

# HANDBOOK ON CHINESE ENVIRONMENTAL AND SOCIAL GUIDELINES FOR FOREIGN LOANS AND INVESTMENTS

## A Guide for Local Communities

Paulina Garzón

Construction of the bridge over the Zamora River on the Chuchumbletza-Tundayme Way by the Chinese company CCRC14 Bureau Group CO., Ltd. (Zamora Chiriquipe, Ecuador)



Photo: Paulina Garzón

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China-Latin America  
Sustainable Investment  
Initiative



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# HANDBOOK ON CHINESE ENVIRONMENTAL AND SOCIAL GUIDELINES FOR FOREIGN LOANS AND INVESTMENTS

Una Guía para las Comunidades Locales

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Paulina Garzón<sup>1</sup>

China-Latin America Sustainable Investment Initiative

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**Handbook on Chinese Environmental and Social Guidelines  
for Foreign Loans and Investments:**  
A Guide for Local Communities

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## Introduction

The majority of loans, direct investment and trade between China and Latin America and the Caribbean (LAC) have been channeled toward the extraction of natural resources, infrastructure and the export of raw materials. All this has led to acute environmental and social conflicts mainly related to the construction of hydroelectric plants, and to the extraction minerals and oil.

Conflicts could grow in the coming decades, since China and governments in the region have agreed on a series of regional and bilateral long-term agreements that prioritize cooperation in the infrastructure sectors and in the development of extractive projects. Thus, China has established a political and economic “roadmap” which is described in the Chinese Policy White Paper for LAC (2016), and in the “1+3+6” Plan (2014), which presents priority investment sectors and the Chinese investment vehicles.

In addition, both China and the LAC countries have noted with great enthusiasm their desire to incorporate LAC into the Chinese initiative One Belt, One Road (OBOR). The OBOR is the most ambitious connectivity initiative in history of mankind which will drive the development of terrestrial and maritime infrastructure that links centers of extraction of natural resources with processing, distribution and consumption centers.

However, the environmental and social implications of Chinese financing have been virtually absent from the cooperation agenda with LAC. This shortcoming becomes even more serious when noting that many Chinese investments affect important natural and cultural areas, many of which are even protected under national and international agreements and laws.

At the same time, it is important to mention that in recent years the Chinese government has been proactive, at the domestic level, in creating laws to protect sources of water, air and soil, and several punitive mechanisms against polluters. In the global sphere, China has also taken an important leap, especially in the framework of international negotiations on climate change and has become a leader in the production of solar energy globally. In the same vein, when China launched its “Go Out” strategy in 2000, several Chinese entities began to promulgate guidelines to guide, promote and control the flow of Chinese financing abroad, many of them with important environmental and social contents.

Although most of the guidelines are general and non-binding, several point to the importance of ex-ante and ex-post environmental and social impact assessments, and that due diligence assessments be prepared by independent evaluators; others refer to the obligation to respect the rights of workers; to make information available to the public and to establish opportunities for civil society participation. In fact, establishing environmental and social standards for overseas operations is not a common practice, even among developed

countries. In this respect, China is very advanced, at least on paper, in recognizing that its enterprises have a role in avoiding and minimizing the negative impacts of their investments outside of China.

Chinese environmental and social guidelines appeared in the mid-2000s, and their content has been improving over time. Some examples are: (i) the Green Credit Directive (2012) that states that banking institutions must ensure that due diligence is “complete, thorough and detailed”; (ii) the Guidelines for Social Responsibility in Mining Investments Abroad (2014) states that mining companies must respect the free, prior and informed consent of local communities affected by new operations; (iii) the Environmental Risk Management for China’s Overseas Investments guideline (2017) notes that the quantitative analysis of environmental costs and benefits must be part of an investment decision-making process; and (iv) the Standardization of Banking Services Enterprises to Go Out and Strengthen the Guidance of Control and Risk Prevention (2017) urges Chinese companies to establish a complaint response mechanism to deal with grievances from individuals, non-governmental organizations and other stakeholders.

Further, when allocating responsibilities to Chinese entities and promoting social participation, the Chinese guidelines challenge at least 3 generalized presumptions that have undermined the chances for civil society organizations to demand better environmental and social performance from Chinese entities. These presumptions are: (i) that Chinese banks and companies do not have their own environmental and

social standards; (ii) that Chinese entities only engage with host country government agencies following the “non-interference principle” which constitutes a fundamental pillar of Chinese foreign policy; and (iii) the “deferential approach” which means that Chinese companies and banks focus exclusively on compliance with host-country laws without considering any additional commitment of their own.

Undoubtedly, having Chinese environmental and social guidelines has not meant that Chinese projects are better managed. Currently, the Chinese guidelines are only on paper. For this to change, social organizations must know them and demand their faithful implementation. This Handbook is an optimal tool to achieve these objectives.

# Part I:

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## Key questions about the Handbook

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## 1. What is the Handbook about?

This Handbook is a compilation of the central aspects of 19 environmental and social guidelines promulgated by Chinese institutions. There are dozens of Chinese guidelines and standards that have environmental and corporate social responsibility contents. However, those selected in this Handbook are the most relevant for communities affected by projects with Chinese participation.

## 2. What is the Handbook for?

The Chinese guidelines are very recent; thus, this Handbook constitutes a tool to:

- ✓ Know in detail the most relevant Chinese environmental and social guidelines.
- ✓ Analyze potential uses and applications of each of the 19 guidelines.
- ✓ Request Chinese companies and financiers to comply with them.
- ✓ Request Chinese authorities to monitor compliance with the guidelines and work towards the creation of accountability mechanisms and mandatory standards.
- ✓ Inform national environmental authorities of the commitments made by the Chinese State through the guidelines.

- ✓ Promote communication between social organizations in the places where projects are implemented and Chinese institutions, Chinese and international NGOs, and the media.

## 3. What does the Handbook contain?

This Handbook contains four parts that include: (i) general information on the use of the Handbook; (ii) contextualization of the Chinese guidelines; (iii) summary of 19 Chinese guidelines and practical advice on how to use them; and (iv) Contact Information of the main Chinese entities that have a role in Chinese operations overseas and of relevant non-governmental organizations.



## Part II:

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### **Key issues on the environmental and social guidelines for Chinese overseas operations**

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## 1. What are the Chinese guidelines?

The Chinese guidelines are a set of principles, guidelines and criteria established by Chinese public entities with the aim of guiding banks and companies (mostly state-owned and in some cases private) operating overseas to avoid and minimize the negative impacts of the projects they execute.

## 2. How do Chinese guidelines emerge and evolve?

The Chinese guidelines for overseas operations reflect a growing concern about environmental issues from the Chinese government.

The first steps towards the development of environmental assessment and planning instruments in China occurred in the late 70s with the creation of the “Environmental Protection Law of the People’s Republic of China” and later, in 2003, with the enactment of the “Law of the People’s Republic of China on Environmental Impact Assessments”. Immediately, several environmental and social guidelines for Chinese overseas operations emerged in China, which coincided with the massive granting of loans from Chinese banks to several Latin American, Asian and African countries. Some of these guidelines encourage Chinese banks and companies to further use Chinese legislation and international practices, especially when these offer better standards than those of the host country and make clear the obligation to respect the legal framework of the host country.

## 3. Are Chinese guidelines mandatory?

No, the Chinese guidelines are voluntary. The Chinese government does not require the implementation of the guidelines since the guidelines are not laws. However, several of these guidelines have important contents in terms of independent and scientific environmental and social studies; provisions to prevent and mitigate

damages from displacement; principles and mechanisms for the disclosure of information and to promote participation; several speak of due diligence requirements for environmental and social issues, and fortuitous visits to the projects to evaluate the performance of Chinese companies. In addition to the guidelines there are other standards whose main objective is to guide companies to avoid financial, reputational and legal risks. In this type of standards there are efforts to create punitive and accountability mechanisms, such as the creation of “black or negative lists” to catalogue Chinese companies that commit illegal acts abroad or do not comply with the respective regulatory measures of the Chinese State, or to catalogue conflicting projects and/or in prohibited areas of investment.

## 4. What kinds of environmental and social standards has China enacted?

There are several types of standards that contain environmental and social aspects, but not all of them deal exclusively with these areas. In general, these standards could be classified into three groups: (i) guidelines to improve the environmental and social performance of Chinese banks and companies overseas; (ii) general guiding measures for Chinese overseas investments; and (iii) measures for approval and supervision of Chinese overseas investments. This Handbook is about the first group of guidelines which in turn are divided into two groups: one that applies to Chinese companies and another that applies to Chinese banks.

## 5. Who are the main promulgators of the guidelines?

The guidelines have been promoted by several state agencies, some of them at the highest level (See Table 1, page 19). Interestingly, many of the guidelines have gone through participatory processes with Chinese and international civil society and governmental organizations.

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The main promulgators of the guidelines are:

- **Chinese government regulators and agencies:**  
Several Chinese guidelines come from government agencies directly involved in Chinese international cooperation policies and in many cases have a regulatory role. The most important agencies in terms of the promulgation of Chinese guidelines are the State Council, the National Development and Reform Commission, the Ministry of Commerce, the Chinese Banking Regulatory Commission, State-owned Asset Supervision & Administration Commission, and the Ministry of Environment Protection.
- **Associations or guilds of companies and/or banks:**  
There are some environmental and social guidelines promoted by certain trade unions in order to provide guidance to their members when they operate outside of China. The most relevant guidelines have been promulgated by the Association of Chinese Banks, Chinese International Contractors Association, y China Chamber of Commerce of Metals and Mining.
- **State Banks:**  
The National Development Bank and the Chinese Eximbank -which are the most relevant banks for LAC- have very little public information about the policies and means of implementation. It is known that the China Development Bank has a "Lenders' Handbook" that apparently deals with the assessment of environmental and social risks, but it is not public. The China Eximbank has published a Guide for Environmental and Social Assessment for its loans.

There are unofficial publications that indicate that the bank adopted the World Bank's Environmental Assessment Framework and Resettlement Policy Framework in 2011, but this has not been publicly recognized by the bank.

- **State-owned Companies:**  
Some Chinese companies have published principles and policies on corporate social responsibility and environmental and social management such as Sinohydro Corporation, China Dantang Corporation and China Minmetals Limited. The concept of corporate environmental responsibility is a new concept in China, and usually more linked to philanthropy and social assistance activities.

## 6. What other international standards apply to Chinese investments?

- **International Treaties recognized by the Chinese state**  
China has ratified and signed several international agreements that commit it to respect the environment and the rights of the populations affected by projects financed and/or built by Chinese companies. Many of these treaties, depending on the country, have a rank higher than or equal to national laws. (See Table 2, page 22)
- **International Standards**  
Companies and banks participate and support to varying degrees some voluntary standards generally enacted by multi-stakeholder groups involving governments, international financial institutions, businesses, and organizations and civil society. Although the adoption of the standards is voluntary, several of them have precise requirements for their implementation, monitoring and reporting. (See Table 3, page 24)

**Table 1:****Main entities that promote Chinese guidelines**

<b>Promulgating entity of guidelines</b>	<b>Mandate</b>
<b><i>State Forestry Administration</i></b>	Its role in Chinese overseas investments is limited to the promulgation of two guidelines for Chinese companies operating in the forestry sector. It does not have a role in the definition of forest policies of Chinese overseas projects.
<b><i>Association of Chinese Banks</i></b>	The Association includes Chinese development, policy, commercial, and other banks, whether public or private. The Association seeks to protect the interests of its members and promulgated a guideline on corporate social responsibilities for the overseas operations of Chinese banks.
<b><i>Chinese International Contractors Association</i></b>	The Association brings together Chinese companies that work in the areas of contracting, investment and project engineering. Most of its members work on projects abroad. The Association promulgated a guideline on sustainable infrastructure.
<b><i>People's Bank of China</i></b>	It is the equivalent of what would be the "Central Bank" in Latin American countries. This Bank has taken the leadership at the national level in China for the promotion of environmental commitments and green financing. The Bank has promulgated several guidelines, the most important being related to the creation of a green credit system.
<b><i>China Eximbank</i></b>	China Eximbank is a policy bank that supports the "Go Out" strategy of the Chinese government through loans for contracts and investments abroad, concessional loans, loans for imports and exports. China Eximbank is the Chinese bank that has allocated the most financing to projects for the construction of hydroelectric plants in the world.

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Promulgating entity of guidelines	Mandate
<b><i>China Chamber of Commerce of Metals, Minerals &amp; Chemicals Importers &amp; Exporters</i></b>	It is an association of Chinese mining companies, public and private. The Chamber is under the Ministry of Commerce and has promulgated very advanced guidelines for Chinese companies that operate in the mining and rubber sectors abroad. It provides advice and training on corporate responsibility issues to its members.
<b><i>State Council</i></b>	It is the highest authority of the Chinese government. It is chaired by the Prime Minister. All Ministers are part of the Council. The Council is very important in determining the direction of Chinese overseas financing because it defines priority investment policies, supervises the key entities involved in overseas financing, and approves financing from US \$2,000 billion and over.
<b><i>State-owned Asset Supervision &amp; Administration Commission</i></b>	It is under the State Council and is in charge of supervising the companies that are owned by the Chinese state. The Commission appoints the high officials of the companies and state companies report to it on a variety of topics, including their environmental and social issues.
<b><i>The National Development and Reform Commission</i></b>	It formulates and implements economic and social development strategies, including those that are part of the "Go Out" strategy. It is also responsible for the approval of major Chinese overseas projects.
<b><i>China Banking Regulatory Commission</i></b>	It promulgates the rules that regulate all Chinese banking and supervises Chinese banks. The Commission promulgated the Green Credit Directives, which is the most important Chinese guideline in environmental terms for Chinese banks. The Commission has a space on its website to report irregularities anonymously.
<b><i>Green Finance Committee of China Society for Finance and Banking</i></b>	The Committee was established with the approval of the People's Bank of China and is an association of professionals associated with Chinese banking and dedicated to the research and promotion of green financing initiatives.

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Promulgating entity of guidelines	Mandate
<i>Ministry of Foreign Affairs</i>	The role of this Ministry is important but indirect. It is in charge of facilitating meetings and exchange missions where funding is promoted and agreed upon. A central part of its mission is to protect China's good image abroad.
<i>Ministry of Ecology and Environment of China</i>	Currently it does not have a direct role in Chinese investments outside of China but has an office for International Economic Cooperation. The Ministry of Ecology and Environment jointly with the Ministry of Commerce enacted in 2013 one of the most important environmental guidelines for Chinese companies and investors operating abroad.
<i>Ministry of Commerce</i>	Plans the trade and investment strategies of Chinese companies abroad. The Ministry of Commerce has an employee in all the Chinese embassies abroad who is the Economic Counselor of the Embassy, who is in charge of supporting and supervising the Chinese companies that operate in that country.

**Table 2:****International instruments recognized by China<sup>2</sup>**

No.	Instrument	Status
1.	Universal Declaration of Human Rights	Adopted by the UN and its member states
2.	Rio Declaration on Environment and Development	Adopted by the UN and its member states
3.	United Nations Declaration on the Rights of Indigenous Peoples	Adopted by the UN and its member states
4.	International Covenant on Economic, Social and Cultural Rights	Ratified
5.	Paris Accord	Ratified
6.	Convention on Biological Diversity	Ratified
7.	Kyoto Protocol	Ratified
8.	United Nations Framework Convention on Climate Change	Ratified
9.	Convention on the Rights of the Child	Ratified
10.	International Covenant on Civil and Political Rights	Signed
11.	Convention on the Elimination of All Forms of Racial Discrimination	Ratified
12.	Vienna Convention for the Protection of the Ozone Layer	Ratified
13.	International Convention for the Protection of New Varieties of Plants	Ratified

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<sup>2</sup> China is a member of the United Nations since 1971.

No.	Instrument	Status
14.	Convention on the Protection of Migratory Species and Wild Animals	Signed
15.	Convention on the Trafficking of Endangered Wild Flora and Fauna Species	Ratified
16.	Convention on Wetlands of International Importance especially as Waterfowl Habitat	Ratified
17.	Convention for the Protection of Birds	Ratified
18.	Agreement Concerning the Conservation of Migratory Birds and their Habitat	Ratified
19.	International Tropical Timber Agreement	Ratified
20.	International Convention for the Prevention of Pollution of the Sea by Oil	Signed
21.	The Convention concerning the Protection of World Cultural and Natural Heritage	Ratified
22.	Convention for Safeguarding Intangible Cultural Heritage	Ratified
23.	International Convention on Civil Liability for Oil Pollution Damage	Signed

**Table 3:****Relevant international standards for Chinese actors**

Initiative	Brief description of the standard	Participation of Chinese entities
<b>World Bank Safeguards</b>	World Bank Environmental Assessment Framework and Resettlement Policy	China Eximbank
<b>Equator Principles</b>	The Equator Principles	Industrial and Commercial Bank of China. The China Banking Association promotes these principles among Chinese banks.
<b>United Nations Global Compact</b>	10 principles in the field of human rights, labor, the environment and corruption.	More than 260 Chinese companies have embraced these principles and the China Banking Regulatory Commission recommends that Chinese banks adopt them.
<b>Global Reporting Initiative</b>	36 standards to inform on the economic, environmental and social impacts that are part of the sustainability reports of an organization.	There are 3 certified partners that provide training in China, including Syntao. Several Chinese companies have used some of the standards in their annual reports.
<b>The Extractive Industries Transparency Initiative</b>	8 requirements that serve to measure good governance and transparency in a participatory manner within the extractive sectors.	Although China is not one of the member countries, according to a 2016 EITI report, at least 130 Chinese companies are involved in reporting activities related to the EITI and report in 24 of the 44 countries that have published reports on implementation of the standard.
<b>Consejo Internacional de</b>		

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Initiative	Brief description of the standard	Participation of Chinese entities
<b>International Council on Mining &amp; Metals</b>	10 ICMM principles and 8 position statements in favor of sustainable development in the mining and metallurgical industry.	China Minmetals
<b>Hydropower Sustainability Assessment Protocol</b>	It is a tool for evaluating 25 environmental and social issues during 4 stages that cover the entire project cycle.	China Three Gorges Corporation.
<b>The Roundtable on Sustainable Palm Oil</b>	4 global standards with parameters of environmental, economic and social sustainability for companies involved in the value chain of the palm oil industry.	More than 50 Chinese companies are members of this initiative.
<b>International Organization for Standardization 14001s series (ISO 14001:2004 Environmental Management Systems).</b>	Although ISO does not specify environmental performance standards, it does indicate that certified companies must have management systems to identify and control the environmental impacts of their activities, and to establish their environmental objectives and goals.	Several Chinese companies are certified under ISO series.
<b>Stock exchanges in Hong Kong, Shanghai and Shenzhen</b>	The Shenzhen and Shanghai exchanges have guidelines on corporate social responsibility, environmental standards and good practices for public information and participation while for the Hong Kong stock exchange the environmental and social precepts are dispersed in the principles of good governance.	The majority of Chinese companies are registered in one of these stock exchanges.



## Part III:

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### Central aspects of the main Chinese environmental and social guidelines

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**Table 4:**

**Key Topics Present in the Chinese Guidelines**

Key Topics	References in the Chinese Guidelines
<p><i>Compliance with national regulatory frameworks</i></p>	<ul style="list-style-type: none"> <li>• Environmental Risk Management Initiative for China’s Overseas Investments</li> <li>• Guidance for Sustainable Development of Natural Rubber</li> <li>• Code of Conduct for Private Companies</li> <li>• Sustainable Infrastructure Guidelines for Chinese Enterprises</li> <li>• Guide to Social Responsibility for China’s International Contractors</li> <li>• Guidelines for Overseas Sustainable Forest Use and Management by Chinese Companies</li> <li>• Guidelines for Environmental Protection in Investment and Cooperation Overseas</li> </ul>
<p><i>Adoption of best practices and international agreements</i></p>	<ul style="list-style-type: none"> <li>• Environmental Risk Management Initiative for China’s Overseas Investments</li> <li>• Standardization of Banking Services Enterprises to Go Out and Strengthen the Guidance of Control and Risk Prevention</li> <li>• Guidelines for Due Diligence in Mining Investments Abroad</li> <li>• Guidelines for Overseas Sustainable Forest Use and Management by Chinese Companies</li> <li>• Guidelines for Environmental Protection in Investment and Cooperation Overseas</li> </ul>
<p><i>Due Diligence Examinations</i></p>	<ul style="list-style-type: none"> <li>• Environmental Risk Management Initiative for China’s Overseas Investments</li> <li>• Standardization of Banking Services Enterprises to Go Out and Strengthen the Guidance of Control and Risk Prevention</li> <li>• Green Credit Directive</li> <li>• Guidelines for Due Diligence in Mining Investments Abroad</li> <li>• Guidelines for Environmental Protection in Investment and Cooperation Overseas</li> </ul>
<p><i>Environmental and social assessments</i></p>	<ul style="list-style-type: none"> <li>• Standardization of Banking Services Enterprises to Go Out and Strengthen the Guidance of Control and Risk Prevention</li> <li>• Green Credit Directive</li> <li>• Guidance for Sustainable Development of Natural Rubber</li> <li>• Sustainable Infrastructure Guidelines for Chinese Enterprises</li> <li>• Guide to Social Responsibility for China’s International Contractors</li> <li>• Guidelines for Environmental Protection in Investment and Cooperation Overseas</li> </ul>

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Key Topics	References in the Chinese Guidelines
<i>Independent evaluations on environmental and social issues</i>	<ul style="list-style-type: none"> <li>• Environmental Risk Management Initiative for China’s Overseas Investments</li> <li>• Green Credit Directive</li> <li>• Guidelines for Social Responsibility in Mining Investments Abroad</li> </ul>
<i>Increase transparency in information and social participation</i>	<ul style="list-style-type: none"> <li>• Environmental Risk Management Initiative for China’s Overseas Investments.</li> <li>• Standardization of Banking Services Enterprises to Go Out and Strengthen the Guidance of Control and Risk Prevention</li> <li>• Green Credit Directive</li> <li>• Guidance for Sustainable Development of Natural Rubber</li> <li>• Guide to Social Responsibility for China’s International Contractors</li> <li>• Guidelines for Environmental Protection in Investment and Cooperation Overseas</li> <li>• Sustainable Infrastructure Guidelines for Chinese Enterprises</li> </ul>
<i>Improvement of supervisory systems and instruments</i>	<ul style="list-style-type: none"> <li>• Standardization of Banking Services Enterprises to Go Out and Strengthen the Guidance of Control and Risk Prevention</li> <li>• Green Credit Directive</li> <li>• Opinions on the Implementation of Green Credit</li> <li>• Guide to Social Responsibility for China’s International Contractors</li> <li>• Guidelines for Social Responsibility in Mining Investments Abroad</li> <li>• Guidelines for Environmental Protection in Investment and Cooperation Overseas</li> <li>• Sustainable Infrastructure Guidelines for Chinese Enterprises</li> </ul>
<i>Establishment of complaint mechanisms</i>	<ul style="list-style-type: none"> <li>• Standardization of Banking Services Enterprises to Go Out and Strengthen the Guidance of Control and Risk Prevention</li> <li>• Guidelines for Social Responsibility in Mining Investments Abroad</li> </ul>
<i>Right to free, prior and informed consent in new projects or changes to existing ones</i>	<ul style="list-style-type: none"> <li>• Guidance for Sustainable Development of Natural Rubber</li> <li>• Guidelines for Social Responsibility in Mining Investments Abroad</li> </ul>

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Key Topics	References in the Chinese Guidelines
<i>Protection of workers' rights</i>	<ul style="list-style-type: none"> <li>• Standardization of Banking Services Enterprises to Go Out and Strengthen the Guidance of Control and Risk Prevention</li> <li>• Guidance for Sustainable Development of Natural Rubber</li> <li>• Guidelines for Social Responsibility in Mining Investments Abroad</li> <li>• Guide to Social Responsibility for China's International Contractors</li> <li>• Sustainable Infrastructure Guidelines for Chinese Enterprises</li> </ul>
<i>Respect for cultural rights</i>	<ul style="list-style-type: none"> <li>• Standardization of Banking Services Enterprises to Go Out and Strengthen the Guidance of Control and Risk Prevention</li> <li>• Guidelines for Environmental Protection in Investment and Cooperation Overseas</li> <li>• Guidance for Sustainable Development of Natural Rubber</li> <li>• Guidelines for Social Responsibility in Mining Investments Abroad</li> </ul>

Summaries of the guidelines that apply to Chinese banks

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**Table 5:**

**Environmental Risk Management Initiative for China's Overseas Investments.**

**Issued by:** Green Finance Committee of China Society for Finance and Banking; Investment Association of China; Asset Management Association of China; Insurance Asset Management Association of China, China Trustee Association, and the Foreign Economic Cooperation Office of the Ministry of Environment. (2017)

**Applies to:** Chinese investors (companies) and Chinese banks operating overseas.

**Objective:** Improve environmental risk management and the adoption of responsible investment principles of Chinese banks and companies overseas.

Summary of Highlights	Possible Applications
<p><b>Standards:</b></p> <ul style="list-style-type: none"> <li>Banks and investors should fully understand the laws, regulations and environmental standards of recipient countries and China, adopt international sustainability standards such as the UN Guiding Principles and consider environmental, social and governance factors in the ex-ante stage.</li> </ul>	<ul style="list-style-type: none"> <li>Request proof from Chinese banks and companies involved in the project that they are informed about the laws related to environmental protection, indigenous rights, consultation and prior consent as well as international standards, such as Convention 169.</li> </ul>
<p><b>Management:</b></p> <ul style="list-style-type: none"> <li>Conduct environmental due diligence examinations, especially in the mining industry, coal, infrastructure, steel, cement, construction materials and chemical products.</li> <li>Conduct analysis of environmental costs and benefits as part of the decision-making process; with the possibility of hiring independent evaluators, lawyers, environmental consultants, NGOs, think tanks, among others. In addition, promote the use of environmental insurance for high risk projects.</li> <li>Implement a system of procurement ecological supplies and develop "white lists" of ecological suppliers for large infrastructure projects.</li> </ul>	<ul style="list-style-type: none"> <li>Request that the environmental cost and benefit analysis of the project be made public.</li> <li>Request from the bank the contact information of the employee and/or department that is in charge of the project.</li> <li>Provide information to the Chinese lending bank in order to be taken into account in due diligence examinations.</li> </ul>

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Summary of Highlights	Possible Applications
<p><b>Information:</b></p> <ul style="list-style-type: none"> <li>• Improve the dissemination of information and promote participation.</li> <li>• Publish project profiles, amount of financing and summary of the EIA before approving the financing and clarify which bank authority is responsible for the disclosure of information.</li> <li>• Produce annual reports using the standards of the Global Reporting Initiative and strengthen communication with all stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• Ask banks and companies for their plans and tools to publish information.</li> <li>• Monitor the reports of Chinese banks and investors against the Global Reporting Initiative.</li> <li>• Ask for information about the projects that receive green financing in your country.</li> <li>• Provide information to investors about local suppliers of environmentally friendly products and services.</li> </ul>
<p><b>Green Financing:</b></p> <ul style="list-style-type: none"> <li>• Banks will promote green financing in medium and long-term infrastructure projects.</li> <li>• Recommend the development of green financial products and the use of green certification mechanisms throughout the supply chain.</li> </ul>	
<p><b>Training:</b></p> <ul style="list-style-type: none"> <li>• All entities that have promulgated this guideline will create a platform to offer training and carry out investment case studies among other activities.</li> </ul>	

**Table 6:**

**Standardization of Banking Services Enterprises to “Go Out” and Strengthen the Guidance of Control and Risk Prevention**

**Issued by:** The Central Committee of the Communist Party and the State Council. (2017)  
**Applies to:** Financial institutions that operate overseas.  
**Objective:** Guide the standardization of business practices of financial institutions and thereby improve the capacity of companies to operate overseas, with emphasis on the regions that make up the initiative "One Belt, One Road".

Summary of Highlights	Possible Applications
<p><b>General Requirements:</b></p> <ul style="list-style-type: none"> <li>• Do not finance projects that have not been registered or approved by the Chinese authorities</li> <li>• Improve the system of accountability with respect to Chinese companies that violate laws and regulations.</li> <li>• Improve information systems to improve international operations and meet the information needs of authorities in the recipient countries and China.</li> </ul>	<ul style="list-style-type: none"> <li>• Ask companies for certificates of registration and/or project approval from Chinese regulators.</li> <li>• Ask banks for information about their risk management framework and if they will conduct on-site visits.</li> <li>• Offer information to banks and investors to be taken into account in the framework of due diligence examinations.</li> <li>• Inform banks about the potential risks that could be incurred when investing in certain projects.</li> <li>• Request information on the functioning of the grievance mechanism and information disclosure procedures.</li> </ul>
<p><b>Risk Management:</b></p> <ul style="list-style-type: none"> <li>• Strengthen due diligence under the principle of independence, completeness, depth and prudence. Analyze the economic, legal and political environment of the place where the project is carried out and compliance with environmental laws and regulations (among others) by Chinese companies and analyze the payment capacity of the lender.</li> <li>• Conduct on-site inspections for high-risk projects.</li> </ul>	
<p><b>Country Risk Management:</b></p> <ul style="list-style-type: none"> <li>• Create a "country risk" assessment system approved by the Board of Directors and supervised by the financial institution's top management. The "country risk" rating must be updated when there are important changes in the country.</li> </ul>	

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## Summary of Highlights

## Possible Applications

### **Compliance risk management:**

- Strengthen a culture of compliance with clear procedures and policies.
- New cross-border businesses and new projects should include a risk management system.
- Comprehensively understand the financial and business situation of the client and the clients of the client.

### **Environmental and social risk management:**

- Establish a comprehensive control system for assessment and management of environmental and social risks, act in compliance with environmental regulations, learn from the Equator Principles.
- Give special attention to environmental and social risks in the energy industry, agriculture, forestry, livestock, fisheries, large infrastructure, engineering contracts. If necessary, consult a third party.
- Preserve the rights of the local population including the rights of workers and respect for local culture.
- Establish a grievance mechanism and strengthen information dissemination mechanisms.

### **Strengthen supervision:**

- Supervision departments of banking institutions should improve data collection and on-site "country risk" inspection.
- Establish a cross-border exchange platform with foreign regulatory authorities.
- The Association of Chinese Banks should establish a platform for information and cooperation mechanisms and a "black list" of companies who commit illegal acts abroad.

- Inform the Association of Chinese Banks about the violations of national laws incurred by Chinese companies.
- Request information from the Association of Chinese Banks about the information platform, cooperation mechanisms and the "black list" of companies.

**Table 7:**

**Guidelines for Construction of a Green Financial System**

<b>Issued by:</b>	People's Bank of China; Ministry of Finance; the National Development and Reform Commission; the Ministry of Environmental Protection; the China Banking Regulatory Commission; the China Securities Regulatory Commission; and the China Insurance Regulatory Commission. (2016)
<b>Applies to:</b>	All local offices of the China Banking Regulatory Commission; all policy banks; state-owned commercial banks; commercial banks with mixed ownership; postal savings banks; and the Association of Chinese Banks.
<b>Objective:</b>	Prevent losses and unfavorable impacts caused by environmental and social risks and carry out the implementation of green credit.

Summary of Highlights	Possible Applications
<p><b><i>In the international cooperation framework:</i></b></p> <ul style="list-style-type: none"> <li>• Expand international cooperation on green financing under the G20 framework, international principles and best practices. Promote regional cooperation for green financing within the framework of the "One Belt, One Road" initiative and other international cooperation mechanisms.</li> <li>• Support Chinese institutions to issue green bonds and make overseas investments, and likewise support financial institutions and foreign corporations to issue green bonds in the Chinese financial market and make green investments in China.</li> <li>• "Green" Chinese overseas investment. Support and encourage national financial institutions, non-financial companies and multilateral development banks with the active participation of China to strengthen environmental risk management, improve the disclosure of environmental information, adopt green financing instruments such as green bonds; develop green supply chain management; explore the use of instruments such as liability insurance for environmental pollution; manage environmental risks in the implementation of "One Belt, One Road" and other investment projects abroad.</li> </ul>	<ul style="list-style-type: none"> <li>• Identify indicators and goals for the implementation of green projects and present them to the entities that promulgated these guidelines.</li> <li>• Propose projects that should be financed with green funds.</li> <li>• Propose goals and tools to implement true green financing and minimize financing with significant environmental and social impacts.</li> </ul>

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**Table 8:**

**Opinions on the Implementation of Green Credit**

**Issued by:** China Banking Regulatory Commission. (2014)

**Applies to:** All local offices of the China Banking Regulatory Commission; all policy banks; state-owned commercial banks; commercial banks with mixed ownership; postal savings banks; and the Association of Chinese Banks.

**Objective:** Prevent losses and unfavorable impacts caused by environmental and social risks and carry out the implementation of green credit.

Summary of Highlights	Possible Applications
<p><b>Prevention and control:</b></p> <ul style="list-style-type: none"><li>• Supervise loans to industries with high pollution, high emissions and where there is overcapacity in China.</li><li>• Consider measures of loan reduction, credit withdrawal and assets preservation so that obsolete companies are suspended or eliminated.</li><li>• Monitor restructurings, mergers and acquisitions as well as loans issued to companies with production overcapacity [in China] that will undergo a restructuring or be transferred overseas.</li></ul>	<ul style="list-style-type: none"><li>• Identify indicators and goals for the implementation of green projects and present them to the entities that promulgated these guidelines.</li><li>• Propose projects that should be financed with green funds.</li><li>• Propose goals and tools to implement true green financing and minimize financing with significant environmental and social impacts.</li></ul>
<p><b>Prevention of losses due to environmental and social causes:</b></p> <ul style="list-style-type: none"><li>• Improve internal evaluation mechanisms and disclosure of information.</li><li>• Pay special attention to project performance of clients in terms of energy savings and emission reduction, environmental protection, clean production and job security, and social stability.</li><li>• Banks should improve classification and the "three checks" (refers to due diligence before a loan, review of requirements during the execution of a loan, and a post-loan examination).</li><li>• In cases of reputational risks, banks must take timely measures to protect assets, report to the board of directors and regulatory authorities, and insist on accountability.</li></ul>	

## Table 9:

### Green Credit Directive

<b>Issued by:</b>	China Banking Regulatory Commission. (2012)
<b>Applies to:</b>	Policy banks and state-owned commercial banks; commercial banks in which the State holds shares; companies that manage financial assets; and other local financial entities.
<b>Objective:</b>	Encourage banking institutions, through green credit, to adjust their credit structure to avoid environmental and social risks in the financing of projects.

Summary of Highlights	Possible Applications
<p><b>Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• The China Banking Regulatory Commission is responsible for regulating and supervising banking institutions and their management of environmental and social risks and banks should establish systems to assess and monitor environmental and social risk.</li> <li>• The bank's board of directors must provide a green credit development strategy and approve an annual report from senior management. Senior management should create mechanisms and procedures for the implementation of green credit with a system of rewards and punishments, appoint a department or official with the necessary resources, and when necessary create an inter-departmental committee.</li> </ul>	<ul style="list-style-type: none"> <li>• Request Chinese banks to make public: their green credit policies; the information related to the departments and expected activities for the implementation of such policies; the department or contact person for each project.</li> <li>• Provide information to the China Banking Regulatory Commission and to the banks that finance a certain project in order to support the continuous updating of blacklists.</li> </ul>
<p><b>Procedures to be adopted by banks:</b></p> <ul style="list-style-type: none"> <li>• Should prepare a list of clients facing major environmental and social risks, and request response plans with a stakeholder communication plan.</li> <li>• Establish criteria to classify clients' environmental and social risks, and consider the results as a basis for credit rating, project access, administration and closure. Measures must be taken regarding loan investigation, inspection and review, loan appraisal, and economic capital allocation.</li> <li>• Strengthen due diligence for the granting of credit; this diligence must be complete, exhaustive and detailed.</li> </ul>	<ul style="list-style-type: none"> <li>• Request information on environmental and social risk management evaluation criteria, and on verification of compliance of a specific project</li> <li>• Request that missions that perform due diligence examinations meet with local communities and other stakeholders.</li> </ul>

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## Summary of Highlights

- Prepare a list of "compliance verification" of the client regarding the environmental and social requirements of the loan. Noncompliance with regard to environmental and social performance could be grounds for denial of credit or suspension of disbursements of credit.
- In the case of projects with major environmental and social risks, the loan contract must include clauses that require clients to submit environmental and social reports, declare that they will strengthen their environmental and social risk management systems, and that the client accepts the supervision of the lender. Clauses should be considered concerning the remedies which the bank may invoke in case that the borrower does not comply with the protection measures for environmental and social risk.
- All project stages with approved credit, including design, preparation, construction, completion, operation and closure, should be subject to environmental impact assessment.
- Banking supervisory authorities should strengthen surveillance and improve the system of supervision indicators both off site and at the project site, and conduct assessments on green credit at least once every two years.
- Banks must send their self-assessment to the China Banking Regulatory Commission in accordance with the Key Performance Indicators of the Green Credit Directive.

### **Information:**

- Green credit strategies and policies must be public.
- Banking institutions should disclose relevant information in accordance with the laws and regulations of the host country and be subject to the supervision of stakeholders. When necessary, an independent third party can be hired to evaluate or audit the activities of banking institutions in the performance of its environmental and social responsibilities.

## Possible Applications

- Suggest to Chinese banks environmental and social clauses that should be included in the project contract.
- Establish communication channels with the authorities and personnel responsible for the assessment and monitoring of environmental and social issues in banking institutions.
- Request from the China Banking Regulatory Commission the contact information of the personnel in charge of each bank to report on the implementation of the Green Credit Directive.



**Table 10:**

**Guide for Environmental and Social Assessment for Project Loans of the Export-Import Bank of China**

**Issued by:** China Eximbank. (2007)

**Applies to:** The processing of loans in the China Eximbank.

**Objective:** Support the implementation of national strategies for responsible development; promote the economy and social and environmental development; and effectively control credit risks.

Summary of Highlights	Possible Applications
<p><b>Environmental Impact Assessments:</b></p> <ul style="list-style-type: none"> <li>• The EIA should be carried out in the pre-project review process in order to monitor the environmental impacts after the loan (ex-ante) and after the project has been completed (ex-post).</li> <li>• The borrower or the project owners deliver the EIA and its approval document from the relevant national authorities. China Eximbank reviews the application documents for the loan and hires independent experts if deemed necessary. Then China Eximbank negotiates with the project owner based on environmental and social assessments.</li> <li>• The project owner, at the time of completion, must deliver the environmental approval documents to the bank in accordance with national regulations.</li> </ul>	<ul style="list-style-type: none"> <li>• Actively participate in the EIA before the loan is approved. For this purpose, communication must be established with China Eximbank and the team in charge of the project identified.</li> <li>• Ensure that the national counterpart (Ministry of Finance or Treasury Department) is aware of this guideline.</li> <li>• Suggest and request from China Eximbank the inclusion of environmental and social measures in the contract.</li> <li>• If it is considered that a project should not be carried out for environmental and social reasons, inform China Eximbank and the China Banking Regulatory Commission.</li> <li>• Establish communication channels with the authorities and personnel in charge of the assessment and monitoring of environmental and social issues.</li> </ul>
<p><b>Other Commitments:</b></p> <ul style="list-style-type: none"> <li>• China Eximbank uses the environmental policies of the host country as a basis for assessment, and when they are not sufficient, it uses Chinese regulations or international regulations.</li> <li>• Respect the communities' rights to the land and resources and appropriately handle resettlement problems.</li> <li>• Consult the public when there are serious environmental or social impacts.</li> <li>• China Eximbank may suggest including environmental clauses in loan contracts.</li> </ul>	

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## Summary of Highlights

### **Supervision:**

- Monitor the operation and construction of the project based on the results of the environmental and social assessment.
- The borrower or project owner must report the environmental and social impacts to China Eximbank as well as the implementation status of measures to mitigate and eliminate such impacts.
- Inspect the post-loan management of the project including environmental and social issues.
- China Eximbank has the right to stop loan disbursement and demand reimbursement of advances when the project owner has failed to take timely action to eliminate serious environmental and social impacts.

## Possible Applications

- Investigate if China Eximbank has an office or legal representative in the country where the project is carried out.
- In case of serious environmental and social impacts, ask the Chinese bank to suspend financial support of the project.

**Table 11:**

**Guidelines of the Association of Chinese Banks on Corporate Social Responsibility of Financial Institutions**

**Issued by:** The Association of Chinese Banks. (2009)

**Applies to:** Chinese financial institutions.

**Objective:** Improve the environmental and social performance of Chinese financial institutions.

Summary of Highlights	Possible Applications
<p><b>International Guidelines:</b></p> <ul style="list-style-type: none"> <li>Investigate and reference the Equator Principles.<sup>1</sup> Take into account other international treaties and international industry practices and guides.</li> </ul>	<ul style="list-style-type: none"> <li>Verify that the China Development Bank and China Eximbank have incorporated the Equator Principles into their projects. For example: whether they have established complaint mechanisms and categorize projects by environmental and social impacts.</li> </ul>
<p><b>Implementation:</b></p> <ul style="list-style-type: none"> <li>Formulate business strategies, policies and procedures, and allocate resources to support sustainable development</li> <li>Establish agencies or departments responsible for environmental protection with the necessary personnel.</li> <li>Develop plans for the conservation and protection of resources and for employee training.</li> <li>Support clients to save resources and protect the environment through loans and other financial tools; guide and educate clients about social responsibility issues; provide client training with an environmental approach that includes environmental impact assessment procedures for specific operations and preparation for access to green credit.</li> <li>Advocate for decisions to be made based on scientific studies and not exclusively on EIA and client information.</li> </ul>	<ul style="list-style-type: none"> <li>Suggest other international instruments that should be taken into account in the framework of the project.</li> <li>Request information about the corporate responsibility and environmental protection departments, their personnel and scope of action.</li> </ul>

<sup>1</sup>So far the only Chinese bank signatory of the Equator Principles is the Industrial and Commercial Bank of China.

## Table 12:

### Notification of the China Banking Regulatory Commission in the Issuance of the Guidance on Commercial Banks' Management of Reputational Risk

**Issued by:** China Banking Regulatory Commission. (2009)

**Applies to:** Commercial banks owned by the state; joint-venture banks; and exclusively foreign-owned banks established within the People's Republic of China. Policy banks must implement their reputational risk management according to this Guideline.

**Objective:** Guide Chinese banks to develop effective management of reputational risks to protect their financial stability and confidence in the market.

Summary of Highlights	Possible Applications
<p><b>Obligations:</b></p> <ul style="list-style-type: none"> <li>The bank's board of directors must ensure that there are policies and a department responsible for reputational risk management that has: the necessary resources, provides a culture of cross-cutting reputational risk management in the bank's departments, and employee training in this area.</li> </ul>	<ul style="list-style-type: none"> <li>Request information on the policies, activities and personnel of the Reputational Risk Management Department of the China Development Bank and China Eximbank, and the activities and those responsible for the projects in the host country.</li> </ul>
<p><b>Activities:</b></p> <ul style="list-style-type: none"> <li>Conduct research and regular analysis of reputational risk.</li> <li>Classify and rate reputational risk.</li> <li>Management of complaints, monitoring and evaluation of reputational risk.</li> <li>Specialized management for the delivery of information and observation of the media.</li> <li>Deliver information to the public, accurate and timely, and show initiative in actively listening to the views of the public.</li> <li>Establish awards and punishments around the internal management of reputational risk.</li> <li>Conduct subsequent evaluations of reputational risk management, and evaluations of the effectiveness of measures taken in response to an event.</li> </ul>	<ul style="list-style-type: none"> <li>Provide information on the development of a certain project to the entity responsible for conducting reputational risk analysis in the relevant bank.</li> <li>Verify the existence of specialized management for timely and complete information delivery.</li> <li>Request the public disclosure of the Contingency Plan.</li> </ul>

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Summary of Highlights	Possible Applications
<p><b>Measures:</b></p> <ul style="list-style-type: none"> <li>• Implement a contingency plan against serious reputational risks.</li> <li>• Designate a special team and authorities with clear responsibilities.</li> <li>• Deliver information to the public in a timely, appropriate, open, transparent and effective manner.</li> <li>• Report serious reputational risks to the China Banking Regulatory Commission within a period not exceeding 12 hours and to other departments in a timely manner.</li> <li>• Immediately send the risk elimination and evaluation reports to the China Banking Regulatory Commission and its local offices.</li> </ul>	
<p><b>Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• The China Banking Regulatory Commission and its local offices will be in charge of supervising reputational risk management of commercial banks and in case of finding problems and may demand that the banks carry out rectifications within a time limit.</li> </ul>	

**Note:**

*"Reputational risks" refer to negative perceptions that may result in damage to the credibility of the institution, and that may result in large losses, volatility in the market, activation of systematic risks or influence the economic and social stability of the project.*

## Table 13:

### Guiding Opinion on Energy Conservation Credit

**Issued by:** China Banking Regulatory Commission. (2007)

**Applies to:** Agencies that regulate banking; to state-owned commercial and policy banks; to commercial banks with joint shareholding; to financial companies; and cooperatives.

**Objective:** Limit financing to high pollution and high energy consumption projects.

Summary of Highlights	Possible Applications
<p><b>Requirements:</b></p> <ul style="list-style-type: none"><li>• Take into account the future energy consumption and pollution when deciding if credit is granted for the project.</li><li>• Monitor compliance with environmental standards, energy saving goals, strengthen communication with environmental authorities, and publish data on energy consumption, and actions to remedy pollution.</li><li>• Consider it a social responsibility to know how to measure impacts related to the environment and the energy consumption of certain projects.</li></ul>	<ul style="list-style-type: none"><li>• Request that the bank evaluates the project - prior to loan approval - with regard to potential energy consumption and contamination</li><li>• Take advantage of on-site visits from banks and evaluators to request meetings and communicate concerns and information.</li><li>• Verify that the bank supervises the implementation of national environmental standards.</li><li>• Ask the banks for information on the economic measures they will use to ensure that funds exist to avoid and mitigate environmental and social impacts.</li></ul>
<p><b>Policies:</b></p> <ul style="list-style-type: none"><li>• If the projects belong to restricted sectors or industries or that are going to be eliminated in the future, financial institutions should restrict or deny loans for such projects.</li><li>• Sanction industries that do not improve their levels of energy conservation and do not reduce their levels of pollution by restricting loans. Reward and help industries that are improving, considering greater financial support of them.</li></ul>	

Summaries of the Guidelines that apply to Chinese enterprises

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**Table 14:**

**Guidance for Sustainable Development of Natural Rubber**

- Issued by:** Chinese Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters in collaboration with the International Trade and Investment Program; State Forestry Administration; and the British Department for International Development. (2017)
- Applies to:** Companies that invest in planting and processing of natural rubber. Companies must explicitly accept being implementers of these guidelines.
- Objectives:** Support risk management and the incorporation of due diligence systems in the daily activities of companies to ensure good business performance and sustainable development.

Summary of Highlights	Possible Applications
<p><b>Basic Principles:</b></p> <ul style="list-style-type: none"> <li>• Comply with the laws of the host country and international agreements.</li> <li>• Respect human rights and adopt precautionary measures to prevent and mitigate negative impacts on local communities, indigenous peoples and employees.</li> <li>• Take into account the context differences, not only environmental but also social, and assess the ability of the investor to adapt to such differences. Companies must also take into account the interests of all stakeholders and provide feedback on their concerns.</li> <li>• Inform in a timely manner about potential impacts and prevent impacts on the environment, climate and biodiversity.</li> </ul>	<ul style="list-style-type: none"> <li>• Request that a company accepts the role of implementing enterprise of these guidelines.</li> <li>• Verify if companies have carried out training activities for project personnel on national regulations and international agreements on environmental and social matters.</li> <li>• Request a company's due diligence policy and information on the functioning of the complaints mechanism.</li> <li>• Request the due diligence reports of risk assessments and the measures implemented to avoid and minimize such risks.</li> </ul>
<p><b>Analysis and prevention of risks:</b></p> <ul style="list-style-type: none"> <li>• The laws of the host country must be fully understood including issues such as the independence of the judicial function, corruption in the public and private sector, political interference and the level of involvement of civil society in the governance of the country.</li> </ul>	

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## Summary of Highlights

- Conduct a comprehensive assessment of political, economic, social, technical, market and environmental risks that the project would cause and formulate measures to avoid and manage them. Communicate these risks to local communities.
- For projects that require land acquisition, respect the right of customary tenure and the right of use. Forced eviction should be avoided in line with UN principles of "protect, respect and remedy." Investment should not proceed if the adverse impacts are very serious; if free, prior, and informed consent is not obtained; or if an agreement on evictions has not been reached.

### *Sustainable management and risk control:*

- Local communities must be empowered to participate such as farmers and people working in service provision.
- There should be no child labor or excessive labor. The rights of workers have to be fully respected.
- All aspects related to planting and processing should be technically planned, ensuring that there are protection areas for rare or endangered species, biological corridors, buffer zones, watershed management, etc.

## Possible Applications

- Request information from the company about its adaptability plan to the social conditions of the project.
- Request a multi-stakeholder meeting from the company as soon as you have information about the investment, to discuss the application of the guidelines.

## Table 15:

### Code of Conduct for Private Companies

<b>Issued by:</b>	National Development and Reform Commission; Ministry of Commerce; People's Bank of China; and Ministry of Foreign Affairs. (2017)
<b>Applies to:</b>	Chinese private companies investing overseas.
<b>Objective:</b>	Support private companies to globalize.

Summary of Highlights	Possible Applications
<p><b>Management and supervision:</b></p> <ul style="list-style-type: none"> <li>• Strengthen decision making by clarifying responsibilities.</li> <li>• Reports that involve sensitive regions or sectors must be approved.</li> <li>• Include the costs of security protection in the cost of the project.</li> <li>• Create local employment opportunities and guarantee good quality of the project and the products.</li> <li>• Improve communication with local governments, trade unions, the media, indigenous and religious leaders, and NGOs.</li> <li>• Protect the image of China.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure that training processes on national laws are carried out, especially those that have to do with the protection of the environment and of local communities.</li> <li>• In the case of existing projects that pass through private Chinese companies, provide information to the company about existing environmental and social liabilities and request the management and mitigation plan that the company will carry out.</li> </ul>
<p><b>Standards:</b></p> <ul style="list-style-type: none"> <li>• Train employees on local environmental and safety laws and regulations. Comply with the laws of the host country, treaties and other international conventions, and business law standards.</li> <li>• Strengthen the protection of the environment and natural resources, and carry out an EIA, an assessment of risks in general before the start of the project, a due diligence examination of environmental liabilities, and obtain an environmental license. If necessary, an independent third party can be hired.</li> </ul>	<ul style="list-style-type: none"> <li>• Consider asking the company for an independent third party study to assess environmental and social impacts.</li> </ul>

## Table 16:

### Guidelines for Sustainable Infrastructure for Chinese Enterprises.

<b>Issued by:</b>	China International Contractors Association and Dagong Global Credit Rating. (2016)
<b>Applies to:</b>	To infrastructure projects overseas in which Chinese companies participate (or consortiums led by Chinese companies). Chinese companies involved in mergers and acquisitions of infrastructure overseas, either in one or all stages of the project (from financing, planning, design, construction, operation and maintenance to closing) can refer to the guidelines. The guidelines can also serve as a tool for the evaluation of sustainability in projects that have already been completed.
<b>Objective:</b>	Provide an industry standard for sustainable infrastructure projects and stimulate companies in the financing, planning, design, construction and operation processes that include governance rules for economic, environmental and social sustainability.

Summary of Highlights	Possible Applications
<p><b>Implementation:</b></p> <ul style="list-style-type: none"> <li>Qualitative and quantitative indicators have been developed to improve the application of this guideline throughout the project cycle.</li> <li>The China International Contractors Association will evaluate the projects of its members based on these guidelines and will urge government and financial institutions to use the guidelines as a reference for the approval of projects and loans.</li> </ul>	<ul style="list-style-type: none"> <li>Request the company in charge of the project to provide the qualitative and quantitative indicators available to implement this guideline and monitor its implementation.</li> <li>Record the events that happen with the project and share the information with the China International Contractors Association and with the Economic Counselor of the Chinese Embassy.</li> <li>Request a meeting with the Governance and Sustainability Committee of the company that runs the project in order to understand its operation, capacity, and priorities, and how the project's sustainability is evaluated.</li> </ul>
<p><b>Certain requirements:</b></p> <ul style="list-style-type: none"> <li>All stakeholders must be taken into account, including communities, civil society, workers and the media. The legitimate rights of all stakeholders must be protected.</li> <li>In the face of uncertainties, projects must be flexible to adjust to social demands, natural disasters and climate change.</li> <li>Reduce costs and ensure project returns and relevance to local economies and the country's Gross Domestic Product.</li> </ul>	

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## Summary of Highlights

- Respect and monitor compliance with local environmental laws and regulations and rectify noncompliance; and provide human resources, materials, funds and technology necessary for the protection of the environment.
- Reduce greenhouse gas emissions and the discharge of pollutants in water, soil and air.
- Implement technical and administrative measures (within the framework of the project) for the protection of species, natural reserves and marine environments that range from the establishment of ecological corridors to the creation of indicators; and measures to ensure the sustainable use of resources.

### **Governance for Sustainability:**

- In order to promote good governance for sustainability, companies should: include sustainable development in decision-making processes; establish a Governance and Sustainability Committee; integrate sustainability assessment of risk control and performance; develop a management mechanism for force majeure events; and develop plans to disclose information about sustainability.
- Establish a Governance and Sustainability Committee and clarify the rights and responsibilities of its members, including the preparation of plans, strategies, goals, budgets, personnel and annual reports.
- Convene multi-stakeholder spaces for major decisions.
- Promote transparency in the information about the project and publish on company websites the rules of governance for sustainability, environmental protection units, pollution accidents and reports.
- With regards to an evaluation system, they must present the evaluation standards; establish a complete system for evaluating sustainability performance; evaluate the integral implementation of sustainability rules; and regularly review the results and rectify the problems.
- Ensure immediate responses of natural disaster management.

## Possible Applications

- Request that the company publish the results of its efforts to achieve the reduction of emissions and discharge of pollutants.
- Ask companies for their analysis of how the project will favor local economies and national GDP.

**Table 17:**

**Guidelines for Due Diligence in Mining Investments Abroad**

- Issued by:** Chinese Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters. The formulation of these guidelines was supported by the Sino-German Corporate Social Responsibility Project and the Emerging Market Multinationals Network for Sustainability. (2015)
- Applies to:** Chinese companies that participate in exploration, extraction, processing and cooperative investment projects, and any activity that has a license, permit, concession or similar legal agreement that has been legally obtained partially or totally by a Chinese company. Companies must explicitly accept being implementers of these guidelines.
- Objective:** Provide guidance and support to companies that extract and/or use mineral resources and related products and participate at any point in the supply chain of minerals to identify, prevent and mitigate the risks that directly or indirectly contribute to conflict and serious abuses of human rights.

Summary of Highlights	Possible Applications
<p><b>Due Diligence for risk management:</b></p> <ul style="list-style-type: none"> <li>• The guidelines identify 5 steps to carry out risk-based due diligence examinations: (i) establish sound management systems; (ii) identify and evaluate risks in the supply chain; (iii) implement a risk management strategy; (iv) perform audits with independent third parties; and (v) report the results to companies in the supply chain.</li> <li>• Due diligence is done in proportion to the risks. An "enhanced" due diligence can be done for projects with high risks, which would include a deep assessment of risks and management practices.</li> </ul>	<ul style="list-style-type: none"> <li>• Request that companies adopt the guidelines and become implementing companies and report this decision to the Chinese Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters and to national environmental authorities.</li> <li>• Identify who conducts due diligence examinations and audits and share information with those agencies.</li> <li>• Suggest the performance of "enhanced" due diligence when necessary.</li> <li>• Verify that the company has respected the right to free, prior and informed consent in new operations.</li> </ul>
<p><b>Types of risks:</b></p> <ul style="list-style-type: none"> <li>• Type 1 Risks: refers to risks that contribute to conflict and serious violations of human rights associated with working conditions, sexual violence, violations of humanitarian laws, support for armed non-state groups, extortion, support for public or private forces that illegally control operation sites and that do not act according to international standards and commit gross abuses of human rights in areas affected by conflict and high risk areas.</li> </ul>	

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Summary of Highlights	Possible Applications
<ul style="list-style-type: none"> <li>• Type 2 Risks: refers to risks associated with serious misconduct in environmental, social and ethical matters. Misconduct includes extraction or procurement in places where free, prior and informed consent has not been obtained, or where there are pre-existing land claims or are areas of cultural or ecological heritage.</li> </ul>	<ul style="list-style-type: none"> <li>• Inform the company and the Chinese Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters if one or more of the warning signs detailed in the guidelines exists in the project area.</li> </ul>
<p><b>Warning signs:</b></p> <ul style="list-style-type: none"> <li>• Companies must identify warning signs "upstream and downstream" of the operation, especially when there are characteristics such as: presence of armed conflict or in post-conflict areas; widespread violence including the presence of criminal networks; weak governance and endemic corruption; areas where there are violations of human rights and related international regulations; where there is systematic discrimination against the population; sexual and gender violence.</li> </ul>	

**Table 18:**

**Guidelines for Social Responsibility in Mining Investments Abroad**

**Issued by:** Chinese Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters. The formulation of these guidelines was supported by the Sino-German Corporate Social Responsibility Project and the Emerging Market Multinationals Network for Sustainability. (2014)

**Applies to:** Chinese companies that participate in exploration, extraction, processing and cooperative investment projects, and any activity that has a license, permit, concession or similar legal agreement that has been legally obtained partially or totally by a Chinese company and has agreed to be an implementing company of the guidelines.

**Objective:** Guide Chinese companies engaged in mining investment and cooperation abroad to improve the practices of corporate social responsibility and corporate sustainability strategies.

Summary of Highlights	Possible Applications
<p><b>Specific Topics:</b></p> <ul style="list-style-type: none"> <li>• Establish goals, policies and indicators to comply with the guidelines and create a department or mechanism in charge of implementation of monitoring systems and environmental and social indicators. Train employees on the content of the guidelines and strengthen transparency by delivering relevant information (not biased) and on time.</li> <li>• Develop an independent audit system; systems of internal control, due diligence; risk management; whistleblower protection mechanisms; report all payments made to government entities in the countries of operation, including in-kind payments and infrastructure. In addition, employees should be trained on national regulations and company regulations.</li> <li>• Identify, prevent, mitigate and resolve negative impacts on human rights and observe the guiding principles of the UN on business and human rights. The operations must be audited by a third party. Special control measures must be established in areas affected by armed conflicts.</li> <li>• Protect the right of free, prior and informed consent of local communities in new projects (and changes in existing projects).</li> </ul>	<ul style="list-style-type: none"> <li>• Request that companies adopt the guidelines and become implementing companies and report this decision to the Chinese Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters and to national environmental authorities.</li> <li>• Request from the company information on the specific instruments that have been established for the implementation of these guidelines and training activities for company personnel.</li> <li>• Verify the establishment of grievance mechanisms and whistleblower protection mechanisms.</li> <li>• Request the publication of payments made to governmental institutions.</li> </ul> <p style="text-align: right;">CONTINUED →</p>

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## Summary of Highlights

- Protect the rights of employees including the right of association and create a collective bargaining mechanism and grievance mechanism. A committee should also be established to address occupational safety and health issues and perform evaluations of working conditions.
- Proactively report the environmental impacts of the project to local authorities, headquarters of companies in China, and to the public.
- Protect biodiversity throughout the full life cycle of the project, the value chain, including infrastructure works related to the project.
- Consider the establishment of "no-go areas" and do not conduct operations in places protected by UNESCO or legally protected areas. In the case of already established mines in those areas, ensure that they are not a threat to the integrity of the protected areas.
- Establish a grievance mechanism that is legitimate, accessible, predictable, equitable, transparent and compatible with rights, ensuring that the right to use legal mechanisms is not affected. Those who use the mechanism can protect themselves by using anonymity.

### **Implementation:**

The Chinese Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters must:

- Disseminate the guidelines to the public and promote them in international exchanges.
- Train companies to strengthen their capacity to implement the guidelines.
- Evaluate companies on compliance with the guidelines and best practices referred to in these guidelines (the guidelines refer to 23 international standards such as the Extractive Industries Transparency Initiative, Global Compact, ILO, Standards of the International Council of Mines and Metals, etc.) and report the findings on a regular basis.

## Possible Applications

- Verify that the company has respected the right to free, prior and informed consent in new operations.
- Request that the company establish "no-go areas" where necessary and verify the absence of new mining activities in sites protected by UNESCO.



**Table 19:**

**Guidelines for Environmental Protection in Investment and Cooperation Overseas**

**Issued by:** Ministry of Commerce and Ministry of Environmental Protection. (2013)

**Applies to:** Chinese companies working on projects overseas.

**Objective:** Support companies to fulfill their social responsibility to protect the environment, identify and prevent environmental risks in a timely manner, form a good image of Chinese companies overseas and support sustainable development in host countries.

Summary of Highlights	Possible Applications
<p><b>Principals:</b></p> <ul style="list-style-type: none"> <li>• Protect the rights of workers, provide employment opportunities and respect the culture, religion and traditions of local communities.</li> <li>• Understand and respect the environmental laws and regulations of the host country.</li> <li>• Obtain environmental permits from national authorities.</li> <li>• Establish regulations to strengthen environmental management and provide training to employees.</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate compliance with national laws and the adoption of good international practices by the company in relation to the project. Share such evaluations with the Chinese Embassy and the Ministry of Environmental Protection of China.</li> <li>• Request that the company make public its "green" and "non-green" purchasing reports.</li> </ul>
<p><b>Specific measures:</b></p> <ul style="list-style-type: none"> <li>• Companies should study and learn from the principles and standards adopted by international organizations and multilateral financial institutions.</li> <li>• Conduct a due diligence visit prior to the acquisition of companies, with special emphasis on the negative effects of environmental liabilities.</li> <li>• Design a hazardous waste management plan.</li> <li>• Design accident management plans and establish reporting and communication systems for the local government, environmental agencies, the potentially affected public and the company's parent company.</li> <li>• Buy insurance against environmental pollution to reasonably diversify the risks of environmental accidents.</li> </ul>	<ul style="list-style-type: none"> <li>• Suggest that the company adopt certain international practices that could improve the project.</li> <li>• Request from the company its accident management plans and plans for communication with the community.</li> <li>• Request information on insurance against pollution and verify that damage to the community is covered.</li> </ul>

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Summary of Highlights	Possible Applications
<ul style="list-style-type: none"> <li>• Prioritize the protection of areas where fauna and flora resources may be affected by the operation.</li> <li>• Prioritize "green purchases" of ecological products and request "environmental credentials" for the products purchased.</li> </ul>	<ul style="list-style-type: none"> <li>• Specify to the company which areas should be prioritized for the protection of flora and fauna.</li> <li>• Inform the Chinese Embassy of the perception of local communities regarding what would be a mutually beneficial project.</li> </ul>
<p><b><i>Information and accountability:</i></b></p> <ul style="list-style-type: none"> <li>• Publish periodically the environmental information of the company such as plans, implementation and performance in the implementation of environmental and social laws and regulations.</li> <li>• Establish communication links with local communities and their organizations in relation to their environmental and social responsibilities to give a good impression of the companies.</li> <li>• Seek advice from national and local environmental monitoring agencies.</li> </ul>	

## Table 20:

### Guide to Social Responsibility for International Project Contracting Industry

- Issued by:** Chinese International Contractors Association. (2012)
- Applies to:** The guide applies to all the relevant activities of Chinese companies that operate in the contracting of projects overseas as well as to all relevant activity that takes place in China to support the contracting of projects overseas.
- Objective:** Improve the environmental and social performance of Chinese companies overseas.

Summary of Highlights	Possible Applications
<p><b>General Principals:</b></p> <ul style="list-style-type: none"> <li>• Comply with host country regulation, relevant Chinese laws and good international practices.</li> <li>• Communicate with stakeholders and incorporate their expectations and reasonable requirements in the activities of the company.</li> <li>• Disclose public decisions and activities that have a significant impact on the community and the environment.</li> <li>• Establish a board to formulate a social responsibility strategy and supervise its implementation.</li> <li>• The company must publish its social responsibility policy.</li> <li>• Stakeholders should have access to information and supervision, and in case of accidents be notified in time.</li> <li>• Establish a quality certification system. Whenever possible, give priority to acquisitions of local products and services.</li> <li>• Ensure that projects benefit the local community and the environment throughout the life cycle of the project.</li> <li>• Prevent and control bribery and other forms of corruption in acquisitions and sub-contracts.</li> <li>• Develop and fill out forms for self-evaluation.</li> </ul>	<ul style="list-style-type: none"> <li>• Request information about the social responsibility board and establish communication channels with it.</li> <li>• Review the social responsibility policy and its consistency with national laws and other Chinese regulations, as well as the obligations of sub-contractors.</li> <li>• Request information about the established indicators to assess social responsibility and contribute to their continuous improvement.</li> <li>• Request information about the instruments that should be available to the community and stakeholders to perform monitoring tasks.</li> <li>• Request information about the measures that the company will take to ensure respect for the human rights of Chinese and foreign workers.</li> </ul> <p style="text-align: right;">CONTINUED →</p>

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Summary of Highlights	Possible Applications
<p><b><i>Rights of workers:</i></b></p> <ul style="list-style-type: none"> <li>• Companies must respect human rights and guarantee the legal rights of Chinese and foreign workers.</li> <li>• Establish a negotiation mechanism in accordance with national laws and practices and support the participation of employees in the management of the project.</li> <li>• Establish two-way communication mechanisms to understand and respond to employee expectations and complaints.</li> </ul>	<ul style="list-style-type: none"> <li>• Request that the company make public the measures it will take to avoid bribery and other forms of corruption.</li> <li>• Propose specific mechanisms to the company so that the community can participate in the environmental management plans and suggest independent third parties that can certify the environmental management system.</li> </ul>
<p><b><i>Environmental management:</i></b></p> <ul style="list-style-type: none"> <li>• Invite specialized institutions to conduct a certified / registered environmental management system.</li> <li>• Conduct EIAs prior to construction of the project and assess the risks of the project with regard to sustainable development.</li> <li>• Promote the use of renewable energy and clean energy, and efficiently use energy, raw materials, land and water.</li> <li>• Improve recycling and waste recovery.</li> <li>• Integrate adaptation to climate change in the decision-making process, reduce greenhouse gas emissions.</li> <li>• Protect endangered species and prevent the project from impacting biological diversity, such as wetlands, wildlife trails, protection zones and farmlands. Restore the damage caused in a timely manner.</li> </ul>	

## Table 21:

### Guidelines for Overseas Sustainable Forest Use and Management by Chinese Companies

<b>Issued by:</b>	State Forestry Administration and Ministry of Commerce. The formulation of this Guide was supported by WWF, Nature Conservancy, IUCN, and Forest Trends. (2009)
<b>Applies to:</b>	Chinese companies engaged in forest utilization, processing and use of wood and other related activities.
<b>Objective:</b>	Provide criteria to the industry on basic management and self-regulation for the management and utilization of forest resources.

Summary of Highlights	Possible Applications
<p><b>Principals:</b></p> <ul style="list-style-type: none"> <li>• Respect the sovereignty and laws of host countries and use industry regulations.</li> <li>• Support the local economy and the development of the community.</li> <li>• Give high value to the ecological benefits of the forest.</li> <li>• Safeguard environmental security and protect forests, land and energy as much as possible.</li> </ul>	<ul style="list-style-type: none"> <li>• Verify compliance with the binding national instruments signed by China and the borrowing country.</li> <li>• Verify that "deceleration" measures are implemented in forested areas of high ecological value.</li> <li>• Request information on the functioning of the information and consultation system and provide feedback to the company.</li> <li>• Request that the forest management and use program be socialized with the community and other stakeholders.</li> <li>• Request information on special measures for the protection of local populations as well as species of flora and fauna that could be threatened by the project.</li> </ul>
<p><b>Specific measures:</b></p> <ul style="list-style-type: none"> <li>• Comply with binding agreements and protocols signed by China and the host country as well as other relevant agreements and conventions.</li> <li>• Comply with all Chinese legal provisions regarding investment overseas and economic cooperation of Chinese companies.</li> <li>• Fully understand the laws and regulations of the host country and educate employees about them. When an illegal act is committed, it must be corrected immediately and a written record of it must be recorded.</li> <li>• Fill out an application to obtain written permission from the authorities of the host country for the management, use and processing of forest resources (must include work areas, quantities, types of resources, scope of operation, etc.).</li> </ul>	

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## Summary of Highlights

## Possible Applications

- Provide deceleration measures for a project when it affects forests with high ecological value.
- Establish a forest management and use program, and submit a compliance report to local authorities.
- Establish measures and procedures for fire and pest control.
- Establish an information and consultation system, and encourage local organizations to participate in the major decisions regarding forestry development. Consult actively with the local communities when it comes to protecting an area for cultural, religious, economic or ecological reasons.
- Take full account of all the undesirable effects of forest utilization.
- Formulate special measures to conserve species of rare, threatened or endangered fauna and flora, and create areas of protection for them.
- Take measures not to undermine the right of local people to use legal recourses.

### **Note:**

*In addition to the international legal instruments mentioned in the Guidelines for Overseas Sustainable Forest Use and Management by Chinese Companies, take into account:*

- 1. All non-binding instruments on forests*
- 2. United Nations Framework Convention on Climate Change*

## Table 22:

### Guidelines for Sustainable Forestry for Chinese Companies Overseas

**Issued by:** State Forestry Administration. (2007)

**Applies to:** Chinese companies involved in logging activities and forestry overseas.

**Objective:** Guide and evaluate the activities of Chinese companies concerning forestry, non-timber products and other services and train them to protect and develop forest resources globally in an efficient and sustainable manner.

Summary of Highlights	Possible Applications
<p><b>Legal instruments:</b></p> <ul style="list-style-type: none"> <li>• International declarations, conventions and agreements signed by China and the host country that are part of the Informative Appendix should be observed.</li> <li>• The laws, statutes and departmental regulations and other documents of competent government agencies must be observed (such regulations should be delivered to the contracting companies, both management and employees should be aware of such regulations).</li> </ul>	<ul style="list-style-type: none"> <li>• Review and select the instruments from the Informative Appendix relevant to the project, inform the company and verify their application.</li> <li>• Verify the existence and application of measures for the protection of forests and conservation areas.</li> <li>• Use the risk and benefit assessments of the reforestation and forestry plans, the monitoring systems and the environmental assessments as platforms to present the communities' suggestions.</li> <li>• Consultation processes should reflect the principles of free, prior and informed consent.</li> </ul>
<p><b>Special protections:</b></p> <ul style="list-style-type: none"> <li>• High value forests for conservation must be strictly protected.</li> <li>• Special measures should be formulated for the protection of rare species in danger of extinction, both flora and fauna, as well as their habitat. This area must be "off the map" and be considered as a conservation area.</li> <li>• Reforestation plans should include risk and benefit assessments of forestry activities and measures for monitoring forest ecosystems.</li> <li>• The exploitation of forest products should be conducted on the principle of sustainability.</li> <li>• The costs of the operation and the management of sustainable forestry must be fully taken into consideration and must be economically viable.</li> <li>• Seed and seedling transactions must be carried out in strict compliance with local regulations.</li> </ul>	

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## Summary of Highlights

- The extraction of timber products [in quantity and time] and non-timber products must be less than the capacity for regeneration.
- Environmental assessments should be made on the characteristics of scope, intensity and resources for forestry activities and operational methods should be readjusted based on the assessment.
- Measures should be taken to protect the natural characteristics of the forest; water resources; the quality of soils, strictly control the use of chemical agents; safeguard forest systems and forest values and services.

### **Community Development:**

- Provide employment, training and other opportunities to residents and neighboring communities.
- Safeguard the rights and legal interests of employees.
- Adopt the necessary measures to prevent the forestry activity, directly or indirectly, from threatening or diminishing the resources or the right of use of the original settlers.
- Establish a consultation mechanism with the local community.

## Possible Applications

### **Note:**

*The guideline contains two Appendices, one informative and the other normative. The Informative Appendix presents the following documents: Convention on Biological Diversity; Vienna Convention for the Protection of the Ozone Layer; International Convention for the Protection of New Varieties of Plants; Convention on the Protection of Migratory Species and Wild Animals; Convention on the Trafficking of Endangered Wild Flora and Fauna Species; Convention on Wetlands of International Importance especially as Waterfowl Habitat; Convention for the Protection of Birds; Agreement Concerning Cooperation on Quarantine and Prevention of Infestation and Plant Diseases; Agreement Concerning the Conservation of Migratory Birds and their Habitat; International Tropical Timber Agreement and Rio Declaration on Environment and Development.*



**Table 23:**

**Guidelines on Corporate Social Responsibility Compliance by State-owned Companies directly under the Control of the Central Government**

**Issued by:** State-Owned Assets Supervision and Administration Commission of the State Council. (2007)  
**Applies to:** Chinese state-owned companies.  
**Objective:** Encourage state companies to promote sustainable development and implement "new Chinese ideas" on economic development, social progress, and environmental protection.

Summary of Highlights	Possible Applications
<p><b>Principals:</b></p> <ul style="list-style-type: none"> <li>• Corporate social responsibility is a necessary condition in international economic cooperation to achieve sustainable development.</li> <li>• Comply with laws and regulations, pay taxes, address the interests of investors and creditors, protect intellectual property, oppose inappropriate competition, eradicate corruption, and seek a reasonable distribution of resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Verify the existence of a Statistical Index for the Evaluation System of corporate social responsibility; of the Information Disclosure System; and the Employee Representation System.</li> <li>• Verify that information and feedback is published in a timely and complete manner.</li> <li>• When an environmental or social decision is questionable, ask the company to present evidence of the scientific criteria that support that decision.</li> <li>• Request information from the company on the amounts of investment in environmental protection and recycling.</li> <li>• Request that contractor companies provide the local community and local stakeholders with annual corporate social responsibility reports.</li> </ul>
<p><b>Specific measures:</b></p> <ul style="list-style-type: none"> <li>• Develop the overall planning of the company with due consideration of social responsibility and sustainable development.</li> <li>• Establish a safe production system and improve the capacity and response systems in case of emergencies.</li> <li>• Provide healthy and safe working conditions for workers, respect workers' rights, and implement a system of representation</li> <li>• Improve corporate governance and advocate for decisions to be made in a democratic manner and with scientific criteria.</li> <li>• Improve investment in environmental protection and innovative technology to reduce emissions and promote recycling.</li> </ul>	

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## Summary of Highlights

## Possible Applications

### *Implementation:*

- Establish a department that manages corporate social responsibility, gradually build a Statistical Index and a Compliance Evaluation System. In the case of companies that are leading this field, a Corporate Social Responsibility Performance System should be established.
- Build an Information Disclosure System in the case of companies that have already worked with corporate social responsibility criteria and provide updates on performance and implementation plans and measures. Companies that do not have experience in the management of corporate social responsibility should establish a mechanism for regular communication and dialogue in order to obtain feedback from stakeholders and provide immediate responses. All information and feedback should be published and subject to the supervision of stakeholders and of the public.
- Publish a corporate social responsibility report annually.

## Part IV:

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### Address Book

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## CHINESE PUBLIC INSTITUTIONS

Institution	Officials / Departments	Contact Information	Relevant Departments	Contact Information
<b>State-owned Assets Supervision and Administration Commission of the State Council</b>	<i>Consult website</i> www.sasac.gov.cn	Address: No. 26, Xidajie, Xuanwumen, Xicheng District, Beijing, 100053 Tel: 86-10-63192000 Email: iecc@sasac.gov.cn	It has a link to the list of companies	<a href="http://en.sasac.gov.cn/directory.html">http://en.sasac.gov.cn/directory.html</a>
<b>Chinese International Contractors Association</b>	<i>Consult website</i> www.chinca.org	Address: No. 2 Dongzhimen, Dongcheng District, Pekin China, 100007 Email: chinca@163.com	N/D	N/D
<b>China Banking Regulatory Commission</b>	<i>Consult website</i> www.cbrc.gov.cn	Address: Jia No.15 Financial Street, Xicheng District, Beijing, 100033 Tel: 86-10-66279113	Authority for reporting irregularities	<a href="http://www.cbrc.gov.cn/showWhist.do">www.cbrc.gov.cn/showWhist.do</a>
<b>National Development and Reform Commission</b>	<i>Consult website</i> en.ndrc.gov.cn	Address: 38.S.Yuetan Street, Beijing China, 100824	Department of International Cooperation	Tel: 86-10-68502964 Fax: 86-10-68502117 <a href="http://en.ndrc.gov.cn/mfdic/">en.ndrc.gov.cn/mfdic/</a>
<b>The State Council</b>	<i>Consult website</i> english.gov.cn	Tel. 86-10 -88050801 Fax. 86-10-88050877 English@mail.gov.cn	International Business Office	N/D
<b>Ministry of Ecology and the Environment</b>	<i>Consult website</i> english.mee.gov.cn	5 Hou Yingfang Hutong, Xicheng District, Beijing 100035, China Tel: 86-10-82268524 Fax: 86-10-82200586	Department of International Cooperation	<a href="http://www.mepfeco.org.cn">www.mepfeco.org.cn</a>
			Online complaints	<a href="mailto:complaints@mepfeco.org.cn">complaints@mepfeco.org.cn</a>

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Institution	Officials / Departments	Contact Information	Relevant Departments	Contact Information
<b>Ministry of Commerce</b>	Consult website <a href="http://spanish.mofcom.gov.cn/">spanish.mofcom.gov.cn/</a>	Address: No.2 Dong Chang'an Avenue, Beijing China, 100731 Tel: 86-10-51651200625 Fax: 86-10-65677512	Department of Outward Investment and Economic Cooperation	Tel: 86-10-53771503 Fax: 86-10-53771311 <a href="http://english.mofcom.gov.cn/departments/hzs2/">english.mofcom.gov.cn/departments/hzs2/</a>
<b>Ministry of Foreign Affairs</b>	Consult website <a href="http://www.fmpr.gov.cn">www.fmpr.gov.cn</a>	Address: 2 Chaoyangmen Outer St. Chaoyang, Beijing, China Tel: 86-10-65961114	Each Chinese embassy abroad has an Economic Advisor who oversees issues related to Chinese investments and the performance of Chinese companies in that country.	The name and email address of the Economic advisor is usually available on the website of the Chinese embassy in each country, but it is also available on the website of the Ministry of Commerce of China under the section of Commercial Offices  <a href="http://spanish.mofcom.gov.cn/">http://spanish.mofcom.gov.cn/</a>

## CHINESE BANKS

Bank	Officials / Departments	Contact Information
<b>Export-Import Bank of China</b>	<p>The International Department manages several of the loans in Latin America</p> <p><i>Consult website</i>  <a href="http://english.eximbank.gov.cn/">english.eximbank.gov.cn/</a></p>	<p>Address:            No. 30, Fuxinmennei Street XiCheng District,            Beijing P.R. China 100031            Tel: 86-10-83579988            Fax: 86-10-66060636</p>
<b>China Development Bank</b>	<p>The China Development Bank branch in Anhui handles several of the loans in Latin America. In addition, the bank has commercial representation offices Caracas, Rio de Janiero and Quito.</p> <p><i>Consult website</i>  <a href="http://www.cdb.com.cn/english">www.cdb.com.cn/english</a></p>	<p>Address:            No. 18 Fuxingmennei Street, Xicheng District,            Beijing,            P.R.China, 100031            Tel: 86-10-68306789            Fax: 86-10-68306699</p> <p>Office in Anhui:            699 Qianshan Road,            Shushan Dostrict, Hefei            Tel: 0551-6287889            Fax: 0551-62875868</p>
<b>Industrial and Commercial Bank of China</b>	<p>There are branches in Argentina, Peru, Mexico and Brazil.</p> <p><i>Consult website</i>  <a href="http://www.icbc.com.cn/ICBC/sy/">www.icbc.com.cn/ICBC/sy/</a></p>	<p>Address:            No. 55 FuXingMenNei Street, XiCheng District,            Beijing P.R. China 100140            Tel: 86-10-66410055            Fax: 86-10-66411089</p>

## CHINESE NONGOVERNMENTAL ORGANIZATIONS

Organization	Officials / Departments	Address, Email, Phone and Fax	Focus
<b>Friends of Nature</b>	<p><i>Consult website</i></p> <p><a href="http://www.fon.org.cn">www.fon.org.cn</a></p>	<p>Address: Room 406, Building C Huazhan Guoji Gongyu, No. 12 Yumin Road, Chaoyang District, BJ, China Tel: 86-10-65232040 Fax: 86-10- 65232040-814 office@fonchina.org</p>	<p>It is the oldest environmental NGO in China. It promotes environmental awareness for the protection of endangered species and promotes citizen participation in the fight against climate change.</p>
<b>Greenovationhub</b>	<p><i>Consult website</i></p> <p><a href="http://www.ghub.org/cfc">www.ghub.org/cfc</a></p>	<p>Address: Room 309, Wanbo Office Building, No.53, Ganyu Hutong, Dongcheng District, Beijing, China Tel: 86-10-84477697 Email: policy@ghub.org</p>	<p>Promotes the development and implementation of climate and environmental policies through analysis and research. It promotes multi-stakeholder dialogues to support China's transition to sustainability and climate resilience..</p>
<b>Green Watershed</b>	<p><i>Consult website</i></p> <p><a href="http://www.greenwatershed.org">www.greenwatershed.org</a></p>	<p>Address: 8-1-401, Dianchilinquan Zhiyuan District, Guangfu Road Western Extend Line, Kunming, 650034, China Tel: 86-871-4182395 Fax: 86-871-4182396 E-mail: gwgzjt@163.com greenwatershed@yahoo.com.cn</p>	<p>Seeks to increase the role of citizens in the management of watersheds.</p>



Organization	Officials / Departments	Address, Email, Phone and Fax	Focus
<b>China Association for NGO Cooperation</b>	<p><i>Consult website</i></p> <p><a href="http://www.cango.org">www.cango.org</a></p>	<p>Address: C-601 East Building, Yonghe Plaza, 28# Andingmen Dongdajie, Beijing 100007, China Tel: 86-10-64097888-608 Email: <a href="mailto:info@cango.org">info@cango.org</a></p>	<p>It has consultative status with the Economic and Social Council of the United Nations. It has a wide national coverage and has relationships with more than 100 international organizations. Its mission is to promote the development of China's civil society and provide a platform for the exchange of experiences and information for Chinese non-governmental organizations.</p>
<b>China Youth Climate Action Network</b>	<p><i>Consult website</i></p> <p><a href="http://www.cycan.org">www.cycan.org</a></p>	<p>Address: Suite 1221, Unit 4, Building 4, Dahezhuangyuan, No.3 Suzhou Street, Haidian District, Beijing 100080, China Tel: 86-10-82569261 Email: <a href="mailto:cycanoffice@cycan.org.cn">cycanoffice@cycan.org.cn</a></p>	<p>It is the first Chinese youth organization in the field of climate change. It supports citizen participation and government action to respond to climate change and energy problems.</p>
<b>Global Environmental Institute</b>	<p><i>Consult website</i></p> <p><a href="http://www.geichina.org">www.geichina.org</a></p>	<p>Address: Room 032, Unit 1, Tower 4 Diplomatic Office Building, No. 14 Liangmahe South Road, Chaoyang District, Beijing, China Tel: 86-10-85325910 Fax: 86-10-85325038 Email: <a href="mailto:gei@geichina.org">gei@geichina.org</a></p>	<p>Promotes environmental protection for sustainable development. It has a strong emphasis on international cooperation in the field of energy and the environment and is considered a leading institution in environmental issues in China.</p>

## MEDIA IN CHINA

Chinese Media	Officials / Departments	Contact Information	Focus
<b>China Dialogue</b>	<i>Consult website</i> www.chinadialogue.net	Address: Rm.2-123, Core Plaza, No.1 Shanyuan St., Haidian District Beijing, 100080 China Email: ideas@chinadialogue.net	Promote a common understanding and direct dialogue to search for solutions to global environmental challenges. It has offices in London and Beijing.
<b>China Global Times</b>	<i>Consult website</i> www.globaltimes.cn/HOME.aspx	Address: 2 Jintai Xilu, Chaoyang District, Beijing 100026, China Tel. 86-10-65367572 Email: editor@globaltimes.com.cn	It is the most important state-owned English newspaper in China.
<b>Caijing Magazine</b>	<i>Consult website</i> www.english.caijing.com.cn	Address: 19th Floor, Prime Tower, 22 Chaoyangmenwai Street, Beijing 100020, China Tel: 86-10-65885047 Email: newsroom@caijing.com.cn	It is the most read finance magazine among government, business and academic circles in China.
<b>Caixin</b>	<i>Consult website</i> www.english.caixin.com	Address: Floor 5, Building 6, Sanlitun SOHO, 8 Gongti Beilu, Chaoyang District, Beijing, China. Tel: 86-10-85905050 Fax: 86-10-85905101 Email: news@caixin.com	It is an online publication. Caixin Global promotes independent journalism and has a global perspective.
<b>Xinhua</b>	<i>Consult website</i> www.xinhua.org	Address: Jia 97#, Xuan Wu Men Xi Da Jie, Distrito Xicheng, Beijing, 100031, China Email: english@xinhuanet.com spanish@xinhuanet.com	Chinese government newspaper. It has a version in Spanish.

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Chinese Media	Officials / Departments	Contact Information	Focus
<b>South China Morning Post</b>	<p><i>Consult website</i></p> <p>www.scmp.com</p>	<p>Address: 19/F, Tower 1, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong Tel: 852-25652222 Fax: 852-28111048 Email: letters@scmp.com</p>	<p>It is the most private newspaper in English; most influential in Hong Kong.</p>
<b>People's Daily Online</b>	<p><i>Consult website</i></p> <p>www.spanish.peopledaily.com.cn</p>	<p>Email: master@cnwriter.com.cn</p>	<p>Chinese government newspaper. It has a version in Spanish.</p>

## INTERNATIONAL NONGOVERNMENTAL ORGANIZATIONS WITH A FOCUS ON CHINESE FINANCING AND THE ENVIRONMENT

Organization	Officials / Departments	Contact Information	Focus
<b>Friends of the Earth EU</b>	<i>Consult website</i> <a href="http://www.foe.org">www.foe.org</a>	Address: 2150 Allston Way, Suite 240 Berkeley, CA 94704 USA Tel: 510-9003150 Fax: 510-9003155	Inform public opinion, the media and politicians through quality analysis and advocacy campaigns.
<b>Greenpeace</b>	<i>Consult website</i> <a href="http://www.greenpeace.org">www.greenpeace.org</a>	Address: 10/F, Setelux House, 698 Prince Edward Road East, San Po Kong, Kowloon. Hong Kong email: <a href="mailto:enquiry.hk@greenpeace.org">enquiry.hk@greenpeace.org</a>	Promotes a social debate on environmental issues. Conducts research, lobbying, and high-impact non-violent actions.
<b>Banktrack</b>	<i>Consult website</i> <a href="http://www.banktrack.org">www.banktrack.org</a>	Address: Vismarkt 15 6511 VJ Nijmegen Netherlands Tel: 31-24-3249220 Email: <a href="mailto:contact@banktrack.org">contact@banktrack.org</a>	It is a global network of civil society organizations that researches and tracks the financing of private and public banks.
<b>Business &amp; Human Rights Resource Centre</b>	<i>Consult website</i> <a href="https://www.business-humanrights.org/">https://www.business-humanrights.org/</a>	Address: 2-8 Scrutton Street, 2nd floor, London EC2A 4RT England Tel: 44-20-76367774 fax: 44-20-76367775 Email: <a href="mailto:contact@business-humanrights.org">contact@business-humanrights.org</a>	Bring complaints from communities and individuals to companies and promote accountability for human rights abuses perpetrated by such companies.

Organization	Officials / Departments	Contact Information	Focus
<b>Inclusive Development International</b>	Consult website <a href="http://www.inclusivedevelopment.net">www.inclusivedevelopment.net</a>	Address: 9 SW Pack Square, Suite 302 Asheville, NC 28801 USA Tel: 828-5054340 Email: <a href="mailto:info@inclusivedevelopment.net">info@inclusivedevelopment.net</a>	Promotes changes at the policy level in development institutions, the financial sector and multinational corporations, and supports those struggling for inclusive development.
<b>International Rivers</b>	Consult website <a href="http://www.internationalrivers.org">www.internationalrivers.org</a>	Address: 1 Mark Square, London, EC2A 4EG, UK Tel: 44-207-4925820 Fax: 44-207-4925821	Its action is aimed at the defense of rivers and communities around the world.
<b>Global Witness</b>	Consult website <a href="http://www.globalwitness.org">www.globalwitness.org</a>	Address: 17/F, China United Centre, 28 Marble Road, North Point, Hong-Kong Tel: 852-25202525 Fax: 852-25276307 Email: <a href="mailto:info@oxfam.org.hk">info@oxfam.org.hk</a>	Investigates and promotes campaigns to prevent conflicts over natural resources, as well as corruption and abuses associated with human and environmental rights.
<b>Oxfam Hong Kong</b>	Consult website <a href="http://www.oxfam.org.hk">www.oxfam.org.hk</a>	Address: Unit 0902 Chaowai SOHO Tower A Yi No. 6 Chaowai Dajie Chaoyang District Beijing 100020, China Tel: 86-10-59002566 Fax: 86-10-59002577	Promotes sustainable development and advocacy around global warming, food justice and corporate responsibility.

## INTERNATIONAL MEDIA

International Media	Officials / Departments	Contact Information
<b>Bloomberg Americas:</b> "bloomberg.americas"	<i>Michael Forsythe</i> mforsythe@bloomberg.net  www.bloomberg.com	Address: 20031 Valley Boulevard Tehachapi, CA 93561, USA Tel: 661-8221030 Email: release@bloomberg.net
<b>Mongabay</b>	Tiffany Roufs tiffany@mongabay.org www.mongabay.org	Address: P.O. Box 0291 Menlo park, ca 94026-0291 Tel: 650-2604018
<b>Washington Post</b>	<i>John Pomfret</i> pomfretj@washpost.com  www.washingtonpost.com	Address: 1150 15th Street NW, Washington DC Tel: 202-3347400 Email: foreign@washpost.com
<b>Inter Press Service (IPS)</b>	<i>Antonoaneta Becker</i> antoaneta.becker@gmail.com  www.ipslatam.net/	Address: Building E 102-105 FAO, Viale delle Terme di Caracalla 00153 Rome, Italy Tel. 39-06-57050053 Fax. 39-06-57050052 E-mail: headquarters[at]ips.org
<b>The Guardian</b>	JonWatts jon.watts@theguardian.com  www.theguardian.com/uk	Address: Kings Place, 90 York Way London N1 9GU Tel: 4420-3-3532000 Email: letters@theguardian.com
<b>The Economist</b>	<i>Gady Epstein</i> gadyepstein@gmail.com  www.economistgroup.com/contact/index.html	Address: 750 Third Avenue Fifth floor New York NY 10017 USA Tel: 212-5540600 Email: letters@economist.com
<b>Reuters</b>	David Stanway david.stanway@gmail.com  www.reuters.com	Address: 3 Times Square New York, NY 10036 USA Tel: 646-2234000 Email: http://reuters-en.custhelp.com/app/ask/p/19,47

## Useful References:

**To obtain the full texts of the Chinese guidelines in Spanish and English, go to:**

China-Latin America Sustainable Investment Initiative, CLASII  
Website: [bankinformationcenter.org](http://bankinformationcenter.org)

Other studies on Chinese environmental and social guidelines:

- Sims Gallagher Kelly and Qi Qi, "Policies Governing China's Overseas Development Finance: Implications for Climate Change." The Center for International Environment & Policy Resource Policy and Climate Policy Lab, The Fletcher School, Tufts University. March 2018.
- Safeguarding the People and the Environment in Chinese Investments: A Guide for Community Advocates. Inclusive Development International. January 2017
- Bernasconi-Osterwalder Natalie, Johnson Lise and Zhang Jianping, "Chinese Outward Investment: An Emerging Policy Framework". A compilation of Primary Sources. International Institute for Sustainable Development (IISD) and Institute of International Economic Research (IIER). n/y
- The New Great Walls, International Rivers Network Second Edition, November 2012
- Wenber Huang and Wilkes Andreas, "Analysis of China's Overseas Investment Policies", Working Paper 79, CIFOR, 2011.





***HANDBOOK ON CHINESE ENVIRONMENTAL AND SOCIAL GUIDELINES FOR FOREIGN LOANS AND INVESTMENTS: A Guide for Local Communities*** is an effort of the China-Latin America Sustainable Investment Initiative to support local communities to strengthen their work for protecting their rights and territories in the context of Chinese investments.