

CSR Practices of COSCO, Minmetals, Lenovo, Baidu in China

China-Japan-Korea Joint Research on Implementation of UNGC
Initiative by East Asian Companies

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The Participation of UN Global Compact

- In January 2005, the UNGC branch in China was founded.
 - Global Compact Promotion Office of China Enterprise Confederation
- Global Compact Summit: China, November 30 – December 1, 2005
 - Shanghai Declaration
- Sinopec started to promote social responsibility within the framework of UNGC in 2004.
- Up to now, there are 190 Chinese participants.
- 99 participants were active at the time of selection in March 2010.
 - Being active means to keep developing communications between the participants and the network.

Company Selection

- Chinese companies with branches in Japan and Korea, among the active 99

Company Name	Joined
China Ocean Shipping Group, COSCO, 中国远洋运输集团	2005-01-25
China Minmetals Corporation, 中国五矿集团	2009-09-02
Lenovo, 联想	2009-01-05
Baidu, 百度	2008-10-17
Sinosteel Corporation, 中钢集团	2008-03-25
ZTE Corporation, 中兴通讯	2009-02-17

Supply Chain Management: Characteristics

- COSCO
 - Headquarter as a policy maker in SCM, but it also concern on important docks, warehouses, customers and logistics.
 - Headquarter evaluates supplier annually, the subsidiaries choose their suppliers who are qualified in quality guarantee, services, prices and credit, etc. Suppliers' performances will feedback to headquarter regularly.
 - Suppliers' human right and social responsibility situation will be highly concerned.
 - Internet based information platform has been built for sustainable development information on the supply chain to assess the social responsibility.

Supply Chain Management: Characteristics

- Minmetals
 - Group's business is complex, supply chain management is very special;
 - Group has unified principles, which are developed by the department of strategic planning and department of risk management;
 - The implementations are different among the different branches.
- Lenovo
 - Establishing full-time global procurement specialist, hot line and appeal office, to gather and dispose the suppliers' actions which violate Lenovo's CSR principles, and further promote suppliers to set up more open and effective supply.
 - Periodic supply management report
 - Integrating CSR indicators to supplier evaluation system which have direct influence on cooperative relations.

Supply Chain Management: Characteristics

- Baidu
 - Baidu's supply chain is relatively short; the main suppliers are server and software suppliers.
 - The social responsibility is mainly reflected in energy efficient servers, which highly coincides the economic benefit and developing strategy of the company.
 - Baidu always requires the most advanced servers, which pushes the suppliers' R&D process.
 - Baidu is willing to try the newest, untested servers, provides the suppliers great data volume to test and modify their products, and thus achieves co-development.

Supply Chain Management: Communication

- COSCO
 - Variety and efficacious way to communicate with suppliers.
 - Sound supplier management system: there are evaluating system in group level, controlling and feedback system in subsidiaries level.
 - Human right is highly concerned;
 - Contribute to supply chain partners' success in social responsibility and sustainable development report.

- Minmetals
 - Multi-vendor communication, high frequency; different departments vary greatly.
 - The principles of supplier management can be implemented in the relevant business sector.

Supply Chain Management: Communication

- **Lenovo**
 - Trying to positively influence the suppliers through business interactions, for example, meeting the standards of CSR is necessary for signing contracts, and advocating good CSR practices in the suppliers session.
 - Multi-channel daily, monthly, quarterly and yearly effective communication.
 - Lenovo establishes a twofold supervision by document and qualification, which are directly brought into the contracts.
- **Baidu**
 - The suppliers are giant international corporations such as DELL or HP, thus the communication is more like two-way negotiation instead of one-way education.
 - Baidu has a systematic SCM, which requires suppliers to provide green certification from the third party.
 - Baidu also has internal energy test for the servers and other equipments.

Supply Chain Management: Impacts

- COSCO
 - Place community's development in very important position, insisted on mutual benefit, win-win thinking, and people-orientation.
 - Supporting local economic development by investment and adhere to the localization of procurement and hiring local staff.
- Minmetals
 - China Minmetals has a widely influence, since the suppliers are distributed widely.

Supply Chain Management: Impacts

- **Lenovo**
 - Covering all the aspects of labor, environment protection, health, safety and ethics etc.
 - Focusing on environmental and energy conservation in materials
- **Baidu**
 - The Supply Chain Management is closely related to the core business and promotes daily operation and innovation.
 - The impacts over suppliers' communities are limited, since the suppliers are mostly multinational enterprises.
 - The increasing demand of energy efficiency accelerates the innovation of the suppliers.

Stakeholder Dialogue

- COSCO
 - Each companies are trying to promote communication with various stakeholders and developing communication and response mechanisms.
 - Comprehensive risk management has been taken into account in the stakeholder communication mechanisms.
- Minmetals
 - Minmetals group is ready to communicate with various stakeholders via conferences, phone call, email, and etc.

Stakeholder Dialogue

- Lenovo
 - Lenovo and its cooperative partners jointly establish a whole set of market mechanism and realize win-wins.
- Baidu
 - The users are the first priority according to the vision and mission of Baidu.
 - Baidu takes full advantage as an Internet company, the reaction towards users feedbacks is systematic and rapid.

Gender Issue

- Gender equality is prevalent among the 4 invested companies.
- Recruitment
- Salary
- At least one female member in the top management team
- Special care for women

Good Practice: Supply Chain Management

- COSCO
 - The localization of procurement and hiring local staff contribute to local economics development.
 - Human rights terms were introduced to procurement contracts. Human rights knowledge training was hold for procurement.
- Lenovo
 - Adopting strict requirements higher than ISO environment protection and energy conservation standards to its supply chain management.
 - Setting up a two-stage supplier management system and implementing inspections and supervisions to suppliers according to EICC standards.
- Baidu
 - Focus on energy efficiency; achieve economic benefit and social responsibility simultaneously.

Good Practice: Stakeholder Dialogue

- COSCO
 - Sustainable development reports for stakeholders are equally important as financial reports for shareholders.
- Lenovo
 - For agents, agents are called Lenovo partners. Lenovo consultative committee can participate in Lenovo's policy making. Lenovo devotes itself in helping its agents improve operation capacity through helping them to do operation analysis. Other communication forms include Lenovo partner world conference, website, magazines etc.
 - Implementing EAP from 2007; hiring an international psychological consulting firm to provide consulting services to employees and their relatives.
- Baidu
 - Take advantage of Internet company; establish user feedback system, communication platform for clients and stockholders.

Good Practice: Gender Issues

- COSCO
 - A Crew's wife is allowed to travel with her husband during his travelling period.
- Lenovo
 - Bringing division and level male/female ratio into cadre evaluation, to encourage managers to pay more attention to this issue.

Thank You!