

Sub-regional Conference on Corporate Social Responsibility in the ASEAN Economic Integration

20 - 21 June 2019

Holiday Inn & Suites, Makati, Philippines

1. The Conference was organized under the theme of "Advancing Responsible, Inclusive and Business Sustainable Corporate Social Responsibility in the ASEAN Region: Challenges and Opportunities"
2. The Conference aimed to contribute: firstly, to the strengthening of existing Corporate Social Responsibility programmes and strategies in the context of the ASEAN economic integration, and secondly, to identify areas and way forward for "principles-based, inclusive, and business-sustainable" CSR approach as a roadmap for decent work and sustainable business between and among the main stakeholders in the ASEAN economic integration.
3. The operations of government, businesses and other social organizations create impacts – whether negatively or positively – on people including on human rights, the environment and Society. The negative impacts are risks that should be assessed and addressed by all those concerned. Social Responsibility requires that these entities mitigate or eliminate their negative impact and multiply their positive ones preferably cooperatively and through their interlinked networks
4. Being based on commonly accepted international instruments to address compliance to human and labour rights, to urgently respond to climate change in all its ramifications, and to promote the 17 Sustainable Development Goals (2030), the ASEAN Guidelines on Corporate Social Responsibility for Labour, the ASEAN Regional Strategy and the Code of Responsible and Inclusive Business can provide a framework for the proper and appropriate practice of CSR in the Sub Region. In fact, CSR is considered by the ASEAN documents as a key strategy to realize the ASEAN aspirations and fulfill its common vision.
5. Even now, CSR is largely characterized by charity and corporate philanthropy. While this type of CSR has served some purposes then and now, this has not done enough to eradicate poverty, social and economic iniquities, and corruption in governance, or to reduce the prevalence of social, economic and political greed, likewise, to promote good governance. As aptly observed, "CSR is not about how money is spent; it is about how money is made". Thus, we now emphasize that CSR must move beyond charity and philanthropy.

6. The ASEAN Guidelines on Corporate Social Responsibility for Labour, together with the ASEAN Regional Strategy, and lately, the Code for Responsible and Inclusive Business (Code for RIB) provide a common definitional jumping board for, and understanding of, good CSR practice in the Sub-Region, to wit:

“The ASEAN Guidelines for CSR on Labour adopts “the definition of CSR according to the ILO Governing Body (2006), which is a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law.”

These documents also define the roles of states and governments, businesses, CSOs and trade unions.¹

7. While specificities in the practice of CSR are also framed by national context and circumstances, CSR the ASEAN way is, nonetheless, being anchored on a common set of principles enunciated in and provided by international instruments, the most important among which are those that are enumerated in the ASEAN Guidelines on Corporate Social Responsibility for Labour, the Regional Strategy, and the Code for RIB.²
8. The ASEAN Guidelines on Corporate Social Responsibility for Labour also proposes 9 Priority Areas³ where CSR may focus upon.
An accompanying document, The Code of Responsible and Inclusive Business identifies 7 subject matters for Responsible and Inclusive Business⁴ to carry out.

¹ These Roles are spelled out in Section of the ASEAN Guidelines on Corporate Social Responsibility for Labour and Section on the Code of Conduct for Responsible and Inclusive Businesses

² The ASEAN Guidelines mentions the following international instruments: ; Core labour standards concerning all forms of forced and compulsory labour (i.e. ILO Conventions No. 29 and 105); freedom of association and the effective recognition of the right to collective bargaining (i.e. ILO Conventions No. 87 and 98); elimination of discrimination in respect of employment and occupation (i.e. ILO Conventions No. 100 and 111); and abolition of child labour (i.e. ILO Conventions No. 138 and 182). Other labour standards regarding occupational safety and health (i.e. ILO Conventions No. 155, 161 and 187); standards on social security (i.e. ILO Convention No. 102); and migrant labour (i.e. ILO Conventions 21, 97 and 143); ILO Declaration on Fundamental Principles and Rights at Work (1998); Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (2006); UN Guiding Principles on Business and Human Rights (2011); UN Global Compact (2008); ISO 26000 on Guidance on Social Responsibility (2010); ASEAN Human Rights Declaration (2014); ASEAN Guidelines on Good Industrial Relations Practices (2012); and ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Labour (2007).

On the other hand the ASEAN Regional Strategy adds the following: ASEAN Human Rights Declaration (2012); Sustainable Development Goals (2015); ASEAN Guidelines for CSR on Labour (2016); and other globally-recognised standards and principles on CSR & Human Rights which include the ISO 26000 International Guidance on Social Responsibility (2010), OECD Guidelines for Multinational Enterprises (2011), Child Rights and Business Principles (2012), Women’s Empowerment Principles (2010) and the Global Reporting Initiative (GRI).

³ The 9 Priority Areas are: forced labour and child labour; employment and employment relationship; human resource development and training; conditions of work and life; industrial relations; migrant workers; sustainable development

⁴ The 8 subject matters mentioned are: governance, environment, labour, anti-corruption; human rights; consumer protection; community engagement and development

9. Lately, as adopted in the last International Labour Conference, the Centenary Declaration 2019, drawing from the Report of the Commission on the Future of Work, promotes business models that serves social and economic progress, adopting a human-centered approach.
10. In sum, the contribution of CSR to ASEAN integration will depend on how it promotes respect for human rights and the welfare of its people, on how it mitigates the impact of climate change and restore environmental balance, and on how it contributes to making enterprises and other entities to act in common and become sustainable actors in realizing economic and social progress. Put another way, the kind of CSR we want to promote is one with four interlinked bottom lines: People, Planet, Prosperity and Participation.
11. Despite the prevalence of charitable and philanthropic CSR and the comparatively lower performance of its top corporations in information disclosure on human rights, some case studies done in the Philippines "showed that principles-based CSR allows companies to proactively seize opportunities and manage their risks". CSR can be "a driver for new business models with a joint societal and economic return. It is a framework for stakeholder engagement particularly between management and union that ensures harmony and industrial peace. It is a risk management tool to address uncertainties and vulnerabilities in value-chain management."
12. Several oral and written observations during the Conference have pointed out the global trend that, other than following the ethos of social responsibility, the good practice of CSR builds trust and credibility for business, develops and enhances relationships with customers and employees, can turn risks into opportunities and mark the company as an employer of choice. These makes for new business opportunities that can increase profits and profitability.
13. The collaborative research studies done by the ASEAN CSR Network showed that "at present human rights disclosure among top listed companies in ASEAN falls substantially short of the benchmark set by the UN Guiding Principles on Business and Human Rights (UNGPR)." Further, while the average thematic diagnostic disclosure across these companies are sufficiently high in the areas of environment, OSH, and non-discrimination, it begins to fall off when it comes to respecting the rights of persons with disabilities, the exercise of freedom of association and free collective bargaining, sexual harassment, child labour, and forced labour. Lowest of all is corporate disclosure on human trafficking.
14. It is also particularly noted that the highest incidence of violations of core international labour standards seems to be among those countries who have ratified all 8 of these core standards.

15. Given the growing trend of principles-based and responsible business, inclusive and sustainable CSR, the practice falls short in the following respects:

- The application of core labour standards by enterprises, whether micro, small, medium or large, especially in economic zones; likewise, the lack of free, independent and strong trade unions, owing to legal and environmental constraints to their exercise of freedom of association and free collective bargaining;
- The application of CSR by the principals in relation to their supply and value chains, with emphasis on ethical business behavior of fairness particularly in trade, procurement and on responsible investment;
- The shortcomings of many institutional mechanisms, both regulatory and developmental, that could incentivize broader, greater and productive practice of CSR, including the lack of effective mechanisms for social dialogue and the networking of the various actors for CSR;
- Corporate disclosure of their CSR commitments have not been forthright or at low levels, among others of which may be due to the lack or weakness of independent third party monitoring and evaluation, the lack of specific guidelines and oversight by authorities or the willingness and capacity of corporations to undertake reporting requirements.

16. The Conference and its Workshops highlighted the importance of genuine social dialogue in realizing an inclusive and sustainable CSR that are based on commonly accepted international norms and standards and in embedding these in corporate operations. Aside from resulting in good industrial relations, genuine social dialogue, carried out in its three activities of exchange of information, consultation and negotiation, promotes mutual trust and respect among the stakeholders leading to social cooperation and harmony, which are necessary in shaping policies and undertaking programs that will redound to decent work for all, productivity of the enterprise and, consequently its sustainability and competitiveness.

17. Genuine social dialogue, however, rest on respecting the fundamental rights to freedom of association and free collective bargaining upon which bases social dialogue is carried out by free and independent employers' and workers' organizations, including civil society organizations. Thus, the first activity of CSR must ensure that these rights are fully exercised and respected.

18. Promoting the practice of principles-based, inclusive and sustainable CSR in the ASEAN is a challenge that the social partners must try to hurdle. To be effectively implemented, among others, and as a way forward the following are suggested:

- Raising the awareness and understanding of the social, economic and political actors about CSR that is principles-based, inclusive and sustainable towards building a culture of responsibility and partnership in the world of work and the world at large;
- Closer collaboration and networking among the variety of social actors including by and with government, especially in respect to promoting responsible, inclusive and sustainable businesses, such as social enterprises, in the supply or value chain;
- Strengthening the capacity of establishments to make public reports about their CSR commitments, and institutional arrangements to independently monitor and evaluate these commitments and disclosures;
- Capacity building for the CSR actors to better affirm their suggested roles and to strengthen their organizations, thereby, also strengthening the mechanisms of social dialogues at all appropriate levels of governance.
- Providing appropriate regulatory and developmental mechanisms and incentives to efforts that will promote responsible businesses and who are committed to CSR that are principles-based, inclusive because participative and sustainable.