



Lisbon School  
of Economics  
& Management  
Universidade de Lisboa

# **MASTERS IN MANAGEMENT (MIM)**

## **MASTERS FINAL WORK**

DISSERTATION

### **CHINESE FIRMS AND SUSTAINABLE DEVELOPMENT GOALS: THE CASE OF THE UN GLOBAL COMPACT**

WANG YUE

MARCH - 2022



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**SUPERVISOR:**

PROF. LUIS MAH

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**Chinese Firms and Sustainable Development Goals:  
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***ABSTRACT***

In a globalized world, promoting more equitable and sustainable development worldwide and resisting shocks are important goals of the United Nations Sustainable Development Goals (SDGs). The United Nations Global Compact (UNGC) and its local networks urge businesses to play a role in promoting sustainable development in the world. Global businesses must put more effort into accelerating corporate sustainability and responsible business practices (United Nations, 2021). However, few studies have analyzed the current status of Chinese companies' adaptation to the UN Global Compact. In this paper, we will use a crawler tool to obtain detailed data through UNGC's official website to analyze the status of Chinese companies signing the UN Global Compact. We also select Huawei Technologies Co. Ltd., a privately held company, and China United Network Communications Group Company Limited ("China Unicom"), a state-owned company, from the Mobile Telecommunications industry to analyze how they have integrated the SDGs into their daily business activities and what results in they have achieved so far.

**Keywords:** The United Nations Global Compact, SDGs, State-owned enterprises, Chinese Firms

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**ABBREVIATIONS**

**COP:** *Communication on Progress.*

**MDGs:** *The Millennium Development Goals.*

**SDGs:** *Sustainable Development Goals.*

**SDSN:** *Sustainable Development Solutions Network.*

**SME:** *Small and medium-sized enterprises.*

**SOE:** *State-Owned Enterprise.*

**UNGC:** *UN Global Compact*

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## **CHAPTER 1 - INTRODUCTION**

In a globalized world, promoting more equitable and sustainable development worldwide and resisting shocks are important goals of the United Nations Sustainable Development Goals (SDGs). The UN Global Compact and its local networks urge businesses to promote sustainable development in the world. Global businesses must put more effort into accelerating corporate sustainability and responsible business practices (United Nations, 2021). However, only some studies have analyzed the current status of Chinese companies' adaptation to the UN Global Compact. This paper will discuss how Chinese companies have integrated the principles of the Compact into their daily business activities and what results have been achieved so far through a detailed analysis of the current status of Chinese companies signing the UN Global Compact.

Many reasons drive companies to join UNGC, and there needs to be a consensus on this issue in the literature on its role. Some authors argue that joining the UNGC is a win-win for both people and that the success of companies and organizations requires a stable economy, healthy, skilled, educated workers, and a sustainable environment. Companies that practice sustainability gain trust in their brands from consumers and support from investors. Other authors, however, argue that UNGC is a normative approach and an initiative and is, therefore, voluntary. Voluntary programs need more strict monitoring and enforcement mechanisms and motivate participants to comply with their obligations (Adams & Martens, 2015; Voegtlin & Pless, 2014). Companies can even easily circumvent their ten principles (see Table 3) or do not have to comply with them (Deva, 2007). Moreover, Mattera, Marina Alba et al. argue that implementing the UNGC management model is separate from the perception and performance of the company (Mattera & Alba Ruiz-Morales, 2021). However, in general, Global Compact member companies will have a higher level of compliance with the ten principles and a more significant contribution to the SDGs than companies that are not members of the UNGC.

This study is motivated by the following considerations. Although UNGC has received much attention from scholars since its inception, only a few studies have been conducted on the current situation of enterprises in developing countries, most of which are quantitative empirical analyses. In contrast, few qualitative case studies focus on the Asian context, especially China. Moreover, since the adoption of the SDGs in 2015, Asian countries have made significant progress. There has also been further development of CSR-driven mechanisms in China driven by the epidemic (Affairs, 2020).

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Furthermore, in recent years consumers have become increasingly concerned about the social behaviour of companies (Guo Peiyuan & Li Jiayin, n.d.). Innovative entrepreneurial activities are prevalent. Most of the existing studies are also about the impact of UNGC on company performance aspects or oriented to investors; in addition, they show contradictory results. Therefore, there is a need to study further the current status of Chinese companies' involvement in SDGs and discuss the involvement and impact of Chinese companies in SDGs with case studies.

The paper is divided into five sections. Chapter 2 presents a brief literature review. Chapter 3 presents the methodology used in the study and the Chinese companies in UNGC. Chapter four conducts a case study of two companies. Finally, Chapter 5 presents the main findings, significant limitations, and ideas for future research.

## **CHAPTER 2 – LITERATURE REVIEW**

### *2.1 The 2030 Agenda*

Since the establishment of the United Nations, the United Nations has witnessed the development of the world in more than 70 years of ups and downs. The "United Nations Charter" signed in 1945 not only witnessed the advent of the United Nations but also witnessed the fruits of the long-term efforts of mankind for peace and development. As the world's first truly global international organization, the United Nations currently has 193 member states. Its headquarters are in New York, USA. It has offices in Geneva, Switzerland, Nairobi, Kenya, and Vienna, Austria. Its purpose and the basic starting point for the conduct of daily work are the goals and norms of international organizations stipulated in the Charter of the United Nations. The United Nations relies on the "United Nations Charter" to take action on various problems encountered by mankind in the 21st century (United Nations, 2019).

The 2030 Agenda was born under the framework of the United Nations. In September 2015, the 2030 Agenda for Sustainable Development and its 17 sustainable development goals were passed with the support of all UN member states. On January 1, 2016, the 2030 Agenda for Sustainable Development (The 2030 Agenda) replaces the "United Nations Millennium Declaration" and its Millennium Development Goals (MDGs) that were put in place between 2000-2015. Looking at the trajectory of global development, the emergence of the 2030 Agenda is no accident (United Nations, 2015). This agenda plans the direction and path of the world's sustainable development for the next 15 years after the "Millennium Development Goals". This is an unprecedented and ambitious global development agenda. The core goal of this agenda is to eliminate poverty and hunger in various forms within a generation and never leave anyone behind. Each goal is interconnected to form a comprehensive goal system. (Nations, n.d.) (see Table 1).

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Table 1 Sustainable Development Goals proposed by the 2030 Agenda



Source: Sustainable Development Report 2020, 2020

*2.2 From the MDG to the SDG Agenda*

Since the beginning of the 20th century, we can list two global agendas: the Millennium Development Goals (2000-2015) and the Sustainable Development Goals (2016-2030). In 2000, at the United Nations Millennium Conference, 189 member states formally adopted the Millennium Declaration (UN, 2000). The Declaration committed countries to reducing extreme poverty, hunger, illiteracy, and gender discrimination, reducing the spread of disease, and halting environmental degradation by 2015, agreeing on a set of goals and targets to be achieved by 2015. The United Nations Millennium Declaration and its Millennium Development Goals (MDGs) relate to eight main areas and a series of practices and implementation activities have achieved many achievements, the arrival of the "2015" deadline for action has also reminded the world that there are still many specific goals (see Table 2).

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Table 2 MDGs' Achievements (1990-2015)

MDGs	Achievements
1. Eliminate extreme poverty and hunger	<ul style="list-style-type: none"> <li>• Extreme poverty rate dropped to 14%</li> <li>• The world's extreme poverty population drops to 836 million</li> <li>• The proportion of undernourished people in developing regions drops to 12.9%</li> </ul>
2. Achieve global primary education;	<ul style="list-style-type: none"> <li>• The net enrollment rate of primary schools in developing regions reached 91%</li> <li>• The global literacy rate of</li> </ul>

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	15–24-year-olds rises to 91%
3. Empower women and promote gender equality;	<ul style="list-style-type: none"> <li>• The proportion of women among paid workers in the non-agricultural sector increased to 41%</li> <li>• The proportion of women in vulnerable employment fell by 13%</li> </ul>
4. Reduce child mortality	<ul style="list-style-type: none"> <li>• The global death toll of children under 5 drops to 6 million</li> <li>• The number of measles cases worldwide drops 67%</li> </ul>
5. Promote maternal health;	<ul style="list-style-type: none"> <li>• The death rate of pregnant women worldwide has fallen by 45%</li> <li>• Over 71% of births attended by skilled medical staff worldwide</li> </ul>
6. Fight malaria, HIV/AIDS, and other diseases;	<ul style="list-style-type: none"> <li>• The number of new HIV infections has dropped by about 40%</li> <li>• The global incidence of malaria has dropped by about 37%, and the mortality rate has dropped by 58%</li> </ul>
7. Promote environmental sustainability; and	<ul style="list-style-type: none"> <li>• 91% of the world's population uses an improved source of drinking water</li> <li>• Coverage of terrestrial protected areas in Latin America and the Caribbean increased to 23.4%</li> </ul>
8. Develop a universal partnership for development	<ul style="list-style-type: none"> <li>• The real value of official development assistance of developed countries increased by 66%</li> <li>• Mobile phone signals cover the world population of M9514</li> <li>• The Internet penetration rate of the world population rises to 43%</li> </ul>

Source: United Nations, 2015

The 2030 and MDG agendas differ in terms of purpose, context, and politics. The MDGs' core issue was biased towards 'poverty eradication, and poverty reduction is again overly dependent on financial contributions from developed countries and is a North-South aid agenda (Fukuda-parr, 2016). The beneficiaries are often developing countries,

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and the lack of necessary incentives for developed financial aid donors has led to a lack of motivation for the sustainability of the MDGs. In addition, funding for poverty alleviation is mainly voluntary contributions among national governments. The lack of mandatory binding has led to a large gap between aid funding and the amount promised. Politically, the Millennium Declaration was drafted mainly by the UN Secretary-General's office, with a few UN staff drafting the MDGs in a closed room, which needs to be more comprehensive and challenging to implement.

The SDGs are the global agenda for sustainable development; they are universal goals that set targets for all countries - not just developing countries. The SDGs came from the 2012 Rio+20 conference. They were driven by environment ministers, with promoters from countries from the global North and South, with many middle-income countries such as Brazil and Colombia. Moreover, a UN Task Force was established through the 'Post-2015 Agenda' debate. These have made the SDGs and led the team more inclusive and scientific. In addition, as the international development environment and resources are undergoing profound changes, the economic development perspective at the expense of environmental and social justice is being replaced by an economic, social one. Environmentally sustainable development perspective and the international community is moving away from MDGs, which emphasize poverty reduction as the primary goal, to SDGs, which focus on harmonizing economic, social, and environmental development.

The 2030 Agenda generally has more extensive, comprehensive, and politically distinctive features than MDGs. The first one targeted the "global south," while the second was inclusive since it aimed at all UN members, rich and poor (Fukuda-parr, 2016). In comparison, based on integration with MDGs, the areas covered by the 2030 Agenda add more climate change, energy issues, and many environmental-related factors. The new 2030 Agenda emphasizes many global issues. The "aid" also shows that "win-win cooperation" and "common development" should also be valued. Therefore, in the face of hundreds of millions of people left behind, the United Nations proposed the 2030 Agenda for Sustainable Development and its SDGs, calling for "Leave no one behind." Establishing the Agenda for Sustainable Development to be achieved by 2030 is the inheritance and innovation of the Millennium Development Goals. The emergence of the 2030 Agenda marks the renewal of the concept of global governance. Also, it provides

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new opportunities for the overall sustainable development of the global economy, society, and environment.

*2.3 The Role of Business for the 2030 Agenda*

The United Nations 2030 Agenda has brought new challenges to enterprises, and enterprises must adjust their operations and strategies according to the requirements of SDGs (Tsalis et al., 2020). Enterprises have an essential role in development participation, from the Brundtland Report in 1987 to the United Nations Conference on Environmental Development in Rio de Janeiro in 1992, Johannesburg, and Rio +20 Conference in 2012. The critical role of enterprises in sustainable development has been re-emphasized. The meeting pointed out that large and small companies are responsible for contributing to fair and sustainable community and social development (Tully, 2013). Based on this, they all illustrate the critical role of enterprises in participating in the 2030 Agenda. Specifically, poverty eradication is the first goal. In this regard, Ali believes that the development of enterprises is considered a necessary effort to achieve this sustainable development goal, and start-ups can enable millions of people to enter the mainstream of economic and social development can stimulate economic growth (Ali, 2020). In addition, business finance is closely related to SDGs. Ziolo found that the more sustainable the country's financial model, the better the achievement of its sustainable development goals. There is a close relationship between sustainable financial models and social sustainability (SDG 1, 3, 4, 5, 10, 16), environmental sustainability (SDG 11, 12, 13, 15), and economic sustainability (SDG 8, 9, 17) (Ziolo, 2021).

As such, corporate participants are seen as critical partners in achieving SDGs. SDGs call on companies worldwide to be "development players" and adopt sustainable business models through corporate investment and solution development (Frey & Sabbatino, 2018). Companies can adopt sustainable sourcing, supply chains, corporate social responsibility, and new business models to help achieve their sustainability goals (BSR, 2018). In purchasing, for example, they can develop intelligent purchasing models in emerging locations such as sub-Saharan Africa or develop flexible regional supplier networks that meet business expectations and sustainability demands (Globescan, 2018). In the supply chain, improve supply chain transparency and disclosure. To address other supply chain risks related to the ever-changing physical environment and global climate change,

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companies should incorporate climate risk and prevention into their supply chain planning models, seek alternative materials and resources as needed, and find new ways to minimize supply chain disruptions. We need to find out (BSR, 2018).

In the business model, corporate leaders are actively building on the responsibility of responsible collaboration centers with opportunities to incorporate social and environmental responsibility into all stages of design to improve working conditions and environmental flexibility. Companies need to mitigate these concerns on the human rights front by fostering a sustainable, responsible, and more compatible workforce, such as in the face of massive population shifts and supply chain automation. Companies can help employees understand their legitimate rights by creating direct or indirect forms of employee representative feedback, by using technology such as mobile applications to help employees understand their legitimate rights, by directly collecting employee input through evolving technology, and by creating a supply chain Empowerment of employees can be supported. We are at a critical moment for sustainable development, and the agenda's success requires the cooperation of society, including businesses. The Sustainable Development Goals have great potential in promoting corporate action and reporting disclosure (GRI) & UN Global Compact 2017).

*2.4 The UN Global Compact*

As an idea, the United Nations Global Compact emerged from a speech prepared by former United Nations Secretary-General Kofi Annan at the plenary meeting of the World Economic Forum (WEF) between 1998 and 1999. The speech was based on overcoming the mutual distrust between the United Nations and enterprises and tapping enterprises' potential capabilities to advance the United Nations' goals (United Nations, 1998). Then in July 2000, Kofi Annan launched the Global Compact as a voluntary public-private partnership to actively involve the business community in creating a fair and sustainable global Economy (United Nations, 1999). The United Nations Global Compact was born. It combines current policies with emerging business and social trends and the core strengths of the United Nations. Based on this, the principles of human rights, labor, and the environment are determined on an objective basis to echo the three important policy debates in the 1990s: 1) the debate on trade, 2) the debate on the rapid evolution of the role of enterprises in society in the era of global integration, As well as 3,) the discussions

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on the core capabilities of the United Nations in the normative and operational areas. Integrating these three different problem areas and their corresponding supporters—government, business, and the United Nations—into one idea provides the impetus for the United Nations Global Compact (Kell, 2012). Annan pointed out in his speech at Davos that the purpose of the Global Compact is to create a world where people can feel safe and live a humane life, a world where peace and justice prevail. (Williams, 2007).

The United Nations Global Compact is the world's largest corporate citizenship initiative. As of September 2021, it has 14,054 corporate participants and other stakeholders in more than 162 countries. Principles into the mainstream" and "promote actions to support broader United Nations goals, such as the Sustainable Development Goals (SDGs)." (United Nations, 2021). The Global Compact has ten principles (see Table 3). The mission of UNGC is to support the company in adjusting its strategy and operations to the ten principles and advance broader social goals, focusing on collaboration and innovation (United Nations, 2017).

Table 3 The Ten Principles of the UN Global Compact

The Ten Principles of the UN Global Compact
<b>Human Rights</b>
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; Principle 2: make sure that they are not complicit in human rights abuses.
<b>Labour</b>
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; Principle 6: the elimination of discrimination in respect of employment and occupation.
<b>Environment</b>
Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; Principle 9: encourage the development and diffusion of environmentally friendly technologies.
<b>Anti-Corruption</b>
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

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Source: author based on UNGC website

*2.4.1 Why join the UNGC?*

Companies joining the United Nations Global Compact (UNGC) are invited to make a clear statement of support by submitting an annual Communication of Progress (COP) stating their continued support for the Compact and describing their progress and actions in implementing each of the environmental, social and governance (ESG) areas. This Communication of Progress (COP) must also be posted on the Global Compact website. If a signatory fails to submit a COP within one year of the Compact's signing (and annually after that), its status will change from "Active" to "Non-Communicating" and will result in delisting (Barrese et al., 2020). Guido Orze (2020), in his analysis, shows that joining UNGC had a significant positive impact on sales growth and profitability of companies without much impact on labour productivity.

There are, however, critical and questioning voices that it does not envisage monitoring and enforcement mechanisms (e.g., third-party audits), which raises questions about the substantive adoption of companies and whether they change internal processes (Orzes et al., 2020). Is UNGC membership only being used to generate positive spillover effects of the UN brand to enhance corporate image and deflect attention from less responsible corporate realities? Irresponsible companies may be inclined to join the UNGC because it has a low barrier to entry without actually implementing the ten principles. Companies are simply using the UNGC to mask their poor CSR performance. Critics argue that as long as the UNGC cannot monitor the implementation of the ten principles and sanction non-compliance, it will remain ineffective (Nolan, 2005).

The main criticisms of the initiative are that it lacks a mechanism for autochthonous or external supervision and sanctions and that this principle has led to enforcement inefficiencies in commercial operations, thus squeezing commercial actors in the Government Support Committee, who become investors, and the Government Support Committee's request to protect them. According to Amer (2015), using an event research methodology showing that investors in the financial markets punished firms that did not report to UNGC, the average cumulative abnormal return over the five business days before and after the event was -1.6%. Therefore, according to the literature, one of the most exciting features of UNGC is likely to be its role as an information broker, where the disclosed information may be judged by the public (Baccaro & Mele, 2011). Now, the deadline for achieving the 2030 Agenda is approaching. The 2017 UN report shows

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that business, society, and the environment cannot be separated and that corporate sustainability engagement is a strategic and operational priority. Business action is necessary for the 2030 Agenda to be achieved (United Nations, 2017).

*2.5 The State of the Situation of SDGs in China in 2020*

Since 2016, China has been included in evaluating Sustainable Development Solutions Network's country reports. Despite a decline in ranking, China's overall ranking has steadily increased from 2016 to 2020 (Table 4), ranking in the top 25% of all countries in 2019 and the top 30% in 2020. However, there still needs to be a significant gap between China's SDG progress and other developed countries. For example, in the 2020 report, China scored 73.89 on the SDGs index, ranking 48 out of 166 countries, while the top five countries' average score was 83. Actions impact other countries' ability to achieve Sustainable Development Goals, either positively or negatively. In particular, China scores a high spillover score of 94.16, indicating that China generates more positive and less negative spillover effects. [\[1\]](#)

Table 4 2016-2020 China SDGs Indicator Board Performance

<b>Year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>SDGs Index</b>	59.1	67.1	70.1	73.2	73.9
<b>Ranking</b>	76/149	71/157	54/156	39/162	48/166
<b>Rank percentage/%</b>	51	42	35	24	29

Source: author based on 2020 SDGs Report

The 17 Sustainable Development Goals (SDGs) are examined in three dimensions: economic, environmental, and social. According to the UN Sustainable Development Report 2020, China's SDGs in the economic dimension have a clear development advantage over the other two dimensions. The SDG1 and SDG8 dashboards (decent work and economic growth) are green, indicating that China is progressing in these two areas. The project's SDGs have met or exceeded their objectives. For each SDG related to the economy, the trend is 'on track' or 'moderately improving.' This result also confirms that China's primary strategy for precise poverty alleviation at the national level and its precise

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poverty alleviation, employment priority policies, and innovation development strategies have yielded significant results.

Among the SDGs on the environment, SDG 13 (action on climate change) and SDG 14 (environmental protection) are "stagnant" or "declining" and are mainly in red. According to the Chinese government's report, in order to achieve the 2030 Agenda, i.e. to reduce emissions of major pollutants by 2020, the proportion of good days in cities above prefecture level will increase to 87%, the national surface water quality rate will reach 83.4%, and the safe utilization rate of contaminated arable land and contaminated land will be 90% nationwide. China will also actively promote actions to mitigate and adapt to climate change and accelerate the transformation of its green and low-carbon development model. By 2020, the proportion of clean energy consumption will increase to 24.3%, and the installed capacity and power generation of solar photovoltaic and wind power will rank first in the world. By 2020, domestic carbon dioxide emissions per unit of gross domestic product (GDP) will have fallen by 18.8% compared to 2015 and about 48.4% compared to 2005, exceeding China's commitments to the international community on climate change action targets. However, the situation remains tight regarding Sustainable Development Goals (SDGs) 13. For example, the energy-related carbon emissions per capita indicator has been red for four consecutive years, indicating a challenging outlook for achievement. This highlights the urgent need for China to reduce and manage carbon emissions while achieving high-quality growth, making carbon neutrality a key objective, and planning direction for China's future development. It will strengthen the monitoring of marine water quality, the protection and restoration of the marine environment, and the management of the use of marine resources. Among the socially relevant SDGs, SDG4 (quality education) is near to attaining or has already met the target, which is strongly tied to China's development policy of prioritizing education. According to a report released by the Chinese Ministry of Foreign Affairs in 2019, China's introductory education completion rate is well above the global average, with junior high school completion rates approaching those of developed countries and senior high school completion rates only slightly differing from those of developed countries, while SDG10 and SDG16 face more significant challenges. However, the Gini coefficient data suggest that there are still significant discrepancies in China's economic and social growth, indicating that more work must be done to preserve low-income people's fundamental interests and integrate urban and rural development. SDG16 should keep promoting anti-corruption measures and increasing transparency.

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Geographically, the study by Guo Ru et al. and Xu et al. selected 119 indicators to analyze the progress of 17 SDGs at the provincial level in China from 2000 to 2015 in a time-series analysis. The results of the study showed that the index of SDGs increased increasingly in all provinces during this period, and the index of SDGs was generally higher in developed provinces than in developing provinces, while the average growth rate of the index of SDGs was higher in developing provinces than in developed provinces. According to Webber et al. (2002), at least three worlds can be divided within China. Currently, China needs more development of SDGs among provinces, with economically developed regions such as Beijing, Shanghai, and Zhejiang making faster progress in SDGs. Coastal regions are developing SDGs faster than inland regions, and urban areas are developing SDGs faster than rural areas.

In conclusion, the studies reveal that, at the national level, China has made significant progress in the economic dimension of the SDGs, which is directly linked to corporate social responsibility, including SDGs 1 and 8. However, progress on the SDGs' environmental and social elements could be faster, with SDG13 and SDG14 facing significant environmental problems. SDG10 and SDG16 are underperforming in the social component. China's SDG progress is uneven at the provincial level, with economically developed regions such as Beijing, Shanghai, and Zhejiang making more significant progress than other provinces (Ru GUO, 2022). Creative and innovative businesses must be involved to achieve the SDGs. As a result, from a corporate social responsibility standpoint, achieving the SDGs necessitates business involvement even more urgently. Furthermore, Target 12.6, linked to Goal 12 on sustainable consumption and production, explicitly states that "corporate disclosure of information on sustainable development should be promoted," implying that information disclosure should be guided by policies that require companies to make truthful and adequate disclosures. This encourages companies to take proactive measures to meet the global demand for sustainable development.

## **CHAPTER 3 – CHINESE FIRMS IN THE UNGC**

### *3.1 Statistical methods*

The case study of this paper is analyzed as follows.

(1) By using python language on the official website of UNGC to collect the primary data. Analyze the status of Chinese companies joining UNGC from a macro perspective and explore the reasons for the status.

(2) Selecting enterprises of different ownership systems for the case study. Representative SOEs and listed companies in the same industry were analyzed for the CSR activities they have undertaken for sustainable development and their motivation and results of implementing CSR activities.

(3) The available secondary data were collected from reports, internal documents, official websites, and the UNGC website. The findings were analyzed based on the Compact's four main questions: Human Rights, Labour, Environment, and Anti-Corruption.

To study the current status of those Chinese companies that have signed and joined the UNGC, this paper collects data on Chinese companies that have joined the UNGC as disclosed on the UNGC official website as of September 20, 2021. In this paper, we screened the sample data to exclude companies with incomplete data information or data with outliers. In this way, we identified 540 companies, classified by company size, with 222 companies, 289 small and medium-sized companies, 11 Business Associations, 15 NGOs, and three other companies. By ownership, there were 35 state-owned companies, 397 private companies, 65 listed companies, and 43 NGOs applicable. The classification here is based on the attributes chosen by the companies themselves when they applied to sign the UNGC agreement. Among them, companies eligible to join the UNGC - any legal entity engaging in business - have at least 250 full-time employees, whether they are corporations, partnerships, or state-owned enterprises. An entity engaging in business may have fewer than 250 employees, but the company must have at least one direct employee and be actively engaged in business. Data is compiled from the UNGC website (<https://www.unglobalcompact.org/participation/join/application/business>)

This article uses python language to crawl data from the UNGC website. As a lightweight language, Python provides efficient high-level data structures and can also be

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used for simple and effective object-oriented programming. The difficulty lies in how to cope with the dynamic page response of UNGC, i.e., its extended page with the asynchronous machine, the server's anti-crawl detection, and how to obtain the required data. In this paper, we use the historical user data of the local Google server and the user agent information in the message header to disguise our access information to avoid being detected by the server's anti-crawl mechanism. We choose the Selenium package in the Python environment to strengthen the authenticity of the computer access crawl data. Using the Selenium package also solves the asynchronous loaded dynamic page response problem. To obtain the targeted data, this paper jointly uses Xpath syntax and regular expressions to filter the page information to obtain the data of the Chinese enterprises of the UN Global Compact and finally uses the CSV library to store the output data.

### *3.2 Results analysis*

#### *3.2.1 Overall participation rate*

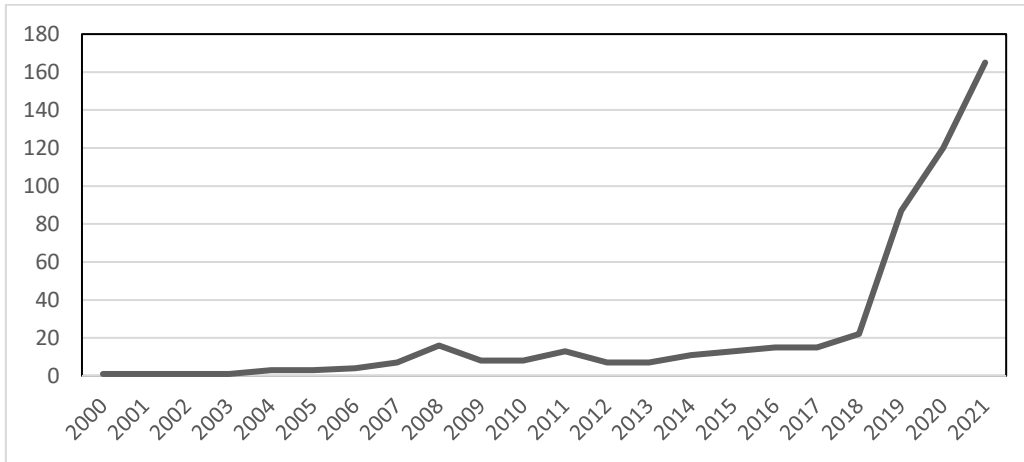
Firstly, the number of enterprises joining each year is counted to observe the changing trend. The statistics reveal that in China, there has been a steep increase in the number of private and state-owned enterprises (SOES) enterprises joining UNGC in recent years. Nearly 80 percent of the overall SOES have joined since 2018. The number of Chinese enterprises that joined UNGC from 2004 to 2021 was counted by the time of signing. It is found that in 2020-2021, the number of enterprises joining begins to proliferate, with 22 enterprises signing the agreement in 2018, 87 in 2019, 120 in 2020, and reaching 165 in September 2021, with figures still growing at a rate of new companies every week (see Table 5). According to PWC's 2022 study on corporate SDGs in China, 76% of companies promote the implementation of SDGs because it improves their company's brand value, 65% believe it helps the government improve their company's competitive advantage, and 55% believe customers value sustainability initiatives.

Moreover, the main driver of SDGs in the minds of Chinese companies is the government, followed by the companies themselves and then the UN (PWC, 2021). The significant increase in the number of pacts signed this year indicates that the government has been making more efforts to develop industry guidance to guide the way forward for companies, coupled with the fact that more cross-border companies have been practicing in recent years, taking into account their development stage and internal resources. The surge in the number of enterprises signing agreements is mainly indicative of China's

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direction, showing a growing trend toward regulating and calling for sustainable corporate development and the corporate implementation of sustainability goals.

Table 5 Number of enterprises joining UNGC each year from 2004-2021



Source: author based on UNGC website

For companies that have signed the Compact, if a signatory fails to submit a Communication on Progress (COP) to the Global Compact database within one year of joining UNGC, its status will be changed from "Active" to "Not Communicating." Consecutive failures to submit COPs will result in the entity being removed from the list. Failure to submit a COP is the only reason for removal; there are no other performance requirements for continued membership. Signatories include small to large public and private companies, NGOs, and various other associations, and UNGC distinguishes between them by type. Overall, 70.7% of China's UNGC members remain active. The activity rate for companies is more significant than that for SMEs, mainly because the government needs a better policy for monitoring SMEs for sustainability goals.

Table 6 China UNGC signatories by type at the end of September 2021

	Company	Small/Med enterprise	Business Assoc.	Foundation	City/Public Org.	NGO	Total
<b>Total</b>	222	289	11	2	1	15	540
<b>Non-Communicating</b>	46	83	\	\	\	\	129
<b>Total Chinese Active</b>	176	206	\	\	\	\	382
<b>%</b>	79%	71%	\	\	\	\	70.7%

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Source: author based on UNGC website

*3.2.2. Private, State-owned Enterprises and Publicly Listed*

In this paper, we provide statistics on their affiliation. The companies that applied to join UNGC have four types of affiliation on UNGC: Privately Held, State-owned, Publicly Listed, and Not applicable. There are 65 listed enterprises and 35 state-owned enterprises. According to wind statistics, there are 4,712 Chinese A-share listed enterprises, including 1,285 central and local enterprises. According to the survey data in this paper, listed enterprises joining UNGC accounted for 1.4% of listed enterprises nationwide, and listed SOEs joining UNGC account for 2.7% of listed SOEs in China. A-shares, or RMB ordinary shares, are issued by companies registered in China, listed in China, denominated in RMB, and available to domestic institutions, organizations, or individuals (since April 1, 2013, domestic Hong Kong, Macao, and Taiwan residents can open A-share accounts) to subscribe and trade in RMB for ordinary shares.

Table 7 China UNGC signatories by enterprise type (by end of September 2021)

	State-owned	Privately Held	Publicly Listed	Not applicable	Total
<b>Number</b>	35	397	65	43	540
<b>Company</b>	24	162	31	5	222
<b>Active</b>	14	135	22	5	176
<b>Non-Communicating</b>	10	27	9	0	46
<b>Small or Medium-sized Enterprise</b>	11	265	4	9	289
<b>Active</b>	7	188	4	6	206
<b>Non-Communicating</b>	4	77	0	3	83

Source: author based on UNGC website

This paper finds that in China, the sign-up rate of UNGC in the primary and secondary industries, which are subject to strong policy regulation, is significantly higher than that in the tertiary industry, which is dominated by the service industry<sup>1</sup>. This paper conducted

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[1]. Primary industry involves getting raw materials, e.g., mining, farming, and fishing. The secondary industry involves manufacturing, e.g., making cars and steel. Tertiary industries provide a service, e.g., teaching and nursing.

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the industry statistics of all companies joining UNGC. It is found that the most significant number of general industry and chemical companies join UNGC, accounting for about 20% of the total, followed by support services and electrical and electronic equipment companies, Business Association Local & NGO, Diversified, Automobiles & Parts, Software & Computer Services, and Industrial Transportation companies (see Table 8). Computer Services and Industrial Transportation companies also account for a relatively large volume. Fewer industries are aerospace & defense, fixed-line telecommunications, equity vehicles, life insurance, real estate Investment Trusts, Natural Gas, Water, and Multipurpose Facilities, with only one or two companies in each. Looking at SOEs individually, we statistically find that most of these SOEs are in the industrial, electrical, and chemical industries. A relatively small percentage of service sector companies joined.

There are 65 listed companies. Chemicals, General Industrials, Electronic & Electrical Equipment, Diversified and Software & Computer Services industries are more numerous, while other industries are less. There are still more industries, Chemicals, and Electricity, among privately held companies. In particular, the second largest number of industries in the private sector is Support Services, with 45 companies. Oil, gas, and communication account for very few. In turn, small and medium-sized companies make up most of the support services sector. In this paper, small and medium-sized enterprises (SMEs) are the most UNGC members in China, with 289 companies and 222 companies, respectively. Four listed enterprises are SMEs, while the others are companies, i.e., most companies have more than 250 employees. The four SME companies belong to the industries of Automobiles & Parts, Electronic & Electrical Equipment, General Industrials, and Software & Computer Services, and all four companies are in active communication status. All four companies are in active communication. There are 35 state-owned companies and 11 SMEs, and their primary industries are mining, power, and chemicals.

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Table 8 Industry Type of Chinese UNGC signatory firms (by Sept. 2021)

Industry	Quantity
General Industrials	63
Chemicals	52
Support Services	51
Electronic & Electrical Equipment	38
Not Applicable	29
Diversified	28
Automobiles & Parts	25
Software & Computer Services	22
Industrial Transportation	18
Personal Goods	18
Industrial Metals & Mining	16
Technology Hardware & Equipment	15
Health Care Equipment & Services	15
Alternative Energy	14
Pharmaceuticals & Biotechnology	13
Financial Services	12
Construction & Materials	11
Media	10
Food Producers	9
Real Estate Investment & Services	8
Industrial Engineering	8
Travel & Leisure	7
Electricity	7
Household Goods & Home Construction	6
Beverages	6
General Retailers	6
Mobile Telecommunications	6
Forestry & Paper	6
Oil & Gas Producers	5
Food & Drug Retailers	4
Oil Equipment, Services & Distribution	4
Fixed Line Telecommunications	2
Equity Investment Instruments	2
Aerospace & Defense	1
Life Insurance	1
Gas, Water & Multiutilities	1
Real Estate Investment Trusts	1
<b>Total</b>	<b>540</b>

Source: author based on UNGC website

Regarding activity level, active companies represent most of the total joining companies as of September 2021. Business Association Local and NGOs do not disclose this information. Nearly 80% of companies will voluntarily disclose COP, private

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enterprises from the industry segmentation policy or shareholder pressure are less, and 30% did not actively disclose. Listed companies often involve investors for sustainable development and risk, and other avoidance is more cautious; companies are willing to disclose proactively. Analyzing the SOEs that have joined UNGC separately, 25 companies among SOEs, 15 active, and active companies account for about 60% of all SOEs. The government believes that SOEs should play an exemplary role in sustainable development goals and that a good image of Chinese companies helps to build good relationships in the international business environment. Therefore, CSR reporting by SOEs is influenced by government and policy developments. For example, SOEs refer to the five-year plans issued by the government to help the country's development and increase its sustainable development strategies. In other words, SOEs publish their CSR and accept the GRI and ISO 26000 standards, in large part to serve as corporate role models and to demonstrate their responsible image. These standards are more detailed than the COP required by UNGC. So it is easy for Chinese SOEs to disclose their COPs, but the data does not show a high activity rate. Among private companies, 81% are active, with a higher rate of 83% for companies and 70% for small and medium-sized private companies. Among listed companies, all SMEs are active in disclosing COP, and the active status of companies is about 71%. SMEs who become UNGC members find, on the one hand, that having the UNGC logo gives them the advantage of being selected as suppliers to multinational companies. On the other hand, they are monitored by the local government and are required to join UNGC to demonstrate government achievements (Hong Sheng, 2013).

In this paper, we found that many listed companies, especially state-owned enterprises, publish social responsibility reports or sustainability reports regularly under the supervision of the market and the government. However, they are not published on the official website of UNGC, leading to their status slowly becoming "non-communication." In other words, the lack of communication does not mean that these companies must pay attention to sustainability. The reason for this phenomenon is that, on the one hand, the Shanghai Stock Exchange and Shenzhen Stock Exchange have issued regulations requiring their listed companies to disclose CSR reports at the government's request. Listed companies are mandated to disclose their CSR status in China. Therefore, many listed companies and state-owned enterprises disclose their CSR and sustainable development status yearly. However, they neglect to update their UNGC member information, resulting in their status on UNGC becoming "not communicating."

CHAPTER 4 – CASE STUDIES: HUAWEI TECHNOLOGIES CO. LTD &  
CHINA UNITED NETWORK COMMUNICATIONS GROUP  
COMPANY LIMITED

Excluding inactive companies and foreign companies, one privately held company and one state-listed company in the Mobile Telecommunications industry were selected for comparative analysis based on company market capitalization, industry, and Fortune 500 company ranking: Huawei Technologies Co. Ltd. and China Ltd. and China United Network Communications Group Company Limited ("China Unicom"). This article analyses each company according to UNGC's ten principles and examines how Huawei and China Unicom try to honor them.

*4.1 Huawei Technologies Co. Ltd.*

Huawei, a private communications technology company that manufactures and sells communications equipment was officially incorporated in 1987 and joined the Global Alliance on November 9, 2004 and is a leading global ICT (information and communications technology) solutions provider that is committed to bringing the digital world to every person, every home and every organization to build an intelligent world where everything is connected. Huawei currently has approximately 197,000 employees, with operations in more than 170 countries and regions, serving over 3 billion people worldwide. Huawei is a private company that is 100% employee-owned. Huawei operates an employee stock ownership plan through its labor union, with 121,269 participants, all of whom are company employees, and no government departments or institutions hold Huawei shares. (Huawei, 2020) Huawei was ranked 72nd in the Fortune 500 in 2018, rising to 61st in 2019, 49th in 2020, and 44th in 2021.

<b>Human Rights</b>
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;
Principle 2: make sure that they are not complicit in human rights abuses.

In 2020, Huawei will invest RMB 11.89 billion in global employee protection. Employee insurance includes social insurance, commercial insurance, and corporate medical assistance; health promotion mainly includes various medical checkups, health centers, consulting services, global medical emergency response, and healthy living

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guidance. Huawei has employees from 162 countries and regions worldwide as a private company. In 2020, they recruited more than 3,400 local employees in overseas countries, with a localization rate of 69%, creating local jobs and promoting local economic development. In 2020, the online version of Seeds of the Future attracted more than 3,000 students from more than 100 countries, such as the Guinea project, which helped young Guineans master ICT knowledge and provide job opportunities. Educational opportunities for South Africa, India, and Huawei Central America. It is estimated that the new crown epidemic has caused nearly 1 billion students worldwide to be out of school. Due to the lack of digital technology, Huawei has helped children in Bangladesh and Senegal, where classes are suspended, to "stop school without stopping." More than 15,000 students have benefited from this. Huawei also developed a free downloadable app for deaf and hard-of-hearing children, including different sign languages from 15 countries.

<b>Labour</b>
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour;
Principle 6: the elimination of discrimination in respect of employment and occupation.

Huawei respects the rights of employees and has detailed and fair management rules for recruitment, hiring, and termination; we do not discriminate against anyone based on race, religion, gender, sexual orientation, nationality, age, or disability in hiring, promotion, or compensation; we prohibit forced or disguised forced labor and child labor. In promoting gender equality, Huawei actively called for strengthening the training and motivation of women in science and technology innovation and signed the WBA Declaration. To promote gender equality, Huawei has launched the "Women in Technology" program and set up a dedicated "Women In Technology" webpage to share the stories of Huawei's outstanding female employees. Huawei also actively participates in and hosts women's forums and summits around the world to give a voice to women in technology and promote gender equality.

Huawei also uses digital technology to help people in high-risk and high-risk environments with heavy and repetitive work to improve their work practices and make their work safer, more efficient, and more dignified. For example, Huawei signed a

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cooperation agreement with Hunan Mobile on "Embracing the 5G Era and Building Smart Factories", which is the first to introduce the "5G+ Smart Factory" model in the domestic steel industry. It allows workers to operate the robotic arm remotely so that workers no longer have to wait by the high-temperature furnace to engage in the dangerous, dull, and heavy slagging work but only need to start the slagging program on their 5G cell phones at any time and anywhere. The robotic arm can automatically add and blow slag evenly and steadily, reducing the risk of workers' high-risk work, significantly improving the quality of steel production, and accelerating the information and automation of the steel industry.

<b>Environment</b>
Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility;
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Huawei has developed an all-liquid cooling solution to improve the energy efficiency ratio of data center cooling effectively. iCooling+, an indirect evaporative cooling system, drives data centers from cooling to intelligent cooling. Huawei NetEngine series routers help Beijing Unicom save 2 million kWh of electricity per year, equivalent to reducing carbon dioxide emissions by more than 900 tons, responding positively to carbon neutrality. In the process of changing from reliance on fossil energy to renewable energy, Huawei has, on the one hand, continued to introduce renewable energy into its operations and built photovoltaic power plants on its campuses. In 2020, the annual power generation capacity of three photovoltaic power plants at Huawei's Dongguan South Factory, Hangzhou Research Institute, and Nanjing Research Institute reached 12.6 million kWh, with a cumulative power generation capacity of 119.74 million kWh since they were completed and connected to the grid.

On the other hand, through integrating information technology and photovoltaic technology, Huawei has improved the power generation efficiency of photovoltaic systems, bringing green energy to thousands of households. At the same time, the multi-use PV projects such as "agriculture and light complementary" and "fishery and light complementary" also show the possibility of integration between energy systems and the local environment, industry, and economic needs. From 2013 to the end of 2020, Huawei has shipped more than 160 gigawatts of intelligent photovoltaics worldwide, which are

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widely used in more than 60 countries and regions, serving many industries such as education, transportation, agriculture, animal husbandry, and fishery, covering many scenarios such as large-scale ground, mountain, agriculture, fishery, floating, distributed, and household, producing more than 300 billion kilowatts of green electricity. Huawei will take household photovoltaics as a breakthrough point and promote the realization of household photovoltaics through the integration of light and storage. In 2020, Huawei will take household photovoltaic as a breakthrough point, promote the realization of household green power through the integration of light and storage, and help thousands of households open a new zero-carbon life. In addition, Huawei is committed to exploring and promoting the "circular economy" model, with more environmentally friendly materials, greener packaging, and less waste.

<b>Anti-Corruption</b>
<b>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</b>

Employees must learn, sign and comply with the Code of Business Conduct and the Anti-Corruption Policy. Huawei provides complaint and reporting channels to encourage those in the know to report violations. Conduct regular compliance risk assessments to comprehensively identify possible risk points in business scenarios, optimize complementary control strategies, and implement them into business activities and processes. Conduct compliance communication with stakeholders (including industry and industry companies, consultants, partners, NGOs, etc.) to clarify Huawei's anti-bribery/anti-corruption position and requirements and ensure that stakeholders understand Huawei's compliance management policies clearly.

*4.2 China United Network Communications Group Company Limited ("China Unicom")*

China United Network Communications Group Limited ("China Unicom") is the only state-owned telecommunications operator in China listed in New York, Hong Kong, and Shanghai at the same time and has been listed on the "World's 500 Best Companies" for 12 consecutive years and ranked 290th on the Fortune 500 in 2020. China Unicom mainly engages in fixed communications services, mobile communications services, domestic

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and international communications facilities services, data communications services, network access services, various value-added telecommunications services, and systems integration services related to communications and information services.

<b>Human Rights</b>
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;
Principle 2: make sure that they are not complicit in human rights abuses.

Based on the "One Country, One Policy" risk prevention coverage of 16 overseas operating companies, China Unicom revised the compliance manuals of overseas operating companies promptly, conducted training, and carried out risk checks by adjusting and changing relevant laws and regulations in the operating companies' locations. China Unicom will seek support from local governments to construct submarine cables, meet local ecological and environmental requirements, and provide reasonable compensation to residents. By 2020, China Unicom there will be no dishonesty, violations of laws, or disorderly competition, and no infringement of indigenous rights or commercial bribery. China Unicom will establish 26 offices worldwide and provide services in 23 countries and regions to support the development of the communications industry and promote local employment and economic development. By the end of 2020, it will have 880 international employees, including 750 foreign employees and 282 foreign female employees.

In particular, in terms of fair employment, China Unicom has made employment of college graduates a top priority, and the Group's graduate recruitment plan for 2021 has increased by 13% year-on-year; it has increased targeted employment assistance, provided recruitment positions to assist Tibet and Xinjiang, and relaxed employment conditions for graduates of Hubei origin (Wuhan is the hardest-hit area of COVID19).

<b>Labour</b>
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour;
Principle 6: the elimination of discrimination in respect of employment and occupation.

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In the recruitment and promotion process, discrimination against employees regarding age and gender is strictly prohibited, and the use of child labor and forced labor is strictly prohibited. Measures taken include strict inspection and control procedures in the selection and entry process, training for significant contractors providing workforce or services, etc. No incidents of discrimination occurred in 2020. Implementing national regulations on working hours management, strictly enforcing the system for declaring special working hours, and safeguarding employees' rights to rest and leave; implementing a paid leave system, safeguarding the legitimate rights and interests of female employees, and retaining 100% of the work opportunities after maternity leave. They have established labor dispute mediation organizations at all levels throughout the Group and handled more than 90 labor disputes through mediation, thus building harmonious labor relations.

<b>Environment</b>
Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility;
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

China Unicom continued to carry out network streamlining. The core network retired 22 sets of MGW from 16 local networks; the integrated access network retired 502,000 lines of PSTN and 2.52 million lines of NGN; the transmission network retired about 50,000 ends of old MSTP/SDH equipment and 0.02 million ends of old WDM equipment; the data network retired 122 sets of old equipment from the IP backbone network; and the infrastructure continued to promote the retirement of old equipment from the network, saving about 34.63 million yuan in electricity costs for the year. The annual electricity cost savings were about RMB 3,463,000. Strengthen the management of electromagnetic radiation of base stations in the construction of mobile communication base stations to ensure that the electromagnetic radiation of base stations meets the requirements of national standards and conduct electromagnetic radiation testing of base stations after the construction of base stations is completed and disclose the testing data to the public through the website to accept public supervision. In the base stations and communication equipment rooms, they organized research on photovoltaic power supply solutions and conversion controller equipment for communication networks. They carried out pilot

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projects nationwide in six locations, achieving an annual power saving of about 4,253kWh from the 3.3kWp solar power generation system built in a single base station, equivalent to an electricity saving of about RMB 0.25/kWh.

The self-developed intelligent dual-cycle multi-connected modular server room air conditioning system improves energy efficiency and reduces carbon emissions through modularization, centralization, and miniaturization of outdoor units. The jointly developed 5G DC load intelligent shutdown equipment and self-developed software platform with independent intellectual property rights adopt IoT and AI technology to intelligently shut down functional redundant equipment and reduce the energy consumption of leading equipment.

<b>Anti-Corruption</b>
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<b>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</b>
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China Unicom formulated the "Tasks of Implementing the Responsibility of Party Wind and Integrity Construction for the Leading Teams and Members of Party Organizations at All Levels of China Unicom," which refined the primary responsibility of Party wind and integrity construction at all levels of the company into 104 specific tasks in 17 areas and urged Party organizations and leading personnel at all levels to know their responsibilities, be responsible, abide by their responsibilities and do their best to continuously update the "Integrity Risk Prevention and Control Guidance Manual" and provide anti-corruption education. They have also strengthened the punishment of non-compliant suppliers and established a disciplinary mechanism for corruption of "options" within three years of resignation or retirement. A total of 232 suppliers have been banned since 2017. They have vigorously rectified formalism and bureaucracy, investigated and dealt with 32 irregularities in eating and drinking at public expense, disciplined 58 people, and selected nine typical cases to be reported and exposed in the whole system. Since November 2015, they have inspected the irregular use of comprehensive fees for base station construction and network maintenance leasing fees, electricity fees, and maintenance fees, and identified a total of 98 clues and other issues involving disciplinary violations, dereliction of duty, and other problems, involving a total of 40,856,100 yuan. The company protects the rights and interests of the whistleblowers and keeps the reporting matters, acceptance, and information related to the whistleblowers confidential by the law.

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**Other social responsibilities**

China Unicom is a typical Chinese state-owned enterprise (SOE) that plays the brunt of completing SDGs' social and economic aspects. First, SOEs must achieve the interests of the entire country and society rather than maximizing their interests. For example, in response to the sudden COVID-19 epidemic, China Unicom was the first to respond to prevention and communication security, insisting on prevention and production and ensuring a smooth network and effective service. The company played a vital role in preventing and controlling the new epidemic by taking advantage of new digital technologies, helping to prevent the epidemic accurately, and helping to resume work, production, and school (2020, China Unicom). China Unicom has provided temporary downtime services to 300 million subscribers in 29 provinces during emergencies; it has focused on providing communication protection for medical and nursing staff and has provided a total of 9.7 billion yuan of phone bill reductions or gifts to more than 20,000 medical and nursing staff. In addition, the total traffic and voice for more than 130,000 medical and nursing staff were about RMB 9.04 million. Secondly, state-owned enterprises are the micro-foundation and primary force of national macro-control. China Unicom has responded to the government's call for precise poverty eradication. In the past five years, the company has helped a total of 1,959 villages, involving 1,255 counties, implemented more than 3,000 poverty alleviation projects, sent more than 3,100 poverty alleviation cadres, and helped more than 316,000 people out of poverty.

## **CHAPTER 5 – CONCLUSION**

This dissertation discusses the acceptance and measures of Chinese companies towards the SDGs through a detailed analysis of the companies that have joined UNGC in China. This is because, in general, UNGC member companies will have a higher level of compliance with the ten principles and a more significant contribution to the SDGs than companies that are not members of the UNGC (UNGC, 2021). As mentioned in the dissertation, Chinese companies are increasingly focused on the SDGs, with an exponential increase in Chinese companies joining the UNGC since 2020, suggesting that sustainability has become a strategic priority for many companies. This trend is favorable to help achieve the SDGs. Overall, 70.7% of Chinese companies joining UNGC remain active, and the activity rate of companies is greater than that of SMEs, mainly because the government does not have good SDG monitoring policies for SMEs. Industry-wise, the sign-up rate of UNGC in the primary and secondary industries, subject to solid policy supervision, is significantly higher than that of the tertiary industry, mainly in the service sector. General industry and chemical companies are the most numerous in joining UNGC, accounting for about 20% of the total, followed by support services and electrical and electronic equipment companies.

In terms of activity, nearly 80% of the companies will voluntarily disclose COP, private companies from industry segmentation policies or less pressure from shareholders, and 30% did not voluntarily disclose. Among private companies, 81% are active, with a higher activity rate of 83%, and small and medium-sized private companies have an activity rate of 70%. Among listed companies, all SMEs are active in disclosing COP, with companies having an active status of about 71%. Chinese SOEs, which have a significant influence, have a low activity rate in UNGC, with active companies accounting for about 60% of the total number of joining SOEs. Although CSR reporting by SOEs is influenced by government and policy developments, and government-related policies and regulations require companies to publish their CSR and accept GRI and ISO26000 standards, which are even more detailed than the COP required by UNGC, it is reasonable that it is easy for Chinese SOEs to disclose their COP. However, the activity rate is low from the data. There are three possible reasons for this:

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1.The controlling shareholder of SOEs is the State-owned Assets Supervision and Administration Commission of China (SASAC), so there is no need to give special consideration to shareholders.

2.Disclosure on the Chinese stock exchange and investor relations platform is sufficient for their CSR to be understood by investors in the A-share market.

3.There are few multinational partners.

However, judging from the increasing number of SOEs joining UNGC, it is an inevitable trend that Chinese SOEs are active internationally and actively updating their COP.

In the case studies of Huawei and China Unicom, this paper finds that both companies have fulfilled the 10 UNGC principles despite their different ownership forms. The difference is that Huawei, as a prominent privately owned multinational company in China, has achieved sustainable development and CSR in China and has actively taken responsibility overseas. To a large extent, these corporate responsibilities are also related to the sustainable development of the company's talent and the expansion of overseas markets. In the face of global development goals, companies should start by analyzing the external environment to explore what they can do and thus decide how to set their goals. In short, companies should make more than just continuous and effective improvements based on the goals set in front of them. However, they should also make transforming the company's prime mover the highest goal, which is the most fundamental way of thinking. China Unicom, as the representative SOE understudy, reflects a greater extent, the closeness of SOEs to national policies. There is no significant relationship between SOEs and governance scores (Sagstad et al., 2019), and SOEs have a role model role in the state expectations that SOEs must meet, including macro and micro regulation, poverty alleviation, and disaster relief, and in green energy efficiency, gender equality, and preferential treatment of employees. For non-SOEs, the focus on sustainability depends on the stakeholders, especially shareholders and potential investors, and their requirements.

However, at the same time, the limitation of this paper is that the ten UNGC principles are only initiative principles and need measurement indicators. It is not easy to distinguish the extent of their implementation in the case study, and the analysis can only be compiled based on available disclosures.

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**Contributions of the research:**

This paper contributed to enhance our understanding of Chinese firms with global development by offering an overview of their embrace of the UN Global Compact and the SDGs. It also reflects and discusses the reasons underpinning this increasing trend by Chinese firms. Finally, this dissertation attempts to compare the approaches by Chinese state-owned and private companies to integrate the SDGs into their daily business activities and the results achieved so far.

**Limitations of the research:**

The sample size of Chinese companies signing up to the UN Global Compact studied in this paper is limited. It was also difficult to collect detailed information as the dissertation focused on web pages and case studies based on company disclosures. Future research could be improved by conducting multi-indicator data collection, then expand the sample to Asia and conduct more field visits for interviews and to analyse first-hand information.

**Recommendations for Chinese businesses and UN Compact:**

For Chinese companies, they should increase their focus on international markets and join more international organisations. On the other hand, companies should disclose more timely and positive information, such as their implementation of the ten principles and the percentage of improvement in indicators.

For the UN Global Compact, it is recommended that it should do more to promote the SDGs, especially to countries with a low sign-up rate, so that the Global Compact becomes a more relevant international organisation. It could also do more to recognise companies that are doing well and making great progress.

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