

What is the Effects of Differences between Kyosai and Insurance on Consumer Welfare?

A Study Based on Legislation System of Japan

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Abstract: In Japan, there is an insurance product called Kyosai which is the same with insurance in substance. It provides some categories: fire, death, injury, car accident, and so on. Kyosai and insurance are both governed by Insurance Contract Law. However, cooperatives (provider of Kyosai) and insurance companies are governed by different company acts. On the other hand, cooperatives are regulated by each cooperative law while insurance companies are regulated by the Insurance Business Act. The American Chamber of Commerce in Japan criticizes ensuring a “level playing field” between Kyosai and Financial Services Authority (FSA)-Regulated Insurance Companies. Against such argument, cooperatives insist that Kyosai should be regulated by cooperative laws, as it is not the same as insurance. This study analyzes the differences between each cooperative law and the Insurance Business Act; however, there are few differences between them. Major difference is “terminology” between Kyosai and insurance. Therefore, consumers cannot compare Kyosai products and insurance products. Then, consumer welfare decreases. Kyosai and insurance companies should disclose information that consumer can compare them. In addition, consumer welfare increases.

Key words: insurance business act, comparative law

1. Introduction

In Japan, there are products known as “Kyosai” that strongly resemble insurance. Some claim that Kyosai should compete with insurance in the same environment, whereas others claim that insurance and Kyosai are in fact different. This paper describes the characteristic features of Kyosai and compares Kyosai and insurance. Additionally, the effects that the differences between insurance and Kyosai have on consumers is also investigated.

2. The features of Kyosai

This section discusses the characteristic features, suppliers, coverage, and the market size for Kyosai and insurance.

2.1. Suppliers

Established in 1951, Zenkyoren is the supplier Japan Agricultural Cooperatives (JA) Kyosai nationwide and jointly runs a cooperative insurance business¹.

Zenrosai, CO-OP Kyosairen, and Zenkyokuseikyoren are consumer cooperatives.

Zenrosai was established in 1954, CO-OP in 1951, and Zenkokuseikyoren in 1971.

2.2. Coverage

As shown in Figure 1, various Kyosai provide various Kyosai products. For example, Zenkyoren offers fire Kyosai, life Kyosai, accident Kyosai, auto Kyosai, annuity Kyosai, and so on.

Furthermore, insurance companies in Japan are prohibited from selling both life and damage insurance, meaning that they may only sell one of the two. Kyosai, however, are able to sell both life and damage insurance, for example, by offering both fire Kyosai and life Kyosai.

Figure 1²

	Fire	Life	Accident	Auto	Annuity	Others
Zenkyoren	○	○	○	○	○	○
Zenrosai (National Federation of Workers and Consumers Kyosai Cooperatives)	○	○	○	○	○	○
CO-OP Kyosairen (Japan CO-OP Insurance Consumers' Co-operative Federation)	○	○				
Zenkokuseikyoren	○	○	○			

2.3. Market size

This section briefly examines the market size of Kyosai. Data on premium income, number of policies, and amount insured are presented in Figure 2 for both Kyosai and insurance companies. For Kyosai, all three of these are equal to or higher

¹ Japan Cooperative Insurance Association Incorporated. (2018) COOPERATIVE INSURANCE IN JAPAN FACT BOOK2018[PDF file]. Retrieved from <https://www.jcia.or.jp/publication/>

² Ibid.

than those of insurance companies. However, Kyosai may sell both damage insurance and life insurance, whereas insurance companies may only sell one of the two, which makes it difficult to make a single comparison of market sizes.

Figure 2 (1/4/2017-31/3/2018)

	Number of policies (Thousand)	Amount insured (million yen)	Premium income (million yen)
Zenkyoren ³	57581	3287000	4559900
Zenrosai ⁴	29570	311200	579000
Zenkokuseikyoren ⁵	21148	322131	619995
CO-OP Kyosairen ⁶	8670	65567	186090
Tokio Marine ⁷		2144780	1225285
Nissei ⁸	30080	4488421	3663124

3. Literature review

The American Chamber of Commerce in Japan cites four situations under which Kyosai and insurance should be in competition under identical conditions: 1) Kyosai organizations being under the supervision of the Financial Services Agency. 2) Identical rules being applied to Kyosai organizations and insurance companies. 3) Funding being contributed to policyholder protection institutions. 4) The same tax rate as that applied to insurance companies being applied to Kyosai.

On the contrary, there are also arguments from the Kyosai side claiming that: 1) Supervision that is based on the characteristics of Kyosai organizations is necessary, and also that the government agencies with jurisdiction are indeed conducting suitable and

³ Zenkyoren. (2018) Annual Report 2018[PDF file]. Retrieved from https://www.ja-kyosai.or.jp/about/disclosure/pdf/disclosure_2018.pdf

⁴ Zenrosai. (2018) Annual Report 2018[PDF file]. Retrieved from <https://www.zenrosai.coop/zenrosai/disclosure/factbook.html>

⁵ Zenkokuseikyoren. (2018). Jigyo to Kessan no Gaikyo(Overview of Business and Settlement). Retrieved from <https://www.kyosai-cc.or.jp/aboutus/account/>

⁶ CO-OP kyosairen (Japan CO-OP Insurance Consumers' Co-operative Federation). (2018). Annual Report 2018[PDF file]. Retrieved from http://coopkyosai.coop/about/work/pdf/annual_en_2018.pdf

⁷ Tokio Marine. (2018) Integrated Annual Report 2018[PDF file]. Retrieved from https://www.tokiomarinehd.com/en/ir/library/annual_report/

⁸ Nippon Life Insurance Company. (2018) Annual Report (2018). Retrieved from <https://www.nissay.co.jp/english/annual/>

appropriate supervision. 2) The rules being applied to Kyosai are virtually identical to those being applied to insurance companies. 3) Given the characteristics of Kyosai, there is no need for policyholder protection institutions. 4) Given the mutual aid mechanism that exists among Kyosai members, there is need for a tax rate that differs from that for insurance companies⁹.

4. Comparison of Kyosai with insurance

4.1. Applicable law

Insurance companies are governed by the Insurance Business Act. Additionally, different laws are applied to different Kyosai organizations. For example, Zenkyoren is governed by Agricultural Cooperative Society Law. Zenrosai, Zenkkuseikyoren, and CO-OP Kyosairen are governed by Consumers Livelihood Cooperative Society Law. The applied laws are shown in Figure 3.

Here, comparisons are made regarding insurance solicitation in Insurance Business Law and each of the Cooperatives Acts, in particular those falling under consumer protection. The clauses in the Insurance Business Law and each of the Cooperatives Acts are presented in Figure 4. As can be seen from Figure 4, clauses from the Insurance Business Law are being applied in the Cooperatives Acts. Therefore, almost identical regulations are being applied to both insurance and Kyosai solicitation.

The “Insurance Business Law” contains the Liability of Affiliated Insurance Companies, Explanation to Customer, Ascertainment of Customer’s Intention, Measures Concerning Business Operations, Prohibited Acts Pertaining to Conclusion of Insurance Contracts, Mutatis Mutandis Application of the Financial Instruments and Exchange Act, and so on, which are clauses concerning consumer protection.

“Liability of Affiliated Insurance Companies” states that when an insurance solicitor has caused damage relating to insurance solicitation to a policyholder, the insurance solicitor must then bear responsibility for compensation for said damage¹⁰. “Entrusting Insurance Company, etc.” is stipulated in the Insurance Business Act Article 2-24 as a company that is the insurer in the insurance contract for which the insurance solicitor is conducting insurance solicitation.

“Explanation to Customer” refers to insurance solicitors, when carrying out

⁹ Kazuyuki Kozuka. (2018, December). Inquiry into ‘Theory of Equal Footing’ for Kyosai and Insurance. Paper presented at the Japanese Society of Insurance Science Kanto Regional Meeting, Tokyo, Japan.

¹⁰ Hirofumi Hosoda: “Insurance Business Law” (2018, KOUBUNDO) p.390.

insurance solicitation, providing insurance policyholders and insured persons with the information necessary for making decisions concerning insurance contract conclusion, and enrollment. The content of this provided information is regulated by the items concerning product mechanism, insurance benefits, and so on. Furthermore, information provision methods include provision via written documentation and electronic processes¹¹.

“Ascertainment of Customer's Intention” refers to the ascertainment of the customer’s intention and the provision of products that are in accordance with said intention when concluding a contract¹². The content contained therein includes: “1) The obligation to ascertain the customer’s intention. 2) The obligation to provide for insurance contract conclusion and enrollment that is in accordance with the customer’s intention. 3) The obligation to offer insurance contract content explanations that are in accordance with the customer’s intention. 4) The obligation during insurance contract conclusion and enrollment to provide the customer with the opportunity to confirm that the content of the insurance contract to be concluded and enrolled in does in fact confirm to the customer’s intention”¹³.

“Measures Concerning Business Operations” refers to insurance companies conducting management and guidance for insurance solicitors. The purpose is to ensure suitable and appropriate insurance solicitation by insurance solicitors¹⁴. This content includes measures ensuring that explanations regarding vital matters concerning insurance solicitation are provided to customers¹⁵.

“Prohibited Acts Pertaining to Conclusion of Insurance Contracts” stipulate matters that are prohibited for insurance companies and insurance solicitors during insurance solicitation and insurance contract conclusion¹⁶. Forbidden acts include statement of falsehoods and concealment of important matters, as well as acts hindering the stating of important matters, encouraging the statement of falsehoods, or encouraging the concealment of important matters by an insurance policyholder or insured person¹⁷.

¹¹ Hosoda, op. cit., p.434.

¹² Ibid., p.484

¹³ Ibid., p.487

¹⁴ Ibid., p.503

¹⁵ Ibid., p.505

¹⁶ Ibid., p.538

¹⁷ Ibid., p.545

Figure 3

Zenkyoren	Agricultural Cooperative Society Law
Zenrosai	Consumers Livelihood Cooperative Society Law
Zenkokuseikyoren	
CO-OP Kyosairen	
Insurance Company	Insurance Business Act

Figure 4

	Insurance Business Act	Agricultural societies cooperative Law	Consumer Cooperatives Act
Liability of Affiliated Insurance Companies, etc.	Article 283	Article 11-31	Article 12-2
Explanation to Customer	Article 294	Article 11-20	
Ascertainment of Customer's Intention	Article 294-2	Article 11-21	
Measures Concerning Business Operations	Article 294-3	Article 11-22	Article 12-2
Prohibited Acts Pertaining to Conclusion of Insurance Contracts	Article 300	Article 11-24	Article 12-2
Mutatis Mutandis Application of the Financial Instruments and Exchange Act	Article 300-2	Article 11-27	Article 12-3

4.2. Regulators

The government agencies supervising insurance companies and Kyosai differ. These agencies are presented in Figure 5. Zenkyoren is supervised by the Ministry of

Agriculture, Forestry, and Fisheries. Zenrosai, CO-OP Kyosairen, and Zenkokuseikyoren are supervised by the Ministry of Health, Labor, and Welfare, and insurance companies are supervised by the Financial Services Authority. It is claimed that the Ministry of Agriculture, Forestry, and Fisheries and the Ministry of Health, Labor, and Welfare conduct the same supervision as the Financial Services Agency¹⁸.

However, there is no information available with which consumers can check the content of the supervision conducted by each respective government agency.

Figure 5

JA Kyosai	Ministry of Agriculture, Forestry, and Fisheries
Zenrosai, CO-OP Kyosairen, Zenkokuseikyoren	Ministry of Health, Labor, and Welfare
Insurance company	Financial Services Authority

5. The difference between Kyosai and insurance affects consumer welfare

The differences in regulation for Kyosai and insurance providers have been discussed. When attention is focused on consumer protection, there appear to be no major differences in terms of regulations aside from the fact that the supervising government agency differs.

However, because insurance companies and Kyosai are treated as separate entities, the terminology used for each differ. It is therefore difficult for consumers to compare insurance and Kyosai.

The inability of consumers to compare insurance and Kyosai generates damage to consumer margins. With regards to the economic function of the compensation that can be obtained concerning damages that have occurred due to a chance accident, insurance companies and Kyosai do not differ from a consumer viewpoint. Regardless of whether the two perform the same function, choice is limited by consumers being unable to make comparisons. If circumstances were to change so that consumers could make simple and easy comparisons between insurance companies and Kyosai, the resulting increase in choice would be accompanied by an increase in consumer margins.

¹⁸ Kozuka, op. cit.

6. Suggestions and conclusions

Insurance and Kyosai perform the same economic function. Additionally, the market size for insurance companies and Kyosai are of the same level. On the other hand, insurance companies and Kyosai are treated as different entities, and differ in terms of the regulations being applied, the supervising government agencies, and the terminology used. Additionally, it is difficult for consumers to compare insurance and Kyosai.

For consumers, insurance and Kyosai are the same in terms of their economic function. Accordingly, it would be desirable if consumers were able to make comparisons regarding the two. For this to happen, it is necessary to provide information with which consumers can make comparisons between insurance and Kyosai when considering insurance products. There is demand for a mechanism via which identical insurance and Kyosai contract phrasing will be used, and via which insurance solicitors and insurance agents can compare insurance and Kyosai and provide consumers with this information. By establishing links between each of the supervising government agencies, the creation of such a mechanism is possible.

If consumers are able to compare insurance and Kyosai, consumer margins would experience an increase as consumer choice would increase. Additionally, the promotion of competition between insurance companies and Kyosai would lead these providing better products, therefore enabling consumers to purchase better products.

This paper considered the differences between insurance companies and Kyosai, with focus placed on insurance and Kyosai solicitation. However, with consumer protection, it is not just solicitation that is important, but also all kinds of operations such as those concerning product design, contract management, handling and response to complaints, payment of insurance money, and customer information management¹⁹.

Regarding these points, I would like to give concrete consideration to the presence or lack of differences between insurance and Kyosai from the viewpoints of regulation and practical operation.

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¹⁹ Satoshi Nakaide. (2008). Development of Internal Control Systems for Insurance Companies. *Hokengakuzasshi (Journal of Insurance Science)*, 602, 109-128.

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Corporate Social Responsibility Reporting Standards in China: Trend and Prospect

Abstract: Chinese Academy of Social Science (CASS) published CASS-CSR 4.0 at the end of 2018 which is a representative CSR Reporting Guideline in China. In fact it is significantly different from global standards but the relevant researches are almost non-existent. In order to contribute to the literature in this area, this study discusses three topics: the policies, laws and regulations on CSR practices in China; the current CSR reporting standards and guidelines in China; introduce CASS-CSR 4.0 comparing it to the previous versions and GRI G4. After that, some suggestions and prospects were proposed for foreign-invested companies in China.

Key words: Corporate Social Responsibility Reporting, China, CSR reporting, standards

I. Introduction

During the course of rapid economic development, some social problems such as environmental issues, product safety, corporate ethics, corruption and migrant workers emerged in China. Various stakeholders including the government of China pay more and more attention to the release of Corporate Social Responsibility (CSR) reports. But the CSR Reports released in China by foreign companies including Hong Kong, Macao and Taiwan is no more than 217 in a total by the end of 2017, in a sharp contrast with the total number of foreign companies registered in China. Most foreign companies including Japanese and Korean companies prefer to follow GRI G4, which is a global standard for CSR reporting widely accepted by 77% of global 250 companies, while more than 78% companies especially the State Owned Companies (SOEs) in China tend to comply with the local CSR reporting standards under the government-led rather than G4. We can infer that foreign companies are not aware of the value and role of China's local CSR reporting standards.

Chinese Academy of Social Science (CASS) published CASS-CSR 4.0 at the end of 2018, which is a representative CSR Reporting Guideline in China with a lot of significant difference from global standards. In order to contribute to the literature in this area, this study is going to introduce CASS-CSR 4.0 comparing it to the previous versions and global standards, such as GRI G4. Before that, the CSR laws and policies, the current CSR reporting standards and guidelines in China will be discussed.

II. CSR Laws & Policies in China

Reform and opening to the outside world and accession to the WTO have created enormous wealth for China, but it also brings about various social problems. The government and the community are paying more attention to the enterprises to fulfill their social responsibilities. In every stage of China's economic and social development, a series of guiding policies have been gradually introduced, and the relevant laws and regulations are continuously perfected to standardize and encourage the enterprises to fulfill their social responsibilities. Generally speaking, the construction of corporate social responsibility policy and legal environment in China has gone through three stages.

1. Focus on rapid growth and labor condition improvement (1984-2002)

In 1984, China launched the reform of the economic system. The focus of the reform was the separation of government from enterprises and the separation of the two powers.¹ The purpose of the reform is to enable enterprises to untie their productivity from the high concentration of power of the government². After the reform, China's economy took off rapidly and rose rapidly in the economic globalization. At the same time, problem of decoupling between economic system and reality appears and it is urgent to synchronize the economic system reform with the economic legislation, and the corporate social responsibility project is also born. The government has issued a series of relevant policies, laws and regulations, such as the company law, the labor law, the contract law, the consumer protection law, the anti-unfair competition law and the public welfare donation act, etc., to regulate the unreasonable business and adjust the labor environment. These laws and regulations form the earliest policy and legal framework for enterprises to fulfill their social responsibilities.

2. Focus on balanced growth (2003-2011)

Entering the twenty-first Century, China's economy is approaching the crossroads of transformation and development. On the one hand, there are many foreign institutions' high-profile forecasts of China's economic scale that will surpass the US. On the other hand, it is a pessimistic assessment of the unsustainable China miracle.³ Not to say whether the public opinion is scientific or not, China's economy is facing six major uplink pressures: the three peak of the population (the peak of the total population, the peak of the total employment population, the peak of the total population of the aged), the sustainable utilization of energy and natural resources, the environmental protection, the urbanization strategy and the three rural issues⁴. In October 2003, the Hu Jintao administration put forward the "Scientific Outlook on Social Development", which provides a new theoretical basis for solving the problems of China's development stage.⁵ In 2006,

¹ This is the separation of ownership and management rights that enterprises have the right to operate independently

² That is to say, separation of ownership and management makes enterprises own the right to operate independently.

³ Goldman Sachs(2003), Standard Chartered Bank and magazine "Economist" predict that China's economy will surpass the United States in 2020 and 2022 respectively; and "The Future of the World Economy" believes that China's economic aggregate is still far behind the United States in 2035.

⁴ "Three rural issues" is a short term for the issues related with agriculture, farmer and rural area. The issues were regarded as of high importance for the country's economic and social development in China.

⁵ The 'Scientific Outlook on Social Development,' was formally presented at the 17th grand meeting for Chinese Communist Party in October 2007. It still emphasizes the high economy growthrate but requires to pursue a comprehensive & reformative approach for the energysavings, the environment protection, the labor condition improvement and thebalanced growth, which are urgent national assignments caused by the rapid

the CPC in the sixth Plenary Session of the 16th CPC Central Committee deliberated and passed 《Certain major issues decision about constructs socialism harmonious society》 (The following is referred to as "decision") . The "decision" points out that all types of organizations, including enterprises, should participate in the construction of a harmonious society by fulfilling their social responsibilities. In 2008, China suffered a series of disasters such as the Wenchuan earthquake and melamine milk powder. The global economic crisis also broke out in the same year. The Chinese government is more aware of the urgency of setting up a sense of corporate social responsibility in China. In 2008, former chairman Hu Jintao delivered a speech at the APEC summit, emphasizing that enterprises should establish a sense of global responsibility and consciously incorporate social responsibility into business strategy. In 2010, the SASAC of the State Council, in the central enterprise responsibility conference, proposed that all central enterprises should publish the report of corporate social responsibility within 3 years, which promoted the process of the legal construction of Chinese enterprises' social responsibility.

In the same period, relevant laws and regulations related to the top level design have been introduced, such as the fifth chapter of the company law revised in 2006 clearly stipulates that the enterprise's performance of social responsibility is the basic principle that the enterprise production and management must abide by.⁶ This is the first time China's corporate social responsibility has been written into law, marking the beginning of the process of legalization of CSR in China⁷. In addition, the provisions of "unfixed term labor contract" and "economic compensation" in the new labor contract law in 2008 are also the test of the moral standards of enterprises.

3.Focus on systematic construction (2012 - present)

In 2012, China's new president Xi Jinping put forward an important exposition of “Chinese dream”.⁸ Obviously, corporate social responsibility is an important part of realizing the “Chinese dream”. In 2013, President Xi Jinping's first visit to the breakfast conference in South Africa stressed that "Chinese enterprises should carry out social responsibility actively". Premier Li Keqiang also made clear that "efforts should be made to improve the level of social responsibility construction of Chinese enterprises". In 2014, in the fourth Plenary Session of the 18th CPC Central Committee, “The Communist Party of China in the fourth Plenary Session of the 18th CPC Central Committee” (The following is referred to as "decision") proposed to take "strengthening the corporate social responsibility legislation "as one of the key tasks to improve the legal system of our country. In 2015, the Chinese government issued the "opinion of the Central Committee of the Communist Party of China on the construction of harmonious labor relations", and proposed to build a standard system and rating system of corporate social responsibility in accordance with the national conditions of China. In the same year, the Communist Party of China introduced the five major development concepts of "innovation, coordination, green, open and sharing" in the fifth Plenary Session of the 18th CPC Central Committee, which pointed out the direction and the focus of development for the period of "13th Five-Year" and even more long term in China. It also indicated that the issue of social responsibility of Chinese enterprises entered a new era.

growth of Chinese economy for last 30 years.

⁶ In Article 5 of the <Company Law> amended in 2006, it is stipulated that "a company must obey laws, administrative regulations, virtues, and so on during its management activities, be supervised by the government, society and the public and fulfill its social responsibilities".

⁷ In the new amendment of the company law, the corporate responsibility only exists as a basic principle. Its connotation, extension, norms, rules, rules and regulations are not clearly stipulated.

⁸ Xi Jinping pointed out that “Chinese dream is a dream of peace, development, cooperation, and mutual benefit. It's essential content is the 'national rejuvenation, improvement of people's livelihoods, national prosperity, social progress and a strengthened military.”

In order to promote the social responsibility movement of Chinese enterprises to comply with the requirements of the new era, many legislations related to the stakeholders of corporate social responsibility have been revised. For example, the Consumer Rights Protection Act ("new law of digestion"), implemented in March 15, 2014 (China's consumer rights protection day), is the first time to implement the law for 20 years. A comprehensive revision of the "overlord clause", "Three Guarantees System", "recall system" and other aspects have more perfect regulations. The new environmental protection law, implemented in January 1st 2015, reflects unprecedented environmental protection and governance from various angles. It is called "the most severe" law in history. The charitable act introduced in September 2016 provided a legal guarantee for the formation of a good charitable atmosphere and a milestone in the movement of CSR in China.

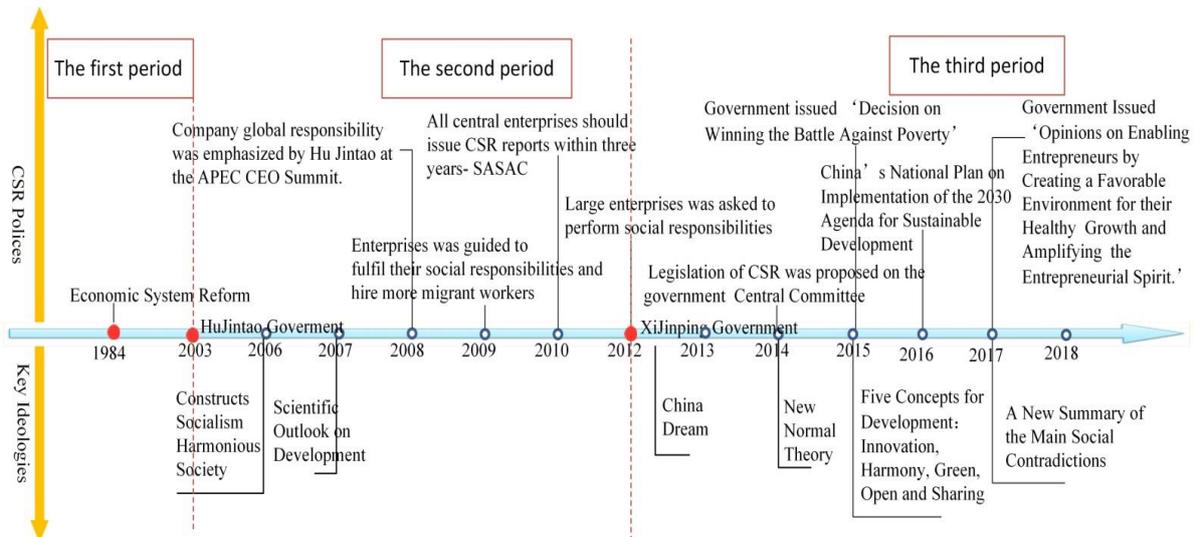


Figure 1. Key Ideology and Government Policy of CSR in China

Source: According to the web site reports "Ten Major Events of CSR in China" (2006-2017), www.csr-china.net

Table 1 Laws and regulations related to CSR in China since 1984

	Year	Protection of Laborers' Rights	Social Relations	Environment and Energy Protection
Stage I	1987			The law on the prevention and control of air pollution in the PRC
	1988	Regulations on labor protection of female workers		
	1991	The law on the protection of minors in PRC"		
	1992	Law of the People's Republic of China on Trade Unions" The law on the protection of the rights and interests of women in PRC"		
	1993	Company Law of the People's Republic of China" Law of the People's Republic of China on Mine Safety" Regulations on the handling of labor disputes in People's Republic of China"	Law of the product quality Law of the Protection of Consumers Rights and Interests Law of "Anti-Unfair Competition Law	
	1994	Labor Law of the People's Republic of		

		China”		
	1995	“Rules of the State Council on Working Hours of Workers and Staff Members”		Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution”
	1996	People's Republic of China Public Welfare Donation Law”		
	1997			Law of the People's Republic of China on the Prevention and Control of Ambient Noise Pollution” Energy conservation law in People's Republic of China”
	1999	Amendment of the contract law of the People's Republic of China		
	2000		The first amendment to law of the products quality	
	2001	The amendment of the trade union law of the People's Republic of China		
	2002	The law on the safety of production in People's Republic of China”		The law on the promotion of cleaner production in People's Republic of China”
Stage II	2003	“Minimum wage regulations”		
	2006	The first amendment to the law of the People's Republic of China on the protection of minors	Revision of the company law. Law of the People's Republic of China on the quality and safety of agricultural products	
	2007	“Employment regulations for the disabled”		
	2008	Labor contract law of People's Republic of China The People's Republic of China law on Employment Promotion The law on the protection of the disabled in the People's Republic of China	Antitrust law of People's Republic of China”	Law of the People's Republic of China on the Prevention and Control of Water Pollution”
	2009	The first revision of the insurance law of the People's Republic of China	Second amendments to the product quality law of the People's Republic of China, Food safety law of People's Republic of China”, The second amendment of the law on the protection of the rights and interests of consumers	
	2012	Revision of the labor contract law of the People's Republic of China, The second revision of the law on the protection of minors		Amendment to the Cleaner Production Promotion Law of the People's Republic of China
Stage III	2014	The second revision of the insurance law of the People's Republic of China	The second amendment of the law on the protection of the rights and interests of consumers, "Punishment measures against the rights and interests of consumers"	

2015	Third amendment to the insurance law of the People's Republic of China	Revision of the food safety law of the People's Republic of China	Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution Amendment to the environmental protection law of the People's Republic of China
2016	The charitable law of the People's Republic of China		
2018			Amendment to the law of the People's Republic of China on the prevention and control of water pollution

The establishment of the institutional framework for corporate social responsibility in China has been basically completed, and China's corporate social responsibility movement has entered a stage of advanced development. In the future, the realization of corporate social responsibility in China will be performed in 3 ways: General social responsibilities will continue to be adjusted by ethics; Moral bottom line responsibilities will rise to mandatory requirements of the law; the other corporate social responsibilities which cannot be directly constrained by law can be bound by informal legislative body such as CASS in terms of guidelines or standards. The following third part is to sort out the existing CSR standards and reporting guidelines in China.

III. CSR standards and utilization in China

1. CSR standards and guidelines (Classification)

As described above, China's corporate social responsibility movement has entered a comprehensive and institutionalized stage of construction. From the central government to the local government, from large enterprises to small and medium enterprises, from state to industry associations and social organizations, various kinds of standards and rating systems for the construction of corporate social responsibility in accordance with China's national conditions have been issued. The standards and guidelines for corporate social responsibility can be broadly grouped into four types according to the nature of publishing institutions. Due to the limitation of space, only a part of the table is listed.

(1) The government-Oriented

At the central government level, corresponding laws and regulations are put forward to standardize corporate social responsibility behavior. For example, the China Securities Regulatory Commission issued the "information disclosure management method for listed companies" in January 2007, which requires listed companies to provide information disclosure documents, mainly focusing on the disclosure of financial information, and does not explicitly mention corporate social responsibility reports. In January 2008, the State Asset Supervision and Administration Commission (hereinafter referred to as the SASAC) issued the guidance on the implementation of the social responsibility of the central enterprises and established the policy of the central enterprises to fulfill their social responsibilities. From the local characteristics, the governments of all provinces and municipalities have issued corresponding guidance and standards for corporate social responsibility report, such as Changzhou Jiangsu "Changzhou

enterprise social responsibility standard, Pudong" Pudong New Area enterprise social responsibility guidelines ", Zhejiang Yiwu" Yiwu enterprise social responsibility Certification Evaluation Index System", etc.

(2) The stock market-Oriented

The Shenzhen Stock Exchange (hereinafter referred to as the "Shenzhen Stock Exchange") has issued guidelines for the disclosure of social responsibility reports for listed companies since June 2006, requiring 100 listed companies of the "Shenzhen 100 index" to publish the CSR report, and other companies voluntarily disclose them. The Shanghai Stock Exchange (hereinafter referred to as "the upper transaction") began to request three types of listed companies since May 2008. A total of 258 companies (including 230 companies in the corporate governance sector, 50 companies listed abroad, 21 financial companies) must disclose social responsibility reports and encourage other companies to voluntarily disclose them. In December 2015, the Hongkong Stock Exchange issued the guidelines for the environmental, social and Governance (ESG) report (hereinafter referred to as "the guidelines of the ESG report"), requiring the financial year of the Hong Kong listed companies to disclose the ESG report from January 1, 2016 or after the financial year. And in the 2017 fiscal year, the general disclosure of the 11 levels of environmental and social categories in the ESG guidelines and all the key performance indicators of the environment category were carried out at the same time with the "non compliance and interpretation" requirements.

(3) Industry associations-Oriented

According to the characteristics of the industry, various industry associations propose a guide to the preparation of corporate social responsibility reports suitable for the industry. For instance, the first textile and garment industry to launch the CSR-GATEs in June 2008 is the first industrial guidance document on the social responsibility performance disclosure system, which is also the first set of indicators and norms on social responsibility reports in China.[1] Other industries such as banking, finance, overseas contracting and forestry have also issued a guide to social responsibility.

(4) NGOs or research institutions-Oriented

Relevant social organizations and research institutes have also put forward guidelines for the preparation of CSR reports applicable to Chinese enterprises according to China's national conditions. For instance, a guide to the compilation of Chinese corporate social responsibility report (CASS-CSR1.0) [2] was put forward by the research center of corporate social responsibility of the Chinese Academy of Social Sciences (CSR) in 2009. This guide draws on the international standards and the practice of advanced foreign enterprises, according to the requirements of China's laws and regulations, fully considers the current social issues in our country, systematically summarizes the experience of the preparation of the leading enterprise social responsibility report. And it also puts forward the principles, logical framework and content system of the report on corporate social responsibility in China. In addition to the general indicator system, the guide also provides specific guidance for the development of the report on the social responsibility of 46 different industries, including agricultural and forestry, forestry and fishing, coal mining and washing, natural gas mining and processing industry.[3]

Table2 Standards and guidelines for the preparation of CSR reports for various types of enterprises in China

	Time of Effective	Name of Standards/Guidelines	Body or organization	General description	Object	Mandatory /Voluntary	
Government	Central Government	2007.1	Administrative Measures for the Disclosure of Information of Listed Companies	China Securities Regulatory Commission	The information disclosure documents mainly include the stock prospectuses, bond and prospectuses, listing announcements, periodic reports and temporary reports.	Listed companies	M
		2008.1	Notification on Issuance of the Guideline on Fulfilling Social Responsibility by Central Enterprises	The State-owned Assets Supervision and Administration Commission of the State Council(SASAC)	Require to establish CSR fulfillment mechanisms and CSR information reporting systems for Central State-owned Enterprises (CSOEs)	Central State-owned Enterprises (CSOEs)	M
		2008.5	Environmental Information Disclosure Act 2007	The State Environmental Protection Administration	Require to disclose environmental information	Government, enterprises	M
		2014.5	Guideline on Fulfilling Social Responsibility by network trading platforms operators	The State Administration for Industry and Commerce (SAIC)	Stipulate the principles, scopes and main contents of operators of network trading platforms to fulfill their social responsibilities.	network trading platforms operators	V
		2016.1	Guidance on social responsibility(GB/T 36000-2015) Guidance on social responsibility reporting(GB/T 36001-2015) Guidance on classifying social responsibility performance ((GB/T 36002-2015)	General Administration of Quality Supervision, Inspection and Quarantine(GAQSIQ)	Use the redrafting method ISO 26000, Take these three standards as national standard, announced the concepts, themes and issues of CSR and innovatively provide a classification and evaluation system of CSR performance.	Domestic enterprises	V
		2016.7	Guidance on the State-owned Enterprises(SOEs) to better fulfill their social responsibilities	SASAC	Three principles for state-owned enterprises to fulfill their social responsibilities are pointed out: insist on sustainable development as the core; adhere to the combination of social responsibility and enterprise reform and development; and adhere to the integration of social responsibility and business operations.	SOEs	V
	Local	2004.5	Changzhou enterprise social responsibility standard”	the city government of Changzhou	The basic standards for the employees' work environment, health and safety, salary, and training are defined.	Changzhou enterprises	V
		2007.7	Guidelines for the social responsibility of enterprises in Pudong New Area”	Pudong New Area Government	Clear the basic principles of social responsibility that should be followed by Pudong New Area enterprises, guide them to improve their strategies, organizations, systems and culture, and establish an effective social	Shanghai Pudong New Area enterprises	V

				responsibility management system.		
	2014.2	"CSR Indicator System" and "CSR reporting Guidelines"	Shandong Bureau of quality and technology supervision	China's first CSR regional standard set by local governments to highlight regional characteristics.	Shandong Enterprises	V
	2017.2	Guiding opinions on the construction of social responsibility of enterprises in Jiangsu"	Jiangsu provincial economic and Information Commission and other departments	Stipulates the must establish and improve the working mechanism for promoting enterprises to fulfill their social responsibilities, and build a corporate social responsibility evaluation system.	Jiangsu Enterprises	V
Stock Exchanges	2006.6	Shenzhen Stock Exchange Social Responsibility Instruction to Listed Companies	Shenzhen Stock Exchange(SZSE)	Require listed companies to establish CSR mechanism and prepare CSR reports on a regular basis.	listed company	M
	2008.5	Notice on Strengthening Listed Companies' Assumption of Social Responsibility (Shanghai CSR Notice) Guidelines on Listed Companies' Environmental Information Disclosure (Shanghai Environmental Disclosure Guidelines)	Shanghai Stock Exchange(SSE)	Require to disclose environmental information and CSR strategy in format either part of CSR report or separate report.	listed company	M
	2015.12	Guidelines for Environment, Social and Governance Report (ESG Guide) ⁹	The Stock Exchange of Hong Kong (HKEX)	On the basis of the 2012 guidelines, the revised edition of the guidelines has risen to the semi mandatory height of "comply or explain", which includes key performance indicators (KPI) in general disclosure and environmental categories.	Listed companies in Hong Kong	M
Industry associations	2008.6	China Sustainability Reporting Guidelines for Apparel and Textile Enterprises (CSR-GATEs)	China National Textile and Apparel Council	Provide the evaluation principles and classification system for the quality of the CSR reports of the textile and apparel enterprises	apparel and textile enterprises	V
	2009.1	Guidelines on CSR for Banking Financial Institution In China	China Banking Association (CBA)	CSR report to address economic, social and environmental responsibilities and submit it to CBA annually	banking financial institution	V
	2010.12	Guidelines for social responsibility of China's foreign contracting engineering industry"	China International Contractors Association		China contracting engineering enterprises	V
	2011.7	Guidelines for the preparation of CSR reports for Chinese forest products	China Federation of forestry industry,		Forest industrial enterprises	V

⁹ In December 2015, the Hong Kong Stock Exchange issued a revised version of the guideline in 2012 following the introduction of the Guidelines for Environment, Social and Governance Report (ESG Guide), Seeking from "voluntary release" to "not explaining"

		industrial enterprises”	China Forest Products Industry Association			
NGOs or academic research centers	2006.10	China Corporate Social Responsibility Recommended Standard and Best Practice	China Business Council for Sustainable Development(CBCSD)	Provide CSR key issues and best practice CSR companies as reference to local Chinese companies in order to promote CSR practices in China	domestic enterprises	V
	2008.4 (First edition) 2010 (second edition) 2015.7 (third edition)	China Industrial Enterprises and Industry Association Social Responsibility Guidelines(GSRI-CHINA 1.0/2.0) China Industrial Enterprise Social Responsibility Management Guidelines (2015)	China Federation of Industrial Economics (CFIE)	Clarified the social responsibilities that industrial enterprises need to fulfill and initiative the guidelines for the implementation of social responsibilities by Industrial Association. Consist of six steps and specific contents such as “Identification & understanding, management principles, construction concepts, performance paths, issue management, and capacity building”.	domestic industrial enterprises	V
	2008.6	Guide to social responsibility of industrial enterprises in Shanxi’	Shanxi industrial and Economic Federation		industrial enterprises in Shanxi province	V
	2009.12 2011.3 2016.3 2017.11	Guidelines for the compilation of Chinese corporate social responsibility reports (CASS-CSR1.0)” Guidelines for the preparation of corporate social responsibility reports (CASS—CSR2.0) ” Guidelines for the compilation of Chinese corporate social responsibility reports (China-CSR4.0)” (The following is referred to as "Guide 4")	Chinese Academy of Social Sciences (CASS)	CASS-CSR 1.0 / 2.0 / 3.0 focuses on the content and preparation of the report. CASS-CSR 4.0 clarifies what values are included in the Report and how the company can better use its reporting value.	All kind of domestic enterprises	V
	2013.11	Guidelines for Social Responsibility in Outbound Mining Investments	China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC)	Guide enterprises to formulate clear corporate social responsibility and sustainable development strategy, and establish corporate social responsibility and sustainable development management system	outbound mining investment enterprises	V
	2017.12	Foreign Investment China(CEFI-CSR1.0), Guidelines for the preparation of CSR reports for foreign invested enterprises in China (CEFI-CSR1.0)	China Foreign Investment Enterprise Association	The basic requirements, steps and methods for foreign enterprises to write social responsibility report are put forward to provide reference for foreign enterprises to disclose social responsibility information, to write and publish social responsibility reports	foreign invested enterprises, investment enterprises of compatriots from Hongkong, Macao, Taiwan and overseas Chinese within Chinese territory	V

Source: According to the WTO economic guide of each period

Fifthly, from the economic type of reporting, the government is increasingly clear about the guiding attitude of domestic enterprises to fulfill their social responsibilities, and the attention to the performance of social responsibility for foreign enterprises is also strengthened. At the end of 2017, the Chinese foreign investment enterprise association, which was in charge of the Ministry of Commerce, formally issued a guide to the CSR report of foreign invested enterprises in China. It explained that China started the substantive promotion of the responsibility practice of foreign investment, and the responsibility image and responsibility practice became the necessary questions for foreign enterprises.

2. The application of CSR reporting standards in China

The history of the development of corporate social responsibility in China was relatively short. Until 2006, the State Grid officially released China's first CSR report, which was highly praised by Premier Wen Jiabao, and thus led to the emergence of standards and guidelines for social responsibility reports in every field. From the previous content, the reference standards of CSR reports are disorder at present. However, it is worth noting that in recent years, the number of reports compiled by international standards and guidelines for social responsibility, such as GRI, ISO 26000 and the global contract, has declined, and Chinese enterprises are gradually inclined to use local standards when choosing the reference standards for the preparation of reports. ^[4] From the analysis results of CSR report 2017 (hereinafter referred to as report 2017) of the Chinese Academy of Social Sciences, As of December 2017, a total of 1913 social responsibility reports were released in 2017, representing an increase of about 60 times compared with 32 in 2006. 80.2% of the reports refer to the relevant standards, and more than 78% of the reports refer to the local standards.

In addition, the reference standard of the report is more pluralistic. In compliance with the requirements of government departments and regulatory agencies, we should pay attention to the guidance of industry associations and academic institutions and pay attention to the reference of domestic guidelines as well as the reference to international related standards. ESG guidelines, GRI guidelines,¹⁰ and CASS-CSR became the most widely cited reporting standards.¹¹

From the perspective of different enterprises, domestic enterprises are the main force of the report 2017. Only 217 of the foreign and Hong Kong, Macao and Taiwan enterprises released their social responsibility reports (including environmental reports) in China, accounting for only 11.3% of the enterprises involved. This is because most foreign-funded enterprises believe that a global responsibility report has been issued, and there is confusion about whether or not to publish the report on China's responsibility.

¹⁰ Currently the GRI G3.1 or G4 became as the most widely accepted standard for CSR reporting as much as the 90% of global 250 companies claimed to have followed it (Wen 2017, 18).

¹¹ In 2017, the number of mainland listed companies in Hong Kong soared, as many as 925. Exceeding state-owned enterprises constitutes an important part of China's CSR report, of which 810 refer to HKEX's ESG Reporting Guide.

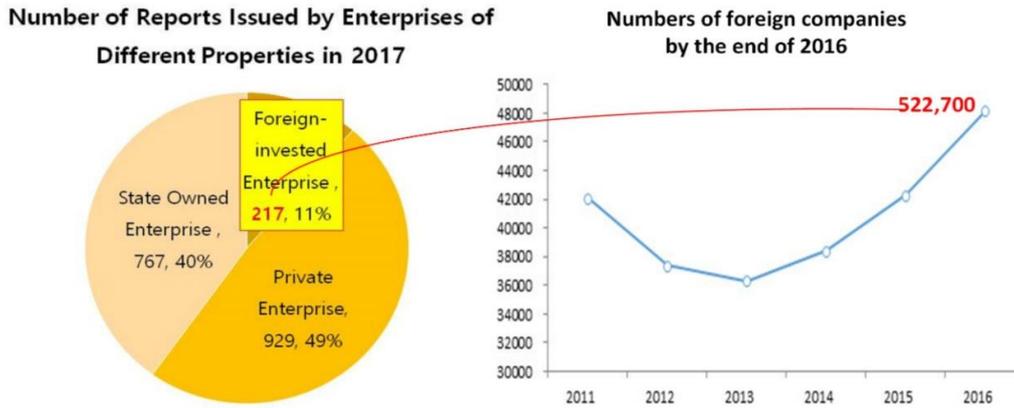


Figure 2 The application of CSR report in China

Source: 《2017 Corporate Social Responsibility Reporting Survey in China》

As far as Korean enterprises are concerned, the guide for the preparation of corporate social responsibility report (CASS-CSR Guide) compiled by the social responsibility research center of the Academy of social sciences is the most important reference for enterprises.

Dushan(China), Samsung (China), modern automobile, LG (China), Pohang (China), LG chemistry, Dou Shan (China), Emily Pacific and other large multinational corporations are all referred to the index system of this standard under the framework of SDGs. The main reasons are: first, the listing procedure of Hong Kong stock exchange is very tedious. There are only three Korean companies listed in Hong Kong (because the conditions for listing in Hongkong are too harsh, so there are only three Korean companies listed in Hongkong). Second, no matter the GRI report guide or the ESG guide, they are not divided according to the industry. This requires enterprises to identify their own operation related ESG indicators and set up an index system. In addition to the general index system, CASS-CSR also compiled 46 industry guidelines for reporting, which provided more operational guidelines for enterprises. Besides, several major international standards are non-mandatory and non-certified. The CASS-CSR guide provides reporting process management and rating services to enterprises, which is helpful for enterprises to establish a good image and take root in China.

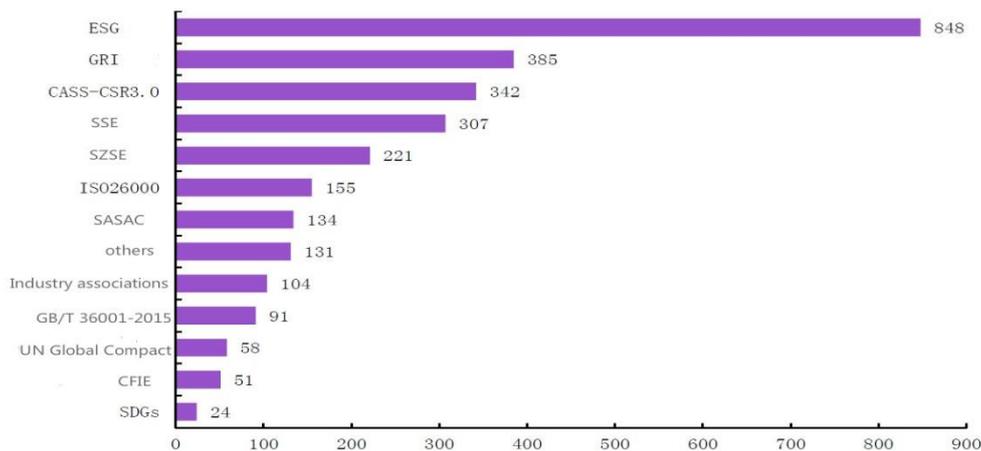


Figure 3 Reporting Reference Standard Distribution

Source: 《2017 Corporate Social Responsibility Reporting Survey in China》

IV. The Chinese Academy of Social Sciences (CASS) -CSR Reporting

Guidelines

1. CASS Introduction

CASS (The Chinese Academy of Social Sciences) was established in May 1977, National research institute under the State Council. It is premier academic organization and comprehensive research center of China in the fields of philosophy and social sciences. CASS is now made up of 31 research institutes and 45 research centers, has more than 4,200 staff members in total, of which more than 3,200 are professional researchers. China's largest research institute and graduate-centered educational institution.

In February 2008, CASS established the China's CSR research center as a research institute under the Graduate School of Economics. CASS has actively carried out systematic theoretical research on CSR in China, and has issued a series of guidelines for the preparation of CSR reports (CASS-CSR 1.0/2.0/3.0/4.0). CASS also publishes the blue book on CSR in China, which tracks the latest progress of CSR theory and practice in the past year. It continues to issue the white paper on CSR Report of China, studying and recording the phased characteristics of CSR reports in China. CASS has set up and issued the rating of the CSR Report of China and a compulsory course for the MBA "corporate social responsibility" of the Graduate School of the Chinese Academy of Social Sciences. Meanwhile, it organized various social responsibility research and communication activities of enterprises in order to spread the theoretical knowledge and practical experience of CSR.

2. CASS-CSR1.0/2.0/3.0

It is generally recognized that the global CSR categorization which is mainly adopted by developed countries might not reflect China's specific socio-cultural and political context. Chinese government has been interested in making its own CSR standards while emphasizing the 'Chinese characteristics'. As a public research institute being under control of State Council of China, the CASS CSR research center released the CSR Reporting Guideline 1.0 in December 2009 and it has been revised to the fourth edition until now. The guideline of CASS-CSR series is based on the traditional "three bottom line" theory and stakeholder theory, putting customer responsibility and partnership responsibility into market responsibility¹². At the same time, it uses "market, society and environment" to replace the original "economy, society and environment", and constructs the "four in one" model, which includes the four elements of "responsibility - market - Society - environment". The difference is that starting with Guideline 2.0, it provides a handbook for each of the 46 industries listed, instead of one book covering them all (the general index system and industry expansion index system in Guideline 1.0 are divided into a basic framework, a guide series of +46 sub industry guides), which improves the practicality and operability of the

¹² In 1997, British scholar John Elkington first proposed the "three bottom line theory (Triple Bottom Line)", that is, the bottom line of the economy, the bottom line of the environment and the bottom line of the society. Economic responsibility is traditional corporate responsibility, mainly referring to shareholder responsibility. The CASS believes that market responsibility is not only shareholder responsibility, but also customer responsibility and partner responsibility. This classification maintains the balance between the responsibility sectors and optimizes the structure of the indicator system.

guide. Starting from Guideline 3.0, it has risen to a comprehensive guide to reporting life cycle management and the index system of Guideline 3.0 covers significant indicators of ISO 26000. These make Guideline 3.0 become the only official reporting standard of the world report Initiative (GRI)^[5]. In 2017, Guideline 3.0 has become the most widely used local standard for Chinese enterprises and there are 342 companies referring to it.

Table 3 Evolution Trend of CASS-CSR

	CASS-CSR 1.0	CASS-CSR 2.0	CASS-CSR 3.0
Focus on	report content	report content	the overall report life cycle
general guidelines	Triple Bottom Line, the stakeholder model	Triple Bottom Line, the stakeholder mode	Triple Bottom Line, the stakeholder mode
key philosophies	Four factors integrative model	Four factors integrative model	Four factors integrative model
indicators	4 chapters with 18 responsibility management indicators	6 chapters with 21 responsibility management indicators	6 chapters with 25 responsibility management indicators
format	One book	One book+46 handbooks	One book+46 handbooks

3、CASS- CSR4

(1) Background

In 2015, important standards initiatives such as the United Nations Sustainable Development Goals (SDGs), China's Social Responsibility National Standards (GB/T36000) and the Hong Kong Stock Exchange's Environmental, Social and Governance (ESG) Reporting Guidelines were issued. In order to comply with the rules of the new round of international standards and to take full consideration of the objective requirements of the relevant policies on social responsibility in China, the CASS issued the China's corporate social responsibility report (CASS-CSR4.0) in November 2017. CASS-CSR 4.0 inherits the excellent results of Guideline 1.0-3.0 and absorbs the advantages and advanced indicators of other standards or guidelines at home and abroad. After a greater degree of revision to Guideline 3.0, the latest version of CASS-CSR4.0 was officially released in November 2017. Unlike previous versions, CASS-CSR 4.0 is committed to manifest the value of social responsibility reports, which indicates that China's CSR reporting standards have entered a new era.

(2)Features and Changes

Firstly, CASS-CSR 4.0 is a comprehensive guideline which goes beyond the scope of the report and provides full life cycle management. It adds to the "value management" chapter, which aims to provide a comprehensive one-stop guide for corporate disclosure of social responsibility information, the preparation, publication and evaluation of social responsibility reports.

Reporting process management in CASS-CSR 4.0 reintegrates 7 elements of Guideline 3.0, and optimizes the 8 process elements including organization, planning, defining, starting, researching, writing, publishing and summarizing. As shown in Figure 4.1.

Report value management is an important content and breakthrough of CASS-CSR 4.0. CASS-CSR 4.0 combines the latest trends and characteristics of the value study of social responsibility report and the development of social responsibility. The value of social responsibility report can be divided into four categories, namely, "risk prevention" value, "strong management" value, "promoting management" value and "plastic brand" value. CSR report is the carrier of content and process. The realization of its value must be realized by stakeholders, through three ways: key response, process participation and influence communication. CASS-CSR

4.0 innovatively proposed the model of selecting key stakeholders according to the active communication intention and the passive communication frequency. Through the guidance of the system, it lists the key response, process participation and the concrete practice that can be taken under the influence of the communication mode to enterprises and it ends the confusion that enterprises did not know what to do to give full play to the value of the report.

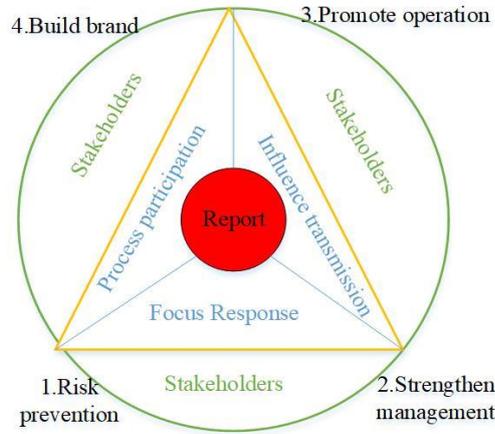


Figure 4 CSR Report Value Management Model

Secondly, Guide 4.0 is the “1+M+N” guide series. If Guideline 3.0 compared with the previous two versions of the largest feature is to adopt the "sub industry compilation, sub industry release" model, CASS-CSR 4.0 continues to adopt this model. At the same time, it also adopts the “problem-by-topic, issue-by-topic” model to build a series of guides for 1 (basic framework) + N (sub-industry guide) + M (sub-topic guide).

Thirdly, the previous "four in one" theoretical model was restructured. CASS-CSR 4.0 is still based on the “triple bottom line” and stakeholder theory, but the “four in one” theoretical model has been restructured. It is emphasized that enterprises should take the responsibility vision as the origin and clarify the objectives of corporate social responsibility. It also focuses on responsibility management and consolidates the foundation of corporate social responsibility. Moreover, CASS-CSR 4.0 takes the essential responsibility as the traction, relies on the market responsibility, and takes the social responsibility and the environmental responsibility as the two wings to constitute the action logic and the sound system of the corporate social responsibility.

CASS-CSR 4.0 Square Circle Model

VS

CASS-CSR 3.0 Four Factors Integrative Model

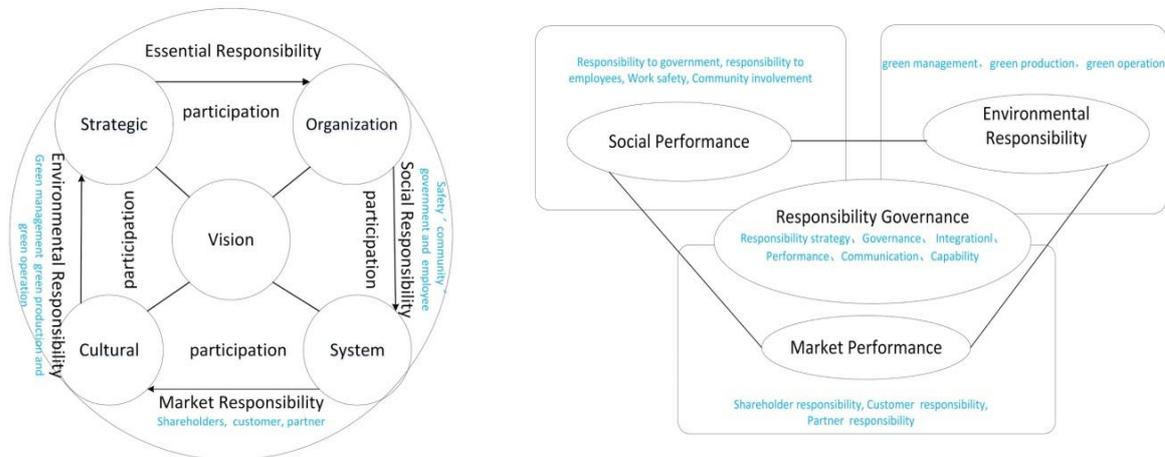


Figure 5 Comparison with CASS-CSR 4.0 and the previous version

Fourthly, CASS-CSR 4.0 adopts the latest domestic social responsibility policies and the latest standards at home and abroad. For example, referring to the current advisement GRI-G4,

adding corruption to the section of corporate social responsibility, referring to ESG(2015) of Hong Kong Stock Exchange, some specific quantifiable indicators such as carbon intensity and carbon sinks were added into environmental responsibility.

Table 4 Overview of Changes in Standard Disclosures of CASS-CSR4.0

Structure of general standard in CASS- CSR4.0		deleted/moved/added or new indicators from 3.0	Linkage with GRI G4
Reporting Preface (P)	Reporting Norms (P1)	<ul style="list-style-type: none"> •contact details(3.0-P1.5) moved to Information of report(4.0-P1.2) •Scope of report(3.0-P1.3)moved to Reporting system(4.0-P1.3) 	G4-20, G4-21
	Message from CEO (P2)	No change from 3.0-P3.	G4-1, G4-2
	Responsibility Focus (P3)	•Summary of annual progress (3.0-P5) moved and integrated to Responsibility Focus(4.0-P3.1 and P3.2)	
	Company Introduction(P4)	<ul style="list-style-type: none"> •Corporate strategy and culture (4.0-P4.1) is added as a new standard disclosure •3.0-P4.1-4.4 are combined to Organizational structure and operation region(4.0-P4.2) •3.0-P4.5 and P4.6 are combined to company size and influence(4.0-P4.4) •No change in P4.3、P4.5. 	G4-3,G4-5,G4-6,G4-7 ,G4-8 G4-9,G4-10,G4-16, G4-4 , G4-13
		Report process(3.0-P2) is deleted in 4.0 P	
Responsibility management (G)		vision(G1)strategic(G2 organization(G3)	
Market performance (M)			
Social performance (S)			
Environmental performance (E)			
Postscript of the report (A)			
Indicator system (G4), cultural(G5), participation(G6)			

Based on retaining the original index system of the previous version, CASS-CSR 4.0 adds, deletes and merges sub indicators under each dimension. It widely absorbs the latest initiatives, indicators or guidelines for social responsibility and it also integrates the Global Reporting Initiative (GRI G4) Social Responsibility Indicators-the global standard, the United Nations Sustainable Development Goals (SDGs) and the Hong Kong Stock Exchange Environmental, Social and Regulatory Reporting Guidelines (ESG 2015). In addition, CASS-CSR 4.0 combines with the trend of China's social responsibility policy.

V. Suggestion and Prospect

The Chinese government departments have played a major role in promoting corporate social responsibility. In the future, the government supervision departments will further improve and refine the guidance and supervision of corporate social responsibility. Foreign enterprises should attach importance to the standards of social responsibility reporting for key and special industries,

which are launched by the Chinese government and the regulatory authorities. Based on China's existing policies and guidelines, they ought to focus on disclosing special effects on society and environment during production and operation. At the same time, it is necessary to emphasize the integration of China's development strategy on the basis of focusing on the global strategic coordination with the parent company, and pay attention to the disclosure of local content, such as precision poverty alleviation, environmental protection, innovation and entrepreneurship, medical health and so on. In addition, foreign enterprises are supposed to actively introduce the local third-party examination process in China, in order to improve the credibility of the report and the efficiency of government supervision. This is very helpful in creating a good public opinion atmosphere for foreign companies.

In a word, localization of responsibilities should become an important strategy for foreign companies in the future. For foreign-invested enterprises, the release of the CSR report is not only a process of presenting the global strategy of the enterprise to the stakeholders in China, as well as the operation of the Chinese business, but also an important appearance of the foreign enterprises adapting to the new era of socialism in China.

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