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CHINA-EUROPA FORUM

CSR Frameworks in China and the European Union Insights for CSR Workshops

**Prepared for China-Europa Forum's
CSR Workshops to be held
July 2010**

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There were 570 CSR reports published between 1st January and 31st October 2009, up from 169 in 2008 (see Table 22). This shows a fast-developing and recent trend for CSR implementation by companies. It allows more analysis reports to be published that assess CSR practices. Such analysis reports include China Top 100 CSR Research Report, CSR Survey of Hang Seng Index Constituent Companies, and CSR

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Acknowledgements

Prime Movers (CSR Workshops' leaders)

S39a - Responsible Management of executives

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S39b - CSR: a Way for a better Dialogue between China and Europe

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Evelyne Pichenot, Member of the European Economic and Social Committee, Europe

S39c - Companies ecological responsibility: for an environmental friendly industry & Policy

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Liu Li, Enterprise Partnerships, SEE, China

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T44c - International Regulations Applicable to Multinational Companies

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Executive Summary

Europe and China both have implemented public CSR activities

European governments have since the nineties developed CSR activities

These activities are diverse, according to each country's specific features and political systems:

- 1994: the Danish government launched a CSR campaign;
- 1998: it started The Copenhagen Centre (TCC), an organisation focusing on CSR;
- 1998: the UK government brought support to the voluntary Ethical Trading Initiative- for improvement of labour conditions in supply chains;
- 1999: Sweden started to require large companies to include environmental information in their annual reports;
- 2000: a UK Minister for CSR was appointed;
- 2001: France passed the Law on the New Economic Regulations (Loi NRE), which makes CSR disclosure mandatory for listed companies.

These public activities have continued to expand, becoming more and more various and sophisticated. There is a mix of mandatory and voluntary activities, incentives and partnerships. Activities show the need for both developing regulations, and having mechanisms engaging businesses positively, on some challenges such as social inclusion and employment, environment, business competitiveness.

The EC has adopted a voluntary approach on CSR. Its activity has so far focused mainly on designing a European CSR policy, providing a forum for exchanges, and engaging businesses on a voluntary basis through projects.

Additionally to this voluntary approach, the European Commission (EC) regulates businesses on labour and environment through Directives from relevant Directorates-Generals.

The Chinese government has more recently (for around five years), but with a strong mandating approach, engaged in CSR. It does so through activities focusing on CSR guidelines, CSR reporting, green requirements and exclusion rules for bank loans and company financing through stock exchanges. The government also uses stock exchanges as drivers for CSR of listed companies.

Very recently, local governments (provinces, municipalities) have developed a strong CSR guidelines activity that interestingly frequently includes evaluation processes.

Other CSR drivers play a necessary role too – more in Europe, and expanding in China

In Europe, NGOs, trade unions and socially responsible investment (SRI) are key drivers for CSR. NGOs engage with companies; and campaign for more accountability and more stringent CSR requirements for companies. Trade Unions along with companies have developed since 1989 International Framework Agreements (IFAs). IFAs engage companies for the respect of labour rights across their global operations. 60 out of a total of 71 IFAs are signed by European companies. The SRI market is very developed (17% of total assets management at the end of 2007). CSR-oriented business organisations

such as CSR Europe also play a positive role in promoting and showcasing best CSR practices.

Chinese business organisations and NGOs are also drivers for CSR, although their role is more recent: business organisations are developing industry-specific CSR guidelines, and CSR evaluation systems. Some industry-specific organisations release industry CSR reports (bank, textile, sport goods). Environmental NGOs publish reports and documents pointing out corporate environmental violations (IPE, Greenpeace China). Doing so, they bring an original and needed support to the central government for enforcing environmental regulations at the local level.

The Chinese SRI market is at an early stage. However, the Chinese government relies on financial organisations for pushing CSR practices: stock exchanges, the China Banking Regulatory Commission, and beyond, the banks.

Company response to CSR and involvement in international CSR initiatives show strong commitment in Europe, and a more recent and developing one in China

Listed companies and large companies have implemented CSR in Europe. In China, such companies, including State Owned Enterprises (SOEs), have more recently started to implement CSR but are making up fast.

European companies and financial institutions are the most engaged worldwide in international initiatives, thus demonstrating a strong commitment to CSR. European companies account for more than forty percent of UN Global Compact signatories, and European financial institutions account for more than forty percent of the three main international responsible finance initiatives: UNEP-Finance Initiative, Principles for Responsible Investment and Equator Principles signatories.

However, CSR implementation is still to develop and improve

Both in China and Europe, SMEs are lagging behind large and listed companies for CSR implementation – though we can assume that due to many CSR activities in Europe targeting SMEs, some progress have been made.

Listed and large companies are, both in China and in Europe, called to improve their CSR practices and performances. In China, the recent “Top 100 Chinese Companies CSR Report” reported that CSR performance of the surveyed companies was weak. In Europe, NGOs are releasing reports alleging companies of poor CSR performance.

Future trends

NGOs, academics and SRI organisations in Europe are calling for the following improvements in CSR practices:

- More stringent CSR requirements and accountability for companies;
- Improved CSR practices;
- More and better transparency, with published indicators comparable across an industry and overtime;
- More academic research on CSR performance, CSR impacts on company results and on society, CSR integration to core business;
- Initiatives should focus more on developing responsible practices of individuals: responsible purchases, investment, consumption.

Many recent local and industry-specific initiatives in China include a CSR evaluation component, which is a promising trend. In addition, the role of civil society organisations

and investors could contribute to improve CSR practices. The Company Law (revised 2005) include CSR guidance, thus putting emphasis on CSR.

Better enforcement of the law in China will be needed. The Company law, as well as several CSR guidelines put emphasis on compliance with the law as a CSR requirement. Environmental NGOs contribute to this as said previously. Local governments are now required by the law to disclose blacklist of environmental corporate polluters. Similar blacklist provision is planned for product quality law violations.

At last, more focus may be put on labour conditions and wages in the future, consequently to recent strikes and to the governmental commitment to improve them.

Introduction

The China-Europa Forum

The China Europa Forum has commissioned this report.

The China-Europa Forum¹ is a society-to-society dialog process of a new kind to take up our common challenges. It is a great opportunity to strengthen the dialog between European and Chinese societies, and within each society.

In July 2010, 60 workshops will take place across China, and a closing conference will be held in Hong Kong that will give accounts of all workshops.²

For each workshop, one or two Prime Movers (leaders) from China, and one or two Prime Movers from Europe invite around 20 participants to share their experience and their views.

Report purpose

Four workshops are focusing on CSR:

- S39a Executives Responsible Management³
- S39b Corporate social responsibility: a way for a better dialogue between China and Europe⁴
- S39c Companies ecological responsibility: for an environmental friendly industry & policy⁵
- T44c International regulations applicable to multinational companies⁶

This report aims at providing CSR workshops' Prime Movers and participants with insights to share and to help them prepare their respective workshops.

The report will include, for both China and Europe:

- An overview of the CSR Framework including:
 - o CSR public policy;
 - o Main CSR initiatives from:
 - The public sector;
 - Business organisations; and
 - The civil society;
 - o Engagement in international CSR initiatives; and
- Some insights on company response to this framework.

For Europe, data and analysis will be provided at the European Union level, with focuses on some countries or/and significant initiatives and examples. For China, data and analysis will be provided at the national level and, to a certain extent, at the provincial and municipal levels. Some insights for analysis and comparison of both China and Europe will be included.

Report objective

¹ <http://www.china-europa-forum.net>

² Programme <http://www.china-europa-forum.net/rubrique124.html>

³ <http://www.china-europa-forum.net/rubrique423.html> - Accessed 17th June 2010

⁴ <http://www.china-europa-forum.net/rubrique425.html> - Accessed 17th June 2010

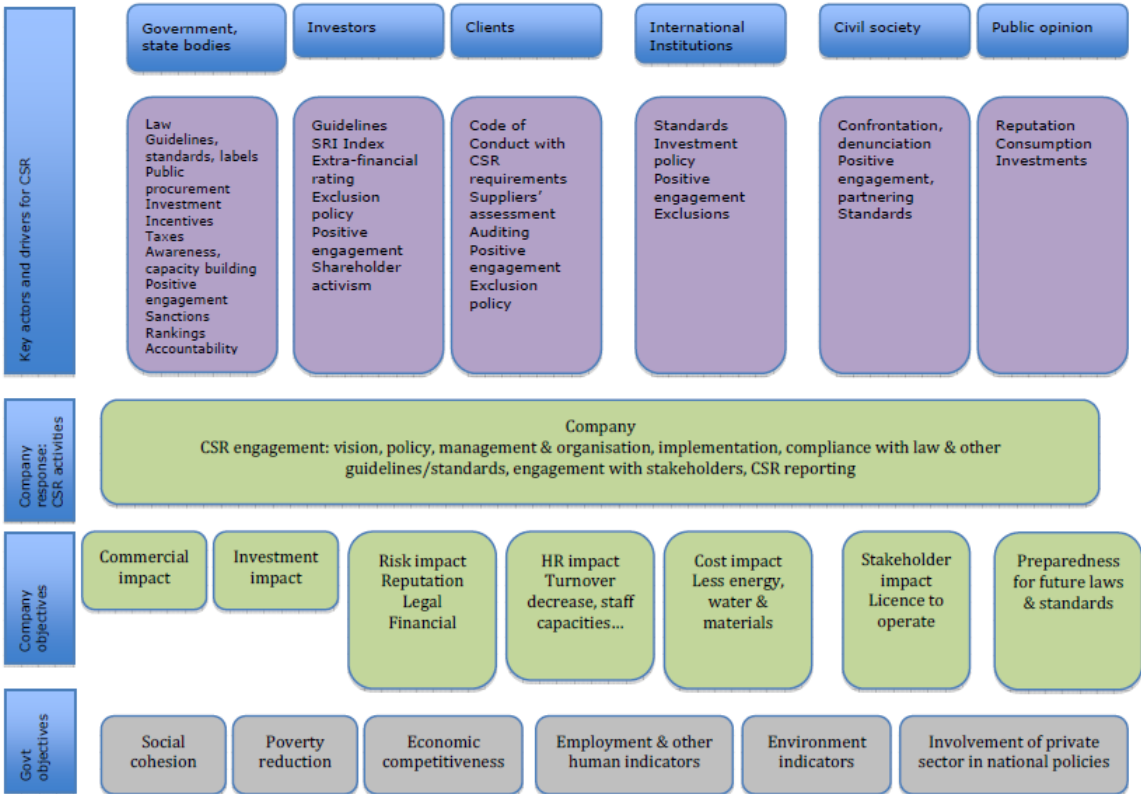
⁵ <http://www.china-europa-forum.net/rubrique427.html> - Accessed 17th June 2010

⁶ <http://www.china-europa-forum.net/rubrique513.html> - Accessed 17th June 2010

The report will give insights, for China and Europe, on how far CSR is developed, what the CSR drivers are, how CSR is implemented by companies and how CSR can contribute to achieve social and environmental goals. The report will point out similarities and differences between China and Europe, and suggest some ideas on how China and Europe can benefit from each other experience.

Analysis will use the CSR framework presented in Figure 1. The Figure proposes a Framework for understanding the dynamics of CSR: actors and drivers for CSR, public objectives assigned to CSR, company objectives and implementation of CSR, impact.

Figure 1 – CSR framework



Methodology and Scope

Interviews with the Prime Movers have allowed specifying their needs in terms of information. Information gathering has been achieved through desk work, internet and library search, information request to organisations involved in CSR. The report has also used various documents provided by the Prime Movers, as well as the newsletters sent out to Prime Movers for the project.

Information does not aim to be exhaustive – the size of both China and Europe, and their respective organisation (27 countries for Europe, and the provinces and municipalities in China) are too vast and complex to allow it. Moreover, beyond CSR general initiatives, many activities that are not named CSR do however include CSR components. It is thus difficult to identify all activities related to CSR.

The report rather aims at identifying a sufficient number of initiatives so as to give an analytic view.

1. Political framework: Public CSR Initiatives

CSR Public Policy mission and objectives

A. China

In 2005, Chinese president Hu Jintao introduced his vision of a “Harmonious Society” for China. This vision was followed, in 2006, by the “Building a Harmonious Society Policy”⁷ released by the Chinese Communist Party. Though the vision and the policy do not explicitly refer to CSR, it is admitted that CSR was soon, and is still, considered instrumental for achieving the socio-economic goals of this new policy⁸. Indeed, the policy marked the start of a series of public CSR activities. New laws (see Table 1) with respect to CSR have been passed, while a series of other CSR activities were undertaken by various governmental bodies (see Table 2) and now trickle down at the local levels (see Table 3). The most significant law provision with respect to CSR is the 2005 amendment to the Company Law (see Box 1). The Company Law, which is the law detailing general operating framework for companies, refers to general principles of Social Responsibility for companies.

Box 1 - Company Law of the People's Republic of China (revised in 2005) - Article 5

When undertaking business operations, a company shall comply with the laws and administrative regulations, social morality and business morality. It shall act in good faith, accept the supervision of the government and the general public, and bear social responsibilities.

The Harmonious Society should be achieved thanks to the Scientific Development Concept, which is the current Chinese ideological guidance, and calls for sustainable development and social welfare. CSR must help combating the “disharmonious elements in China” such as the gap between rural and urban development, unequal income distribution, insufficiency of household wealth, ecological degradation, and lack of efficient use of resources. CSR is also seen as an important component of companies’ competitiveness, as put forward in the CSR Guidelines for State-Owned Enterprises⁹. Interestingly, CSR is also considered as a driver for corporate innovation.¹⁰

This Harmonious Society Policy comes after more than two decades of economic reforms towards a “socialist market economy” and of opening to the world. These decades have allowed a sustained and amazing economic growth. The new policy aims at achieving social and environmental goals, in addition to economic goals. It is a significant shift.

⁷ Geoffrey (Kok Heng) See (2008), Mapping the Harmonious Society and CSR Link - http://repository.upenn.edu/cgi/viewcontent.cgi?article=1047&context=wharton_research_scholars (accessed 4th June 2010)

⁸ Christopher C. Pinney (2008), Why China Will Define the Future Corporate Citizenship <http://www.bcccc.net/index.cfm/fuseaction/Page.viewPage/pageId/1905> (accessed 4th June 2010)

⁹ Geoffrey (Kok Heng) See

¹⁰ See for example the CSR Guidelines for State-Owned Enterprises (SOE)

First, the government believes that improving labour wages and conditions can contribute significantly to relieve social tensions and achieve the so-called Harmonious Society. It wants to move from a cheap-labour, export-oriented economy to an economy with a large and dynamic national market, relying on enhanced wages. A recent article published by the official media "People's Daily" reported that improved wages and labour conditions were key for the country according to the government¹¹.

Additionally, the 2008-2009 economic downturn enlightened that a larger national market is necessary for reducing reliance on global trade and protecting China from the linked turbulences.

At last, facing a deeply degraded environment, the Chinese government has taken steps for better corporate environmental practices (Tables 1 and 2).

CSR, or "Social Responsibility" as it is sometimes named, refers to all social and environmental impacts of companies and management of these impacts. It is worth noting that Social Responsibility often explicitly includes compliance "with the laws and administrative regulations", as mentioned in the Company Law.

There is apparently no formalised CSR public policy.

B. Europe

Explicit involvement of the European Union into CSR dates back to 2001, with the release of the "Green Paper - Promoting a European framework for Corporate Social Responsibility"¹². At this date, several European countries had already got involved in CSR. We can point out for example:

- A decree was passed in France in 1977 requiring companies with more than 300 employees to release a Bilan Social (Social Report);
- Denmark launched a CSR campaign in 1994;
- Since 1999, Swedish companies over a certain size must include environmental information in their annual reports;
- Germany supported financially the launch of the UN Global Compact in 1999;
- The UK Government appointed a Minister for CSR in 2000.

The CSR definition of the European Commission is:

Box 2 – European Commission Definition of CSR

CSR is "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".

We can point out that beyond this voluntary approach, European mandatory provisions with respect to social and environmental impacts of companies do exist, such as the REACH Regulation¹³ and environmental directives (e.g. Integrated pollution prevention and control: IPPC Directive) for example.

¹¹ La main d'oeuvre à bon marché dans l'industrie a des limites ("Cheap Industrial Labour has limits") <http://french.peopledaily.com.cn/Horizon/7009961.html> - Accessed June 2010

¹² See http://europa.eu/legislation_summaries/employment_and_social_policy/employment_rights_and_work_organisation/n26039_en.htm - Accessed June 2010

The European Commission has published several policy documents on CSR, included in Table 5. These documents detail the role of CSR for the European Commission. The 2000 Lisbon Strategy set the goal for Europe of becoming, by 2010, "the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion". Therefore, the strategy made an "appeal to companies' corporate sense of social responsibility regarding best practices on lifelong learning, work organisation, equal opportunities, social inclusion and sustainable development."

In 2006, the communication "A Partnership for Growth and Jobs: Making Europe a Pole of Excellence on CSR" put forward the role of CSR in achieving Sustainable Development, and ensuring more and better jobs. The "European Competitiveness Report 2008" pointed out the links between Corporate Social Responsibility and competitiveness. And at last, the "Europe 2020 Strategy" adopted in 2010 added the consumer trust to the roles of CSR, as there is a need after the economic crises to re-build this faded trust.

In addition to contributing to social, environmental and economic goals as described above, CSR is understood as a specific tool for mobilising and engaging businesses positively towards European goals through voluntary action beyond compliance - incentives, partnerships and dialogue. Though it is admitted that CSR must engage businesses in a positive manner, many civil society organisations have challenged the purely voluntary role assigned by the European Institutions to CSR, calling for European CSR regulations to face new social and environmental challenges.

European policies such as employment and social affairs policy; enterprise policy; environmental policy and consumer policy include CSR-related objectives and activities, even if they are not always explicitly called CSR.

In addition, European Commission approach to CSR includes strong commitment to, and respect of, main international instruments for CSR (OECD Guidelines for multinational enterprises, United Nations Global Compact, ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, ILO Core Conventions).

C. Conclusion

For both China and Europe, CSR contributes to achieve social, environmental and economic goals:

CSR goals – Public policy	China	Europe
Social	Better wages Contribution to elimination of: Gap between rural and urban development; Unequal income distribution; Insufficiency of household wealth	More and better jobs Lifelong learning Work organisation opportunities Social inclusion
Environmental	Ecological degradation; Lack of efficient use of resources	Sustainable development
Economic	Competitiveness Innovation	Competitiveness

¹³ Registration, Evaluation, Authorisation and Restriction of Chemical substances (2007), http://ec.europa.eu/environment/chemicals/reach/reach_intro.htm

When we analyse deeper, specific objectives differ. For example, Europe is striving to keep ageing populations employed while in China, managing the transition from a rural society to an urban one, and integrating rural migrants in a decent manner are key.

The scope of CSR action seems different for the Chinese government and for the European Commission: for the European Commission, CSR designates the voluntary efforts of businesses in the social and environmental fields, and comes in addition to compliance with regional and national regulations with respect to social and environmental impacts. The Chinese government includes both mandatory and voluntary action in the scope of CSR action. In Europe, restraining CSR to voluntary corporate action is somehow the outcome of politic and institutional action – e.g. the private sector is lobbying to avoid too many regulations.

Interestingly, China includes compliance with laws in the roles of CSR. This may reflect the fact that corporate enforcement of the law is yet to improve, while in Europe it is to a certain extent taken for granted.

The European Commission, as well as some European countries (see table 6), have released to the public policy papers on CSR. This is not the case for China.

The European Commission puts forward the respect of international instruments for CSR, emphasising the importance of globalisation, while China rather concentrates on its own national context.

Main CSR public initiatives

A. China

The scope of the selected activities presented in the tables hereafter includes: initiatives from governmental bodies as well as some key government-led public organisations; and initiatives from similar bodies at the provincial and municipal levels. It does not include CSR initiatives from public bodies such as universities, state-owned enterprises for example, though these are public. However, with a strong control-planning state, and a very important public sector, public action goes beyond government and the selected key government-led bodies.

Activities include most main initiatives at the national level – though some are not included. This document includes only some selected initiatives at the provincial and municipal levels, as their number makes it difficult to embrace them all.

Table 1 – Some Chinese Laws related to CSR

Law	When	
Company		
Company Law	Revised 2005	It explicitly includes CSR Article 5: "A company must, when engaging in business activities, abide by the laws and administrative regulations, observe social morals and commercial ethics, act with integrity and good faith, accept supervision of the government and the public, and undertake social liability." http://www.chinadaily.com.cn/bizchina/2006-04/17/content_569258.htm
Labour or labour-related		
Labour Law of the People's Republic of China	1995	http://english.mofcom.gov.cn/aarticle/policyrelease/internationalpolicy/200703/20070304475283.html
Labour Contract Law	2008	Includes 98 articles. Its provisions aim at increasing job security and regulating temporary-jobs with more stringent conditions. It limits overtime, sets minimum wages, and mandate companies to pay to laid-off employees one month salary for each year worked. It establishes social security accounts for employees. 14 reasons for dismissing an employee are established, thus regulating dismissals. http://www.fdi.gov.cn/pub/FDI_EN/Laws/GeneralLawsandRegulations/BasicLaws/P020070831601380007924.pdf
Trade Union Law of the People's Republic of China	1992, amended 2001	http://english.mofcom.gov.cn/aarticle/policyrelease/internationalpolicy/200703/20070304475394.html
Law on the Protection of Rights and Interests of Women	2002	See in particular Chapter IV - Rights and Interests Relating to Work http://www.womenofchina.cn/Policies_Laws/Laws_Regulations/1466.jsp
Production Safety Law	2002	http://www.gov.cn/english/laws/2005-10/08/content_75054.htm
Law on Prevention and Control of Occupational Diseases	2002 (effective)	http://www.gov.cn/english/laws/2005-10/10/content_75718.htm
Environment		
Article 26 of the Constitution	1982, amended 1988, 1993	Article 26 – "The state protects and improves the living environment and the ecological environment, and prevents and controls pollution and other public hazards. The state organizes and encourages afforestation and the protection of forests." http://english.peopledaily.com.cn/constitution/constitution.html
Environmental Protection Law	1989	http://www.greenlaw.org.cn/files/laws/environmental-protection-law.pdf
Law on the Environmental Impact Assessment	2003 (effective)	http://www.greenlaw.org.cn/files/laws/EIAlaw.pdf
Law on the Promotion of Clean Production	2003 (effective)	http://www.chinaenvironmentallaw.com/wp-content/uploads/2008/03/clean-production-law.doc
Law on the Prevention and Control of Environmental Pollution by Solid Waste	Adopted 1995, amended 2004, 2005	http://www.greenlaw.org.cn/files/laws/solid-and-hazardous-waste-law.pdf
Law on Prevention and Control of Water Pollution	1984, amended 2008	http://www.greenlaw.org.cn/files/laws/water-pollution-prevention-and-control-law.pdf Amendment includes: "Enterprise held directly responsible for causing severe water pollution incidents and others with direct responsibility will be fined up to half of their income in the previous year"

Law on the Prevention and Control of Atmospheric Pollution	1995, amended 2000	http://www.greenlaw.org.cn/files/laws/air-pollution-control-law.pdf
Law on Prevention and Control of Pollution From Environmental Noise	1997 (effective)	http://www.greenlaw.org.cn/files/laws/noise-pollution-law.pdf
Law on Conserving Energy	1998 (effective)	http://www.greenlaw.org.cn/files/laws/energy-conservation-law.pdf
Renewable Energy Law	2006 (effective)	http://www.greenlaw.org.cn/files/laws/renewable-energy-law.pdf
Measures on Open Environmental Information (EIDM) (for Trial Implementation)	2008 (effective)	Chapter III - Open Enterprise Environmental Information "Enterprises are encouraged by the State to voluntarily disclose environmental information. Enterprises are required to disclose, when their pollutants discharge are higher than quota authorized standards or quota, names of major pollutants, discharge methods, the concentration and total volume of emissions, and information on emissions. Environmental protection agencies across China are required to disclose a list of companies that have exceeded pollution standards, or have been the subject of lawsuit and complaints". ¹⁴ http://www.greenlaw.org.cn/files/laws/open_environmental.pdf
Circular Economy Promotion Law	2009 (effective)	http://www.greenlaw.org.cn/files/laws/circular-economy-law.pdf
Others		
Food Safety Law	2009	http://www.procedurallaw.cn/english/law/200903/t20090320_196425.html
Law of the People's Republic of China on Protection of Consumer Rights and Interests	1994 (effective)	http://www.nbaic.gov.cn/art/2008/10/20/art_865_8527.html

Sources: www.GreenLaw.org.cn; www.chinaenvironmentallaw.com

In addition to laws in Table 1, the Chinese Central bank has recently announced that it will "establish a legal system for the protection of the interests of financial service users" and amend related rules including General Rules on Loans¹⁵.

The Chinese administration has, since the 80's, and even more recently, released laws with respect to CSR. It is noticeable that the revised Company Law (2005) explicitly includes CSR and calls to companies to "observe social morals and commercial ethics" and "undertake social liability".

If laws and related regulations have been passed, enforcement is still weak. Invoked reasons include an uneven and rather insufficient involvement of provinces and municipalities in law enforcement. It could also be put forward that companies probably need to get more aware of laws, more ready to comply with, and also need to build their capacities for complying with these laws. Compliance with the law is often cited in China as part of CSR.

In tables 2 to 5, public activities will be analysed using a methodology inspired by the CSR Navigator¹⁶. The CSR Navigator analyses CSR public policies of 13 countries across

¹⁴ See IPE, Civic Exchange (2010), Hong Kong's Role in Mending the Gap - <http://www.civic-exchange.org/eng/upload/files/100331MendingGap.pdf> (accessed 10th June 2010)

¹⁵ Source: China CSR, 8th April 2010 - <http://www.chinacsr.com/en/2010/04/08/7439-chinas-central-bank-system-to-protect-consumer-rights/> (accessed 9th June 2010)

¹⁶ Bertelsmann Stiftung and GTZ (2007), The CSR navigator: Public policies in Africa, the Americas, Asia and Europe (Gotersloh, Germany, Bertelsmann Stiftung) - http://www.bertelsmann-stiftung.de/cps/rde/xchg/SID-851928B4-F9028642/bst_engl/hs.xsl/87048_87070.htm - Accessed 18th June

the world, and therefore qualifies activities according to the type of tool, and the type of impact. Impacts included here are more limited than in the CSR Navigator. The activities included in the following tables are not those of the CSR Navigator, and have been searched and selected for this report. The legend for colours is after the table.

Table 2 – China - Record of CSR activities from governmental and national administration bodies, including regulations

Type of tool:
Mandatory
Voluntary
Partnering, dialoguing
Incentive

Guidelines released by national government/governmental-led bodies have been qualified in most cases as mandatory, due to the control-planning style of the government. However, they do not have the status of law.

Type of impact:	
Capacity building	
Awareness raising	
Guidelines	
Responsible investment	
Business management processes	
Reporting	
Public sector responsible conduct	
National Policy	
International instruments	
Outreach	
E valuation, ranking	IA
Compliance	

When	Who	Type of tool	Field of impact	What
2004	SASAC ¹⁷ , Department of Construction Management, Tsinghua University			Research team on Sustainability Reporting
2005	Ministry of Civil Affairs			China Charity Awards. 2 categories out of 5 are concerned with companies: Charity Award for Local Enterprises, Charity Award for Overseas Enterprises
2006	Ministry of Commerce's Transnational Corporation Research Center			Draft of "Guidelines on Corporate Responsibility Reporting for Chinese Enterprises"
September 2006	Shenzhen Stock Exchange			Guidelines for Listed Companies on Corporate Social Responsibility (Social Responsibility Instructions for Listed Companies) Includes Disclosure requirement

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¹⁷ State-owned Assets Supervision and Administration Commission of the State Council

2007	China Export-Import Bank (fully owned by the Chinese government, under leadership of the State Council)									Public Disclosure of China Export-Import Bank Environmental Policy
2007	State Forestry Administration (SFA); Ministry of Commerce									Guidelines on Sustainable Management of Overseas Forests for Chinese Enterprises
November 2007	Shanghai Stock Exchange									Report on Corporate Governance
November 2007	China Banking Regulatory Commission (CBRC)									Recommendations on Strengthening Large Commercial Banks' Social Responsibilities, which require large banks to comply with the 10 basic principles of the United Nations' Global Compact
December 2008	Hong Kong Stock Exchange									Corporate Responsibility Charter and Carbon Reduction Charter
January 2008	Tianjin TEDA Co (State-Owned Enterprise - SOE), with Shenzhen Stock Exchange									Teda Environmental Index of 40 listed companies
February 2008	SEPA (State Environmental Protection Administration; now Ministry of Environmental Protection)									Guidelines on Strengthening Environmental Protection Supervision and Management of Listed Companies ¹⁸
May 2008	Shanghai Stock Exchange (SSE)									Notice on Strengthening Listed Companies' Assumption of Social Responsibility (Shanghai CSR Notice)
May 2008	Shanghai Stock Exchange (SSE)									Guidelines on Listed Companies' Environmental Information Disclosure (Shanghai Environmental Disclosure Guidelines)
August 2008	Chinese Academy of International Trade & Economic Cooperation (CAITEC), Ministry of Commerce									Guidelines on Corporate Social Responsibility Compliance for Foreign Invested Enterprises (CSRC)
2008	Shanghai Stock Exchange (SSE)									SSE Corporate Governance Index
2008	SASAC									Guidelines to the State-Owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities
2008	SEPA (State Environmental Protection Administration; now Ministry of									Green policies for companies: Green Securities (highly-polluting companies from 13 identified heavy industries (including those in electric power, cement and steel) must pass

¹⁸ See IPE, Civic Exchange (2010), Hong Kong's Role in Mending the Gap - <http://www.civic-exchange.org/eng/upload/files/100331MendingGap.pdf> (accessed 10th June 2010)

	Environmental Protection), CBRC (China Banking Regulatory Commission)									environmental inspections for initial public offering or refinancing), and already listed companies in certain heavy polluting industries will be made to provide minimum levels of disclosures on environmental and energy performance. SEPA has completed a review of 37 companies seeking to raise funds on the capital markets and delayed the listing approval for 10 of them; Green credit (commercial credit restrictions for highly-polluting activities): SEPA – now the Ministry of Environmental Protection's - must pass on details of corporate environmental law violators to China's central bank. This latter has blocked or withdrawn loans to several such companies; Green Insurance (insurance against corporate pollution); Green taxation (no tax refund in case of polluting products)
2009	CBRC									Guidelines on Credit Underwriting for Energy Conservation and Emission Reduction
21 July 2009	Shanghai Stock Exchange (SSE) and China Securities Index Co., Ltd									SSE Social Responsibility Index, "Responsibility Index" and the code of "000048"
October 2009	SASAC, CASS (Chinese Academy of Social Sciences) (report writers)									China Top 100 Corporate Social Responsibility Research Report

This table shows that there is a strong mandatory activity. SASAC, stock exchanges and CBRC and some ministries have released CSR Guidelines, while mandatory rules are set for financing (credit, initial public offering) There are some partnering activities, and very little incentive activities (award).

Many guidelines have been released, More originally, credit and finance are used for pushing CSR practice in companies. Stock Exchanges have taken steps for CSR – guidelines and SRI (Socially Responsible Indexes). Credit restrictions and exchange regulations for listing are used to prevent and control pollution. Guidelines for banks have been issued.

CSR Reporting is pushed through Guidelines. In addition, we shall remember that "Measures on Open Environmental Information" (table 1) encourage companies to disclose environmental information, and further more, mandate them to do so if they have exceeded standards of pollution.

Evaluation and ranking of CSR practices is a focus through SRI Indexes and research – though we will see that is an even more important focus at the local level (table 3).

Beyond guidelines, reporting, responsible investment, targeted fields of impact are limited: there are some activities targeting awareness, capacity building, outreach and involvement in international instruments, but there is definitely room for more diverse activities.

Many activities have a general focus. However, some activities in table 2 are focusing specifically on the environment. Laws in table 1 focus on labour, environment and, to a lesser extent, consumers.

Table 3 – CSR activities by municipal and provincial governmental and other administration bodies

Type of tool:
Mandatory
Voluntary
Partnering, dialoguing
Incentive

Type of impact:	
Capacity building	
Awareness raising	
Guidelines	
Responsible investment	
Business management processes	
Reporting	
Public sector responsible conduct	
National Policy	
International instruments	
Outreach	
E valuation, ranking	IA
Compliance	

When	Who	Type of tool	Field of impact	What
2004	Changzhou City, Jiangsu Province			Established a "CSR City Committee for the Administration of Standardisation" in 2004. In June 2004, the Committee announced the Changzhou CSR Standard (CSA8000)
2005	Hebei Government (Hebei Training Center of Business and Trade)			Established the "Corporate Social Responsibility Pilot and Promotion Programme in Export Enterprises of Hebei Province"
2006	Shenzhen Government			Released a guiding document for improving the implementation of CSR and creating a CSR evaluation standard. Was revising existing procurement regulations to include CSR requirements.
2007	Xiangfan City, Hubei Province			Activities for identifying "excellent corporate citizen" in China
April 2007	The Shanghai Division of the China Banking Regulatory Commission			Issued the "Guidelines on Corporate Social Responsibility for Shanghai Banking and Financial Corporations", for promoting social responsibility in financial institutions and the banking industry
July 2007	Environmental Protection Bureau of Shandong Province		R	Corporate Environmental Report Preparation Guidelines for Shandong Enterprises
October 2007	Shanghai Pudong New Area Government			Development of a CSR System. Includes "Pudong New District's Corporate Social Responsibility Leading Principles", and an Index Evaluation of CSR with 60 criteria, referring to ISO 26000
July 2008	Shanxi Province			Issued the Industrial Enterprise CSR Guide
January 2009	Shandong Provincial Quality Inspection Department			Started including CSR in its brand evaluation system
October 2009	Shanghai Municipal Society for Quality, Municipal Federation of Trade Unions, Shanghai Commission of Communist Youth League and Women's Federation			Held 2009 "Quality Month" – Included the creation of the "China CSR Standards"
November 2009	Hangzhou municipal Party committee and Hangzhou city government			"Principles for Enhancing the Construction of CSR" – Includes business ethics, finance norm, product quality, environmental protection, clean production, legal employment, democratic management, production safety, occupational-disease prevention and public welfare
November 2009	Economic and Information Commission of Zhejiang Province, Joint Office of the Corporate Social Responsibility, Enterprise Confederation of Zhejiang Province and Zhejiang Diways Business Consultants			Social Responsibility Training Courses of Zhejiang Province
December 2009	Lianhang Economic Zone (Labor and Social Security Department) and 75 companies			"Responsibility Agreement of Leased Enterprises' Employment Management Objective"
March 2010	Yiwu government			Published China's First Blue Book

CSR activities have since 2009 developed at a much increased pace. It seems like a trickle-down effect of CSR activities at the national level.

They focus strongly on guidelines. Some interesting features include the rise CSR evaluation activities. Evaluation can be made for public information purpose, or for CSR continuous improvement purpose. Multi-stakeholder activities are frequent. Some initiatives are comprehensive – in particular the CSR System of the Shanghai Pudong New Area Government, and the Hangzhou “Principles for Enhancing the Construction of CSR”, which have been completed with a CSR Evaluation System.

Other types of impact are patchy: public sector responsible conduct, awareness rising, capacity building, involvement in international instruments.

Activities often have a general scope. However, some activities target specific objectives, such as product quality, finance, temporary workers, and the environment.

Beyond these local activities undertaken by public authorities, it is interesting to point out that the central government is pushing local CSR through the “Measures on Open Environmental Information” (EIDM) (2008)¹⁹. The measures require environmental protection agencies across China to disclose list of companies that have exceeded pollution standards, or have been the subject of lawsuit and complaints. Local authorities indeed use this provision, as shown in Table 4. In addition, NGOs (IPE, Greenpeace China) have also published blacklists of violators. A central administration has also announced plans for blacklist provision for product quality violations.

Table 4 – Blacklisting of companies – Some activities in China

When	Who	What
October 2006	China's Institute of Public and Environmental Affairs (IPE)	Blacklisted 33 China-based multinational companies that have violated environmental protection rules (made public)
2008	Measures on Open Environmental Information (EIDM) (for Trial Implementation)	Chapter III - Open Enterprise Environmental Information “Enterprises are required to disclose, when their pollutants discharge are higher than quota authorized standards or quota, names of major pollutants, discharge methods, the concentration and total volume of emissions, and information on emissions. Environmental protection agencies across China are required to disclose a list of companies that have exceeded pollution standards, or have been the subject of lawsuit and complaints.
June 2009	Shanghai Environmental Department	Published a blacklist of 420 environmental violators on World Environment Day, June 5, 2009.
October 2009	Greenpeace China	Releases a list of companies from Fortune Global 500 or 2008 Fortune China 100 lists, which have violated the Measures on Environmental Information Disclosure
January 2010	Shanghai Environmental Department	Published a blacklist of 721 companies accused of environmental violations
January 2010	China's General Administration of Quality Supervision, Inspection and Quarantine	Provision for Release of Blacklist Quality Violators (plan announced)

¹⁹ See Table 1

February 2010	Guangdong Environmental Protection Bureau	Blacklisted 20 polluting companies for failing to meet water discharge standards (Blacklist made public)
March 2010	Kunming government	43 enterprises in Kunming were shut down for illegal sewage and another 19 companies were forced to clean out 32 production lines that could not reach the standards. And 10 citizens got awards, ranging from RMB 200 to 1,000 yuan, for their tip-offs on the illegal sewage

B. Europe

Activities presented hereunder include initiatives with respect to CSR in general at the European institutional level: European Commission, European Council, European Parliament, and European Social and Economic Committee. A brief outline of the European regulation system, with respect to social and environmental impacts of companies will be provided. An overview of main initiatives in selected European countries will be included.

Table 5 – European Institutions CSR Activities

Institution	Date	Communication	Internet Link
European Commission - President of the European Commission Jacques Delors	June 1993	Appeal to businesses' talents and solutions to address Europe's structural problems of unemployment, restructurations and social exclusion. He invited enterprises to adopt a European Declaration against Social Exclusion.	-
European Council of Lisbon	2001	Objective for the European Commission: becoming, by 2010, "the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion" "The European Council makes a special appeal to companies' corporate sense of social responsibility regarding best practices on lifelong learning, work organisation, equal opportunities, social inclusion and sustainable development"	http://www.europarl.europa.eu/summits/lis1_en.htm
European Commission	2001	"The European Sustainable Development Strategy 2001: A sustainable Europe for a better World" A renewed European Sustainable Development Strategy was issued in 2006	http://ec.europa.eu/sustainable/sds2001/index_en.htm
European Council of Gothenburg	2001	Presidency Conclusions on the Sustainable Strategy: outlined the EC approach to CSR: voluntary approach which goes beyond the Community mandatory requirements in the social, societal and environmental fields (labour, consumer and environment laws)	http://ec.europa.eu/governance/impact/background/docs/goteborg_concl_en.pdf

European Commission	2001	“Green Paper - Promoting a European framework for Corporate Social Responsibility”	http://europa.eu/legislation_summaries/employment_and_social_policy/employment_rights_and_work_organisation/n26039_fr.htm
European Commission	2 July 2002	“Corporate social responsibility: A business contribution to sustainable development”	http://europa.eu/legislation_summaries/employment_and_social_policy/employment_rights_and_work_organisation/n26034_en.htm
European Commission	October 2002	The EC originated and chaired the European Multi-Stakeholder Forum on Corporate Social Responsibility (CSR EMS Forum). EMS aimed at putting together stakeholders to promote innovation, convergence, and transparency in existing CSR practices and tools	http://circa.europa.eu/irc/emp/csr_eu_multi_stakeholder_forum/info/data/en/csr%20ems%20forum.htm
European Commission	22 March 2006	“Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee Implementing the Partnership for Growth and Jobs: “Making Europe a Pole of Excellence on Corporate Social Responsibility”	http://europa.eu/legislation_summaries/employment_and_social_policy/employment_rights_and_work_organisation/c00019_fr.htm
European Commission	2006	Backed the creation of the European Alliance for CSR. The Alliance put together businesses and business organizations (with particular involvement of CSR Europe, Business Europe, and the European Association of Craft Small and Medium-sized Enterprises (UEAPME)	http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/european-alliance/index_en.htm
European Commission	2008	“European Competitiveness Report 2008”, Chapter 5, Overview of the links between Corporate Social Responsibility and Competitiveness	http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr/documents/csrreportv002_en.pdf
European Commission	2010	Corporate Social Responsibility is part of the Europe 2020 strategy for a “smart, sustainable and inclusive growth.” Commitment to “renew the EU strategy to promote Corporate Social Responsibility as a key element in ensuring long term employee and consumer trust”.	http://ec.europa.eu/eu2020/pdf/COMPLETE%20EN%20BARROSO%20%20%20007%20-%20Europe%202020%20-%20EN%20version.pdf?langid=en
European Parliament	2007	European Parliament Resolution on “Corporate Social Responsibility: a new partnership”	http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P6-TA-2007-0062+0+DOC+XML+V0//EN
European Social & Economic Committee (ESEC)	2005	Opinion on Information and measurement instruments for CSR in a globalised economy - Rapporteur Ms Evelyne Pichenot	(Site CEF)
European Social & Economic Committee (ESEC)	2006	Opinion on the Communication from the Commission – Implementing the Partnership for growth and jobs: Making Europe a pole of excellence on corporate social responsibility - Rapporteur Ms Evelyne Pichenot	(Site CEF)

Source: European Commission website²⁰

²⁰ http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm

The European Commission work on CSR focuses on policy designing and voluntary projects. CSR is conventionally confined to voluntary action. CSR is addressed by the Directorate-General (DG) Enterprise & Industry, by the Sustainable and Responsible Business section.

In addition to policy designing, the European Commission (EC) is funding many activities with respect to CSR. For example, from 2006 to 2008, it funded 14 projects aiming at rising awareness on, and building capacities for, CSR among European SMEs²¹. The EC is currently funding projects in three industrial sectors: chemicals, textile and construction.²²

Various DGs, in addition to the DG Enterprise & Industry, conduct activities focusing on specific themes related to CSR, but not labelled CSR. These thematic activities include roadmap designing, legislation (Treaty provisions, Directives), projects, capacity building, committee etc... Thus, the EC does regulate in the field of CSR.

For example, the DG Employment, Social Affairs and Equal Opportunities focuses on the following topics:

- Gender equality;
- Tackling discrimination;
- Social Protection & Social Inclusion;
- Poverty and social exclusion;
- Rights at work;
- Partners;
- International;
- Employment.

The DG Environment is dealing among others with the Environmental Law, schemes for businesses such as EMAS (Eco-Management and Audit Scheme) and the Eco-Label; and it is responsible for implementing projects with respect to the environment.

The European Commission conducts and funds outreach CSR activities. We can mention the Switch Asia Programme, which aims at developing Sustainable Consumption and Production (SCP) across Asia, while at the same time achieving poverty reduction and sustainable growth. In China, several projects have been funded by the EC²³, such as the CSR Standard in China project (2005–2006) that aimed to promote social responsibility in China and was conducted in Beijing (Bohai Ring Region), Zhujiang Delta and Changjiang Delta.

There are no European CSR Guidelines – instead, the European Commission is referring to international instruments related to CSR. There is no initiative or provision for mandatory CSR disclosure.

If CSR activity of the EC is limited in scope, European countries have taken steps for CSR, with various approaches. Table 6, which gives an overview of main public CSR activities in 10 European countries, shows a good level of activities.

²¹ Results of the European funding programme “Mainstreaming CSR among SMEs”
http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr/documents/mainstreaming_csrsmes_summary_en.pdf

²² http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/industrial-sectors/index_en.htm

²³ EC CSR Projects in China: http://chinacsmap.org/E_OrgShow.asp?CCM Org_ID=698 - Accessed 10th June 2010

Table 6 – Public CSR Activities – For a Selection of European Countries

Type of tool:
Mandatory
Voluntary
Partnering, dialoguing
Incentive

Type of impact:	
Capacity building	
Awareness raising	
Guidelines	
Responsible investment	
Business management processes	
Reporting	
Public sector responsible conduct	
National Policy	
International instruments	
Outreach	
E valuation, ranking	IA
Compliance	

Country	Date	Initiative	Additional information	Types of tools and impacts
Belgium	15th May 2003	Occupational Pensions Law / Loi sur les pensions complémentaires	Pension funds managers must explain in their annual reports to what extent ethical, social and environmental criteria are taken into account in their investment policies	Mandatory, Reporting, Public sector responsible conduct
	20th July 2004	Law of 20th July 2004	Report from collective investment institutions must explain how ethical, social and environmental criteria are taken into account in their investment policies	Mandatory, Reporting, Public sector responsible conduct
	January 2002	Law on Voluntary Social Label	Label given by Ministry of Economic Affairs to products whose production chains respect ILO core labour conventions	Mandatory, Voluntary, Reporting, Business management processes
	September 2006	Equality/diversity label	Voluntary label. Set up by Ministry of Labour	Voluntary, Reporting, Business management processes
		Brussels Ecology Label	Voluntary commitment to improve ecological performance. No verification	Voluntary, Reporting, Business management processes
	20th July 2005	EMAS compulsory for all federal departments	Council of Ministers	Voluntary, Reporting, Business management processes
	2003	Social and Sustainable Economy Funds / Kringloopfondstions	70% of the funds at least invested in the social and sustainable economy, the remaining in Socially Responsible Investments. Tax relief. Established by the Federal Minister for the Economy	Mandatory, Voluntary, Reporting, Business management processes
	2006	Belgian CSR Framework ²⁴		Mandatory, Reporting, Business management processes
2007	Belgian CSR Action		Mandatory, Reporting, Business management processes	

²⁴ http://www.cidd.be/FR/publications/plans_d_actions_spa_cifiques - Accessed May 2010

		Plan ²⁵							
	?	Guide to Sustainable Procurement	Website providing information and advice on Sustainable Public Procurement, as well as recommendations with the status of ministerial circulars						
	2009	Report "Belgian Stakeholders define together possible orientations for future CSR policies " ("Les stakeholders belges définissent ensemble les pistes pour les politiques RSE futures" ²⁶)	Includes an evaluation of 2007 roadmap; and thoughts for future programmes						
	3rd November 2001	Law of 3rd November 2001	Subsidies to SMEs in developing countries from the Belgian Investment Company for Developing Countries (BIO) must lead to sustainable employment opportunities that respect basic social rights						
	29th March 2002	Council of Ministers decision to promote environmental and social standards through bilateral investments							
Bulgaria	Since October 2004	Awareness rising activities and research	National Round Table for Labour Standards Introduction (2004), first National CSR Conference (2006), UNDP Regional project, research on 400 companies on social engagement (2005)						
	June 2005	National Award for a Socially Responsible Enterprise	Builds on the Awards presented by the Minister of Labour and Social Policy.						
	June 2005	Responsiveness Business Directory	Aimed at sharing good practices						
Denmark	1994	CSR campaign "Our Common Concern"	Launched by the Danish Government						
	November 2005	CSR included as one of the six prioritised topics in its annual review of economic growth	Danish Government						
	2004-2006	Internet-based virtual dialogue panel on CSR	6,000 businesses joined at the beginning. 6 regional networks have been consequently developed, that comprise of 1,200 businesses						
	2005-2007	"People and Profit"	Programme helping SMEs to utilise CSR strategically for competitiveness. Set up by the Ministry of Economic and Business Affairs						
	2006	Comprehensive CSR web portal launched	Funded by the government						
	?	PPP (Private Public Partnerships) Programme	Supports PPP improving working and living conditions in developing countries through						

²⁵ http://www.cidd.be/FR/publications/plans_d_actions_spa_cifiques - Accessed May 2010

²⁶ http://www.sppdd.be/FR/index.php?page=431#item_586 - Accessed May 2010

			CSR. Ministry of Foreign Affairs						
	1999	Coordinating Committee for Preventive Labour Market Measures	Mandatory for all Danish local authorities						
		National Employment Council	Advises the Minister of Labour and Social Affairs on initiatives for an inclusive labour market						
		National Network of Business Executives	19 high-level business leaders advise the Minister of Employment on CSR						
	1998	The Copenhagen Centre (TCC)	Independent institution created by the Danish Government focusing on CSR						
	2006	Cooperation between companies and municipal job centres	For an inclusive labour market, targeting disadvantaged groups						
		Network award recognising socially responsible companies	Presented by the Network of Business Leaders						
		Ministry of Refugee Immigration and Integration Affairs Award	Rewards ethnic minorities' integration in the job market						
	June 2005	CSR Compass	Guide for companies on CSR implementation. Ministry of Economy, Confederation of Danish Industries and the Danish Institute for Human Rights.						
	August 2006	Business Anti-Corruption Portal	Danish Ministry of Foreign Affairs, Transparency International, Global Advice Network. Tools for companies						
		Social Index	Tool allowing companies to assess their degree of Social Responsibilities. Score achieved can be communicated						
	December 1995	Statutory order on the duty of some polluting companies to draw up environmental statements	Ministry of Environment						
	2001	Danish Parliament's Act	Enables public authorities to include social obligations in public procurement						
		Outreach activities	Europe-Latin America Dialogue, Funding of CSR-related projects in developing countries						
	Passed December 2008, Effective 2010	Law making CSR reporting mandatory for largest private and state-owned companies and institutional investors ²⁷							
	May 2008	Action Plan for CSR ²⁸	Thirty-action plan						
	May 2010	The Council for CSR is set up	Under the authority of the Ministry of Economy and Trade						
France	1977	Decree passed on 8 December 1977 mandating Social Report (Décret du 8	Companies with 300 and more employees must publish a Social Report/Bilan Social						

²⁷ http://www.unglobalcompact.org/newsandevents/news_archives/2008_12_17.html

²⁸ http://www.unglobalcompact.org/docs/news_events/9.1_news_archives/2008_06_11/Action_plan_CSR.pdf

		décembre 1977 sur le Bilan Social)							
	May 2001	Article 116, Law on the New Economic Regulations (2001) (Loi NRE)	French listed companies must report on their social and environmental performance. A decree passed in 2002 details criteria and aspects to be included in the company annual report						
	2004	Professional Equality Label	Put in place by the Minister responsible for Equal Opportunities. Implemented with social partners						
	February 2001	Law of 19th February 2001 on Employees' savings	Employees' savings' funds' should include in their policy document, when appropriate, the ethical, social and environmental requirements that the asset manager should follow						
	July 2001	Law of 17th July 2001 establishing the pension reserve fund	Management should report on how social, environmental and ethical aspects are taken into account in the investment policy						
	December 2004	Law of 30th December 2004, creating an independent administrative authority on discrimination (Haute Autorité de Lutte contre les Discriminations – HALDE)	Promotion of diversity and advice; annual report on discrimination; possibility to report abuses related to discrimination						
	March 2007	Action Plan for Sustainable Public Procurement	Based on EC Directives. Public Purchasers are strongly encouraged to integrate CSR in their procurements						
		Letter sent by export credit agency COFACE informing on OECD Guidelines to companies entitled to credit and investment guarantees							
	2008	Opinion of the National Commission on Business & Human Rights & Reply of the Prime Minister							
	2007	National consultation on Sustainable Development, and consequent so-called Law "Grenelle de l'Environnement" - includes CSR	Reporting, legal responsibility of holdings on subsidiaries, Socially Responsible Investment						
	2008	Law of 3rd July 2008, requires listed companies to provide, if necessary for reflecting the company's situation, non-financial information and how social and environmental impacts are handled	Implementation of EC directive 2006/46/CE of 14th June 2006						
		CDC (French public							

		investment institution, with participation in 200 French private companies) is a member of the UN PRI, practices positive engagement							
	2007	CSR Policy of the French Development Agency (AFD)	AFD is a signatory of the UN Global Compact						
	2007	Credit lines can be opened to partnering banks in developing countries for loans with CSR requirements to SMEs							
	2008	Diversity Label	Set up by the Human Resources Directors Association, on governmental request						
	May 2003	SD2100 Guidelines launched by AFNOR (French Standardisation Agency)	SD21000 are guidelines for implementing Sustainable Development and CSR in companies						
United Kingdom	2000	Minister for CSR appointed							
	Since 2001	3 reports on CSR published ²⁹							
	2004	CSR Academy	To encourage companies to develop skills for CSR						
	December 2000	Voluntary Principles on Security and Human Rights	International initiative, launched by UK and US governments						
	September 2002	Extractive Industries Transparency Initiative (EITI)	Launched by Prime Minister Tony Blair at the World Summit on Sustainable Development in Johannesburg						
	1998	Governmental support to the Ethical Trading Initiative	Label and certification schemes and management systems for improving labour conditions along the supply chain						
		Environmental Reporting Guidelines - Key Performance Indicators (KPIs)	Developed by DEFRA - Department for Environment, Food and Rural Affairs						
	2006	BS 8900	World's 1 st standard for managing Sustainable Development						
	2006	Companies Act 2006	Companies listed on London Stock Exchange main board must include in their annual reports information on environmental matters, employees and social issues. When exercising their duties, the Directors should consider the impact of management decisions on community and environment (no specific guidance included)						
	2004	Governmental supported a practical web-based toolkit for							

²⁹ <http://www.berr.gov.uk/files/file48771.pdf> - Accessed May 2010

		CSR in SMEs								
	2006	British OECD National Contact Point mission and work redefined								
	March 2007	Government Sustainable Procurement Action Plan								
	2007	CoST: Construction Sector Transparency	International initiative launched by DFID (British Aid Agency)							
	April 2009	“New Industry, New Jobs”: government report on its strategy against economic downturn	Calls for an economy that respects the people and the environment							
	July 2009	“The UK Low Carbon Industrial Strategy”	Governmental industrial strategy – The aim is to move radically to a low-carbon-based industry							
	2009-2010	Parliament report: “Any of our business? Human rights and the UK private sector”; and reply from the Government								
Sweden		One of the largest funders of the UN Global Compact								
		Swedish Consumer Agency (SCA) develops consumers’ awareness	Training materials (like “Consume Less”), roundtables							
		Partnership for Global Responsibility, Minister of Foreign Affairs	Promotes respect of the OECD Guidelines for Multinational Enterprises and participation in the UN Global Compact among Swedish Companies. Network and experience sharing.							
		CSR activities of the Swedish international development agency - SIDA								
		The Swedish business development agency (NUTEK) promotes CSR in SMEs	Through business development tools, case studies, regional incubators							
	1999	Companies over a certain size are required to include environmental information in their annual reports								
	2007	CSR reporting mandatory for state-owned enterprises								
	1997	Government agencies must adopt environmental management systems								
		Swedish National Pension Funds (First-Fourth AP Funds) are a member of the UN PRI								
		Swedish Export Credit Agency provides every client with information	Awareness raising on CSR and the OECD Guidelines also achieved by other public							

		on the OECD Guidelines and other instruments	agencies (Minister of Foreign Affairs, Swedish Trade Council)						
		State ownership policy (for state investments)	Includes ethical, environmental and gender equity principles; and an engagement for diversity work						
	2009	Discrimination Ombudsman + other provisions	This Ombudsman comes additionally to other Ombudsmen dealing with specific discrimination issues. New provisions prohibit age and transgender discrimination. Support for working and business women						
Italy	2002 (started)	CSR-SC (Corporate Social Responsibility-Social Commitment) Project, initiated by the Ministry of Labour and Social Affairs, in collaboration with the CSR Forum	Objectives: mainstream CSR within companies and public agencies, incl. SMEs						
	27 th November 2003	Joint agreement between the Minister of Labour and Social Affairs and the President of the Union of Italian Chambers of Commerce	Promotion of CSR and of the CSR-SC project among companies						
	May 2004	Italian Multi-Stakeholder Forum for Corporate Social Responsibility (CSR Forum)	Set up by the Ministry of Labour and Social Affairs, it is a platform for dialogue						
	2005	I-CSR (Italian Centre for Social Responsibility)	Funded by the Italian government, co-founded by the government with several stakeholders. Carries out research and promotes dialogue between CSR stakeholders						
		Eticità nelle Attività Produttive	Through a financial scheme for SMEs, Tuscany region can cover up to 50% of their consulting and certification costs for SA8000						
		Tuscany region has created a CSR Office and a multi-stakeholder committee							
	December 2002	Regional law in the Emilia Romagna region	Provides companies and other entities with financial support for the introduction of traceability systems along the supply chain - For agriculture and food industry						
		Social Label to be developed by the Emilia Romagna region	Status of the project not known						
		SA8000 is part of awarding criteria for some public tenders in the Tuscan region							
	2 November 2002	Regional law in the Umbria Region: register listing companies certified under SA8000	Companies in the register are granted preferential treatment in public procurement, tax and administrative and fiscal						

			advantages, financial support for training and certification						
	February 2003	Proposed regional law by the Provincia di Chieti in the Abruzzo region	Companies certified under SA 8000, EMAS, ISO 14000 and OHSAS 18001 are granted preferential treatment in public procurement, financial grants for training and certification tax and administrative incentives						
	2007	Directive 2003-51 on company accounts, adopted in 2007 (DL2007-32)	Company management reports must include social and environmental aspects						
	October 2009	Diversity Charter (Carta per le pari opportunità e l'uguaglianza sul lavoro)	Launched by the Ministries of Employment and of Equal Opportunities, together with leading business networks						
		Sustainable Products and Services Programme	Promotion of Green Public Procurement, by the Ministry of Environment						
The Netherlands	April 2004	Knowledge and Information Centre on CSR	Independent body, mainly funded by the Ministry of Economic Affairs. Promote and share knowledge and information on CSR; both at national and international levels; also targets SMEs. Proposes online toolkits, programmes, best practices sharing, collaborative partnerships, stakeholder dialogue						
	March 2001	Position paper on CSR by the Dutch government	In response to the position paper issued by the Social and Economic Council (SER): "Corporate Social Responsibility: A Dutch Approach"						
		Coordination of the CSR issues by the Ministry of Economic Affairs							
		Annual top level meetings on CSR	Prime Minister, Minister for Foreign Trade, top enterprises, interest groups						
		Promotion of the OECD Guidelines							
		CSR regularly included in trade missions	Contributes to spread CSR among companies and in host countries						
	2005	Project on Sustainable Entrepreneurship in an international context							
	2005-2006	Chain-wide research on natural stone sector sponsored Ministry of Social Affairs & Employment	Led to recommendations to the industry						
		The Dutch Government takes part in the Voluntary Principles on Security & Human Rights	Other participants are the UK, US, and Norwegian governments, companies and NGOs						
		The Dutch Government supports the UN Global Compact	The objective is to develop awareness in non-OECD countries						
	2004	Annual transparency benchmark on CSR	Results: improved reporting by 47% companies after the 1 st						

		Reporting on largest companies	year of the benchmark						
		Support to GRI							
		Financial support to the Sustainable Money Guide for individuals							
	2004 (started)	Social performance reports released every year by several governmental departments	First such report released by the Ministry of Economic Affairs						
	2003	CSR reporting guidelines	Designed by a multi-stakeholder task force on CSR set up by the Council for Annual Reporting						
	2006	Set of guidelines for sustainable trade and use of timber developed by several departments	Now used by the government itself						
		Government objective of 100% Sustainable procurement at state level, 50% at municipal level by 2010							
		Companies applying for taxpayer-funded subsidies are required by the government to state in writing that they are familiar with the OECD Guidelines and that they will make an effort to apply them							
		Activities by the Dutch Ministry of Foreign Affairs for simulating CSR of large national retailers							
		Discouragement policy through dialogue for companies involved in trade or investment with Burma	Based on the poor reputation of the Burmese Government on human and labour rights						
		Support to NGOs and labour unions in developing countries for CSR awareness rising activities	Ministry of Development Cooperation, in cooperation with the Ministry of Agriculture, Nature and Food Quality						
	2007	Cabinet Vision on CSR 2008-2011							
	November 2009	Annual Reporting Guidelines (the RJ-400) and its CSR supplement, developed by the Dutch Accounting Standards Board (DASB)	RJ-400's CSR supplement is a basis for the Dutch Ministry of Economic Affairs' Transparency Benchmark. Refers to the GRI G3 Guidelines						
	2009	Peer Review Process of the OECD National Contact Point	Launched by the government						
Germany	2000	Financial initial support to the UN Global Compact, and other cooperation							
		Cooperation with UNDP on the Growing							

		Sustainable Business Initiative								
	2003	Marketing and training campaign to raise awareness and embark businesses on CSR	By the Federal government, businesses and social partners							
		Support of Federal government to individual projects in the field of ecological and fair trade								
		Fair Feels Good Campaign, website for consumers								
		Potential for Innovation in a Modern World of Work	Research programme of the Ministry of Education, including life-long learning opportunities and competence development							
		PPP Programme which aims at being a driver for CSR activities in developing countries								
		TeamArbeit	Network comprising of companies and individuals launched by the then Federal Ministry of Economics and Labour against unemployment							
		Promotion of a CSR website for SMEs	By the Federal Initiative Companies: Partners of Youth (UPJ)							
		Training activities; and involvement in many training initiatives	At federal and regional levels							
		Startsocial	Competition initiated by companies, under the patronage of the Federal Chancellor. Awards social initiative and volunteer projects							
		Freedom and responsibility	Competition organised by the magazine Wirtschaftswoche and industry organisations							
		Grants and low-interest loans for investment in renewable energy	Distributed by the federal government							
	November 2000	Agreement between federal government and businesses with a voluntary commitment for reduction targets for all Kyoto gases	Long-term agreement							
		Framework Conditions for Innovation and In-Company Instruments: includes measures for developing environmental responsibility of companies	Governmental programme							
	May 2003	Companies adopting EMAS are granted privileges with respect to environmental management	Scheme of the federal government							
	2001	Xenos Federal Programme	Support pioneering projects combating racism and xenophobia in the workplace, at							

			school and in training. 250 projects funded between 2001 and 2006						
	1 May 2002	Act on Equal Opportunities for Disabled Persons	Provision for agreements between companies and recognised associations for promoting employment of disabled persons						
		Promotion of the European EQUAL Programme	129 development partnerships, encompassing 1,800 single projects between 2005 and 2007						
	2006	Success Factor Family: Benefits for Companies	By the federal government. Encourages companies to adopt family-friendly policies						
		Agreement between the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth and the Hertie Foundation for promoting family-conscious human resources policies	The initiatives aims at demonstrating that such a policy is good for business						
	2003-2006	Balance between Family and Working World project	Federal Ministry for Family Affairs, Senior Citizens, Women and Youth and the Bertelsmann Foundation Support to SMEs (information, helpline) implementing family-friendly human resources policies						
		Round Table on Codes of Conduct created, aiming at improving working conditions in developing countries	Includes representatives of ministries, companies, NGOs and social partners						
		Programme for promoting social and ecological standards in developing countries	The programme pushes involvement of actors of these countries to take part actively in voluntary agreements						
	2006	Interdisciplinary Workgroup for CSR	Initiated by the Ministry of Labour and Social Policy						
	2008	www.csr-in-deutschland.de	Website presenting the governmental CSR policy, and providing information on CSR						
	January 2009	National Forum on CSR	Its mission includes advising the government on its CSR policy, as well as making proposals for the national CSR policy						
	March 2009	Agreement between the OECD National Contact Point (NCP) and the local UN Global Compact Network	The NCP is now entitled to receive complaints about false communications on progress posted on UN Global Compact website						
	July 2009	Release of the National CSR Action Plan	Coordinated by the Minister of Labour and Social Affairs						
Poland	2002	Gdansk Institute for Market Economics published "The White Book on Corporate Governance"							
	2002	National representative to participate in the European Commission working group on Responsible Business							

		in the SME								
	2004	Expert participating in the European Commission High-Level Group on CSR								
	1996	“Leader of Polish ecology” granted annually by the Minister of the Environment	Awards entrepreneurs and communities. Can reward companies having put in place environmental managements standards such as ISO14001 and EMAS							
	2005	National Clean Business Award, presented by the Ministry of the Environment and the Polish Environmental Partnership	Awards SMEs taking steps for environmental protection and ecological action							
	2004	Green Labels campaign, under the patronage of the Office of Competition and Consumer Protection (OCCP)	Implemented by the Foundation for Social Communication and the Responsible Business Forum. Aims at developing consumers awareness on CSR and environmental labels							
		Legal provisions encouraging companies to invest in employees’ training								
	27 August 1997	Act of 27 August 1997 on Professional and Social Rehabilitation and Employment of Persons with Disabilities no. 126, item 776	Provision for financial support for companies employing disabled persons							
	10 September 2004	Agreement between the Ministry of Social Policy and Managing Board of the Friends of Integration for a campaign promoting employment of disabled persons								
	2002	Guidelines Concerning the Inclusion of Environment Protection Principles in Sector Programmes	Adopted by the Council of Ministers							
	Being prepared	“CSR Implementation Guide; Non-legislative Options for the Polish Government”; document for helping the government to develop a CSR public policy	Prepared by the Ministry of Labour and Social Policy. The project is now joined by the World Bank, the Office of Competition and Consumer Protection as well as the Ministry of Economy							

Sources: European Commission (2007) Corporate Social Responsibility - National public policies in the European Union; CSR Europe (2009), A Guide to CSR in Europe; French Minister of Foreign Affairs (2009), Etude des politiques volontaristes menées par les Etats en matière de Responsabilité sociale des entreprises dans 17 pays européens (UE 16+ Norvège)

Belgium, Denmark, Germany have released national policy papers. The UK has released several papers (reports, policy papers on specific topics) on CSR policy. France has also released policy papers: Opinion of the National Commission on Business & Human Rights

& Reply of the Prime Minister, and Aid Agency CR Policy. If national policy papers are often released, there are few evaluation activities of CSR. We can however name the CSR Reports in the UK, and the 2009 stakeholder forum and report in Belgium. These activities rather assess the progress of CSR policy's implementation than their impact.

Several countries have passed CSR-related laws that focus mostly on responsible investment (Belgium, France) and on CSR disclosure. Denmark, France and Sweden require CSR disclosure from certain types of companies (SOEs in Sweden, large companies in Denmark and France). The UK and Italy also have a legal CSR disclosure general principle, but without specific guidance.

There is a strong activity with respect to responsible public procurement. Activities include plans, objectives (The Netherlands), legal provisions (Italy), guidelines (The Netherlands).

Many activities aim at contributing to social inclusion, diversity and employment of disadvantaged groups. These activities include voluntary initiatives, legal provisions, independent agency/ombudsman acting as a watchdog, and others. Germany has a very strong focus on enabling and preserving people "employability" over the years, and on inclusion of all society groups. There are incentive schemes for inclusive employers, training programmes, partnerships.

Some countries (UK, The Netherlands, Sweden) have strong outreach policies. The UK has initiated international initiatives: EITI (Extractive Industries Transparency Initiative), Voluntary Principles on Security and Human Rights), CoST (Construction Sector Transparency). The UK also supported the launch of the Ethical Trading Initiative, which works towards better labour conditions in developing countries through the supply chain). Sweden supports international instruments and pushes their outreach. The Netherlands achieves outreach through projects, some of which interestingly integrate CSR to business activities in developing countries.

There is a limited guidelines activity. Instead there is rather support to existing CSR international instruments: promotion of the OECD Guidelines for multinational enterprises (e.g. France, The Netherlands), funding of the UN Global Compact (Germany, Sweden).

Governments initiate or/and participate in partnering activities. Germany for example has a strong tradition of dialogue and partnership between public authorities and the social partners (business organisations, trade unions). The UK and Sweden have initiated partnerships at the international levels. Many governments have also set up dialogue and advisory initiatives: we can mention the Grenelle de l'Environnement in France, the National Forum on CSR and the Interdisciplinary Workgroup for CSR in Germany, annual top level meetings on CSR in The Netherlands, the National Employment Council and National Network of Business Executives in Denmark. All these partnerships, dialogue, and also incentive initiatives demonstrate the need for, beyond compliance, engaging the businesses positively in CSR, as well as the need for teaming up with various stakeholders on complex social and environmental issues.

Initiatives also target integration of CSR to business management and to business processes, and development of labels and certification. Activities also aim at developing CSR in SMEs (Small and Medium Enterprises). At last, more and more initiatives target individuals' awareness on CSR issues, and on how, through their purchases, they can make positive changes.

C. Conclusion

China has more recently than Europe engaged in CSR public activities. However it is bridging the gap quickly. Europe rather considers CSR as voluntary efforts by companies to contribute to achieve European goals (more jobs and growth, sustainable development, customer trust and competitiveness). European countries use a wide range of activities while China rather focus on a limited range of activities: guidelines, evaluation, implementation at the local level, mechanisms for compliance with the laws. China has a strong top-down approach: CSR Guidelines have been implemented first by the government, and by stock exchanges, and seem now to be released at the local level. It is interesting to note that industries (textile, forest products) and regions and cities most exposed to the global economy have pioneered CSR initiatives.

Both Europe and China have a strong focus on reporting and responsible investments, which are considered drivers for better CSR practices.

Europe has a strong focus on CSR international instruments and CSR outreach. China, though not so engaged in CSR international instruments, has some activities using on these instruments (Shanghai Pudong New Area Government CSR initiatives).

There are significantly more partnering and positive engagement activities in Europe than in China. However China is also engaging in these types of activities. It could be beneficial for China to engage more in these.

China has apparently no national policy on CSR, while Europe and some large European countries do. However, CSR approach in China seems organised and structured.

For both China and Europe, there is an opportunity for CSR Public Policy evaluation activities.

Comment

This section will provide insights for all workshops and more specifically S39b and T44C Workshops, as well as S39c for the provincial/local/city level.

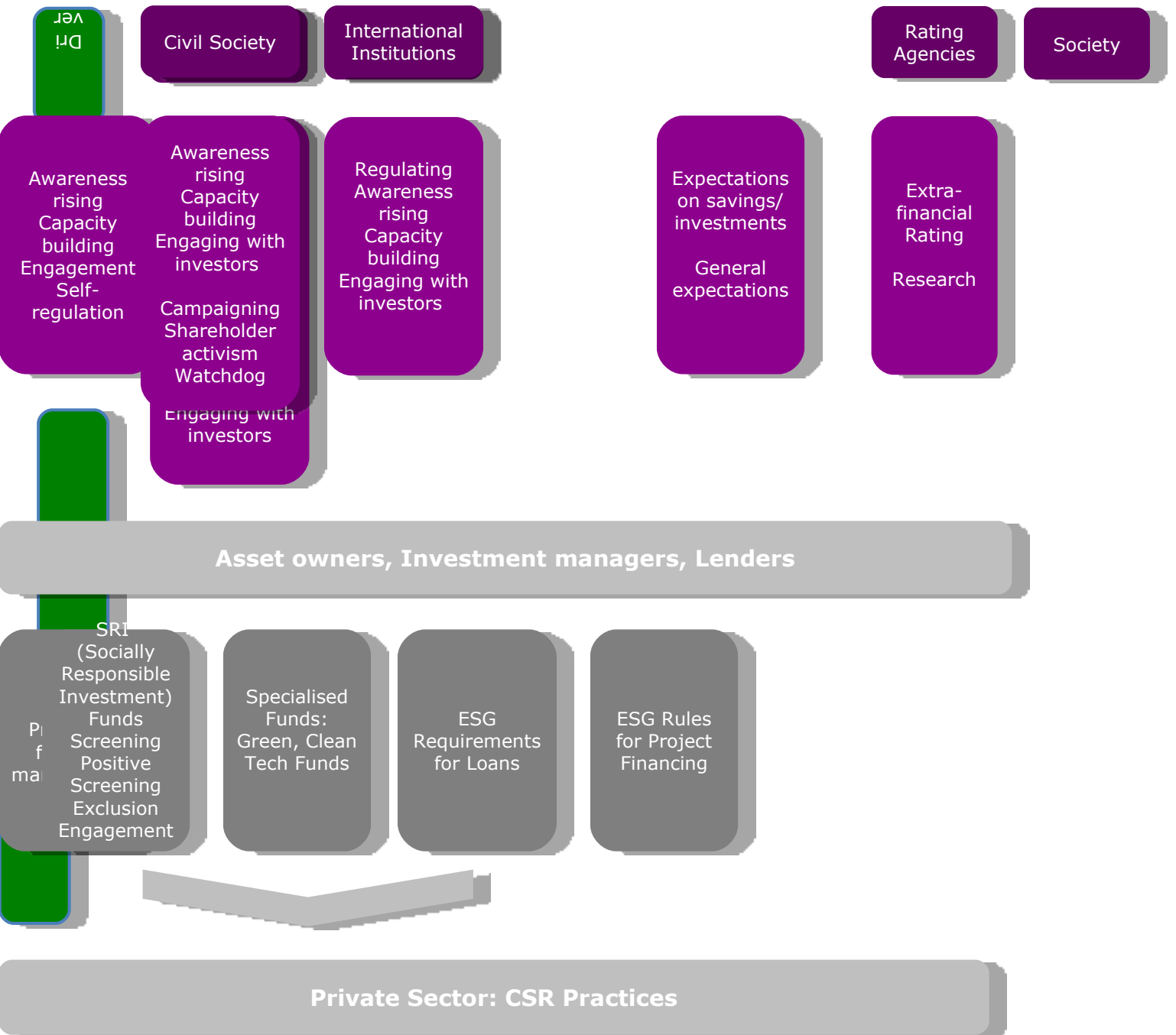
2. Responsible Investment Framework

We will consider Responsible Investment in a broad manner. First, we will include Socially Responsible Investment (SRI) as defined by Eurosif, a European organisation promoting Responsible Investment: "SRI, a generic term covering ethical investments, responsible investments, sustainable investments, and any other investment process that combines investors' financial objectives with their concerns about environmental, social and governance (ESG) issues." We also include project financing and loan activity with ESG principles, as well as CSR Mandatory Reporting as this latter is key for SRI.

Responsible investment (RI) is a driver for developing and enhancing CSR practices. Figure 2 proposes an analysis framework showing how Responsible Investment can impact on companies.

This part will give some insights on Responsible Framework in both Europe and China. It does not aim at giving a comprehensive overview of SRI activities by private actors in Europe as these are too many.

Figure 2 - Responsible Investment Framework



A- China

Tables 7 and 8 give an account of main Chinese initiatives with respect to responsible investment.

Table 7 – China - Main initiatives in the financial sector – Governmental

When	Who	What
September 2006	Shenzhen Stock Exchange	Guidelines for Listed Companies on Corporate Social Responsibility and pointed out that listed companies should actively disclose information (Social Responsibility Instructions for Listed Companies)
November 2007	Shanghai Stock Exchange	Report on Corporate Governance
November 2007	China Banking Regulatory Commission (CBRC)	Recommendations on Strengthening Large Commercial Banks' Social Responsibilities, which require large banks to comply with the 10 basic principles of the United Nations' Global Compact
2007?	China Banking Regulatory Commission (CBRC)	Guidelines on Credit Underwriting for Energy Conservation and Emission Reduction
2008	Shanghai Stock Exchange (SSE)	SSE Corporate Governance Index
May 2008	Shanghai Stock Exchange (SSE)	Notice on Strengthening Listed Companies' Assumption of Social Responsibility (Shanghai CSR Notice)
May 2008	Shanghai Stock Exchange (SSE)	Guidelines on Listed Companies' Environmental Information Disclosure (Shanghai Environmental Disclosure Guidelines)
December 2008	Hong Kong Exchange	Corporate Responsibility Charter and Carbon Reduction Charter
2008	China Securities Regulatory Commission, SEPA	Green policies for companies: Green Securities (highly-polluting companies from 13 identified heavy industries (including those in electric power, cement and steel) must pass environmental inspections for initial public offering or refinancing), and already listed companies in certain heavy polluting industries will be made to provide minimum levels of disclosures on environmental and energy performance. SEPA has completed a review of 37 companies seeking to raise funds on the capital markets and delayed the listing approval for 10 of them; Green credit (commercial credit restrictions for highly-polluting activities): SEPA – now the Ministry of Environmental Protection's - must pass on details of corporate environmental law violators to China's central bank. This latter has blocked or withdrawn loans to several such companies; Green Insurance (insurance against corporate pollution); Green taxation (no tax refund in case of polluting products)
January 2008	Tianjin TEDA Co (SOE), with Shenzhen Stock Exchange	Teda Environmental Index of 40 listed companies

21 July 2009	Shanghai Stock Exchange (SSE) and China Securities Index Co., Ltd	SSE Social Responsibility Index, "Responsibility Index", code of "000048"
June 2010	Hong Kong Stock Exchange	New rules for minerals companies, requiring disclosure of social, environmental, tax and compliance data

Table 8 presents initiatives from non-governmental actors.

Table 8 – China - Main initiatives with respect to the financial sector – Non-governmental

When	Who	What
2002	Tsing Capital (investment arm of Tsinghua Holding ; a subsidiary of Tsinghua University)	Chinese private equity,, investing in clean technology projects. It has performed some ESG audits and is engaging with investees on ESG. It has created 3 clean-tech funds.
January 2006	Bank of China International Investment Managers (BOCIIM), joint venture with Merrill Lynch	Sustainable Growth Equity Fund
2006	Reputex	Specialised ESG Research, has an agency in China. It also has several related indices covering Chinese enterprises as part of Asia or Global indices, as well as a Responsible China index which is not publicly available. Launched Reputex China Top 10, a best-in-sector list based on the CSI 100 in June 2008
2008	Japan Research Institute (JRI)	ESG Research - collaborated with Sumitomo Trust & Banking (STB) to screen Chinese listed companies based on their CSR performance, using a modified version of an established research methodology used for Japanese SI funds.
October 2008	China Industrial Bank (CIB)	Joins Equator Principles
May 2008	AEGON-Industrial Fund Management (Chinese mutual fund)	Industrial Social Responsibility Fund
June 2008 (check date)	F & C	Positive engagement on ESG with 24 Chinese Companies
2008	Green Watershed, Friends of Nature, Institute of Public & Environmental Affairs, Green Earth Volunteer, Global Environmental Institute, Civil Society Watch, China Development Brief and Green Volunteer League of Chongqing	Have organised the "1st green banking and sustainable finance award", The 2008 winner was China Industrial Bank
24 December 2008	Shanghai National Accounting Institute (SNAI)	Index measuring CSR of businesses listed on the Chinese Stock Exchange
12 January 2009	China Banking Association	CSR Guidelines for Financial Institutions

April 2009	RiskMetrics	Evaluated environmental and social risk of 40 of the largest Chinese companies.
May 2009	China Banking Association (CBA)	1st China Banking Sector Social Responsibility Report
March 2010	Sumitomo Trust & Banking (STB)	China SRI Retail Fund
To be launched	Robeco; TEDA International Holding Corporation	Have announced plans for a new joint-venture vehicle, the Robeco TEDA Sustainable Private Equity Fund
Tested, to be launched	China Construction Bank (65% share); Principal Financial Group (25% share); China Huadian Group (10% share)	CCB-Principal Social Responsibility ETP Fund
To be launched in 2010	Hang Seng	Hang Seng (HK SX) as announced it will launch a SRI Index

Source: BSR (Business for Social Responsibility) (2009), Sustainable Investment in China 2009³⁰

B- Europe

The following analysis focuses on SRI, and therefore provides some insights for understanding the state of SRI in Europe.

SRI has been defined above (Eurosif definition). Strategies for SRI funds can be split as follows:

- "Socially responsible funds, durable performance funds ("best in class"), or thematic funds, such as green funds, Human Rights funds, etc.;
- Grounds for exclusion, for moral or religious reasons, these exclude securities such as armaments, gambling, tobacco, etc...;
- Integration, into the mainstream analysis and management, of pertinent extra-financial information."³¹

SRI methodology can be used for:

- Equity/stock investment (50% of SRI investments according to Eurosif survey);
- Bonds (39%);
- Property assets (4%);
- Private equity/venture capital (1.4%); and
- Alternative/hedge funds and commodities.

SRI investors include public authorities and governments, pension funds (public and private), insurance and mutuals, and civil society organisations.³²

Eurosif, the main European multi-stakeholder organisation for SRI promotion, valued the Core SRI market to Euro 511.7 billion at the end of 2007, and the Broad SRI Market to Euro 2.154 trillion³³. Total SRI assets amount to Euro 2.665 trillion, for a market share

³⁰ [http://www.bsr.org/reports/IFC%20Report%20LONG%20Updated%2016%20oct%20\(2\).pdf](http://www.bsr.org/reports/IFC%20Report%20LONG%20Updated%2016%20oct%20(2).pdf) - Accessed 20th June 2010

³¹ Source: Vigeo - <http://www.vigeo.com/csr-rating-agency/en/blogcategory/definition-de-l-isr.html> (accessed 17th June 2010)

³² Eurosif (2008), European SRI Study 2008. http://www.eurosif.org/publications/sri_studies (accessed 14th June). The study covers 13 European countries. The next study will be released in Fall 2010.

³³ Idem

estimated at 17.4% of the total asset management. Estimated yearly growth is 42% between 2005 and 2007.

Core SRI is composed of the following strategies: ethical exclusions (more than two negative criteria applied), positive screening, including Best-in-Class and SRI theme funds, combination of ethical exclusion and positive, and screening; while Broad SRI includes simple screening, including norms-based screening (up to two negative criteria), engagement, and integration.

SRI relies on ESG information on investment. Most research is achieved for investors by specialised agencies: sustainability analysis agencies. Their activities include information provision, alert services, analysis, benchmarks, company profiles, sector and thematic research, portfolio screening, stock indexes, proxy voting³⁴. Some research is achieved by investors' own services. Research is also published by civil society organisations, as a mean to pressure companies and investors to adopt and enhance SRI/CSR practices.

Table 9 shows SRI activity by European Institutions, while Table 10 lists activities by European governments – it is an abstract of Table 6. Table 11 focuses on Sustainability Research Agencies, Table 12 on SRI Indexes of European Stock Exchanges, and Table 13 on activities by various agencies.

Table 9 – SRI activities by European Institutions

When	Who	What
May 2010	ESEC (European Social and Economic Council)	Opinion ³⁵ on Responsible Financial Products – Calls the European Commission and European countries to promote SRI through greater transparency and comparability of SRI Funds

Table 10 – SRI main activities in Europe - National legislations and other public action (includes mandatory CSR Disclosure)

Country	Date	Initiative	Additional information
Belgium	15th May 2003	Occupational Pensions Law / Loi sur les pensions complémentaires	Pension funds managers must include in their annual reports to what extent ethical, social and environmental criteria are taken into account in their investment policies
	20th July 2004	Law of 20th July 2004	Report from collective investment institutions must include how ethical, social and environmental criteria are taken into account in their investment policies
	2003	Social and Sustainable Economy Funds / Kringloopfondstions	70% of these funds at least must be invested in the social and sustainable economy, the remaining in Socially Responsible Investments. Such funds

³⁴ Source: ORSE (2007), Guide to Sustainability Analysis Organisations - http://www.orse.org/site2/maj/phototheque/photos/docs-csr/Orse_guide_sustain_vd.pdf (accessed 17th June 2010)

³⁵ Available on http://www.china-europa-forum.net/index_en.html

			are entitled to tax relief. Established by the Federal Minister for the Economy
	3rd November 2001	Law of 3rd November 2001	Subsidies to SMEs in developing countries from the Belgian Investment Company for Developing Countries (BIO) must lead to sustainable employment opportunities that respect basic social rights that must be met by companies looking for investment.
Denmark	December 2008	Law making CSR reporting mandatory for largest private and state-owned companies and institutional investors ³⁶	
France	1977	Decree passed on 8 December 1977 on Social Report (Décret du 8 décembre 1977 sur le Bilan Social)	Companies with 300 and more employees must publish a Social Report/Bilan Social
	May 2001	Article 116, Law on the New Economic Regulations (2001) (Loi NRE)	French listed companies must report on their social and environmental. A decree passed in 2002 details criteria and aspects, environmental and social, to be included in the company annual report
	February 2001	Law of 19th February 2001 on Employees' savings	Employees' savings' funds' should include in their policy document, when appropriate, the ethical, social and environmental requirements that the asset manager should follow
	July 2001	Law of 17th July 2001 establishing the pension reserve fund	Management should report on how social, environmental and ethical aspects are taken into account in the investment policy
		Letter sent by export credit agency COFACE informing on OECD Guidelines to companies entitled to credit and investment guarantees	
	2007	National consultation on Sustainable Development, and consequent Law Grenelle de l'Environnement include CSR and SRI	Reporting, legal responsibility of holdings on subsidiaries, SRI promotion
	2008	Law of 3rd July 2008, requires listed companies to provide, if necessary for reflecting the company's situation, non-financial information and how social and environmental impacts are handled	Implementation of EC directive 2006/46/CE of 14th June 2006
		CDC (French public investment	

³⁶ http://www.unglobalcompact.org/newsandevents/news_archives/2008_12_17.html

		institution, with participation in 200 French private companies) is a member of the UN PRI, practices positive engagement	
	2007	CSR Policy of the French Development Agency (AFD)	AFD is a signatory of the UN Global Compact
	2007	French Development Agency launches credit lines can be opened to partnering banks in developing countries for loans to SMEs with CSR requirements	
United Kingdom	2006	Companies Act 2006	Companies listed on LSE main board must include in their information on environmental matters, employees and social issues. When exercising their duties, the Directors should consider the impact of management decisions on community and environment
Sweden	2007	CSR mandatory reporting for state-owned enterprises	
		Swedish National Pension Funds (First-Fourth AP Funds) are a member of the UN PRI	
		Swedish Export Credit Agency provides every client with information on the OECD Guidelines and other instruments	Awareness raising on CSR and the OECD Guidelines also achieved by other public agencies (Minister of Foreign Affairs, Swedish Trade Council)
		State ownership policy	Includes ethical, environmental and gender equity principles and an engagement for diversity works
The Netherlands	2004	Discouragement policy through dialogue for companies involved in trade or investment with Burma	Based on the poor reputation of the Burmese Government on human and labour rights
Norway	2004	Government Pension Fund Global (GPGF) (Sovereign Wealth Fund) established Ethical Guidelines ³⁷ . GPGF is a signatory of the PRI.	Ethical guidelines, revised in 2010, include international collaboration, targeted investment programmes, research and investigation, active ownership and exclusion of companies

Sources: European Commission (2007) Corporate Social Responsibility - National public policies in the European Union; CSR Europe (2009), A Guide to CSR in Europe; French Minister of Foreign Affairs (2009), Etude des politiques volontaristes menées par les Etats en matière de Responsabilité sociale des entreprises dans 17 pays européens (UE 16+ Norvège)

Table 11 – Main Sustainability Analysis Agencies (extra-financial rating, SRI Indexes, and others)

³⁷ Norway Ministry of Finance (2010), Government Pension Fund Global – Responsible Investment http://www.regjeringen.no/upload/FIN/brosjyre/2010/spu/english_2010/index.htm (accessed 10th June 2010)

Country	Sustainability Analysis Agency	Country	Sustainability Analysis Agency
Germany	IMUG OEKOM Research Scoris	Switzerland	SiRi Company Covalence CentreInfo Inrate SAM Research
The Netherlands	Sustainanalytics	Sweden	GES Investment Services
Belgium	Deminor Ratings Vigeo Belgium	Spain	Fundacion Ecologia Y Dessarrollo (FED)
France	Vigeo BMJ Ratings Ethifinance	United Kingdom	Eiris Ethical Screening Trucost
Italy	Vigeo Italia E Capital Partners		

Source: ORSE (2007), Guide to Sustainability Analysis Organisations³⁸

Table 12 – Sustainability (SRI) Indexes offered directly or indirectly by European WFE (World Federation of Exchanges) member exchanges

Exchange	Index	Launch year
BME - Bolsas y Mercados Españoles	FTSE4Good IBEX Index	2008
Deutsche Börse	DAXglobal® Alternative Energy Index	2006
	DAXglobal® Sarasin Sustainability Germany Index	2007
	DAXglobal® Sarasin Sustainability Switzerland Index	2007
London Stock Exchange Group (via joint ownership of FTSE)	FTSE4Good Global Index	2001
	FTSE4Good US Index	2001
	FTSE4Good Europe Index	2001
	FTSE4Good UK Index	2001
	FTSE4Good Global Index 100	2001
	FTSE4Good US 100 Index	2001
	FTSE4Good Europe 50 Index	2001
	FTSE4 Good UK 50 Index	2001
	FTSE4Good Japan Index	2004
	FTSE4Good Environmental Leaders Europe 40 Index	2007
	FTSE4Good Australia 30 Index	2008
	FTSE4Good IBEX Index	2008
	FTSE KLD Global Sustainability (GSI) Index Series	2008
	FTSE KLD Global Climate 100 Index	2008
	FTSE Environmental Technology Index Series	2008
	The FTSE Environmental Opportunities Index Series	2008
NASDAQ OMX	OMX GES Sustainability Nordic Index	2008
	OMX GES Ethical Nordic Index	2008
	OMX GES Ethical Denmark Index	2008

³⁸ http://www.orse.org/site2/maj/phototheque/photos/docs-csr/Orse_guide_sustain_vd.pdf (accessed 17th June 2010)

	OMX GES Ethical Finland Index	2008
	OMX GES Ethical Norway Index	2008
	OMX GES Ethical Sweden Index	2008
	OMX GES OMXS30 Ethical Index	2008
	OMX GES Sustainability Sweden Ethical Index	2008
	OMX GES Sustainability Sweden Index	2008
<hr/>		
NYSE Euronext	Euronext FAS IAS Index	2006
	Low Carbon 100 Europe Index	2008
Wiener Börse	VÖNIX Sustainability Index	2008
	CEE Responsible Investment Universe Index (CEERIUS®)	2009

Source: World Federation of Exchanges³⁹

³⁹ <http://www.world-exchanges.org/sustainability/m-4-0.php> (accessed 17th June 2010)

Table 13 - Selected activities – Examples from business organisations, civil society and others

Organisation	Date	Activity
Promotion of SRI		
Eurosif	2001	European, not-for-profit, multi-stakeholder forum for promoting Sustainable Finance, through EU Lobbying, research, initiatives, awareness rising. There are 7 national chapters. Assets of members account for Euro 1 Trillion
Soft-regulation		
Eurosif	2004 2008	Transparency Code Label for signatories of the Transparency Code ⁴⁰ One of the Code's objectives is to contribute to increase public trust and consequently investment in SRI funds
FIS (French chapter for Eurosif – Forum de l'Investissement Responsable) AFG (French Association for Fund Management)	2010	Make the adoption of the Transparency Code mandatory for their SRI Fund members and publish a handbook for implementing the Code
Labelling, certifying		
Spanish Association for Standardisation and Certification (AENOR)	2010 (under process)	UNE 165001: 2002 EX, Ethical Investment Instruments AENOR is developing a norm for Socially Responsible Financial Products, aiming at setting general requirements for institutions managing such products; and at ensuring that social criteria are more transparent and well promoted to investors
Novethic	2009	SRI Label for qualifying funds. Requirements are as follows: ESG analysis included in the investment process, processus and portfolio transparency, fund CSR report, and fund breakdown
Research on SRI		
INRate, Adelphi Consult	2010	Have calculated and compared for the German government the carbon intensity of an average German savings account as well as of an average equity portfolio and compares them to a climate-friendly savings account and a sustainable/climate-friendly equity portfolio of a sustainable investment. First findings show that carbon intensity of a equity portfolio can be reduced by as much as 35%
Engaging with SRI investors		
SOMO	2010	Has started engaging with SRI investors to pressure companies in the electronics sector for enhancing their performance, in particular with respect to low-wage, e-waste and metal mining
Divestment campaign		
Handicap International, Netwerk Vlaanderen, IKV Pax Christ	2010	Divestment campaign: have disclosed the banks investing in cluster banks to pressure concerned banks to stop such investments
Watchdog on project financing		
Banktrack	2004	Global (not exclusively European) NGO Network campaigning and doing research for a greater accountability of banks on project finance. Includes investment in companies with allegedly bad social and environment practices http://www.banktrack.org/

⁴⁰ Transparency code and related documents

http://www.eurosif.org/publications/european_sri_transparency_code/download_transparency_code_related_documents

C- Conclusion

In China, there is a strong governmental activity with respect to responsible investment. It aims at using stock Exchanges to stimulate CSR practices by companies through guidelines, reporting and SRI indexes.

The government has also put in place a mandatory green requirements and screening for companies seeking bank credit and financing on stock exchanges.

Chinese SRI is still at a nascent stage. However, there are some activities by extra-financial rating agencies and research firms, as well as some SRI Funds launched. Also, private Chinese companies are, for some of them, exposed to scrutiny of international investors.

The China Banking Regulatory Commission has also issued CSR Guidelines for developing CSR practices among banks.

SRI is a well developed across Western Europe. Many asset management organisations are either including ESG criteria to their fund management processes, either managing specific SRI funds. SRI is expected to contribute to improving fund management – SRI fund may improve long-term returns through reducing risks and investing in companies with sustainable development-oriented policies.

Many European countries have adopted laws and regulations with respect to the SRI market, aiming to making it more transparent. There are also various public activities, including responsible management of public assets (Norway, Sweden), credit and guarantees in developing countries with CSR requirements.

There is a strong push from more transparency on CSR practices, and more transparency and comparability on SRI funds practices. This push comes from financial organisations (investors, investors' organisations) and civil society organisations. The objective of civil society organisations is to make SRI funds more demanding with invested companies on their CSR practices (see Table 13 - SOMO). The objective of financial investors is to get better CSR data available for SRI investment, and to provide more transparency and guidance to investors – especially individual investors. This would help to develop the market as a whole, and the retail market more specifically (individuals).

Tools implemented for achieving better transparency and comparability of SRI funds include certification, label and industry codes. Governments have also passed laws for transparency of SRI funds. As pointed out by ESEC, involvement of the European Commission would be beneficial with respect to SRI funds transparency and comparability.

There is a significant NGO activity for more responsible project finance by institutional investors. The objective is that institutional investors have more stringent policies and processes with respect to social and environmental impacts of project finance.

Comment

This section will provide insights for all workshops and more specifically S39a.

3. Civil society framework

This part will provide:

- An overview of selected civil society activities related to CSR in China;
- An overview of the main European civil society organisations focusing on CSR;
- A focus on two specific examples in Europe:
 - o International Framework Agreements (IFA);
 - o Activities of NGOs and trade unions in the fight against discrimination in the workplace.

Box 3 gives an overview of civil society strategies for action with respect to CSR:

Box 3 – Civil Society – CSR-Activities Strategies

Engaging with businesses

- Rising CSR and CSR-related awareness of businesses;
- Building capacities of businesses for CSR;
- Designing and implementing CSR projects with companies;
- Engaging businesses in collective corporate initiatives for CSR;
- Researching on CSR and CSR best practices;
- Engaging with various stakeholders in partnering with businesses on CSR

Pressuring businesses

- Negotiating and bargaining with businesses on specific issues (role of Trade Unions on Labour);
- Campaigning against companies (alleged negative social and environmental impacts of one specific company or of one specific industry);
- Tracking corporate negative social and environmental impacts to expose them to the public and the authorities;
- Researching on CSR;
- Legal action and litigation against companies;
- Engaging with financial institutions for pressuring companies to move to CSR;
- Pressuring, or engaging with, public authorities for setting up more stringent/legal provisions for CSR;
- Engaging with other selected organisations;
- Engaging the public in individual socially and environmentally responsible behaviour: rising awareness, developing more responsible consumption, purchases and investments;
- Screening company CSR before partnering with it, or/and getting funding from it. This can lead to exclusions;
- Practicing shareholder activism (through holding shares from targeted companies)

A. China

Table 14 presents some activities by civil society organisations:

Table 14 – China - Some Initiatives from the Civil Society

When	Who	What
Dec. 2001	Chinese Enterprise Confederation (CEC)	Introduced the UN Global Compact in China with a high level meeting
2002	All-China Federation of Industry & Commerce (ACFIC); China Society for the Promotion of the Guangcai Programme (mostly private sector entrepreneurs)	UN Global Compact introduced to their members through a meeting
2003	China Business Council on Sustainable Development (CBCSD)	Launched
April 2004	All-China Federation of Industry & Commerce (ACFIC)	China Red Ribbon Foundation
June 2001	Society of Entrepreneurs & Ecology (SEE)	NGO launched in 2004 by Chinese entrepreneurs for rising awareness and building capacities. SEE also funds projects for better environmental management by companies.
2005	China National Textile and Apparel Council (CNTAC)	CSC 9000 T - "CSC9000T (China Social Compliance 9000 for Textile & Apparel Industry) is a Social Responsibility Management System based on China's laws and regulations, international conventions and standards, and China's particular situations. CSC9000T document system comprises of three layers: 1) Principles; 2) Guidelines; and 3) Self-Assessment Form and Implementation Guidance."
2006	Institute for Public & Environmental Affairs (IPE) (headed by Ma Jun)	Watchdog organization, tracking corporate environmental pollution Website with a map where 3,000 polluting companies are located
2006	China Business Council on Sustainable Development (CBCSD)	"China CSR Recommended Standard and Illustrating Projects"
2006	Chinese Red Cross Foundation; China Newsweek	First Global CSR Forum The 5 th International Forum on CSR has taken place in 2010
2008	Green Watershed; Friends of Nature; Institute of Public & Environmental Affairs (IPE); Green Earth Volunteer; Global Environmental Institute; Civil Society Watch; China Development Brief; and Green Volunteer League of Chongqing	"1st green banking and sustainable finance award", organised by 8 Chinese NGOs. The winner was China Industrial Bank. ⁴¹
June 2008	China National Textile and Apparel Council (CNTAC)	PRC Textile and Apparel Industrial CSR Reporting Guidelines

⁴¹ See <http://www.foe.org/sites/default/files/Green%20Banking%20Innovation%20Award%20Press%20release.pdf>

July 2008	All-China Federation of Trade Unions (ACFTU); International Labour Organisation (ILO)	Joint HIV-AIDS prevention project, targeting 150 million workers across China
2008	China Federation of Industrial Economics (CFIE); 11 other industrial associations	Social Responsibility Guidelines for Industrial Enterprises and Associations in China
May 2009	China Banking Association (CBA)	1st China Banking Sector Social Responsibility Report. 2nd report issued in 2010
January 2009	China Newsweek; Red Cross Society of China	China's Corporate Social Responsibility Awards
January 2009	China Banking Association	CSR Guidelines for Financial Institutions
October 2009	Greenpeace China	Released a list of companies from Fortune Global 500 and 2008 Fortune China 100 lists, which have violated the Measures on Environmental Information Disclosure
Oct 2009, updated Jan 2010	Greenpeace China	Report: "Poisoning the Pearl: An investigation into industrial water pollution in the Pearl River Delta"
Dec. 2009	CBCSD; Development Center for Chinese CSR of China WTO Tribune	Published the "State of CSR Disclosure". 570 CSR reports have been released from January 1st to October 31st, 2009, versus 169 in 2008
Dec. 2009	China Consumers' Association; and 100 companies	Forum for the protection of consumers' rights (CCA) 100 companies signed the "Declaration of Honesty, Self discipline and Harmonious Consumption"
2009	Shanghai Futures Companies	Have released the "Guidelines on CSR of Shanghai Futures Companies"
January 2010	29 foreign-funded companies in Wuhan	Proposal on CSR commitment for all foreign-funded companies in Wuhan
Feb. 2010	China Sporting Goods Federation	Released a survey on CSR of sporting goods industry and released the results
April 2010	China Council for Promotion of International Trade (CCPIT), UNESCAP	Co-organised the Asia-Pacific Business Forum (APBF) in Kunming, focused on low-carbon economy
April 2010	All-China Federation of Industry & Commerce, Peking University	Issued CSR Reporting Guidelines for private enterprises
June 2010	Guangdong Companies' Green Action Initiative (GTMC)	

Source: www.syntao.com, www.csrchina.net, www.chinacsrmmap.org

The All-China Federation of Industries & Commerce (ACFIC), the Chinese Enterprise Confederation (CEC), and the All-China Federation of Trade Unions (ACFTU), which are the main national business and trade union confederations, have all implemented CSR activities. Amazingly, they all have conducted activities related to international institutions: the Un Global Compact for ACFIC and CEC; ILO for ACFTU.

Industry-specific business organisations are initiating more and more CSR activities. It started with the China National Textile and Apparel Council (CNTAC) in 2005 – Textile industry is strongly exposed to international CSR through supply chains. The China Banking Association, the Shanghai Futures Companies, a group of foreign-funded companies, and the Guangdong Companies for example are now taking steps for CSR. It is interesting to note that industry-specific organisations seem to engage in CSR, like a trickle-down effect of initiatives by the national government and by national federal business organisations. We pointed out that we had a similar trend with local governments. Most activities relate to guidelines and reporting.

There is a significant watchdog activity by NGOs – we can point out IPE, Greenpeace China, and Oxfam Hong Kong (see Table 22 for this latter). We could assume that these

activities help the national government to push corporate compliance at the local levels with most specifically environmental laws. On this, see also Table 4, on the blacklisting of companies.

B- Europe

Table 15 – Selected main European CSR-oriented civil society organisations

Organisation	Year created	Description
European Association of Craft, Small and Medium-Sized Enterprises (UEAPME)	NA	One of the founding members of the European Alliance for CSR Its main role is to represent its member organisations to the European institutions; and monitor European policy-making – This includes CSR. Has been leading projects related to CSR, such as “Mainstreaming CSR among SMEs”, or “Food Labelling to Advance Better Education for Life”. Incorporates 85 organisations, representing 12 million enterprises with nearly 55 million employees
Business Europe	NA	One of the founding members of the European Alliance for CSR. Its main role is to represent its member organisations to the European institutions; and monitor European policy-making – This includes CSR. Has led the “Campaign for healthy workplaces 2008-2009” Has 40 member business organisations across Europe, accounting for 20 million companies.
CSR Europe	1995	One of the founding members of the European Alliance for CSR. CSR Europe is a business organisation dedicated to CSR It informs on CSR, conducts research, contributes to shaping CSR-related policy and implements projects. Their members include 75 multinational corporations and 27 national partner organisations
ETUC (European Trade Union Confederation)	1973	ETUC has a formal status and is the only social partner representing workers to the European institutions. It contributes to designing policy and directives at the European level, and negotiates with other European social partners. Represents 82 trade union organisations, plus 12 industry-based federations
The European Alliance for CSR	2006	Launched by the European Commission in 2006, it is a business platform comprising of 11 business organisations aiming at implementing voluntary CSR initiatives as the business contribution to achieving the European goal of “growth and jobs”.
European Coalition for Corporate Justice (ECCJ)	2005	Bring together European platforms of civil society organisations (CSO) for pushing the corporate accountability agenda. ECCJ advocates for European stronger legislation on CSR. Represents 250 CSOs
Clean Clothes Campaign (CCC)	1989	Its aim is to ensure that supplying countries’ workers’ rights are respected in the textile, garment, and footwear industries. CCC does so through advocating and educating consumers, lobbying companies and governments, and offering support to workers. It is an alliance of European organisations working with a partner network of 200 organisations in garment-producing countries

Many civil society organisations that are engaged in CSR and that have now become international started in Europe. We can mention:

- Extractive Industries Transparency Initiative (EITI) (was launched by former UK Prime Minister Tony Blair);
- Business Social Compliance Initiative (BSCI) (social management system for businesses to improve working conditions in supply chains; was set up by the Brussels based Foreign Trade Association (FTA));
- WWF (Switzerland) (partner with the private sector for better environmental practices);
- Friends of the Earth (campaigning against some specific industries such as palm oil, extractive industries, banks);
- Banktrack (campaigns for pushing responsible project financing);
- Transparency International (engage with business for better corporate anti-corruption policies and practices).

Table 16 – Overview of selected NGOs and Trade Unions activities against Discrimination in the Workplace

This table has been prepared on the basis of the European Commission 2009 Report: “The Role of NGOs and Trade Unions in Combating Discrimination”⁴².

Organisation	Project/activities	Year started or period
Center for Peace Studies (Croatia)	Building capacities of targeted organisations (judges, attorneys, lawyers, mediators) on the new 2008 Anti-Discrimination Act National campaign (visual + conference) Planned for 2010: monitoring of the implementation of the act	2009-2010
ETUC (European Trade Union Confederation) & ILGA-Europe	“Extending Equality” project Consists of “trade union actions to organise and promote equal rights, respect and dignity for workers regardless of their sexual orientation or gender identity” Spreading of good practices across Europe Partnership at the national level (France) between anti-homophobia and anti-transphobia NGOs and a trade union confederation. Allows the trade unions to get a better grasp of homophobia and transphobia and use it in their work	2007
International Federation of Actors	“Changing gender portrayal” Rising awareness of the significant impact of media, television and theatre on age and gender social representations. Rising awareness of performing industry on discrimination on age and gender in this industry 2009: Release of a handbook with ideas and examples on how to change gender portrayal and promote gender equality in the radio, film and television industry across Europe	2007-2008
Training Institute of the German Trade Union Confederation (Germany)	Anti-discrimination training for targeted members and employees of trade unions and employees of NGOs (those whose work deals with discrimination). The training aimed at a better implementation of the 2006 Anti-discrimination Law	2007-2008
UNISON (UK Public Workers Trade	Key priority in recent years: eliminating gender	Started a few years

⁴² European Commission (2009), The Role of NGOs and Trade Unions in Combating Discrimination - <http://ec.europa.eu/social/main.jsp?catId=423&langId=en&pubId=406&type=2&furtherPubs=yes> (also available in French)

Union)	pay gap through negotiating agreements with employers at national level to eradicate discriminatory pay system and then seek agreements at local level for implementation Lobbying the government for changing current complex equal pay law Partnering with Fawcett Society (NGO)	ago
EU Network of socio-economic experts in the field of anti-discrimination	Transnational coalition and cooperation between NGOs, trade unions, governments for mainstreaming anti-discrimination, sharing experience and practices. This is crucial as huge differences exist in perception of diversity and in action for it	
Citizen and Democracy (Slovakia)	Campaign: "Toward equal treatment: awareness-rising and multi-level empowerment of the civil society and public actors in the field of anti-discrimination". Implemented by four NGOs and included legal, sociological, psychological and media action. "On the way to equality" media part of the campaign, aimed at developing a better understanding of diversity/discrimination among the general public	2008
Info-Handicap (Luxemburg)	Working group for preparing the possible adoption by Luxemburg of the UN Convention for the Promotion and Protection of the Rights and the Dignity of Persons with Disabilities. Tasks include informing member organisations and associated persons on the Convention; setting up a multi-disciplinary working group for the possible adoption and implementation of the law	2009
Irish Congress of Trade Unions (ICTU)	Promotes the business case for equality, by disseminating the research evidence on the positive relationship between workplace initiatives on equality and diversity and organizational performance. The prime objective is to protect discriminated groups from the crisis	Approx. 2007-2009
Chambers Ireland (60 member chambers representing over 13 000 businesses)	Objective: building the "Business Case for Diversity". "Tipping the Balance" project: conveys a positive message on benefits for businesses about promoting diversity in the workplace; and gives guidance for implementing it. Targeted businesses are SMEs. Materials were developed and conferences organised.	2007
Ad-Hoc Expert Group of the European Network Against Racism (ENAR) Under the patronage of the ESEC (European Social & Economic Committee), With the support of with the support of Adecco, IBM and Sodexo	Broad objective: address discrimination challenges faced by ethnic groups with respect to employment Specific objectives: "- Build the capacity of ENAR members by developing the knowledge of the issues at hand and empower them to proactively identify actions at national level through joint projects and initiatives; - Develop recommendations that can enable the European Union, Member States, trade unions and employers' organisations and NGOs to better engage with the policy issues and processes and develop joint advocacy strategies on issues of employment and equality."	2009

Source: European Commission (2009), The Role of NGOs and Trade Unions in Combating Discrimination

International Framework Agreements (IFA) are a renovated and unique mean of dialogue between companies and trade unions.

According to Eurofound⁴³, an IFA is an agreement signed by a company and a trade union international confederation for the respect of labour rights in all countries. Almost 50% of IFAs include in their scopes, beyond the company and its subsidiaries, its suppliers. IFAs differentiate from Code of Conduct as they are not corporate unilateral initiative. They are rather bi-lateral initiatives (company + trade union), with corporate accountability to the trade union – this is unique. IFAs are considered as the beginning of collective bargaining at the international level. Most IFAs are based on ILO Core Conventions. Some go further than just the Core Conventions and include also provisions for decent wages and health and safety. For companies, it is an opportunity to ensure better industrial relationships through a renovated dialogue, and to integrate globalisation of their activities. For trade unions, it is an opportunity to improve labour standards at a global level.

Table 17 shows the International Framework Agreements (IFA) signed between an international trade union confederation and a company with headquarters in Europe, as of 2009. This list is established by ORSE, a French CSR organisation. 60 out of 71 IFAs are signed by companies headquartered in Europe.

Table 17 - International Framework Agreements

COMPANY	Year signed	Country of headquarters	Industry
ELANDERS	2009	Sweden	Printing
G4S	2008	UK	Cleaning Services
AKER	2008	Norway	Metals
DANSKE BANK	2008	Denmark	Banking
ARCELOR MITTAL (1 st in 1995)	2008	Luxemburg	Metals
ISS (1 st in 1988)	2008	Denmark	Cleaning Services
ITALCEMENTI	2008	Italy	Construction
VALLOUREC	2008	France	Metals
RHODIA	2008	France	Chemicals
INDITEX SA	2007	Spain	Textile
UMICORE	2007	Belgium	Metals
WAZ	2007	Germany	Media
BRUNEL	2007	The Netherlands	Metals
VOLKERWESSELS	2007	The Netherlands	Construction
France TELECOM	2006	France	Telecommunications
STAEDLER	2006	Germany	Office supply
EURADIUS	2006	The Netherlands	Printing
ROYAL BAM	2006	The Netherlands	Construction
SECURITAS	2006	Sweden	Services
PSA PEUGEOT CITROEN	2006	France	Car
PORTUGAL TELECOM	2006	Portugal	Telecommunications
LAFARGE	2005	France	Construction
STABILO	2005	Germany	Office supply
EADS	2005	The Netherlands	Aeronautics
BMW	2005	Germany	Car
VEIDEKKE	2005	Norway	Construction

⁴³ Eurofound is a tripartite EU Agency. Information on IFA can be found at <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/internationalframeworkagreement.htm> (accessed 16th June 2010)

FALCK	2005	Denmark	Services
EDF	2005	France	Energy
RÖCHLING	2004	Germany	Car
IMPREGGIO	2004	Italy	Construction
RENAULT	2004	France	Car
CLUB MEDITERRANEE	2004	France	Tourism
SCA	2004	Sweden	Paper
BOSCH	2004	Germany	Car
H & M	2004	Sweden	Retail
PRYM	2003	Germany	Car
SKF	2003	Sweden	Industrial Services
RHEINMETALL	2003	Germany	Car
RAG	2003	Germany	Chemicals
GEA	2003	Germany	Engineering
LEONI	2003	Germany	Car/electricity
ENI	2002	Italy	Energy
DAIMLER-CHRYSLER	2002	Germany	Car/electricity
NORSKE SKOG	2002	Norway	Car
VOLKSWAGEN	2002	Germany	Car
BALLAST NEDAM	2002	The Netherlands	Construction
ENDESA	2002	Spain	Energy
MERLONI	2001	Italy	Metals
OTE	2001	Greece	Telecommunications
CARREFOUR	2001	France	Retail
SKANSKA	2001	Sweden	Construction
FREUDENBERG	2000	Germany	Textile
TELEFONICA	2000	Spain	Telecommunications
HOCHTIEF	2000	Germany	Construction
FABER-CASTELL	2000	Germany	Office supply
METRO	1999	Germany	Retail
STATOIL	1998	Norway	Energy
IKEA	1998	Sweden	Retail
ACCOR	1995	France	Tourism
DANONE	1988	France	Food & Beverages

Source: ORSE⁴⁴

The Civil Society is very developed and very dynamic in Europe. The European Social and Economic Committee is its representative body to the European Institutions.

Activities at the European level include:

- For business organisation: strong lobbying, which includes avoiding European mandatory requirements;
- For NGOs: lobbying to public authorities and campaigning for more accountability and regulatory CSR provisions; and pressuring companies and institutional investors for better CSR and SRI practices. NGOs are working together through networks and platforms, which are rather loose organisations.

European-level activities are strongly policy-oriented.

On specific topics, and at the national level, action is more practical and activity oriented, with cooperation between various stakeholders, and very specific targets and diverse modes of action, as shown in Table 16.

⁴⁴ - <http://www.orse.org/site2/index.php?page=166> (accessed 16th June 2010)

IFAs are a original mode of action, that originate from Europe (Danone was the first company to introduce such a scheme), and has developed mainly in Europe. It is a renovated way to manage industrial relationships.

C. Conclusion

Europe has a strong and developed civil society, which is an effective driver for CSR. There is a strong pressure activity by NGOs.

China civil society has engaged in CSR and is also an important driver. Business organisation are a mean for inviting companies to implement CSR, while environmental NGOs have pressure-type activities and act as environmental watchdogs at the local levels, which helps enforce environmental regulations and thus serves the national government.

With the recent strikes⁴⁵, we may expect more initiatives for enhancing labour conditions and wages by the government, and maybe there will be a new role for trade unions, and activities by NGOs.

Comment

This section will provide insights for all workshops and more specifically S39b and S39c.

⁴⁵ See A roundup of last week's strike action in China - <http://www.clb.org.hk/en/node/100791> (accessed 20th June 2010)

4. Involvement in International Instruments related to CSR

This section will describe first involvement of China and Europe in international initiatives, and then give some insights on this basis.

A. China and Europe

International instruments from ILO, the UN and the OECD are issued by intergovernmental institutions, while those described in the other subsections come from private organisations. Some instruments are to be endorsed by states, other by companies or Financial institutions.

	Intergovernmental institutions	Private international organisations
Governments	OECD Guidelines ILO Conventions and instruments	ISO 26000
Private sector	UN Global Compact UNEP-FI	PRI Equator Principles GRI

i. ILO (Conventions and other instruments, CSR projects)

The International Labour Organisation is a tripartite international institution putting together governments, employers' organisations and workers' organisations. It aims at developing, promoting and implementing labours standards. It does so through various instruments that are to be adopted and ratified by states: conventions, recommendations, declarations. Though these instruments are for states, most of them are relevant for businesses too as they relate to, and organise, labour. ILO has issued a specific CSR instrument : the Tripartite Declaration of Principles concerning Multinational Enterprises. ILO also implements projects aiming at rising awareness, developing capacities, and improving practices with respect to labour. For example, in China, ILO is conducting projects in partnership with local organisations for enhancing labour practices in the textile supply chain's SMEs.

European countries have all ratified all ILO core conventions (see Table 19), they most often have ratified more instruments. In 2008, the European Commission has issued a recommendation calling EU member states to ratify all ILO conventions.

China has ratified four out of eight Conventions.

Table 19 – ILO Core Conventions Ratification by China

Core Conventions	China	EU member states
<i>Freedom of association and collective bargaining</i>		
C87 Freedom of Association and Protection of the Right to Organise Convention, 1948		✓
C98 Right to Organise and Collective Bargaining Convention, 1949		✓
<i>Elimination of forced and compulsory labour</i>		
C29 Forced Labour Convention, 1930		✓
C105 Abolition of Forced Labour Convention, 1957		✓
<i>Elimination of discrimination in respect of employment and occupation</i>		
C100 Equal Remuneration Convention, 1951	✓	✓
C111 Discrimination (Employment and Occupation) Convention, 1958	✓	✓
<i>Abolition of child labour</i>		
C138 Minimum Age Convention, 1973	✓	✓
C182 Prohibition and elimination of the Worst Forms of Child Labour Convention, 1999	✓	✓

Source: ILO website⁴⁶ - Accessed June 2010

ii. UN Global Compact

The UN Global Compact (UN GC)⁴⁷ was launched by former UN Secretary General Kofi Annan in 2000. It consists of a commitment to ten principles related to human rights, labour, the environment, and anti-corruption. It builds on following international instruments:

- The Universal Declaration of Human Rights;
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work;
- The Rio Declaration on Environment and Development ;
- The United Nations Convention Against Corruption.

Businesses that become signatories of the UN Global Compact commit to implementing the ten principles within their sphere of influence.

The UN GC is voluntary – Businesses are however required to release every year a Communication On Progress. Companies failing to do so are delisted from the UN GC signatories list.

⁴⁶ Website: www.ilo.org

⁴⁷ Website: <http://www.unglobalcompact.org>

Table 20 - UN Global Compacts Local Networks – By country – China and Europe

Country	Date established	Number of participants
China	Introduced in 2001, formal network launched in 2009	192
Europe		
Established networks		3357
Networks in development		65
Austria	?	36
Belgium	2006	43
Bosnia-Herzegovina	2005	5
Bulgaria	NA	64
Croatia	2007	78
Cyprus	2006	24
France	2004	678
Germany	2002	183
Greece	2008	75
Hungary	2006	21
Italy	NA	186
Lithuania	2005	46
Former Yugoslav Republic of Macedonia	2004	22
The Netherlands	2006	61
Nordic countries (Denmark, Finland, Sweden, Norway, Iceland)	Na	388
Poland	2001	82
Portugal	2009	40
Serbia	2007	49
Slovenia	2007	45
Spain	2002	941
Switzerland	2006	72
United Kingdom	2003	218
Albania	Development	36
Estonia	Development	1
Latvia	Development	12
Slovakia	Development	16
Grand total		7 700

Source : UN Global Compact website (accessed 2nd June 2010) – Participants include mainly companies, but also business organisations and miscellaneous organisations

iii. OECD Guidelines for Multinational Enterprises

The OECD is a political forum that brings together countries committed to the market economy. It allows sharing of information on policies and practices, as well as coordinating these policies.

OECD focus includes investment. To become a member, a country must, among others commitments, adhere to the OECD Declaration on International Investment and Multinational Enterprises. Doing so, countries commit to enabling a free and non-discriminatory investment framework, and to promoting the OECD Guidelines for Multinational Enterprises as well as establishing a National Contact Point (NCP) dealing with these Guidelines.

The OECD Guidelines⁴⁸ are a voluntary set of principles for Responsible Business Conduct for OECD member countries' companies operating in other countries than their country of origin.

OECD Guidelines are endorsed by the 41 governments that are OECD member or at list that have at least signed the OECD Declaration on International Investment (as of June 2010).

They enjoy a unique mechanism: the Specific Instance. Organisations can notify the NCP of allegations of no compliance to the Guidelines by companies. The NCP must first determine if it has to examine the case, and then issue an opinion on the allegation. The company is encouraged to follow the recommendations if any, but there is no enforcement provision.

Most European countries are OECD members⁴⁹ and as such have committed to the OECD Guidelines for Multinational Enterprises. Moreover, the European Community is closely associated to OECD work and can almost be considered as having a status of member.

China and the OECD have started a process of Enhanced Engagement, as Brazil, India, Indonesia and South-Africa do. This involves participating in OECD committees, moving to comparable statistical data, and participating in the development of OECD instruments. On CSR specifically, the OECD released the report "OECD Investment Policy Reviews - China 2008: Encouraging Responsible Business Conduct"⁵⁰ and held in 2008 the "OECD-China Symposium on Government Approaches to Encouraging Responsible Business Conduct"⁵¹.

iv. *UNEP-FI (UN Environmental Programme – Finance Initiative)*

UNEP-FI was initiated in 1991 by UNEP along with some banks. It aims at promoting best sustainable and environmental practices among financial institutions. Signatories commit to the Principles of Sustainable Finance by signing one of UNEP Finance Initiative Statements on Sustainable Development, reporting on progress, getting involved in UNEP-FI activities, and paying a membership fee.

Table 21 – Number of Financial Institutions Signatories in China and in Europe

Region/Country	Number of Signatories
China	3
Europe	86
Total all countries	188

Source : UNEP-FI website⁵²

v. *Equator Principles*

⁴⁸ See http://www.oecd.org/topic/0,3373,en_2649_34889_1_1_1_1_34529562,00.html (accessed 11th June 2010)

⁴⁹ Except some countries newly accessed to the European Union

⁵⁰ See http://www.oecd.org/document/40/0,3343,en_2649_34889_41735656_1_1_1_1,00&&en-USS_01DBC.html (report available in English and in Chinese) (accessed 11th June 2010)

⁵¹ See http://www.oecd.org/document/53/0,3343,en_2649_34893_39384629_1_1_1_1,00.html (accessed 11th June 2010)

⁵² http://www.unepfi.org/signatories/index.html?&no_cache=1 - Accessed June 2010

The Equator Principles⁵³, launched in 2006, are a set of principles for the Financial industry, aimed at « determining, assessing and managing social and environmental risks in project financing. »

The EP are a membership organisation, comprising of financial institutions. The EP are based on the International Finance Corporation (IFC) performance standards on social and environmental sustainability, and on the World Bank Group's Environmental, Health and Safety general guidelines.

Table 22 - Equator Principles Financial Institutions (EPFI) in Europe and in China

Country/Region	Financial Institution
China	Industrial Bank
Total China	1
Europe	
Belgium	Dexia Group Fortis Bank NV/SA KBC Bank N.V.
France	BNP Paribas Crédit Agricole Corporate and Investment Bank Societe Generale
Denmark	Eksport Kredit Fonden
Germany	KfW IPEX-Bank UniCredit Bank AG WestLB AG
Italy	Intesa Sanpaolo
The Netherlands	ASN Bank NV FMO Fortis Bank Nederland ING Group Rabobank Group
Norway	DnB Nor
Portugal	Banco Espírito Santo Group Millennium bcp
Spain	Banco Santander BBVA S.A. Caja Navarra la Caixa
Sweden	Nordea SEB
Switzerland	Credit Suisse Group
United Kingdom	Barclays plc HSBC Group Lloyds Banking Group Plc Standard Chartered Bank The Royal Bank of Scotland
Europe	31

Source : EP website

⁵³ See <http://www.equator-principles.com> - Accessed 10th June 2010

vi. Principles for Responsible Investment (PRI)

The PRI⁵⁴ are an “investor initiative in partnership with the UNEP Finance Initiative and the UN Global Compact”. The PRI were launched in 2006. They are voluntary. They are a commitment to incorporate ESG issues in policy, decision-making, investment practices and disclosure. Signatories are from three categories: asset owners, investment managers and professional services.

Table 23 – Number of Asset Owner and Investment Manager Members per Country – Europe and China

Country	Number of members
Austria	4
Belgium	5
Denmark	23
Estonia	2
Finland	7
France	47
Germany	6
Iceland	3
Ireland	2
Italy	4
Liechtenstein	1
Luxembourg	2
The Netherlands	38
Norway	7
Spain	11
Sweden	21
Switzerland	26
United Kingdom	73
Total European Countries	282
China	0
Total (all countries)	609

Source: PRI website (consulted 10th June 2010)

Note: Membership gives an indication of how countries’ financial institutions get engaged in responsible investment. However, it must be noted that the number of members in a country also depends on the organisation of financial institutions in this country.

vii. Global Reporting Initiative (GRI)

GRI is a global private initiative proposing voluntary CSR Reporting Guidelines. There is no membership. Adoption of GRI Guidelines by companies is reflected through the number of companies using these guidelines for their reporting.

Companies can register their CSR report in GRI Report List – this list gives an indication of the importance of GRI, as well as comparative data of Europe versus China, though all companies using GRI Guidelines are not included in it.

⁵⁴ Website <http://www.unpri.org/>

Table 24 – GRI CSR Report List - Number of companies

	2004	2009
China	3	51
Europe	55	620
Total	272	1 377

Source: GRI Report List⁵⁵

B- Analysis and conclusion

There is a strong political engagement of European states and the European Union in CSR-related international instruments from international institutions. Engagement of the Chinese government is more remote, but does exist.

China has ratified four out of eight ILO Core Conventions, and has engaged in a process with the OECD. European countries have signed all core conventions, and are for most of them OECD members.

Chinese companies have a good involvement in the UN Global Compact (192 signatories), though they lag behind European companies (3,357). Thirty-one European financial institutions have signed the EP, out of a total of sixty-seven. These financial institutions' headquarters are located in twenty-seven countries and operating in one hundred. Chinese Industrial Bank is the only bank in Asia to have adopted the EP. Chinese financial institutions have no involvement in the PRI, and a limited involvement in the UNEP-FI (3 Chinese financial institutions).

European companies as well as financial institutions have a strong involvement in international instruments based on membership.

China involvement is weaker than European involvement in international instruments, but does exist. This may be explained by the fact that on one hand CSR has developed more recently in China than in Europe; and on the other hand, that Chinese companies with international exposure need to get involved in international instruments for CSR.

European states and European companies and financial institutions are the most committed across to world to international instruments related to CSR – for example, Europe accounts for 43% of UN Global Compact signatories, 46% of PRI members, 46% of Equator Principles members, and 46% of UNEP-FI signatories.

We have also seen in previous section that some Chinese initiatives build on international instruments, adapting them to the Chinese context (Shanghai Pudong New Area Government CSR initiative), or partner with international organisations.

This section will provide insights for all workshops and more specifically S39b and T44c Workshops.

⁵⁵ <http://www.globalreporting.org/GRIReports/GRIReportsList/> - Accessed 17th June 2010

5. Company response

How do companies respond to existing Frameworks, in China and in Europe? How have they implemented CSR programmes, and what is their impact? Are figures necessary for answering these questions available? This section will try and give some insights on company response, though there is a lack of data and method for measuring implementation, performance and impact of CSR.

To understand this, we must consider two levels of analysis:

- State of data available for analysis of company response;
- State of CSR implementation, performance and impact.

Figure 3 propose a framework to understand the logic of company response to CSR Drivers, and the measure of the response, its performance and its impact.

Figure 3 – Company Response Process



To explore implementation, performance, and impact, materials available are:

- Company CSR reports;
- Industry-specific or topic-specific CSR reports;
- Other research.

CSR implementation by large companies is relatively well documented through CSR reports. CSR performance is to some extent documented, but with gaps and needed improvement.

Quality of CSR implementation is yet to be measured. It requires measuring CSR impact on social and environmental indicators through agreed indicators, and CSR impact on

company financial performance and value. CSR impact is still a relatively unexplored topic, with gaps both in methodology and in data available. In addition, CSR impact on company financial performance and value involves confidential data, making it difficult to analyse.

Thus the analysis hereafter will focus on CSR implementation by companies, but also new trends and needs for CSR performance and impact measurement.

A- China

This subsection will point out the development of data related to evaluation of CSR implementation, and the trends these data allow to establish.

a- More and more materials available for measuring company response

Company CSR reports, as well as other reports analysing CSR implementation and performance, have developed considerably in the past few years. Involvement in international initiatives also allows getting some insights on CSR implementation. The most recent and original trend is Chinese organisations' new instruments for evaluating CSR practices. If there is more information on CSR implementation and performance, there is still few data to analyse the impact of CSR on company results and on society.

b- A rising involvement of businesses in international CSR initiatives

As shown in section 6, Chinese businesses are getting involved in international CSR initiatives – the UN Global Compact has 192 Chinese signatories, and GRI report list includes 51 CSR reports by Chinese companies.

c- CSR Disclosure: more and more CSR reports, and more and more reports for their analysis

CSR reports can be considered as an indicator of CSR implementation by companies, and a tool for evaluating and analysing CSR implementation, performance and impact.

There were 570 CSR reports published between 1st January and 31st October 2009, up from 169 in 2008 (see Table 22). This shows a fast-developing and recent trend for CSR implementation by companies. It allows more analysis reports to be published that assess CSR practices. Such analysis reports include China Top 100 CSR Research Report, CSR Survey of Hang Seng Index Constituent Companies, and CSR Development Index Report. These reports show that there is an increased implementation of CSR, but that CSR practices are still weak, have gaps, and need to be improved. China Top 100 CSR Research Report suggests that SOEs' CSR performance is better than that of other enterprises.

WWF and China Sporting Goods Federation reports show an increased awareness among business executives on CSR and on social and environmental challenges faced by their companies.

China Top 100 CSR Research Report proposes a modelisation of CSR performance, which is quite pioneering and shows an interest in impact measurement in China.

Table 22 – Selected reports on the State of CSR Disclosure and of CSR Implementation

When	Who	What	Results
2005, 2010	WWF China	Social Responsibility & Sustainability of Chinese Companies	2010: 98% consider environment the most important component of CSR 83% declared that environment was key in strategy (54% en 2005)
2008, 2009, 2010	SynTao, funding: Oxfam Hong Kong	A Journey to Discover Values: Study of Sustainability Reporting in China	
2009, 2010	Oxfam Hong Kong	Corporate Social Responsibility Survey of Hang Seng Index Constituent Companies	See overview in Appendix 3
2009	Economics Division of China Academy of Social Sciences (CASS) and China's Social Sciences Academic Press)	CSR Blue Book - Report Card	
2009	China Corporate Social Responsibility 60 Years	CSR Reporting - Xinhua News	
Nov. 2009	Magazine Fortune	Magazine Fortune 100 Corporate Citizens Ranking	3 Chinese SOEs, namely China's State Grid, Sinopec and Sinopetro companies, appeared in the top 100 corporate citizens list of the American magazine Fortune
Dec. 2009	CBCSD, Development Center for Chinese CSR of China WTO Tribune	State of CSR Disclosure	570 CSR reports were released from January 1st to October 31st, 2009, versus 169 in 2008
Oct. 2009	SASAC, CASS (Chinese Academy of Social Sciences) (report writers)	China Top 100 Corporate Social Responsibility Research Report	See overview in Appendix 2. This report shows that there is a rise in CSR implementation, but that practice is still weak.
2008, 2009	China Textile Industry Association	China Textile & Garment Enterprises CSR Annual Report, based on CSC9000 CSR norm	-
2009, 2010	China Banking Association (CBA)	China Banking Sector Social Responsibility Report	-
Nov. 2009	Corporate Social Responsibility Development Index Report	Appraises CSR management and CSR disclosure of 300 companies (SOEs, private, and foreign companies)	Overall performance shows that CSR is at a nascent stage. SOEs perform better than other types of companies. Foreign companies have the worst performance More than 100 companies have started disclosing CSR information. Listed companies disclose more than others
2010	China Sporting Goods Federation	CSR Survey Result – Interview of several hundreds of companies	96% of companies recognize the importance of CSR 70% considered labour rights and conditions as their first duty 84% consider CSR Disclosure necessary – only 2 companies have issued CSR reports 77% consider CSR can improve their corporate image

d- *New trend: CSR Evaluation included in CSR initiatives*

An interesting trend is the development of CSR evaluation tools, generally included in larger CSR initiatives. It is a new trend (except for CNTAC and Shanghai Pudong New Area Government) so it is early to have results. These tools will probably give useful insights in a couple of years.

Table 23 – Selected CSR initiatives with an appraisal/evaluation component

When	Who	What
2005	China National Textile and Apparel Council (CNTAC)	CSC 9000 T (China Social Compliance 9000 for Textile & Apparel Industry) is a Social Responsibility Management System It includes self-assessment form
Started 2007	Shanghai Pudong New Area Government	Index Evaluation of CSR. Includes a 60-item CSR Evaluation. Part of a 3-year project
March 2010	Yiwu government, with 15 organisations such as Federation of Trade Unions, Bureau of Economic Development, Industrial and Commercial Bureau, and Zhejiang University	CSR Standard (with label process)
April 2010	Shenyang government	Will conduct a CSR audit for companies nominated for awards. The audit will include 17 aspects of national responsibility, employee's liability and social responsibility.
April 2010	Weihai Bureau for Industry and Commerce	CSR Direction System – Organised with four components: education to Scientific Development, implementation of the Comprehensive Evaluation System of Corporate Social Responsibility, appraisal based on credit restriction evaluation and other restrictions, and participative social assessment
May 2010	Propaganda Department of Huangshi Municipal Party, Huangshi Municipal Commission of Development and Reform, Huangshi Municipal Science and Technology Commission, Huangshi Municipal Environmental Protection Bureau and others	Huangshi Corporate Social Responsibility List. CSR assessment project established a list of 22 companies out of 4,000 with the best CSR performance
May 2010	Wenzhou Bureau of Environmental Protection	Environment Evaluation on Enterprises. Rated 1,200 companies on their environmental conduct. 5 clusters were set. Enterprises scored as follows: 33 enterprises on the green list, 187 on the blue list, 870 on the yellow list, 121 on the red list and 4 on the black list
June 2010	Hangzhou City	Revised Edition of CSR Evaluation System CSR - 141 indices, for a maximum score of 1000

Little data is available on SMEs.

B- Europe

a. Most listed and large companies have implemented CSR practices

With investors' requirements, reputation risk management, and pressure from the civil society and governments, most listed and large companies have engaged in CSR in

Western Europe. This trend is reflected by the spread of CSR disclosure: Corporate Register has recorded 1,500 European companies with CSR reports⁵⁶ in 2009.

b. However CSR reporting quality must improve to allow better evaluation of CSR practices

According to proceedings of a series of multi-stakeholder workshops hosted by the European Commission in 2009-2010, although 1,500 European companies publish CSR reports, it is estimated that only half to two thirds of the 100 largest European companies disclose information that include core GRI indicators.

Trade unions, investors and the civil society call for improvement in the quality of CSR reporting, and more specifically:

- Content focus is mostly on policy, objectives, governance; and not sufficiently on social and environmental issues, CSR implementation, restructuring, environmental impact, free association of workers, social dialogue, and working time;
- Targets and indicators are frequently not relevant to the business strategy⁵⁷;
- There should be a common set of agreed KPIs (Key Performance Indicators) so as to allow comparison across sectors and over time;
- There should be sector specific KPIs;
- Information from selected external stakeholders should be included in order not to overlook some issues;
- Data should be verified (both the correctness of data and their relevance);
- The scope of reporting should include the supply chain;
- Stakeholder dialogue on CSR report is key for making CSR Disclosure an efficient process;
- CSR disclosure must not be equated with good CSR.⁵⁸

At last, SME CSR Disclosure should be developed.

This shows the limits and the gaps of current CSR disclosure for evaluating CSR practices.

We can note that sustainability agencies have a lot of data available for analysis of CSR implementation – however, most of these data are not free.

c. Need for more research for understanding CSR performance and impacts and integration of CSR to core business processes

A recent review of academic work on European CSR public policies and on future needs for CSR Research⁵⁹ reported that future research should focus on:

⁵⁶ Source: www.CorporateRegister.com, cited in "ESG disclosure trends" (social environmental context), in *Workshops on the disclosure of environmental, social and governance information* (EC, 2010) - http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/reporting-disclosure/swedish-presidency/index_en.htm#h2-workshop-4---the-perspective-of-trade-unions

⁵⁷ European Workshops on Disclosure of Environmental, Social and Governance Information - Workshop 4 – The trade union perspective - http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/reporting-disclosure/swedish-presidency/files/workshop_4/4-trade_unions-summary_final_en.pdf

⁵⁸ European Workshops on Disclosure of Environmental, Social and Governance Information - Workshop 3 – Civil society, consumer and media perspectives - http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/reporting-disclosure/swedish-presidency/files/workshop_3/3_civil_society_consumers_media_-_summary_final_en.pdf

⁵⁹ EC (2009) "Towards greater Corporate Responsibility - Conclusions of EU-funded research" http://ec.europa.eu/research/social-sciences/pdf/policy-review-corporate-social-responsibility_en.pdf -

- CSR in SMEs;
- CSR performance and impact indicators;
- Integration of CSR to business (management; links between CSR, competitiveness and innovation; process of change within companies; new types of collaboration); and
- Contribution of CSR to sustainability beyond the company.

This shows the gap in understanding, measure and data on these aspects, which are key for the future of CSR.

Box 4 – Outline of “Towards greater Corporate Responsibility - Conclusions of EU-funded research”

Research areas for the future

CSR PLATFORM focused on designing a research agenda for the future and identified 11 areas for future research:

1. Developments in global governance as related to CSR;
2. Development of new forms of collaboration, partnerships, clusters and alliances;
3. Emerging economies and societies;
4. Diversity of CSR across Europe;
5. Competitiveness and CSR;
6. Practices of change inside companies;
7. Strategy and corporate governance;
8. Managerial skills and organisational competencies;
9. Sector specific implementation studies;
10. CSR and SMEs; and
11. CSR’s contribution to sustainability.

Paper Conclusions on Future Research

Building on public policies gaps identified, future research should aim at understanding:

- The mainstreaming of CSR in firm’s strategic processes including SMEs;
- The linkage between CSR and innovation;
- Performance and impact indicators; and
- Global supply chain management.”

To achieve this, it is suggested that research methodology may beneficially evolve from pure Academic style to hybrid-style Academic-businesses cooperation. Understanding of public policies and their efficiency should also be pushed further.

Next European Commission-funded CSR research project: IMPACT

On 26th March 2010, the "Impact Measurement and Performance Analysis of CSR" (IMPACT) project was launched. It is a sort of follow-up of the projects mentioned in this overview. Funded within the EU 7th Research Platform Scheme, it will investigate and evaluate the impact of CSR on EU economies and societies, and companies as well.

C- Conclusion

CSR is more implemented by European companies than Chinese so far. This is due earlier start, and also certainly to the European strong social tradition as well as, more recently, strong commitment to preserve the environment.

But Chinese companies are since recently making striving effort and progress. All recent measures, especially at the local levels, should reinforce this trend.

However, both in China and in Europe, there is a call:

- For developing CSR implementation by SMEs; and
- For improving the quality of CSR practices.

Evaluating performance and especially impact of CSR would provide insights for enhancing CSR practices. With respect to measurement of CSR impact and performance, two recent trends are promising:

- China seem to be adopting a result-oriented CSR approach: recent local initiatives often an evaluation component.
- The European Commission will fund in-depth research for a better understanding of CSR performance and impacts, as well as of integration of CSR to core business.

Comment

This section will provide insights for all workshops and more specifically S39a (responsible management).

Acronyms

CNTAC	China National Textile and Apparel Council
CBRC	China Banking Regulatory Commission
CSR	Corporate Social Responsibility
EC	European Commission
EMAS	Eco Management and Audit Scheme (European Commission)
ESG	Environment, Social and Governance
EP	Equator Principles
EU	European Union
IFA	International Framework Agreements
KPI	Key Performance Indicators
OECD	Organisation for Economic Cooperation and Development
PRI	Principles for Responsible Investment
SASAC	State-owned Assets Supervision and Administration Commission of the State Council
SEPA	State Environmental Protection Administration; now Ministry of Environmental Protection
SME	Small and Medium Enterprise
SOE	State-Owned Enterprise
SRI	Socially Responsible Investment
UN GC	United Nations Global Compact

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Appendixes

- Appendix 1 Overview of "The CSR Navigator - Public Policies in Africa, the Americas, Asia and Europe (GTZ & Bertelsmann Stiftung (2007))
- Appendix 2 Overview of "China Top 100 Corporate Social Responsibility Research Report" (China Academy of Social Sciences (CASS), SASAC (2009)), China-Europa Forum
- Appendix 3 Overview of "CSR Survey of Hang Seng Index Constituent Companies" (Oxfam Hong Kong, CSR Asia (2010))
- Appendix 4 Overview of "Towards Greater Responsibility – Conclusions of EU-funded Research" (European Commission (2009))

Appendix 1 - Overview

**The CSR Navigator
- Public Policies in
Africa, the
Americas,
Asia and Europe
GTZ & Bertelsmann
Stiftung (2007)**

This research assesses the state of CSR public policies in 13 countries, including China, France, Germany, Poland, Sweden and the United Kingdom. It provides a useful framework for CSR Public Policy analysis.

Research Purpose

The research's aim is to provide CSR specialists with a good grasp of CSR Public Policies, and thus allowing improvement in CSR Public Policy designing.

Profiling CSR: Assessing CSR Public Policy

The research has first profiled CSR Public Policy for 13 countries.

The CSR profiles have been designed according to a framework based on 3 components:

- CSR content of public policies: CSR understanding, CSR motivations, and CSR activities implemented by public actors. The role of non-state actors is included too;
- CSR context: key factors of economy, politics and society. It includes integration in the global economy, level of privatisation, social cohesion, institutionalisation of social actors;
- CSR maturity dimension: competency of public actors, existing coordination point, stakeholders' involvement into policy development, evaluation.

CSR profiling has allowed to establish clusters of countries (see table 1).

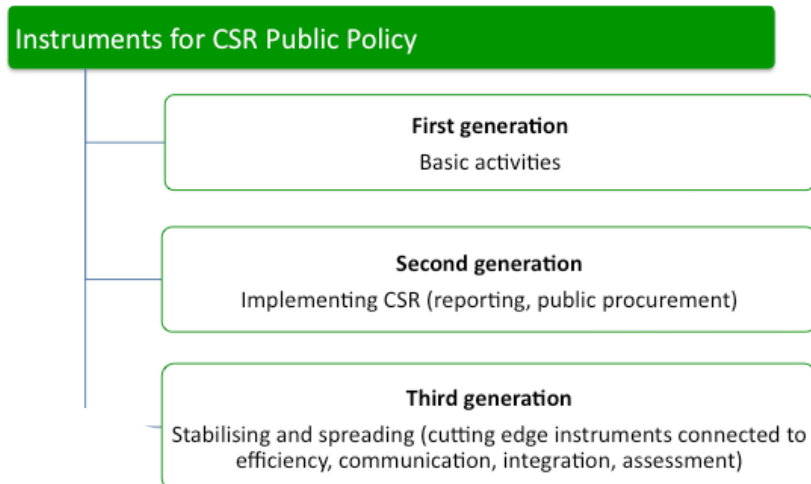
Table 1 - CSR Public Policy Instruments and Activities

Outspoken CSR countries	Solid CSR countries	Energetic CSR starters	Slow CSR starters with strong philanthropic tradition	Reserved CSR countries
Partnering Awareness- raising Range of incentives CSR effectively support broader public policies	Long standing CSR-related public policies Importance of international standards and soft law	High level of consistency in CSR policies Have found appropriate instruments	Can rely on national legislation or on internationally accepted methods	No clear analyses of their needs and no clear policies, apply 'must haves'
UK, Sweden	France, Germany	China, South Africa, Vietnam	Egypt, Poland	Brazil, India

Navigating CSR: Tools for Public Action

Available instruments for CSR Public Policy have been classified in three clusters based on their sophistication, as shown in Figure 1.

Figure 1 – Typology of Instruments for CSR Public Policy



Countries have then been classified according to the range of instruments they use. See table 2.

Table 2 - Navigating CSR: Instruments Used for Public Action

Strong states	Partnering & managing change	Transforming countries	Developing countries
Little experience in cooperative approaches Usually mandate	Transparency is important	High level of consistency in CSR policies Have found appropriate instruments	CSR to address most pressing needs for development and for building trust
China, France, Poland	Germany, Sweden, UK	South Africa, Vietnam	Mozambique

Country Assessment: China

Each country has been assessed and proposed further CSR public action according to their needs. For example, China assessment shows that:

- The purpose of CSR Public Policy is to pursue social cohesion and economic competitiveness;
- The public sector’s role is CSR regulation and implementation. For the latter role, the public sector is developing partnerships with business organisations and international institutions;
- The Chinese government is keen to design a Chinese specific CSR path;

Based on this, recommended further actions include the designing of a coherent CSR strategy, further CSR implementation in SMEs and at the local level, development of state-society dialogue, and evaluation.

Research is available at http://www.bertelsmann-stiftung.de/cps/rde/xchg/SID-0A000F0A-B52A0C99/bst_engl/hs.xsl/87048_87070.htm

Appendix 2 - Overview

China Top 100 Firms CSR Appraisal
 Huang Qunhui, Peng Huahang, Zhong Hongwu, Zhang En (2009)

This recent CSR appraisal analyses the 100 Top Chinese firms, on the basis of companies' communications. Three of the authors are from the Chinese Academy of Social Sciences, and one is from the SASAC (State Assets Supervision and Administration, State Council).

What are the top 100 Chinese firms features?

The 100 Top firms' turnover reached RMB 14,476.6 Billion in 2008, which is 55.2% of 2007 GDP. 80 of these firms are SOEs (State-Owned Enterprises), 11 are private, and 3 are foreign-funded. 44.7% of SOEs are national enterprises, 9.6% are financial SOEs, 30.9% are other SOEs. The 100 firms are split in 19 industries. 16 firms out

of 100 operate in the metalworking industry, 10.6% in the transportation, warehousing, postal services industries.

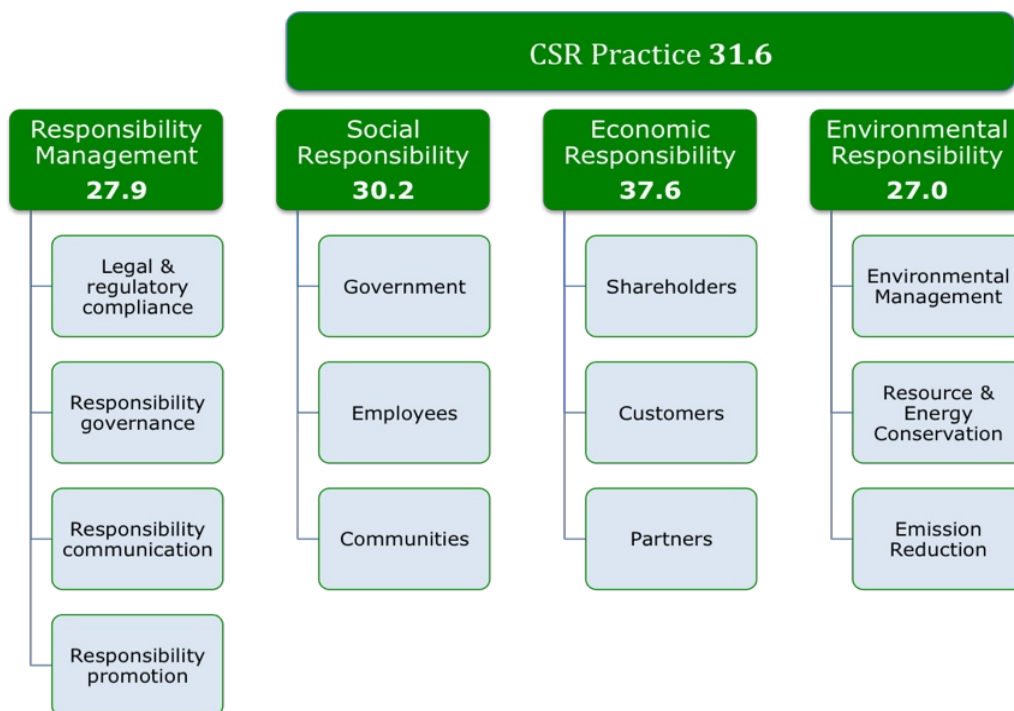
What is their level of CSR Disclosure?

For the year studied (2008), 43.6% of the 100 firms released CSR reports and 21.2% released Annual Report. 92.6% have corporate websites. Two top firms had no CSR report, no annual report and no corporate website.

What is their CSR Performance according to the research?

Appraisal includes 4 areas, which in turn encompass 13 topics (see figure 1) and 100 indicators. See figure 1. The 4 areas are Responsibility Management, Economic, Social and Environmental Responsibilities.

Figure 1 – CSR Performance framework



The overall rating of Top 100 Firms' CSR Performance is a rather low 31.7. Performance fluctuates strongly according to various aspects:

- CSR leadership: 14 firms perform very well, with a rating over 60 (see table 1);
- Size: the bigger the company, the better the rating. Firms with a turnover over RMB 500 Billion have a rating of 66.4; while RMB 200-500 Billion's firms achieve 53.6;
- Industry: power grid and power firms perform significantly better than firms from other industries;
- National enterprises (43.8) and financial SOEs (43.3) perform slightly better than other SOEs and private firms. The 3 foreign-funded companies lag far behind (2.7), perhaps because they do not pay attention to CSR disclosure on their activities in China.

Table 1 – 14 leader category firms (rating > 60)

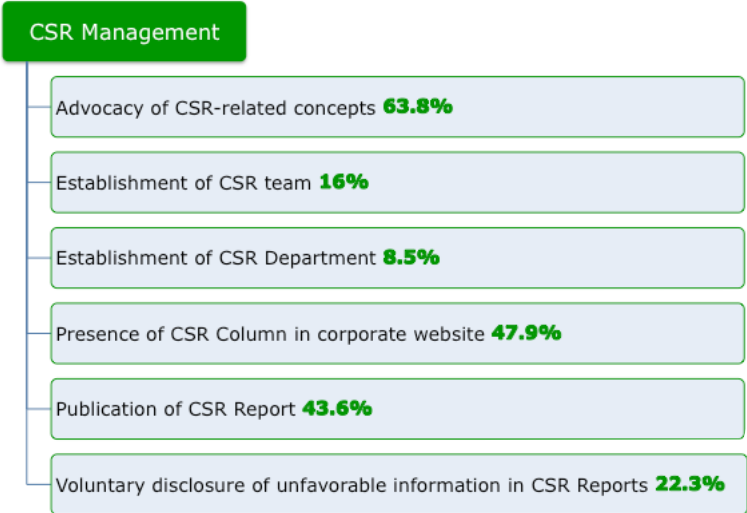
Rank	Firm	Rating
1	COSCO	84.5
2	State Grid Corporation	77
3	China Mobile Communications	74.5
4	China Datang	73.5
5	China Huaneng	73
6	Baosteel	71.5
7	Lenovo Holdings	70.5
8	China National Offshore Oil	69
9	China Railway	64.5
10	Ping An of China Insurance	64
11	Industrial & Commercial Bank of China (ICBC)	62.5
12	PetroChina	62
12	China Sinosteel	62
14	SinoPec	60.25

Environmental Responsibility obtains the lowest ratio – this is due partly to a lack of action and disclosure, and partly to new emerging responsibilities such as green purchasing, waste disposal, green house gases mitigation, not yet properly handled.

CSR Management is lagging behind CSR Practices

At last, if we consider a 'CSR Practice ratio' made of Social, Economic and Environmental Responsibilities ratios, this ratio reaches 31.6. It is higher than the Responsibility Management ratio. Authors argue that this is because CSR Practices are embedded in current business practices, while CSR Management is an emerging concept not yet well implemented.

Figure 2 - CSR management system indicators – Percentage of firms with...



Appendix 3 – Overview

CSR Survey of Hang Seng Index Constituent Companies
Oxfam Hong Kong, CSR Asia
April 2010

Research Purpose

This Survey evaluates the engagement of listed companies of the Hang Seng Index (Hong Kong). It provides useful insights for Forum China-Europa as, out of 42 companies, 16 are from Mainland China. Additionally, many Hong Kong companies have strong links with Mainland China. This survey is the follow-up of the 2009 run, and thus allows identifying trends. It is based on 2009 reports.

Data are company answers to a questionnaire or, for the 11 companies that did not answer, company information from public sources.

Overall company scores

Companies are split in 3 categories according to their overall score: leaders ($\geq 60\%$), mainstream (40-59%) and laggards ($< 40\%$).

2009 – A year of improvement

2009 has been a year of general improvement, with the number of laggards decreasing from 23 to 12. Most of these companies have moved up to the mainstream category (18). Number of leaders is steady (12 in 2009 vs 11 in 2008). Scoring was stricter in 2009, which makes the improvement more significant.

Mainland China companies are slightly behind Hong Kong ones – but show improvement

2 Mainland China companies are 'leaders'; 9 fall in the 'mainstream' category; and 5 are in the 'laggard' category. 9 Mainland China companies have improved, 5 have regressed in which 2 slightly. Only 2 Chinese companies are in the leader category.

The overall picture for Mainland China companies is that they are taking up CSR but have to improve to get leaders. This conclusion is similar to the one of the Top 100 CSR Survey (CASS, 2009).

Some specific results

Reporting

57% of companies released a standalone CSR Report for 2009, 40% according to GRI.

Engagement in international initiatives

The Table 1 shows that Mainland China companies have a rather good engagement in international initiatives in comparison with Hong Kong ones.

Table 1 – Overall company scores

	Mainland China	Hong Kong
UN Global Compact	5	2
Carbon Disclosure Project	8	6

Workplace

11 Mainland China companies say they engage with Trade unions, for 7 Hong Kong companies. However, 3 companies (versus 14) give information on standard/overtime working hours, and 5 (vs 18) say they have a system for overtime compensation.

Interestingly, only 3 of the 31 companies that answered the survey reported lay-offs due to the economic downturn. The 28 others reported they used alternative solutions (internal redeployment, unpaid leave) to avoid lay-offs.

Environment

15 companies in total have an improvement plan covering all their operations to reduce energy use, 5 for reducing water use, and 10 to reduce greenhouse gases emissions.

Supply chain management

69% of companies say they have an ethical purchasing policy, but only 36% implement this policy in all their operations. Among those 29 companies, 24 cover the environment, but only 17 labour, and 20 health and safety standards.

Conclusion

30 out of 42 companies show effective engagement in CSR (leaders and mainstream companies), with improvement since 2008. Mainland China companies perform relatively well, though too few are 'leaders'. Specific topics results show gaps, and areas of improvement – for example labour conditions.

Appendix 4 - Overview

Towards Greater Responsibility – Conclusions of EU-funded Research (2009) - European Commission

Research Purpose

This paper is a policy review building on a European Commission-funded Academic research project. The projects and the paper aim at developing a better understanding of CSR public policies, from formulation to impact; and identifying gaps as well as research topics to help fill these gaps.

The Academic project comprised of 4 projects (ESTER, CSR PLATFORM, RARE & RESPONSE), and involved 31 institutions in 13 countries. It was achieved in 2007.

ESTER, CSR PLATFORM, RARE & RESPONSE focus

The focus and leading institutions were, for each project:

Table 1 – Projects’ focus

CSR PLATFORM (EABIS)	European Platform for Excellence in CSR Research
ESTER (Univ. Bordeaux 4)	Social regulation of European transnational companies
RESPONSE (INSEAD)	Understanding and Responding to Societal Demands on Corporate Responsibility
RARE (Ökö-Institut)	Rhetorics and Realities - Analysing Corporate Social Responsibility in Europe

CSR public policy styles

The public policy styles identified through the projects are summarised in Table 1.

Table 2 - CSR Public Policy Styles

Model	Characteristics	Member States
Partnership	Partnership and strategy is shared between mostly governmental sectors for meeting employment challenges	Nordic countries + NL: Denmark, Finland, Sweden and Netherlands
Business in community	Soft intervention policies to encourage company involvement in challenges affecting the community through encouraging entrepreneurship and voluntary service	Anglo-Saxon countries: United Kingdom, Ireland
Sustainability and citizenship	Updating of existing social agreement and emphasis on a strategy of sustainable development	Continental: Germany, Austria, Belgium and Luxembourg
Agora	Creation of discussion groups for different social	Mediterranean: France, Italy, Spain, Greece and

Source: Towards Greater Responsibility – Conclusions of EU-funded Research 2009 p.28 - Adapted from Albareda et al. 2007, p.401

Main Projects Findings

Public policies

ESTER seems to recommend a 'regulated CSR' approach, but moreover points out that IFA (International Framework Agreements) and other voluntary standards have become paralegal. RARE advocates a 'stimulated CSR' regulatory approach, which relies on incentives, public private partnerships and stakeholder dialogue, putting forward that it may be more efficient than a classical regulatory approach.

RARE and RESPONSE call for a shift in business management of CSR, from wide stakeholder engagement to more selective ones; and for stronger focus on internal change and strategic processes. By building on these and on objectives, CSR public policies could gain in efficiency.

RESPONSE points out the need for a specific attention on SMEs, and on the link between CSR, innovation and success.

RARE, RESPONSE and ESTER both advocate for the global dimensions of CSR.

Research areas for the future

CSR PLATFORM focused on designing a research agenda for the future and identified 11 areas for future research:

1. Developments in global governance as related to CSR;
2. Development of new forms of collaboration, partnerships, clusters and alliances;
3. Emerging economies and societies;
4. Diversity of CSR across Europe;
5. Competitiveness and CSR;
6. Practices of change inside companies;
7. Strategy and corporate governance;
8. Managerial skills and organisational competencies;
9. Sector specific implementation studies;
10. CSR and SMEs; and
11. CSR's contribution to sustainability.

Paper Conclusions on Future Research

Building on public policies gaps identified, future research should aim at understanding:

- The mainstreaming of CSR in firm's strategic processes including SMEs;
- The linkage between CSR and innovation;
- Performance and impact indicators; and
- Global supply chain management."

To achieve this, it is suggested that research methodology may beneficially evolve from pure Academic style to hybrid-style Academic-businesses cooperation. Understanding of public policies and their efficiency should also be pushed further.

Next European Commission-funded CSR research project: IMPACT

On 26th March 2010, the "Impact Measurement and Performance Analysis of CSR" (IMPACT) project was launched. It is a sort of follow-up of the projects mentioned in this overview. Funded within the EU 7th Research Platform Scheme, it will investigate and evaluate the impact of CSR on EU economies and societies, and companies as well. More information will come soon on this project.

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