



InnoCSR™

银则企业管理咨询（上海）有限公司

**Shanghai Municipal
Local Standards/ Assessment
Guide on CSR
(Corporate Social Responsibility)**

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Executive Summary

From January 1, 2009, 'Shanghai Municipal Local Standards on CSR (Corporate Social Responsibility)', released by Shanghai Bureau of Quality and Technical Supervision was formally implemented. This report was put together to share the general information on the standard and the assessment.

In 2007, through Pudong Joint-conference Office of Corporate Social Responsibility, a comprehensive CSR system was born as a result of three significant documents ('Guiding Opinions of Promoting Enterprises to Fulfilling Social Responsibility in Pudong Area', 'Corporate Social Responsibility Guidelines', and 'Three-Year Action Plan'). The aim is to guide enterprises in developing their CSR strategies and to assist them in practicing responsible business. As this CSR system improves and becomes accepted over the time, what now targets enterprises in Shanghai Pudong area will soon target enterprises in Shanghai and to other regions of China.

Following the 'Shanghai Local CSR Standards' (Previously the 'Corporate Social Responsibility Guidelines'), strict and comprehensive assessment criteria was developed with 67 sub- indicators calculated in weighted average method to evaluate enterprise applicants' CSR performance. In addition, according to the evaluation result, Shanghai (Pudong) government has been preparing to share multiple business benefits.

'Shanghai Municipal Local Standards on CSR' is solely voluntary at current stage and it is not a regulated law.

In its first year of assessments (2008), a total of 100 companies were assessed and 72 companies passed. At the moment, more companies are waiting to be assessed and the office expects more inquiries and applications to come this year.

History

The Chinese local governments' efforts in CSR are not new. Shanghai Pudong Government was not the first to establish a CSR office, nor a CSR system of its own. However, its CSR efforts differentiate from those of other cities because it has concrete & comprehensive local standards as well as an assessment system, combined with different incentives.

Early in 2005, Pudong New Area issued 'Management Approach for Credit Level of Sewage Companies' and published the approach in local media. In June 2006, "Eco-Club" was established by twelve enterprises (including Shanghai GM, NEC, and others) in Jinqiao Export Processing Zone. The Pudong Government also cooperated with Fudan University and Shanghai Huaxia Institute of Social Development Studies to work on development of the CSR indicator system. All these actions had laid a good foundation for the current Pudong CSR system.

The guidelines are crafted to be in accordance with both international and domestic situations. It took reference of advanced CSR standards and international guidelines (i.e. SA8000 and ISO26000). In addition, domestic situations and characteristics of Chinese enterprises were taken into consideration. Many key industries of Pudong were also considered, including but not limited to finance, trade, tourism, public transport and exhibition industry.

In 2007, Shanghai Pudong Government issued three documents on CSR, which are 'Guiding Opinions of Promoting Enterprises to Fulfilling Social Responsibility in Pudong Area', 'Corporate Social Responsibility Guidelines' and the 'Three-Year Action Plan'. Based on the first document, CSR system Joint Conference Office of Pudong New Area was established in July 2007. The office is affiliated with the Economic Committee of Pudong District Government and consists of members from the Economic Committee, Bureau of City Appearance and Environmental Sanitation, Labor Security Bureau, General Union, and other relevant government authorities as well as leading enterprises.

Purpose

Pudong New Area is home to many local and multinational enterprises. The Area includes 257 Fortune 500 enterprises. According to an early survey of 600 enterprises in Pudong, 83% of them had good CSR awareness. This meant that Pudong was in need for CSR guidelines and evaluation tools to further improve the overall performance of enterprises and to encourage more sustainable solutions.

The purpose of the Pudong CSR guidelines and the creation of the CSR office are generally based on the following reasons:

1. As major stakeholders in today's society, enterprises have encountered a bottleneck in their development path. Due to an increasingly globalized business environment, enterprises have to meet the international standards of corporate social responsibility demanded from their international business stakeholders. Hence, without high standards in social and environmental areas, enterprises simply cannot develop in a sustainable manner.
2. China is not only on a fast growing track, but is also paying close attention to the side-effects of its fast economic development. The State-owned Assets Supervision and Administration Commission (SASAC) of the State Council has released a document encouraging local enterprises to follow the content of CSR practices. The Pudong CSR guideline embraces and follows the initiative as well as the concept of 'Harmonious Society'.
3. Before Pudong Government's initiative, other Chinese cities such as Shenzhen and Changzhou have taken CSR actions. As an area with many multi-national and local enterprises, Pudong Government needs to also emphasize CSR with a possibly more comprehensive system than previous cities' initiatives. The previous cities have only emphasized the protection of labor and the role of trade unions & labor departments. Hence, the establishment of Pudong CSR system is expected to act as a leading role model for other Chinese cities with comprehensive standards and high quality company profiles.

Three Year Action Plan

The Three-Year (2007-2009) Action Plan of Promoting CSR System in Pudong New Area lays out the overall objectives for implementation, with both quantitative and qualitative targets. Some of them are highlighted below:

- Through joint efforts by the government, enterprises, agencies and communities, establish and improve the CSR system and promote social commitment among enterprises.
- Turn Pudong New Area into a model of modern industrial & commercial civilization, social commitment of enterprises and sustainable development.
- Within the three years, the number of enterprises reaching various standards of credibility should be 1000. Enterprises implementing CSR standards should reach 200, and enterprises publishing CSR reports should reach 300.
- Consistently improve the energy-saving processes of enterprises, and decrease the energy consumption per 10,000RMB GDP by 15%.

In the Three-Year Action Plan, the Pudong CSR Office also stated that it intends to keep promoting these CSR guidelines and plans. The main tasks of the office are the following:

- Popularize CSR concepts
- Map out the CSR credibility system
- Establish harmonious labor relationships
- Improve enterprises' environmental-friendliness
- Stress enterprises' responsibility of product quality and safety
- Promote safe communities
- Improve the CSR fulfilment in key industries and areas

Local standards

In 2009, Pudong CSR Guidelines have been upgraded to the Shanghai local standards with emphasis on four major legal and moral responsibilities. The responsibilities are briefly described below. Detailed information can be found in the attachment.

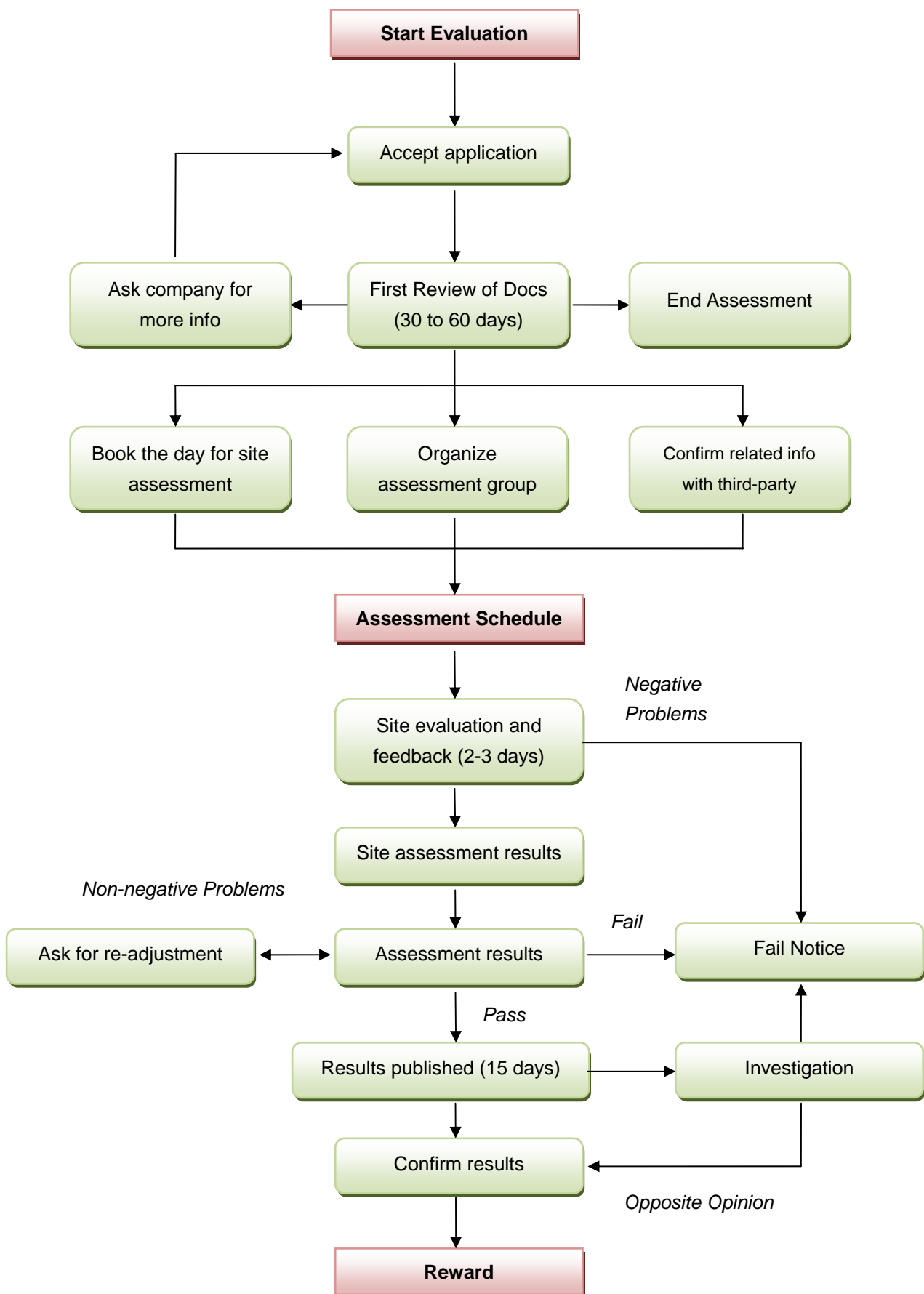
- Equity Responsibility: Labor & Employee management
- Environmental Responsibility: Resource treatment and environment protection
- Integrity Responsibility: Ethical business behaviour for stakeholders
- Harmonious Responsibility: Government/Public sector relationships and contributions

Assessment/ Assessment Flow / Incentives

The assessment is created on the basis of local CSR standards. The assessment is divided into FOUR responsibility parts on equity, environment, integrity and harmony with 67 sub-indicators in measurable details. It also follows a strict assessment flow involving information collection, site investigation, feedback, advice for re-adjustment and final confirmation. It is noted that enterprises are given ample amount of time and guidance to make up for their CSR failures or malpractices. The assessment information is kept highly confidential and as this procedure is voluntary, there are no penalties imposed for any failures.

Assessment Flow

Enterprises should follow the assessment flow to apply online for CSR assessment. After the application, 30 - 60 working days are needed for the internal assessment. It takes a long time in this stage since many inter-government departments are involved in the first stage. And another 30 days are needed for the whole process of field assessment. After the judging committee has viewed all materials and made the judgment, the assessment result will be made public to related media for 15 working days.



Proposed Incentives

- Priority to SMEs for science and technology funding, loan guarantees and finance discount policy
- Simplify the process of Foreign exchange management on international investment
- Exemption from special audits conducted by supervisory institution of labor security
- Exemption from daily monitoring of environmental protection related matters with the approval from Shanghai Environmental Protection Bureau
- Gaining priority to be recommended as China's or Shanghai's famous brands or national exempt products
- Government preferences policy on procurement of products and services
- Government preferences policy on inspection and quarantine, and quick declaration channel
- Granting related convenient measures in terms of declaration, annual inspections, product accreditation, subsidiaries, introduction of projects, rent and etc.

More Information

If you would like to receive more information on Shanghai Local CSR Standards/Assessment and its procedures, please contact:

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