



**Asia-Pacific  
Economic Cooperation**

**APEC Symposium on Enhancing Public –  
Private Partnership to Foster Corporate Social  
Responsibility**

*Plaza 3, 2<sup>nd</sup> Floor, Sofitel Plaza Hotel  
5 – 6 October 2009, Hanoi*

**October 2009**

APEC Project SOM 01/2009A

Reproduced electronically July 2010

Produced For  
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APEC#210-SO-04.1

**EXECUTIVE SUMMARY**

**APEC Symposium on Enhancing Public – Private Partnership  
to Foster Corporate Social Responsibility  
*Sofitel Plaza hotel, 5 – 6 October 2009, Ha Noi, Viet Nam***

Acknowledging the importance of Corporate Social Responsibility (CSR) to sustainable development, which is addressed as a high priority in APEC's Agenda, the APEC Symposium on Enhancing Public – Private Partnership (PPP) on Fostering Corporate Social Responsibility was held on 5 – 6 October 2009 in Ha Noi, Viet Nam. Participants included speakers from Canada, China, Hong Kong China, New Zealand, United States, and Viet Nam. Also present at the Symposium were representatives from the public and private sectors of APEC member economies including China, Chile, Indonesia, Malaysia, Papua New Guinea, Peru, Russia, Thailand and Viet Nam. Others were representatives of NGOs, Viet Nam's interested Ministries, companies and organizations. The Symposium focused on exploring and discussing: (i) CSR's importance and its promotion; (ii) Corporate Governance and CSR – the role of PPP; (iii) CSR and global supply chain – How PPP can help?

**Why CSR is important? Who will benefit from CSR enhancement?**

Together with wealth brought about by rapid economic development, much of the world faces environmental impacts such as rising sea levels, tidal surges, extreme weather and climatic horrors. In addition, the world now faces many social problems associated with these challenges. All of this should raise the question of whether governments can solve these problems on their own. While governments must be responsible for dealing with those issues, businesses cannot assume that it is the sole role of governments to manage the socio-economic welfare of their nations. Corporates are now recognized to be a strong force to contribute to addressing these challenges.

There remains different approaches to the CSR concept especially between the Western and eastern. While westerns believe that CSR is a strategic management tool that goes beyond the law, eastern thinking is that CSR means complying with the law and includes philanthropic actions. According to Mr. Michael H. Rea, a CSR consultant, CSR is a concept whereby organisations consider the interests of society by taking responsibility for the impact of their activities on their stakeholders, including customers, employees, shareholders, communities and the environment. It can be done by protecting the health and welfare of employees, customers and communities in which firms operate; respecting and/or protecting human rights; protecting the natural environment; encouraging shared prosperity and global development; avoiding fraud, corruption and/or other forms of unethical behaviors.

Another approach can be mentioned, for example, the starting point for the World Business Council for Sustainable Development (WBCSD) work is based on the fundamental belief that a coherent Corporate Social Responsibility (CSR) strategy, based on sound ethics and core values, offers clear business benefits. Sustainable development rests on three fundamental pillars: economic growth, ecological balance, and social progress.

As an engine for social progress, CSR helps companies live up to their responsibilities as global citizens and local neighbors in a fast-changing world. And acting in a socially responsible manner is more than just an ethical duty for a company, but is something that actually has a bottom line pay-off.

In the context of today's economic downturn, corporates are now living in highly competitive markets. They need to differentiate themselves from others to compete, survive and develop. And the last thing they want to differentiate is being "socially irresponsible".

Now, more and more corporations are aware of the importance of CSR and take it more seriously. It has been shared at the Symposium that there is an increased number of companies voluntarily reporting in accordance with the Global Reporting Initiatives (GRI) guidelines. 84 countries report in accordance with GRI guidelines, which displays the increasing awareness of governments and business community. It is becoming not "nice-to-have" but a "must-have".

Mr. Pham Hoang Hai from the Viet Nam Chamber of Commerce (VCCI) shared the information on the Global Compact Network, which is a global initiative for CSR implementation in Viet Nam. This initiative aims at making it an alliance of companies, governments, academic institutions and non-governmental organizations where they can work together to provide innovative approaches to promoting CSR. Also, it aims at providing practical support to companies and establishing a unique partnership between VCCI and UNDP.

The project comprises of three components: promoting CSR in Viet Nam and policy advice; incorporating knowledge on CSR into Viet Nam via research, training curriculum on CSR at universities; and establishing strategic cooperation among the concerned parties in the Global Compact Network to effectively realize the Millennium Development Goals (MDGs). Specifically, within the framework of this project, they create learning opportunities through seminars, workshops, etc., and they incorporate CSR content into the tertiary and post-tertiary training curriculum, and they support multilateral activities for pushing up the implementation of global compact's principles in the areas of human rights, labor, environment and anti-corruption.

**Corporate Governance (CG) and CSR – what is the role of Public-Private Partnership (PPP)?**

CSR is viewed as a risk management approach in the way that it is used extensively to legitimately support an organization's moral obligation, sustainability scorecard, license to operate and reputation management. Management of stakeholder risks continue to increase.

Given such an approach, Mr Lumsden, Chairman of Virtual Expos New Zealand Limited defined the role of a public-private partnership (PPP) in ensuring CSR. PPP comes in many different forms. For long-term PPPs, the United Nations Global Compact is a good way to encourage the CSR behavior. For shorter-term PPPs, enlightened self interest will be a stronger driver.

The UN Global Compact program asks companies to embrace, support and enact, within their sphere of influence, a set of values in the area of human rights, labor standards, the environment, and anti-corruption. There are 10 principles that cover these areas. Companies that participate submit an annual "Communication on Progress". PPP may be a way to ensure CSR behavior over the long term if companies participate effectively.

New Zealand Bus (is a good example of who did well in PPP participation. It is important that regulations have to be made to create a favorable environment for corporates to conduct CSR behavior. Particularly in New Zealand, the State Owned Enterprises Act (SOE Act) does have an important role in this issue.

To sum up, CSR is changing from risk management to solution building. A strong driver for CSR is a good corporate governance of private partners which recognizes the importance of customers' opinions and staff engagement. Customers' opinions in turn influence the Private Partner's behavior and the Public Partner's decisions.

In this session, Vietnamese speaker presented Vietnam's case in enhancing CSR by incorporating PPP. Though a number of companies have paid attention to environmental and labor standards, quite a few companies are ignoring the issue. It is observed that occupational health and safety, wage and salary policy, practices toward employees, and working hours imposed by buyers are the most challenging issues in implementing CSR. This leads to a rising number of strikes. Weak CSR also leads to work-related accidents and work-related illnesses.

Alike in many other developing countries, Vietnamese consumers often have to suffer from unsafe, poor-quality products and unfair trade practices. Consumer rights are violated in many ways and so far, nearly no penalties or sanctions imposed are

strong enough for companies that break the law. In Vietnam, it is also a problem of consumers' unawareness of their rights. Complicated formalities have prevented people from enjoying their rights.

PPP in Viet Nam is under way, but more can be done. From the public side, government agencies should provide adequate training about CSR. Specifically, regulations should be enforced effectively in the way that companies should provide adequate training for workers about working safety and hygiene. Some incentives to encourage CSR behaviors such as CSR awards for corporates are strongly advisable to be replicated. From the business side, corporates should strictly follow the law in protecting their own employees by, for instance, supporting activities of labor unions to understand their desires and wishes of employees.

A specific experience of that is compatible with APEC practices is Hong Kong which launched its CSR Index and organized a number of seminars to disseminate the information about the index to companies. Thanks to these efforts, CSR has become a growing concern of local and overseas buyers and brands. In Hong Kong's view, CSR is instrumental in enhancing the competitiveness of HK enterprises.

HSBC is a leading corporation in this issue. They developed their own CSR Index, which comprises of 7 score issues: organizational governance, human rights, labor practices, environment, fair operating practices, consumer issues and social development.

With regards to scoring, Hong Kong encourages enterprises to first self evaluate based on Hong Kong Quality Assessment Agency (HKQAA) HSBC Scoring Criteria for 40 recommended practices; then verify the evidence by HKQAA. In order to facilitate the benchmarking exercise, the scoring approach is applied in rating the organization's system maturity.

In the experience of Hong Kong, enterprises are closely watched in CSR aspects such as environmental effect, quality and safety of labor. Hong Kong also advocates and advances with knowledge sharing between public and private sectors and education for the younger generation.

### **CSR and global supply chain – How PPP can help?**

Companies need to recognize that to have CSR, a company must have a Responsible Supply Chain (RSC). Without an RSC, a company will be lacking in CSR.

UPS's experiences in CSR are an example of the role of the global supply chain of PPP in Asia. UPS's CSR program is based on three main pillars: Economic, Social and Environmental. Economically, UPS runs a financially sound business in a socially

responsible and financially sustainable manner to ensure ongoing ability to positively impact the stakeholders with whom they interact. Socially, UPS strives to work with employees, communities and governments to foster greater global economic prosperity and encourage individual achievement. Environmentally, UPS constantly reviews its their processes to make sure they are reducing their environmental impact, which includes examining how they drive, fly and conduct business worldwide. From those core values and principles, UPS have deployed many practical program to foster CSR itself and with its partners. Together they share best practices regarding their bilateral partnerships and develop and deploy Logistics Emergency Teams (LET) in support of the UN Global Logistics Cluster.

From this example, CSR needs to be viewed not as an adjunct to a company's activities but rather as part of its core mission. For every company that buys or sells a product, it is vital and a challenge to educate these companies that their supply chain is a citizenship opportunity. In the context of current global economic downturn, CSR programs are sustainable if they prove strategic, fiscally responsible, credible, transparent and long term.

In this session, the speakers also elaborated on CSR in the supply chain from the perspective of business and brand. Apparently, CSR is one factor seriously concerned by customers and community affecting the business as a result of social and environmental challenges, government activism, growing influence of NGOs, passionate consumers and employees, and worldwide communication networks.

A practical experience of CSR development in China was shared in the Symposium. Since 2004, China has deployed proactive actions from policy direction, market regulations, international cooperation especially CSC9000 for sustainable development and public – private interactions.

### **Recommendations:**

Participants are very keen on the issue and supply the following comments and recommendations to promote CSR more effectively, as governments are a key factor to promote CSR:

1. There is a need to define the concept of CSR as it may be applied in the APEC Economies. Symposium participants shared their knowledge of the UN Global Compact Network, Global Reporting Initiatives, and the development of ISO 26,000 on Social Responsibility and recommended that future work focus on recommending the most appropriate definitions for APEC to adopt. Similarly, future work should focus on defining the meaning of PPP for APEC Economies to adopt.

2. Member economies continue to exchange experiences and best practices on CSR in order to learn from each other and from other countries that have good CSR practices.

3. Governments should push seriously the agenda of CSR in accordance with their own circumstances and consider to put CSR as a “business conduct” that all enterprises need to follow. Governments can also consider mandatory regulations instead of voluntary code if an education and market-based approach is not effective.

4. Governments play important roles in promoting CSR via different means. One suggested means is providing incentives to enterprises, which well perform their CSR responsibilities. For instance, tax incentives, market access opportunities and specialized funding for small companies can be explored. One step further would be to develop a quarterly ‘Green Business’ magazine and/or establish an annual “Supplier Summit” that highlights companies that have been externally selected for being socially and/or environmentally responsible. Companies that have good employment practices, eco-friendly products/services, or who demonstrate some measure of international best practice in CSR should be identified and highlighted as positive role models for the new era of business in which we now must operate. An awards function, tied to a summit, could further highlight excellence, and establish benchmarks for other companies to strive for.

5. In addition, having APEC recognize companies which go above-and-beyond in CSR initiatives through awards or other public recognition will provide a market-based mechanism for the public to award such businesses. International recognition tends to be ‘top prize’ for most companies, as any form of international exposure often exists as a means by which companies gain access to new markets. Where the recognition is tied to such positive overarching principles of CSR, which are nearing the crest of a new wave of consumer activism, companies will be offered to differentiate their goods/services on a higher plane than merely price, quality and ability to deliver.

6. Governments should advance CSR by funding education, research and students, and giving the overall community easier access to CSR information.

7. By learning from OECD guidelines/ILO standards – APEC can determine if it should adopt or recognize such guidelines or adopt them if needed in APEC.

8. APEC has important roles in furthering its work on CSR. It is suggested for continuous sharing of experiences on CSR in specific industries at relevant APEC working groups, such as Human Resource Development Working Group (HRDWG), Small and Medium Enterprises (SMEWG), Mining Task Force (MTF), Tourism Working Group (TWG), Agriculture Technical Cooperation (ATC), Marine Resource Conservation (MRCWG), Fisheries (FWG). An overall group within APEC, for



example a sub-group under APEC Business Advisory Council (ABAC) can be established to coordinate such working groups to share best practices. APEC should consider to define itself the strategy and roadmap towards CSR, hence, it is important that APEC member economies are engaged more profoundly in CSR issue.

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COOPERATION PROJECT IN THE FIELD OF  
CORPORATE SOCIAL RESPONSIBILITY

## **High Level ASEM – CSR Conference 2009**

### **"Shaping CSR – Opportunities for the Well-Being of the ASEM Workforce"**

**Potsdam, 16 - 17 March 2009**

### **- Annotated Programme<sup>1</sup> -**

The 1st ASEM Labour and Employment Ministers Conference (LEMC) in Potsdam 2006 created the basis for a new central platform for an employment and social policy dialogue between Asia and Europe. At the 2nd ASEM LEMC held in Bali in October 2008 the dialogue and common understanding of the social dimension of globalisation in both regions were deepened. Furthermore the decision was taken to establish cooperation projects for an exchange of experience, expertise, and information on best practice approaches in the fields of training and employability, social security, labour migration, and corporate social responsibility (CSR).

Germany has taken on responsibility for the project "Cooperation in the Field of Corporate Social Responsibility". A first essential step towards performing this task is the organisation of a high-level Conference under the title "Shaping CSR – Opportunities for the Well-Being of the ASEM Workforce" to be held in Potsdam from 15 to 17 March 2009.

The term "Corporate Social Responsibility" is normally understood as an approach to entrepreneurial activities seeking to achieve sustainable business success also by taking account of social and ecological needs. CSR is voluntary and extends beyond legal requirements. CSR designed along long-term strategic lines is increasingly becoming a competitive factor. Above all where CSR strategies are implemented transnationally they also strengthen labour and social standards at national and international levels and thus the attractiveness of locations for hosting investment. Moreover, at many corporate locations worldwide, it is seen that one of the keys to creating increased prosperity and development, both locally and regionally, can be for enterprises to take on responsibility in their local surroundings.

In this manner, CSR can enhance the positive interplay of growth and employment over the long term. CSR is of growing importance particularly in light of the present financial and economic crisis. As a supplement to governments' policy measures, business activities, above all those of multinational enterprises, can make a central contribution towards sustainable economic growth, social well-being, and the creation of decent working conditions. The challenge to governments lies in establishing better framework conditions, beyond their own possibilities for legislative action, and providing constructive support for the development of appropriate networks for CSR. Naturally, not only consumers and customers but also the workers who are particularly affected by

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<sup>1</sup> The Annotated Programme is intended as a basis for thoughts on background aspects and unresolved questions concerning the Conference topics and does not necessarily reflect the views of Germany's Federal Ministry of Labour and Social Affairs.

the activities of the enterprises and civil society as a whole have to play a special role in this regard.

By no means can nor should CSR substitute for the duty of governments to meet their political obligations by enacting and enforcing appropriate regulations. On the contrary, CSR relies on the observance of existing laws, regulations, and relevant international rules. Their enactment and oversight is subject to national political responsibility. Many governments are now showing strong interest in supportive framework conditions that help to promote CSR activities. This is also a process in which a new interaction between government, business, and (civil) society is generating new synergies.

## Programme Details (Draft)

**Monday, 16 March 2009**

### Part I

#### A. Opening Session

The Opening Session focuses on the **importance of ASEM cooperation** and the **need for addressing the topic of CSR**. The Conference will be officially opened by Germany's Federal Minister of Labour and Social Affairs Olaf Scholz.

Indonesia's Minister of Manpower and Transmigration Erman Suparno, EU Commissioner Vladimir Spidla and the Chief of Cabinet of the Ministry of Labour and Vocational Training of the Royal Government of Cambodia Men Socheth will then elaborate on the topic from an overall Asian and respectively European perspective.

The objectives of the Conference are

- I. To take stock of the role of CSR in the ASEM area,
- II. To make clear the growing importance of synergies between government, enterprises, and civil society for shaping the social dimension of globalisation,
- III. To draft CSR-related Chair's Conclusions in preparation of the 2010 ASEM Labour and Employment Ministers Meeting.

## **B. Podium Discussion: "CSR from the Perspective of the Social Partners and Governments"**

The Podium Discussion seeks to illuminate CSR through a **tripartite discussion** from the perspectives of the social partners and governments.

The occasionally divergent CSR experiences, expectations, and enactment strategies are to be discussed and possibilities and limits of CSR-friendly policy-shaping identified by tripartite stakeholders.

Figuring importantly in this context will be assessments of current CSR developments against the background of the financial and economic crisis.

### Framework of the Discussion

Moderator: Germany

Podium Participants:

- Indonesia
- Czech Republic
- France
- International Trade Union Confederation (ITUC)
- Trade Union Advisory Committee (TUAC)
- German Confederation of Trade Unions (DGB)
- International Organisation of Employers (IOE)
- Confederation of German Employers' Associations (BDA)

The Podium Discussion will be opened by short talks by the participants relating to the above named topics (introductory statements of 5 minutes).

## **Part II**

### **A. Working Group 1: "Promoting CSR – International Instruments and National Experience"**

#### Sub-Topics:

- Central international instruments to promote CSR
- Applying the instruments
- Success of international CSR instruments in practice
- National and enterprise-specific experience.

#### **International Instruments**

Globalisation's impacts cannot be met at the national level alone. A social shaping of globalisation therefore also requires global instruments.

Many different initiatives, instruments, and processes also aiming at promoting CSR have emerged at the international level. Three of the most important international instruments for implementing CSR are the OECD Guidelines for Multinational Enterprises, the ILO's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and the United Nations Global Compact (UNGC)<sup>2</sup>. Another instrument joining this list in future might be the ISO SR 26000 Standard, the ISO's guidelines for the social responsibility of organisations.

### **National Experience**

International guidelines often serve as the basis for national efforts and the involvement of enterprises and the initiatives of national governments. But it is also true that the concrete shaping (operative design) and the fields of action covered by CSR measures lie in the hands of enterprises. There are thus just as many individual CSR models as there are enterprises that make them a part of their business strategies.

Common to all of the various forms of social involvement by enterprises is the fact that they are understood as voluntary commitments. But there are differences in terms of the methods and instruments for practical implementation, CSR fields of action, and the range of CSR measures. CSR will always be an individual array of measures and activities dependent on the strategies and responsibilities of enterprises.

### Possible Questions and Topics for Discussion

- Which enactment mechanisms have international instruments developed to promote CSR?
  - How do they function in practice?
  - How are the international instruments interconnected? To what extent do they complement one another?
  - May the array of instruments be described as coherent? Or are they too diverse, meaning that action to harmonise and standardise them is overdue?
- What is the significance of the current diversity of international instruments for CSR measures and target entities?
  - How did that diversity arise?
  - What are the respective benefits and drawbacks of the diversity of international instruments?
  - Are standardised forms of CSR desirable? If so, who could/should develop (non-binding?) standards? If not, what should be the further approach to developing CSR?
- What is the significance of CSR for enterprises and governments?
  - Is it possible to speak of a uniform, worldwide trend?
  - Is it better for enterprises to approach CSR through trial and experiment or are clear, "best practice" guidelines available?
  - What role do the international instruments play in this connection?
  - What is the relative balance between core business and CSR measures?
- What do the framework conditions for CSR look like in the various ASEM member countries?
  - How is the voluntary social involvement of enterprises supported at national level – personalised, informal, spontaneous, coincidental, or standardised and centralised?

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<sup>2</sup> The Global Reporting Initiative (GRI) is closely affiliated to the UNGC.

- How arbitrary may CSR be, and are there limits that must not be exceeded in this connection?
- Which CSR forms and instruments currently exist and how are they implemented?
  - What enterprise-integrated business-management instruments are being applied?
  - How do enterprises prioritise their CSR fields of action (e.g. environment, worker interests, ecological product responsibility, consumer protection, environmental and supplier protection in the supply chain, local development / municipality support)?
  - What range does CSR have (local/regional/national/international)?
- Can and should the harmonisation of working and production conditions be sought in the interest of workers and the civil population through the promotion of CSR and the implementation of relevant international instruments?

### Framework of the Discussion

Moderator: The Netherlands

Panellists:

- Malaysia
- Poland
- European Commission
- International Labour Organisation (ILO)
- Organisation for Economic Cooperation and Development (OECD)
- United Nations Global Compact (UNGC)
- Global Reporting Initiative (GRI)
- International Standardisation Organisation (ISO)

Working Group 1 will be opened by short talks by the panellists relating to the above-named topics (opening statements of 5 minutes). An open roundtable discussion will then follow, with contributions from the audience.

## **B. Working Group 2: "CSR in the Supply Chain"**

### Sub-Topics

- Corporate responsibility
- Supply chain
- Government action, regulation

### **Corporate Responsibility**

CSR extends beyond enterprises' responsibility for workers and production. Enterprises also assume considerable responsibility vis-à-vis customers and consumers. In the sense of "corporate responsibility towards society" this should include taking meaningful account of sustainability and social responsibility in the supply chain as far as possible. For example, input materials used for production should not come from operations where workers' rights or environmental protection are ignored.

## **Supply Chain**

The inclusion of the supply chain expands the range of an enterprise's responsibility significantly, especially since a multitude of international suppliers are usually involved. Insofar as their influence allows, enterprises should ensure their production processes are conducted socially and ecologically along the value-added chain. Ecological and social problems along the supply chain of large merchant and industrial enterprises may arise when they a) are not subject to adequate oversight by governments and b) do not apply their own CSR standards. The review and, where necessary, oversight of the supply chain by the contracting or customer enterprise is consequently an important aspect of CSR. The assumption of responsibility for sometimes long transnational supply chains, however, soon reaches its limit. Such efforts are also involved, expensive, and represent a challenge to enterprise-internal CSR strategies.

### Possible Questions and Topics for Discussion

- What responsibility is borne by enterprises with regard to the supply chain?
  - Can and should we expect contracting enterprises to take on responsibility for their supply chains in their own interest and in that of customers/consumers?
  - How far can and must responsibility for the supply chain extend?
  - Is not every enterprise responsible for itself and its own products in the age of globalisation?
  - Or should CSR requirements, where reasonable and enforceable, be binding on suppliers and cooperation partners within the framework of the overall responsibility of enterprises for their products and activities?
- What role does the market leverage or size of an enterprise play for its responsibility and influence on the supply chain?
  - Are there differences between small, medium-sized, and large enterprises in this regard?
- What impact does competitive pressure have on suppliers?
- What influence is exerted by governments?
  - Are government-initiated dialogues being conducted with the representatives of the various interests and multi-stakeholders?
  - What might the regulative role of the state look like? Are regulations or guidelines available on CSR (reporting systems, CSR rating/ranking)?
  - What influence should governments have?
- Can CSR in the supply chain help prevent the "race to the bottom" in global competition?

### Framework of the Discussion

Moderator: Puma company

Panellists:

- Thailand
- Romania
- Italy
- BASF SE company
- Volkswagen company
- Tata Consultancy Services company
- Regional Organisation of the International Trade Union Confederation for Asia and the Pacific (ITUC-AP)

Working Group 2 will be opened by short talks by the panellists relating to the above-named topics (opening statements of 5 minutes). An open roundtable discussion will then follow, with contributions from the audience.

## **Tuesday, 17 March 2009**

### **C. Working Group 3: "CSR: Competitive and Location-Specific Advantage versus Alleged Protectionism "**

#### **Sub-Topics:**

- CSR as competitive and location-specific advantage (enterprise-level, local and national levels)
- CSR requirements as disguise for protectionist intent

#### **Competitive and Location-Specific Advantages**

Enterprises that include and implement CSR in their strategic management can enhance their core business since they thereby

- respond to consumer expectations
- become more attractive for new staff and retain employees
- and simultaneously improve their reputations with stakeholders and consumers.

The CSR discussion now revolves around the positive interaction between ecologically and socially sustainable production and business success. A good CSR strategy is increasingly proving to be an economic investment of sustainable value.

#### **The Accusation of Protectionism**

A repeatedly voiced fear is that CSR requirements and standards, above all those to be observed by goods producing enterprises, can be abused for protectionist purposes. In this regard, it is pointed out that high national labour and social standards may bring about cost benefits but also cost disadvantages in global competition and are therefore applied strategically in a corresponding manner. However, the contrasting view is that CSR includes many aspects that can rightly be expected by employees, suppliers, customers, consumers, and the municipalities where the enterprises are located, and that it can lead to the transfer and harmonisation of framework conditions.

#### **Possible Questions and Topics for Discussion**

- What is the overall view of CSR for the enterprises? Are there lasting benefits for enterprises and their workers – also on the side of supplier enterprises?
- Which competitive and location-specific advantages does CSR have to offer for countries at local, regional, and national levels?
- Is the protectionism charge justified? If so, in which areas?
- What does "level playing field" or "equal conditions for all" mean from the perspectives of enterprises and locations for economic activity?



- Is it realistic to expect that governments and enterprises will be able to achieve the harmonisation of working and production conditions to the benefit of workers and civil society through the promotion of CSR and implementation of relevant international instruments?

### Framework of the Discussion

Moderator: International Organisation of Employers (IOE)

Panellists:

- ASEAN Secretariat
- Japan
- French Employers' Association (MEDEF)
- Asia-Pacific Henkel Limited
- Henkel AG & Co. KGaA company works council
- Union Network International Asian Regional Organisation (UNI-Apro)/ ASEAN Service Employees Trade Union Council (ASETUC)

Working Group 3 will be opened by a brief discussion round relating to the above-named topics, with questions to the panellists. An open roundtable discussion will then follow, with contributions from the audience.

## **Part III**

### **A. Concluding Discussion and Presentation of Results**

Outline of the Results of the Working Groups, Chairs' Summary, and proposal for drafting Recommendations for the 2010 LEMC III – Germany.

### **B. Farewell**



COOPERATION PROJECT IN THE FIELD OF  
CORPORATE SOCIAL RESPONSIBILITY

## High Level ASEM – CSR Conference Chairs' Summary

1. The High Level ASEM – CSR Conference 2009 was held in Potsdam, Germany, on 16-17 March 2009, under the title "*Shaping CSR – Opportunities for the Well-Being of the ASEM Workforce*". Participants were Ministers, Vice Ministers and State Secretaries of Labour, officials from 37 ASEM Member States, the Commissioner for Employment, Social Affairs and Equal Opportunity of the European Commission and the Deputy Secretary-General of the ASEAN Secretariat. The Conference was also attended by high representatives from international organisations, national, international and regional social partners, enterprises as well as by selected CSR experts and representatives from civil society as observers. The Conference was chaired by H.E. Mr. Olaf Scholz, Federal Minister of Labour and Social Affairs of Germany.
2. The Conference, structured in opening session, panel discussion, three working groups and closing session, was the first follow-up activity to implement the cooperation project "Cooperation in the Field of Corporate Social Responsibility", which was initiated with the 2nd ASEM LEMC in Bali (2008).
3. In particular, its objective was a) to take stock of the role of CSR in the ASEM area, b) to make clear the growing importance of synergies between government, enterprises, workers and social partners for shaping the social dimension of globalisation, and c) to agree on a CSR-related Chairs' Summary in preparation of the 2010 ASEM Labour and Employment Ministers Meeting.

### Promoting CSR in the European Union and the Asian Area

4. In his opening remarks **H.E. Mr. Olaf Scholz** accentuated the importance of mutual cooperation in the ASEM process and the need for addressing the topic of CSR, in particular in the context of the current financial and economic crisis. Bearing in mind the challenge to develop a common understanding of the social dimension of globalisation, he called for increased cooperation between Asia and Europe in order to find political answers to the question how to use the advantages of globalisation while limiting the destructive forces of capitalism. In this regard, he underlined CSR as a strategy which, especially in times of crisis, pays off and strengthens economies. He presented the German national CSR strategy which is currently being developed by a forum consisting of representatives from business, civil society, science, trade unions and the government. He further expressed his wish for the Conference to develop a CSR-related process of mutual learning, including the concentrated strength of crucial stakeholders from Asia and Europe resulting in recommendations for the LEMC in 2010.
5. Keynote speeches were delivered by **H.E. Mr. Vladimír Špidla**, Commissioner for Employment, Social Affairs and Equal Opportunity of the European Commission, **H.E. Mr. Erman Suparno**, Minister of Manpower and Transmigration of the Republic of Indonesia and **Mr. Men Sochet**, Chief of Cabinet of the Ministry of Labour and Vocational Training of the Royal Government of Cambodia.

6. Keynote speakers congratulated Germany on having taken on responsibility in the field of CSR and underlined the importance of a close and productive exchange of ideas and cooperation between Asia and Europe on CSR initiatives and policies. They highlighted that behind the background of the financial and economic crisis the Conference would take place at the appropriate moment of time. They further agreed on the importance of the international dimension of CSR and recalled the necessity of a close international cooperation in order to mitigate the consequences of the global crisis.
7. In their speeches Ministers addressed CSR, based on experiences in their respective country and region. Keynote speeches especially focussed on the promotion of CSR from an EU and Asian perspective. **H.E. Mr. Vladimír Špidla** underlined that in the context of the current crisis, more than ever, CSR should be supportive and complementary to social and decent work policy measures. CSR should neither be seen as a tool of luxury nor as an instrument of protectionism. He further explained recent Commission activities in the area of CSR, such as the EU Multi-Stakeholder Forum on CSR and work on a guide on social aspects of public procurement. He also expressed the Commission's support for international instruments in the area of CSR, notably those of the ILO, the OECD and the UN. CSR goes along with wider efforts to promote fair globalisation and decent work for all, which also includes a close cooperation with the ILO, the UN and at the G8 level. **H.E. Mr. Erman Suparno** conveyed that CSR activities can lead to economic profits for the whole society, thereby helping to improve the reputation of enterprises which in turn has positive effects for economic success. He highlighted that CSR plays an increasingly important role in Indonesia, in particular to promote a well-educated labour force and that, therefore, the Indonesian government has introduced obligatory CSR legislation in 2007 in the natural resources sector. **Mr. Men Sochet** presented a bundle of initiatives in Cambodia to promote employment and sustainable development. He touched upon the regular agenda in Cambodia of attracting investment and implementing the programme of decent work as well as special measures for training and employment against the backdrop of the current crisis.

### **CSR from the Perspective of Social Partners and Governments**

8. Podium participants<sup>1</sup> welcomed the broad tripartite approach of the Conference and reiterated the need to involve social partners in the ASEM dialogue in the field of labour and employment, in particular in view of CSR, which primarily concerns enterprises and workers. The topic of CSR and the timing of the conference had been just right.
9. Tripartite stakeholders agreed that CSR activities, while needing a legal framework ensured by governments, should be of a voluntary nature coming over and above compliance with legal standards including international norms and conventions. Companies' performance regarding CSR shows a great variety reaching from serious lack of legal compliance without any CSR to strict adherence to CSR measures and programmes.
10. Unions stressed the global financial and economic crisis proving the need for more regulation as the existing regulatory framework plus CSR had not been able to prevent the economic downturn. Employers reiterated the need for CSR to be voluntary and

<sup>1</sup> Moderator: Mr. *Günther Horzetzky*, Secretary of State, German Federal Ministry of Social and Labour Affairs, Germany  
 Panellists: Ms. *Myra Maria Hanartani*, Director-General of Industrial Relations, Ministry of Manpower and Transmigration, Indonesia  
 Mr. *Petr Simerka*, Vice-Minister of Labour and Social Affairs Security, Czech Republic  
 Mr. *Gilles de Robien*, Ambassador for Social Cohesion, France  
 Ms. *Sharan Burrow*, President, International Trade Union Confederation (ITUC) (Video Message),  
 Mr. *Roland Schneider*, Senior Policy Advisor, Trade Union Advisory Committee (TUAC),  
 Mr. *Martin Stuber*, Senior Manager, German Trade Union Federation (DGB),  
 Mr. *Brent Wilton*, Deputy Secretary-General, International Organisation of Employers (IOE) and  
 Mr. *Ernst Baumann*, Board Member and Deputy President, German Employers Confederation (BDA).

free from regulatory obligations as to not stifle entrepreneurial creativity. Governments suggested that CSR should be strategic action and part of the core business of enterprises as sustainability and social responsibility are a necessary contribution from companies in a globalized world.

11. The role of governments is to establish better framework conditions for CSR and to provide constructive support for the development of appropriate CSR networks. CSR cannot replace governments' legal commitments of setting and supervising social and ecological standards.
12. Tripartite podium participants held the view that in the current crisis CSR activities worldwide will have a substantial impact as they can help to restore public trust in markets and alleviate the consequences of the crisis. Hence, companies reacting by trading in values and stepping back from obligations would be the wrong step. Cross-cutting strategic CSR approaches are expected to be reinforced as companies focusing on them will be strengthened for the next economic upswing.
13. Regarding CSR, policy coherence at national as well as international level was seen as crucial.
14. The result of the panel discussion was that CSR should be given an important role in the ASEM process in the future. Dialogue on CSR should be held at all levels: between Asia and Europe, as Social Dialogue between social partners, and as companies dialogue with stakeholders. CSR in the ASEM countries can enhance the positive interplay of growth and employment over the long term by relating the three pillars of economy, ecology and social affairs to concrete entrepreneurial measures.

#### **I. International Instruments and National Experiences to Promote CSR**

(Further details may be found in Annex A.)

15. Panellists and delegates affirmed the need to effectively implement international CSR initiatives and instruments in practice. International CSR instruments are needed because today's corporate sector acts internationally and even globally. However, the application of these international instruments should be implemented taking into account the diversity regarding cultural and regional values as well as enterprises' own particular culture and operational styles.
16. Discussants concurred that reporting and monitoring mechanisms at the national and international level should be strengthened to enhance transparency and improve the CSR performance of enterprises. They raised the question whether there is a need for more regulation concerning the international instruments and thus make them more binding.
17. They highlighted compliance as one of the major problems with CSR. Many governments agree with international CSR standards, but companies often do not implement the international instruments. Therefore, political leadership, social dialogue and civil society can help to raise awareness and point out the positive effects for companies if they voluntarily practice disclosure and provide explanations for better transparency.
18. With regard to the financial and economic crisis, panellists pointed out that CSR must be a long-term approach, since the crisis was largely caused by short-term action. The crisis was seen as a very serious issue that needs to be tackled, but panellists were of the opinion that it can also be seen as a chance to raise awareness among governments, social partners as well as civil society. CSR could become part of a new identity of the new global world. Therefore, all stakeholders should take joint action to tackle the effects of the current global crisis.
19. ASEM governments show an increasing interest in supportive framework conditions that help to promote CSR activities. They raised the issue that SMEs need to become more familiar and, as a consequence, more involved with CSR. In some cases, there is

no communication strategy with and among SMEs. As suppliers for multi-national companies they play a crucial role in production and therefore implement international CSR instruments to a larger extent.

20. It was agreed that in order to have more companies comply with CSR standards, governments, social partners and other stakeholders must cooperate more closely and support civil society as a “voice”. CSR instruments then can be applied to overcome a crisis situation.
21. As key result, discussants agreed that international instruments and initiatives should play a crucial role in CSR by providing a conducive framework for a stakeholder dialogue. CSR offers an important set of tools to cope with the global crisis, which can help to keep people in the labour market in the short run and can be used as part of a remedy to the crisis providing for better working conditions (economically, ecologically and socially) in the future.

## **II. CSR in the Supply Chain**

(Further details may be found in Annex B.)

22. Discussants stressed that a growing number of enterprises both in the European and Asian region are involved in cross-border inter-regional business and that such business, with increasing active participation of small and medium-sized enterprises (SMEs) is no longer a domain of multinational enterprises (MNEs). While many companies are striving to take account of sustainability and social responsibility for their supply chain and, more specifically, for the implementation of social and environmental standards, relations between enterprises and the supply chain are very complex. Suppliers are not always in a weak position. Sometimes the supplier is in a dominant market position (niche product). However, insofar as their influence allows, enterprises should ensure that their production processes are conducted in line with social and ecological standards.
23. Multinational enterprises (MNEs) with numerous suppliers at home and abroad can make most significant contributions by improving their sustainability impact outside their in-house operations. The engagement of small and medium sized enterprises (SMEs) in CSR in the supply chain is equally important as they account for the majority of business and employment worldwide. Good corporate citizenship is a prominent CSR feature of enterprises which represent well-known brands.
24. Participants took note of good practice examples in supply chain management but, at the same time, pointed out practical difficulties, in certain cases even unwillingness to implement CSR in the supply chain, whenever the sphere of influence of the enterprise vis-a-vis a supplier diminishes. Auditing plays an important role in successful supply chain management.
25. In particular with regard to CSR in the supply chain, state regulation and voluntary CSR initiatives should complement each other.
26. As a main result of the discussion, participants acknowledged that the need to bring greater transparency to the supply chain is a challenge faced by large and smaller companies all around the world. An intensified dialogue between governments, social partners and the enterprises in the supply chain would be indispensable to clarify the respective responsibilities of all actors involved.

## **III. CSR: Competitive and Location-Specific Advantage versus Alleged Protectionism**

(Further details may be found in Annex C.)

27. Panellists and delegates stressed that good CSR strategies can create competitive and location-specific advantages as well as ethical differentiation while giving a social and ecological face to globalisation. CSR is crucial for trust and reputation in the

market and is increasingly proving to be a sustainable investment targeting for economic and social development.

28. CSR ideally does contribute to the improvement of social and environmental standards and is not a tool for protectionism which creates barriers for developing and threshold countries' enterprises to access markets.
29. An important step to avoid protectionist measures is to foster fair competition: States should ensure that equal conditions and obligations apply to all companies while promoting CSR strategies in this spirit.
30. Discussants pointed out the need to take fears in this context seriously, to inform about CSR appropriately and to develop counter measures in case CSR should be misused for protectionist aims.
31. As a major result of the discussion, participants affirmed the necessity to overcome the alleged protectionism by encouraging and assisting enterprises and governments to adopt CSR policies as a tool for free and open global trade, economic growth and socially sustainable development. CSR was one of the main tools for the race to the top.

### **Future Process and Cooperation**

32. Participants agreed to continue the "Potsdam CSR-Process" at a technical level including enterprises, social partners and experts by creating a network and workshop on CSR.
33. This process is to result in detailed recommendations to be fed into the 2010 ASEM Labour and Employment Ministers Meeting.
34. Furthermore a website for the entire ASEM LEMC cooperation was suggested.
35. ASEM delegates and partners expressed their appreciation to the German authorities for their excellent arrangement of the meeting and the warm hospitality offered by the Land of Brandenburg and the people of Potsdam.



COOPERATION PROJECT IN THE FIELD OF  
CORPORATE SOCIAL RESPONSIBILITY

## **High Level ASEM – CSR Conference 2009 Report of Working Group 1 on International Instruments and National Experiences to promote CSR**

The Working Group on "International Instruments and National Experiences to Promote CSR" met on 16<sup>th</sup> March 2009. The discussion was moderated by the Netherlands with panellists at the head table from Malaysia, Poland, the European Commission, the International Labour Organisation (ILO), the Organisation for Economic Cooperation and Development (OECD), the United Nations Global Compact (UNGC), the Global Reporting Initiative (GRI) and the International Standardisation Organisation (ISO).

As key result, discussants agreed that the international instruments and initiatives should play a crucial role in CSR by providing a conducive framework for a stakeholder dialogue as well as advanced sustainable development and monitoring compliance. CSR offers an important set of tools to cope with the global crisis, which can help to keep people in the labour market in the short run and can be used as part of a remedy to the crisis providing for better working conditions (economically, ecologically and socially) in the future.

The recommendations and observations emerging from the discussions are as follows:

### **A. Recommendations and Observations by the Chairman and Panellists:<sup>1</sup>**

1. Central international instruments and initiatives
  - These instruments are the basis for constructive dialogue as they can serve as useful points of reference for universal principles and their differing CSR activities and audiences.
  - The application of international CSR instruments should be implemented taking into account the diversity regarding cultural and regional values as well as enterprises' own particular culture and operational styles.
  - CSR standards are facing a lack of compliance and therefore must be promoted by all stakeholders. Regulation could make CSR standards and their central instruments more binding and thus lead to more compliance in companies.
  - CSR instruments provide tools to tackle the global crisis and should be part of a coordinated solution. As a consequence, CSR should be established in a post-crisis global world.
2. Application of the international instruments and initiatives and success of international CSR instruments; reporting and monitoring mechanisms
  - The size of the companies involved and their economic contexts should be taken into account, with freedom of choice as to the methods used.

<sup>1</sup> Moderator: Mr. *Lauris Beets*, Director International Affairs, Ministry for Social Affairs and Employment, The Netherlands; Panellists: Ms. *Junaidah Kamarruddin*, Head of International Division, Ministry of Human Resources, Malaysia, Mr. *Radoslaw Mieczko*, Vice Minister of Labour and Social Policy, Poland, Mr. *Nikolai Rogovsky*, Senior Specialist, Job Creation and Enterprise Development Department of the International Labour Office (ILO), Mr. *Michael Morass*, Head of Division "International Affairs and Enlargement", European Commission, Mr. *Aart de Geus*, Deputy Secretary-General, Organisation for Economic Cooperation and Development (OECD), Mr. *Matthias Stausberg*, Spokesman, United Nations Global Compact (UNGC), Ms. *Theresa Fogelberg*, Deputy Chief Executive, Global Reporting Initiative (GRI) and Mr. *Kevin McKinley*, Deputy General-Secretary, International Standardisation Organisation (ISO).

- International CSR instruments only provide a framework. Companies and other stakeholders must apply these according to their cultural, social, economic and ecological situation. Implementing standardization instruments (e.g. ISO 26.000) is nevertheless possible.
  - It is necessary to have more guidance on CSR and implant its instruments for social partners, company managers and other stakeholders to make CSR instruments better known and
  - OECD national contact points have helped to solve problems with the implantation of CSR instruments and given support to employers and employees.
  - There is already an increasing number of companies and public agencies that issue annual sustainability reports based on the GRI reporting guidelines. Governments could act as awareness raisers and promoters of sustainability reporting and GRI guidelines.
3. National and enterprise-specific experience
- CSR can provide short-term and long-term solutions for the current global crisis.
  - More and more SMEs become multinational companies and often do not comply with CSR standards at their new locations.
  - More SMEs need to implement CSR instruments and initiatives.
  - There exists no "one size fits all" CSR strategy. The decision on which CSR instruments are useful in a national context depends on the stage of development of CSR instruments in the respective country, region or sector.
  - Civil Society as a "voice" needs to be supported. The dialogue between social partners and other stakeholders must be strengthened.
  - CSR standards and instruments need more regulation.

## **B. Recommendations and Observations by Delegates**

- CSR instruments can help to tackle the problems of the current economic and financial crisis. Especially long-term solutions can be found within the framework of the CSR international instruments and initiatives.
- CSR instruments must not be static, but need maintenance. Therefore international guidelines will be reviewed in 2010.
- The crisis should be seen as a chance to make CSR part of a new identity in a new and better global world.
- The CSR instruments work as a multi-focus approach with synergies between ILO, ISO and OECD.
- Compliance is a central question of CSR, but mandatory regulation is a political decision to be taken by each country.
- Promotion of CSR instruments and initiatives in different regions taking into account local conditions.
- Dialogue among social partners is ideal to implement CSR instruments, but they are often not so future-oriented. Training of social partners (especially unions) is crucial for a fair social dialogue on CSR.
- Use media and civil society to demand more transparency from companies. Disclosure standards provide for a better transparency of companies.
- Support civil society as a "voice".





ASIA-EUROPE MEETING

COOPERATION PROJECT IN THE FIELD OF  
CORPORATE SOCIAL RESPONSIBILITY

## High Level ASEM – CSR Conference 2009 Report on Working Group 2 on CSR in the Supply Chain

The Working Group on "CSR in the Supply Chain" met on 16<sup>th</sup> March 2009. The discussion was moderated by Puma with panellists at the head table from Thailand, Italy, Romania, BASF, Tata Consultancy Services, Volkswagen AG and the Regional Organisation of the International Trade Union Confederation for Asia and the Pacific (ITUC-AP).

As a main result of the discussion, participants acknowledged that the need to bring greater transparency to the supply chain is a challenge faced by large and smaller companies all around the world, and that an intensified dialogue among governments, social partners and the enterprises in the supply chain would be indispensable to clarify the respective responsibilities of all the actors involved.

The recommendations and observations emerging from the discussions are as follows:

### A. Recommendations and Observations by the Chairman and Panellists:<sup>1</sup>

#### 1. Corporate responsibility

- CSR extends beyond enterprises' responsibility for workers and production and includes environment and community.
- Enterprises also assume considerable responsibility vis-à-vis society as a whole as well as vis-à-vis customers, social partners, shareholders and consumers.
- Cultural differences matter as the local background must be taken into account.

#### 2. CSR in the supply chain; differences regarding MNEs and SMEs; best practice

- Responsibility for the supply chain should increase with an increasing number of national and international suppliers, with increasing size or market leverage.
- The review and oversight of the main suppliers by the contracting or customer enterprise is an important aspect of CSR.
- CSR requirements of buyers may go beyond legal obligations in the supplier's country.
- Inefficiencies have emerged as a result of the fact that buyers' CSR standards may overlap.
- Although suppliers in different national and industrial settings seem to face many of the same challenges, important local and industrial specific features need to be taken into account.
- Auditing as an essential element in the context of supply chains is more difficult for SMEs than MNEs.

#### 3. Government action, regulation

<sup>1</sup> Moderator: Mr. *Reiner Hengstmann*, Global Head Environment & Social Affairs, Puma Panellists: Mr. *Phaitoon Kaeothong*, Minister of Labour, Thailand, Mr. *Alexandru Fratean*, Secretary of State, Ministry of Labour, the Family and Equal Opportunities, Romania, Mr. *Raffaele Tangorra*, Director General for Social Inclusion, Social rights and for Corporate Social Responsibility, Ministry for Labour, Health and Social Affairs, Italia, Ms. *Tanja Castor*, Senior Manager, BASF Sustainability Center, Mr. *Girish Ramachandran*, Director and Head of TCS Europe, Tata Consultancy Services, Mr. *Noriyuki Suzuki*, Secretary General, Regional Organisation of the International Trade Union Con-federation for Asia and the Pacific (ITUC-AP) and Mr. *Gerhard Pr atorius* Director for CSR and Sustainability, VW AG.

- CSR should by no means replace the duty of governments to meet their legal obligations by enacting and enforcing appropriate regulations as is often the case.
- Governments should stimulate communication and take the role of an agent for change.
- All parties involved must employ other means of implementation, including capacity building and worker empowerment, to ensure improved workplace standards.
- Governments should engage in a tripartite dialogue.

## **B. Recommendations and Observations by Delegates**

- Strengthening labour inspection
- Respecting cultural differences in CSR
- Implementing the Decent Work Agenda
- Disseminating CSR requirements in the supply chain
- Mutual learning between buyers and suppliers
- Strengthening the state's role vis-a-vis private sector auditing
- Leading role for governments in socially responsible procurement



ASIA-EUROPE MEETING

COOPERATION PROJECT IN THE FIELD OF  
CORPORATE SOCIAL RESPONSIBILITY

## **High Level ASEM – CSR Conference 2009 Report on Working Group 3 on CSR: Competitive and Location- Specific Advantage versus Alleged Protectionism**

The Working Group on "CSR: Competitive and Location-Specific Advantage versus Alleged Protectionism" met on 17<sup>th</sup> March 2009. The discussion was moderated by the International Organisation of Employers (IOE) with panellists at the head table from the ASEAN Secretariat, Japan, the Movement of French Employers (MEDEF), Asia-Pacific Henkel Limited, Henkel AG & Co. KGaA, the Henkel AG & Co. KGaA Workers Council and the ASEAN Service Employees Trade Union Council (ASETUC).

As major result of the discussion, participants affirmed the necessity to overcome the alleged protectionism by encouraging and assisting enterprises and governments to adopt CSR policies as a tool for free and open global trade, economic growth and socially sustainable development.

The recommendations and observations emerging from the discussions are as follows:

### **A. Recommendations and Observations by Chairman and Panellists:<sup>1</sup>**

1. CSR as competitive and location-specific advantage at enterprise-level, local and national level
  - Enterprises that include and implement CSR in their strategic management can enhance their core business since they thereby respond to consumer expectations, become more attractive for new staff and retain employees, and simultaneously improve their reputations with stakeholders and consumers.
  - The significance of CSR should not be underestimated particularly in view of the demographic developments in many countries. The creation and implementation of decent working conditions in the framework of a socially responsible company management help to tie qualified and highly motivated employees to the company for longer terms and also contribute to the company's market position. Thus CSR has a direct impact on the company's productivity and competitiveness. Ultimately, the implementation of CSR increases consumers' acceptance of the goods and services produced and can therefore be considered as a hallmark of quality.
  - CSR must increasingly be recognised as a core element of company philosophy also as regards the role of trade unions which, when actively involved, could support a sustainable development and hence contribute to the success of the business.
  - CSR will only be successful if we ensure a broad involvement of social partners, NGOs and civil society. Only in this way will CSR advance beyond the blueprint stage in some companies and countries and make an important contribution to the

<sup>1</sup> Moderator: Ms. *Renate Hornung-Draus*, Vice President Europe, International Organisation of Employers (IOE), Panellists: Ms. *Soeung Rathchavy*, Deputy Secretary General, The ASEAN Secretariat, Mr. *Emanuel Julien*, Deputy Director of European and International Social Affairs, Movement of French Entreprises (MEDEF), Mr. *Werner Krieger*, Senior Vice President of Human Resources and Corporate Communications, Asia-Pacific Henkel Limited, Mr. *Ernst Primosch*, Head of Corporate Communications, Henkel AG & Co. KGaA, Mr. *Winfried Zander*, Chairman, Henkel AG & Co. KGaA Workers Council, and Mr. *Christopher Ng*, General Secretary, Union Network International Asian Regional Organisation (UNI-Apro)/ ASEAN Service Employees Trade Union Council (ASETUC).

economic and social development of society. Social partnership and transparency are key factors for the success of CSR when linked to active support from governments.

- There needs to be a better integration between voluntary approaches and law to replace the present situation where voluntary initiatives are often seen as an alternative to legal instruments.
  - CSR has economic, ecological, social, cultural and hence universal dimensions that must all be respected in its implementation particularly against the backdrop of the global economic and financial crisis. The latter underlines that CSR is necessary to actively shape the social dimension of globalisation which is more urgently needed than ever before and must reach the minds of people.
2. CSR requirements as a disguise for protectionist intent
- CSR includes many elements that may rightly be expected by employees, suppliers, customers, consumers, and the municipalities where the enterprises are located, and can lead to the transfer and harmonisation of framework conditions.
  - CSR and protectionism preclude each other, since CSR is a voluntary initiative, a commitment to globally shared values with the aim of achieving a sustainable social, economic and ecological development.

## **B. Recommendations and Observations by Delegates**

- CSR is not only a matter for multinational companies, but is also relevant for small and medium enterprises worldwide which should be introduced to the system with the support of social partners and governments.
- There is a growing interest in CSR worldwide as reflected not only by the increase in voluntary agreements but also by the growing numbers of sustainability reports by companies.
- Cultural differences are not an obstacle for a universal implementation of CSR. Fundamental social rights and human rights apply across national boundaries.

**AGENDA**  
**APEC SYMPOSIUM ON ENHANCING PUBLIC – PRIVATE PARTNERSHIP TO**  
**FOSTER CORPORATE SOCIAL RESPONSIBILITY**

*Plaza 3, 2<sup>nd</sup> Floor, Sofitel Plaza Hotel*  
*5 – 6 October 2009, Hanoi*

<b>Day 1: 5<sup>th</sup> October 2009</b>		
8.30 – 9.00	Registration	
9.00 – 9.15	Welcome Remarks	Vice Minister of Industry and Trade of Viet Nam
9.15 – 12.00	<b>Session 1: Why CSR is important? Who will benefit from CSR promotion?</b>	
9.15 – 10.00	The Rapidly Evolving Corporate Social Responsibility Landscape: Global trends in stakeholder expectations of companies, and of governments which grant licenses to operate  (Doc 1)	Mr. Michael H. Rea, Founding Trustee, Soweto Marimba Youth League (SMYLE) Trust
10.00 – 10.40	New innovative for implementing CSR in Viet Nam  (Doc 2)	Mr. Pham Hoang Hai, Office for Sustainable Development of Enterprises, Viet Nam Chamber of Commerce and Industry (VCCI)
10.40 – 11.00	Coffee break	
11.00 – 12.00	Discussion	
12.00 – 13.30	Lunch break	At Sofitel Plaza hotel
13.30 – 16.40	<b>Session 2: Corporate governance and CSR – What’s the role of Public – Private Partnership (PPP)?</b>	<u>Moderator:</u> Mr. Alan Vandermolten, CEO of Eldenman, Asia-Pacific (not yet confirmed)
13.30 – 14.10	CSR - Contracts, Customers and Enlightened Self-interest  (Doc 3)	Mr John R Lumsden, Director, Moxie Design Group and Virtual Expos NZ
14.10 – 14.50	Enhancing CSR for employees and consumers by incorporating public-private efforts  (Doc 4)	Mr. Nguyen Dinh Tai, Central Institute of Economic Management (CIEM), Viet Nam
14.50 – 15.20	Coffee Break	
15.20 – 16.00	Benchmarking the CSR performance of private and public organizations - Hong Kong Experience	Dr Michael P. H. Lam, Hong Kong Quality Assurance Agency

	(Doc 5)	
16.00 – 16.40	Panel Discussion and Q & A	
<b>End of Day 1</b>		
<b>Day 2: 6<sup>th</sup> October</b>		
9.00 – 13.00	<b>Session 3: CSR and global supply chain – How PPP can help?</b>	<u>Moderator:</u> Mr John R Lumsden, Director, Moxie Design Group and Virtual Expos NZ
9.00 – 9.40	APEC Supply Chain Partnership on Corporate Social Responsibility  (Doc 6)	Mr Steven Okun, Am Cham Singapore, Vice President, Public Affairs, UPS Asia Pacific
9.40 – 10.20	Business, Brands and Society: CSR in Supply Chain  (Doc 7)	Mr. Alan Vandermolen, CEO of Eldenman, Asia-Pacific
10.20 – 10.40	Coffee Break	
10.40 – 11.20	The Development of CSR in China and CSC9000T: the Driving Forces of PPP and Supply Chain  (Doc 8)	Dr. Liang Xiaohui, Chief Analyst of CSR Promotion Committee, China National Textile and Apparel Council (CNTAC)
11.20 – 12.00	Discussion	
12.00 – 13.00	<b>Session 4: Wrap-up and Recommendations</b>  Speakers and participants will exchange views and draw some recommendations on:  1. How governments work to promote CSR (should it be in the form of law, legal documents, framework, guidelines, regulations or incentives to business community?) 2. How to further strengthen PPP in CSR? 3. How APEC can further its work on CSR? 4. How APEC can provide capacity building for its members?	All speakers will be invited to the stage
13.00	Closing Remarks	High – ranking official of the Ministry of Industry and Trade of Viet Nam
<b>End of the Event</b>		



## **Asia Pacific Economic Cooperation (APEC) Meeting**

**The Rapidly Evolving Corporate Social  
Responsibility Landscape: Global  
trends in stakeholder expectations of  
companies, and of governments which  
grant licenses to operate.**

**06 October 2009**

**Hanoi, Vietnam**

**Michael H. Rea**

**Partner, [SustainabilityServices.co.za](http://SustainabilityServices.co.za)  
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**082 788 3966**



**SustainabilityServices.co.za**



# WHY I DO WHAT I DO...

- I'm a Canadian by birth and soul... a Brit by parentage... and a 'wannabe' South African... there by choice, not by default
- I hold undergrad degrees in *The Travel History of Malaria* and *How Chickens Fight* and an MBA in *Corporate Social Responsibility as a Strategic Imperative for Canadian Companies Operating in Emerging Markets*
- I've summited Kilimanjaro AND Maslow's Hierarchy of Needs
- I'm a Partner at SustainabilityServices.co.za, a Board Member of Cotlands, one of South Africa's largest and most successful HIV/AIDS charities, and the Founding Trustee of the Soweto Marimba Youth League (SMYLE) Trust
- Being in SA allows me to meet people like Albertina (left)





# AN OPENING ARGUMENT

The Earth is a dynamic and entropic entity that fluctuates through cycles of rapid and sluggish development., and we, as its citizenry, create energy merely by living, breathing, producing and consuming.

At present, we appear to be in another manic period of social, political, economic and environmental evolution that will once again prove the accuracy of the first law of thermodynamics – that energy can neither be created nor destroyed – and Newton’s third law – that for every action there is an equal and opposite reaction.

Energy is amassing all around us and much of it seems to have the capacity to destroy vast swaths of human development unless we somehow manage to either harness this energy for good, or to find alternative sources of energy that can act as the balancing force to create good from potential evil, just as ‘lift’ opposes ‘gravity’.

***“Asia must brace for sea-level rises, tidal surges, extreme weather and other climatic horrors. From ports in China and India to delta populations in Vietnam and Burma, this fast-developing region has most of our planet’s urban dwellers – and it’s most vulnerable cities. (Globally) climate change imperils 3 351 cities lying in low elevation coastal Zones, shay UN-HABITAT...places that once thrived because of their proximity to rivers and oceans now seem cursed by it.”***

(Time, Sept 28 2009)

# AN OPENING ARGUMENT

Courtney Pratt (the then CEO of Canada's Noranda) stated in 1997 that,

***“No longer can we, as the corporate sector, assume that it is the sole responsibility of government to manage the socio-economic welfare of our nation.”***

Governments cannot be expected to fix the planet...neither in abundance, nor alone.

We now appear to live in a world of ‘free market socialism’...a world where the invisible hand of the free market economy can neither be allowed to be ‘invisible’, nor to enrich the few at the peril of the many. Rather, this economic force must be used to help knit the fabric of a world that can support and enhance our collective sustainability.

The role of government must be that of Braille text, guiding the captains of industry who have seemingly operated blindly, unaware that corporate greed and ecological short-sightedness can sink us all, including themselves as they sit sipping sundowners on the verandas of their seaside resorts.

# WHAT IS CORPORATE SOCIAL RESPONSIBILITY?

**Corporate Social Responsibility (CSR)** is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on their stakeholders, including:

- customers
- employees
- shareholders
- communities
- the physical/natural environment

This ‘obligation’ extends beyond statutory obligations to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for employees and their families, local community and society at large.

***CSR, also known as Corporate Responsibility, Corporate Citizenship, Responsible Business, Sustainable Responsible Business or Corporate Social Performance is a form of corporate self-regulation integrated into a business model...whereby business would monitor its adherence to law, ethical standards, and international norms. Business would embrace responsibility for their impacts on the environment, consumers employees, communities, stakeholders and all other members of the public...and would voluntarily eliminate practices that harm the public sphere.***

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

# WHAT IS CORPORATE SOCIAL RESPONSIBILITY?

Milton Friedman (famed American economist) stated back in 1970 that,

***“The business of business is business.”***

Michael Porter (highly acclaimed professor of Business Strategy at Harvard) wrote in 2006 that,

***“If your Corporate Social Responsibility programme isn’t self-serving, then you shouldn’t be doing it.”***

Michael H. Rea (global citizen and unashamed knitter) states that,

***“CSR is no longer a ‘nice to have’ but a ‘must do’!***

It’s a ‘must do’ in the ever-changing socio-political and natural environment in which we globally operate. If pre-2000 was ‘business as usual’, then today we need to operate as ‘business unusual’, and it is the corporate sector who holds the greatest potential to save us, just as it holds the greatest potential to destroy us.

Governments must merely step up to the wicket unencumbered by a willingness to see business win at any cost.”

# WHAT IS CORPORATE SOCIAL RESPONSIBILITY?

In the current socio-political / natural environment in which we live, CSR is about:

***Protecting the health and welfare of our employees, customers and communities in which we operate***

e.g., ILO Guidelines for Occupational Health & Safety

***Respecting and/or Protecting Human Rights and Dignities***

e.g., OECD Guidelines, UN Global Compact

***Protecting the natural environment***

e.g., Global Compact, Carbon Disclosure Project, Millennium Development Goals

***Encouraging shared prosperity and global development***

e.g., UN Millennium Development Goals, South Africa's Broad-Based Black Economic Empowerment 'Codes of Good Practice'

***Avoiding fraud, corruption and/or other forms of unethical behaviour***

e.g., the US Foreign Corrupt Practices Act

***“Corruption is a cancer that steals from the poor, eats away at governance and moral fibre, and destroys trust.”***

(Robert B. Zoellick, president of the World Bank)

# WHO GETS HURT BY CORRUPTION?

**Of the 180 countries in Transparency International's Global Corruption Index, 53 are from Africa, of which only 1 African country is in the Top 40 – Botswana (#36) – and only 18 are in the Top 100 (in order):**

Botswana, Mauritius, Cape Verde, South Africa, Seychelles, Namibia, Tunisia, Ghana, Swaziland, Burkina Faso, Morocco, Senegal, Madagascar, Algeria, Lesotho, Gabon, Mali and Benin

**6 African countries are in the Bottom 10 – including Somalia at 180 – and 17 are in the Bottom 40 (in order):**

Cameroon, Kenya, Central African Republic, Cote d'Ivoire, Burundi, Congo (Republic), Sierra Leone, Guinea Bissau, Angola, Gambia, Zimbabwe, Congo – DRC, Equatorial Guinea, Guinea, Chad, Sudan and Somalia

*“Nations with the highest risk of corruption are often the desperately poor, where foreign aid and assistance can easily be transferred through back channels of oppressive regimes. As a result, the impact of corruption can extend well beyond any economic detraction to affect the quality of life for millions of citizens.”* (Forbes)

TI states *“there is a high correlation between corruption and low economic development.”*

# WHO GETS HURT BY CORRUPTION?

Rank	Country	CPI	Rank	Country	CPI	Rank	Country	CPI
36	Botswana	5.8	102	Tanzania	3.0	141	Cameroon	2.3
41	Mauritius	5.5	102	Rwanda	3.0	147	Kenya	2.1
47	Cape Verde	5.1	102	Djibouti	3.0	151	Central African Republic	2.0
54	South Africa	4.9	115	Mauritania	2.8	151	Cote d'Ivoire	2.0
55	Seychelles	4.8	115	Maldives	2.8	158	Burundi	1.9
61	Namibia	4.5	115	Niger	2.8	158	Congo - Republic	1.9
62	Tunisia	4.4	115	Malawi	2.8	158	Sierra Leone	1.9
67	Ghana	3.9	115	Zambia	2.8	158	Guinea - Bissau	1.9
72	Swaziland	3.6	115	Egypt	2.8	158	Angola	1.9
80	Burkina Faso	3.5	121	Togo	2.7	158	Gambia	1.9
80	Morocco	3.5	121	Nigeria	2.7	166	Zimbabwe	1.8
85	Senegal	3.4	126	Ethiopia	2.6	171	Congo - DRC	1.7
85	Madagascar	3.4	126	Uganda	2.6	171	Equatorial Guinea	1.7
92	Algeria	3.2	126	Libya	2.6	173	Guinea	1.6
92	Lesotho	3.2	126	Eritrea	2.6	173	Chad	1.6
96	Gabon	3.1	126	Mozambique	2.6	173	Sudan	1.6
96	Mali	3.1	134	Comoros	2.5	180	Somalia	1.0
96	Benin	3.1	138	Liberia	2.4			

Of the 180 countries in Transparency International's Global Corruption Index, 4 of the Top 10 are from APEC, of which New Zealand is tied for #1 (9.3), Singapore is 4<sup>th</sup> (9.2) and Australia and Canada are tied for 9<sup>th</sup> (8.7).

The lowest ranking APEC member scores 2.0...shall remain anonymous...ranks a staggering 151<sup>st</sup>...and is most probably one of the ones with the lowest GDP of all APEC members.



# THE BUSINESS CASE FOR NATIONALIZED CSR

## Inward Issues

- Desire/need to attract foreign companies that already adhere to international CSR standards on the basis that the playing field is equal for all parties
- Desire/need to attract foreign investors that are interested in investing funds in initiatives that can demonstrate effective risk management through CSR
- Desire/need to ensure that foreign companies do not mistreat/abuse local employees
- Desire/need to ensure that local resources are extracted in a manner that does not degrade the overall well-being of the country

## Outward Issues

- Desire/need to support domestic company access to new markets by demonstrating that national corporate behaviour adheres to international CSR standards
- Desire/need to control domestic company behaviour to ensure that local companies are not tarnished by rogue elements operating internationally

## Internal Issues

- Desire/need to protect local employees, communities and the natural environment from unscrupulous behaviour (national and/or domestic)
- Desire/need to advance a domestic socioeconomic development and/or transformation agenda
- Desire/need to adhere to the principles of 'Sustainability' (i.e., meeting the needs of today without compromising our ability to meet the needs of tomorrow', Brundtland)



# THE 'BUSINESS BENEFIT' OF CSR

Based on my personal experience with more than 40 companies in over 25 countries, the following potential benefits are open to companies engaging in good CSR practices:

- Access to Socially Responsible Investment funds (currently over 15% of the capital available in the US market)
- Access to new markets, particularly those that have local stakeholder concerns over new market entrants from countries not typically known to have a good reputation for the protection of workers and/or the environment, or for being seen as a net profit exporter without investing in the country's sustainability
- Increased ability to attract and retain scarce labour resources, particularly in the highly competitive skilled professionals market
- More favourable financing options from major international institutions
- Improved production, productivity and/or economic performance

# RECOMMENDATIONS FOR IMPROVING CSR

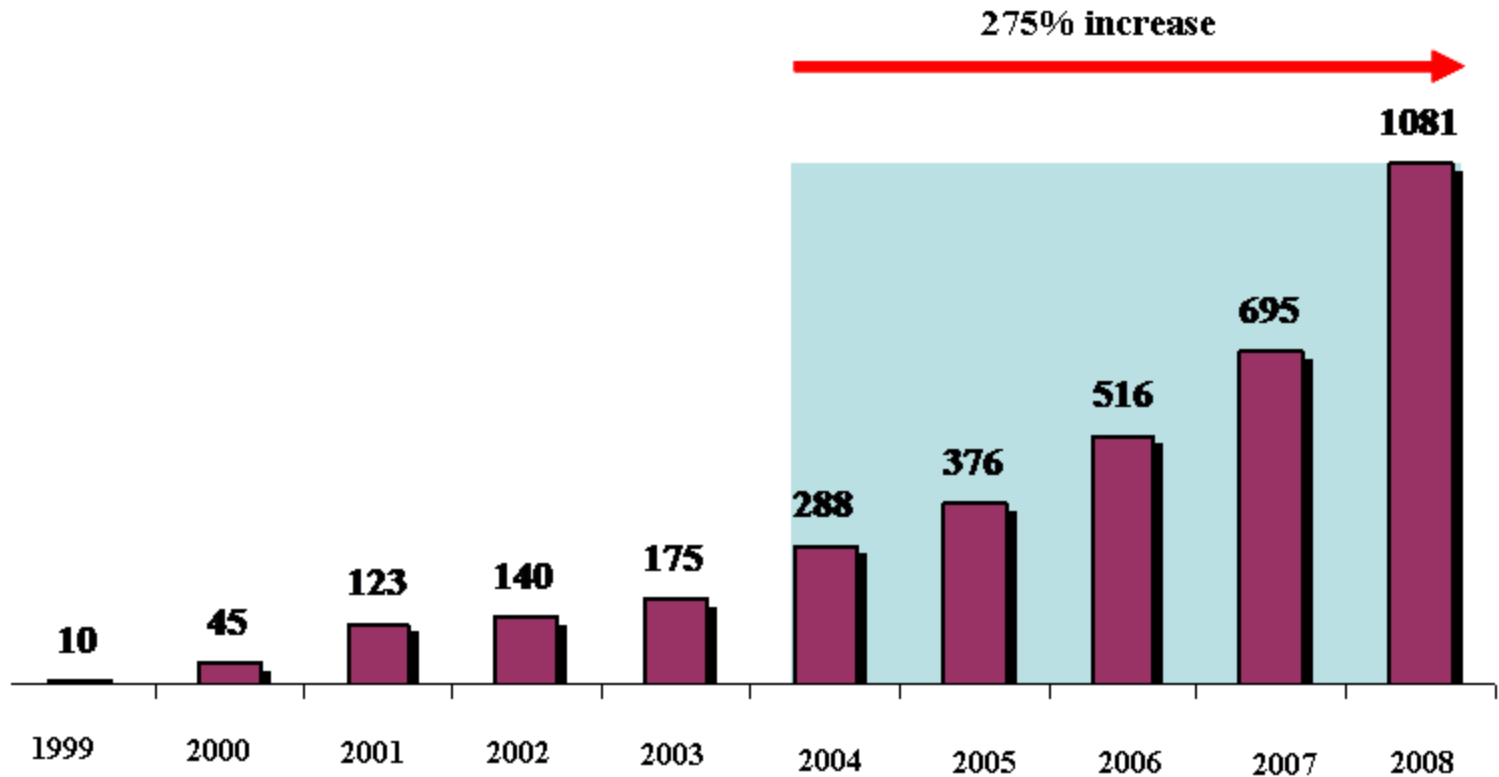
- Accept that government is generally inefficient, and that other stakeholders are likely to be ‘more efficient’ due to increased commensalism/mutualism, and therefore need to be encouraged to participate in encouraging increased CSR.
- Accept that government is well-placed to both inform and empower stakeholders, in general and shareholders in specific, to enforce change within the corporate sector.
- Accept that the support and encouragement of CSR will only occur in the presence of a well-balanced system of ‘carrots and sticks’ (i.e., benefits for positive change, and penalties for non-compliance).  
**e.g., Aussie tax incentives for energy efficiency/carbon emission improvements**
- Shift the development focus away from poverty alleviation and toward economic empowerment, which implies the ‘active participation’ of targeted benefactors (i.e., an expectation of ‘sweat equity’ investments).
- Ensure that your CSR priorities/objectives have been effectively defined and/or aligned with international agreements/policies/charters  
**e.g., International Code of Conduct for Canadian Businesses Operating Overseas**  
**e.g., Global Compact, Carbon Disclosure Project, Millennium Development Goals, etc.**

# RECOMMENDATIONS FOR IMPROVING CSR

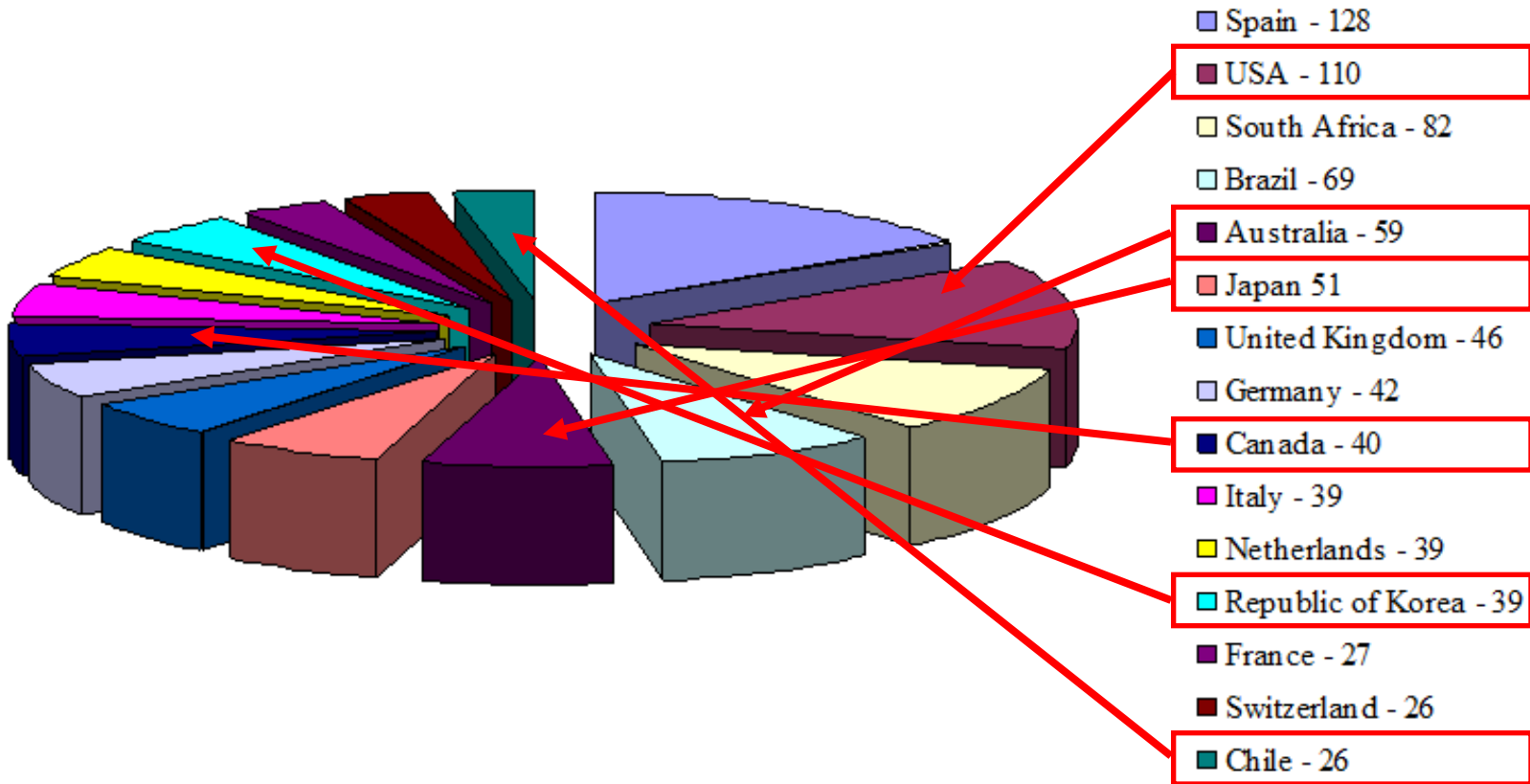
- Develop mechanisms in which to ‘restrain the bullies’
  - **Example: Industry Charters (e.g., the Mining Charter)**
  - **Example: Department of Trade and Industry (DTI) Codes of Good Practice**
- Accept that government is effectively the most powerful stakeholder in any economy, particularly due to overarching buying power, and therefore is best placed to exert influence over all other stakeholders to effect societal change.
  - **Example: Preferential Procurement in South Africa**
- Develop/encourage appropriate transparency and accountability monitoring and evaluation systems.
  - **Example: SA government expectations for annual progress reporting**
  - **Example: Global Reporting Initiative (GRI) Sustainability Reporting**

# THE RISE OF GRI-BASED SUSTAINABILITY REPORTING

## GRI Reports



# WHO IN THE WORLD IS REPORTING – 2008?



As of the 30<sup>th</sup> of September 2009, 1 081 companies were listed on the GRI's website as having produced at least one Sustainability Report (including the updated list of 82 reports identified in South Africa).

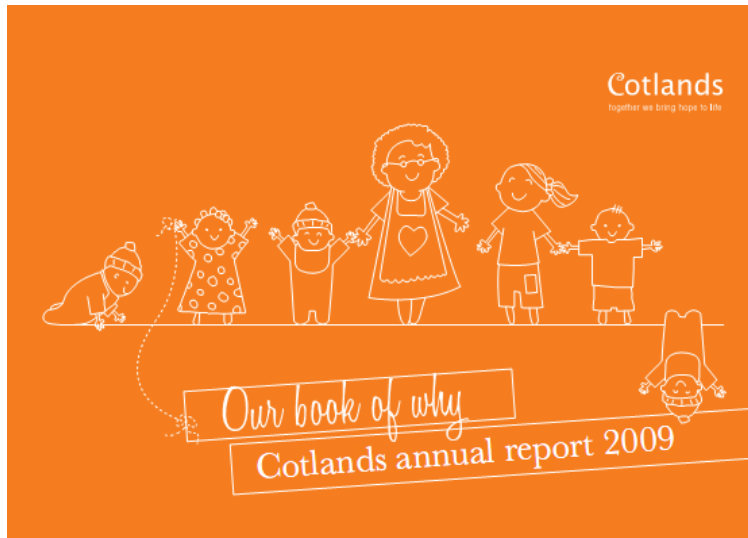
6 APEC member economies are in the Top 15, with 300 reports (30% of all known GRI-based sustainability reports).



# SUSTAINABILITY REPORTING IN APEC COUNTRIES

Spain	128	Belgium	16	Luxembourg	3
<b>USA</b>	<b>110</b>	<b>China</b>	<b>12</b>	Andorra	2
South Africa	82	Finland	12	Bolivia	2
Brazil	69	Greece	11	Croatia	2
<b>Australia</b>	<b>59</b>	Norway	11	<b>Hong Kong</b>	<b>2</b>
<b>Japan</b>	<b>51</b>	<b>Russia</b>	<b>11</b>	Ireland	2
United Kingdom	46	<b>Mexico</b>	<b>10</b>	<b>Thailand</b>	<b>2</b>
Germany	42	Hungary	8	Turkey	2
<b>Canada</b>	<b>40</b>	<b>New Zealand</b>	<b>8</b>	United Arab Emirates	2
Italy	39	<b>Taiwan</b>	<b>8</b>	Czech Republic	1
Netherlands	39	Colombia	7	Jordan	1
<b>Republic of Korea</b>	<b>39</b>	Denmark	7	Pakistan	1
France	27	<b>Indonesia</b>	<b>7</b>	<b>Papua New Guinea</b>	<b>1</b>
Switzerland	27	Ecuador	6	Saudi Arabia	1
<b>Chile</b>	<b>26</b>	Argentina	5	<b>Singapore</b>	<b>1</b>
Sweden	21	<b>Peru</b>	<b>5</b>	Venezuela	1
India	19	<b>Philippines</b>	<b>5</b>	<b>Brunei Darussalam</b>	<b>0</b>
Portugal	18	Israel	4	<b>Vietnam</b>	<b>0</b>
Austria	16	<b>Malaysia</b>	<b>4</b>		

# SUSTAINABILITY REPORTING CASE STUDY 1: COTLANDS



- Cotlands is an HIV/AIDS NGO with orphan care AND home-based care within several rural communities.
- Cotlands serves more than 4 000 beneficiaries on a monthly basis, and has proven that home-based care is THE most effective way of meeting the socio-economic demands of their many stakeholders.

- GRI-based reporting has offered Cotlands a means of becoming much more efficient with respect to progress and effectiveness monitoring, from HR issues and service delivery, through to the calculation of 'EVA' (economic value add) for its many funding partners.
- GRI-based reporting continues to place Cotlands at the 'head of the class' with respect to transparency and accountability within South Africa's sizeable NGO community.

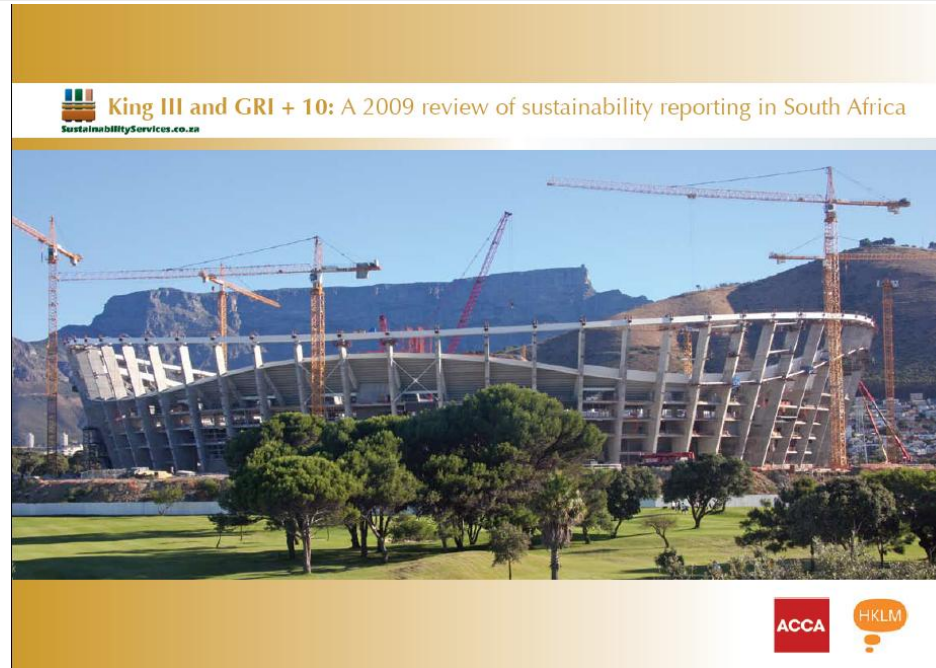
# SUSTAINABILITY REPORTING CASE STUDY 2: IMPAHLA



- Impahla Clothing is a Cape Town based clothing manufacturing supplier to PUMA (Germany)
- Impahla participated in the GRI's 'Transparency in the Supply Chain' project – testing whether SME suppliers could effectively produce GRI-based sustainability reports
- Impahla has now produced 2 sustainability reports, and as a result of their 2008 reporting process, have become the first 'Carbon Neutral' African garment manufacturer, and has grown from 88 employees in Dec '08 to roughly 160 as of the end of September '09
- Impahla is now a 'PUMA World Cat Strategic Supplier' and is highly respected as a 'good corporate citizen' by not only PUMA, but many other clients who all appear to be vying for more production time.



# SUSTAINABILITY REPORTING – RESEARCH REPORT



- 395 listed companies, 1 NGO and 3 SMEs were reviewed for their compliance to the GRI's G3 Guidelines
- 82 were found to be 'GRI Reporters'
- 80 were found to be very close to meeting the GRI's G3 requirements, apparently without knowing it



# MORE RECOMMENDATIONS FOR IMPROVING CSR

- Name and shame non-conformists or...more effectively...‘name & fame’ best performers
  - **Example: ACCA Awards for Sustainability Reporting**
- Think globally. Act locally.
- Whatever you do, be careful not to negatively impact on your overall competitiveness, and ensure that you can demonstrate economic and/or risk management benefits.

**“STICK TO YOUR KNITTING!”**





# QUESTIONS?

For more information, please feel free to contact me via email at:  
[michael@sustainabilityservices.co.za](mailto:michael@sustainabilityservices.co.za)



**UBUNTU:** I am who I am because of who we all are.  
I can do much more when working **with** you.

Michael H. Rea, Partner, SustainabilityServices.co.za  
michael@sustainabilityservices.co.za





Global Compact Network  
Vietnam



# New initiatives for **CSR** in Viet Nam

Presented by Pham Hoang Hai  
Project Manager



Global Compact Network  
Vietnam





Global Compact Network  
Vietnam





Global Compact Network  
Vietnam



10/4/2009





Global Compact Network  
Vietnam



10/4/2009



## Context of Viet Nam

1. Viet Nam Join WTO in 2005
2. Economic development following to economic market
3. Deeply integrated in to global market
4. Business community change from state owner to joint stock
5. Export goods to oversea increased
6. Community push presser to business community



**CSR** implementation by  
Business community



Global Compact Network  
Vietnam



Global Compact Network  
Vietnam (GCNV) – Global  
incitatives for **CSR**  
**implementation**  
in VIET NAM



Global Compact Network  
Vietnam



## Mission statement

**To be the national corporate social responsible centre of excellence; supporting companies identify, anticipate and diffuse the tensions between business and communities, business and the environment, business and the consumer, leading to sustainable businesses in a sustainable society.**





## GCVN's Vision

-  **To be an alliance of companies, government, academic institutions and non-governmental organisations which work in partnership to provide innovative approaches to promoting corporate responsibility in Vietnam**
-  **To provide practical support to companies to ensure the successful implementation of the Global Compact norms and to support innovation projects which promote social and environmental change**
-  **To establish a unique partnerships between VCCI and UNDP which promotes the adoption the of the Global Compact as the means by which companies can meet their CSR commitments.**



# Values and Philosophy

**‘ Walk the Talk’ – GCVN is committed to acting with integrity and demonstrating to internal and external audiences its responsible business practices**

**GCVN strives to inspire companies by sharing its knowledge , experience and developing innovative and challenging ways to being a catalyst for change.**



## 3 Components

1. Promoting the CSR in Vietnam through **GCVN** and policy advice;
2. Incorporating knowledge on CSR into Vietnam via research, training curriculum on CSR at universities;
3. Establishing strategic cooperation among the concerned parties in the GCVN to effectively realize the MDGs.



# Component 1

## Developing and organizing the activities of GCVN

- **Creating links with business implementing CSR and the donor**
- **Organizing fora for experience sharing, creating linkages with functional bodies.**
- **Promoting dialogue and consultations with policy making agencies.**

## Communication activities

- **Creating a common language for the members on different issues.**
- **The name list of the companies is posted on the GC's website and thus is internationally known.**







# Component 1

## Creating learning opportunities

- Organizing seminars and training workshops on CSR
- Providing materials and resources via CSR documentation center.
- Translating tools and materials into Vietnamese

## Supporting members

- Assisting GCVN's members in reporting on the progress
- Assisting them in identifying/ developing strategies for promoting GC's principles.
- Assisting them in selecting appropriate activities.





## Component 2

- **Developing tertiary and post-tertiary training curriculum**
- **Collecting and developing ToT curriculum on CSR**
- **Carrying out research on CSR**
- **Collecting and disseminating materials on CSR for pushing up the implementation of the GC's principles**
- **Organizing seminars/training workshops/exposure trips on CSR and GC**
- **Creating CSR network inside and outside the country.**



## Component 3

- **Supporting multilateral activities for pushing up the implementation of GC's principles in the areas of human rights, labor, environment and anti-corruption**
- **Involving the research institutes/ scholars in the dialogue and communication on GC.**
- **Supporting the coordination and management of the CSR initiatives**
- **Involving the media/press in communication for improving awareness on GC.**



Global Compact Network  
Vietnam



Thanks for your attention!



# APEC Symposium on Enhancing Public-Private Partnership to foster Corporate Social Responsibility – Hanoi, 5 and 6 October 2009

Corporate governance and CSR –  
What is the role of public private partnerships?

CSR – Contracts, Customers, and Enlightened Self-Interest

Presented by John Lumsden  
Director - Moxie Design Group Limited  
Chairman - Virtual Expos New Zealand Limited



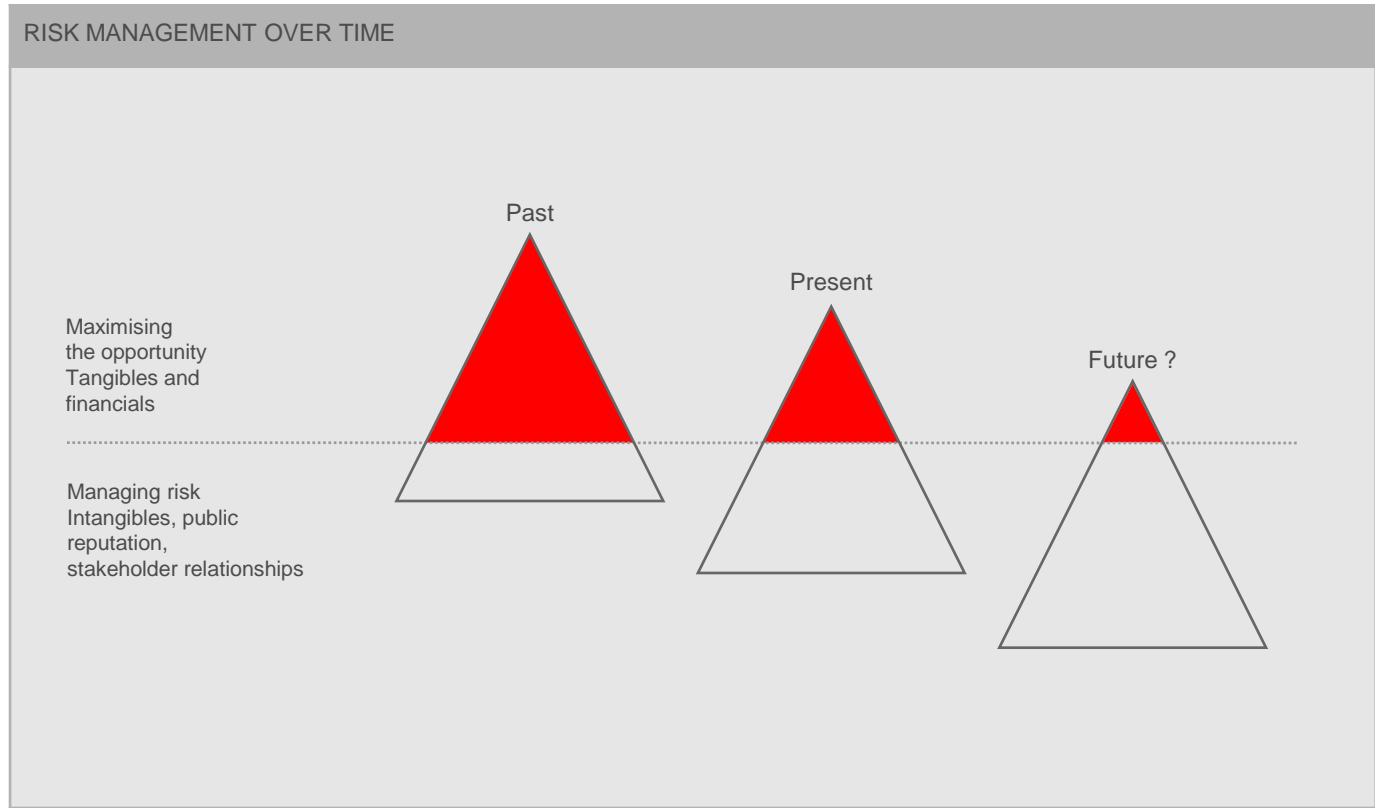
Corporate governance and CSR - what is the role of public private partnerships?

## CSR as a risk management approach

- Used extensively to legitimise and support an organisation's:
- Moral obligation
- Sustainability scorecard
- License to operate
- Reputation management

Corporate governance and CSR - what is the role of public private partnerships?

# Managing stakeholder risk continues to increase



Corporate governance and CSR - what is the role of public private partnerships?

- At best it tries to create a zero sum game pitting business as usual against needs and requirements of society and the environment.



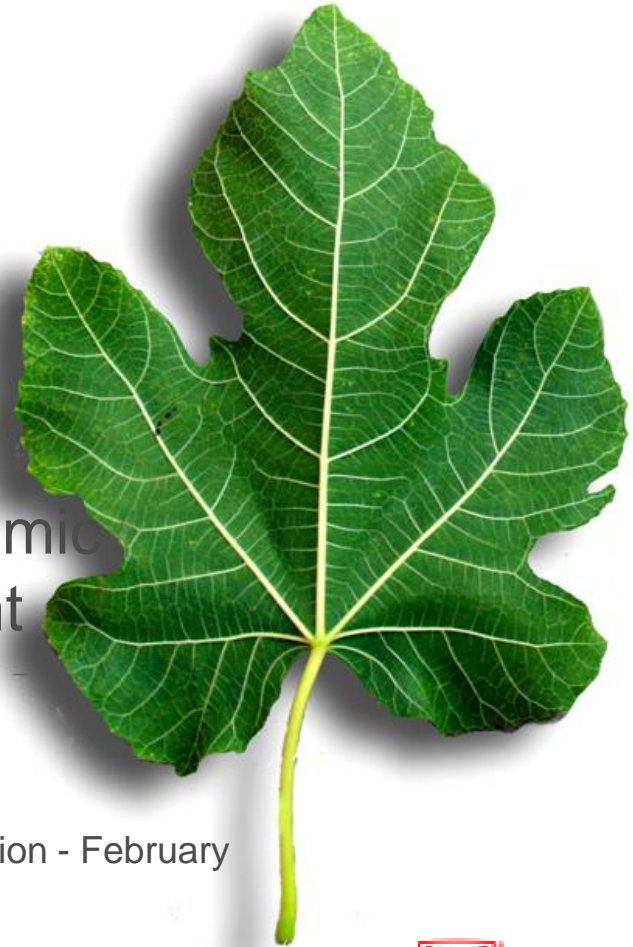
Corporate governance and CSR - what is the role of public private partnerships?

## The fig leaf of corporate social responsibility

“...it’s equally true, at a macro-economic level, that small-scale incremental improvements in responsible performance have served only to obscure much deeper, systemic problems with today’s dominant business models.”

Jonathan Porritt

Living within our means: avoiding the ultimate recession - February 2009



Corporate governance and CSR - what is the role of public private partnerships?

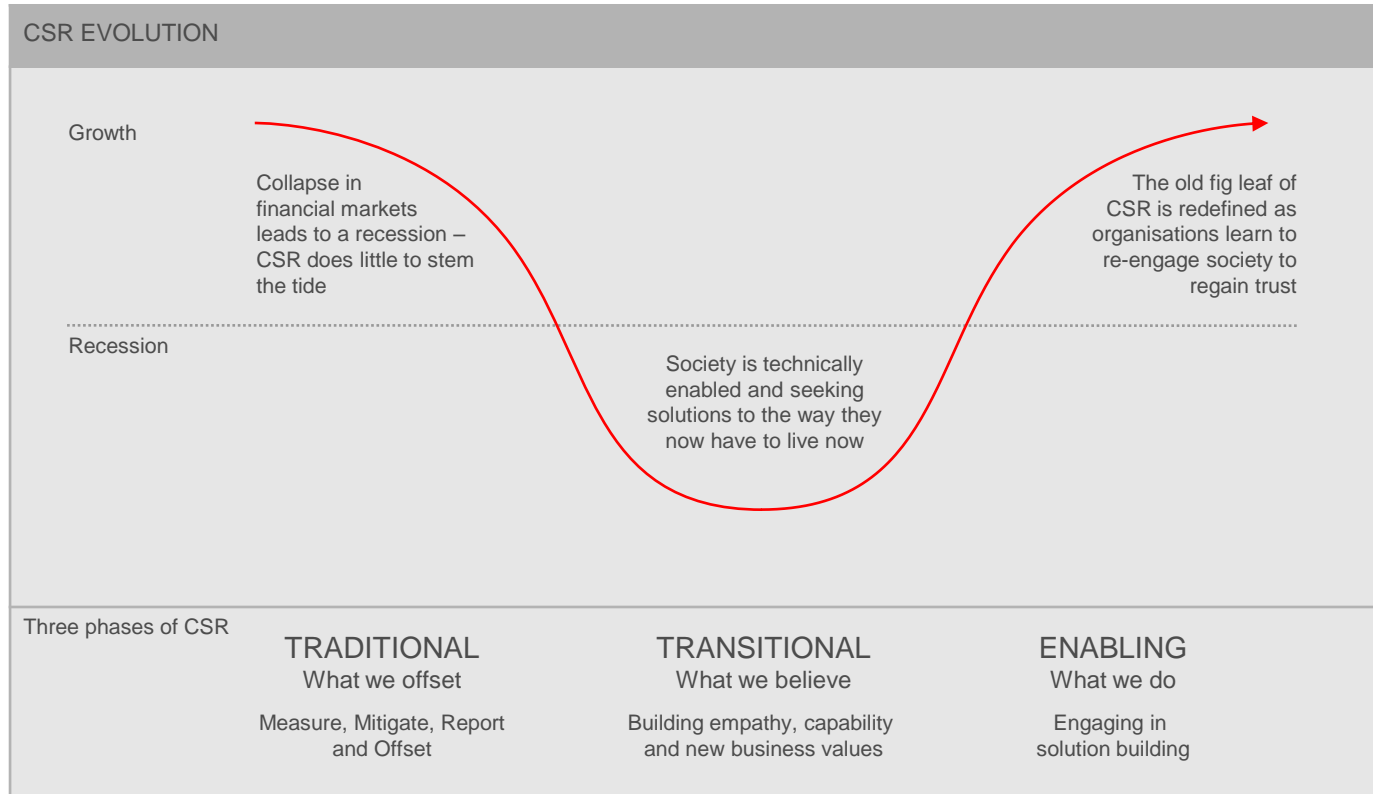
## The hot air of CSR

“ . For most managers, the biggest responsibility of all will be to make a profit and stay in business.  
As the wise CSR practitioners know, it is how you do business that counts. All the rest is just hot air.”

- Stefan Stern
- Financial Times – February 2009

# Corporate governance and CSR - what is the role of public private partnerships?

## A changing paradigm



Corporate governance and CSR - what is the role of public private partnerships?

## Does PPP have a role?

- PPPs come in many different forms
- Those that have a long duration, such as 75 years in the case of the Indiana Turnpike and Hungarian Airports, have fewer opportunities to change the form of the agreement, or the private partner, after the contract has been let, than those which are open to renewal on relatively short time frames
- For such long term PPPs the UN Global Compact may be a way to encourage CSR behaviour
- For shorter term PPPs, enlightened self interest will be a stronger driver

Corporate governance and CSR - what is the role of public private partnerships?

## UN Global Compact

- This asks companies to embrace, support and enact, within their sphere of influence, a set of values in the areas of human rights, labour standards, the environment, and anti-corruption
- There are ten principles that cover these areas
- Companies that participate submit an annual “Communication on Progress”.  
Failure to do so results in de-listing
- Private Partner company participation, as a condition of a PPP may be a way to ensure CSR behaviour over the longer term

Corporate governance and CSR - what is the role of public private partnerships?

## Definition of a customer

Anyone who can influence a purchasing decision

Corporate governance and CSR - what is the role of public private partnerships?

## Case study: New Zealand Bus

- NZ Bus is the largest bus operator in New Zealand with services in Auckland, Wellington, the Hutt Valley and Whangarei
- The company provides services in partnership with the City Councils to provide a taxpayer subsidised public transport service
- **Without any partnership or contractual arrangements NZ Bus:**
  - provides a high level of training to its employees, training drivers to gain the National Certificate in Passenger Service
  - sponsors events such as Wellington's Free Ambulance "Ride of your Life Event"
  - is actively involved in community facilities and events such as Zealandia, the Karori Wildlife Sanctuary, and Polyfest, an event that celebrates the cultural diversity of the Auckland region

Corporate governance and CSR - what is the role of public private partnerships?

## Case study: New Zealand Bus (continued)

- This all constitutes a good CSR, although it is not an end in itself.
- Any community concerns about NZ Bus are quickly picked up by both the Company and the Councils
- NZ Bus does this because, due to good Corporate Governance, it values community support
- Community support is valuable in influencing the Councils' decisions to maintain the partnerships, rather than to seek to prematurely end it due to poor public opinion
- This enhances the value of NZ Bus for its Shareholder, and is sound business
- In this case the Public Partner does not have an active role in the CSR performance of the Private Partner
- The Public Partner however is influenced by the Community view of the CSR Activities
- Community opinion is readily known – awareness of actual behaviour is heightened by social media comment



Corporate governance and CSR - what is the role of public private partnerships?

## Regulations do have a role – the NZ SOE Act

- The 1986 Zealand SOE Act requires every State Owned Enterprise to
  - “operate as a successful business and, to this end, to be as profitable and efficient as comparable businesses not owned by the Crown, to be a good employer, and to exhibit a sense of social responsibility.”
- These companies produce statements of corporate intent (SCI), business plans, and annual reports and are audited for compliance.  
For example, the current SCI for the Meteorological Service of NZ, Ltd, (which I led for many years), has as one of its corporate objectives
  - “To operate in a socially responsible manner, with particular regard to MetService employees, the environment, the community, and our customers.”

Corporate governance and CSR - what is the role of public private partnerships?

## Regulations do have a role – the NZ SOE Act (continued)

- Specifically it has performance measures for:
  - Forecast accuracy
  - Electricity consumption reduction
  - Carbon footprint reduction
  - World Meteorological Organization participation
  - Staff community days.
- Customer opinion is important in this case as well – awareness of behaviour is rapidly signalled through media comment, both traditional and social
- (Similarly in Britain the 2006 Companies Act introduced a requirement for public companies to report on social and environmental matters)

Corporate governance and CSR - what is the role of public private partnerships?

## Moxie and the World Bank

- Symposium Task Statement “How governments and Companies work together for the purpose of awareness raising and wider CSR Practice in the business sector is a question to be answered”
- Case Study – describing what the Public Partner wants, how the Private Partner is delivering it, how CSR comes into it.

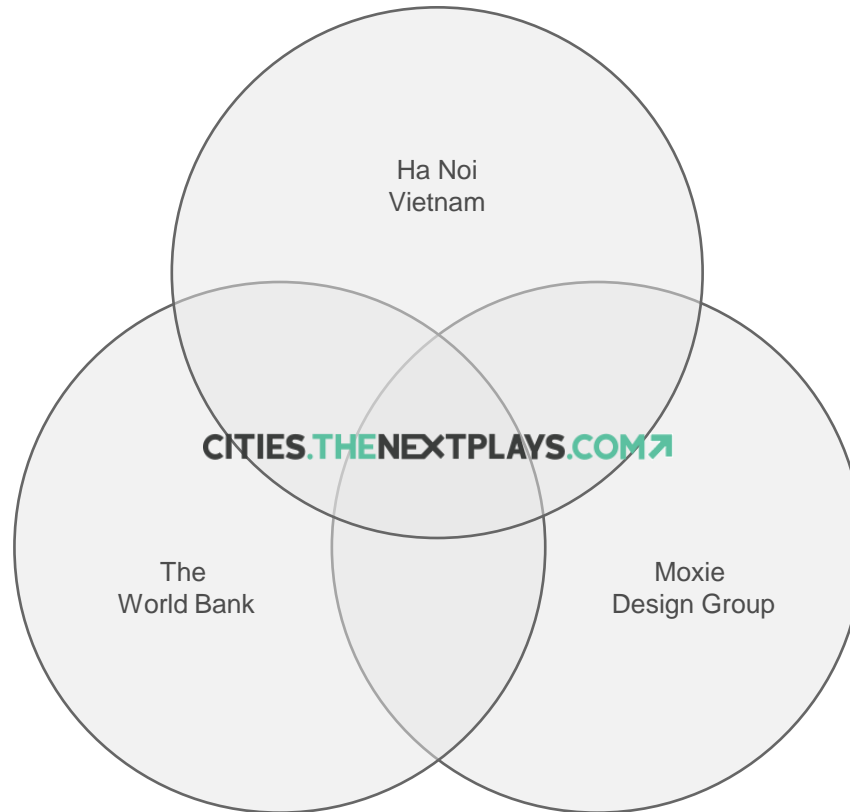
Corporate governance and CSR - what is the role of public private partnerships?

## Moxie and the World Bank

- Moxie Design Group is a Design Strategy Consultancy in New Zealand
- The company specialises in assisting business, Government and Not for Profits, and NGOs in implementing and delivering social and sustainable design projects
- Moxie was recently commissioned to work alongside the World Bank and Hanoi to facilitate NextPlays Design workshops leading to engagement with community and city groups
- This replicates another successful “charrette” (*a creative process akin to visual brainstorming that is used by design professionals to develop solutions to a design problem*) held earlier in the year in Bangkok
- The workshop uses the NextPlays platform to help groups envision the future and create scenarios that can relate to a range of sustainability and climate change factors
- The desired outcome is to engage groups throughout these cities to take more active steps in preparing and adapting to uncertain changes, with the expectation that they will develop their own solutions, and will avoid costly social programmes and infrastructure investments in the long term.

Corporate governance and CSR - what is the role of public private partnerships?

# Moxie and the World Bank



# Corporate governance and CSR - what is the role of public private partnerships?

## NextPlays in South East Asia



Corporate governance and CSR - what is the role of public private partnerships?

## Conclusions

- The nature of CSR is changing from Risk Management to Solution Building
- A strong driver for CSR is good corporate governance of the Private Partners
- Good corporate governance recognises the importance of customers' opinions and staff engagement
- Customers' opinions influence the Private Partner's behaviour and the Public Partner's decisions
- Traditional and Social Media reflect the Customers' opinions today as never before
- This provides a channel for information about a Private Partner's operations that may be used to maintain or void the Partnership arrangement
- It can be effective when Partnership arrangements are able to be modified relatively frequently
- Participation in the UN Global Compact may be away to ensure CSR behaviour in longer-term PPPs
- Regulation and Contracts also influence CSR behaviour as long as there are sanctions for non-compliance.





**APEC SYMPOSIUM**  
**“ENHANCING PUBLIC-PRIVATE PARTNERSHIP ON**  
**CORPORATE SOCIAL RESPONSIBILITY”**  
(Hanoi, 5-6 October 2009)

**Enhancing corporate social  
responsibility to employees and  
consumers by incorporating public-  
private efforts – the case of Vietnam**

*Assoc. Prof. Nguyen Dinh Tai*  
*Central Institute for Economic Management*

# 1. Benefits of corporate social responsibility

- CSR is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment.

(The Wikipedia Encyklopedia)

# 1. Benefits of corporate social responsibility

- *At the company level*, CSR can contribute to raising company brand name, helping the company increase its market share and make more profits through helping it increase the competitiveness.
- *At the national level*, CSR can contribute to poverty reduction through charity programs carried out by companies like donation to Fund for the Poor, Fund for the Disabled, and so on; give equal treatment to both men and women, to old and new employees also lead to the common social equality; and contribute to the environmental protection.

## 2. CSR to employees in Vietnam

- Many Vietnamese enterprises practiced establishment of policy, procedures and management system for better performance of environmental and labor related issues in their operation through training and understanding of internationally recognized social standards such as ISO 14001, SA 8000 and OHSAS 18000. Especially, some enterprises in textile and garment, and shoes making industries have implemented WRAP standard and have been certified.

## **2. CSR to employees in Vietnam**

- However, in many VN firms, it is observed that occupational health and safety, wage and salary policy and practices toward employees, working hours (especially for textile and garment and footwear) and environment issues as required by local the Labor Code and regulations imposed by buyers are most challenge issues in implementing CSR.

## ***2.1. Rising number of strikes partly due to weak CSR***

- The fact that some companies overwork their employees or do not have measures to help them recover is completely strange to CSR, like a violation to business ethics.
- *Strike is partly a consequence of weak CSR.* The number of strikes, to some extent, can be considered to be an indicator of CSR. The main reason of strikes is that employees' rights were violated. For example, business owners did not sign working contracts, did not pay social insurance fees, paid wages much lower than committed in working contracts, did not pay over-time salary, etc.

## ***2.1. Rising number of strikes partly due to weak CSR***

- In order to maximize profits, many companies try by all means to avoid their responsibilities to their employees, and also try to crush “voice” of the labor union, the voice for the rights of employees. In such way, coping with their employees, the companies will find it difficult to motivate their employees to work enthusiastically, increase productivity, create “good images” and even they will have to cope with the massive quit of their employees who are capable and devoted. Nevertheless, they will lose initial costs to retrain new labor force, as well as their prestige.

## ***2.1. Rising number of strikes partly due to weak CSR***

- This presentation provides results and analysis of the two surveys: “SME Survey in Vietnam in 2005” and “SME Survey in Vietnam in 2007” regarding the rights of employees. These two surveys were carried out by Institute of Labour Science and Social Affairs (ILSSA). The former survey of 2005 covered 2,739 non-state manufacturing enterprises and the latter survey of 2007 covered 2,492 ones in 10 cities and provinces.



## ***2.1. Rising number of strikes partly due to weak CSR***

- The above surveys have shown that the rights of their employees are violated partly because employers do not pay social and health insurance for their employees (over 80%). This is a very big loss to employees while they still work and devote themselves to their employers in particular and the society in general.

## ***2.2. Work-related accidents- consequence of weak CSR***

- The statistics has shown that the highest cause of deadly work-related is that employers violated safety standards, technical regulations (accounting for 35.53% of the total number); next, employees violated safety regulations, not using protective means (occupying 30% of the total number).

## ***2.2. Work-related accidents- consequence of weak CSR***

- Work-related accident is always a “hot problem” of the whole society. it seems that for employers working safety is only a perception and a problem of the society, but not their own. It is one of the reasons why many employers pay little or even no attention to working safety, working protection to minimize unnecessary risks, avoiding “seen” deaths.

## ***2.2. Work-related accidents- consequence of weak CSR***

- A lot of employers suppose that investment in social responsibility is very costly. Such a perception is wrong. Indeed, this investment or working safety by many employers is assessed to account just for some percents of the production cost, even it costs some employers nothing except their attention. In contrast, such an investment brings much more benefits to employers. It is because better and safer working conditions will motivate employees to work more effectively.

## ***2.2. Work-related accidents- consequence of weak CSR***

- A weak program of health and working safety also means weak performance of companies. It may also cause a lot of damages to those companies, such as: reduced working days caused by absent workers, costs of health care and compensation incurred by accidents damaged equipment due to no protection, reduced motivation of employees and consequently reduced productivity. It affirms, therefore, that competitiveness of a firm is strongly linked with the social responsibility.

## ***2.3. Increasing work-related illnesses come from the lack of CSR***

- According to the Ministry of Health, in 2007, throughout the country, 23,280 employees suffered from work-related illnesses, 76% of them suffered from pneumoconiosis, 21% suffered from deaf caused by noise, etc.
- The rapid speed of economic and business development is threatening to cause work-related accidents and illnesses. Vietnam is paying through the nose for the high number of work-related accidents and illnesses together with losses in GDP.

### **3. Problems with consumer protection in Vietnam**

- Like in many other developing countries, customers in Viet Nam often have to suffer from unsafe poor-quality products which break down just after purchase and are sometimes life-threatening.
- A survey by Vinastas in August 2008 showed that only 41 percent of consumers in 10 cities and provinces in Vietnam were fully aware of their rights while half believed it was the job of the government or watchdog organizations to make sure their rights were protected.

### **3. Problems with consumer protection in Vietnam**

- Unfair trade practices were rife throughout nearly all sectors. The Vinastas estimated the average consumer lost between 8 to 10 % of the value of their purchases so far this year due to unfair practices.
- In brief, consumer rights have been violated in various ways. So far, however, nearly no penalties or sanctions strong enough have been imposed on enterprises and producers that break the law.



### *3.2. Unawareness of consumers about their rights*

- The main legislation on protecting consumer rights in Vietnam is the **Ordinance on protecting consumers' rights** (1999). This legal document stipulates that consumers have eight basic rights, including satisfaction, safety, information, choice, compensation, education, having a voice and a healthy environment.
- A recent survey conducted by the Vinastas showed that nearly half of Vietnamese consumers are not fully aware of their basic rights, while the remaining consumers do not know or do not care about them.

### *3.2. Unawareness of consumers about their rights*

- In fact, complicated formalities have prevented people from enjoying their rights as consumers. Furthermore, it is not easy for consumers to provide evidence of violations. Their purchasing habits such as not asking for receipts or buying goods in flea markets also make it extremely difficult for consumers to exercise their rights.

### *3.2. Unawareness of consumers about their rights*

- The relevant agencies have always called on consumers to “wise up”. However, it is not easy to become a wise consumer, and it is very important to have the necessary modern facilities to identify the quality of products. To become a wise consumer, consumers should firstly learn about their rights when making transactions to create a combined strength among the community.

- **4. Common public-private efforts to be taken**

## ***4.1. Public-private partnership on CSR to employees***

- *From the public side:*
- (i) MOLISA, Management Boards of industrial parks, Ministries in cooperation with competent agencies should provide adequate training of working safety and hygiene to employers;
- (ii) Inspectors should monitor and inspect the implementation of State regulations on labor in units of all economic sectors. They should also be determined to seriously and timely deal with behaviors of violating legal regulations on labor

## ***4.1. Public-private partnership on CSR to employees***

- (iii) Apart from CSR awards, funding CSR projects is another effective incentive to put companies under pressure to respect CSR standards. These types of projects are usually financed by international NGOs and business associations.

## ***4.1. Public-private partnership on CSR to employees***

- . *From the business side:*
- (iv) Businesses must comply with all regulations on signing working contracts, paying fees of social insurance for employees, paying salary to employees in a suitable way, paying overtime allowances to employees, having serious labor protective regulations, etc. Besides, businesses must always check and maintain equipment and machines to ensure that their employees work in a safe and effective environment;

## ***4.1. Public-private partnership on CSR to employees***

- (v) Businesses also have to work out a complete procedure and measures of working safety and hygiene as guided in the Standards, Technical Standards, Safety Regulations and provide guidelines to employees before working, listing them in working places; Frequently provide training courses on working safety and hygiene to employees.



## ***4.1. Public-private partnership on CSR to employees***

- (vi) Improving working conditions is also an important factor that businesses must consider. Instead of make regular repair of backward production lines imported from developed countries, businesses should soon make decision to invest in new and modern technology to increase productivity, assure of the product quality, make highly cost-effective investment, etc.

## ***4.1. Public-private partnership on CSR to employees***

- (vii) Health of employees should be regularly checked and taken care of. SMEs must have at least nurses, large-sized ones must have physicians who get regular training of public health care; businesses should make good investment and well organize health care activities inside their companies.
- (viii) Businesses should consider supporting activities of labor unions so that they can grasp desires and wishes of employees.

## ***4.2. Public-private partnership on CSR to consumers***

- *From the public side:*
- (i) State agencies in charge of food security must help the government to coordinate food security control activities in the distribution of food to society.
- (ii) To put regulations on consumer protection into practice, the relevant agencies should consult with consumers on the law and make them better aware of their rights.

## ***4.2. Public-private partnership on CSR to consumers***

- (iii) The **Law on protecting consumers' rights** which is expected to be approved by 2010 should focus on boosting the role of associations in protecting consumers. The law should define clearly and specifically the rights of consumers and the methods of ensuring those rights; the responsibilities of manufacturers and service suppliers and the sanctions to punish violators; force firms to compensate consumers they swindle. Moreover, the functions and tasks of agencies who settle consumers' complaints and petitions will also be defined.

## ***4.2. Public-private partnership on CSR to consumers***

- *From the consumer side:*
- (v) The consumer boycott of bad products can make a serious impact on producers, which are now forced to change their behavior.
- (vi) Local buyers need to collect evidence and officially report their complaints if they want to challenge businesses that rip people off.

## ***4.2. Public-private partnership on CSR to consumers***

- . *From the business side:*
- (viii) All producers must be educated about their social responsibility, as well as producing safe food and a good distribution channel for safe food are musts. Education, training and awareness campaigns are important activities to advance further CSR at all levels in the society, since CSR should be embedded in the mind of futures corporate leaders managers and employees.

## ***4.2. Public-private partnership on CSR to consumers***

- (ix) Employers need to be trained with short training courses or conferences and seminars about the positive actions and long term benefits when engaging in CSR. At this regard, the role of the government supported by non-governmental organizations is to provide them guidance so as to enforce action through legislation: labor Code, protection of the environment, etc.

**Thank you for attention**





# Benchmarking the CSR Performance of Private and Public Organizations – Hong Kong Experience

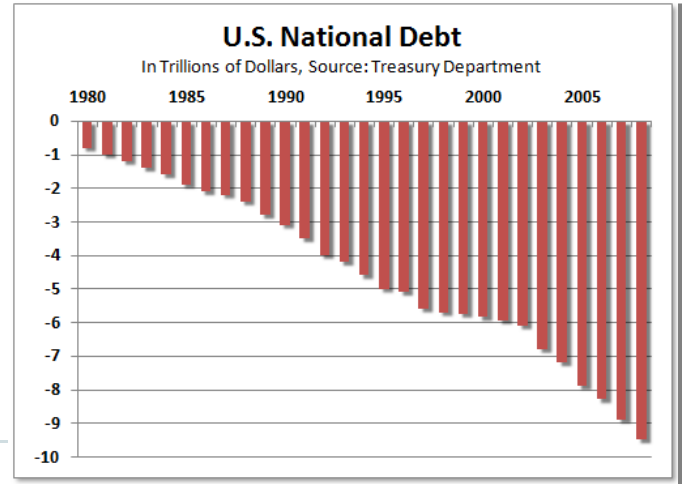
**Dr. Michael Lam**  
**Hong Kong Quality Assurance Agency**





AM INT GROUP (AIG)

52 WK HIGH  
01/14/08





# Definition - Social responsibility

Responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behaviour that

- Contributes to sustainable development, including health and the welfare of society;
- Takes into account the expectations of stakeholders;
- Is in compliance with application law and consistent with international norms of behaviour; and
- Is integrated throughout the organization and practised in its relationships

*The launching of the CSR Index in today's Symposium is mostly timely, as CSR becomes a growing concern of local and overseas buyers and brands. In creating economic prosperity, enterprises increasingly need to rethink their social responsibility alongside their business activities. This CSR Index, should I speak, is instrumental in enhancing competitiveness of HK enterprises.*



## HKQAA – HSBC CSR INDEX

Supporting Organization



TRADE AND INDUSTRY DEPARTMENT  
THE GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION  
香港特別行政區政府工業貿易署

*Ms. Vivian Lau, Deputy Director-General of Trade and Industry, at HKQAA Symposium in 10 Dec. 2008*



# Enterprises are being watched



"Apparently it's some so



# Knowledge sharing with enterprises





# Knowledge sharing with enterprises



## DRAFT INTERNATIONAL STANDARD ISO/DIS 26000

Secretariat: TMB/WG SR

Voting begins on:  
2009-09-14

Voting terminates on:  
2010-02-14

INTERNATIONAL ORGANIZATION FOR STANDARDIZATION • МЕЖДУНАРОДНАЯ ОРГАНИЗАЦИЯ ПО СТАНДАРТИЗАЦИИ • ORGANISATION INTERNATIONALE DE NORMALISATION

## Guidance on social responsibility

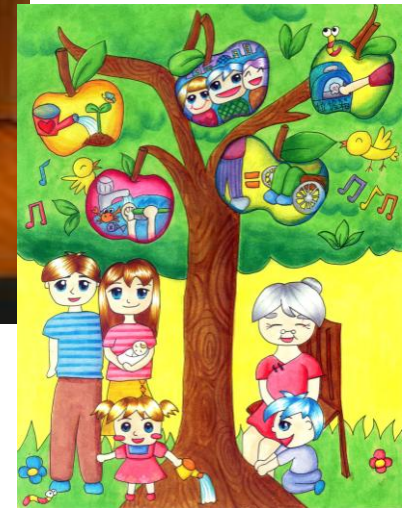
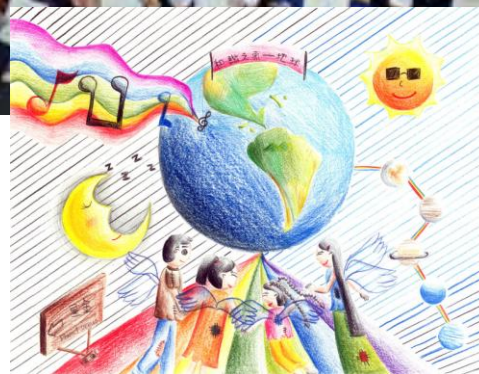
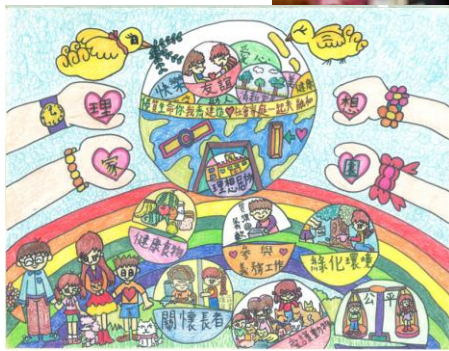
*Lignes directrices relatives à la responsabilité sociétale*

ICS 03.100.01



*Dr. Jorge E. R. Cajazeira,  
Chair-ISO WG on Social Responsibility*

# Educate the younger generation



# HKQAA – HSBC CSR INDEX



## 7 core issues



## The framework



## Scoring Approach

- Self evaluation by enterprise based on the HKQAA-HSBC Scoring Criteria for 40 recommended practices
- Verify evidence by HKQAA
- To facilitate benchmarking exercise, scoring approach is applied in rating the organization's system maturity

## Benchmarking

### Internal

- 40 recommended practices
- Scores over time

### Benchmarking against others

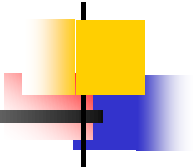
- Average score of 7 core elements
- Overall average score
- Same industry sector
- Entire pool

# HKQAA – HSBC CSR INDEX



*I was very impressed by the joint HKQAA-HSBC initiative for the CSR Index. I believe the application of this methodology will help promote the principles and guidelines of the future ISO26000 standards, without violating the intent of the standard that it should not be used for certification purposes.*

*Dr. Jorge E. R. Cajazeira,  
Chair-ISO WG on Social Responsibility*





## Program in 2009

- More than 30 companies joined the program in 2009,
- Government Departments,
  - Public utilities,
  - Public Listed Companies,
  - Regional offices of Multi-International Corporations,  
and
  - Local Companies.

## Results

The results will be announced in November 2009

- Research report
- Launching of CSR Advocate





**Thank you!**



# Global Supply Chain Partnerships in Corporate Social Responsibility



Mr. Steve Okun, VP Public Affairs, Asia Pacific Region

**APEC SYMPOSIUM**

**“ENHANCING PUBLIC –PRIVATE  
PARTNERSHIP (PPP) ON CORPORATE  
SOCIAL RESPONSIBILITY”**

**October 1-2, 2009; Hanoi, Vietnam**

# UPS Facts

---

- **Founded 1907**
- **425,000 employees (2<sup>nd</sup> largest in U.S.)**
- **World's largest package delivery company**
- **Global supply chain leader**
- **More than 200 countries served**
- **9<sup>th</sup> Largest Airline**
- **99,869 delivery vehicles**
- **Transport 6% of U.S. GDP**
- **Transport 2% of Global GDP**
- **\$42.6 billion in 2008 Revenue**
- **On *Fortune's* Most Admired list for 26+ years**
- **Rated #2 most “socially responsible”**

# The UPS Foundation

---



## Charitable arm of UPS

Recognized as a leader in corporate citizenship

US\$46.8 million in charitable contributions for 2008

Top 20 corporate Foundation in U.S.

Top 30 corporate international giver

Largest corporate contributor to United Way

- \$930 million in contributions over 27 years

# UPS Foundation Programs in Asia

## Program Goal:

To enhance the positive impact we can deliver to our neighbors in need, by combining the financial strength of The UPS Foundation with the spirit and knowledge of UPS people.

- UPS Foundation fund is available to Asia Pacific region *and* countries (region & each country is allotted a specific amount)
- Countries and region office are given discretion to determine which programs would benefit their communities most (however must fall within UPS Foundation “Focus Areas”). Grants are coordinated through the region office
- Focus Areas:
  - Economic and Global Literacy
  - Environmental Sustainability
  - Nonprofit Effectiveness
  - Valuing Diversity
  - Community Safety
- Provides *local non-governmental organizations* (NGO’s) with support and funding to address community needs through their program
- Encourages UPSers to volunteer their time – *50 hours of volunteerism* requested over the 12 months period prior to application for a grant

# Pillars of UPS Corporate Social Responsibility









# CSR Partnerships --- Our Strategy

---

- **Build strategic partnerships with organizations that share our values and have demonstrated the ability to make a difference in providing support**
- **Identify partners across full spectrum of preparedness, recovery, and rebuilding:**
- **Share UPS expertise with non-profit and government sector agencies to enhance the national and international humanitarian response**

# Disaster Relief Partnerships

Organization	Engagement
	<p><b>Emergency Transportation Fund</b></p> <p><b>Support Crisis Response Capabilities</b></p>
	<p><b>Loaned UPS Executive to Provide Logistics Expertise</b></p>
	<p><b>In-kind donation management system</b></p> <p><b>\$1 million per year for 2 years</b>  <b>(\$500,000 in-kind &amp; \$500,000 cash)</b></p>
	<p><b>Free warehouse space in Panama</b></p> <p><b>Logistics Emergency Team Support (LETS) from UPS Int'l Regions</b></p>

# 2008 In-kind Disaster Relief Support

---

## **Myanmar - \$200,000 CARE**

- UPS charter airlifts 71 tons of relief supplies for CARE
- LETs responder deployed to Bangkok

## **China - \$500,000 Red Cross**

- Relief charter and space available shipments include 85 tons of relief supplies

## **Midwest Floods - \$100,000 Red Cross**

- More than 90,000 lbs of carpet for rebuilding efforts by Habitat for Humanity through Aidmatrix

## **Hurricane Relief - \$500,000 Red Cross**

- More than 800,000 lbs of food and water purification supplies delivered in-kind in U.S. and Haiti via Aidmatrix
- Two LETs responders and shipments of water purification powder to Haiti

# Logistics & Transport Industry

---

## Logistics Emergency Teams

- Today, companies in the Logistics & Transport industry are individually involved in supporting several humanitarian organisations through bilateral partnerships
- The SE Asian Tsunami prompted 4 leading companies in the industry to believe that they should further support and be better coordinated as an industry, in their pro bono support to humanitarian response operations
- As such, Agility, UPS and TNT started working on two main areas together:
  - Sharing of best practices regarding their bilateral partnerships
  - Developing and deploying Logistics Emergency Teams (LETs) in support of, and triggered by, the UN Global Logistics Cluster
- With the facilitation of the World Economic Forum (WEF), a L&T working group has been established since May 2005:
  - UPS
  - Agility
  - TNT
  - WEF

# 2008 LETS Response to Cyclone Nargis

---

## Myanmar - \$200,000 CARE

- UPS charter airlifts 71 tons of relief supplies for CARE
- UPS LETs responder deployed to Bangkok to provide logistical management expertise for World Food Programme (WFP) relief staging operations in Bangkok.
- UPS provided logistics consultation for transportation, warehousing, and customs clearance support for the WFP.
- UPS employees volunteered services to expedite relief and increase efficiencies.

# Challenges

---

- Global economic downturn means that many companies' CSR budgets may be cut, while any existing or new CSR program must be:
  - Strategic
  - Fiscally Responsible
  - Business-case based
  - Credible
  - Systemic, transparent
  - Long-term
- Knowledge Gap & Lack of Capacity
- Governments re-order their priorities
- Making the Case for Open Markets

**Thank You**





# Business, Brands and Society:

CSR in Supply Chains

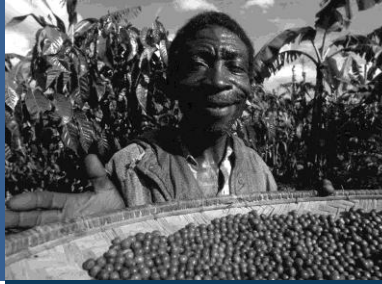


RECYCLABLE





**CODES OF CONDUCT**



**CARBON FOOTPRINT**



**LABOUR ISSUES**



**ECO-LABELS**



**COMPLIANCE**



**CORPORATE SUSTAINABILITY**



**NGO PARTNERSHIPS**



**TRANSPARENCY**

Local and Global...



...And Local

# Rebalancing of power



Western pressure



Well defined expectations  
in Asia Pacific

# One Bad Apple...



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## COMMENTARY [RSS](#)



### Cult of Macintosh

Commentary by [Leander Kahney](#) [RSS](#)

GADGETS : [MAC](#) [RSS](#)

## Judging Apple Sweatshop Charge

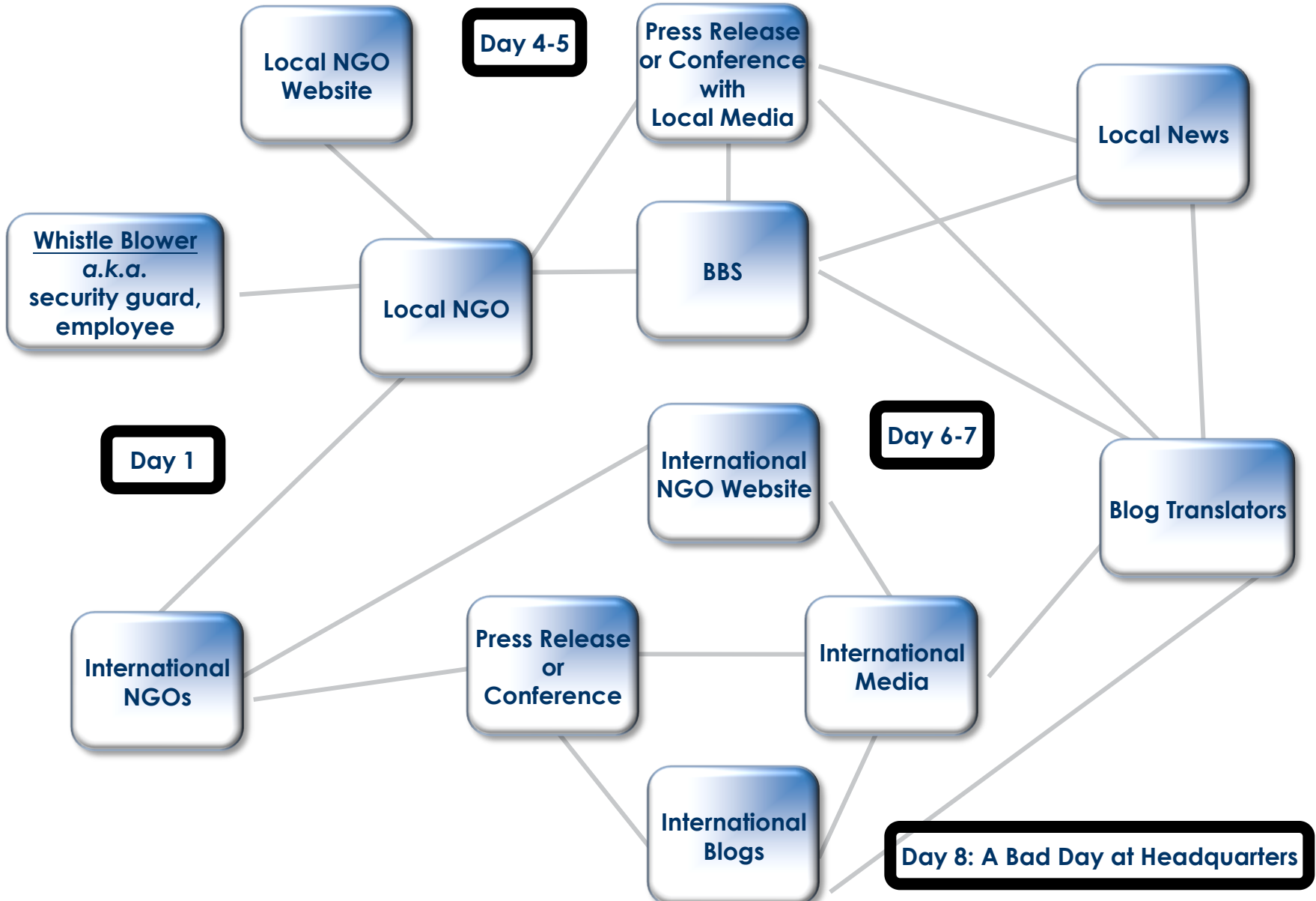
[Leander Kahney](#) [RSS](#) 06.13.06 | 2:00 AM

Steve Jobs' Think Different campaign celebrated labor leaders like Gandhi, who used strikes as a form of civil protest, and Cesar Chavez, who organized poor, migrant farm workers. But a British newspaper at the weekend published a rather shocking report about the factories in China that make his company's iPods.

A report in the middlebrow [Mail on Sunday](#) entitled "iPod City" features photos and first-hand accounts from inside factories operated by Foxconn, a company contracted by Apple to assemble millions of iPods by hand.

According to the report (paraphrased here by [Macworld UK](#)), Foxconn's giant Longhua plant employs 200,000 workers, who work 15-hour days but are paid just \$50 a month -- miserable even by China's standards. It claims they work and live in the plant, in dormitories housing 100 people, and outside visitors are forbidden.

# A bad day at headquarters...



# The Big Picture



# A Mix of “What” and “How”

## Reputation: How you do things matters as much as what you do



# Why is it critical? Asia-Pacific Drivers



1. Social and environmental challenges



2. Government activism



3. Growing influence of NGOs



4. Passionate consumers and employees

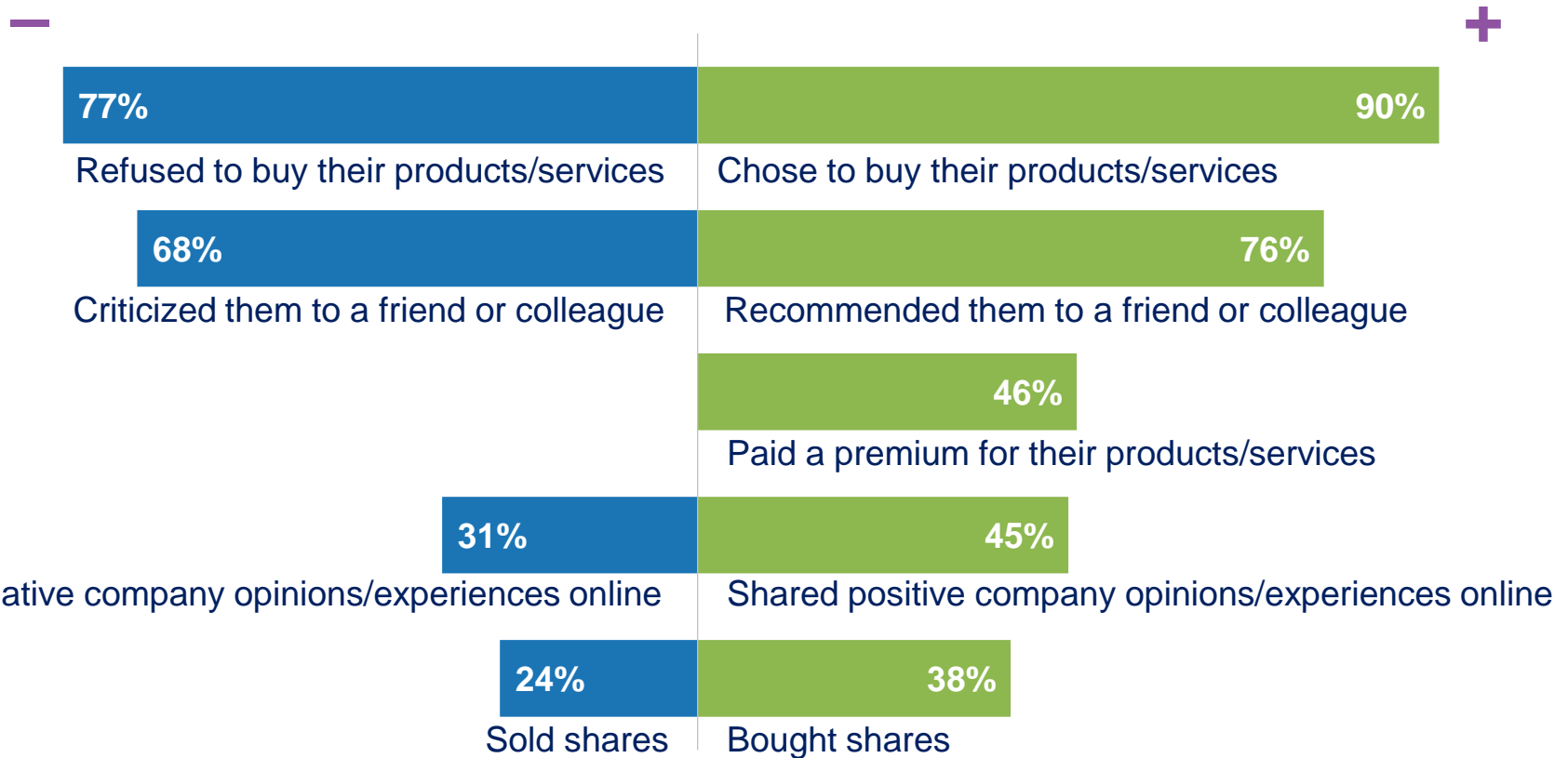


5. Web and mobile communication



# With both negative and positive impacts

## Personal actions taken with trusted and distrusted companies



## Increased Transparency Online: Rising consumer power

- **One word: *Credibility***
- **19% penetration.**
  - Increased of 516% from 2000 to 2009.
  - 704 million users in 2009 Q2, i.e. 42% of world internet users
  - 338 million users in China
  - Increasing use of social networking tools and BBS
- **Today, 9% of Chinese consumers check blogs/forms before buying**
  - Compared to overall 25% in USA

# CSR as Solution?



# Evolution of Expectations & Engagement

DEFENSE  
& RESPONSE



GREENPEACE



# Evolution of Expectations & Engagement

TACTICAL  
OFFENSE



DEFENSE  
& RESPONSE



# Evolution of Expectations & Engagement

BRAND  
COMMITMENT



DEFENSE  
& RESPONSE

TACTICAL  
OFFENSE

# Evolution of Expectations & Engagement

BUSINESS STRATEGY



DEFENSE  
& RESPONSE

TACTICAL  
OFFENSE

BRAND  
COMMITMENT

**WAL\*MART**



# Traditional Influencing Model

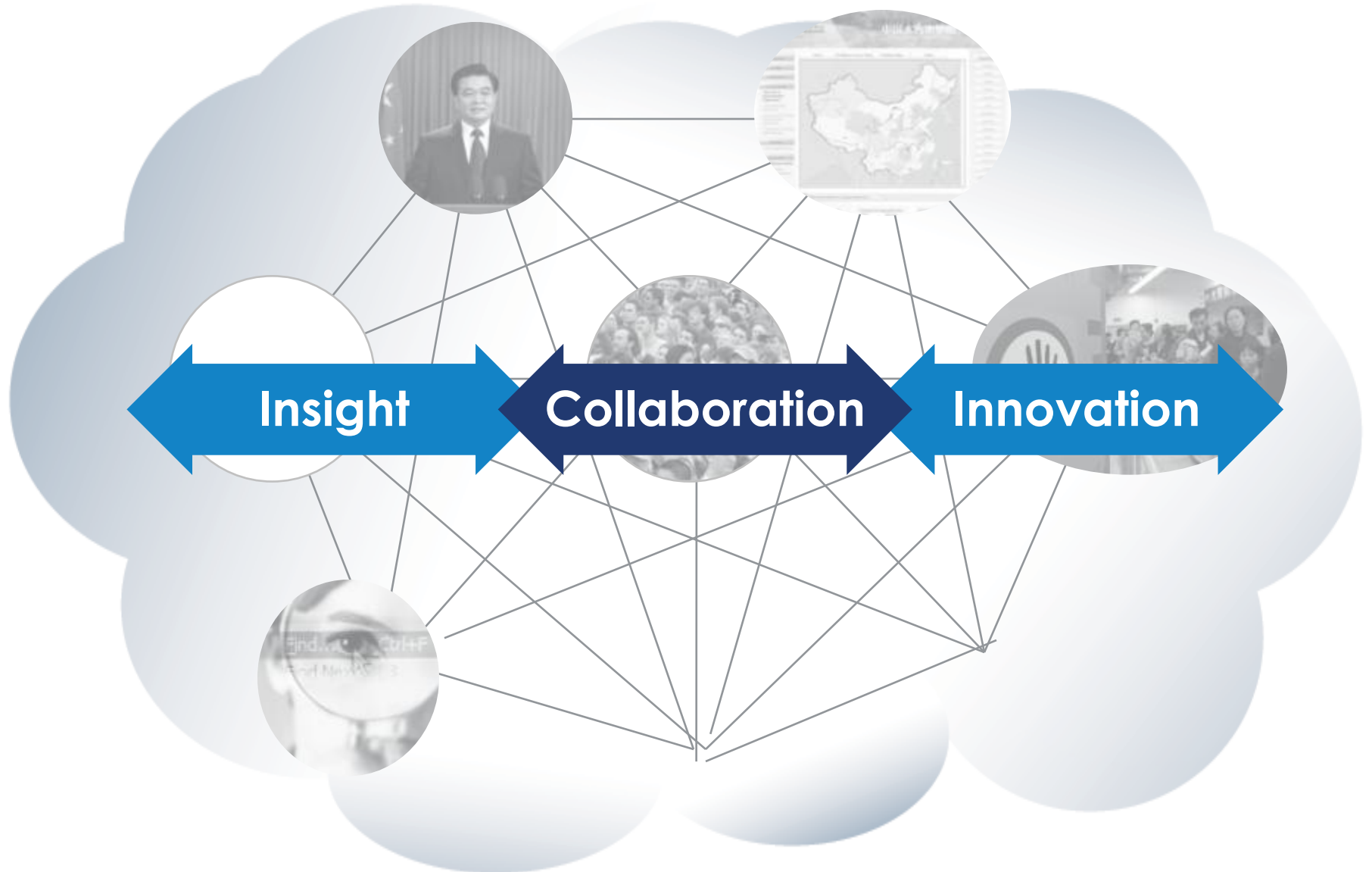




# Public Engagement Cloud



# Public Engagement Cloud



# How PPP Can Help

## TECHNICAL



## SOURCING



CONSERVATION  
INTERNATIONAL

## MARKETING



# Engagement & Advocacy

ADVOCACY &  
PUBLIC  
ENGAGEMENT



YOUR  
NAME  
HERE

DEFENSE &  
RESPONSE

TACTICAL  
OFFENSE

BRAND  
COMMITMENT

BUSINESS  
STRATEGY



**“...Come together—government, NGOs and business—in new approach to solving big problems facing our country. ... This can work.”**

**– H. Lee Scott, Jr.,  
President and CEO, Wal-Mart**





**Thank You**





# The Development of CSR in China and CSC9000T ——the Driving Forces of PPP and Supply Chain

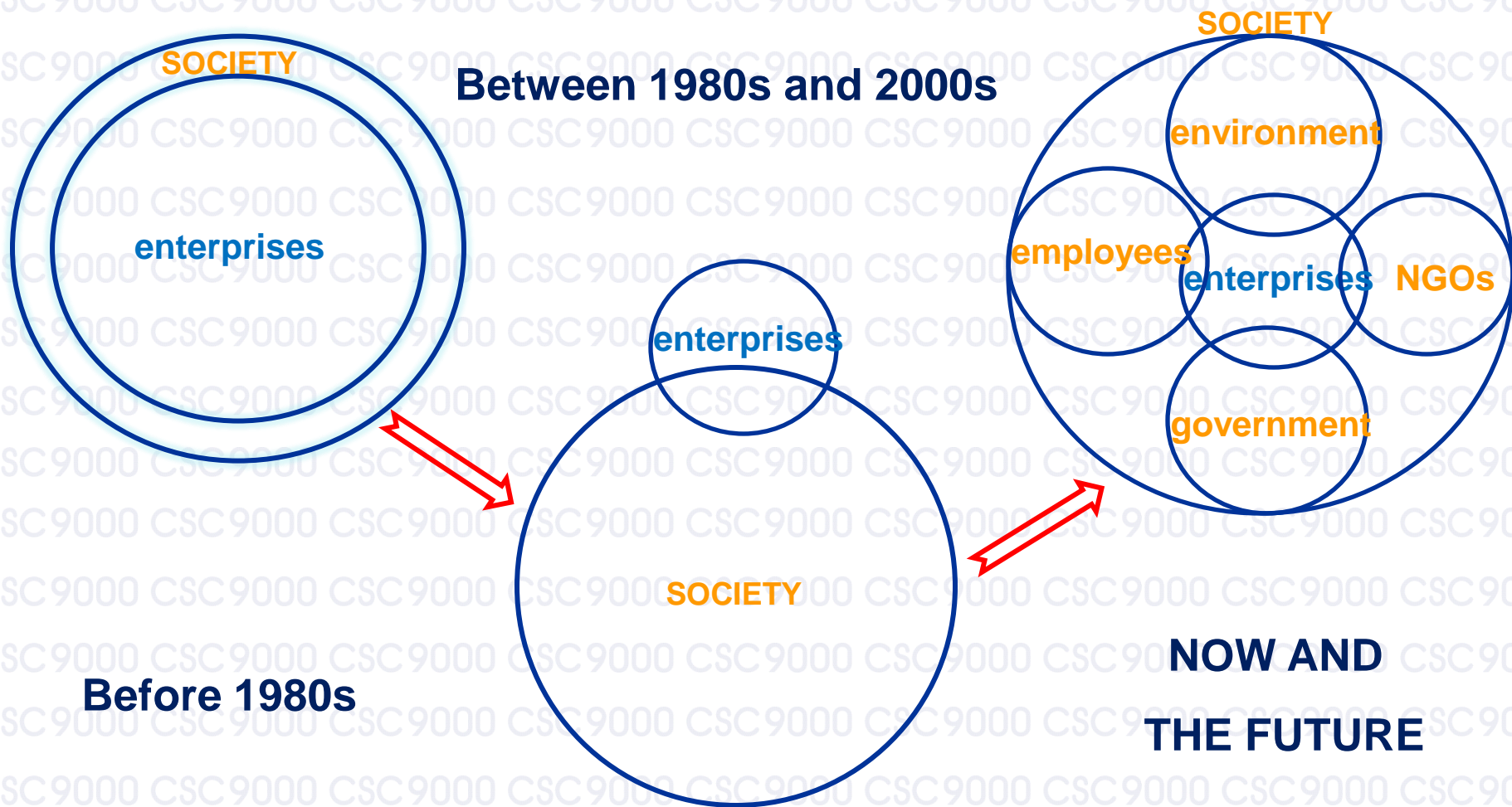
**LIANG Xiaohui**  
**Office for Social Responsibility**  
**China National Textile and Apparel Council**

# Is Social Responsibility a New Idea in Chinese Culture?

- **Confucius (551BC-479BC): Riches and honors are what men desire. If it cannot be obtained in the proper way, they should not be held. Poverty and meanness are what men dislike. If they cannot be avoided in the proper way, they should not be avoided.**
- **Confucius: Riches and position without righteousness are to me as the floating clouds.**
- **Mozi (468BC-376BC), “The Way of Business”:** If I have profits while the customers do not, there will be no customer; if the customers have profits and I do not, I will not have my business; if I have greater profits and the customers have the less, the customers will not last; if the customer have greater profits and I have less, the customers will last and so will my profits.



# The Transformation of CSR & the Chinese Society



- **1st stage (before 2000): popularization within supply chain - factory audits;**
- **2nd stage (2000-2003): popularization on social scale, systematic introduction and discussion;**
- **3rd stage (since 2004): proactive actions for sustainable development and public-private interactions**
  - The adoption of “harmonious society” development approach;
  - Promotional policies by governments;
  - General and diversified practice by enterprises and social organizations.

## ■ Member economy leaders have called for CSR in various occasions:

- ✓ (Chinese companies in Africa shall)“shoulder social responsibility proactively for the sake of long-term development of China-Africa cooperation”

President Hu Jintao, “Speech made in the Meeting with Representatives of Chinese Enterprises in Africa”, 6<sup>th</sup> Feb. 2007, Namibia.

- ✓ “Enterprises should carry out national policy, care for the society, bear necessary social responsibility. Entrepreneurs shall not only be good at business and management, they shall also have the blood of morality flowing in their bodies.”

Premier Wen Jiabao, “Speech made in the meeting with Entrepreneurs in Guangdong”, 20<sup>th</sup> July 2008, Guangdong.

- **Enterprises shall uphold a global responsibility perspective, incorporate social responsibility into business strategy consciously, observe the law and internationally recognized business custom, improve business models, and realize the unification of economic profit and social benefit. The governments shall strengthen direction and supervision, and through making and improving legislation, create a favorable environment for the conscious performance of social responsibility by enterprises.**

**Source: President Hu's speech at the 16th APEC Economic Leaders' Meeting, Nov. 22, 2008, Lima, Peru.**



# The Promotion of CSR by Public Organizations : Significant Practices

- **May 2007, the Organization Department of the CCP and the State Asset Supervision and Administration Commission (SASAC) organized a three-day training seminar on CSR for the Party Secretariats of 65 state-owned enterprises and financial institutions;**
- **Local CSR guidelines or standards released successively during 2006 and 2008:**
  - ✓ **Shenzhen, *Guidelines on the Promotion of the Implementation of CSR in Shenzhen, 2006;***
  - ✓ **Shanghai, *Corporate Social Responsibility Standard (DB31/421-2008) 2008;***
  - ✓ **Wuxi, Jiangsu Province, *Guidelines on CSR for Wuxi New Tech Zone, 2008.***



# The Promotion of CSR by Public Organizations: Legal Definition

- **Company Law (as amended 2005): Article 5: When conducting business operations, a company shall comply with the laws and administrative regulations, social morality, and business morality. It shall act in good faith, accept the supervision of the government and general public, and bear social responsibilities. (emphasis added)**



# The Promotion of CSR by Public Organizations : Legal Promotion

- **A series of new laws concerning non-discrimination, labor rights, environment protection, fair competition have been promulgated in the past two years: Employment Promotion Law, Labor Contract Law, Labor Dispute Mediation and Arbitration Law, Cycle Economy Promotion Law, Energy-saving Law and Food Safety Law which set a sound foundation and baseline for the development of CSR.**
- **Still, other laws are under review or consideration, such as Social Insurance Law, etc.**



# The Promotion of CSR by Public Organizations : Policy Direction

- **The State Council: *China's National Climate Change Programme & General Work Plan for Energy Conservation and Pollutant Discharge Reduction* released in June 2007;**
- **CSR Guideline for State-Owned Enterprises (SOEs) released by State-owned Assets Supervision and Administration Commission (SASAC) in January 2008. Key requirements for SOEs to implement CSR include:**
  - ✓ a. Operate with legal compliance and integrity
  - ✓ b. Continuously improve profitability
  - ✓ c. Improve product and service quality
  - ✓ d. Save energy and protect the environment
  - ✓ e. Push forward self-innovation and technology development
  - ✓ f. Ensure product safety
  - ✓ g. Protect labor rights and the interests of workers
  - ✓ h. Engage in philanthropic activity.





# The Promotion of CSR by Public Organizations: Market Regulation

- **National Development and Reform Commission: *The Admission Conditions for Printing and Dyeing Industry* (March 2008): “Printing and dyeing enterprises shall perform social responsibility according to the requirements of CSC9000T”;**
- **Shenzhen Stock Exchange: *Guidelines on Social Responsibility for Public Listed Companies* (2006); Shanghai Stock Exchange (SSE): *Guidelines on the Disclosure of Environmental Information for Public Listed Companies* (2008);**
- **The Shanghai Stock Exchange launched the SSE Social Responsibility Index on August 5, 2009 (base day June 30, 2009 & base point 1,000) composed of top 100 stocks with high social contribution value per share.**



# The Promotion of CSR by Public Organizations : Int'l Cooperation

- In June 2007, an MoU on the cooperation in CSR signed between Chinese government and Swedish government in Stockholm during President Hu's visit to Sweden.
- “the Parties have identified the following areas of cooperation, on which relevant stakeholders may be encouraged to focus:
  - ✓ Dialogue on best practices among companies, including small and medium sized companies. Central, provincial and local governments will be encouraged to provide forums for exchange of experience;
  - ✓ Dialogue and exchange of experience on issues such as working conditions, work safety, protection of the rights and interests of consumers etc.;
  - ✓ Cooperation on the contribution of business in the field of environment, energy conservation and emission reduction;
  - ✓ Cooperation between universities, business schools and other research institutes on CSR;
  - ✓ Dialogue on national and international CSR practices;
  - ✓ Cooperation in the field of combating corruption in the business area...”

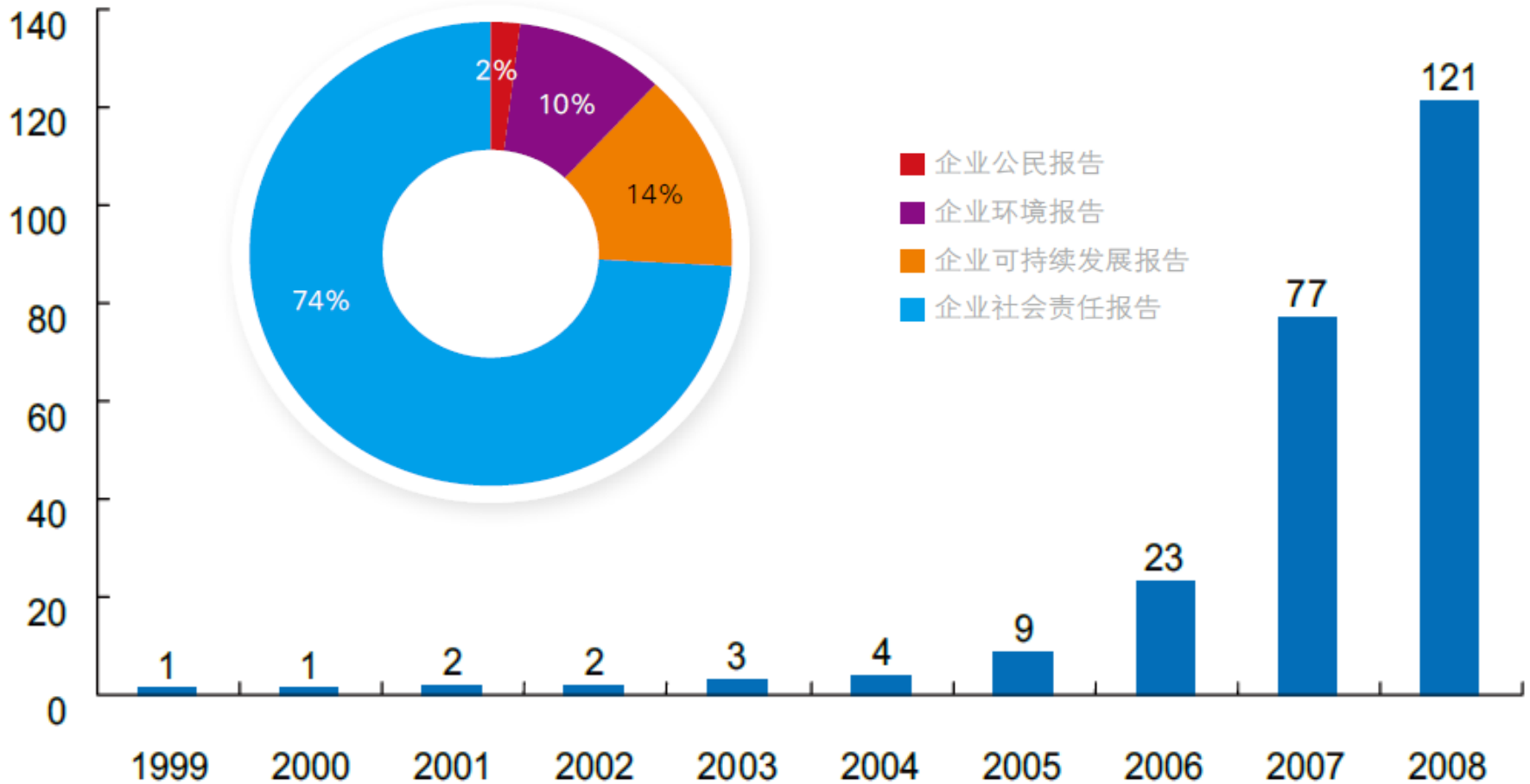


# Practice by Chinese Enterprises: CSR Reports as An Example

- Petro China released its first HSE Report in 2000; State Grid released its CSR report in 2006, making it the first Chinese company reporting on CSR;
- CNTAC released in 2006 China's first sustainability report on the industry level, in 2008 and 2009, China Banking Association and China Mining Industry Association started to follow this practice; and in June 2008, *China Social Reporting- Guidelines for Apparel and Textile Enterprises (CSR-GATEs)* released, which is China's first set of sustainability reporting guidance system;
- In June 2009, CNTAC released the *China Social Reporting- Verification Rules and Instructions (CSR-VRAI)*, China's first sustainability reporting assurance system, which was applied to 10 CSR reports released in 2009.



# CSR Practice by Chinese Enterprises: CSR Reports



Source: SynTao, *A Journey to Discover Values*, 2008



- **Enterprises and their stakeholders can all benefit from implementing CSR:**
  - ✓ **reduce risks & enhance brand image**
  - ✓ **raise productivity & competitiveness**
  - ✓ **create a better environment for development**
  - ✓ **.....**
- **All parties on the global supply chain shall realize and bear their respective responsibility, especially towards stakeholders on the supply chain.**

- **State law and regulations are the basis of CSR, however, enterprises face some practical problems;**
- **Common problems — misunderstanding of the role of CSR along supply chain and blindness in following CSR standards;**
- **Factory audit and accreditation raised awareness on CSR, but failed to establish long-term CSR mechanism;**
- **The understanding, trust and assistance of the supply chain partners are crucial.**

- **The continuous growth of global textile and garment trade;**
- **Asia, especially China, plays a more important role in the global textile supply chain;**
- **Int'l society and stakeholders of global supply chain are paying more attention to the CSR development of China and other Asian economies. CSR, fair trade and environmental issues come under the spotlight;**
- **China is gradually losing its traditional competitiveness in production costs, while other Asian economies are speeding up the development.**

# When Labor Cost is no Longer a Competitive Advantage

<b>Apparel Manufacturing Labor Costs in 2008</b>				
<b>Core Asian Import Supplier Base</b>				
In US\$ per Hour – Including Social Charges				
Countries	Labor Cost	Labor Cost	Labor Cost	Labor Cost
	US\$/Hour	US\$/Hour	US\$/Hour	US\$/Hour
		Bgldeash=100	Indonesia=100	India=100
Bangladesh	0.22	100	50	43
Cambodia	0.33	150	75	65
Pakistan	0.37	168	84	73
Vietnam	0.38	173	86	75
Sri Lanka	0.43	195	98	84
Indonesia	0.44	200	100	86
India	0.51	232	116	100
China III (Inland)	0.55-0.80	305	152	131
China II (Coastal 2)	0.86-0.94	409	205	176
China I (Coastal 1)	1.08	491	245	212
Philippines	1.07	486	243	210
Malaysia	1.18	536	268	231
Thailand	1.29-1.36	600	300	259

Source: Jassin – O' Rourke Group, LLC

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## ■ Science & Technology Contribution

Labor intensive to technology / capital intensive

## ■ Added Value of Brand

Products innovation to integrated innovation

## ■ Industrial Self-Discipline

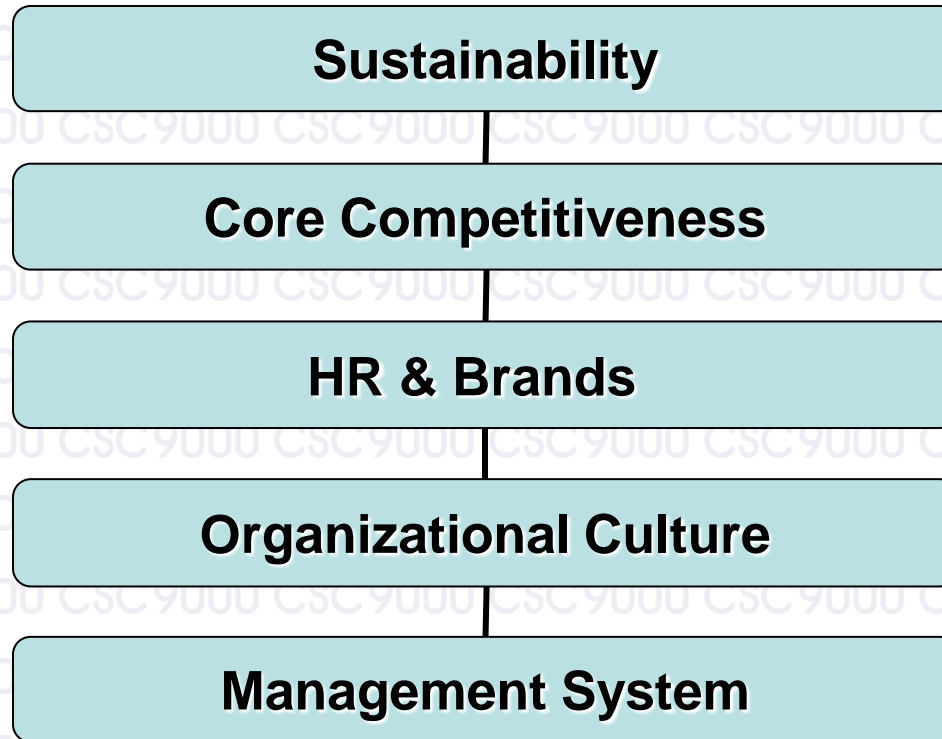
Quality

CSR — labor & environmental issues

Fair competition — IPR protection

# The Positioning of CSC9000T: from Passive to Active

## ■ Self-discipline, Voluntary & Proactive



## CSC9000T Management System 管理体系

中国法律法规  
Chinese  
legislations &  
regulations

国际相关公约、标准  
和惯例  
International  
conventions,  
standards and  
practices

中国纺织行业的特殊  
需求  
Specific needs of  
China textile &  
apparel industry

### CSC9000T 核心要素 Elements of CSC9000T

Management Systems 管理体系 · Employment contracts 劳动合同  
Child labor 童工 · Forced labor 强迫劳动 · Working hours 工作时间  
Wages and welfare 薪酬与福利 · Discrimination 歧视  
Trade union & collective bargaining 工会组织与集体谈判权  
Harassment and abuse 骚扰与虐待 · Health & safety 职业健康与安全

### CSC9000T实施指导文件 CSC9000T Implementation Guidance Documents



**Initial  
Evaluation**

**Training**

**Re-evaluation**

**Continuous  
Improvement**

- **Identify Problems**
- **Develop training scheme**

- **Targeted Training**
- **CSC9000T System Establishment**

- **Review on improvement**
- **Evaluate the operation of the system**

- **United Nations Dept. of Economic and Social Affairs**  
**“Sustainable Development Innovation Briefs”**, (Issue 1  
February 2007) :

In China, officials have actively endorsed efforts to make the country a standard-setter, not simply a ‘taker’ of standards developed elsewhere. CSC9000T, a textile industry standard, was developed within the China Textile and Apparel Council with government endorsement and adopted in 2005. It is based on Chinese legislation and provides a management system for companies wishing to be socially responsible.

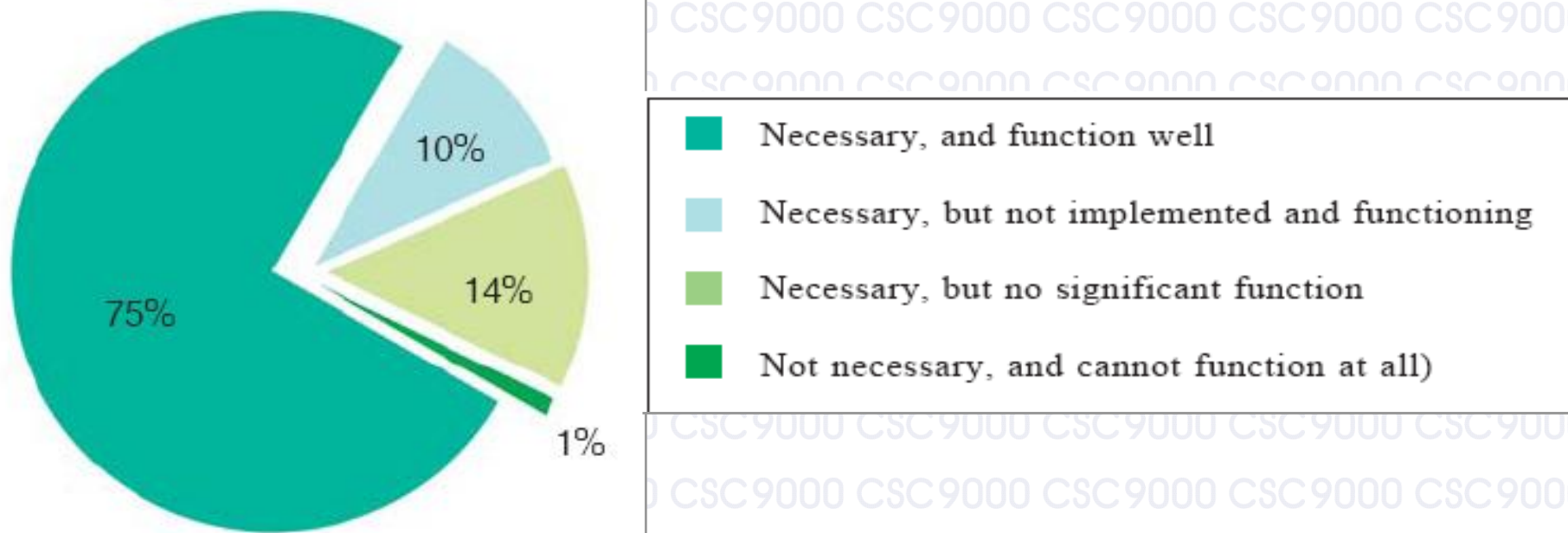
- **Office of the US Trade Representative, “2007 NTE Report: China”:**

Increasing numbers of Chinese firms have realized the importance of social accountability but remain confused about the various foreign corporate social accountability standards and certifications bodies that exist. The council formed CSC-9000T to formulate Chinese corporate social responsibility standards to promote among Chinese firms...CSC-9000T is designed as a capacity building program to train members on best practices for complying with Chinese legal standards, rather than an accreditation or audit-based system.



# The CSR Improvement in Pilot Companies: Statistics from Interviews

**Do you think the CSR management system is necessary and does it function well in your company? (414 interviewees)**



**Employee Perceptions and Satisfaction: Effectiveness of Management System**

# The 2008 Version of CSC9000T: towards a Comprehensive CSR system

- |  |
|--|
| 1. <b>Management System</b>                      |
| 2. <b>Discrimination</b>                         |
| 3. <b>Trade Unions and Collective Bargaining</b> |
| 4. <b>Child Labor and Juvenile Workers</b>       |
| 5. <b>Forced or Compulsory Labor</b>             |
| 6. <b>Employment Contract</b>                    |
| 7. <b>Working Hours</b>                          |
| 8. <b>Wages and Welfare</b>                      |
| 9. <b>Harassment and Abuse</b>                   |
| 10. <b>Occupational Health and Safety</b>        |
| 11. <b>Environment Protection</b>                |
| 12. <b>Fair Competition</b>                      |



# The Training of CSR Professionals: Trainers, Evaluators and Internal Auditors

- The number of CSC9000T evaluators and trainers reached 50, majority of them from SGS, DNV and TUV Nord.
- Over 130 managers from 41 implementing enterprises, cluster and National Textile Development Base enterprises received training as CSC9000T Internal Auditors.





# Broad and In-depth International Cooperation: Combination of PPP & SCR

- Cooperation agreement signed with FTA, “through evaluation and cross checking of tools and practices and adoption of both systems should result in mutual recognition between CSC9000T and BSCI”;
- The first Joint Project of China Textile Enterprise Corporate Social Responsibility with ILO and UNIDO trained 240 managers and worker representatives from 30 companies;
- China-EU CSR “Train the Trainers” Project trained over 150 CSR trainers in 2007 and 2008.
- The China Textile Industry and Social Performance Improvement Project with IVAM Netherland, Shandong Provincial Bureau of Environmental Protection and Shandong University trained over 500 managers in Shandong province.

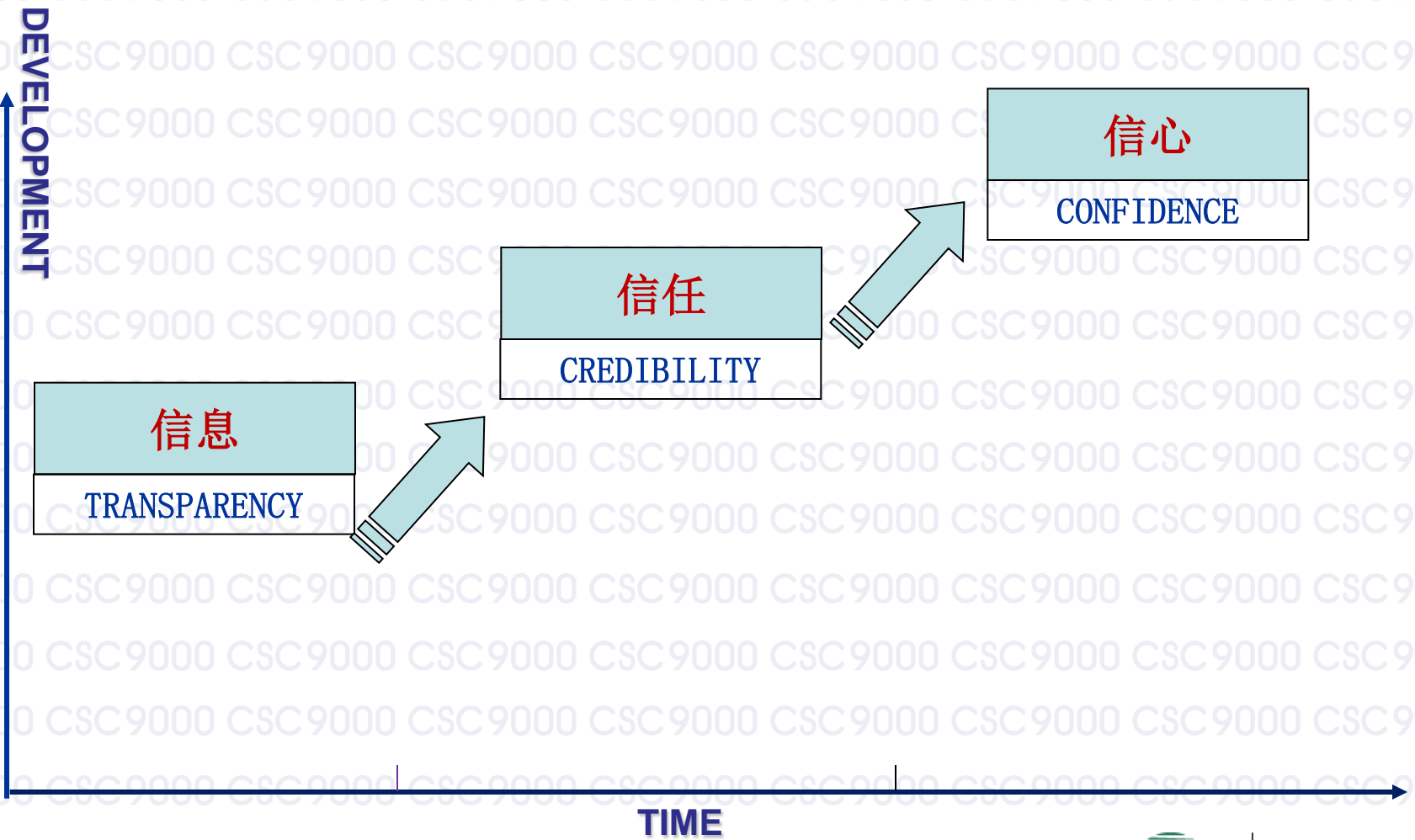


**EU-China Trade Project**

Support to China's Integration into the World Trading System



# The Establishment and Promotion of Sustainability Reporting System



# CSR-GATEs: Increase Transparency and Trust on Supply Chain

Normability

Integrity

Comparability

Practicability

**CNTAC released China Sustainability Reporting-Guidelines for Apparel & Textile Enterprises (CSR-GATEs), China's first social reporting guidance system, to guide the social reporting practice of textile companies.**



- **Applicable to all textile and apparel enterprises in principle, the following enterprises are encouraged to take the lead:**
  - ✓ **CSC9000T Implementing Enterprises**
  - ✓ **Public-listed companies of the industry**
  - ✓ **Industry Top 500**
  - ✓ **Leading companies of sub-industries**
- **Reports made according to CSR-GATEs are advised to be verified by 3rd party, in line with *China Sustainability Reporting-Verification Rules and Instructions (CSR-VRAI)*.**

- June 29, 2009, the first group of ten companies released their sustainability reports prepared according to CSR-GATEs, all verified by BV or DNV.



- **Annual Social Responsibility Report published since 2006 to communicate with stakeholders of Chinese textile industry;**
- **Experience exchange with China Light Industry Association and other industries;**
- **Joint Conferences with ACFTU to discuss the promotion of CSR and the role of trade unions; trainings on CSR for trade union workers;**
- **Joint training projects on CSR with academic institutions; provide trainings to national NGOs on CSR project development with enterprises, and introduced CSR training to inner land provinces, the virgin soil of CSR reach.**



- **CNTAC participated in the multi-departments communication meetings initiated by the Ministry of Foreign Affairs and brought up policy proposals on CSR for Chinese leader attending the 16th APEC Meeting;**
- **MIIT and NDRC chose textile industry as CSR pilot industry, supported the survey on “The Employment Contract Law and Chinese Textile Industry” ;  
CSC9000T was listed by NDRC as industrial standard;**
- **Local governments, industrial associations and trade unions promote the implementation of CSC9000T at local level;**
- **The Entry Condition for Dying and Printing Industries by NDRC and MOFCOM requires enterprises fulfill social responsibility according to CSC9000T.**



- **There is a future for the industry;**
- **The nature of the future depends on CSR as a common ground for scientific development and sustainable actions;**
- **There is no isolated responsibility, and players on the whole supply chain shall define and honor their respective and joint responsibilities;**
- **Although enterprises are the subjects of CSR, the support and cooperation among stakeholders, e.g., PPP, was, is and will always be the key approach to realize it.**





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