

**Executive Summary**  
**“Enhancing Corporate Social Responsibility in Asia”**

**17 October 2007**

Masahiro Kawai, Dean of ADBI gave the opening remarks and officially announced the opening of the three-day conference. He pointed out that the idea of CSR (Corporate Social Responsibility) is not particularly new, but that the contents may change from time to time and from place to place. As the modern concept of CSR prevails in Asia, more and more corporations have begun to extend their social contributions into “public” areas where public sectors—especially governments and multilateral organizations—have traditionally played significant roles. Therefore, it was suggested that is timely for policymakers to strengthen their collaboration with public sectors to pursue sustainable development.

**Session 1: The Challenges and Issues for CSR in Asia – Overview**

Stephen Frost (CSR Asia) gave the keynote speech on “Comparative Overview of CSR in Asia: Issues and Challenges.” He emphasized that governments, civil societies, and multilateral organizations expectations of corporations have greatly changed. This is the reason why CSR is needed. Companies need to understand these changing expectations. He also noted a growing trend of “a smarter conversation” where Internet allows more stakeholders to talk with companies, thus companies need to develop new ways of engaging with their stakeholders.

The “Global CSR Movement” was shown from some different perspectives. Tsukasa Kanai (The Sumitomo Trust & Banking Co., Ltd.) briefly explained the background and history of their social contributions and current CSR activities that are stimulated and affected by international standards such as PRI (Principles for Responsible Investment). Shizuo Fukada (CBCC, Keidanren) elaborated on the framework and the process of developing ISO 26000, which is a SR (Social Responsibility) guidance document for all organizations including companies, governments and multilaterals.

Chrysanti Hasibuan Sedyono (Indonesia Business Links) and Nguyen Quang Vinh

(Vietnam Business Links) explained the current CSR situation in Indonesia and Viet Nam, respectively. David McCauley (ADB) described ADB's approach to CSR in Asia especially regarding the environment.

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**Session 2: Best Practices of CSR in Asia - Corporate Solution to Public Issues**

Tam Robert Nguyen (Chevron) and Koichi Kaneda (Daiwa Securities Group) discussed their companies' good practices of social development. There were some arguments whether such contributions can be justified because sometimes the amount used for social activities was small in comparison with the companies' huge revenues. However, it was advocated that this is only the beginning and the companies are now trying to find other ways to contribute to social development activities where they have little experience, if any. It was also emphasized that the companies do feel responsible for the local communities and that they believe for their involvement on community development is appreciated.

Because companies expand their influence in society along their supply chains or value chains, some examples of SCM (supply chain managements) were shown and discussed. As the first speaker in this series of presentations, Hidemi Tomita (SONY) first highlighted the complexity of supply chains in electric industry and the great difficulty of managing them. He then explained the necessity of establishing a common procurement guideline in the industry to include with explanation of their contribution to EICC (Electronics Industry Code of Conduct) from perspective of environmental management and its characteristics.

Liu Kaiming (Institute of Contemporary Observation, People's Republic of China (PRC)) noted that rapid economic growth in the PRC has been supported by cheap labor from migrant workers. However, many issues such as unfavorable working conditions and practices have been observed. Kate Larsen (Burberry) suggested that international brand companies can improve the situation by managing their supply chains responsibly. In following discussions, it was pointed out that multinational corporations enjoy large margins by procuring materials and products from developing countries, and thus are

able to greatly influence and alleviate current situations.

Jude Mannion (Robin Hood Foundation) kicked off the session on “Social Entrepreneur and CSR” with an inspiring presentation and insisted on the term “Corporate Social Opportunities” instead of CSR. Paichayon Uathaveekul (Swift Co.) shared the experience of organizing local poor farmers and improving their income and quality of life greatly by providing necessary knowledge, know-how and some financial aid. Sunai Setboonsarng (Office of Deputy Prime Minister, Thailand) reported on another good example of the Thai Santi-Asoke Business Group which, through the background of the Thai culture and influence from Buddhism has developed a new concept of “Sufficiency Economy Philosophy.”

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**Session 3: Investing in CSR - Socially Responsible Investment (SRI)**

David St. Maur Sheil (Association for Sustainable & Responsible Investment in Asia, ASRIA) explained the overall current situation of SRI (socially responsible investment) in Asia and compared it to the situation in the US and Europe. Eiichiro Adachi (Japan Research Institute) complemented the discussion with an update on issues and challenges in Japan. Mariko Kawaguchi (Daiwa Research Institute) further analyzed the situation by citing typical attitudes of individual investors in Japan. Harunobu Yamada (HSBC Japan) noted other possibilities of contributions by the financial sector by introducing their voluntary investment guidelines in various fields including mining, energy, chemical industry, and forestry.

**Session 4: Public Policy for Fostering CSR**

The final session focused on how to integrate and comprehensively apply all the previously discussed activities and experience of CSR to actual public policies. Kanji Tanimoto (Hitotsubashi University, Japan) firstly summarized the current scope of CSR then stated his prediction where it would go in the future. In accordance to changes expected from companies, three government roles were proposed: - (i) regulation, (ii) encouragement and (iii) collaboration with the private sectors.

Yu Benlin (Ministry of Commerce, PRC) explained the framework and initiative of the PRC government in promoting CSR especially by establishing new laws and standards to achieve “Harmonious Society.”

Manoj Kumar Arara (Ministry of Corporate Affairs, India) and Falak Sher Kalas (Ministry of Commerce, Pakistan) made short presentations on the CSR situations in their countries. CSR is still regarded as philanthropy in both countries mainly because there has been no strong pressure from stakeholders and no legislation of CSR. However, it was expected that in the future the role of the governments to promote CSR will be much larger in each country whatever measures they will choose.

In the synthesis session of “Building a Relationship Between Government, Business, and NGOs,” Paul Wedel (Kenan Institute, Thailand) elaborated on successful collaborations between different sectors in Thailand with his understanding that both a religious background and traditional homage played an important role in promoting CSR.

Satoru Matsumoto (Mekong Watch) suggested a unique position that public banks could further develop CSR and there could be more collaboration between the public sector and private sector. He described how the “Environment and Social Guidelines” of Japan Bank of International Cooperation (JBIC) can influence private banks and companies involved in actual development work. Leodegardo Pruna (Philippine Business for Social Progress, PBSP) showed a video clip of PBSP’s recent activities to highlight how NGOs and corporations can play an important role in public affairs to complement missing social services.

### **Closing Remarks**

Stephen Frost, Kanji Tanimoto and Paul Wedel made the wrap-up remarks. They pointed out that CSR activities may change from one place to another and they may be naturally affected and need to respond to expectations from various stakeholders. There are some different measures that governments can take to promote CSR. However, regulation is not the only measure. Supporting CSR rather than commanding it, can be more efficient in promoting CSR.

Promoting CSR to SMEs is apparently one of the largest challenges now. It was suggested that governments should talk more about CSR, because SMEs listen to the government. Governments can also talk of the best company in CSR so that all other companies can follow it. Disclosure and transparency is crucial in promoting CSR, thus legislation to enhance transparency would be very helpful. Though some policy makers suggested efficiency of regulatory approach, most of the speakers who have actual experience in CSR insisted that CSR can be best achieved and promoted beyond command and control approach. So, CSR should remain to be voluntary and the governments can support it.

The participants also discussed social responsibility of both ADB and ADBI. They suggested that ADB can raise the standard of CSR by enforcing its safeguard policies on investment and that ADBI can continue its contribution by providing opportunities like this workshop to share experiences among different sectors. ADBI will consider hosting follow-up meetings.