

## CASE STUDY



“We believe the time is right for our business in China to also evolve in CSR Best Practices. Compliance with business, social and environmental standards represent both opportunities and challenges in China, as elsewhere in the world. High employee participation is key to our successful and ongoing implementation of CSR. It clearly adds value to all our supervisors and workers. We are receiving constructive feedback and we will continue to go forward in this process.”

**Liu Yong - Member of the Group Executive Management**

### Interview with the Global Corporate Affairs Department during an on-site pre-audit visit to China

#### How did you manage the CSR compliance model in China?

We visited the factory regularly and worked closely with the Executive Management on managing compliance in a structured manner. Since January 2008 our Linyi factory also reports on our CSR Extranet. The on-site visits were very interesting because interaction with locals is essential to create commitment and support.

#### What were the priorities?

First of all, the labor law in China has changed: the PRC Labor Contract Law (the LC Law) and the Implementing Regulations of the PRC Labor Contract Law (the Implementing Regulations) became effective on 19 September 2008.

We implemented this new legislation with assistance of a local legal counsel<sup>39</sup>. We want to ensure compliance with the law. All workers received an updated contract and a copy of the labor regulations. This was a challenging task since there is confusion in the interpretation of the legislation on a national and local levels.

Another focus has been health & safety. We have always had a dedicated team that works on health and safety compliance. Now we structured it according to our corporate CSR model, the UN Global Compact standards and BPP.

#### How important was the role of training?

A lot of time was invested in training all the supervisors and workers on all the relevant compliance topics. We are proud to say that supervisors have played a key role in educating their staff. Top-down and bottom-up communication was very important. We prepared local manuals and organized workshops. We would talk to the local workers at random cross-departmental to see if they understood the principles and if we had to adjust the content of our training course.



#### Are there any initiatives on employee and social involvement?

Absolutely. In the factory, workers are very creative. Every year they organize a show for all the employees and their families, with singing, dancing and acting. In 2008, we celebrated the 10th anniversary of our factory. This festivity had a tremendous success.

As you know, in 2008 China suffered its worst earthquake in a generation. The factory as well as our staff made donations to the people of Wenchuan County, Sichuan province.

