

**Implementing Global Compact, Building Harmonious  
Enterprises and Promoting World Harmony**

Speech at the UN Global Compact Leaders Summit 2007

By Captain *Wei Jiafu*, President and CEO of COSCO Group

5 July, 2007

Respected Chairman  
Distinguished Leaders  
Ladies and Gentlemen:

Good afternoon.

I feel pleased and honoured to be kindly invited by Your Excellency Secretary General Ban Ki-moon to attend this important Summit as a representative of the Chinese business community. The Summit gives us a great opportunity to share with the companies and organisations of all over the world their good practices in the implementation of the UN Global Compact. Indeed, we have already been enlightened by the excellent speeches and presentations made by high-profile political and business leaders today.

Responding to these insightful speeches, I'd like to brief you the views, practices, commitments and recommendations of the Chinese business community in the implementation of the UN Global Compact.

Since China adopted reform and opening-up policies almost thirty years ago, the Chinese enterprises have paid increasing

attention to corporate social responsibilities, reinforced by the pledge of developing market economy and globalising the Chinese enterprises. In China, since early 1990s, the Project of Hope that has sponsored the compulsory education of many children from poor families, and the Guangcai Program that has supported the economic development of many poor areas, as well as other charitable activities have long been the champions in the promotion of CSR in China. Later than that, there has seen China's companies being more focused on the exercise of CSR.

The UN Global Compact has met with positive responses from the Chinese government and business community. Now, 76 Chinese enterprises and organisations have officially joined the Compact. In practice, China has honoured its responsibilities as a big and influential country and made great contribution in dealing with global climate changes. According to statistics, China's energy cost per ten thousand RMB GDP has reduced by 47% from 1990 to 2005 , equivalent to the reduction of 1.8 billion tons of carbon dioxide emission. Furthermore, 5 billion tons of carbon dioxide has been absorbed through our plantation and protection of forests. In China's Eleventh Five Year Plan for National Economic and Social Development (2006 - 2010) adopted last year , it is set that China's per GDP cost of energy will be reduced by 20%, total volume of major pollutants emission will be cut by 10%, forest coverage will be increased by 20%. By doing so, the Chinese business community has taken up its social responsibilities not only in compliance with the Global Compact but also with our own numerical objectives.

In October 2006, COSCO Group, as the world's second largest shipping company, delivered our CSR report on sustainable development, which was the first one in China and was audited and certified by DNV. This January, our report was recognized as one of the UN Global Compact performance models, making COSCO the first Chinese company and the first shipping company in the world enlisted on the Chart.

Since January 2005, COSCO has officially joined the UN-launched Global Compact and earnestly implemented the Compact's principles.

*In the respect of labour rights and standards, COSCO presently employs nearly 5,000 foreign staff in over 50 countries in the world now. In Mar 2002, COSCO successfully launched the container liner shipping services between the Far East and the port of Boston in the United States, when the port was facing a serious challenge after the leave of other renowned liner companies. COSCO's new service helped save 9,000 shipping related jobs in Boston, safeguarding rights of subsistence of workers the Port. Last month, I attended the fifth Anniversary Celebration of COSCO's partnership with Massachusetts Port Authority, organized by Massachusetts Government. There I received a *Job Creation Award* presented by International Longshoreman Association, which was the local Union.*

Being one of the largest ship repairing groups in the world, COSCO Shipyards Group hires more than 45,000 migrant workers who came from China's countryside. Not only the employment and development opportunities are provided to the migrant workers, but also their health and safety, living and cultural needs

are well taken care of in COSCO's working environment. Because of that, COSCO was awarded as the *Best Employer of Migrant Workers* this March.

We have taken the lead in adapting the pay rise and work conditions for our ship crews, as COSCO is China's largest international shipping company employing over 50,000 crew members in total, we successfully lobbied our government to set up the "Maritime Day of China" and endorse to *The Regulations for the Shipping Crew of the People's Republic of China*.

*In the energy-saving and environmental protection.* To deal with the rise of fuel cost, we have taken measures to restructure our fleets, enhance the operational capacity of our ships, rationalize our route design, apply advanced technologies and develop new technologies. By all the means, fuel consumption has been reduced from 7.39 kg per thousand tons mile in 2004 to 5.16 kg per thousand tons mile in 2006. COSCO operates a fleet of oil tankers with a total capacity of 4.5 million tons. To ensure the environmental safety, we have invested much to build up double-hull tankers and adopted the highest international standards in the management of those tankers. In April 2007, COSCO was awarded for the third consecutive year with the Green Flag Prize by the US Long Beach Port Authority, for the excellent performance of our container ships in meeting up the local environmental standards.

*In the fight against corruption and terrorism,* COSCO has been building up its own corruption prevention and punishment system balancing education, mechanism and supervision that is consistent with China's actual conditions. Efforts have been made

to prevent and combat business bribery, and a “broader supervision” framework has also been effectively implemented. COSCO also always supports the fight against terrorism on the sea. We have been active in the implementation of SOLAS Convention Amendment and ISPS Rules and other relevant instruments.

*In the participation of social undertakings* , COSCO sends its officials every year down to the less developed areas of China in Tibet and Hebei provinces and helped the local government to develop local economies. COSCO also donates nearly 20 million RMB each year to those underdeveloped areas. In January, 2005, COSCO donated 10 million RMB to the Indian Ocean Tsunami relief. At the end of 2005, the first company-initiated charity foundation in China was established and funded with 100 million RMB by COSCO.

COSCO has identified its strategic development objectives as to be a harmonious and sustainable company and got itself more geared to overall, balanced and sustainable development.

COSCO’s practices in CSR and Global Compact implementation have shown that the exercise of CSR could never hinder but only promote the corporate development. In the times of corporate citizenship, the CSR competitiveness has been a new indicator of a company’s global competitiveness. In this sense, enterprises around the world should be willing but not reluctant to implement the Global Compact and CSR. There might be various practices in the implementation, as the principle of “more capabilities, more responsibilities” might also apply here. Therefore, enterprises of the developed countries are expected to

shoulder up more social responsibilities.

Ladies and Gentlemen, The Chinese President Hu Jintao called up to build a harmonious world at the Summit of celebrating the 60th anniversary of the UN on 15 September, 2005. The achievement of each harmonious enterprise reflecting the principles of UN Global Compact will definitely help us realise harmonious world at an earlier date.

As economic globalisation intensifies, people in this world have never been so tied together. There is only one earth for human-beings, so let us join hands more closely, taking up our responsibilities under the framework of the Global Compact and building up harmonious enterprises, and make solid efforts toward the achievement of sustained development and common prosperity in a harmonious world.

Thank you very much.