



China National Textile and Apparel Council





# Foreword

On September 28, 2016, China's Ministry of Industry and Information Technology issued the 13th Five-Year Plan for the Textile Industry. It laid out the concepts of innovation, coordination, greenness, openness, and sharing, and implemented the Made in China 2025 strategy by focusing on improving the quality and efficiency of development, promoting structural reform on the supply side, and attaching importance to increasing diversity. It also emphasized improving quality and creating brands, enhancing industrial innovation, and optimizing the industrial structure. Other priorities included promoting intelligent and green manufacturing to form new kinetic energy for development, creating new competitive advantages, and pushing the industry towards the higher end with renewed power. In terms of top design within the industry, the Plan requires the completion of the transition, transformation & upgrading strategy for the textile industry, to move from the "scale and speed mode" to the "quality and efficiency mode" while maintaining a high growth rate.

The non-green model of China's 30-year development process as a world plant is the main reason for the nation's current environmental problems. Green development in the 13th Five-Year Plan for the Textile Industry is one of the main objectives for the transformation & upgrading of the textile and apparel industry - one of the major consumer industries. Guiding the transformation of the textile and apparel industry

from a traditional field into an advanced manufacturing industry has become a new mission. Since the beginning of 2016, the environmental governance strategy launched by the local government has swept through the major industrial clusters of China's textile industry. The economic efficiency of environmental protection has compressed the living space of polluting enterprises in the time dimension. Promoting the environmental responsibility of enterprises by green manufacturing is the inevitable choice for textile companies in terms of achieving sustainable development. Meanwhile, within the sustainable supply chain management strategy of the global market leader, low carbon, less water, non-toxicity, and recycling are the main keywords. Transparency and traceability are vital to achieve those ambitious goals. Textile companies are aware that increasing numbers of major stakeholders in the market are not only concerned with the obvious traditional problem of "three wastes", but are also beginning to pay attention to the threat of hidden and harmful chemical substances and the consumption of resources. Facing the programs and practice requirements of various parties, the Office for Social Responsibility of China National Textile and Apparel Council began to create an information platform for corporate social responsibility in 2015. It helps industry enterprises and supply chain partners to promote the sharing of "common but differentiated" responsibilities within the supply chain, and is already proving to be a success.

The Belt and Road Initiative characterized by Co-operation, Co-building, and Sharing has become a national strategy. The textile industry has a strong historical origin within the Belt and Road Initiative, and will use it to usher in new opportunities. “Going Out ” is an inevitable move for the industry to create new advantages in international competition. In March 2017, China Textile Go Global Union was officially launched, providing better conditions for textile enterprises to enter overseas markets, and helping the Chinese textile industry to improve its international competitiveness through establishing global production bases. Meanwhile, overseas investment and CSR issues for Chinese textile enterprises have become a concern for local and foreign stakeholders alike. Chinese enterprises need to deal with different laws and regulations, commercial environments, and cultures in destination countries. Thus, CSR mainly focuses on labor relations, human rights, the environment, and anti-corruption. At the same time, the responsibility for the social and environmental impact of industrial investment itself is another new proposition for the transformation of CSR management within Chinese textile enterprises. Therefore, the Office for Social Responsibility of China National Textile and Apparel Council is carrying out research into social responsibility governance in the countries within the Belt and Road Initiative. It analyzes economic, social, and environmental CSR requirements,

as well as the participation of stakeholders in these countries. It then formulates CSR guidelines related to overseas investments by Chinese textile and garment enterprises, and helps these enterprises to improve their risk control capacity in overseas markets. This will strengthen China's CSR competitiveness and sustainable development, and will improve its soft power and influence in international trade.

This Report is sponsored by the China National Textile and Apparel Council and compiled by Office for Social Responsibility, with support from leaders and various departments. The Chinese and foreign stakeholders of China National Textile and Apparel Council have suggested valuable amendments during the compilation of this report. The report consists of four main parts: Part One analyzes changes in various macro industry factors and their influence on the industry's CSR work, based on the development status of the Chinese textile and apparel industry in 2016. Part Two explains the industry's main work and outcomes in CSR building in 2016. Part Three displays the status of social responsibility among Chinese textile and apparel enterprises in overseas investment in Bangladesh and Myanmar, aiming to provide suggestions for stakeholders, including enterprises within this industry. Part Four expounds on the 2017-2018 CSR plan of the Chinese textile and apparel industry.

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Development of the Textile and  
Apparel Industry in 2016, and  
the Influence of Macro Industry  
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## **Development of the Textile and Apparel Industry in 2016, and the Influence of Macro Industry Factors on CSR**

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## I. The Development Status of the Textile and Apparel Industry in 2016

In 2016, the Chinese economy maintained stability, with a GDP growth rate of 6.7%, maintaining its ranking among the countries with the largest economic growth. The structural upgrading of the domestic economy has accelerated, with the added value of services still taking up half of the GDP. Economic growth has shifted from an investment-driven pattern to a consumption-driven mode, and the move from old to new growth drivers has been ramped up. Meanwhile, the

internal and external situations remain complex and severe, with world economic growth in crisis. Global trading faces major uncertainty, and problems including inadequate demand and high manufacturing costs persist.

In this context, China's textile industry continues to accelerate its transformation and upgrading, and intensifies the supply-side structural reform. In 2016, the industrial added value of enterprises above a designated size in the textile industry was lower than that of the same period in the previous year. The growth rate of prime operating revenue slowed down on a YoY basis, that of both investment and profit slackened, and market pressure both in China and abroad was on the increase. The slowdown of industrial economic growth in 2016 was mainly a result of the general trend in domestic and foreign economic growth as well as its own structural adjustment - a normal reflection of development tendencies.

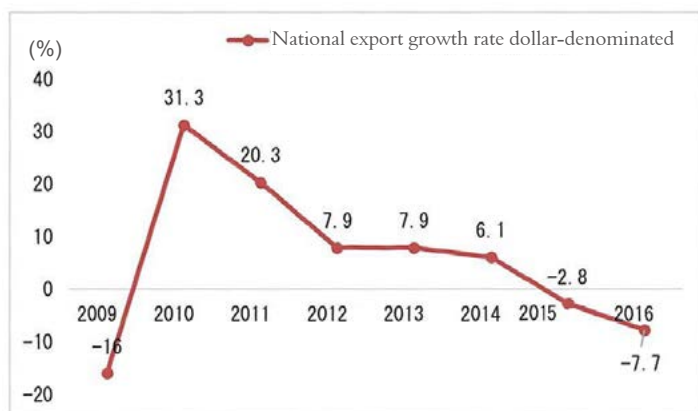
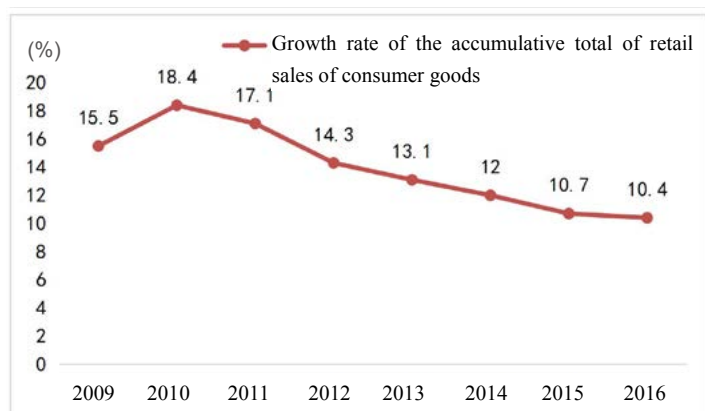
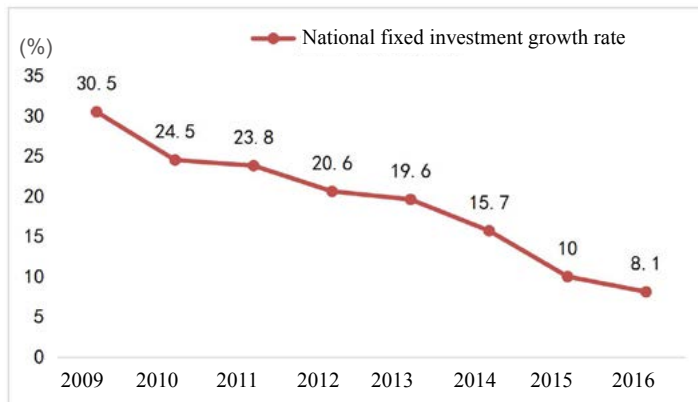
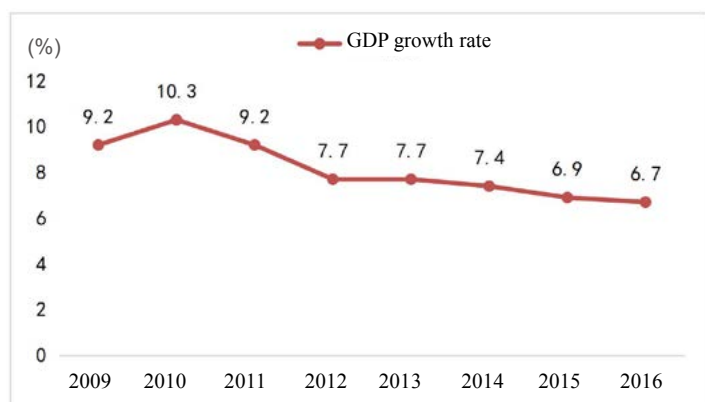


Fig. 1: China's Economic Growth in Recent Years

Data source: National Bureau of Statistics

Data from the National Bureau of Statistics shows that the added value of China's textile industry from January - December 2016 presents a YoY growth of 4.9%, 1.4 percentage points lower than the same period of the previous year. The growth rate of the textile industry is higher than that of textiles and apparel & accessories, while chemical fiber manufacturing achieved a growth rate of 6.1%, higher than that of textiles and apparel & accessories. The industry's macro economic situation is far from optimistic, requiring grater efforts to release new space for development.

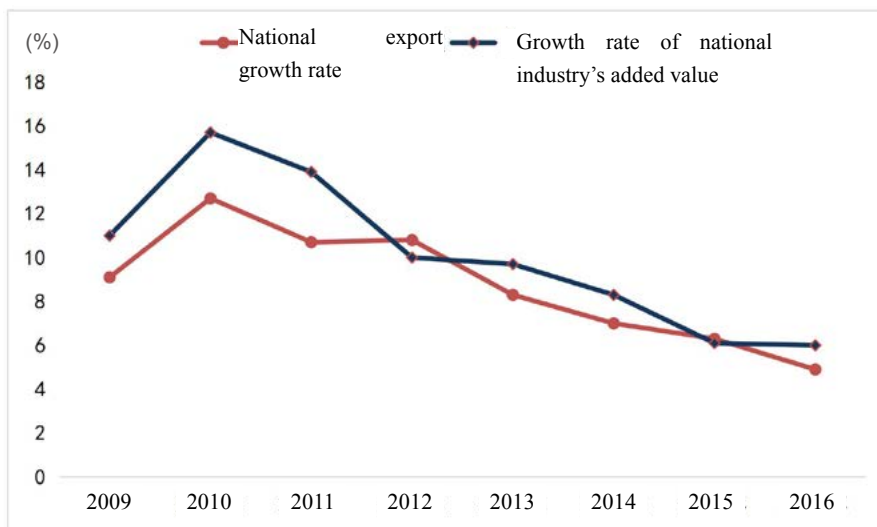


Fig. 2: Comparison between China's Textile Industry and Key Industrial Indicators

Data source: National Bureau of Statistics

## 1. Status of Production and Investment

### Slowed output growth

Except for yarn, all products in broad headings such as cloth, chemical fiber, and apparel saw a reduction in output. Yarn presented a YoY output growth of 5.50%; all others saw a slowdown in growth.

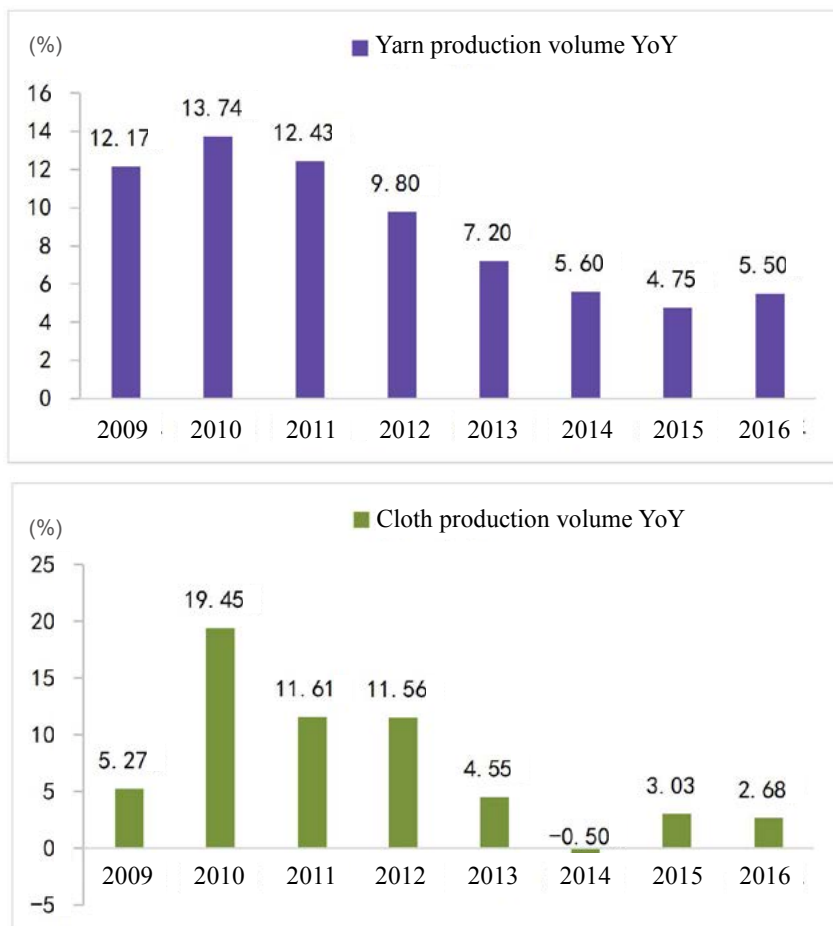
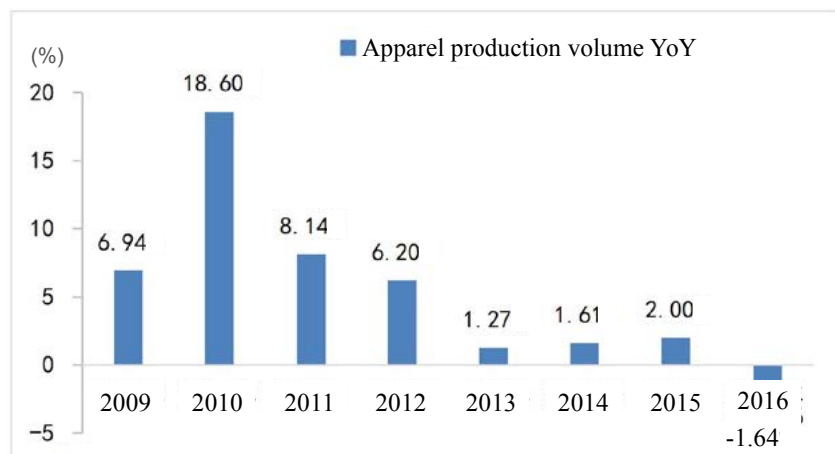
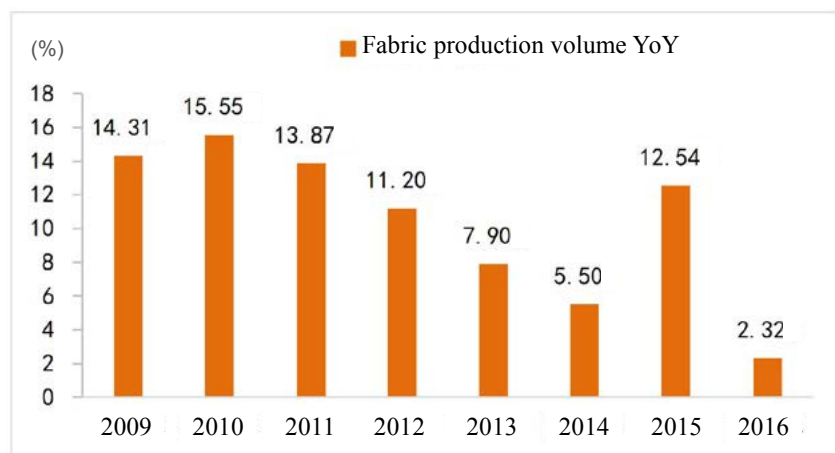


Fig. 3: Growth Trends of Major Products in Recent Years

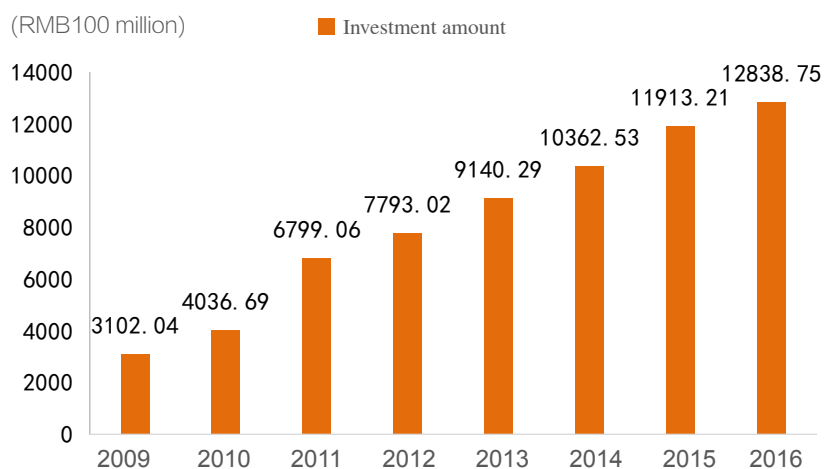
Data source: National Bureau of Statistics



	Qty. (10,000 tons)	Proportion(%)	YoY growth(%)
Total	5420	—	2.26
Raw cotton	715	13.19	2.14
Chemical fiber	4565	84.23	2.40
Wool	44	0.81	-2.22
Linen	81	1.49	0
Silk	15	0.28	-6.25

Table 1: China's Textile Fibre Processing Volume in 2016

Data source: National Bureau of Statistics



#### Investment growth slows down

From January - December, 2016, fixed-asset investments in China's textile industry totaled RMB 1,283,875 million, indicating a YoY growth of 7.77% - 7.19 percentage points lower than growth in the previous year.

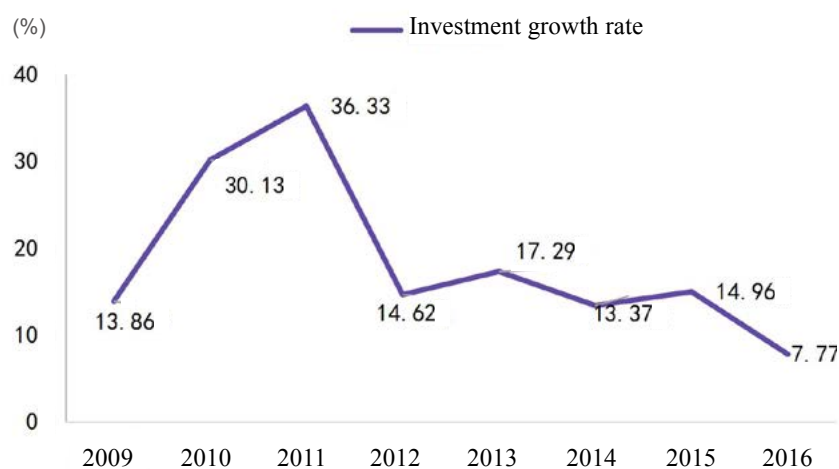


Fig.4: Fixed Asset Investment Trends in Recent Years

Data source: National Bureau of Statistics

In terms of industry chain, terminal industries including apparel, home textiles, and industrial use saw a rapid decline in investment growth, while investment confidence in cotton spinning and textile machinery was relatively strong. In 2016, textile machinery worth USD 2.99 billion was exported. The annual growth in export value from 2010-2016 was 9.2%, 5 percentage points higher than that of textile and apparel exports in the same period of the previous year. The rate of application of informatization by enterprises above medium size exceeded 70%, and equipment such as automatic detection for spinning

systems, online printing and dyeing detection, automatic distribution systems, automatic chemical fiber packaging, and intelligent apparel warehousing systems were applied.

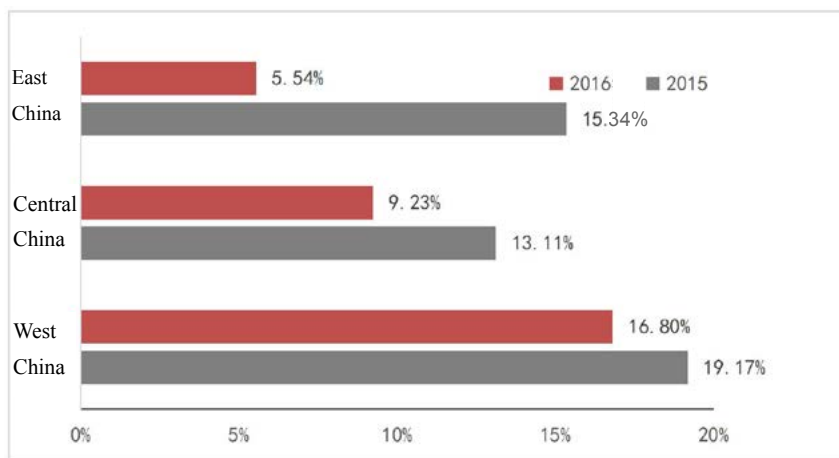
Sector	January to December, 2016 (%)	January to December, 2015 (%)	YoY Change (%)
Cotton spinning	18.21	15.49	2.72
Chemical fiber	0.34	2.87	-2.53
Apparel	5.57	22.25	-16.68
Home Textiles	-5.20	14.65	-19.86
Industrial fabrics	4.51	17.05	-12.53
Textile machinery	10.47	0.04	10.43

Table 2: Terminal Sectors Including Apparel, Home Textiles, and Industrial Fabrics Saw a Rapid Decline in Investment  
Data source: National Bureau of Statistics

By region, investment growth in Eastern, Central, and Western regions saw a decline; that of Eastern China declined by 9.80 percentage points from the previous year, Central China 3.88 percentage points, and Western China 2.37 percentage points.

Fig. 5: 2015–2016 Growth Rate of Regional Investment

Data source: National Bureau of Statistics



## 2. Changes of Demand in International and Domestic Markets

**International market —the export scale reduced, while the growth rate slowed.**

From January to December 2016, China's textile and apparel exports totaled USD 270.12 billion, down by 7.22% year on year - a 2.44 percentage point decline from the previous year. In RMB, China saw a YoY decrease of 1.4% in textile and apparel exports.

(Unit: 0.1 billion USD)

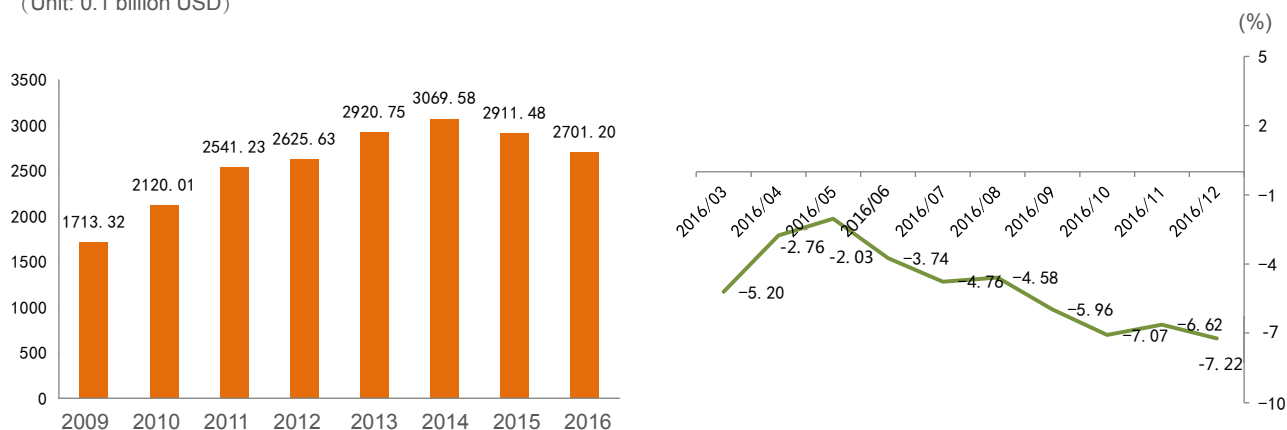


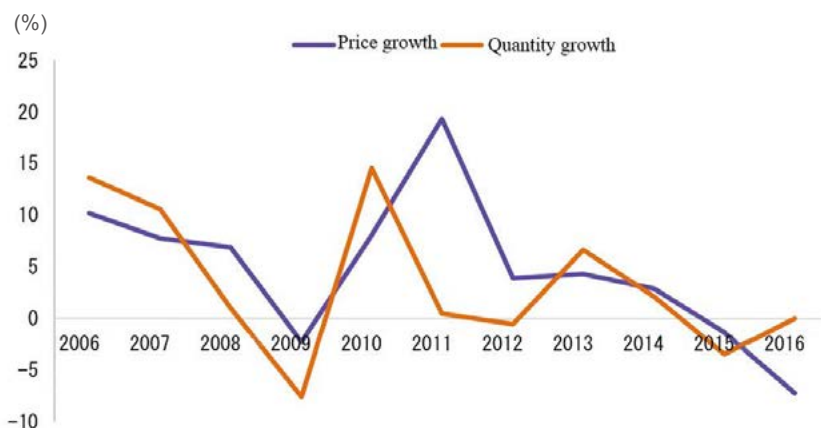
Fig. 6: Fluctuation Causes Further Reductions in Textile and Apparel Exports

Data source: Chinese Customs and Statistics Center of CNTAC

From January to December 2016, China's export price for textile and apparel products declined by 7.2 %, and the export volume fell by 0.02%.

Fig. 7: Slight Decline in the Export Price for Textiles and Apparel

Data source: Chinese Customs and Statistics Center of CNTAC



### Domestic market - Continuing slowdown in growth

From January to December 2016, the national retail amount for apparel, footwear, headwear, and knitting textiles above a designated size totalled RMB 144.33 billion, indicating a YoY growth of 9.8% - 2.8 percentage points lower than the previous year, and 3.4 percentage points lower than that of social consumables in the same period.

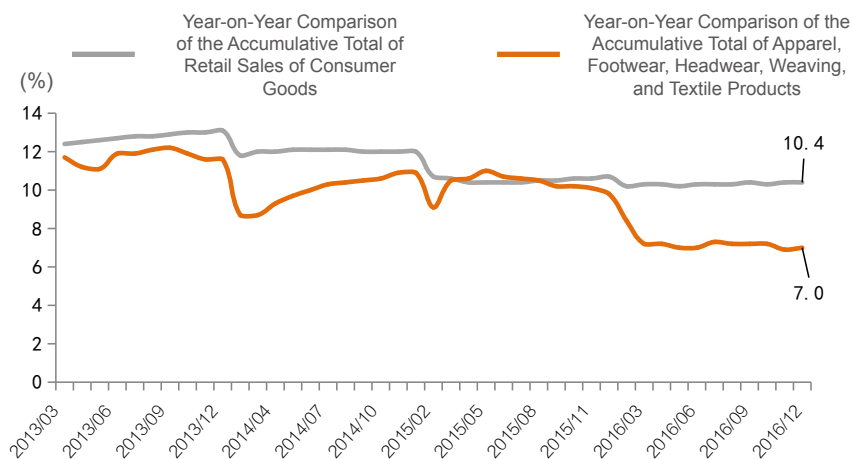


Fig. 8: Continuing Slowdown in Domestic Market Growth

Data source: National Bureau of Statistics

Clothing, 45.47%

Home textiles, 27.68%

Industrial fabrics, 26.75%

Fig. 9: Structure of China's Three Major Terminal Textile Fibre Consumption Areas

Data source: China National Textile and Apparel Council

From January to December 2016, China's online retail volume of wearable goods grew by 18.1% year on year - a 3.3 percentage point decline in growth from the previous year.

Year/Quarter	2015	2016
Q1	33.70%	16.00%
Q2	30.10%	16.90%
Q3	26.30%	16.30%
Q4	21.40%	18.1%

Table 3: Growth in Sales of Online Wearable Goods

Data source: National Bureau of Statistics

### 3. Economic Operation Saw Improvement in Both Quality and Efficiency

2016 saw stable profitability in the industry, and continued improvement was made in operational quality. From January - December 2016, the prime operating revenue of the textile industry totaled RMB 7,330.2 billion indicating a YoY growth of 4.08 percentage points; the total accumulated profit hit RMB 400.4 billion indicating a YoY growth of 4.5%, a 0.87 percentage point decline in growth rate from the previous year.

Main indicator	Indicator value	YoY Change
Prime operating revenue	RMB 7,330.2 billion	+4.08%
Total profit	RMB 400.4 billion	+4.5%
Rate of profit	5.46%	+0.02%
Turnover of total assets	1.57 times/year	-0.04%
Turnover of finished goods	21.98 times/year	+4.44%
SGAI	6.09%	-0.07%

Table 4: Main Economic Indicators From January to December 2016

Data source: National Bureau of Statistics

Except for chemical fiber, home textiles, and textile machinery, the growth rate of all sectors saw a decline from the previous year.

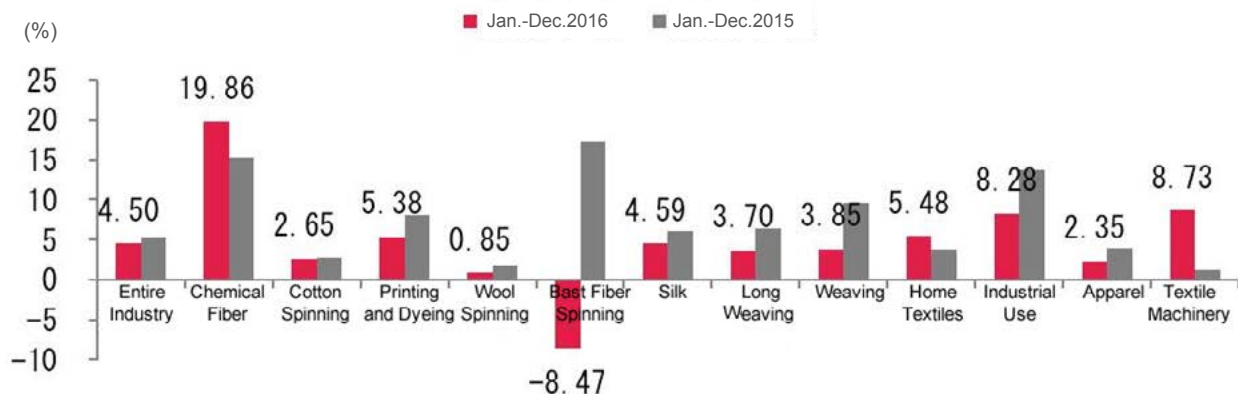


Fig. 10: Profit Growth in All Sub-sectors

Data source: National Bureau of Statistics



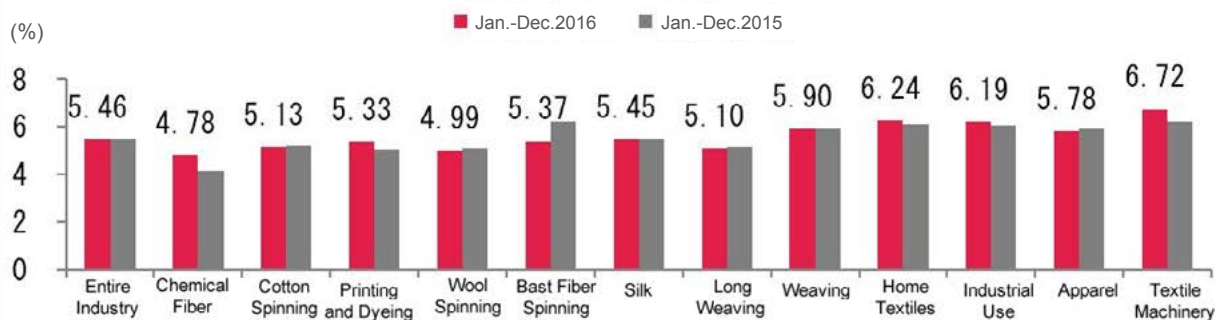


Fig. 11: Rates of Profit in All Sub-sectors  
Data source: National Bureau of Statistics

The industry-wide profit rate saw an increase of 0.02 percentage points; that of terminal home textiles and industrial use increased slightly from the previous year, while apparel decreased slightly.

At present, the industry still faces grim situations at home and abroad that require us to identify our direction and forge ahead. In 2016, CNTAC supported competent authorities in the formulation of the Textile Industry Development Plan (2016 -2020), and

issued the “13th Five-Year Plan” for Technological Advancements of the Textile Industry. This has provided a systematic and scientific development blueprint and roadmap for the industry. In this guidance, and on the basis of the characteristics and status of all sub-sectors, we formulated and issued the Guiding Opinions on the Development of the Chemical Fiber Industry in the 13th Five-Year Plan, and the Guiding Opinions on the Development of Industrial Textiles in the 13th Five-

Year Plan. Other sub-sectors including cotton spinning, apparel, printing and dyeing, home textiles, wool spinning, linen, filament weaving, and textile machinery also saw the issuance of guiding opinions. Guided by various development plans and policies, China accelerated the transformation and upgrading of the textile industry, and moved towards being a major textile source in a healthy and solid pace.

## II The Influence of Internal and External Development Situations on CSR Building in 2016

In 2016, all global social sectors deepened their awareness and practice of CSR. From the international, national, industrial, and corporate levels, all sectors reached common ground on sustainable social, environmental, and economic development, winning wide recognition and support. Major affairs both in China and abroad in 2016 not only manifested the existing achievements of CSR, but also shaped future development trends.



## 1. Global Sustainable Development Goals, and China in Action

Since being approved in 2015, the 2030 Global Sustainable Development Goals (SDGs) have driven national governments, businesses, and social organizations to formulate sustainable development action plans accordingly, to gather resources and wisdom for the promotion of the 17 global goals. The Chinese government took the initiative in the building of a new global governance order, and proposed a national plan, committed to fully implementing action plans in all domestic sectors (Table 5).

Unlike the Millennium Development Goals (MDGs) that focus on governmental and public sectors, SDGs sees the business sector as an important force for change, and encourages it to contribute to the sustainable development goals. In 2016, the Global Report Initiative (GRI), the Global Contract (GC), and the World Business Council for Sustainable Development (WBCSD) jointly developed the SDGs Compass to help enterprises understand the global SDGs and realize how their business may contribute to SDGs. Correspondingly, in the past two years, increasing numbers of enterprises (in particular transnational companies with abundant resources) have formulated sustainable development goals and contribution plans that will integrate values into their corporate governance and extend them to various countries through their global supply chain networks. It is likely that the sustainable development trend will be reflected in links like product design, production, procurement, logistics, consumption, and reclamation.

Time	Major Action
April 2016	China issued its Position Paper on the Implementation of the 2030 Agenda for Sustainable Development, making a thorough overview of the general principles, key areas and priorities, means of implementation, and its way forward for sustainable development.
July 2016	China made a voluntary national review of the implementation of the 2030 Agenda for Sustainable Development at the United Nations High-level Political Forum on Sustainable Development.
September 2016	China issued its National Plan for the Implementation of the 2030 Agenda for Sustainable Development, to comprehensively deploy implementation and advance the formulation of the G20 Action Plan on the 2030 Agenda for Sustainable Development at the G20 Summit in Hangzhou.
October 2016	China submitted its National Plan for the Implementation of the 2030 Agenda for Sustainable Development to UN Secretary General Ban Ki-moon, which was distributed in the UN system and among all member countries as an official UN General Assembly document.
December 2016	The State Council issued the Development Plan for China's Innovation Demonstration Zone for the Implementation of the 2030 Agenda for Sustainable Development, identifying the thoughts and goals for promoting "China's Innovation Demonstration Zone for the Implementation of the 2030 Agenda for Sustainable Development".

Table 5: China's Major Actions to Implement the 2030 Agenda for Sustainable Development

Source: P7, 2017 Report on the Sustainable Development of Chinese Enterprises Overseas, the Chinese Academy of International Trade and Economy, under MOFCOM, Research Center under SASAC and UNDP in China.

## 2. Responsible Investment and Global Supply Chain Management in Chinese-invested Enterprises

Multinational corporations are an important carrier of economic globalization. Multinational corporations deploy their supply chain networks globally to maximize efficiency, yet the unbalanced distribution of globalization outcomes is particularly reflected in the supply chains of multinational corporations. Western multinational corporations have developed a social responsibility management system covering supplier codes of conduct, implementation and verification systems, information disclosure regulations, and capacity building programmes in their explorations into how to establish fair, equal, and safe orders in the global supply chains over two decades (Table 6).

Brand or Retailer	Year of Formulation and/or Revision of Supplier Codes of Conduct
Levi's	1991
GAP	1992
Nike	Formulated in 1992 and revised in 1997
Disney	1996
Adidas	Formulated in 1997 and revised in 2001, 2006, and 2016
Patagonia	Formulated in 1997 and reviewed and revised in 2007 and 2013
H&M	1997
Zara	Formulated in 2001 and revised in 2012
IKEA	2001
Uniqlo	2004
Walmart	Formulated in 2005 and revised in 2006
Jack Wolfskin	2007
Marks & Spencer	2010
Under Armour	Formulated in 2014 and revised in 2016

Table 6: Year of Formulation and/or Revision of Supplier Codes of Conduct by Brands/ Retailers

Source: Collected and classified by CNTAC's CSR Office based on corporations' codes of conduct for suppliers. Revision dates were collected based on information disclosed by various brands. A zero record in the table does not necessarily mean that no revision was made.



Nature	Institution	Core document or standard	Major topics
Intergovernmental organization	United Nations (UN)	The UN's Guiding Principles on Business, Human Rights, and Global Contracts	<b>Society:</b> 1. Forced labor, bonded labor, prisoner labor, and illegal labor; 2. Child labor and underage workers; 3. Salary and welfare; 4. Employment; 5. Freedom of association and collective negotiation; 6. Health and safety; 7. Discrimination, diversity, and equality; 8. Working hours. <b>Environment:</b> 1. Resource and energy utilization; 2. Discharge of waste water, waste gas, and solid waste (waste discharge and reclamation); 3. Compliant use of chemicals. <b>Others:</b> Species protection and animal welfare; anti-corruption and bribery; transparency and traceability; information security and the like.
	International Labor Organization (ILO)	International Labor Convention and Recommendations	
	The European Union (EU)	Document series including the Resolution of Fair Trade and Action Plan Proposal	
	Organization for Economic Co-operation and Development (OECD)	Guidelines for Multinational Enterprises	
NGO (Social Organization)	Fair Labor Association (FLA)	Fair Labor Code of Conduct	
	Social Accountability International (SAI)	Social Responsibility Standard (SA 8000)	
	Foreign Trade Association (FTA)	Business Social Compliance Initiative (BSCI)	
	Worldwide Responsible Accredited Production (WRAP)	Worldwide Responsible Apparel Production (WRAP)	
	International Fair Trade Association (IFAT)	International Fairtrade Labelling Organizations	
	International Organization for Standardization (ISO)	Guidance on Social Responsibility (ISO26000)	

Table 7: Common Social Compliance Requirements in International Supply Chains

Source: Table prepared by Office for Social Responsibility of CNTAC

The foreign direct investment (FDI) of the Chinese textile industry in 2016 hit a record high, up by 89.3% YoY to USD 2.66 billion. With the growth of China's textile and apparel industries, some enterprises began to develop international vision, and deployed their industry chains by means of investment overseas. China started to foster a series of multinational enterprises with international influence. However, challenges ensued. Due to a lack of experience in multinational supply chain management and

effective management tools, many enterprises encountered issues such as strikes and boycotts by communities and environmental protection organizations. This resulted in great losses to the enterprises, and an adverse influence on the reputation of the state and the industry.

In this context, CNTAC organized the revision and upgrading of the CSC9000T China Social Compliance For the Textile & Apparel Industry. The Revision Expert Board identified some of the common legal and social risks encountered by companies "going global". It integrated the expectations of trade unions, NGOs, communities, and ethnic minorities, and adopted world-leading supply chain management methods to provide effective tools for guiding social compliance and sustainable development among China's textile and apparel players. The latest revision of CSC 9000T has incorporated the suggestions and opinions of domestic and foreign stakeholders, including industrial enterprises, international brands, and social organizations. It will be officially launched in the second half of 2017.

### 3. Sustainable Consumption Requires More Effective Business Solutions

A new wave of consumerism has pushed the sustainable lifestyle trend, wherein increasing numbers of consumers are boycotting companies who peddle serious environmental destruction and encourage the high consumption of resources. The young generation in particular has expressed a preference for products and services that have positive environmental and social influence, leading many businesses to remodel themselves towards sustainable innovation.

Connecting the supply end with the market demand for textiles and apparel, China's textile and apparel industry must satisfy sustainable consumption needs through responsible manufacturing. Thus far, branding businesses closest to the consumption markets have responded actively, promising to exercise sustainable design and procurement. Substantive recognition of purchase groups on sustainable value is an important milestone for sustainable consumption. However, noticeable interlinked challenges exist, including consumers' confusion about diversified ecological labels, poor traceability of product information, nonstandard reclamation channels, hobbled reverse logistics, immature recycling technology, and low market popularity. The keys to tackling the challenges of sustainable consumption are technological innovation and multilateral collaboration.

Sustainable consumption and production are aimed towards the reduction of consumption, an increase in output, and the improvement of quality, namely increasing the net welfare gains of economic activities by reducing the consumption of resources, environmental degradation, and pollution in the whole life cycle, while improving living standards. This process requires the participation of multiple stakeholders covering enterprises, consumers, decision makers, researchers, scientists, retailers, media outlets, and cooperative development institutions. Sustainable consumption and production also require the participation and cooperation of various players in the supply chain from production until end consumption. They must encourage consumers to accept sustainable consumption and lifestyles through education, providing sufficient information through standards and labels, and conducting sustainable public purchasing.

Data source: United Nations Website <http://www.un.org/sustainabledevelopment/zh/sustainable-consumption-production/>

### 4. Green Public Policies are Becoming a Lever for CSR

Public policies can adjust the allocation and utilization of public resources. 2016 saw the intensive release of multiple green policies, which have provided guidance for enterprises to conduct green practices. The release of the Implementation Plan for the 2016 Special Action on Green Manufacturing,

the matching of green consumption and finance to green manufacturing policies, and the improvement of the public policy system for standards and certification make policy support resources available and create a development environment for enterprises to carry their green responsibilities. Early in 2016, ten ministries and commissions jointly released the Circular on Guidance for Promoting Green Consumption. Its aim was to significantly raise the market share of green products by 2020. In December, the General Office of the State Council issued the Opinions on the Establishment of a Unified Standard, Certification, and Labeling System for

Green Products, which has defined a concrete pathway for improving the quality of green products and guiding green consumption. 2016 also saw the rapid growth of green finance, with the establishment of a green financial

system elevated to a national strategy in China. Just before G20 Hangzhou Summit, seven ministries and commissions including the People's Bank of China issued the Guiding Opinions on Establishing a Green Financial System, and launched the Comprehensive Report on Green Finance. It is likely that green public policies will gather abundant resources for green development, injecting power into green economic transformation.

## 5. The Trend of CSR Information Disclosure

The development of IT and the Internet has called for transparency in modern business. Enterprises will find it hard to escape the eyes of the media, social organizations, and the public. Any evidence of one-sided pursuits of economic benefits and threats to social well-being will be exposed and criticised. In recent years, some enterprises have taken the initiative in responding to the crisis of trust in the information age by developing CSR disclosure plans and establishing communication mechanisms between stakeholders.

The CSR report is currently the major method of communication. Its mode of transmission is undergoing gradual diversification. Increasing numbers of enterprises have come to realize the importance of releasing CSR

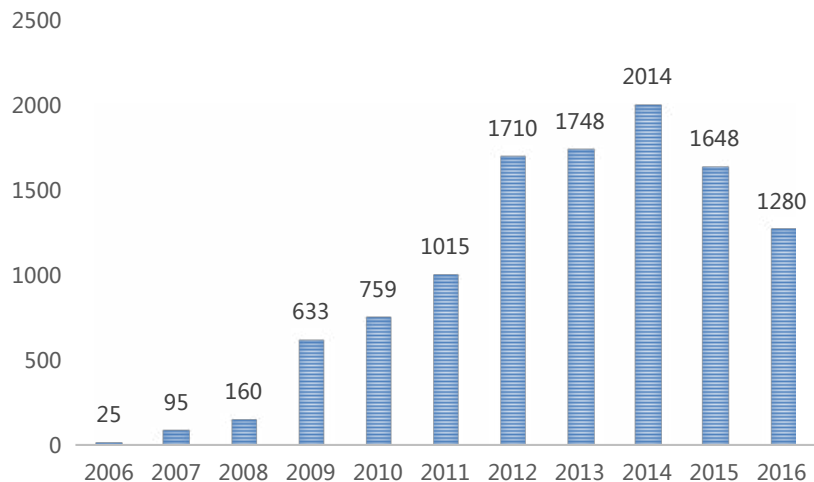


Fig. 12: CSR Report Statistics

Data source: <http://mqi.org.cn/index.asp>

reports. As a result, they conduct active communication with stakeholders, whose subsequent demands and expectations are included in corporate governance. Meanwhile, some companies are also beginning to see the effectiveness of information transfer, and are trying to improve the readability and attractiveness of their CSR reports by means of webcasts, micro videos, and creatively designed H5 and homepages.

Mandatory CSR information disclosure among listed companies is being enhanced. Intensifying the supervision of risks to the environment, society and governance (ESG), and the practice of ESG information disclosure have been listed as assessment requirements

for investors and regulatory authorities. Thus far, more than 30 economies have proposed requirements on ESG information disclosure for listed companies. In December 2015, the Hong Kong Stock Exchange issued the latest version of the GSE Reporting Guide, suggesting that enterprises fully implement the disclosure requirement of "Comply or Explain" as of January 1st 2017. All textile and apparel enterprises listed in Hong Kong must note the relevant provisions. Mainland China has also embraced this trend. Currently, CSRC and MEP have reached common ground for the compulsory disclosure of environmental and social information by

listed companies. In addition, specific requirements on listed companies for the disclosure of information about poverty alleviation are already in place. SCRC and SSE have issued working opinions and circulars detailing the requirements for CSR information

disclosure related to poverty alleviation by listed companies. Recently, MSCI has affirmed that A Stock will be officially listed on the MSCI Index, and will receive ESG evaluation. Corporate ESG management performance and disclosure will become importance considerations in the capital market. Six more textile and clothing enterprises were listed in the world's major securities markets in 2016, and the number of Chinese textile and apparel enterprises listed in those markets by the end of that year totaled 303.

## 6. International Trade Rules

Business has always been governed by rules. International conventions and practices, national laws and regulations, industrial standards and multilateral initiatives have constituted a complex but orderly system. They play their roles by coordinating corporate conduct and effects, and constitute an important aspect of the international trade environment.

The EU, the USA, and Japan were the top 3 export destinations for China's textiles and apparel in 2016. Chinese enterprises that directly export to these three markets, or maintain indirect connections through trading companies, must pay close attention to buyers' requirements for compliance and CSR. They must understand the requirements of CSR codes of conduct, review or certification, and should be familiar with the labelling and information disclosure system, to avoid being expelled from international markets due to a failure to meet CSR requirements.

As well as universally accepted international laws and conventions, individual markets vary slightly in terms

of CSR requirements. Mainly under the influence of governments and NGOs, the European markets pay close attention to the social influence of enterprises, and have developed a series of mature social responsibility-related policies and systems. The Responsible Purchasing Policy applies to not only European enterprises but worldwide manufacturers through the transnational supply chains of European enterprises. In this institutional environment, European enterprises generally attach importance to labor rights and working conditions, ecological or organic labeling of products, the utilization of chemicals, and environmental information disclosure in the supply chain. It is suggested that Chinese enterprises that cooperate with the European markets communicate their social responsibility requirements in a timely manner to avoid any unnecessary loss from trading.

As the origin of CSR, the US market's CSR requirements for the supply chain mainly cover national security (anti-terrorism), IPR protection, and anti-commercial bribery. Some state governments formulate special acts to normalize order in the supply chain. For example, California's Transparency in Supply Chains Act requires that production enterprises exporting products to the USA disclose that they have not used slave labor or employed trafficked people. Production enterprise must therefore conduct thorough communication with purchasers in advance about the sort of social responsibility management that should be carried out to avoid business disputes.

Japanese enterprises attach great importance to product quality and brand reputation. CSR compliance requirements with business partners give preference to product quality, information security, and corporate reputation. Japanese enterprises normally require suppliers to control quality by means of frequent factory inspections and a strict information system, to prevent the leakage of business information. In this light, it is suggested that Chinese enterprises pay attention to quality control, enhance their awareness of information security and IPR protection, follow contract terms, and completely eradicate commercial bribery during cooperation.

# 2

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**The Development of Social  
Responsibility of China's Textile  
& Apparel Industry in 2016**

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## The Development of Social Responsibility of China's Textile & Apparel Industry in 2016

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2016 marked the 11th anniversary of the launch of CSR practice in China's textile industry. CNTAC has established social responsibility across four dimensions, namely human orientation, environmental protection, fair competition, and safe consumption. In the context of the global consensus on the UN's sustainable development goals, China is exploring a realization route with Chinese characteristics for responsible global textile supply chains.



## Disclosure of CSR Information

2016 was the first year of the implementation of the 13th Five-Year Plan for Textile Development. Social responsibility in China's textile and apparel industry uses modal innovation and technological innovation as its foundation, and has entered a new stage of collaborative governance and cross-border regional coordinated management of global textile supply chains.

### 1. CSR Reports by Industry and Enterprises

In 2006, CNTAC issued the first CSR Annual Report – a pioneer for Chinese non-business organizations in the issuing of such reports. In 2016, CNTAC issued the 11th CSR Annual Report, reflecting the earliest and longest institutional practice of social responsibility for organizations other than enterprises, as advocated by the ISO26000.

In November 2016, 3 key textile and apparel enterprises (Bosideng International Holdings Limited, Jingwei Textile Machinery Co., Ltd, and Zhejiang

Mizuda Printing & Dyeing Group Co., Ltd) released their 2016 Annual CSR Reports at the 2016 Annual Conference on Social Responsibility in the Chinese Textile and Apparel Industry. The CSR reports of these enterprises were compiled in accordance with China Sustainability Reporting Guidelines for Apparel and Textile Enterprises (CSR-Gates), verified by independent third-party institutions or CNTAC. The above-mentioned corporate reports include responsibility fulfillment actions and performances, e.g. organization governance, product quality, brand building, energy conservation & environmental protection, scientific and technological innovation, consumer rights and interests, fair and honest operation, international operation, sustainable supply chain management, harmonious labor relationships, community involvement, and social undertakings. Jingwei Textile Machinery Co., Ltd has issued a CSR Report for eight consecutive years. It is one of the enterprises that has issued such reports with the highest quality for the longest time.



## 2. Disclosure of Regional Sustainable Development Information

As the organizational forces of the regional economy, textile industry clusters (whose main body is made up of private small and medium textile enterprises that are undergoing intensive development) have played an irreplaceable role in accelerating regional economic development and urbanization. Currently, industrial clusters are an important source of support for the development of China's textile industry. They are also an important organizational force in socialized production, and an major foundation for industrial restructuring, transformation, and upgrading.

The 13th Five-Year Plan for the Development of China's Textile Industry has proposed new requirements for textile industry clusters. In particular, accelerating the fostering of a low-carbon, green, and sustainable textile industry chain is the orientation for the future development of textile industry clusters. Transformation and upgrading of textile industry clusters will be realized by building sustainable supply chains, establishing a circulating system covering raw materials, production, marketing, consumption, and reclamation, adhering to green policies, circulating low-carbon development, and improving green manufacturing.

In 2016, China Textile City in Keqiao District, Shaoxing City and Ningbo City in Zhejiang Province (China's most typical textile clusters) released sustainable development reports. The two reports reflected the characteristics of the clusters, and innovatively adopted a "Sustainable Development Index Family" to comprehensively assess the status of sustainable development. They also discussed the green manufacturing mode of the cluster's sustainable development, which provides a reference sample for other clusters.

Ningbo's Report on the Sustainable Development of the Textile and Apparel



Industry has adhered to the concept of scientific development. It has offered innovative ideas for work, and has fully leveraged big data, technologies, and resources. It has analyzed the development status of tens of thousands of textile and apparel enterprises in Ningbo from a micro angle, while also summarizing the structure and development path of the textile and apparel enterprises from the macro perspective. The report has attempted to locate data patterns, and has identified the challenges and opportunities for the further development of the industry. It has also provided suggestions for the sustainable development of Ningbo's textile and apparel industry.

Based on mass industrial data, the Report on the Sustainable Development of China Textile City has used TEX-

SDI to assess the biggest professional market for light textile fabrics in Asia. It is the first pilot industrial cluster to be used for the analysis of sustainable development.

The Report has studied the development of the cluster from the perspectives of innovation-driven development, coordinated development, green development, and open development, of which green development is particularly notable: Backed by a series of local policies, China Textile City has made reversed transmission from the market side. It has guided textile manufacturers (including the dyeing industry upstream of the industry chain) to phase out backward capacity, restructure cluster upgrading, implement green production, develop green products, and improve competitiveness. In this way, it has promoted the green development of the textile industry in Keqiao District, Shaoxing City and the formation of a green market.

Since it started to promote CSR in the textile and apparel industry in 2005, CNTAC has received strong support and active participation from local governments, industrial clusters, and enterprises. It now leads all other industries in CSR and public governance. To commend good examples, publicize typical experiences, and improve the sustainability of the textile and apparel industry, CNTAC decided to present 8 units (including the People's Government of Shengze Town, Wujiang District, Suzhou City, Jiangsu Province) with the "2016 Model Award for Social Responsibility and Public Governance in China's Textile and Apparel Industry" in November 2016.

- ★ The People's Government of Shengze Town, Wujiang District, Suzhou City, Jiangsu Province
- ★ The People's Government of Yuli County, Bayingolin Mongol Autonomous Prefecture, Xinjiang Uygur Autonomous Region
- ★ ZDHC Foundation
- ★ Bosideng International Holdings Ltd.
- ★ Jingwei Textile Machinery Co., Ltd.
- ★ Ruyi Wu Home Furnishing Co., Ltd.
- ★ Zhejiang Longsheng Group Co., Ltd.
- ★ Zhejiang Mizuda Printing & Dyeing Group Co., Ltd.

Table 8: The 2016 Model Award for Social Responsibility and Public Governance in China's Textile and Apparel Industry

## CSR Research and Capacity Building

### 1. Research on Social Responsibility

Noting industrial hotspots and trends, and conducting special research from the angle of social responsibility are unique opportunities for CNTAC to publicize CSR. CNTAC continues to innovate and develop more effective tools and methods for optimizing work models, helping small and medium textile and apparel businesses, and improving sustainable development capacity in the numerous industrial clusters.

Currently there are 198 clusters in China's textile and apparel industry whose share prosperity and recession are reflected in the collective behavior of thousands of micro market subjects. Sustainable development of an industrial cluster depends on whether the market subjects can perform responsible production and operation. Fully leveraging big data resources and technologies in 2016, Office for Social

Responsibility of CNTAC was able to observe and analyze the behavior of 100,000 individuals in the clusters from a micro angle. It was also able to assess the regional industrial structure and development path from a medium view, so as to locate mass data patterns, clearly identify challenges and opportunities, apply research outcomes to regional industrial governance, and provide accurate suggestions for the sustainable development of industrial clusters. Office for Social Responsibility of CNTAC developed and expanded the sustainable innovation service system for industrial clusters in 2016, and formed a work pattern that integrates a report, a guide, and an index, of which a comprehensive sustainable development index (the "9+3 Index") is created from sustainable development indicators that mainly monitor technological innovation, development vitality of market subjects, brand cultivation, life cycles of market subjects, and capital flow, so as to improve the rationality of the industrial economic situation and the judgement of trends by the industry's regulatory authority. The Responsible Purchasing Guide integrates value and IT. Enterprises with excellent CSR performances and sustainable development potential are included in the Purchasing Guide to improve their market recognition and commercial competitiveness and give full play to the pioneering role of excellent enterprise. In this way, transformation to sustainable production and consumption modes is achieved. At present, a sustainable innovation service system for industrial clusters is in a pilot program in Keqiao District, Shaoxing City, Zhejiang Province (the country's largest fabric industry cluster) and Ningbo City (the apparel industry's base). The program has won recognition and attention from the Commission of Economy and Information Technology of Zhejiang Province.

### 2. Capacity Building on Social Responsibility

Capacity building for enterprises is among CNTAC's top priorities for improving the sustainable competitiveness of enterprises. In 2016, CNTAC continued to integrate resources and conduct various training sessions and seminars to improve enterprises'

CSR performance and management skills.

In 2016, CNTAC and BSCI held five senior workshops on decent working hours and reasonable remuneration. About 200 enterprise representatives from textile, apparel, shoes, and light industries participated in the training. The sessions were aimed at improving CSR awareness and capacity building for BSCI's Chinese suppliers, helping suppliers to understand the methods for improving CSR performance by introducing ILO international conventions, local laws and



regulations as well as BSCI's audit requirements. As BSCI's strategic cooperation partner, the CNTAC is dedicated to multi-level cooperation in the supply chain. Since 2007, the two parties have jointly developed a large number of social responsibility training schemes for suppliers', including over 100 special training sessions with over 7000 participants. The results have been positive.

Improving employees' competences, in particular the leadership of female employees, is of special importance in textile enterprises. They occupy a share of 60% of the total industrial workforce, and are a major source of HR competitiveness for an

enterprise. In March 2015, with the support of UN Women, CNTAC launched the project named "Promoting Gender Equality in Zhejiang's Textile Industry" which was jointly implemented by BSR. The project aims to strengthen national policies on gender equality, promote equal employment for women across the entire textile industry, and improve the leadership of female employees. Through baseline investigation, field visits, observation and training, final evaluation and KPI appraisal and in the form of integrated and indirect trainings, the project focused on promoting the leadership of female employees in participant enterprises, and improving enterprises' human resource management and CSR management. During the project, 30 female Working Committee members from 3 pilot enterprises in Zhejiang Province attended 7 centralized training courses. They spread their knowledge and skills to other workers in the mode of companion education. More than 2,000 employees have benefited from the training scheme. A comparison of surveys before and after the project shows that 37.1% of the employees thought they have improved their time management ability, 11.2% had improved satisfaction with the enterprise's welfare work, and 98.6% were satisfied with the training. The project was completed in September 2016, and was followed by a summing-up meeting.





## Multi-stakeholder Cooperation

### 1. Cross-value-chain Responsibility Sharing

In order to enhance Chinese textile enterprises' abilities in chemical management and control, to encourage green manufacturing and sustainable development among textile enterprises, and to promote the transformation and upgrading of China's textile industry, in July 2016, CNTAC and the ZDHC Foundation signed a strategic agreement to jointly promote the implementation of the Chemical Stewardship Initiative 2020 and the ZDHC Foundation's 2020 Target for Hazardous Chemical Zero-

Emission Project. CNTAC and the ZDHC Foundation now invite qualified printing and dyeing enterprises to participate in baseline investigations and capacity construction of chemical management as well as ZDHC's pilot projects. Seven enterprises participated in the pilot, namely Changzhou Lingtex Fabric Development Co., Ltd, Fujian Fynex Textile Science & Technology Co., Ltd., Hangzhou Xinsheng Printing & Dyeing Co., Ltd., Huafu Holding Pte. Ltd., Hutai (Panyu) Textile Printing And Dyeing Limited Company, Zhejiang Anshun Pettechs Fibre Co., Ltd., and Zhejiang Mizuda Printing & Dyeing Group Co., Ltd. The project won support from China Dyestuff Industry Association, China Dyeing and Printing Association, and the United Nations Environment Programme. It was operated by China Textile Information Center and TexSMC (Innovation Alliance for the Supply Chain's Green Manufacturing Industries). The one-year pilot summarized ten major problems in chemical management in Chinese textile industry through research projects, and improved chemical management through identifying best practices and solutions.



The project summarized the status quo of wastewater discharge in the Chinese textile industry. It analyzed root-causes and identified solutions, so as to achieve standardization of wastewater discharge in the textile industry.

Facing this new industrial layout, the CNTAC adheres to the strategy of sustainable industrial development, and the implementation of “Green Manufacturing, Responsible Development” in the Chinese textile industry through the joint efforts of stakeholders.

In September 2016, a series of events aiming to encourage Xinjiang’s textile industry to realize “Green Manufacturing, Responsible Development” was held in Yuli County, Xinjiang Uyghur Autonomous Region. The events were jointly organized by the CNTAC, the Office for Technological Development, the Textile Vision Science

& Education Fund, China Textile Information Center, and the People’s Government of Yuli County. As the first local government to engage in sustainable regional development and social responsibility in central and western China, the People’s Government of Yuli County signed a strategic cooperation with the CNTAC’s Office for Social Responsibility. This marked the fact that the textile industry’s concept of “Green Manufacturing, Responsible Development” had been introduced to Xinjiang, building a strong foundation for further development.

In November 2016, the fourth CNTAC-ZDHC Conference on Hazardous Chemical Control & Sustainable Manufacturing was held in Shanghai. According to the strategic agreement reached between the CNTAC and the ZDHC Foundation at the beginning of the year, the CNTAC agreed to arrange for all stakeholders and enterprises to participate in unified supply chain activities for the management of harmful chemicals; the ZDHC Foundation would support China’s textile industry in the formulation and implementation of the “Chemicals Stewardship Initiative 2020”. The CNTAC and the ZDHC Foundation agreed to promote the establishment and fusion of the chemical management system in global textile supply chain, and promote green manufacturing and sustainable development within China’s textile industry. This was an unprecedented alliance for the global textile chain. It symbolised a commitment to minimizing and even eliminating the negative influence of the global textile industry on human health and the environment. It also represented a strong beginning for global supply chain collaboration and joint industrial governance.

## 2. Cross-system CSR Cooperation

In December 2016, the Multi-stakeholder Advisory Committee (MAC) held its 9th conference. The conference was an internal meeting, summarizing major achievements of past MAC sessions. The Multi-stakeholder Advisory Committee (MAC), jointly launched by the CNTAC, SAI, BSCI, WRAP, Solidaridad and Sedex, aims to unite relevant stakeholders, promote the

formulation of CSR standards and systems as well as dialogues and consensuses in the CSR field, and strengthen integration and cooperation among systems, so as to drive CSR standards and systems to become more effective improvement tools at factory level. Since its first meeting in Beijing in February 2012, the MAC has convened meetings to establish a multi-party work group consisting of experts who are dedicated to improving CSR performance within enterprises. By analyzing labor-related subjects that need collective representation, discussing solutions, reaching consensuses, and providing technical guidance to enterprises, auditors, and other stakeholders, it has achieved complementarity with other CSR forums.

### 3. Social Responsibility Extension of Cross-industry

In 2016, the CNTAC further expanded CSR cooperation across different sectors, strengthened cooperation in such sectors as electronics, telecommunication, mining, and forestry, introduced good CSR practices in the textile industry to other industries, and played a unique role in driving all industries to fulfill CSR. In 2016, the CNTAC assisted the Ministry of Industry and Information Technology and the Chinese Electronics Standardization Association to jointly formulate the SJ/T6000 Electronics

Industry Social Responsibility Guidelines - the first industrial standards for social responsibility. It assisted the Ministry of Industry and Information Technology and China Association of Communication Enterprises to develop a Corporate Social Responsibility Management System for China's Information and Telecommunication Industry. It adopted and revised CSC9000T China Social Compliance For the Textile & Apparel Industry, and assisted the Ministry of Commerce and China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters to develop the Guidelines for the Sustainable Development of Natural Rubber. This is the first sustainable development guideline for Chinese commodities and strategic materials, and may become an international standard. It also assisted the State Forestry Administration and Chinese Academy of Forestry to develop an M&E system for China's sustainable forestry industry, which has been successfully applied to monitoring sustainable forestry development as the Sustainability Reporting Verification Rules and Instructions (CSR-VRAI system) in the textile industry.

### 4. Multi-Stakeholders Participation and Dialogue on Social Responsibility

Active communication and dialogue with stakeholders both in China and abroad is one of strategies adopted by the CNTAC to fulfill CSR. In 2016, the CNTAC renewed its promotion of CSR in the Chinese textile industry, and further expanded its industrial influence through a series of participation and dialogue activities with global stakeholders.

Activities	Location	Location	Participation methods
The 14th Joint Conference	The All-China Federation of Trade Unions in the People's Republic of China.	Beijing, China	Joint dialogues
UN Forum on Sustainability Standards (UNFSS),	United Nations Conference on Trade and Development, World Trade Organization, and a total of five organizations	Berlin, Germany	Keynote speech
United Nations Forum on Business and Human Rights	The Office of the United Nations High Commissioner for Human Rights, and the United Nations Working Group for Business and Human Rights	Geneva, Switzerland	Keynote speech
UN Global Contract Leaders Summit	UN Global Contract Leaders Summit	New York, United States	Keynote speech
The 15th Sino-European Roundtable CSR Forum	Business Social Compliance Initiative (BSCI)	Shanghai, China	Keynote speech



Activities	Location	Location	Participation methods
Forum for the Sustainable Development of the Global Fashion Industry	FITI Industry Research Institute	Seoul, South Korea	Keynote speech
United Nations Climate Change Conference and China Corner	United Nations (UN)	Marrakesh, Morocco	Forum speech
"Forum for the Management and Control of Hazardous Chemical Substances" held by the Industrial Technology Research Institute of Taiwan	Industrial Technology Research Institute of Taiwan	Taipei, China	Keynote speech
The UN Environment's Strategic Approach to International Chemical Management (SICAM)	UN Environment	Brasília, Brazil	Forum speech
The Sustainable Apparel Coalition (SAC) and annual ZDHC Indian conference	SAC and ZDHC	Bangalore, India	Conference attendees

Table 9: Some CSR communication and dialogue activities held by the CNTAC in 2016-2017

## 5. Trans-regional Cooperation on Social Responsibility

Over the past few years, Cambodia, Myanmar, Bangladesh, and other other Southeast Asian countries have seen a robust development of their textile industries, becoming the emerging region with the greatest potential in the field. In this context, sustainable development within the textile industry is rising to become a focus, attracting global attention. In November 2016, six textile industry representatives from four countries and regions, including Pakistan, signed the Declaration of the Asian Textile and Apparel Industry on Regional Cooperation for Responsible Supply Chain Governance with the CNTAC



to promote the sustainable development of the Asian textile and apparel industry. The declaration points out that all parties must establish governance strategies and concerted actions based on regions. They must coordinate with one another, strengthen dialogue and experience sharing, cooperate with one another, and establish interconnected information platforms and capacity building mechanisms.

In this way, they will support the sustainable development of the Asian textile and apparel industry, and facilitate concrete projects and actions reflecting the spirit of the declaration.

## IV. Community Development and Social Participation

The wide participation of the community and the promotion of community development has been an important way for the CNTAC to fulfill CSR, particularly the long-term development in less developed provinces and ethnic regions in western China.

Xinjiang's textile and apparel industry is traditionally-based, using the province's advantageous resources. However, local vocational education in textiles and apparel cannot meet the industry's demand for talents due to a lack of educational resources and regional talent. For example, during the 13th Five-Year Plan period, Xinjiang's Institute of Light Industry Technology will strengthen the development of its textile and apparel specialty. It will also increase investment in faculty training, recruitment, and infrastructure building. However, it is difficult for the Institute to build its library and journal collection in a short period of time. To solve this problem, the CNTAC asked members to donate nearly 2800 books and journals, with a value of nearly RMB100,000. These books help students to improve their professional skills and expand their

The declaration is thus intended to meet a variety of challenges, from refining the industrial system, making the industry more active, making public policies, promoting mutual investment and facilitating trade, and calling upon and supporting the textile and apparel industry in the region at various links in the value chain.

vision.

The protection of "Intangible Cultural Heritage" is another major work carried out by the CNTAC in recent years. Among the intangible cultural heritage recognized by the Chinese government, there are 74 textiles, covering four categories (embroidery, weaving, dyeing and clothing). CNTAC hopes to connect the "protection chain" of intangible cultural heritage with the "industrial chain" of textiles through developing special projects. This effort will promote traditional Chinese culture, and rejuvenate traditional Chinese textile processing. Furthermore, it will improve the cultural creativity and influence of the textile and apparel industry, and offer strong support to industrial transformation and upgrading. To encourage young employees to learn about intangible cultural heritage within the textile industry, and to stimulate their morale and enthusiasm, the Party Committee of CNTAC held events featuring traditional women's handicraft, entitled "Integrating Intangible Cultural Heritage into Your Life" in June 2016. These events attracted a high number of participants, who learned how to use traditional weaving machines and weaving belts. They used the traditional tie-dyeing process to make perfume satchels. In this way, young textile workers were able to familiarize themselves with the intangible cultural heritage of their industry.



# 3

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Social Responsibility of  
Chinese-invested Overseas  
Textile and Apparel  
Enterprises

03

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## **Social Responsibility of Chinese- invested Overseas Textile and Apparel Enterprises**

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## Introduction to Research Background, Purposes and Survey

With the slowdown of global economic trade and increasing labor costs in China, export-oriented Chinese textile and apparel enterprises are making more and more overseas investments and building plants abroad. Most of these companies are leading large-scale enterprises with strong financial capacity in the industry. With the implementation of the Belt and Road Initiative, "Going Global" has become a major trend, providing a broader development route for Chinese textile and apparel enterprises. It also enables more small and medium-sized enterprises (SMEs) to expand their overseas markets. With more and more Chinese textile and apparel enterprises engaging in overseas business, their behavior has attracted a lot of attention both in China and abroad. In particular, the corporate social responsibility (hereinafter referred to as "CSR") fulfilled by these enterprises in other countries has become a focal point.

The textile and apparel industry was one of the first industries to promote the concept of CSR in China, and the earliest to launch a CSR management

system. Generally, Chinese textile and apparel enterprises are to a certain extent aware of CSR. However, in the process of "Going Global", all enterprises are concerned about adapting to local laws and requirements, and are coordinating interests with their stakeholders so as to fulfil CSR more effectively. In particular, the political ecology, economic development, and social culture of foreign countries are greatly different from China's, increasing uncertainties for enterprises as they seek to fulfil their CSR.

To better understand the relationship between "Going Global" and CSR, the Office for Social Responsibility of CNTAC visited Bangladesh and Myanmar to undertake field studies in February-March 2017. Most of the visited enterprises were introduced by CNTAC members that have business investments in Bangladesh and Myanmar, while others were introduced by local economic and commercial counsellor's offices of the Chinese Embassy. These enterprises are Chinese-funded, and feature a large scale and exerting certain influence. Through questionnaire surveys, interviews, and meetings, we visited 11 enterprises, as well as stakeholders such as local governments, industrial organizations, Chinese embassies and consulates, international organizations, NGOs and trade unions. Totally, 108 questionnaires were collected, including seven questionnaires collected from enterprises and 101 questionnaires from enterprise employees. In the course of our research, we held workshops with responsible factory personnel (e.g. directors, managers, and shareholders). Due to a tightened schedule from project approval to research, employee questionnaires were distributed to Myanmar employees in advance (translated into Burmese). From the employees' responses, the selected samples were taken to represent the entire cohort. In terms of gender breakdown, male and female employees account for 12.5% and 87.5%, respectively. Regarding education background, graduates of primary school, junior high school, senior high school, undergraduate and postgraduate school take up 2.9%, 14.4%, 32.7%, 36.5% and 13.5%, respectively. Grassroots employees occupy 65%. In the investigation process, we also learned that there was a severe lack of data related to Chinese textile and apparel enterprises in relevant domestic departments, Chinese institutions functioning abroad, and even the governments of investment destinations. We have tried to obtain relevant data and background information through other channels. This report aims to reflect the current status of Chinese textile and apparel enterprises in terms of fulfilling their CSR overseas, along with the challenges they face. It also offers suggestions to Chinese textile and apparel enterprises and stakeholders, serving as a reference for related parties.

## Overview of the Textile and apparel Industry in Bangladesh and Myanmar

### 1. Most enterprises are engaged in garment processing

An incomplete textile industrial chain and dependence on raw material imports in these two countries constrain the development of their textile weaving, printing and dyeing industries. Meanwhile, the textile industry is capital intensive by nature, and its industrial migration rate is often much slower than that of the apparel industry. As a result, fabric production is still carried out in countries such as South Korea and China, although Bangladesh and Myanmar have absorbed a lot of transferred production in the apparel industry.

### 2. Large-scale enterprises

In terms of employee scale, enterprises normally employ 1000-2500 employees. Regarding total capital, more than 50% of enterprises own capital more than USD10 million. Regarding the nature of the enterprises, most are private or joint ventures. They are listed enterprises in China with strong financial capacity. In terms of corporate body, sole proprietorships and joint ventured with local enterprises share a similar proportion.

### 3. A high proportion of local employees

Most enterprises employ more than 95% local employees. The proportion of local employees is at least 80%-90%. Usually, managers and technicians are from China, while the rest of the employees are locally hired. However, most enterprises have not been operating overseas for a very long time (normally only three years) and thus the localization of managers is not high.

### 4. Products mainly exported to Europe and USA

This is because European and American countries offer a preferential tax policy to Myanmar and Bangladesh. Among the seven enterprises to which we sent questionnaires, all manufacturers sell their products to Europe (due to a 12% tax rebate), three enterprises sell to USA, and one enterprise sells to Japan and Korea (this factory mainly sells to the Japanese and Korean market, and set up a factory in Myanmar on the request of purchasers)

### 5. Enterprises have high profitability

From the returned questionnaires, two of the seven enterprises earn 10-15% profits, two enterprises earn 4%-9% profits, and one enterprise's profit ratio is 1%-3%. Two enterprises make a loss (one of them was put into operation in 2016). Generally, the profitability of these enterprises is higher than that of textile enterprises above a designated size (5.2% in Q1 2017). As these enterprises were only put into operation overseas recently, and haven't entered the profitable period, the future is promising.

### 6. Enterprises need to strengthen their layout for "Going Global"

In terms of returned questionnaires, labor and tax incentives are still major motives for enterprises going global. Meanwhile, international buyers prefer low cost countries, which is a major external influential factor for enterprises expanding into overseas markets. Generally, enterprises lack initiative and long-term development strategies.

### 7. Enterprises lack understanding of local situations and professional talent

Understanding laws, regulations, local cultural traditions, and international rules serves as a foundation for communicating with stakeholders, while professional talent is a guarantee. If this problem cannot be solved, it will constrain enterprises' overseas development.

## CSR Performances of Chinese-Invested Enterprises in Bangladesh and Myanmar

From the survey and questionnaires, most Chinese-funded enterprises abide by laws and regulations in the destination country, as follows:

### 1. Employment Contracts and Working Hours

In terms of signing contracts, most enterprises sign 100% employment contracts with employees. All enterprises have the overtime compensation mechanism. There are only a few cases of contracts not being signed. According to cross data comparison, these employees may only just have joined the factory and are still on internships. In terms of working hours, employees with short tenure work longer hours, while grassroots employees and managerial personnel work longer than middle-level managers. Low-paid employees work longer. Regarding overtime hours, employees with longer overtime hours shoulder heavier family burdens or more responsibilities. The former work overtime to earn more money for their families, while the latter work overtime to meet job requirements. For overtime pay, most employees receive overtime compensation as per the regulations.

### 2. Minimum Wage Standard

According to the results of the enterprise questionnaire survey, the average salary provided by seven Chinese-funded enterprises is higher than the minimum wage and salary provided by local companies. One enterprise stated that their salary is double the minimum wage; three enterprises offer salaries similar to the minimum wage, and three enterprises offer salaries more than nearly 50% of the minimum wage.

Employees are satisfied with current wage payments. Comparing wage and workload, 58.8% respondents consider that their workload is equivalent or higher than their earned salary, and 39.2% of respondents believe that their workload is slightly lower than salary. Comparing wages and living standards, 92% of employees believe that their current salary could meet their basic daily living needs. Young people and employees with higher education expect to earn a higher salary. However, employees with a better educational background can earn more and have a better life. Migrant workers face heavier living pressures, and hope to earn more. For employees who previously worked at other enterprises, most job-hopped for a higher salary. They are sensitive to salaries, and may job-hop again.

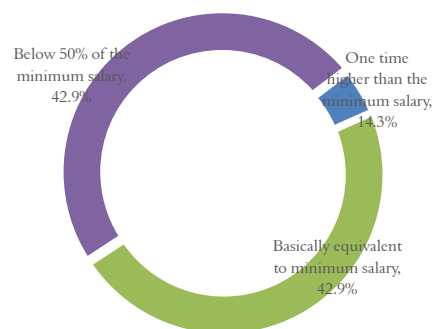


Fig.13: Comparing Employer's Salary with Local Minimum Wage

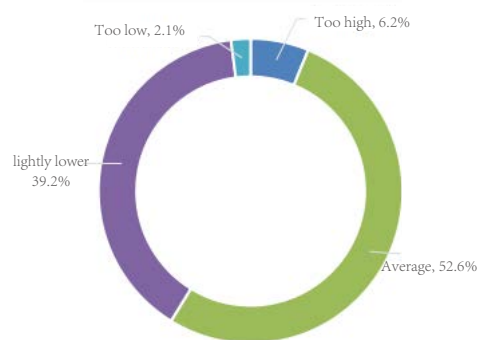


Fig.14: Salary Satisfaction of Employees (Comparing Salary with Workload)



### 3. Employee Training

From the returned enterprise questionnaires in these two countries, it appears that companies provide various types of training for their employees. However, from the returned questionnaire from Burmese employees, most employees (67.6%) state that they have not had any learning or training opportunities. Only 23.5% of employees received other forms of training after joining the company. Such a contradictory conclusion may be the result of misunderstandings between labor and management. For example, employees do not consider simple orientation training and guidance given by the “supervisor” during the inspection as training. Meanwhile, in the process of visiting enterprises, enterprise directors repeatedly emphasize a high turnover rate. Therefore, enterprises may be conservative in employee training or prefer to leave training opportunities to employees with longer serving years (from the employee questionnaire survey, employees that have worked for 2-3 years receive more job training and other training).

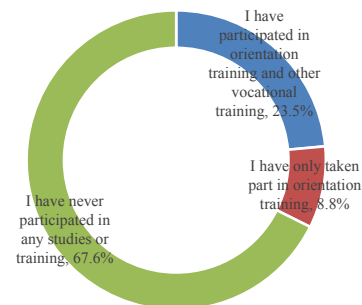


Fig. 15: Employees' Participation in Training

### 4. Other Benefits

From the returned enterprise questionnaires, more than 95% of enterprises buy social security for their employees. According to our research, in addition to the necessary security system and facilities, the working environment at these companies is quite good in Bangladesh. Ventilation, staff density, dust management, and drinking water facilities have reached a certain standard. Bangladeshi enterprises have set up an infirmary, a prayer room, and daycare facilities. Some of them provide dormitories for employees. In Myanmar, some enterprises set up shrines for employees to worship at. As Burmese factories normally don't provide dormitories, many enterprises provide shuttle bus services.

### 5. Safety and Health Guarantee

From the returned enterprise questionnaire survey, all enterprises have formulated safety regulations. Most enterprises strictly carry out fire safety training and drills. From the returned questionnaires from Burmese employees, employees are satisfied with the work environment and health conditions. Only 5.8% of employees consider that their work may be dangerous. In addition, enterprises provide related labor protection facilities and equipment for employees. However, 7.8% of employees express that they are not taught how to use related facilities and equipment.

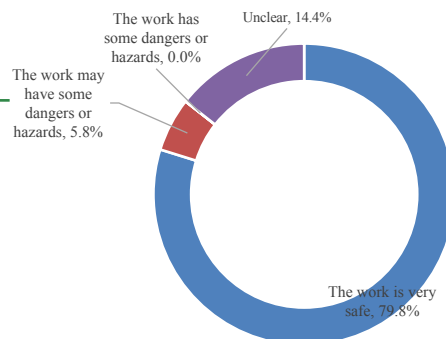


Fig. 16: Corporate Employees' Awareness of Dangers in the Working Environment



## 6. Child Labor Issues

According to our research, we did not find any child workers in the enterprises we surveyed. However, enterprises have mentioned that some young people lie about their age on application forms in order to gain employment. Factories strengthen recruitment control and check workers'

ages and identification. However, it is difficult to totally eliminate child labor due to the difficult social background. Generally, enterprises will not terminate labor contracts with employees who meet the statutory working age but not the age required by suppliers. Instead, they ask these employees to choose between continuing their jobs or going back to school. For juvenile workers, factories express that they will provide special protection and ensure that their working hours comply with the law.

### Case

#### Handling of child workers

In our interview with CCR CSR (Centre for Children's Rights and Corporate Social Responsibility), they told us that a Chinese enterprise found a child worker under 16 years old (which meets Myanmar's law but not the purchaser's requirements). The enterprise sought help from CCR CSR. CCR CSR suggested that they continue to employ the worker, pay full wages, and provide necessary training for the worker until he is 18 and can start normal work. This is because if the factory had dismissed the worker, he would have found another job using a false ID.



## 7. Labor Organizations

From the returned questionnaires, it was found that four out of seven enterprises have trade unions, while the other three enterprises do not. Among the Chinese-funded enterprises in Bangladesh that we surveyed in the export processing zones, all have a WWA (Worker's Welfare Association). The Chinese-funded enterprises we visited in Myanmar generally set up WCC (Workers Coordination Commissions) within their plants, to strengthen communication between the management team and the staff. However, employees seem dissatisfied with enterprises' efforts. From the returned questionnaires from Burmese employees, employees hope to solve labor disputes and work-related problems through related institutions or organizations. Among such organizations, employees prefer seeking help from trade unions. Workers are unlikely to trust the WCC.



Generally, enterprises strictly abide by labor standards, and thus create a sound working environment. From the returned Burmese employee questionnaires, employees are satisfied with their current working environment (only around 9% of employees are dissatisfied). Employees mainly talk with their colleagues about any work-related dissatisfaction, ideas, or suggestions. Therefore, managers need to strengthen communication with employees, understand their thoughts, and address their dissatisfaction. This is an important issue for Chinese-funded enterprises.

If an institution/organization offers a service for the settlement of labor disputes, are you willing to seek help from it

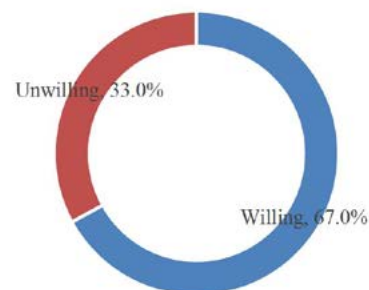


Fig. 17: Attitude of Corporate Employees to Seeking External Support for the Settlement of Labor Disputes

## 8. Strategy and Internal Management

Enterprises establish a set of internal organization systems and regulations. According to the returned questionnaires, all enterprises have established a special CSR department as an independent department, or a related functional department to do the work. In addition, all the enterprises have a code of conduct or related rules and regulations for social responsibility. Due to only being established recently, a few of the enterprises have not yet disclosed CSR or reports.

## 9. Communication with Stakeholders

The surveyed enterprise questionnaire results show that most enterprises have drafted to or plan to develop policies and make commitments to communication with stakeholders. Among stakeholders, employees and clients are the most important for enterprises, followed by investors, trade unions and suppliers, and then NGOs and local trade associations. Among communicated issues, employee rights, safety, occupational health, and environmental protection are the most important. Regarding the concerns of stakeholders, enterprises normally give official replies or convene public meetings. However, enterprises are less aware of public welfare and community participation. Over the last three years, only 50% of enterprises made charitable investments. Public welfare and charitable donation are mainly targeted at their employees, while enterprises donate less in such aspects as community development, culture, sport, art, and healthcare.

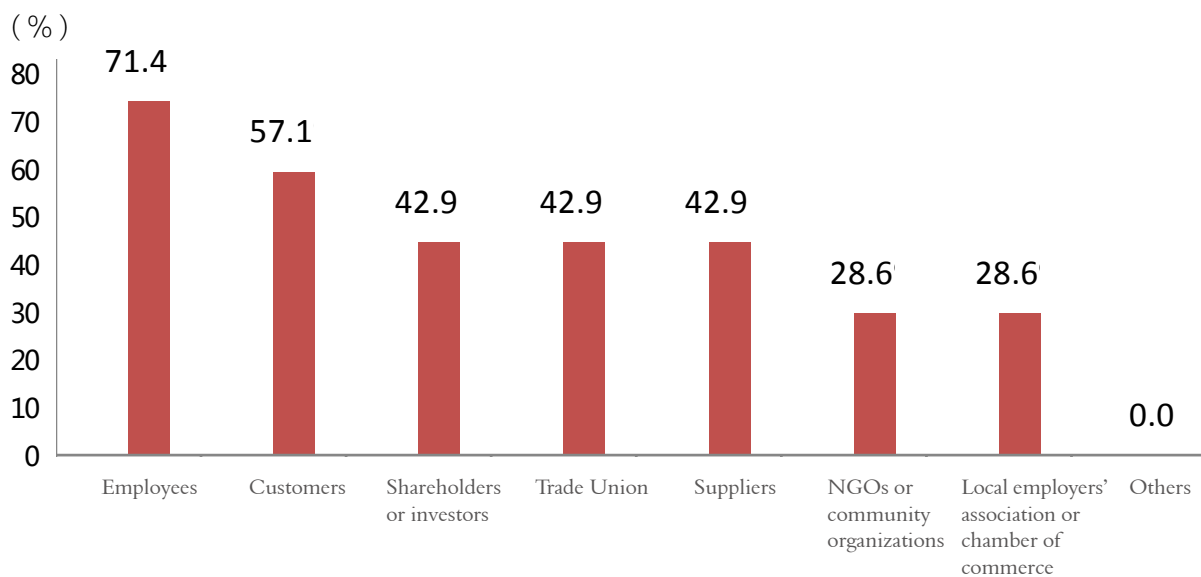


Fig. 18: Enterprises' Communication with Stakeholders

## 10. Coordination between Enterprises and Downstream Purchasers and Upstream Suppliers

From our enterprise questionnaire survey, it was found that more than 50% of brands and buyers include social responsibility requirements into purchase contracts with garment enterprises, and have helped enterprises to meet social responsibility requirements through the formulation of supplier codes of conduct and third-

party audits. Meanwhile, with brands, enterprises deliver employee rights training to workers.

However, not all enterprises fulfil CSR in the process of purchasing and outsourcing, and formulate any ethical purchasing policies or codes of conduct for suppliers regarding raw materials or outsourced service suppliers. Although some enterprises have this policy, it doesn't cover all businesses. Accordingly, enterprises fail to supervise all aspects of the implementation of ethical supplier purchasing. It could be inferred that Chinese enterprises need to learn from Western brands in covering corporate social responsibility in the entire supply chain.

## 11. Environmental Protection Requirements

From the returned enterprise questionnaires, companies have set environmental protection requirements for the production process. The environmental protection and energy saving policies basically cover their businesses. Related improvement plans

have been drafted. However, enterprises need to improve and monitor greenhouse gas emission, as well as waste reutilization, and use and re-use of renewable energy and materials. In addition, from the returned questionnaires from Burmese employees, 27.2% of employees have no idea about corporate environmental protection and energy-saving regulations. Therefore, employers need to strengthen employee's environmental awareness.

# IV. Related Suggestions

The general investment suggestion includes three parts: investment locations, areas, and approaches. This report offers CSR suggestions to enterprises and stakeholders. Major suggestions for enterprises include establishing an improved CSR management system, strengthening

communication with employees, realizing localization management, paying attention to environmental issues, properly handling relationships with trade unions and NOGs, and using industrial associations more thoroughly. Major stakeholders include competent government authorities, purchasers, industrial organizations, international organizations, and NGOs. To make this happen, stakeholders must participate in the enterprise's efforts to refine their CSR system by offering tangible and effective help, rather than simply setting requirements.



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2017-2018 Work Plan

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# 2017-2018

## Work Plan

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In 2017, the 13th Five-Year Plan of Chinese Textile Industry has entered a stage of deepening development. In terms of CSR within the industry, we will continue to focus on such key areas as green manufacturing and responsible investment. Meanwhile, we will maintain a multi-stakeholder governance mode in the supply chain and regional industrial economy, and use these two perspectives as a base for the international supply chain as well as international trade and investment to carry out an extension of the boundary of governance. We will participate more actively in collaborative common governance and cross-border regional CSR management of the global textile supply chain. To that end, we will comprehensively advance the industry's CSR work in the three areas of social responsibility management, i.e. basic research, tool development, and core projects. We will enhance our capacity, so as to make more progress in CSR for the Chinese textile and apparel industry in the next decade (2015-2025).

## I. Basic Research

Basic research into theory and practice is an important cornerstone in promoting the industry's social responsibility and sustainable development. We will focus on the following basic research projects in the next stage of work:

A green assessment on the whole life cycle of textile products This project will develop the life cycle assessment (LCA) dedicated to the textile industry, establish a green manufacturing service platform, and establish a basic database of product life-cycle. Textile enterprises should complete a series of tasks on the platform, such as LCA modelling, data surveys, calculations, analysis, and product reporting. Industrial organizations and government authorities should conduct statistical analysis of green development in the industry on this platform. The platform will promote green development in the industry, help enterprises to develop new varieties of green development, and improve their green credentials. It will enhance the resources and environmental efficiency of textile products, strengthen corporate social responsibility, and help with brand building.

It will investigate the influence of Chinese social insurance reform on the manufacturing industry's efforts to promote decent labor, so as to proffer ideas and suggestions on the transformation and upgrading of the manufacturing industry, provide practical industry data for the reform of social insurance, and offer a deep-level labor security channel for the textile industry's drive for decent labor.

## II. Tool Development

We will continue to advance the building of "responsible assets", sustainable textile and apparel development, and an open data CSR platform, including:

research and development for a carbon emission metering platform for textile enterprises. We will investigate and develop an online carbon metering and carbon management platform suitable for textile enterprises, enabling enterprise staff to conveniently complete, analyze, and manage carbon inventory and emission data and generate reports in line with standards and market needs.

## III. Core Projects

·We will begin comprehensive promotion of the Chemical Stewardship 2020, hold nine Chemical Stewardship 2020 roadshows in Zhejiang, Jiangsu, Fujian, Guangdong and Shandong provinces, invite printing and dyeing enterprises, chemical suppliers and industrial parks to participate in Chemical Stewardship 2020, share more pilot experience and outcomes, promote enterprises to improve their chemical management capacity and green transformation and upgrading, and help enterprises to meet the requirements of downstream purchasers, so as to interface with the control and management policies of international brands.

·We will continue to promote dialogues and exchanges between organic textile stakeholders. We will work with the Global Organic Textile Standard Organization to hold the second “International Seminar for Organic Textile Stakeholders”, establish an “Alliance for Chinese Organic Textile Industry”, prepare to draft standards for organic textile organizations, further improve the industrial standardization of organic Chinese textiles, and enhance the building of market cultivation and a supply chain system for the organic textile industry.

·We will continue with the research project entitled “Status Quo and Risks of the Performance of Corporate Social Responsibility by Chinese-invested Overseas Textile and Apparel Enterprises” to investigate and conclude policies, laws, regulations, and risks related to social responsibility and sustainable development in destination countries with overseas investment from Chinese textile and apparel enterprises. We will investigate the economic, social, and environmental CSR requirements in China’s main partner countries and investment destinations, and investigate participation by stakeholders in these countries. We will formulate CSR guidelines related to overseas investments by Chinese textile and garment enterprises, and help these enterprises to improve their capacity for risk control in overseas markets. This will strengthen China’s CSR competitiveness and sustainable development, and improve its soft power and influence in international trade.

·We will promote Social Responsibility and Gender Equality Project in Fujian and Hubei provinces. The project will focus on educating middle-level managers and strengthening the capacity of blue-collar workers in pilot enterprises. The projects aim to ensure that female employees in these enterprises obtain equal career development opportunities, push forward the establishment of gender equality systems in these enterprises, improve employees’ communication capacity, and enhance the leadership of female employees.



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# Appendix

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# CSC9000T Chronicles(2005-2017)

2017

May 6th

CNTAC hosted the “International Sustainable Fashion Brands’ Procurement Salon & International Fast Fashion Brands’ Procurement Fair” in Keqiao District, Shaoxing City, Zhejiang Province.

March 21st - 24th

2017 CNTAC Spring Survey - The Responsibility Development Survey Group visited Xiqiao, Jun'an, Humen, and Shenzhen in Guangdong Province to collect data on CSR dynamics of different industrial clusters and enterprises.

2016

February 2nd

CNTAC, Consulate General of the Kingdom of the Netherlands in Shanghai, and Solidaridad held a wrap-up meeting in Shanghai to summarize the “Sustainable Supply Chain Management Project for Dutch Enterprises in China”.

November 8th

The fourth CNTAC-ZDHC Conference on Hazardous Chemical Control & Sustainable Manufacturing was held in Shanghai.

November 7th

The fourth CNTAC-ZDHC Conference on Hazardous Chemical Control & Sustainable Manufacturing was held in Shanghai.

October 14th

At the “China-Italy Textile, Apparel & Fashion Industry Forum” in Shaoxing City, Zhejiang Province, CNTAC vested the “China Sustainable Development & Innovation Pilot Cluster of the Textile and Apparel Industry” to Keqiao China Light Textile City.

September 22nd

CNTAC and Business for Social Responsibility jointly held a wrap-up meeting of “Women’s Equal Employment Project in Zhejiang Province” in Hangzhou City, supported by UN Women.

September 19th

On the afternoon of September 19, the International Stakeholders Roundtable Meeting on Organic Textiles took place in Yuli County, Xinjiang Autonomous Region. The meeting was co-sponsored by CNTAC and GOTS, and undertaken by Office for Social Responsibility of CNTAC, China Textile Information Center, and the People’s Government of Yuli County, Xinjiang Uygur Autonomous Region.

- July 19th** The multi-stakeholder conference on “Green Manufacturing and Environmental Improvement” for the textile industry cluster was held in Shengze Town, Jiangsu Province. CNTAC’s Social Responsibility Office invited China Textile Information Center, the ZDHC Foundation, the UN Environment, the Environment and Economic Policy Research Center under the Ministry of Environmental Protection, the Taihu Lake Water Pollution Prevention Office, ZARA and PVH, World Wide Fund for Nature (WWF) and other parties to assemble in Shengze and exchange with Shengze Town and the Environmental Protection Bureau of Wujiang District.
- July 20th** CNTAC and ZDHC Foundation co-sponsored a meeting for the implementation of the Supply Chain Chemicals Stewardship Initiative 2020 in the textile industry. The project was undertaken by Office for Social Responsibility of CNTAC, China Textile Information Center, Innovation Alliance for the Supply Chain’s Green Manufacturing Industries, and Ruyi Wu Home Furnishing Co., Ltd., and supported by China Dyestuff Industry Association, China Dyeing and Printing Association, the UN Environment, the Environment and Economic Policy Research Center under the Ministry of Environmental Protection, and the People’s Government of Shengze Town, Wujiang District.
- June 6th** “Seminar on Improving Efficiency and Supply Chain Management of the Textile Industry by Cloud Computing and Big Data” was jointly held by CNTAC and China Textile Information Center, and co-hosted by the Office for Social Responsibility of CNTAC and the Industry Innovation Office of China Textile Information Center in Xiqiao Town, Guangzhou City.
- May 14th** The project of “Promoting Governance Innovation and Sustainable Development of the Textile Industry Cluster by Big Data” was jointly carried out by CNTAC and China Textile City .
- May 13th** “Supply Chain Chemicals Stewardship Initiative 2020” was launched by CNTAC.
- May 13th** CNTAC and ZDHC Foundation reached a strategic cooperation agreement on promoting the green development of the textile supply chain.
- March 16th** The Office for Social Responsibility of CNTAC brought the lineup of “The Innovation Alliance for the Textile Supply Chain’s Green Manufacturing Industries ” at China International Trade Fair for Apparel Fabrics and Accessories (Spring/Summer).

2015



- December 15-16** The Seventh Meeting of China Multi-Stakeholder Advisory Committee (MAC) was held in Shenhui Town, Fujian Province, with the theme of "Grievance Mechanism: An Important Section for Improving the Enterprise Management System". Also, the First Workshop of Multi-Stakeholder Advisory Committee (MAC) was held in Xiamen City, with the theme of "Promoting Harmonious Working Relationships through Social Dialogues".
- December 10th** 2015 Annual Conference on Social Responsibility for China Textile and Apparel Industry and the 10th Anniversary Event for Social Responsibility Practice of CNTAC, with the theme of "Pioneering Decade, Innovative Future" was held in Beijing.
- October 13th** The "Textile Green Manufacturing Alliance" series of exhibition activities with the theme of "Technological Innovation SR" was jointly held by the Social Responsibility Office of CNTAC and the Science and Technology Development of CNTAC and ZDHC Foundation on the 21st China International Trade Fair for Apparel Fabrics and Accessories (Autumn/Winter).
- August 31th** The Sixth Meeting of the Multi-Stakeholder Advisory Committee (MAC) was held in Jiaying City, Zhejiang Province on August 31, 2015, with the theme of "Salary Increase: Opportunities and Challenges".
- July 23th** The Third Training Session of the "Sustainable Supply Chain Management Platform for Dutch Enterprises in China" co-sponsored by CNTAC, the Netherlands Consulate General, and the Solidaridad was held in Shanghai. So far, this project has held two seminars and three training sessions for Dutch enterprises in China.
- May 15th** The Press Conference for the Research Report on "Innovative Technology, Information Security and IPR Protection in the 'Internet+' Era" was held in Beijing.
- Mar. 27th** The 13th Joint Conference between CNTAC and the Financial, Commercial, Light Industry, Textile and Tobacco Workers' Union of ACFTU was held in Beijing.
- Mar. 5th** The Launch Event of "Women's Equal Employment Project in the Textile and Apparel Industry in Zhejiang Province" co-organized by CNTAC, UN Women, and Business for Social Responsibility (BSR), was held in Hangzhou.









**Jun. 29th**

The 2012 Annual Conference on Social Responsibility of Chinese Textile and Apparel Industry and the Joint Release Conference of Sustainability Reports of Chinese Textile and Apparel Enterprises was held in Shanghai, 11 enterprises released their CSR reports.

**Mar. 12th**

Vice President of CNTAC, Sun Ruizhe, and Deputy Director of the Office for Social Responsibility of CNTAC attended the global launch of the UN Children's Rights and Business Principles in London.

**Feb. 20th**

The first meeting of the Multi-stakeholder Advisory Committee (MAC) for the Collaboration of Social Responsibility Systems convened in Beijing, marking the initiation of the integrative cooperation among social responsibility systems including CSC9000T, BSCI, SA8000, WRAP and Solidaridad.

**Feb. 28th**

The project report "On the path to their truth: A study in six factories in China listening to the voices of young migrant workers" made by CNTAC and CCR CSR (Centre for Child-Rights and Corporate Social Responsibility) was launched in Beijing.

**Jan. 31st**

The 10th Joint Conference between CNTAC and the Financial, Commercial, Light Industry, Textile and Tobacco Workers' Union of ACFTU focused on social responsibility work.

**Jan. 19th**

The 12th Five-Year Plan for the Development of the Textile Industry was released by the Ministry of Industry and Information Technology (MIIT), stressing the importance of "strengthening self-regulation of the industry and increasing the efforts to promote China Social Compliance 9000 for Textile & Apparel Industry (CSC9000T)".

**2011****Dec. 21st**

CNTAC and CESA signed the strategic cooperation MOU on social responsibility, and established strategic cooperation partnership in promoting social responsibility within the electronic and information industry. This is China's first collaboration plan and working mechanism between two industrial organizations in the field of social responsibility.

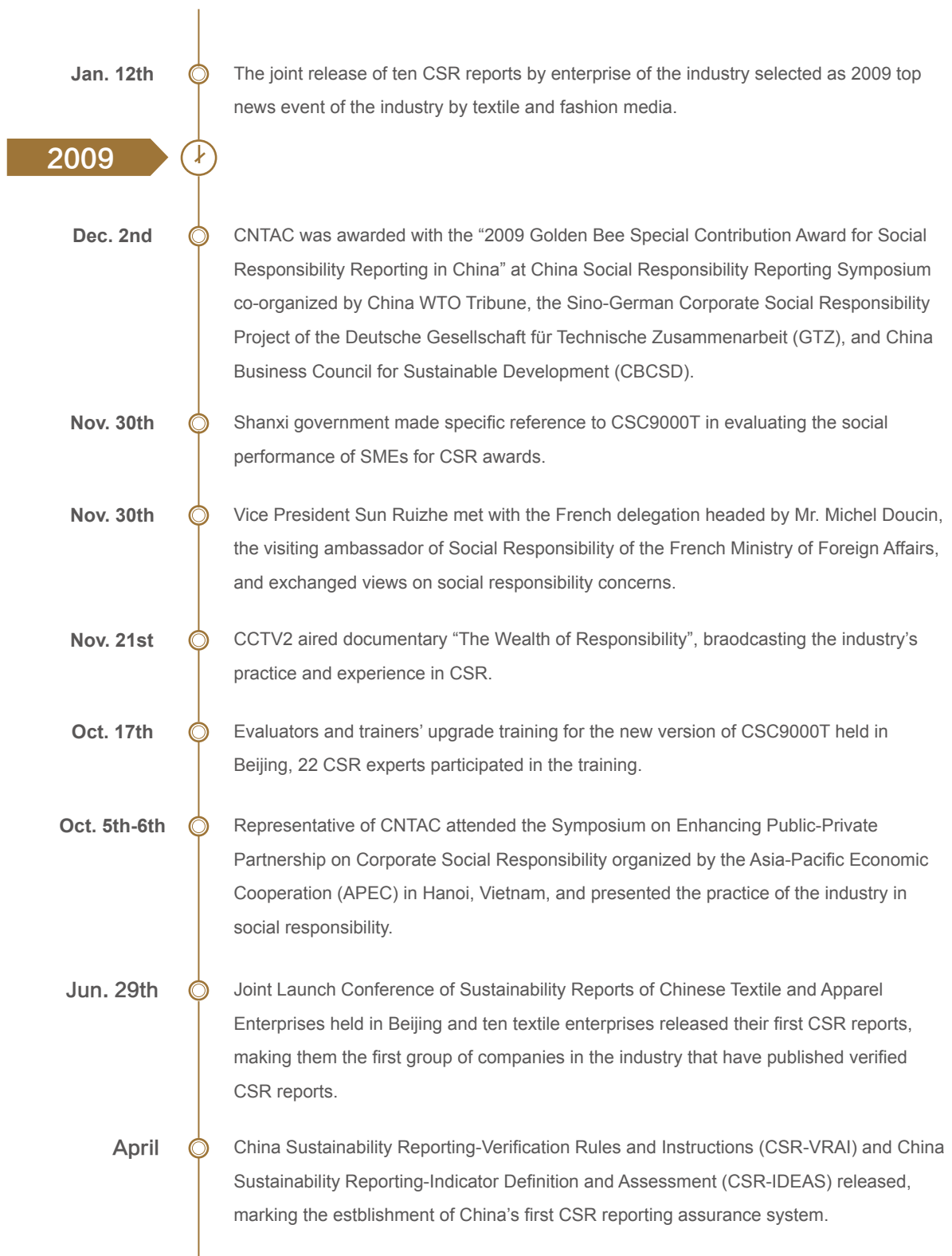
**Dec. 5th**

Representatives of Adidas, Nike, H&M and Li Ning visited CNTAC, and exchanged views on supply chain responsibility, especially environmental protections issues.

<b>Nov. 16th</b>	CNTAC expert attended the UN roundtable on “CSR in Global Value Chains” co-sponsored by the United Nations Conference on Trade and Development (UNCTAD), the International Labour Organization (ILO) and the Organization for Economic Co-operation and Development (OECD) in Geneva.
<b>Aug. 5th</b>	CNTAC and Social Responsibility International (SAI) signed the official cooperation agreement to facilitate international promotion and local implementation of social responsibility systems in textile industry.
<b>Jul. 7th</b>	“Listen to the Voice of the New Generation of Migrant Workers: Survey of Youth-Dominated New Generation of Migrant Workers” co-organized by the Office for Social Responsibility of CNTAC and the CCR CSR was launched.
<b>Jun. 28th</b>	CNTAC signed a cooperation agreement with the CSR Center of the Embassy of Sweden to carry out in-depth study on social responsibility issues in the process of industrial transitions.
<b>Jun. 28th</b>	At the Annual Conference on Social Responsibility of Chinese Textile and Apparel Industry, along with CNTAC’s annual report on social responsibility at the industry level, 16 textile and garment enterprises released to the public their 2010 CSR reports.
<b>May 28th-30th</b>	The technical training of the “Green Job for Better Value Chain” campaign for Chinese textile and apparel enterprises in energy-saving and emission reduction co-organized by CNTAC, the ILO, the United Nations Industrial Development Organization (UNIDO) and the government of Pinghu City was held in Pinghu City of Zhejiang Province.
<b>May 26th</b>	The MIIT Chief Engineer Zhu Hongren announced at the “2011 Release Conference of Social Responsibility Reports of Chinese Industrial and Economic Enterprises” that the MIIT supports the promotion of CNTAC’s social responsibility experiences in the electronic and information industry.
<b>Feb. 13th</b>	The 9th Joint Conference between CNTAC and the Financial, Commercial, Light Industry, Textile and Tobacco Workers' Union of ACFTU convened in Beijing.
<b>Jan. 24th</b>	The Policy and Regulation Department of MIIT organized a seminar on social responsibility cooperation between the textile industry and the electronic and information industry.

## 2010

- Dec. 28th** China Tea Marketing Association (CTA) initiated the drafting of Guidelines for Sustainable Tea in China. Expert from CNTAC was invited to be a member of the drafting team.
- Dec. 22nd** China International Contractors Association (CHINCA) issued the Guide on Social Responsibility for Chinese International Contractors, and CNTAC offered expert assistance to its development.
- Dec. 1st** The 2009 social responsibility report of Jiangsu Danmao Textile Co., Ltd. won "2010 Golden Bee CSR Report-Growing Enterprise Award", and that of Advantetex Fashion Garment Manufactory (Huizhou) Co., Ltd. received "2010 Golden Bee CSR Report-Special Award in Employee Responsibility".
- Oct. 11th** The Office for Social Responsibility of CNTAC, the George Washington University Law School and the CLD Consultants (Beijing) jointly conducted in Shanghai the CSC9000T special training "Employment Equality and Development Together: Building Caring Companies Where Employees Feel They Belong".
- Aug. 29th** "Work Hour Control and Productivity Enhancement", a social responsibility training session jointly organized by the Office for Social Responsibility of CNTAC and Wenzhou Apparel Chamber of Commerce was held in Wenzhou.
- Jul. 30th** 2010 Joint Launch Conference of Sustainability Reports of Chinese Textile and Apparel Enterprises, and the Fifth Anniversary Retrospective of Sustainability Practice by Chinese Textile and Apparel Industry 2005-2010 were held in Beijing. The Industry Campaign in Promoting Energy-saving and Emission-reduction Best Practices and Techniques was launched.
- Jun. 24th-25th** Vice President Sun Ruizhe attended United Nations Global Compact Leaders Summit in New York City.
- May 26th** Vice President Sun Ruizhe attended the joint CSR reports launch conference organized by China Federation of Industrial Economics (CFIE) and CNTAC contributed technical support and advice for CFIE's revised CSR guidance released at the conference.
- Feb. 25th** The 8th Joint Conference between CNTAC and the Chinese Financial, Commercial, Light Industry, Textile and Tobacco Workers' Union Convened and ACFTU expressed continuous support for industry's CSR work.



## 2008



- Nov. 18th**

The Sino-EU Supply Chain Leaders Summit Talk and 2008 Annual Conference on Social Responsibility of China Textile and Apparel Industry convened in Beijing, at which CNTAC and Foreign Trade Association in Europe signed the Declaration of Cooperation on Supply Chain.
- Nov. 7th**

The 2008 Version of CSC9000T China Social Compliance Management System for Textile and Apparel Industry passed expert committee's review, with the conclusion that the 2008 Version is qualified to be released and applied.
- Oct. 11th-15th**

The delegations of Chinese textile industry attended the annual conference of International Textile Manufacturers Federation (ITMF) in Mauritius, which was China's first presence at the conference after it became a member of ITMF. Vice President Sun Ruizhe delivered a speech at the conference entitled "Marching Towards Sustainability-Output, Added Value and Social Responsibility".
- Sep. 22nd-26th**

The 1st Internal Auditor Training for CSC9000T implementing enterprises held in Shanghai and Guangzhou. Present at the two-day training courses were 130 delegates from 41 enterprises, including the first batch of CSC9000T pilot enterprises.
- Sep. 2nd-5th**

Upon the invitation of Royal Norwegian Ministry of Foreign Affairs and ETI-Norway (IEH), representatives from the Office for Social Responsibility of CNTAC visited Oslo and exchanged ideas and experiences on CSR with various stakeholders.
- August**

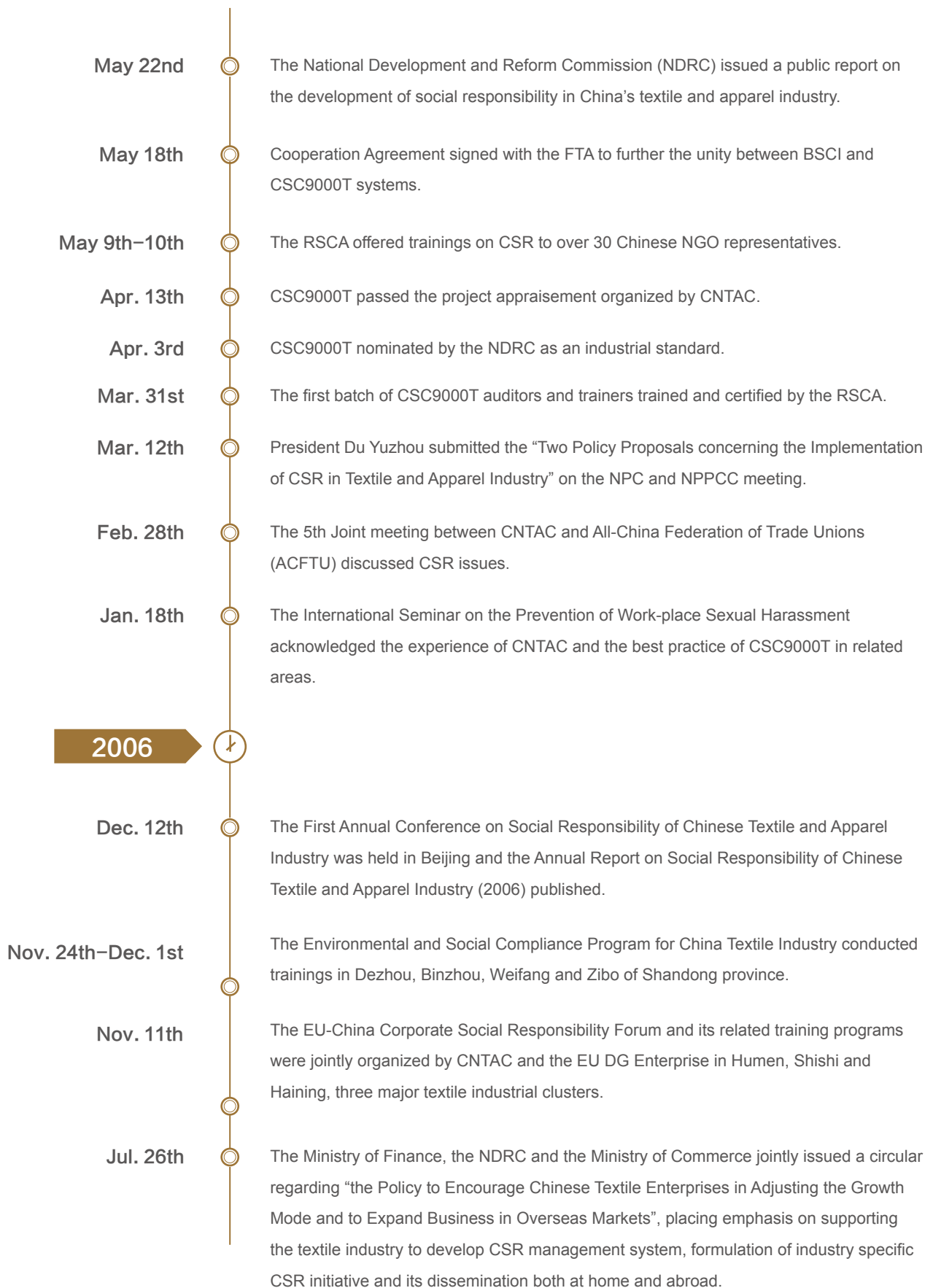
CNTAC joined the United Nations Global Compact, making it the first Chinese industrial association that becomes a member of the UN Global Compact.
- Jun. 18th**

China Sustainability Reporting-Guidelines for Apparel and Textile Enterprises (CSR-GATEs) and 2007 Annual Report on Social Responsibility of the Chinese Textile and Apparel Industry launched in Beijing, which marks the establishment of sustainability reporting systems at both industrial level and corporate level.
- Apr. 18th**

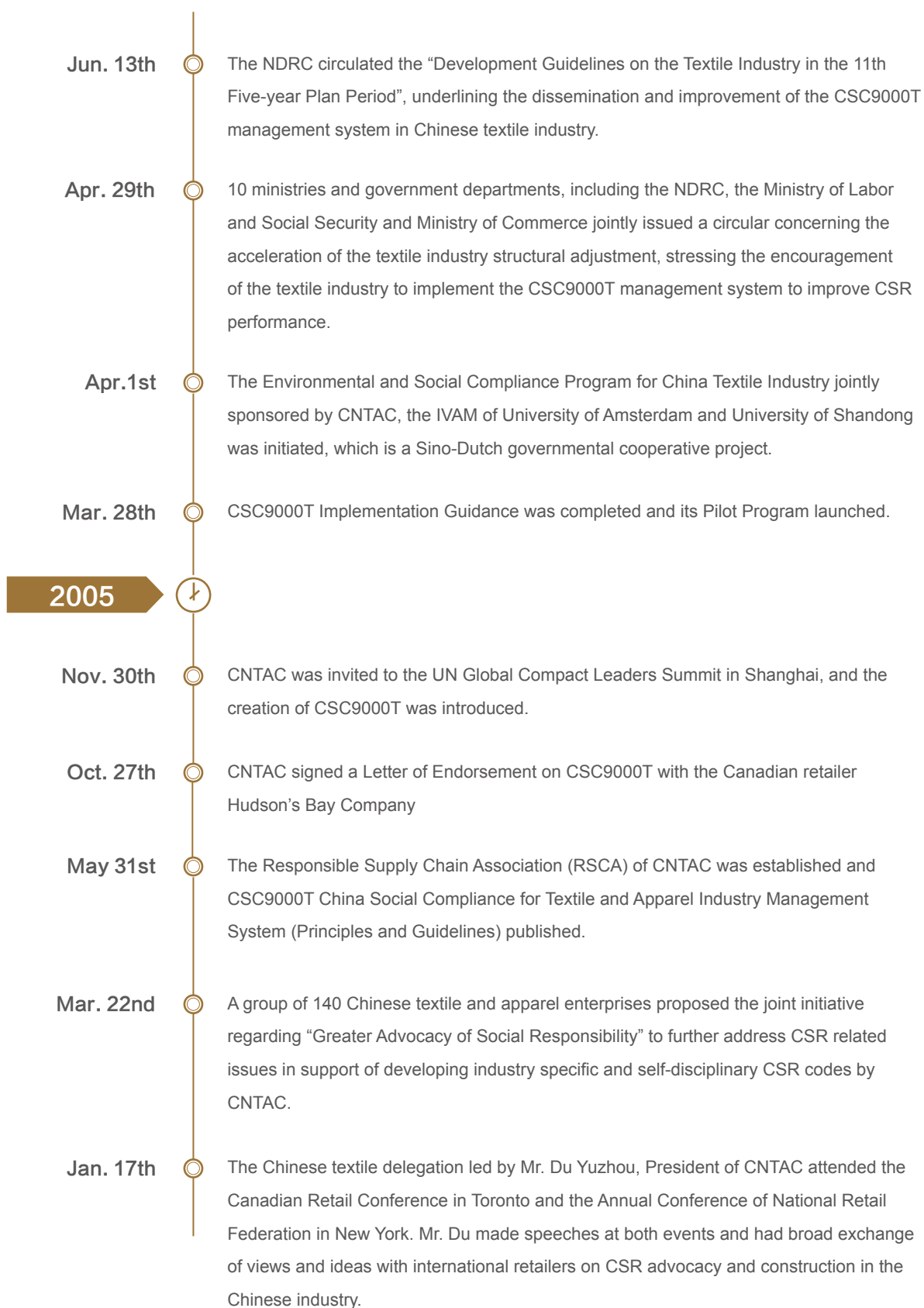
16 experts from partner agencies of the Responsible Supply Chain Association (RSCA) of CNTAC attended the third training session for CSC9000T trainers and evaluators held in Beijing.
- Apr. 18th**

Vice president Sun Ruizhe introduced CSC9000T and related practice of CNTAC at the World Investment Forum organized by UNCTAD and WTO.

- Apr. 2nd** ○ China Federation of Industrial Economics (CFIE) launched its CSR guidance, a joint work and initiative with CNTAC.
- Mar. 4th** ○ Vice president Sun Ruizhe met with Ms Hannah Jones, vice-president of the Nike Company and her delegation in Dongguan, Guangdong Province. Both sides agreed on cooperation in promoting corporate responsibility on textile supply chain.
- 2007** ↻
- Dec. 18th** ○ The CSC9000T Plan 200.8 launched at the 2007 Annual Conference on Social Responsibility of China Textile and Apparel Industry.
- Dec. 1st** ○ Joint CSR project between CNTAC, the ILO and the UNIDO conducted at Zhongshan, Shengze and Haining, with over 180 participants from 25 companies.
- Nov. 28th–Dec.7th** ○ The study tour to Europe of CNTAC CSR delegation at the invitation of the Foreign Trade Association (FTA) and European companies.
- Nov. 21st** ○ Joint training on the prevention of work-place sexual harassment between CNTAC and the Women's Legal Service Center of Peking University implemented at Beijing Aimer Lingerie Company.
- Nov. 12th** ○ CSC9000T ranked the first grade in CNTAC technology advancement awards.
- Oct. 23rd–26th** ○ The RSCA provided trainings on the Labor Contract Law in Shanghai and Shenzhen to member companies
- Aug. 31st** ○ The initial evaluations of “10+100+1000” Project commenced at 50 companies in 5 clusters: Puyuan, Shenhu, Pinghu, Haining and Jintan.
- Aug. 10th–12th** ○ The second group of CSC9000T auditors and trainers trained in Beijing.
- May 26th–Jul. 11th** ○ The launch ceremonies of CSC9000T “10+100+1000” Project and the awareness trainings on CSR held in Puyuan, Humen, Shishi, Shenhu, Pinghu, Haining, Kaiping, Jintan and Zhongshan.
- Jun. 28th** ○ The Office for Social Responsibility of CNTAC gave training on CSR to representatives of over 50 sub-industries of China Confederation of Light Industries.
- Jun. 16th** ○ CNTAC workshop for media observers on CSR held in Beijing.







## Introduction of the Office for Social Responsibility of CNTAC

Established in May 2005, the Office for Social Responsibility of CNTAC is China's first permanent social responsibility institution at the national level, as well as the executive body of the Responsible Supply Chain Association (RSCA) under the direct administration of CNTAC.



### Visions & Goals

The visions and goals of the Office are to realize sustainable development of the industry by guiding businesses within the industry to follow the scientific approach of development, enhance core competitiveness and get integrated into the global economy, as well as by engaging with domestic and international stakeholders to promote a responsible global supply chain.

### Competencies & Services

Operates and improves CSC9000T China Social Compliance for Textile and Apparel Industry, in line with Chinese law, international conventions and specific industrial conditions;

Conducts performance evaluation of the CSC9000T management system and issues performance reports, provides training and consulting services, technical and professional assistance to businesses in the establishment and operation of CSC9000T management system;

Establishes and manages databanks on social responsibility information and social responsibility performance of Chinese textile enterprises, and constructs platforms for supply chain dialogues and business supporting systems;

Provides professional assistance in sustainability information disclosure based on China Sustainability Reporting-Guidelines for Apparel and Textile Enterprises (CSR-GATEs) and ensures the reporting quality through assurance systems;

Exchanges social responsibility information and promotes best practices by organizing forums, symposiums, seminars and field studies;

Provides consultation on social responsibility and supply chain issues to government bodies, civil organizations, trade unions, other industry associations and stakeholders on international textile supply chain;

Undertakes social responsibility-related research and education programs.

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