
Guidance on Corporate Social Responsibility Management for Chain Stores & E-commerce Platform 2021 Edition (English Summary)

实体连锁企业/互联网消费平台
社会责任实施指南
(2021年版)

About the Guidance

Scope of Application

This Guidance is applicable to the chain stores developed with the chain operation mode in China and the E-commerce platforms with omni-channel integrated development¹, including retail industry, catering industry, life service industry, E-commerce industry and so on. The application covers listed and non-listed enterprises, and other related industries can refer to it according to the actual situation.

Explanation of Terms

Sustainable Development: The development that can meet the needs of contemporary people without endangering the ability of future generations to meet their needs².

Corporate Social Responsibility (CSR): The responsibility of an organization for the impact of its decisions and activities on the society and environment through transparent and ethical behaviors³.

Environment, Society and Governance (ESG): ESG is the abbreviation of environmental, social and governance. Among which, environmental management includes input and output; social management includes leadership, employees, customers and community; corporate governance includes transparency, independence, remuneration and shareholder rights⁴.

Special Thanks

Policy Coordination Committee of China Chain Store & Franchise Association (CCFA) participates in this Guidance; member enterprises of CCFA Sustainable Consumption Roundtable, including Wal-Mart, Decathlon, Freshhema, JD, AEON, Xiabu Xiabu, Starbucks, Liqun, Lianhua, Meituan and Sephora, provide information support.

The China Sustainable Development Case Center Team of SynTao compiles this Guidance.

C-Team Climate Change and Promotion Center provides financial support.

Explanation

This Guidance is dedicated to providing as complete, accurate and timely data as possible. Please correct any inappropriateness. This is the first time of the release of the Guidance, and it will be reviewed annually and updated regularly according to the latest policies and regulations, global sustainable development background, updated report disclosure guidelines and new regulations of China Securities Regulatory Commission and stock exchanges, etc.

¹For the definition of chain stores and E-commerce platforms, please refer to GB/T 18106-2021 Classification of retail formats and SB/T 10465-2008 Chainstore & franchise glossary

²Refer to the definition of sustainable development in Our Common Future released by the World Commission on Environment and Development (WCED) in 1987

³Refer to the definition of social responsibility in GB/T 36000-2015 Guidance on social responsibility

⁴Refer to the definition of specific evaluation indicators of environmental, social and governance in Goldman Sachs Environmental Policy: 2006 End-of-Year Report published by Goldman Sachs in 2006

Contents

Introduction

Key Points in the Guidance

Part I: Establish the Corporate Social Responsibility Index System

- (I) Identify Substantive Issues of Corporate Social Responsibility
- (II) Form a List of Substantive Issues of Corporate Social Responsibility
- (III) Formulate Corporate Social Responsibility Management Index System

Part II: Formulate Corporate Social Responsibility Strategy and Management Framework

- (I) Formulate Corporate Social Responsibility Objectives and Strategies
- (II) Define the Primary Responsibility: The Board of Directors Takes Full Responsibility for the Management of Corporate Social Responsibility
- (III) Establish Corporate Social Responsibility Coordination Departments to Coordinate the Implementation of Social Responsibility

Part III: Decompose Corporate Social Responsibility Objectives and Track Social Responsibility Performance

- (I) Decompose Social Responsibility Objectives and Refine Labor Division of Departments
- (II) Track Social Responsibility Performance

Part IV: Disclose Corporate Social Responsibility Information

- (I) Formulate the Overall Action Strategy of Corporate Social Responsibility Information Disclosure
- (II) Determine the Way of Information Disclosure- Write Corporate Social Responsibility Report
- (III) Respond to the Expectations of Stakeholders and Enhance the Influence of Social Responsibility

Appendix I: Summary of Relevant Corporate Social Responsibility Index System

Appendix II: Tracking Table of Corporate Social Responsibility Performance

Appendix III: List of Chain Stores and E-commerce Platforms Publishing Social Responsibility Reports (Part)

Appendix IV: Index of English Abbreviations (In Alphabetical Order)

Introduction

Development of ecological civilization is an important feature of socialism with Chinese characteristics in the new era. During the “14th Five-Year Plan” period, China shall enter a new stage of development. Development of ecological civilization and promotion of green and low-carbon circular development can not only meet the people’ s growing needs of beautiful ecological environment, but also promote the more fairness, more sustainable and safer development with higher quality and more efficiency. At the same time, China is constantly strengthening the commitment and responsibility as a big country in its participation in global climate governance. Since the General Secretary Xi Jinping first put forward the goal of “China’ s carbon dioxide will reach its peak by 2030 and be carbon neutral by 2060” in September 2020, the relevant “1+N” policy system is also in intensive preparation. On October 24, 2021, *Opinions on Completely, Accurately and Comprehensively Implementing the New Development Concept to Do a Good Job of Peak Carbon Dioxide Emissions and Carbon Neutral*, as “1” , was officially announced, and policies and guiding opinions in various fields, as “N” , will be launched one after another. In promoting the development of ecological civilization, the General Office of the CPC Central Committee and the General Office of the State Council recently issued *Opinions on Further Strengthening Biodiversity Protection*, and put forward the cooperation principle of government-led with participation of multi-social subjects including enterprises and institutions. On the social issue level, the policy orientation of the third distribution clarifies the public welfare responsibility of enterprises, encourages enterprises to distribute social resources and wealth through public welfare on a voluntary basis and continuously strives to reduce the income gap and promote common prosperity. The high-quality economic development is the transformation from quantitative growth to qualitative growth, aiming at promoting sustainable development. It is the development that gives consideration to both quality and efficiency and takes innovation as the first driving force, coordination as the endogenous characteristic, green as the universal form, openness as the inevitable course and sharing as the fundamental purpose.

The changes of external environment have redefined the scope of risk; meanwhile, with ESG being paid more attention by more and more governments and regulators, ESG investment, taking environmental, social and corporate governance factors into account, has gradually being developed from Europe and the United States to the world and become the mainstream trend in the international investment community. According to the 2021 Investment Insight Report published by MSCI, in the survey of 200 institutional investments including different types of pension funds, sovereign funds, insurance companies, institutional investors with asset management scale exceeding USD 200 billion sign at least one ESG theme framework, among which 79% of institutional investors indicate that they would conduct climate risk assessment more frequently. According to the statistics of Global Sustainable Investment Alliance (GSIA),

in 2020, 35.9% of asset management in mature markets of developed countries worldwide belonged to ESG investment, amounting to USD 35.3 trillion. At the same time, governments and stock exchanges all over the world are actively promoting ESG information disclosure rules, especially in relatively developed countries and regions, corporate social responsibility or ESG information disclosure is in transition from early encouraging policies to mandatory requirements. Since China Securities Regulatory Commission established the basic framework of ESG information disclosure in the revised edition of the *Code of Corporate Governance for Listed Companies*, a series of policies have been intensively introduced to promote the standardized disclosure of ESG information of A-share listed companies. Since the beginning of this year, ESG information disclosure requirements have been clearly put forward in the newly revised guidelines for the format of annual and semi-annual reports of listed companies and the *Guidelines for Investor Relations Management of Listed Companies (Exposure Draft)*. This year, the State-owned Assets Supervision and Administration Commission of the State Council also explicitly included ESG in the key work of central enterprises to fulfill their social responsibilities. With the joint promotion of investors, rating agencies and regulatory authorities, it has become an inevitable trend for enterprises to continuously strengthen sustainable development management and integrate environmental and social risks into the overall risk assessment and corporate governance framework and continuously optimize the corporate social responsibility or ESG information disclosure level.

According to incomplete statistics, among 38 listed companies in “Top 100 Chinese Chain Stores in 2020” published by China Chain Store & Franchise Association, 13 are listed on Shenzhen Stock Exchange, 9 are listed on Hong Kong Stock Exchange and 16 are listed on Shanghai Stock Exchange. According to the requirements of different stock exchanges, about 16 chain stores issued social responsibility, ESG or sustainable development reports based on different reporting frameworks. As an important support of the service industry, chain stores play an irreplaceable role in promoting consumption and domestic and international dual circulation. According to the report *Impact of Retail Industry on Social Economy* released by China Chain Store & Franchise Association and State Information Center, during the “13th Five-Year Plan” period, China’s retail industry grew steadily with an average annual nominal growth rate of 3.4%. In 2020, the scale of retail industry exceeded RMB 4 trillion, accounting for about 4.07% of GDP. At the same time, the retail industry plays a significant fundamental role in extensively absorbing social employment. Under the background of China’s “dual carbon target”, with the continuous transformation and development of chain stores, whether for listed companies or non-listed companies, deploying sustainable development strategies and strengthening ESG management have become a problem that cannot be ignored.

Some practical problems, such as how to start with the construction of corporate social responsibility, which issues should be focused on and how to establish an effective top-down management mechanism, must be faced and urgently solved to push enterprises to continuously implement the sustainable development strategy to the action level.

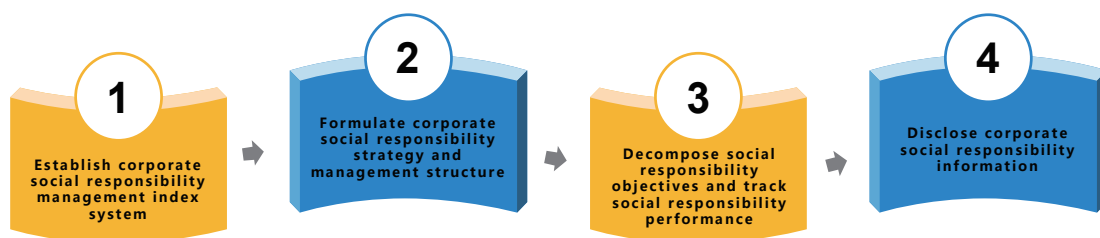
In response to industry-specific needs and challenges, the *Guidance on Corporate Social Responsibility Management for Chain Stores & E-Commerce Platforms* is timely issued, aiming at providing a set of effective management tools and working methods for industry enterprises and helping enterprises to continuously improve the social responsibility management level and information disclosure quality, actively respond to regulatory requirements, reduce compliance risks and further improve their competitiveness and innovation.

Key Points in the Guidance

Q1 Why should enterprises strengthen social responsibility management?

- Comply with policy and regulatory requirements
- Improve the corporate governance level
- Get potential responsibility investment opportunities
- Respond to the demands of consumers and society
- Comply with the mainstream trend of green and low-carbon cycle development

Q2 “Four-step plan” for the implementation of corporate social responsibility



Q3 What information can enterprises get from this Guidance?

A list of substantive issues of social responsibility applicable to chain stores and E-commerce platforms (refer to Part I of the Guidance)

- A set of corporate social responsibility management index system (refer to Part I of the Guidance)
- A corporate social responsibility strategy and management framework (refer to Part II of the Guidance)
- A complete set of corporate social responsibility performance tracking tools (refer to Part III and Appendix II of the Guidance)
- A complete set of process and framework of corporate social responsibility information disclosure (refer to Part IV of the Guidance)

For the complete version please visit:

<http://www.ccfa.org.cn/portal/cn/xiangxi.jsp?id=442995&type=34>
(Available in Chinese Only)

Press Release

The First ESG Management Guidance for China's Retail Industry Was Released

- Guidance on Corporate Social Responsibility Management for Chain Stores & E-Commerce Platforms

The Beijing Stock Exchange opened in November 2021, which became the focus of investors. In the opinion of securities analysts, after the opening of the Beijing Stock Exchange, small and medium-sized high-end manufacturing enterprises will have great investment opportunities, and alternative investments, such as ESG, will also get more investment opportunities. Since 2020, the chain stores and E-commerce platforms, which are responsible for epidemic prevention and goods supply, have not only fulfilled their social responsibilities, but also made a deeper exploration of environmental responsibility and corporate governance responsibility, so as to respond to the national requirements of “peak carbon dioxide emissions by 2030” and “carbon neutrality by 2060” as well as high-quality development, and promote the sustainable development of the industry.

On November 19, 2021, *Guidance on Corporate Social Responsibility Management for Chain Stores & E-Commerce Platforms: 2021 Edition* (hereinafter referred to as the *Guidance*), jointly compiled by China Chain Store & Franchise Association (CCFA) and SynTao, was officially released in the “CCFA New Consumption Forum Series Summit- Omni-channel Sustainable Development Forum” held in Shanghai. As the first social responsibility / ESG management guidance document applicable for chain stores developed with chain operation mode and E-commerce platforms with omni-channel integrated development, it provides an effective set of social responsibility / ESG management methods and management tools for enterprises and helps enterprises to continuously improve the social responsibility management level and information disclosure quality, actively respond to regulatory requirements, reduce compliance risks and further enhance their competitiveness.

In recent years, with the mainstreaming of the concept of responsible investment and the continuous upgrading of regulatory requirements, more and more governments and regulatory agencies pay great attention to the social responsibility / ESG management. Enterprises gradually integrate environmental and social risks into the overall risk assessment and corporate governance framework, while enterprises adopting the social responsibility / ESG governance model are more favored by investors as they are more stable, more resilient and pay more attention to the creation of long-term value.

The Guidance puts forward a “four-step plan” for enterprises to implement social responsibility / ESG management, including establishing social responsibility management index system, formulating social responsibility strategy and management structure, decomposing social responsibility objectives, tracking social responsibility performance and disclosing social responsibility information. Meanwhile, at the practical level, the Guidance provides a series of management tools for enterprises, including a list of substantive issues of social responsibility, a set of social responsibility management index system, a social responsibility strategy and management framework and a complete set of social responsibility performance tracking tools. Through the implementation of the management path, it can guide enterprises to carry out social responsibility / ESG management more effectively and strengthen the long-term value of enterprises.

As an important support of the service industry, chain stores play an irreplaceable role in promoting consumption and domestic and international dual circulation. According to the report *Impact of Retail Industry on Social Economy* released by China Chain Store & Franchise Association and State Information Center, during the “13th Five-Year Plan” period, China’s retail industry grew steadily with an average annual nominal growth rate of 3.4%. In 2020, the scale of retail industry exceeded RMB 4 trillion, accounting for about 4.07% of GDP. “Under the background of ‘dual carbon target’ put forward by the state, with the continuous transformation and development of chain stores, deploying sustainable development strategies and strengthening social responsibility / ESG management have become the keys that cannot be ignored,” said Mr. Chu Dong, the Vice President of China Chain Store & Franchise Association. “The retail industry has its unique development background and industry characteristics. The timely issuing of the Guidance will help retail enterprises to clarify the key issues in the social responsibility / ESG management and guide enterprises to establish effective management mechanisms, thus providing them with more innovation power.”

Recently, with the joint promotion of the government, regulatory authorities, investors and rating agencies, it has become an inevitable trend for enterprises to continuously strengthen sustainable development management and integrate environmental and social risks into the overall risk assessment and corporate governance framework. Through the implementation of the *Guidance*, enterprises can more actively respond to the policy and regulatory requirements and improve the corporate governance level, thus obtaining more potential investment opportunities and responding to the demands and trends of consumers and society for green and low-carbon circular development at the same time. In the specific implementation, enterprises can refer to the specific management indicators proposed in the *Guidance* to take action. Ms. Lang Hua, a partner of SynTao, said: “In order to meet the responsibility management needs of different formats and different business forms, a social responsibility management index system is specially established in the *Guidance* to provide specific action suggestions, qualitative management suggestions and quantitative data requirements for enterprises during the implementation so as to facilitate the comprehensive investigation of potential hot areas of responsibility performance in their actual business scenarios.”

In addition, as a key link in social responsibility / ESG management, information disclosure is also in the transition process from early encouraging policy to mandatory requirement. Since China Securities Regulatory Commission established the basic framework of ESG information disclosure in the revised edition of the *Code of Corporate Governance for Listed Companies*, a series of policies have been intensively introduced to promote the standardized disclosure of ESG information of A-share listed companies. Since the beginning of this year, ESG information disclosure requirements have been clearly put forward in the newly revised guidelines for the format of annual and semi-annual reports of listed companies and the *Guidelines for Investor Relations Management of Listed Companies (Exposure Draft)*.

According to statistics, among the 38 listed companies in the “Top 100 Chain Stores in China in 2020” published by China Chain Store & Franchise Association, 16 companies have disclosed information by publishing reports (including publishing reports separately or disclosing relevant information in annual reports) in order to actively communicate with investors on the key progress of their social responsibilities and respond to potential rating demands. For non-listed companies, information disclosure is also a powerful means to enhance communication with multiple stakeholders, strengthen brand responsibility leadership and promote brand communication. Therefore, the Guidance also provides industry enterprises with reference of the overall strategy of social responsibility information disclosure and the process framework of report writing, aiming at helping enterprises at different development stages to better meet the expectations of all parties and improve the information disclosure quality.

This is the first time of the release of the *Guidance*, and it will be reviewed annually and updated regularly according to the latest policies and regulations, updated report disclosure guidelines and new regulations of China Securities Regulatory Commission and stock exchanges, etc.

Read the original text and view the electronic version of the *Guidance*

<http://www.ccfa.org.cn/portal/cn/xiangxi.jsp?id=442995&type=34>

China Chain Store & Franchise Association

Chu, Dong
Vice President
Email: cd@ccfa.org.cn

Wang, Wenhua
Deputy Director-General
Email: wwh@ccfa.org.cn

Li, Chong (Contact)
Deputy Director, Sustainable Consumption Promotion Department
Email: lc@ccfa.org.cn

Jiang, Xing
Deputy Director, Industrial Policy Research Department
Email: jiangxing@ccfa.org.cn

SynTao Co., Ltd.

Lang, Fiona
Partner and Vice-general Manager of SynTao, Director of China Sustainability Case Place
Email: langhua@syntao.com

Zhu, Chenxi
Account Manager of SynTao, Deputy Director of China Sustainability Case Place
Email: zhuchenxi@syntao.com

Liu, Hanyue (Contact)
Consultant of SynTao, Researcher of China Sustainability Case Place
Email: liuhanyue@syntao.com

Mu, Lei
Consultant of SynTao, Researcher of China Sustainability Case Place
Email: mulei@syntao.com