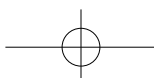


 THIS REPORT IS PRINTED ON RECYCLED PAPER





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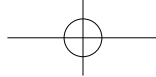
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Foreword

It seems that the world in 2009 still lacks effective means to deal with the crisis and recession, yet, without any exception, all the leaders of world economy focus their reflections on the social influence and responsibility value of economic organizations. At the Davos Forum in early 2009, the United Nations Secretary General Ban Ki-moon urged business to assume their own historic mission when the world is faced with dual threats of economic recession and climate change. While prior to the Chinese CCP and CPPCC meetings, Premier Wen Jiabao stressed that “within the body of every businessman should flow the blood of morality”. On the other hand, the ISO26000 Standard “Guidance on Social Responsibility” ultimately took shape among the upsurge of debates, and the tumultuous UN Climate Change Conference has finally reached the Copenhagen Agreement reiterating the awareness bottom line – no matter whether responsibilities can be differentiated, no one would now deny that sustainable development is the common responsibility of all nations, all industries, all enterprises, and even all individuals.

The textile sector is one of China’s industries that first took up this development responsibility systematically. We believe, the sustainable development of the industry will eventually hinge on most enterprises’ lasting commitment in the common responsibility and continuous innovation in joint actions. The CSC9000T system initiated in 2005 has provided hundreds of Chinese textile and apparel enterprises with effective solutions to the coordination of the society’s sustainable development with economic mechanisms; thereafter in 2009, the practice that ten enterprises jointly released independently verified sustainability reports made the industry unparalleled in global corporate social responsibility (CSR) movement. We have the firm belief that, the continuous improvement of self-management and effective engagement with stakeholders are the fundamentals for the realization of common commitment and joint actions.

As a regular communication mechanism with domestic and foreign stakeholders, the China National Textile and

Apparel Council (hereinafter “CNTAC”) initiated annual social responsibility reporting at the industry level in 2006, hoping to open up a channel to present annual progress of social responsibility in the industry and communicate with stakeholders on new situations and new problems in a timely manner. This report is the fourth in a row issued by CNTAC on social responsibility at the industry level. We are very glad to see that other industries have started similar practice in recent years. For instance, after the China Banking Association (CBA) brought out the first Social Responsibility Report of China’s banking sector in late 2008, the first Red Book on Social Responsibility of Medical and Health Sector was published in Beijing in April 2009, and in December, the 2009 Social Responsibility Report of Chinese Automobile Enterprises was also released. Clearly, the collectivization, institutionalization and transparency of social responsibility construction and development in Chinese sectors is now a trend, which will improve the overall social responsibility strategy of industries as well as the performance level of enterprises.

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

This report consists of four main parts. Part I analyzes major changes in macroeconomic industry factors and their impacts on the industry-wide construction of social responsibility, on the basis of an overview of the development of the industry in 2009; Part II principally introduces the main work and progresses of social responsibility within the industry in 2009; Part III specially analyzes the first ten CSR reports released in 2009 by enterprises in the industry, with an aim to presenting the effects and challenges of such practice; the last Part explicates the social responsibility work plan of the industry in the period of 2010 and 2011.

Part I

Development of Chinese Textile and Apparel Industry in 2009 and the Impact of Industrial Macro Factors on Social Responsibility

I. Development of Chinese Textile and Apparel Industry in 2009

In 2009, despite the impact of global financial crisis, Chinese textile and apparel industry accelerated its adjustment on industrial structure, changed growth pattern, and as a result, the economic operation of the industry started to stabilize and rebound, gradually presenting a better momentum of development.

1. Industrial Production and Investment

Production and sales upturn—In 2009, enterprises above designated size achieved a total industrial output value of 3,797.989 billion Yuan, up 10.30% over the previous year, which indicates a slight drop of growth rate on YoY basis, however, a significant rise of 7.67 percentage points compared with the first two months of 2009, the bottom of the growth rate of 2.63% in the whole year; sales value was 3,716.707 billion Yuan, up 10.58% over the previous year, 7.45 percentage points higher compared with the first two months (the lowest growth rate of 3.13% throughout the year), the growth rates of both the total industrial output value and sales value exhibited a v-shaped upturn from the year earlier.

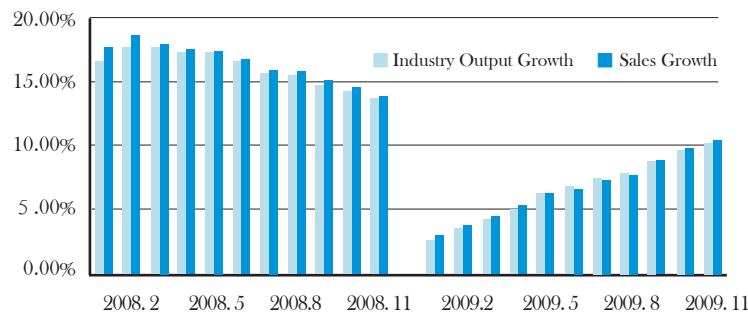


Figure 1: Industry Production & Sales Growth 2008-2009

In 2009, the output of major textile products kept recovering. Enterprises above designated size completed an accumulated yarn output of 24,056.20 thousand tons, rocketing 12.71% over the previous year, and growth rate is 4.61 percentage points higher; the output of chemical fiber reached 27,260.60 thousand tons, 14.31% up from the previous year, growth rate up by 12.01 percentage points, showing a notable upturn trend (figure 2); cloth and garment outputs were 56,744 million meters and 23,750 million pieces respectively, growing up by

5.27% and 6.94% respectively over the previous year. Meanwhile, the sales rate grows dramatically from the previous year up to 97.86% (figure 3), showing a healthy link between output and sales.

Investment growth—China textile industry saw in 2009 the continuous growth in actual investments, with investment projects in fixed assets over five million Yuan reaching 310.204 billion Yuan, up 13.86% over the previous year, and 7.11 percentage points higher in growth rate; it also represented a significant rise of 23.64% from the first two months of 2009. New projects of the industry in the whole year amounted to 7,731, up 27.85% from the previous year, and growth pace is 35.71 percentage point higher (figure 4). The noticeable advancing pace of investment throughout 2009 signaled the industry's ever growing confidence in the market.

With regard to the regional structure of investment, in 2009, investment projects over 5 million Yuan in central area reached 107.676 billion Yuan, YoY up 30.10%, 22.24 percentage points higher than eastern area and 30.15 percentage points higher than western area in terms of growth rate.; the investment in eastern area turned around to slight growth from 2008's decline, but investment in western area slightly fell by 0.05% from the previous year, and the investment pace slowed down (figure 5). In general, investments in central area keep the fast growth pace, showing a strong trend of the industry's regional transition and concentration towards this area.

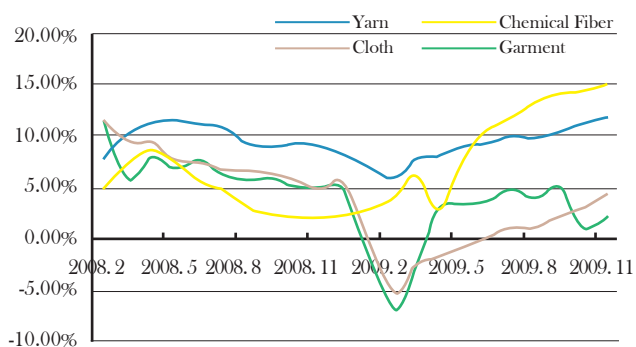


Figure 2: Outputs of Major Products 2008-2009

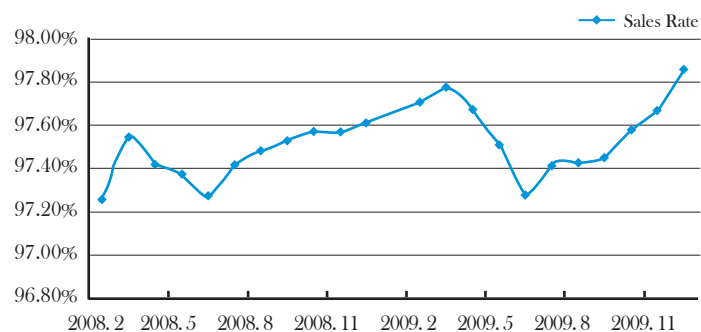


Figure 3: Sales vis-à-vis Outputs 2008-2009

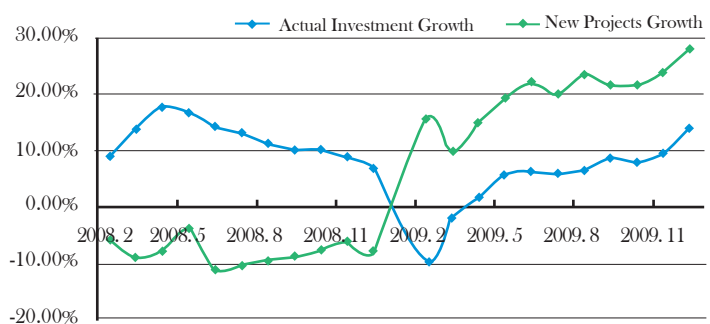


Figure 4: Industry Investment Growth 2008-2009

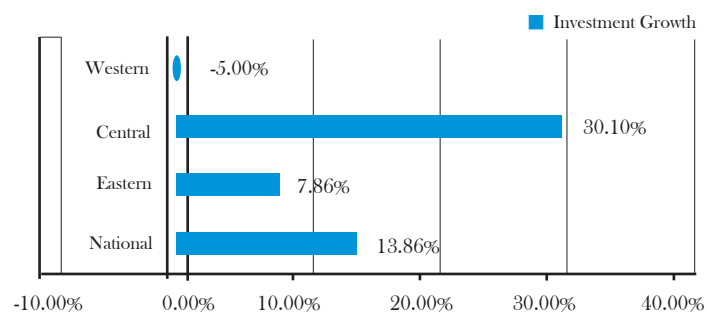


Figure 5: Investment Growth in Different Regions in 2009

2. Market Performance

International market—In 2009, exports rebounded slowly, and exports by enterprises over designated size recovered significantly, but the downtrend of export product price was significant too.

Throughout 2009, the total textile and garment export value was USD 171.332 billion, YoY down 9.65%, but recovered by 1.56% compared with the first ten months of 2009, seeing a generally slow rebound (figure 6). Textile and garment enterprises over designated size had a relatively quick recovery of export, the cumulative delivery value of exports by enterprises over designated size throughout the year fell by 3.23% from the previous year, but recovered by 5.22% from the first two months of the year (-8.45%), showing an obvious and continuous recovery movement.

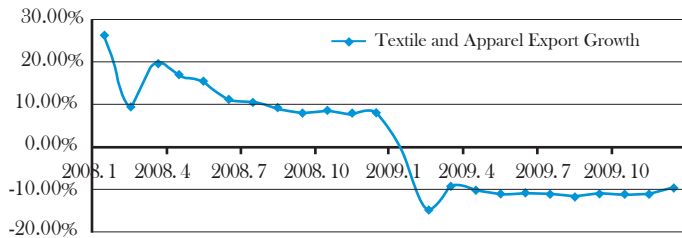


Figure 6: Textiles and Garments Export Growth 2008-2009

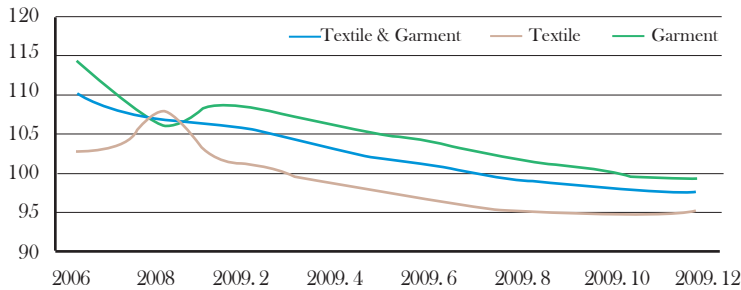


Figure 7: Export Price Index of Textiles and Garments (on YoY basis)

Country / Region	Export Amount (billion USD)	YoY Growth (%)
1. Asian region	76.151	-10.36
Japan	22.08	0.27
2. Europe	43.889	-14.80
3. Africa	8.925	-2.16
4. Oceania	3.684	-7.42
5. NAFTA	32.048	-0.14
6. EU & US	64.916	-2.88
7. Non-EU or US	106.417	-13.52

Table 1: Export Markets of China Textiles and Garments 2009

In respect of export markets, all China's export markets in 2009 declined to different degrees except for U.S. and Japan; especially, the spread of financial turmoil badly hurt the textile demands in developing countries and regions, and the export dropped more significantly as a result (table 1). According to U.S. customs data, Chinese products accounted for 39.21% of the total U.S. importing textile and garment, YoY up 4.14%, with a growth pace apparently higher than those of the rivals like Vietnam and India; according to Japan customs data in the same period, Chinese textiles accounted for 78.76% of its total imports, up 1.72% over the previous year, indicating that

Chinese textiles maintained relatively stronger competitiveness to some extent.

On the other hand, the textile export price showed a clear downtrend in 2009 (figure 7). According to statistics, the price index of China textiles and garments kept declining, down from 106.37 in January to 97.76 in December, which indicated continuous depression in global market demands and more and more fierce competition in export against the background of financial crisis, and meanwhile, this also resulted from the structural transition of consumption demands in international markets to products with better price-performance ratio.

Domestic market—Domestic sales gave more support to the textile and apparel industry in 2009 than ever, and became the major factor upholding the industry’s recovery. In 2009, the domestic sales continually went up month by month, and domestic sales value of enterprises over designated size hit 2,9,71.224 billion Yuan, a 14.69% increase over the previous year, and up 8.06% compared with the first two months of 2009. On the other hand, the downturn of apparel CPI shifted gently while market confidence gradually built up. According to statistics data, apparel CPI in December 2009 was 99.2, 0.8 lower YoY, decreasing pace recovered by 1.9 percentage points from January 2009. In the meantime, producer price index of apparel in December 2009 rose 1.7 over the previous year, and altered the negative growth during March to October 2009 (figure 8).

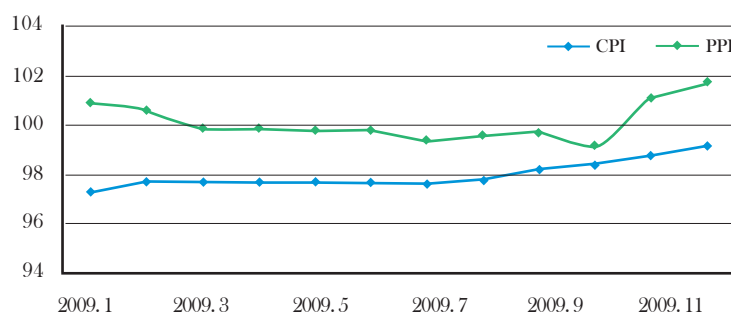


Figure 8: CPI/PPI Trend of Apparel in 2009

2010 is the last year of the 11th Five-Year Plan, and as global market is gradually recovering, the textile and apparel industry will come across a key transformation period of industrial upgrade and structural adjustment. The further breeding and development of China’s domestic market will offer an underpinning for the industry’s escape from the heavily export-reliant position.

3. Economic Efficiency and Responsibility Governance

As the production and sales recovered in 2009, the overall profitability also looked up significantly. From January to November 2009, the overall industry profit rate was 4.04%, YoY 0.48 percentage point higher. Enterprises over designated size achieved an accumulated profit of 133.149 billion Yuan, jumping 25.39% YoY, while growth pace dramatically rose by 36.40 percentage points over the first two months of 2009 (figure 9). Regarding average industry profit, all other sub-industries exhibited a downtrend outlook except that chemical fiber sub-industry has stabilized from huge decline (figure 10).

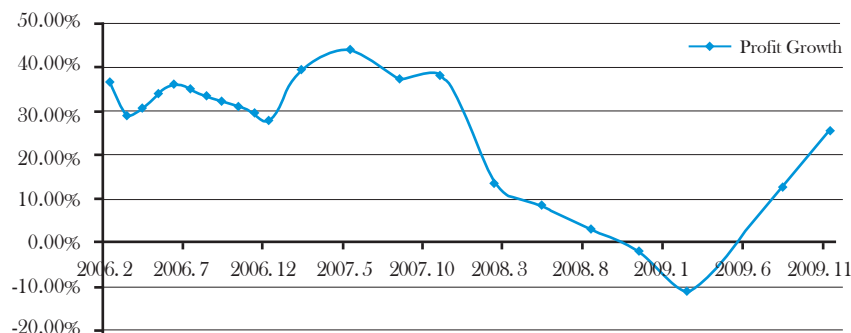


Figure 9: Overall Industry Profit Growth 2006-2009

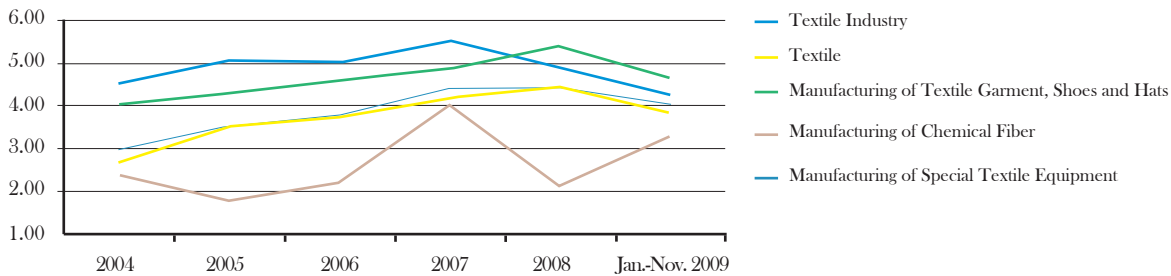


Figure 10: Major Sub-industries Profits 2004-2009 (%)

On the other side, the polarization trend of profitability among companies continually deteriorated, with most enterprises remaining on the brink of meager profit or large loss. From January to November 2009, 17 thousand strong enterprises constituting less than one third (32.17%) of enterprises over designated size--- achieved a total profit of 123.228 billion Yuan, up 30.72% over the previous year, accounting for 92.55% of total industry profit, with an average profit rate of 8.22%, up by 1.04 percentage points YoY; to be specific, the average profit rate of 3,666 leading enterprises was 15.68%; in contrast, more than two thirds (67.83%) of enterprises made up only 7.45% of total industry profit, down 16.74%, and their average profit rate was 0.55% only, down by 0.16 percentage point YoY; furthermore, nearly 9,500 enterprises posted loss, making up 17.69% of all textile and apparel enterprises over designated size.

The retrospection of the fast growth experience of Chinese textile and apparel industry demonstrates that, international buyers' associating their orders with social responsibility has been the essential driver of initial social responsibility actions in the industry. However,

along with the increased domestic sales, industrial structure adjustment and transition after global financial in 2009, the industry production and sales, as well as the investment growth were gradually digested by domestic demanding, and as a result of this process, the past passive social responsibility driver has transferring to self-motivation guided by industry policies and industry shifts. For example, dyeing enterprises managed to reduce environmental costs to get access to the market by applying energy saving and emission reduction technologies; chemical fiber enterprises accelerated the upgrade of technology and equipment to continuously improve the differential rate of chemical fibers which increases market competitiveness. In contrast with most enterprises with deficient awareness and capability, some leading enterprises have taken preemptive actions to transform passive social responsibility to self-motivated management, as a result, they can appropriately allocate market resources and gain relatively higher returns. Therefore, the strategic transformation of social responsibility has been an important factor for the polarization of efficiency and profit. Moreover, strong enterprises in the industry could also hold production costs on check by continually galvanizing potentials of social

responsibility management. One telling evidence is that, the weight of textile and apparel enterprises' overhead, operating and financial expenses apparently drop from a year earlier, and all major sub-industries can see this same downtrend (figure 11).

This makes it even clearer that, the enterprises cannot sustain their development in the future unless they aggressively seek and capture opportunities, and fortify social responsibility strategy and management capability.

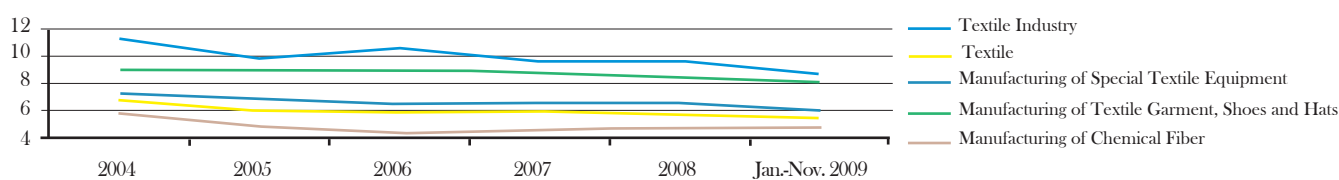


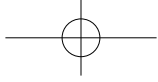
Figure 11: Weights of Overhead, Operating and Financial Expenses in Major Sub-industries 2004-2009 (%)

II. Changes of Industry Macro Factors in 2009 and Their Impacts on Social Responsibility

2009 was the year that Chinese textile and apparel industry was heavily affected by macroeconomy. In February 2009, Premier Wen Jiabao pointed out during his visit at Tianjin Hi-tech Textile Industrial Zone that, as a traditional pillar industry and important industry for people's livelihood, textile industry is closely related to the overall situation of state economy. On one hand, the industry must comply with the state policy in "promoting growth, expanding domestic demands, and adjusting structure", and on the other hand, it bears the fundamental social responsibility of "increasing employment and improving people's well-being". Coupled with impact of various macro factors in recent years, the social responsibility in the industry is in a dilemma that we must break: on one hand, only better performance of social responsibility can ensure the sustainable development and profit return of the industry, and on the other hand, enterprises will have to go through huge pressure of costs and efficiency in performing social responsibility.

1. Low Carbon Economy

Though the global economy has yet gone out of the shadow of financial crisis, "low carbon economy" has become a prevailing consensus across the world. 2009 was the last year that China should fulfill its commitments contained in the 2007 National Plan Addressing Climate Change, and on 25 November, the standing meeting of the State Council passed a resolution to reduce the GDP/carbon dioxide ratio in 2020 by 40%-45% lower than that in 2005, and included this resolution as binding index in the long-term planning of national economy and social development. The UN Copenhagen Climate Conference held in December 2009 underwent fierce debates over "low carbon" issues. At the end of June 2009, U.S. House



of Representatives passed the bill of “Border Tax Adjustment” imposed on imports, making U.S. the first nation claiming “carbon tariff” on high carbon-emission imports from 2020.

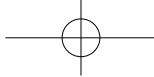
As the influence of “low carbon economy” keeps increasing in world’s politics, “low carbon” has further become a main-streaming business value in global supply chain. Markets such as the U.S., U.K. and New Zealand have initiated “carbon labels” on garments. The retail giant Wal-Mart announced in July 2009 that all its suppliers will be required to provide products’ environment information, on which Wal-Mart would evaluate and issue labels to indicate the product’s environmental friendliness. In its 2010 Sustainability Report, Wal-Mart made it clear again that, by 2012, 95% of its commodities’ suppliers shall obtain the highest rating in either social or environmental compliance.

Be it carbon emission as binding index or major business value, enterprises should be more precise in social responsibility management relating to environmental protection, and they must reduce “carbon costs” by calculating carbon emission in production and service. Meanwhile, this trend will provide Chinese textile and apparel industry with a good opportunity to overtake global peers in low carbon economy, furthermore, the industry may make the most of supply chain advantages and industrial upgrade to transfer its status as a high energy-consumption, high pollution sector and make it gradually develop into an innovative and fashionable “green industry”.

However, the social responsibility management capacity of the industry so far is fairly poor, in particular, the implementation of “carbon tariff” in Europe and North America will form a new trade barrier to directly dent our export competitiveness, and further threaten the employment and well-being of nearly 20 million industry practitioners. For instance, statistics show, when the whole industry in early 2009 was suffering its hardest time in 10 years, about 500 thousand textile and apparel-related practitioners left the industry and made their way homeward.

2. Adjustments of Industry Policies

In April 2009, the State Council issued the comprehensive action plan package addressing the textile industry, Textile Industrial Restructuring and Revitalization Plan (GF (2009) No. 10) (the Plan), in order to realize the overall requirement of “promoting growth, expanding domestic demands, and adjusting structure”, and ensure the industry’s steady development, accelerate structure adjustment and push industrial upgrade. In addition, the Plan specially emphasizes on the “human-oriented” principle as well as employee training for the purpose of performing social responsibility. According to the Plan, export rebate rate of textiles and garments was raised from 11% to 16% after two rounds of adjustments respectively in February and April 2009, which effectively responded enterprise’ pressing demand of alleviating burden, improved enterprises’ confidence and competitiveness, and protected enterprises’ living environment.



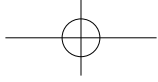
As a result, the textile and apparel enterprises were able to retain their employees and perform their fundamental social responsibility in keeping employment and creating jobs.

In November 2009, the Ministry of Industry and Information Technology (MIIT) made and released the notice Guidance regarding Further Strengthening Management of Textile and Apparel Enterprises, requiring enterprises to implement CSC9000T, so as to normalize competitive order, perform social responsibility, set up good public image and promote sustainable development. Besides, the MIIT joined hands with seven other ministries like the National Development and Reform Commission, the Ministry of Finance, the Ministry of Commerce to issue the Guidance regarding Facilitating Development of Homegrown Apparel and Home-textile Brands, determining major tasks and measures to cultivate the competitiveness of homegrown brands; two other guidance documents, Guidance regarding Structural Adjustment of Textile Machinery Industry and the Guidance regarding Accelerating Development of Industrial Textiles, were also promulgated, hoping to vehemently advance technology innovation in textile and apparel enterprises. The said industrial policies were all customized for enterprise management, so they will further help textile and apparel enterprises frame long-term strategic goals, actualize their potentials through improving especially management capability on social responsibility, and guarantee sustainable development.

3. Industry Shift

Eastern coastal area is the concentrated area of textile and apparel enterprises, while the significant rise of factor costs in recent years posed huge pressure on enterprises, in addition to stricter social responsibility requirements such as optimization of industrial structure, environmental protection, employment rules, etc. The textile and apparel enterprises in such areas accelerated their shift to middle and western regions including Xinjiang, Shaanxi, Hubei, Hunan, Jiangxi, Anhui, Henan, and Hebei, forming industry transition highlighted by cross-region shift, which has become more significant under the “reversed transmission effect” of the financial crisis.

Textile and apparel industry is a labor intensive industry, and one of the important factors that prompts enterprises to transfer their production is the surge of labor cost, however, during the industry shift, enterprises transfer jobs from coastal area to middle and western areas as well, leaving eastern coastal area continuous manpower imbalance. The labor supply gap of line workers remains huge even though the textiles exports rebounded from the second half of 2009, and even though the industry’s production and sales showed a v-shaped upturn along with the rise of wages. In addition, on the basis of the continuous increase of investments in middle areas in 2009, the imbalance of labor supply in coastal area will deteriorate as industry shift accelerates, and these two factors serve as cause and result for each other in a circle.



Therefore, textile and apparel enterprises in coastal area must abandon the extensive management model and accelerate the establishment of state policy-compliant sustainable development strategy and optimize management system of social responsibility. Specifically speaking, on one hand, the enterprise should thoroughly abandon the temporary and casual employment manner, and improve employees' benefit as well as occupational development such as trainings, so as to improve productivity; on the other hand, the newly established projects in middle and western areas should set social responsibility requirements in labor contract and benefit etc. as basic conditions from the very beginning. It is therefore clear that the industry shift will provide a turning point for textile and apparel enterprises in performing social responsibility and realizing sustainable development.

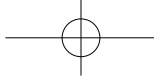
4. International Trade Environment

The hardest time of global financial crisis seems have passed in 2009, and Chinese textile and apparel exports also recovered gradually. The demands in world major markets, however, are still in the recovering process, and currently the overseas orders in the industry are characterized by small quantities and various batches, indicating the instability of world market demands. This situation, in addition to the continuous influences of RMB value and trade frictions, exhibits a not-so-optimistic international trade environment for textile and apparel industry.

RMB appreciation expectation—Since 2005, RMB appreciation has been a thorn in China textile and apparel industry's side. In 2009, the accumulated appreciation of RMB was 0.123%, which was minor compared with annualized average rise of 4.5% in the three years since the reform of RMB exchange rate, but the expectation of RMB appreciation has been very strong across the world, particularly further enhanced by President Obama's visit in China in November. It should be noted that, in 2009, RMB value stabilized throughout the year, and its effective exchange rate actually dropped for a while, which helped maintain the industry's global competitiveness and recover textile exports. In particular, stable RMB mitigated the industry's export hardship during global financial crisis, reduced the impact of exchange rate risk on the industry's profitability, as well as avoided a series of social responsibility problems such as the subsequent unemployment wave, default on bank loans, etc.

In the short term, the steady RMB exchange rate is significant to national economy, social stability and the industry's competitiveness. But in the long run, the flexibility of RMB exchange rate will make the market more sensitive to the variation of RMB value. Therefore, textile and apparel industry should ramp up its industrial upgrade and structural adjustment to digest all kinds of adverse effects arising from RMB appreciation.

Trade frictions—2009 was the year in which Chinese textile and apparel industry bounced back,



but with the formal repeal that was required by Article 242 of the Report of the Working Party on the Accession of China (to the WTO) in relation to quantity restrictions in China's textiles exporting to EU and U.S., China's textile exports again have become the focal point of international trade frictions. According to sources from the Ministry of Commerce, there were 45 anti-dumping litigations against Chinese textiles in 2009 globally, up 32.35% over the previous year, including seven special safeguard investigations, YoY up 600%. Besides, although there was only one anti-subsidy litigation against Chinese textile and apparel products, it was a breakthrough from zero, so the industry should raise the alarm on this trend.

In all major export markets of China's textiles and apparels, the rising trade protectionism is noticeable. In U.S. market, the "buy American" clause in the stimulus package released in February 2009 specified that certain uniforms shall be all American-made; in September 2009, the U.S. applied Section 421 of the Trade Act of 1974 specially against China to impose protective tariff up to 35% on Chinese-made tyre; in November, President Obama's push that China shall stop manipulating currency casted shadow on textiles export to U.S. market. In addition, U.S. issued 24 recalls relating to Chinese textile and apparel products in 2009, up 4.35% YoY, and launched five anti-dumping investigations just in the second half of 2009.

On the EU side, in 2009, the RAPEX, or the EU rapid alert system for all dangerous consumer products, issued 213 Chinese textiles and apparel-related recalls, up 294.4%; in May 2009, the European Commission's Decision No. 2009/567/EC amended the issuance standard of textiles and mattress-related labels, prescribing that only the product meeting various ecological standards (influences on climate change, energy and resources consumption, waste generation, etc.) is eligible for the EU's eco-label, the Flower. Such environmental label plan has significant effect on guiding "green" social responsibility in global market despite its voluntary nature. These measures showed that EU tends to apply technical measures, especially social responsibility requirements such as safety conditions and environmental functions as restrictive instruments. Such measures are more strategic and implicit, so that Chinese textile and apparel industry should attentively evaluate and actively handle them from a strategic perspective.

In conclusion, despite the v-shaped upturn in 2009 of China's textile exports, increasing weight of domestic demands, as well as the stability and recovery of the whole industry's operation, social responsibility has become the basic value of the industry and major variants of operation and management, reflected in both all kinds of industry policies and the trend of low carbon economy and industry shift. In the near-term, the national sustainable development policies will be tougher, and global trade environment will not see a substantial improvement, plus the uneven development stages of different enterprises, social responsibility will finally bring two extremely different results for the many enterprises during the industry's structural adjustment—either opportunity or challenge. In the coming several years, the polarization of the industry based on social responsibility performance will be more prominent.

Part II

Development of Social Responsibility in Chinese Textile and Apparel Industry in 2009

Upon the release of the CSR-GATEs guideline in 2008, the dual system of “internal CSR management plus external social reporting” for the CSR work in Chinese textile and apparel industry has been officially established, and 2009 was the year in which the dual system was successfully implemented. In the year, through the implementation of sustainability reporting system at the company level, CNTAC has effectively established a practical, interdependent and interactive mode of “management with reporting vis-à-vis reporting for management”, while keeping promoting the CSC9000T management system in various ways including the conclusion of the “10+100+1000” project. This part of the report is to depict the developments of social responsibility in the industry in 2009, including, inter alia, the continuous implementation of CSC9000T management system, sustainability reporting practices, fundamental research on social responsibility, as well as cooperation and engagement activities with stakeholders.

I. The Continuous Implementation of CSC9000T Management System

1. The Conclusion of “10+100+1000” Project

In 2009, the CNTAC promoted and implemented CSC9000T according to its stated guideline and policy. From January to June, 21 leading enterprises in 4 industrial clusters including the City of Haining, the City of Jintan, Puyuan Township and the City of Zhongshan, as well as Youngor Wool Spinning Co., Ltd. and Youngor Yingcheng Uniform Co., Ltd. have completed the re-evaluation process and successfully established their CSC9000T system. With this, the “10+100+1000” Project came to its conclusion.

From its launch at the end of 2006 to June 2009, the Project has cultivated 62 CSC9000T implementing enterprises, which constitute the majority of CSC9000T implementing enterprises. As a result, the Project has generated strong radioactive effect during its execution and heightened the sustainability atmosphere of industries across the country. In addition, it has exemplified the effectiveness of CSC9000T in nationwide industrial clusters, and set up local paradigms of CSR management for enterprises in participating regions (figure 12). The successful completion of the Project symbolizes that China’s homegrown CSR management system has entered a new phase of widespread popularization.



Figure 12: Launch Conference of “10+100+1000” Project



2. CSC9000T Professionals Team-building and Upgrade Training

In early 2009, CNTAC established partnership with Bureau Veritas (BV). In late April, five Chinese experts from BV received the professional training of CSC9000T and became the latest batch of CSC9000T evaluators.

In 2008, CNTAC released the 2008 version of CSC9000T. As a foundation work and important approach for implementing CSC9000T, CNTAC held evaluators and trainers' upgrade training for the new version in Beijing in October 2009. 22 CSR experts

from BV, DNV, SGS and TUV Nord participated in this training (figure 13). The updated CSC9000T Performance Evaluation Tool (ver. 2.0) was also released in this training, so as to help the evaluators and trainers understand the practical requirements in system evaluation and training.

From November 2009, the 2008 version of CSC9000T was officially put into practice, and enterprises shall implement the revised system accordingly since then.



Figure 13: CSC9000T Upgrade Training

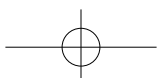
II. Corporate Sustainability Reporting Practice

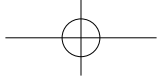
With the understanding that publicity and transparency-oriented information disclosure is the fundamental and essence of social responsibility, in 2009, through a series of well-planned programs, CNTAC has successfully implemented sustainability reporting practice at the enterprise level, and established in the industry a systematic mechanism for the disclosure of social responsibility performance information.

1. Report Compilation and Verification Service System

Based on the China Sustainability Reporting-Guidelines for Apparel and Textile Enterprises (CSR-GATEs) released in June 2008, CNTAC further developed relevant supporting tools in 2009, including the China Sustainability Reporting-Verification Rules and Instructions (CSR-VRAI) and the China Sustainability Reporting-Indicator Definition and Assessment (CSR-IDEAS), thus to form an integrated report compilation and verification service system.

The CSR-VRAI aims to provide guiding principles and operating norms for the CNTAC, the verification agency and textile and apparel enterprises regarding the verification of sustainability reports. It is made in accordance with the requirements of the CSR-GATEs and the evaluation procedures of CSC900T (2008 Version), and it also bears inspirations from and reference to the evaluation procedures and methodologies of the Chinese CPA Standards on Other Assurance Engagements No. 3101-Assurance engagements other than audits or reviews of historical financial information, the International Auditing and Assurance Standards





Board's International Standard on Assurance Engagements 3000-Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), as well as other practices in reporting assurance and verification. Besides, the draft of the CSR-VRAI also absorbed opinions and suggestions from the verification partnership agencies of CNTAC. It prescribes the basic principles and operating rules for verifying and evaluating CSR reports, as well as the contents and format of verification conclusions, which aims at measuring the quality of sustainability performance information disclosed by the reporting organization. Specifically, the CSR-VRAI establishes five principles for the evaluation of the quality of such information: completeness, objectivity, appropriateness, responsiveness and sustainability.

As an important component of the reporting system, and an interpretative document of the CSR-GATEs, the CSR-IDEAS is to give detailed and practical guidance and instructions for enterprises in preparing their CSR reports. As social reporting is a newborn practice for most enterprises in the industry, it is necessary to provide more specific and easy-to-use instructions regarding reporting system, particularly the meanings of the sustainability performance indicators. CSR-IDEAS clearly explains and defines all 201 indicators as contained in the CSR-GATEs, including major sustainability performance indicators, and provides assessment and identification methodologies for every indicator, as well as possible supporting documents and records. To be specific, the definition and assessment of each indicator include four parts: indicator value, adoption approach, supporting records and reference documents.

2. The Organizational Preparation for Sustainability Reporting

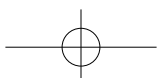
As preparation work for implementing the reporting system, CNTAC in early 2009 established partnership with BV and DNV regarding verification of CSR reports of the industry and commissioned these institutions with the status of the industry's verification service and assurance providers for sustainability reporting. In April, the two agencies each sent four veteran auditors to participate in the auditor trainings on sustainability reporting verification held in Beijing and Shanghai respectively by the Office, so as to learn the requirements of the reporting system based on the CSR-GATEs.

On the other hand, in March 2009, CNTAC selected ten as the first batch of pilot companies in sustainability reporting: Beijing Topnew Stock Co., Ltd. (Topnew), Jiangsu Hongdou Industry Co., Ltd. (Hongdou), Jodoll Group Co. Ltd. (Jodoll), Shandong Jining Ruyi Woolen Textile Co., Ltd. (Ruyi), Baoxiniao Group Co., Ltd. (Baoxiniao), Advancetex Fashion Garment MFY. (Huizhou) Ltd. (Advancetex), Jingwei Textile Machinery Co., Ltd. (Jingwei), Huafu Top Dyed Melange Yarn Co., Ltd. (Huafu), Quanzhou Haitian Material Technology Co., Ltd. (Haitian), and Zhejiang Tiansheng Holding Group Co., Ltd. (Tiansheng). All these ten enterprises have sound management and CSR foundations, as well as strong influences and representativeness in the industry, and among them, most are also implementing enterprises of CSC9000T.

During March and April of 2009, the Office carried out intensive thematic trainings on sustainability reporting for the pilot companies, and rendered a total of 30 man-days' training and consultation services. By the end of May, 10 enterprises completed their internal draft reports.

3. The Quality Assurance Mechanisms for Sustainability Reports

In May and June, through a variety of means including document review, on-site investigation, interviews, sampling check and actual measurement, and in accordance to the requirements of the CSR-GATEs and the



CSR-VRAI, the two verification agencies conducted independent verification on 10 enterprises' sustainability reports and issued assurance statements according to the verified quality of the reports. On that basis, CNTAC issued Certificates of Endorsement for the ten reports. The dual assurance combining independent verification and the CNTAC endorsement has effectively enhanced the credibility of the reports, and greatly elevated the overall quality of the sustainability reports in the industry, which has also contributed to the improvement of the management practice of ten pilot reporting enterprises. According to Syntao's research report A Journey to Discover Values 2009, of nearly 600 CSR reports released by Chinese enterprises in 2009, "only 28 reports underwent independent verification by third parties, a mere 5% of all reports". Therefore, in 2009, the 10 reports of the Chinese textile and apparel enterprises constitute over 30% of all verified CSR reports released by all industries in China.

The Part 3 of this Report conducts a special study on the quality of these ten reports, and comes up with specific suggestions on the information disclosure of sustainability performance. It is worth mentioning that, most reporting enterprises have also set up their sustainability reporting policies or relevant internal systems in order to provide a long-term and normative guidance for the enterprise in sustainability performance information disclosure.

DNV Assurance Statement

JoDoll Corporate Citizen Report 2008

Det Norske Veritas ("DNV") has been commissioned by China National Textile And Apparel Council (CNTAC) to carry out an assurance engagement on JODOLL Group Co., Ltd. ("JODOLL") Corporate Citizen Report 2008 ('the Report') in its printed format.

Level of Assurance

DNV performed in accordance with the "China Sustainability Reporting Verification Rules and Instructions (CSR-VRAI)" to assess if the disclosed critical information, data and management support systems are in compliance with the "Reasonable Assurance".

Limitation of Assurance

DNV visited the head office and one production unit of JODOLL in Wenzhou City, Zhejiang Province. DNV did not visit other JODOLL units or departments and did not engage with external stakeholders.

Assurance Methodology

The assurance was conducted in June 2009 and performed in accordance with the following criteria:


Adherence to the principles of Entirety, Objectivity, Applicability, Responsiveness, Comparativity, as set out in the "China Sustainability Reporting Verification Rules and Instructions (CSR-VRAI)";

- "China Sustainability Reporting Guidelines for Apparel and Textile Enterprises (CSR-GATEs)".

The Report has been conducted according to processes described in the "DNV Assurance Protocol for Sustainability Reporting (VeriSustain™)".

To reach our conclusions, we have conducted the following work

- Searching the relevant information of JODOLL in the public domain to identify the concerns of the stakeholders.



- Interviews with JODOLL's top level management team to understand the top level commitment and strategic approach to sustainability.
- Interviews with the departmental representatives to understand the procedures and their status of implementation.
- Examination and tracking of the reported data and information at the site to verify the methodology of data compilation and aggregation.

Conclusions

In our opinion, the Report provides a fair representation of the level to which JODOLL's sustainability policies have been implemented throughout its business units. No material or systematic errors were observed from the reporting contexts.

In the process of the assurance engagement, DNV identified some opportunities for improvement which are illustrated in the Assurance Report.

Entirety

The Report disclosed the major performance information of the 2008 reporting period which covered the head office and one production unit of JODOLL in Wenzhou City. In general the amount of indicators meets the minimum requirement of GATEs. Information of the sales network was not disclosed.

Objectivity

The report discloses the relevant information of CSR performance data, which considered the influence on main stakeholders is traceable information. There is a need to improve the data collection and analysis of key issues for stakeholders, as well as historical data and industrial information to facilitate bench-marking and comparison with peers in the market.

Applicability

The performance indicators disclosed in the Report,

Page 1 of 2
DNV Assurance Statements-2009060910

Figure 14: Assurance Statement Issued by DNV on Jodoll's Report

Ruyi's Social Responsibility Reporting Policy

- Ruyi shall establish social responsibility reporting system, regularly release the company's social responsibility report and shall adhere to this practice in a long term.
- Ruyi shall keep compiling social responsibility reports according to the China Sustainability Reporting-Guidelines for Apparel and Textile Enterprises (CSR-GATEs), and shall explore a reporting model that fits Ruyi.
- Ruyi's social responsibility report shall be verified by an independent third party and acquire the endorsement of CNTAC, so as to ensure the report's quality and credibility.
- Ruyi welcomes stakeholders' supervision and query on the report, so as to enhance the company's management capacity in social responsibility, as well as the quality of the company's social responsibility report.

Figure 15: Ruyi's CSR Reporting Guideline (excerpt from Ruyi's 2008 CSR Report)



4. Joint Release Platform of Sustainability Reports

As a channel to promote the pioneer practice of disclosing sustainability performance information, as well as a public platform for stakeholders to learn about the CSR work within the industry, the “Joint Launch Conference of Sustainability Reports of Chinese Textile and Apparel Enterprises” was held by CNTAC at the Great Hall of the People on June 29, 2009, and 10 enterprises joined hands at this event and released their first sustainability reports, which was the first time in China that several enterprises in a industry publishing sustainability reports together. This signifies the opening of industry's normative, regular and popular age in sustainability performance information disclosure. Also released at this conference was the 2008 Annual Report on Social Responsibility of the Chinese Textile and Apparel Industry, which was the third industry-level social responsibility report released by CNTAC in a row.



Figure 16: Joint Launch Conference of Sustainability Reports





The leading role of the industry in China's sustainability reporting domain is highly appreciated by our stakeholders. On December 2, 2009, CNTAC was awarded with the "2009 Golden Bee Special Contribution Award for Social Responsibility Reporting in China" at the China Social Responsibility Reporting Symposium co-organized by China WTO Tribune, the Sino-German Corporate Social Responsibility Project of the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), and China Business Council for Sustainable Development (CBCSD). The Awards Committee commented that, CNTAC established first in China social responsibility reporting system and has made great efforts to promote social responsibility management and sustainability reporting systems at the industry level, making it a ground-breaking achievement in China. Two enterprises, Jingwei Textile Machinery Company and Jiangsu Hongdou Industrial Company, were also awarded with "2009 Best Social Responsibility Report Prize" at the same event.

III. Fundamental Research on Social Responsibility

Research is the foundation for scientific planning and implementation of development of social responsibility projects. In order to get an in-depth and overall understanding of the technological level, capacity building and management system of textile industry in the fields of environmental protection and fair competition, collect best practices from outstanding enterprises with regard to their practice in establishing related mechanisms and management system, and integrate into the social responsibility work and promotion plan at the industry level, in 2009, the Office conducted a series of research and study projects.

1. Project of "Social Responsibilities Performance and Labor Productivity: A Research on Demonstration Effect in China's Textile and Apparel Industry"

This project was jointly conducted by the Office for Social Responsibility and the Social Development and Public Policy School of Beijing Normal University. The researchers selected and studied 15 CSC9000T implementing enterprises with varied size, ownership and branding levels in July and August 2009. This study aims at acquiring concrete data of the implementing enterprises' social responsibility management regulations and key performance indicators which demonstrate the actual implementation status of CSC9000T, and exploring CSC9000T's effect in the correlation between enterprise's social performance and economic performance, e.g., productivity. The results of this project will guide the future promotion and improvement of social responsibility work at the industry level.

2. Research and Survey on Management Practice of Chinese Textile Enterprises in Environmental Protection and Market Competition

The project focused on the technology, capability development and management status of textile enterprises in environmental protection and fair competition. Researchers collected enterprises' best practices in institutional establishment and internal management system in relevant aspects, particularly in the execution of laws and regulations

related to environmental protection and fair competition in daily operation, the implementation mechanisms required by national and industry standards, as well as major challenges and potential solutions. The final results of the research were used for updating and improving the Implementation Guidance Documents of CSC9000T management system (2008 Version).

IV. Cooperation and Engagement with Stakeholders

The continuous promotion and optimization of social responsibility rely on the cooperation between all parties along the whole supply chain and other stakeholders. In 2009, through various ways, CNTAC continually strengthened the dialogue and cooperation with stakeholders such as governments, international supply chain partners, international organizations, etc., which have contributed to the development of the social responsibility in China, while raising China's voices in international supply chain and sustainability forum.

1. Social Responsibility Policy Proposals

During the 2009 meetings of the National People's Congress (NPC) and the National Committee of Chinese People's Political Consultative Conference (CPPCC), motions lodged by representatives and committee members from the textile industry made CSR one of the major topics of both meetings. Wang Tiankai, member of the National CPPCC and vice-president of CNTAC, and Jia Yanmin, member of the National CPPCC and Chairperson of the National Committee of the Chinese Financial, Commercial, Light Industry, Textile and Tobacco Workers' Union, put forward at the Second Session of the 11th CPPCC a joint proposal on the policies concerning the promotion of corporate social responsibility construction.

Based on an in-depth analysis of problems and challenges faced by the development of CSR in China, the two representatives raised three suggestions: first, while selecting

enterprises that may enjoy beneficial industrial policies, hard-and-fast requirements for CSR and related performance indicators shall be incorporated into the implementation of such policies and the measurement of enterprise performance; secondly, specific requirement that textile and apparel enterprises should report on their social performance in accordance with the CSR-GATEs shall be enlisted under credit, listing and financing policies; finally, relative government departments should adopt various policies and measures to support the promotion of CSC9000T in textile exporting enterprises so as to restrain the pretext for protectionism; in addition, fiscal and technical means shall be employed to support and promote the implementation and development of CSC9000T in domestic and international supply chains.

2. Strategic Cooperation on Supply Chain

In May and October, two rounds of "BSCI China Suppliers Awareness-raising Training" and "Advanced Training" workshops were co-organized by the Office and BSCI in Hangzhou, Guangzhou and Ningbo, which totaled 44 sessions. Over 3,200 participants from about 1,500 companies across China attended the trainings. According to the questionnaire feedback, more and more participants tended to sit in the "Advanced Training" sessions, namely, the in-depth trainings on labor contract, working hours and wages, employee-employer relation, and social responsibility management system. This reflects the fact that after three years' joint training, the social responsibility awareness of Chinese textile and apparel enterprises has improved significantly and a demand of management knowledge at a higher level is generated.

In 2009, CNTAC and BSCI also had several dialogues with regard to the promotion of cooperation between two systems, and have set up concrete action plan. Both parties have decided to carry out cross-evaluation in 2010, to verify the compatibility between two systems and thus lay foundation for further cooperation and mutual recognition.



3. International Exchange and Dialogues

In October 2009, at the invitation of the Ministry of Foreign Affairs of the People's Republic of China and the Ministry of Industry and Trade of the Socialist Republic of Vietnam, representative of the Office attended the Symposium on Enhancing Public – Private Partnership on Corporate Social Responsibility organized by the Asia-Pacific Economic Cooperation (APEC) in Hanoi, Vietnam, and presented the practice of the industry in social responsibility, which was highly appreciated by over 50 delegates from governments, enterprises, industrial associations, chambers of commerce, and academies of 12 APEC economies.

On November 30, 2009, Mr. Sun Ruizhe, Vice President of CNTAC met the French delegation headed by Mr. Michel Doucin, the visiting ambassador of Social Responsibility of the French Ministry of Foreign Affairs. Both parties communicated on social responsibility concerns, and Mr. Doucin gave positive opinion to CNTAC efforts and achievements in the industry's sustainability development.

4. Regular Communication Mechanism

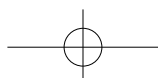
In order for our stakeholders to better understand the recent developments, CSR practices and other relevant information of the industry in a timely manner, the Office initiated the bilingual electronic newsletter CSC9000T Quarterly in March 2009, which is widely delivered to our stakeholders. In 2009, four issues were published and were highly appreciated by readers domestically and abroad. All the past issues of CSC9000T Quarterly can be downloaded from the official website of the Office: www.csc9000.org.cn.



Figure 17: APEC CSR Symposium



Figure 18: French CSR Ambassador visits CNTAC



Part III

Study on 2008 Sustainability Reports of Textile and Apparel Enterprises

The first ten sustainability reports (the reports) jointly-released by textile and apparel enterprises were all made in accordance with the CSR-GATEs, and were all verified by independent third parties and received reasonable degree of assurance. This part analyzes the ten reports, and provides guidance for future practice, so as to promote the sustainability information disclosure quality within the industry and finally improve the social responsibility performance of the whole industry.

I. Overview of Reporting Enterprises and Reports

1. Types of Ownership

The ten reporting textile and apparel enterprises are representatives of various types of ownership (figure 19), and a majority of six are public listed companies, which indicates a certain degree of connection with the advocacy for sustainability performance information disclosure by the capital markets. Meanwhile, the different corporate cultures arising from different ownership types are also clearly expressed in the reports.

2. Sub-industries

Ten reporting enterprises cover six sub-industries (figure 20), fully representing the whole industry. Among them, apparel companies make up 40%, which seems to indicate that such enterprises enjoy a higher level of marketization, and are more inclined to promote branding and images through social reporting.

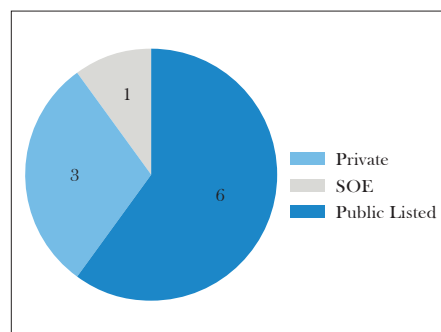


Figure 19: Types of Ownership

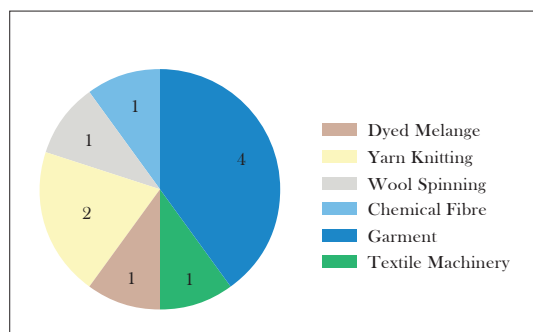


Figure 20: Sub-industries

3. Regional Distribution

The ten reporting enterprises are mostly from the industry-concentrated regions which are more developed (figure 21). Practical experience shows that, the awareness and transparency of CSR are directly related to local economic development situation, and the regional distribution of reporting enterprises seems verify this view again.

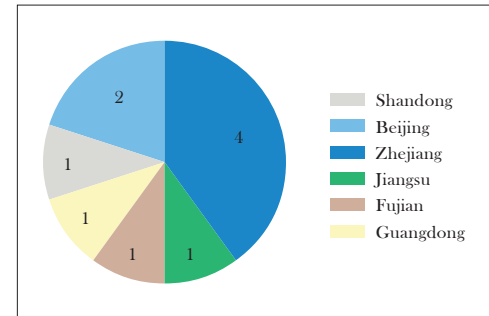


Figure 21: Regional Distribution

4. Report Titles

Nine of the ten reports use the title of Social Responsibility Report or CSR Report, while Jodoll's report adopts the name of Corporate Citizenship Report. This corroborates the habitual address of Social Responsibility Reports in China in recent years, and may have connection with the title orientation in policy documents issued by such authorities as the State-owned Assets Supervision and Administration Commission (SASAC) and stock exchange markets in Shanghai and Shenzhen.

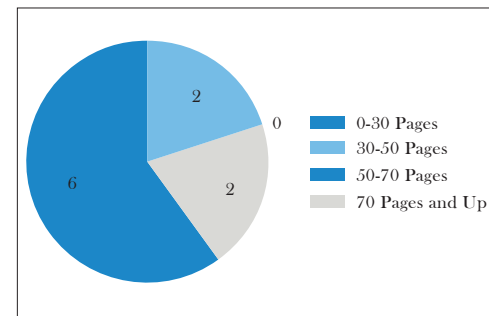


Figure 22: Report Length

5. Report Length

The lengths of most reports range from 50 to 70 pages, with two surpassing 70 pages (figure 22), which indicates richness of information contained and guarantees the completeness of the reports. One important reason for this may be that all the ten enterprises released such reports for the first time and they cover historical information before year 2008.

contents of the reports, while the CRI is calculated according to the Index of Indicators attached to each report. First of all, the "coverage of indicator(s)" means that the specific indicator(s) is/are fully disclosed or partly mentioned; on the basis of that, the indicator coverage usually has four cases: fully covered, partially covered, not covered, and N/A (indicator not applicable). In calculating the coverage of a specific indicator, full coverage is given 1 point, partial coverage 0.5 point, no coverage and N/A 0 point, and the average CRI is the total points divided by 10, the number of the reports.

II. Quality of the Reports

1. Research Methodology

The research in this part is done mainly through analyses on coverage rates of indicators (CRI) contained in the CSR-GATEs as well as the specific

The indicator coverage alone cannot fully illuminate the quality of the reports, therefore, this part will also look into the substantial contents of the reports, applying case study as objective demonstration.

2. Five-Dimension Report Quality Evaluation

Completeness

According to the CSR-VRAI, the completeness of social performance information is reflected in three dimensions: subject matters, organizational scope and time scope covered by the report (case 1).

All ten enterprises have clearly defined their organizational structure and time scopes. For example, under the organization structure of “Jingwei Textile Machinery Co., Ltd.”, Jingwei’s report covers data and information from 27 subsidiaries and controlled companies (case 2), while Baoxiniao took the subsidiary company “Baoxiniao Garment Co., Ltd.” under “Baoxiniao Group” as their report’s organizational framework, and when some information is addressed to the Group and not the garment company, the report clearly indicates it is about the Group. The time scope of all ten reports is the year of 2008, including necessary historical information.

Case 1: Definition of Scopes by Huafu

This report covers the period 1 January 2008 to 31 December 2008, and contains necessary historical information.

On 29 December 2008, China Securities Regulatory Commission reviewed and approved Huafu Top Dyed Melange Yarn Co., Ltd.’s private placement and business acquirement and restructuring plan, and this report reflects Huafu’s CSR work in 2008 and is released in the name of Huafu Top Dyed Melange Yarn Co., Ltd.. In this report, “Huafu Top Dyed”, “the Company”, and “We” all refer to “Huafu Top Dyed Melange Yarn Co., Ltd.”, and the relevant data and information are addressed to this company alone.

Meanwhile, as a controlled subsidiary of Huafu Holding Co., Ltd., Huafu Top Dyed is definitely included in Huafu Holding’s various social responsibility decisions, actions and evaluations, so some data and information in this report may refer to Huafu Holding, in which case this report uses “Huafu”, “Huafu people” to indicate Huafu Holding as well as its subsidiary Huafu Top Dyed.

Pursuant to the CSR-GATEs (2008 edition), and by way of statement of facts, pictures, figures and cases, this report describes Huafu Top Dyed’s performance on social responsibility from six aspects such as CSR strategy, customers, innovation, employees, environmental protection and public welfare,.

Figure 23: Head Page of Huafu Report

Based on clear definition of time and organizational scopes, all ten reports involve five areas like enterprise profile, strategy, management, social responsibility performance and report information, covering all six categories of indicators in the CSR-GATEs. In terms of social responsibility performance, all ten reports have disclosed the enterprises’ performances in 2008 from five aspects such as product safety and consumer protection, protection of labor rights and interest, energy-saving, emission-reduction and environmental protection; supply chain management and fair competition, community development and public welfare. With regard to the overall CRI of all 201 indicators in the CSR-GATEs, the highest coverage rate among ten reports is 78.11% (157 indicators covered), the lowest is 49.25% (99 covered), and the average CRI is 65.32% (figure 25). Hence, the coverage of indicators by ten reporting enterprises has shaped an initial scale, which indicates that reporting enterprises have the ability to collect and provide pretty abundant information on their social performances, and have relatively sound foundation of social responsibility management.

Furthermore, the balance of performance information is also an important requirement of completeness, that is, the report should not only reflect enterprise's actions, opportunities and achievements in every aspect of social responsibility, but also fully disclose the challenges, risks and problems faced by the enterprise. In the ten reports, some enterprises like Advantecetex and Topnew have analyzed external adverse factors, for instance, financial crisis, rise of labor and material costs, RMB appreciation, etc. but only a few enterprises report on the internal challenges such as high employee turnover rate, hard recruitment, workplace injuries, etc.. Obviously, enterprises are generally inclined to report good news other than difficulties of their internal social responsibility factors, and are especially hesitating in disclosing negative information. In fact, the purpose of CSR report is to communicate with stakeholders in order to improve mutual trust, and honest presentation of challenges and difficulties will win understanding and respect from stakeholders, while avoidance and hiding of pivotal issues will downgrade the credibility of both the report and the enterprise.

Objectivity

As prescribed by the CSR-VRAI, the objectivity of sustainability reporting is mainly embeded in four aspects: information should be true and

Case 2: Jingwei's Organizational Structure

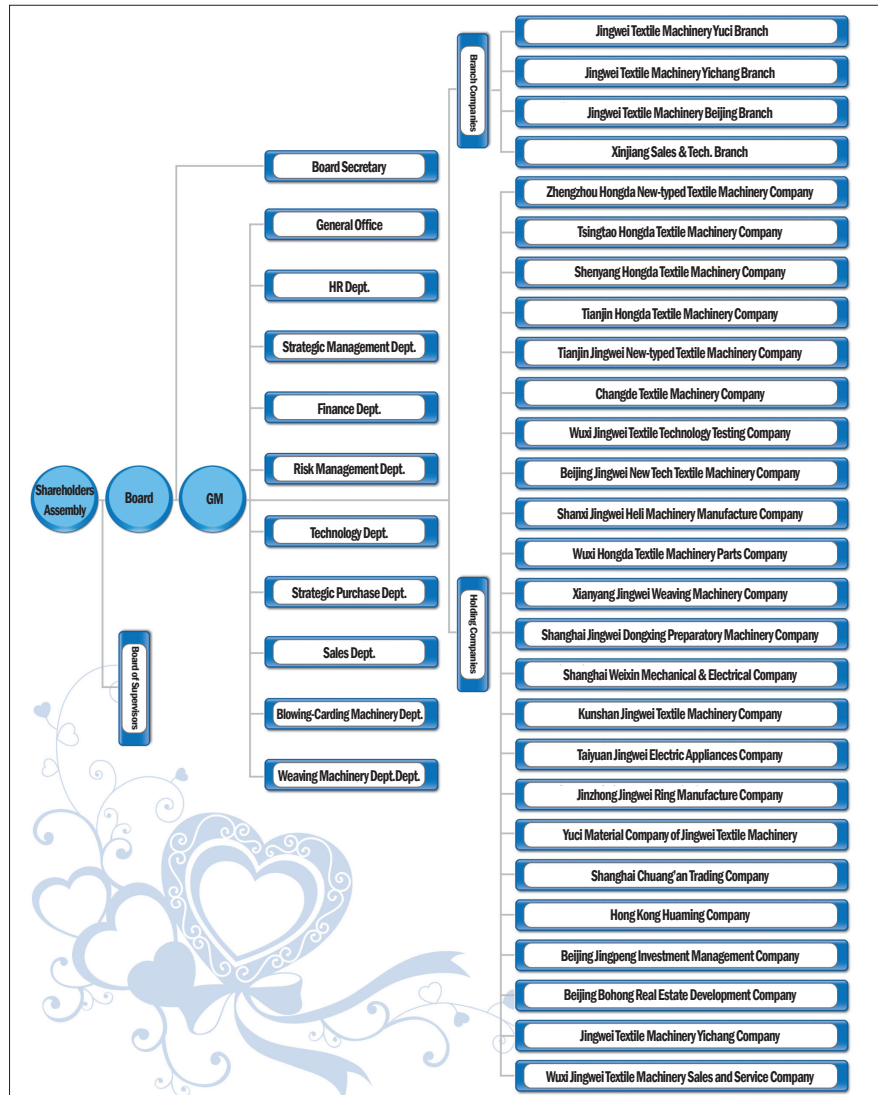


Figure 24: Page 10 of Jingwei Report

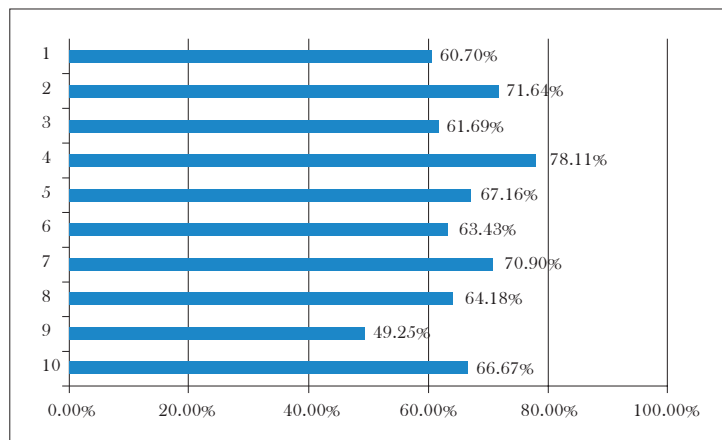


Figure 25: Overall CRI of Ten Reports

credible, based on facts; the information shall have material meaning to the reporting enterprise and stakeholders; the performance information shall be delivered in a scientific manner; and the management system ensuring the objectivity of information.

First of all, the “objective and true” requirement and “the management system ensuring the objectivity of information” are complementary to each other. The information contained in the report should derive from fundamental facts, legal documents and records of daily management and should be generated through appropriate organization and analysis, which relies on the enterprise’s sound internal management mechanisms. This was reflected in the preparation process of the reports: data contained in the reports normally originated from enterprises’ legal documents, internal reports and records, as well as other internal statistics data, and was finally released after being reviewed internally and verified externally. According to past experience, the report preparation period and quality are closely related to the enterprise’s CSR management capacity. The implementing enterprises of CSC9000T keep a relatively better internal management system, whose operation helps create objective records, as well as easily accessible data, therefore, more detailed and comprehensive information can be incorporated into reports, and the social responsibility performance is more measurable. Apart from internal management system, enterprises also utilized various external forms such as endorsement by CNTAC, messages from senior management, and testimony from third parties, to demonstrate their seriousness in reporting and support the objectivity of social performance information.

In regard to the second aspect, the materiality, the overall CRI can to a large degree reflect the report’s material meaning to stakeholders. Of all 201 indicators in the CSR-GATEs, the CRI of 58 indicators (28.86% of all indicators) exceeds 90%, which means nine out of ten enterprises have reported on these 58 indicators. Meanwhile, the CRI of 130 indicators (64.68%) exceeds 60%, only four (1.99%) were not mentioned in any report or were only covered by one

report. The indicators whose coverage rate is lower than 10% include, “measures and the statistic of effectiveness for controlling greenhouse gas” (5%), “important investment agreements including clauses or requirements of social responsibility during the reporting period” (0%), “the presentation of social responsibility cost in agreements or contracts with buyers; content of relevant communication and agreements on social reasonability costs between the enterprise and buyers” (0%), “amount of compensation paid by the enterprise to former employees subject to noncompetition agreements” (0%) (figure 26). The general lack of these four indicators reveals common problems in textile enterprises’ performance of social responsibility: no detailed and classified statistics in energy saving and emission reduction; downflow pressure in supply chain eroding textile enterprises’ voices; high turnover and low skill employees and rare compensation for former employees subject to competition rules.

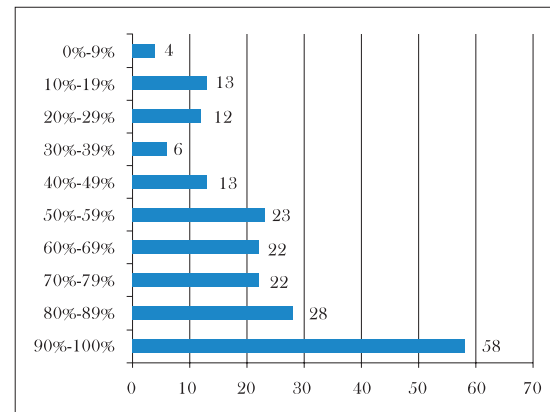


Figure 26: Number of Indicators of CSR-GATEs on Coverage by Reports

In the next place, the coverage rates of different categories of indicators reflect the major concerned topics and reporting inclination of the enterprises. The 201 indicators in the CSR-GATEs fall into six parts, and the disclosure degree of each part is also an expression of major factors affecting enterprise’s

social responsibility (figure 27).

The overall coverage rate of indicators in part one “Enterprise Profiles and Economic Performance” is 70.25%. Among them, indicators of enterprise profiles enjoy higher coverage rates, while the coverage rates of economic indicators are relatively low; particularly, those indicators concerning the overall productivity, financing and investment, cost and revenue developments of core businesses due to market environment, all have a coverage rate lower than 40%, which indicates that enterprises are generally reluctant to disclose economic information. On the other hand, the coverage rates of other economic indicators relating to sales revenue, distribution of aggregate profit, tax paying are relatively high, all exceeding 80%, which may have something to do with the fact that six reporting enterprises are public listed.

The overall coverage rate of part two “Social Responsibility Strategy and Policy” indicators is 98.57%, with a 100% coverage rate for indicators concerning social responsibility strategy, and 97.50% for indicators of social responsibility policy.

With the highest coverage rate among six parts, this part shows that the reporting enterprises have incorporated CSR into their overall development strategy and planning, showing strong active motivation in performing social responsibility.

The overall coverage rate of part three “Social Responsibility Management System” indicators is 75.00%. Specifically, indicators concerning “Organization and Planning of Social Responsibility Management” and “Stakeholder Participation and Engagement” have higher coverage rate, while the coverage rates of indicators relating to the operation and performance evaluation of social responsibility management stand low, indicating that most enterprises pay more attention to the engagement with stakeholders, but their actual management of social responsibility still concentrates on organization and planning, instead of systematic operation and performance evaluation. On the other hand, there are five CSC9000T implementing enterprises among ten reporting enterprises, and statistics data show, the coverage rates in this part of the implementing enterprises’ reports are apparently

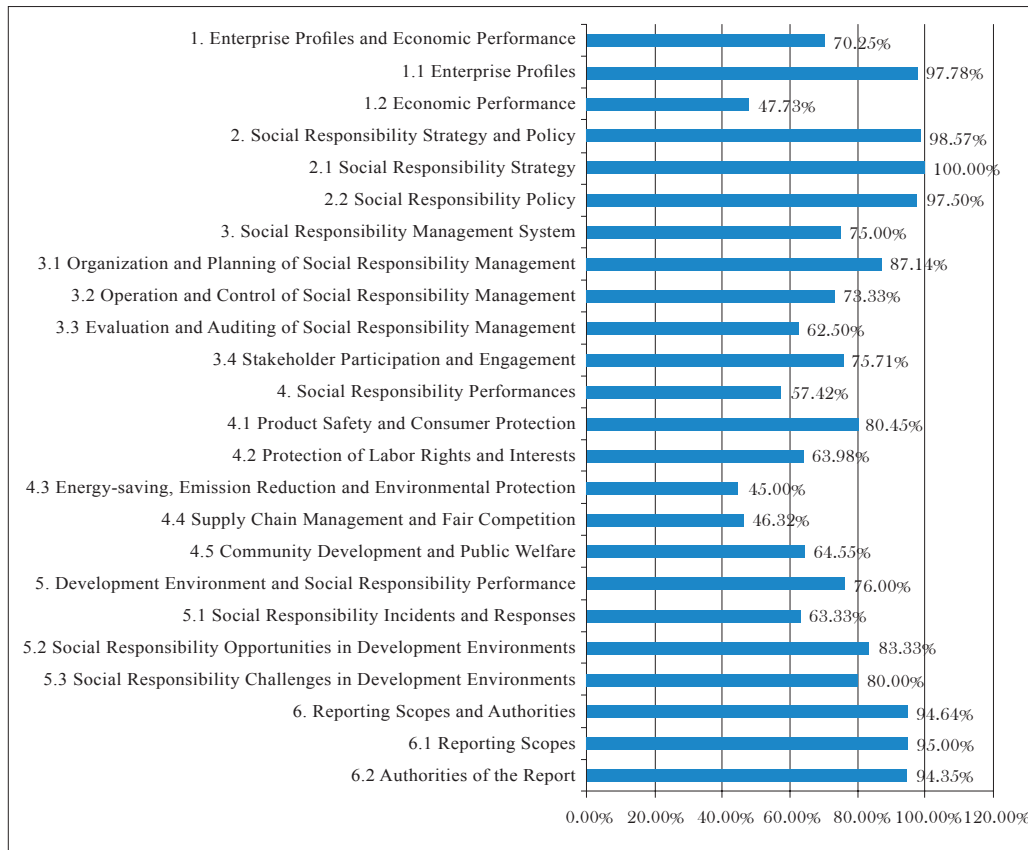


Figure 27: Coverage Rate of CSR-GATEs Indicators by Categories

higher than those of non-implementing enterprises, indicating that the establishment of the management system is beneficial to both the improvement of CSR management, and the acquirement and disclosure of CSR performance information.

Part four “Social Responsibility Performances” indicators constitute the kernel of the reports. Among the five social responsibility areas, coverage rates of indicators in product safety and consumer protection, protection of labor rights and interests, as well as community development and public welfare are far higher than those of energy saving, emission reduction and environmental protection, and supply chain management and fair competition, echoing the hot topics of China’s CSR in and near 2008.

Part five “Development Environment and Social Responsibility Performance” indicators evaluate the enterprise’s internal and external development environment from the perspective of social responsibility. The coverage rates of indicators in this part show, although enterprises have clear awareness over the challenges and risks in development like high employee turnover rate, long working hours, etc., yet due to various reasons, no systematic countermeasures against social responsibility incidents are present in the reports.

Part six indicators define the report itself, including report scope, contents, reporting period, preparation guidance, and channels regarding the compilation, approval and acquirement of the report, and so on. The overall coverage rate of this part and the coverage rates of different indicators are both high, strongly underpinning the necessity and scientificity of the CSR-GATEs.

In conclusion, the ten reports have basically covered major topics of stakeholders’ concerns, and produce strong material significance. Generally speaking, however, the coverage rates of awareness (strategy)-related indicators are higher than those of system (management)-related indicators, while the latter are higher than those of performance-related indicators. Meanwhile, coverage rates of indicators expressed in words are higher than those illustrated through statistics, and coverage rates of indicators directly available are higher than those obtained through calculation.

In respect of the third aspect -the scientific expression of report contents, in disclosing performance, enterprises generally adopt various ways such as data comparison to fully and objectively convey information (case 3). But few enterprises compare their own performance data with the industry benchmarks. The vertical comparison is largely more affluent than horizontal comparison.

Case 3: Jodoll's Employee Classification

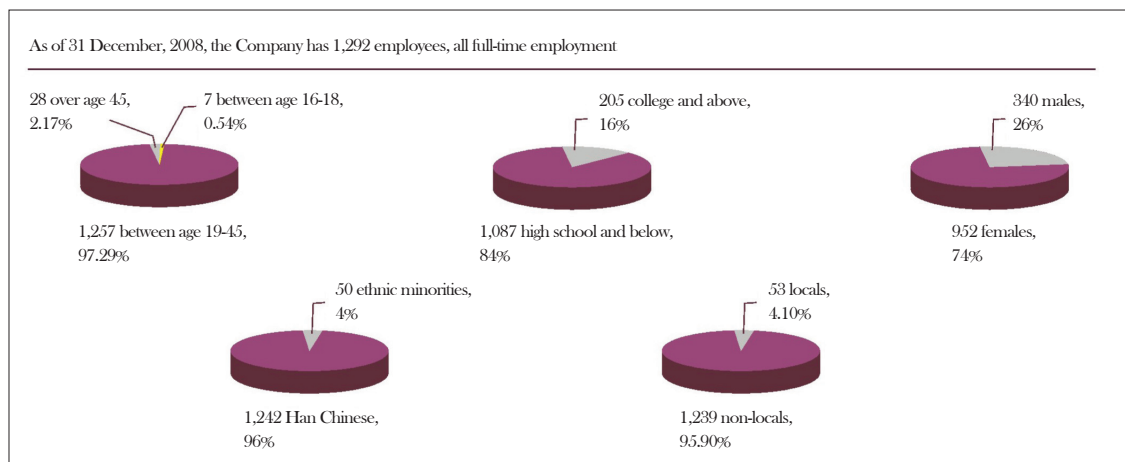


Figure 28: Page 27 of Jodoll Report



Appropriateness

Appropriateness requires that report shall reflect the actual situation, characteristics and influences of the enterprise's social responsibility work, including its impact on corporate strategy, as well as the status quo of social responsibility in reporting enterprise's industry and region.

In this regard, several enterprises distinguished themselves by reporting their uniqueness in social responsibility work which is closely related to their strategic position. For example, Topnew, the state-owned knitting underwear company, reported on being the exclusive supplier partner for taikonaut's underwears and taikonauts wearing Topnew-made underwear in spacecraft flights of Shenzhou V, VI and VII (case 4). This exhibits not only the enterprise's unique CSR practice, but also the so-called "aerospace quality" of its products, which is rich demonstration of appropriateness.

Case 4: Topnews Signs Agreement as Exclusive Supplier for Taikonaut's Underwear

At 16:43:24, 27 Sept, 2008, astronaut Zhai Zhigang, wearing "Feitian" spacesuit slowly got out from the spacecraft "Shenzhou VII". Waving to the camera, he said "I am outside the cabin now, and feeling very well; Shenzhou VII greets people across China and the world! I assure people of the homeland, that we will successfully accomplish the mission." This is a historical moment for Chinese, which symbolizes that China has stood among the top echelon in the world's aerospace field!

Early in 2002, Topnew has immersed itself fully in the R&D of astronaut goods, and "the aerospace quality" has since then become a symbol of Topnew brand. In 2003 and 2005, three Chinese astronauts—Yang Liwei, Nie Haisheng and Fei Junlong successively fulfilled Chinese aerospace dream wearing Topnew's functional aerospace underwear.

In November 2007, as the exclusive textile and apparel partner of China Astronaut Research and Training Center, Topnew signed strategic partnership agreement with the Center to jointly research and develop aerospace underwear and other high-tech appare products. After hard work, we have developed dozens of high-tech aerospace products fo astronauts of Shenzhen VII spacecraft such as aerospace underwear, physiological testing underwear, cold-proof cloth, shoes and stockings, gloves, with special functions like cold proof, ventilated, static-free, fungus-proof, dust-proof, or heat-proof, etc. With exceptiona innovative ability and top class quality, Topnew has helped "Shenzhou VII" spacecraft to accomplish space flight mission and made significant contribution to China's aerospace cause.



Signing ceremony of exclusive textile and apparel partner agreement with China Astronaut Research and Training Center



Aerospace hero Yang Liwei presents souvenir "Dream Fulfilled" to Topnew leader

Figure 29: Page 36 of Topnew Report

Ten reports as a whole reflect both the general situation of textile industry, as well as individual features of sub-industries. Due to particularities of textile and garment industry, most enterprises identified employee information, working hour, safety of chemicals, energy saving and emission reduction as key indicators, while the focal points vary in sub-industries, e.g., apparel enterprises emphasize employee benefit, while dyeing and wool enterprises give more detailed statistics data in energy saving and emission reduction. In addition, regional diversities in such issues as minimum wage standards, employee turnover rates, pollution discharge limits as well as significant regional events are also reflected in the reports, some enterprises, for instance, disclosed the impact of 2008 Beijing Olympics on local business.

Meanwhile, enterprises' self-discipline, voluntary standards and innovative actions, as well as influences on local community and society development are the most important expression of appropriateness. They are actually higher requirements above and beyond the law, raising the responsibility bar from "must-have" to "want-to-have". This is fully manifested in the ten reports: product techniques and technology standard exceeding state requirements; salary and benefits beyond statutory requirements and industry average, and voluntary emission reduction agreement, and so on. For example, a clean production technology promoted by Ruyi reduced the

major pollutant indices to much lower levels than statutory benchmarks, while enhancing product quality, which demonstrates the enterprise's self-discipline in tune with social development trend (case 5).

Case 5: Major Pollutant Indices of Ruyi

Heavy Metal Ion	Limit Value	Measured Value
nickel	<4.0	0.03
cadmium	<0.1	0.01
cobalt	<4.0	<0.01
lead	<0.2	0.04
copper	<50	0.03
chrome	<2.0	<0.01
mercury	<0.02	<0.01
potassium	<1.0	<0.01
pH value	4.0-7.5	6.9
methanol	<75	<20
pesticide	<1.0	undetected
prohibited dye	meet European Oeko-Tex Standard 100	

Figure 30: Page 60 of Ruyi Report

Responsiveness

Responsiveness requires disclosure of enterprise's substantial response to social responsibility issues and elaborations on engagement channels with stakeholders, as well as enterprise's feedback on stakeholders' interest and expectation.

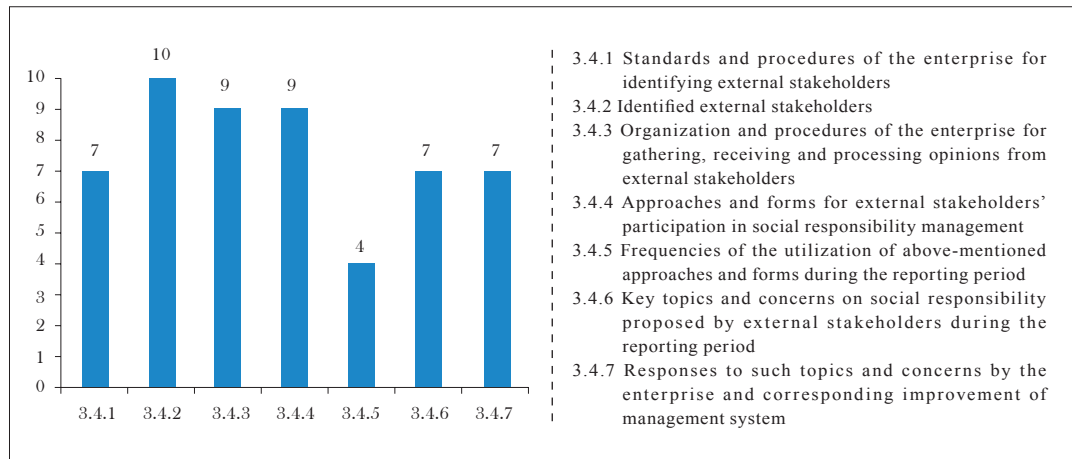


Figure 31: Coverage of Indicators Concerning Stakeholders

As shown in figure 31, all ten reports give clear definitions on enterprises' external stakeholders, and most of them publicize enterprises' mechanisms in receiving and handling opinions of such stakeholders, as well as approaches and methods for them to participate in CSR management. Some enterprises create charts providing readers with explicit overview of stakeholders, ways of communication, topics of concern, main activities during reporting period, responses and effects (case 6). But there are also deficiencies such as few quantitative

statistics on response frequency and effects. For instance, the coverage rate of the indicator “frequencies of the utilization of above-mentioned approaches and forms during the reporting period” is fairly low, with only four enterprises disclosing this information, which shows the poor performance of most enterprises in relevant management and response timing. On the other hand, almost none enterprise state in the report how they prioritize different social responsibility concerns in terms of management and resources, neither do they describe the principles and management methods dealing with conflicting interests and expectations of different stakeholders.

Case 6 : Participation of Hongdou's Stakeholders

Stakeholders	Means of Engagement	Major activities in reporting period	Major social responsibility topics concerned	Response and effects
Government	Daily communication Work meetings	Comply with state energy saving and emission reduction requirement by using energy saving equipments	Build national brand Comply with relevant laws and regulations Energy saving and emission reduction Balance among economy, environment and social responsibilities	Brand investment increases Energy saving input increases
Investors	Regular report Temp. notice Shareholders meeting Face-to-face communication Investors hotline	Disclose operating results, significant events, answer investors' inquiry	Realize assets stability and appreciation Create value for investors	Enterprise income increases Investors obtain good returns
Employees	Labor union Set up president, board of supervisors, labor union box Publicize managers' cellphone numbers Survey and subsidize indigent employees	Issue salary raise rules Provide employment opportunities Strengthen employee training and skill development Continually implement occupational health check-up and health knowledge popularization Improve employee's work and living conditions Help and subsidize indigent employees	Provide good benefit, and study and development opportunities Employee right protection Employee occupational development Employee value realization Employee health and safety	Employees income increases Employees benefits further improved
Customers and consumers	Inquire feedbacks from customers and consumers Customer complaint and management	Apply for state patent Integration of ISO9001 quality management system and ISO14000 environment management system	Provide safe and environmental products Continually improve product and service quality	Awarded state patents Passed external evaluation on integrated ISO9001 and ISO14000 systems Consumers satisfied
Business partners	Bid management Qualified supplier evaluation and management Contract negotiation Document and correspondence communication Daily work communication Share management experience and technology standard	Optimize project bid management rules and procedures, Strengthen supervision, provide fair play chance for suppliers Strengthen communication with suppliers	Abide by business ethics and state laws and regulations Mutual benefits and win-win Satisfy consumers with business partners Ensure product quality and lead time	Benefit business partners Project bidders increase Stable project quality Supplier confidence increases
Community	Safety knowledge popularization and education Public welfare activities Community construction	Continually help and subsidize social vulnerable group Participate in disaster relief Donate for education	Protect community environment Promote community progress Support public welfare Support and participate in development of harmonious society	Community environment effectively protected Community economy develops harmoniously

Figure 32: Page 28 of Hongdou Report

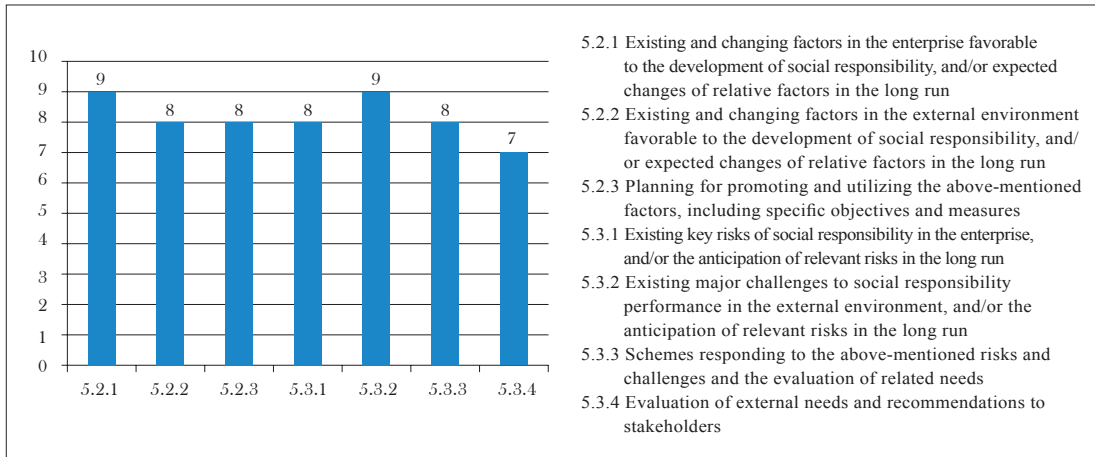


Figure 33: Coverage Rate of Indices Related to Internal & External Opportunities and Challenges

Sustainability

Sustainability requires that the report shall reflect the evolution and changes in every aspect of social responsibility, particularly in key performances, and evaluate the near-term and long-term impacts of such changes in the enterprise's internal and external environments.

The development trend of enterprise's key performances is the core requirement of sustainability, because it is the focal point of stakeholders' concerns, and will directly affect stakeholders' understanding and judgment on the continuity of enterprise's CSR performance. Most enterprises mentioned this point in the reports, and have adopted trend approach in reporting on various key performance indicators (case 7).

Case 7: Change Trend of Wages and Working Hours at Advancetex

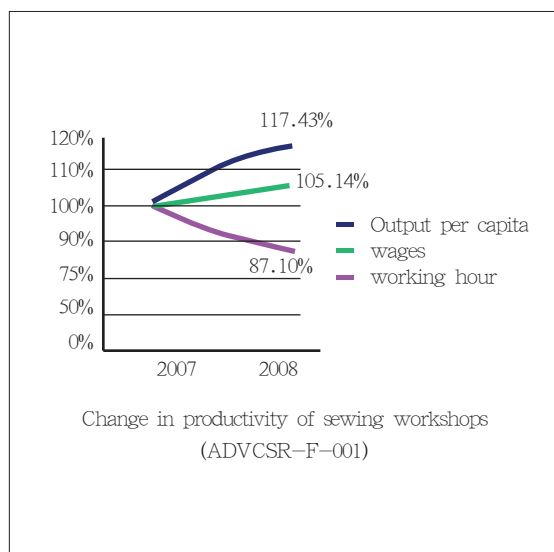


Figure 34: Page 20 of Advancetex Report



On the other hand, only when understood and analyzed in the micro-environment inside enterprise as well as in the macro-environment of outside society, can the trend of enterprise's CSR performance have general and guiding significance, therefore, sustainability also requires enterprises to explicitly identify internal and external factors that affect its key performances. As shown in figure 33, most enterprises analyzed internal and external development environments, i.e., favorable factors and potential risks for social responsibility practice, and made planning and measures concerning opportunities and risks. These elaborations have important economic, political and even strategic meanings to both the reporting enterprise itself, and its peers and stakeholders (case 8). Therefore, the comprehensiveness and accuracy of relevant analyses in the reports have yet to be improved.

Case 8: Topnew's Analysis on External Environment

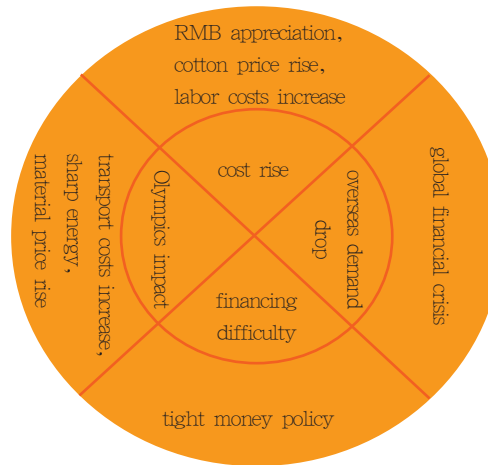


Figure 35: Page 17 of Topnew Report

III. Best Practices in Social Responsibility

Best practice in responsibility management

Establishment of Ruyi social responsibility management system (p12-15)

Best practice in responsibility policy

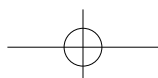
Topnew's "Create high quality life for the people" (p9)

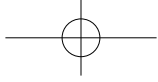
Best practice in energy saving & emission reduction

Advantetex's water screen (p41)

Best practice in employee development

Huafu's working skill Olympics and management knowledge contest (p50-51)





Best practice in labor rights

Tiansheng's employee mutual fund (p32-33)

Best practice in stakeholder engagement

Hongdou's engagement system with stakeholders (p27-28)

Best practice in supply chain management

Jodoll's fair play and consumer services (p22-23)

Best practice in business partnership

Jingwei's 2008 client satisfaction survey (p63-66)

Best practice in innovation

Haitian's product innovation of Ecorona, Hytech and Comtec (p19-20)

Best practice in public welfare

Baoxiniao's exploring Mother River (p34-35)

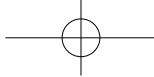
IV. Conclusions and Suggestions

1. Conclusions

The ten reports released have demonstrated textile and apparel enterprises' economic, social and environmental responsibilities in a comprehensive manner from strategy, practice and performance levels. With standard formation, complete structure and clear logic, the reports could serve the needs of stakeholders to a considerable degree. Meanwhile, the reports present innovations of textile and apparel enterprises in responsibility practices and ideology. For example, Jodoll's responsibility policy "needles and threads with full heart and responsibility" expresses the enterprise's care over products as well as over social responsibility issues in the course of production; while Hongdou's responsibility strategy "serve the country for common prosperity" indicating the enterprise's commitment in joining hands with stakeholders to create economic value and social value.

On the other hand, although the coverage rates of indicators in ten reports are pretty high, as a whole, the information quality relating to social and labor practice is obviously better than that regarding environmental and economic responsibilities; besides, some indicators are only covered partially, and there are cases of incomplete or unspecific information and data, or even misunderstanding on certain indicators. One enterprise, for example, in the Index of Indicators, signifies disclosure of "amount of greenhouse gas emission and the indicator of control", but the "greenhouse gas" mentioned in the report with emission amounts are actually air pollutants such as NO_x and SO₂, being none of the six greenhouse gases stipulated by the Kyoto Protocol. This evidences that the disclosure of social responsibility information should not only rely on the continuous improvement of the enterprise's capacity, but also need to utilize more social resources. Therefore, it is necessary that CNATC have issued some important supporting documents such as CSR-IDEAS to elaborate indicators.

Enterprises' public disclosure on social performance can meet the information demands from stakeholders, and it also brings positive effects on the improvement of management as well as marketing and branding. The



feedback from reporting enterprises tells that, most enterprises have sensed a strong promotion of marketing by public reporting and an even stronger improvement in corporate branding. The responsible development of enterprises is undoubtedly helpful to create healthy and sustainable industry environment and realize social harmony, furthermore, as comprehensive, standardized and precise means of stakeholder engagement, sustainability reporting is a bridge and channel for promoting industry's sustainable development and social harmony and progress.

2. Suggestions

Sustainability reporting is a full-fledged presentation of corporate responsibility management, which in turn is the foundation of reporting. At present stage, textile and apparel enterprises' social responsibility awareness is generally more mature than their management level is, making management system and performance the exact weakness in reporting. Hence enterprises should, by building up management system, and refining responsibility management, promote the continuous improvement of CSR performance and enterprises may also optimize their social responsibility management through the preparation of CSR reports, so as to create the virtuous cycle of "management with reporting and reporting for management".

In the next place, all reporting enterprises have identified in the reports their respective stakeholders, but the engagement of stakeholders is still at a superficial level. Most enterprises only asked for opinions from limited stakeholders, ignoring stakeholders' participation in the preparation of report, as well as the follow-up feedback after the publication of report. Therefore, it is desirable that enterprises strengthen interaction with stakeholders as well as responses to stakeholders' reasonable requirements. That is, enterprises shall explore development on the basis of responses and implement responses in the process of development.

Thirdly, regarding information quality, reporting enterprises should further detail material information that interests stakeholders, and try hard to make the data comparable horizontally and vertically, so that the stakeholders can see the development trend of related performance, and the enterprise' position in the industry and the region. This will make the report an important reference in decision-making for its stakeholders, especially government and business partners.

Last but not least, only when enterprises realize the value of sustainability reporting, will they proactively engage in information disclosure and social responsibility. Therefore, stakeholders shall increase the business and policy values of sustainability reports within their interest relation and interaction framework with reporting enterprises, which will prevent sustainability reporting finally becoming nine days' wonder. Specifically, enterprise's business partners may improve the report's impact in its business decision and reduce the weight of factory auditing and verification; government may at the policy level, encourage or require enterprise to disclose social responsibility performance information using practical reporting system, and strengthen its policy effect. For example, since 2009, participating enterprises are required to submit their CSR reports in applying for the "China Charity Award" organized by the Ministry of Civil Affairs, however, there are only very few stimulus measures as such, and their effect is not noticeable as they refer not to the enterprise's core social responsibility performances.

Part IV

Work Plan for Social Responsibility of Chinese Textile and Apparel Industry in 2010—2011

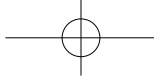
2010 is the last year of the textile industry's 11th Five-Year Plan and the key year for the studying and blueprinting of the 12th Five-year Plan. This means that in the new years, we should sum up and deepen the work done in the past while crafting strategies and plans for future development. For this purpose, in the year 2010 and 2011, we will grasp opportunities and embrace challenges, and promote the industry's social responsibility in a sustainable and steady manner, focusing on the following four main areas.

I. Social Responsibility Construction at Sub-industries and Regional Levels

Starting from 2010, we will strengthen the social responsibility development in sub-industries such as apparel, wool spinning and dyeing, etc., as well as in representative regions. Unlike "10+100+1000" program, the social responsibility work in such sub-industries and representative regions will make full use of the sub-industrial and regional sustainable development policies, and will focus on leading and preponderant enterprises in the industries and regions, so as to set up responsibility paradigm and sustainability selecting mechanisms, and improve the overall level of responsibility competitiveness in these sub-industries and regions. On the other hand, the social responsibility development in sub-industries and representative regions will adopt the dual system of "management system plus responsibility reporting", in order to strengthen the management capability of CSR as well as the transparency and democracy of corporate governance.

II. Optimizing and Furthering Sustainability Reporting System

Compared with other industries, the sustainability reporting in textile and apparel industry is now in the first echelon, both quantitatively and qualitatively. But for most enterprises in the industry, social performance information disclosure is still a new, complex work with little or no economic profit, and the reporting enterprises make up a very small proportion of the industry. This circumstance sheds light on what we shall do to optimize and promote social reporting. In the future, we will develop more enterprise-oriented and tailored training tools, fortify the training prior to report preparation, and help enterprises incorporate social performance information collection and analysis into their social responsibility management system; secondly, we will promote the role and impact of sustainability reporting at the policy



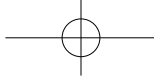
level and on the value chain, which will stimulate enterprises' initiative and enthusiasm in reporting; last but not least, we will promote social responsibility reporting in a broader spectrum and catalyze more reporting from the public listed and leading companies in the industry, as well as from implementing enterprises of CSC9000T.

III. Promoting the Industry's Experiences in Social Responsibility and Securing More Policy Support

2010 marks the fifth anniversary of CSC9000T, and the third year since the establishment of sustainability reporting system in the industry. We will take advantage of this chance to fully sum up the experiences of social responsibility work in the past several years, especially the best practices in such areas as energy saving and emission reduction, transmit such successful experiences to other industries through cross-industry cooperation platforms, and assist other industries to build up industry-specific social responsibility systems. On the other hand, we will try to secure more supports of national industry and development policies, and incorporate social responsibility management system and responsibility reporting into the industry development strategy and action plan.

IV. Implementing Social Responsibility Cooperation on Supply Chain

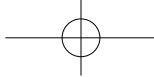
The strategic cooperation with like systems on international textile and apparel supply chain is the inevitable path to strengthen our voice in international social responsibility community, as well as an effective measure to relieve the auditing pressure on manufacturing enterprises. In 2010, in accordance with the Declaration of Cooperation on Supply Chain between China National Textile and Apparel Council and Foreign Trade Association, we will work together with BSCI to lead the cooperation and mutual recognition between CSC9000T and BSCI to a more materialized stage. Based on this arrangement, both parties will conduct and complete cross-evaluation of the two systems in 2010 to test the compatibility and diversity between CSC9000T and BSCI, so as to find a practical way for mutual recognition. Meanwhile, we will keep conducting joint trainings with BSCI, and strengthen the training in some special topics like management system, human resource, etc. Besides, we will discuss cooperative arrangements with other systems such as the Worldwide Responsible Accredited Production (WRAP).



Acknowledgments

Our stakeholders have provided valuable comments and suggestions to this present report. We would hereby extend our sincere gratitude and appreciation to the following organizations (in no specific order) :

National Development and Reform Commission
Ministry of Industry and Information Technology
Ministry of Human Resources and Social Security
Ministry of Commerce
State-owned Assets Supervision and Administration Commission of the State Council
Chinese Financial, Commercial, Light Industry, Textile and Tobacco Workers' Union
Departments and Member Associations of CNTAC
Global Compact China Network
International Labour Organization Beijing Office
United Nations Industrial Development Organization
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH
Foreign Trade Association



Appendices

I. CSC9000T Chronicles

Jun. 24th-25th, 2010 | Vice president Sun Ruizhe attended United Nations Global Compact Leaders Summit in New York City.

May 26th, 2010 | Vice president Sun Ruizhe attended the joint CSR reports launch conference organized by China Federation of Industrial Economics (CFIE) and CNTAC contributed technical support and advice for CFIE's revised CSR guidance released at the conference.

Feb. 25th, 2010 | The 8th Joint Conference between CNTAC and the Chinese Financial, Commercial, Light Industry, Textile and Tobacco Workers' Union Convened and ACFTU expressed continuous support for industry's CSR work.

Jan. 12th, 2010 | The joint release of ten CSR reports by enterprise of the industry selected as 2009 top news event of the industry by textile and fashion media.

Dec. 2nd, 2009 | CNTAC awarded with the "2009 Golden Bee Special Contribution Award for Social Responsibility Reporting in China" at the China Social Responsibility Reporting Symposium co-organized by China WTO Tribune, the Sino-German Corporate Social Responsibility Project of the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), and China Business Council for Sustainable Development (CBCSD).

Nov. 30th, 2009 | Shanxi government made specific reference to CSC9000T in evaluating the social performance of SMEs for CSR awards.

Nov. 30th, 2009 | Mr. Sun Ruizhel met the French delegation headed by Mr. Michel Doucin, the visiting ambassador of Social Responsibility of the French Ministry of Foreign Affairs, and exchanged views on social responsibility concerns.

Nov. 21st, 2009 | CCTV2 aired documentary "The Wealth of Responsibility", broadcasting the industry's practice and experience in CSR.

May & Nov., 2009 | CNTAC and BSCI conducted joint trainings for suppliers, 2,700 managers from over 1,500 factories participated.

- Oct. 17th, 2009** | Evaluators and trainers' upgrade training for the new version of CSC9000T held in Beijing, 22 CSR experts participated.
- Oct. 5th-6th, 2009** | Representative of CNTAC attended the Symposium on Enhancing Public-Private Partnership on Corporate Social Responsibility organized by the Asia-Pacific Economic Cooperation (APEC) in Hanoi, Vietnam, and presented the practice of the industry in social responsibility.
- Jun. 29th, 2009** | Joint Launch Conference of Sustainability Reports of Chinese Textile and Apparel Enterprises held in Beijing and ten textile enterprises released their first CSR reports, making them the first group of companies in the industry that have published verified CSR reports.
- April, 2009** | China Sustainability Reporting-Verification Rules and Instructions (CSR-VRAI) and the China Sustainability Reporting-Indicator Definition and Assessment (CSR-IDEAS) released, marking the establishment of China's first CSR reporting assurance system.
- Nov. 18th, 2008** | The Sino-EU Supply Chain Leaders Summit Talk and 2008 Annual Conference on Social Responsibility of China Textile and Apparel Industry convened in Beijing, at which CNTAC and Foreign Trade Association in Europe signed the Declaration of Cooperation on Supply Chain. Two parties agreed to simultaneously adopt CSC9000T and BSCI systems, and conduct cross-evaluation through tools and work practices to achieve mutual recognition between CSC9000T and BSCI.
- Nov. 7th, 2008** | The 2008 Version of CSC9000T China Social Compliance Management System for Textile and Apparel Industry passed expert committee's review, with the conclusion that the 2008 Version is qualified to be released and applied.
- Oct. 11th-15th, 2008** | The delegations of Chinese textile industry attended the annual conference of International Textile Manufacturers Federation (ITMF) in Mauritius, which was China's first presence at the conference after it became a member of ITMF in April. The theme of the conference was environmental protection and sustainable-development. Vice-president Sun-Ruizhe delivered a speech at the conference on "Marching Towards Sustainability-Output, Added Value and Social Responsibility".



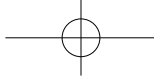
- Sep. 22nd-23rd, 25th-26th, 2008** | The 1st Internal Auditor Training for CSC9000T implementing enterprises held in Shanghai and Guangzhou. Present at the two-day training courses were 130 delegates from 41 enterprises, including the first batch of CSC9000T pilot enterprises.
- Sep. 2nd-5th, 2008** | Upon the invitation of Royal Norwegian Ministry of Foreign Affairs and ETI-Norway, representatives from the Office for Social Responsibility of CNTAC visited Oslo and exchanged ideas and experiences on CSR with various stakeholders.
- August, 2008** | CNTAC joined the United Nations Global Compact, making it the first Chinese industrial association that is a member of the UN Global Compact.
- Jun. 18th, 2008** | The China Sustainability Reporting-Guidelines for Apparel and Textile Enterprises (CSR-GATEs) and 2007 Annual Report on Social Responsibility of the Chinese Textile and Apparel Industry launched in Beijing. The launch conference marked that the establishment of sustainability reporting systems at both industrial level and corporate level.
- Apr. 18th-20th, 2008** | 16 experts from the Responsible Supply Chain Association (RSCA) of CNTAC partner agencies attended the third training session for CSC9000T trainers and evaluators held in Beijing, which made the experts of CSC9000T more than 50.
- Apr. 18th, 2008** | Vice president Sun Ruizhe introduced CSC9000T and related practice of CNTAC at the World Investment Forum organized by UNCTAD and WTO.
- Apr. 2nd, 2008** | China Federation of Industrial Economics (CFIE) launched CSR guidance, a joint work and initiative with CNTAC.
- Mar. 4th, 2008** | Vice president Sun Ruizhe met with Ms Hannah Jones, vice-president of the NIKE Company and her delegation in Dongguan, Guangdong Province. Both sides agreed on cooperation in promoting corporate responsibility on textile supply chain, including information sharing, stakeholder dialogues and capacity building.
- Dec. 18th, 2007** | The CSC9000T Plan 200.8 launched at the 2007 Annual Conference on Social Responsibility of China Textile and Apparel Industry.

- Dec. 1st, 2007** | Joint CSR project between CNTAC, ILO and UNIDO conducted in Zhongshan, Shengze and Haining, with over 180 participants from 25 companies.
- Nov. 28th-Dec.7th, 2007** | The study tour to Europe of CNTAC CSR delegation at the invitation of the Free Trade Association and European companies.
- Nov. 21st, 2007** | Joint training on the prevention of work-place sexual harassment between CNTAC and the Women's Legal Service Center of Peking University implemented at Beijing Aimer Lingerie Company.
- Nov. 12th, 2007** | CCTV interviewed CNTAC expert about the industry's experience in prevention sexual harassment at workplace.
- Nov. 12th, 2007** | CSC9000T ranked the first grade in CNTAC technology advancement awards.
- Oct. 23rd-26th, 2007** | RSCA provided trainings on the Labor Contract Law in Shanghai and Shenzhen to Member Companies.
- Aug. 31st, 2007** | The initial evaluations of "10+100+1000" Project commenced at 50 companies in 5 clusters: Puyuan, Shenhu, Pinghu, Haining and Jintan.
- Aug. 10th-12th, 2007** | The second group of CSC9000T auditors and trainers trained in Beijing.
- May 26th-Jul. 11th, 2007** | The launch ceremonies of CSC9000T "10+100+1000" Project and the awareness trainings on-CSR held in-Puyuan,-Humen,-Shishi,-Shenhu,-Pinghu, Haining, Kaiping, Jintan and Zhongshan.
- Jun. 28th, 2007** | The Office for Social Responsibility of CNTAC gave training on CSR to representatives of over 50 sub-industries of China Confederation of Light Industries.
- Jun. 16th, 2007** | Workshop for media observers on CSR held in Beijing.
- May 22nd, 2007** | The National Development and Reform Commission (NDRC) issued a public report on the development of social responsibility in China textile and apparel industry.
- May 18th, 2007** | Cooperation Agreement signed with FTA to further the unity between BSCI and CSC9000T systems.



- May 9th-10th, 2007** | RSCA offered trainings on CSR to over 30 Chinese NGO representatives.
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- Apr. 17th, 2007** | China Textile Round Table Forum on Corporate Social Responsibility discussed the practice, experiences and challenges on CSR.
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- Apr. 13th, 2007** | CSC9000T passed the project appraisalment organized by CNTAC.
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- Apr. 10th, 2007** | Mr. Sun Ruizhe met with OECD officials for financial and enterprise affairs, discussed CSR issues.
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- Apr. 3rd-10th, 2007** | CSC9000T nominated by the NDRC as an industrial standard.
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- Mar. 31st, 2007** | The first batch of CSC9000T auditors and trainers trained and certified by RSCA.
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- Mar. 12th, 2007** | President Du Yuzhou submitted the “Two Policy Proposals concerning the Implementation of CSR in Textile and Apparel Industry” at the NPC and NPPCC meeting.
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- Feb. 28th, 2007** | The 5th Joint meeting between CNTAC and All-China Federation of Trade Unions (ACFTU) discussed CSR issues.
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- Jan. 18th, 2007** | The International Seminar on the Prevention of Work-place Sexual Harassment acknowledged the experience of CNTAC in related areas.
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- Dec. 12th, 2006** | The First Annual Conference on CSR of China textile and apparel industry was held and the Annual Report on Social Responsibility of China Textile and Apparel Industry (2006) published.
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- Nov. 11th, 2006** | The EU-China Corporate Social Responsibility Forum and its related training programs were jointly organized by CNTAC and EU DG Enterprise in Humen, Shishi and Haining, three major textile industrial clusters.
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- Jul. 26th, 2006** | Ministry of Finance, the NDRC and Ministry of Commerce jointly issued a circular regarding “the Policy to Encourage Chinese Textile Enterprises in Adjusting the Growth Mode and to Expand Business in Overseas Markets”, placing emphasis on supporting the textile industry to develop CSR management system, formulation of industry specific CSR initiative and its dissemination both at home and abroad.

- Jun. 13th, 2006** | NDRC circulated the “Development Guidelines on the Textile Industry in the 11th Five-year Plan Period”, underlining the dissemination and improvement of the CSC9000T management system in Chinese textile industry for better CSR performance.
- Apr. 29th, 2006** | 10 ministries and government departments, including the NDRC, Ministry of Labor and Social Security and Ministry of Commerce jointly issued a circular concerning the acceleration of the textile industry structural adjustment, stressing the encouragement of the textile industry to implement the CSC9000T management system to improve CSR performance.
- Apr. 1st, 2006** | The Environmental and Social Compliance Program for China Textile Industry jointly sponsored by CNTAC, the IVAM of University of Amsterdam and University of Shandong was initiated, which is a part of “Asia Facility for China 2005”, a Sino-Dutch governmental cooperative project.
- Mar. 28th, 2006** | CSC9000T Implementation Guidance was completed and its Pilot Program launched.
- Nov. 30th, 2005** | CNTAC was invited to attend the UN Global Compact Leaders Summit in Shanghai, and the creation of CSC9000T was introduced.
- Oct. 27th, 2005** | CNTAC signed a Letter of Endorsement on CSC9000T with the Canadian retailer Hudson’s Bay Company.
- May 31st, 2005** | The Responsible Supply Chain Association (RSCA) of CNTAC was established and China Social Compliance for Textile and Apparel Industry Management System- CSC9000T (Principles and Guidelines) published.
- Mar. 22nd, 2005** | A group of 140 Chinese textile and apparel enterprises proposed the joint initiative regarding “Greater CSR Advocacy” to further address CSR related issues in support of developing industry specific and self-disciplinary CSR codes by CNTAC.
- Jan. 17th, 2005** | The Chinese textile delegation led by Mr. Du Yuzhou, President of CNTAC attended the Canadian Retail Conference in Toronto and the Annual Conference of National Retail Federation in New York. Mr. Du made speeches at both events and had broad exchange of views and ideas with international retailers on CSR advocacy and construction in the Chinese industry.



II. Introduction of the Office for Social Responsibility of CNTAC



The Office for Social Responsibility of CNTAC was established in May 2005. It is China's first permanent social responsibility institution at the national industry level, and the executive body of the Responsible Supply Chain Association (RSCA) under the direct administration of CNTAC.

Visions & Goals

To establish social responsibility management system in Chinese textile enterprises according to specific Chinese conditions;

To disseminate the industry specific sustainability information in collaboration with multi-stakeholders;

To realize social responsibility at the industry level and provide assistance to businesses in establishing social responsibility management system through professional services;

To guide businesses within the industry to follow the scientific approach to development, enhance core competitiveness and get integrated into the global economy;

To engage with domestic and international stakeholders to promote a responsible global supply chain.

Competencies & Services

Operates and improves CSC9000T China Social

Compliance for Textile and Apparel Industry, in line with Chinese law, international conventions and specific industrial conditions;

Conducts performance evaluation of the CSC9000T management system and issues performance reports; provides training and consulting services, technical and professional assistance to businesses in the establishment and operation of CSC9000T management system;

Establishes and manages databanks on CSR information and CSR performance of Chinese textile enterprises, and constructs platforms for supply chain dialogue and business supporting systems;

Provides professional assistance in sustainability reporting based on China Sustainability Reporting-Guidelines for Apparel and Textile Enterprises (CSR-GATEs) and ensures quality of reports through verification and endorsement;

Exchanges CSR information and promotes best practice by organizing forums, symposiums, seminars and field studies;

Provides consultation on CSR and supply chain issues to government bodies, civil organizations, trade unions, other industry associations and stakeholders on international textile supply chain;

Undertakes CSR-related research and education programs.

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