



2011/2012 Social Responsibility of Chinese Textile and Apparel Industry Annual Report



China National Textile and Apparel Council



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2011/2012

Annual Report on Social Responsibility of Chinese Textile and Apparel Industry



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Preface

In 2011, a complex situation where delightful advancements were mixed with disheartening setbacks continued to feature the social responsibility development in China.

On the one hand, over 1,000 enterprises in China from almost all sectors of the industry issued their CSR reports in 2011, a record high in number; on the other hand, an emerging misconception was that many enterprises began to equate their social responsibility with releasing a delicately-made CSR report.

On the one hand, various dazzling CSR awards and rankings seem to demonstrate the surging confidence of business towards social issues; ironically, on the one hand, malignant “responsibility scandals” happened one after another, e.g., the ConocoPhillips Bohai Bay oil spill, the Shuanghui “lenbuterol” and the Zijin Mining pollution incidents, constantly refreshing the attention of the mass media and testing the bottom line of public tolerance for irresponsible businesses.

On the one hand, the Chinese government, together with other countries accepted and endorsed the UN Guiding Principles on business and human rights at the UN Human Rights Council in 2011; on the other hand, of the more than 6,000 corporate participants of the United Nations Global Compact (UNGC), only less than 250 were Chinese enterprises.

Evidently, although CSR has apparently become a keyword in the Chinese economy and society, its development in China unfortunately tended to appear superficial, utilitarian and externalized. All stakeholders of the Chinese industrial sectors are responsible for reversing this trend, and industrial organizations ought to and are most able to play the pivotal role in guiding enterprises.

Since the initiation of its CSR programs in 2005, the China National Textile and Apparel Council (CNTAC) has long been adhering to the principles of strengthening capacity-building, establishing public service platforms and advancing supply chain collaboration and information sharing, and has committed itself to promoting social responsibility management system and performance

information disclosure mechanisms among the enterprises in the industry; meanwhile, through substantial cooperation with other CSR systems at home and abroad, CNTAC has strived to create a better environment for the development of enterprises, while lifting their participation as well as voices in CSR area.

As a regular communication mechanism with domestic and foreign stakeholders, CNTAC intends to use this Report to present annual progresses in social responsibility made by the textile and apparel industry and communicate with stakeholders on new issues and challenges. This is the sixth annual social responsibility report released by CNTAC in a consecutive manner. CNTAC’s long adherence to this innovative practice has inspired and driven other sectors. In the past few years, some other Chinese industrial organizations have followed the example and publicized social responsibility reports of their respective sectors.

The Report is prepared under the guidance of CNTAC, compiled by the Office for Social Responsibility of CNTAC (the Office). During its preparation, the leadership and various departments of CNTAC provided solid support in data and materials. Meanwhile, many stakeholders of CNTAC offered valuable opinions and advices in the process of its compilation.

The Report consists of four main parts. Part I analyzes major changes in macroeconomic industry factors and their impacts on the industry-wide construction of social responsibility, on the basis of an overview of the development of the industry in 2011; Part II mainly introduces the work and progresses in social responsibility within the industry in 2011; like previous reports, Part III of the Report is a thematic study on one specific, hot topic of social responsibility within the industry, and this year, it presents the findings of a survey conducted by CNTAC in 2011 specifically on the new generation of young workers, with analyses on the challenges the young workers have brought to the responsibility management of enterprises, as well as related management and policy recommendations; Part IV outlines the social responsibility work plan of China’s textile and apparel industry in the period of 2012 and 2013.



Part I

Development of Chinese Textile and Apparel Industry in
2011 and Impacts of industrial Macro Factors on Social
Responsibility

- 》 I. Development of Chinese Textile and Apparel Industry in 2011
- 》 II. Changes of industrial Macro Factors in 2011 and Their Impacts on
Social Responsibility



**Tiankai Wang**

President of China National Textile and Apparel Council

I. Development of Chinese Textile and Apparel Industry in 2011

2011 was the opening year of the “12th Five-Year Plan” period. The textile industry speeded up its adjustment and upgrading and made full use of its comprehensive competitive advantages. In general, the economic operation was stable, and rapid growth was seen in production, sales and profits. However, against the background of the general slowdown in the world economy, the main economic indicators of the industry were losing momentum on both monthly and quarterly bases, and enterprises below the designated size were under increasingly intense pressure.

1. Production and Investment

Production growing rapidly, but at monthly lower rates. The production of the Chinese textile enterprises above the designated size grew rapidly in 2011, but the cumulative year-on-year growth was slowing down month by month. In the 12 months of 2011, 35,900 textile enterprises above the designated size accomplished a cumulative industrial gross output of 5.47865 trillion Yuan, a 26.84% increase on 2010. This growth rate was down by 4.78, 3.19 and 2.14 percentage points from the first, second and third quarter respectively.

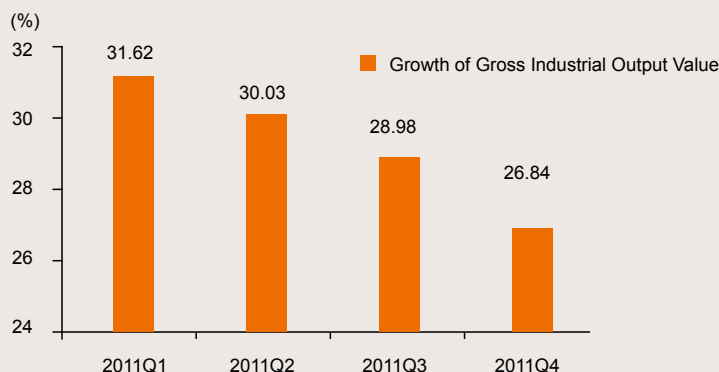


Figure 1 Growth Rate of Gross Industrial Output Value in 2011

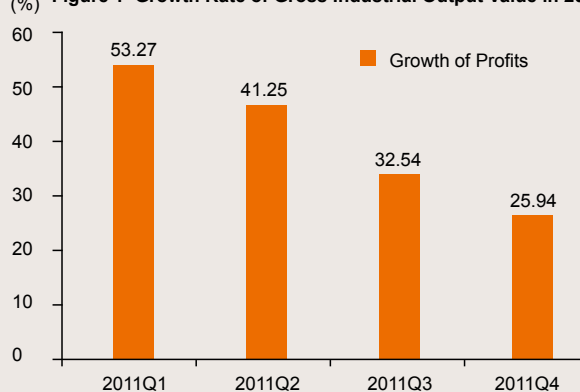


Figure 2 Growth Rate of Profits in 2011

Furthermore, the growth of output value in several key sectors tends to gradually slow down. For example, in the 12 months of 2011, the gross output value of the textile sector amounted to 3.349142 trillion Yuan, a 25.76% increase year on year, with the growth rate down by 0.46 percentage point from that of the first 11 months (26.22%); the gross output value of apparel, footwear and headwear manufacturing was 1.382377 trillion Yuan, a 27.98% increase year on year, with the growth rate up by 0.5 percentage point from that of the first 11 months (27.48%); and the gross output value of chemical fiber manufacturing was 639.764 billion Yuan, a 31.22% increase year on year, with the growth rate down by 1.82 percentage points from that of the first 11 months (33.04%).

Table 1 Growth Rate of the Output Value of Textile Enterprises above the Designated Size in 2011

Year 2011	Growth of the Gross Output Value of the Whole Industry (%)	Growth of the Gross Output Value of the Textile Sector (%)	Growth of the Gross Output Value of Apparel, Footwear and Headwear Manufacturing (%)	Growth of the Gross Output Value of Chemical Fiber Manufacturing (%)
January-March	31.62	30.54	29.47	40.46
January-June	30.03	29.25	28.89	36.32
January-September	28.98	27.83	28.94	35.46
January-December	26.84	25.76	27.98	31.22

Rapid growth of investment, particularly in central and western regions. 2011 witnessed continued rapid growth of investment in China's textile industry. However, due to the influence of factors like the economic downturn in Europe and North America, weak exports and domestic demands, as well as the tightening monetary policy, the investment growth tended to slow down, and new projects grew at a lower rate. In 2011, the textile industry actually completed an investment of 679.906 billion Yuan, a 36.33% increase year on year, the growth rate falling quarter-by-quarter; and 13,715 new projects were started, an increase of only 2.27% year on year.

Table 2 Year-on-Year Growth Rate of Investment and New Projects in Textile Industry in 2011

	Year 2011	The Whole Industry (%)	Textile (%)	Apparel, Footwear and Headwear Manufacturing (%)	Chemical Fiber Manufacturing (%)
Completed Investment	January-March	38.51	30.91	34.94	108.96
	January-June	37.56	32.77	42.29	53.32
	January-September	36.19	31.81	40.53	46.31
	January-December	36.33	30.91	42.96	47.87
New Projects	January-March	-5.80	-9.88	1.57	-2.94
	January-June	0.04	-3.14	4.21	1.23
	January-September	-0.06	-2.63	4.02	-2.84
	January-December	2.27	-0.05	5.33	2.76

Source of Data: National Bureau of Statistics

In terms of regional performance, investment grew faster in the central and western regions, leading to their steadily higher proportion in the total investment in China: in 2011, the investment in the central and western regions increased by 56.66% and 49.31% respectively, which were 31.38 and 24.03 percent points higher respectively than the growth rate in the eastern region. In 2011, the investment in the central region accounted for 31.71% of the total in the country, an increase of 4.11 percentage points on 2010; the investment in the western region accounted for 7.92% of the total in the country, an increase of 0.69 percentage point on 2010.

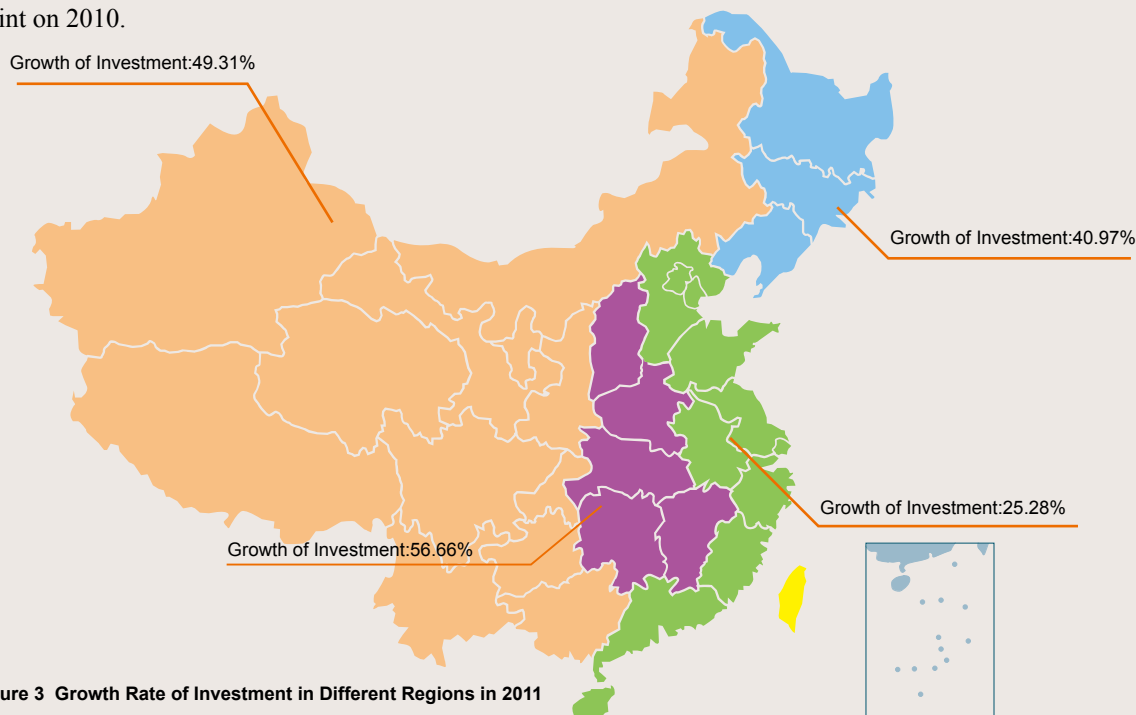


Figure 3 Growth Rate of Investment in Different Regions in 2011

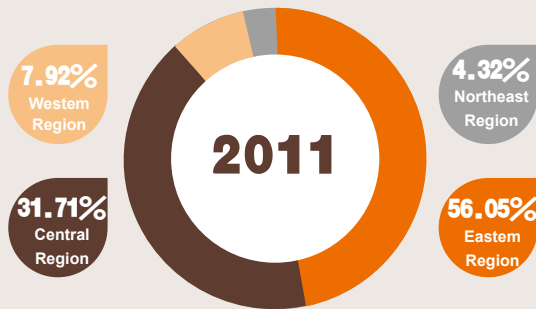


Figure 4 Regional Composition of Investment in 2011

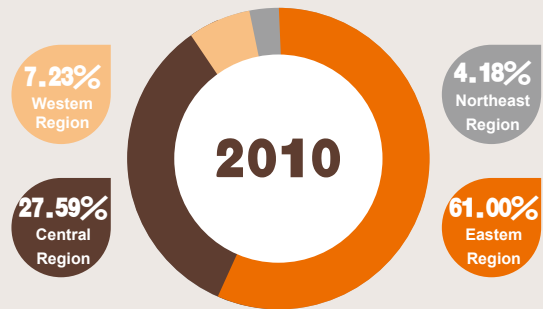


Figure 5 Regional Composition of Investment in 2010

2. Market Performance

International market: high export prices, slow growth in export volume

In 2011, China's textile and apparel exports amounted to \$254.123 billion, an increase of 19.87% on 2010, including textile exports of \$100.903 billion, an increase of 22.27%, and apparel exports of \$153.22 billion, an increase of 18.34%. In general, China's textile and apparel exports maintained relatively rapid growth rate.

Table 3 Textile and Apparel Exports in 2011

	Textile and Apparel Exports (\$100 Million)	Increased Percentage Year on Year (%)	Textile Exports (\$100 Million)	Textile and Apparel Exports (\$100 Million)	Increased Percentage Year on Year (%)	Textile Exports (\$100 Million)
January-March	498.66	23.68	214.05	31.47	284.61	18.40
January-June	1145.42	25.40	487.18	27.81	658.23	23.67
January-September	1907.17	24.02	754.82	25.20	1152.35	123.26
January-December	2541.23	19.87	1009.03	22.27	1532.20	18.34

Source of Data: China Customs

Given the slow growth of the export volume, higher export prices were an important reason for the rapid growth in China's textile and apparel exports. According to the Statistics Center of CNTAC, China's textile and apparel export prices increased by 19.29% year on year in 2011. To be specific, the textile export prices increased by 20.33% year on year, and the apparel export prices increased by 18.26%. However, excluding the factor of price changes, the textile and apparel exports increased by only 0.49% in the first 10 months of 2011.

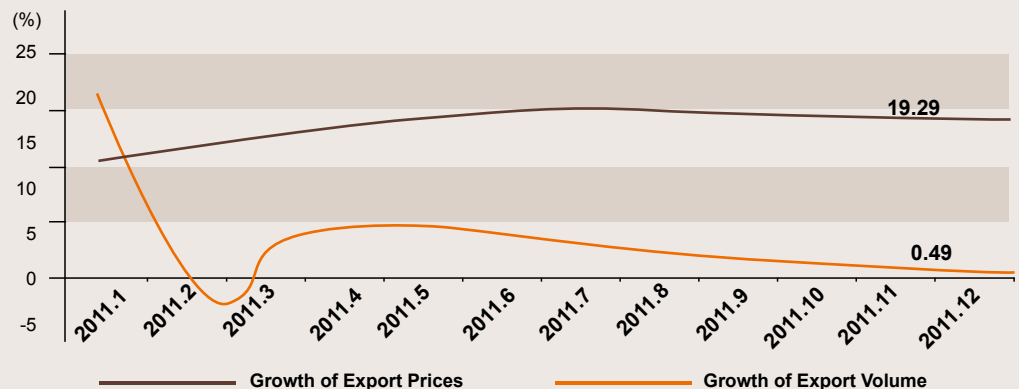


Figure 6 Textile and Apparel Export Prices and Volume in 2011

Domestic market: steady growth in domestic sales, strengthened pillar role

Since 2011, supported by the stable domestic macroeconomic environment and continued growth in people's incomes, the domestic sales market of China's textile industry has maintained steady growth. In 2011, the growth in retail sales of apparel and knitting textiles was still higher than that of all consumer goods, but such growth tended to slow down after September.



Table 4 Domestic Sales and its Year-on-Year Growth in 2011

Periods	Retail Sales of Consumer Goods (100 Million Yuan)	Increased Percentage Year on Year (%)	Wholesale and Retail Sales of Apparel, Footwear, Headwear and Knitting Textiles above the Designated Scale (100 Million Yuan)	Increased Percentage Year on Year (%)
January-March	42922	16.3	2014	22.3
January-June	85833	16.8	3727	23.9
January-September	130811	17	5450	24.8
January-December	181226	17.1	7955	24.2

Source of Data: National Bureau of Statistics

Over the same period, textile enterprises above the designated size realized a sales value of 5.360173 trillion Yuan, an increase of 26.86% year on year, of which the domestic sales were 4.444166 trillion Yuan, an increase of 29.53% year on year. As for the proportion of domestic sales, the domestic sales value accounted for 82.91% of the total, a rise of 1.71 percentage points year on year, which indicated that the domestic market is playing an increasingly important role in supporting China's textile industry. However, the general growth of domestic sales tended to drop continually.

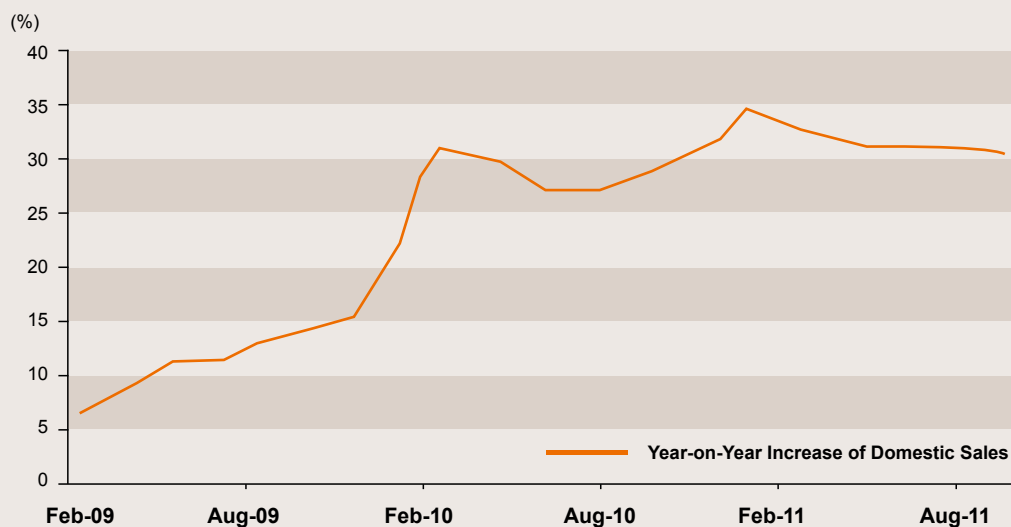


Figure 7 Year-on-Year Increase of the Proportion of Domestic Sales in 2011

In 2011, against the background of generally rising commodity prices, the significant increase in apparel prices affected apparel sales volume to some extent. Statistics from China National Commercial Information Center show that the growth of the apparel retail sales of 100

key large Chinese retailers slowed down in both value and volume in 2011. To be specific, the sales value increased by 20.39% year on year, with the growth rate down by 2.19 percentage points year on year; and the sales volume increased by 4.88 %, with the growth rate down by 6.04 percentage points year on year.

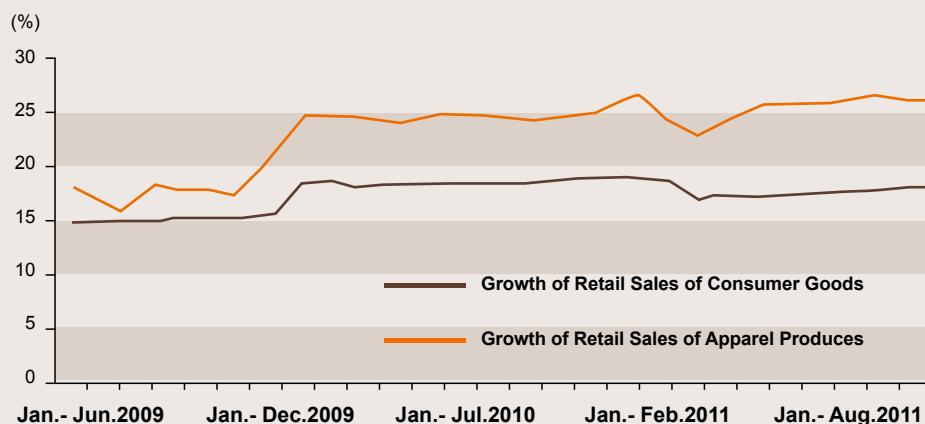


Figure 8 Growth Rate of Retail Sales of Consumer Goods and Apparel Products

3. Economic Benefits and Production Efficiency

Rapid growth of profits, significant increase in costs. 2011 saw rapid growth of profits in the industry, but such growth tended to slow down, too. In the first 11 months of 2011, textile enterprises above the designated size accomplished a total profit of 246.642 billion Yuan, a 26.55% increase year on year. The growth rate was down by 5.99, 14.71 and 27.02 percentage points from the first three quarters (32.54%), the first half year (41.45%) and the first quarter (53.57%) respectively.

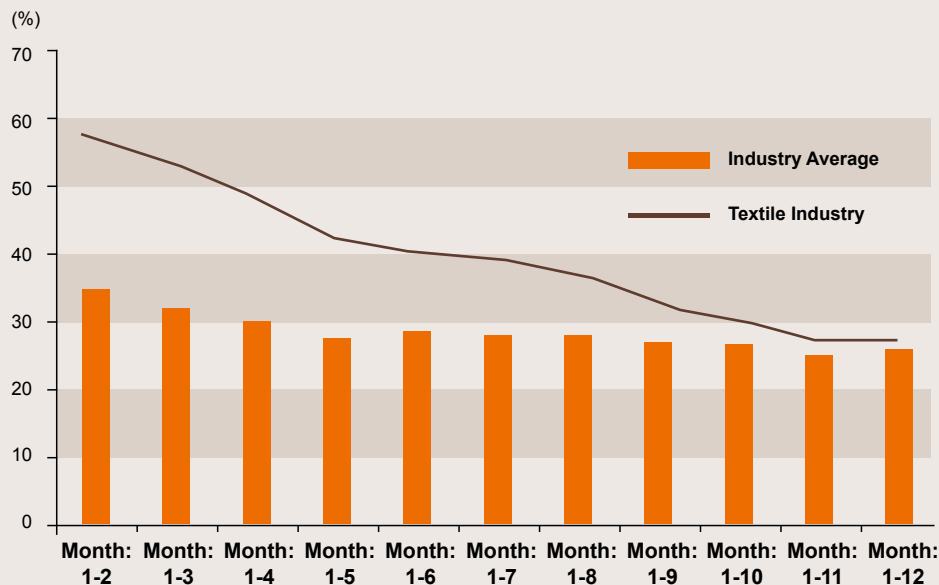


Figure 9 Comparison of Profits Growth

On the other hand, due to the tightening financial environment, enterprises had difficulties in getting loans, resulting in a rapid increase in their financial costs. In the first 11 months of 2011, the financial costs for enterprises in the industry increased by 32.99% year on year, and particularly the interest expense increased by 35.8%, with the growth rate being 5.56 percentage points and 8.37 percentage points higher respectively than that of the revenue from main businesses.



Table 5 Year-on-Year Growth of Financial Costs for Textile Enterprises above the Designated Size in 2011

	Year-on-Year Growth of Financial Costs (%)	Year-on-Year Growth of Interest Expense (%)	Growth of Revenue from Main Businesses (%)
January-March	40.22	37.29	32.59
January-June	35.36	37.77	30.50
January-September	35.63	37.38	29.43
January-November	32.99	35.80	27.43

II. Changes of industrial Macro Factors in 2011 and Their Impacts on Social Responsibility

In 2011, great changes of a series of macro factors brought a profound impact on the development of China's textile and apparel industry, and meanwhile posed new opportunities and challenges for the social responsibility of the industry.

1. The "12th Five-Year Plan" for Textile Industry

2011 was the opening year of the "12th Five-Year" as well as the making period of the "12th Five-Year Plan". According to the Outline of the "12th Five-Year Plan" for National Economic and Social Development and the Plan of Industrial Transformation and Upgrading (2011-2015), CNTAC carried out a series of research projects in 2011. Based on the findings submitted by CNTAC, the Ministry of Industry and Information Technology (MIIT) developed the "12th Five-Year Plan" for the Development of the Textile Industry ("the Plan"), which was officially released on January 19, 2012. The Plan puts forward the guidelines, objectives, major tasks, policies and measures for the development of the textile industry

during the "12th Five-Year Plan" period. It is the guiding document for the development of the textile industry over the next five years and the program of action for realizing the strategy of building a competitive Chinese textile industry. The Plan attaches great importance to sustainable development of the industry and emphasizes the all-round development of social responsibility.

Establish guiding principles and support promotion of CSC9000T. The "Guiding Principles" part of the Plan states that the industry should thoroughly implement the scientific concept of development, adhere to the theme of speeding up the transformation of the economic development pattern, focus on restructuring and industrial upgrading, rely on independent innovation, brand building



and the integration of information technology and industrialization, center on improving the value chain and achieving sustainable development, build up a modern textile industrial system characterized by optimized structure, advanced technology, environmental protection, high added value and the capacity to create more jobs, so as to lay a more solid foundation for constructing a competitive textile industry in China. To this end, the Plan stresses the importance of “strengthening self-regulation of the industry and increasing the efforts to promote China Social Compliance 9,000 for Textile & Apparel Industry (CSC9000T)”. It has laid a solid policy foundation for further promoting CSC9000T and realizing sustainable development.

Strengthen energy conservation and emission reduction and advance environmental protection. The Plan repeatedly mentions the requirements of energy conservation, emission reduction and environmental protection, and puts forward specific environmental objectives for the “12th Five-Year Plan” period, including a 20% reduction in energy consumption per unit of industrial added value on 2010, a 20% decrease in industrial carbon dioxide emission on 2010, a 30% reduction in water consumption per unit of industrial added value on 2010, a 10% decrease in the discharge of major pollutants on 2010, and initiating a textile fiber recycling system that reutilizes a total of about 8 million tons of textile fiber. To this end, the “Key Tasks” part of the Plan calls for strengthened efforts in energy conservation and resource utilization. The specific measures include

upgrading the management of energy conservation and emission reduction, promoting new technologies of energy conservation and emission reduction, facilitating resource recycling and reuse, accelerating the elimination of backward production capacity and stepping up pollution control. It is worth mentioning that these requirements are highly consistent with the elements of environmental protection in CSC9000T.

Reinforce intellectual property rights (IPR) protection, promote fair competition. Fair competition is an important part of CSR and one of the requirements of CSC9000T. The Plan emphasizes measures to strengthen all innovators in their capacity of IPR management, build an IPR information service platform for the industry, and improve the mechanism of compensated IPR sharing and trading. The industry should strengthen IPR protection, guide enterprises in trademark registration and patent application at home and abroad, and seek legal protection for their brands. At the same time, it is provided that the quality and credit system of the industry shall be established to guide and encourage enterprises to firmly uphold the “credibility and quality for success” philosophy.

Intensify international cooperation, reduce trade friction. The Plan emphasizes the necessity to strengthen the cooperation with overseas textile institutions and enterprises in areas like environmental protection, energy conservation, emission reduction, mutual recognition of standards, and social responsibility. The main purpose are to utilize advanced international technologies and intellectual resources, use and recreate the imported technologies, facilitate

the alignment of Chinese textile standards with international systems, realize the mutual recognition of Chinese social responsibility system and other related systems, and thereby enhance communication and understanding of trading partners and reduce trade friction.

2. Raw Materials and Labor Costs

In 2011, due to sluggish market demand and floating capital speculation, cotton prices dropped rapidly. Take China Cotton Index 328 for example, as shown in Figure 10, the purchasing and storage price fell by nearly 40% from the record high of 31,000 Yuan/ton in March to 19,800 Yuan/ton at the end of the year, and by 60% to the lowest in August. Under the influence of cotton prices, wild swings occurred in the prices of yarn, chemical fiber, wool, silk, linen and other raw materials. Take polyester for example, the average domestic price of polyester staple fiber once dropped from the highest of 15,000 Yuan/ton to 10,800 Yuan/ton, a decrease of 28%(Figure 11); and the average domestic price of polyester POY once fell from 14,800 Yuan/ton to 11,200 Yuan/ton, a decrease of 24%(Figure 12).

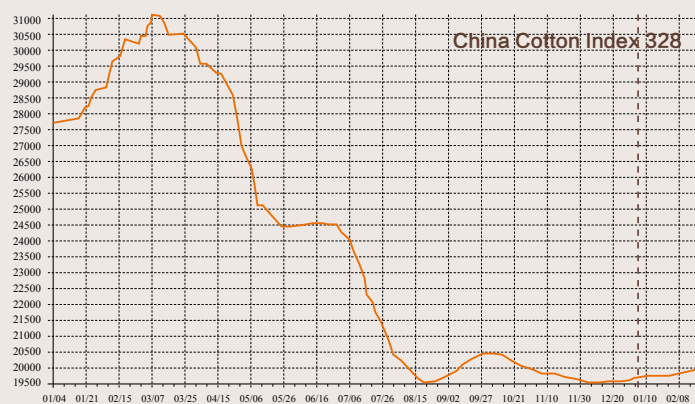


Figure 10 Cotton 328 Price index (Unit: Yuan/t)

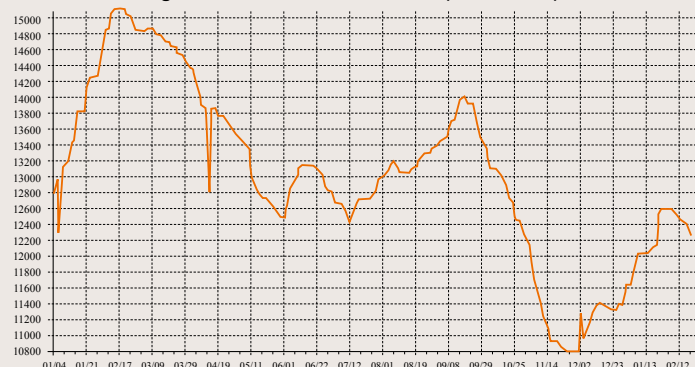


Figure 11 Average Domestic Price of Polyester Staple Fiber (Unit: Yuan/t)

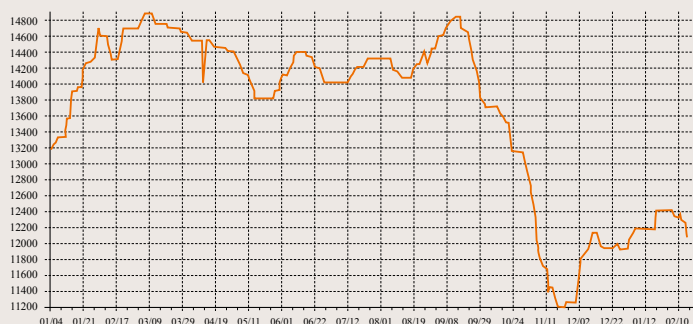


Figure 12 Average Domestic Price of Polyester POY (Unit: Yuan/t)

Overall, large swings in prices and costs of raw materials have imposed a great challenge for textile and apparel enterprises since 2011. Especially the sharp downturn of the cotton price has brought substantial risks to upstream and downstream enterprises along the textile value chain. In a sense, the raw materials, particularly cotton, are the material basis for China's textile and apparel industry to fulfill its social responsibility for cotton farmers, communities, employees and other stakeholders. However, price fluctuations of cotton and other raw materials because of non-market factors in recent years have posed a serious challenge for such basis and exerted huge

non-operational impacts on a large number of SMEs that create numerous jobs. Therefore, this problem deserves the attention of the government and other stakeholders. A long-term solution that takes into account the interests of all parties involved should be formulated. On the other hand, such situation is also a warning to textile and apparel enterprises in that they must strengthen technological levels and brand building and increase the added values of products so as to fundamentally diminish the influences of risk factors that are beyond their control such as the abnormal fluctuations of prices of raw materials, which will also enable enterprises to accomplish better social performance with stronger competences at a higher level.

As far as labor is concerned, on the one hand, the remuneration for workers in textile and apparel



industry has significantly increased in recent years due to the influence of market mechanisms and enhanced social responsibility awareness. A CNTAC survey of industrial clusters indicated that the workers' salary at the end of 2011 rose by 15%-20% year on year. The increase was as high as 30% for some enterprises. On the other hand, according to the CNTAC annual follow-up survey of entrepreneurs, 82.2% of the sample enterprises in the textile industry encountered labor shortage to varying degrees in late 2011 and early 2012, which in turn pushed up labor costs. Deloitte China Manufacturing Competitiveness Study 2011 shows that the labor cost in most Southeast Asian countries is about 50% of that in China and the average salary of Chinese workers is still rising. This change means that the enterprises should give workers better remuneration as far as they can in the long run and meanwhile strive to increase productivity and reduce the proportion of labor costs in their products.

Furthermore, in recent years, the new generation of young workers born in the 1980s and 1990s are becoming the main work force for the textile and apparel industry. Their views of career development, aspirations and state of mind have brought about new opportunities and challenges for the industry's sustained development and the enterprises' management practices, posing a pressing issue of social responsibility for the industry. In the second half of 2011, CNTAC and CCR CSR (Centre for Child Rights and Corporate Social Responsibility) jointly implemented the project "On the path to their truth—a study listening to the voices of young migrant workers". Part III of this report will present the survey findings and action suggestions for

businesses.

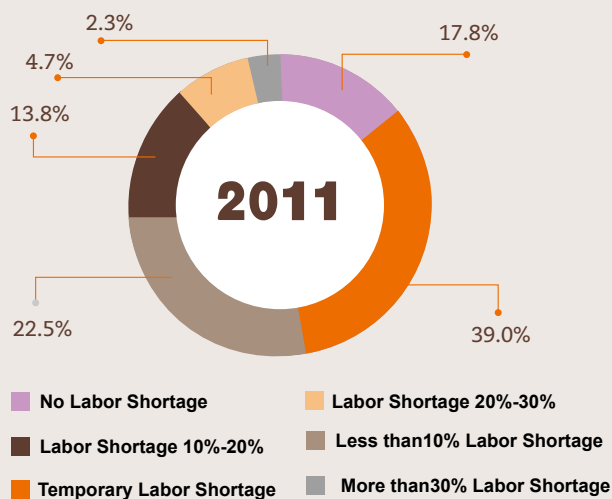
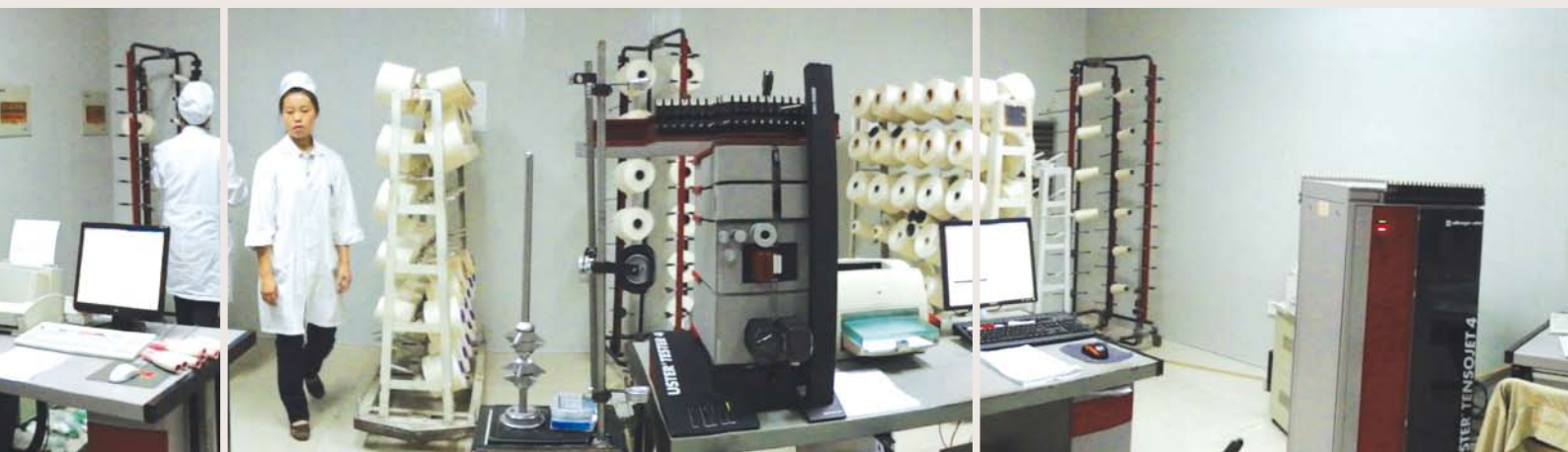


Figure 13 Findings of the Labor Shortage Survey

3. Industrial Transfer

The transfer of textile and apparel industry from eastern region to the central and western regions is an inevitable trend in the macroeconomic development and the development of the industry. At present, due to financial and technical thresholds and labor sensitivity, the industrial segments transferred to the central and western regions are mainly apparel and cotton textiles. In the past three years, cotton textiles and apparel manufacturing have experienced obvious regional adjustment. In 2011, the total industrial output value of apparel manufacturers above the designated size in the central and western regions reached 231 billion Yuan, an increase of 112.4% on 2009, accounting for 18.5%



of China's total, which was 6.9 percentage points higher than in 2009. In addition, the past three years have witnessed a substantial increase in the profit-to-cost ratio of the textile industry in the central and western regions, with the absolute value and the growth rate both higher than those in the eastern region. In the past three years, the profit-to-cost ratio of the textile industry in central and western regions has nearly doubled, with the rate of increase being significantly higher than the average for the country and the eastern region.

Table 6 Production of Major Textiles in Eastern, Central and Western Regions and their Proportions in National Total (2009-2011)

Product	Regions	Production (10,000 tons, 100 million meters, 100 million pieces)			Proportion (%)		
		2009	2010	2011	2009	2010	2011
Yarn	Eastern	1592.9	1757.5	1764.0	66.2	64.7	60.9
	Central	675.7	792.5	936.1	28.1	29.2	32.3
	Western	137.1	167.0	194.3	5.7	6.1	6.7
	Central and Western Total	812.8	959.4	1130.5	33.8	35.3	39.1
Cloth	Eastern	449.9	511.7	469.8	79.3	78.1	75.8
	Central	88.7	110.6	120.2	15.6	16.9	19.4
	Western	28.9	33.2	29.8	5.1	5.1	4.8
	Central and Western Total	117.6	143.8	150.0	20.7	21.9	24.2
Apparel	Eastern	208.2	247.7	213.8	87.7	86.9	84.1
	Central	26.8	33.1	36.4	11.3	11.6	14.3
	Western	2.5	4.4	4.0	1.0	1.5	1.6
	Central and Western Total	29.3	37.5	40.4	12.3	13.1	15.9

Table 7 Profit-to-Cost Ratio (%) of Textile Sectors in Different Regions (2009-2011)

Sector	Region	2009	2010	2011
Textile	The Country	4.35	5.31	6.08
	Eastern	4.26	5.27	5.87
	Central	5.67	5.90	6.95
	Western	2.83	4.53	6.47
	Central and Western	4.77	5.47	6.82
Textile and Apparel Manufacturing	The Country	5.47	5.87	7.30
	Eastern	5.42	5.82	7.16
	Central	6.00	6.30	7.38
	Western	4.80	5.58	11.33
	Central and Western	5.81	6.20	7.93
Overall Textile Industry	The Country	4.56	5.58	6.31
	Eastern	4.47	5.60	6.21
	Central	5.81	5.87	6.82
	Western	3.30	4.66	6.57
	Central and Western	5.09	5.52	6.76

The central and western regions will undoubtedly provide new historical opportunities for the development of the Chinese textile and apparel industry, but it is worth noting that some problems have emerged in the process of industrial transfer. For example, the

thresholds set in the environmental and social policies of receiving regions tend to be low for incoming enterprises; the local stakeholders have weaker awareness in social responsibility, and there is a lack of public service platform for technical assistance and personnel training. These problems may lead to the transfer of the originally existing social responsibility challenges in the eastern coastal regions to the central and western regions. Bearing in mind this challenge, CNTAC has strengthened coordination and guidance of the industrial transfer at the industry level so as to facilitate the sustainable transfer of the textile industry from the coastal regions to the central and western regions. For example, in July 2011, CNTAC set up the Industrial Transfer Office, which is to provide prior guidance and services on industrial transfer for the regions and enterprises, share experience, carry out research, and propose policy recommendations to the government. Nevertheless, the receiving end of the industrial transfer should set scientific thresholds for incoming enterprises, conduct objective assessment of the local infrastructure and supporting systems of the textile industry, as well as environmental capacity and labor market capacity, and prevent the transfer of low-level heavy-pollution projects. The last but not the least, enterprises that are actively exploring the opportunities in the central and western regions should prevent the transfer of backward production capacity and technologies, and instead, they should bring well-proven experiences and practices of social responsibility management from the southeast coastal regions, and find solutions to new social responsibility challenges in the central and western regions according to the special local conditions.

4. Environmental Protection

Environmental protection is a key task in China's endeavor to build a resource-conserving and environment-friendly society in the "12th Five-Year Plan" period. State laws and policies have reinforced the requirements of environmental protection for the textile industry in the opening year of the "12th Five-Year Plan" period, which affirmed environmental protection as a key area of social responsibility in the industry. Firstly, in 2011, the state laws and regulations continued to strengthen environmental protection measures and legal responsibilities and lay down technical specifications

for environmental protection. For example, the draft amendment to the Environmental Protection Law that was submitted to the National People's Congress in 2011 put forward a series of environmental control measures and responsibility specifications, including penalty on a daily basis, correction within a prescribed period of time, control of total emission, environmental public interest litigation, and environmental information disclosure. Also in 2011, the Ministry of Environmental Protection promulgated technical regulations such as the Technical Guideline for the Field Inspection of Industrial Pollution Sources, and the Provisions on the Safety Management of Hazardous Chemicals. Secondly, the state policy has set higher environmental requirements for the development of the textile and apparel industry. For example, the Comprehensive Work Plan for Energy Conservation and Emission Reduction During the "12th Five-Year Plan" Period promulgated by the State Council in August 2011 clearly states that "emphasis shall be given to the energy conservation and emission reduction in... textile, printing and dyeing ... industries and clear objectives and tasks shall be set out"; in October 2011, the State Council noticeably stipulates in the Opinions on Strengthening the Major Tasks of Environmental Protection that "total chemical oxygen demand and ammonia emission control should be implemented for the printing and dyeing ... industries". Finally, national administrative measures



have put direct restrictions on the environmental impact of the industry. In early 2011, the Ministry of Industry and Information Technology publicized a list of enterprises in 18 industries that had backward production capacity to eliminate. These enterprises were ordered to close down their backward capacity by the end of September 2011. Among them were 201 printing and dyeing enterprises and 25 chemical fiber enterprises. In the Guidance Catalogue of Industrial Structure Adjustment (2011 Version) promulgated by the National Development and Reform Commission in June 2011, environmental protection level is the most important criterion for industrial restructuring. For example, 8 out of the 14 “encouraged” products for the textile industry are environment-friendly.

The environmental responsibility in the supply chain of textile and apparel industry received immense attention from stakeholders in 2011, particularly from non-governmental organizations and brand merchants. For example, the three Dirty Laundry reports published by Greenpeace since 2011 have provoked heated discussions among the stakeholders about ecological safety of products and supply chain pollution control; the Oeko-Tex Association decided in early 2011 that in order to enhance the safety of ecological textiles to be certified by the Oeko-Tex Standard 100, NPEO, OPEO, NP and OP contained in the surfactant substance APEO as well as their limit values will be added to the Oeko-Tex Criteria Catalogue as new assessment factors from January 2012. China’s textile and apparel industry cherishes and is committed to practicing the sustainable development approach. However, we believe that due to factors such as difference in standards, technical and resource constraints, pollution control should first of all be a gradual process, which cannot be accomplished overnight. Secondly, the only viable way to solve the global problem of environmental pollution is for the governments, industrial organizations, brand merchants, suppliers and the general public to work together, by monitoring the whole industrial chain and establishing a coordination mechanism. In fact, CNTAC has set up the Environmental Protection and Resource Conservation Promotion Committee in 2011 to give full play to the industrial association’s role in guiding, coordinating and promoting low-carbon, green and recycling pattern of economic development in the

industry. In addition, some brand enterprises have also recognized their social responsibility along the supply chain, and have pledged in 2011 to strengthen their environmental management along the supply chain so as to gradually realize “zero emission” of pollutants in the medium and long term.

5. International Trade Environment

The United States

In general, the U.S. market demand in 2011 was bigger than in 2010: the U.S. retail market grew by 7.67% year on year in 2011, with the growth rate up by 1.23 percentage points; in particular, the apparel retail sales grew by 5.88% year on year, with the growth rate up by 1.48 percentage points. In 2011, the U.S. imports of textile and apparel products continued to increase, but the growth for its imports of textile and apparel products from China slowed down, and there was a slight drop in the share of China’s textile and apparel products in the U.S. import market.

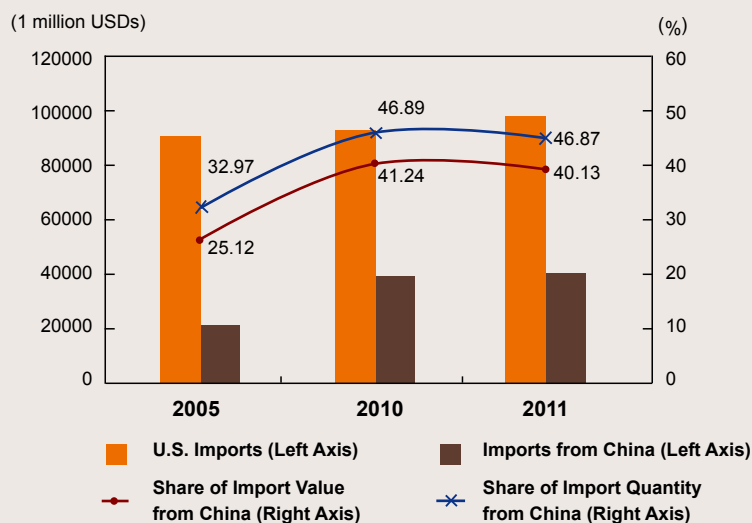


Figure 14 U.S. Imports of Textile and Apparel Products and Share of Imports from China

The main factors affecting the exports of China’s textile and apparel industry to the U.S. in the post-quota era are market-related. For example, an important reason for the decline in the share of China’s textile and apparel products in the U.S. import market in 2011 was that the U.S. increased its purchase from China’s neighboring countries. The RMB exchange rate is still a key issue in the trade relations between China and the U.S. Although RMB appreciated by about 5% against the US dollar in 2011,

the U.S. industrial organizations including the National Textile Association (NTA) still strongly supported the Congress in passing the Currency Exchange Rate Oversight Act of 2011. Another trend worth noting for China's textile industry is the "return and rebuilding" strategy of the U.S. manufacturing industry. With the local comparative advantages in the U.S. on a rise, more and more manufacturing is returning to the U.S. In May 2011, the Boston Consulting Group pointed out that "flexible work rules and a host of government incentives are making many states—including Mississippi, South Carolina, and Alabama—increasingly competitive as low-cost bases for supplying the U.S. market".

Although cost competition seems to be the core of these factors and trends, social responsibility competitiveness has not been denied or weakened for Chinese textile and apparel enterprises. In fact, while the cost competitiveness continues to dwindle, the key to the potential international competitiveness of the Chinese enterprises in the future lies in how to stimulate the initiative and creativity of employees, how to occupy the forefront and high-end market with environment-friendly and sustainable products and how to get the support and understanding of stakeholders.

Europe

The retail demand in the EU market declined faster than in the previous year, and the decrease in apparel retail sales was particularly prominent: the total

retail sales in the 27 EU countries increased slightly by 0.1% in December 2011 compared with the same period of last year; and the retail sales of apparel products fell by 3% in November 2011. The EU imports grew very slowly, particularly the imports from China. There was a drop in the Chinese share of the EU textile and apparel import market.

The European debt crisis was the most important economic factor that affected the performance of China's textile and apparel industry in the European market in 2011. The crisis has led to a huge decrease in the effective demand in Europe, which in turn has slowed down the strategic steps of Chinese textile and apparel enterprises in their global expansion and internalization. On the other hand, different from the U.S. market, the European market tends to use technical requirements such as "green" and "safe" to control and restrict its textile imports. For example, the EU aviation carbon tax has become a hotly debated issue in the international community in 2011. Although the carbon tax seems to be confined to the air transport industry, it indicates an important trend in the EU's future trade policies, i.e. carbon-related "green" and "environmental" concepts would be translated directly into new "carbon barriers" in the EU-China trade, and this trend will undoubtedly spread into other industries. The Chinese government and industrial sectors should remain on high alert about this and should take necessary political and economic counter-measures as early as possible.

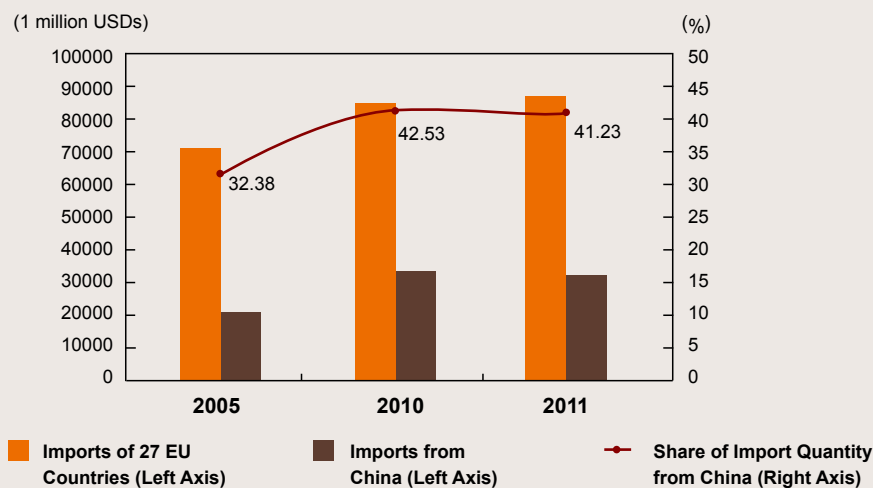


Figure 15 EU (27 Countries) Imports of Textile and Apparel Products and Share of Imports from China



Part II

Development of Social Responsibility in Chinese Textile and Apparel Industry in 2011

- 》 I. Social Responsibility Information Disclosure
- 》 II. Research and Training on Social Responsibility
- 》 III. Cross-sector Promotion of Social Responsibility
- 》 IV. International Cooperation on Social Responsibility





In 2011, the social responsibility work in Chinese textile and apparel industry focused on the continuous promotion of sustainability information disclosure practice and cross-sector and cross-border cooperation; along with the deep-going application of social responsibility management and reporting systems, extensive and innovative collaborations with stakeholders at home and abroad were carried out.



I. Social Responsibility Information Disclosure

1. Reporting Practices at Industry and Enterprise Levels

In 2006, China National Textile and Apparel Council (CNTAC) became the first in China to release sustainable development report of an industry. On June 28, 2011, CNTAC publicized the 2010-2011 Annual Report of Social Responsibility of the Chinese Textile and Apparel Industry at the Annual Conference on Social Responsibility of Chinese Textile and Apparel Industry, which was the fifth annual sustainability report at the industry level issued by CNTAC consecutively. Adhering to the methodology of “showcasing the social responsibility opportunities and challenges for the textile and apparel industry based comprehensive analyses of the industry’s operating conditions”, the report concerns hot issues and cutting-edge trends exploration, and has established a regular communication mechanism concerning sustainability issues at the industry level, which would help the textile and apparel industry obtain the understanding and support from stakeholders inside and outside the industry.

Meanwhile, undertaking the belief “openness and transparency-oriented information disclosure is the essential and inherent requirement of CSR”, CNTAC continued to promote the CSR information disclosure mechanism among textile and garment enterprises, and guided and assisted enterprises in preparing and releasing CSR reports, so as to facilitate the continuous improvement of social responsibility performances and

smooth communication with stakeholders.

On June 28, 2011, at the Annual Conference on Social Responsibility of Chinese Textile and Apparel Industry, 16 textile and garment enterprises including Jingwei Textile Machinery Co., Ltd. released to the public their 2010 CSR reports. All the reports were compiled in accordance with CSR-GATES (China Sustainability Reporting - Guidelines for Apparel and Textile Enterprises), and the Office for Social Responsibility of CNTAC (“the Office”) had provided special trainings and instructions on reporting for these enterprises. Among the reports, 11 passed independent verification by a third party and/or obtained the endorsement of CNTAC. This was the third time that Chinese textile and garment enterprises have released their CSR reports through CNTAC’s public platform since 2009. From 2009 to 2011, a total of 94 CSR reports have been released by Chinese textile and garment enterprises, of which 36 were publicized through the public platform of CNTAC’s Joint Release Conference, and 16 enterprises issued CSR reports for three consecutive years.

2. Quality Assessment of Reporting

In 2011, the Responsible Supply Chain Association (RSCA) of CNTAC conducted a comprehensive assessment on the 2010 CSR reports of 44 textile and garment enterprises according to CSR-GATES, CSR-VRAI (China Sustainability Reporting - Verification Rules and Instructions) and CSR-IDEAS (China Sustainability Reporting - Assessment Rules and Instructions). 18 or 40.9% of the 44 reports published in 2011 were prepared according to CSR-GATES. The reports were assessed in terms of responsibility

strategy, responsibility management, responsibility performances (i.e., product safety, labor rights protection, energy saving, emission reduction and environmental protection, supply chain management and fair competition, community development and public welfare), and responsibility planning. The result showed that the 44 reports generally did better in responsibility strategy and planning than responsibility management and performances (e.g., responsibility strategy graded at 68.36 points out of 100, responsibility management 46.00, responsibility performance 49.77 and responsibility planning 67.26) (Figure 1). This indicates that CSR awareness and policy guidance has been enhanced, the understanding of CSR by enterprises gradually matured, and their CSR strategy and values established. However, there is still an improvement gap in respect of responsibility management and specific performances. In addition, quality assessment of the reports suggests that reports prepared in line with CSR-GATEs are generally rated higher in the five-dimensional test that covers completeness, objectivity, appropriateness, responsiveness and sustainability, and such reports also show better quality balance (Figure 2).

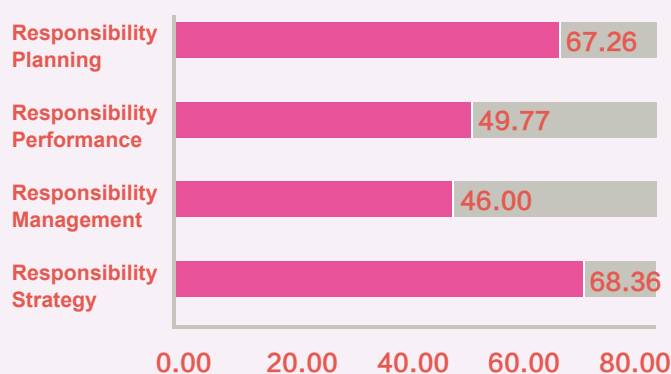


Figure 1 Comprehensive Assessment of CSR Reports

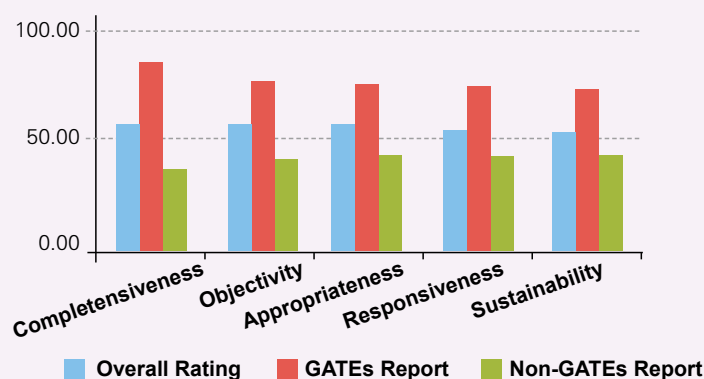


Figure 2 Five-Dimensional Quality Comparison between GATEs Reports and Non-GATEs Reports

Excellent Enterprises in Social Responsibility Reporting of Chinese Textile and Apparel Industry (2011)

Jiangsu Danmao Textile Co., Ltd.	Zhejiang Rainbow Village Printing & Dyeing Co., Ltd.
Zhejiang Charming Holding Co., Ltd.	Zhejiang Fulida Co., Ltd.
Quanzhou HTT Corporation	Advantex Fashion Garment Manufacturing (Huizhou) Limited
COSTIN New Materials Group Limited	Zhejiang R.G.B Textile Printing & Dyeing Co., Ltd.
Hong Kong Handa Enterprise Co., Ltd.	Suzhou CINC Textile Technologies Stock Corp.
Suzhou Good Maier Garment Limited	Zhejiang Huafo Spandex Co., Ltd.
High Fashion Silk (Zhejiang) Co., Ltd.	Zhejiang Tiansheng Holding Group Co., Ltd.
Huafu Top Dyed Melange Yarn Co., Ltd.	Luthai Textile Co., Ltd.
Fujian NanFang Co., Ltd.	EI•SEINO Group Co., Ltd.
Li Ning (China) Sports Goods Co., Ltd.	



Based on the assessment results, CNTAC awarded Jingwei Textile Machinery Co., Ltd., Bros Eastern Holding Limited and Zhejiang Jodoll Garment Co., Ltd. “Model Enterprise in Social Responsibility Reporting of Chinese Textile and Apparel Industry”, which was the highest recognition of CSR reporting practice at the industry level. Meanwhile, CNTAC named 19 enterprises including Jiangsu Danmao Textile Co., Ltd. “Excellent Enterprises in Social Responsibility Reporting of Chinese Textile and Apparel Industry”.

II. Research and Training on Social Responsibility

1. Research Projects on Social Responsibility

As an industry-level CSR research institution, the Office pays continuous attention to new trends and cutting-edge issues of CSR in the industry, and has conducted a series of research on related issues in a timely manner, which put forward policy and management suggestions for businesses, the government and other stakeholders. For example, in recent years, the gradient industrial transition and the development of the new generation of industrial workers have become significant challenges for the sustainable development of the industry to be studied.

One of the side events of the 2011 Annual Conference on Social Responsibility of Chinese Textile and Apparel Industry was a seminar on “CSR in the Context of Industrial Transitions”, which was intended to draw the attention of businesses and local governments to social responsibility issues in the process of industrial transitions. In June 2011, CNTAC signed a cooperation agreement with the CSR Center of the Embassy of Sweden to carry out in-depth study on this topic jointly. In November 2011, the research project “The Structural Transitions of Chinese Manufacturing Industries and Their Impacts on Social Responsibility: the Case of Textile Industry” was initiated. It was aimed at exploring the impact of the national structural transition in the textile and garment industry on different stakeholders in respect of CSR through a study of the opportunities and challenges in the process of transition so as to provide trend-related references for the government, industry organizations and commercial organizations in their decision-making. By the end of 2011,



the Office had conducted preliminary surveys in Shandong, Zhejiang and Guangdong provinces.

In July 2011, “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 and CCR CSR (Centre for Child-Rights and Corporate Social Responsibility) was officially launched. The purpose of the survey was to listen to the voice of young workers, to collect their valuable suggestions on building people-oriented management and a humanistic environment for industrial development, to explore effective ways to help managers break through employment challenges and create a people-oriented and efficient working environment, and to prompt enterprises and government departments to review their social responsibility practices so as to promote sustained and healthy development of the industry while giving better protection to the rights of young workers. By the end of 2011, the research team had finished the enterprise survey as well as the research report. The unique methodology and major findings of this research will be illustrated in Part III of this report.

2. Thematic Training on Social Responsibility

In 2011, the Office continued to provide various training for the enterprises in regional textile and apparel clusters and sub-industries to help them build

up CSR capacities and better understand specific CSR topics.

In April 2011, the CSR Office, CDL Consultants Beijing Co., Ltd. and George Washington University Law School jointly held the “CNTAC CSC9000T Special Training: Employment Equality and Common Development—Building Caring Companies that Give Employees a Sense of Belonging” in Shenhui Town of Jinjiang. Through a study of related cases, the training program helped enterprises understand the importance of employment equality in building a working environment that would give employees a sense of belonging, upgrade their management ability in business operations, and thus enhance productivity and competitiveness. More than 70 senior executives from over 30 Fujian enterprises attended the training.

In May 2011, 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, International Labour Organization (ILO), United Nations Industrial Development Organization (UNIDO) and the government of Pinghu City was held in Pinghu City of Zhejiang Province. The theme of the training was “productivity and cleaner production”, aiming at improving enterprises’ environmental performance as well profitability through enhanced environmental management and clean production. On-site consulting services and technical support were also provided for

the participating enterprises to help them skillfully use practical tools and methods. Five local enterprises from Pinghu participated in the training.

In December 2011, CNTAC and BSCI co-organized the “2011 Training for Suppliers in China” in Nanjing and Qingdao. Over 240 managers from more than 200 manufacturers took part in the training. The training was comprised of two parts, i.e. awareness raising and advanced training, which described and discussed specific requirements of the related CSR systems as well as in-depth issues of working hours, wages and labor contract.

III. Cross-sector Promotion of Social Responsibility

1. Spill-over Effects of Social Responsibility Efforts

As the first industry in China to carry out systematic CSR work, the textile and apparel industry offers strategic roadmap and practical experiences that can be good references for other industries. Since 2008, industrial organizations such as China Federation of Industrial Economics, China International Contractors Association, and China Tea Marketing Association have also started CSR work in their respective sectors. CNTAC believes that cross-sector cooperation will facilitate the overall coordination of social responsibility development in China and create a sound mechanism for cross-industry liaison. Therefore, in the past several years, we have been upholding an open and collaborative attitude, sent experts upon invitation to participate in the CSR programs of the above-mentioned associations, and have helped them build up industry-specific CSR normative systems as well as promotion and cooperation plans.

In 2011, CNTAC continued to share its CSR experience with other industrial organizations. In September, the Sino-German Corporate Social Responsibility Program (GIZ) held an International Exchange Meeting on CSR Promotion within Chinese Industry and Business Associations in Beijing. The Office was invited to the meeting to present the CSR programs of the Chinese textile and apparel industry to more than 30 participants, including representatives

from a number of chambers of commerce and associations. Discussions were also held on promoting CSR at the industry level.

2. Social Responsibility Cooperation with the Electronic & Information Industry

2011 witnessed new breakthroughs in the cross-sector promotion of social responsibility. The Ministry of Industry and Information Technology (MIIT) has placed CSR on its agenda focus from 2011 on. On January 24, 2011, the Policy and Regulation Department of the MIIT held a seminar on CSR in the textile and electronic industries, which was attended by representatives of CNTAC, China Electronics Standardization Association (CESA) and electronics companies. The meeting introduced the basic planning of the MIIT in promoting CSR in 2011 and had preliminary discussions on how to transplant the CSR experiences of the textile industry into the electronic and information sector. In the whole year, CNTAC experts and representatives participated in four seminars hosted by the MIIT focusing on the CSR promotion within the electronic and information industry, and gradually, a cooperation mechanism was established between CNTAC and CESA within the CSR framework of the MIIT.

The electronic and information industry and the textile and apparel industry share some common characteristics, for instance, both enjoy high degrees of marketization and internationalization, strong international competitiveness, and both are labor-intensive, with extensive industrial distribution, and therefore they are faced with very similar risks and challenges in respect of social responsibility, which sets solid foundation for in-depth cooperation between the two industries. On such a basis and with active coordination and full support of the MIIT, CNTAC has been involved in the whole process of the preparation and organization of the Social Responsibility Committee of CESA and has vigorously engaged in experience sharing and cross-sector cooperation since early 2011. In the second half of 2011, with CNTAC as the main coordinator, CNTAC experts and stakeholder representatives of China’s electronic and information industry formed a drafting team which has finished a draft guidance document for social responsibility of

China's electronic and information industry.

In December 2011, with the support of the MIIT, 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, including strategy planning, normative establishment, capacity building, resource integration, and implementation and promotion. To be specific, CNTAC undertook to provide CESA with technical support on social responsibility work, helping CESA establish its CSR committee and conduct R&D on normative and promotion systems of social responsibility at the industry-level. This is China's first collaboration plan and working mechanism between two industrial organizations in the field of social responsibility. To this end, the two associations also strengthened collaboration in human resources. CNTAC Vice President Sun Ruizhe accepted the appointment by the Social Responsibility Committee of CESA as a member of the board of advisors, and Deputy Director of the Office, Yan Yan as Deputy Director of the Committee. The Office also sent experts to participate in the social responsibility programs of CESA on a long-term basis.

IV. International Cooperation on Social Responsibility

CNTAC has attached great importance to international promotion and cooperation since its first CSR program. On the one hand, extensive international dialogue and in-depth international participation will promote the understanding of international stakeholders about the industry and strengthen China's international voice on relevant issues; on the other hand, cooperation and integration with international CSR systems will help enhance the efficiency of the different parties in operating the CSR system.

1. Participation in International CSR Initiatives

CNTAC's CSR experience has also attracted the attention of international institutions, especially the United Nations agencies, which has enabled CNTAC to upscale its experience to the international level and has



made CNTAC one of the Chinese institutions deeply engaged in the United Nations CSR initiatives. As early as 2009, a CNTAC expert participated in the drafting of the "Guidance on Responsible Business in Conflict-Affected and High-Risk Areas" initiated by the UNGC and Principles for Responsible Investment (PRI). In 2010, United Nations Children's Fund (UNICEF), the UNGC and Save the Children launched the "Children's Rights and Business Principles" initiative (CRBP). In late 2010, Liang Xiaohui, Chief Researcher of the Office was elected into the Expert Reference Group (ERG) for the initiative as a civil society representative. In 2011, the CNTAC expert participated in several ERG meetings held by the sponsoring institutions, and provided expert advice on the CRBP draft from the perspective of industrial sectors, while presenting the CSR practices of the Chinese textile industry. In June 2011, the CNTAC expert delivered an opening speech at the consultation meeting of the CRBP draft co-organized by the three sponsoring institutions, and CNTAC also organized representatives from several enterprises in the industry to take part in the discussions on the draft and put forward views and suggestions of the Chinese industrial sectors.

In November 2011, the UN roundtable on "CSR in Global Value Chains" co-sponsored by the United Nations Conference on Trade and Development (UNCTAD), the ILO and the Organization for Economic Co-operation and Development (OECD) was held at the United Nations European Headquarters in Geneva. The purpose of the meeting was to explore how public policy and capacity building programs

could be formulated and applied to strengthen the implementation of CSR initiatives along the value chain, particularly how to support and help the sustainable development of SME suppliers in developing countries through CSR actions. An expert from the Office was invited to deliver a keynote speech in the “Cooperation and Capacity Building” section. The CNTAC expert deliberated on how CNTAC worked with government agencies at different levels, businesses, and other industrial organizations and CSR systems to upgrade the capacities and CSR performance of the parties involved, and exchanged views with other representatives on such issues as carrying out public-private partnership in CSR and strengthening the responsibilities of all the relevant parties along value chain.

2. Cooperation between Social Responsibility Systems

CNTAC has been actively exploring ways to cooperation with other social responsibility standards and systems since the initiation of its CSR program. In 2007, CNTAC and European Foreign Trade Association (FTA) signed a strategic cooperation agreement and developed plans to promote collaboration and integration of CSC9000T and Business Social Compliance Initiative (BSCI) in the next few years. In 2010 and 2011, CNTAC held several talks with the United States-based organization Social Accountability International (SAI) to explore a viable framework for cooperation between the two or more systems.

On August 5, 2011, CNTAC and SAI signed an official cooperation agreement in Beijing to facilitate international promotion and local implementation of CSR in textile industry. Based on the objectives that both organizations recognize as pillars of sustainable business, the following specialized areas of cooperation have been identified: joint development of unified guidance for industrial and specific issues, joint development of effective promotion strategies, capacity building for producers and other parties concerned, joint promotion of supply chain dialogue, and raising the sustainability awareness of domestic consumers. As the first step, a multi-system sharing and cooperation platform was to be established to promote the consensus on sustainable development strategies

among various systems.

On October 6, 2011, 2011 BSCI Annual Conference was held in Brussels. CNTAC representative was invited to the conference. At the forum entitled “Building Synergies between CSR Systems”, he shared with the participants CNTAC’s cooperation with SAI, BSCI and other systems, and called on more CSR systems to take part in collective actions to strengthen cooperation and integration between the systems and improve the operational efficiency, credibility and transparency of the global CSR systems and standards in an overall manner. This appeal received positive response from Worldwide Responsible Accredited Production (WRAP) and the Netherlands Solidaridid.

After rounds of discussions and study, the five systems (CSC9000T, SAI, BSCI, Solidaridid and WRAP) concluded that a commonly owned and shared multi-stakeholder advisory agency shall be established. In late 2011, the five systems agreed to found the “Multi-stakeholders Advisory Committee” (MAC) in China. The MAC is aimed at providing an active dialogue platform to promote consensus and practices on sustainable development and their implementation for the government, local enterprises, multinational companies, workers, CSR auditors and other stakeholders. The MAC will convene meetings on a regular basis, sharing the latest trends and cutting-edge issues in the international development of CRS, discussing the problems and challenges in implementing CSR systems in China, and putting forward common approaches and solutions, including the development of guidance document in the area of labor protection with specific requirements to uniform auditing and certification practices of different standards and system. The MAC hopes that such guidance will greatly facilitate factories’ implementation of all participating standards and systems and minimize the overlapping or conflicting practices among them.



Part III:

The Young Generation of Migrant Workers: New Opportunities and Challenges for the Development of the Industry

- 》 I. The Study on the New Generation of Young Workers
- 》 II. Career Expectations and Experiences of Young Workers
- 》 III. Living Environment and Life Status of Young Workers
- 》 IV. Management and Policy Recommendations





Young workers are the future of the Chinese manufacturing industry. According to China's Ministry of Human Resources and Social Security (MOHRSS), by the end of 2010 there were an estimated 242.23 million rural workers in China; 153.35 million of them were migrant workers in the cities. Sixty per cent of the 153.35 million were born in the 1980s or early 1990s, the equivalent of more than 100 million people. They form the absolute majority of what's called "the new generation of rural workers". The textile and apparel industry is one of the sectors where most young workers are employed; and for many young workers, they also began their careers in textiles and clothing factories.



I. The Study on the New Generation of Young Workers

1. Research Background and Subjects

Companies which employ young migrants, particularly those with a very large number of such employees, bear the primary responsibility. In recent years, the proportion of the young workers has been increasing in many workplaces, and the age structure of the employees has changed greatly. As the huge number of young rural workers migrated into cities, moved quickly and returned, a significant change has occurred in the Chinese labour market. From the employer point of view, labour shortages in some factories have been reported and managers also face challenges recruiting and retaining workers. The sustainability of enterprises is therefore depending on good solutions to these problems.

On the other hand, as both the Chinese economy and society have developed, new issues have arisen in relation to the employment of young people in the manufacturing sector. For example, a high turnover of staff has made it difficult for young workers to improve their skills and fully develop their creativity, and an increased awareness of rights could be taken further. Furthermore, ineffective management approaches are failing to inspire and motivate the younger generation. We believe that in order to effectively deal with these challenges we must first listen closely to the young workers themselves, to learn how they see the world around them. With this in mind, CNTAC and the Center for Child Rights and Corporate Social Responsibility (CCR CSR) jointly launched “On the path to their truth – a study listening to the voices of young migrant workers” in July, 2011, with the support of the Swedish Embassy.

The research was aimed at young migrant workers aged 16 to 25. The reason that they are referred to as “new generation of young workers” in this report, instead of “new generation of rural workers”, is that they are essentially different from the previous generation. Against the background of accelerating industrialization and urbanization in China, the majority of this generation is not willing and not going to return to villages, but is trying to stay in cities, and therefore, “new generation of young workers” is a more accurate term.

2. Research Methods

A key feature of the study was the participation of the young workers and the co-researchers. We believe that young people are vital in the process of solving their own problems and it was, and is, important that they can observe the principle of youth-centered research. Feedback was provided for the young workers involved and hopefully this will

help them address identified issues.

This basic idea of this methodology was to make young workers try to reflect on their lives and the lives of their colleagues and put forward solutions on related issues. To be specific, three or four young workers from each factory were chosen on voluntary basis as co-researchers to work alongside the research team. After some training they recorded the routine work and lives of their peers both at work and in their living quarters. They took photographs and carried out interviews, helping to present the lives, aspirations, and recommendations of their young colleagues. At the end of the research, research experts and co-researchers gathered to share and analyze the collected information.

3. Research Sample

This study was carried out from early July to mid-September 2011 in six factories of five provinces. The 6 factories located in Fujian, Jiangsu, Zhejiang, Gansu and Guangdong, with 4 of them being garment and textiles enterprises located in economically developed coastal provinces, and the rest 2 beverage enterprises located in inland areas. Although these 6 factories are lacking the variety in types, but the proportion of young workers in all factories is relatively high, and the proportion of young workers in a factory in Guangdong is nearly 80.

In this two-month study, 700 pieces of data from questionnaires, interviews and group discussions were collected by research group. Research experts conducted in-depth interviews on 48 young workers, group discussed with 60 young workers, interviewed 13 middle-level and top-level managers, and 408 young workers completed the questionnaires; moreover, 18 young workers were employed as co-researchers and they interviewed 71 workmates.

II. Career Expectations and Experiences of Young Workers

1. Work Expectations of Young Workers

The young workers have various expectations and understandings of the meaning and value of work. They generally believe that work as an employee

is a means of supporting themselves, lightening the financial burden on families, broadening their views and saving some money for future life or starting their own businesses. It is thus clear that for most of the young workers, working for others is just a temporary strategy. The study finds that, most of the young workers have worked for less than three years, but 20.2% have changed jobs once, 33.0% have changed jobs twice and 20.7% have changed jobs three times since they began working in the cities. Only 26.3% have never changed jobs.

The outcomes of the survey indicate that, the young people are not merely content to find just any job; instead, they choose a job after considering various factors. Several factors contribute to their job security such as good pay, learning opportunities, decent living and work environment. However, there can be significant contrasts between actual work benefits and expectations. This gives an external push to their frequent turnover and leads to a strong internal drive for migrant working. This may be an important reason for their preference in “roaming jobs”.

Fair and satisfying salary/benefits. Not only are the young workers expecting higher salary and better life, but they are also hoping for interesting work and comfortable work environment. In their opinion, whether the salary/benefits are fair and just enough to make them largely satisfied is one of the main reasons for them to change jobs and migrate.

More appealing work. The young workers generally agreed that, in addition to salary, the key to improving enthusiasm and efficiency is the appeal in work itself. The attractions of work depends on: 1) whether or not the type of work assigned suits them, 2) whether or not they can experience and learn different production procedures and skills, and 3) whether or not the work time is flexible, for instance, no excessive overtime as long as the work is done pursuant to requirements on quality and quantity.

More friendly management and work environment. Young workers yearn for respect and understanding from others. They expect other people to value their needs, personalities, talents and interests; they want to have good relationships and communication skills; they hope management can be fair and transparent. They dislike bossy management

staff and also do not like to be treated differently from local employees. They would like to work in a caring and friendly environment.

Company of relatives or friends. The survey indicates that young workers working in the same factory or a neighbouring factory as as other family members do tend not to change jobs frequently. Whether or not there are friends or acquaintances nearby is an important factor they bear in mind when choosing a job.

Steady career development. The young workers believe, their career development is closely related to the support offered by the company, especially its management strategies. For example, whether the enterprise or factory has training plans and career development programmes for the young workers, whether it has organised team building and established capable frontline management teams to enable young workers to acquire professional growth, and whether they recognize the corporate culture and have a sense of belonging to the enterprise.

Table 1 Comparison of expected working conditions and actual benefits

What is valued when job-hunting	Ratio (%)		The actual attractiveness of the factory
Salary/wage	71.6	52.3	Living conditions
Chance to learn new skills	63.4	37.9	Chance to learn new skills
Living conditions	56.2	30.2	Having acquaintances
Work environment	50.5	28.9	Work environment
Management style	36.8	36.8	Leisure time
Making friends	26.1	19.8	Making friends
Leisure time	24.4	19.3	Salary/wage
Position in firm	21.6	17.3	Management style
Chance to stay with family	16.4	8.3	Position in firm
Close to family	12.9		

When it comes to future careers, the young workers generally want to start their own businesses, i.e., being business owner, or self employed, becoming successful business persons. Therefore, a “boss” is often a “successful model” that they would like to be. However, they often lack a feasible plan and external resources in practical support and effective guidance, making it hard for their “business ambition” to come true.

Table 2 Comparison between training needs and ways to improve

Ratio (%)	What is valued when job-hunting	The actual attractiveness of the factory	Ratio (%)
68.8	Better working skills	Have some professional training	66.9
43.3	Financial management skills	Further education for diplomas	39.1
40.8	Interpersonal skills	Learn from mentors	18.2
28.5	Psychological health	Self-study	8.8
28.2	Laws and regulations	Earn while wandering around	8.8
16.1	Local dialects and customs	Learn as an apprentice	8.3

2. Work Experiences of Young Workers

Much negative emotional experiences. Many young workers think the words that best describe their emotional feelings in the past week are “annoyance”, “tedium” and “depression”. In the questionnaire survey, workers with these negative emotions amount to 47.1%, 39.5% and 37.5% respectively. Only 36 of young workers involved in the questionnaire - just 8.6% - said they felt comfortable at work. When interviewed, young workers frequently referred to “bad mood” and “annoyed & bored” in workplace.

Intense boredom in workplace. The young workers easily feel agitated and tired because of the long working hours and the monotonous and repetitive work. More importantly, the workers can only work with machines and materials most of the time rather than communicate with others. Many youngsters say after a long-time work, “numbness” is the only feeling.

Desiring more meaningful leisure time. Generally, the young workers think their leisure activities are boring, monotonous and meaningless. The interviews conducted by co-researchers in different factories suggest the young workers are not really satisfied with personal and leisure activities which cost them nothing like watching TV, chatting with friends or playing with mobile phones. Instead, they would prefer more commercial activities such as singing, dancing, travelling and shopping with friends.

Being overlooked in factory management. Many young workers think the company only sees issues from its own point of view and not from that of its employees. Workers are in a “being managed” position,

which demands more “obedience and following” and hardly offers any opportunity to participate in management. They enjoy few chances in expressing themselves, and their ideas and opinions are often ignored.

III. Living Environment and Life Status of Young Workers

1. Management Environment of Young Workers

According to the survey, 90.4% of the youngsters have completed junior high school; 88.7% have siblings, 92.3% are unmarried and more than half have never been engaged in routine farm production for more than six months, and they migrated to cities as soon as they graduated.

Companies now pay more attention to the management of young workers, yet the management approach is in a way passive. The survey indicates that, companies often think the young workers can be difficult to manage, and have adopted some improvement measures. But these measures are usually adjustment and responses taken in a passive way, with some degree of hysteresis. The main reason lies in the fact that, factory management focuses on “production management”, with the main consideration on production goals and efficiency, and intentionally or unintentionally, neglects the feelings and needs of workers beyond wages. Furthermore, in many cases, most of the management staffs are local residents, and differences in language, culture and habits would occur, making it difficult for them to mix freely with young workers. The prevailing understanding by the



management staff on people-centered management is “not to argue with them”, “coaxing them around”, “just make them accomplish the task well”.

Young workers have limited participation in management and their opinions tend to be ignored.

The survey indicates that, young workers have limited channels to express their opinions or participate in management in a substantial way, and many young workers think their opinions or ideas are not valued at all. On the one hand, the majority of companies tend





not to encourage young workers to engage in daily management directly; and on the other hand, few young workers realise that participation is an important right, and seldom do they actively learn the means of participation or improve their capacity in participation and expression.

2. Life Status of Young Workers

The young worker's rural, not urban, household registration has turned them into a marginalized

population in the cities. This has led to numerous difficulties and obstacles in accessing social supports and welfare.

The unusual family life has led to the inadequate or lacking of parental support, making some young workers emotionally undetached or closed off. Due to the lack of family experiences, young workers away from home have a poor sense of security and well-being. Among the sampling group, 25% of male workers and 31.4% of female workers had experiences of being apart from their parents during their childhood. Such separation implies inadequate parental support in daily life as well as a huge affection gap with their parents. The parents could only try to satisfy the material needs of their children, with little chance of giving them adequate emotional support. The inadequacy or lack of family affection and support has weakened the young workers' ability to express emotions or feelings, and establish and maintain close relationships.

They yearn for love and happiness but difficult to find suitable partners, which lowers their happiness in life. As the young workers are generally confined to their narrow groups of acquaintances, they can only really choose partners from their own limited social networks. They would like a permanent relationship but cannot be really committed to each other because of job instability. It is not easy for most young workers to find their ideal partners and get married and settle down, which is very different from their vision of life.

Lower level of competitiveness and prospects of promotion is accompanied with limited access to occupational training and career development. The young workers normally have limited professional skills, making them less competitive in the labour market and therefore not in a strong position to negotiate salaries. They are willing but not qualified enough to learn new technical skills. This prevents the workers from becoming professional technicians or getting a supervisory position. On the other hand, the government and social organizations can only provide scarce training opportunities and resources for them, and as a result, they generally lack feasible strategies to improve themselves.

It is hard for young workers to be true





members of the local community, but “outlanders in cities”. Although young workers live in cities, there is estrangement between them and the urban communities and residents. Neither can they enjoy the same social insurance schemes as urban residents or employees do, nor can they integrate into local communities in their daily life. Outside the factory, they usually live in communities where migrants concentrate, like a village within a city. Their living quarters are often isolated from local residents, having no substantial relation with the city. Therefore, often they feel they are “insignificant” “workers in factories”, but not “local community residents”.

3. Life Objectives of Young Workers

However, research and interviews indicate that, the new generation of young workers is one emphasizing self-values, with stronger needs in dignity, aspiring self-support, self-independence and self-realization. This can be seen from following facts: most young workers long for chances to act on their own, and wish to have free time and their own space and not to have to act in accordance with the will of others; they want to be independent from their families, and be masters of their own affairs; and they wish for achievements, as well as a rich, easy, relaxing and decent life.

The prevailing life vision of the new generation is to find someone to love, have a happy family and settle down in a city, while they do not want to get married too early or have more than one or two children. They generally will not educate their children in the way

their parents educated them.

IV. Management and Policy Recommendations

In order to better understand and adapt to the characteristics of young workers, further harmonise relationships between companies and young workers and give full play to their initiative and creativity, create a win-win situation and resolve labour shortages and challenges in management, firstly, the following recommendations are proposed to companies to adjust and improve management model.

1. Interviews of “Free Choice”

Young workers yearn for respect and self-control of their lives. When applying for a job, they do not want to be simply “chosen”, but would like to make a “free decision” with proper knowledge of the factory. Therefore, an impressive interview could be the starting point of a positive career life for young workers.

2. Provide New Employees with “Newcomer’s Care Package”

Young workers migrate with nice dreams and expectations for the future, while the first few months in factories are normally an acute transition period for them. In such a period, young workers need support and care, psychologically and emotionally. Therefore, companies could develop support schemes for new

staff to get acquainted to the work environment and life in the factory, which would help them go through the transition period smoothly and cultivate lasting interest in work.

3. Develop Friendly, Respectable and Trustworthy Frontline Management

Young workers frequently interact with frontline managers, and they can therefore either establish and build a good relationship with them or have conflict with them. Such frontline managers are not only the nexus between the company and young workers, but also could be their examples to follow as well as audients of their voices. For companies, frontline managers are also responsible for implementing regulation as well as employee care programs. Whether or not their management strategy suits the characteristic of young workers and are acceptable to them will influence their lives and recognition of corporate culture.

4. Provide Young Workers with More Platforms to Participate and Contribute

Companies need to change management philosophy, and try their best to increase approaches and mechanisms for employees to participate in management, and create a participatory environment. Companies should also change the authoritative management model with strict rules, to dynamic and creative team-work management approach. While creating an atmosphere of equality and mutual respect, companies should establish effective communication channels for young workers.

5. Promote Young Workers' Integration into Local Society

Companies should take up the responsibility of facilitating young workers' integration into urban communities through linking young workers with local groups, and bridging the gap between young workers and local society. Companies can integrate local professional institutions and organizations (e.g., the China Youth League, trade unions, the All-China Women's Federation, parental health care institutions, residents' committees, public interest groups) as well as social resources into management system. Meanwhile,

companies can improve interactions between employees and local society through community activities and volunteer work, which will offer new capacities for local community services, and improve the image of young workers among local residents, making them accept the new generation of workers with a more understanding and open mind-set.

Nevertheless, when it come to social security system, the government and other public institutions shall also pay close attention to the new generation of young workers and shoulder due responsibility. For example, the government should eliminate the existing barriers between urban and rural residents relating to education, medical care and housing, and provide young workers with the same quality services. In addition, from the perspective of the distribution of social service resources, government can support local communities in bringing migrant workers into their service scope, solving the problems such as admitting their children to kindergartens and schools, and increasing the capacity of young workers and their younger generation in developing themselves in the cities.

In conclusion, only when the government, communities and companies work together and fulfil their respective responsibilities, can the situation of "low employment satisfaction, low social participation and low happiness in life" of the generations of workers born in the 1980s, 1990s and even 2000s be changed fundamentally. Moreover, only when generations of young workers work and live with decency and dignity, can we ensure the sustainable and healthy development of the chinese textile industry as well as the Chinese economy.





Part IV:

Work Plan for Social Responsibility of Chinese Textile and Apparel Industry in 2012-2013

- » I. Promote and Improve Social Responsibility Management and Information Disclosure Systems
- » II. Promote Green Supply Chain and Energy Conservation and Emission Reduction
- » III. Follow and Study Social Responsibility Issues in the Context of Industrial Transfer
- » IV. Further Promote Cross-sector Social Responsibility Cooperation
- » V. Deepen More Extensive Cooperation with Social Responsibility Systems





The “12th Five-Year Plan” for the Development of the Textile Industry explicitly defines the strategic significance of social responsibility for the development of the industry while outlining priorities of social responsibility work for the industry. According to the strategic objectives of social responsibility in the industry as well as the specific requirements of the “12th Five-Year Plan”, in 2012 through 2013, CNTAC will carry out social responsibility programs in the following five major areas in an all-round, consistent and in-depth manner.

I. Promote and Improve Social Responsibility Management and Information Disclosure Systems

CSC9000T has been proven to be an effective tool for enterprises in the industry to enhance their social responsibility abilities and performance; meanwhile, it is also the system foundation for social responsibility programs in the industry. Therefore, in the future, we will strengthen the promotion and implementation of CSC9000T so that more enterprises in the industry can share the social responsibility experience that is accumulated in the past seven years. In addition, the CSR-GATES-based social responsibility performance information disclosure system has been well implemented in many enterprises. In 2012 and 2013, while continuing to facilitate the wider application of the information disclosure system, we will revise and improve the system and its working mechanisms to better adapt to the rapid development of information disclosure practices and new trends.

II. Promote Green Supply Chain and Energy Conservation and Emission Reduction

According to the “12th Five-Year Plan”, energy conservation and emission reduction pose a long-term challenge for social responsibility of the industry and form a key requirement for industrial upgrading, transformation and restructuring. On the other hand, the interrelated and interactive impact relationship among stakeholders along the textile and apparel supply chain including brand merchants, suppliers and consumers regarding energy conservation and emission reduction has received great public attention in recent years. Therefore, we will make full use of the intermediary role of the industrial organization, work with relevant parties to explore the responsibility coordination and implementation mechanisms in the process of creating a greener supply chain, and study and promote proven good practices and typical cases in this area.





III. Follow and Study Social Responsibility Issues in the Context of Industrial Transfer

The gradient industrial transfer has brought special opportunities and challenges concerning social responsibility in the industry. Although this issue has received a degree of attention in recent years, yet extensive and in-depth empirical research and study is urgently needed to provide support and references for relevant parties in their economic and social decision-making. In 2012 through 2013, we will keep close tabs on the social responsibility issues in the process of industrial transfer. We will also conduct nationwide, systematic study on the social responsibility ideas and actions of all parties concerned in the context of industrial transfer. On this basis, we hope to draw lessons and experiences from corporate cases and advocate good practices, and will consider developing an action guide to assist businesses in carrying out scientific, responsible and sustainable transfer.

IV. Further Promote Cross-sector Social Responsibility Cooperation

Under the coordination and support of the MIIT, CNTAC has established strategic partnership with CESA in 2011. CNTAC pledges to provide technical support for the social responsibility work in the electronic and information industry, and systematically transplant relevant experiences and resources into the industry. In 2012 through 2013, in accordance with the planning of the MIIT and the cooperation agreement between the two industrial organizations, we will assist the electronic and information industry in establishing its own social responsibility normative system and promotion mechanism at the industry level, including drafting the Guidance document for the Chinese electronic and information industry, formulating its implementation details, as well as collecting and compiling practical case studies.

V. Deepen More Extensive Cooperation with Social Responsibility Systems

In 2011, CNTAC, together with BSCI, SA8000, WRAP and other systems, founded the public platform for multi-system dialogue and coordination “Multi-Stakeholders Advisory Committee” (MAC) in China. In 2012 through 2013, we will make full use of this platform, study various issues of common concerns to the systems in the form of MAC meetings and develop shared solutions so as to enhance the horizontal efficiency and consistency of the systems in their China operations on the basis of cooperation. In terms of the depth of cooperation, we will continue to facilitate integration and cooperation with BSCI, SA8000 and other systems and strive to achieve mutual recognition of performance among the systems as soon as possible.



Acknowledgments

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- ◆ Ministry of Industry and Information Technology
- ◆ National Development and Reform Commission
- ◆ State-owned Assets Supervision and Administration Commission of the State Council
- ◆ Ministry of Human Resources and Social Security
- ◆ Chinese Financial, Commercial, Light Industry, Textile and Tobacco Workers' Union
- ◆ Departments and Member Associations of CNTAC

Appendices

I. CSC9000T Chronicles (2005-2012)

2012 |

Mar. 12th, 2012

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. 28th, 2012

The project report "On the path to their truth: A study 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, 2012

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

Jan. 19th, 2012

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, 2011

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, 2011

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

Nov. 16th, 2011

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.

Aug. 5th, 2011

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.

Jul. 7th, 2011

“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.

Jun. 28th, 2011

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.

Jun. 28th, 2011

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.

May 28th-30th, 2011

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.

May 26th, 2011

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.

Feb. 13th, 2011

The 9th Joint Conference between CNTAC and the Chinese Financial, Commercial, Light Industry, Textile and Tobacco Workers' Union Convened and ACFTU convened in Beijing.

Jan. 24th, 2011

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, 2010

The 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, 2010

The 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, 2010

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, 2010

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, 2010

“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

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, 2010

Vice President Sun Ruizhe attended United Nations Global Compact Leaders Summit in New York City.

May 26th, 2010

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, 2010

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.

Jan. 12th, 2010

The joint release of ten CSR reports by enterprise of the industry selected as 2009 top news event of the industry by textile and fashion media.

2009 |

Dec. 2nd, 2009

CNTAC was awarded with the “2009 Golden Bee Special Contribution Award for Social Responsibility Reporting in China” at the China Social Responsibility Reporting Symposium co-organized by China WTO Tribune, the Sino-German Corporate Social Responsibility Project of the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), and China Business Council for Sustainable Development (CBCSD).

Nov. 30th, 2009

Shanxi government made specific reference to CSC9000T in evaluating the social performance of SMEs for CSR awards.

Nov. 30th, 2009

Vice President Sun Ruizhe met with the French delegation headed by Mr. Michel Doucin, the visiting ambassador of Social Responsibility of the French Ministry of Foreign Affairs, and exchanged views on social responsibility concerns.

Nov. 21st, 2009

CCTV2 aired documentary “The Wealth of Responsibility”, broadcasting the industry’s practice and experience in CSR.

Oct. 17th, 2009

Evaluators and trainers’ upgrade training for the new version of CSC9000T held in Beijing, 22 CSR experts participated in the training.

Oct. 5th-6th, 2009

Representative of CNTAC attended the Symposium on Enhancing Public-Private Partnership on Corporate Social Responsibility organized by the Asia-Pacific Economic Cooperation (APEC) in Hanoi, Vietnam, and presented the practice of the industry in social responsibility.

Jun. 29th, 2009

Joint Launch Conference of Sustainability Reports of Chinese Textile and Apparel Enterprises held in Beijing and ten textile enterprises released their first CSR reports, making them the first group of companies in the industry that have published verified CSR reports.

April, 2009

China Sustainability Reporting-Verification Rules and Instructions (CSR-VRAI) and the China Sustainability Reporting-Indicator Definition and Assessment (CSR-IDEAS) released, marking the establishment of China’s first CSR reporting assurance system.

2008 |

Nov. 18th, 2008

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, 2008

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, 2008

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, 2008

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, 2008

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, 2008

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, 2008

The 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, 2008

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, 2008

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

Apr. 2nd, 2008

China Federation of Industrial Economics (CFIE) launched its CSR guidance, a joint work and initiative with CNTAC.

Mar. 4th, 2008

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, 2007

The CSC9000T Plan 200.8 launched at the 2007 Annual Conference on Social Responsibility of China Textile and Apparel Industry.

Dec. 1st, 2007

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, 2007

The study tour to Europe of CNTAC CSR delegation at the invitation of the Foreign Trade Association (FTA) and European companies.

Nov. 21st, 2007

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, 2007

CSC9000T ranked the first grade in CNTAC technology advancement awards.

Oct. 23rd-26th, 2007

The RSCA provided trainings on the Labor Contract Law in Shanghai and Shenzhen to member companies

Aug. 31st, 2007

The initial evaluations of "10+100+1000" Project commenced at 50 companies in 5 clusters: Puyuan, Shenhu, Pinghu, Haining and Jintan.

Aug. 10th-12th, 2007

The second group of CSC9000T auditors and trainers trained in Beijing.

May 26th-Jul. 11th, 2007

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, 2007

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, 2007

CNTAC workshop for media observers on CSR held in Beijing.

May 22nd, 2007

The National Development and Reform Commission (NDRC) issued a public report on the development of social responsibility in China's textile and apparel industry.

May 18th, 2007

Cooperation Agreement signed with the FTA to further the unity between BSCI and CSC9000T systems.

May 9th-10th, 2007

The RSCA offered trainings on CSR to over 30 Chinese NGO representatives.

Apr. 13th, 2007

CSC9000T passed the project appraisalment organized by CNTAC.

Apr. 3rd, 2007

CSC9000T nominated by the NDRC as an industrial standard.

Mar. 31st, 2007

The first batch of CSC9000T auditors and trainers trained and certified by the RSCA.

Mar. 12th, 2007

President Du Yuzhou submitted the “Two Policy Proposals concerning the Implementation of CSR in Textile and Apparel Industry” on the NPC and NPPCC meeting.

Feb. 28th, 2007

The 5th Joint meeting between CNTAC and All-China Federation of Trade Unions (ACFTU) discussed CSR issues.

Jan. 18th, 2007

The International Seminar on the Prevention of Work-place Sexual Harassment acknowledged the experience of CNTAC and the best practice of CSC9000T in related areas.

2006 |

Dec. 12th, 2006

The First Annual Conference on Social Responsibility of Chinese Textile and Apparel Industry was held in Beijing and the Annual Report on Social Responsibility of Chinese Textile and Apparel Industry (2006) published.

Nov. 24th-Dec. 1st, 2006

The Environmental and Social Compliance Program for China Textile Industry conducted trainings in Dezhou, Binzhou, Weifang and Zibo of Shandong province.

Nov. 11th, 2006

The EU-China Corporate Social Responsibility Forum and its related training programs were jointly organized by CNTAC and the EU DG Enterprise in Humen, Shishi and Haining, three major textile industrial clusters.

Jul. 26th, 2006

The Ministry of Finance, the NDRC and the Ministry of Commerce jointly issued a circular regarding “the Policy to Encourage Chinese Textile Enterprises in Adjusting the Growth Mode and to Expand Business in Overseas Markets”, placing emphasis on supporting the textile industry to develop CSR management system, formulation of industry specific CSR initiative and its dissemination both at home and abroad.

Jun. 13th, 2006

The NDRC circulated the “Development Guidelines on the Textile Industry in the ‘11th Five-year Plan’ Period”, underlining the dissemination and improvement of the CSC9000T management system in Chinese textile industry.

Apr. 29th, 2006

10 ministries and government departments, including the NDRC, the Ministry of Labor and Social Security and Ministry of Commerce jointly issued a circular concerning the acceleration of the textile industry structural adjustment, stressing the encouragement of the textile industry to implement the CSC9000T management system to improve CSR performance.

Apr. 1st, 2006

The Environmental and Social Compliance Program for China Textile Industry jointly sponsored by CNTAC, the IVAM of University of Amsterdam and University of Shandong was initiated, which is a Sino-Dutch governmental cooperative project.

Mar. 28th, 2006

CSC9000T Implementation Guidance was completed and its Pilot Program launched.

2005 |

Nov. 30th, 2005

CNTAC was invited to the UN Global Compact Leaders Summit in Shanghai, and the creation of CSC9000T was introduced.

Oct. 27th, 2005

CNTAC signed a Letter of Endorsement on CSC9000T with the Canadian retailer Hudson's Bay Company.

May 31st, 2005

The Responsible Supply Chain Association (RSCA) of CNTAC was established and CSC9000T China Social Compliance for Textile and Apparel Industry Management System (Principles and Guidelines) published.

Mar. 22nd, 2005

A group of 140 Chinese textile and apparel enterprises proposed the joint initiative regarding “Greater Advocacy of Social Responsibility” to further address CSR related issues in support of developing industry specific and self-disciplinary CSR codes by CNTAC.

Jan. 17th, 2005

The Chinese textile delegation led by Mr. Du Yuzhou, President of CNTAC attended the Canadian Retail Conference in Toronto and the Annual Conference of National Retail Federation in New York. Mr. Du made speeches at both events and had broad exchange of views and ideas with international retailers on CSR advocacy and construction in the Chinese industry.

II. 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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