

OLYMPIC SPONSOR CORPORATE PROFILES

Company:

Coca Cola Co.

Nature of business:

Food and beverages

History as Olympic Sponsor:

Coke first became an Olympic Sponsor in 1928.

Involvement in China:

Coke opened bottling plants in Tianzhen and Shanghai in 1927. After an interruption related to political events in China, Coke made its return in 1981 with the opening of a bottling plant in Beijing 1981. Since then Coke has invested \$1.1 billion in China. A 2000 study by Beijing University, Qinghua University, and the University of South Carolina found that the company's suppliers, distributors, wholesalers, and retailers employ 400,000 people in addition to the 14,000 employees Coca-Cola directly supports in China.

Coca-Cola's long-term strategy centers on localizing production and building infrastructure through partnerships with the Chinese government and domestic companies. Coca-Cola has updated the country's old state-owned facilities, introduced improved product-quality testing, and provided training programs for managers in the industry. Coca-Cola products currently account for 35 percent of China's carbonated beverage market and are reported to generate annual sales of up to \$1.2 billion. The company has earned a gross profit in China each year since 1990.

May 2000 – Coca-Cola dropped a multi-million dollar advertising campaign in China featuring the Taiwanese pop singer A-Mei when Beijing permanently blacklisted her after she sang Taiwan's national anthem at the inauguration of President Chen Shui-bian. Brenda Lee, a Hong Kong-based spokeswoman for Coca-Cola China, said Coca-Cola had been told that "TV, print and radio advertising using A-Mei's voice had to be replaced."

Oct 2002 – Coca-Cola (China) Beverages Ltd. announced it would invest \$150 million in six new bottling plants in China in the next two or three years. Paul Etchells, president of the company, said the planned investment would increase the

company's total number of bottling plants in China to 34 and create nearly 100,000 more jobs.

Stated corporate responsibility policy:

The Coca-Cola Promise: "the Coca-Cola Company exists to benefit and refresh everyone who is touched by our business. . . Our workplace must be a place where everyone's ideas and contributions are valued. Our employees deserve equal treatment under our policies governing compensation, advancement, health, safety and other aspects of workplace life. . . We manage our business in compliance with local health, safety and environmental laws, providing competitive wages and prohibiting child or forced labor. We strive to create an environment that respects open and honest communication between management and employees, offering access through both formal and informal channels. . . We operate our business as stewards of the environment, with a commitment to continually move our business toward sustainability. . . We partner with national and international organizations to alleviate economic disadvantage and help improve the quality of life in local communities."

http://www2.coca-cola.com/citizenship/keeping_our_promise.pdf

Company:

Eastman Kodak Co.

Nature of business:

Photographic imaging products

History as Olympic Sponsor:

Kodak supported the first modern Olympic Games at Athens in 1896. The company became a charter member of the TOP program in 1986.

Involvement in China:

Kodak entered the China market in 1927. China is now Kodak's second largest market and is expected to overtake the U.S. during the next decade.

As of 2000, Kodak employed over 5,000 people in China. It

had 23 liaison offices, film and photographic paper manufacturing operations in Wuxi, Shantou and Xiamen, and three equipment manufacturing factories. Other activities included a Product Development Center in Pudong catering to market needs in the region, a joint venture to produce optics, a Pudong factory manufacturing electronic circuit boards and automatic cameras, and a Shanghai factory manufacturing film processing equipment. In May 2001 it was reported that in the past three years, Kodak had invested more than \$1.2 billion into factories acquired from declining Chinese film manufacturers.

March 1998 – Kodak announced a trend setting US\$1.2 billion investment to manufacture, distribute and market film, paper and photochemicals in China. Two companies, namely Kodak(China) Co Ltd and Kodak (Wuxi) Co Ltd, were set up to oversee manufacturing operations in Xiamen, Shantou and Wuxi.

August 1999 – Kodak closed its Wuxi, manufacturing plant in order to avoid environmental upgrade requirements. The move cost 520 worker jobs while the company relocated operations to Shantou, China where environmental laws were reportedly less protective. About one fourth of the workers affected by the closure of the Wuxi X-ray film plant were to be offered employment at a new Kodak photochemical plant opening in Wuxi the next year, depending on their education, skills and past performance.

October 2000 – Kodak announced that its Shantou manufacturing plant had received ISO14001 accreditation, demonstrating the company's commitment to environmental protection, industrial safety and employee health. The plant had accumulated three million zero-incident safe work hours since coming into operations, and its wastewater treatment plant had also been designated by the Shantou city government as a model project.

November 2000 – The Shanghai Film and TV Group and Kodak (China) Ltd. announced they would partner in opening and managing the showcase Kodak CinemaWorld in the heart of Shanghai's commercial district early in 2001. Eastman Kodak Co.'s stake was reported to be \$4 million.

Stated corporate responsibility policy:

Corporate Responsibility Principles include the following:

- Kodak respects internationally accepted legal principles, and obeys the laws of countries in which it does business.
- Kodak conducts its business activities in an environmentally responsible manner.
- Kodak respects the privacy rights of its employees, customers, and suppliers. Kodak promotes a work environment of equal opportunity for all employees, and treats its employees in a non-discriminatory manner.
- Kodak maintains a safe and healthy work environment.
- Kodak respects its employees' workplace right of association.
- Kodak will not establish or maintain a business relationship with any supplier if Kodak believes that the supplier's practices violate local laws or fundamental principles relating to labor standards or environmental protection.

<http://www.kodak.com/US/en/corp/principles/principles.shtml>

In-country corporate responsibility policy:

Christopher Padilla, Kodak director of international trade relations, on Jim Leherer Online Newshour, May 23, 2000: “Kodak and other U.S. companies are a model for Chinese labor practices in China. . . . We are not a partner with the Chinese government. We purchased from the Chinese government the assets of their state-owned photographic industry. And in doing so, we increased wages. We now pay between two to four times as much as workers could get in the Chinese government-owned factory. So we have worldwide environmental standards as well as worker standards that are the highest in the world, and that's why jobs in American companies in China are among the most sought after, because we pay well, and we treat people right.”

Sen. Larry E. Craig after touring Kodak's film plant in Xiamen: “This was a state of the art facility that Kodak would have built in Virginia or Idaho. . . .The dormitories or living facilities that these workers once lived in – again, state owned facilities – were acquired by Kodak, remodeled, condoed and sold to the employees. Now you have an employee who has more purchasing power, better working conditions and for the first time in generations, is a property owner.”

Company:

John Hancock Financial Services Inc.

Nature of business:

Insurance, financial services

History as Olympic Sponsor:

John Hancock became a sponsor of the United States Olympic Committee in 1993. The company became a Worldwide Sponsor in 1994 and has maintained a strong presence at all of the Winter and Summer Olympic Games since then.

Involvement in China:

John Hancock has branch offices in Shanghai, Tianjin, and Guangzhou. John Hancock Tianan Life Insurance Company, a joint venture between John Hancock Financial Service Inc. and Shanghai-based Tianan Insurance Co. Ltd., launched its business in Shanghai in February 2001. John Hancock's chairman, Stephen L. Brown, said that he believed China would grow to be the largest market for life insurance in the 21st century. Ma Yongwei, chairman of China Insurance Regulatory Commission, said total income from insurance premiums is likely to hit 280 billion yuan (\$34 billion) in 2005.

John Hancock introduced the US Life Office Management Association Fellows at the Life Management Institute (LOMA FLMI) program to China. The LOMA FLMI is considered basic preparation for careers in life insurance. The program's Beijing center, which graduated its first group of 43 people in 1998, is a joint program between John Hancock and the Beijing

Insurance Association (BIA), and is oriented toward improving the managerial skills of government officials and industry employees. The Chinese Government and John Hancock also conduct regular exchanges. John Hancock organized a trip to the US in December 1998 for nine officials from China's State Development Planning Commission, the Ministry of Finance, and the People's Bank of China, who met with US government officials to discuss the possibility of further cooperation in the insurance industry.

John Hancock had joined an advertising trend of reaching out to African-Americans, gays, Hispanics and women. But in 2002 the company changed a television advertisement that could have been construed as depicting a lesbian couple adopting a baby from China.

Stated corporate responsibility policy:

A spokesperson for Hancock told HRIC that Hancock has no corporate social responsibility policy at this time. The company does have a mission statement and a set of core values, but this material is not in the public domain.

Company:

McDonald's Corp.

Nature of business:

Food Service

History as Olympic Sponsor:

McDonald's served as an official sponsor for the 1976 Olympic Games in Montreal, and joined the TOP programme in 1997.

Involvement in China:

The first McDonald's restaurant in China was set up in 1990 in Shenzhen, with another opened in Guangzhou soon afterward. In April 1992 McDonald's opened its flagship Beijing restaurant in the upscale Wangfujing shopping district.

In 1996 McDonald's agreed to move its famous Beijing outlet after Chinese officials reneged on the original 20-year lease and ordered the restaurant to make way for a new shopping center. After a protracted legal action Beijing authorities agreed to compensate McDonald's for the move and gave them permission to open two more outlets on the same street.

By 2000, Beijing McDonald's, a 50-50 joint venture between McDonald's Corp. and Hong Kong's Beijing Enterprises (Holdings), had a target profit of 10 million yuan on expected turnover of more than 700 million yuan.

September 2002 – McDonald's said it planned to open 100 new outlets in China each year while shutting down branches elsewhere in the world. More than 500 China outlets were already operating by November 2002.

Stated corporate responsibility policy:

McDonald's issued its Inaugural Social Responsibility Report on April 15, 2002, stating policies based on the Global

Reporting Initiative. The report repeatedly indicates, however, that the decentralized franchise system under which McDonald's operates sometimes results in reporting difficulties.

McDonald's CSR principles emphasize:

- 1) environmental sustainability. McDonald's recently formed a Global Environmental Council to identify strategic global priorities, initiatives, and projects.
- 2) employees – McDonald's embraces respect and recognition, values and leadership behaviors, and competitive pay and benefits.
- 3) supplier responsibility – In 1993 McDonald's formalized a Supplier Code of Conduct regarding treatment of employees, which it refined in 1997 and distributed to all suppliers, with compliance stated as a condition of doing business with McDonald's.

McDonald's focused its initial attention on manufacturers of its premiums in China. Working with PriceWaterhouseCoopers throughout 1998, McDonald's conducted monitoring through external auditors as well as undertaking stakeholder dialogues, training and education. A series of reports in Hong Kong's South China Morning Post regarding manufacturing of Happy Meal premiums in August 2000 led to a major audit, which the company says did not uncover evidence of the alleged child labor or below-standard working conditions, but did uncover serious record-keeping irregularities, resulting in the supplier being terminated.

<http://www.mcdonalds.com/corporate/social/report/index.html>

Company:

Panasonic

(subsidiary of Matsushita Electrical Industrial Co. Ltd.)

Nature of business:

Electrical appliance producer

History as Olympic Sponsor:

Matsushita supplied professional sound system for main stadium for the Los Angeles Games in 1984, and in 1987 became a charter member of the TOP program.

Involvement in China:

Matsushita entered the China market in 1993.

By the end of 2000 Matsushita Electric had established 48 enterprises in China with a total registered capital of 8.1 billion yuan (\$975.9 million), and a payroll of 34,000. Of the total 48 projects, 41 were production enterprises. Matsushita launched a 2.5 billion yen semi-conductor company in Suzhou and an electrical appliance company in Hangzhou in December 2001. A new compressor plant with an annual production of 2.5 million compressors began operation in January 2002. In 2002 Matsushita was reported to be speeding up the transfer of its production operations to China.

Matsushita director Toshio Sugiura, head of the company's



Photo: Reuters.

China operations, was quoted as saying in May 2002 that Matsushita was reshaping its China business because of fears that Chinese rivals were threatening to overtake the global domination of Japanese electronics makers. "We have a sense of crisis that not winning in China will mean we won't be able to win anywhere in the world," Sugiura said. "If you can't win in China, you can't win in Japan. If you can't win in China, you can't win in the United States."

Stated corporate responsibility policy:

"The idea that 'a corporation is a public entity and that it can exist only if it receives the support of society and therefore must contribute to society,' is one of our primary corporate missions. True to this philosophy, Matsushita Electric recognizes its role as a corporate citizen, working to help create a healthy and sound global society, while fulfilling its responsibilities as an industrialist to create and support programs that help improve the quality of life and bring satisfaction to people around the world."

<http://www.matsushita.co.jp/ccd/servic-e.htm>

Company:

Samsung

Nature of business:

Telecommunications equipment and electrical appliance manufacturer

History as Olympic Sponsor:

Samsung became a TOP partner in 1997.

Involvement in China:

Samsung has 13 corporate offices in China, including two in Hong Kong.

In 2001 Samsung sold \$1.81 billion worth of consumer

electronics in China, a fivefold increase since 1998. Profits of \$228 million represented a 70% increase over the previous year. Samsung said it planned to triple its China sales to \$7 billion by 2005.

April 2002 – Upon his appointment as head of Samsung's China operation in April 2002, Hyung-Do Lee vowed to make China "Samsung's biggest market in two to three years." Lee said China accounted for 10 percent of Samsung's global revenue, but still lagged behind the U.S. and European markets. "Samsung's China business will surpass the United States in the electronics sector this year and lead the world in two to three years," he said. Lee said that after 10 years of operation in China, Samsung's investment had reached US\$2.5 billion in over 70 factories around the country. Apart from expanding its consumer market in computers, mobile phones, and home appliances, Samsung was busy lobbying the Chinese Government for permission to start financial-related businesses, especially insurance services. Samsung Fire Insurance has opened an office in Shanghai, and its life insurance leg has also started cooperation with China Ping An Insurance Co.

September 2002 – Samsung sold \$400 million worth of mobile phone handsets to China Unicom Ltd., representing its biggest telecoms deal in China. Samsung said the deal could lead to more orders in China, the world's biggest and fastest growing cellular market and one of the few bright spots for technology companies.

October 2002 – Lee Yoon-woo, president and CEO of Samsung's Device Solutions Network unit, said Samsung planned to invest another \$500 million in China to lift the revenue generated there to \$10 billion in 2003. The investment included an additional four manufacturing facilities, as well doubling local research and marketing manpower to 2,000 personnel. "Our basic strategy for the Chinese market is localization, and this includes both production and research and development," Lee said. "We will invest some \$600 million in research and development alone in China next year with the objective

of introducing products and technologies that are suitable for the Chinese market."

Stated corporate responsibility policy:

"When it comes to our most valuable asset of all – the 170,000 employees who make up the Samsung family – we have implemented employee training and development programs around the world, helping our people to constantly learn new skills and seek out new opportunities for professional development and advancement. . . We now view ourselves as a 'citizen of the world.' And as such, we think it is our duty to support local communities and, in a larger sense, to try to make the world a better place for all. . . Samsung's Environmental Preservation programs support the principles of 'green management' in our own operations."

http://www.samsung.com/about/financial/pdf/2001Nurturing_co_community.pdf

Company:

SchlumbergerSema

Nature of business:

IT Consulting

History as Olympic Sponsor:

The company first supported the Olympic Movement by delivering systems and management expertise to the 1992 Olympic Games in Barcelona, and joined the TOP program in 2001. SchlumbergerSema's contract for integrating IT for the Salt Lake City, Athens, Turin and Beijing games was the largest sports-related IT contract in history. For its services, Schlumberger receives worldwide Olympic marketing rights for the length of the contractual agreement.

Involvement in China:

Schlumberger Test & Transactions, one of the world's largest provider of SIM cards, has been localizing its SIM cards production in China in recent years because of the importance of the Chinese GSM market. Goh Hock, president, Schlumberger Test & Transactions-Asia, said, "I have not seen such explosive growth in any other GSM market as in China today."

Also as part of its localization plans, Schlumberger Test & Transactions moved its regional headquarters from Hong Kong to Beijing, and has established technical centers in Beijing and Shanghai to develop new smart card-related products and services geared toward the China market.

In addition, Schlumberger has provided training and equipment to the People's Bank of China to establish a Certification Center for China's new nation-wide smart payment card project. The Center is responsible for testing and certifying the cards and terminals supplied by vendors to the scheme, which will provide debit and electronic purse facilities in China.



Photo: Reuters.

Stated corporate responsibility policy:

"The long-term business success of Schlumberger depends on our ability to continually improve the quality of our products and services while protecting people and the environment. Emphasis must be placed on ensuring human health, operational safety, environmental protection, quality enhancement and community goodwill. This commitment is in the best interests of our customers, our employees, our stockholders and those in the communities in which we work and live. . . We are committed to the proactive integration of [Quality, Health, Safety, and Environmental] QHSE objectives into our management system at all levels, actively reinforced by reward programs that recognize outstanding QHSE performance demonstrated by our employees and contractors. . . The commitments in this Policy are in addition to our basic obligation to comply with Schlumberger standards, as well as all applicable laws and regulations where we operate. This is critical to our business success because it reduces risk and adds value to our products and services."

<http://www.slb.com/Hub/index.cfm?id=id21846>

Company:

Sports Illustrated/Time

(subsidiary of AOL Time Warner)

Nature of business:

Periodicals, Magazines

History as Olympic Sponsor:

Sports Illustrated served as an official sponsor of the 1980 Olympic Winter Games in Lake Placid. Sports Illustrated/Time became a charter member of the TOP program in 1987.

Involvement in China:

September 1999 – in the midst of China's crackdown on the Falun Gong spiritual movement, TimeWarner-owned Fortune magazine hosted the '99 Fortune Global Forum in Shanghai, with President Jiang Zemin presenting the keynote speech. During the forum the Chinese government censored a TIME magazine special on China devoted to 'China's Amazing Half-Century,' including articles by exiled dissidents Wei Jingsheng, Wang Dan and the Tibetan Dalai Lama.

October 2001 – AOLTime Warner Inc. reached an agreement with the Chinese government to swap programming over their respective cable systems in the U.S. and China. The agreement gave about 10 million viewers in China's southern region access to programming from AOLTime Warner's CETV (China Entertainment Television & Broadcast Ltd.) channel. In return, China's CCTV-9 channel would be made available to Time Warner Cable audiences in New York, Los Angeles and Houston. CETV began its distribution to certain cable television subscribers in the Southern region of the People's Republic of China in February 2002.

June 2001 – America Online announced a joint venture with Legend Holdings Limited, the leading Chinese PC manufacturer and a provider of interactive services in China, to develop consumer interactive services for the Chinese market.

October 2002 – AOLTime Warner Inc. was reported to be investing \$483 million in an outdoor movie studio and tourist destination in Linan city, Zhejiang Province. The deal represented the largest-ever foreign investment in the Chinese film industry.

Stated corporate responsibility policy:

"AOL Time Warner is committed to serving the public interest by using our unique talents and resources to enrich people's lives and strengthen communities around the world. . . In our philanthropic efforts, we focus our attention on the areas where our expertise can have the greatest impact. In our corporate life and culture, we promote an ethic of volunteerism and civic engagement. In our role as a leader in our industries, we work to address critical questions of public policy to ensure that everyone can share in the benefits of the networked world. . . .

AOLTime Warner Foundation provides funding for NGO's aiming at sustainable social change. Two of the Foundation's four core beliefs: The Internet's benefits should be available to everyone; and Media, communications and information technology can inspire greater civic participation. . . AOL Time Warner is dedicated to journalism that is free of outside influence and control – and that respects people's right to know. . . To foster the global growth of the free press, we support the activities of Internews, an

international nonprofit organization that supports open media worldwide."

http://www.aoltimewarner.com/corporate_citizenship/social_responsibility.adp

http://www.aoltimewarner.com/investors/annual_reports/pdf/socialresp2002.pdf

Company:

Visa International

Nature of business:

Financial services

History as Olympic Sponsor:

Visa became a charter member of the TOP program in 1986. Visa was the first worldwide Olympic partner to mount what it describes as an "innovative" destination marketing campaign linked to an Olympic Games host city and area market. Beginning with the Sydney 2000 Olympic Games, Visa has created partnerships with state and local tourism associations to increase travel and business to the host cities.

Involvement in China:

Visa's Web site describes the Asia Pacific as "the most populous of all Visa's regions," and elaborates, "Today there are almost 225 million Visa cards in use, representing a total of nearly US\$300 billion in annual sales volume. The region's card market is expected to increase by 600 percent over the next ten years as economic development unlocks the huge untapped potential of the giant markets of China and India. With two out of three of the world's new Internet subscribers now coming from Asia Pacific, prospects for growth in both the physical and virtual world remain extremely bright."

Visa International members in China had issued 147 million Visa cards by the end of September 2002, with an expected growth of 80-100 per cent annually in next few years. China has become a major strategic market for Visa International, which pays particular attention to the development of international bank cards in the country. The Industrial and Commercial Bank of China, China Construction Bank, Guangdong Development Bank, the Bank of Communications and China Merchants Bank, have issued Visa International cards.

In October 2002 Visa International announced the launch of the International Travel Card in China, with the potential to serve 10 million outbound Chinese travelers.

Stated corporate responsibility policy:

None identified