



# An SRI Perspective on The Impactt Overtime Project

**Tackling Supply Chain  
Labour Issues  
Through Business Practice**

Project Leaders:



Project Sponsors:



THE SIGRID RAUSING TRUST



Printed on 100% recycled paper

## FORWARD

This publication is the result of a collaboration intended to bring the results of Impactt Limited's well regarded work with a range of UK brands and their suppliers in China's Pearl River Delta to a new and broader audience. It is based on a longer report entitled 'The Impactt Overtime Project: Tackling Supply Chain Labour Issues Through Business Practice' and provides the key findings as well as commentary for SRI investors.

Supply chain labour problems have emerged as a key risk factor for China-based companies and global companies which rely on Chinese suppliers. Responsible investors have also become increasingly aware of how these risk factors can influence their investments. On the one hand, investors face important moral issues associated with investing in companies which buy or produce low cost goods at the expense of workers' health, safety and welfare. On the other hand, investors have to be realistic and pragmatic in understanding the pressures that manufacturing companies in particular face in terms of keeping their business models sustainable in an extremely competitive and time-driven marketplace. Companies engaged in supply-chain related business therefore have been finding themselves caught in a seemingly irreconcilable position between remaining financially competitive on the one hand, whilst meeting increasingly stringent labour related standards on the other.

### The Impactt Overtime Project Report

**The result of three years work with 11 UK purchasing companies and 11 manufacturing companies in China , with the aim of improving productivity, reducing worker overtime hours and also maintaining wage levels**

The Overtime Project Report is the result of three years hands-on practical experience by Impactt, working closely with 11 UK based brand-name purchasing companies and their local manufacturing partners in Southern China. The purpose of the project was to explore in practice the idea that if improvements in productivity can be achieved in a way that benefits workers, then it can be shown that higher labour standards can, in fact, support the goal of running a financially competitive business.

The results of the project have clearly illustrated that productivity can be improved without compromising labour standards.

This summary provides an overview of the project findings and outcomes and highlights the key issues that investors need to address when investing into supply-chain related companies. The strategies discussed in this report provide an alternative approach to the more traditional audit and compliance model and can provide assurance to investors that there are strategies that companies can adopt which will enable them to balance high labour standards, high productivity and increased market competitiveness.

The full Impactt report is available from the ASRIA website alongside this report at [www.asria.org/publications](http://www.asria.org/publications) .

## BACKGROUND

Strategically important in terms of global trade, companies in China are under increasing pressure to tackle poor labour standards including excessive working hours, low pay, health and safety concerns and limited freedom of association, in their supply chains. This pressure is a result of international concern over poor working conditions as well as concerns of both the Chinese government and the workers themselves.

Working excessive hours is one of the most common labour problems in China.

### Overtime Hours in China

**The current legal limit for overtime hours in China is 36 hours a month, but workers typically work up to 200 hours of overtime a month**

Workers often work the equivalent of 12-13 hours per day, 7 days a week. These levels of overtime are driven by a range of factors including inefficient internal production systems, poor human resources management, inadequate communications between workers, supervisors and management, the buying practices of purchasing companies and poor quality and late delivery of inputs. They lead to reduced efficiency, high accident rates, worker dissatisfaction and high worker turnover.

To compound the problem, the current approach, which is based on strict, compliance focused audits, can have limited effect in its ability to tackle deep rooted labour issues. These audits are increasingly adopted in an attempt to manage supply chain risk and if non-compliances are found they can ultimately result in reduced orders or even the termination of contracts. A black and white approach can further have a negative effect on working conditions. It can drive dishonesty, reduce openness and even result in fraud as the suppliers feel forced to fake records and coach workers to give acceptable responses during worker interviews. If the subsequent follow up assessments are weak the result is that few sustained improvements are made on the ground. Importantly, whilst workers do not want to work the excessive hours which are currently being demanded of them, they are willing to work more than the low limits set by Chinese national law in order to increase their pay packets. If a factory suddenly reduces hours to legal limits as a result of such an audit, without any effort to increase productivity, workers' wages will dramatically decrease.

It was the limitations of this 'normal compliance model' and its failure to solve the entrenched issue of long working hours in China that prompted consideration of a new approach to the problem and is the impetus of the Overtime Project.

## PROJECT OUTLINE

The Overtime Project worked with 11 purchasing companies and with local partners over a period of 3 years to test the theory that by improving a factory's productivity, human resources management and internal communications, hours can be gradually reduced, while maintaining wage levels. It aimed to encourage change over time by aiming to reduce the need for long overtime hours, whilst maintaining wage levels.

In 2001, Debenhams, Hennes & Mauritz, Kingfisher, New Look, Pentland/Ellesse and Sainsburys came together to form the first of two groups of purchasing companies to work with Chinese organisations and supplier factories to find sustainable ways of reducing excessive overtime working. Following positive results from this group, a second wave of companies comprising Body Shop International, Ikea, Lambert Howarth, Marks & Spencer and Next was convened in 2002.

Each purchasing company chose one of their supplier factories in China to work with on the project. The factories were located in Guangdong Province, Hangzhou and Xiamen and produced garments, underwear, beauty products, furniture and accessory products, all of which involved low-tech, labour intensive processes. They varied widely in size from 200 to 2,500 workers.

The first stage of the process involved factory visits to establish a baseline against which to measure change. An in-depth evaluation of labour practices was based on a detailed inspection of the site, interviews with management, review of records and worker interviews. These

visits not only aimed to understand the issues faced by the factories but also to grasp some of the root causes and factors that were perpetuating the situation. Local organisations then also participated in the project to provide inputs to support improvements in each factory:-

- i) Training in productivity was provided which involved a visit to assess the factories' current production methods and recommendations for improvement followed by a group training session with other factory managers.
- ii) Consultancy and training in human resources management explored opportunities to introduce positive HR management techniques into factories and to use incentives to support improvements in productivity. The final input involved participatory communication workshops. These workshops brought together managers, workers and supervisors, who would normally very rarely discuss issues face-to-face, to work to understand each group's perspective on its own factory's issues and to negotiate shared solutions.

At the end of the project, a final benchmarking exercise was conducted using the same methodology to measure changes made since the initial visit.

## UNDERSTANDING OVERTIME DRIVERS

Issues that were found to drive overtime in the participating factories were both internal and external in nature:-

### External Drivers included:

- **Buying behaviour** - Tight lead times, late sample approval and last-minute alterations to product specification put increased pressure on factories to deliver orders;
- **Factories' suppliers** - Problems with the quality and late delivery of raw material inputs further delay the start of production and squeeze the window of time for production.

### Internal Drivers included:

- **Quality and productivity** - Poor production planning and poor communication between merchandisers' factory management and production can lead to significant reworking, a significant proportion which is not only unproductive, but also unpaid;
- **Human resource management** - Systems for assessing the skills of new workers and monitoring worker performance seldom exist. Therefore factories recruit unskilled workers and provide little opportunity for workers to improve their skills and be promoted to higher paid more senior jobs;
- **Communications** - Communication between workers and management is usually poor, so that changes in pay or hours are frequently not understood, and on occasion are resented by workers. Insufficient communication about changes to product specification can lead to increased levels of rework and thus overtime;

- **Low-skill workers** - Most workers arrive at factories with low level skills. Because they are often paid by the piece, without an overtime premium, factories have no direct financial incentive to reduce long hours.

The outcome of these drivers include: long hours and low pay resulting in tiredness, illness and accidents; low productivity; high levels of reworking; and high worker turnover leading to lower productivity of new workers.

## KEY PROJECT FINDINGS

### Key Outcomes for Participating Factories

The key outcomes of the initiatives introduced into the factories include positive impacts on overtime, productivity and workers' pay. In addition factories moved toward positive incentive systems, overall industrial relations improved and employee turnover was significantly reduced. Communication was one of the most challenging areas and least progress was made in this area.

**Overtime** - The data from benchmarking visits showed a measurable reduction in working hours in all factories over the duration of the project. A key factor, particularly important in terms of workers' interests, was the increase in the number of days off each month. However these reductions did not bring the factories into consistent compliance with Chinese law, but did provide a sustainable platform for ongoing improvements;

**Productivity** - All the factories took action to improve their quality management which achieved a reduction in reworking of at least 25%. Two factories, which undertook the broadest range of productivity activities, achieved particularly impressive increases in productivity, with one factory achieving an increase of approximately 190% during the project;

**Workers' pay** - Total monthly pay and also monthly pay for ordinary time rose markedly in 4 factories even though workers were working fewer hours demonstrating that total wages can remain static or even increase when hours are cut, as long as there are increases in productivity. Total pay remained much the same where hours were cut without significant increases in productivity;

**Worker incentives** - All factories started to move away from punitive human resource management (fines, deposits etc) towards positive measures (quality bonuses, skill premiums, loyalty payments, paid sick pay etc.);

**Communication** - Industrial relations was the area where the least sustainable progress was made. At the start of the project, worker/management communication in all factories was undeveloped. In most factories, at the end of the project, workers were still not provided with effective mechanisms for communication and workers said that they still felt uncomfortable raising concerns with supervisors;

**Employee turnover** - Almost all factories reduced worker turnover during the project, indicating that workers were more satisfied with their working conditions and benefits. Worker turnover rose in 1 factory due to a policy of asking workers to leave if they did not achieve their productivity targets after further assistance and training. However, this factory's retention of skilled workers improved dramatically.

Although all factories showed a positive change over the duration of the project, the best results were seen in the factories that took comprehensive steps in many areas, rather than just productivity e.g. broadening the focus of their activities to include committing management resources to the project, making changes in human resource management, incentivising workers, planning production, production itself and quality. The least successful had pursued a narrow focus on production process and quality management.

## Enabling Factors

Importantly the outcomes were facilitated by a range of factors, a dominant force being the response and actions of the managers involved such that managers' openness to new ideas, creativity, commitment and trust were key enabling factors. Furthermore if managers could see the business benefits, they were more willing to experiment with changing production layout, human resources management, pay structures etc.

In addition, successful outcomes were also dependent on:

- the commitment of and approach to these issues by purchasers;
- the existence of long-term relationships between suppliers and the factory;
- ongoing business outlook and influencing factors;
- factory size and resources - such that larger factories with more resources tended to perform better;
- organizational structure e.g. Internal industrial engineering and human resources departments were important players in developing and sustaining changes;
- the type of manufacturing process which may limit flexibility in improving the efficiency of production;
- effective communication;
- competence of the project's local partners to deliver effective inputs.

## Lessons Learnt

Useful lessons learnt as a result of the project relate to openness and transparency. Factory managers indicated that the project provided unprecedented opportunity to openly discuss overtime and related problems with their customers. They commented that this approach was in stark contrast to the increasing pressure from most customers to demonstrate either full compliance or an unrealistic level of ongoing progress.

However a drop in openness was noted in some factories, including discrepancies between factory records and information provided by managers. In some factories, workers appeared to have been coached to give the 'right' answers. Here managers indicated that they had started coaching workers to make sure that the factory "passed" customer audits, but had not coached workers for the Overtime Project visit. However workers now knew what answers the factory wanted them to give to auditors.

Half of the factories in the project presented false or inaccurate records to the project team at some point. A further two factories admitted that they prepared false records for some customers, but claimed they had not done so for the project team. The remaining factory was not audited by any other customers, and managers said that they were not yet under pressure to produce fake records. Therefore almost all of the factories routinely presented false data to auditors. This trend reflects the intense pressure that factories feel to demonstrate compliance to customers outside the project. Some managers commented that their customers were more interested in tick-box compliance than in continuous improvement and would terminate business if they saw evidence that a factory worked even one hour over the limits set by Chinese law.

In factories where false records were presented, it seemed that the managers themselves did not have access to the real data and were therefore unable to understand the genuine improvements they had made.

### Benefits and Challenges

The project identified a number of benefits which could be accrued by the relevant parties including the workers themselves, factory managers and purchasing companies. However these benefits should not be taken for granted without recognising that there are still challenges to achieving such positive outcomes.

**Workers** clearly benefited from reduced hours, increased number of days off per month and increased pay. In addition to which, relationships between managers and workers improved through less tension and increased respect, leading to better team working. The project also brought other unexpected improvements that made a real impact on workers' quality of life, such as better food and recreational facilities.

The main challenge was lack of effective communication which in some instances led to confusion and even a sense of unfair treatment, especially when pay systems were adjusted without explanation. To further sustain the benefits, workers need to be given a voice to raise their concerns and negotiate with management.

**Factory Managers** benefited as reduced working hours moved the respective factories towards legal compliance. This change also improved relationships with international customers. Factory managers also gained savings on factory overheads such as utilities and special overtime allowances, thereby lowering production costs. Reduced worker turnover also brought financial and management benefits to the factory.

Managers gained through improving their quality management skills. At the start of the project, factories collected some quality data in accordance with customer requirements. In most cases this data was not used to analyse problems or support improvements. Through the project, factory managers learned what data to collect for quality and output/productivity and how to display, analyse and use this data in order to drive productivity improvements that benefited their business.

Importantly, managers from 5 factories agreed that the project had allowed them to be honest with their customers about the problems they faced and provided an opportunity to work together to solve them through incremental improvement. They felt the project had prompted them to think differently, enabling them to identify and tackle problems in a more proactive manner.

However these success factors would be at risk if factory management did not pass some of the benefits of productivity gains to workers, and instead absorbed all of the financial benefit of the productivity gains by:

- reducing piece rates, thereby increasing workers' need and motivation to continue working long hours;
- accepting more orders, making workers work the same hours as before, but more productively or
- passing all the benefits on to customers through increased flexibility.

Some factories reduced working hours dramatically without combining it with productivity improvements to enable them to maintain wage levels and this led to increased worker dissatisfaction and worker turnover. This reflected the fact that for many factory managers the move from strict compliance to continuous improvement involves a significant mind-shift. However, this fundamental change of perspective and the ability to see the business benefits for them-

selves are necessary in order to meet the challenge of sustaining improvements once the focused attention of the purchasers has reduced.

**Purchasing Companies** benefit from: enhanced relationships with key suppliers; better service from suppliers in terms of controlled delivery and improved product quality; and reduced reputational risk.

The primary challenge for purchasers is the need to work with suppliers over an extended period of time on issues of hours and pay rather than demand immediate compliance. This means understanding the pressures on factories, having realistic expectations of achievable changes and rewarding factories for honesty, even when this reveals 'non-compliances'. Purchasing companies need to work with the factories to incentivise and support incremental change in order to rebuild the trust that has been eroded by overly strict compliance practices.

A significant issue identified by the purchasers involved in the project is the companies' ability to replicate the model across supply chains in a resource- and cost-efficient manner. There is also a need to build understanding and skills around these issues both in purchasing companies and in the supply chain. A specific element of this challenge is the need to build local capacity and expertise in order for factories to have access to support that can be tailored to their needs.

For the model to work effectively, it is therefore essential that purchasing companies do not take advantage of productivity improvements to further accelerate lead times or squeeze prices. The project highlighted the importance of such companies ensuring that their commercial agenda supported rather than undermined the efforts of their supplier factories. Current practice is generally to place all the responsibility for meeting local laws and codes of conduct on suppliers.

Consequently, purchasing companies need to work with factories to achieve realistic interim targets for overtime, as the local law is generally unattainable for most supply chain factories in China. There are also arguments for encouraging the Chinese Government to set more realistic goals for overtime. Research carried out by worker interviewers in the Overtime Project and during Impactt's other factory work in China, shows that most workers would like to work 2-3 hours overtime per night and have 4 days off per month. This means 92 - 129 hours of overtime per month. Managers with good systems believe 102 overtime hours per month to be a realistic target. However the legal limit is 36 hours.

## KEY ISSUES FOR INVESTORS

### Downside Risks and Upside Opportunities

**S**upply chain labour problems have emerged as a key risk factor for China-based companies and global companies which rely on Chinese suppliers. As this study makes clear, badly managed workplaces with substandard labour conditions are also inefficient, unproductive workplaces. While there is still a presumption by some investors that low labour costs will inevitably offset low productivity, we see numerous indications that the trade-off may not be quite that straightforward for companies which have come to rely on Chinese supply chains. Clearly there are medium to long term risks as suppliers struggle to address the needs of a rapidly changing workforce and to raise quality standards and capabilities in order to find a place in more interactive supply chain partnerships.

**The strategies discussed in this report offer an alternative approach to the audit and compliance mode**

Investors already have ample chance to monitor the statements of global branded goods manufacturers which rely on China-based factories. However the focus to date has been on benchmarking elements of companies' audit and compliance systems, with little scope for assessing how successful such systems have been in addressing actual underlying problems. Furthermore, the operation of such systems provides insufficient insight into a company's relationship with its suppliers in business terms. This is of relevance to socially responsible and mainstream investors alike.

The strategies discussed in this report offer an alternative approach to the audit and compliance model and have not only shown to be effective in starting to address underlying issues, but also to be aligned with key elements of a successful supply chain relationship: productivity, quality and reliability. This report indicates that a more thoughtful approach to particular labour issues benefits supply chain companies and their investors by changing the focus from audit costs to productivity investment and from higher prices to fairer pay.

Investors assessing companies' supply chain labour issues have traditionally focused on downside risk, such as damage to brand value, consumer boycotts, disruption to continuity of supply or costs of 'crisis management'. Such risks are still relevant but may be balanced by significant upside opportunity stemming from strategic partnerships with dynamic, supportive supplier companies. The issue of trust alone, highlighted in this report in terms of false records and 'coached' employees, illustrates the potential for translating risks into opportunities in supply chain relationships.

Investors need to take account of the finding that the practice of purchasers demanding immediate compliance with codes of conduct from their suppliers can in some cases

**Rather than simply focusing on establishing the level of a suppliers' compliance with codes of conduct, a valuable positive indicator for investors is the level of investment a purchaser makes into developing longer term relationships with a supplier**

perpetuate problems. Codes of conduct are essential for setting standards. However priority needs to be given to understanding the root causes of labour issues and for purchasers to provide practical support for suppliers to address these through step-by-step improvements. Investors' risk-modelling needs to reflect the fact that the level of a purchaser's investment in developing solutions alongside its suppliers will impact the longer term sustainability of its supply relationships. The emphasis on short term risk is therefore replaced by medium to long term upside opportunities.

## Applying New Indicators

A new set of indicators is ultimately needed for investors to evaluate supply chain performance, risk and opportunity. A 'bottom up' analysis of the supply chain can provide further valuable insight for investors of both purchasing and supply companies. There is also considerable scope for investors to encourage more realistic disclosure from purchasing and supply chain companies. Based on the work described in the report, it is clear that investors should be asking more questions about the following issues:

- The level and pattern of labour turnover at supplier companies;
- How supply chain companies define their employment practices;
- Whether and what kind of training is provided;
- Compensation structures: piece rate, skill-based, incentive, or retention bonuses;
- The number of links in the supply chain.

## What Initial Public Offering Documents have to Offer

A review of initial public offering documents from 18 supply chain companies listed on the Hong Kong Stock Exchange in 2004 was conducted as part of this project and provided interesting insights into the development of the Chinese supply chain. It highlights the challenges faced by investors trying to assess supply companies that have moved from private to public status. Indeed, for investors looking to assess the performance of developed market purchasers, it is important to remember that the better established Asian suppliers are increasingly also listed companies and their disclosures can provide a cross-check on purchasers' statements and insights into disclosure gaps. In particular, public offering documents provide disclosure on legal compliance, stated relationship with employees, quality control and supply of raw materials - all of which provide information relevant to performance on labour issues, including overtime.

With regard to the capacity for investors to assess performance on labour and overtime, the review concludes that:

- 1) Investors can gauge a company's exposure to labour trends by monitoring simple metrics such as changes in workers employed and the labour component of cost of goods sold;
- 2) The disclosure of operational characteristics and management practices, such as product quality control, can highlight issues which have implications for labour and specifically overtime practices (e.g. unreliability of raw material supply, short lead times and customer behaviour);
- 3) Few companies discuss their labour force in strategic terms although low cost labour is often a critical element of their current and future competitive advantage. The lack of commentary on labour turnover trends is a meaningful omission in light of the fact that the Guangdong Government is now reporting a shortfall in workers of roughly 1,000,000 for 2005.
- 4) Statements about compliance with relevant PRC laws on workplace labour conditions and performance on managing the workforce are vague. Material comments about workplace health and safety issues are rare;
- 5) Only a handful of companies have so far provided the type of disclosure needed to establish a comprehensive baseline for assessing future management performance on labour management issues.

## CONCLUSION

The response of the factories to the project initiatives and the subsequent outcomes clearly demonstrate that effective partnerships with suppliers and the introduction of internal quality and productivity management systems can lead to an overall improvement of productivity and a reduction in worker over-time hours without sacrificing worker benefits or remuneration. This indicates that workers become progressively less productive the more overtime that they work. The multiple productivity inputs gained were also found to encourage improvements in production planning, closer communication with purchasers and assessment of input suppliers. These also mitigated the external factors which can force factories to make workers work excessive hours.

Improved human resources management further enables factories to attract and keep skilled workers so that reworking and the need for overtime can be reduced. Better communication ensures that workers both understand and support the changes made to management systems, production and incentives. Management staff also benefit from the introduction of

such initiatives. As a result of partnering in productivity enhancement programs with their suppliers, purchasing companies should be better able to demonstrate to their stakeholders a clear process of improvement in labour standards in their supply chain.

**As a result of partnering in productivity enhancement programs with their suppliers, purchasing companies should be better able to demonstrate to their stakeholders a clear process of improvement in labour standards in their supply chain**

However challenges still remain and despite the communications and human resources inputs, industrial relations in all the factories engaged in the project remained underdeveloped at the end of the project.

On the policy side, a key challenge is to encourage the Chinese government to revise the current legislation and set more achievable overtime targets.

For investors, the challenges are to review how they assess the impact of companies' supply chain labour issues, including reviewing the indicators which they apply. Such a considered approach would demonstrate their understanding of the root causes of labour exploitation issues. **Investors can therefore also become supportive partners in encouraging companies to adopt effective productivity enhancement programs.**

**Appendix 1: Case Studies**

The key project findings were clearly illustrated by the case studies of two very different factories which participated in the project.

**Case Study: Factory 1**

Located in Dongguan, employs 2,500 workers producing accessory goods

**Case Study: Factory 2**

Originally situated on 2 floors of an industrial building in Shenzhen, employs 200-250 workers making garments for a number of foreign retailers - relocated to a larger facility

**Baseline**

- 38% of the workers in the unit working more than 132 hours of overtime per month
- many workers not earning minimum wage for standard time
- factory ran a system of warnings and some fines and did not provide a productivity bonus
- managers were progressive and keen to improve
- poor people management skills at middle management and supervisor level

**Baseline**

- worker annual turnover very high (140%) relationships between workers and their supervisors were also strained
- fines in place for fourteen different offences
- no skills training
- overtime ranged from 100 hours/month low season to 225 hours for the rest of year
- lack of awareness of minimum wage
- no formal line quality control, no records of reworking rates
- 70% of fabric supplies delivered at least 1 week late

Improvement Initiatives were focussed around three themes

- productivity and quality,
- human resource management and
- communication.

Examples are provided below.

**Productivity and quality**

- introduced a supplier appraisal system, straight line production
- openly displayed production targets and output data
- quality control teams strengthened and reorganised
- training increased

**Productivity and quality**

- employed a manager to set up an Industrial Engineering (IE) department and a data bank
- introduced a production planning processes that included process analysis, line balancing and target setting
- reduced lead times for samples by working more closely with merchandisers
- introduced straight line production
- introduced a system for packing during the production process

**Human resource management**

- developed processes for worker evaluation
- monthly salaries were adjusted to reflect workers' performance
- training centre introduced
- reduced fines and introduced worker incentives

**Human resource management**

- reduced the number of fines and abolished deposits

**Communication**

- workshops, communication skills training
- forums for communication increased

**Communication**

- comments box placed in a private area of the factory

**Outcomes**

- production lead times halved
- 30% increase in productivity
- % of workers earning the minimum wage for normal time increased from 40-50% to 95%
- peak season overtime hours/day reduced from 5 to 3-4 hours. Peak season overtime/month reduced by 13%
- improved sense of teamwork and higher levels of motivation

**Outcomes**

- net cost of production reduced despite significant increases in wages
- turnover rate reduced to 9.6%, from 140%
- peak season overtime reduced from 170-225 hours to 132 overtime hours per month, but voluntary hours not recorded
- increase in average wages for ordinary time
- increased profitability even accounting for the considerable investment made by the factory in implementing productivity recommendations

## PROJECT LEADERS

### THE ASSOCIATION FOR SUSTAINABLE & RESPONSIBLE INVESTMENT IN ASIA (ASrIA)

ASrIA is a not for profit, membership association dedicated to promoting corporate responsibility and sustainable investment practice in the Asia Pacific region. ASrIA's members include investment institutions managing over US\$4 trillion in assets, however membership is open to any organisation which has an interest in sustainable investment. ASrIA's goal is to build market capacity for SRI through the publication of up to date and accessible information on the development of SRI in Asia and globally and to provide a platform for different sectors within the community to exchange information and perspectives on SRI.

[www.asria.org](http://www.asria.org)  
+(852) 2891 9298

### THE CO-OPERATIVE INSURANCE SOCIETY (CIS)

CIS is the only co-operative insurance business in the UK and provides a full range of life, investment and insurance products.

We can trace our history back to 1867 and today, alongside The Co-operative Bank, we are part of Co-operative Financial Services (CFS), an integrated financial services business within the Co-operative group, one of the largest consumer-owned businesses in the world.

We have 5.4 million customers and currently administer more than €20 billion of their money. Our primary responsibility is to invest in a way that best serves our customers' financial needs. At the same time, however, we also consider the ethical aspects of our investments and ensure that we take action to encourage improvements in the social, ethical, environmental and corporate governance conduct of those companies in which we invest.

[www.cis.co.uk](http://www.cis.co.uk)  
[liz.salthouse@cis.co.uk](mailto:liz.salthouse@cis.co.uk)  
+44 (0) 161 903 4677

### IMPACTT

Impactt, is an ethical consultancy specialising in supply chains. Impactt has offices in London and Guangzhou, China and will be establishing a presence in the US during 2005. Since 1997 Impactt has worked with companies to help them integrate ethics into the way they buy, and to improve labour standards in supply chains. We support companies to develop their ethical trading programmes, providing creative, pragmatic solutions and strategies and robust tools and systems which deliver real results. Impactt's clients include: Dell, H&M, IKEA, The Gap, Nike, Marks & Spencer, Nokia and Tesco.

[www.impacttlimited.com](http://www.impacttlimited.com)  
[info@impacttlimited.com](mailto:info@impacttlimited.com)  
+44 (0) 207 242 6777

## PROJECT SPONSORS

### CALVERT

For more than 23 years, Calvert has provided shareholders with solid financial performance and strong leadership on sustainability issues through portfolios whose companies are examined for their environmental, social, and corporate responsibility practices. Managed by seasoned, expert portfolio managers, our 31 stock, bond, and money market funds make it easy for investors to pursue a broad range of investment objectives. With over \$10 billion in assets under management for more than 400,000 investors, Calvert is one of the nation's largest families of responsible mutual funds.

### DOMINI

New York based Domini Social Investments manages more than \$1.9 billion for individual and institutional mutual fund investors seeking to invest with their values. Domini Social Equity Fund is the nation's first and largest socially responsible index fund. Intermediate-term Domini Social Bond Fund and FDIC-insured Domini Money Market Account support community economic development.

### THE SIGRID RAUSING TRUST

The Sigrid Rausing Trust is a philanthropic foundation based in Britain. It was set up ten years ago by Sigrid Rausing as a grant giving trust. It takes as its guiding framework the United Nations' Universal Declaration of Human Rights. The Trust's funding categories are all human rights orientated and aim to form a coherent framework for the work of the Trust.

## ABOUT ASrIA

### **The Association for Sustainable & Responsible Investment in Asia**

[www.asria.org](http://www.asria.org)

ASrIA is a not for profit, membership association dedicated to promoting corporate responsibility and sustainable investment practice in the Asia Pacific region. As an association, ASrIA acts for and on behalf of its members. ASrIA's members include investment institutions managing over US\$4 trillion in assets, however membership is open to any organisations which have an interest in promoting sustainable investment practice.

ASrIA has taken a leadership role in promoting sustainable investment in Asia since our founding in 2001. In order to raise awareness about SRI, ASrIA has run conferences, seminars and workshops, and published wide-ranging research on SRI issues. ASrIA has also created a very wide network of people and organizations committed to developing SRI in Asia. ASrIA's website, [www.asria.org](http://www.asria.org), is the primary resource for SRI in Asia, attracting over 3,000 page views per day and over 4,800 subscribers to our regular e-bulletin.