

Top 10 CSR Trends in China (2018)

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Trends Overview

Trend 1 Towards a Better Life

Trend 2 China's Responsible Growth

Trend 3 Regional Innovation

Trend 4 Targeted Poverty Alleviation

Trend 5 Waste Recycling

Trend 6 Mandatory Disclosure

Trend 7 Finance for Good

Trend 8 Race for Charity

Trend 9 Winter Olympics Approaching

Trend 10 Talents needed

Towards a Better Life: new CSR in a new era

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A "new era" defined in the 19th National Congress report provides direction for Chinese companies' CSR strategy. Requirements of "High-quality development" proposed in Central Economic Work Conference provide guidance for CSR implementation. All these bring about new development for China's CSR. The future CSR will be more closely connected to the people's "better life".



"A better life"

- Structure of stakeholders and demand for better life upgrade.
- Environment protection, public health, food safety, education, community engagement become increasingly important.

三大攻坚战

防范化解重大风险

精准脱贫

污染防治



Three tough battles

Central Economic Work Conference:

- Preventing & diffusing major risks
- Targeted poverty alleviation
- Tackling pollution



More environment protection, less GDP

- *Law on the Prevention and Control of Water Pollution*
- *Environmental Protection Tax Law*
- *Law on Preventing and Controlling Soil Pollution (draft)*



SDGs in business

- More big companies adopt SDGs
- CSR reports disclose SDGs topics
- SMEs needs guidance and support

Recommendations for CSR managers

1. Position your company :What do we contribute to 'a better life'?
2. Implement SDGs, and define core strategy, major programs and key index
3. Step up environment management in supply chain, especially environment performance of core suppliers

China's Responsible Growth: from follower to leader

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China leads global climate governance

- November 6: UN Climate Change Conference in Bonn
- 2018: launch of carbon trading scheme



China is in the vanguard of some topics

- Responsible mining
- Green finance and climate-related financial disclosure
- Internet finance and inclusive finance



Overseas investments value CSR

- *Regulations on Outbound Investment and Business Activities of Private Enterprises*
- *Measures for the Administration of Overseas Investment of Enterprises*
- *Environmental Risk Management Initiative for China's Overseas Investment*



Foreign companies should go “beyond headquarters’ requirements” and reconsider China

- 2017: launch of *Guidelines on Corporate Social Responsibility Reporting for Enterprises with Foreign Investment in China*
- China's solution contributes to the globe.

Recommendations for CSR managers

1. Carbon management become more important.
2. Chinese companies with overseas investments should develop CSR strategies and issue CSR reports
3. Foreign companies should go beyond their headquarters' requirements, and reconsider China and its CSR



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Regional Innovation: CSR outlook for Xiong'an New Area and Grand Bay Areas

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Xiong'an explores to create shared value

- Plan of Xiong'an New Area was announced on April 1, attracting Baidu, Alibaba, Tencent, and over ten China central enterprises.
- Foreign companies may enter Xiong'an from the angle of CSV.



Grand Bay Areas will drive change in CSR

- Industry: finance, technology, high-end manufacturing
- Topics: Environment protection, community, and ethics
- CSR management in supply Chain

Recommendations for CSR managers

- Take CSR to Xiong'an New Area
- Evaluate mid- and long term influences of Grand Bay Areas on CSR
- Design CSR programs that cover Grand Bay Areas

Poverty Alleviation: exploring business solution

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Finance, real estate, e-commerce become main forces of corporate poverty alleviation.

- Advice on finance supporting poverty alleviation in deep poverty areas
- Companies such as Tencent, Alibaba, and Jingdong have developed poverty alleviation plans.



Rural revitalization becomes a new hotspot of Internet Poverty alleviation.

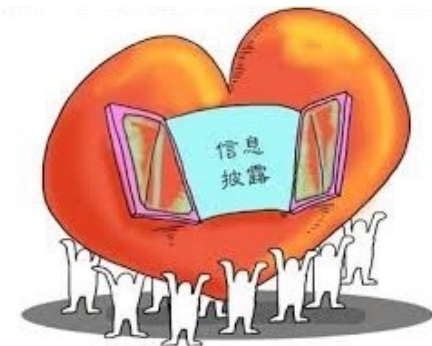
Combination of rural development with the Internet, big data, and AI creates a myriad of possibilities.

- Tencent WeCountry
- 58 village
- Taobao village



Communication

- Requirements for poverty alleviation information disclosure for listed companies
- Good communication:
 - has theoretical framework and business models
 - obtains consensus among stakeholders.
 - is bottom up demand-driven
 - pays attention to performance and influence
 - is consistent in long term and among different stakeholders



Recommendations for CSR manager

1. Look for unique models for corporate poverty alleviation
2. CSR managers “go to rural areas”.
3. Reconsider your company’s communication strategy for poverty alleviation

Waste Recycling: challenges for consumer goods' producers

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Green consumption is still trendy

- 96.37%: willing to pay for green products
- 86.31%: willing to pay higher price for green products
- *Jingdong Green Consumption Development Report*: green consumption has become a trend.



Consumer goods' producers explore recycling systems

- China bans import of 24 categories of solid waste
- 12 cities issued regulations to promote garbage classification
- Extended producer responsibility for electronics, automobiles, lead acid batteries, and packing products



E-commerce and food delivery companies face packaging problem

- China Post estimates that in 2018 China will produce:
 - 50 billion parcels
 - over 80 million ton waste
- But recycling rate is less than 20%

Recommendations for CSR managers

1. Analyze your company's status quo in packaging, wastes, and recycling (consider upstream and downstream value chains)
2. Experiment with waste recycling pilot programs
3. Clearly express your company's idea and strategy on green consumption



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Mandatory Disclosure: new requirements for CSR reports

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New policy & new standards

- SEC: key pollutant-discharging entities should disclose environment information
- HKE: ESG reporting guidance enters second stage.
- New GRI standards replace G4
- launch of *Guidelines on CSR Reporting for Enterprises with Foreign Investment in China*



Subsidiaries and supply chain should be included in CSR reporting

- Include performance of subsidiaries and suppliers
- TCFD: environmental information disclosure in investment value chain

Recommendations for CSR managers

1. Disclose information under new policies' requirements, and include core subsidiaries and suppliers
2. Foreign companies should issue their China CSR reports
3. Explore innovation of CSR reporting (contents, form, purpose)



Contents and purpose become more diverse

CSR reporting for different groups and purposes such as poverty alleviation, charity, overseas investment, green credit, and green consumption.



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Finance for Good: ESG investment is approaching

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Increasing ESG risks in listed companies

- Attention of policy and market on ESG keeps increasing.
- Environmental risks keep accumulating



Rising ESG Development Index

- Upward trend of ESG development index shows bright prospects for responsible investment.
- More ESG investment products
- New development for data & index service



China leads global green finance

- Internationalization of green bonds quickens.
- Construction of green finance innovation demonstration areas has begun
- Launch of national carbon trading scheme

Recommendations for CSR managers

1. Evaluate your company's ESG risk and include it in risk management
2. Listed companies should communicate with institutional investors on ESG
3. Consider combining responsible investment with your company's own functions, such as green bond, financing in green supply chain



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Race for Charity: companies competing in philanthropic fields

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Philanthropy becomes a new combat zone for major companies

- Purposes: for branding and data traffic
- Industries: those who are consumer-oriented and sensitive to brand reputation
- Future: business giants participate in philanthropy and social governance with business approaches and models.



Boundaries of philanthropy and business blur

- Business: from social problem creator to solution provider
- Impact investment and impact bonds
- Shenzhen issued plan to build Futian district into a social impact investment height.



New technologies accelerate innovation in business and philanthropy

- Cloud computing, big data, block chain, mobile internet, AI
- Risks: privacy protection, digital divide



Recommendations for CSR managers

1. Design programs for philanthropy with marketing and sales departments
2. Explore innovation in impact investment and impact bonds
3. Identify and manage your company's risk in philanthropy

Winter Olympics Approaching: start planning CSR for 2022 Olympics

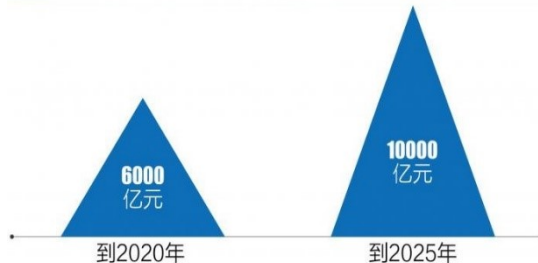
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Beijing winter Olympics adopts sustainability as a core value

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国家体育总局印发《冰雪运动发展规划（2016-2025年）》，其中提出的我国冰雪产业总规模目标



“Three hundred million on ice” is a new task and challenge for China’s sports cause

Recommendations for CSR managers

1. Clarify if your company has a plan for Winter Olympics
2. Design CSR programs for winter Olympics (4 years)
3. Design CSR programs for winter sports, following the hotspot



Bank of China became the first sponsor



Green Olympics create green business opportunities

- 2022 Beijing Winter Olympics adopt sustainable management system:
- Sustainable purchasing
- Supply chain management
- Identification of sustainability factors



Sponsors develop CSR-related strategies

- Industries of current sponsors are finance, airline, food&beverage, sports, and telecommunication
- CSR will become important marketing content for sponsors



Winter sports will become a CSR focus

- Winter sports gradually become a hotspot
- Winter sports and CSR combine

Talents Needed: more CSR positions emerging from companies

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CSR managers face career midlife challenge

- 10 to 20 years of experience: 30%
- Average age: 34
- Older than 40: 12%



More companies have CSR positions

- Change in number of CSR managers:
 - Outside of Beijing and Shanghai: 16%→29%
 - Multinational corporations: ↓6%
 - Private companies: ↑7%
- 79%: % of companies with full-time CSR professionals
- 64%: % of full-time CSR professionals



Demand for CSR professional education is increasing

- SynTao Academy: Beijing, Shanghai, Shenzhen
- Engineering ethics education in Tsinghua University
- China Europe International Business School issued Alumni CSR initiative
- 2018: CSR professional certification



Recommendations for CSR managers

1. More CSR professional positions
2. Analyze core value of CSR professional posts for the company
3. Support and participate in SynTao Academy



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