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Sustainable value in emerging markets

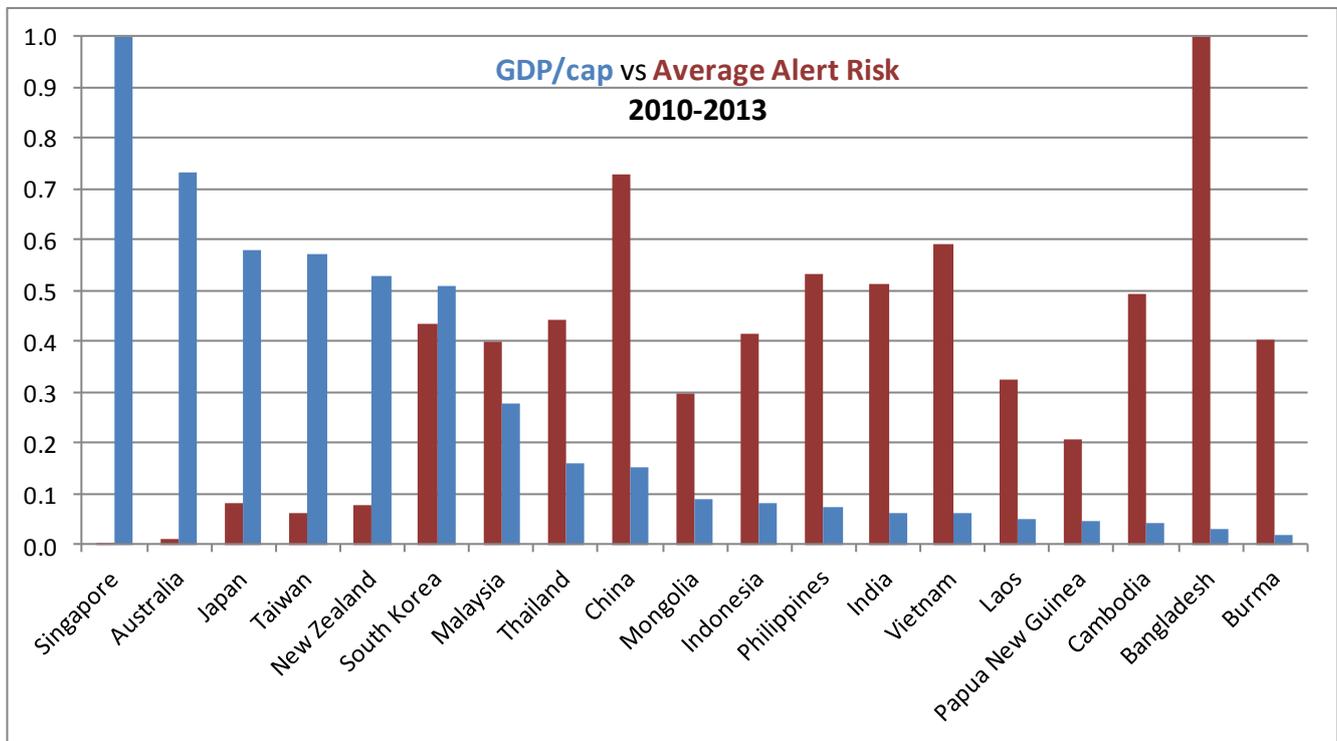
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NIMBUS Update

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Poorer countries get bad press on ESG

It's generally assumed that environmental, social and governance (ESG) risks are greater in emerging economies. Four years of NIMBUS web monitoring data for the Asia-Pacific region confirms this to some extent, although the picture is complex and holds different messages for investors and procurement managers. We monitor hundreds of international and national web-media sites throughout the year for corporate allegations and incidents - 'alerts'. These are scored according to a range of risk indicators. The *average risk level* of NIMBUS web-media alerts is strongly related, inversely, to per capita GDP. The correlation is high at 0.7.



However, *total media risk profile* for any country, considering both risk level and frequency of alerts, is more complex. Other factors strongly influence frequency of media alerts in different countries - in particular, freedom of the press, NGO activity, public access to the internet, predominance of different economic activities and regulatory compliance.

South Korea, has overall low ESG media coverage, relative to its GDP. However, reported allegations are generally more serious than for other wealthy countries, relating mainly to corruption, fraud and occupational H&S in its manufacturing and engineering sectors. In Papua New Guinea, conversely, average alert levels are less serious, but overall media coverage is very high because of intense media attention from NGOs on its controversial mining and forestry projects.

China's high average alert risk rating (second only to Bangladesh) is due largely to serious health and safety incidents in its mining, construction and heavy manufacturing sectors. Overall however, there is relatively low coverage of China's corporate allegations, given the size of its GDP.

These are just snapshots of what NIMBUS is revealing for strategic analysis. If you are interested in receiving regular alert updates from our monitoring service or undertaking customised analyses of our database, please contact us.

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NIMBUS monitors over 5,000 companies for incidents and allegations of unethical behaviour and poor environmental, health and safety performance in emerging economies. We record over 100 alerts per month.