

# Corporate Social Responsibility in China

In partnership with CSR Europe



Study n° 9 - October 2006

# Foreword

## Corporate Social Responsibility (CSR) in China

In order to support the Lisbon Strategy for Growth and Jobs revised by the European Heads of State and Governments in Spring 2005, business leaders and European Commissioners Vladimir Spidla and Gunter Verheugen laid on March 22, 2006 the foundations of a European Alliance for CSR. As part of a broader partnership with all stakeholders, the Alliance was built on 10 priorities for action, 3 of which making clear reference to the need for enterprises to integrate CSR into their operations outside Europe and across the supply chain.

In September 2005, at the first Sino-European CSR International Forum, the Chinese Vice Minister of Commerce Yi Xiaozhun together with business leaders and officials from the Employers and Trade Union Federations explained how they were actively putting CSR on track of both the business community and the public administration in China. Since then the CSR agenda in China is booming at a very rapid pace and the demand for more and better information on the developments on CSR in both continents is also growing fast.

It is in this context that ORSE and CSR Europe are joining their efforts in publicising this first Report on CSR in China. Our objective is clear: to help those men and women in business and their stakeholders interested in this field to find a better source of information, dialogue and partnership with those who in China are also striving for a more competitive AND sustainable enterprise.

### Presentation of the table of contents

This document tends to:

- Present the context for CSR in China
- Describe the legal and normative framework for CSR in China
- Present some stakeholders and related initiatives.

This guide serves as a practical tool for foreign companies interested in CSR issues and helps them to develop a CSR strategy that makes sense for their business.

### Methodology

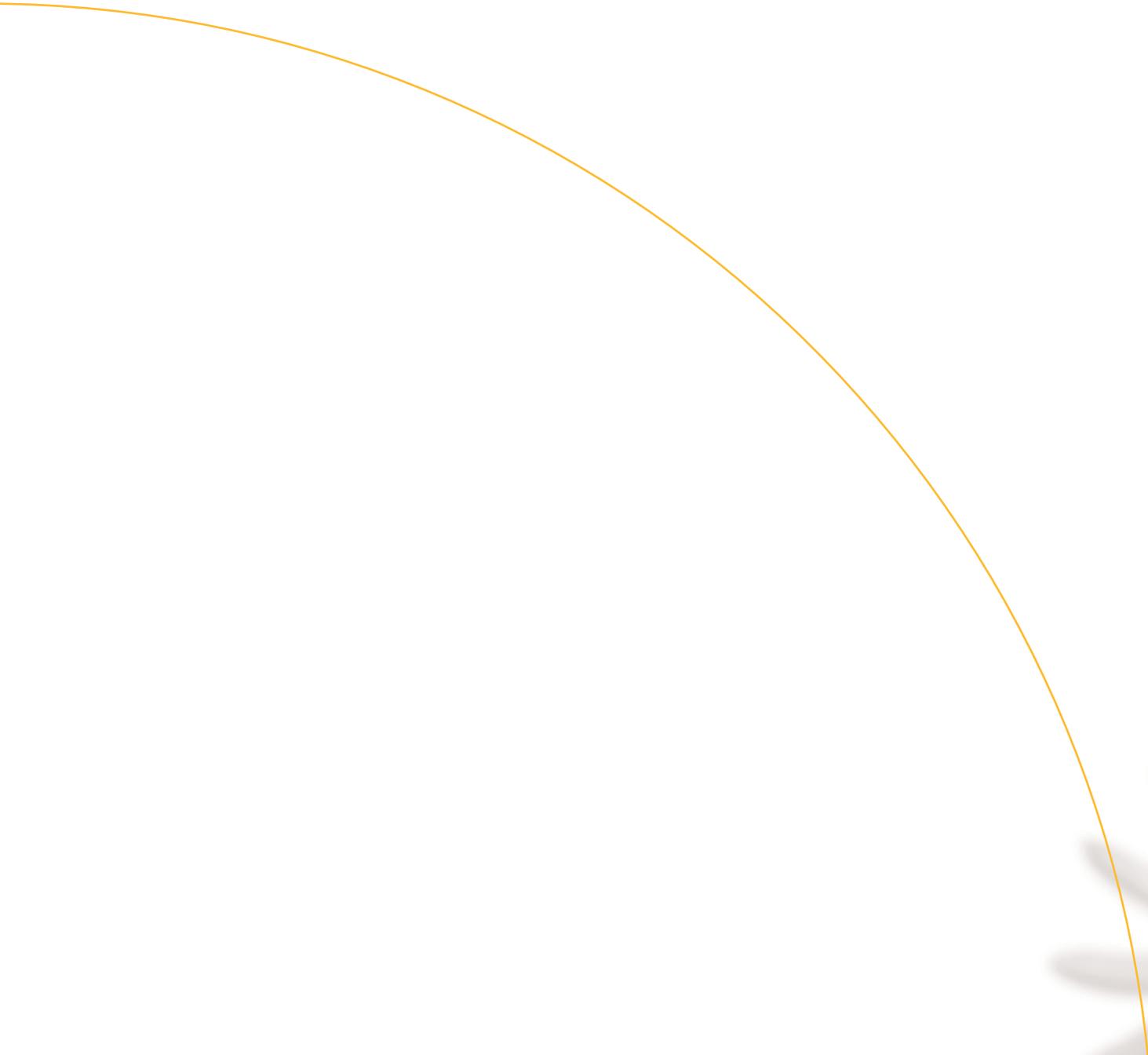
The information in the present document is taken from Internet research and from an analysis of documents and works on the subject. Therefore, this research is trying to be objective and in no way makes any judgment about the content of the information collected. Some initiatives highlighted in this report are based on direct contacts and partnerships, which CSR Europe and ORSE established in 2005 and 2006, in particular:

- during the 1st Sino European International Conference on CSR in Beijing in September 2005; an initiative in which took an active part representatives from CSR Europe, Danone, BASF, Johnson & Johnson, CDC, the European Multistakeholder Forum on CSR, as well as Vladimir Spidla, the European Commissioner for Employment, Social Affairs and Equal Opportunities.
- during a conference organized by ORSE in Paris on February 14, 2006 with the participation of BSR, CSR Europe and of the representatives of ICFTU, Amnesty International, the UNEP and FIDH.

This document intends to be a first inventory of the stakes and initiatives relating to CSR in China. It will eventually grow over time. Therefore we count on those among you who might have updated or not mentioned information on key initiatives and players around CSR in China to let us know. We will ensure that such information will be shared among the wide spectrum of enterprises and stakeholders ORSE and CSR Europe (as well as its extensive networks of national partners organisations) are cooperating with.

Claire ISNARD, President of ORSE

Franck Welvaert , Chair of CSR Europe Board



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# Introduction

## CSR in China: a growing concern

2005 was a year of heated social debate on CSR in China. Although the concept of sustainable development, is more developed in China, in particular thanks to Agenda 21 in China, CSR, as a branch study of sustainable development, is a relatively new comer. The movement started by the introduction of the SA 8000 and the extension of its scope of application standard to local companies. At the same time, the translation of Global Compact and The Global Reporting Initiative (GRI) confirms this trend.

After the Sino-European CSR International Forum aforementioned, the movement then reached its apex with the GoTone-Nanchang International Forum for “Constructing a Harmonious Society and Corporate Social Responsibility”. The conference was held in the Jiangxi provincial capital Nanchang, on October 15th, 2005. Attended by 350 participants, it was the first CSR conference organized at the government level in China. Co-chaired by the vice president of the People’s Congress and the governor of Jiangxi province<sup>1</sup>. The forum concluded with a Declaration<sup>2</sup>, where Global Compact was explicitly promoted and the word “human rights” mentioned several times. According to some observers, this is an initiative of Chinese authorities to take ownership of the concept of CSR<sup>3</sup>.

As the CSR movement gathers momentum in China, the Guangdong Research Center of CSR and Charity Affaires is becoming a reference on the subject. Being the only research organization with the CSR “label” in mainland China, the Center is part of the Chinese Academy of Social Science (CASS Guangdong branch), heavyweight. At the foundation ceremony of the Center of CSR and Charity Affaires, Director of the Chinese Academy of Social Science, Li Zibiao says, “Under the present context of globalization, the research on CSR issues and its correlation with the economic and social development has both realistic and strategic significance. CSR being part of the scientific concept of development<sup>4</sup>, enterprises responding to CSR principles will certainly enhance their competitiveness in international commerce.”

### The Chinese definition of scientific concept of development

These are the five pillars of the scientific concept of development, which focuses on a balanced, coordinated and sustainable development:

- coordinate the development in the city and in the country side,
- coordinate the development of different regions,
- coordinate economic and social development,
- assure a harmonious relation between the nature and the mankind,
- coordinate domestic development and the opening up to the outside world.

Therefore, the Chinese authorities became aware of a need for responsibility among foreign companies present in China in the same way as for national companies.

<sup>1</sup> The participants included, among others Jiang Zhenghua (Vice-Chairman of the Standing Committee of the National People’s Congress), Wang Maolin (President of the Chinese Association of Production Science), Frederick Dubee (Senior Advisor for the UN Global Compact), Martin Ma (SAI’s China Program Director), Dennis Driscoll (President of the International Law Association – Irish Branch and currently seconded to Beijing University), David St. Maur Sheil (Director of ASrIA), Eiichiro Adachi (Senior Researcher from the Japan Research Institute), researchers from the Chinese side and officials from various foreign embassies.

<sup>2</sup> Declaration from the GoTone-Nanchang International Meeting: <http://www.cpd.org.cn/major05.asp>

<sup>3</sup> Stephen Frost and Brian Ho, “GoTone Nanchang CSR Forum”, CSR Weekly 42,19/10/05

<sup>4</sup> “Scientific concept of development” (Ke Sue Fa Zhang Guan) and “People-oriented approach” (Yi Ren Wen Ben) are two principles of sustainable development in China

# 1. The context for CSR in China

## A. Foreign companies in China and CSR: the challenges?

### a. A brief overview of the situation in China

Widely seen as one of the beneficiaries of globalization, China has succeeded in getting 400 million people out of extreme poverty since 1981. At present, it ranks 6th in 2004 in terms of GDP and is expected to pass France and Britain in 2006-2007.

However, China has witnessed an accelerated return to pauperization. "In 2003, we estimate that some 800,000 Chinese have plunged again into poverty," said Isabelle Attané, researcher in l'Institut National des Etudes Démographiques<sup>5</sup>. What's more, the disparity between the richest and the poorest has enlarged. "The purchasing power in rural zones arrives just the level of urban areas at the beginning of 1990s", confirmed Qiu Xiao hua, vice-director of the National Bureau of Statistics<sup>6</sup>.

The Gini coefficient, a statistical measure of inequality in which 0 expresses complete equality and 1 expresses complete inequality, now stands at 0.447, higher than the internationally accepted warning line of 0.4. In the face of such inequality, the authorities were alarmed. According to the Study Times, "the top 10% of the rich possess 45% of the total wealth of the country, while the 10% poorest only have 1.4%". In absolute figures, in year 2004 the average rural income was of 2,936 Yuan (US\$ 362), less than one-third of the urban income of 9,422 Yuan (US\$ 1162<sup>7</sup>. The Ministry of Labor and Social Security says income disparity is at "yellow alert", its second-most serious level, and may reach "red alert".

### b. Foreign companies in China

Statistics from the Ministry of Foreign Trade show that, by April 2002, there is a total of 388,945 foreign-owned companies in China (joint-ventures included), and the capital involved is estimated as high as 76,65 trillion dollars. There are as many as 23 million Chinese employed in these foreign companies. Estimation goes that in terms of the annual GDP growth, the rate is as high as 2% due to the inflow of foreign direct investment<sup>8</sup>.

It is also reported that by the end of 2000, nearly 400 of the Top 500 companies had invested in China, and most of them have opened at least one branch.<sup>9</sup>

However, there is no way to tell how many of these 388,945 foreign owned enterprises have developed a CSR strategy in China and if so, what the extent of its application is. Traditionally, China and CSR issues and scandals are linked with labor-intensive sectors such as textiles, shoes, toys etc. However, it is worth noticing that China manufactures more than 50% of the world's cameras, 30% of the air conditioners and televisions, 25% of the washing machines and 20% of the refrigerators. Industrial giants like Philips have 23 plants in China, Motorola will invest US\$ 10 billion in China by 2006 and General Electric will source US\$5 billion from China by 2004-2005.

That is to say, CSR not only concerns subcontractors in the manufacturing sectors, but has also expanded to all the economic sectors. With China becoming the "workshop of the world", the more it integrates into world economy, the more foreign companies procuring from China are going to pay attention to CSR issues.

<sup>5</sup> Quote by The Figaro, 26/09/05

<sup>6</sup> ibid

<sup>7</sup> "China warns on wage gap 'unrest'", BBC news, <http://news.bbc.co.uk/go/pr/fr/-/1/hi/business/4266964.stm>, September 2005

<sup>8</sup> Zhang Yugui, "Raise alarm on Trans-national Corporations gulping down Chinese economy", Jing Ji Shi Kan, August 2002.

<sup>9</sup> Wang Luo Lin, "Report on foreign investment in China 2000", China publishing house of finance and economics

## B. CSR in China: history and recent developments

### a. *Charitable acts, a historic tradition of ancient China*

Businessmen in ancient China were situated in the lower end of the social order after the statesmen, the farmers and the craftsmen. Their interests were not formerly represented in central government at the time when China was an agricultural society. Therefore they were more willing to donate in order to arrive at an equal standing with the statesmen. For example, in the province of Guangdong, bridges and primary schools were built by wealthy merchant families. Elders without children were taken care of in private establishment called “Shang Tang” (the House of Virtue). Orphans were taken under the wing of big families. What’s more, in festive seasons, rich merchant families would give away daily necessities such as rice, cooking oil, steamed bread to poor neighbors at their door steps. This tradition is still ongoing in Hong Kong.

However, this type of charity has not been formalized and institutionalized due to its own limitations. Effectively, they were carried out in the name of the merchant families and not under their company name. Thus, a school donated by the Huang family carries the name of the head of the Huang family, instead of the name of his business. Also, these good deeds did not stretch out of the hometown of the merchant family, and thus were geographically limited.

But what about the role of the State in social protection? Before the Maoist era, it only intervened when a social crisis, resulted from natural disasters, broke out. Therefore the poor and the vulnerable were generally taken care of locally by the other members of the community. It is only in 1949, when the Communists came to power that the system of the “Iron Rice Bowl” was set up. This insurance given by the state-owned enterprises under Mao Zedong guaranteed job security, free medical care, a retirement pension and free education, by a genuine social protection. This system was brutally questioned after the policy of reforms and opening launched by Deng Xiaoping during the 1990’s. The objective was then to relieve the public companies, adapting to the standards of international capitalism, of the burden of this social protection. A quarter century after the beginning of the reforms, China has not rebuild a system of insurance worthy of the name yet and has trouble to do so. This is why today, millions of workers are still nostalgic of the Maoist era.

### b. *The growing awareness among public opinion of CSR issues through the Chinese media*

The Chinese media, monitored closely by the authorities, has not yet all been able to developed a critical view towards business. In the first instance, they note that companies generate benefits and create jobs. Journalists are more likely to carry complimentary stories about multinational companies, for example MacDonal’d’s, which donated 5,000 hamburgers to earthquake survivors, rather than reporting on scandals involving these same companies. Thus, the discovery by Green Peace China of HP wastes in a little canton village where children dismantled the electronic pieces by hand didn’t echo back.

However, not all Chinese media have abandoned their role of guardian of the society. The recent full page report (more than 5,000 Chinese characters)<sup>10</sup> by the Southern Daily (located in Guangzhou), based on a Hong Kong NGO’s investigative report on Disneyland<sup>11</sup> is an obvious sign that the social consciousness in China is still very much alive.

<sup>10</sup> « Disney under scrutiny », NanFang (Southern) Daily, September 14th 2005

<sup>11</sup> The report « Looking for Mickey Mouse’s Conscience – A Survey of the Working Conditions of Disney’s Supplier Factories in China » written by a new hongkongese NGO called Students and Scholars against Corporate Misbehaviour (SACOM), is based on an inquiry conducted into four suppliers of Disneyland in China. The complete report is available at : <http://www.sacom.org.hk/en/disney.html> (in English and in Chinese)

## The impact of Chinese media on the behavior of foreign companies

### Emerson outrage

The virtual community in China, although it is very closely monitored, is more attentive and less prone to closing its eyes to scandals involving large companies (in particular foreign ones). In 2005, a photo taken outside the Emerson factory<sup>12</sup> contributed to alerting public opinion. It was published initially by the site Sina.com before being used by the China Daily<sup>13</sup>. According to the article, Emerson had more than respected Chinese labour law with regard to compensation for the young woman suffering from mental illness. Nevertheless, the company was forced to yield to the demands of the woman, who, in fact, had come on bended knee, as is the custom in China, to ask for additional financial compensation. It was clear that Emerson would not have given in if the incident had not, accidentally, been made public: a passerby took a photo and posted it on the Internet. Immediately after the photo was taken, the factory manager received the three young women in his office.

This example shows the extent to which public opinion is sensitive to discrepancies in conduct by leading foreign brands.

### c. Current CSR trends in China

From our contacts with Chinese colleagues and through our observation of various CSR practice and initiatives -being either described by business representatives themselves, or promoted by government officials, or pictured by NGOs and media-, here are a few “facettes” of the CSR reality in China today.

CSR requires companies to go beyond the traditional mindset of profit; profit maximisation being a dialectic question. A company can only maximise its profit by pursuing reasonable profit. This has been strongly emphasised in 2005 when the Central Conference on Economic Work listed “Human First: Endeavour to build up a socialist harmonious society” as a key agenda of the Chinese Government.

- CSR includes first of all economic and legal responsibilities: companies shall abide by all laws and regulations including the Environmental Protection Law, Consumer Rights and Interest Law and Labour Protection Law, and urge their employees and communities to observe rules and regulations. China’s accession to the WTO acts and will continue to act as a strong driver for CSR in this process
- The second layer of CSR comprises moral and philanthropic obligations, something that the societies in which enterprises operate expect them to perform on a voluntary basis.
- The third and most recent development on CSR refers clearly to the need for innovating both management and products especially for those companies who are ready to expand globally. They know how much consumers, everywhere in the world, observe Chinese companies with the same attention they reserve to the behaviour of western companies.

## C. Cultural particularities and obstacles to conduct an effective CSR policy in China

### a. The confusion between CSR and charitable action

The ancient tradition of charity in China is, today, still firmly rooted in mentalities. Philanthropic practices are often confused with those of CSR. Also, for some Chinese entrepreneurs, CSR is a means to implement a public relations policy which is relayed by the media. Thus, during the SARS epidemic in 2003, all types of activities were declared to be CSR.

<sup>12</sup> The photo shows three women on their knees (the most sincere posture which invites compassion) at the entrance to the Emerson factory, in front of a guard who appears to be completely indifferent. One of the women had been employed by Emerson for 4 months before being made redundant because of mental illness. The other woman is her sister. The photo was taken by a passerby and posted on an online forum.

<sup>13</sup> « Emerson clarifies labor dispute stance » China Daily, October 22nd 2005.

Last April, the Hurun company, specialized in drawing up the list of the richest people in the country, published, for the second year running, a list of the leading philanthropists in mainland China. At the top of the list is Mr Yu Pengnian, a millionaire from Shenzhen (real estate and the hotel trade) who, since 2003, is said to have devoted 2 billion yuan to a programme called the Pengnian Brightness Action, which consists of providing free cataract operations for the poorest sick. Mrs Yang Lan (media), second on the list, is said to have donated 550 million yuan.

For the newspaper, *Dongfang zhoukan*<sup>14</sup>, this represents an “awakening of enterprises’ consciousness of citizenship”. It also notes how much this practice is in line with current political thinking on “social harmony”. Charity is presented as a complementary activity to both the market economy and to the work of the government.

China is only at the very start of its development in terms of CSR and ill-informed business leaders and journalists may confuse the different notions.

### ***b. The unequal distribution of CSR practices***

There is a distinctive geographic divide in terms of CSR practices. It tends to be more popular in the southern and coastal cities, culminating in Hong Kong where diversified CSR activities can be found, and where most Annual Reports on social issues are produced. Not to mention that NGO actively involved in Occupational Safety and Health issues are mainly based in Hong Kong. Moreover, workers suing companies have better chance to win in Hong Kong.

On the other hand, the concept of CSR in mainland China is more oriented towards the law-abiding side, and the corporation’s responsibility towards its employees (working conditions), towards its customers (reliable products) and towards the government (no tax evasion) etc.

### ***c. Chinese companies’ unwillingness***

At first, foreign observers confirm the existence of a general dislike of the CSR concept in the country, which leads them to consider China as being protectionist. This is especially the case among companies relying on export, such as textiles, toys and shoes. Chinese suppliers have to meet very stringent workplace conditions standards before they are able to bid for outsourced manufacturing. Companies also regret that they are expected to deliver price-competitive products while at the same time sharing the cost of pro-social measures. These constraints have not only become a financial burden, but are also a hindrance to day-to-day management. Since securing orders from abroad is their primary goal, factories tend to confuse CSR with the SA8000 standard and do not hesitate to conjure up fake records to satisfy the inspection teams.

However, with time the discussion is moving to be expanded from labour-intensive industries to all sectors. Inevitably, domestic business is also coming under scrutiny. Wang Zhi Le, from the Chinese Academy of International Trade and Economic Cooperation (CAITEC) says, “considering the fact that market economy wasn’t officially recognized until as late as 1992, domestic companies are not yet mature enough to embrace CSR. Due to the limitation of fierce competition in the domestic market, CSR is only beginning to top the agenda of big domestic business groups. They are rare birds”.

<sup>14</sup> Article quoted by Gilles Guiheux in “Companies and charitable activities”, CEFC, 2006.

## 2. The legal and normative framework for CSR in China: between the influence of international and European organizations and national law

### A. The legal framework in China

#### a. CSR management standards: Social Accountability (SA 8000), China Social Compliance 9000 (CSC 9000) and ISO standards

For a long time, Chinese manufacturers have been torn between several different foreign codes of conduct such as SA 8000<sup>15</sup>, to such an extent that an expert in workers' rights stated indignantly, "the western consumers have suddenly become the one to decide what is better for the Chinese workers, is this normal?"<sup>16</sup> ». This notation system was a synonym of CSR in China and consequently, it was viewed as a form of trade barrier, a strategy of the West to slow down China's development. Therefore, Chinese government reacted and decided to elaborate in 2005 a CSR management standards in the textile industry: China Social Compliance 9000 for the Textile and Apparel Industry (CSC 9000)<sup>17</sup>.

The CSC 9000 was drafted, promoted and will be monitored by the CNTAC, China National Textile and Apparel Council, which is the national federation body of the sector. It is composed of existing Chinese laws and regulation, and is a business management system for enterprises aspiring to be socially responsible actors of the society. The aim of this system, is to create a fair-competition market and improve the international image of Chinese manufacturers. The practicability of the management system makes it possible to help companies improve social and environmental efficiency.

The CSC 9000 also advocates the expansion of the decision-making process to other stakeholders, mainly the employees. The only officially recognized trade union ACFTU and its branches are the chosen interlocutors.

#### The ten areas of intervention contained in the code

1. **Management system:** instructions to ensure continuous improvement of the company.
2. **Employment contract:** in view of the sector that employs mostly migrant workers which often have no signed employment contract, the system has a specific requirement on employment contracts.
3. **Child workers:** for workers under 16, the company needs to comply with the law.
4. **Forced or compulsory labor.**
5. **Working hours:** 8 hours per day, 40 hours per week, 36 hours over time per month, (three hours per day overtime under special circumstances).
6. **Wages and welfare.**
7. **Trade unions and collective bargaining :** all employees have the right to join trade unions and the company shall support such organizations; however the CSC 9000 has not mentioned the two core ILO conventions 87 and 98 respectively on freedom of association and collective negotiation.
8. **Discrimination:** equal rights for women and men.
9. **Harassment and abuse** (physical, sexual, psychological or verbal).
10. **Occupational health and safety (including sanitation and dormitories):** there are at least 20 job procedures to cover issues such as first aid, fire safety, chemical safety, and so on.

<sup>15</sup> Social Accountability 8000, 2001, International standard, SAI, New York, <http://www.sa-intl.org>

<sup>16</sup> Liza Lort-Phillips, « Ethical Trade in China: one country, two systems? » [www.gbcc.org.uk](http://www.gbcc.org.uk)

<sup>17</sup> Official site of CSC9000: [http://www.csc9000.org.cn/index\\_en.asp](http://www.csc9000.org.cn/index_en.asp) (In English and Chinese)

From its publication on early June 2005 till present, some 140 companies and federations of the sector have approved the CSC 9000 and joined in the RSCA, a NGO promoting CSR in the sector.

Among the participants are Hudson's Bay Company, owner of the biggest chain department stores in Canada and Linmark Group, second largest buyer in the sector. This engagement means that the promotion of the CSC 9000 is well proceeded.

In parallel, many companies in China engaged in a process of management referring to the ISO 9000 and ISO 14000 standards .

### ISO standards

**ISO 9000** deals with "quality management", this term covers everything an organization does to improve customers' satisfaction by meeting their needs and the regulatory requirements which apply and by continually improving its performance in this area.

**ISO 14000** deals mainly with "environmental management", namely what the organization does to minimize the harmful impacts of its activities on the environment, and to continually improve its environmental performance.

**ISO 26000** deals with "social responsibility in the management process". This is the future social responsibility standard which is due to be published in 2008. The initial ambition of the project for this standard is to combine the ISO 9000 and the ISO 14000 standards. The principle, among other things, is that social responsibility becomes integrated into the business strategy of private players. Furthermore, via the Standardization Administration of China (SAC)<sup>18</sup>, the country took part in the work group on the future CSR ISO 26000 standard, which has been operational since 2005.

Web Site: [www.iso.org/sr](http://www.iso.org/sr)

Source : Novethic and Numeral Advance

#### **For further information:**

• **Chinese National Certification and Accreditation Administration (CNCA)**

Its mandate is to determine companies that are SA8000 certified in China. There are five overseas application (before the launch of CSC9000), none was approved.

Website: <http://www.cnca.gov.cn/20040420/column/227.htm>

• **China National Textile and Apparel Council (CNTAC)**

CNTAC is the national Federation of all textile-related industries, and is a non-profit organization formed on volunteer basis. The aim of CNTAC is to provide services in the modernization of China's textile industry. It is the designer and the execution agency of CSC 9000.

Website: <http://www.ctei.gov.cn/english/>

• **Social Accountability International (SAI)**

Social Accountability International (SAI)'s mission is to promote human rights for workers around the world. They are best known for SA8000 – our comprehensive and flexible system for managing ethical workplace conditions throughout global supply chains. SAI works with companies, consumer groups, non-governmental organizations (NGOs), workers and trade unions, local governments –as well as a network of agencies accredited for SA8000 auditing, to help ensure that workers of the world are treated according to basic human rights principles. SAI promotes workers' rights primarily through our voluntary SA8000 system. Based on the International Labor Organization (ILO) standards and U.N. Human Rights Conventions, SA8000 is widely accepted as the most viable and comprehensive international ethical workplace management system available.

Website: <http://www.sa-intl.org/>

<sup>18</sup> Website : <http://www.sac.gov.cn/english/home.asp>

- *The Responsible Supply Chain Association (RSCA)*

Initiated by China National Textile and Apparel Council (CNTAC), the RSCA is an association of voluntary suppliers, buyers, and related organizations in the supply chain. By the joint efforts of multi-stakeholders, RSCA aims to raise the awareness of social responsibility in China and improve local enterprise's overall social responsibility management skills. RSCA's mission is to establish China's own social responsibility management system that meets the special needs of local enterprises, protect employees' legal rights and develop their full potential, improve management skills and enhance the core competitiveness of local enterprises, drive the sustainable growth of the industry, and fulfil the vision of "building a harmonious society".

Website: [http://www.csc9000.org.cn/index\\_en.asp](http://www.csc9000.org.cn/index_en.asp)

- *Business Social Compliance Initiative (BSCI)*

The Business Social Compliance Initiative was created in 2003 under the auspices of the Foreign Trade Association (FTA) as a concerted action of retail and brand companies to generate sustainable change at the factory level.

BSCI has developed with leading European companies a common monitoring system simplifying and standardizing the requirements and individual monitoring processes. For quality purposes, only SA8000 lead auditors of SAI accredited companies are eligible to conduct BSCI audits. The concerned supplier countries are mainly in Asia and South East Asia but nearest countries like Romania or Turkey are also involved. BSCI has already done 313 initial audits in China.

BSCI also provides in 2005 awareness raising workshop for suppliers and auditors in Shenzhen and Shanghai.

Moreover, the social standard CSC9000T has been drafted by the China National Textile and Apparel Council (CNTAC) with direct reference to the BSCI Manual.

Website: [www.bsci-eu.org](http://www.bsci-eu.org)

- *ISO L'Organisation internationale de Normalisation*

The International Organization for Standardization (ISO in short) is an international organization, created in 1947, comprising representatives from national standardization organizations from approximately 150 countries, which produces international standards in the fields of industry and trade. ISO's central secretariat is based in Geneva, Switzerland. It provides ISO members with administrative and technical support, coordinates the decentralized programme for drawing up standards and publishes them.

Web Site: <http://www.iso.org> (in French and English)

## **b. Chinese environmental legislation**

### ***Ecological review of China***

- *Limited resources*

China's environmental statistics are alarming. Indeed, the per capita water resources in the country are less than 2.200 cubic meters, which is only a quarter of the world's average. Its per capita arable land is less than half of the world's average. China uses 10 percent of the world's arable land to feed 22 percent of the world population. While renewable resource is only a concept in China, the growing population is a reality. Standing at 1,3 billion at present, it may peak at 1.6 billion by the middle of this century before starting to decline.

- *Pollution and Greenhouse Gas management*

It is not only the lack of resources which is scary, but also the level of pollution and overuse. 75% of China's lakes and rivers are too polluted to drink, fish or use for irrigation. The explosion of the Jilin factory that contaminated the Songhua river in November 2005 is another example of poor environmental management.

Home to 16 of the world's 20 most polluted cities, China's greenhouse gas emissions are second largest, only after the US. Unfortunately, predictions are that it will surpass US by about 2020. With 26 million cars on the road and the number expected to double in 2010, automobile exhaust will account for 64% of China's air pollution.

The World Bank estimates that pollution costs China in excess of US\$ 54 billion a year in environmental degradation, loss of life, and disease.

- *Biodiversity under threat*

Natural disasters are increasing and China's rich and globally significant biodiversity, which annual contribution to the economy equals US\$257 billion estimated by UN, is under threat.

- *The problem of electronic waste*

China is one of the favorite destinations for E-waste, despite formal official ban on import of them. Low labour costs have even made manual recycling of used electronic parts profitable. Reports by GreenPeace have revealed that in Guiyu, a city in the province of Guangdong, children are dismantling parts by hand. The effects on health are alarming. According to the director of the cytology laboratory in Shantou, Huo Xia, 82% of children aged between 1 and 5 years suffer from lead poisoning<sup>19</sup>. On top of this can be added the abnormally high levels of soil toxicity, as well as the acidity of the water, which makes it necessary to bring in drinking water from a neighbouring town.

### The collective violation of an international convention?

#### ***The Basel Convention on the control of transboundary movements of hazardous wastes<sup>20</sup>***

Adopted in Basel on March 22, 1989, under the aegis of UNEP, this convention aims at regulating the destruction of hazardous wastes and exchanges between industrialized countries "producing" waste and developing countries "receiving" waste.

145 UN countries, as well as the European Union, have ratified this convention since 1989. 34 countries signed it immediately, including France, unlike the United States and the USSR.

The convention stipulates that "parties shall prohibit or shall not permit the export of hazardous wastes and other wastes if the State of import does not consent in writing to the specific import". In 1995, the treaty was strengthened in order to make it illegal to export toxic waste to developing countries which do not have the technical capacities to process it in a manner which is safe for the environment and for health.

The United States remains the only industrialized country which has refused to ratify this convention. Yet, they are not the only ones to export their waste to China.

- *Deforestation*

According to a 2005 WWF report called "China's Wood Market, Trade and the Environment, the main countries exporting wood to China are all faced with problems of over-harvesting of their natural forests and illegal tree felling.

Chinese forests supplied industry with 79 million m<sup>3</sup> of wood in 2003, whereas the country consumes 173 million m<sup>3</sup>. Thus, China has become one of the main customers for countries such as Russia, Malaysia and Indonesia for wood and paper pulp. According to WWF experts, it is also one of the main destinations for timber which has been felled and sold illegally. Although, on average, the Chinese use 17 times less wood than Americans, their imports have experienced a spectacular increase during the past 10 years and are going to continue to rise to meet the needs of a rapidly growing economy. But, the rise in imports is also the result of measures taken to restrict deforestation in China... which prefers to "deforest" other countries such as Cambodia, Vietnam and eastern Russia.

<sup>19</sup> Quoted by Jean-Jacques Mevel in « La Chine, poubelle électronique du monde », Le Figaro, July 12, 2006

<sup>20</sup> The Basel Convention: <http://www.basel.int/text/con-f.pdf>

### ***The legal framework***

Of the three pillars of CSR, economy, society and environment, it is the latter which receives the most support from public authorities. The Chinese 11th Five-Year Plan (2006-2010), in addition to reinforcing the education sector, also advocated qualitative changes in its economic growth. This is the first time that China has declared its objective to reduce its energy consumption to 20% per unit of GDP, as well as to reduce by 10% the emission of its main polluting substances during the next five years.

Being one of the two fundamental state policies since the 1980's<sup>21</sup>, environmental protection is governed by the Constitution<sup>22</sup>, the Criminal Law<sup>23</sup>, the Environmental Protection Act<sup>24</sup> as well as specific laws for the protection on environmental and resource protection, such as the Prevention and Control of Air Pollutions Act and the Prevention and Control of Solid Wastes etc. On top of that are provisions at the national and local level.<sup>25</sup>

#### **Article 14 in the Prevention and Control of Water Pollution Act**

This article states that enterprises should report to government details of the emission and treatment facilities. Enterprises with excessive emissions must make plans to deal with them and report to the local environmental protection bureaus. Enterprises that provide incorrect information can be punished.

Legal standards similar or equal to EU legislative and policy initiatives:

- *Restriction on Hazardous Substances (RoHS) Directive*
- *Waste in Electrical & Electronic Equipment (WEEE) Directives*
- *Eco-conception applicable aux produits consommateurs d'énergie (EuP)*
- *REACH proposal on Chemicals*
- *Eco-design of energy-using products (EuP)*

Of all the laws on a national and local level, two in particular merit special attention:

- the Environmental Impact Assessment (EIA) Act
- the Cleaner Production Promotion Act.

#### • *The Environmental Impact Assessment Act*

The EIA Act, which came into force on September 1st, 2003, applies to all construction projects likely to have an impact on the environment. The term "construction project" not only targets the construction of new installations, but also any repair work or any extensions made to them. The Act repeats and completes the measures in the ruling of November 18, 1998 concerning construction projects and environmental protection. Nevertheless, one of the main contributions of this Act is that governmental authorities are also obliged to evaluate the environmental impact of their construction programmes, as well as their town planning projects and development and occupation programmes for coastal lands and areas. Furthermore, the Act increases the upper limit for fines from 100,000 to 200,000 yuan (€10,000 to €20,000) in the event of constructions for which the necessary formalities for evaluating the environmental impact have not been completed. This evaluation must be approved by the competent authority for the project to be launched.<sup>26</sup>

<sup>21</sup> Family planning and environmental protection are two state policies considered fundamental to the socialist modernization.

<sup>22</sup> (1982, revised in 2004). Article 26 states that the nation protects and improves environment, and prevents pollutions

<sup>23</sup> (1979, revised in 1999). Article 9 states that who destroys environmental protection regulations should take the penal offense

<sup>24</sup> 1989: It is the base law of environmental protection and was proved by the People's Congress of the PRC.

<sup>25</sup> Provisions for environmental protection, providing guidance on implementing laws, e.g. from the State Environmental Protection Administration (SEPA), the Ministry of Finance (MOF), China Securities Regulatory Commission (CSRC), Multinational Environmental Agreements (MEAs) to which China has agreed  
For review of Chinese legal system for environmental protection, [www.chinaenvironment.com](http://www.chinaenvironment.com) (in Chinese only)

<sup>26</sup> For further information, see the article by Claude LE GAONACH-BRET, "Environmental impact studies and foreign investment", La Gazette du Palais supplement to the issue of Wednesday 14 to Saturday 17, July 2004

- *Cleaner Production Promotion Law*<sup>27</sup>

This Act contains specific information about the supervision of companies with the help of the mass media. Article 17 states that environmental protection bureaus can publish in the mass media the names of polluting companies. Article 31 states that non-compliant companies must regularly and publicly report on their emissions. Since its entry into force on January 1st, 2003, many provinces have published and criticized poorly performing enterprises and newspapers are encouraged to write articles about these companies' pollution problems<sup>28</sup>.

What's more, article 28 also states that cleaner production audits should be implemented in companies who produce exceeding pollutants. These audits must be conducted on a regular basis. Companies who are not compliant with the Act will be warned by the environmental bureaus above county level and should be improved within a given period, otherwise companies should pay a fine of no more than 100,000 yuan (around €10,000).

- *Green GDP : a new tool for China ?*

On August 24, 2006, Beijing officially started to promote a "green GDP" in its economic calculations and to inquire into the financial losses caused by pollution.

The green GDP is the gross domestic product after deduction of the environmental damage costs resulting from the economic activities. Concept created by the World Bank in 1997, the green GDP is used to measure the true national richness of a country

### ***c. Labour law in China: a strengthened law faced with many challenges***

#### **Legislation under construction and the acceptance of certain international practices and standards**

Prior to the reforms of 1980-1990, the State controlled labour relations: companies were not free in their recruitment, employees did not have the right to choose their companies, resignations were difficult (they had to be approved by the company), jobs were inherited... Above all, labour relations were administrative and the active urban population was managed in the same way as an immense civil service.

With the economic reforms initiated by Deng Xiaoping, China witnessed the development of companies with foreign capital, the partial or total privatization of many public companies and the birth of a Chinese private sector. Yet, this great economic leap forward was not accompanied by a real labour law. It is not very well known, not very developed and relatively ineffective. During 2005, a Chinese parliamentary group conducted a survey into the application of the Labour Code drawn up in 1994 and the results were worrying.

However, this delay in the labour law in China has not put off foreign investors who invested almost US\$50 billion there in 2004. Nevertheless, it is a deterrent for the most demanding investors who want to refer to clear and well established standards. Labour law may vary from one province to another.

Although China continues to be opposed to the adoption of some "social clauses" which some developed countries recommend to be adopted by the World Trade Organization (WTO), it nevertheless, has started to study international standards in the framework of its membership to this organization, and to ratify some of them, including the UN's two Covenants:

- the International Covenant on Civil and Political Rights of 1966, signed by China in 1998
- the International Covenant on Economic, Social and Cultural Rights of 1966, ratified in 2001.

China has been a member of the International Labour Organisation (ILO) since 1919. For this reason, it has ratified 20 Conventions, but this is only converted into actual law at a very slow rate.

<sup>27</sup> Full legal text available at [http://www.chinacp.com/eng/cppolicystrategy/cp\\_law2002.html](http://www.chinacp.com/eng/cppolicystrategy/cp_law2002.html) (in English)

<sup>28</sup> In September 2004, Guangdong Environmental Protection Bureau released a list of 33 companies who were required to accept cleaner production auditing and publish in the media details of their principle pollutants

The ILO has drawn up 8 fundamental Conventions concerning:

- freedom of association and the right to collective bargaining (C 87 and C 98)
- elimination of all forms of forced or compulsory labour (C 29 et C 105)
- abolition of child labour (C 138 et C 182)
- elimination of discrimination in respect of employment and occupation (C 100 et C 111)

China has only ratified 4 of these 8 Conventions:

- C 100 on equal remuneration in 1990
- C 138 on minimum age in 1999
- C 182 on the worst forms of child labour in 2002.
- C 111 concerning discrimination (employment and occupation) on January 12, 2006.

Despite a certain improvement in labour law, there continue to be failings. If in the past, priority was given to the efficiency of economic reform, today, social issues, ignored at that time, are becoming major challenges.

### Continuing shortcomings

- *Occupational safety and health*

The ILO Conventions 155 on occupational safety and health and 161 on occupational health services have not been ratified by China. Nevertheless, Beijing has taken some measures with the adoption of laws on prevention and control of occupational diseases and legislation on safety at work. It has also set up bodies, including the State Administration of Work Safety Management and Supervision, to strengthen work place compliance.

The 1994 Labour Code provides for the protection of women and young workers. Thus, it was forbidden for women to work down mines (work classified as “force 4” by central government). Women are also protected during their menstrual periods (prohibited to work at heights, “force 3”, at low temperatures) and during pregnancy (prohibited from “force 4” work). Women who are more than seven months pregnant must not work at night time and their working hours must not be increased.

Nevertheless, the implementation of laws is far from perfect. Thus, the law on the security of production of June 29, 2002 provided for protective measures for workers, but it is difficult to apply due to the absence of an efficient system of monitoring and inspection.

Thus, work-related accidents are very frequent, in particular in coal mines. 80% of Chinese energy comes from coal and mining is extensive. Because of this, Chinese coal mines are reputed to be the most dangerous in the world. According to official estimations, in 2004, 3,639 mining accidents resulted in the death of 6,027 people. However, the real figure is likely to be higher than those in the official report. Despite orders from central government to shut down dangerous mining areas, owners, protected by local leaders, continue to make miners work in deplorable conditions.

- *The system of social security*

According to the Chinese legislation, all employees shall be covered by four different social insurances: a pension insurance, an accident insurance, a medical insurance and an unemployment insurance.

In reality workers do not know if they are covered by any social insurance.

- *The absence of work contracts*

According to the law, employers and workers shall conclude employment agreements in writing. It recently came from official sources<sup>29</sup> that 80% of the workers in the private sector do not have a work contract. This allows the boss to escape responsibilities in case of industrial accidents or allow them to fire the workers at will.

<sup>29</sup> « En Chine populaire, on exploite officiellement les travailleurs », Libération, December 30, 2005. The article outlines the report presented by the Standing Committee of the National People's Congress (NPC)

In the province of Heilongjiang, the figure is above 95%. Furthermore, contracts signed are short term ones, generally for one year or less. According to statistics from the labour office in the Pudong district, in Shanghai, 75% of contracts signed are for a period of less than one year. A bill should help to favour indefinite-term contracts instead of short-term contracts and should come into force at the end of 2006. Also, the absence of a written contract will result in its immediate conversion into an indefinite-term contract.

- *Violation of measures concerning minimum wages and unpaid wages*

The minimum wage in China can vary depending on the districts, that is to say, it is up to the local government to decide its level. Although the Guangdong provincial minimum wage is set at 574 yuan (US\$ 69) per month, some enterprises offer only 450 yuan (US\$ 54) to new workers<sup>30</sup>.

Some Chinese workers must pay a large sum of money as a "deposit" to their employers, and they may have to pay a "recruitment fee" in order to be hired. These payments can prevent workers from leaving jobs where their rights are violated.

- *Forced Labor*

The presence of labor camps in China is contravening the ILO Convention 29 which prohibits forced labor. The ILO has a special action program to combat forced labor. Only 10 of its 175 member states have not ratified this convention, China is among them. It gives the ILO no information on this matter.

In compliance with article 2 of this Convention, the term forced or compulsory labour does not apply to "any work or service required from any person as a consequence of a conviction in a court of law, provided that this work or service is carried out under the supervision and control of a public authority and that this person is not hired to or placed at the disposal of private individuals, companies or associations". The labour camp system in China is called *laogai*, which means reform through labour, namely reeducation through labour. This does not enter into the aforementioned framework since it permits sentencing a person to labour without having to pass through the standard court system.

According to the Laogai Research Foundation<sup>31</sup>, there are between 4 and 6 million prisoners in some 1,000 forced labour camps in China. Nevertheless, official figures are kept secret and it is not possible to know exactly the scale of this population.

Several cases of forced labour are also recorded, especially by the media, in companies in China.

- *Migrant workers, the mingong (farmer labourer)*

The last decade of the 20th century was one of massive population movements in China. The number of people migrating doubled, from 70 million in 1993 to 140 million in 2000. It was described as a crowd of "floating population" to city construction sites or to factories in special economic zones. The *mingong*, the farmer labourer, was born.

It is the continuation of the *hukou* system (resident's permit), attaching rural populations to their place of birth, which has helped to maintain a vast reservoir of very low cost labour. "For the same work as a labourer, a *mingong* earns less, works more and does not have the same rights"<sup>32</sup>, explains Lu Xueyi, president of the Chinese Sociological Association. Nevertheless, the *mingong* contribute massively to the development of the Chinese economy.

Today, the protection of the interests of migrant workers has become a common social objective. The authorities, at all levels, have taken measures to protect the interests of migrants, as well as their rights. But, because of the lack of political will, at present, the results are still relatively limited. In September 2004, the 14th National Congress of the All China Federation of Trade Unions deals in its report, for the very first time, with the development of the migrant workers union. In other words, the government is now going to encourage the development of the defence of migrant workers' interests in the organization of trade unions.

Central government has adopted various measures to improve the situation of the *mingong*.

<sup>30</sup> "Labor Shortage Puzzles Experts", China Daily, August 25, 2004

<sup>31</sup> Website of The Laogai Research Foundation : [www.laogai.org](http://www.laogai.org)

<sup>32</sup> Quoted by Frédéric Koller in « L'envers du décors », Alternatives Internationales, 2006.

These are the two main ones:

- Adoption of the Notice of the General Office of the State Council of January 5, 2003, concerning the improvement of administration and services for work-related country to city migration, under the direction of the State Council.

This is the first official text on the protection of the interests of migrant workers. This text comprises 7 parts:

- 1.Improve administration and services for work-related country to city migration.
- 2.Cancel discriminations on the work carried out by migrant workers
- 3.Resolve the problem of delays in payment and reductions in the salaries of migrant workers
- 4.Improve working and living conditions for migrant workers
- 5.Train migrant workers
- 6.Improve education for the children of migrant workers
- 7.Strengthen administration concerning migrant workers

- Publication of the Notice of the Ministry of Labour and Social Security and the Ministry of Construction of September 30, 2003, on the problem of delays in the payment of salaries to migrant workers in the construction industry. This notice aims at putting into practice part 3 of the afore-mentioned text.

The main objective of this text is to adopt measures at every government level in the country.

- *Child Labour*

The minimum employment age in China is 16. There are also specific rules protecting young workers, between the age of 16–18 years, from hard working conditions. Child labor is an offence in mainland China, however the fine is only from 3,000 yuan to 5,000 yuan (350 – 625 US\$).

After the infamous discovery in August by a local newspaper<sup>33</sup> that McDonald's toys were manufactured by under-aged workers across the border, Christian Industrial Committee, which militates in favour of labor rights got hold of this affair. After conducting research on the spot, it launched a boycott of McDonald's along with Greenpeace, the Hong Kong Confederation of Trade Unions and Asia Monitor Resource Centre. By December 2000, the mainland factory lost the contract.

In parallel, and as a result of the one-child policy initiated by Deng Xiaoping in the 1980s, there are other problems which affect Chinese children. Illegal children, born in violation of regulations on family planning and, therefore, not declared, are commonly called "ghost children" or "black children" (*hei haizi*). The official Chinese press agency, Xinhua Overseas reported in 1989 that there were 9.6 million children born outside of the quota every year<sup>34</sup>. These *hei haizi* do not have a birth certificate, do not have a legal status and are not rightfully part of society. They have no access to education and health services and are part of one of the poorest social classes in China. They are unable to apply for identity documents or any official employment. Thus, they find themselves having to survive on the streets of the major cities. Among the children who beg, steal or prostitute themselves, there are twice as many boys as girls.

With police repression being relatively severe and despite their great mobility, they are identified very quickly and placed in institutions, "deportation stations" (*qiansongzhan*), which function as centres through which they pass before being sent back home, if possible. In the present-day context, where only a minority of the population benefits from social security, millions of undeclared children, outside of the plan, lack even the most basic protection from abuse and are a prime prey for the networks which exploit them.

<sup>33</sup> Published on August 27 2000, South China Morning Post. A reporter infiltrated the City Toy plant and interviewed a number of the workers who were as young as 14, working 16-hour days in Spartan conditions that include crowded dorm rooms that contain wooden beds with no mattresses. According to a report by the Christian Industrial Committee, more than 400 of about 2,000 workers are underage.

<sup>34</sup> Quoted from a report of political refugees commission on the Chinese birth control policy, 2003

- *The right to strike*

Neither the Chinese Constitution nor Chinese law provides for the right to strike. In fact, the right to strike was removed from the Constitution in 1982 on the grounds that the political system had “eradicated problems between the proletariat”.

Although the law on trade unions does not allow the right to strike, it indirectly recognizes the existence of wildcat strikes, because article 27 talks of “work stoppage or slow-downs”. In this case, trade unions are obliged to negotiate with the company and to “assist the enterprise or the institution in properly dealing with the matter so as to help restore the normal order of production and other work as soon as possible” whether the wishes of workers have been granted or not.

Reports of workers organizing themselves fill the press. In the French a lot of press articles are available on social movements in China. The statistics of local authorities bore out the extent of discontentment and degree of violation of the Labor law.

In Shenzhen, the Labor Bureau in the Bao An district gave out the following figures:

- 79% of Foreign Investment Enterprises from Hong Kong or Taiwan are liable to have labor disputes.
- A Hong Kong owned factory in Shenzhen had 4 large scale strikes in 2005.
- 46% out of the 4,488 enterprises (500 employees or above) in Shenzhen paid less than legal minimum wage, 60% did not pay legal over time compensation, 5% have 1 month wage late<sup>35</sup>.

A long-term observer of this situation, the Hong Kong Christian Industrial Committee explains that the types of industrial actions include work stoppages, sabotage of production, wildcat strikes and the destruction of the machinery, etc<sup>36</sup>.

- *The absence of trade union freedom*

Article 2 of the ILO Convention 87 stipulates that workers have the right to establish and to join organizations of their choice without previous authorization. However, the Chinese law on trade unions of 2001 declares that the establishment of basic trade unions must be authorized by the higher trade union, the All China Federation of Trade Unions (ACFTU). Any attempts by employees to constitute a independent organization have come up against severe repression. Although the object of this Convention is not to make trade union pluralism obligatory, this must always remain possible, even if a single regime has been adopted at some point by the trade union movement. Yet, the Trade Union Law of 2001 maintains the monopoly of the official trade union and expressly mentions the authority of the Chinese Communist Party over the trade union: “Trade union uniformity in China is a historic choice of the workers’ movement; trade union plurality divides the work force and, as a result, reduces the power of the trade union in its relationships with the government.”

Furthermore, the trade union law stipulates that members of trade union committees at different levels will be elected democratically. Some companies have already seen free elections of trade union representatives. In 2001, for example, one of the first elections by secret ballot was held in a factory with foreign capital in Guangdong, which had a trade union affiliated to the ACFTU. In October of the same year, a second free election was held in a factory with foreign capital in the province of Fujian.

<sup>35</sup> Survey by Bao An District Labor Bureau 2004

<sup>36</sup> Monina Wong, Research Coordinator, « Moving Beyond the MFA Regulating Business Practices through Strengthening Labor », HK Christian Industrial Committee, March 2005

## All China Federation of Trade Unions (ACFTU)

The ACFTU is the only union federation in China. It is under the government's authority and is officially subject to the policies of the government and the communist party. However the Trade Union Act requires that members of trade union committees at various levels be democratically elected by trade union members. This could bring some future change in the representation of ACFTU.

Website: [www.acftu.org.cn/index2.htm](http://www.acftu.org.cn/index2.htm)

In 1998, Beijing ratified the UN's International Covenant on Economic, Social and Cultural Rights of 1966, but with one reserve involving the blocking of a clause guaranteeing workers the right to form and to join trade unions of their choice.

Precautions are needed when dealing with the trade Unions in China. So far the ACFTU is the only trade union allowed. It is clear that it remains on the government's side. Plant unions, if there be, are company unions or welfare bodies only, they have no vocation to organize or represent workers as a collective power. That is to say in times of confrontation and dispute, the company is faced not by a collectivity of workers but unorganized individual workers. They are feeble because of lack of organization, and easy to be dismissed for the same reason.

However there are signs that workers are channeling their demands through local unions, and resulting what the Worker's Daily called "collective bargaining". Whether in the future the workers should be represented by the official organ of ACTFU or by other derisive forms of union, managers of foreign companies tend to no longer accept dealing with angry workers one by one like they used to, they would rather to do it in group.

Nevertheless, China may make it obligatory to create trade union representation in foreign companies. Wang Zhaogao, the Chairman of ACFTU has proposed an amendment to the trade union law. At present, legislation allows the creation of a trade union in foreign enterprises if a request is made to do so by employees. Today 30% of foreign groups have trade unions and ACFTU wants this figure to increase to 60% by the end of the year and to 80% by the end of 2007. However, in view of the very unconvincing efficiency of the official trade union, which claims to have 150 million members<sup>37</sup>, this measure does not really appear to be designed to improve the defence of workers' rights, with their preferring to speak to courts in the event of any disputes. In reality, foreign companies with a trade union organization within their structure must pay 2% of their salary expenses to ACFTU.

### Wal-Mart under pressure

Wal-Mart, the American multinational, infamous for its hostile attitude towards trade union representation among its staff, abolished the creation of trade unions in its Chinese branch when it entered the Chinese market in the 1990s. Nobody was concerned about this situation until 2005, when the company was suddenly obliged to let the public authorities intervene in the organization of staff members. Indeed, the authorities had designated the retail giant as a scapegoat to justify their aspirations for change. From that point on, trade unions should be allowed to exist within Wal Mart China if it is what employees want.

<sup>37</sup> Tristan de Bourbon, « Pékin envisage d'imposer des syndicats aux entreprises étrangères », La Tribune, July 7, 2006

#### **d. Chinese legislation on human rights : the case of freedom of expression**

The Chinese legislation stipulates that human rights must follow the economic and social development. It is highly sensitive to use the term in China, which implies a strong political connotation. The conventional word in the Chinese press is “labor rights”.

One of the human rights which particularly concerns foreign companies is that of freedom of expression and regulation of the Internet.

- *Chinese rulings on regulation of the Internet*

The ruling of September 25, 2005 called “the 11 commandments of the Internet” by Reporters Without Borders was approved by the Information Office of the State Council and the Ministry of Industry and Information. It strengthens the fight against cybercriminality and cyberdissidence and is applicable to webmasters and bloggers. It brings into line existing texts and sets out a list of 11 prohibitions, two of which are new:

- the evocation of strikes, riots and other public disorder which affect the country,
- the organization of illegal activities or associations via the Internet.

These new prohibitions are linked to the increase of social tensions in China, now one of the most non egalitarian societies in the world. In the event of these rules being broken, penalties include the closure of the website and a maximum fine of 30,000 yuan (€3,000). The objectives of this ruling illustrate the low level of freedom granted by the Chinese authorities. “The most important responsibility of information sites on the Internet is to serve the people, serve socialism, guide public opinion in the right direction and support the country’s interests and the public good”, explains this text. Priority must be given to information and comments issued by press organizations controlled by the government. Indeed, to comply with the rules, Internet portals must take their information and comments directly from official sources.

With regard to e-mail, no private group or individual may disseminate information or news analyses without being registered as a “news organization”. Groups which campaign for human rights believe that this approach is designed to ensure that only groups which content themselves with repeating the official version of events benefit from the privilege of distributing e-mail.

- *The supervision of cyberdissidents in collusion with foreign companies*

According to Human Rights Watch, more than 60 Chinese are currently in prison because of the peaceful expression of their views over the Internet. The latest incident has caused a hue and cry because of the notorious involvement of Yahoo! which provided the name of Shi Tao, a Chinese journalist to the authorities.

He was sentenced to ten years’ imprisonment for sending information through his Yahoo! email account about a Communist Party decision to a New York-based website. His appeal was denied on June 2nd, 2005. Yahoo is also accused of cooperating with the authorities to allow only websites permitted by China’s internet police.

Other big names involved in the internet monitoring are :

- Google, which has agreed to delete some news headlines and links to news sources that the Chinese government finds objectionable;
- Microsoft, which has evoked the need to comply with Chinese legislation when trading with the country, sends an error message to Internet users in China who use Microsoft’s search engine and who look for the words “democracy”, “freedom”, “human rights”, or “demonstration” among others.

#### **e. The major challenge of effective legislation for fighting corruption.**

According to a recent OECD report, embezzlements and other irregularities accumulated during the last twenty years from the beginning of the economic reforms, represent between 3% to 5% of the GDP, that is between 50 to 84 billion dollars. And despite efforts of the authorities, “corruption remains a serious problem for the citizens and business men, especially for foreign direct investment”.<sup>38</sup>

Corruption is also to blame for the frequent coal mine accidents in China. Some coal mines are owned, or partly-owned by local officials. Therefore, these mines always avoid inspection and become black holes devouring miners' lives. In the Daxing coal mine disaster, which killed 123 persons in south China last month, the mine owners turned out to be the delegates to the local People's Congress<sup>39</sup>.

China still has to sign up international anti-bribery initiatives like the OECD's Anti Bribery Convention, and the EITI (Extractive Industries Transparency Initiative). In 2003, China has assented to the UN's Convention against Corruption, but that compact is seen as much weaker than the OECD treaty. According to Transparency International's Corruption Perceptions Index, China lies in 71st position out of 146 countries. The authorities willingly acknowledge this scourge which threatens its power. Directives published by central government are only applied partially owing to the absence of a system for monitoring civil servants in this rapidly developing economy, where the rules are in the process of being written.

### China Business Leaders Forum

Created in 2005, it is an informal group composed of foreign and domestic business leaders interested in tackling the issue of corporate corruption. The group is initiated by The Prince of Wales International Business Leaders Forum (IBLF), and takes up three main functions: research, training and knowledge exchange.

Website: [http://english.cblf.org.cn/about\\_us.asp](http://english.cblf.org.cn/about_us.asp)

## B. International programmes operating in China

### a. China Agenda 21

Soon after the Rio Summit in 1992 and the emergence of the concept of "sustainable development", the authorities decided to formulate its own version of Agenda 21: China Agenda 21.

This latter was an inter-ministerial effort of a workgroup composed of 300 experts from 52 ministries and government agencies. The final text, which includes 78 priority program areas for sustainable development strategies, policies and frameworks for action related to population, economy, society, resources, and the environment, was approved at the Executive Meeting of the State Council of the People's Republic of China on March 25th, 1994. To date, priority programs have been carried out according to the action plan.

### b. United Nations Programmes

- *UNIDO (United Nations Industrial Development Organization)*

UNIDO has helped defining 101 privileged programs open to foreign investment in the field of sustainable development. UNIDO has also lent its expertise on the training of clean production and has provided educational material.

- *U.N. HABITAT*

Started in 1991, Sustainable City Program (SCP) is a global cooperation project aimed at enhancing the capacities on environmental planning, on natural resources management and on the limitation of natural disasters.

Since 1996, two Chinese cities, Wuhan and Shenyang, have joined the program.

On July 2005, Administration Center of China Agenda 21 has signed a cooperation project with UN Habitat for the promotion and implementation of SCPII (Promotion of Sustainable City in China).

<sup>39</sup> "Nearly 500 officials retract stakes in coal mines", People's Daily Online, September 27, 2005

- *UNDP (United Nations Development Program)*

Under the framework of Capacity 21 program, UNDP has invested 500,000 dollars in capacity-building efforts to assist the Chinese government in applying the principles of China Agenda 21 into the planning of national economy and social development.

The program has resulted in training courses aimed at governmental officials of provincial levels, publication on sustainable development and the elaboration of local China Agenda 21 and corresponding action plans. So far 25 out of the 31 provinces (autonomous regions or direct administrative cities) have established an administrative structure for sustainable development led by the head of the provinces. Some cities have also followed suit. Promotion campaigns on sustainable development have taken place in two thirds of Chinese cities. Action plans are being elaborated not only at a local level, but also at the ministerial level, such as the Ministry of forestry, Ministry of fishery etc.

- *Research on the public-private relationship*

Under the same framework of Capacity 21 program, UNDP has undertaken research on the relationship between the public and the private sector in urban context, which include:

- Research of policy framework and case studies
- Making recommendations
- Holding conferences
- Publications of the projects

- *UNEP (The United Nations Environment Programme)*

The UNEP seeks to provide leadership and encourage partnership to protect the environment by inspiring, informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations.

The UNEP China office opened in Beijing in September 2003. It works closely with the State Environmental Protection Administration of China (SEPA) and other ministries, international agencies and non-governmental organizations in implementing programs in environmental assessment, law, education and training, management, technology transfer, innovation and natural disaster prevention.

It also develops and supports projects under the Global Environment Facility, an international fund which addresses issues on climate change, biodiversity, land degradation, transboundary water and chemical management.

- *The Global Compact*

The concept of sustainable development received popular acceptance as early as the 1990s. However that of Corporate Social Responsibility (CSR), in some way linking business with sustainable development, hasn't been officially endorsed by the Chinese authorities until as late as June 2004 during the speech given by Chen Siwei, vice Chairman of the People's Congress, at the Global Compact Leaders Summit. Chen has called on Chinese business to join in the Global Compact, which is in line with the "human-oriented" principal of development.

On the other hand, the Global Compact was the theme of the first CSR official meeting held in Nanchang. However, there are only as little as some 70 Chinese companies that take part in the Global Compact, and not all of them have submitted their report, resulting in the suspension of their membership.

The 70 Chinese participants<sup>40</sup> in the Global Compact include SMEs, NGOs, local business associations and one municipality. The others are companies of different categories.

Among the newly participating Chinese enterprises following the visit of Kofi Annan on the occasion of the Global Compact Leaders summit in Beijing 2002 are large state-owned companies, including:

- China Unicom
- China Railway Engineering Corporation,

<sup>40</sup> See the list of Chinese companies participating in the Global Compact in appendix 3

As well as leading non-state-owned companies such as:

- Huawei Technologies Group,
- New Hope Group and
- Chong Qing Lifan Industry Group.

Companies that previously joined include:

- China Petroleum & Chemical Corporation,
- Shanghai Baosteel Group Corporation
- Haier Group.

Unfortunately, since Global Compact doesn't have any lawful obligations, companies have rarely complied with the regulations. They rarely report on their Communications on Progress or COP. The impact of the Global Compact remains marginal, with companies rarely committing to a concrete initiative in application of its principles.

### **c. European Union programmes**

- *China-EU Cooperation on environmental protection and the management of energy resources*  
Environment has been a key priority of the European Commission's co-operation efforts with China. Cooperation projects focus on: cleaner production methods; waste minimization and waste management; environmental skills training; development and application of environmental standards; upgrading environmental management capacities; transfer of environmental expertise and technologies; environmental awareness.

Specifically, the Commission has supported the China Council Programme on Economic Planning and Environmental Protection<sup>41</sup>, with input from sectorial experts, administrations and industry in the EU.

The Commission has also supported the Environmental Education Television Project for China, using the television medium to promote environmental education across the country. Since September 1999, European experts have been assisting the Liaoning province in a large integrated environmental protection project, which includes improving energy efficiency and energy management.

In 1998, the EU developed a country-wide program on vehicle emissions control, and in 2001, it worked out a natural forest management project.

Energy has also been the main focus of training courses funded under the Synergy program. More than 500 Chinese participants have attended training activities under this scheme in the last two years.

From 2002 on, the Commission, in cooperation with China, has identified the following three areas of action<sup>42</sup> :

- environmental program policy advice
- biodiversity protection
- water resources conservation

- *China-EU Cooperation on human rights*  
Several meetings of the EU-China human rights dialogue were held over during the past years. In addition to the meetings held in September 2000 in Beijing and February 2001 in Stockholm, two seminars were held in December 2000 in Paris on trade union rights and minor crimes, and in May 2001 in Beijing on death penalty and the right to education. These allowed in-depth discussions among officials and experts and clarified respective views and positions in order to find ways forward to address the EU's key concerns.  
Key issues summarized in the GAC (general Affaires Council) conclusions of January 22nd, 2001 regarding the EU-China Human Rights Dialogue include:

<sup>41</sup> The program, due around March, 2001, now feeds into mainstream EC co-operation with China

<sup>42</sup> European Commission working document, Country Strategy Paper for China (2002-2006) [http://europa.eu.int/comm/external\\_relations/china/csp/index.htm](http://europa.eu.int/comm/external_relations/china/csp/index.htm)

- co-operation with mechanisms concerning human rights
- guarantee for the protection of people on trial for a crime involving the death penalty and the restriction of cases for which the death penalty can be imposed
- reform of administrative detention
- respect for the fundamental rights of all prisoners untrammelled exercise of freedom of thought, conscience and religion, of the freedom of expression and of the freedom of assembly and of association

The actions implemented are as follows:

- EU/China Network on the ratification and implementation of UN Covenants
- Support program to economic, social and cultural rights in Yunnan Province
- Chinese Disabled Persons Federation to promote the rights of disabled persons
- EU-China Human Rights Small Project Facility to support small-scale initiatives in this field.
- Scholarships for the Masters of Law course in Human Rights at the University of Hong Kong, as part of the EU-China Legal and Judicial Program (2000-2004)
- EU-China Training Program on Village Governance to ensure the effective implementation of the law governing grass-roots village elections, thereby strengthening electoral practices and self-government

Lastly, the Commission continues to provide support to small-scale development aid projects, which have been launched by NGOs in the education, health, and sanitation sectors. The EU's support to NGOs does in itself contribute to the strengthening of civil society.

- *China-EU Cooperation on human resources*

In order to assist China in its transformation process, to improve information and dialogue on education, science and EU matters and to ensure a more visible presence of Europe in China, the commission has decided the following projects:

- Continue the EU-China Junior Managers Training Program, and extend it to Chinese managers.
- Establish a "European House in China", aiming at providing information on the EU, on EU-China relations and EU-China co-operation programs, and of creating synergies and connecting databases with other bilateral programs such as Asia-Link, EU Studies, Scholarship 2000 and similar activities supported by Member States.

- *China-EU Cooperation on social security*

The Commission assists the Chinese Ministry of Labor and Social Security and relevant Agencies at national and regional level with results founded on research-based recommendations on the following areas:

- medical insurance
- pensions and unemployment insurance
- institutional strengthening

The commitment started in year 2002.

- *Small Projects Facility program*

The European Commission decided in 2000 to launch the « EU-China Small Projects Facility 2001-2005 » Programme in order to assist China's reform process and to integrate China further into the world economy by providing flexible and responsive tools to link policy objectives and cooperation activities of the EU in China.

The programme is funded by the European Commission through grants to various Chinese organizations. The Facility is managed by the Directors of the EU-China Small Projects Facility Programme, represented by a Chinese and an European, and is located at the Project Management Office (PMO) in Beijing.

Website: <http://www.eucnspf.org/home.htm>

#### ***d. Global Reporting Initiative (GRI)***

The Chinese version of the Global Reporting Initiative for performance reports was translated by ACCA China<sup>43</sup> in May 2005. The participants in the Global Reporting Initiative are even less than that of Global Compact. Only 6 organizations, all originated from Hong Kong, participate in the initiative. These companies are:

- Architectural Services Department (HKSARG government);
- British American Tobacco Hong Kong (Tobacco);
- CLP Holdings Limited (Energy),
- Ford Lio Ho Motor Company (automobile),
- Mass Transit Railway Corporation (MTR) (railroad)
- The University of Hong Kong (university).<sup>44</sup>

The participation in GRI imposes on companies the reporting of their CSR activities. However GRI is still not well-known among the domestic companies and their CSR activities are confused with charity initiatives. Therefore CSR data is not well recorded.

<sup>43</sup> <http://china.accaglobal.com/>

<sup>44</sup> <http://www.globalreporting.org/guidelines/reports/searchResults.asp?Name=&Country=%3D54&subSector=%3C%3E-1&ReportType=%3C%3E%27NonGRI%27&Submit=Search>

### 3. Stakeholders and CSR initiatives in China

#### A. The different means of action and presentation of CSR players in China

##### a. How can foreign companies conduct a CSR policy in China?

There are several means by which foreign companies can intervene in the field of CSR in China. First of all, strategic companies/NGO partnerships are frequent and permit the implementation of effective policies. Several international and local NGOs work in China on a variety of themes such as environment, health and education.

The conditions of work imposed on foreign NGOs continue to be very limiting, but a number of them started to work in China in the 1990s. Today, there are more than 400, with one hundred of them carrying out significant work and benefiting from sizeable budgets. They initiate missions which are useful and beneficial for a population which finds itself on the edge of economic growth, within a legal framework which is relatively unclear, but which the Chinese government is trying to clarify and to complete in order to adapt itself to the development of the “civil society”

With regard to local NGOs, the government has been trying to regulate the environment for “social organizations” (*shehui tuanti*), according to its official title, since 1989. NGOs must be registered with the Ministry of Civil Affairs and must be sponsored by a work unit, commonly known as the “mother-in-law”. However, the law proves itself to be very strict for these organizations which, often, are either State organizations or semi public institutions, at least for the most influential among them. Thus, the majority of existing Chinese NGOs are, in fact, GONGOs (Government Organized Non Governmental Organizations) because they must be approved by these organizations dependent on the State and which, often, emanate from them. Furthermore, only one NGO may be registered in a given field in an administrative region and it is not entitled to operate outside of this region. However, there is an increasing number of Chinese NGOs which do not officially have the status of being an association and which carry out social and humanitarian work. These are “grassroots” organizations which are the result of popular initiatives. They are not affiliated to the Ministry of Civil Affairs, but are registered as companies with the Ministry of Industry and Trade.

As for international NGOs (INGO), legislation for them is almost non-existent. This legal void, which deprives them of a legal status, places INGO in a delicate situation in China for two main reasons:

- They are dependent on the good will of the local authorities and their activities may be suspended at any time. They have difficulty setting up in some provinces and dealing with controversial issues (AIDS for example ).
- From a practical point of view, they may not benefit from any tax relief on imports; they may not open a bank account; they have problems employing local staff, they may not raise funds in China, etc.

Whereas the majority of NGOs started working in China in a spontaneous manner, it is the Chinese government which, today, increasingly calls upon them, in particular, for their expertise in health and education.

The first NGOs which intervened in China, in the same way as the first genuinely active local NGOs, such as Friends of Nature, worked in the field of environmental protection owing to the relatively non controversial nature of the issues involved, as well as their severity. The World Wide Fund for Nature (WWF) has been working in China since 1980. There are many other international NGOs which also deal with environmental issues, such as Greenpeace, the Energy Foundation, and the Television Trust for the Environment.

Health is also a favourite sector of intervention owing to China's needs in this field, in particular in the fight against AIDS and tuberculosis. Several major NGOs intervene in this field, such as Doctors without Borders France (MSF) in Guangxi, Doctors of the World (DOW) in Sichuan, Save the Children UK and OXFAM Hong Kong in Yunnan, in partnership with the Yunnan Institute of Drug Abuse, the International HIV/AIDS Alliance, the Australian Red Cross and other national branches of the Red Cross which cooperate with the Chinese Red Cross on prevention and blood collection programmes, among others, in Yunnan and Xinjiang.

A number of NGOs work with disabled people, such as Handicap International in Guangxi, Yunnan and Tibet. This NGO focuses particularly on skill transfer and collaboration with Chinese NGOs. For example, in Tibet, it provides technical support to a school for disabled children and orphans, the Lhasa Jatson Chumig.

Another sector in which international NGOs are particularly visible is education. Save the Children UK is very present in Tibet and in other regions with large ethnic minority populations. Plan International and WorldVision are also active in this field and there are a large number of small NGOs which intervene in the poorer provinces of the interior, such as Children of Ningxia.

Some NGOs have chosen other sectors for which needs are just as important, such as ethnic minorities, social security and also gender equality, as well as all the poverty alleviation programmes in partnership with the China Foundation for Poverty Alleviation.

### STATUS OF INTERNATIONAL NGOs

METHODS OF FUNCTIONING	CHARACTERISTICS	INCONVENIENCES AND LIMITS
<p><b>Financing of projects set up by Chinese organizations</b></p>	<p>The easiest way to intervene in China</p> <p>Favoured by the government which, thus, can maintain control over NGO activities</p> <p>The most interesting point: stress on skill transfer</p>	<p>Chinese associations often affiliated to the government and highly regulated</p> <p>Limited insight into the use of funding</p>
<p><b>Programme management office</b></p>	<p>Need to negotiate with national or local authorities and sponsorship organizations (these are mass organizations, such as the Women's Federation).</p> <p>Finalization by means of the signature of a framework contract agreement which facilitates the opening of a local office, obtaining visas and residence permits for expatriates and consultants</p>	<p>Absence of any legal status</p> <p>Nevertheless, many INGO continue to bring in their staff using a tourism visa which must be renewed every three months.</p> <p>NGOs must use a private insurance system to cover their staff, in particular their local staff.</p>

METHODS OF FUNCTIONING	CHARACTERISTICS	INCONVENIENCES AND LIMITS
<b>Representation office</b>	<p>Different status in terms of the NGO itself. Considered as an organization in its own right with a name such as "NGO -China"</p> <p>Possible to follow the same procedure as for programme management offices</p>	<p>Not so well accepted by the authorities</p> <p>Same constraints and limits as for the programme management offices</p>
<b>Representation office, registered with the Ministry for Industry and Trade</b>	<p>An official status therefore a means to get around the usual obstacles</p> <p>Possible to benefit from tax relief if they succeed in proving that head office does not gain any profit from the activities of the branch registered in China</p> <p>System used by Save the Children</p>	<p>Not an official NGO. Contradictory to the charters of some INGOs</p>
<b>Registration in Hong Kong</b>	<p>A legal status; Makes practical procedures easier</p>	<p>Not really considered as a registration in China. Special legal status</p>

Source : Vademecum ONG Internationales, French Embassy in China

## Contacts in China for NGOs

- *China Association for NGO cooperation (CANGO)*

A self-claimed NGO, composed of various semi-governmental organizations such as women's unions in provinces, cities and township levels. Financially it relies on the members' fees, in return, it provide a platform for exchange between the local members, their foreign counterparts and the foreign visiting experts.

CANGO's mission is to create a strong, empowered network of Chinese NGOs to address poverty alleviation, environmental protection and social development, particularly in China's poor, remote, and minority-inhabited areas.

CANGO acts as an intermediary agency and partners with foreign NGOs, bilateral and multilateral organizations and Chinese NGOs to enhance fundraising, provision of technical support, and capacity building of grassroots NGOs in China.

### Traditional Project Fields:

- Basic Living Conditions: Drinking Water, Disaster Relief and Rehabilitation
- Health Care: Basic Health Care Condition Improvement, HIV/AIDS Prevention and others
- Education: Basic Education, Vocational Training
- Income Generation: Agriculture, Aquatic Production, Husbandry, Practical Technology Training, Micro Credit

### New Project Fields:

- Civil Society: Capacity Building, Exchange and Visit, Seminars and Workshops, Small Project Fund, Research and Consultancy
- Environmental Protection: Tree Planting, Renewable Energy, Natural Protected Area
- Gender and Development: Women's Participatory and Community Development, Women and Human Rights, Women's Political Participation
- Traditional Culture Protection.

The task and direction of CANGO is the promotion of the development of China's civil society and the development of an experience exchanging and information sharing platform for Chinese NGOs. CANGO will continue its traditional work in Central and Western China and pay more attention to sustainable development.

Website : [www.cango.org](http://www.cango.org)

Another line of action is company coalitions which choose to come together in order to conduct CSR policies collectively. Also, several international and Chinese organizations offer information, training and advisory services to companies wishing to adopt a CSR strategy, particularly in China. Finally, some companies contribute to a CSR approach directly through their very activity.

## **b. Associations of Companies**

- *Transnational Corporations China Forum 2006*

The Transnational Corporation organized in February 2006 an international forum on CSR in China called “Chinese corporations, Corporate responsibility, Soft Competitiveness” with the support of companies such as: Microsoft, Pfizer, Johnson & Johnson, KPMG, General Motors, Dupont... The research center also wrote a report on CSR in China called: “Corporate Responsibility – Challenge and Opportunity” dealing with: the responsibility of Transnational Corporation, Pfizer’s global corporate citizenship approach, and promotion of organizational capital and soft competitiveness.

Website: <http://www.tncchina.org.cn/2006forum.asp> (in Chinese)

- *Community Business*

Community Business is a Hong Kong NGO offering services in the field of CSR for Hong Kong companies whose preoccupations are investing in communities, employee voluntarism and diversity.

They are specialized in three main areas:

- CSR strategy and policy: assist the company to develop CSR strategy
- Corporate Community Investment
- Diversity in the workplace

Community Business created as well a platform in an attempt to share experiences, knowledge and skills with others members and they organize roundtable discussions and seminars. More than 30 multinational companies are already members of community business.

They are also partner of the next Asian Forum on CSR, which will take place in the Philippines on September, 25 & 26 2006.

Website: <http://www.communitybusiness.org.hk>

Website: <http://www.asianforumcsr.com/index.htm>

- *Corporate Social Responsibility Charter (Hong-Kong)*

The Hong Kong CSR Charter was launched on 26 September 2005. The Charter was initiated by business leaders in Hong Kong active in Corporate Social Responsibility and developed by them with support from Community Business.

These business leaders come from small, medium and large companies, both local and multinational companies and are part of the Community Business Leadership Team. The objective of this charter for a company is mainly to show his commitment in CSR. They also have some services given by Community Business.

Website: [http://www.communitybusiness.org.hk/CSR\\_Charter.html](http://www.communitybusiness.org.hk/CSR_Charter.html)

- *CSR Asia Strategic Partner (CASP)*

CSR Asia, which is a social enterprise that strives to be the leading provider of information about Corporate Social Responsibility in the Asia-Pacific region ( see “Exchange information platforms”), has recently launched a network of companies: CSR Asia Strategic Partner (CASP). Nike, The Walt Disney Company ,HP, Citigroup, DHL, ABN- AMRO, Cathay Pacific , CLP Group... are part of this initiative. These companies, by becoming a CSR Asia Strategic Partner (CASP), not only the companies demonstrating their commitment to CSR in the region but they also receive the following benefits:

- Exclusive access to the Annual CSR Asia Stakeholder Forum (ASF) that brings together key opinion formers and experts on CSR in the Asia Pacific region.
- Free access to CSR Asia database
- One day with CSR expert (client services, training, stakeholder dialogue)
- A copy of the CSR Asia Weekly annual digest of the most original articles contained in our CSR Asia Weekly newsletter.

Website: <http://www.csr-asia.com/CASP.html>

- *Chinese Association for Corporate Social Responsibility (August 2006)*

The establishment of the CACSR was announced at a forum on corporate social responsibility in North China's port city of Tianjin in May, 2006.

The association, supported already by 20 companies, would call on other firms to shoulder their social responsibilities through actions such as promoting environmental protection and helping alleviate poverty.

Multinationals such as Nokia, IBM and CISCO, and Chinese companies like the China Pingan Insurance Company, the TCL Corporation, and the China Merchants Bank, will be members of the CACSR.

The CACSR was planning a program to improve rural education by selecting 100 graduates and sending them to poor rural areas to teach for a year, providing salaries for 100 rural teachers and donating 100 computers to rural schools each year.

Information: [http://news3.xinhuanet.com/english/2006-05/17/content\\_4559768.htm](http://news3.xinhuanet.com/english/2006-05/17/content_4559768.htm)

- *The first China CSR Alliance*

The China CSR Alliance was inaugurated on 15 October 2006. Member companies committed to support sustainable development in poor rural communities and to take on more social responsibility. They include China Merchants Bank, Vanke, Nokia, Hewlett-Packard, IBM, Ping An, Juneyao and TCL. The Alliance president, Mr Ma Weihua, President of the China Merchant Bank, positioned the Alliance as a platform for corporate philanthropy and one for the 'common good'.

Hewlett Packard gave a gift of computer equipment worth 5 million yuan to the China Youth Foundation. Juneyao Group created a 10 million yuan foundation to sponsor graduate teachers from main cities in Eastern China to teach in remote Western rural areas.

The Alliance's focus in the near-term future will be on basic education and poverty alleviation for poor rural communities.

- *China Business Council for Sustainable Development (CBCSD)*

Created in 2004 as a branch office of WBCSD, this organization regroups aspiring foreign and local business leaders and act as a platform for communication. French companies such as Areva, EDF, Veolia, Peugeot PSA... are members of the CBCSD.

Website : <http://english.cbcsd.org.cn/>

- *Business for Social Responsibility (BSR)*

BSR established an office in Guangzhou in 2005 after several years in Hong Kong. The current team is composed of 4 staff in China and is led by Country Director Zhou Weidong. Besides, BSR initiated and run the “China Training Institute” which provides training programs on supply chain issues related to CSR . It also provides consulting services, hosts monthly public open courses aimed at providing capacity building for middle management in China supply chain.

BSR finally develops BSR membership through Chinese companies and publishes the last issue of Leading Perspective, BSR quarterly magazine, in Chinese and English about CSR in China. The last issue deals with the publication of the present document. Moreover, on February 14th 2006, BSR took part in a conference initiated by ORSE, in partnership with CSR Europe and BSR on “CSR in China: stakes, initiatives and players”.

Website: <http://www.bsr.org/CSRResources/LeadingPerspectives/>

Website: <http://www.bsr.org/CSRResources/CTI.cfm>

### **c. Platforms for Information Exchange**

- *CSR Asia (Hong-Kong & Singapore)*

CSR Asia is a social enterprise that strives to be the leading provider of information about Corporate Social Responsibility in the Asia-Pacific region. CSR Asia builds capacity in companies and their supply chains to promote awareness of CSR in order to advance sustainable development across the region. The first CSR Asia office was opened in Hong Kong in 2004, and the second in Singapore in 2005.

They propose services in CSR to businesses, NGOs and governments in the following areas:

- CSR reporting
- Intensive training on CSR
- Help to develop CSR Strategy

They also published two documents dealing with CSR issues: Environmental Reporting and Disclosure in China, and Corporate Social Responsibility and Environmental Management. An online database is under construction.

Website: <http://www.csr-asia.com/>

- *ChinaCSRMap.org*

China CSR Map is a joint initiative by GTZ (International Cooperation), Syntao (Internet platform) and Transtech (provider of IT services to nonprofit organizations), with CSR Asia acting as a media partner. The initiative aims at helping the global community better understand current CSR developments in China and encouraging greater communication and cooperation among all stakeholder groups.

China CSR Map is an initiative, which aims to promote CSR in China through the sharing and open exchange of information.

The objective was to create a centralized platform for the dissemination of information on organizations with CSR activities in China including government, non-government organizations, private enterprises, academic institutions, service providers, media and online resource providers.

They also provide an open database where it is possible to search information by type of stakeholder or by working field. For each stakeholder, the database proposes: basic information, a background description, their CSR activities in China, some publications, and their main partners. This database will be updated regularly with new information.

Moreover, the China CSR Map will publish a bilingual hardcopy publication entitled “100 CSR Organizations in China”. The book will introduce organizations with examples of CSR activities and also feature in-depth analysis of current CSR issues in China.

Website: [http://www.chinacsrmap.org/E\\_index.asp](http://www.chinacsrmap.org/E_index.asp)

- *ChinaCSR.com*

ChinaCSR.com provides news and information devoted to helping corporate social responsibility professionals act on new trends and forge new paths of their own. It trolls press releases, commentaries, and indices to bring information needed to conduct business in Beijing, Shanghai, or out in China's hinterlands.

ChinaCSR.com is an online publication of BDL Media Ltd, a company operating in China for nearly a decade. It is only an informative structure where you can become member in order to receive their periodic email reports.

Website : [www.chinacsr.com](http://www.chinacsr.com)

- *CSRChina.net*

CSRchina.net is a one year old resource for Chinese business, established by SourceAsia Ltd (Oxford, UK) and the PDA Network (Guangzhou, China).

It has been sponsored by the British Council (operating in south China as the Cultural and Education Section of the British Consulate-General Guangzhou) and is supported by the Guangdong Human Resource Management Association and the Guangdong Academy of Social Sciences.

CSRChina.net provides:

- Documents about CSR in China
- Management tools
- Business network groups with good practice exchanges

This e-Network enables companies to meet with others who have similar challenges, to take part in discussions, to exchange information and tools and possibly establish new business partnerships. But this is accessible only to CSRchina registered users, which have a login and had completed a business survey.

Website: [www.csrchina.net](http://www.csrchina.net)

- *Syntao: Social Responsibility in Business & Investment*

Syntao is an Internet platform that focuses on corporate social responsibility and socially responsible investment related information in China and the world. They also propose professional consulting services to help businesses improve and report their CSR conducts, and financial institutions with their social screening process.

Syntao provides background, laws and regulations, trends and cases, and specific reports on these issues.

Syntao organizes seminars and conferences, develops directory and database of CSR/SRI organizations that operate in China. Syntao also helps overseas organizations establish operations in China.

Everyone could become member and participate to the forum and receive some newsletters.

Website: [http://www.syntao.com/E\\_index.asp](http://www.syntao.com/E_index.asp)

- *Round Table for Social Standards & CSR in China*

GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit, an international cooperation for sustainable development), together with business partner, the Foreign Trade Association of the German Retail Trade (AVE), has launched a project to introduce uniform standards to improve working conditions in factories of China-based suppliers to the German retail trade. The project is part of a larger initiative that seeks to improve factory-working conditions in eleven countries. A core component of the initiative is the convening of regular Round Table meetings, organized by GTZ, which provide an open and neutral environment for participants to discuss strategies and issues related to CSR adoption in China.

Participants consist of a diverse range of stakeholders including private and public sector, as well as representatives of Chinese civil society. The project was launched in February 2004 with a series of workshops in Beijing, Shanghai and Guangzhou. The first national Round Table event was held during November 2004. An additional three round tables were convened during 2005, with another three planned for 2006.

The project of the AVE-GTZ comes however to an end in December 2006. As member companies of the BSCI (Business Social Compliance Initiative) were involved in the Round Tables, the BSCI was requested to continue this project. Lastly, for year 2007, the BSCI decided to turn its attention on China and consequently to develop many activities of "workshops".

Website: <http://www.csr-roundtable.com/>

- *Chinese Ministry of Commerce's WTO Tribune*

China WTO Tribune is a financial journal aiming at increasing the awareness of WTO rules and regulations, correctly disseminating global concepts, and attaching importance to major economic events featuring the integration of Chinese economy and enterprises into the global economy after China's accession into the WTO. It is dedicated to creating an open forum for communicating information, discussing issues, and exchanging ideas. It is also a platform for the exchange of experiences between Chinese pioneer enterprises and foreign companies, and is also an access point to information about WTO-rule-based negotiations. Unfortunately, there are just a few articles in English.

Its CSR activities in China:

In September 2005, right after the annual EU-China summit, WTO Tribune in co-partnership with CSR Europe organized the 1st "Sino-European CSR International Forum". This conference was aimed at:

- Engaging a stakeholder dialogue involving representatives of Chinese Government, Business, Employers and Trade Unions on what each could expect and do in the area of CSR
- Celebrating the launch of the "Beijing Manifesto on CSR for Chinese Enterprises". (See text in Annex II).
- Exploring how to further raise awareness on CSR across China and how to develop further cooperation between Europe and China on the level of Networks

Moreover, through its business Magazine, WTO Tribune is providing on a monthly basis, latest information on CSR development, in depth business cases as well as good practices, some of which being translated of the stock of information from CSR Europe.

- *CSR China Forum*

CSR China Forum is the continuation and deepening of the "2005 Sino-European CSR International Forum". The forum already ensured three concrete follow-up initiatives:

- Developed a series of regional conferences and Marketplaces for business practitioners, local authorities and other stakeholders.
- Published the first catalogue of CSR good practices called Responsible Competitiveness (in Chinese only), which proposes more than hundred solutions on themes such as:
  - Environment protection
  - Sustainable products and services
  - Recycling and saving economy
  - Protect rights and interests of clients and consumers
  - Maintain rights and interests of employees
  - Stakeholder engagement
  - Support bottom of the pyramid
  - Management systems of CSR
  - Supply chain

Further more the catalogue includes also over 40 good practices, which were taken from CSR Europe MarketPlace Online. This practices are structured along the 10 priorities of the European Business Roadmap on CSR.

Being a reference interlocutor for the Chinese authorities and helping in the design of a Chinese 4 years program on CSR, currently under debate

Website: <http://www.wtoguide.net/html/english/>

#### **d. Research Centers**

- *Corporate Social Responsibility Research Centre Peking University Law School*  
The Corporate Social Responsibility Research Centre at Peking University Law School has been established in 2006 to research CSR issues of particular interest in China and to provide user-friendly information on CSR issues to Chinese companies, NGOs and the general public.
- *Guangdong Academy of Social Sciences*  
The CSR and Charity Research Institute, first of its kind in China, is attached to the Academy of Social Science (Guangdong Province), the Chinese counterpart of CNRS.
- *CPDC (Chinese Productivity Distribution and Regional Economic Development Committee of Chinese Association of Productivity Science)*  
Formally called CAPS (Chinese Association of Production Science), CPDC was founded by a group of Chinese economists headed by Yu Guang Yuan in 1980. It is an academic think tank that focuses on problematic concerning productivity and provides consultancy for enterprises. During the first governmental CSR conference held on Oct. 2005, CPDC was designated to be in charge of the organization of a much larger and focused CSR conference in June 2006. It is expected that the next event will concentrate more specifically on what foreign companies are doing or could be doing in China to support local conceptions of CSR.  
Website: [www.cpdcc.org.cn/](http://www.cpdcc.org.cn/)
- *Ministry of Commerce (Policy Research Department)*  
Conducting research on CSR to determine whether it is concretely suitable for the situation in China. The Ministry also vows to explore global CSR trends so as to resist any unreasonable “standards” at the international level.  
Website: <http://english.mofcom.gov.cn/>

## **B. CSR initiatives and environmental players**

**Nota Bene :** *The classification of players attempts to be as objective as possible on the basis of the information gathered, with the degree of involvement of the Chinese government in some NGOs being difficult to evaluate.*

*The examples given are not exhaustive and do not assume to be representative of all the initiatives conducted in China in the field of CSR.*

### **a. The players**

#### **Government players or players affiliated to the Chinese government**

- *State Environmental Protection Administration (SEPA)*  
SEPA is a major state department dealing with environmental protection in China. It is involved in both policy-making and law-enforcement. Formerly seen as the weakest among all ministries, SEPA has shown signs to be capable of more efficiency in law enforcement  
Website: [www.sepa.gov.cn](http://www.sepa.gov.cn)

- *China Association for Culture and Environment*  
A government Organized NGO, set up in 1992 by SEPA (State Environmental Protection Administration), with the aim to conduct environmental protection and promote "Green Civilization".  
Website: <http://www.tt65.net>
- *Programme Bell (Business-Environment Learning and Leadership)*  
Bell is a post-graduate course named "Commercialization of Environmental Technologies and policy tools". It is available to 80 students selected from universities in Beijing.  
It is a joint program between WRI and SEPA.  
Website: <http://bell.wri.org/>

### Non-governmental organizations and international players

- *China Watch*  
This is a joint initiative of the Worldwatch Institute and Beijing-based Global Environmental Institute (GEI). China watch reports on energy, agriculture, population, water, health and environment in China.  
Website: [www.worldwatch.org/features/chinawatch/](http://www.worldwatch.org/features/chinawatch/)
- *Greenpeace China*  
Greenpeace China was established in Hong Kong in 1997 and has since added offices in Beijing and Guangzhou.  
They campaign on:
  - Stop climate change and develop renewable energy
  - Promote food safety and develop sustainable agriculture
  - Eliminate toxic chemicals and promote extended producer responsibility
  - Protect ancient forests
  - Encourage sustainable trade
 Website: [www.greenpeace.org/china/en](http://www.greenpeace.org/china/en)
- *WWF China*  
WWF has developed a Corporate Partnership Program. Companies are providing WWF with financial support to undertake nature conservation project. The achievement of the project will help companies sharing social responsibility and make nature resource protection possible. WWF is currently running more than 40 projects, many of them are open for financial support to expand.  
Website: <http://www.wwfchina.org/english/>
- *International Fund for China Environment*  
Established by a group of concerned scientists and professionals in 1996, the International Fund for China Environment (IFCE) helps to protect the world environment by dealing with China's environmental problems, by facilitating partnerships and by building capacity.  
It has a headquarter in Washington, D.C., U.S.A. and branch offices in Beijing and Shanghai, China. IFCE is dedicated towards exchanges of knowledge between China and the rest of the world.  
Website: [www.ifce.org](http://www.ifce.org)
- *Friends of Nature*  
Friends of nature is the first real NGO in that it is not affiliated to governmental agencies, receives non official financing. His founder, M. Liang Chong Jie is a long-time member of the People's National Assembly.  
Website: [www.fon.org.cn/](http://www.fon.org.cn/)

- *Global Village (Pékin)*

Founded in 1996 as one of the first NGOs in China, Global Village of Beijing (GVB) is a non-government, non-profit organization dedicated to environmental education and civil society strengthening. GVB's environmental campaigns focus on the promotion of sustainable development and a green life-style. Its main functions include the production of environmental television programs and other publications, the organization of journalist trainings, the development of green communities, the organization of public events and forums and several other projects in the field of sustainable development and consumption.

Additionally, GVB has established a stable network of Chinese partner-NGOs and is constantly promoting communication between national and international partners, NGOs, corporations and public officials through forums, consultations and newsletters. In February 2003 GVB started editing and distributing the monthly newsletter *Voices of Grassroots* in Chinese and English to offer other NGOs a platform to express themselves, to facilitate the communication of environmental messages and to support networking and capacity building in partner organizations. Website: [www.gvbchina.org](http://www.gvbchina.org)

- *World Resources Institute (WRI)*

WRI is a Washington-based environmental think tank founded in 1982. It is an environmental research and policy organization.

WRI provides – and helps other institutions to provide – objective information and practical proposals for policy and institutional change that will foster environmentally sound and socially equitable development.

Website: <http://www.wri.org/>

## **b. Examples of environmental initiatives**

- *The Lafarge-WWF partnership*

### **PARTNERS**

- WWF China is the Chinese branch of the NGO WWF, an international organization working for the protection of the fauna and flora, known throughout the world and which has a global network covering more than 90 countries.
- LAFARGE is the world leader in construction materials and is present in 76 countries.

### **THE PARTNERSHIP**

The “Conservation Partnership” with WWF launched in 2000 to work on management solutions and determine performance indicators on key challenges: CO2 emissions, biodiversity and the ecological balance of forests. On a local level, several Lafarge units have worked with national WWF organizations on themes such as the rehabilitation of quarries, the raising of public awareness on environmental issues, or the creation of jobs related to sustainable forest practices.

WWF China and Lafarge China are participating jointly with local players in the following projects:

- Monitoring of the panda habitat in a reserve located near the Lafarge Sichuan cement works.
- Work by WWF China to raise awareness on environmental issues among Lafarge staff members and their families. For this, the organization trained 23 “green ambassadors” (two per factory), who serve as correspondents in monitoring the best environmental practices in the framework of their work and within their local communities
- Coordination of an Internet site designed to make children aware of environmental issues
- Work alongside local authorities to support the country's growth whilst also limiting emissions of CO2
- Promotion of sustainable construction

For further information:

<http://www.lafarge.fr> → « Développement durable » → « Partenariats »

WWF China is also involved in other partnerships with foreign companies:

- Partnership with the Swedish furniture company IKEA, to create a sustainable forestry industry. China supplies 10% of the wood used by IKEA.
- Partnership with the oil company BP to promote education on environmental issues.
- Partnership with the bank HSBC for the conservation and preservation of water and biodiversity, as well as for the launch of an environmental research programme.

For further information:

<http://www.wwfchina.org/english/>

<http://www.wwfchina.org/english/> → « Get involved » → « Corporate Partnerships »

- *The Sino-Forest Corporation*

Sino-Forest is a company which, every day, fights against deforestation and global warming. It offers a viable alternative to the destruction of forests in China, in particular, through the setting up of “tree farms”. These involve planting eucalyptus and pine trees and waiting 5 years until they reach maturity (meaning that they can be sold as logs and planks) and once cut, replanting them. Thus freed of the cost of managing natural forests and able to increase productivity per hectare by organizing plantations without altering the environment and biodiversity, Sino-Forest can sell its wood up to 20% cheaper. When it was launched in 1994, this project obtained a concession from the Chinese government of a few thousand hectares of land, for a period of 50 years, in exchange for 30% of annual production. Sino-Forest is likely to improve its financial performance in coming years because its work could allow it to obtain “exchangeable” greenhouse gas credits in the framework of the Kyoto Protocol.

Website: <http://www.sinoforest.com/>

## C. CSR initiatives for the conditions of workers and human rights

### a. *The players*

#### Government players or players affiliated to the Chinese government

- *State Administration of Work safety (SAWS)*

Responsible for designing and enforcing labor law on work safety session at the national level, it was created in 1998 after separating from the Labor Ministry.

It is under the leadership of State Economic and Trade Commission (SETC), and its main functions are to undertake overall management of national work safety. It exercises state inspection authority over the work safety and coal mining safety. However coal mining safety inspection is conducted in the name of State Administration of Coal Mine Safety Supervision.

It has 9 functional departments in charge of policy and legislation, coal mine safety supervision, non-coal mining safety, chemical industry safety and other sectors like construction and railway etc.

Website: [http://english.gov.cn/2005-10/20/content\\_80531.htm](http://english.gov.cn/2005-10/20/content_80531.htm) (in English)

- *The Ministry of Labour and Social Security*

The Ministry of Labor and Social Security of the People's Republic of China was established in March 1998 on the basis of the former Ministry of Labor, being an organ directly under the State Council, it is in charge of the administration of national labor and social security undertakings, mainly including labor force management, labor relationship readjustment, various items of social insurance management and legal construction of labor and social security. Among them, the social insurance is merged by social insurance for urban employees administered by the former Ministry of Labor, social insurance for government organ the institutions administered by the Ministry of Personnel, the rural social insurance administered by the Ministry of Civil Affairs, the medical insurance administered by the Ministry of Public Health as well as social insurance pooling for various sectors and departments.

Website: <http://www.molss.gov.cn/index/index.htm> (in Chinese)

## Non-governmental organizations and international players

- *Institute of Contemporary Observation (ICO)*  
Founded by journalist Liu Kaiming in March 2001, it is a private, non-profit organization for labor development and corporate social responsibility based in Shenzhen.  
ICO's activities are the following:
  - training programs aimed at workers and management
  - set in place the internal complaint mechanisms
  - education and occupational technical training to migrant workers.Website: [www.ico-china.org](http://www.ico-china.org)
- *China Labor Bulletin*  
Founded in 1994 in Hong Kong by independent trade unionist Han Dongfang, China Labor Bulletin (CLB) has been actively promoting independent, democratic union organizing, and the protection of labor rights and standards in mainland China.  
It acts as a information and education center on trade union rights and labor standards to workers and union organizers in China and has wide connections within the international community on the labor situation in China  
Website: [www.china-labour.org.hk](http://www.china-labour.org.hk)
- *Students and Scholars against Corporate Misbehavior (SACOM)*  
A NGO originated from Hong Kong, composed of university students, professors and social activists. Its mission is to monitor and campaign against corporate misbehavior that violates worker's rights, health, safety, welfare, and dignity in China.  
So far it has completed three critical reports on Disneyland, Wal-Mart and Giordano.  
Website: <http://www.sacom.org.hk/>
- *Hong Kong Christian Industrial Committee*  
A Hong Kong NGO attentive to occupational safety and health issues. And also a long time observer of the deplorable working condition of foreign investment enterprises (FIE) and the workers' movement in the Pearl River Delta.  
Website: [www.cic.org.hk](http://www.cic.org.hk)
- *Human rights in China (HRIC)*  
Founded by Chinese scientists and scholars in March 1989, HRIC is an international, Chinese, non-governmental organization with a mission to promote universally recognized human rights and advance the institutional protection of these rights in the People's Republic of China (China)  
Website: <http://www.hrichina.org/public/index>
- *Amnesty International*  
Amnesty International (AI) is a worldwide movement of people who campaign for internationally recognized human rights.  
AI's vision is of a world in which every person enjoys all of the human rights enshrined in the Universal Declaration of Human Rights and other international human rights standards.  
Amnesty International has issued a report called: "When in China : encounters with human rights<sup>45</sup> »", which explains how companies operating in China can avoid human rights violations. The report notes that social and economic gaps between different segments of the population are widening and social unrest and labor protests growing.  
Website: [www.amnesty.org](http://www.amnesty.org)

<sup>45</sup> When in China : encounters with human rights" - <http://www.amnesty.nl/downloads/China.pdf>

- *FIDH (Fédération Internationale des Droits de l'Homme)*

A group of 141 human rights organizations around the world. FIDH's concern for China is focused on the right of association, women's rights, globalization and human rights etc.

FIDH published a document in October 2005 called "Gardons les yeux ouverts"<sup>46</sup> » (Let's keep our eyes open) which, through the example of China, is a call to support UN's norms on corporate responsibility in terms of human rights.

Website: <http://www.fidh.org/asie/chine.htm>

- *International Confederation of Free Trade Unions (ICFTU)*

ICFTU is a confederation of national trade union centers, each of which links together the trade unions of that particular country. Membership is open to bona fide trade union organizations, that are independent of outside influence, and have a democratic structure.

ICFTU recently published a report called « A qui profite le miracle? Comment les travailleurs chinois paient le prix fort du boom économique? » (2006)<sup>47</sup>

Website: [www.icftu.org](http://www.icftu.org)

*It is worthwhile noticing that the official Chinese trade union, ICFTU, because of its status that closely binds it to the public authorities, can not entirely play the role of workers representative or defend working conditions the way stakeholders traditionally do it in Europe.*

- *Social Accountability International*

SAI is dedicated to improving workplaces and communities by developing and implementing socially responsible standards.

It developed a social accountability program for China in March 2004. The program seeks to:

- Improve workplace conditions by working with local managers and workers
- Promote worker participation and participatory management systems in order to improve communications between workers and managers
- Raise manager and worker awareness of workplace conditions
- Build capacity locally in China, seeking to expand alliances and build a framework for good labor practices in Chinese factories

Website: [www.sa-intl.org](http://www.sa-intl.org)

- *Round Table for Social Standards & CSR in China*

GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit, an international cooperation for sustainable development), together with business partner, the Foreign Trade Association of the German Retail Trade (AVE), has launched a project to introduce uniform standards to improve working conditions in factories of China-based suppliers to the German retail trade. The project is part of a larger initiative that seeks to improve factory-working conditions in eleven countries. A core component of the initiative is the convening of regular Round Table meetings, organized by GTZ, which provide an open and neutral environment for participants to discuss strategies and issues related to CSR adoption in China.

Participants consist of a diverse range of stakeholders including private and public sector, as well as representatives of Chinese civil society. The project was launched in February 2004 with a series of workshops in Beijing, Shanghai and Guangzhou. The first national Round Table event was held during November 2004. An additional three round tables were convened during 2005, with another three planned for 2006.

Website: <http://www.csr-roundtable.com/>

<sup>46</sup> «Gardons les yeux ouverts» - [http://www.fidh.org/IMG/pdf/dossier\\_chine2005f.pdf](http://www.fidh.org/IMG/pdf/dossier_chine2005f.pdf)

<sup>47</sup> « A qui profite le miracle ? » - [http://www.icftu.org/www/PDF/RA\\_Whose\\_FR.pdf](http://www.icftu.org/www/PDF/RA_Whose_FR.pdf)

## **b. Examples of initiatives**

- *US Business Principles for Rights of Workers in China (1999)*

With the participation of the American NGO International Labour Rights Fund (ILRF), American companies present in China commit themselves to respect 10 principles in their business activities.

Participants include:

- Amnesty International USA,
- As You Sow,
- Asia Pacific Center for Justice and Peace,
- Asian Pacific American Legal Center,
- Asia Pacific Resources ,
- John Kamm (administrator of Calvert Group),
- Citizens' Funds,
- Consumers' Choice Council,
- Consumers' Federation of America,
- Crafts Center,
- Fair Trade Foundation,
- Global Exchange,
- Human Rights in China,
- Human Rights for Workers (Robert Senser, editor),
- International Campaign for Tibet,
- International Labor Rights Fund,
- Lawyers' Committee for Human Rights,
- National Consumers League,
- Physicians for Human Rights,
- Robert F. Kennedy Memorial Center for Human Rights,
- Silicon Valley Center for Democracy,
- Sweatshop Watch,
- US Tibet Committee.

Business participants include 3 major American investment companies:

- Harrington Investment,
- Trillium Asset Management
- Progressive Asset Management.

### **The ten principles**

1. No goods or products produced within our company-owned facilities or those of our suppliers shall be manufactured by bonded labor, forced labor, within prison camps or as part of reform-through-labor or reeducation-through-labor programs.
2. Our facilities and suppliers shall provide wages that meet workers' basic needs, and fair and decent working hours, at a minimum adhering to the wage and hour guidelines provided by China's national labor laws and policies.
3. Our facilities and suppliers shall prohibit the use of corporal punishment, as well as any physical, sexual or verbal abuse or harassment of workers.
4. Our facilities and suppliers shall use production methods that do not negatively affect the occupational safety and health of workers.
5. Our facilities and suppliers shall not seek police or military intervention to prevent workers from exercising their rights.

6. We shall undertake to promote the following freedoms among our employees and the employees of our suppliers: freedom of association and assembly, including the rights to form unions and to bargain collectively; freedom of expression; and freedom from arbitrary arrest or detention.
7. Employees working in our facilities and those of our suppliers shall not face discrimination in hiring, remuneration or promotion based on age, gender, marital status, pregnancy, ethnicity or region of origin.
8. Employees working in our facilities and those of our suppliers shall not face discrimination in hiring, remuneration or promotion based on labor, political or religious activity, or on involvement in demonstrations, past records of arrests or internal exile for peaceful protest, or membership in organizations committed to non-violent social or political change.
9. Our facilities and suppliers shall use environmentally responsible methods of production that have minimum adverse impact on land, air and water quality.
10. Our facilities and suppliers shall prohibit child labor, at a minimum complying with guidelines on minimum age for employment within China's national labor laws

For further information:

ILRF's Website: <http://www.laborrights.org/> → « Current Projects » → « Labour rights in China ».

- *The partnership between Carrefour and the FIDH*

#### **PARTNERS**

- The International Federation for Human Rights (FIDH) is a federative non-governmental organization, the vocation of which is to carry out real actions favouring the respect of all human rights. It bases its work on the Universal Declaration of Human Rights and other international instruments which promote the protection of these rights.
- Carrefour is a company specializing in mass distribution.

#### **THE PARTNERSHIP**

The FIDH was contacted by Carrefour in 1997-98 to carry out the Group's commitment to the respect for human rights. This partnership is active in China, as well as in other countries such as India, Bangladesh, Laos and Cambodia. Through this cooperation, the objective for FIDH is:

- To contribute to its general mandate to defend human rights by the improvement of Human Rights on a local level, in particular, the rights of all workers concerned
- To go further in an experience which allows it to understand the functioning of a multinational group and to test the implementation of its commitment to responsibility
- To act in complement to and in support of the work carried out by trade unions and not as a replacement for them

**The charter between Carrefour and its suppliers refers to six obligations, all contained in the Universal Declaration of Human Rights and the principles of ILO**

1. Stop slavery immediately, as well as the use of indentured, forced or compulsory labour, and never again employ such practices, in any form whatsoever.
2. Do not employ, or make use of, children under the age of 14 for production, manufacturing or assembly tasks.
3. Respect the freedom of workers to join unions and to be represented by the organizations of their choice for the purposes of collective negotiation.
4. Pay workers sufficiently, so that they can meet their basic needs and those of dependent family members.
5. Ensure proper working conditions, especially regarding length of working hours, thus safeguarding the health, safety, and independence of workers.
6. Respect equal opportunities in employment and pay by ensuring that no discrimination is practiced on the grounds of race, colour, gender, political affiliation, religious belief, or membership of a trade union or civil society body, while ensuring proper respect for cultural diversity.

For further information:

[www.carrefour.com](http://www.carrefour.com) → « Commerce responsable » → « Démarches éthiques et sociales »

#### **D. CSR initiatives for health: the worrying case of the AIDS epidemic in China**

Official figures show that, by the end of June 2005, China has reported 126,808 people infected with HIV, including 28,789 AIDS patients. The death toll of HIV/AIDS had reached 7,375<sup>48</sup>.

By the end of 2003, the cumulative number of HIV cases was estimated 840,000, corresponding to a total prevalence rate of 0.07%. By the end of September 2004, the cumulative number of reported HIV positive cases was 89,067.

According to government statistics, 70% of the population affected by the disease is poor and rural. Though injecting drugs accounts for 63.7% of the transmission of the disease, a considerable number are victims of blood trade (9.3%) and unsafe sex (8.1%). The phenomenon of selling blood in China is also responsible for many cases of AIDS: "Selling blood is not a new phenomenon in China. It is a common way for poor families to cope with an unforeseen difficulty, illness or death. But it was always considered an exceptional, individual act. Never an industry. The system which has been created now is of a different type and on a different scale: the blood purchasing centres, which are being set up take plasma for commercial reasons, not to meet actual blood transfusion needs...constitute a veritable market"<sup>49</sup> »

Therefore, the victims are concentrated in certain zones: for example, in Henan, Sichuan in central China inhabited by the poor blood donors and in Yunnan, Xinjiang, Guizhou, Guangdong provinces, the frontiers with Myanmar and Vietnam and Central Asia, along the drug routes.

It is estimated that 10 million Chinese will be HIV/AIDS carriers by 2010. And the epidemic has the tendency to move from high-risk groups to the general population. Dr. Sadik, Special Envoy of the United Nations Secretary-General for HIV/AIDS in Asia and the Pacific called out 'China's epidemic is at the stage that Africa's was in 1990. HIV/AIDS is poised to sweep through China in the next decade.'<sup>50</sup>

In nowadays China, AIDS remain a taboo, and sex education in schools is largely inadequate, discrimination against HIV-positive persons is far from eliminated.

<sup>48</sup> Hao Yang, deputy head of the disease control department with the Ministry of Health, Xinhua News, October 2005

<sup>49</sup> Pierre Haski, *Le sang de la Chine, quand le silence tue*, Grasset, 2005

<sup>50</sup> Dr. Nafis Sadik « Statement by Dr. Nafis Sadik, special envoy of the United Nations Secretary-General for HIV/AIDS in Asia and the Pacific, HIV/AIDS, Anti-poverty goals and China's drive for development », Beijing, People's Republic of China March 26, 2004

## a. The players

### Government players or players affiliated to the Chinese government

- *The Ministry of Health of the People's Republic of China*

The Ministry of Health of the People's Republic of China was established on November 21, 1949. It is a member of the State Council with a mandate in health.

The major mandates of the Ministry of Health are:

- To draft health laws, regulations and policies; to propose health development programs and strategic goals; to formulate technical protocols, health standards and to supervise their enforcement.
- To propose regional health programs, to conduct overall planning and to coordinate the nationwide allocation of health resources.
- To formulate working programs and policies on rural health, as well as maternal and child health care; to guide the implementation of primary health programs and technical protocols on maternal and child health care.
- To implement the policy of "Prevention First" and to conduct health education to the general public. To develop programs on the prevention and treatment of diseases that endanger the health of the population; to organize the comprehensive prevention and treatment of major diseases; to publicize the quarantine list of communicable diseases and the surveillance list of infectious diseases.

Website: [www.moh.gov.cn](http://www.moh.gov.cn) (in Chinese)

- *CHAIN*

The China HIV/AIDS Information Network (CHAIN) is an open and participatory organization which works on behalf of all relevant governmental and nongovernmental organizations, professionals and concerned individuals requiring access to the most current HIV/AIDS prevention and awareness information in China. Established in 2003 as an independent government organization, CHAIN is administratively attached to the Ministry of Health's (MOH) Chinese Center for Disease Control (CCDC) and physically located in the China Health Education Institute (IHE).

Website: <http://www.chain.net.cn/aidsenglish/>

### Non-governmental organizations and international programmes

- *China AIDS Info*

China AIDS Info is an independent, non-commercial, non-profit group working based in Hong Kong to improve access to information about HIV/AIDS in China. We are developing a network of mostly Chinese journalists, translators, NGO-workers, and of course people living with HIV/AIDS to gather, translate, and disseminate the latest information about the AIDS epidemic. All are currently working as volunteers, though we hope to add full-time paid staff if we can secure funding for our operations.

This site is initially concentrating on monitoring the Chinese press for news about HIV/AIDS, and posting regular English translations of news from the Chinese media. We will gradually expand to include analysis and reference materials about issues like Treatment, Prevention, China's drug industry, and anything else that affects efforts to combat the AIDS epidemic in China. A summary of AIDS-related projects, both government and non-government, and a list of Useful Contacts will be another online resource.

As the scale of China's AIDS epidemic becomes clear and both government and non-government bodies work to stop the spread of HIV, there is a clear need for accurate information. We hope that this site and our electronic and paper newsletters will provide not only the latest news about HIV/AIDS in China but also become a source of frank, honest discussion and analysis of the epidemic.

Website: <http://www.china-aids.org/english/>

- *Joint United Nations programme on HIV/AIDS, China Office*

The United Nations Theme Group on HIV/AIDS was established in early 1996 in China. The purpose of the Theme Group is to:

- ensure effective and coordinated support by the UN system to the national AIDS programme
- help the UN system integrate its activities with national efforts
- facilitate the coordination of other support to the national AIDS programme

Over time the Theme Group has been enlarged to include the Chinese Government, bilateral donors, international NGOs and national NGOs, besides the ten cosponsoring UN agencies of UNAIDS. Eventually, this Expanded Theme Group is expected to evolve into a National Partnership Forum. The Expanded Theme Group operates as part of the UN Resident Coordinator system in China. The Chair is elected by consensus from UNAIDS cosponsors for a period of one to two years. The current Chair is Christian Voumard, UNICEF Representative in China.

Website: <http://www.unchina.org/un aids/>

- *Médecins du Monde (MDM)*

MDM is an international solidarity association which relies on the commitment of its members (health professionals) to help the most vulnerable populations in the world and in France. In China, MDM is located in Sichuan province where it works on AIDS and opened a programme of prevention for drug addicts and the migrants. In the Qinghai province, its programme consists in rehabilitating a hospital and in reconstructing clinics as well as in forming doctors in order to improve the access to medical care.

- *Médecins sans frontières (MSF)*

Médecins Sans Frontières is an organization independent from all political, religious, military and economic powers, which intervenes among populations in distress in a large variety of situations and contexts. MSF has been working in China since 1989 in Shaanxi and Guangxi and, in particular, deals with rural populations and marginalized children. In the future, the NGO wants to concentrate on treatment for AIDS sufferers and not only on prevention.

## **b. Examples of initiative**

- *Global Business Coalition (GBC)*

Global Business Coalition on HIV/AIDS is an alliance of some 200 companies world wide to fight against HIV/AIDS. It identifies four key areas where businesses can act: Advocacy and Leadership, Workplace, Core Competency and Community Involvement.

The only regional working group inside GBC, China Business and AIDS Working Group was created in 2004. The group is intended to bring together Chinese and foreign businesses to address the HIV/AIDS epidemic in China. GBC's work in China is in close partnership with China's Ministry of Health. However, China Business and AIDS Working Group has no office in China.

Website: [www.businessfightsaids.org](http://www.businessfightsaids.org)

### **Non-discrimination employment policy**

26 multinational corporations from the Coalition agree to implement non-discrimination policies for HIV/AIDS victims for their China-based employees. In the same stance, individual corporations have taken steps within their own companies or with other Chinese partners.

- *The China Health Alliance*

The China Health Alliance , a new public-private partnership, was launched in September 2006 in Beijing by the Global Health Initiative of the World Economic Forum. The China Health Alliance is a groundbreaking initiative that brings together select companies, the Chinese government, UN agencies and non-governmental organizations in a joint effort to respond to the growing economic and social threat of AIDS and tuberculosis in China.

The core focus of the China Health Alliance will be to create and implement migrant worker TB and HIV workplace programmes. Chinese migrant workers in rural areas account for 80% of China's cases of TB. With the heavy influx of migrant workers relocating from poor rural areas to urban cities, curbing the spread of large-scale TB and HIV co-infection remains an immense challenge.

Founding members and partners of the China Health Alliance to date include: Accenture, BD, China National Textile and Apparel Council (CNTAC), Constella Futures, Esquel, Institute of Contemporary Observation, iKang, Karstadt Quelle, Marie Stopes International China, Pfizer, Social Accountability International, Swire Beverages, UNAIDS, UNDP, World Health Organization (WHO) and World Vision International. Each member is already actively supporting the set-up and implementation of the Alliance 's programmes.

## E. CSR initiatives for education and the alleviation of poverty

### a. *The players*

#### Government players or players affiliated to the Chinese government

- *The Ministry of Education*

The Ministry of Education is a central government agency under the State Council, responsible for China's educational undertakings and language work.

The Ministry of Education's main missions are as follows:

- To investigate and put forward the guiding principles and policies for China's educational undertakings, and to draft relevant rules and regulations.
- To investigate and put forward strategies of educational reform and development and master plans for China's educational development; to formulate the policy of educational structural reform as well as the emphases, structure and speed of educational development, and to direct and coordinate the implementation of this work.
- To manage educational funds, take part in formulating guidelines and policies of fund-raising, financial allocation and capital construction for educational purpose. To monitor educational funds raising and the expenditure for educational purposes across the country; to manage in accordance with relevant regulations educational aids and loans from abroad.

Website: <http://www.moe.edu.cn/english/index.htm>

#### Non-governmental organizations and international programme

- *China Society for the Promotion of the Guangcai Program*

Established in 1994 as a national non-profit and non-governmental organization, it mainly consists of private entrepreneurs and aims at alleviating poverty as its tenet. It acquired the special consultative status with the Economic and Social Council of United Nations in 2000.

CSPGP has 27 provincial-level sub organizations.

During the 10 years of its existence, CSPGP has successfully motivated 8,846 private enterprises to implement 5,744 Guangcai (glory) programs for poverty alleviation. Total capital infused to these programs amounted to US\$2.76 billion. As a result, over 1.03 million people received technical training, over 1.04 million people got employed and over 2.59 million people increased their income which exceeded the absolute poverty line set by the Chinese government.

Website: [http://www.cspgp.org.cn/13\\_English/6.htm](http://www.cspgp.org.cn/13_English/6.htm)

- *Oxfam Hong Kong*

Oxfam Hong Kong is an independent development and relief agency based in Hong Kong. Oxfam works with the poor people regardless of race, sex, religion or politics in their struggle against poverty, distress and suffering. Its vision is for a world where people are equally assured of their rights with dignity and respect, including access to food, shelter, employment and health care, in a sustainable manner.

To fight poverty and build equity, Oxfam cannot merely provide materials and support. Oxfam also addresses the root causes as a long-term approach. Empowering poor people to improve their own lives is crucial: it especially emphasizes training, community participation, and capacity building, and it works together with poor people all the way from identifying the problems, discussing possible methods, implementing programmes, and assessing the impact.

Oxfam Hong Kong is a member of Oxfam International.

Website: <http://chinainfo.oxfam.org.hk/index.asp?lang=english>

- *The Association Couleurs de Chine*

Couleurs de Chine is an association founded on March 12, 1990, the initial aim of which was to promote the culture of Chinese ethnic minorities in France. In 1997, the association's founder worked in the region of Guangxi as an interpreter for a team from Médecins Sans Frontières. During this work, she noticed the difficulties with schooling encountered by young girls. In most schools in these villages, almost no girls were being schooled because of their families' poverty. For these families, priority was given to boys, because school fees for one child represent a large part of their income.

The objectives of the association are as follows:

- Support for schooling for girls
- Support for schooling for children of minority groups
- Support for teachers.

The teachers of the region, most of whom have no permanent status, receive a salary which does not allow them to support their families and they are only available to work in the fields during the school holidays. Further study, necessary for them to upgrade their skills (and allow them to have greater job security), is too expensive for them. Couleurs de Chine supports those of them who have the greatest difficulty financing their studies.

The association also contributes to financing the construction and refurbishment of schools, dormitories and playground equipment and provides furniture, blackboards, libraries, satchels and materials for schoolchildren.

Website: <http://www.couleursdechine.org/index.php>

- *PlaNet Finance*

PlaNet Finance is an international solidarity organization, the mission of which is to alleviate poverty in the world through the development of microfinance. The objective of PlaNet Finance is to help the very poorest to realize their potential. This organization arrived in China at the end of 2002 and organizes training courses for Chinese micro-finance institutions, in particular on computing.

Website: [www.planetfinance.org](http://www.planetfinance.org)

- *International Financial Corporation*

IFC, through its Sustainability Innovation program, has designed a new energy efficiency financing model, drawing on its experience in other markets as well as its local knowledge of China. This program uses utility companies as market agents and aggregators for the marketing and delivery of energy efficiency projects, while partnering with commercial banks on new practices in risk management.

They also published a booklet on Corporate Governance Models in China, 2005.

Since its first investment in 1985, and as of June 30, 2005, IFC has invested in 100 projects in China. IFC provides support for the private sector across sectors, including banks, forestry, infrastructure, manufacturing, and services.

IFC operations in China are focused on:

- Support for Chinese companies seeking to achieve best practices
- Investing in the financial institutions that strive to improve corporate governance and operating standards
- Support for private infrastructure
- Supporting the development of China's western and interior provinces

Website: <http://www.ifc.org/>

## **b. Initiatives**

- *Hope project*

The China Youth Development Foundation (CYDF), a self-claimed NGO, was founded in Beijing in March 1989. It is the undertaker of "Project Hope", which aims at helping school dropouts in poor remote regions to return to school and to complete at least an elementary education.

At the end of 2002, Project Hope had raised over 2.2 billion yuan in donations, helped 2.47 million children from poverty-stricken rural families continue their schooling and built 9,508 Hope primary schools.<sup>51</sup>

Its major patrons include major foreign enterprises such as Coca-cola (a donation of over 5 million dollars over 10 years), Motorola (a contribution of 3,75 million dollars), Microsoft, NEC and P&G etc. It is also the partner of UNDP's International Youth Prize for Poverty Elimination annual event. In the area of education, CYDF is the intermediary between international grants and local projects. However, it endeavors to involve more partners with diversified projects. For example, "Care Project" aims at channeling business and non-profit resources for charity programs and the "Green Hope Project – Save Mother River" is dedicated to improving China's ecological environment.

The NGO status of CYDF is ambiguous. It maintains a close relationship with the authority and enjoys a special status in the NGO sector. By western standard, it is at best described as a GNGO.

Website: <http://www.cydf.org.cn/gb/english/index.htm>

- *The partnership between Microsoft, PlaNet Finance and the Xicheng Committee of the Young Communist League: the Xicheng Project Beijing*

Rural-to-urban migration and employment have become key issues in China during the Reform and Opening Period, particularly during the last decade. Up to 150 million people are reported as China's "floating population" every year, and live on the margins of the large Chinese cities. These migrants workers (*mingong*) need training to develop their skills to help them build towards better job placement.

The objectives of the project is:

- Training these Beijing migrant workers in basic computer skills
- Leverage local resources to face challenges of rural-to-urban migration, by organizing 3 trainings a week for migrant workers.

In partnership with the Committee of the Young Communist League and the library of the urban district of Beijing Xicheng, Microsoft and PlaNet Finance participated in the creation of this centre for young migrants (*mingong*).

The Xicheng Committee of the Young Communist League was in charge of recruiting voluntary teachers and selecting migrant workers and the library supplied the premises for the project.

PlaNet Finance was in charge of coordinating the project. Microsoft supplied the computers and tools required for training and made a donation of US\$ 200,000. Also, some Microsoft employees participated in this project as volunteers. This initiative started in 2004

For further information:

PlaNet Finance initiatives in Asia:

<http://www.planetfinance.org/ong-activite-microfinance/ong-references.php>

Microsoft's CSR initiative in China:

<http://www.microsoft.com/about/corporatecitizenship/citizenship/giving/programs/up/casestudies/beijing.asp>

<sup>51</sup> According to introduction of CYDF, <http://www.cydf.org.cn/gb/english/about-over.htm>

## Conclusion

Whenever foreign companies present in China insist that their suppliers treat their workers better, guarantee their rights or improve their working conditions, they are acting as a responsible company should do in a western context.

In order to better manage the cultural difference and difficult political context in China, some terms ought to be preferred over others. Thus, it is better to ask suppliers to “abide by the law” than to ask them to “respect the human rights of workers”. The term “human rights” has many political connotations and its use is perceived as an “attack” by western countries. In the same way, the expression “to improve working conditions in order to achieve a harmonious society” is a reminder of the official stance adopted by the Chinese President, Hu Jintao, to “build a harmonious society”.

CSR largely depends on management’s determination. Nevertheless, different wording is sometimes enough to ensure success for a policy of good practices.

Although CSR will be a longstanding process of experience, the governmental administration in China at central and local levels attaches increasing importance to CSR. CSR will not come into being purely because of individual awakening of entrepreneurs. It can rely on strong advocacy and promotion by the government which will in the meantime reinforce supervision over CSR by making regular assessment on law-observance status of companies. But considering the scope of this huge task, the government very much relies on the pressure that business can put on business – through the supply chain of multinational corporations and the competition of supply chains -, thereby enhancing the social and environmental standards which a top down approach from government to business cannot achieve alone.

## APPENDIX 1 : Beijing Manifesto on CSR for Chinese Enterprises

An enterprise without sense of social responsibility is not likely to achieve sustainable development and this is the same with a society lacking of enterprises with social responsibility it can not make a healthy and harmonious progress. The president of China, Hu Jintao pointed out that China needs to construct a society featuring democracy, rule of law, equality, justice, sincerity, amity, vitality, stability and harmony between humanity and nature. So far, constructing a 'Harmonious Society' has been upheld as the new concept on social construction by the Chinese government. In terms of corporate social responsibility, we think it interprets that an enterprise not only needs to be responsible for its all shareholders by making profits in operation process but also needs to take responsibility for the environment and society which it relies on for survival and development. In this sense, the Chinese enterprises take the unavoidable and unique responsibility in the cause of the construction of a harmonious society.

**Our highest objective is to achieve the harmonious development between both enterprises and the society.** Harmonious society construction is the ultimate goal of corporate social responsibility, which is the key element and approach for enterprises to make contributions to construction of the harmonious society. The sustainable operation of enterprises and the harmonious development of society can by no means be achieved separately because enterprises will inevitably contribute to construction and development of harmonious society by incorporating the social and environmental elements into the routine operation of enterprises and maintaining good relationship with its stakeholders in the course of generating economic benefits on one hand and the harmonious society will provide necessary preconditions and optimal environment for sustainable development of enterprises on the other. Ultimately, the prospect of mutual beneficial development will be achieved between the enterprises with strong sense of social responsibility and the society.

**Our key goal of achieving corporate social responsibility is to increasingly improve the responsible competitiveness of enterprises.**

The future new international competition pattern will inevitably be a pattern stressing both the social responsibility and economic elements of enterprises. The enterprises with strong competence on the international level in the future will be the ones with cutting-edged technology, advanced management and sense of social responsibility who are capable of successfully incorporating the responsibilities specific to society, environment and related interest groups into their business strategy, organizational structure and daily operations. In the foreseeable future, "low cost and high quality " will not be the overriding rule for market competition and only the enterprises having strong social responsibility for their workforce, environment and the whole society will be internationally competitive on a sustainable basis. To emphasize the corporate social responsibility and improve the responsible competitiveness shall become the major targets of corporate social responsibility.

**We believe the growth trend of constructing corporate social responsibility will be the combination of enterprises' own specific strength with addressing environmental and social issues so as to achieve mutual prosperity of enterprises and society.**

We will find solutions to the following aspects of enterprises' social responsibility based on the reality facing the enterprises: environmental protection, sustainable development of products and services, circular economy and conservation-mind economy, protection of consumers' rights and interests, protection of employees' rights and interests, stakeholders engagement, poverty relief, education, etc. During the course of implementing corporate social responsibility, the Chinese enterprises should strengthen communication and cooperation with the multinationals of Europe and the U.S. for their experience to speed up the process of constructing corporate social responsibility. We will enhance exchange and cooperation with the international community, especially with the international enterprises on supply chain to explore the ways to constructing social responsibility of the Chinese enterprises together.

September 7, 2005

Haier Group Company

Shandong Triangle Group

Jiansu Hongdou Group

Wuhan East Lake Scenic Spot

China Jialin Group

Changan Auto Group

Zhongqin Jianshe Group

Beijing Longsource Group

Guandong Zhongtai Center Plaza

Haikou Lishen Coffee Co., Ltd

Shanghai Emminence Group

National Textile and Apparel Council

Office for Promoting Social Responsibility, China National Textile and Apparel Council

## APPENDIX 2: Fact sheet for China



<b>Population</b>	1,300 million people in 2004, 1st country in the world with 20.7% of the total population
<b>Surface area</b>	9,597,995 km <sup>2</sup> , namely 17.5 times more than France
<b>Density</b>	133 pers/km <sup>2</sup>
<b>Urban population</b>	41%
<b>Life expectancy</b>	71.4 years (M: 69.6 years W: 73.3 years)
<b>Head of State</b>	Hu Jintao
<b>Prime Minister</b>	Wen Jiabao
<b>GDP</b>	\$1,650 billion in 2004
<b>Growth rate</b>	9.5% in 2004

Websites on China (in French):

- <http://french.china.org.cn/french/index.htm>
- <http://www.french.xinhuanet.com/french/index.htm>
- <http://fr.chinabroadcast.cn/>
- <http://www.bjinformation.com/>
- <http://www.rmhb.com.cn/chpic/htdocs/rmhb/france/index.htm>
- <http://www.chineseliterature.com.cn/french.htm>

### APPENDIX 3: List of Chinese companies participating in the Global Compact

- Anhui Animal By-Products Import and Export Corp
- Beijing Capital Group Ltd.
- Beijing Laowan Bioenergy Technology Company,
- Beijing Leading-Edge Investment Co., Ltd,
- Beijing Midwest Automation Co, Ltd,
- Broad Air Conditioning,
- CBMI Construction Co. Ltd
- Charles and Colvard HK Ltd.
- China Aviation Supplies Imp.& Exp. Group Corp.,
- China First Tractor Corp.,
- China International Marine Containers Ltd.,
- China Jilin Province CBTC Bio-Industries Development Alliance,
- China Minsheng Insurance Co,
- China Ocean Shipping Group,
- China Petroleum and Chemical Corporation,
- China President Group,
- China Railway Engineering Corporation,
- China Society for the Promotion of the Guangcai Program,
- China United Telecommunications Corporation,
- China Yituo Group Constructional Machinery Co.,
- Chinese Productivity Distribution and Regional Economic Development Committee,
- Chongqing Lifan Industry (Group) Co., Ltd.,
- Chongqing Shenzhou Center of International Culture Exchange, City of Jinan,
- Connor- William E. Connor & Associates Ltd,
- Cosco Human Resources Co,
- Crown Worldwide Holdings, Ltd.,
- E&C Solutions (Shanghai), Inc,
- Esquel Group of Companies, Fujian Electronics and Information Group Co., Ltd.,
- Global Credit Organisation Limited,
- Guizhou Shenqi Pharmaceutical Group,
- H. Cheong-Leen & Company,
- Haier Group Company,
- Highway and Bridge Construction Company of Anhui Province,
- Highway Surveying & Design Institute of Anhui Province,
- Hong Kong General Association of International Investment,
- Huatai Group,
- Huawei Technologies Co. Ltd.
- International Administrative Science Association (IASA)
- Jiangsu Branch Real Estate Co. Ltd of Shenzhen New World Group
- Jiangsu Daway Technologies Co., Ltd
- Jiangsu Far East Group Co., Ltd.
- Jiangsu Profit Target Dress Group Co., Ltd
- Jiangyin Tianli Gas Co., Ltd.
- New Hope Group
- Risk Management Co., Ltd.
- Wuxi Commercial Mansion Co., Ltd
- Wuxi Little Swan Company Limited
- Wuxi Rundili Construction and Development Group Co., Ltd.
- Yituo (Loyang) Mechanical Engineering Co.
- Yunnan Hongyu Group Co., Ltd.

#### APPENDIX 4: Web sites on sustainable development in China (in Chinese and English)

- Administration Center for China Agenda 21 (ACCA21)  
Keeping a close tie with the Chinese government, ACCA21 is the interlocutor for international partners on sustainable development matters.  
Website: <http://www.acca21.org.cn/english/index.html>
- Chinese Society for Sustainable Development (CSSD)  
A governmental NGO attached to the Administration Center for China Agenda 21 (ACCA21). It is in Consultant States with ECOSOC of the United Nations Associated with the Department of Public Information of the United Nations. Founded in 1991 as the Chinese Society for Social development, it was renamed in 1997. It is now headed by Ms. Nam Deng, daughter of the Late leader Deng Xiao Ping, who is also the vice president of the China Association for Science and Technology ([www.cast.org.cn](http://www.cast.org.cn))  
Website: <http://cssd.acca21.org.cn/>
- Information on sustainable development in China:  
Website: <http://www.sdinfo.net.cn/en/>
- China Sustainable Industrial Development Network  
Website: <http://www.csid.com.cn/index.asp?lantype=1>
- Global System for Sustainable Development  
Website: <http://gssd.mit.edu>
- Global System for Sustainable Development in China  
Website: <http://gssdchina.acca21.org.cn/gssd/gssdzh.nsf>
- Environmental Education and Communication Centre  
Website: <http://www.chinaeol.net/>
- China Cleaner Production  
Website: <http://www.ccpp.org.cn/>
- Environmental and ecological science  
Website: <http://www.eedu.org.cn/index.html>
- Chinese delegation of the European Commission  
Website: <http://www.delchn.cec.eu.int/cn/index.htm>
- World Wildlife Fund in China  
Website: <http://www.wwf.com.cn/index.shtm>
- Green Economy  
Website: <http://www.greenlm.org.cn/>
- Ecology in China  
Website: <http://www.51st.cn/>
- Local Sustainable development in China  
Website: <http://sd-ep.cei.gov.cn/fazhan/fazhan-c.htm>
- Center for Environmentally Sound Technology Transfer  
Website: <http://www.cestt.org.cn>
- Agenda 21 in Pékin  
Website: [www.bjbao21.gov.cn](http://www.bjbao21.gov.cn)

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## Think tank of CSR in China:

- *IMUG, ECONSENSE, TUI (Hanover): Workshop on CSR in China*

This workshop was organized by Institute IMUG from Hanover's University, by the Forum for Sustainable Development of German Business (Econsense) and the world's leading tourism Group: TUI. More 150 stakeholders were present.

It was the opportunity for different stakeholder to share their experiences and their knowledge about CSR in China. People who were invited came also from university (Beijing and Hanover), business (Volkswagen, Karstadt Quelle, Wilkhahn...), and NGOs (Misereor...).

Website: [http://www.imug.de/enews/pdfs/imug\\_csr\\_news\\_Sonderausgabe\\_China\\_Tagung\\_05\\_04.pdf](http://www.imug.de/enews/pdfs/imug_csr_news_Sonderausgabe_China_Tagung_05_04.pdf)

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