

STING Consultants elaborates on the basis on which it assesses corporate accountability in Sri Lanka



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As is customary, STING Consultants extended an invitation to Sri Lanka's largest listed companies, private entities and state-owned enterprises (SOEs), to participate in this endeavour by voluntarily submitting information and supporting evidence of their corporate accountability practices and performance.

The top 50 companies (excluding investment firms) from the LMD 100 as well as eight important SOEs that had previously been featured in The STING Corporate Accountability Index have been rated, regardless of whether or not they submitted information. This is because they are the largest entities operating in the country and, therefore, have the greatest potential impact on society and the environment.

Apart from 20 companies that provided vol-

untary responses to STING Consultants' questionnaire this year, the others were rated on the basis of publicly available information – viz. annual reports, sustainability reports and corporate websites.

As with the previous editions of the index, companies have been classified into broad bands, based on their scores (Platinum 75-100; Gold 60-74.9; Silver 50-59.9; Bronze 40-49.9), which indicate the extent to which they have implemented measures to ensure responsible and sustainable business practices, while at the same time allowing for benchmarking. The minimum score for classification remains 40, so companies that scored below this level have not been classified.

STING Consultants' proprietary Corporate Accountability Model – which has been developed to reflect a holistic and integrated

approach to corporate responsibility, sustainability and governance – has been used to rate the companies featured in the index. Through this model, qualitative aspects are assessed and measured, and converted into a quantitative score.

As in previous editions, the implications of a company's products are taken into account in the assessment.

This means that businesses that manufacture and sell products that have negative health implications (i.e. alcohol and tobacco) are subject to penalties in the scoring process – as such, the results presented in the index reflect their performance after deducting penalty points.

Companies are assessed across six key areas, each consisting of a range of criteria which should be in place, in order to truly operate through a responsible framework. These six areas, which are summarised below, are weighted according to their relative importance in facilitating responsible business practices.

Corporate values determine whether a company has made an effort to establish a set of high-level values or principles that define the role it wants to play in society, by incorporating aspects of accountability and responsibility in its corporate statements – e.g. vision, mission, values, etc.

Stakeholder engagement assesses whether a business is aware of who its key stakeholders are, and the extent to which it engages with

them, as well as whether the company provides adequate responses to key issues, concerns or grievances raised by stakeholders.

Identifying impacts, risks and opportunities measures the extent to which an entity is aware of the key impacts on economic, social and environmental sustainability that occur as a result of its operations, as well as whether it can identify and respond to credible risks and opportunities arising from such impacts.

Policy coverage assesses the extent to which an organisation has policies in place in regard to managing environmental aspects, labour practices, human rights and societal concerns; and the extent to which employees are made aware of these policies through training.

Management and governance considers whether globally recognised management systems have been established in regard to the environment, health and safety, quality and workplace practices. This section also assesses the nature of corporate governance, and the extent to which accountability and responsibility are integrated into the core governance processes of a business.

Measurement and disclosure covers the extent to which a company measures its performance against key sustainability indicators. This section also assesses whether the business discloses its environmental, social, economic performance and impacts through balanced and transparent reports – and it assesses the quality, comparability and credibility of information contained in such reports.

LEARNING FROM THE STUDY

Through the Corporate Accountability Index, STING Consultants has gathered a wealth of data – over a sustained period of time – on how companies have performed, in terms of integrating sustainable business practices year-on-year.

While serving as a valuable measurement tool, this data is available to corporates who may want to learn how they have performed over time, whether there are improvements in their

sustainability management, where they are strong, where they are weak, and how they compare with their peers.

Together with this detailed feedback, STING Consultants can also offer recommendations on how companies can integrate more advanced systems of business responsibility into their operations.

Entities that are not featured in the 2016 index can also commission private assessments and feedback on their

performance, which will enable them to benchmark themselves against those that have been listed.

Companies that are interested in participating in future editions of The STING Corporate Accountability Index, and those who wish to obtain feedback on their performance, can notify STING Consultants by emailing tiara@stingconsultants.com (more information is available on its website – www.stingconsultants.com).

THE 2016 STING CORPORATE ACCOUNTABILITY INDEX

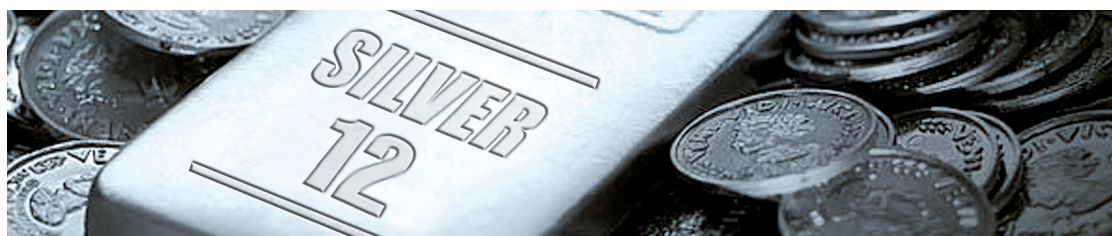
| RANK 2016 | RANK 2014 | COMPANY | SECTOR | SCORE 2016 | SCORE 2014 | CHANGE | CLASSIFICATION |
|--------------|--------------|---------|--------|---------------|---------------|--------|----------------|
|--------------|--------------|---------|--------|---------------|---------------|--------|----------------|



| | | | | | | | |
|---|---|-----------------------------|--------------------------------|-------|-------|---|----------|
| 1 | 1 | Dialog Axiata | ICT and telecommunications | 84.80 | 84.85 | | Platinum |
| 2 | 3 | Aitken Spence | Diversified holdings | 82.45 | 83.00 | ▼ | Platinum |
| | 2 | John Keells Holdings | Diversified holdings | 82.45 | 84.20 | ▼ | Platinum |
| 4 | 4 | Maga Engineering | Manufacturing and construction | 80.65 | 78.10 | ▲ | Platinum |
| 5 | 5 | Diesel & Motor Engineering* | Motor and logistics | 75.35 | 76.00 | ▼ | Platinum |



| | | | | | | | |
|----|----|----------------------------|--------------------------------|-------|-------|---|------|
| 6 | 7 | Printcare | Manufacturing and construction | 72.25 | 72.25 | | Gold |
| 7 | 11 | John Keells Hotels | Hotels and travel | 72.05 | 67.20 | ▲ | Gold |
| 8 | 6 | Access Engineering | Manufacturing and construction | 71.70 | 72.50 | ▼ | Gold |
| 9 | 9 | Cargills (Ceylon) | Food and beverage | 70.35 | 70.40 | | Gold |
| 10 | 10 | Hayleys* | Diversified holdings | 69.15 | 68.50 | ▲ | Gold |
| 11 | 14 | Hemas Holdings | Diversified holdings | 68.20 | 64.30 | ▲ | Gold |
| 12 | 17 | Aitken Spence Hotels* | Hotels and travel | 67.40 | 63.30 | ▲ | Gold |
| 13 | 13 | Hatton National Bank* | Banking, finance and insurance | 65.95 | 65.50 | ▲ | Gold |
| 14 | 24 | Ceylon Cold Stores* | Food and beverage | 65.15 | 53.70 | ▲ | Gold |
| 15 | 16 | CIC Holdings | Diversified holdings | 64.95 | 63.40 | ▲ | Gold |
| 16 | 15 | People's Leasing & Finance | Banking, finance and insurance | 64.60 | 63.55 | ▲ | Gold |
| 17 | 19 | Seylan Bank | Banking, finance and insurance | 63.05 | 60.70 | ▲ | Gold |
| 18 | 18 | Commercial Bank of Ceylon | Banking, finance and insurance | 60.10 | 62.75 | ▼ | Gold |



| | | | | | | | |
|----|----|----------------------------|--------------------------------|-------|-------|---|--------|
| 19 | 34 | Expolanka Holdings | Diversified holdings | 59.85 | 45.50 | ▲ | Silver |
| 20 | 29 | Bank of Ceylon | Banking, finance and insurance | 59.05 | 49.90 | ▲ | Silver |
| 21 | — | Textured Jersey Lanka | Manufacturing and construction | 58.95 | — | | Silver |
| 22 | 21 | HDFC Bank of Sri Lanka* | Banking, finance and insurance | 57.50 | 59.30 | ▼ | Silver |
| 23 | 26 | National Development Bank* | Banking, finance and insurance | 57.05 | 52.85 | ▲ | Silver |
| 24 | 22 | Union Assurance* | Banking, finance and insurance | 57.00 | 55.80 | ▲ | Silver |
| 25 | 35 | LB Finance | Banking, finance and insurance | 53.65 | 41.75 | ▲ | Silver |
| 26 | 25 | Sampath Bank* | Banking, finance and insurance | 53.45 | 53.10 | ▲ | Silver |
| 27 | 49 | Laufis Holdings* | Diversified holdings | 53.35 | 31.90 | ▲ | Silver |
| 28 | 30 | Dipped Products* | Manufacturing and construction | 51.80 | 49.00 | ▲ | Silver |
| 29 | 44 | Nestlé Lanka* | Food and beverage | 51.10 | 38.85 | ▲ | Silver |
| 30 | 28 | Singer (Sri Lanka)* | Consumer durables | 50.20 | 50.45 | | Silver |

| RANK 2016 | RANK 2014 | COMPANY | SECTOR | SCORE 2016 | SCORE 2014 | CHANGE | CLASSIFICATION |
|--------------|--------------|---------|--------|---------------|---------------|--------|----------------|
|--------------|--------------|---------|--------|---------------|---------------|--------|----------------|



| | | | | | | | |
|----|----|---------------------------------------|--------------------------------|-------|-------|---|--------|
| 31 | 35 | Nations Trust Bank* | Banking, finance and insurance | 49.00 | 41.75 | ▲ | Bronze |
| 32 | – | MillenniumIT | ICT and telecommunications | 47.50 | – | | Bronze |
| 33 | 40 | Ceylon Tobacco Company* | Alcohol and tobacco | 47.40 | 40.05 | ▲ | Bronze |
| | 39 | Lanka ORIX Leasing Company* | Diversified holdings | 47.40 | 40.45 | ▲ | Bronze |
| 35 | 27 | DFCC Bank* | Banking, finance and insurance | 45.70 | 51.35 | ▼ | Bronze |
| 36 | 59 | Merchant Bank of Sri Lanka & Finance* | Banking, finance and insurance | 44.90 | 25.40 | ▲ | Bronze |
| 37 | 41 | Sunshine Holdings* | Diversified holdings | 44.45 | 39.45 | ▲ | Bronze |
| 38 | 38 | National Savings Bank | Banking, finance and insurance | 42.15 | 40.80 | ▲ | Bronze |
| 39 | 60 | Lanka IOC* | Oil, gas and lubricants | 42.10 | 24.60 | ▲ | Bronze |
| 40 | 32 | Colombo Dockyard* | Manufacturing and construction | 41.40 | 47.85 | ▼ | Bronze |
| 41 | 45 | Sri Lanka Telecom* | ICT and telecommunications | 41.10 | 38.35 | ▲ | Bronze |
| 42 | 37 | Chevron Lubricants Lanka* | Oil, gas and lubricants | 40.90 | 41.55 | ▼ | Bronze |
| 43 | – | Lanka Hospitals Corporation* | Health care | 40.00 | – | | Bronze |



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|----|----|------------------------------------|--------------------------------|-------|-------|---|--------------|
| 44 | – | MTD Walkers | Manufacturing and construction | 39.90 | – | | Unclassified |
| | 56 | SriLankan Airlines* | Hotels and travel | 39.90 | 27.55 | ▲ | Unclassified |
| 46 | 48 | Ceylon Grain Elevators* | Food and beverage | 38.90 | 36.15 | ▲ | Unclassified |
| 47 | – | Royal Ceramics Lanka* | Manufacturing and construction | 38.40 | – | | Unclassified |
| 48 | 57 | United Motors Lanka* | Motor and logistics | 37.85 | 27.15 | ▲ | Unclassified |
| 49 | 47 | Tokyo Cement* | Manufacturing and construction | 36.90 | 36.70 | ▲ | Unclassified |
| 50 | 49 | People's Bank* | Banking, finance and insurance | 35.20 | 31.90 | ▲ | Unclassified |
| 51 | 51 | ACL Cables* | Manufacturing and construction | 34.90 | 31.65 | ▲ | Unclassified |
| 52 | – | Lanka ORIX Finance* | Banking, finance and insurance | 33.40 | – | | Unclassified |
| 53 | 33 | Airport & Aviation Services* | Hotels and travel | 32.80 | 45.85 | ▼ | Unclassified |
| 54 | 61 | Softlogic Holdings* | Diversified holdings | 32.45 | 24.50 | ▲ | Unclassified |
| 55 | 42 | Richard Pieris* | Diversified holdings | 31.40 | 38.90 | ▼ | Unclassified |
| 56 | 52 | Ceylinco Insurance* | Banking, finance and insurance | 30.65 | 30.50 | ▲ | Unclassified |
| 57 | 54 | Distilleries Company of Sri Lanka* | Alcohol and tobacco | 29.90 | 29.40 | ▲ | Unclassified |
| 58 | 46 | Lankem Ceylon* | Diversified holdings | 29.40 | 37.00 | ▼ | Unclassified |
| 59 | 53 | Browns Group* | Diversified holdings | 27.75 | 29.50 | ▼ | Unclassified |
| 60 | 55 | Central Finance* | Banking, finance and insurance | 27.40 | 27.65 | | Unclassified |
| 61 | 64 | Lanka Ceramic* | Manufacturing and construction | 23.40 | 16.65 | ▲ | Unclassified |
| 62 | 67 | Ceylon Beverage Holdings* | Alcohol and tobacco | 14.90 | 9.90 | ▲ | Unclassified |

* These companies did not respond to STING Consultants' questionnaire, and have therefore been rated based on publicly available information only.

A change in score has not been indicated for those companies whose scores have reduced by 0.5 or less, as these are due to a tightening of the rating process, and are not a reflection of company performance.