



REGIONAL BRIEFING

Greater China region

“Time for action: Business & human rights in Greater China”

including mainland China, Hong Kong & Taiwan

August 2014

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Through rapid economic growth, Greater China has made massive progress in realising many social and economic rights, and lifting millions out of poverty. However, there remains a huge gap between international standards on business and human rights such as the UN Guiding Principles, and the *actual human rights practices* of companies (whether Chinese, or headquartered overseas), as well as the government in this area. This briefing surveys alleged abuses in areas such as labour rights, environmental pollution, freedom of expression and privacy. It analyses the ways in which companies are responding to these allegations – with a 77% response rate from overseas firms operating in or sourcing from Greater China, and a 50% response rate from firms headquartered in the region. It makes recommendations to companies and the government for rapid and effective action to embed human rights in business models, benefitting business, workers and local communities.

There are several factors that mean the time is ripe for action on business and human rights in Greater China: the large-scale activism of workers and communities; a growing awareness among business of the need to operate responsibly; a government concerned by growing inequality and unrest; and the strong existing frameworks that provide practical guidance.

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1. Executive summary

China has almost a fifth of the world's population. Its economy is the second largest in the World, with GDP growing at more than 7% annually. China's rapid economic growth, driven by government and business, has helped to lift 500 million people out of poverty in three decades. China is one of the few countries to have met all the millennium development goals established in 2000: a major contribution to the human rights of its people in terms of right to a livelihood and education among others. Yet, this has been accompanied by the widespread neglect of other fundamental human rights such as labour rights and freedom of expression; as well as pollution on a massive scale, which puts citizens' health and sometimes their lives at risk.

There are many reasons why the time for action on business and human rights in Greater China is now:

- (1) the large-scale activism of workers to push for better conditions, and protests over environmental impacts and displacement associated with industrial projects;
- (2) a growing awareness among business that operating responsibly can help prevent and limit unrest and preserve reputation;
- (3) governments (both national & local) concerned by growing inequality, environmental damage, and public disquiet; and
- (4) the strong frameworks that are now available for companies and governments that want to do the right thing, including the UN Guiding Principles on Business and Human Rights, which the Chinese government has endorsed.

Substantial progress in embedding human rights in business in Greater China will promote and support growth with equality in the region, as well as creating more trusted and sustainable companies.

Company responses to human rights concerns

As our work highlighting examples of companies' positive and negative human rights impacts in Greater China and the rest of the world shows, major abuses are occurring on a daily basis. At Business & Human Rights Resource Centre, we invite companies to respond to concerns raised by civil society about their conduct, before linking to the concerns from our website. This briefing analyses 223 such approaches: 127 to companies headquartered in Greater China ("GC firms"), either regarding human rights issues within the region, or in their operations overseas; and 96 to companies headquartered outside Greater China ("non-GC firms"), regarding alleged abuses by them or their suppliers within the region.

Greater China firms are clearly coming under increasing scrutiny from civil society organizations for their human rights impacts. The number of approaches we make to GC firms regarding specific human rights allegations has almost quadrupled since 2005.¹

The response rate from non-GC firms is 77%, whereas that from GC firms is 50%. Despite the lower response rate, when firms headquartered in Greater China do respond, they are more likely to do so in detail, directly addressing each specific allegation point-by-point (52%), than non-Greater China firms (38%).

The fact that half of the GC firms we approach do see the need to respond publicly to civil society concerns about their human rights conduct, and tend to give more detailed responses than firms headquartered outside the region, should be seen as an important indication of willingness on the part of many GC companies to address human rights concerns publicly. Among GC companies, private companies are more likely to respond (56%) than state-owned companies (40%).

¹ We made 21 of these approaches to GC firms in 2005-7, compared to 79 approaches in 2011-13.

While a response by a company does not always lead to action, it does indicate the company's willingness to engage publicly with concerns raised by human rights advocates, and provides a public statement that the company can be held to.

Alleged abuses inside Greater China

The most frequently raised concerns within the region to which we have sought company responses relate to workers' rights (68% of the cases for which we seek a company response – including from GC firms and multinationals operating in or sourcing from the country).

260 million workers in China have migrated from their rural homes to cities for work – where the common labour violations of excessive working hours, dangerous workplaces and a failure to pay living wages are compounded by the stress of living far from home, and sometimes their children. Without being able to join independent trade unions, workers face massive hurdles to improve their situation, although as the briefing highlights, their innovative attempts to do so are increasing rapidly. The high proportion of the cases we cover that relate to labour rights is also an indication of the work of vibrant labour groups that report on these issues.

Twenty percent of our approaches to companies operating in or sourcing from Greater China are for responses to allegations relating to pollution, affecting health. Recent years have seen a surge in protests against the environmental impacts of industrial projects, at times successfully changing or blocking them. The briefing also features campaigns by environmental NGOs against harmful water pollution by electronics companies' suppliers – and the ways in which some firms have been quicker to address this issue than others.

A third major business and human rights issue we feature in the briefing is the complicity of internet and technology companies from outside and within Greater China in government censorship and surveillance efforts online. Additionally, the briefing discusses widespread forced displacement for factories, infrastructure projects and property developments, as well as food safety scandals.

Alleged abuses by Chinese companies abroad

In addition to business and human rights impacts within China, this briefing addresses the human rights impacts of Greater China-headquartered companies overseas. Among the 127 responses that we have sought from GC companies, more than half were regarding allegations that took place overseas (71 approaches). The cases reflect the broad reach of Chinese investment overseas – by the end of 2011 for example, 18,000 Chinese-invested companies operated in 177 countries.² Among our approaches to GC firms overseas, the countries in which the abuses most frequently occurred were Myanmar (Burma) (24%), Cambodia (9%), India (9%) and Democratic Republic of Congo (6%), though others spanned the globe. The predominant issues in these cases are security issues and conflict zones, workers' rights, and displacement. While many countries with high levels of Chinese investment welcome China's no-meddling approach to internal affairs and its rapid infrastructure development, local community protests against GC firms' operations has led, for example, China's prime minister Li Keqiang to call on Chinese companies to "shoulder due responsibility" for local communities and the environment, on his recent visit to Africa.

Initiatives underway

Many GC companies are realizing that acting responsibly reduces the risk of social protest and protects reputation, at home and overseas. In 2013, the Global Business Initiative along with local and international partners hosted a business executive's meeting and practitioner's

² China Daily, "Making the Right Moves", 26 October 2012:

http://www.chinadaily.com.cn/business/overseascnep/2012-10/26/content_15872042.htm

roundtable on human rights³. As Prof Liang Xiaohui, Chief Researcher, China National Textile and Apparel Council, and Lecturer in Business and Human Rights at Peking University Law School said at that meeting:

“As Chinese companies become more international, the voice of stakeholders like NGOs is becoming stronger. As a result, Chinese companies are incorporating human rights into their management systems. Even within China they cannot avoid this topic. International conventions are being translated into Chinese law and the enforcement of these laws is becoming more stringent. Chinese companies must comply, either voluntarily or involuntarily. This is why Chinese enterprises have a strong drive to respect human rights.”

For its part, the Chinese government has begun to actively encourage responsible practices by Chinese firms. For example it has issued “Guidelines to the State-owned Enterprises on Fulfilling Corporate Social Responsibilities” and set up a corresponding social responsibility steering committee. The China Banking Regulatory Commission has formulated the Green Credit Guidelines to encourage banking institutions to focus on green credits and fend off environmental and social risks. Environmental laws, labour contract laws, land administration laws have also been amended to better protect people’s rights – although many NGOs question the extent that they will be enforced.

The Chinese Government has also endorsed the UN Guiding Principles on Business and Human Rights. Yet strikingly, none of the responses that we have received from GC companies or non-GC companies operating in the region refer to the UNGPs. At the 2013 UN Forum on Business and Human Rights in Geneva, around 1500 people attended but the participation from China was noticeably very low, especially given China’s economic influence on the global stage.

A call for action

Now is a critical time for China to embrace the “business and human rights” agenda. The briefing concludes with a set of recommendations for business and government. For companies, the briefing calls on them to adopt a clear public human rights policy; conduct a thorough impact assessment for their operations whether within China or overseas; implement management processes on human rights; report publicly on their progress; engage with critics; and remedy abuses.

It calls on the Chinese government to develop a national action plan on business and human rights; strengthen the legal framework for victims of human rights abuses by companies to seek and secure redress; enforce existing laws in the areas of labour rights and environmental protection; and strengthen the human rights guidance for Chinese firms operating at home and overseas.

As our briefing demonstrates, there is an enormous gap between recognized standards on business and human rights, such as the UN Guiding Principles – and the actual practices of companies operating in Greater China. Action is needed now to close that gap. Doing so is in the interest of companies themselves, and is essential for the wellbeing of workers and communities who are affected by their activities.

Note on geographical coverage: this briefing covers Greater China, i.e. mainland China, Taiwan, and Hong Kong – as well as providing information about the activities overseas of companies headquartered in the region. We acknowledge the different contexts within each part of Greater China, for the issues covered by the briefing (labour rights, freedom of expression, environmental protection etc).

³ Global Business Initiative, “Business Executives Conference – Sustainable Business and Investment in the Global Context: Rights, Risks and Responsibilities, 16 April 2013, Beijing, China”: <http://www.global-business-initiative.org/work/china/>

2. International and regional context

In June 2011, all of the countries on the United Nations Human Rights Council (including China) endorsed the [Guiding Principles on Business & Human Rights](#) (UNGPs). This established the UNGPs as the global standard of practice that is now expected of all States and businesses with regard to business and human rights, even though many human rights advocates also believe that a stronger framework or [treaty](#) is needed. The UNGPs were developed to operationalize the “Protect, Respect and Remedy” Framework presented by then UN Special Representative John Ruggie to the UN in 2008. This three-pillar Framework consists of:

- The state duty to protect human rights
- The corporate responsibility to respect human rights
- Access to remedy (the need for greater access to effective remedy for victims of business-related abuse)

As a UN “[interpretive guide](#)” to the second pillar of the Guiding Principles states: “While they do not by themselves constitute a legally binding document, the Guiding Principles elaborate on the implications of existing standards and practices for States and businesses, and include points covered variously in international and domestic law.” And the Principles themselves say that the corporate responsibility to respect human rights “is a global standard of expected conduct for all business enterprises wherever they operate. It exists independently of States’ abilities and/or willingness to fulfil their own human rights obligations, and does not diminish those obligations.”

At the 2009 Human Rights Council, [China supported the “Protect, Respect and Remedy” Framework](#) by saying, “The Chinese delegation appreciates the report by Mr. John Ruggie, Special Representative of SG, and we fully support his work. In the context of global financial crisis, the efforts to continue the protection and promotion of civil, economic and social rights is faced with unprecedented challenge. This issue should receive the attention of all parties of the international community. Meanwhile, it requires the international community, including public and private sectors, to show the corresponding responsibility in dealing with this challenge. China appreciates the “protect, respect and remedy” framework proposed by the special rapporteur which in our view is of positive significance, and which merits a serious study of all countries concerned. Under the framework, the home and host countries of transnational corporations should have co-operation, which is very important. Only through mutual trust and co-operation is it possible to achieve the goal of mutual benefit and win-win situation, and to realise the common objective of promotion and protection of human rights.”

In a statement at the UN Human Rights Council in 2011, [China's representative also endorsed the UNGPs, commenting](#), “China shows appreciation to the Protect, Respect, Remedy Framework”, and elaborated on some of the efforts that the Chinese Government has made in promoting “Corporate Social Responsibility” in the country.

Over recent years, the Chinese government has taken some positive steps to enhance “corporate social responsibility” in the country. The State-owned Assets Supervision and Administration Commission of the State Council (SASAC) issued “[Guidelines to the State-owned Enterprises on Fulfilling Corporate Social Responsibilities](#)” and set up a corresponding social responsibility steering committee. The [China Banking Regulatory Commission \(CBRC\) formulated the Green Credit Guidelines](#) to encourage banking institutions to focus on green credits and fend off environmental and social risks. . [Environmental laws, labour contract laws, land administration laws](#) have also been amended to better protect people’s rights – although many [NGOs question the extent that they will be enforced](#).

After endorsing the UNGPs, the UN Human Rights Council established a UN Working Group on business and human rights in 2011 with a three-year mandate. Among its roles is “to promote the effective and comprehensive dissemination and implementation of the Guiding Principles” (its mandate was renewed in 2014). Since 2011, [many countries have drafted or have started drafting](#) national action plans on business & human rights (among them Denmark, Finland, Italy,

Netherlands and the UK). In many regions, [companies have started to adopt the UNGPs in their operations](#). [Civil society organizations have also been increasingly using the UNGPs in their advocacy work](#).

The second annual UN Forum on Business and Human Rights was held 2-4 December 2013 in Geneva, in which trends and challenges in the implementation of the UN Guiding Principles were discussed. Noticeably however, compared with other regions (including neighbouring Southeast Asia and South Asia), there was a significantly lower number of participants from the Greater China region.

As further illustrated in this briefing, there is generally minimal awareness of the UNGPs and business and human rights in the Greater China region both among companies and governments. The role of local civil society in the dissemination and implementation of the UN Guiding Principles is therefore highly important. As a first step, by realizing that many apparently disparate trends and themes (as illustrated in Section 4) fall within a “business and human rights” agenda, different actors from across the region can increasingly address these issues as a coherent whole, with a compelling narrative and a shared language. With this common ground of understanding, dialogue and collaboration among actors can then be enhanced; and tools can be applied to prevent human rights abuses and mitigate their adverse effects. In this light, for example, the NGOs SOMO, CEDHA and Cividep India have launched [a guide for civil society organizations on how to use UN Guiding Principles in company research and advocacy](#).

In Hong Kong and Taiwan, despite efforts by some companies to implement CSR policies, and many local civil society groups campaigning on corporate impacts particularly environmental and labour - very few companies take a human rights approach to tackle issues in their supply chains. Richard Welford from Hong Kong-based CSR Asia has illustrated a few [reasons why companies may be reluctant to engage with human rights](#), which include denial of problems, fear of attracting NGOs’ attention and feeling helpless to act – i.e. that the problem seems too big to manage. At the same time, there is also very limited use of the UNGPs by business and civil society.

3. How do companies from Greater China and overseas companies operating in the region respond to human rights allegations?

Note on data:

Since 2005, Business & Human Rights Resource Centre has invited companies to respond to allegations raised by civil society groups, before posting those allegations on its website (when we find no response by the company already in the public domain). The Resource Centre takes this approach in order to ensure that coverage is fair, and also to encourage the companies to publicly address human rights concerns.

This section of the briefing identifies trends from the cases and company responses (and non-responses) that relate to the Greater China region: a total of 223 approaches to companies about human rights concerns [\[full record here\]](#). They include:

- **127 approaches to companies headquartered in the Greater China region (“GC companies”)**, i.e. headquartered in mainland China, Hong Kong, and Taiwan. Among these firms are state-owned companies like China Power Investment and China National Petroleum Corporation (CNPC), and private firms such as telecoms firm Sinovatio and the Taiwan-based electronics manufacturer Foxconn. Note: 44% of these approaches were regarding alleged misconduct within Greater China, 56% were regarding allegations overseas. Some firms were contacted more than once, about different allegations.

- **96 approaches to companies headquartered outside the Greater China region (“non-GC companies”),** regarding alleged abuses within the GC region. Among these firms are adidas, Apple, Deutsche Bank, Carrefour, Google and Royal Caribbean Cruises.

The sources of the allegations include: local and international NGOs, and media reports that cite concerns raised by workers or communities. Therefore trends identified below, for example relating to the frequency of different types of abuses that we have invited companies to respond to, reflect to some extent the level of activity by civil society in monitoring and reporting on those abuses (and their ability to do so).

3.1 Response rates

While a company’s response rate⁴ to human rights concerns may or may not be a reflection of a company’s actual conduct, and while the quality of responses varies, it is an important indicator of a firm’s openness to engaging with human rights concerns being raised by communities and wider civil society. And in responding, the company provides a public statement that it can be held to.

From 2005 to April 2014, we have approached companies both headquartered in the Greater China region (hereafter “GC companies”) and foreign companies operating in the Greater China region (hereafter “non-GC”) 223 times to respond to such allegations. The overall response rate is 62% (50% for GC companies, and 77% for non-GC companies) (see Chart 1). Our average response rate for all companies globally is 70%.

While lower, the fact that half of the GC companies we approach do see the need to respond publicly to civil society concerns about their human rights conduct can still be seen as an important indication of willingness on the part of many GC firms to address human rights concerns publicly.

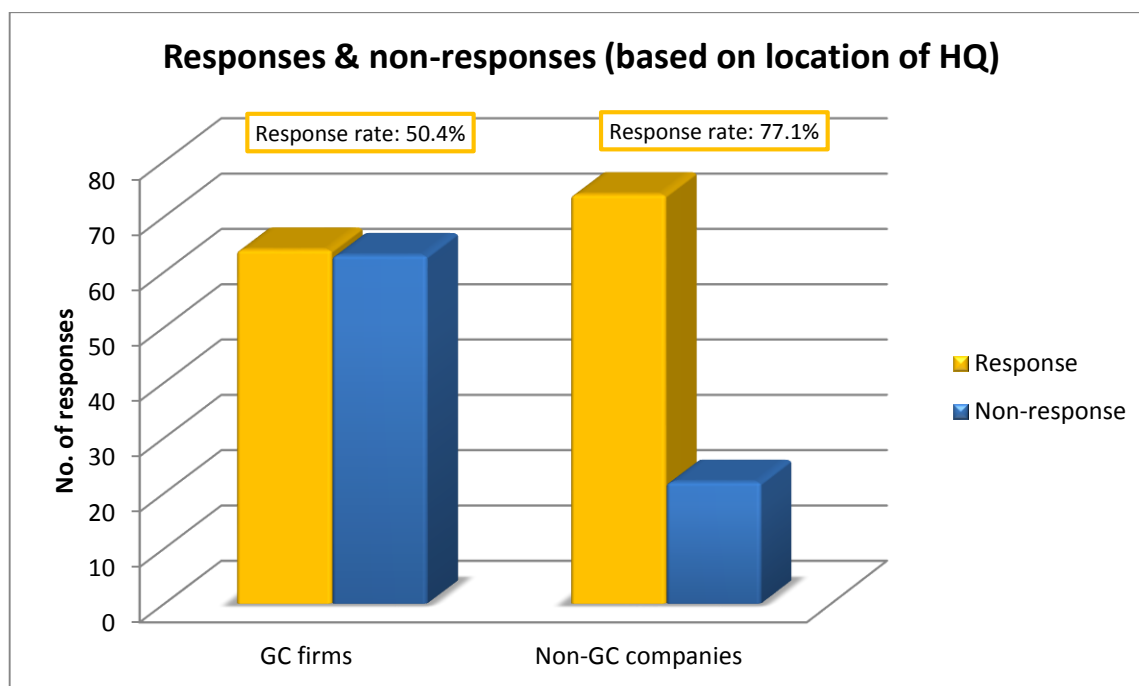


Chart 1

⁴ Factors that can affect the number of responses that we seek from a particular country include (but are not limited to): intensity of civil society organizations’ activities in that country; extent to which companies have already publicly responded to particular allegations; and the capacity of the Resource Centre to seek the responses.

When comparing the response rates of state-owned enterprises (SOEs)⁵ and private companies headquartered within the region, we found a lower response rate by state-owned enterprises (40%) than private companies (56%) (see Chart 2). In fact, from our own experience, state-owned enterprises are often less approachable, with limited direct contact channels available. While the State-owned Assets Supervision and Administration Commission (SASAC) does publish a database of spokespeople at SOE's, Techweb has found [that more than half of the 120 SOE spokespersons](#) whose contact information is provided are unreachable.

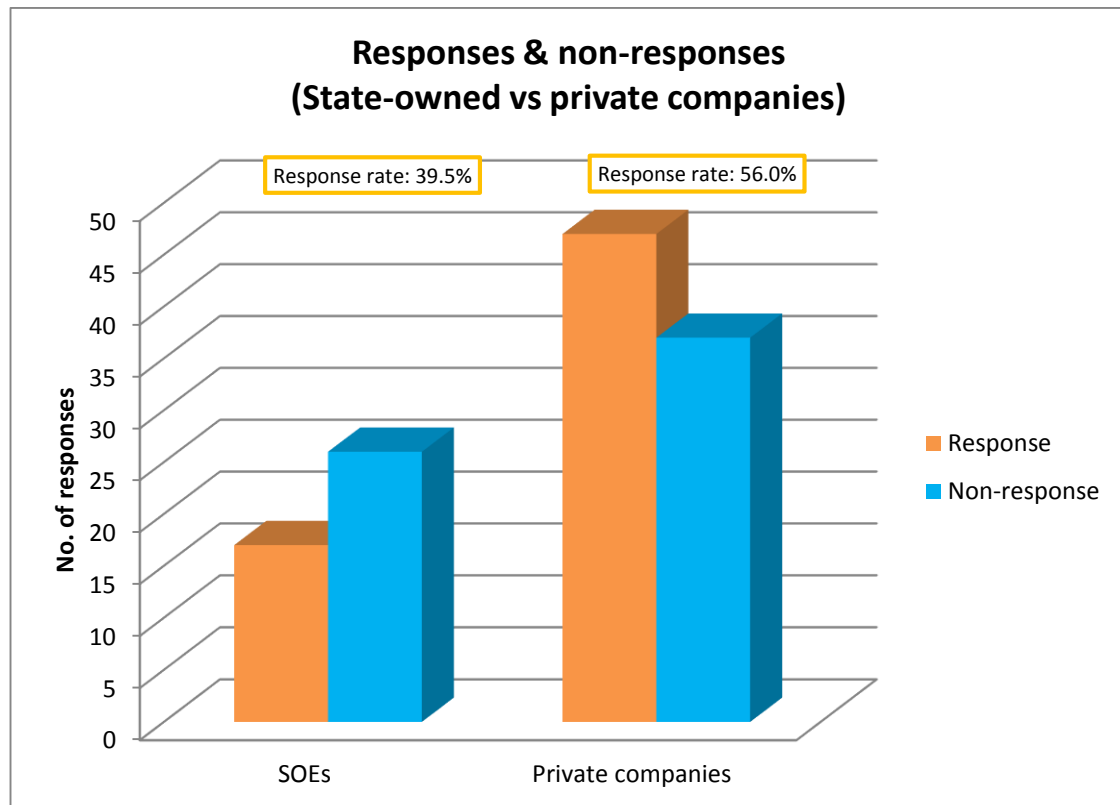


Chart 2

The UN Global Compact is an international policy initiative for companies that commit to 10 principles in the areas of human rights, labour rights, environment, and anti-corruption. UNGC participants and non-participants headquartered inside and outside Greater China in our sample demonstrate different response patterns. Among companies headquartered in the Greater China region, UNGC participants actually have a lower response rate (33%) than non-UNGC participants (53%). For non-GC companies operating in the region, UN Global Compact participants have a higher response rate (82%) than non-UNGC participants (74%) (see Chart 3).

Due to the relatively small sample size, particularly of UNGC participants headquartered in China (only 18 in total), we would refrain from drawing concrete conclusions from this. However, we encourage all companies, both participants and non-participants of the UNGC, to be more responsive to concerns raised by external stakeholders regarding their human rights impact. The figures should act as a spur to the Global Compact in China to embed human rights accountability into the business models of its members.

⁵ A relatively broad definition of state-owned enterprises (the one used by the National Bureau of Statistic of China) is applied here. These include wholly state-owned companies, state-controlled companies and state-invested companies: http://www.stats.gov.cn/statsinfo/auto2072/201311/t20131104_454901.html

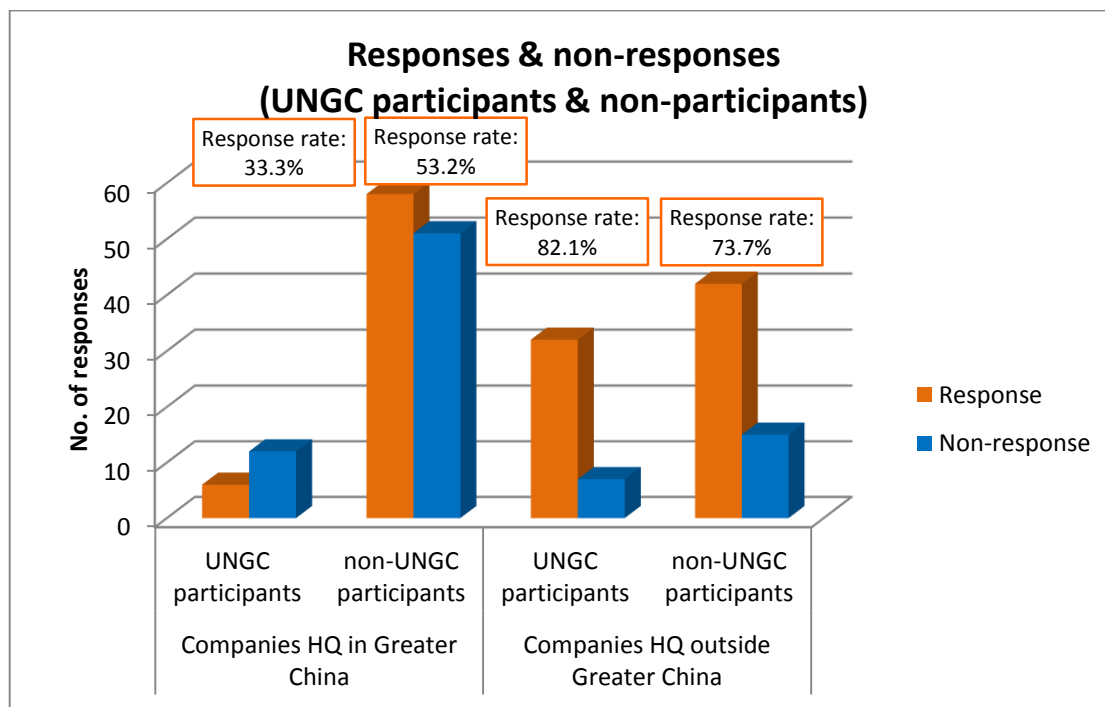


Chart 3

3.2 Issues addressed

The most frequently raised concerns within the Greater China region to which we have sought company responses relate to workers' rights (see Section 3.1), making up 68% of the cases for which we seek a company response – including from GC and non-GC firms (see Chart 4). Allegations related to pollution and health issues (20%) (see Section 3.2) and the complicity of internet and technology companies in government censorship and surveillance efforts online (6%) (see Section 3.3) come second and third. The overwhelming proportion of labour rights issues not only highlights the widespread instance of labour violations, but also reflects the work of vibrant labour groups that report on them.

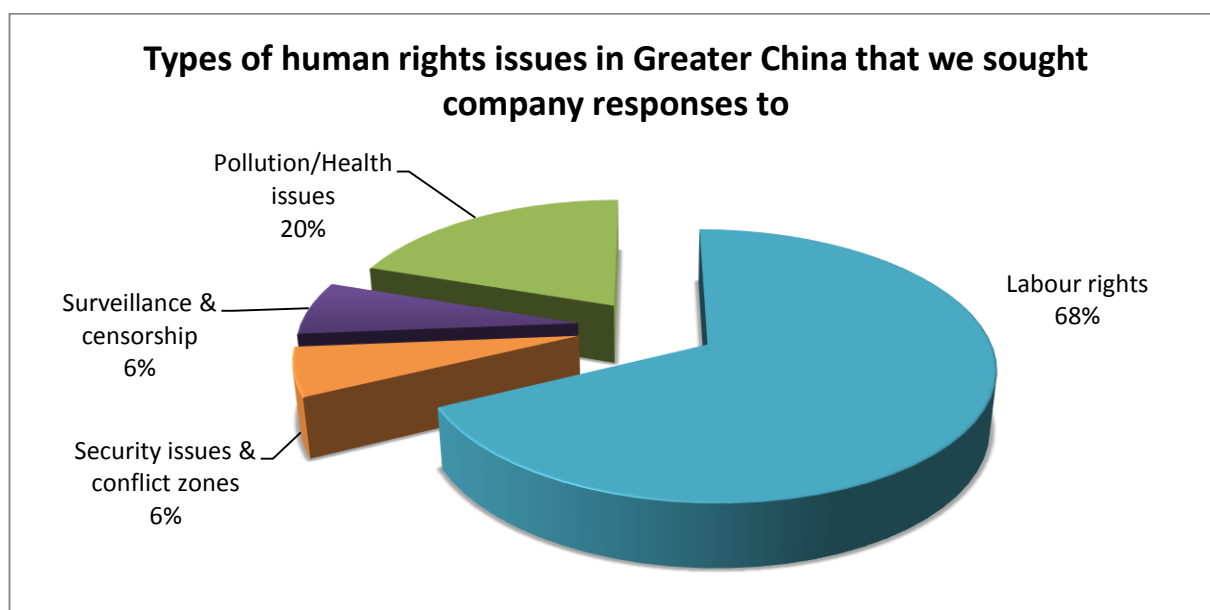


Chart 4

The distribution of alleged abuses related to GC companies operating overseas differs from that of abuses taking place within the region. Security issues and conflict zones is the most predominant issue (37%) for GC companies operating overseas, closely followed by labour rights (24%) and displacement (20%) (see Chart 5).

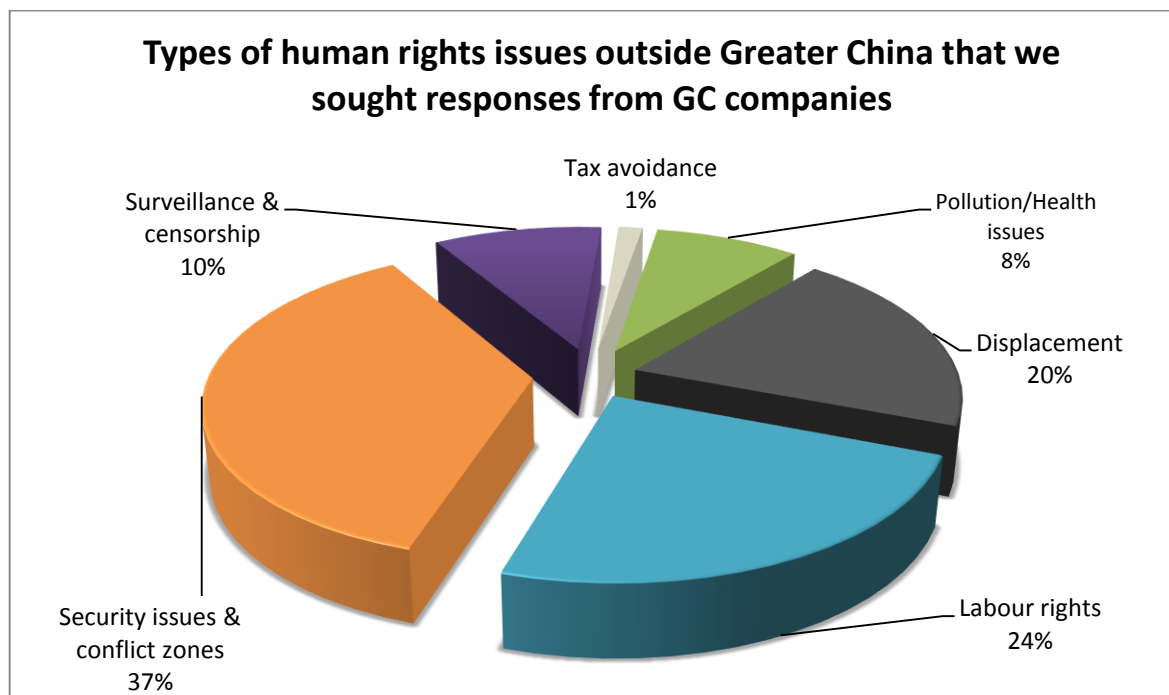


Chart 5

3.3 Countries of alleged abuses overseas

Among the 127 responses that we have sought from GC firms, over half were related to allegations of abuses taking place overseas (71 approaches). The countries in which the abuses most frequently occurred were Myanmar (Burma) (24%), Cambodia (8%), India (8%) and Democratic Republic of Congo (6%), though others spanned the globe. This reflects the major influence of Chinese companies globally, the human rights concerns that often accompany these investments, as well as the need for good impact assessments before such operations abroad (see Section 4.6 & Chart 6).

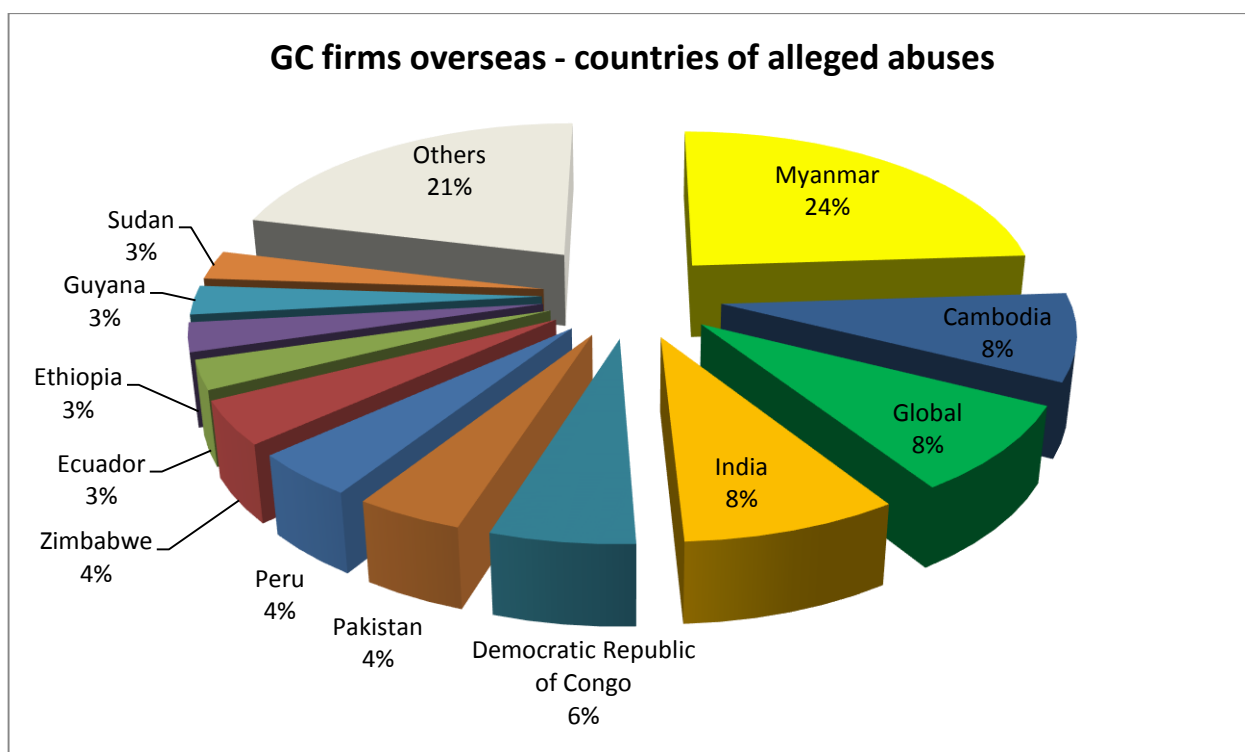


Chart 6

3.4 Sectors involved

We sought responses from companies in a variety of sectors. Among GC and non-GC firms, “technology, telecom & electronics” has the highest percentage (41%) (see Chart 7). Concerns for this sector relate to labour rights issues, surveillance & censorship, and environmental pollution of water supplies. This is followed by the manufacturing sector (17%), also with labour rights issues as a primary concern. Oil, gas & coal companies come third (15%), frequently with pollution/health and displacement as main concerns.

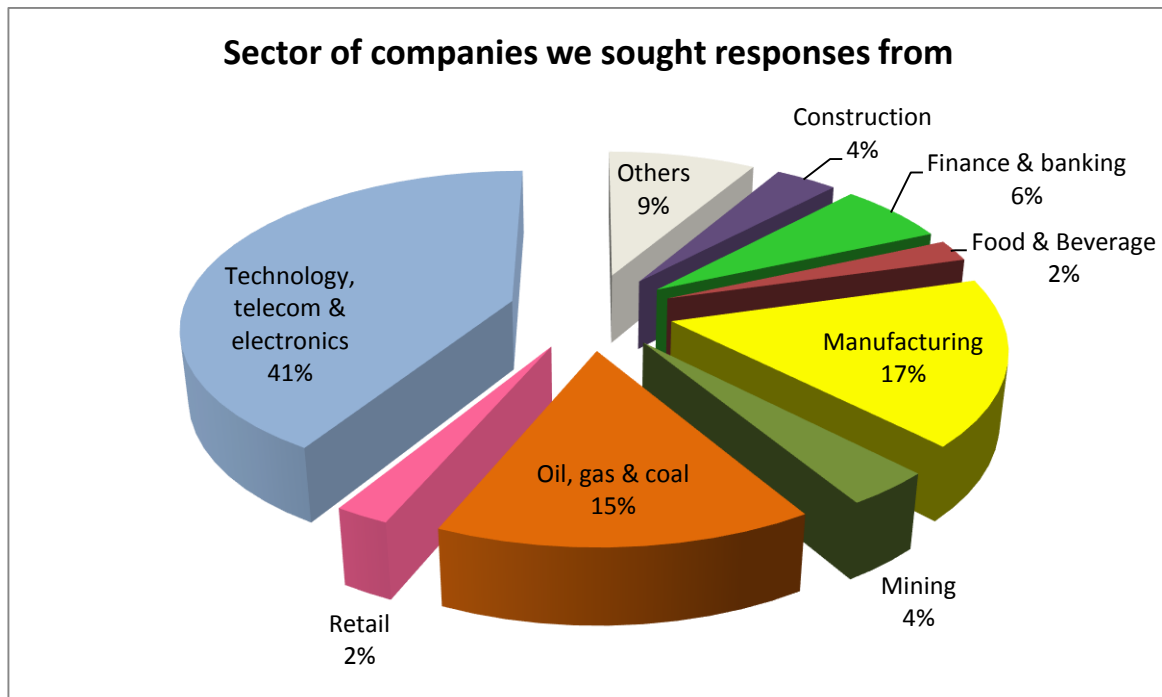


Chart 7

3.5 Qualitative assessment of company responses

In addition to recording the numbers of responses we secured from companies, we also analysed the company responses we received qualitatively on four dimensions, by going through each of these 138 responses and answering the following questions: (1) Does the company admit, partially admit, or deny the allegations? (2) Does the company give a detailed “point-by-point” response that directly addresses the specific concerns raised, or only a general response? (3) Does the company commit to change? (4) Does the company response refer to any international standards or multi-stakeholder initiatives? We compare the results based on the locations where the companies are headquartered.

Question 1: Does the company admit, partially admit or deny the allegations?

As our data shows, non-GC companies are slightly more likely to admit or partially admit the allegations (9% and 23% respectively) than GC companies (6% and 17% respectively). Sixty-one percent of GC firms deny the allegations, compared with 41% of non-GC companies (see Chart 8). Non-GC firms are also more likely than GC firms to merely say in their response that they would “investigate further”. The “others” on Chart 8 include ambiguous responses, and those that referred us to another entity.

We acknowledge that whether the company admits or denies the allegations may not always reflect the actual occurrence or non-occurrence of the alleged human rights abuse. However, a response from the company is an important component that steers the dialogue regarding the allegation, and often plays a vital role in the resolution of a dispute.

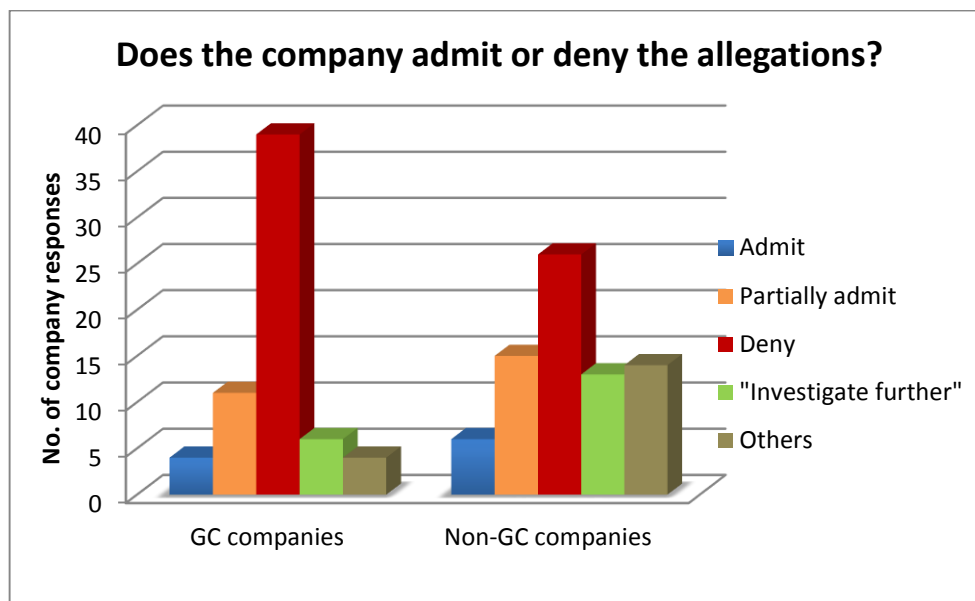


Chart 8

Question 2: Does the company give a detailed “point-by-point” response or only a general response?

We assessed whether the companies sent us detailed “point-by-point” responses or merely general statements. By a “point-by-point” response, we define it as one in which the company addresses most or all of the concerns raised by the civil society in a detailed fashion. The “point-by-point” responses tend to be the stronger ones, as they usually provide more information to stakeholders and demonstrate the companies’ greater openness to dialogue. However, once again, it may not always reflect the accuracy of the information presented in the response.

GC companies in our sample tend to give more detailed responses: we found that a higher percentage of GC companies (52%) provided “point-by-point” responses than non-GC companies (38%) (see Chart 9).

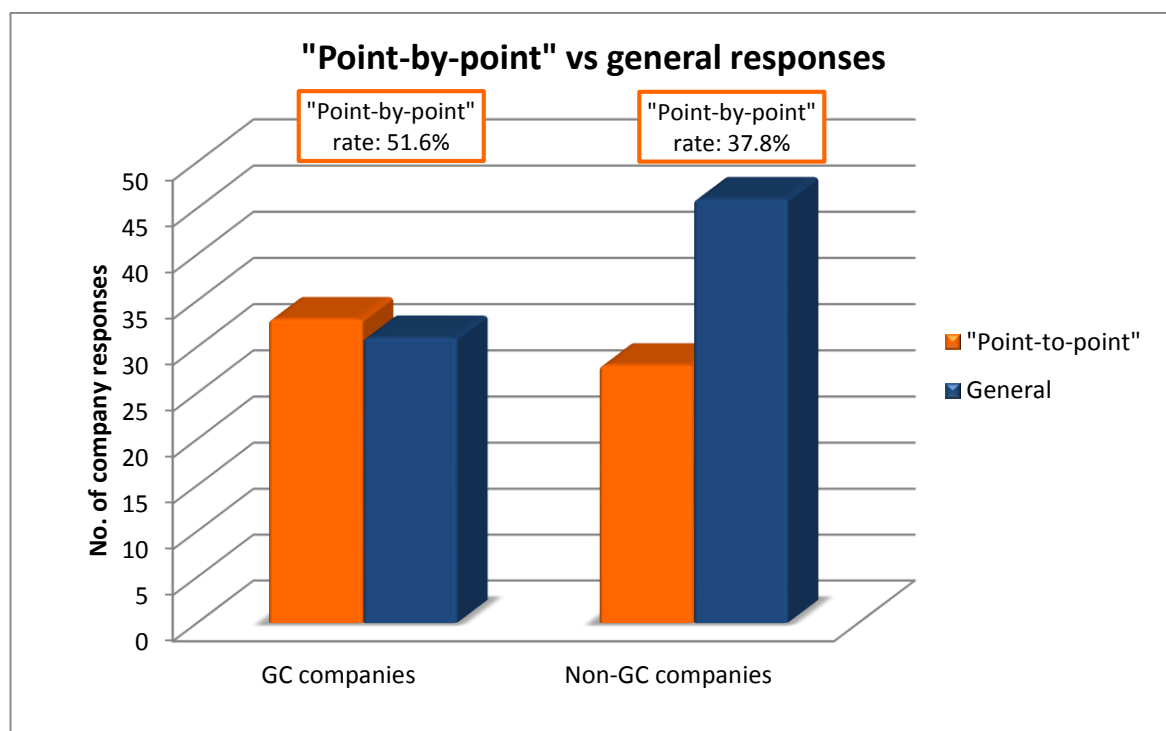


Chart 9

Question 3: Does the company commit to change?

Among the responses we received from companies headquartered and operating in the region, non-GC companies (38%) are slightly more likely to make commitments to change in their responses than GC companies (33%) (see Chart 10). Commitments in the responses by GC firms included steps like improving communications with workers about their concerns, monitoring over-time and enforcing health and safety requirements. Commitments among non-GC firms included stronger training and monitoring in supply factories (sometimes involving third-parties), and urging suppliers to implement changes in areas of labour or environmental protection (at times saying ties will be cut if improvements not made). Key, of course, is that these publicly-declared actions are then taken. This presents an opportunity for civil society organizations, such as those that originated the concerns, to monitor and verify that these commitments are honoured.

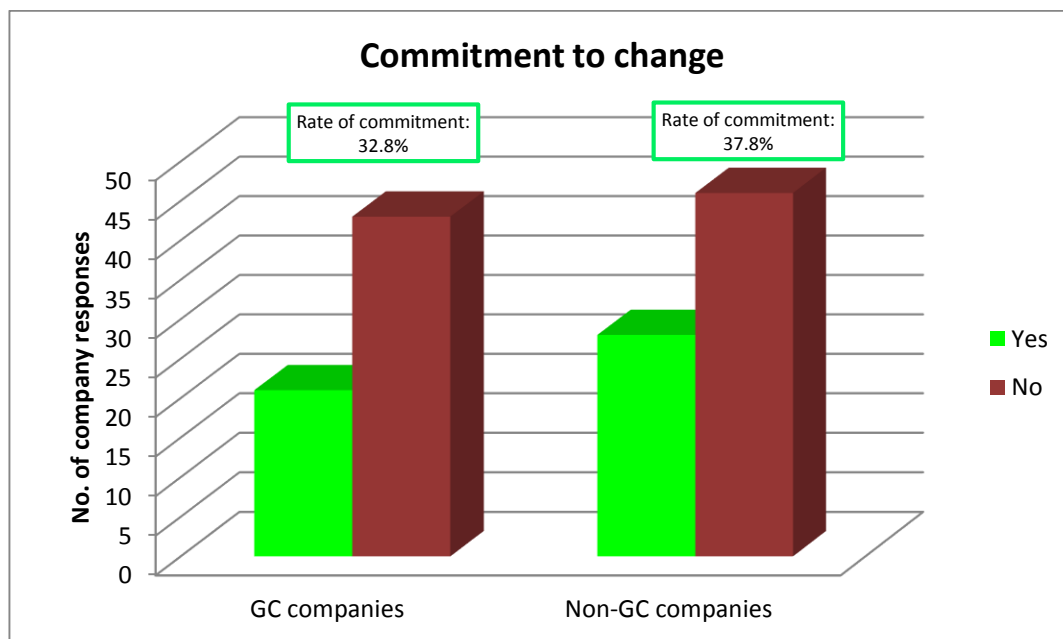


Chart 10

Question 4: Does the company response refer to any international standards or multi-stakeholder and industry-wide initiatives?

Among the responses we received from companies headquartered and operating in the region, slightly more non-GC companies (30%) refer to international standards, multi-stakeholder or industry-body initiatives than GC companies (23%) (see Chart 11).

The Electronic Industry Citizenship Coalition (EICC) Code of Conduct is one of the most referred standards, partly because the relatively high number of labour issues for which we approached electronics firms. Some other companies referred in their responses to the UN Declaration of Human Rights and UN Global Compact principles. Yet strikingly, none of the responses that we have received from GC companies or non-GC companies operating in the region refer to the UN Guiding Principles since they were endorsed in 2011.

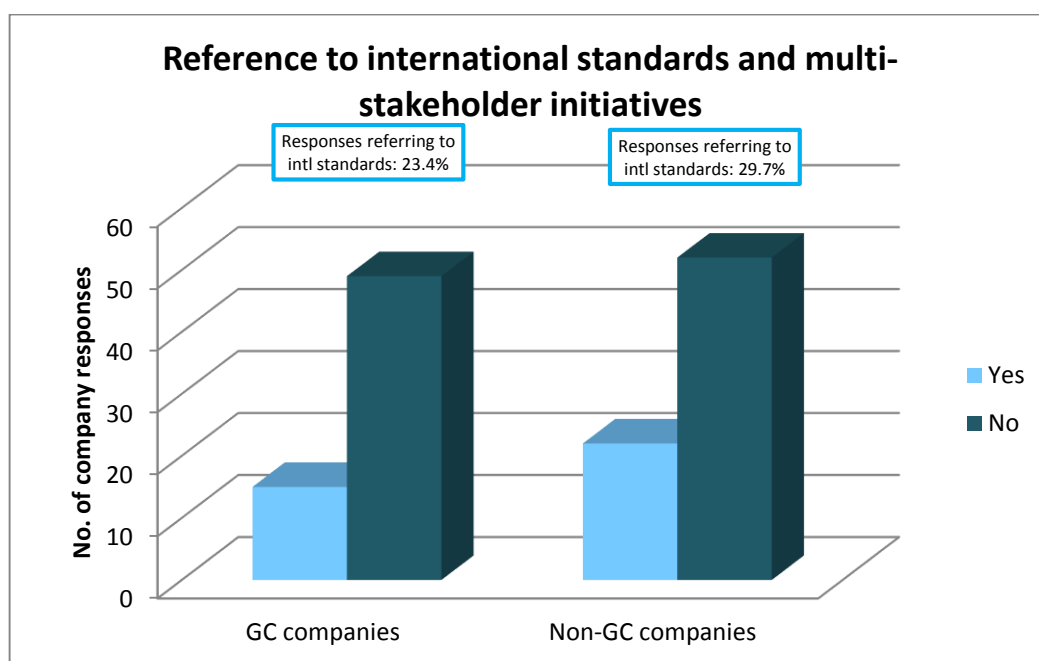


Chart 11

4. Key issues within Greater China

4.1 Labour rights

Of all of the alleged abuses within China to which we have invited companies to respond, over half (68%) relate to labour rights. This illustrates the precarious situation of workers in China, who are not free to organize into independent trade unions. Many are migrant workers, who have the additional challenge of living far from their homes, and sometimes [separated from their children](#) for months or even years at a time: some [260 million farmers](#) have left their homes to work in cities. Common labour rights violations include [excessive working hours](#), [failure to pay living wages](#), and [restrictions on workers' freedom of movement](#).

The high level of concern involving labour rights also demonstrates that civil society is actively reporting on these issues (unlike some others that go under-reported). China Labour Bulletin has been monitoring and advocating for workers in China for 20 years, while more campaign-focused groups like China Labor Watch and Hong Kong-based Scholars Against Corporate Misbehaviour (SACOM) have issued numerous reports about supplier factories across different brands and sectors – including [electronics](#) and [toys](#) – using [child labour](#) and [harmful chemicals](#).

a. Freedom of association: In China, trade unions must belong to the government-affiliated All-China Federation of Trade Unions (ACFTU); independent unions are illegal. However, enhanced by rapid development of social media and raising awareness among workers, [the number of factory worker protests is on the increase](#). During 2011-2013 a total of 1171 worker protests were recorded across all sectors. Cutting of costs, lack of effective grievance mechanisms and abusive employment agency tactics are a few of the reasons behind the protests. Local authorities, the police and in some cases private security personnel have intervened in a number of these strikes and protests, sometimes leading to beatings and arrests. Strike leaders often face repercussions and retaliation after workers return to work.

One of the largest worker strikes in recent history took place in April this year, when [40,000 workers stopped work at the Taiwanese-owned Yue Yuen shoe factory](#) in Dongguan, over low pay and lack of social security. In another recent case, a worker who has secured damages in the courts for wrongful termination from Wal-Mart [is suing the local branch of the ACFTU](#). She argues that the union endorsed the assessment of her as “dishonest” when she was first fired, and in so doing damaged her reputation – arguing through this case that the ACFTU failed in its

role to protect labour rights. Both these cases are powerful indications of the growing activism of workers in China.

Some factories implement “grievance mechanisms” to offer workers the chance to raise concerns about their conditions. Although not to be taken as a substitute for collective agreements or labour unions, effective grievance mechanisms can serve to systematize the process by which issues are addressed and resolved at an earlier stage. [China National Textile and Apparel Council](#) and the local NGO [Social Resources Institute](#) have published reports on grievance mechanisms in factories, based on eight effectiveness principles for non-judicial grievance mechanisms in the UN Guiding Principles. [Foxconn has reportedly worked to enable employee representative elections independent of management](#), while some groups have raised concerns about the pace of implementation.

b. Health & safety issues (including deaths): Health & safety issues (sometimes involving fatal accidents) across different sectors remain a major concern. Workers at electronics suppliers have reportedly [died from explosions](#) and been [poisoned by workplace chemicals](#). In the coal mining industry, although reported deaths have decreased, [1049 coal miners reportedly died in accidents in 2013](#). A [fire at a poultry processing plant](#) with locked exits killed 120 workers in Jilin Province in June 2013.

In February 2014, China's top [legislature reviewed a bill on revising the workplace safety law](#) to ensure employers are aware of their responsibilities, improve supervision and tighten up punishment against offenders. While this is a welcome advance, effective enforcement is crucial for future cases of criminal negligence leading to disability and death.

The extreme stress faced by China's migrant workers came to worldwide attention in 2010 with the reports of many [suicides](#) of workers at Foxconn (part of Hon Hai), a major Apple supplier. It shone a light on the plight of young migrant workers and their living and working conditions.

In early 2012, [Apple joined the Fair Labor Association](#) (FLA) as a move to address issues regarding working conditions in its suppliers' factories. In August same year, [FLA published a progress report](#) which revealed that Foxconn had made various improvements, including providing better safety conditions, but many employees still continue to work excessive overtime. By 2014, Apple was providing far more information publicly about conditions at its supply factories in China – yet, while recognizing progress in areas such as reductions in working hours and training management personnel on health & safety issues, organizations such as Workers Rights Consortium [say](#) that many of Apple's reforms are not as strong as they claim them to be.

c. Child labour: In 2011 it was estimated that as many as [100,000 under-aged children were employed at factories](#) in China. Under-aged workers are often hired through [internship programs](#), and are more [attractive to businesses operating in areas where there are labour shortages](#). They are more prone to various labour abuses, as they receive [no protection under the labour law](#). In May 2013, a [14-year old worker was found dead](#) at a factory that reportedly built products for Asus, in southern China. Student workers at the factory said all workers there worked 12-hour shifts. In August 2014, Samsung Electronics [said](#) it will do 30 percent less business with its supplier Dongguan Shinyang Electronics, after child labour was found at its factory.

The [Children's Rights and Business Principles](#) by Save the Children, the UN Global Compact and UNICEF provide a comprehensive framework for understanding and addressing the impact of business on the rights and well-being of children, which serves as a useful guide for all business in their interactions with children in all areas, not only child labour. And the [UN Committee on the Rights of the Child - General Comment no.16](#) sets out the obligations of states with regard to the impacts of the private sector on children's rights.

d. Forced labour: After decades in operation, [China announced in late 2013 that it would abolish its controversial system of “re-education” through labour](#) (or laogai/laojiao in Chinese). The

system allowed police to sentence “petty criminals” to up to four years' confinement without going through courts. It was often used against political dissidents and religious offenders, and has been criticized for undermining the rule of law. It has been reported that detainees need to work in harsh working conditions, with torture and beatings in factories or farms, some products from which are [exported to other countries](#). Despite the official announcement that labour camps would be shut down, NGOs have argued that [persecutions have taken other forms](#), such as drug rehabilitation centres and “black jails”, in which abuse and torture continue.

Research has found that many [migrant workers in Taiwan](#) (mainly from Southeast Asia) [fall victim to debt bondage](#). These workers are often placed in situations of highly leveraged debt by brokers and their associated lenders, as they need to pay high recruitment fees. After arriving in Taiwan, they work in unfavourable conditions, which were originally promised to be decent. Workers are tied to their jobs by their heavy financial burden, contracts, withholding of passports and forced savings by employers, thus prevented from leaving.

e. Discrimination: Job discrimination on the basis of [health](#), [gender](#), [social status](#) etc. have been commonly reported in China. Job [discrimination against hepatitis B virus carriers was banned in 2010](#), but cases of hepatitis B discrimination have been brought to Chinese court numerous times. A [university graduate sued Northwestern Architectural Design Institute Company](#) and won the case after being refused of employment because he was a hepatitis B virus carrier. In late 2013, the country's [first workplace gender discrimination lawsuit](#) reached a settlement after a woman sued the private training institute (Juren School), which rejected her job application because of her gender. [Yirenping](#), one of the most active anti-discrimination NGOs in China, conducts advocacy work and provides assistance to victims of discrimination.

4.2 Pollution affecting health

Companies' environmental impacts on health in China have drawn increasing public attention. Recent years have seen a surge in the number of protests against major projects' suspected harm to health. As a consequence of independent environmental impact assessments viewed as inadequate, some of these protests have successfully changed or blocked planned projects – often facilitated by the [use of social media such as Weibo](#) (the Chinese equivalent of Twitter). The planned [paraxylene \(PX\) plants by China National Petroleum Corp. \(CNPC\) in Kunming](#) and [Sinopec in Maoming](#) were cancelled by the government after thousands took the streets because of health concerns. In Shifang, the government halted the [construction of a molybdenum copper processing project by Sichuan Hongda Company](#) after protests.

However, some of these pledged cancellations were later reversed. For example a [paraxylene plant in Dalian that sparked major protests](#) in 2011 was reportedly [quietly reopened](#) a few months after officials announced it would be closed and relocated.

The NGO coalition Green Choice Alliance (including Institute of Public & Environmental Affairs, Friends of Nature, Green Beagle and others) published [a series of reports that claimed that international technology companies used Chinese suppliers that dump heavy metals into local water supplies](#). A [subsequent report by the coalition](#) praised Siemens, Nokia and Vodafone for taking positive steps, working with their Chinese suppliers to reduce environmental impact in their supply chains. [Apple initially refused to respond to the NGOs](#), but [later met with coalition leaders](#) and announced investigations of 15 suppliers and agreed to make public most of its suppliers – we reached out to Apple for public responses on several occasions during this period. [Wastewater](#) and [air emissions](#) from various other projects have reportedly caused serious health problems (such as [“cancer villages”](#)) and can [impair communities' access to safe water](#).

In July 2013, China's largest coal miner, [Shenhua Group, was criticized by Greenpeace](#), which alleged that its coal-to-liquid project in the Inner Mongolia region discharged high levels of toxic wastewater and drained more than 50m tonnes of groundwater, leaving local farmers with failed crops and dried up lakes. The associated report was initially censored in the country, but [Shenhua later met with Greenpeace and said it would stop taking water](#) from the area.

In July 2011, a major [oil spill occurred at China's biggest offshore oilfield in the Bohai Bay](#), operated jointly by CNOOC and ConocoPhillips. Chinese NGOs accused the companies and the State Oceanic Administration, which oversaw the project's operations, for covering up the accident for over a month before the public was made aware. In January 2012, [the two companies agreed to pay US\\$160 million in compensation](#) to fishermen for their losses.

In Taiwan, a 2012 research project by National Taiwan University found that [Formosa Plastics Group's naphtha cracker project in Yulin County emits carcinogenic and liver-damaging pollutants](#), and [activists said that cancer rates in a nearby township increased up to 10 times the national average](#) since naphtha cracking processes were employed. Despite local resistance, [the company applied for an expansion of the project in 2014](#). It claims "the relationship between the expansion projects and nearby residents' diseases still needed to be clarified".

In the wake of [Fukushima Daiichi nuclear disaster](#), residents in [mainland China](#) and [Taiwan staged major protests](#) to oppose expansion of uranium facilities over safety concerns, which resulted in cancellation or suspension of planned projects.

As [China's environment minister has said, prior impact assessments are crucial](#) for major industrial projects. Despite a [cabinet order](#) calling for "social risk" assessments in the light of environmental protests, impact assessments for major projects in the region are often not conducted independently or are even absent. China's environmental [law was amended in 2014 to toughen penalties for polluters](#). Some critics, however, have doubts on its enforcement.

Air pollution in China's major cities often draws national headlines. Apart from contributing to pollution from traffic and factories, state-owned oil companies [Sinopec & PetroChina have also been criticized for their reluctance in upgrading refineries to combat air pollution](#). Both companies defend their environmental records.

In Hong Kong, [Friends of the Earth HK \(FoE\) research](#) shows sulphur dioxide emissions from cruise ships is a major causes of health-damaging air pollution. [Royal Caribbean announced](#) that its first cruise ship to arrive at Hong Kong's new cruise terminal would switch to low-sulphur oil while docked in Hong Kong, after [we invited the company to respond publicly to FoE's call](#) to do so.

4.3 Information and Communications Technology (ICT) companies' cooperation with government efforts to curb freedom of expression and privacy

Digital communications and the internet are a powerful channel for information sharing and organizing people. Through its reach and influence come opportunities for better lives , but information and communications technology (ICT) companies can also be involved in major human rights abuses: either by committing them directly, or by facilitating abuses by governments and other firms.

In one of the most high-profile examples of business assisting the government with abuses in this area, [Yahoo! cooperated in 2005 with Chinese authorities to identify Yahoo! user and democracy activist Shi Tao](#), who was later prosecuted and imprisoned. [Yahoo!, Google, Microsoft](#) and others were also accused of cooperating with internet censorship by the Chinese Government. Concerns about these issues in China and elsewhere led to the creation by those companies and other organizations of the [Global Network Initiative](#), aimed at preventing Internet firms' complicity in violations of freedom of expression and privacy. [Google announced it would no longer censor search results in China in 2010](#), and [its search engine was partially blocked in China](#) in 2012, allegedly because it did not conform to government guidance on search results.

In 2011, [two lawsuits were filed in US courts against Cisco on behalf of imprisoned Chinese dissidents](#) for the company's involvement in helping design and implement technology to monitor

and censor Internet traffic, which the plaintiffs claim played a role in their prosecutions: in 2014, both lawsuits were rejected.

In 2012, the *New York Times* reported that [Uniview Technologies](#), a Chinese company owned by the private equity firm Bain Capital (headquartered in USA), was supplying surveillance equipment to China. [Bain responded to the concerns by stressing that Uniview's products were advertised as instruments for crime control, not political repression.](#)

Many Chinese ICT companies also aid the Chinese government in curbing freedom of expression – including Sina (which owns Weibo), and Tencent (which owns messaging app WeChat) – for instance, by [filtering search results](#) and [taking down sensitive posts](#). Whistleblowers have been arrested after conducting advocacy on social media, including [a microblogger who advocated for transparency about the Kunming oil refinery project](#). (see also Section 5, for Chinese ICT companies' involvement overseas)

[Microsoft](#) has shared its experience operationalizing considerations of all human rights in all its business activities, which serves as an example for Chinese ICT companies and others operating in China.

China's companies also are reported to provide equipment to other repressive governments. [ZTE contracted in 2010 to sell surveillance equipment to Iran](#), according to Reuters. The company later stated that [it had stopped doing business in Iran](#) after a US investigation into the issue. In March 2014, [Human Rights Watch published a report detailing the technologies the Ethiopian government has acquired to facilitate surveillance](#) of perceived political opponents inside the country and among the diaspora. Among the Chinese companies mentioned, [Sinovatio](#) and [Huawei](#) responded to questions raised in the report, while ZTE chose to remain silent. (For more on GC companies operating overseas see section 5).

4.4 Displacement / land rights

[Local government officials and developers often reportedly collude to appropriate land](#) for factories, infrastructure projects, resorts and other property developments. Farmers and local residents often have weak land rights; local government frequently sell land rights to developers, then use intimidation and/or force to evict residents and farmers.

In 2011, in a dispute that drew wide attention, [villagers in Wukan, Guangdong, claimed their land had been taken unfairly by local officials in collusion with property developers \(reportedly Country Garden; the company denied involvement\)](#). One [villager who protested was killed, some others were arrested](#), but eventually the local government released detainees and returned some land to farmers.

In 2012, [villagers of Sujiatuo town, Beijing were reportedly harassed and attacked](#), and their houses were destroyed, after they refused to accept compensation offered by a property developer. In 2014, [a farmer burned to death and two others were injured](#) when their tent caught fire. The tent had been pitched next an area of disputed land. Locals said the land was secretly sold to a property developer and those who held rights to its use had not received proper compensation.

Police (more frequently than private security) are often involved in the suppression of protests, in some cases using violence. There are also reports that private security personnel are have been employed to suppress protest. The [national government has urged local and provincial authorities to better protect residents' rights](#), but [progress has been slow](#), and [illegal land grabs reportedly still occur frequently](#). A lack of accountability also arises from the fact that in many of these cases the names of the companies remain obscure or unreported, and that close ties between local government officials and business representatives mean the odds are stacked against villagers trying to stand up to them.

In Taiwan, [residents of Yuanli Township have protested actively since 2012 against a wind turbine construction project by InfraVest](#), a German wind power company. Residents are concerned about the density and close proximity of the 14 planned wind turbines to their homes; and the potential physical health problems and depression that long-term exposure to the low-frequency noise may generate. Residents have also alleged that private security officers working for Hi Tan Security and hired by the company used violence against protesters, but the security company denies “hit[ting] anybody with a stone”, and claims that its security personnel obey the law. In its [response](#), Infravest, says that those raising the concerns do not represent a majority of the local community. Business & Human Rights Resource Centre met with the community on a mission to Taiwan in 2013.

4.5 Food safety

The media, government and watchdog groups have raised concerns about food safety, including [milk products tainted with the industrial chemical melamine](#), [pork loaded with toxic additives](#), [bean sprouts with carcinogenic nitrates](#), as well as [rice](#) and [vegetables contaminated with heavy metals](#). The [milk scandal of dairy company Sanlu](#) in 2008, which caused serious health problems for over 300,000 children and led to deaths of six children, received the most public attention and led to various civil and class-action lawsuits. It also revealed the political sensitivity of the issue and the risks taken by whistleblowers. [Zhao Lian-hai, who campaigned against tainted milk, was arrested](#) for “inciting social disorder”.

5. Overseas human rights impacts of companies headquartered in Greater China

By the end of 2011, [18,000 Chinese companies operated in 177 countries](#). Among the 127 responses that we have sought from companies headquartered in China, over half (71 approaches) were regarding allegations that took place overseas (see Section 3.3 for the distribution of countries where these allegations took place). The cases reflect the broad reach of Chinese investment overseas.

Chinese investments overseas [are concentrated in natural resource extraction and infrastructure projects](#) (see also the reference to Chinese technology companies operating abroad in Section 4.3). The issues we have contacted them most frequently about are security issues and conflict zones, workers’ rights and displacement.

In Myanmar, the Shwe Natural Gas Pipeline and Myanmar-China oil transport projects are two of the country’s largest energy projects; China National Petroleum Corporation (CNPC) is a major shareholder in both. [A 2011 report by Shwe Gas Movement](#) and [subsequent reports by EarthRights International and other NGOs in 2013](#) alleged that the companies involved were complicit in abuses such as killings, forced labour, sexual and other violence, displacement without compensation, discrimination and environmental contamination. We obtained responses from [CNPC](#) as well as [other companies](#) to these concerns. While the gas pipeline is already in operation, public opposition had reportedly caused delays for the project.

Myanmar’s largest copper mine at [Monywa’s Letpadaung](#) mountain range, operated by Wanbao Mining (part of Chinese company Norinco) since 2012, has also sparked local concerns. Thousands of residents protested over the alleged unlawful seizure of land, contamination of the Chindwin River, destruction of religious heritage, and environmental loss around the area. The protesters were confronted by security forces, and some activists were arrested and detained. On 29 November 2012, dozens of protesters, among them monks, were burned and injured in a police crackdown on the protest in Monywa. Protest camps were set on fire and water cannon were used against the protesters. Villagers continue to oppose the project despite a recommendation by an inquiry commission that the project should proceed.

In Cambodia, a group of affected [communities and NGOs launched a campaign in 2012 aiming to “stop the sugar industry from bleeding Cambodian farmers by taking their land”](#). It stated that the sugarcane concessions “have led to the destruction of protected forests, the pollution of

water sources, and the forced displacement and dispossession of hundreds of families...Crops have been razed. And homes have been burned to the ground. Thousands of people have been left destitute. Some have been thrown in jail for daring to protest." Taiwanese company [Ve Wong](#) was one of the shareholders of the two companies producing sugar in Cambodia. It claimed in [its response](#) that the companies would be willing to return the land and compensate all relocation costs of all affected families. However, this did not happen despite human rights allegations being substantiated by numerous third parties, including the National Human Rights Commission of Thailand (NHRC). The case is currently the subject of a lawsuit in Cambodia and the United Kingdom (in the latter, against a UK-based buyer), as well as numerous campaigns aimed at seeking reparation for the displaced villagers.

In Malaysia, 200 locals [protested against the building of Murum dam](#), constructed by China's Three Gorges Corporation and operated by Sarawak Energy. The project was set to flood almost 250km² of rainforest and farmland. In [Sarawak Energy's response](#), the company said the directly affected communities had confirmed their choice of their respective resettlement sites and would be "significantly better off as a result of their settlement". In its response, [Three Gorges confirmed](#) that construction work (stalled by the blockade) had resumed.

In Ecuador, an [agreement that the government signed with Chinese-owned Ecuacorriente \(part of Corriente Resources\) for industrial copper mining in the Amazon](#) sparked major protests, as many worry that the project would trigger [serious damage to watersheds, biodiversity and indigenous peoples' ancestral territories](#). Eight women were arrested by the police.

In Africa, concerns have been raised frequently about Chinese firms' major investments in the continent: their approach of non-interference in political affairs appeals to governments, while citizens are impressed by their rapid infrastructure development, but these often come at a high cost to the environment and human rights. Cases have included fatal [shootings by a guard at Zambia's Collum mine](#) and [violence against artisanal miners at diamond mines in Zimbabwe](#). (Business & Human Rights Resource Centre obtained responses from the companies involved, [China Nonferrous Metal Mining](#) and [Anjin](#), respectively.) [A report by the French Development Agency](#) analysed CNPC's environmental management in Chad and raised concerns about transparency and communication with affected communities; [we obtained a response to the report from CNPC](#). In August 2013, [the Chad Government suspended CNPC's operations following a crude oil spill and concerns about workplace safety](#). Other concerns have been raised related to Chinese investments in Africa and support for repressive African governments, including a Chinese [shipment of arms to Zimbabwe during post-election violence there in 2008](#).

Meanwhile Chinese outward investments [continue to grow rapidly](#). On a recent four-country tour of Africa by China's prime minister Li Keqiang, he [acknowledged](#) the concerns with these investments — and urged Chinese firms to "abide by local laws, respect local customs and fulfil due social responsibilities."

6. Corporate legal accountability

6.1 Labour disputes

Workers in China may enforce their rights through arbitration and the court system, but the legal process sometimes takes a very long time and is complicated for many. Every labour dispute must go through arbitration even though arbitration cannot award civil compensation. Because companies tend to appeal when they lose, many cases go through first trial, second trial, and sometimes retrial. According to a white paper published by the court of Guangzhou, from 2010 to 2013, [52% of arbitration cases went to court, and 30% of the parties appealed after the first trial in Guangzhou](#).

Under Chinese law, trade unions must belong to the government-affiliated All-China Federation of Trade Unions (ACFTU); independent unions are illegal. Without legally recognised and independent representations of workers, labourers often face obstacles when practising their

freedom of association and rights to collective bargaining. In many cases, employees face unfair dismissal after participating in strikes, and the courts or arbitration committees do not rule against the dismissals. However, in June 2014, [a labour dispute arbitration committee in Fujian ruled against a company which fired 40 workers for going on strike](#). It was the first decision made by an official body in the mainland ruling that the dismissals of strikers were illegal.

Worker representatives who organise strikes often face legal charges. [In May 2014, 12 workers in Guangzhou who protested as part of their collective bargaining efforts were convicted of the crime of disturbing public order](#), but the leader was released soon after the court decision was made. Another labour leader [Wu Guijun](#) who had been arrested in Shenzhen for the crime of disturbing traffic order was also released this year after the prosecutor dismissed the charge.

6.2 Environmental lawsuits

Lawsuits against companies over their environmental impacts have noticeably gained momentum in recent years in China.

Since 2010 the [All-China Environment Federation](#) (ACEF), a government NGO (GNGO) supervised by the Ministry of Environmental Protection of China, has filed lawsuits against companies, some of which were accepted by the environmental courts. In September 2011, Friends of Nature and Chongqing Green Volunteer Union, two grassroots environmental NGOs in China, filed a [lawsuit against Yunnan Luliang Chemical Industry and Yunnan Peace Technology](#) in the Intermediate Court of Qujing in Yunnan Province for environmental pollution allegedly caused by the discharge of chromium-contaminated waste. This case was regarded as the first environmental public interest lawsuit filed by NGOs in China. In 2012, China's Civil Procedure Law was amended to allow public interest litigations on environmental cases and consumer cases. However, ACEF filed eight public interest lawsuits in 2013 after this amendment was made, and none of them was accepted by the courts.

An amendment to the Environmental Protection Law was then introduced in April 2014 which stipulates that only social organisations registered with a city-level bureau of civil affairs, and which have worked in the field of environmental protection for more than 5 years without any criminal record, may become a plaintiff of public interest litigations. This is a [high barrier to many NGOs](#).

6.3 Other trends

Lawsuits overseas

There is a rising trend of filing cases in foreign jurisdictions when the plaintiffs fail to seek remedy within China's domestic legal system. In July 2012, a group of fishermen from Shandong province brought a [lawsuit against ConocoPhillips in the US District Court in Texas](#) – where ConocoPhillips' headquarter is located – over an oil spill caused by the company in Bohai Bay, China in June 2011. The fishermen claimed that the oil spill had destroyed the ecosystem in Bohai Bay and had enormously impacted their livelihoods. The suit in Texas was brought after actions brought by the fishermen in the Chinese courts had been rejected. However, the fishermen involved in the lawsuits claimed that they had been warned, threatened and monitored by governmental officials in China as they filed the lawsuit in the US.

In 2013, three NGOs filed a [lawsuit for "deceptive trade practice" against Samsung in France](#) for not fulfilling its ethical commitments, specifically on child labour and safety rules in its Chinese supplier factories.

Criminal liability

In some cases, criminal liability has been applied to managers, employees and contractors of companies. In the [2008 case against Sanlu Group \(regarding contaminated powdered milk in](#)

[China](#)), the chair of the board, two vice presidents, and the director of the department of business were prosecuted. In the Luliang Chemical Industry Lawsuit in 2011, seven people including the employees and contractors of the company were sentenced to prison for illegally discharging the chromium-contaminated waste.

Role of law firms

Law firms play a critical role in lawsuits against companies over their human rights impacts. [Advocates for International Development \(A4ID\) has published a report](#) on ways that law firms can implement the UN Guiding Principles, considering law firms' practices relating to their clients, supply chains and employees, and giving suggestion regarding best practices and ways forward.

7. Notable initiatives on business & human rights

China, as a member of the UN Human Rights Council, endorsed the UN Guiding Principles on Business and Human Rights in 2011. However, the Guiding Principles have not yet been applied widely by the government and Chinese companies; and despite the existence of thousands of public interest NGOs there has been very little advocacy work by civil society specifically based on the UNGPs. That said, there are promising signs of increasing activity, and initiatives that should be replicated and drawn from.

The China National Textile & Apparel Council has [reported on gaps between the UN Guiding Principles and practices at six factories](#). The report aimed to help textile firms develop effective grievance mechanisms in line with the Guiding Principles. Social Resources Institute (SRI), a Chinese NGO, also issued a [report based on the Guiding Principles about non-judicial grievance procedures in factories](#). SRI also [translated a report to Chinese about how NGOs can use the Guiding Principles](#). Some industry associations have started referring to the UNGPs and adopting business and human rights language in their CSR guidance, for instance the [CSR guidance by the China Electronics Standardization Association](#) and "[Guidance for responsible Chinese foreign directed investment in mining industry](#)" by the China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters (CCCMC).

In April 2013, the Global Business Initiative, UN Global Compact, Principles for Responsible Investment, Global Compact Network China, Tsinghua University School of Economics and Management and COSCO jointly organized a [conference and a roundtable for business leaders and investors from China and abroad](#) to exchange their ideas and experience in implementing respect for human rights in their operations and investments.

In Taiwan, the [Taiwan Association for Human Rights](#) published a special issue of its magazine on business and human rights in 2013, drawing attention to cases and initiatives in Taiwan.

Business & Human Rights Resource Centre has dedicated website sections on the [Guiding Principles](#) and the [UN Working Group on business & human rights](#) in seven languages, including Chinese and English. The [Chinese section on the UN Guiding Principles](#) houses guidance materials and examples of implementation translated from English into Chinese to help Chinese companies, government and civil society to implement the Guiding Principles.

8. Conclusion & recommendations

Companies operating in Greater China and Chinese companies operating abroad, like all companies in every country, are required by UN principles to respect the entire spectrum of internationally recognized human rights. However, as illustrated in this briefing, there remains a wide gap between the minimum international standards expressed in the UN Guiding Principles, and the current practice of both companies operating in Greater China and Chinese companies operating overseas.

As companies and governments emphasize economic gains, the human rights impacts – frequently viewed as mere by-products of economic development – are often overlooked. This has been highlighted by repeated protests and strikes that reveal the prevalent concerns that workers and communities have towards irresponsible business practices in the region. These concerns and protests are set to grow if they are not adequately addressed by companies and governments alike.

Government and business must consider seemingly disparate issues (labour rights, environmental impacts, internet freedom, land rights, food safety, etc.) as a coherent whole. Human rights relating to business are often intimately linked and are often best tackled as such by companies, using integrated approaches and common tools. Adopting the UN Guiding Principles as the framework for this approach should lead to appropriate regulation of business by government, and effective initiatives and innovation by companies to ensure they respect and promote human rights in their operations. The Guiding Principles also provide a shared international language to facilitate dialogue and collaboration among actors within the region, as well as internationally.

Based on the key concerns and developments described in this briefing, we propose the following recommendations:

Recommendations for companies

- **Develop & implement a human rights policy.** The policy should be approved at the most senior level, informed by experts, include human rights expectations of personnel and partners, publicly available, and reflected in operational policies and procedures. The policy or corresponding training should ensure that human rights are integrated into the daily responsibilities of relevant staff members throughout the company (i.e.: procurement, supply chain management, human resources, data protection, legal department, etc.). For further information, see [Guiding Principle 16](#), and our webpage on [human rights policies](#).
- **Undertake human rights due diligence & impact assessments.** Due diligence involves commissioning independent human rights impact assessments throughout supply chains and business relationships and using the findings to guide business decisions. Companies should conduct thorough and independent impact assessments for their operations within China or overseas. For further information, see [Guiding Principles 17-21](#), our page on [due diligence](#), and our page on [impact assessments](#).
- **Embed human rights in management processes of supply chains.** Companies sourcing in China need to take a thorough approach to labour and environmental issues in their supply chains. In late 2012, [Shift held a series of workshops with business leaders and generated practical guidance](#) regarding respect for human rights through global supply chains for companies.
- **Report regularly.** Publish regular reports on human rights performance and communicate progress on implementing the UN Guiding Principles. For more information, see [Guiding Principle 21](#), [Global Reporting Initiative](#), [Reporting and Assurance Frameworks Initiative](#), and our page on [reporting](#). Reports by [China National Textile & Apparel Council](#) and [Social Resources Institute](#) suggest best practices of non-judicial grievance procedures in Chinese factories.
- **Remedy human rights abuses.** If abuses do occur, it is important for companies to remedy these by putting in place a non-judicial complaints mechanism. [Guiding Principle 31](#) outlines the criteria for such mechanisms to be effective – see additional tools & guidance [here](#).
- **Engage with peers, civil society, rights-holders.** Engaging with stakeholders can take the form of consulting civil society experts on human rights due diligence, or rights-holders on the impact of a company's operations on their rights. For further information,

see [Guiding Principle 18](#) and for more materials on relevant key concepts such as free, prior & informed consent, see [here](#).

For further guidance refer to Pillar II of the UN Guiding Principles, “The Corporate Responsibility to Respect”, which outlines the expectations for companies to respect human rights.

Recommendations for governments

National and local governments in the Greater China region should all exercise their duty to protect people from human rights abuses by business entities.

- **Develop and implement a national action plan on business & human rights.** These plans should document steps taken by governments so far and outline concrete plans to implement each aspect of the UN Guiding Principles relevant to States. Governments in the region have yet to begin the process of developing such a national action plan, which many other countries have already done. Existing plans and additional guidance is available [here](#).

Although [China published its national human rights action plan for year 2012-2015](#), considering the rising corporate power and changing societal governance structure over the past few decades, the elements related to impacts of businesses on human rights in the action plan were minimal.

- **Enact and enforce regulation.** Legislation and regulatory action are key tools for governments to mandate and encourage business respect for human rights, including requiring due diligence and reporting. For further information, see [Guiding Principle 3](#). A database of existing due diligence regulations is available [here](#) – additional examples and guidance is available [here](#). With a number of significant amendments to laws aiming at the better protection of rights, effective enforcement of these laws is the next crucial step for the advancement of rights.
- **Provide guidance to companies.** Communicate clear expectations for companies to respect human rights, to companies domiciled in and operating in the region. This includes expanding the coverage, reach and implementation of guidelines such as those published by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) and China Banking Regulatory Commission (CBRC) (see Section 2). Provide additional support to companies that may require specific guidance. See [Guiding Principle 2](#) and additional guidance [here](#).
- **Establish responsible procurement practices.** Require companies to undertake independent and thorough human rights due diligence and implement the UN Guiding Principles in tendering processes for government contracts. See [Guiding Principles 5-6](#) and additional examples and guidance [here](#).
- **Provide access to remedy.** States ought to provide both judicial and non-judicial forms of remedy to victims of business-related human rights abuses, with extraterritorial provisions that ensure Chinese companies are held accountable with respect to human rights harms overseas. Approaches to remedy are outlined in [Pillar III of the Guiding Principles](#): they include removing barriers to access to the judicial system as well as setting up and maintaining effective non-judicial grievance mechanisms.
- **Legal Assistance to victims.** In China, it is often difficult for victims of business related human rights abuses to sue companies because of the lack of accessible and affordable legal services. Legal aid is not readily available and victims therefore often express their concerns through protests, strikes, and other means when their concerns cannot be properly resolved. We recommend that the governments provide more accessible legal aid to victims by increasing legal aid funding, broadening legal aid subjects, supporting legal aid NGOs, developing community-based paralegal programs, and promoting *pro bono* initiatives among lawyers in this area.

For further guidance refer to Pillar I of the Guiding Principles, which outlines the duties of States to protect human rights. The UNGPs are global standards that should be applied universally.

9. Report authors

Lead author: Lowell Chow, Greater China Researcher & Representative, Business & Human Rights Resource Centre: [chow \(at\) business-humanrights.org](mailto:chow (at) business-humanrights.org)

Contributing authors: Cheng Qian (Greater China Research Associate); Sergio Ung (Research Intern); Annabel Short (Program Director) – Business & Human Rights Resource Centre

10. About the Resource Centre

Business & Human Rights Resource Centre is an independent non-profit organization that brings information on companies' human rights impacts (positive and negative) to a global audience. It provides the leading information hub on business & human rights: www.business-humanrights.org.

The website tracks reports about the human rights impacts (positive & negative) of over 5600 companies in over 180 countries, and provides guidance tools and resources for all those working in this field. The sources of information it links to include local grassroots groups, national and international NGOs, companies themselves, international agencies, and media reports. Before linking to a report that contains allegations against a company and no response by the company, the Centre invites the company to include a response alongside.

Our researchers are based in Brazil, China, Colombia, Hong Kong, India, Japan, Kenya, Lebanon, Senegal, South Africa, Thailand, UK, Ukraine and USA. Mary Robinson, former UN High Commissioner for Human Rights and President of Ireland, is Chair of the Centre's International Advisory Network. The Centre does not accept funding from companies or company foundations, in order to maintain its independence and to prevent any possible perception of a conflict of interest.

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