

# Case Analysis of Chinese Enterprises in The Process of Disaster Relief and Reconstruction

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Global Compact Network  
China



1. Background

2. Corporate Donations

3. Participation in Disaster Relief  
and Construction

4. Challenges

# Major Catastrophes in China



In the early 2008 , the most serious snowstorm in late five decades stroked

- In Feb. 2008 , daily relief donation from all walks of life reached 60 million yuan. By Feb. 29<sup>th</sup>, donation totaled 227.5 million yuan.

May 12, 2008, a 8-magnitude earthquake hit Wenchuan, Sichuan Province.

- 1.009 trillion yuan of relief donation
- 18.5 billion yuan worth of voluntary service
- 35.7 billion yuan worth of donation from corporate donors
- 42.1 billion yuan worth of donation from individuals donors



# Major Catastrophes in China

In August 7<sup>th</sup> 2010 , a serious mudslide happened in Zhouqu County in Gansu Province.

- By the noon of August 19<sup>th</sup> 2010, the Civil Affair Department of Gansu Province received 208 million yuan donations.
- 22.98 million yuan in funds and goods had been raised.

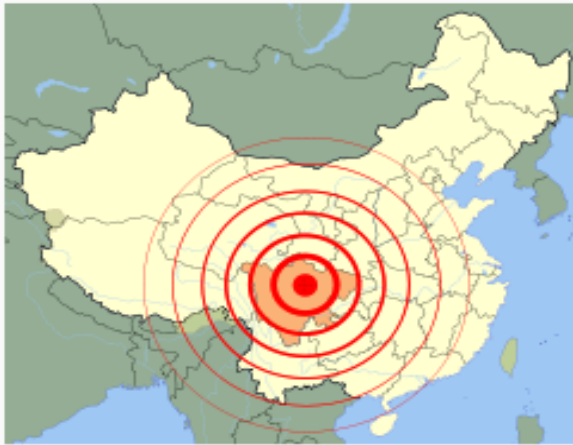
In April 14<sup>th</sup> 2010 , a 7.1 magnitude quake hit Yushu County, Qinghai Province

- By August 12<sup>th</sup> 2010 , donation had risen to 10.447 billion yuan , including 9.628 billion in cash and 819 million in goods.



# 512 Wenchuan Earthquake

## 2008 Earthquake 2008 Wenchuan Earthquake



<b>Date</b>	May 12, 2008
<b>Duration</b>	2 Days and 8 Hours
<b>Magnitude</b>	8.0 $M_s$ <sup>[1]</sup> /7.9 $M_w$ <sup>[2]</sup>
<b>Depth</b>	19 kilometres (12 mi)
<b>Epicenter</b>	 31.021°N 103.367°E (Yingxiu, Wenchuan, Ngawa in Sichuan Province)
<b>Countries or</b>	 China

- The 2008 Sichuan earthquake occurred on May 12, 2008 in Southwest China's Sichuan province. The 8.0-magnitude quake had its epicenter in Wenchuan county, Sichuan province.
- With its astounding scale, casualties and economic losses, the earthquake invoked a unprecedented wave of earthquake relieving efforts.
- All walks of life joined this movement eagerly. Among them the business world stands as a indispensable force.

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# Support from Business in 512 Earthquake



- Cooperates were the main sources of donations. Cooperate donations account for **44%** of donations or 35.7 billion yuan worth.
- From real estate come the most large lump sum. More than 1/3 of the 100-million level donation were received from **real estate**.
- The potential of on-line donation was fulfilled. After the earthquake, promoted by 7 major websites, 75.92 million yuan was raised from netizens for relief-related charity groups. More than 100 million were received through SMS. At least 80 million people were involved in the two ways above.
- 28 donations at 100-million level were received from cooperates.

——Statistics come from 512 Wenchuan Earthquake Donation Information Management System from China Ministry of Civil Affairs, dated Feb. 2009.

# Donations of Chinese Enterprises in 512 Earthquake



- Corporations acted as the main source of the donations.

- Domestic enterprises made a **20.079 billion** yuan contribution, plus free products and services worth 7.3 and 4.516 billion yuan respectively, accounting for 89% of all.

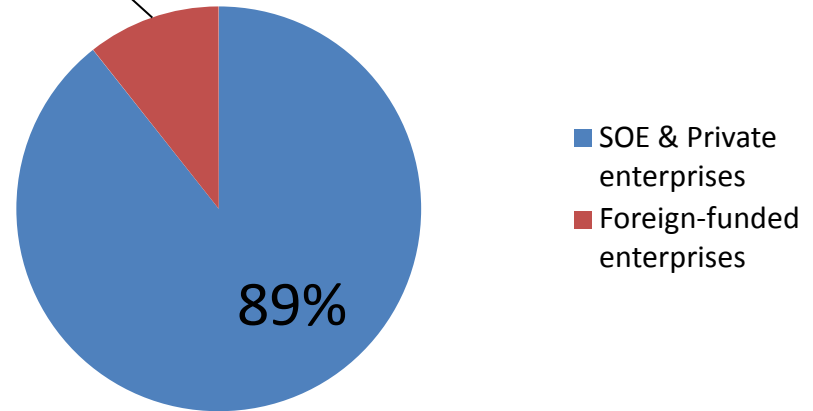
- Foreign invested enterprises offered all sorts of aid worth 3.8 billion yuan.

- Donations from state-owned enterprises constituted **31%** of all.

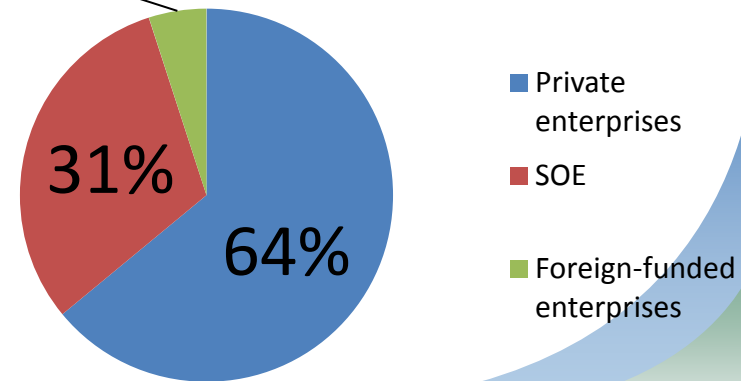
- Based on the research conducted by the State Asset Management Commission on 150 SOEs, 97 of them provided free products or services in different ways, the total value of which is above 2 billion yuan, including 2.24 billion yuan from individual employees.

- 147 companies offered aid in cash worth of 1.66 billion yuan.

11% Donation from all Enterprises



5% Donation in types of Enterprise





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# Contributions of Chinese Enterprises in 512 Earthquake

- Overseas enterprises of the Group committed to the nation and fully supported the disaster areas. Minmetals Australia cancelled the 20th anniversary celebration and donated the entire budget and raised money with a total of AUD 200,000 to Wenchuan disaster areas through Australian Red Cross.

Letter of thanks by Australian Red Cross



On July 11th, 2008, 6 trucks carrying teaching heat-preserved tents donated by the Group arrived in Tianshui City, Gansu Province

Deliver the relief materials to Gansu Charity Federation



# Contributions of Chinese Enterprises in 512 Earthquake



- Nike Sports (China) donated 10 million yuan and goods worth of 20 million yuan to the affected areas through China Foundation for Poverty Alleviation ( CFPA ) and other organizations.
- TNT China, together with some relief organizations, delivered a large number of materials for aid by means of its transport fleet and logistics facilities.
- Perfect (China), after continuous donations of 13 million yuan covering reconstruction of educational facilities, donated another 10 million yuan of nutrition products to injured people and medical teams.



# Contributions of Chinese Enterprises in 512 Earthquake

- Haohua Qingping Phosphate Company in Deyang City, Sichuan Province is just less than 40 kilometers away from the epicenter, having nearly 300 casualties and direct property lost up to 410 million yuan.
- Qingping Phosphate company initiated emergency response plans right after the earthquake, searching buried workers and other citizens, quickly building simple plastic shelters and taking out the flood prevention reserves for the victims. When the disaster happened, the Corporate Headquarter contacted related departments immediately to airdrop some drinking water, food and medicines. It also assisted the rescue teams into the mines , transferring the trapped miners and their families as well as other villagers down to the foot of the mountain areas. Finally, 221 miners and their families were rescued and more than 3,000 miners and local victims were transferred safely.



# Products & Services Offered

- During the disaster relief and reconstruction period after the 512 earthquake, all kinds of companies offered free services worth of **4.436 billion** yuan, including transportation, communication and insurance services.

Corporations	Services	Value (yuan)
China Mobile & Unicom	Free communication in 20 days	Around 380 million
Banks	No additional fees for remittance	820 million
Postal Service	No additional fees for remittance	4.6 million
Airlines	Free transportation for emergency teams, staff, and materials	Around 3 billion
Heavy Industry	Rescue teams and equipments	834 million
Insurance Companies	Insurances for the emergency team and relevant staff	142.2 million
Restate Estate Companies	Free shelters	250 million
Total		Around 4.516 billion

# Contributions of Chinese Enterprises in 512 Earthquake

- China National Machinery Industry Corporation hired large helicopters from Russia to airdrop **caterpillar bulldozers**.
- China National Machinery Industry Corporation donated a number of **small electronic devices** to excavate the broken reinforcing steel bars, improving the efficiency of rescue work, striving for the most valuable 72-hour rescuing time after the earthquake.
- In addition, Hyundai (Jiangsu) Construction Machinery Co.,Ltd, invested by China Foma (Group) CO., Ltd, under China National Machinery Industry Corporation, volunteered 19 **excavators** worth more than 1.3 million yuan, employing machinery techniques in the disaster relief.



# Contribution by Chinese Enterprises in 512 Earthquake

- The SINOSTEEL set up a 200 million yuan special fund for post-disaster reconstruction, increasing steel stocks to **30,000 tons** to stabilize steel prices in Sichuan market, acting as the main force in post-disaster reconstruction.
- The Group and its employees contributed 28 million yuan in total.



中钢川炭向灾区运送救灾物资



中钢员工为地震灾区献爱心



昵图网 nipic.com/nitunet

# Contributions of Chinese Enterprises in 512 Earthquake

- 12 minutes after the earthquake, **State Grid** launched an emergency plan, establishing of an inter-departmental, inter-unit, multi-disciplinary emergency system for disasters.
- The enterprises mobilized more than 4,300 grid repair technicians, 268 medical experts, 242 sets of large-scale machines and vehicles and 1,205 generators to the region.
- The 12 medical teams treated more than 7,000 people in total in the disaster area during that period.
- In the subsequent three years after the earthquake, State Grid invested 14 billion yuan in the post-earthquake reconstruction projects in Sichuan.





## China Development Bank——Provide education loans

- Located on the Fenwei seismic belt, Shanxi is a quake-prone province. After the Wenchuan earthquake, a massive school building renovation campaign was started amid public concerns. Thanks to the sufficient capital support of CDB, the project started in February 2010 was completed one year ahead of the schedule. During the construction period, CDB provided a total of **6 billion** yuan in loans to **9,483 schools** with their renovated areas amounting to 20.682 million square meters.
- School house renovation in Shanxi gives only a glimpse of CDB' s support to education through finance. The project has received extensive praises from the Ministry of Education and all sectors of society.



## AVIC

- After 512 Earthquake happened, helicopters produced by AVIC were sent to the quake-hit areas, delivering rescue materials and transferring injured people under the circumstances that roads and bridges were cut-off during the earthquake. During that time, the helicopters were indispensable with their unique strength in rescuing. They won praise as "Eagle of Life" .
- The "Lucky Bird" in quake-hit areas –10 AVIC Z-8 helicopters delivered huge amount of materials to the quake-hit areas and transferred hundreds of victims, saving massive economic and life lost, which were called as "Lucky Bird" by the people there.





- Tencent is the largest internet company in China
- Since the Tencent Charity Foundation was established, it has been investing heavily in poverty relief and other social welfare activities.
- Making full use of its online platform to motivate users, Tencent raised more than 23 million yuan.
- "Web2.0 style" disaster relief activities were carried out by hundreds of millions of Internet users. Tencent launched an emergency system immediately. Six hours after the earthquake, the first 1-million yuan donation was delivered to the Red Cross Foundation to implement emergency disaster relief.
- Five hours after the earthquake, Tencent Charity Foundation together with One Foundation founded by Jet Li, started online donation activities through its online paying system Tenpay to raise disaster relief funds, which marked the start of Internet donations.

# Corporate Foundation



- Through Narada Foundation, Shanghai Narada Co.,Ltd donated **10-million special fund** ,
  - To finance China' s charity groups to run disaster relief and reconstruction projects with their own skills and expertise
  - To launch 65 disaster relief projects after "5.12" earthquake
- In 2010, it set up a 10-million fund called "Disaster Relief and Reconstruction Foundation" to deal with frequent natural disasters,
  - To assist public organizations in disaster relief and reconstruction
  - To accept year-around project funding applications



- Wantong Community Foundation donated 6,000 packages of drinking water, 300 tents, 1,000 more energy-saving lamps and two tons of rice and edible oil, with 3-million yuan material contribution.
- Introduction

## I. Emergency relief and post-earthquake reconstruction

The company donated 1000 energy-saving lamps in the temporary settlement point for quake-hit victims, offering 8,500 m<sup>2</sup> energy-saving cooling green paints for two large housing areas for victims

## II. Assistance to orphans affected by the earthquakes



万通公益基金会  
WANTONE FOUNDATION

WANTONE FOUNDATION  
北京融智企业社会责任研究所

III. Blue Sky Theatre. The company financed Beijing Dongdong Shoes Child Troupe's three trips to Sichuan, who went to 16 earthquake-hit areas and performed 43 shows, bringing happiness to 100,000 teenagers there.

IV. "Go to the Future" Beijing Summer Camp for earthquake-hit orphans

V. The first Ecological Sanitary Toilets Initiatives Forum in China

VI. The Ecological Sanitary Toilet Aid project in Dishui Village, Yunan

VII. "Reading Changes Lives" -a large scale public event of 20-book reading activity

VIII. Emergency management for earthquake disaster and projects of book translation about reconstruction work



给四川地震灾区的孩子们带去一个大山外的世界

- SOHO China: Beijing's largest real estate company
- Project : SOHO China Post-Disaster Education Fund
- Affiliate to: Beijing Red Cross Foundation
- Public welfare Field: Financial Support, Hardware Facilities
- Details: SOHO China Ltd. donated 40 million for educational facilities in areas where severely damaged by earthquakes in Sichuan and Gansu.

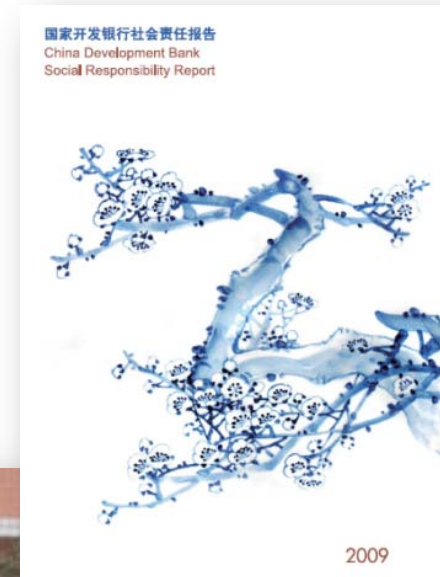


- After Wenchuan earthquake, China's Uncle McDonald's House Charitable Foundation and McDonald's (China) raised more than 21 million yuan from its staff, management, suppliers and customers globally.
- 16 million yuan of it had been used for educational facility reconstruction. 4 primary schools were built and have been in service since early 2010.
- 10 ambulances worth of 1.3 million yuan were donated to Maternity and Child Care Hospital in Sichuan.



## China Develop Bank

- Build Study of Love
- CDB initiated the drive of “China Development Bank Study” in 2009 for students in the quake-hit regions and built up the Studies of Love in 14 primary schools of Sichuan and Gansu as well as the Library of Love in Dujiangyan Middle School. The China Children and Teenagers’ Fund was entrusted to implement the project with the CDB approval.





After the "5.12" Wenchuan Earthquake, the disaster relief efforts taken by Nokia consolidated the principle of "doing feasibly for the quake-hit area", deployed different ways to provide assistance against the actual needs in two different periods for the area. The company contributed and made commitments of cash and goods worth **54 million yuan** for relief work subsequently.

- The first period is emergency relief . The disaster area needed emergent assistance service.
- The second period is a long-term post-earthquake reconstruction, which lasts for a long time. In order to make sure all investments meeting the actual needs of victims, the company conducted careful researches and planning activities.



A Nokia and **Youth Business China(YBC)** gave financial support for the youth in quake-hit area to start business by themselves. The total investment is 100 million yuan.

B Nokia helped people in quake-hit area to go out of traumatic shadow, investing 25 million yuan in **Golden Sunshine Project**.



## Fixed-price commercial housing for quake-ridden residents

- After the Wenchuan earthquake, MCC5 voluntarily used the MCC Yanjing commercial housing project of 199 mu located in East 2nd Ring Road of Dujiangyan as fixed-price commercial housing for quake-ridden residents. With a total building area of 203,246 square meters, the project is able to resist an 8-magnitude earthquake and has settled 1,717 quake-ridden households



Comments: The Project of MCC Yanjing is a great deed for the survivors of the earthquake. I hope MCC5 can step up its effort to let more people reside in new houses at an early date.

—Speech given by SASAC Vice Chairman Ms. Huang Danhua while inspecting the post-disaster reconstruction at MCC Yanjing on May 11, 2010.



## Completion of Post-disaster Reconstruction Ahead of Schedule



- Reconstruction of Dongfang Turbine Co., Ltd.
- MCC5 and 19MCC participated in full force in the reconstruction of the Dongfang Turbine on a site different from its former premises.
- Since the commencement in August 2008 to the completion in June 2010, MCC5 and 19MCC completed all works involved in reconstruction, including assembly workshops and stator processing buildings safely and efficiently.
- On July 26, 2010, Donald Tsang, the visiting Hong Kong Chief Executive to Dongqi Hospital funded by Hong Kong and built by MCC5 as the contractor, shakes hands with MCC5 President Meng Changjia.



# Participation in Other Disasters



国家电网公司  
STATE GRID  
CORPORATION OF CHINA



- 21 provincial grid companies with 266,000 staff in total fought for grid restoration and repair during the snowstorm.
  - The company reassembled 5.66 billion yuan facilitates as an urgent response and organized individual donation of their employees worth 11.5 million.
  - The staff paid unimaginable efforts to finish a normal 6-month work in 6 weeks, completing the task of repair and restoration. 10 people lost their lives in emergency rescue.
- 
- In the snowstorm relief period, employees contributed 115 million donation. The company contributed 210 million donations, materials and facilitates to the quake-hit area, among which employees and the retired contributed 76 million.
  - The snowstorm cost 10.45 billion yuan lost to State Grid Cooperation of China, the post-disaster network restoration and upgrading needed 39 billion investment.

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Chinese enterprises took their social responsibilities for disaster relief and reconstruction , with following characteristics :

- Determine the importance and priority of philanthropic issues:
  - The majority of companies contributed considerable efforts on disaster relief and reconstruction. Large amount of companies saw it as an important philanthropic issue, ahead of educational and community ones with great priority.
- Generate strategic concept of charity
  - In China, cash donation is the mainstream with wide acceptance in the society. Wanglaoji Company was given high praise for its 100 million yuan donation.
  - A small amount of strategic philanthropy cases came to the scene, e.g. security housing project of China Metallurgical Group Cooperation.
- Cooperate with foundations to enhance professionalism in charity
  - Set up projects, integrate with public resource and enhance resource efficiency through cooperation with professional public foundations
- Show few signs of social innovation
  - Very few companies came up with a social innovative plan which integrated products, services and company's operational advantages to address disaster assistance and reconstruction challenges as well as development issues in the post-earthquake period.

## ■ Capacity Building for Disaster Relief

- How to engage in disaster relief activities with the advantages of industry, technology and operation system of the company ?
- How to form a back-up disaster relief team with skills and knowledge of its staff ?
- How to build a disaster-relief management system and store related rescue materials ?

## ■ Integration of Governmental and Social Resources

- How to use public organizations' expertise?
- How to integrate with other social forces?
- How to use enterprises' platforms to motivate more forces in disaster relief ?

Thank you



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