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**China Export and Import Bank**

**Guidelines for Environmental and Social Impact Assessments of the China Export and Import Bank's Loan Projects**

28 August 2007

***Excerpts***

**General Principles**

Article 1. In order to implement the national strategies for sustainable development, promote economic, social and environmental development, and effectively control credit risks, the Guidelines were developed according to the "People's Republic of China's Environmental Impact Assessment (EIA) Act," "People's Republic of China's Environmental Protection Law", "Environmental Management for Construction Project Ordinance" and other relevant state laws and regulations, and with reference to the relevant regulations and procedures for the environmental and social assessments of international financial organizations.

Article 2. These Guidelines apply to the loan procedure of China EXIM Bank.

Article 3. The China EXIM Bank's loan projects are classified as domestic or offshore projects, according to the area in which the projects are implemented. ...Offshore projects refer to the projects that are implemented outside China with China EXIM Bank's loan support.

Article 4. When China EXIM Bank reviews its loan projects, not only economic benefits, but also social benefits and environmental demands are considered.

Article 5. Environmental assessment refers to the systematic analysis and evaluation of the environmental impacts and its related impacts on human health and safety due to the implementation of the projects. It then proposes policies and measures to reduce the impact. The scope of the impact assessment includes air, water, soil, waste, natural environment and other factors.

Article 6. Social impact refers to the systematic analysis and assessment of the impact on socioeconomic, natural resources and social environment caused by project implementation, and proposes policies and measures to reduce that impact. The scope of evaluation includes labour and terms of employment, social security and health, land acquisition and migrants' protection, etc.

## **Chapter Two: Offshore Project Evaluation**

Article 12. Offshore project assessments should abide by the following principles:

- (1) An EIA should be done during the pre-loan and loan-period review, in order to monitor the environmental impacts during post-loan management.
- (2) The host country's environmental policies and standards are the basis for evaluation. Offshore projects of the host country should abide by the requirements of their laws and regulations and obtain corresponding environmental permits. When the host country does not have a complete environmental protection mechanism or lacks environmental and social impact assessment policy and standards, we should refer to our country's standards or international practices.
- (3) Respect the local people's rights to land and resources, and properly handle the resettlement problems.
- (4) For the projects that have serious negative impacts on the local environment, we should openly consult the public in accordance with the host country's requirements.

Article 13. China EXIM Bank follows these procedures of environmental and social assessment for offshore projects:

- (1) The borrowers or project owners hand in the approval document and environmental and social impact assessment report issued by the authorities of the host country.
- (2) China EXIM Bank reviews the loan application documents submitted by the borrower and hires independent experts when necessary.
- (3) China EXIM Bank negotiates with the project owners or the borrowers to amend the construction project proposal, based on the environmental and social assessments.

Article 14. China EXIM Bank, if necessary, can require the inclusion of environmental and social responsibilities in the loan contract, in order to monitor and restrain the behaviour of borrowers.

## **Chapter Three: Loan Management and Supervision**

Article 15. China EXIM Bank shall inspect and monitor the project's construction and operation, based on the results of environmental and social impact assessments.

Article 16. For projects under construction, the borrowers or project owners should regularly report to the China EXIM Bank the actual impacts on the environment and society brought by project construction, and the status of implementation measures in eliminating and controlling these impacts. China EXIM Bank shall inspect the post-loan management of the projects including environmental and social impacts.

Article 17. On the completion of projects, the borrowers or project owners of the construction projects should hand in the environmental acceptance documents for the

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completion of projects, which should follow "the environmental acceptance on the completion of the construction project management measures" (the SEPA Order Year 2001 No. 13); the borrowers or project owners of the offshore construction projects should hand in the environmental acceptance documents for completion of projects to the China EXIM Bank. The documents should meet the requirements of the host country's regulations.

Article 18. For construction projects during the operation phase, China EXIM Bank should conduct tracking management and post-evaluation work. The monitoring of project's environmental and social impact should combine with the post-loan management of the loan projects, and the post-loan inspection report should include environmental and social impact content.

Article 19. For projects under construction or are operating that cause serious environmental and social problems, China EXIM Bank has the right to require the borrowers or project owners to take timely measures to eliminate these impacts. If they fail to eliminate the impacts of the projects, the China EXIM Bank has the right to stop disbursing the loans and demand an early payback of the loan, in accordance with contract.

**State-owned Assets Supervision and Administration Commission of the State Council**

**Guidelines on Fulfilling Social Responsibility by Central Enterprises**

*Excerpts*

**I. To fully understand the significance of fulfilling social responsibility by central enterprises**

(I) Fulfilling social responsibility is a concrete action taken by central enterprises for implementing the scientific outlook on development. It requires central enterprises to be human-oriented, stick to scientific development, be responsible to stakeholders and environment, so as to achieve the harmony between enterprises' growth, society and environment. Fulfilling social responsibility is an important measure to promote the construction of a harmonious socialist society and a concrete action taken by central enterprises to implement the scientific outlook on development.

(IV) Fulfilling social responsibility is an objective requirement on central enterprises for international cooperation. As the economy becomes increasingly globalized, the international community shows great concern for CSR, and the performance on fulfilling social responsibility has become an important index with which the international community evaluates enterprises. Central enterprises' fulfilment of social responsibility is conducive to creating a "responsible" image of central enterprises and increasing Chinese enterprises' influence. It also plays an important role in helping establish China's image as a responsible developing country.

**II. Guideline, overall requirements and basic principles for fulfilling social responsibility by central enterprises**

(VI) Overall requirements. Central enterprises shall enhance their awareness for social responsibility and actively fulfil it, thus becoming models for legal operations, honesty and credit; for energy-saving and environmental protection; and for being human-oriented and constructing harmonious corporations. They shall work vigorously to become the backbone of China's economy and set examples for all the other enterprises in China.

(VII) Basic principles. Central enterprises shall combine fulfilling social responsibility with promoting their reform and development, take fulfilling social responsibility as an important issue for establishing the modern corporate system and enhancing overall competitiveness, so as to promote reform at enterprises, optimize business layout and structure and transform development modes for sound and rapid development. They shall adhere to the principle that fulfilling social responsibility should be adapted to their reality, base themselves on basic national conditions and their reality, give prominence to key issues and adopt a step-by-step approach so as to achieve effective results. They shall stick to the coordination between fulfilling social responsibility and creating harmonious enterprises. By giving priority to ensuring safe production, protection of employees' legal rights and benefits, and solving employees' problems, central

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enterprises shall establish harmonious employment relationship and promote employees' overall development so as to achieve the harmonious development between enterprises and employees, enterprises and the society.

### **III. Major contents for fulfilling social responsibility by central enterprises**

(VIII) Stick to legal operations on the basis of honesty and credit. Central enterprises shall observe laws, regulations and social ethics, business ethics and industry rules, pay taxes in time and in full, protect the rights and interests of investors and creditors, protect intellectual property rights, perform contracts faithfully, maintain business credit, and fight against unfair competition and corruption in business activities.

(X) Effectively improve product quality and services. Central enterprises shall ensure the safety of their products and services, improve the product performance and service systems, work vigorously to provide quality, safe and healthy products and services for the society, satisfy consumer needs to the full. Central enterprises shall also protect consumers' rights and interests, properly handle complaints and proposals from consumers, work hard to provide more value to consumers, so as to win trust and recognition from consumers.

(XI) Make more efforts for resource saving and environmental protection. Central enterprises shall fulfil the responsibility for energy saving and pollution reduction, and take the lead in completing these tasks. They shall develop energy-saving industries, products and the circular economy, and improve the comprehensive efficiency for resource utilization. They shall also increase input in environmental protection, optimize processes to reduce discharge of pollutants, implement cleaner production, and stick to the development road featured by low input, low consumption and low discharge but high efficiency.

(XIII) Ensure safe production. Central enterprises shall strictly implement a safe production responsibility system, increase input in safe production, and prevent the occurrence of major serious safety accidents. They shall establish and improve emergency response systems, and continuously enhance their ability for emergency management and response to unexpected events. They shall also provide employees with safe, healthy and clean working and living conditions, ensure occupational health, prevent and reduce occupational diseases and the harm of other diseases on employees.

(XIV) Protect employees' legal rights and interests. Central enterprises shall sign contracts with employees and execute them according to law, stick to the principle of distribution according to work and equal pay for equal work, establish a system for salary increments, and pay social insurance in time and in full. They shall respect employees' dignity, treat them fairly and fight against all forms of discriminations, including those due to differences in sex, nationality, religion and age. They shall also enhance vocational education and training, create equal development opportunities, strengthen the construction of the system of employees' representative congress, promote the openness of company affairs and democratic management, care about employees' life and effectively solve their problems.

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(XV) Participate in public welfare undertakings. Central enterprises shall actively participate in community development, and encourage employees to provide voluntary services for the society. They shall actively participate in public welfare undertakings, such as charity and donation, support social welfare undertakings, including those for education, culture and public health. In case of major natural disasters or unexpected events, central enterprises shall provide financial, material and human resource assistance and support.

### **IV. Main measures for fulfilling social responsibility by central enterprises**

(XVI) Establish and deepen awareness of social responsibility. Central enterprises shall deeply understand the significance of fulfilling social responsibility, firmly establish the awareness for social responsibility and attach great importance to it. They shall include fulfilling social responsibility in the agenda for major tasks, often study and plan social responsibility tasks, enhance training and dissemination education on social responsibility, continuously innovate in management concepts and practices, and work hard to develop the values and corporate culture for fulfilling social responsibility.

(XVII) Establish and improve systems for fulfilling social responsibility. Central enterprises shall incorporate fulfilling social responsibility into company governance, development strategy and processes of production and business operations. The department in charge shall be defined; the working system, social responsibility indices and evaluation system shall be established and improved. If conditions permit, central enterprises shall also establish an evaluation system for their performance on fulfilling social responsibility.

(XVIII) Establish social responsibility reporting system. If conditions permit, central enterprises shall regularly issue social responsibility report or sustainable development reports, publicizing the status quo, plan and measures for fulfilling social responsibility. They shall also improve the communication methods and dialogue systems, understand and respond to comments and suggestions from stakeholders in a timely manner, and accept the supervision by stakeholders and the society.

(XIX) Enhance exchanges and international cooperation between enterprises. Central enterprises shall learn from Chinese and overseas enterprises' advanced ideas and successful experiences in fulfilling social responsibility, communicate with model enterprises for fulfilling social responsibility, summarize experience and find out gaps to improve work. They shall also enhance their dialogues and exchanges with international organizations, and actively participate in making international standards on social responsibility.

**Chinese State Council**

## **Nine Principles on Encouraging and Standardizing Foreign Investment**

25 October 2007

In order to seize economic globalization and regional cooperation opportunities, and encourage qualified enterprises to actively and steadily participate in international economic and technological cooperation, and to further enhance the level of opening up, the meeting stressed:

1 Insistence on mutual respect, equality, and mutual benefit, complementarity and win-win cooperation.

2 Strengthening of policy guidance, coordinating and standardizing orderly and rational distribution, preventing disorderly competition, and safeguarding national interests.

3 Improving the policy-making mechanism, the implementation of overseas investment enterprises, the autonomy of scientific studies and careful decision-making, and prevention of investment and operational risks.

4 Strengthening supervision of state-owned assets overseas, and supervision of sound evaluation and examination systems, establishment of security risk assessment and project cost accounting systems, and preserving and increasing the value of assets.

5 Complying with local laws and regulations, and adhering to fair, transparent public works project contracts, making a commitment to and fulfilling the necessary social responsibility to protect the legitimate rights and interests of local employees, paying attention to environmental resource protection, caring for and supporting the local community and people's livelihood.

6 Increasing the level of offshore project building contracts, improving product quality and efficiency, and constantly enhancing overall competitiveness.

7 Strengthening safety training, improving safe production responsibility systems, increasing protection of foreign funded enterprises, institutions and property safety.

8 Accelerating personnel training, paying attention to the cultivation of operating in the international talents, and enhance their transnational operations management capabilities.

9 Creating a friendly environment for public opinion, walking the road of peaceful development policy, and preserving our good image and a good corporate reputation.