2014-2015 Annual Report on Social Responsibility of Chinese Textile and Apparel Industry



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Foreword

The year 2014 was most likely to mark a watershed of development route in the history of social responsibility.

In China, the Resolution of the CPC Central Committee on Certain Major Issues Concerning Comprehensively Advancing Law-Based Governance of China approved at the Fourth Plenary Session of the 18th Central Committee of the CPC explicitly required to strengthen legislation related to CSR. Revisions to the Environmental Law and the Production Safety Law intensified enterprises' liabilities, and established systems for mandatory information disclosure and stakeholder engagement.

In Europe, the European Commission issued directives requesting that certain enterprises disclose their measures for issues like environment, employee, human rights and anti-corruption on a yearly basis. Concurrently, EU regulations for the due diligence of conflict mineral supply chains are under development.

In the United States, the implementation of Dodd-Frank Act Section 1502 on the disclosure of conflict minerals has reached a substantial stage, with. more than 1,300 enterprises having filled in special disclosure forms as requested.

The United Nations Human Rights Council adopted a resolution in June to establish an intergovernmental working group to draft legally binding international instruments on multi-national corporations as well as other business and human rights, with an aim to regulate the activities of multi-national corporations and other businesses under the international human rights law.

Around the globle, the trend to strengthen regulation on corporate responsibility seems to be taking shape. On the one hand, the legalization of social responsibility has reached a new level in terms of issue depth, subject breadth and implementation strength. On the other hand, regulation will undoubtedly limit enterprises' space for voluntary and self-initiated actions; the status as regulated subjects will diminish their confidence in engaging in collaborated governance. Nevertheless, the regulation-oriented policy option seem to become rather explicit and irreversible.

Among all the reasons, improving the legal basis for social responsibility is no more than a decent excuse. More importantly, reinforced regulation may, to a large extent, reflect the disappointment of the government and the general public towards enterprise-dominated voluntary social responsibility agenda over many years. This is, in fact, a reminder to enterprises and social responsibility practitioners: if we fail to take the responsibility proactively and seriously, the responsibility will eventually become an obligation.

The social responsibility practices of China National Textile and Apparel Council (CN-TAC) in the past ten years has originated from the voluntary awareness evoked by market trends. The industry social responsibility work focuses, therefore, very much on building enterprises' capacity to carry out social responsibility management independently, as well as on actively establishing a system for stakeholder engagement and communication. At the industry level, we emphasize social responsibility practice disclosure and experience sharing. This series of the Social Responsibility Reporst of the Chinese Textile and Apparel Industry (which has been published annually since 2006) is a systematic presentation on how the industry takes its initiative to fulfill social responsibility. This pioneering practice not only has been rolled out to textile and apparel industry clusters in the past years, but is inspiring other industry organizations in China. The number of China's industry-level social responsibility reports kept increasing in 2014. Compared with reporting at the enterprise-level, these reports are more objective, more representative, and have higher research value.

This Report is sponsored by CNTAC. It is drafted by the Office for Social Responsibility, with vast data input and strong support from CNTAC's leadership and other departments. Meanwhile, the Council's stakeholders – both inside and outside China – have contributed valuable inputs for revision during the course of compilation.

This report consists of four main parts:

Part I analyzes the changes in industry's macro factors and their influence on the industry's social responsibility work, based on the description of the development of China's textile and apparel industry in 2014.

Part II explains the industry's social responsibility work and outcomes in 2014.

Part III displays the CNTAC's research findings on innovative technologies, information security, and IPR protection, aiming to provide action proposals to stakeholders, including enterprises within the industry.

Part IV expands on the 2015-2016 social responsibility work plan of China's textile and apparel industry.

Development of the Textile and Apparel Industry in 2014 and the Influence of Macro Industry Factors on Social Responsibility







The Development Status of the Chinese Textile and Apparel Industry in 2014



In 2014, China's textile and apparel industry witnessed steady development against a new economic background, under which its structure was gradually adjusted. In an industry that was experiencing profound changes inits internal and external environments, there were new opportunities and challenges for sustainable development.



1. Production and Investment

The added value growth slowed down, while the prosperity index remained within the growth range.

In 2014, China's economic growth was in a "gear-shifting period". The growth rate of the textile industry's added value was 7% - slightly lower than the growth rate of GDP. In order to achieve sustainable development, the industry requires transformation and upgrading, and needs to look for a new impetus for economic development.



Figure 1: Growth Rate of China's GDP and Textile Industry's Industrial Added Value in Recent Years

Data source: National Bureau of Statistics and Statistics Center of China National Textile and Apparel Council

As to the textile, apparel and accessories, and chemical fiber manufacturing segments, the growth rate of the apparel and accessories industry went up among the ranking of 41 industries in 2014. The growth rate of the chemical fiber manufacturing industry's added value kept abreast of the average growth rate between January and November, but its ranking has slipped.



In 2014, the industry's overall prosperity index remained in the growth range, with Q4 figure standing at 58.75. Data from the recent years show that the prosperity index lingered between 50 and 60, implying that development momentum was not strong enough.

Figure 2: Prosperity Index of China's Textile Industry

Data source: Entrepreneur questionnaire

Industry	Growth Rate of Added Value, January– November 2014	Ranking, January– November 2014	Ranking, 2013
Industry (41 catego- ries) average	8.3%	-	-
Textile industry	6.6%	31	28
Apparel and acces- sories industry	7.3%	28	32
Chemical fiber manufacturing industry	8.3%	22	20
Entire textile industry	7.0%	-	-

Table 1: Comparison of Growth Rates of the Textile Industry's Added Value and Industrial Average in the Past Two Years

Data source: National Bureau of Statistics and Statistics Center of China National Textile and Apparel Council



The investment growth rate improved, and the regional structure underwent gradual adjustment.

In 2014, China's textile industry completed a total fixed assets investment of RMB 1,036.253 billion yuan, up 13.37% from the previous year. In 2014, the industry's investment growth rate was 3.29% lower than that of the previous year. In 2014, the industry's newly started projects declined 0.52% year on year, showing that enterprises were not confident about investing in the industry.

Figure 3: Investment Scale of China's Textile Industry in Recent Years (Unit: RMB 100 million yuan) Data source: National Bureau of Statistics





In terms of investment structure, the investment percentage of Central China and West China improved, while that of East China declined.

Table 2: Changes in Investment Structure Data source: National Bureau of Statistics

1. Market Performance

International market – export scale expanded, while growth rate slowed down.

In 2014, China's textile and apparel exports totaled 298.426 billion US dollars, up 5.09%. Between January and November, the growth rate of China's textile and apparel exports declined 5.88% as compared with the same period in 2013.



Region	2013	2014	Percentage Change
East China	59.41	58.59	-0.82
Central China	32.15	32.37	0.22
West China	8.44	9.04	0.60



Figure 5: Growth of China's Textile and Apparel Exports in Recent Years Data source: Chinese Customs and Statistics Center of China National Textile and Apparel Council

In terms of the relationship between export volume and price, volume growth was higher than price growth.

Between January and November 2014, China's export price for textile and apparel products increased by a mere 0.02%, while the export volume increased by 5.7%. The export structure showed that the export growth of apparel was higher than that of textiles. Between January and November 2014, China's textile exports totaled 108.794 billion US dollars, up 5.1% year on year; apparel export totaled 171.743 billion US dollars, up 6.12% year on year.



Figure 5: Volume–Price Relationship of China's Textile and Apparel Export Growth in Recent Years Data source: Chinese Customs and Statistics Center of China National Textile and Apparel Council

Domestic market - retail demand continued to expand, while the growth of demand for apparel was lower than the overall demand.

In 2014, China's retail sales for consumer goods totaled RMB 26.24 trillion yuan, up 12% year on year; retail sales for consumer goods of enterprises above designated size totaled RMB 13.32 trillion yuan, up 9.3% year on year; retail sales for apparel products of enterprises above designated size totaled MRB 1.26 trillion yuan, up 10.9% year on year, 1.1% lower than that of domestic consumer goods.

In 2014, retail sales among China's 100 key large-scale apparel retail enterprises grew by 1% year on year (4% in 2013); the retail volume declined 0.3% year on year (3.4% in 2013). Statistics from China National Textile and Apparel Council's Sub-council for Circulation show that e-commerce trading for textiles in 2014 reached RMB 2.96 trillion yuan with a growth rate of 24.37%, registering rapid development. The development of the e-commerce platform provided consumers with convenience; however, the limitation of its development status (such as a lack of responsibility) has incurred losses to the



Figure 6: Year-on-Year Changes to China's Retail and Apparel Sales



Figure 7: Growth Rate of Sales among China's 100 Key Department Stores (by Month) Data source: National Bureau of Statistics

general pubic. Benefits and order should develop together in pursuit of common prosperity.

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Figure 8: Growth of Chinese Textile and Apparel Industry's E-commerce Trade Volume(Unit: RMB 100 million yuan) Data source: China National Textile and Apparel Council's Sub-council for Circulation

2. Economic Benefits and Production Efficiency

The scale of the industry's profit expanded and enterprises' management capacity improved.

The industry's profit scale among enterprises of designated scale continued to expand, while the growth rate slowed down. In 2014, China's textile industry achieved a total profit of 366.273 billion yuan, up 6.12% year on year. As to the links of the industry chain, the profits of apparel and industrial textiles increased rapidly. The industry's profitability remained stable, but the total turnover efficiency of assets declined compared with the same period ofthe previous year. The percentage of 'three fees' declined slightly to 6.17%, down 0.02% year on year. This means that the industry enterprises' management capacity has improved.



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YoY Growth (%)

11.21

2.89

1.38

10.55

5.85

13.79



Table 3: Profit Growth of Industry Segments Data source: National Bureau of Statistics



	Q3 of 2014	Q3 of 2013	Growth Rate (%)
Investment gains (RMB 100 million yuan)	30.40	20.67	47.07
Total profit (RMB 100 million yuan)	143.06	130.73	9.43
Total profit - investment gains (RMB 100 million yuan)	112.66	110.06	2.36

Profit (RMB 100

million yuan)

277.3

1103.84

180.24

1247.28

148.5

154.33

Industry

Chemical fiber

Cotton spinning

Printing and dyeing

Apparel

Home textiles

Industrial

Table 4: Profit-Investment Gains of Public Companies

The business revenue of public companies grew slowly.

In Q1-Q3 2014, the business revenue of 105 public companies in the textile

industry only grew by 2.39%. Apart from return on investment, profit growth was slow. As to major operation revenue and net profit, the textile sub-module performed well, and the chemical fiber sub-module slipped, while the apparel and home textiles sub-modules fared steadily. 21 companies were involved in mergers and restructuring, including 14 making active acquisitions and 7 undergoing passive restructuring.





Industry's Macro Situation in 2014 and Its Influence on Social Responsibility

In 2014, the change and emergence of a series of macro factors had a profound influence on China's textile and apparel industry. They also brought new opportunities and challenges to CSR building and sustainable development within the industry.

1. Environmental Protection

1.1 Innovative technologies drives industry upgrading

There existcertain conflicts between the industry's current development and the sustainable carrying capacity of environmental resources. It is an inevitable choice, therefore, to develop environmentally friendly technologies to increase resource utilization rate. Although the industry's annual average coal consumption has experienced a decline, the total volume remained at scores of millions of tons. Since the recycling rate of resources remained low, there was still heavy pressure on the industry to conserve energy and reduce emissions. With respect to the industry's current problem of structuring energy sources, stepping up cooperation among enterprises, universities and research institutes and improving the contribution of technological innovations to energy conservation and emission reduction are fundamental approaches to transforming the mode of extensive economic growth.

Meanwhile, improvements to technology and energy efficiency have received policy and credit support. In January 2015, the CBRC and the NDRC jointly released the Guidance on Energy Efficiency Credit to encourage and guide financial institutions to step up their work, especially in granting energy efficiency credits. For example, by the end of June 2014, energy conservation and environmental protection projects and services at 21 major banking institutions totaled RMB 4.16 trillion yuan, accounting for 6.43% of their total loans. Although the credit support currently provided by financial institutions to energy consuming units and energy conservation service companies is limited, the irreversible trend for encouraging innovation and energy conservation has already taken shape.

1.2 Regulations and policies reinforce the green development approach

In April 2014, the latest amendment to the Environmental Protection Law was adopted, making it the "most stringent environmental protection law in China's history." The new law increasesthe responsibility of enterprises in preventing and controlling environmental pollution. It steps up punishment for any enterprises breaching it, and establishes China's policies for encouraging the development of environmental industries and supporting enterprises to take environmental measures and set up an environment public interest litigation system.

At the same time, governments will establish a comprehensive green economy accounting system to streamline the relationship between environmental protection and economic development. In 2014, the Ministry of Environmental Protection restarted its green GDP research to reflect the "environmental costs" of economic activities in a comprehensive and objective manner. It is estimated that an accounting and assessment system for the environmental costs, benefits and capacity of economic development will take initial shape in 2017. Therefore, the industry's clusters and enterprises should consider the economic and environmental performance of the local textile industry in its development, so as to realize the harmony between environmental protection and economic growth.

1.3 Green supply chain influences market opportunities

In 2014, the environmental performance factor of the enterprise supply chain became an important factor influencing market opportunities for enterprises. In 2014, the Ministry of Commerce, the Ministry of Environmental Protection and the Ministry of Industry and Information Technology jointly released the Guidelines for Green Procurement by Enterprises (Trial) to guide the implementation of green procurement and establish a green supply chain. These Guidelines saw state policies encouraging enterprises towards green supply chains. Enterprises that integrate environmental protection into procurement, production and circulation links are able to gain more market opportunities. Enterprises within the industry should follow this trend by improving their environmental performance, stepping up supply chain management, and selecting responsible partners, in order to win market recognition.

1.4 Disclosure of enterprises' environmental information becomes public consensus

The new environmental protection law changes the disclosure of waste discharge information from "voluntary" to "compulsory", and requests that when compiling environmental impact assessment reports, enterprises should inform the potentially affected general public and fully solicit their opinions. Meanwhile, the new law stipulates that environmental law violation information will be recorded in an enterprise's social integrity archives and disclosed to the general public. In this way, policy forces are driving enterprises to be responsible to not only regulators, but also other stakeholders. Thus, the disclosure of environmental information is required.

The disclosure of environmental information has become a new initiative for enterprises to attract capital from the financial market In January 2014, the Ministry of Environmental Protection, the NDRC, the PBOC and the CBRC jointly released the Measures for Assessment of Enterprises' Environmental Credit (Trial) to guide various localities to carry out environmental credit assessment for enterprises, urging them to fulfill their obligations and social responsibilities in accordance with the environmental protection law. This means that recording and disclosing comprehensive environmental information are required. In term of local practices, Beijing Municipal Environmental Protection Bureau put enterprises' environmental law violationinformation into the basic credit information database of the People's Bank of China; and the "Credit Ningbo" Project in Ningbo, Zhejiang Province, made environmental performance an importance





factor in granting bank loans. At the same time, voluntary disclosure of enterprises' environmental information has gradually become a requirement of securities market for public companies. In the Standards for the Contents and Formats of Information Disclosed by Companies Publicly Issuing Securities No. 2 -Contents and Formats of Annual Reports (2014 Revision), the CSRC encourages companies to disclose their achievements in fulfilling their social responsibilities, including measures for preventing and controlling pollution, and for stepping up ecological protection.

2. Harmonious Labour Relations

2.1 Increasing labor costs and industry' s sustainable competitiveness

In 2014, the industry's labor costs maintained a growth rate of nearly 10%, while enterprises of a designated scale achieved a total profit of RMB 366.3 billion yuan, up 6.12% year on year, slower than the growth rate of labor costs. Considering the social reality of an aging population and declining birth rate, the rising labor costs will basically remain unchanged. The rise in salary is conducive to the improvement of living standards, but it also places cost pressure on labor-intensive enterprises. In 2014. some international orders turned to neighboring countries, triggering questions as to whether the competitiveness of China's textile industry was diminishing.

Low labor cost has long been an important reason why China's textile and apparel products have remained competitive in the international market. Under the "new normal", the industry must take an objective view of the relationship between increasing labor costs and sustainable competitiveness, so as to improve the latter. In the long run, the key to managing this challenge lies in technological upgrading and management, improving productivity, mitigating the pressure brought by increasing labor and resources costs, and cultivating sustainable competitive edges.

2.2 Development of migrant workers

In September 2014, the State Council issued the *Opinions on Further Improving Services for Migrant Workers*, providing guidance for transferring rural laborers to urban areas and integrating them into employment localities. The 2014 *Monitoring and Survey Report on China's Migrant Workers* released by the National Bureau of Statistics shows that there were 274 million migrant workers across China by the end of 2014. Although migrant workers constitute the largest ratio of workers in manufacturing industries, their ratio in manufacturing industries in 2014 dropped by 0.1%, indicating that the attraction of manufacturing industries to migrant workers is declining. Considering that more than 80% of the industry's work force is migrant workers, enterprises should take early action to improve their human resource management in order to appeal to the labor market.

			Unit:(%)
	2013	2014	Increase or Decrease
Primary Industry	0.6	0.5	-0.1
Secondary Industry	56.8	56.6	-0.2
Where: Manufacturing Industry	31.4	31.3	-0.1
Building Industry	22.2	22.3	0.1
Tertiary Industry	42.6	42.9	0.3
Where: Wholesale and Retail Industry	11.3	11.4	0.1
Transportation, Warehousing and Postal Services Indu	5.9	6.5	0.2
Hotel and Restaurant Industry		6.0	0.1
Resident Services, Repair and Other Services Industr		10.2	-0.4

Table 5: The Ratio of Migrant Workers in Manufacturing Industries Declining in 2014 Data source: National Bureau of Statistics

2.3 Protection of laborers' rights and interests

In the meantime, China still needs to improve its protection of laborers' rights and interests. The *Interim Provisions on Labor Dispatch (Provisions)*, which became effective in March 2014, clarifies the protection of dispatched workers' rights and interests. The *Provisions* clarify that an employer should strictly control the number of dispatched workers, which shall not exceed 10% of its total labor force (the sum of contracted and dispatched workers). Whereas China's manufacturing industries are gradually moving towards manufacturing and service industries, some practitioners in the textile industry are actually carrying out service work. The *Provisions* have provided an initial solution for addressing the longstanding ambiguous definitions for the rights and interests of dis-

patched workers.

According to the Notice on Driving the Program for Implementing a Collective Contract System circulated by the Ministry of Human Resources and Social Security in April 2014, China will drive the implementation of a collective contract system program between 2014 and 2016 to ensure that the signing rate of collective contracts will reach 80% by the end of 2015. A standardized and effective collective consultation mechanism will take shape, and there will be a smooth channel for employees to express their interests, so as to give better play to the role of collective consultation and a collective contract system in adjusting labor relationships. This also places higher requirements on enterprises in terms of human resource management and protection of laborers' rights and interests.

3. Fair Market Competition and Protection of Consumer Rights and Interests

3.1 Innovation and IPR protection

Only when supported by effective innovation protection can effective innovation outputs achieve the dual goals of serving industry upgrading and sustainable development. The high value of current innovation is now an industry consensus, but the crucial mechanism for incentivizing innovation and IPR protection still need improvement.

Protecting and respecting IPR is an inevitable requirement for developing market economy and maintaining market orders, as well as the responsibility of enterprises when taking part in fair market competition. In March 2014, the State Council approved the Opinions on Publicizing Information about Administrative Penalty Cases Involving the Manufacture and Sale of Counterfeit or Substandard Goods and the Infringement of Intellectual Property Rights (Trial) drafted by the Leadership Group for Nationwide Crackdown on the Infringement of IPR and the Manufacture and Sale of Counterfeit or Substandard Goods, thus clarifying the publication of information related to

"Intellectual property signifies mankind's recognition, from spontaneous to voluntary, of inventions and creations. By protecting intellectual property we protect innovations. By making good use of intellectual property we will encourage innovations, just like adding fuel to the sparks of innovation."

— By Li Keqiang at the meeting with the Director General of World Intellectual Property Organization (July 14, 2014)

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administrative cases involving the manufacture and sale of counterfeit or substandard goods and infringements. This means that the government has made a solid stride in protecting IPR. Enterprises within the industry should refrain from manufacturing or selling counterfeit goods and be aware of the serious consequences of doing so, taking initiative to protect their own intellectual property and respect others' intellectual property.

In October 2014, the State Intellectual Property Office printed and issued Opinions on Supporting the Development of Small and Micro Businesses with Intellectual Property. The document provides support for the creation, utilization, protection, management and service of intellectual property. In the textile industry, more than 90% of enterprises are mediumsized, small and micro businesses. The Opinions provide support and security for them to develop open, responsible innovations. In December 2014, the General Office of the State Council issued a notice for the State Intellectual Property Office and other units to comprehensively implement the national strategy on IPR (2014 - 2020). It called for application of the National Intellectual Property Strategy, improvement of the comprehensive capacity of intellectual property, further developments driven by innovation, and a push for achieving a higher quality and more efficient upgraded economy. This means that China has started to solidify the strategic position of IPR protection at the national level. During the course of development, the industry should combine innovation-driven actions and innovation protection, while exploring new economic growth points and responsible development modes.

3.2 Protection of consumer rights and interests

As the economic development and urbanization accelerates, the expanding demand for textiles and the consumption structure witness changes. The purchase volume of apparel and home textiles by the general public has increased, and the consumption demand has transformed from medium- and low-end to medium. However, there are still sub-standard and counterfeit goods on the market (especially in rural areas), which has hindered the improvement of living standards.

Per-capita Disposable Income of Residents * (¥)			
Index	2013	2014	
Disposable Income of Chinese Residents	18310.8	20167.1	
Disposable Income of Urban Residents	26467.0	28843.9	
Disposable Income of Rural Residents	9429.6	10488.9	

Table 6: Per-capita Disposable Income of Chinese Residents

* Disposal income includes wage income, net income of operations, net income of assets, and transferred net income.

Data source: National Bureau of Statistics

The newly revised *Law of the People's Republic of China on Protection of Consumer Rights and Interests* became effective on March 15, 2014. The new law shows the principles of treating consumers and business operators on an equal basis, tipping slightly in consumers' favor in terms of protecting rights and interests. It clarifies online shopping, rights litigation, punitive compensation and other hot issues related to the protection of consumers' rights and interests. Rapid growth in Internet channel consumption is a major feature of home textiles and apparel sale in China. 2014-2015 Annual Report on Social Responsibility of Chinese Textile and Apparel Industry 12/13



It is estimated that the online sales of apparel products totaled RMB 615.3 billion yuan in 2014; and the growth will be faster than offline sales in the foreseeable future. However, there are also challenges: according to the data released by China Consumers' Association, the consumer complaint rate in the apparel category (meaning the number of complaints in the apparel category/commodity category in the same period) was as high as 12.58% in 2014. Therefore, it is suggested that relevant enterprises step up product quality management, and that all e-commerce platforms should improve their philosophy of sustainable business, in order to create a civilized consumer environment.

4. Foreign Trade and Investment

4.1 Trade and competitiveness of the textile industry

In 2014, China's textile and apparel exports totaled 298.426 billion US dollars. In terms of the structure of export markets, EU, USA, Japan and ASEAN countries are the major markets for China's exports. In 2014, China's exports to these four major markets totaled 169.271 billion US dollars, up 6.07% year on year. In 2014, the EU market recovered significantly, and the ratio of textile and apparel exports increased slightly as compared with that of the previous year.

Meanwhile, when the China-Switzerland Free Trade Agreement became effective in July 2014, the Swiss side cut significant tariffs on Chinese textile, apparel, footwear and headwear. By then, China had signed 11 free trade zone agreements and made arrangements for closer economic and trade ties with Hong Kong and Macau SARs. The establishment and maintenance of a sound bilateral economic relationship is conducive to achieving stable and continuous trade of textile products.

According to the Manufacturing Industry Costs and Competitiveness Report recently released by the Boston Consulting Group, the cost advantage of China's manufacturing industries over their US counterparts dropped from 14% in 2004 to 4% in 2014. Meanwhile, the European Competitiveness Report 2014 released by the European Commission shows that the RCA Index* (relative comparative advantage index, referring to an industry's share in the country's export compared to the industry's share in the world's total trading amount) of China's apparel and textile industries is greater than 2.5, at 2.72 and 2.54 respectively, indicating that China's textile industry still has comparatively strong international competitiveness. At present, there are diversified and distinct opinions on the international competitiveness of China's textile and apparel industry. The industry's enterprises should view these opinions rationally; they should be aware of not only challenges to the industry's development, but also the comparative advantages, so as to exploit these advantages and make up for the shortcomings, as well as seek development along with the trend.

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Figure 10: Changes to the Textile and Apparel Export Market Structure Data source: Chinese Customs

(*When the RCA index is greater than 2.5, it means that the said industry of the country has extremely strong international competitiveness; when the RCA index is between 2.5 an 1.25, it means that the said industry has very strong international competitiveness; when the RCA index is between 1.25 and 0.8, it means that the industry has comparatively strong international competitiveness; when the RCA index is smaller than 0.8, it means that the industry has comparatively weak international competitiveness.)

4.2 Health and safety standards for textile exports

In recent years, developed countries and regions have repeatedly tightened control over the contents of hazardous chemicals in imported textile products. For example, in March 2014, EU issued a new regulation (EU) No 301/2014 for the content of hexavalent chromium in leather products; according to the requirements of the EU BPR, the European Chemicals Agency (ECHA) imposed unified administration on biocidal products sold on the EU markets since the beginning of 2014. According to the new regulation, biocidal products can only be used with authorization, which will influence China's exports in dozens of product categories, including textiles, footwear and apparel. Meanwhile, non-developed markets are also heightening their requirements in this regard, which cannot be overlooked. For example, developing European countries began to follow EU regulations, and the standards and rules in the Americas are showing a unified front. Export-oriented enterprises should pay attention to this trend, and continue to improve health and safety standards in the entire lifecycle of their products.

4.3 The Textile Industry's "going global" and social responsibility

During the 2014 APEC meeting in Beijing, the Chinese government put forward the "One Belt,One Road" initiative, and officially published the Vision and Actions on Jointly Building the Silk Road Economic Belt and the 21st-Century Maritime Silk Road in March 2015 – a national strategy to drive the global layout and cooperation of Chinese capital and production capacity. In 2014, relevant Chinese authorities improved their "going global" administrative policies to encourage enterprises to invest in other countries. In September, the Ministry of Commerce revised the Measures for Overseas Investment Management to simplify the procedure of approval for overseas investments, replacing the approval system with a convenient registration system for most projects. In November, the NDRC cancelled its approval requirements for most overseas investments in the Catalogue of Investment Projects Subject to the Approval of the Government (2014 edition).

At the same time, enterprises need to increase their awareness of social risk and responsibility in "going global". For example, the *Measures for Overseas Investment Management* (2014 Revision) added provisions regarding CSR, requesting enterprises to abide by the laws and regulations of investment destinations, to respect local customs, to fulfill their social responsibility, and to promote environmental and labor protection and corporate culture, in order to integrate into local environments. The Ministry of Commerce and the Ministry of Environmental Protection jointly released the *Guideline of Environmental Protection OverseasInvestment and Cooperation* in 2013 and the *Environmental Protection Guidelines* in 2014 to further clarify these requirements. The 22 provisions of *the Environmental Protection Guidelines explicitly* request that Chinese enterprises making *overseas investments* step up environmental protection in host countries. The provisions advocate that enterprises should *strengthen environmental* protection management, disclose environmental information on a regular basis, support the sustainable development of host countries, and be committed to global ecological safety.

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Social Responsibility Development in the Chinese Textile and Apparel Industry in 2014

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In 2014, China's textile industry continued to promote information disclosure for social responsibility work. Meanwhile, it stepped up research and cross-boundary cooperation, and delved deeply into the new challenges facing social responsibility to explore the establishment of an all-round responsibility mechanism.



Social Responsibility Information Disclosure



1. Industry and CSR Reports

In 2006, China National Textile and Apparel Council (CNTAC) released the industry's first social responsibility annual report, setting an example for Chinese non-enterprise organizations to release their own CSR reports. At the "2014 Annual Conference on Social Responsibility of Chinese Textile and Apparel Industry and the Joint Release Conference of Sustainability Reports" held on September 11, 2014, CNTAC released its eighth industry social responsibility report, leading the practice of industry social responsibility information disclosure in China. Meanwhile, five key textile and apparel enterprises and five renowned home textile enterprises also released their annual CSR reports for 2013. The CSR reports of these enterprises were compiled in accordance with the China Sustainability Reporting Guidelines for Apparel and Textile Enterprises, verified by independent third-party institutions or China National Textile and Apparel Council. Among them, Jingwei Textile Machinery Co., Ltd. has been releasing annual CSR reports for six years in a row. It is the first enterprise in the industry to release CSR reports, the quality of which is the best in the industry.

In order to encourage more enterprises in the industry to pay attention to sustainable development, establish a social responsibility information disclosure mechanism, share the advanced experience gained in social responsibility management, and urge enterprises to integrate a sustainable development philosophy into strategic and day-to-day management, CNTAC granted the "2014 Chinese Textile and Apparel Industry Social Responsibility Information Disclosure Practice Demonstration Award" to Jingwei Textile Machinery Co., Ltd. and Bosideng International Holdings Limited; the "2014 Chinese Textile and Apparel Industry Social Responsibility Information Disclosure Practice Excellence Award" to Zhejiang Mizuda Printing & Dyeing Group Co., Ltd., Jiangsu Menglan Group Co., Ltd. and three other enterprises; the "2014 Chinese Textile and Apparel Industry Social Responsibility Information Disclosure Practice Progress Award" to Zhejiang Red-Green-Blue Textile Printing and Dyeing Co., Ltd., Luolai Home Textile Co., Ltd. and three other enterprises.

 Table 1: Social Responsibility Information Disclosure

 Awards for Chinese Textile and Apparel Enterprises in 2014

 2014 Chinese Textile and Apparel Industry Social Responsibility Information Disclosure Practice Demonstration Award

 Bosideng International Holdings Limited
 Bosideng International Holdings Limited

Jingwei Textile Machinery Co., Ltd.

2014 Chinese Textile and Apparel Industry Social Responsibility Information Disclosure Practice Excellence Award

Zhejiang Mizuda Printing &Dyeing Group Co., Ltd. Wuxi Hengtian Enterprise Co., Ltd.

Wujiang Weijiang Textiles & Textile Machinery Co., Ltd.

Jiangsu Menglan Group Co., Ltd. Sunvim Group Co., Ltd.

2014 Chinese Textile and Apparel Industry Social Responsibility Information Disclosure Practice Progress Award

Luolai Home Textile Co., Ltd. Zhejiang Red-Green-Blue Textile Printing and Dyeing Co., Ltd. Shandong Yunxiang Embroidery Co., Ltd. Nantong Dadong Co., Ltd. Hengyuanxiang Group

Information



In 2013, the Shengze Town in Wujiang, Jiangsu Province and six other industry clusters released their social responsibility reports, opening up a new era of sustainability information disclosure. On September 11, 2014, China Textile City in Shaoxing, Zhejiang Province, Xiqiao Town in Foshan, Guangdong Province and four other textile and apparel industry clusters released their social responsibility reports at the Chinese Textile and Apparel Social Responsibility Report Joint Release Conference, establishing a working mechanism for disclosing social responsibility information at the cluster level. The social responsibility reports released by textile industry clusters will have a profound influence on promoting the continuing and comprehensive implementation of social responsibility practice across the nation.

Table 2: 2014 Chinese Textile and Apparel IndustrySocial Responsibility Information Disclosure PracticeDemonstration Industry Clusters

- 1. China Textile City in Shaoxing, Zhejiang Province International Textile Capital, and Modern Commerce and Trade City
- 2. Tongxiang City, Zhejiang Province Textile Industry City
- 3.Pinghu City, Zhejiang Province Famous Export Apparel Manufacturing City in China
- 4. The Environmentally Friendly Filter Materials Industrial Park in Funing, Jiangsu Province - Famous Filter Materials Town in China
- 5.Humen Town, Dongguan City, Guangdong Province Famous Women's Wear Town in China and Famous Children's Wear Town in China
- 6.Xiqiao Town, Nanhai District, Foshan City, Guangdong Province Famous Fabric Town in China



Social Responsibility Research and Capacity Building

1. Social Responsibility Research

In 2014, CNTAC continued its research into hot social responsibility issues, focusing on the new trends and characteristics that surfaced in the course of industry development. It made a comprehensive analysis of the status quo and made forward-looking suggestions.

For example, in the "Internet+" era, textile innovations have become even more important to the industry's transformation, upgrading and sustainable development. Only when supported by effective innovation protection are effective innovation outputs able to achieve the dual goals of serving industrial upgrading and sustainable development. To identify the actual status of the said aspects within the industry, China National Textile and Apparel Council has been undertaking a research project entitled "Status and Needs for Innovative Technologies, Information Security and IPR Protection in the Textile and Apparel Industry" since the end of 2014. The research systematically surveyed the needs of enterprises for cloud computing and other new technologies, the status quo of utilization within the industry, enterprises' knowledge of information safety and intellectual property, as well as the compliance of supply chain intellectual property. Part Three of this Report will present the findings of this research in detail.

Since the beginning of social responsibility practice within the industry, CNTAC has been taking part in national research on social science. In 2014, the CNTAC's China Textile Information Center completed the Technical Research on the CSR Management and Assessment of Textile Industry Enterprises, which is a two-year sub-subject of CSR and Credit Rating Technical Standards Research and Pilot Application. Proceeding from the actual needs of China's textile industry for CSR implementation and management, and in line with the characteristics of China's textile industry, the research project systematically analyzes the progress and effect of CSR work, carries out research on the theories and methods of CSR management in the textile industry, and establishes the key techniques for CSR management within Chinese textile enterprises. It develops implementation and management guidelines that are pioneering, operable, interlinked and interconnected with other industries. At the same time, it provides a clear, applicable theory and practical paradigmfor the CSR management and assessment practices of SMEs in the Chinese textile industry, which is both a traditional livelihood and a strategic emerging industry.

2. Social Responsibility Capacity Building



Since the beginning of social responsibility practice, CNTAC has made CSR capacity building one of its focuses. In 2014, CNTAC continued to conduct various training schemes and workshops, in an effort to improve CSR management capacity and strengthen the environment for CSR fulfillment.

In May-September 2014, CNTAC carried out the "Parenting Training Project with Clear Objectives" in the three industry clusters of Pinghu, Zhejiang Province, as well as Xiqiao and Zhongshan, Guangdong Province. Nearly 200 employee representatives from textile and apparel enterprises attended the training. The Parenting Training Project was designed for the frontline employees of textile and apparel enterprises, since many of them are parents of "migrant children" and "left-behind children". The training project provided employees with solutions to getting along with their children, urging them to enhance the parent-child bond and create an amicable and healthy growth environment for children, in a bid to help them strike a better balance between work and family life. The trainers elaborated on children's physical and psychological needs at various development stages. They taught effective communication skills and provided relevant tools to ensure that working parents will give their children not only material support but also emotional care.



In 2014, CNTAC and Business Social Compliance Initiative (BSCI) held three high-leveltraining sessions on"Working Hours and Remuneration". More than 100 enterprise representatives from textile, apparel, footwear and light industry industries attended the sessions. The sessions aimed at improving social responsibility awareness and building capacity for BSCI's Chinese suppliers, helping suppliers to understand the methods for improving CSR performance by introducing ILO international conventions, local laws and regulations as well as BSCI's audit requirements. As BSCI's strategic cooperation partner, CNTAC is dedicated to multi-level cooperation in the supply chain. Since 2007, the two sides have conducted more than 90 CSR training sessions for suppliers, successfully coaching more than 6,500 person times with strong results.

CNTAC also provided CSR training to enterprises under the systems of the Central Government and the Ministry of Commerce. In 2014, the Office for Social Responsibility of CNTAC worked with SASAC, the the Embassy of Swedenin China, and the Ministry of Commerce to provide social responsibility awareness training and subject training to more than 200 persons, including managers at enterprises under the Central Government, officials from the Ministry of Commerce, commerce systems from over 20 Chinese provinces, and enterprise representatives.





1. Building Responsibility across the Value Chain

CNTAC attaches great importance to the dissemination of social responsibility philosophy and the innovative development of social responsibility mechanisms on the value chain. It takes the coordination of all stakeholders on the value chain as a key factor that influences enforcement.

The Fourth and Fifth Multi-Stakeholder Advisory Committee (MAC) Meetings were held in June and December of 2014 respectively. The meeting themes were "The Characteristics and Challenges of Chinese Labor Relations in the 'New Normal', and Solutions for Establishing Constructive Labor Relations in Enterprises", and "How to Improve the Capacity of CSR Auditors, and to Establish Sustainability in Business Development". The Multi-Stakeholder Advisory Committee (MAC), jointly launched by CNTAC, SAI, BSCI, WRAP, Solidaridad and Sedex, aims to engage relevant stakeholders, to promote the formulation of social responsibility standards and systems as well as dialogues and consensuses in the social responsibility field, and to strengthen integration and cooperation among systems, so as to drive social responsibility standards and systems to become more effective improvement tools at factory level. Since its first meeting in Beijing in February 2012, MAC has held two meetings per year. It has established a multi-party work group consisting of experts who are dedicated to improving social responsibility performance within enterprises. By analyzing labor subjects that need collective representation, discussing solutions, reaching consensuses, and providing technical guidance to enterprises, auditors and other stakeholders, it has achieved cohesion with other CSR forums.

As the social and economic environment changes and CSR practice deepens, the focus of the CNTAC's social responsibility issues have gradually extended from basic labor rights to environmental protection, fair trade, and gender equality. On September 12, 2014, CNTAC and UN Women held a forum with the theme "Sustained Half the Sky: Women's Leadership and Industrial Competitiveness" at Beijing Capital Hotel. As an important component of the Annual Conference on Social Responsibility of Chinese Textile and Apparel Industry, the forum invited around 60 representatives from NDRC, the All-China Women's Federation, BSR, and textile enterprises to discuss the role of women and leadership in the textile and apparel industry, and the opportunities and challenges faced in the social responsibility field. CNTAC's upcoming project entitled



"Promoting Women's Leadership in Textile and Apparel Enterprises" was also inaugurated at the meeting. The project aims to improve CSR management and competitiveness within the industry by promoting women's leadership and advocating gender equality. Six guests shared their thoughts and experiences in breaking the bottlenecks for women in leadership development from the perspectives of labor unions, entrepreneurs and frontline workers. In order to create upstream and downstream links in the textile industry and chemical industry, to further improve standards, coordinate innovations, maintain dialogue, communication and cooperation with stakeholders, and drive environmental safety and health, the "Second Stakeholders Seminar on Hazardous Chemicals in the Textile Industry" co-sponsored by CNTAC and Zero Discharge of Hazardous Chemicals (ZDHC) contracted brands was held in Shanghai on October 23. The meeting reported the progress achieved by the joint ZDHC roadmap over the past year, with an emphasis on the "Manufacturing Restricted Substances List" (MRSL) and the actions of ZDHC organizations. Working discussions were held about the transparency of chemical use information as well as on training and auditing.

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CNTAC began to work on cross-industry social responsibility in 2007. For years, the sharing of practical experiences with other industries and institutions has helped them establish a standard social responsibility system and work mechanism, playing a unique role in driving social responsibility development among various industries in China.

In February 2014, CNTAC and China Center for SME Cooperation Development and Promotion ("SMECDPC") signed MOU in Beijing tocollaborate on the social responsibility of Chinese SMEs. To this end, CNTAC provided SMECDPC's Social Responsibility Working Committee with open access toits relevant regulation document system, assessment and training tools system, and other relevant systems for their reference and use. Moreover, CNTAC provided systematic technical support and expert assistance in terms of strategic social responsibility planning, social responsibility system research, drafting and preparation, development and improvement of social responsibility reports, planning and implementation of social responsibility training and research, and planning and implementation of social responsibility activities. In order to guarantee the successful implementation of this cooperation, the two institutions also carried out in-depth cooperation in organizational participation, resource integration, promotion and support, strongly promoting the social responsibility building and sustainable development of SMEs in China.

In July 2014, "2013 Release Conference of Social Responsibility Reports of Chinese Industrial and Economic Enterprises and Launch Ceremony of Social Responsibility Assessment Index System" was held in Beijing. Two SMEs recommended

2. Extension of Cross-Industry Responsibility

by SMECDPC: Chuang'erdai Industrial Co., Ltd. and Jifentao (Wuhan) Internet Technology Co., Ltd. released their first social responsibility reports at the conference. These two reports were compiled in accordance with the Guidance on Social Responsibility for China's SMEs (First Edition) developed by China Center for SME Cooperation Development and Promotion in collaboration with CNTAC. The CNTAC's CSR Office provided technical support during the compilation of these two reports, including enterprise training, material collection and organization, and report compilation. The release of these two reports was an outcome of the joint efforts of CNTAC and SMECDPC in comprehensively implementing the Guidance on Social Responsibility for China's SMEs, in addition to a series of basic CSR training schemes for SMEs.



Community Development and Social Participation

While promoting social responsibility development in the industry, CNTAC has also attached high importance to community development, carrying out various public welfare activities.

In May 2014, the CNTAC's Information Center Volunteer Teacher Team carried out an activity called "Relaying Love and Supporting Education" at the Damiao School in Jingyuan County, Gansu Province, donating RMB 6,000 yuan worth of teaching equipment, books, stationery and gym articles, as well as 30-plus toys. The team also provided training on the prevention of sexual harassment designed for girls, including activities for nine classes ranging from pre-school to junior high. The training sessions and activities taught children in mountainous regions about self-protection and healthy development, and enabled team members to demonstrate their values. In July, volunteers came to the special education school in Beijing's Dongcheng District to conduct a Sexual Assault Prevention lecture called "Girl Protection" for 50 deaf students ranging from first-graders to tenth-graders. This was the first "Girl Protection" Sexual Assault Prevention class in China.





Poverty alleviation is a social duty that CNTAC has carried out for several years in a row. In December 2014, CNTAC (a member unit of the Eighth Collaboration team of the textile system) sent representatives to paired poverty-stricken villages in Pingxiang County, Hebei Province to conduct field research on the infrastructure construction and poverty alleviation projects in Wangyang Village, Duke Village, and five other poverty-stricken villages. They also visited poor households and elderly people without children in Duke Village, offering consolation money. CNTAC plans to build on its research findings to develop practical poverty alleviation programs, lay a strong foundation for future work, and carry out poverty alleviation work by following the principle of "remaining realistic, striving for the best, and working with focus in a sustainable manner". 2014-2015 Annual Report on Social Responsibility of Chinese Textile and Apparel Industry 24/25

Survey Findings on Innovative Technology, Information Security and IPR Protection in the "Internet +" Era

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Innovation becomes increasingly significant for industrial transformation, upgradingand sustainable development in the "Internet +" era. Only when supported by effective innovation protection are effective innovation outputs able to achieve the dual goals of industrial transformation, upgradingand sustainable development. In the context of the "Internet +" era, China's textile and apparel industry needs toleverage the Internet to establish effective online strategies, in which information security isextremely important. Both data and facts illustratethat security risks in cyberspace have gradually becomean important factor in restraining industrial innovation.

To identify the actual status of the aforementioned aspects within the industry, CNTAC undertook a research project entitled "Status Quo and Needsfor Innovative Technology, Information Security and IPR Protection in the Textile and Apparel Industry" from January to March 2015. The research took the form of questionnaire, supplemented by open-end interviews. Within the two months, the research team recovered valid completed questionnaires from 103 enterprises in Zhejiang, Jiangsu, Fujian, Guangdong and Hubei, covering 10 segments including cotton spinning, chemical fiber, printing and dyeing, home textiles, apparel, textile machinery, and filament weaving, with nearly 60,000 textile practitioners anda total turnover of RMB 60 billion.



Figure.1 Distribution of Sample Enterprises by Segments (%)

1. Application of Cloud Computing in the Industry

The research shows that only one (an apparel enterprise) out of the 103 enterprises is"very familiar" with cloud computing in contrast to respectively 51 that are "generally familiar" and "not familiar". In terms of segments, 2/3 of textile enterprises (cotton spinning and wool/linen/silk spinning) are "generally familiar" with cloud computing, while in all of the other segments, at least half of the enterprises are "not familiar". In terms of ownership, over 50% of private enterprises are "not familiar" with cloud computing - a rate far higher than that of exclusively foreign-owned enterprises and Sino-foreign joint ventures. Both of the state-owned enterprises surveyed are "generally familiar".

This collective unfamiliarity seems to imply the little interest in cloud computing. Only a few enterprises reveal that they are "very interested" in cloud computing after reading about it in the questionnaire. It is noteworthy that private enterprises make up the majority of interested parties. The plan for the application of cloud computing in the upcoming 5 years shows the same result as above. Another noteworthy finding is that 1/3 of the enterprises in need of cloud computing are those with an export value of over 50% of total sales. In light of the fact that export-oriented enterprises make up a minority of the respondents, the conclusion can be drawn that the need for cloud computing is mainly concentrated in exportoriented enterprises.

21

28

51

Yes No





Interviews with corporate management confirm the above result. Rather than improving manufacturing intelligence by means of information technology and the "Internet of Things", most enterprises currently prefer another technology related issuehow to achieve "machinery automation". On the other hand, some corporate managers have also displayed a profound understanding of these ideas and trends, and several have started preliminary practical attempts.

After receivinga brief description of cloud computing, most enterprises believe that it can improve work efficiency. However, enterprises also express concerns about uploading their data to the cloud platform. More



than half of the enterprises worry about security and cost. Such concerns constitute barriers for popularizing cloud computing. Linking these specific barriers with industrial attributes, we see some interesting findings. For example, knitting, printing and dyeing, and filament weaving players are more cost-sensitive, while state-owned and exclusively foreign-owned enterprises show a stronger cost tolerance, compared with their private peers.



Figure. 4 Extent of Concern about Information Security (%)

information security is also to some extent related to a company's understanding of cloud computing.

2. Corporate Information Security

Most enterprises care about information security, or express their need to further understand it. However, as a major force within the industry, the proportion of private enterprises choosing the option "very concerned" is far lower than that of state-owned, exclusively foreign-owned enterprises or Sino-foreign joint ventures.

Targeted markets seem to have a comparatively strong influence on the degree of concern about information security. Among the enterprises that select "very concerned" or "a bit concerned", a large proportion consists of those with an export value of over 50% of total sales. The concern about Specifically, enterprises believe that system vulnerability and network viruses are two major threats to information security, and most hold that commercial information leakage and file loss or destruction are two major hazards caused by these threats. Particularly noteworthy is the fact that 11 enterprises from various segments, including 9 private ones, acknowledge that they have encountered information security threats.

The concern about information security and the complexity of its threats cause the majority of enterprises to seek solutions to prevent information security losses. Further analysis on the basis of the ownership of such enterprises reveals a situation that is far from optimistic: among enterprises of all types, the fewest private enterprises express a desire to learn about relevant solutions. In terms of specific solutions, more than 50% of the enterprises hold that two major measures in response to hidden information

security risks are to increase enterprises' information security awareness and capacity, and to use genuine software. Regarding the influence of the origins of information security software, most enterprises do not show any obvious preference as to whether the software is domestic or not; instead, they think it is a "hard-to-say" comparison.



Enterprises have limited channels to access information about the laws and regulations governing suppliers in export market regions or countries. More than half of them choose "no" regarding channels or means. From the segment perspective, those choosing "yes" in this regard arefrom primary (apparel) and secondary (fabric) segments of the international supply chain, such as cotton spinning, wool/linen/silk spinnin gand apparels. Analysis of ownership shows that most state-owned and exclusively foreign-owned enterprises have such channels; private enterprises are at the bottom of the list again. The main channels for those offering a positive answer in this regard include external lawyers and legal advisers, peers, and overseas merchants. In this field, external technical know-how consultancies and partners of these enterprises are major "law popularizers", and few have relevant permanent in-house posts in place. Furthermore, enterprises seldom enjoy relevant legal consultancy services from the government.

Regarding the question "Are you aware that newly issued laws in some countries require suppliers exporting goods to them to use genuine software in production and processing?", the majority of the enterprises are not aware. The USA is among the most important export markets for China's textile and apparel industry; when the export destination is specified as the USA, the research result still shows that the understanding of relevant laws among China's textile enterprises is very limited. Those that have heard about relevant laws and regulations present diversified sources like "media reports", "relevant training" and "peers".



Figure. 5 Availability of Channels for Learning about Laws Governing Suppliers in the Export Market (%)

Case 1

A Zhejiang garment enterprise sells 90% of its products to a famous Japanese brand. According to the requirements of this brand owner, all emails between the supplier and brand owner shall be operated on computers installed with certain systems; the operating system and other software in these computers must be genuine licensed software. Thus, this garment company bought 40 copies of genuine Windows and Office software and installed it on computers related to this business.

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Regarding varying ownership nature, state-owned and exclusively foreign-owned enterprises are more sensitive to relevant regulations. In terms of industrial segments,only the apparel players maintain a relatively high familiarity with relevant laws. This indicates that end textile manufacturers pay more attention to legal requirements and developments in export destination markets.

When asked "Have you ever been faced with any limit or restriction from overseas IPR protection?", most respondents answer "no", which shows that IPR protection requirements by foreign authorities have not yet significantly influenced the textile production and export in China. Replying to "whether the legal provision by the USA against unfair competition will increase theuse of genuine software by enterprises", more than half (54%) choose "hard to say" and another 1/3 express affirmation. This shows that on the one hand, most enterprises take a wait-and-see approach to related foreign laws; on the other, many have realized the long-term influence of related laws and regulations, and are prepared to use genuine software.



4. IPR Protection

Currently, IPR ownership in the industry projects a cautiously optimistic trend. In the research, a little more than half of the enterprises confirm their IPR ownership. Among the enterprises already possessing IPR ownership, the types of IPR mainly include patents (for inventions and utility models) and trademarks - more than twice as many as exterior designs, which come in third.

There is a positive correlation between IPR ownership and cloud computing knowledge: Most enterprises that are "very familiar" or "generally familiar" with cloud computing own IPRs, while most of those that are "not familiar" do not. Similarly, a positive correlation occurs between IPR ownership and degree of concern about information security: 73.1% of the enterprises that are "very concerned" about information security own IPR, while 66.7% of those "not concerned" do not.

Enterprises believe that the major benefits of respecting and protecting IPR lie in improving corporate image, and





increasing the competitiveness gained from strengthened corporate compliance. On the other hand, most believe that an absence of awareness is the major cause for some enterprises' failure to respect and protect others' IPR. The issue of soft factors including awareness, and the defects in society and legal environment, is the main challenge to IPR protection. In this light, most enterprises agree that support from external environments must be enhanced, with the aim of strengthening IPR protection within enterprises. This includes further regulation and guidance by State policies, laws and regulations, increased competition from respecting and protecting IPRs, and stronger law enforcement, as well as intensified publicity and training on IPR protection.

Interviews with corporate managers also reveal that many enterprises regard
industrial transformation and upgradingas dependent on encouraging and protecting innovation. Many Chinese enterprises have switched from innovation users to innovation creaters, while the "competitiveness" from infringing upon others' IPRs is no longer compatible with their long-term competition strategies. In this regard, they attach great importance to the protection of their own IPRs, and present a fundamental change in attitude toward protection of others', from overlook or tolerance of infringement acts to strong opposition of such conducts.



5.Supply Chain IPR Compliance

Most enterprises have never received specific requirements from international brand owners or retailers for supply chain management, which corresponds to the fact that the majority of the enterprises surveyedare domestic market-driven players. Although most enterprises acknowledge their limited awareness of the specific requirements of international purchasers, they agree that compliance with requirements by international brand owners or retailers helps improve competitiveness. With regard to the specific content of such requirements, labor and environmental protection remain two major issues in the international supply chain.

In terms of another specific requirement in the international supply chain-use of genuine software-most enterprises say that it has never been imposed. In this context, when asked "if a platform or system is able to prove that the software you are using complies with the requirements of the export country and consequently enhances your competitiveness, are you interested in applying for such a certification?", most enterprises say that they need to further consider. It is cost that constitutes a major

Case 2

A clothing company installed unauthorized software on their office computers and received an attorney letter from the software company asking for compensation for copyright infringement. Upon negotiation and reconciliation between the two parties, the clothing company paid RMB 200,000 yuan to settle the case. The owner of the clothing company thinks that the amount of compensation is enough to buy the genuine software for all computers in the office.



factor for an enterprise in deciding whether to use genuine/licensed software or not.

In addition tocost, software asset management is another factor for corporate IPR compliance. However, the research results show that textile enterprises have a low awareness of software asset management. The questionnaire presents a brief introduction to software assets, aiming to quickly furnish the enterprises interviewed with the concept and meaning of software assets. However, after reading it, most enterprises still hold that they "need further understanding".



Research Findings

1. Information technology is good but distant.

Only one enterprise (apparel) among the 103 surveyed is "very familiar" with cloud computing, and only 7% of the enterprises are "very interested" after gaining a preliminary understanding. This is because the majority of the enterprises believe that "security and reliability issues" are the primary barriers for popularizing cloud computing.

2. Cloud computing, information security and IPR protection are corelated.

An enterprise's concern about information security is related to its understanding of cloud computing. At the same time, a positive correlation exists between IPR ownership and cloud computing knowledge. Most enterprises that are "very familiar" or "generally familiar" with cloud computing own IPRs, and the same correlation occurs between IPR ownership and the degree of concern about information security. Most enterprises that are "very concerned" about information security own iprs, while most of those "not concerned" do not.

3. Market position significantly impacts corporate technology and compliance stances.

1) Capital- and technology-intensive segmentsuse more computers than labor-intensive ones.

2) The need for cloud computing is concentrated in export-oriented enterprises.

3) Among all the enterprises that express concerns about information security, a large proportion havean export value of over 50% of total sales.

4) The enterprises choosing "yes"

regarding the requirements of export markets for laws and regulations on suppliers are from primary (apparel) and secondary (fabric) segments of the international supply chain, such as cotton spinning, wool/linen/silk spinning and apparel, while external technical knowhow consultancies and partners of these enterprises are major "law popularizers".

5) In terms of industrial segments,only the apparel players maintain a relatively high familiarity with relevant laws, which indicates that end textile manufacturers pay more attention to legal requirements and developments in export destination markets.

6) Despite the overall little knowledge of software asset management in the textile industry, the enterprises engaged in foreign markets show varying understanding of software asset management.

4. Private enterprises face gaps in both technology and IPR protection.

1) Private enterprises make up the majority of those needing cloud computing; however, compared withstate-owned and exclusively foreign-funded enterprises, they are least tolerant towards the cloud computing costs.

2) The proportion of private enterprises (the major force within the industry) choosing the option "very concerned" about information security was far lower than that of other types of enterprises. In fact, among all enterprises that have suffered information security threats, most are private enterprises. What's most worrying is that private enterprises are also the ones that least wish to know about solutions for preventing the loss caused by insecure information.

3) In terms of ownership, the proportion of private enterprises owning IPRs is far lower than that of exclusively foreign-owned enterprises and Sino-foreign joint ventures. 58% of private enterprises have no channel to understand the legal IPR protection requirements of export markets and countries forsuppliers, and thus have the lowest sensitivity to relevant laws and regulations.

4) One major reason for these gaps lies in resource limitation. For example, 2/3 of private enterprises have each invested a total of less than RMB 100,000 in genuine software over the past three years, far less than other types of enterprises.

5. Enterprises show high awareness and high demands for information security.

Most enterprises care about information security, or intend to gain further knowledge; many expect to learn about solutions to information security losses, and more believe that production and operation efficiency can be improved if information security is in place.

6. Corporate awareness and external guarantee are both low in IPR protection.

Generally, enterprises have limited channels to access legal requirements in export market regions/countries for suppliers. In terms of aspecific requirement in the international supply chain - use of genuine software - most enterprises say that they have never been required to do

so. As IPR protection requirements by foreign authorities have not yet significantly influenced production and export of textiles in China. most enterprises hold a "wait-and-see" attitude towards the influence of relevant foreign laws. The absence of awareness is the major cause of some enterprises' failure to respect and protect others' IPRs. The issue of soft factors including awareness, and the defects insociety and legal environment, is the main challenge to IPR protection. In this light, most enterprises agree that support from external environments must be enhanced, with the aim of strengthening IPR protection within enterprises.

Conclusions and Suggestions

Enterprise Level: Firstly, enterprises must intensify their efforts to better understand and apply information technology (including cloud computing), and have a good knowledge of the correlations between information technology application, information security, and IPR protection. While strengthening the protection of their own IPRs, they respect the IPRs of other market players. Secondly, it is suggested that enterprises improve their mastery of information technology including cloud computing and storage, so as to realize their value in tapping employees' potential and expanding customer base. Thirdly, it is suggested that enterprises intensify their management of information technology by using genuine software and software management

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platforms. Any weakness in corporate management may result in adverse impact in other aspects. Lastly, enterprises in the industry, particularly those in the private sector, need to improve their perception of information technology, information security and IPRs, expand their information acquisition channels, and nurture their ability to adapt to market trends.

Industry Level: Intermediary organizations, like industry associations, are suggested to intensify their research and guidance on information security among enterprises within the industry, reveal enterprises' current status, as well as problems of information technology application and security, so as to offer reasonable recommendations for the government to formulate relevant policies and create a sound market order. They are further suggested to formulate industry standards, provide diversified information services, publicize IPR protection, and promote sustainable innovations within the industry. Lastly, they are suggested to encourage enterprises to explore the integration of information technology into the new generation of business models, mine and elevate the commercial value of information technology as a market driver, and promote the combination of industrialization and informatization inthe textile and apparel industry.

Policy Level: Firstly, it is suggested that the government cultivate a legal environment for supporting and respecting IPR, intensify the efforts to publicize IPR protection, and provide information services and channels for learning about relevant laws and regulations in the international market. Secondly, it is suggested that the competent government authorities, based on the actual circumstances of China and the relevant industries, formulate policies and guidance for popularizing information technology and implementing information security policies and guidance to define the development direction. Finally, it is suggested that the government, based on China's economic structure, provide policy and financial support for enterprises, particularly small and medium-sized enterprises, in accordance with their actual conditions.

Supply Chain Level: Upstream enterprises along the textile and apparel supply chain (brand owners and traders) and downstream technology providers (software and information technology providers) shall realize that enterprises have limited capacity and resources. On the one hand, they could strengthen information security and IPR protection requirements along the supply chain. On the other, they shall provide solutions that fall in line with corporate development and resource capacity. While helping enterprises in the industry bridge the technological gap, they promote coordinated and sustainable development of all the players in the supply chain.

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2015–2016 Chinese Textile and Apparel Industry annual working plans



2015–2016 Chinese Tex– tile and Apparel Industry annual working plans

2015-2016 is the first year for implementing the 13th Five-Year Plan of the Chinese Textile and Apparel Industry. The social responsibility work of the industry will focus on addressing the opportunities and risks in green manufacturing, innovative sustainability and the "Going Global" strategy. This period is also the start-up phase for the "Made in China 2025" strategy (2015-2025). The industry will comprehensively advance digitization, interaction, and provision of service by the society to open upthe new "Internet +" era of the social responsibility work. Specifically, we will take the following 4 steps:

I. Advancing Green Manufacturing

As indicated in the Integrated Reform Plan for Promoting Ecological Progress and Made in China 2025 program promulgated by the State Council, we will promote green manufacturing, strengthen environmental management, and pursue advanced international green development, to ensure the progression of an ecological society. Over recent years, chemical management has been hotly debated issue among stakeholders along the global textile chain as a measure to achieve responsible production and a sustainable supply chain. Realizing the transparency and traceability of chemical information across the supply chain is a major challenge for the industry. To that end, we have collaborated with Zero Discharge of Hazardous Chemicals (ZDHC) since 2013 in conducting supply chain stakeholder dialogue

and exchange to promote cross-supply chain collaboration. In 2015, we will jointly develop Chemicals Improving Exchange as an information platform to trace chemicals along the textile supply chain and offer solutions for management and control. Based on these efforts, we will establish the Textile Sustainable Manufacturing Coalition under the guidance of the competent authorities of the Ministry of Environmental Protection and the Ministry of Industry and Information Technology of the People's Republic of China, to establish a cross-supplychain collaborative mechanism based on chemical industry, textile printing and dyeing industry, other relavant enterprises, and down-stream brand companies, and to jointly explore policies and routes to realize and promote green manufacturing, drive green development in the textile industry.

II. Promoting Sustainable Technological Innovation

As pointed out in Several Opinions of the CPC Central Committee and the State Council on Deepening the Reform of Systems and Mechanisms to Accelerate the Implementation of Innovation-driven Development Strategies issued in March 2015, innovation is a major force for a nation's development. The transformation and upgrading of the textile and apparel industry and the development of the ecological civilization system require the strong supportof green technology, an industrial structure and production mode featuring high technology, low resource consumption and little pollution. In 2015-2016, we will study the connection between technological innovation and social responsibility. We will explore theoretic frameworks and approaches to sustainable corporate development and improve social responsibility performance based on technological innovation. We will analyze and summarize the nature and benefits of sustainable development and social responsibility in technology transformation projects in the textile industry. Based on this, we will compile the Guideline Catalogue for Promoting Social Responsibility-oriented New Technology Programs, with a view to promoting the transfer and application of new technology through social responsibility-themed activities and supply chain cooperation, providing the best practices and approaches for enterprises to fulfill their social responsibility.

III. Increasing the Disclosure of Social Information by Brand Companies and Listed Companies

Having encouraged enterprises to release CSR reports for seven consecutive years, we have explored the establishment of a technological platform to realize



<mark>ракт four</mark>

paperless CSR information disclosure since2014. From 2015, we are developing an multi-user online system (CSRReporting.net) to support the online formulation and release of CSR reports. Based on this, we will further improve online multi-stakeholder participation and evaluation mechanism, encouraging more enterprises to disclose social responsibility information and to interact and exchange with stakeholders. Meanwhile, more stakeholders are paying attention to the information disclosed by brand and listed companies, particularly their environmental information. Therefore, integrating multi-layered and diversified driving forces (e.g. government, markets and supply chain), we are launching plans and stakeholder partnership programs to improve the transparency of information about social responsibility and sustainable development for brand and listed enterprises. In this way we will accumulate a "responsibility asset" for Chinese enterprises and promote the restructuring and sharing of the value of sustainable development.





IV. Increasing Social Responsibility Studies for the "Going Global" Strategy

"Going Global" is an important direction in which Chinese textile enterprises can establish a global industrial chain. The implementation of the "One Belt, One Road" initiative provides better conditions for textile enterprises to "go global", helping China's textile and apparel industry to improve its international competitiveness through establishing global production bases. Meanwhile, outbound investment and social responsibility issues for Chinese textile enterprises have become a concern for local and foreign stakeholders alike. Chinese enterprises need to deal with the different laws and rules, commercial environment and culture in host countries. Thus, the social responsi bility risks mainly concentrate on labor relations, human rights, the environment, corruption and commercial bribery. Also, as multilateral regional trade rules such as the Trans-Pacific Partnership Agreement (TPP) emerge, social responsibility, as a compulsory requirement of the international trade system, increasingly becomes a mainstream trend. Therefore, we will investigate the economic, social and environmental social responsibility requirements in China's main trading partners and investment destinations within the frameworks of the "One Belt, One Road" initiative and multilateral regional trade rules, as well as the participation of stakeholders in these countries. We will formulate social responsibility guidelines related to outbound investments by Chinese textile and apparel enterprises, and help these enterprises to improve their risk management and control capacity in overseas markets. This will strengthen responsible competitiveness and sustainable development ability of Chinese textile and apparel enterprises, and improve the industry's soft power and discourse powerin international trade.

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APPENDICES

CSC9000T Chronicles (2005 - 2015)



October 24, 2014

The International Seminar on Sustainable Innovation and Responsible Competitiveness in the Cloud Era was held in China Textile City in Zhejiang Province.

The Management System Improvement Workshop of the Project of "Gender Equality, and the Prevention and Control Mechanism of Workplace Sexual Harassment" coorganized by CNTAC, UN Women, and China Women's University, was held in Beijing.

October 23, 2014 🔇

The Second CNTAC-ZDHC Conference on Hazardous Chemicals in the Textile Industry, co-organized by CNTAC and Zero Discharge of Hazardous Chemicals (ZDHC), was held in Shanghai.

September 12, 2014

The 2014 Annual Conference on Social Responsibility of Chinese Textile and Apparel Industry had three sub-forums, namely, "Responsibility O2O: Corporate Social Responsibility in the E-commerce Era", "Sustained Half the Sky: Women's Leadership and Industrial Competitiveness", and "Labor Protection of Interns in Chinese Textile and Apparel Enterprises".

July 26, 2014

Two SME CSR reports compiled under the guidance of the CSR Office of the China National Textile and Apparel Council were disseminated at the 2014 China Economic Industry Corporate Social Responsibility Reports Release Conference.

April - May, 2014

The China National Textile and Apparel Council carried out Working Parenets Training in Pinghu, Zhejiang Province and Xiqiao, Guangdong Province.

February 12, 2014

The 12th Joint Meeting of the China National Textile and Apparel Council and Trade Union of Financial and Commercial Workers, Light Industry and Textile Workers, Tobacco Industry Workers was held in Beijing.



December 18, 2013

The Corporate Social Responsibility of SMEs in China (First Edition) developed by the Small and Medium-sized Enterprise Cooperation Development Promotion Center was officially released with the help from the China National Textile and Apparel Council.

October 16, 2014

At the 2014 China Home Textile Conference, China Home Textile Association and the Office for Social Responsibility of CNTAC jointly awarded Jiangsu Menglan Group Co., Ltd. and four other companies the title of "Pioneer Enterprise for Social Responsibility Reporting in China's Home Textile Industry".

September 11, 2014

The 2014 Annual Conference on Social Responsibility of Chinese Textile and Apparel Industry and the Joint Release Conference of Sustainability Reports with the theme of "Social Responsibility in Diversified Industry Development" was held in Beijing.

June 13, 2014

The Fourth Meeting of the China Multi-Stakeholders Advisory Committee (MAC) was held in Ningbo.

March 10, 2014

China Dyeing and Printing Industry Environmental Work Stakeholders Communication Conference was held in Beijing.

February, 2014

The China National Textile and Apparel Council and Small and Medium-sized Enterprise Cooperation Development Promotion Center signed a Memorandum of Cooperation on Jointly Promoting the Corporate Social Responsibility of Small and Medium-sized Enterprises in Beijing.

2013



December 17, 2013

The China National Textile and Apparel Council held a seminar entitled "Innovation and CSR: Informationization of the Chinese Textile Services Industry and Fair Competition" in Pinghu City, Zhejiang Province.

October, 2013

A research report on Gender Equality and Establishing a Comprehensive Prevention and Control Mechanism for Workplace Sexual Harassment a joint effort with the UN Women was completed.

August, 2013

The China National Textile and Apparel Council and Global Organic Textile Standard (GOTS) signed a Memorandum of Cooperation.

April, 2013

The research report release conference for the Regional Transfer of the Chinese Manufacturing Industry and its Influence on CSR: Taking the Textile Industry as an Example – jointly sponsored by the China National Textile and Apparel Council and Swedish Consulate-General in China – was held in Beijing, Shanghai and Hong Kong.

February 20, 2013

The 11th Joint Meeting of the China National Textile and Apparel Council and Trade Union of Financial and Commercial Workers, Light Industry and Textile Workers, and Tobacco Industry Workers was held in Beijing.

January 10, 2013

The Corporate Social Responsibility of China's Electronic Information Industry, drafted by experts from the China National Textile and Apparel Council, was officially released in Beijing.

2012

October 22 - 25, 2012

The CSR Office of the China National Textile and Apparel Council officially launched Responsible Production promotion activities at the China International Trade Fair for Apparel Fabrics and Accessories (Autumn and Winter), organizing activities to display the shortlisted enterprises and their products in a centralized manner for the first time.

November – December, 2013

The China National Textile and Apparel Council and International Labour Organisation carried out a research project entitled Labour protection of interns in Chinese textile and apparel enterprises.

August 28 - 29, 2013

The 2013 Chinese Textile and Apparel Industry CSR Annual Meeting and Chinese Textile and Apparel Enterprises Corporate Social Responsibility Report Joint Release Conference was held in Beijing. Ten textile and apparel enterprises as well as seven textile and apparel industry clusters released their CSR reports. The China National Textile and Apparel Council and the Zero Discharge of Hazardous Chemicals (ZDHC) jointly held a seminar for Textile Industry Stakeholders on Hazardous Chemicals.

July 31, 2013

The Third Meeting of the China Multi-Stakeholders Advisory Committee (MAC) was held in Hangzhou.

March 18, 2013

The Research Report Release and Project Summary Conference of the Chinese Textile Enterprises Communication and Complaints Mechanism was held in Beijing. The report displayed the research findings of project for the Chinese textile communication and complaints mechanism.

January 23, 2013

The Second Meeting of the China Multi-Stakeholders Advisory Committee (MAC) was held in Shenzhen.

October 23, 2012

A summary conference for the Enterprise Sustainable Development Project was carried out by the China National Textile and Apparel Council and International Labour Organisation in Pinghu.

March 12, 2012

Mr. Sun Ruizhe, Vice Chair of the China National Textile and Apparel Council and Mr. Yan Yan, Deputy Director of the China National Textile and Apparel Council CSR Office, attended the global launch conference of the UN Children's Rights and Business Principles in London.

February 28, 2012

A research report about "Caring for the New Generation of Young Workers: Listening to the Voices of Post-80s Workers" was carried out by the China National Textile and Apparel Council and Centre for Child Rights and Corporate Social Responsibility in Beijing.

January 19, 2012

The Ministry of Industry and Information Technology officially released the Twelfth Five-Year Plan for the Textile Industry, which emphasized strengthening self-discipline and stepping up efforts to promote the China Social Compliance 9000 for Textile & Apparel Industry (CSC9000T) in the Chinese Textile and Apparel Industry.

June 29, 2012

The 2012 Chinese Textile and Apparel Industry CSR Annual Meeting and Chinese Textile and Apparel Enterprises Corporate Social Responsibility Report Joint Release Conference was held in Shanghai, at which 11 enterprises released their CSR reports.

February 20, 2012

The First Meeting of the China Multi-Stakeholders Advisory Committee (MAC) was held in Beijing, officially initiating integral cooperation among the CSC9000T, BSCI, SA8000, WRAP and Solidaridad systems.

January 31, 2012

The 10th Joint Meeting of the China National Textile and Apparel Council and Trade Union of Financial and Commercial Workers, Light Industry and Textile Workers, and Tobacco Industry Workers was held in Beijing.

2011

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December 21, 2011

The China National Textile and Apparel Council and the China Electronics Standardization Association signed a Memorandum of Strategic Cooperation for CSR, which was China's first CSR cooperation planning and work mechanism to be established among industry organizations.

November 16, 2011

Representatives from the China National Textile and Apparel Council attended a Roundtable Meeting on Corporate Social Responsibility in the Global Value Chain" organized by the UNCTAD, the ILO and the OECD in Geneva.

July 7, 2011

A research project entitled "Caring for the New Generation of Young Workers: Listening to the Voices of Post-80s Workers" was officially started by the China National Textile and Apparel Council's CSR Office and Centre for Child Rights and Corporate Social Responsibility.

December 5, 2011

Representatives from Adidas, Nike, H&M and Li-Ning visited the China National Textile and Apparel Council to make exchanges and foster communication about CSR, particularly environmental responsibility within the supply chain.

August 5, 2011

The China National Textile and Apparel Council and Social Accountability International (SAI) officially signed a cooperation agreement in Beijing to promote the propagation of CSR in the textile industry and the localization of CSR implementation.

June 27 - 28, 2011

The 2011 Chinese Textile and Apparel Industry's Annual CSR Meeting was held in Beijing, releasing the 2010 - 2011 CSR Report of the Chinese Textile and Apparel Industry. Sixteen enterprises also released their CSR reports at the meeting.

May 26, 2011

At the 2011 China Economic Industry CSR Report Release Conference of the China Federation of Industrial Economics, Mr. Zhu Hongren, Party Committee Member of the Ministry of Industry and Information Technology, expressed his support for the textile industry's efforts to share their CSR building experience with the electronics industry.

January 24, 2011

The Department of Policies, Laws and Regulations of the Ministry of Industry and Information Technology held a CSR symposium for textile and electronics enterprises.

June 28, 2011

The China National Textile and Apparel Council and the Swedish Embassy's CSR Center signed a cooperation agreement to jointly carry out a research project themed "Corporate Social Responsibility Against the Backdrop of Industry Transfer".

May 28 - 30, 2011

Under the theme of Let's Work Together to Ascertain Responsibilities, the Chinese Textile and Apparel Industry's Energy Conservation and Emission Reduction Green Skills Training Session and the Enterprises' Sustainable Development Project Training Activities were organized by the China National Textile and Apparel Council, the International Labour Organisation, the United Nations Industrial Development Organization and the Pinghu Municipal Government, in Pinghu City, Zhejiang Province.

February 13, 2011

The 9th Joint Meeting of the China National Textile and Apparel Council and Trade Union of Financial and Commercial Workers, Light Industry and Textile Workers, and Tobacco Industry Workers was held in Beijing.

2010



The China International Contractors Association

released CSR Guidelines for China's International Contractors Industry at its Sixth Member Congress. The China National Textile and Apparel Council provided technical support to the compilation of the document.

October 11, 2010

December 22, 2010

The China National Textile and Apparel Council's CSR Office, George Washington University Law School and CLD Consultants (Beijing) jointly held a training activity themed "Equal Employment and Common Development: Building Peopleoriented Enterprises with a Sense of Belonging" in Shanghai.

July 30, 2010

The China National Textile and Apparel Council held 2010 Chinese Textile Enterprises CSR Report Joint Release Conference and Five-Year (2005 - 2010) Review of CSR Building in the Chinese Textile and Apparel Industry, as well as the Let's Work Together to Ascertain Responsibilities Energy Conservation and Emission Reduction Appraisal Activity of the Chinese Textile and Apparel Industry in Beijing. The China Tea Marketing Association organized the compilation of a document entitled Outline on the Sustainable Development of China's Tea Industry. Experts from the China National Textile and Apparel Council's CSR Office were invited to

joint the compilation team. **December 1, 2010**

December 28, 2010

The 2009 CSR Reports of Jiangsu Danmao Textile Co., Ltd. and Advancetex Fashion Garment Manufactory (HuiZhou) Co., Ltd. won the "GoldenBee 2010 Excellent CSR Report Growing Enterprise Award" and "GoldenBee 2010 Excellent CSR Report Special Award" respectively.

August 29, 2010

A practical training session entitled "Control of Working Hours and Productivity Improvement" co-sponsored by the China National Textile and Apparel Council's CSR Office and Wenzhou Chamber of Commerce for Apparel Enterprises was held in Wenzhou.

May 26, 2010

Mr. Sun Ruizhe, Vice Chair of the China National Textile and Apparel Council, attended the 2010 China Economic Industry CSR Report Release Conference. The China National Textile and Apparel Council provided technical support for the compilation of the CSR Guidelines for Chinese Industry Enterprises and Industry Associations (Second Edition), which was released at the conference.

January 12, 2010

The China Textile & Apparel Newspaper, China Textile magazine and Textile Apparel Weekly regarded the joint release of CSR reports by 10 textile and apparel enterprises in 2009 as one of the top ten news events of the year.

2009

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November 30, 2009

Shanxi Province held a ceremony to commend Small and Medium-sized Enterprises with the Highest Degree of CSR in 2008, and appraised the CSR fulfillment status of local small and medium-sized enterprises in reference to CSC9000T China Social Compliance 9000 for Textile & Apparel Industry.

November 21, 2009

CCTV2 broadcasted the documentary Responsible Wealth to showcase the practical experiences and achievements of the Chinese Textile and Apparel Industry in building and promoting CSR.

October 5 - 6, 2009

Representatives from the China National Textile and Apparel Council attended the APEC CSR Seminar, explaining the CSR building status of China's Textile Industry to representatives from other countries.

April, 2009

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The compilation of Verification Rules and Instructions for China's Sustainability Reporting (CSR-VRAI) and Indicators, Definitions and Appraisal Guidance for CSR Reports of Chinese Textile and Apparel Enterprises (CSR-IDEAS) were completed, signifying the establishment of the first independently developed CSR reporting verification system by Chinese industries.

June 24-25, 2010

Mr. Sun Ruizhe, Vice Chair of the China National Textile and Apparel Council, was invited to attend the UN Global Compact Leaders Summit.

February 25, 2010

The 8th Joint Meeting of the China National Textile and Apparel Council and Trade Union of Financial and Commercial Workers, Light Industry and Textile Workers, and Tobacco Industry Workers was held. The All-China Federation of Trade Unions said that it would continue to support CSR building and cooperative promotion among various industries.

December 2, 2009

At the Second International Seminar on CSR Reporting in China co-sponsored by the WTO Economic Guide magazine and Sustainable Development of Sino-German Trade and Standardization of Enterprise Behavior Project, the China National Textile and Apparel Council received the "Special Contribution Award for CSR Reporting Development in China".

November 30, 2009

Mr. Sun Ruizhe, Vice Chair of the China National Textile and Apparel Council, met with Mr. Michel Doucin, the CSR Ambassador of the French Ministry of Foreign Affairs, and his entourage.

October 17, 2009

The China National Textile and Apparel Council held the CSC9000T China Social Compliance 9000 for Textile & Apparel Industry (2008 Edition) System Update Training Session for Appraisers and Trainers in Beijing. Twenty-two CSR experts attended.

June 29, 2009

The China National Textile and Apparel Council held a CSR Report Joint Release Conference in the Great Hall of the People in Beijing. Ten textile and apparel enterprises jointly released their first CSR reports, becoming the inaugural batch of enterprises to release independently verified CSR reports.

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2008

November 18, 2008

The China National Textile and Apparel Council and the Foreign Trade Association (FTA) held the China-Europe Supply Chain CSR Summit and 2008 Chinese Textile and Apparel Industry CSR Annual Meeting in Beijing. Both sides signed the Declaration of the China National Textile and Apparel Council and The Foreign Trade Association on Supply Chain Cooperation.

October 11, 2008

A delegation from the China National Textile and Apparel Council attended the ITMF Annual Meeting in Mauritius. It was the first time Chinese delegates had attended the annual meeting after China became an ITMF member. Mr. Sun Ruizhe, Vice Chair of the China National Textile and Apparel Council, delivered a speech themed "Going Toward Sustainability – Production Volume, Added Value and Corporate Social Responsibility".

September 2, 2008

From September 2 - 5, at the invitation of the Ministry of Foreign Affairs of the Kingdom of Norway and the ETI-Norway, Mr. Yan Yan, Deputy Director of the China National Textile and Apparel Council's CSR Office, and Mr. Liang Xiaohui, Chief Research Fellow, visited Oslo to have discussions and exchanges with various stakeholders on CSR issues.

June 18, 2008

The China National Textile and Apparel Council held a conference in Beijing to release the China Sustainability Reporting Guidelines for Apparel and Textile Enterprises (CSR-GATEs) and the Chinese Textile and Apparel Industry CSR Annual Report 2007, signifying the official establishment of a CSR reporting system at industry and enterprise levels.

April 18, 2008

The China National Textile and Apparel Council held a three-day Third CSC9000T Training Session for Trainers and Appraisers in Beijing. Sixteen CSR experts from the cooperative institutions of the China National Textile and Apparel Council's RSCA attended.

November 7, 2008

The China National Textile and Apparel Council held the Verification Conference of CSC9000T China Social Compliance 9000 for Textile & Apparel Industry (2008 Edition) in Beijing, at which experts from the verification group agreed that the system had met the requirements for publication and practical application.

September 22, 2008

From September 22 -3 3 and 25 - 26, the first internal auditor training of CSC9000T China Social Compliance 9000 for Textile & Apparel Industry was held in Shanghai and Guangzhou. Forty-one first-batch CSC9000T pilot enterprises, key enterprises in industry clusters, and more than 130 representatives from textile product development base enterprises attended the two-day training session.

August, 2008

The China National Textile and Apparel Council joined the United Nations Global Compact, becoming China's first industry organization to participate in the initiative.

April 18, 2008

At the invitation of UNCTAD and WTO ITC, Mr. Sun Ruizhe, Vice Chair of the China National Textile and Apparel Council, went to Accra (the capital of Ghana) to attend the WIF of the 12th UNCTAD. Mr. Sun explained the progress of the Chinese Textile and Apparel Industry in implementing CSC9000T, strengthening CSR building, and maintaining a fair trading environment. 0

March 4, 2008

Mr. Sun Ruizhe, Vice Chair of the China National Textile and Apparel Council, met with Ms. Hannah Jones, Vice President of Nike, and her retinue in Dongguan City. They exchanged opinions on promoting supply chain CSR by industry associations and international brands.

April 2, 2008

The China Federation of Industrial Economics held a CSR Senior Management Forum and CSR Guidelines Release Conference at the Beijing International Convention Center. Mr. Du Yuzhou, Chair of the China National Textile and Apparel Council, delivered a special speech.

December 1, 2007

A cooperation project between the China National Textile and Apparel Council, International Labour Organization and United Nations Industrial Development Organization (CNTAC/ ILO/UNIDO) was launched. More than 180 managers from 25 enterprises in Zhongshan, Guangdong Province, Shengze, Jiangsu Province and Haining, Zhejiang Province attended the International Labour Standards and CSR Management training session.

November 21, 2007

A training session entitled "Prevention and Control of Workplace Sexual Harassment and Corporate Social Responsibility" was held at Beijing Aimer Lingerie Co., Ltd., co-sponsored by the China National Textile and Apparel Council CSR Building and Promotion Office and the Women's Law Research and Service Center of Peking University.

October 23, 2007

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The China National Textile and Apparel Council RSCA held Corporate Social Responsibility and Labor Contracts Law training sessions in Shanghai and Shenzhen.

August 10, 2007

From August 10 - 12, 2007, the second training session for CSC9000T China Social Compliance 9000 for Textile & Apparel Industry for trainers and consultants was held in Beijing.

December 18, 2007

The China National Textile and Apparel Council held the 2007 Chinese Textile and Apparel Industry's Annual CSR Meeting to launch the "200• 8" Plan for CSC9000T promotion and development.

November 28, 2007

At the invitation of the Foreign Trade Association as well as other institutions and companies, the CSR delegation of the China National Textile and Apparel Council, led by its Vice Chair Sun Ruizhe, paid a working visit to Europe between November 28 and December 7.

November 12, 2007

CSC9000T China Social Compliance 9000 for Textile & Apparel Industry won the 2007 "First Award of Scientific and Technological Progress from the China National Textile and Apparel Council".

August 31, 2007

More than 50 enterprises in the five industry clusters of Puyuan, Shenhu, Pinghu and Haining in the CSC9000T China Social Compliance 9000 for Textile & Apparel Industry "10+100+1000" Project completed initial assessment work for CSC9000T.

June 28, 2007

The China National Textile and Apparel Council was invited to conduct a CSR training session for representatives from more than 50 branches of the China National Light Industry Council.

May 22, 2007

The NDRC released a report on the building of CSR within the textile industry.

May 9, 2007

From May 9 - 10, 2007, the China National Textile and Apparel Council RSCA provided CSR training to domestic non-governmental organizations, attended by nearly 30 senior and middle managers from non-governmental organizations.

April 3, 2007

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The NDRC announced the 2007 project program for textile industry standards, incorporating the CSC9000T China Social Compliance 9000 for Textile & Apparel Industry.

March 12, 2007

Once again, Chairman Du Yuzhou spoke about the Proposal on Implementing Two Policy Suggestions for Textile and Apparel Enterprises, putting forward the issue of addressing cross-regional payment and social insurance for migrant workers, and the matter of allowing enterprises to extend working hours within the framework permitted by China's Labor Law.

January 18, 2007

The International Seminar on Prevention and Control of Sexual Harassment for Enterprises was held. Representatives from the China National Textile and Apparel Council's Building and Promotion Office attended, sponsored by the Women's Law Research and Service Center of Peking University Law School. The meeting recognized the success of CSC9000T in preventing and controlling sexual harassment.

May 26, 2007

Between May 26 and July 11, 2007, the launch ceremony of CSC9000T China Social Compliance 9000 for Textile & Apparel Industry "10+100+1000" Project and Training Activities were held in the nine industry clusters of Puyuan, Humen, Shishi, Shenhu, Pinghu, Haining, Kaiping, Jintan and Zhongshan in four provinces. More than 2,700 representatives from the NDRC, the China National Textile and Apparel Council, local governments, over 900 enterprises and 100-plus media outlets participated in the event.

June 16, 2007

The China National Textile and Apparel Council's CSR Special Media Observers Seminar was held in Beijing, attended by representatives form nearly 20 media outlets.

May 18, 2007

The China National Textile and Apparel Council and the Foreign Trade Association signed a CSR building and cooperation agreement in Beijing.

April 13, 2007

CSC9000T China Social Compliance 9000 for Textile & Apparel Industry passed its outcome review.

March 31, 2007

The China National Textile and Apparel Council's RSCA issued the first batch of appraiser and trainer certificates, signifying that CSR building and promotion in the Chinese Textile & Apparel Industry had entered a new stage of scientific, comprehensive, fast and standardized development.

February 28, 2007

The 5th Joint Meeting of the China National Textile and Apparel Council and Trade Union of Financial and Commercial Workers, Light Industry and Textile Workers, and Tobacco Industry Workers was held to discuss issues such as establishing smooth labor relations. 2014-2015 Annual Report on Social Responsibility of Chinese Textile and Apparel Industry 48/49

2006

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November 24 - December 1, 2006

Improvement of the Chinese Textile Industry's Environment and CSR Project held training sessions in Dezhou, Binzhou, Weifang and Zibo, Shandong Province.

July 26, 2006

The Notice on Urging China's Textile Industry to Transform its Mode of Growth in Foreign Trade and Supporting Textile Enterprises in "Going Global" was released by the Ministry of Finance, the National Development and Reform Commission, and the Ministry of Finance. It requested support for the "textile industry to build CSR management systems, to develop and improve the CSR standards of textile enterprises, and to carry out the promotion and implementation of these standards within and outside of China".

April 29, 2006

The NDRC, the Ministry of Labor and Social Security, and eight other ministries jointly promulgated the Notice on Opinions for Accelerating the Restructuring of The Textile Industry to Promote Industry Upgrade, making a call to "encourage the textile industry to drive the adoption of China Social Compliance 9000 for Textile & Apparel Industry (CSC9000T), and the implementation of corporate social responsibility".

March 28, 2006

The guidance document for CSC9000T China Social Compliance for Textile & Apparel Industry was released, and the projects of ten CSC9000T pilot enterprises were launched.



December 12, 2006

The first Chinese Textile and Apparel Industry's Annual CSR Meeting was held to release the Chinese Textile and Apparel Industry CSR Annual Report 2006.

November 11, 2006

From November 11 - 18, 2006, the China-EU CSR Forum and Subject Training .co-sponsored by the China National Textile and Apparel Council and EU Enterprise Directorate-General was held in three important textile industry clusters – Humen, Shishi and Haining.

June 13, 2006

The National Development and Reform Commission promulgated the Outline of the Eleventh Five-Year Plan for the Textile Industry, which included a request to ". drive and improve the building of China Social Compliance 9000 for Textile & Apparel Industry (CSC9000T), and implement corporate social responsibility".

April 1, 2006

The Improvement of China's Textile Industry Environment and CSR Project was launched, co-sponsored by the China National Textile and Apparel Council, University van Amsterdam and Shandong University.

APPENDICES



November 30, 2005

The China National Textile and Apparel Council attended the United Nations Global Compact China Summit, discussing the building and promotion of CSC9000T China Social Compliance 9000 for Textile & Apparel Industry.

May 31, 2005

The China National Textile and Apparel Council's RSCA was established, and the CSC9000T China Social Compliance 9000 for Textile & Apparel Industry (Principles and Guidelines) was officially released.

January 17, 2005

Mr. Du Yuzhou, Chair of the China National Textile and Apparel Council, led a delegation to North America to attend the Canadian Retailers' Convention in Toronto and the World Retailers' Convention in New York. Mr. Du delivered speeches at both occasions, and entered extensive exchanges with retailers, explaining the ideas of the China National Textile and Apparel Council in standardizing CSR practices.

October 27, 2005

The China National Textile and Apparel Council and Canadian Hudson's Bay Company signed an agreement on implementing and recognizing CSC9000T.

March 22, 2005

One hundred and forty Chinese textile and apparel enterprises jointly released an initiative for Further Strengthening Corporate Social Responsibility, advocating the implementation of corporate social responsibility, and supporting the China National Textile and Apparel Council to launch its own CSR rules for self-discipline. Established in May 2005, the Office for Social Responsibility of CN-TAC 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

o f t h e 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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Introduction of the Office for Social Responsibility of CNTAC