

News

Australia first to rate Chinese on SRI

Zoe Fielding

Australian ratings agency, RepuTex, has become the first organisation to offer a benchmark for assessing the risks and corporate social responsibility of companies located in China.



Speaking to *Money Management* from Shanghai this morning, RepuTex global chief executive officer Laurel Grossman said individual Chinese companies would be rated according to their performance in the areas of corporate governance, environmental impact, social impact, and workplace practices from February 2006.

"The risk attached to environmental and social issues in China, those risks are absolutely vital to mainstream financial risk in China," she said.

"You only have to see the headlines on a fairly regular basis with some sort of a disaster attached to a company to know that if you were an investor in that company, your funds are at risk."

Grossman said RepuTex was in a unique position to assess the corporate social responsibility of Chinese companies, having recently established a wholly-owned enterprise in Shanghai which would conduct full research on Chinese organisations.

The benchmark, dubbed the RepuTex Framework: China, was developed in consultation with Fudan University in Shanghai, the Chinese Academy of Social Sciences Centre for Corporate Governance, the International Finance Corporation and 150 businesses, community and government organisations in China.

Grossman said indicators and weightings for the benchmark were based on the global system the company has offered in Australia for the past five years.

"It is our intention in the long term to establish an investment index, similar to the one we have in Australia, for companies listed on the Shanghai stock exchange," she said.

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