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Reputex Corporate Social Responsibility Benchmark Released After IFC-Supported Consultation

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Shanghai, November 30, 2005—Rating agency Reputex today announced a new benchmark for a socially responsible corporation in China, following a consultation process that was financed through by the International Finance Corporation. *The Reputex Framework: China* was released at the United Nations Global Compact Summit in Shanghai.

The Reputex benchmark identifies factors that a company or organization in China can address to safeguard reputation and CSR-related risk. It is an independent system that provides consistent indicators for investors and other stakeholders. It compliments other efforts by investors, including IFC, to promote high standards and approaches to improving practices.

The Reputex benchmark comprises four categories: corporate governance, environmental impact, social impact, and workplace practices. Through the Sustainable Financial Markets Facility, IFC funded the stakeholder consultation through sessions in Beijing, Chengdu, Hong Kong, and Shanghai and interviews with stakeholders globally that contributed to the development of the benchmarks released today.

“Companies around the world are recognizing the business benefits from improving their corporate governance, environmental, and social practices” said IFC Director for Environmental and Social Development Rachel Kyte. “The framework developed by Reputex provides benchmarks that Chinese companies can use to strive for better practices and a new tool that investors can use to assess performance.”

Speaking at the UN summit, the Reputex Global CEO Laurel Grossman said, “The benchmark comes at a time when many foreign investors in China are looking closely at governance structures and environmental and social performance as key elements of mainstream financial risk exposure.”

Reputex established the benchmark involved consultation with:

- Academics from Fudan University, Shanghai
- Chinese Academy of Social Sciences Centre for Corporate

Governance

- International Finance Corporation
- 150 businesses, community and government organizations in China

A company's willingness to report openly and honestly on performance in these four areas is a key indication of its capacity to control and manage reputation and business risk.

Indicators within these four categories include:

- Credible audit and management systems
- Measurement systems for environmental impacts
- Quality consumer care
- Well managed community support
- Employee training systems
- Workplace safety

An important feature of the benchmark is that it has been prepared in collaboration with China's major business, community, academic and government stakeholders. The view of Chinese stakeholders was a priority. At this stage of its development, China has a unique range of complex issues that need to be taken into account. Foreign standards do not give sufficient capacity to differentiate performance among companies.

Major interest in the framework has come from Chinese business organizations and supply chain managers from large multinational corporations operating in China. Many companies in China are discovering the financial benefits that sound environmental and social credentials can deliver.”

RepuTex will use the benchmark to underpin its research services for Chinese and foreign investment parties from its recently established office in Shanghai. The benchmark indicators and weightings are based on a global system designed by RepuTex in Australia over the past five years.

RepuTex, which began in Melbourne in 1999, has 400 current ratings published on its website, of which 150 are Australian or New Zealand companies. In August this year, RepuTex released its investment index for Australia.

The International Finance Corporation, the private sector arm of the World Bank Group, promotes sustainable private sector investment in developing and transition countries, helping to reduce poverty and improve people's lives. IFC finances private sector investments, mobilizes capital in the international financial markets, helps clients improve social and environmental sustainability, and provides technical assistance and advice to governments and businesses. Its 178 member countries provide its share capital and collectively determine its policies.

From its founding in 1956 through FY05, IFC has committed more than \$49 billion of its own funds and arranged \$24 billion in syndications for 3,319 companies in 140 developing countries. IFC's worldwide committed portfolio as of FY05 was \$19.3 billion for its own account and \$5.3 billion held for participants in loan syndications. For more information, visit www.ifc.org.

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