

中德贸易可持续发展与企业行为规范项目

Sino-German Corporate Social Responsibility Project

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1. What is Corporate Social Responsibility?

Corporate social responsibility (CSR) is essentially the idea that a company - of any size - can enhance its internal business operations and competitiveness by contributing to a better society and cleaner environment. The European Union defines CSR as “[a] concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”

“Neither China nor the rest of the world will accept the notion that capital knows no morality, that one can be rich and yet irresponsible at the same time, that wealth and benevolence are breeds apart,”

Cheng Siwei, vice-chairman of the powerful Standing Committee of the National People's Congress
Financial Times UK, February 25 2007

2. Why is China now increasingly focusing on CSR?

In recent years, many factors have contributed to a worldwide rise in CSR-related activity. In general terms, these factors are a response to imbalances resulting from the accelerated globalisation process. Transnational issues such as population growth, environmental pollution, land degradation and social conditions related to worker rights, health and safety, and corrupt business practices have drawn attention to the need for improved, responsible business practices.

In China, this has resulted in an increase of CSR initiatives and activities over the past few years. The Chinese government (both national and local, to varying degree) is now increasingly working together with the private sector to instill CSR principles in business practices in order to contribute to poverty reduction, improve working conditions and enhance environmental sustainability. As a result, this can increase the overall competitiveness of Chinese businesses.

3. What are the benefits of implementing CSR?

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The direct benefits to your business include an 'action above words strategy' that will:

- improve your overall competitiveness,
- enhance your business and brand reputation by increasing your market access and providing credible assurance for ethical purchasing decisions,
- improve your employee recruitment, retention and performance by empowering your workers with more skills and raising awareness of your commitment to job satisfaction and good working conditions,
- help you manage company-related risks more effectively,
- improve product quality,
- improve your supply chain management ,
- enhance your operational efficiency,
- save you costs,
- increase your access to capital, and
- strengthen your relations with government, other businesses, the community and regulating bodies.

4. What are the costs?

The costs of doing CSR vary depending on the specific activities your company implements and the type of business you run. Evidence from the implementation of CSR initiatives indicates that long-term benefits often outweigh initial costs. For example, in 15 pilot companies that implemented the Environmental-oriented Cost Management (EoCM) tool, average production costs were reduced by 3.5% and economic benefits totalled RMB 58 million of annual savings with a total, one-time investment of RMB 43 million (www.eecz.org).

Implementing CSR programmes not only helps improve economic, social and environmental performance but also gives a competitive advantage in an ever more competitive marketplace.

5. How do I show I am engaged in and implementing CSR?

The first step toward engaging in CSR is to implement a clear strategy. Monitoring and measuring the impact of your strategy, as well meeting targets, is vital in ensuring the success of your CSR policy. Communicating your engagement to stakeholders can then be done in a variety of ways. Your website is an excellent starting point. For instance, information about your CSR strategy and activities can be presented in a dedicated section on your website. Information can also be conveyed by an annual CSR Report, which is a useful tool to communicate as well as evaluate progress made on an annual basis. Initiatives related to your specific industry can also be implemented, for instance by labelling your products with information about the social and environmental impact of production. In 2008, ISO 26000, a guidance document on CSR implementation and management, will be released after years of development. The guidance aims at assisting enterprises better engage in CSR.

6. Is CSR certifiable?

There is no single CSR certificate in China, though several international standards attest to a company's CSR performance. For example:

- SA8000, which upon certification "provides a public report of good practice to consumers, buyers, and other companies and is intended to be a significant milestone in improving workplace conditions" (<http://www.sa-intl.org>). To date, 127 Chinese facilities have received this SA8000 certification.

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- ISO 14000 series, which is a series of certifiable international standards on environmental management (www.iso.org). As of 2004, 8862 Chinese facilities were ISO 14000 series certified.
- AA1000S, which is a set of principles-based standards that provide the basis for improving the sustainability performance of organisations. As of 2007, only a few Chinese facilities have received this assurance.

7. What are some core CSR activities?

CSR activities are multifaceted. No one-size-fits-all CSR programme exists and activities will often differ from enterprise to enterprise. However, the following are a selection of practical activities that can be integrated into a company's business operations in order to move beyond local industry practices and and/or compliance with national laws and regulations:

- employee activities such as health and safety, labour rights, skills and training development,
- stakeholder engagement includes stakeholder mapping, consultation, reporting and communication,
- environmental activities such as pollution reductions and waste management, resource use and environmental product responsibility,
- community activities such as philanthropy, community investment and employee volunteering,
- a statement on company vision and values such as mission statements, company policies and procedures that indicate action above words, and
- marketplace activities that take into account product responsibility and customer relations.

8. How can I incorporate practical CSR activities into my business operations?

Decisions on the CSR activities that a company can incorporate are determined on a case by case, business to business basis depending on factors such as:

- the company's size,
- capacity,
- products,
- suppliers,
- location, and
- management commitment.

However, by using an implementation framework, such as the PDCA approach (Plan, Do, Check, Act), your company can effectively gauge challenges and opportunities and assess how it impacts stakeholders and society. If you are a small firm, practical initiatives might include:

- a reduction of energy consumption, wastewater, and waste gas,
- involving employees in business decisions that affect the work environment,
- buying from local suppliers, or
- offering internships to students.

By engaging with those stakeholders affected by your business's operations you will create additional wealth for your company and society.

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9. What are Stakeholders?

Stakeholders are generally considered to be individuals or groups that are directly or indirectly affected by or have an affect on a company's operations. Some common stakeholders are:

- employees,
- media,
- competitors,
- non governmental organisations,
- investors,
- business partners,
- community, and
- government.

10. Do I need to set up a CSR team in my company?

It is advisable that someone be responsible for CSR in your company. This might be a management representative or a team composed of people from different departments depending on the size and type of your business. The representative should be responsible for coordinating CSR activities and ensuring information flow, as well as the collection of data pertaining to CSR within the organisation.

11. How do I measure CSR performance?

CSR performance can be quantitative and qualitative.

Quantitative performance is easier to measure and quantify (data collection for environmental indicators, for instance), while qualitative performance is more difficult to measure. For instance, parameters relating to workers' welfare, the impact of the business on the community and stakeholders' engagement often prove problematic. However, indicators can be used to measure qualitative performance (for instance social audits, employee satisfaction surveys, stakeholders' involvement procedures, etc).

The Global Reporting Initiative (GRI), an international guideline for sustainability reporting, identifies a set of economic, environmental and social parameters that can be used by companies to report on their CSR performance.

12. Do CSR training programmes exist?

There are a variety of initiatives that provide CSR training within the scope of CSR (for instance, the FIT5 Pilot Programme or the EoCM Programme for Eco-efficiency). Alternatively, training is available to implement specific international standards such as SA8000 or management system guides such as ISO26000 (please see question 7). However, as CSR is something that needs to be integrated into your company's daily operations, ad hoc general training programmes can also be arranged by consultancy companies to meet the requirements of your organisation.

13. How can consultancy companies help my company implement a CSR programme?

Consultancy companies can provide general training workshops to help your company gain an understanding of CSR. They can also assist you in developing ad hoc solutions for your company's specific needs by working with you to identify key CSR issues and develop a CSR strategy. For example, consultancy firms can help you develop a code of conduct and monitoring and evaluation tools to improve your economic, social and environmental performance. Later, consultancy firms can

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also assist in producing CSR Reports that document your company's efforts and achievements in the field of CSR.

14. Is CSR different from my client's compliance requirements?

Yes. A client's compliance requirement, or code of conduct, often represents one aspect of the client's social responsibility activities. None the less, if your company is in accordance with a compliance requirement then it is generally accepted that your company has achieved a certain operating standard and level of social responsibility. However, perhaps more importantly, a client's compliance requirements present you with an opportunity to generate organisational awareness within your company and foster agreement among your staff about how best to integrate your own, practical, CSR activities.

15. My company already has a charity programme, does it mean we are engaged in CSR?

CSR is traditionally conceived as building upon three pillars: economic, environmental and social. Philanthropy or corporate giving is certainly one of the areas included in CSR. However, it represents only the first step to being actively engaged in CSR. Other considerations need to be taken into account as well - for instance stakeholders' engagement (including workers and their welfare), the environmental impact of the company's operations, and the implementation of sustainable and transparent business practices.

17. Which government agencies or organisations are involved in CSR in China?

China CSR Map (see question 18) lists the following national-level government bodies as being actively involved in CSR issues in China:

- Ministry of Commerce (MOFCOM)
- China National Cleaner Production Center (CNCPC)
- Development Research Center of the State Council
- Ministry of Health
- Ministry of Labour and Social Security (MoLSS)
- National Development and Reform Commission (NDRC)
- Standardization Administration of China (SAC)
- State Administration of Work Safety (SAWS)
- State Council Leading Group of Poverty Alleviation and Development
- State Environmental Protection Administration (SEPA)

18. From where can I get more information about CSR?

More CSR information is available in Chinese and English at the following:

Syntao <http://www.syntao.com/index.asp>
CSR China net <http://www.csrchina.net/index.php>
CSR Map <http://www.chinacsmap.org/index.asp>
CSR Asia http://www.boraid.com/org/introduction.asp?org_id=297

And, two international initiatives on sustainable development and CSR:

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Global Compact <http://www.unglobalcompact.org/Languages/chinese/index.html> (Chinese)
Global Reporting Initiatives <http://www.globalreporting.org/Home> (English)

For more CSR-related information please visit www.chinacsrproject.org