



Netherlands Enterprise Agency

Corporate Social Responsibility in China

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>> Sustainable. Agricultural. Innovative.
International.

In China, CSR has increasingly been a priority in recent years, partly due to the growing interest in, and necessity of, making growth more sustainable. This is a positive development, because of China's important role in worldwide production chains.

The government is working continuously on laws and guidelines to improve the safety of products and people, and encourage the greening of the economy. CSR is good for more than just 'people, planet & profit'. By making clear how foreign companies contribute to China's development, they can benefit from the power of CSR as they strengthen their market position.

Increasingly, CSR is a 'business case', though when it comes to enforcing existing legislation and regulation, it continues to be a challenge. Knowledge of the local social and cultural context is essential for a good CSR strategy.

Harmonious Society

In China, CSR topics are frequently linked to the concept of 'harmonious society' – a socio-political concept that goes back to the teachings of Confucius and is used to underline the importance of stability and harmony in Chinese development. This concept plays a prominent role in the current, 13th five-year plan (2016-2020). Industry associations and local authorities have issued a large number of CSR norms and guidelines over the last few years. In addition, since 2008, state-owned companies have been obliged to publish annual CSR reports. These can be used to start the discussion with state-owned companies about CSR.

The Chinese government and CSR

China is a political economy with a multitude of ministries and central government bodies which may be relevant to your company and your CSR strategy. In addition to these central government institutions, the local authorities, such as the Environmental Protection Bureaus and Departments of

Commerce, play important roles.

The application, scope and enforcement of CSR policy can vary greatly from one region to another.

In the more developed parts of China (Beijing, Shanghai and the Pearl River Delta), CSR is generally better known than in the western part of the country.

Environment

China's rapid economic rise has come at the expense of its environment and public health. China is the world's largest producer of carbon emissions, and the air quality of many of its major cities fails to meet international health standards. China's water resources are affected by both contamination and severe shortages. Similarly, China faces serious problems in the areas of soil contamination and hazardous waste. Every company has an impact on the environment. As responsible businesses, companies should review the nature and size of their impact on the environment and find ways to reduce this impact as much as



possible. The Chinese government is putting significant effort into environmental protection by enacting new and stricter laws and regulations. This naturally also leads to rising expectations with regard to business performance. How can foreign companies comply with these rules and regulations? What can they do to reduce their negative impact on the environment?

Corruption

There is corruption in China, both in government and in business. In recent years the fight against corruption has been a high priority for China's leaders. More than 300 private and state-owned Chinese companies have joined Global Compact, an initiative that is committed to the fight against corruption and efforts to improve human rights, working conditions and the environment.

Transparency International also has a department in Beijing. CSR Netherlands (MVO Nederland) and the Dutch economic network in China can advise you on how to deal with this issue.

Working conditions

The Netherlands has integrated the UN Guiding Principles on Business and Human Rights into its policies along with the OECD Guidelines for Multinational Enterprises. This gives rise to responsibilities for Dutch companies in the area of due diligence. In China the protection of workers is regulated under national labour law, but in practice the situation is not always in line with international standards as established in the ILO conventions. Companies indicate that due diligence in the production chain is difficult to achieve. Factory workers quit if they are not allowed to do enough overtime or if wages do not rise fast enough. A good human resources policy leads to lower staff attrition, thus enhancing workers' experience levels and promoting cost

savings. You can avoid problems by communicating with employees, business partners and local authorities regarding the elaboration of your human resources policy in a way that fits into the local context.

For more information

- CSR is high on the agenda of the Dutch embassy in Beijing, the consulates general in Shanghai, Hong Kong, Guangzhou and Chongqing, and the six Netherlands Business Support Offices in China. They support Dutch companies with information and contacts.
china.nlbassade.org/
- The Dutch embassy in Beijing has published a practical CSR Guide for Dutch entrepreneurs in China and their Chinese business partners. The guide targets both small and medium enterprises, and large multinationals. The guide is available in English and Chinese.
www.rvo.nl/sites/default/files/2014/07/CSR%20Guide%20English.pdf
- The Netherlands Enterprise Agency (RVO) offers a wealth of information and guides entrepreneurs on the subject of Corporate Social Responsibility.
english.rvo.nl/topics/international/corporate-social-responsibility
- You can do a rapid CSR risk analysis for your company online via www.mvorisicochecker.nl/en
- The OECD guidelines explain what the Dutch government expects of all companies operating abroad on the subject of CSR. They offer a guide for company codes of conduct to help enterprises deal with societal questions such as child labour, the environment and corruption.
www.oecdguidelines.nl/

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