

COMMUNICATION ON ENGAGEMENT (COE)

Beijing New Century Academy on Transnational Corporations



Period covered by this Communication on Engagement

From: October 1, 2015 To: September 30, 2017

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

Please use the box below to include the statement of continued support signed by your organization's Chief Executive or equivalent.

October 31, 2017

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. 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 stylized Chinese characters: "王志乐" (Wang Zhile).

Wang Zhile

Director of NATC

Part II. Description of Actions

Please use the box below to describe the actions your organization has taken in support of the Global Compact. It is strongly recommended that the actions taken are related to one or more of the specific activities suggested. *Please refer to the complete list of suggested activities for your type of organization found here.*

- Activity 1: Research, Publication and Policy Recommendation
 - Research on heated compliance topics such as the establishment of compliance management system and compliance risk assessment; conducted onsite interviews with over 30 enterprises; composed several research articles and reports
 - Finalized two books on compliance: *Establish Effective Compliance Management System and Compliance Risk Identification, Assessment and Case Studies*
(<http://www.compliance.org.cn/index.php?s=/Home/Article/lists/category/149.html>)
 - Submitted two policy recommendation reports on enhancing corporate compliance to related Chinese departments such as the State-owned Assets Supervision and Administration Commission of the State Council(SASAC) and Ministry of Commerce.
(One report *Enlightenment Gained form the case of ZTE* can be downloaded at <http://www.compliance.org.cn/index.php?s=/Home/Article/lists/category/150.html>)
- Activity 2: Compliance Knowledge Sharing
 - Dialogue with several industrial associations like China Association of Automobile Manufactures, Advanced Medical Technology Association and China Petroleum and Chemical Industry Federation
 - Five Seminars in total on reinforcing compliance operations for enterprises of auto industry, health care industry and petroleum and petrochemical industry
 - Printed and disseminated two Practical Compliance Manuals for Chinese Companies
(<http://www.compliance.org.cn/index.php?s=/Home/Article/lists/category/166.html>)
- Activity 3: Compliance Training
 - 6 three-day trainings with around 300 participants in total
 - Gave a series of lectures to over 1000 corporate managers and officials of different levels
- Activity 4: Compliance Club
 - Over 10 club meetings for enterprises to discuss specific compliance topics
 - NATC participated in organizing the visit of the delegation of state-owned key enterprises to US to learn about compliance practices, and supported in organizing 3 compliance seminars hosted by other associations
- Activity 5: Compliance Forum
 - 4 semi-annual forums on specific topics, each with over 100 participants
- Activity 6: Chinese Compliance Information Website
 - A Chinese compliance website with up-to-date information and in-depth opinions for market

participants in China

(<http://www.compliance.org.cn/index.php?s=/Home/index/index.html>)

Part III. Measurement of Outcomes

Please use the box below to include the most relevant qualitative and/or quantitative indicators to measure the outcome of the activities described in Part II above.

- Objective 1: Research, Publication and Policy Recommendation

The two compliance books provided guidance for Chinese enterprises in strengthening compliance. Some research findings have been accepted by related departments in promoting corporate compliance. NATC's research on ISO19600 pushed China National Institute of Standardization (CNIS) to localize the standard. Through the policy recommendation reports submitted in last few years, NATC has enhanced the compliance awareness of Chinese government and market participants. Evidence has shown that in 2017, Chinese government has attached importance to corporate compliance. In addition, all kinds of enterprise associations have advocated strengthening corporate compliance operation. Strengthening compliance has gradually develop into collective action of more Chinese enterprises. NATC has pushed SASAC's program of choosing pilot SOEs to enhance compliance management, and helped to improve the draft Guidance for SOEs to establish compliance management system.

- Objective 2: Compliance Knowledge Sharing

NATC deepened cooperated with China Association of Automobile Manufactures, AdvaMed, China Petroleum and Chemical Industry Federation and other associations. The seminars pushed collective action within the targeted industries, and rendered compliance Guidance on three key compliance topics for auto companies. And the collective action within different industries will exert a significant impact on the whole business environment.

- Objective 3: Compliance Training

With participants from all around China, NATC's trainings have spread compliance knowledge to enterprises in different regions of China, especially major cities like Beijing, Shenzhen and Shanghai. SOEs, foreign enterprises, private companies and joint ventures have all joined the trainings, and it can be seen that the trainings have started to influence more and more medium and small sized companies.

Being influenced by NATC's training programs, some SOEs were enlightened to search for the mode of establishing compliance management system suitable for their companies and remedy some weaknesses in their management systems; and private companies started to search for ways to integrate the function of compliance into their management system.

- Objective 4: Compliance Club

The club events served as a platform for enterprises to discuss specific compliance topics and share compliance practices. After the Compliance Talent Exchange Program, more enterprises form different industries were enrolled in the compliance club and started to stress compliance capacity building.

As the club expanding, and more associations seeking to cooperate with NATC, NATC will establish Corporate Compliance Promotion Alliance of China with the support of some major enterprise associations to further expand the club and form a joint force of market participants to strengthen the compliance capacity building.

- Objective 5: Compliance Forum

Through the 4 forums, compliance awareness of the participating companies was enhanced, and compliance knowledge on identifying compliance risks and setting up compliance management system was spread. The practical tools and methods introduced by the speakers enlightened the participating companies to take actions to deal with compliance issues.

The forum also laid foundation for further cooperation between NATC and relevant associations and departments, and multiple sides will conduct more trainings and other activities together to promote corporate compliance.

- Objective 6: Chinese Compliance Information Website

Information on NATC events reached more readers through the website and attracted them to attend our activities. More compliance practitioners resort to the website to acquire compliance research findings and best practices on compliance management.