monsen (1979) defined as “codifying qualitative information in anecdotal and literary form into categories to derive quantitative scales of varying levels of complexity” (Klettner et al., 2013).

The methodology of this research uses a form of content analysis commonly used in corporate responsibility research by analysing CSD in terms of what the companies indicate and what they omit (Afonso et al., 2012; Islam, Prihatiningtias, Ali, & Yuhariprasetya, 2008; Klettner et al., 2013; M. Orlitzky et al., 2011; Marc Orlitzky et al., 2003)

Although very commonly used, it must be acknowledged that content analysis has some weaknesses deeply explored on literature.

3. Empirical work

Eugénio et al (2010) in the paper “Recent developments in social and environmental accounting research” analysed the publications in the top nineteen accounting journals (according to ISCTE index) from 2000 to 2006 and concluded that the majority of studies are empirical. Based on prior studies, they also suggest a categorisation of the empirical studies of social and environmental accounting: 1. Social and environmental accounting systems; 2. Social and environmental disclosures; 3. Relations between disclosure and performance; 4. Regulation impact. The study presented below would fit group 2 as it aims to analyse CSD in the health sector according to GRI’s performance indicators. In order to fulfil this demand we proposed ourselves to analyse:

1. Corporate Social Disclosure performance among regions and companies
2. The possible relationship between Corporate Social Disclosure and Corporate Financial Performance (CFP)
3. The use of external assurance in Corporate Social Disclosure

3.1 Sample

In this study we used the GRI Sustainability disclosure Database obtained from GRI’s official website in May 2014 (GRI, 2012). Firstly the sample included all sixty-one listed companies offering health services or healthcare products according to GRI Database for the year 2012. When selecting the reference year the authors considered: 1° the date proximity and 2° eventual delays on completing the database - considering that GRI completes their database according to data availability. The year 2012 was found to better fit those two criteria. Sixteen companies were excluded for being dead (not listed), not having their reports and financial data available in an accessible website or not having the report in English. The final sample had forty-five companies, which fits with previous researches (Sweeney & Coughlan, 2008; Branco & Rodrigues, 2008; Uadiale & Fagbemi, 2012; Afonso, et al 2012; Klettner et al., 2013; Mwangi & Oyenje, 2013). Samples are generally lower than 200 companies (T. Eugénio et al., 2010). According to the reviewed literature, researchers usually use international databases or databases available in their countries.

COMPANY#	NAME	COUNTRY	REGION
1	ABBOTT LABORATORIES	USA	Northern America
2	ADCOCK INGRAM HOLDINGS	South Africa	Africa
3	AMGEN	USA	Northern America
4	ASTRAZENECA	UK	Europe
5	BAXTER INTL.	USA	Northern America
6	BECTON DICKINSON	USA	Northern America
7	BIOGEN IDEC	USA	Northern America
8	BOSTON SCIENTIFIC	USA	Northern America
9	BRISTOL MYERS SQUIBB	USA	Northern America
10	BUMRUNGRAD HOSPITAL	Thailand	Asia
11	COLGATE-PALM.	USA	Northern America
12	COLOPLAST 'B'	Denmark	Europe
13	CSL	Australia	Oceania
14	CVS CAREMARK	USA	Northern America
15	DR REDDYS LABORATORIES	India	Asia
16	EISAI	Japan	Asia
17	ESSILOR INTL.	France	Europe
18	SHAI.FOSUN PHARM.(GROUP) 'A'	China	Asia
19	GALENICA 'R'	Switzerland	Europe
20	GLAXOSMITHKLINE	UK	Europe
21	FLEURY ON NM	Brazil	Latin America & the Caribbean
22	KYOWA HAKKO KIRIN	Japan	Asia
23	LG HHL.D. & HLTH.CARE	Republic of Korea	Asia
24	LIFE HEALTHCARE GP.HDG.	South Africa	Africa
25	MCKESSON	USA	Northern America
26	MEDA 'A'	Sweden	Europe
27	MEDICLINIC INTERNATIONAL	South Africa	Africa
28	MEDTRONIC	USA	Northern America
29	MERCK & COMPANY	USA	Northern America
30	METLIFE	Mexico	Latin America & the Caribbean
31	mitsubishi tanabe pharma	Japan	Asia
32	NETCARE	South Africa	Africa
33	NOBEL BIOCARE HOLDING	Switzerland	Europe
34	NOVARTIS 'R'	Switzerland	Europe
35	NOVO NORDISK 'B'	Denmark	Europe
36	NOVOZYMES	Denmark	Europe
37	ORION 'B'	Finland	Europe
38	PERKINELMER	USA	Northern America
39	SAMSUNG LIFE INSURANCE	Republic of Korea	Asia
40	SANOFI	France	Europe
41	TAKEDA PHARMACEUTICAL	Japan	Asia
42	TENET HEALTHCARE	USA	Northern America
43	THERMO FISHER SCIENTIFIC	USA	Northern America
44	VARIAN MEDICAL SYSTEMS	USA	Northern America
45	WYNDHAM WORLDWIDE	USA	Northern America

Table 1- Sample

Source: Ownsource

The figures below present the sample by country (Table 2) and its distribution by regions (Figure 6).

COUNTRY	FREQUENCY	%
USA	17	37.8
Japan	4	8.9
South Africa	4	8.9
Denmark	3	6.7
Switzerland	3	6.7
France	2	4.4
Republic of Korea	2	4.4
UK	2	4.4
Others	8	17.8
Total	45	100.0

Table 2- Companies by country

The most represented country was the USA with 17 companies, followed by Japan and South Africa both with 4, Denmark and Switzerland with 3, and finally France, the Republic of Korea and the United Kingdom completing the list with 2 each. Thus Northern America (37.8%), Europe (25.6%) and Asia (22.1%) become the most represented regions.

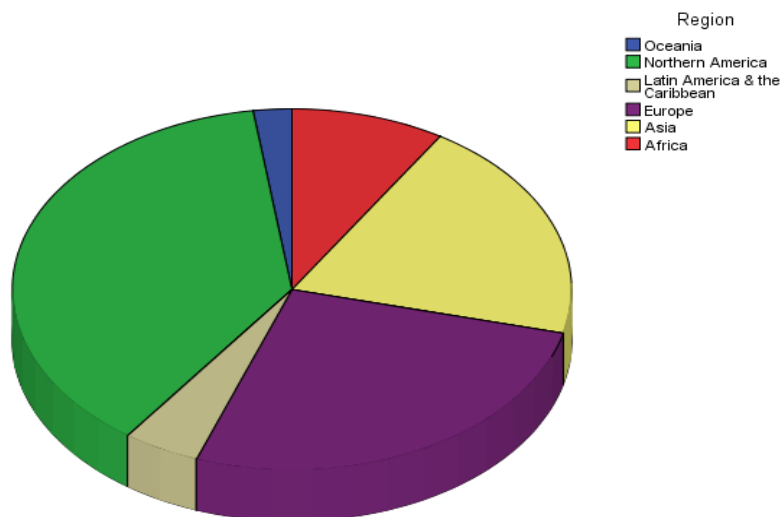


Figure 6 - Companies by region

Source: Owsorce

3.2 Research Method

Our research design combines both quantitative and qualitative methods. Specifically, the qualitative approach is used in the content analysis procedure and the quantitative approach is reflected in the statistical analysis.

In this study we used mainly information available on the internet either from GRI or companies websites. Internet has been widely used in previous research work because it is low-cost and considerable social responsible information can be found beside companies' formal report in CSR (Branco & Rodrigues, 2008; Eugénio, 2009; Morhardt, 2009; Aras & Crowther, 2010). Thus we conducted content analyses on every kind of CSD available (annual reports, CSR report, corporate citizenship report, press releases etc...) to build a CSD index that allows us to rank the sample. All companies were scored based on their disclosure level on each indicator according to GRI requirements⁴ and the following score was attributed: +2 (two) for a full achievement, +1 (one) for a partial achievement and 0 (zero) for an omission. Table 3 outlines the minimum, half and maximum scoring possibilities for all variables.

Variables	Quantity of Items	Minimum Score	50% Score	Maximum Score
CSD_Total Index	81	0	81	162
CSD_EC	9	0	9	18
CSD_EN	30	0	30	60
CSD_Social Total	42	0	42	84
CSD_Social LA	14	0	14	28
CSD_Social HR	11	0	11	22
CSD_Social SO	8	0	8	16
CSD_Social PR	9	0	9	18

Table 3 - CSD Scoring possibilities for each variable

Source: Ownsource

The investigators considered firstly the classification declared on *GRI Report Profile*⁵ about the company and only proceeded to deeper content analyses when this was not provided. Whenever the required information was not found in any reporting tool publically

⁴ On this matter we considered GRI Application Level Check Methodology (GRI, 2013)

⁵ Please view Report profile on Annex 2 - GRI Data Legend for further information

available (either for omission or other reasons) the attributed score was 0. It is now important to emphasize that the score does not translate the extent to which the company undertakes actions described in the item but instead, if the company reports it or not. The total score is given by the unweighted sum of values attributed, and that punctuation ranks the company relatively to similar companies (Afonso et. all, 2012; Ameer and Othman, 2012; Islam et. all, n.d.; Lopes and Rodrigues, 2007). Core and additional items of GRI's reporting checklist items were equally-weighted⁶ to better capture company's intention to report rather than it's pretension to be seen as a "green" entity. The detailed ranking is described in Appendix 1 - CSD Rankings.

$$\mathbf{CSD}_{\text{Total}} = \sum (\mathbf{CSD}_{\text{Economic}} + \mathbf{CSD}_{\text{Environmental}} + \mathbf{CSD}_{\text{Social}}); 0 \leq \mathbf{CSD}_{\text{Total}} \leq 162$$

$\mathbf{CSD}_{\text{Total}}$ – Total CSD performance

$\mathbf{CSD}_{\text{Economic}}$ – Economical CSD performance

$\mathbf{CSD}_{\text{Environmental}}$ – Environmental CSD performance

$\mathbf{CSD}_{\text{Social}}$ – Social CSD performance

Statistical analyses were carried out with the aid of Statistical Package for the Social Sciences (SPSS), a tool frequently used in other studies (Amran & Devi, 2007; Cooke, 1998; Faria, 2010; Mahadeo, Oogarah-Hanuman, & Soobaroyen, 2010; Mwangi & Oyenje, 2013; Uadiale & Fagbemi, 2012). All financial data was collected from DataStream Advance for Office 5.1

⁶ Please view the detailed classification for each item per company in appendix 2

4. Results and Discussion

4.1 Accessing Corporate Social Disclosure performance

International institutions, more than governments, have been assuming the task to analyse and rank corporations according to their sustainability disclosures and practices. We used GRI performance indicators to access and compare CSD between different companies. One of the limitations of using data of those companies that have followed international reporting initiatives (like GRI) is that it may give more an indication of company's willingness to report rather than the extent to which company decision makers consider sustainability factors in making decisions. The possibility of corporations paying "lip service" to sustainability reporting was already stressed by other authors (Norman and MacDonald, 2004). An alternative approach to measuring CSD would be to draw on existing CSR indices or to draw on the criteria used by socially responsible investment funds to identify appropriate investments.

After running the content analysis we ranked CSD of the sample for each dimension of GRI performance indicators. In seeking a deeper understanding of this phenomenon we split the social dimension of the analysed performance indicators in four new variables, just like suggested by GRI: labour practices and decent work (LA), Human rights (HR), Society (SO) and product responsibility (PR). Table 4 provides a summary of those results.

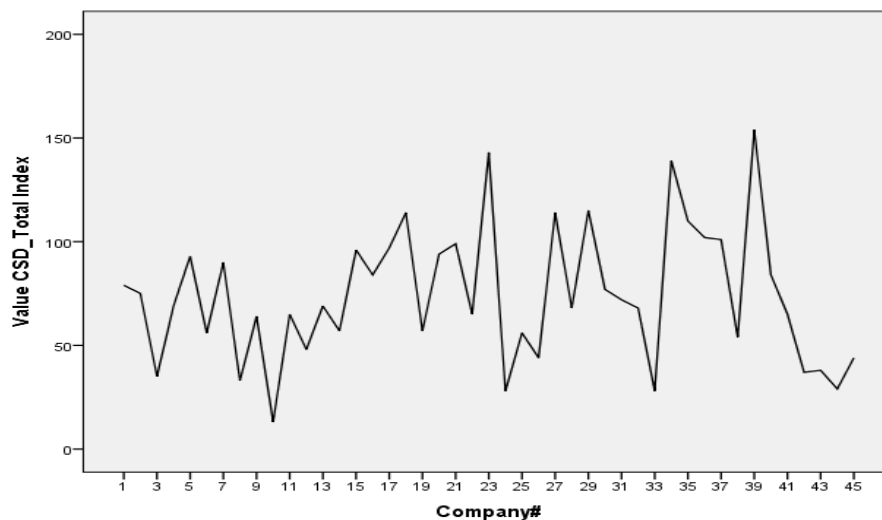


Figure 7 - CSD total Index

Source: Ownsource

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
CSD_Total Index	45	13	154	73.82	32.467
CSD_EC	45	1	18	9.13	4.170
CSD_EN	45	0	56	29.58	13.749
CSD_Social Total	45	5	82	35.11	18.587
CSD_Social LA	45	3	28	13.76	6.641
CSD_Social HR	45	0	19	5.36	4.955
CSD_Social SO	45	0	19	7.84	4.880
CSD_Social PR	45	0	18	8.16	4.880
Valid N (listwise)	45				

Table 4 - Variables Descriptive Statistics

Source: Ownsource

Descriptive Statistics shows that the mean for CSD total Index was 73.83 varying from 13 to 154. No company scored the maximum rate and only 37% achieved half of it. Three Asian companies are present in the top 5 of this ranking⁷ with the two Korean entities leading the table. When it comes to the top 10, this continent becomes the second most represented after Europe. Northern America only takes one place in this top equalling Africa and Latin America. According to a recent report prepared for the European Commission by CREM and Adelphi (Wensen et al., 2011), Europe was also identified as the most active region in this field disregarding the differences between the countries in terms of the willingness to report and the role of corporate actors in developing effective and innovative practices for sustainability reporting. Europe is still the region with the largest reporting output worldwide but the dramatic increase in the reporting rates in Latin America and Asia cannot be unnoticed. The last KPMG report (KPMG, 2013) points that almost three quarters of companies based in Asia and Pacific now publish Corporate Responsibility reports, meaning an increase of 22% since 2011.

Furthermore, the same Korean companies also take the lead of each dimension of the performance indicators sharing the stage with Brazil (3rd in the Economic ranking), the USA (3rd in the Environmental ranking) and Switzerland (3rd in the Social ranking). A possible

⁷ The complete CSD Rankings can be observed in Appendix 1 - CSD Rankings

explanation for this high performance can be that the enormous quantity of reports in this geographical area (Asia) is leading to a better understanding and skills development in this specific reporting framework. Over 90 percent of companies in South Korea and Brazil refer to the GRI reporting guidelines. A special note to Brazil, South Africa, China and India, four emerging economies that scored high in this study and have been demonstrating a rapid growth in their disclosures (KPMG, 2008; Strange, 2011; Wensen et al., 2011).

4.2 Corporate Social Disclosure and Corporate Financial Performance

As presented in the literature review the prediction about the relation between CSD and CFP can generally be divided in three different groups (Uadiale & Fagbemi, 2012; Jo & Harjoto, 2011). The first prediction is consistent with a world in which the CSR feature is not priced, and CSR factors that are not proxies for risk do not affect firm value. Therefore it must be concluded that the value of firms engaging in CSR activities is equal to that of firms ignoring CSR issues. The second prediction states that if all factors are equal, the value of firms engaging in CSR activities is lower than that of firms refraining from CSR activities. For supporting this view it must be considered that activities surrounding CSD are costly and a waste of scarce resources, and therefore have an adverse impact on firm value. The third prediction is that the firm value of sustainable corporations engaging such activities is higher than others that abstain from developing the effort, because CSD reduces conflict of interest between managers and non-investing stakeholders (Jo & Harjoto, 2011).

In the present study we used two different approaches of End State Outcome Metrics (Peloza, 2009). A Market approach – Market Value for Company (MVC), Market Capitalization (MC) and Price (P) - and accounting approach – Net Sales (NS), Sales (S) and Return on Equity (ROE). Although all companies present in this sample are listed and its size⁸ goes from large to multinational entities, their financial output⁹ varies quite considerably within companies and regions.

⁸ See Annex 2 - GRI Data Legend for further information on size classification

⁹ Annex 3 - Datatype definitions presents a detailed description of this variables.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
MVC	45	1207	148189	29479.02	36976.319
MC	45	988316	144224938	30563121.87	37590349.689
NS	45	403142	123133000	17908407.60	27967446.679
Sales	45	358474	122734000	17773501.98	27311302.535
P	45	2	626	61.40	116.052
ROE%	45	0	107	22.44	18.774
Valid N (listwise)	45				

Table 5 - Financial Variables' Descriptive Statistics

Source: Datastream

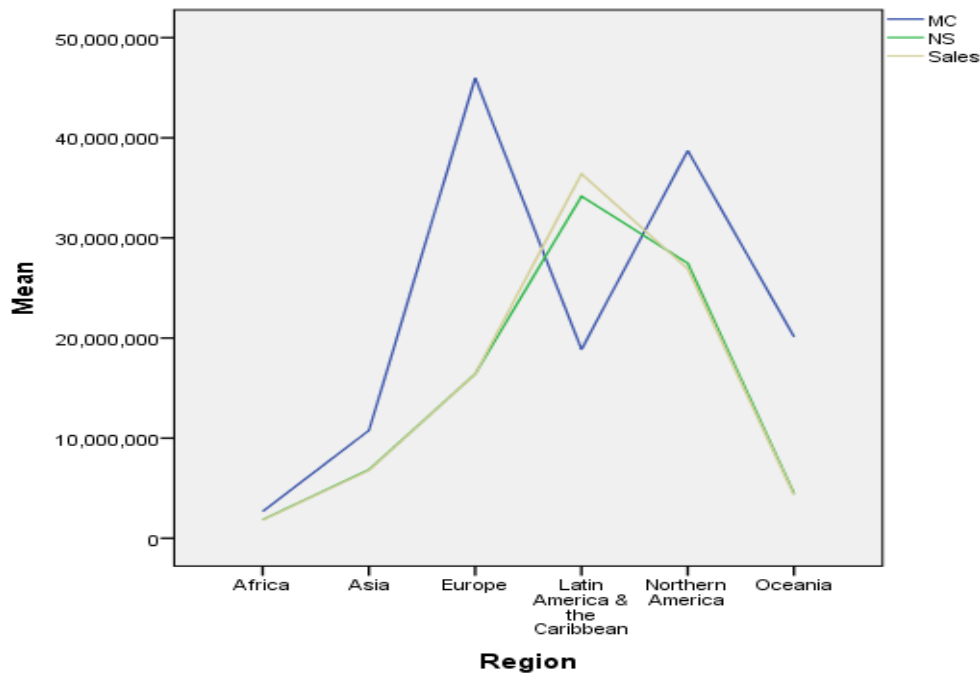


Figure 8 - Financial Output per Region

Source: Datastream

Financial variables differ significantly among regions with Europe and North America representing the higher MC while Latin America presents the higher NS. Africa and Asia compose the lower block on all variables analysed.

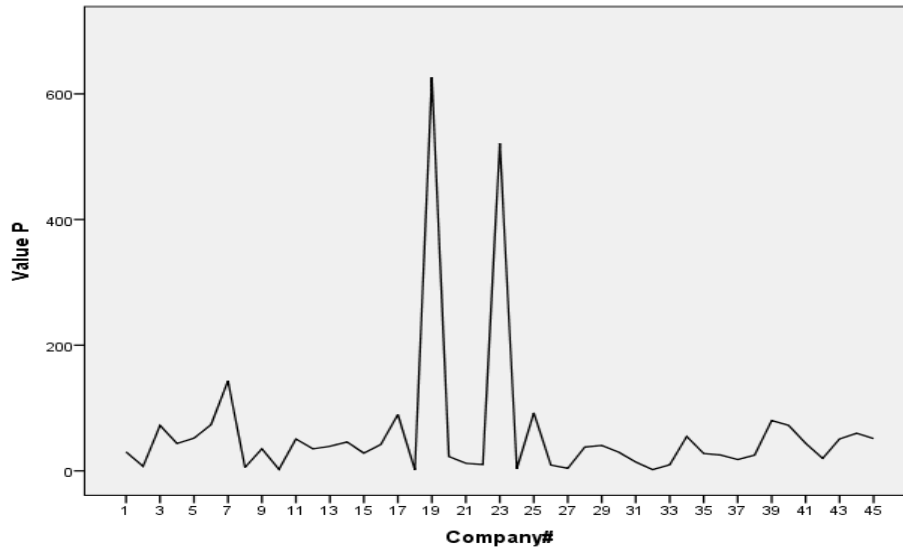


Figure 9 - Price

Source: Datastream

Figure 9 - Price illustrates the variable Price and describes a “low waved” line with two outstanding outliers, corresponding respectively to Swiss and North Korean companies.

We then conducted a correlation analysis to assess a possible relationship between CSD and CFP (Table 6). Results show a positive correlation between the total CSD Index and two financial variables – MVC and MC – at the level of $p < 0.1$ and the same applies for the correlation between the Economical Disclosure Index and MVC.

		MVC	MC	NS	Sales	P	ROE%
CSD_Total Index	Pearson Correlation	.331*	.319*	.069	.072	.181	.043
	Sig. (2-tailed)	.026	.033	.650	.637	.235	.780
	N	45	45	45	45	45	45
CSD_EC	Pearson Correlation	.304*	.281	-.079	-.072	.110	.112
	Sig. (2-tailed)	.042	.061	.604	.639	.470	.464
	N	45	45	45	45	45	45
CSD_EN	Pearson Correlation	.397**	.396**	.074	.077	.253	.052
	Sig. (2-tailed)	.007	.007	.631	.616	.093	.734
	N	45	45	45	45	45	45
CSD_Social Total	Pearson Correlation	.217	.201	.085	.085	.103	.011
	Sig. (2-tailed)	.272	.327	.668	.705	.934	
	N	45	45	45	45	45	45
Correlation is significant at the 0.1 level (2-tailed).*							
Correlation is significant at the 0.05 level (2-tailed).**							

Table 6 - Correlation Analysis

The Environmental Disclosure Index also correlated positively with the same two variables at the level of $p < 0.05$. On splitting the social dimension of the analysed performance indicators we found no significant statistical correlation.

Orlitsky (2003, 2008) and Tsoutsoura (2004) referred the measurement strategies associated with both variables - CSP and CFP. The lack of unambiguous definition opens space for managers to select what better suites to their challenges, strategies, and goals related to CSP. The existing gap between research and practice (Rousseau, 2006 cited by Pelozo, 2009) on one hand pushes back managers from investing in CSP for fear that it will undermine financial performance and on the other hand it might generates overinvestment in CSP in an effort to capitalize the corporate value. Pelozo (2009) argued that capturing these metrics would be essential for understanding how CSP creates business value and for developing a leading indicator to assess the value early in the process.

The simultaneous use of Market-based metrics to quantify the financial business case for CSD might have brought us a different, or at least more realistic, outcome. The two types of metric – Accounting and Market - represent different perspectives on how to evaluate a firm's financial performance and each is subject to particular biases. While accounting measures capture only historical aspects of firm performance, market measures are forward looking and focus on market performance (Saleh et al., 2008; Tsoutsoura, 2004; Uadiale & Fagbemi, 2012). Including mediating metrics could be helpful on the demonstration of possible relations between CSD and CFP. McWilliams and Siegel (2000) enumerated the level of diversification, research and development, advertising, government sales, consumer income, labour market conditions, and stage in the industry life cycle as possible moderators in the relationship between the two dimensions.

4.3 External Assurance

Companies that report early understood the importance of External Assurance on their disclosure (Benau et al., 2012; Branco et al., 2014; Eugénio, 2009; Klettner et al., 2013; KPMG, 2013). It makes information more reliable and transparent but also more visible and marketable.

External Assurance				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	24	53.3	53.3
	No	21	46.7	100.0
	Total	45	100.0	100.0

Table 7 - External Assurance

In the sample used in this study, the majority of companies had their reports assured (53.3%). Analysing the Total CSD Index we found that all companies present in the top 5 and eight out of the top 10 have applied for an external assurance, which speaks in favour of a better disclosure quality of their reports. A similar relation was also found in regard to CFP as the big majority (80%) of companies with the ten higher MVC and MC were externally verified. According to KPMG survey of Corporate Responsibility Reporting, around 59 percent of the world's largest 250 companies in the world that disclose their CSR data now invest in external assurance. This leads to the assumption that managers are facing the pressure to give stakeholders confidence and assure company' credibility just like predicted by the Stakeholders' Theory.

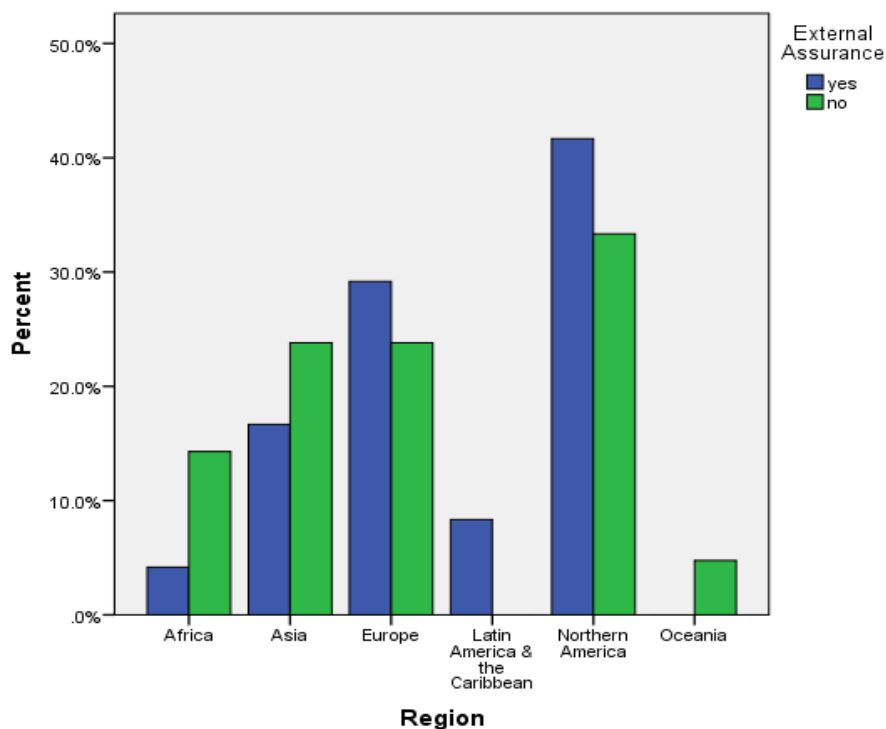


Figure 10 - External Assurance by Region

When it comes to a geographical analysis we found that in Europe and North America, the two regions with longer reporting tradition, the number of reports assured is higher than for their counterparts in other regions. In contrast in Africa and Asia, the number of reports without external assurance still exceeds the number of reports assured.

The literature review together with the findings of this study suggests that External Assurance provides many opportunities for managers and shareholders but other Stakeholders benefits deserve a cautious analysis. If on one hand the absence of external verification on CSD opens questions about impression management and subjective bias (Tsoutsoura, 2004), on the other hand, its existence may also help to reinforce the arguments pointing CSD as another tool in the marketing communication toolbox.

5. Conclusion

The present research analyses report on corporate sustainability practises in the health sector according to GRI inputs. Corporate Social Disclosure (CSD) is the mean by which a business can understand its exposure to the risks of all environmental, economic, legal and political changes but also its potential to profit from new commercial opportunities. CSD matters especially if corporations are to maximise their long-term financial performance. The results suggest that many companies no longer see corporate responsibility as a moral issue, but as a matter of core business risks and opportunities. Missing the change to report responsible activities seem to be no longer an option, managers might now face new dilemmas like what and how to report.

Although there are quite a few international reporting guidelines and ranking databases, in many countries there is still no legislation at all regarding CSR. Over seventy percent of reporting companies worldwide refer to the GRI reporting guidelines (KPMG, 2013). Sustainability Indexes in the stock market were also pointed to be extremely helpful in this regard because companies have a growing interest in becoming listed in these indexes, as more and more institutional investors are showing their interest in sustainability investing (Zink, 2005). Yet, stakeholders are in danger of being over whelmed by annual reviews, financial statements, sustainability reports, social indexes and a wealth of other information some of which is audited, some of which is assured and some of which simply serves as marketing material (Klettner et al., 2013). There's also a lack of a clear focus on the benefits for the shareholder as a specific stakeholder, but the health sector was found to be one of the few groups to emphasize stakeholders substantially in their reports (Sweeney & Coughlan, 2008). In addition the pharmaceutical sector is within the industries producing the highest quality reports (KPMG, 2013, 2008).

Results demonstrate that the CSD quality remains considerably heterogynous among companies and regions and a reasonable explanation lies in the economic, social and environmental differences. The correlation analysis show positive correlation between two disclosure variables - the total CSD Index and the Environmental Disclosure Index - and two

financial variables – MVC and MC. The Economical Disclosure Index only correlated to MVC. The literatures points out a wide diversity of methods, built from qualitative information obtained from surveys or quantitative ones offered by secondary data and statistical models. It is than fair to affirm that the measurement of these variables can be challenging for it has been missing a common “unit of measure” that could express the magnitude of all good and bad produced by the firm’s operations affecting individuals in different stakeholder groups (Norman and MacDonald, 2004). Moreover, the first challenge of measuring CSD is identifying those companies that have adopted CSR initiatives. Reporting can be done in many ways and it’s not restricted to annual reports.

In regard to external assurance we found that 53.3% of the companies had their reports assured (53.3%). Companies ranking better in the disclosure index tend to apply for external assurance as do companies with the higher MVC and MC. European and North American’ companies used this tool more than their counterparts in other continents. A possible explanation might be related to the level of experience but also the academic level of populations, media development, assurance institutions’ maturity or even culture.

Through conducting this study we found that a more reliable measurement of CSD would certainly allow more accurate and reliable results. This goes through the harmonization of the concept but also through the homologation of its methods and metrics. As recommendation for future researches we suggest increasing the sample or even a longitudinal study for better capturing the full CSD picture in the health sector. Adopting primary source information, such as surveys, might also bring inputs on how managers understand the topic and how this is changing organisations’ structure. The discrepancy between the concepts of CSR, CSP and CSD performance must always be well addressed in order to avoid fallacious assumptions. Managers and members of sustainability boards would benefit from familiarising themselves with the literature on social reporting from an accounting perspective so that they can profit from the rules set down by the different international bodies in the area (Sweeney & Coughlan, 2008). Awards, rankings and standardization of reporting schemes by sector can also be of great importance for the improvement of CSD.

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Appendices

Appendix 1 - CSD Rankings

RANK	NAME	COUNTRY	REGION	External Assured	CSD_Total Index
1°	SAMSUNG LIFE INSURANCE	Republic of Korea	Asia	Yes	154
2°	LG HHL.D.& HLTH.CARE	Republic of Korea	Asia	Yes	143
3°	NOVARTIS 'R'	Switzerland	Europe	Yes	139
4°	MERCK & COMPANY	USA	Northern America	Yes	115
5°	SHAI.FOSUN PHARM.(GROUP) 'A'	China	Asia	Yes	114
6°	MEDICLINIC INTERNATIONAL	South Africa	Africa	No	114
7°	NOVO NORDISK 'B'	Denmark	Europe	Yes	110
8°	NOVOZYMES	Denmark	Europe	Yes	102
9°	ORION 'B'	Finland	Europe	No	101
10°	FLEURY ON NM	Brazil	Latin America & the Caribbean	Yes	99
11°	ESSILOR INTL.	France	Europe	No	97
12°	DR REDDYS LABORATORIES	India	Asia	No	96
13°	GLAXOSMITHKLINE	UK	Europe	No	94
14°	BAXTER INTL.	USA	Northern America	No	93
15°	BIOGEN IDEC	USA	Northern America	Yes	90
16°	EISAI	Japan	Asia	No	84
17°	SANOFI	France	Europe	Yes	84
18°	ABBOTT LABORATORIES	USA	Northern America	Yes	79
19°	METLIFE	Mexico	Latin America & the Caribbean	Yes	77
20°	ADCOCK INGRAM HOLDINGS	South Africa	Africa	No	75
21°	mitsubishi tanabe pharma	Japan	Asia	Yes	72

22°	ASTRAZENECA	UK	Europe	Yes	69
23°	CSL	Australia	Oceania	No	69
24°	MEDTRONIC	USA	Northern America	No	68
25°	NETCARE	South Africa	Africa	No	68
26°	COLGATE-PALM.	USA	Northern America	Yes	65
27°	KYOWA HAKKO KIRIN	Japan	Asia	No	65
28°	TAKEDA PHARMACEUTICAL	Japan	Asia	No	65
29°	BRISTOL MYERS SQUIBB	USA	Northern America	Yes	64
30°	CVS CAREMARK	USA	Northern America	No	57
31°	GALENICA 'R'	Switzerland	Europe	No	57
32°	BECTON DICKINSON	USA	Northern America	No	56
33°	MCKESSON	USA	Northern America	No	56
34°	PERKINELMER	USA	Northern America	No	54
35°	COLOPLAST 'B'	Denmark	Europe	Yes	48
36°	MEDA 'A'	Sweden	Europe	Yes	44
37°	WYNDHAM WORLDWIDE	USA	Northern America	Yes	44
38°	THERMO FISHER SCIENTIFIC	USA	Northern America	Yes	38
39°	TENET HEALTHCARE	USA	Northern America	Yes	37
40°	AMGEN	USA	Northern America	Yes	35
41°	BOSTON SCIENTIFIC	USA	Northern America	No	33
42°	VARIAN MEDICAL SYSTEMS	USA	Northern America	Yes	29
43°	LIFE HEALTHCARE GP.HDG.	South Africa	Africa	Yes	28
44°	NOBEL BIOCARE HOLDING	Switzerland	Europe	No	28
45°	BUMRUNGRAD HOSPITAL	Thailand	Asia	No	13

CSD_{Economic} top 10 ranking

NAME	Country	Region	CSD_Economic
NOVARTIS 'R'	Switzerland	Europe	18
LG HHL.D.& HLTH.CARE	Republic of Korea	Asia	17
FLEURY ON NM	Brazil	Latin America & the Caribbean	16
NETCARE	South Africa	Africa	16
SAMSUNG LIFE INSURANCE	Republic of Korea	Asia	16
NOVO NORDISK 'B'	Denmark	Europe	15
GLAXOSMITHKLINE	UK	Europe	14
MEDICLINIC INTERNATIONAL	South Africa	Africa	14
ESSILOR INTL.	France	Europe	13
MERCK & COMPANY	USA	Northern America	13

CSD_{Environmental} top 10 ranking

NAME	Country	Region	CSD_Environmental
SAMSUNG LIFE INSURANCE	Republic of Korea	Asia	56
LG HHL.D.& HLTH.CARE	Republic of Korea	Asia	54
BAXTER INTL.	USA	Northern America	52
NOVARTIS 'R'	Switzerland	Europe	51
SHAI.FOSUN PHARM.(GROUP) 'A'	China	Asia	50
ABBOTT LABORATORIES	USA	Northern America	45
MERCK & COMPANY	USA	Northern America	45
NOVO NORDISK 'B'	Denmark	Europe	45
KYOWA HAKKO KIRIN	Japan	Asia	40
GLAXOSMITHKLINE	UK	Europe	39

CSD_{Social} top 10 ranking

NAME	Country	Region	CSD_Social
SAMSUNG LIFE INSURANCE	Republic of Korea	Asia	82
LG HHL.D.& HLTH.CARE	Republic of Korea	Asia	72
NOVARTIS 'R'	Switzerland	Europe	70
ORION 'B'	Finland	Europe	65
MEDICLINIC INTERNATIONAL	South Africa	Africa	61
MERCK & COMPANY	USA	Northern America	57
NOVOZYMES	Denmark	Europe	56
SHAI.FOSUN PHARM.(GROUP) 'A'	China	Asia	55
METLIFE	Mexico	Latin America & the Caribbean	52
DR REDDYS LABORATORIES	India	Asia	50

Appendix 2 – CSD Index

Annex 1 - GRI performance indicators

ECONOMIC	
Indicator	Disclosure
Economic performance	
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.
EC3	Coverage of the organization's defined benefit plan obligations.
EC4	Significant financial assistance received from government.
Market presence	
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.
Indirect economic impacts	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.
ENVIRONMENTAL	
Indicator	Disclosure
Materials	
EN1	Materials used by weight or volume.
EN2	Percentage of materials used that are recycled input materials.
Energy	
EN3	Direct energy consumption by primary energy source.
EN4	Indirect energy consumption by primary source.
EN5	Energy saved due to conservation and efficiency improvements.
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.
Water	
EN8	Total water withdrawal by source.
EN9	Water sources significantly affected by withdrawal of water.
EN10	Percentage and total volume of water recycled and reused.
Biodiversity	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.
EN13	Habitats protected or restored.

EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.
Emissions, effluents and waste	
EN16	Total direct and indirect greenhouse gas emissions by weight.
EN17	Other relevant indirect greenhouse gas emissions by weight.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.
EN19	Emissions of ozone-depleting substances by weight.
EN20	NOx, SOx, and other significant air emissions by type and weight.
EN21	Total water discharge by quality and destination.
EN22	Total weight of waste by type and disposal method.
EN23	Total number and volume of significant spills.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.
Products and services	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.
Compliance	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.
Transport	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.
Overall	
EN30	Total environmental protection expenditures and investments by type.
SOCIAL: (LABOUR PRACTICES AND DECENT WORK)	
Indicator	Disclosure
Employment	
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.
LA15	Return to work and retention rates after parental leave, by gender.
Labor/management relations	
LA4	Percentage of employees covered by collective bargaining agreements.
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.
Occupational health and safety	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

LA9	Health and safety topics covered in formal agreements with trade unions.
Training and education	
LA10	Average hours of training per year per employee by gender, and by employee category.
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.
Diversity and equal opportunity	
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.
Equal remuneration for women and men	
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.
SOCIAL: (HUMAN RIGHTS)	
Indicator	Disclosure
Investment and procurement practices	
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.
Non-discrimination	
HR4	Total number of incidents of discrimination and corrective actions taken.
Freedom of association and collective bargaining	
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.
Child labor	
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.
Prevention of forced and compulsory labor	
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.
Security practices	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.
Indigenous rights	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.
Assessment	
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.
Remediation	
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.
SOCIAL: (SOCIETY)	
Indicator	Disclosure
Local communities	

SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.
SO9	Operations with significant potential or actual negative impacts on local communities.
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.
Corruption	
SO2	Percentage and total number of business units analyzed for risks related to corruption.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.
SO4	Actions taken in response to incidents of corruption.
Public policy	
SO5	Public policy positions and participation in public policy development and lobbying.
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.
Anti-competitive behavior	
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.
Compliance	
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.
SOCIAL: (PRODUCT RESPONSIBILITY)	
Indicator	Disclosure
Customer health and safety	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.
Product and service labelling	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.
Marketing communications	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.
Customer privacy	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.
Compliance	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

...

Annex 2 - GRI Data Legend

Each year, GRI surveys the landscape of sustainability reporting in order to determine which data points are most valuable to collect centrally and disseminate through the Database.

Size

GRI uses the following EU definitions of organization size:

Enterprise category	Headcount	Turnover	OR	Balance sheet total
SME	< 250	≤ € 50 million	OR	≤ € 43 million
Large Enterprise	≥ 250	> € 50 million	OR	> € 43 million
MNE	≥ 250 AND multinational	> € 50 million	OR	> € 43 million

Listed/Non-Listed

Refers to whether a company is listed on a stock exchange or not

For Private Companies, Cooperatives and Subsidiaries:

- *Non-Listed*: shares in the company are not offered to stock market exchanges
- *Listed*: its shares are listed on a stock exchange for public trading, with no governmental ownership

For State-Owned Companies

- *Non-Listed*: it is fully State-Owned
- *Listed*: some shares of the company are listed on a stock exchange for public trading with partial governmental ownership: it is partially State-Owned.

Region

Indicates the continental region of the organization based on the related country.

External Assurance

Indicates that the report is externally assured.

Report profile

All sustainability/Integrated reports that are publicly available and registered with GRI have a Report Profile page. A complete Report Profile provides high-level information related to the report, as well as link(s) for accessing it. The GRI Disclosures Quick View features an overview of the level of reporting per GRI disclosure; it links directly to the Benchmarking tool, and as such is currently only available for reports that are GRI-checked from 1 January 2011 onwards.

Sustainability Report 2010-2011

0 votes

Global Reporting Initiative (GRI)

Publication year:	2012	GDP:	X
Reporting period:	07/2010 - 06/2011	IFC:	X
Reporting cycle:	Annual	OECD:	X
Report type:	GRI - G3.1	UNGC:	X
Integrated:	X	ISO:	X
Application level:	A	AA1000:	X
Status:	Self-declared	Stakeholder Panel/ Expert Opinion:	<input checked="" type="checkbox"/>
Sector supplement:	NGO	External assurance:	X
Number of pages:	-	Type of Assurance Provider:	X
Report language:	English	Assurance Provider:	X
		Assurance Scope:	X
		Level of Assurance:	X
		Assurance Standard AA1000AS:	X
		Assurance Standard ISAE3000:	X
		Assurance Standard national (general):	X
		Assurance Standard national (sustainability):	X

Date included: 2012-03-06

[Link to pdf](#) [Link to html \(Not provided yet\)](#) [Link to GRI Index \(Not provided yet\)](#)

GRI disclosures quick view

Fully reported
 Partially reported
 Not reported

Part I: Profile Disclosures

1.1 1.2 2.1 2.2 2.3 2.4 2.5 2.6 2.7 2.8 2.9 2.10 3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.10 3.11 3.12 3.13
 4.1 4.2 4.3 4.4 4.5 4.6 4.7 4.8 4.9 4.10 4.11 4.12 4.13 4.14 4.15 4.16 4.17

Part II: Disclosures on Management Approach

DMA EC: Economic performance Market presence Indirect economic impacts DMA EN: Materials Energy Water Biodiversity
 Emissions, effluents and waste Products and services Compliance-EN Transport Overall DMA LA: Employment
 Labor management relations Occupational health and safety Training and education Diversity and equal opportunity DMA HR
 Investment and procurement practices Non-discrimination Freedom of association and collective bargaining Child labor
 Forced and compulsory labor Security practices Indigenous rights DMA-SO: Community Corruption Public policy Anti-competitive behavior
 Compliance-SO: DMA PR: Customer health and safety Product and service labelling Marketing communications Customer privacy
 Compliance-PR

Part III: Performance Indicators

EC1 EC2 EC3 EC4 EC5 EC6 EC7 EC8 EC9 EN1 EN2 EN3 EN4 EN5 EN6 EN7 EN8 EN9 EN10 EN11 EN12
 EN13 EN14 EN15 EN16 EN17 EN18 EN19 EN20 EN21 EN22 EN23 EN24 EN25 EN26 EN27 EN28 EN29 EN30 LA1

Annex 3 - Datatype definitions

The source of these variables was obtained from the database Datastream Advance for Office 5.1

MARKET CAPITALIZATION (WC08001)

Market Price-Year End * Common Shares Outstanding

If Common Shares Outstanding is not available for the current year or prior year, then Common Shares Outstanding-Current is used. For companies with more than one type of common/ordinary share, market capitalization represents the total market value of the company.

MARKET VALUE FOR COMPANY (MVC)

MVC is the consolidated market value of a company displayed in millions of units of local currency. It is available as a time series for 17 countries (see below). History for those countries starts on 3rd January 2000, or on the base date of the security if that is later.

For other countries MVC is available only as a static item updated daily.

MVC is the same value as MV for companies with a single listed equity security. However, for companies with more than one listed or unlisted equity security MVC represents:

EQUITY A(MV) + EQUITY B(MV) + EQUITY C(MV) etc

Unlisted securities are valued using the prices of the associated listed security.

Certain types of shares are not counted as separate equity issues. These include all foreign quoted shares, ADRs, GDRs, EDRs, foreign certificates and foreign board shares. These shares will not be included in the calculation of MVC but will return a value for MVC converted into the appropriate local currency.

Dual Listed Companies are consolidated in MVC. Dual Listed Companies occur when two companies operate as a single economic entity under binding agreements.

For each company, and for each eligible security of the company, the MVC history is provided on the primary quote codes only. Secondary quotes display a static value, updated daily. Companies which are fully dead (i.e. which do not have any active securities) at the time of the calculation of the MVC history on 20 February 2011 do not have an MVC history calculated. Note that for the Netherlands the MVC calculation date is on 21 May 2012.

For companies which have a mixture of live and dead securities, a history is calculated. These will include the market value of eligible dead securities up to the date of their delisting.

Countries where MVC is available as a time series: China, Hong Kong, Japan, Canada, US, France, Germany, Italy, UK, Denmark, Finland, Norway, Sweden, Netherlands, Brazil, Australia and Switzerland

NET SALES OR REVENUES (WC01001)

Applies to	Description	Footnotes
Industrial Companies	NET SALES OR REVENUES represent gross sales and other operating revenue less discounts, returns and allowances.	A. Gross total sales or revenue
		AA. Length of fiscal period is 18 months
	It includes but is not restricted to:	AB. Length of fiscal period is 15 months
	Franchise sales when corresponding costs are available and included in expenses.	AC. Length of fiscal period is 9 months
	Consulting fees	AD. Length of fiscal period is 6 months
	Service income	AF. Length of fiscal period is 5 months
	Royalty income when included in revenues by the company.	AG. Length of fiscal period is 13 months
		AH. Length of fiscal period is 14 months
	Contracts-in-progress income	AI. Length of fiscal period is 7 months
	Licensing and franchise fees	AJ. Length of fiscal period is 8 months
	Income derived from equipment lease or rental when considered part of operating revenue	AK. Length of fiscal period is 48 weeks
	Commissions earned (not gross billings) for advertising companies	AL. Length of fiscal period is 3 months
		AM. Length of fiscal period is 11 months
	Income from leased departments	AN. Length of fiscal period is 53 weeks
	It excludes:	AP. Length of fiscal period is 16 months
	Non-operating income	AQ. Length of fiscal period is 10 months
	Interest income	AR. Length of fiscal period is 20 months
	Interest capitalized	AS. Length of fiscal period is 2 months
	Equity in earnings of unconsolidated subsidiaries	AT. Length of fiscal period is 17 months
	Rental income	AU. Length of fiscal period is 4 months
	Dividend income	AV. Length of fiscal period is 21 months
	Foreign exchange adjustment	AX. Length of fiscal period is 22 months
	Gain on debt retired	
Sale of land or natural resources	B. Net sales includes value-added, excise, windfall profit or sales tax	
Sale of plant and equipment	BA. Major accounting standards switch	
Sale of investment		
Sales from discontinued operations		

Security transactions
Income on reserve fund securities when shown separately
Operating differential subsidies for shipping companies
Net mutual aid assistance for airlines companies
General and Service Taxes
Value-Added taxes
Excise taxes
Windfall Profit Taxes

SALES (DWSL)

The Datastream Worldscope (DW) datatypes are a set of Datastream Global Equity index and security valuation datatypes using Worldscope data. The data is based on a trailing twelve month period if applicable and represents the sum of the relevant item reported in the last twelve months. From the fiscal period 2002, the items are populated from the quarterly, semi-annual and trimester time series based on the availability of the underlying data. When trailing twelve month data is unavailable or for values before fiscal period 2002, the annual Worldscope datatype is used as indicated below. .

Name	Index and Security Datatype	TTM or Balance Sheet Item	Data Type	Index Calculation Methodology	Annual Datatype when interim is unavailable	Worldscope Item Definition
Sales (Revenue)	DWSL	TTM	Monetary	Aggregate	WC01001	Net Sales or Revenues represent gross sales and other operating revenue less discounts, returns and allowances.

PRICE (P)

Datatype (P) represents the official closing price. This is the default datatype for all equities and ETF's.

The 'current' price on Datastream's equity programs is the latest price available to us from the appropriate market in primary units of currency (except in the case of the UK where price is given in pence). It is the previous day's closing price from the default exchange except where more recent or real-time prices are available, as listed in the Data sources & updating procedures section of this help system.

The 'current' prices taken at the close of market are stored each day. These stored prices are adjusted for subsequent capital actions, and this adjusted figure then becomes the default price offered on all Research programs. The actual historical prices can be accessed using the unadjusted price datatype (UP).

Prices are generally based on 'last trade' or an official price fixing. For stocks which are listed on more than one exchange within a country, default prices are taken from the primary exchange of that country (note that this is not necessarily the 'home' exchange of the stock).

RETURN ON EQUITY (DATASTREAM WORLDSCOPE - DWRE)

The Datastream Worldscope (DW) datatypes are a set of Datastream Global Equity index and security valuation datatypes using Worldscope data. The data is based on a trailing twelve month period if applicable and represents the sum of the relevant item reported in the last twelve months. From the fiscal period 2002, the items are populated from the quarterly, semi-annual and trimester time series based on the availability of the underlying data. When trailing twelve month data is unavailable or for values before fiscal period 2002, the annual Worldscope datatype is used as indicated below.

Details of the Datastream Worldscope (DW) Datatype Methodology are available on the Customer Extranet

<http://extranet.datastream.com/>