



## **InvestAssure Web Monitoring Alerts:**

***China Sept 2009 – March 2012***

*Executive Summary*

*Prepared by*  
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## INTRODUCTION

The InvestAssure service monitors web reports relating to allegations of unethical behaviour or environmental, health and safety incidents for about 4000 companies in Asia. This provides regular risk alerts to investors, supply chain managers and corporate responsibility managers.

We also analyse our growing database of allegations and incidents to produce risk reviews for specific countries, sectors or individual companies. This country profile summarises our analysis of companies operating in China covering the period Sept 2009 - March 2012.

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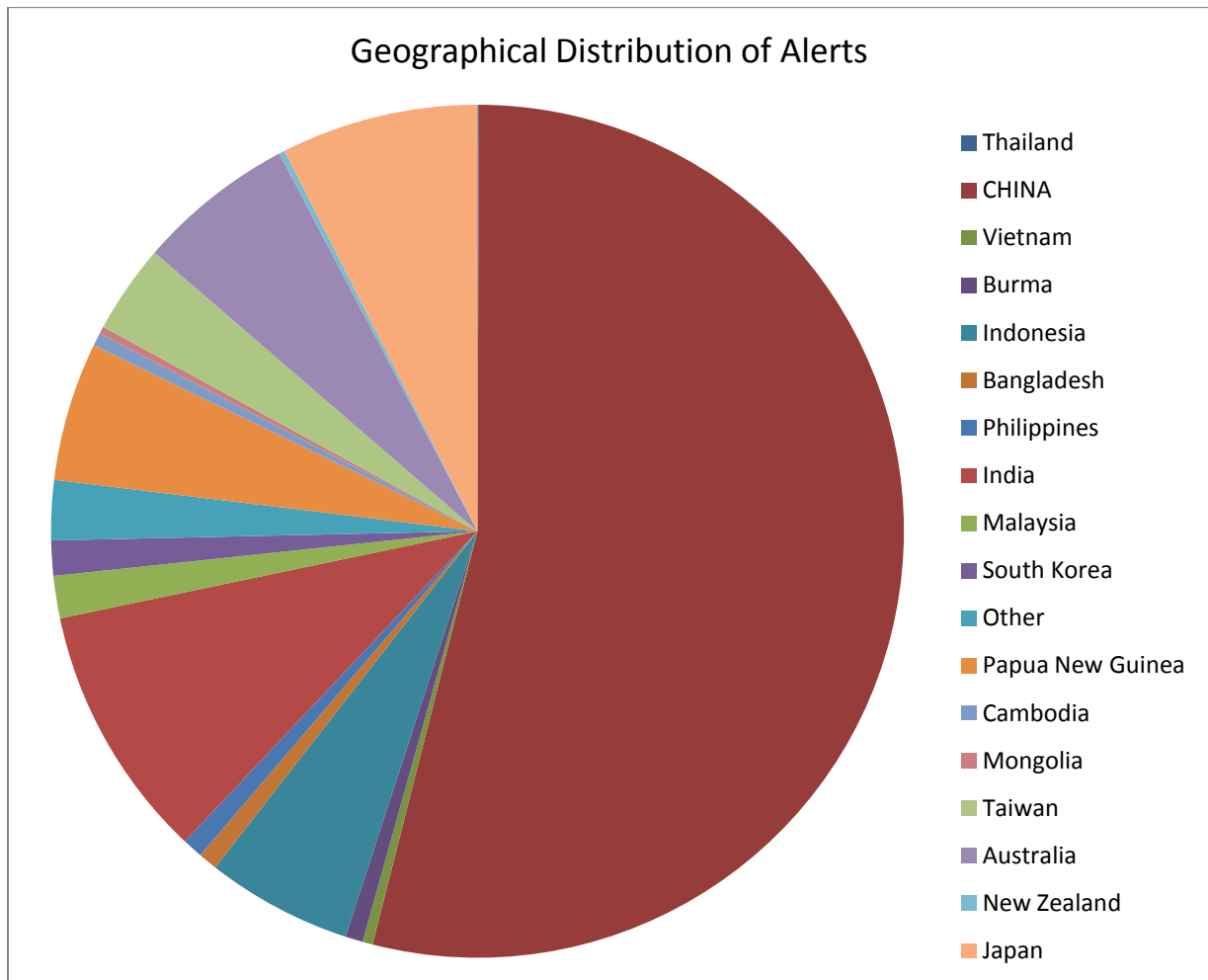
Mobile: 07720-416363

## SUMMARY

- China accounted for 54% of all alerts in the InvestAssure database for the period Sept 2009 – March 2012. 79% of all level-1 (most significant) alerts were from China.
- China has the highest risk of all countries in our database. 68% of all alerts in China warranted some form of engagement in our view.
- Manufacturing and mining are the key sources of ethical risk in China, accounting for 70% of all alerts together. Within manufacturing, the primary source of alerts (26%) was the chemicals sector; metals, IT, food and drink were also very significant, contributing 35% to the manufacturing total.
- This reflects the high incidence of alerts relating to operational health and safety, as well as the environment. In particular, the poor safety standards in Chinese mines, resulting in the highest fatality rates in the world, are a significant contributor; but so too are the manufacturing accidents which result in fatalities, serious injuries and pollution.
- Other impact categories were found to be significant in selected sectors. For example labour in manufacturing, corruption and fraud in telecommunications and finance, environment in petroleum and gas extraction and electricity, and product safety in transport.
- We identified 50 alerts over the period (1.67/month) relating to Chinese companies operating in or investing overseas. Over 40% were related to Papua New Guinea and 20% related to African countries. Mining (50% of alerts), construction, finance and petroleum/gas extraction are the main sectors involved. Environment, community and business ethics were the three most common impact areas around which allegations were centred.

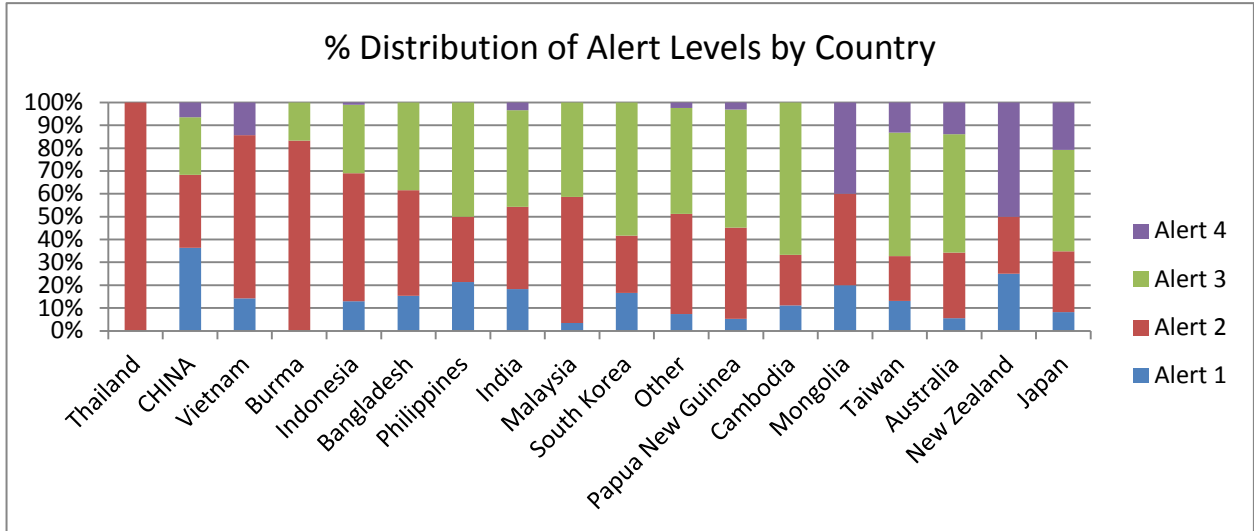
## Regional Context

The analysis showed that China accounted for 54% of all InvestAssure alerts.



## Risk Significance of Alerts

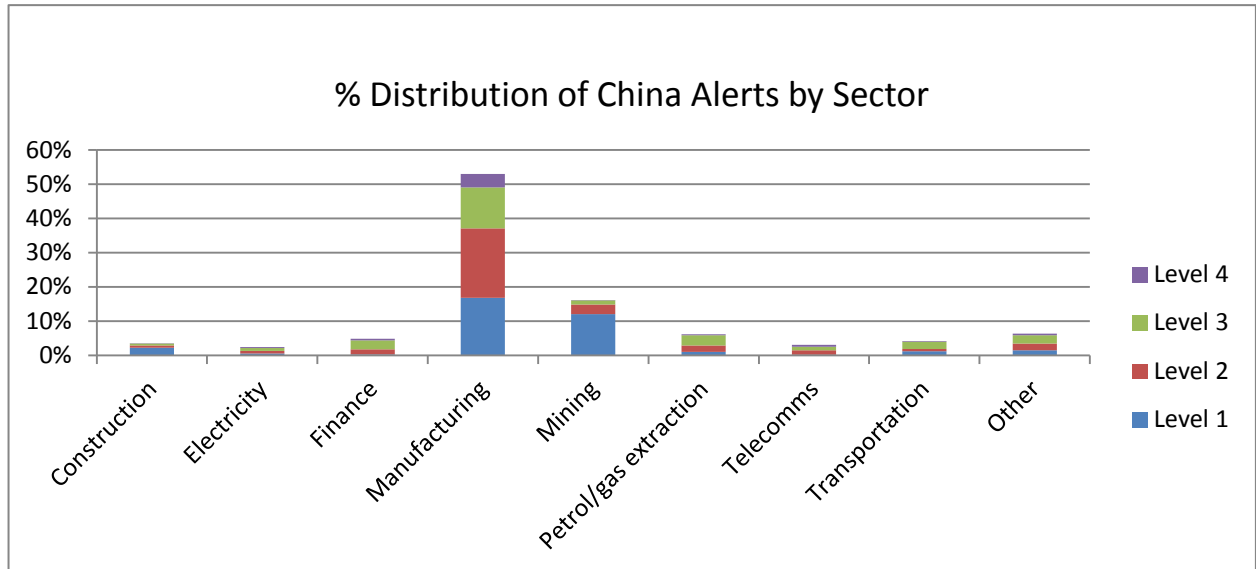
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- *Alert 1: urgent engagement recommended*
- *Alert 2: follow-up or engagement recommended*
- *Alert 3: monitoring recommended*
- *Alert 4: for information*

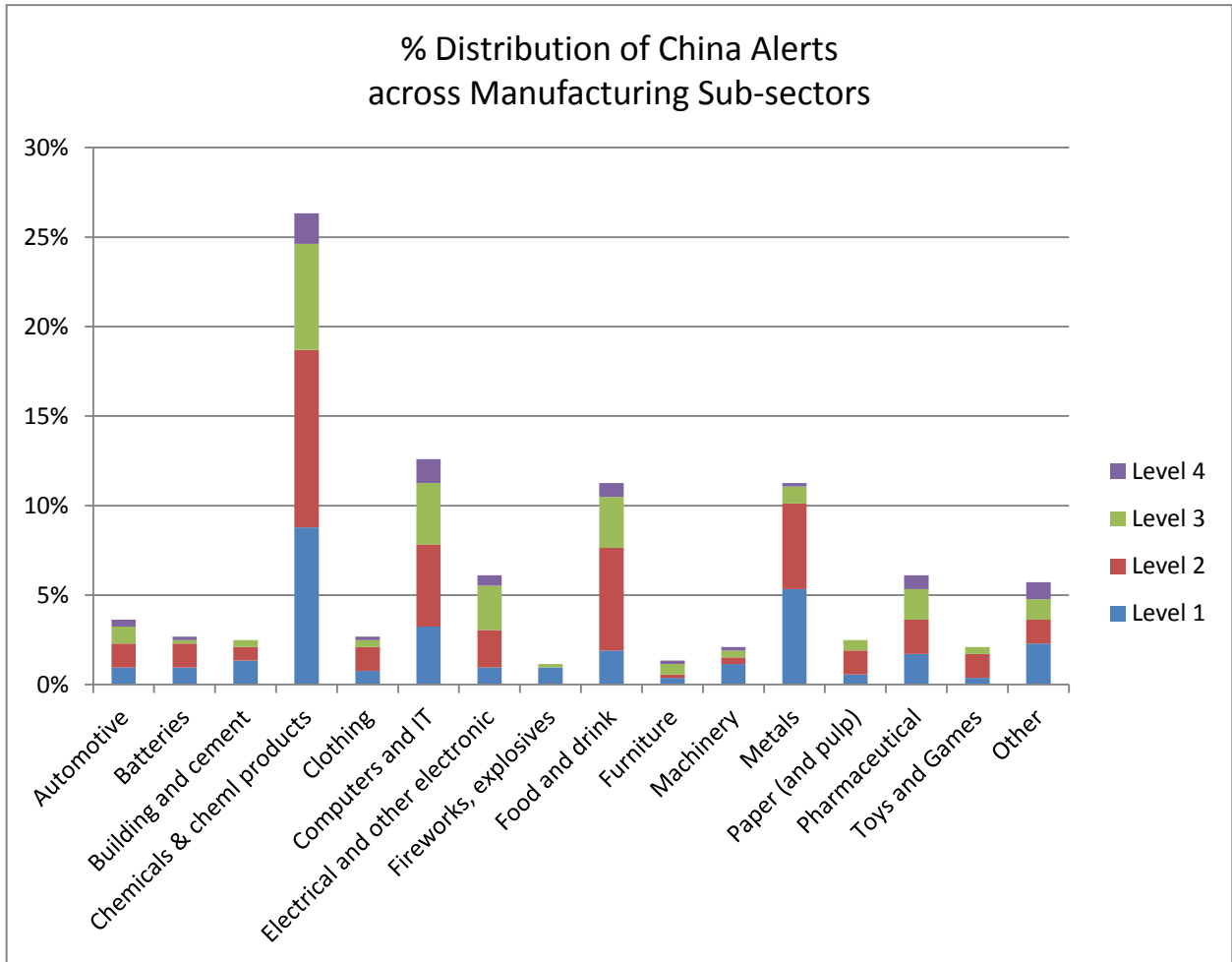
## Sectors

Manufacturing and mining are the key sources of ethical risk in China, accounting for 70% of all alerts together.



## Manufacturing Sub-sectors

Because of the dominant contribution of the manufacturing sector to China alerts, we have provided a further breakdown of alerts for manufacturing sub-sectors.



## Impact Categories

The importance of different impact categories varies across sectors. Occupational Health and Safety and the Environment dominate overall but Labour, Corruption and Fraud, Governance and Product Safety are also significant.

