



Labour Standards in China: Best Practice Guidelines

LAPFF Trustee Guide
January 2007

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The Local Authority Pension Fund Forum, which was set up in 1991, is a voluntary association of 39 public sector pension funds based in the UK. It exists ‘to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders to promote corporate social responsibility and high standards of corporate governance amongst the companies in which they invest.’ The Forum’s members currently have combined assets of £70 billion.

Stuart Imeson
LAPFF Secretariat
Bradford City Council
Britannia Ings
Bradford
West Yorkshire
BD1 1HX
Tel +44 (0)1274 43 23 17
Fax +44 (0)1274 43 77 00
info@lapffforum.org

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This guide has been prepared and written by Laura Aarnio and edited by Peter Southwood and Tessa Younger of PIRC. For further information, please contact TessaY@pirc.co.uk.

Structure of Guide

Trustees can read this Guide as a whole or refer to each relevant section separately. For example, a company with health and safety issues in China may require a trustee to read only Chapter 3, Corporate Objectives and Strategy and Chapter 6, Health and Safety. Each chapter offers a concise background to the issue, an authoritative benchmark and examples of criteria for assessment or how action might be taken on the issue concerned. This is followed by a set of questions to put to fund managers or the companies concerned.

Where further analysis is required, either through the fund’s manager or directly with the company concerned, the Appendix provides additional detailed questions to explore the issue in more depth.

Sources for benchmarks and explanation of technical terms are contained in the glossary.

Benefits for the Fund

The Guide has been written by PIRC with due attention to the resource and time constraints that funds face. It will enable trustees and officers to conduct periodic reviews of their fund managers’ engagement activities affecting China, in order to:

- Initiate a dialogue between funds and their managers about engagement in this area;
- Develop a better understanding of how their fund managers engage on China issues;
- Enable an assessment of engagement progress along with quality and effectiveness;
- Open up opportunities for improvements to current strategy, policy and practice of companies operating in China;
- Get the most out of fund managers’ and the Forum’s engagement services.

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Chapter 1 – Introduction

Investing in China: Labour Standards

The promotion of overseas employment standards at investee companies is not only consistent with LAPFF's mission statement, but also reflects pension funds' long-term investment interests. Trustees have an active role to play in promoting good practice in corporate governance and social, ethical and environmental matters, which is why the Forum has a longstanding interest in overseas employment standards and recognises the impact of good working conditions on productivity and efficiency.

The Forum identified China as a special case in terms of corporate social responsibility (CSR) and risks to institutional investors because of the country's complex web of laws, politics and culture. Foreign companies in China operate in an unusual business environment with distinctive labour conditions, where a gradual series of economic reforms and economic liberalisation has not so far been accompanied by a similar transformation of political and civil rights. A key area of concern is the lack of democratic or human rights, including the right of workers to join a trade union of their choice, as well as the contravention of certain international labour standards and how this may rebound on foreign companies operating in China.

This Trustee Guide has been developed as a framework for regular monitoring of companies to detect emerging concerns about risk and value destruction due to poor labour standards. It aims to provide an independent mechanism for assessing labour standards as well as indicators for measuring the effectiveness of managing employment risks and opportunities in investee companies with major operations or supply chains in China.

How to Use this Guide

This Guide aims to assist local authority pension fund trustees in seeking and evaluating evidence from fund managers or directly from investee companies, on whether these companies are objectively assessing the employment risks and opportunities of doing business in China. The ultimate purpose of this engagement is to protect and enhance long-term shareholder value.

The Guide gives trustees an insight into relevant issues for each area of concern and sets out appropriate questions to ask fund managers or directly of the companies. While many UK-listed companies do business with mainland China, the Forum Trustee Guide will be suitable for those whose investment there, either directly or through supply chains, is significant enough to merit reference in their voluntary OFRs or mandatory Business Reviews. Trustees may wish to focus on any such investee company (referred to simply as ‘the company’ in this Guide) whose assessment of employment risks and opportunities in China appears to lack transparency and accountability in objective terms.



Chapter 2 – Background to the Trustee Guide

This Trustee Guide is based, inter alia, on the LAPFF Interim Report and a subsequent consultation with stakeholders and China experts on its findings and the initial best practice guidelines.

The LAPFF Interim Report published in November 2005, contained a study of five FTSE 100 companies in knowledge-based industries and the Forum’s initial best practice guidelines. The Interim Report provides details of the five companies including two banks, two pharmaceutical companies and one chemicals firm which agreed to be interviewed on the basis of a questionnaire to find out how they are managing risks and implementing employment policies and practices in mainland China. Although the five firms differ from those in the low-cost export-manufacturing sector, that have been the main focus of other Western studies on China, the LAPFF Report showed that the companies concerned are engaged in many positive practices in China.

However, the LAPFF Interim Report recognised that a limitation of the study was that evidence of working practices in China was solely obtained from a management perspective, as interviewees were senior corporate representatives. Consequently, a stakeholder consultation was conducted in order to seek further evidence on the findings and suggestions for improvements to the Trustee Guide from both stakeholders and also experts with direct experience and knowledge of labour issues in China.

It also revealed that, having well-developed global corporate responsibility policies, companies in the sample did not see the necessity or desirability for China-specific CSR objectives. Therefore, engagement with FTSE 100 companies in China needs to be based on an assessment of the effectiveness of their management of employment risks rather than requiring the development of China-specific policies, unless a convincing need for special treatment can be established.

Key areas of concern include:

- **China’s contravention of certain international labour standards.** The country is a member of the International Labour Organisation (ILO). However, it has not signed all of the conventions, such as those governing freedom of association or collective bargaining. Bargaining for better labour standards is

limited as independent trade unions continue to be prohibited in China, as all unions must be affiliated to the All China Federation of Trade Unions (ACFTU) - a body controlled by the Chinese Communist Party.

- **Health and safety.** Despite the promulgation of new laws and regulations in 2002, such as the Work Safety Law, lack of enforcement and implementation are major obstacles to any improvements to occupational safety and health performance. Also, because of the speed of industrialisation, China's occupational health and safety structure has lagged behind, and there is an acute shortage of work safety awareness and strict supervision, as well as competent occupational health professionals.
- **Diversity and migrant labour.** Economic liberalisation has not worked to women's advantage in terms of economic benefits, and a disproportionate number of women workers in the state-owned enterprises have lost their jobs and have found it difficult to find new ones. Women are generally disadvantaged because of their lack of education and necessary skills, as well as their lower social status than men. Additionally, although maternity benefits are guaranteed under different laws and regulations, there is no dependable national welfare system and employers are reluctant to hire women of reproductive age. Migrant workers are disadvantaged because of the difficulty in obtaining temporary residency permits and lack of statutory benefits, such as pensions and health care. They often live at work sites where conditions in the dormitories are overcrowded and lack basic necessities, like showers.
- **Wages and working hours.** Although the Labour Law (1994) sets a minimum level for wages and stipulates the number of hours that employees should work, weak enforcement and implementation renders the system open to abuse. China's provinces and cities individually legislate for minimum wage standards, which vary widely across the nation and are difficult to monitor. Low pay and long hours are traditionally associated with the export oriented manufacturing industries, which operate in a very competitive market and are labour intensive and characterised by low-skilled labour.

While evidence from the LAPFF survey was based only on research into knowledge-based industries, the best practice guidelines are structured to suit all industry sectors by taking into account the wider literature on this topic.

Chapter 3 – Corporate Objectives and Strategy

3.1 Background

Although China represents a major market offering long-term growth opportunities to many foreign enterprises across various sectors, the country is clearly more central to some companies' core business strategies than to others. Therefore, for a UK-listed company, it is vital that trustees identify what China represents in the company's strategy and whether the country is significant through direct operations or the supply chain. This is not only important for recognising any sector-specific CSR objectives and issues that are relevant to the company, but also in understanding the company's operating context at the local level and/or significant relationships with local enterprises.

A listed company should include details, in its OFR or Business Review, of the main trends and factors likely to impact its future prospects and, therefore, of China if the country represents one of its major potential markets. Additionally, companies should report on risks and uncertainties affecting long-term value and acknowledge any risks and opportunities associated with its operations in China. This should include recognising the distinctive features of the Chinese labour market and the company's approach to managing it. However, findings of the LAPFF Interim Report suggest that companies will have well-developed global corporate responsibility policies but no special CR objectives in China.

3.2 Choice of criteria, benchmark and source of information

Choice of criteria	<p>Trustees adopt company-specific evaluation criteria, depending on the nature of the business in China and the particular sector, when analysing the report and accounts. Also, trustees examine whether special CR issues or risks have been identified in relation to China. These could allow, for example, an assessment of how far the company is aware of relevant risks and aimed at identifying:</p> <ul style="list-style-type: none"> • Whether the company has direct operations through production in China • Whether the company sources from Chinese partners (contracted labour) • What is the nature of business in China and risks involved (e.g. high-tech manufacturing or low-skill, labour intensive production for export; banking services)
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Benchmark	<p>‘The OFR should have a forward-looking orientation, identifying those trends and factors relevant to the members’ assessment of the current and future performance of the business and the progress towards the achievement of long-term business objectives.’ [ASB, <i>Reporting Statement: OFR</i>, paragraph 8 – see Glossary.]</p> <p>‘Directors should consider the potential future significance of issues in deciding whether or not to include an analysis of them in the OFR.’ [ASB, <i>Reporting Statement: OFR</i>, paragraph 49 – see Glossary.]</p>
Information source	<p>Methods of assessment will be based on a number of sources:</p> <p>Principal sources:</p> <ul style="list-style-type: none"> • Annual Report and Accounts: OFR, Business Review, Directors’ Report <p>Other sources:</p> <ul style="list-style-type: none"> • Internal control statement • CSR/Sustainability report • Company website • Direct engagement with company

3.3 Key questions to ask your fund manager or the company

3.3.a	What significance does China have in the company’s strategy? What is the company’s nature of business/operations in China?
3.3.b	Has the company provided evidence in its Report and Accounts that it has fully analysed the potential significance of the Chinese market for the long-term and the associated risks and opportunities?
3.3.c	Have the company’s global CR policies been adapted appropriately for China including consideration of special policies, where necessary?

Chapter 4 – Labour Laws and Human Rights

4.1 Background

The existence of a system of law that ensures compliance is essential to protect workers rights. The Chinese legal system and culture do not provide strong institutional support for compliance with labour law, which is also often inconsistent and ambiguous. Additionally, because of China’s contravention of certain international labour standards, workers have limited safeguards under international conventions as applied by their own government. Trustees, therefore, need to ensure that companies have relevant policies addressing issues such as human rights and appropriate measures for protecting workers from abuse and safeguarding good labour standards.

4.2 Benchmark and how action might be taken

Benchmark	The company is a member of the UN Global Compact and/or supports the UN Universal Declaration on Human Rights (UDHR), the OECD Guidelines for Multinational Enterprises, the ILO Core Conventions or the Global Sullivan Principles (see Glossary).
Action	<p>Trustees need to ensure that that the company has a policy on human rights and relevant reporting on human rights issues. These could be aimed, for example, at identifying</p> <ul style="list-style-type: none"> • Whether the company refers to international conventions • Whether the company is certified to standards such as SA8000, which provides guidelines defining basic human rights of workers (see Glossary). • Whether the company has a policy or code of conduct on labour standards for suppliers

4.3 Key questions to ask your fund manager or the company

4.3.a	Has the company signed up to one or more of the International Codes of Conduct?
4.3.b	Does the company have a group wide human resources/human rights policy covering wage and benefits, worker rights, procedures on recruitment, discipline, promotion and grievance etc?
4.3.c	Which board director, if any, has ultimate responsibility for labour rights or human rights (as distinct from human resources)? Also, do the Chinese subsidiaries have an adequate HR function?
4.3.d	Has the company undertaken a review of its purchasing practices, particularly with respect to supply chains in China, to determine its main employment risks and if it is contributing to good or poor labour standards?
4.3.e	Is regular training provided to all employees in China at every level on labour rights and group policies on employment standards?



Chapter 5 – Trade Unions

5.1 Background

Freedom of association is a constitutional right in China, but workers cannot join a union of their own choosing, effectively negating this right. Freedom of association in the workplace, outside the only recognised trade union (ACFTU), is not possible, and therefore collective bargaining for better pay and labour conditions is limited. Additionally trade union representatives usually also hold senior or management positions, indicating that labour conditions are set by unilateral management decisions. Evidence suggests that trade unions in China are generally ineffective in protecting labour rights, so trustees should be examining whether companies encourage worker participation and opportunity for dialogue through other channels of communication, such as forums and relevant committees.

5.2 Benchmark and how action might be taken

Benchmark	Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining [UN Global Compact, principle three – see Glossary].
Action	Trustees need to ensure that the company has a policy on freedom of association as well as mechanisms providing opportunities for dialogue for Chinese workers.

5.3 Key questions to ask your fund manager or the company

5.3.a	Does a union organisation exist within the company? If not, do any alternative mechanisms for employee negotiation and consultation exist in the company?
5.3.b	Where there is a trade union, was the union representative elected by employees through a secret ballot or nominated by the ACFTU or management of the company?

Chapter 6 – Health and Safety

6.1 Background

The Chinese Labour Law (1994) is very broad, in terms of health and safety, and states that working conditions must be safe and workers should be provided with appropriate health and safety training. If hazardous materials are used, there should be controls and emergency plans in place and supervision provided. Workers must also be advised of any areas of their work that involves hazards.

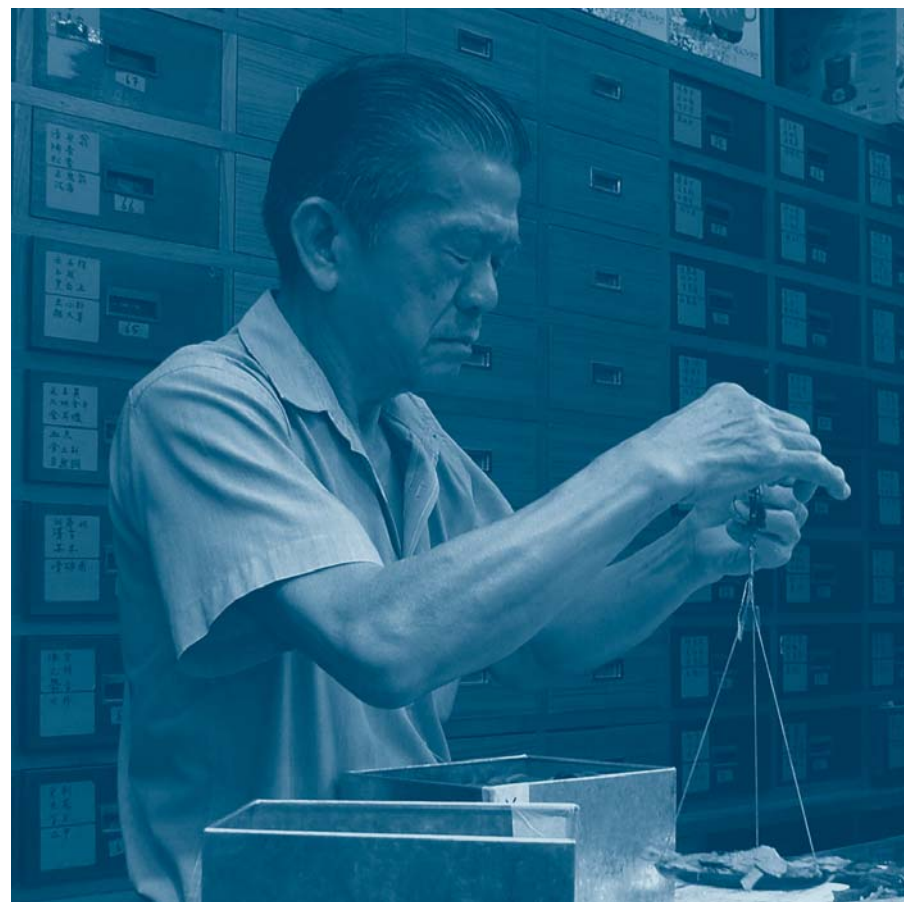
Implementation and enforcement of the law is not only poor, but also because of the lack of trade unions and effective channels of information, it is difficult to assess the nature and frequency of occupational accidents or diseases and many incidents remain unreported. Consequently, trustees need to ensure that appropriate policies are in place and question how workplace conditions are monitored. Trustees should also be asking whether companies encourage worker participation through other channels such as health and safety committees.

6.2 Benchmark and how action might be taken

Benchmark	A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment. Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers. Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided. Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers. The company observing the code shall assign responsibility for health and safety to a senior management representative [ETI Base Code, 3.1 – 3.5 – see Glossary].
Action	Trustees need to ensure that the company has a policy on health and safety and that it has relevant reporting on health and safety issues in China.

6.3 Key questions to ask your fund manager or the company

6.3.a	Have the Chinese operations or supply chains established H&S policies, H&S committees or a relevant system of regular H&S risk assessments?
6.3.b	How is relevant data on H&S provided? Does the company monitor H&S performance in China?
6.3.c	Have there been any serious H&S incidents in the company or, where appropriate, its supply chain in the last three years? Has the company undertaken to improve the safety record of its Chinese operations or supply chains?



Chapter 7 – Diversity and the Use of Disciplinary Measures

7.1 Background

Migrant workers are one of the most vulnerable groups in China due to discrimination and their subordinate social status. Although migrant labour is a distinctive feature of the Chinese labour market, it is important to note that other forms of discrimination also exist against minority groups and women. Trustees, therefore, should be considering whether companies place importance on equal opportunities and diversity and disclose relevant policies and procedures to promote them.

Migrant workers not only occupy most of the time all the dirty, difficult and dangerous jobs, they are also most vulnerable to disciplinary action. Furthermore, because of their subordinate or sometimes even illegal status, it is often difficult for them to raise grievances and have disputes resolved without risking reprisal. For this reason, monitoring as well as providing relevant training should be a key part of managing risks concerning disciplinary and diversity issues. This might include management training or workshops for providing information on disciplinary measures and on the elimination of discrimination in the workforce.

6.2 Benchmark and how action might be taken

Benchmark	There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation [ETI Base Code, 7.1 – see Glossary].
Action	Trustees need to assess that the company has a detailed policy on the equal opportunities covering all relevant aspects and that it has relevant reporting on diversity issues. Monitoring diversity performance should be considered paramount.

7.3 Key questions to ask your fund manager or the company

7.3.a	Does the company have a policy on equal opportunities and does it monitor diversity within its Chinese operations?
7.3.b	How many Chinese employees in the company are migrants, i.e. persons originally from another region of China but now living and working near their place of work?
7.3.c	What policies, systems and training are in place at the company to manage the issue of discipline?
7.3.d	Has the company encountered any unreasonable disciplinary measures taken against employees in China or supply chain workers?



Chapter 8 – Wages and Working Hours

8.1 Background

The Chinese law provides that the maximum number of hours to be worked in a week is 40, excluding overtime, and that there should be a rest period of 24 hours each week. Overtime in excess of three hours per day or 36 hours per month is prohibited. Any work done as overtime must be paid at an additional rate. Due to ambiguities concerning the labour law, and weak enforcement, trustees should be seeking to ensure that companies are committed to a set maximum hours of work per 24-hour period and per week as well as to complying with applicable laws and industry standards on working hours.

Chinese labour law requires local governments to set minimum wages with resulting regional variations. This is another area of the law that is ambiguous since it is unclear if the minimum wage includes all deductions. Recently, the number of companies required to pay the minimum wage was increased so that now enterprises with fewer than eight employees must adhere to the minimum wage and part-time workers must receive an hourly minimum wage. Wages, however, are pushed down by high unemployment in many regions and the growing number of migrant workers, and arguably also by the absence of any widespread system of collective bargaining. Trustees need to ensure that companies have relevant policies and are committed to paying salaries that comply with local laws or match prevailing industry standards.



8.2 Benchmark and how action might be taken

Benchmark for working hours	<p>Working hours comply with national laws and benchmark industry standards, whichever affords greater protection. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7-day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate [ETI Base Code, 6.1 – 6.2].</p> <p>Many company codes prescribe a maximum of 60 hours per week, including a maximum of 48 hours regular time and voluntary overtime not exceeding 12 hours. All codes should allow for a day off per week. SA8000 allows for mandatory overtime if this is part of a collective agreement.</p>
Benchmark for minimum wages	<p>Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. Wages should always be enough to meet basic needs and to provide some discretionary income. All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid. Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned [ETI Base Code, 5.1-5.3].</p>
Action	<p>Trustees need to ensure that the company acknowledges has relevant policies on working hours and wages and is committed to reporting on performance. These could be aimed, for example, at identifying</p> <ul style="list-style-type: none"> • Whether the company has a policy concerning long hours • Whether the company has a policy concerning minimum wages • Whether the company monitors performance and conducts surveys • Whether the company monitors performance and conducts surveys of suppliers

8.3 Key questions to ask your fund manager or the company

8.3.a	Does the company have a policy on minimum wages and maximum working hours?
8.3.b	Does the company monitor low pay and long working hours within its Chinese operations and, where appropriate, at least its first-tier suppliers?
8.3.c	Does the company require its Chinese suppliers to issue their workers with written contracts, which clearly define their terms and conditions of employment?



Appendix

Supplementary questions to ask your fund manager or the company

The more detailed questions in this Appendix are intended for those cases where a more in-depth analysis of a particular company is required, either through the Fund's manager or directly with the firm concerned. They are not intended for more general use.

Most of the questions are taken from the Forum's Interim Report (November 2005) or from a consultation response provided by Impactt Limited.

3.3 Corporate Objectives and Strategy: Chapter 3

3.3.d	How have the company's global CR policies been adapted in China to ensure effective supply chain management?
3.3.e	Do the company's contracts with suppliers incorporate labour standards?
3.3.f	What are the costs and benefits of the company's risk management system in relation to labour standards? Has the company worked with a third party to assess how the company's understanding of its risks compares with that third party? Does the third party consider that the company is adequately addressing its risks?

4.3 Labour Laws and Human Rights: Chapter 4

4.3.f	Does the company disclose its own code of conduct, if any? Is the code applicable to suppliers in China? Are such codes translated into local languages?
4.3.g	How does the company ascertain compliance with international, and its own, codes of conduct for its Chinese operations or suppliers? How does the company respond to any material non-compliance with these codes?
4.3.h	Do buyers purchase solely on price or do they take labour standards into consideration when selecting a supplier? Does the company solicit feedback from its suppliers about its buying practices? Is the company aware of how its buying practices may affect labour standards?

5.3 Trade Unions: Chapter 5

5.3.c	Is the union involved in bargaining for better pay and conditions for employees? If not, in what ways has the company sought to involve the union in employment-related issues?
5.3.d	Where alternative mechanisms of negotiation or consultation take place in the company (e.g. collective contracts), what employment issues are covered in such cases (e.g. training, remuneration, health, welfare, terms of contract etc.)?
5.3.e	Has there been any industrial action in the company or within its main suppliers in the last three years?

6.3 Health and Safety: Chapter 6

6.3.d	Are employees included in health and safety committees?
6.3.e	Does the company disclose the results of any risk assessments or corrective actions?

7.3 Diversity and the Use of Disciplinary Measures: Chapter 7

7.3e	Do the company's hiring practices specify the age and sex of applicants (this may indicate age or gender discrimination)? What is the male/female ratio of management and other grades of employee? Are managers predominantly from one region of China? (If so, there may be discrimination in recruitment or promotions.)
7.3.f	How is the company addressing issues related to migrant workers inc. remuneration, housing, welfare, workshops and training issues?
7.3.g	Does the company provide grievance or whistle-blowing procedures to enable employees to raise concerns, about discrimination or excessive disciplinary measures, without fear of victimisation?
7.3.h	How does the company respond to any non-compliance with its disciplinary policies? How are such issues investigated and resolved?
7.3.i	Are copies of the disciplinary procedures of the company's main suppliers available? Are workers aware of the disciplinary policies? Do the policies have a system of fines or another system in place? Do fines constitute a maximum of 20% of workers' take home salaries (as Chinese law stipulates)? What steps are being taken by the company to discourage the use of fines as a disciplinary measure?

8.3 Wages and Working Hours: Chapter 8

8.3.d	Is the company confident that pay and hours documents shown to the company by its suppliers are true and accurate? (Note that double bookkeeping is a significant problem in China.)
8.3.e	Is the company using contract labour hired through an agency? Where this is the case, does the company or the agency set their terms and conditions of contract?
8.3.f	Where pay falls below the legal minimum or industry benchmark standard amongst its own employees or its suppliers, how is the company seeking to address this issue?
8.3.g	Where excessive working hours have been identified amongst its own employees or its suppliers, how is the company seeking to address this issue and the related one of overtime payments?

Glossary

ASB	Accounting Standards Board	ILO	Founded in 1919, the International Labour Organisation is the UN specialised agency, which seeks the promotion of social justice and internationally recognised human and labour rights. The ILO formulates international labour standards in the form of conventions and recommendations setting minimum standards of basic labour rights. It promotes the development of independent employers' and workers' organisations and provides training and advisory services to those organisations.
ACFTU	The All China Federation of Trade Unions has a monopoly over trade union activity in China and is an arm of the state. All trade unions must be affiliated to this body and those that do not are considered to be illegal in China. As the ACFTU is part of the state it is not deemed to be an independent organisation. Its main purpose is to control union activity, although it also carries out a representative function for its members. However, given that it is not independent, it cannot effectively represent its members' interests when these are in conflict with the state.	OECD Guidelines for Multinational Enterprises	The OECD Guidelines for Multinational Enterprises are non-binding recommendations addressed by governments to multinational enterprises. They provide voluntary principles and standards for responsible business conduct consistent with applicable laws. The guidelines are part of the OECD Declaration on International Investment and Multinational Enterprises.
ETI	The Ethical Trading Initiative is a tripartite organisation established by the UK government in 1999. Its members consist of corporations, trade unions and NGOs. The ETI takes an experimental approach to implementing codes of conduct. The ultimate aim of the ETI is to ensure that the working conditions of workers producing for the UK market meet or exceed international labour standards.	OFR	Operating and Financial Review
Global Sullivan Principles	The principles are a code of conduct, which include key labour rights and a commitment to work with stakeholders, including governments and communities. Endorsers of the principles commit to work towards the aspiration that all of the principles represent, including the implementation of internal policies, procedures, training and reporting structures. There is annual reporting of progress made by companies.	SA8000	SA8000 is a certification standard for international labour standards to ensure ethical sourcing of goods and services. SA8000 is a voluntary standard and can be applied to any size of organisation or business across all industries. It is based largely on ILO conventions and sets basic standards for: child labour, forced labour, health and safety, freedom of association and the right to collective bargaining, discrimination, disciplinary practices, working hours, compensation.

UN Global Compact This is a voluntary initiative launched by the UN Secretary-General Kofi Annan in 1999. Corporate signatories signed up to the Compact's 10 principles, which cover human rights, labour rights, the environment and anti-corruption. Corporations are expected to uphold these principles within their sphere of influence. In order to participate in the Global Compact, companies' chief executives must give their commitment. Participating companies are requested to disclose in their annual reports how they are supporting the 10 principles. The Compact is the world's largest corporate citizen initiative.

Notes



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info@lapfforum.org