

COMMUNICATION ON ENGAGEMENT (COE)

Beijing New Century Academy on Transnational Corporations



Period covered by this Communication on Engagement

From: October 1, 2017 To: September 30, 2019

Part I. Statement of Continued Support by the Chief Executive or Equivalent

October 23, 2019

To our stakeholders:

I am pleased to confirm that Beijing New Century Academy on Transnational Corporations (NATC) reaffirms its support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. This is our Communication on Engagement with the United Nations Global Compact. We welcome feedback on its contents.

In this Communication of Engagement, we describe the actions that our organization has taken to support the UN Global Compact and its Principles as suggested for an organization like ours. In particular, we describe how we endeavored to push compliance collective action on a larger scale in China, and the efforts to unite relevant organizations to build a platform for promoting compliance notions and sharing compliance practices. We supported Chinese government departments to strengthen compliance operations of Chinese enterprises on the one hand, and on the other, we assisted Chinese enterprises to build and improve compliance programs. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

A handwritten signature in black ink, consisting of three characters: '王志乐' (Wang Zhile).

Wang Zhile

Director of NATC

Part II. Description of Actions

1. Platform building

NATC cofounded China Corporate Compliance Promotion Alliance (CCCPA) together with China Council for the Promotion of International Trade (CCPIT) and China Enterprise Confederation (CEC) in May 2018. The role of the alliance includes:

- dialog with central and provincial governments to enhance corporate compliance of Chinese enterprises
- uniting industrial associations and institutions to push collective action
- issuing practical guides for Chinese enterprises to establish compliance systems
- knowledge sharing for market participants

2. Support Chinese government departments in issuing compliance guidelines for Chinese enterprises

- In 2018, NATC continued dialogue with the Policy and Regulation Bureau of State-owned Assets Supervision and Administration Commission of the State Council (SASAC) to refine the draft guidelines for SOEs to establish compliance management system. And the *Compliance Management Guidelines for Centrally Administered Enterprises* was issued by SASAC on Nov. 2, 2018.
- Based on the lessons learnt from the case that the large Chinese private company ZTE being sanctioned by US government for export control violations; NATC and the expert team of CCCPA submitted a policy recommendation report on enhancing corporate compliance of Chinese enterprises. And the report was commented by the Premier and Vice premiers of China, who pushed relevant Chinese departments to strengthen compliance awareness and compliance operations of Chinese enterprises.
- NATC and the expert team of CCCPA supported National Development and Reform Commission (NDRC) in drafting the *Guidelines for Compliance Management of Overseas Business Operations*, which was issued on Dec. 26, 2018.

3. Compliance Knowledge Sharing

- 10 compliance lectures on heated compliance topics or issues, each with 50 to 100 participants.
- 7 compliance seminars, the themes of which included policy interpretation and analysis, introduction on certain sanction procedures, and suggestions on compliance risk control for enterprises, etc.

4. Support Chinese enterprises in building and improving compliance programs

- Invited by over 50 enterprises to give lectures on how to establish effective compliance programs
- Providing professional suggestions to around 10 enterprises on how to improve their compliance operations

5. public communications

- over 10 research articles on compliance related topics written by NATC researchers were published in periods, magazines, websites and WeChat accounts.
- media coverage: Director of NATC accepted interviews of mainstream media several times to introduce new compliance trends and discuss compliance topics

Part III. Measurement of Outcomes

- CCCPA has enrolled dozens of well-known enterprises as members, and the working mechanism has been built that provides training programs and lectures regularly for Chinese enterprises.
- *Compliance Management Guidelines for Centrally Administered Enterprises* and *Guidelines for Compliance Management of Overseas Business Operations* have become important documents guiding SOEs and all kinds of Chinese enterprises in strengthening compliance operations. And more central and provincial departments were also triggered to guide Chinese enterprises to enhance corporate compliance.
- Hundreds of enterprises participated the lectures and compliance club seminars held by NATC, and through these events, compliance experts or senior lawyers elaborated various compliance topics and helped these enterprises solve practical problems.
- Through field researches to dozens of enterprises, giving lectures, and evaluating and providing suggestions on the compliance systems of these enterprises, NATC has assisted them in improving their compliance programs or addressing specific compliance issues.
- Media reports and research articles that have been published reached hundreds of readers and audiences and spread compliance knowledge.