

United Nations Global Compact

-Communication on Progress

Global Credit Organization

Statement from William H. Ding, President

Global Credit Organization (GCO) has clear-cut purport on helping and instructing enterprises or institutions to establish, utilize and develop appropriate credit construction and assessment system since its creation. GCO makes great efforts to explore the optimal credit security system through researching and studying global economic and social activities in depth, and believes the ethical obligation and social responsibility are main elements in the system.

The ten principals in Global Compact initiated by United Nations gave great revelation while GCO designing standards for enterprise's evaluation. That is why GCO applied for participating in Global Compact so positively and quickly. We wish, under the instruction of Global compact and together with other participants, we will make great contribution to a more sustainable and inclusive global economy.

We established a couple of evaluation applications in Great China Area at first, ten principals were embedded in as guidelines at the very beginning of projecting. The social responsibility which manifests human rights, labor standards, environment protection, anti-corruption were allocated as various measurements which are quantified and operable.

In 2004, we launched Integrated Competitiveness Assessment application in China, for the purpose of correcting the past practices which simply measured enterprises' revenues and assets, and misled developing direction and neglected social responsibility. In 2005, we extended the assessment to public sector, City Integrated Competitiveness application, which puts more weight on environment protection and sustainable development. Now, these two applications are widely recognized by leading state-owned or non-state-owned enterprises in China, as well as cities along east coast in China.



We has realized that assessment or evaluation on status quo is not our final mission, we are able to play a better role in training, education, incubation and standardization surrounding ten principals. Since 2004, partnered with icxo.com-the largest executive communication medium, bosslink.com-the leading ecommerce company, and World Brand Lab-the dominating research and study institution, GCO has provided training courses, educational programs, internship opportunities, forums, workshops, conferences, as well as consultation for small business, large business and public sector, with vairous concentrations including human resources, environment, public management, etc.

As proposed while participating in Global Compact, we has been incubating and promoting our credit product in China-Global Credit Number, which applies to alleviating or eliminating problems such as, enterprise's cheating, salary unpaid, payment in default, pollution, related party transactions, and so on. GCO also initiated a project of Social Accountability Global standardization in the end of 2006, which right now is test-running within eight featured companies in the mainland of China.

We will continue our efforts in improving or implementing what we have started and what we are doing or plan to do, and in promoting the use of ten principals both in private sector and public sector.

Sincerely,

A handwritten signature in black ink that reads "William H. Ding".

William H. Ding
President, Global Credit Organization

Progress on ten principals to date

Human Rights:

- Ø Principal 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Ø Principal 2: make sure that they are not complicit in human rights abuses.

Activities:

- I Based on ILO guidelines, GCO stipulates own higher standards for health, safety, and labor compliance, and incorporates it into the organization governance.
- I GCO implements non-discrimination and diversity in personnel practices. We respect employees' diverse religions, creeds, or traditions, no matter who are from the majority or minorities.
- I GCO respects woman's rights, provides equivalent job opportunity, and as a matter of fact, 60% of total 120 employees in GCO are women who are doing excellent work.
- I Together with partners in media, GCO provides an open platform to take internal and external complaints, reports on human rights abuses, to provide debate places, and thus promotes transparency and enhances supervision of public opinion.
- I In our competitiveness assessment applications, we require each participating party filling up their information related to health, safety, working environment with the standardized table sheet provided by us. Meanwhile, we start an investigation through providing online voting to public. The consequence will be displayed on websites and printings, and also affects the party's score in assessment.
- I GCO provides consultative services by multiple means. We have online channel to introduce general knowledge in human rights, national and local laws, codes. We also have Question and Answer channel to those particular but non-complicated asking. For the serious issues, we assist inquirers finding proper approaches to resolve the problems.

Labor Standards:

- Ø Principal 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Ø Principal 4: the elimination of all forms of forced and compulsory labor;
- Ø Principal 5: the effective abolition of child labor; and
- Ø Principal 6: the elimination of discrimination in respect of employment and occupation..

Activities:

- I Our ethical principals strongly support and advocate fair treatment to all employees. Our recruiting and retaining procedure demonstrates openness and fairness to prospective or current employees. The human resource standards we developed is to attract and retain the best, communicate labor with capital openly and effectively, and eliminate any discrimination on working opportunity.
- I We respect multicultural diversity, different religions, creeds and traditions. We believe diversity enriches our organizational culture, accumulates and shares knowledge and resources within the organization, and enhances creativity and innovation.
- I Our direct communication practices and internal flat structure enable individual or a group of employees to interact with top management, therefore to eliminate occurrences of discrimination or harassment, to respond grievances quickly, and to minimize misunderstandings or conflicts caused by indirect communication.
- I GCO is convinced that human capital is the dominant value-driver to the benefit of the organization and the individual. We perform the single treatment standard conforming to the highest stipulation by local law among various cities where our offices located.
- I Through our competitiveness assessment applications, we screen candidates with the criteria pursuant to national and local laws. We measure candidates' integrated competitiveness with proportional weight on labor standards detailed in measurement pools in the forms of table sheet . We announce the competitiveness list on multimedia from top to bottom, from large businesses to small businesses.

Environment:

- Ø Principal 7: Businesses should support a precautionary approach to environmental challenges;
- Ø Principal 8: undertake initiatives to promote greater environmental responsibility; and
- Ø Principal 9: encourage the development and diffusion of environmentally friendly technologies.

Activities:

Though environment pollution is not core issue in our own office activities, it is our mission to support and promote environment protection. The Realization on environment protection has be quickly enhanced since the cost of pollution extremely increased in China, but how to constrain business activity so as to mutually alleviate or eliminate pollution is still a big issue for public managers and business managers. We implement the principals through educational programs and assessment applications:

- I GCO provides training courses with World Executive Institute for managers especially from the public sector. Managers take online courses, utilize online discussion zones for case study, debate, Q&A and team project. GCO also convenes Salons, seminars and workshops for them.
- I GCO organizes forums 3-4 times per year with themes related to the aspects in economic life including environment protection, and also participates in activities sponsored by other parties.
- I GCO puts proportional weight on environment protection into the models which assess enterprise's competitiveness and city competitiveness, especially in the later one.
- I GCO announces the Social Responsibility List as a supplement to the enterprise's competitiveness list, which is used to highlight corporate accountability on human rights, labor rights, as well as environment protection.

Anti-Corruption:

- Ø Principal 10: Businesses should work against all forms of corruption, including extortion and bribery.

Activities:

- I GCO has introduced a “Code of Ethics” for all employees, which must be signed by every one. One-time orientation is mandatory for every new recruit each year.
- I Although it is difficult for us to judge the corruption index due to lacking practical measurement in China, especially in public sector, we try our best to be candid based on statistics collected publicly.

Conclusion and expectation:

- I Through our annual top lists of enterprise competitiveness and city competitiveness and Social Responsibility list, more and more enterprises in industries of mechanism, chemistry, automobile, textile, construction and etc, realize that reaching or exceeding the principals of corporate and social accountability is the trend of global development. They are modifying or re-building their business strategies or operational targets to adapt themselves to new requirements, most of which take our measurement combination as parameters.
- I We input assessment consequences into enterprise credit database indexed by Global Credit Number which carries credit grade data, measured partially by parameters derived from ten principals. Global Credit Number is adopted by top 100 enterprises from mechanism, chemistry, textile, real estate and e-commerce in China, the pool of members is expanding very fast.
- I The new project of Social Accountability Global standard-SA9000 has been test-running in eight featured companies which represent top-level in their industries since the end of 2006. We expect top 500 enterprises in China will accept this standard in the near future. We are very willing to, together with Global Compact, introduce and promote SA9000 from China to the world.