

Attachment C

Full Economy Responses on CSR Developments in APEC economies

Australia

The level of CSR activity in Australia has been increasing rapidly in recent years. KPMG produces a comprehensive study of CSR activity globally every three years, *KPMG International Survey of Corporate Responsibility Reporting 2005*. In 2005, 23 per cent of Australia's top 100 companies produced a corporate responsibility report, either as a separate report or as part of their annual financial report. This was up from 2002 where 14 per cent of the top 100 Australian companies produced a corporate responsibility report. However, the average rate of reporting across the 16 countries that KPMG surveyed in 2005 was 41 per cent¹.

The inquiry into corporate responsibility by the Parliamentary Joint Committee on Corporations and Financial Services (the PJC) in 2006 found that "Australian companies have shown a greater engagement with the corporate responsibility agenda over the past decade, (however) the committee also heard that by international standards, Australia lags in implementing and reporting on corporate responsibility"².

Corporate Responsibility Index (CRI)

The CRI is a voluntary self-assessment tool that encourages companies to measure and manage their corporate responsibility performance and to benchmark themselves internally and against other companies. The companies which have completed the CRI have found this to be a useful tool for identifying areas for improvement and providing a framework to implement change. In 2006, 34 companies participated in the CRI. The CRI is made up of four components that require participating companies to show how they have dealt with corporate responsibility issues in relation to:

- corporate strategy: companies are asked to identify their corporate values in relation to four key areas of corporate responsibility — community, environment, workplace and marketplace. Companies have to demonstrate who has responsibility for these areas at a senior executive level and how they are linked to their overall corporate strategy, risk management and policies;
- integration: this highlights how effectively a company's corporate responsibility is translated from corporate strategy into mainstream management practice;
- management: participants must identify the key community, environmental, marketplace and workplace issues (risks and opportunities) that are material to their businesses. They must show how these issues are addressed through the setting of objectives and targets, stakeholder engagement and how these issues are monitored and communicated; and

¹ KPMG Global Sustainability Services, *KPMG International Survey of Corporate Responsibility Reporting 2005*, p. 9-10.

² Parliamentary Joint Committee on Corporations and Financial Services *Corporate responsibility: Managing risk and creating value* page xiii.

- performance and impact: participants must choose two environmental impacts, two social impacts and two other impacts — social or environmental, and link these to material issues identified in the management component.

London Benchmarking Group

LBG Australia/New Zealand is a business membership organisation whose members commit to measuring and benchmarking their corporate community investment contributions using the London Benchmarking Group (LBG) methodology. There are 20 member companies in Australia³. LBG is a systematic and comprehensive measurement and reporting model that provides companies with a standardized way of comparing 'inputs', 'outputs' and 'impacts' of their community investments. The model allows companies to determine how effective their investments are and compare their performance with their corporate peers based on a consistent standard.

Global Compact

The latest information we have received from the Global Compact Office in New York on 19 April 2008, is that 17 organisations that have their head offices located in Australia are participating in the Global Compact. Another 36 organisations are participating in the Global Compact by virtue of their group headquarters having signed on for their entire corporate group.

Global Reporting Index

The latest information we have received from the Chair of directors of the Global Reporting Index on 18 April 2008, is that 83 Australian organisations have reported following the GRI Guidelines and have registered their reports with the GRI Secretariat. The majority of organisations that report using the GRI Guidelines are companies. A small percentage consists of public agencies and not-for-profit organisations.

Standards Australia

Standards Australia has published standards on good governance principles, organisational codes of conduct, and corporate social responsibility (for example Standard 8003-2003 Corporate social responsibility), which are aimed at non-listed companies and not-for-profit organisations. The standards provide guidance to directors on how to implement effective good governance and corporate social responsibility policies in their organisations voluntarily.

Equator Principles

The Equator Principles are essentially a set of categorisation, assessment and management standards designed to identify and address any potential environmental and social risks that a proposed project may present. Equator Banks undertake not to finance any project with a total capital cost of US\$10 million or more, unless the project complies with the principles. Three Australian banks (Westpac, ANZ and National Australia Bank) have adopted the principles.

Currently, under both the *Corporations Act 2001* and the common law, directors have a duty to act in the best interests of the corporation. This broad duty allows for the officers of a corporation to exercise their powers and discharge their duties in the interests of community stakeholders, provided that this is also in the best interests of the corporation.

³ <http://www.positiveoutcomes.com.au/page.asp?partid=240>

In relation to non-financial reporting, the *Corporations Act 2001* requires directors to report on the material risks facing their listed public company. This may include discussion of the environmental, social and governance considerations. This is in addition to the requirement to report on whether the company is subject to any particular and significant environmental regulation of the Commonwealth or of a State or Territory.

Companies and listed entities with the Australian Securities Exchange (ASX) are required to provide a statement in their annual report disclosing the extent to which they have followed the ASX Corporate Governance Principles and Recommendations. Where companies have not followed all the Recommendations, they must identify the Recommendations that have not been followed and give reasons for not following them (if not, why not reporting). The Corporate Governance Principles and Recommendations are guidelines, designed to provide listed entities with a focus for re-examining their corporate governance practices. The principles include aspects of corporate social responsibility such as recommending that listed entities promote ethical and responsible decision-making through establishing a code of conduct.

Legislation other than the *Corporations Act 2001* imposes additional obligations on companies and their directors in relation to employees and the environment. For example, companies must pay their employees at least minimum rates of pay and they must comply with occupational health and safety, anti discrimination and equal opportunity requirements. Companies must also comply with a wide range of environmental requirements.

Westpac Corporation was cited in many submissions to the PJC as a leader in the adoption of corporate citizenship. Rio Tinto and BHP Billiton were also cited as leaders in their field. The mining and resources sector in general has been a strong performer. Australia's finance sector is also considered to be highly engaged. Some Australian companies have been key contributors to developments in the area of global reporting mechanisms. Westpac and National Australia Bank have contributed to international initiatives such as the Global Reporting Initiative⁴.

⁴ Parliamentary Joint Committee on Corporations and Financial Services *Corporate responsibility: Managing risk and creating value* page 14.

Canada

Canada's approach to CSR, which forms the basis for the actions and the guidance of the Canadian government in respect to CSR, is essentially the promotion of best practices for business operations. Voluntary CSR practices have been put in practice by Canadian companies from every sector over many decades. Many Canadian companies meet high CSR standards in managing the social and environmental risks associated with their international operations. Today, several Canadian industry associations and companies are recognized for their CSR leadership. While there is growing acceptance in Canada of CSR as an inherent part of doing business, Canadian companies have indicated that there is also a limit to what they are capable of providing in the area of support to the social, health and education concerns of the communities within which they operate abroad. Companies have underlined that there are many areas of responsibility that properly belong to governments.

On the international application of CSR, the Government of Canada encourages and expects all Canadian companies in all sectors working around the world to respect all applicable laws and international standards, to operate transparently and in consultation with the host government and local communities and to develop and implement CSR best practices. Multilaterally-agreed voluntary principles are a key part of Canada's application of this approach.

As a Member of the OECD, Canada is a signatory to the OECD Guidelines for Multinational Enterprises, a multilateral instrument to promote corporate social responsibility. As an adhering country to the Guidelines, Canada is obligated to establish and maintain a National Contact Point (NCP). The NCP is responsible for promoting the Guidelines and for handling inquiries and assisting in resolving issues that arise concerning specific instances of business conduct. As you are aware, Canada is also providing financial support for the review required by the OECD as a result of Peru's application to join the OECD Declaration on International Investment. Peru's adherence to the Declaration will include important commitments with respect to the OECD Guidelines.

As a long-standing member of the International Labour Organisation, Canada supports the rights of workers worldwide and particularly the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy which is considered the universal basic reference point for social responsibility in labour issues.

Canada is a major player in the international extractive sector and our companies have significant investments and operations abroad, including in Peru and other APEC economies. Canada supports efforts to help countries effectively manage their extractive sector contributing to economic and social development, and environmental stewardship, including transparent development of legislation in host countries and striking the right the balance between government responsibilities and corporate activity.

While CSR practices have been put in practice by Canadian companies from every sector over many decades, Canada's extractive sector has become a focus of interest for the Government of Canada and Canadians given the very significant size of Canadian Direct Investment Abroad in this sector.

In 2006, Canada hosted four National Roundtables on CSR and the Canadian Extractive Sector in Developing Countries. The Roundtables provided a unique opportunity to discuss ways to improve the knowledge and capacity of Canadian companies to operate in a socially and environmentally responsible manner. A number of government departments and agencies participated in the organization of the Roundtables. An Advisory Group, made up of non-government experts from across stakeholder groups (industry, civil society, labour, investment sector and academia) was also established. The Advisory Group recommended establishing a Canadian CSR Framework that,

building on the OECD Guidelines for Multinational Enterprises, would include an initial set of standards, incentives, reporting and compliance mechanisms. The Government of Canada is carefully reviewing all of the recommendations of the Advisory Group and will soon announce its course of action.

At the June 2007 G8 Summit in Heiligendamm, Germany, G8 leaders agreed to promote a consolidated set of internationally recognized CSR guidelines and principles for the extractive sector industry that will help clarify the expectations of investors in developing countries.

In February 2007, Canada became a supporting country in the International Extractive Industries Transparency Initiative (EITI), aimed at supporting improved governance in resource-rich developing countries through the full publication and verification of company payments and government revenues pertaining to the extractive sector.

Export Development Canada (EDC), a crown corporation, announced on October 25, 2007, that it has become a signatory to the Equator Principles, an international financial industry benchmark for assessing and managing social and environmental risk in project financing.

Canada's *Corruption of Foreign Public Officials Act (1998)*, makes it a criminal offence to bribe a foreign public official in the course of business.

Firms believe that CSR is a good business practice, that provides a clear competitive advantage, stimulating corporate innovation, enhanced corporate reputation, contributing to customer and employee loyalty, improved investor relations and access to capital, increased goodwill in resident communities and positive government relations.

Companies have adopted this approach to business with the goal to positively impact society while achieving business success. But it is also about delivering improved shareholder and investor value, providing enhanced goods and services for customers, building trust and credibility in the society in which the business operates, and becoming more sustainable over the longer term

Today stakeholders are looking beyond a company's economic performance to see if it conducts its business in an ethical and socially responsible manner, and whether it is moving toward sustainable business practices. Corporations can be motivated to change their corporate behaviour in response to the business case which a CSR approach potentially promises. This includes among others:

- stronger financial performance and profitability,
- improved accountability to and assessments from the investment community,
- enhanced employee commitment,
- decreased vulnerability through stronger relationships with communities, and
- improved reputation and branding.

Some principles, guidelines and codes of conduct that companies are using to develop their statements of commitment include:

- [OECD Guidelines for Multinational Enterprises](#)
- [OECD Guidelines for Corporate Governance](#)
- [United Nations Global Compact](#)
- [Caux Round Table](#)
- [Keidanren Charter for Good Corporate Behaviour](#)
- [Global Sullivan Principles](#)

- [Canadian Council of Chief Executives](#) (Governance, Values and Competitiveness: A Commitment to Leadership)
- [Canadian Coalition for Good Governance](#)

Another cluster of tools that are available to businesses involve the means by which companies can become more transparent about their performance on CSR through the presentation of information. Some of the more salient tools that are available in this domain include:

- [Corporate Sustainability Reporting Toolkit](#)
- [Global Reporting Initiative](#)
- [CSR Assessment Tool](#) Conference Board of Canada in partnership with Imagine
- [Good Company Guidelines for Corporate Social Responsibility](#) Canadian Business for Social Responsibility
- [Gaining Momentum - Corporate Sustainability Reporting in Canada](#) Stratos
- [Stepping Forward: Corporate Sustainability Reporting in Canada](#) Stratos
- [CSR Insight™](#) Five Winds International
- [Eco-efficiency Tools for Business by](#) Industry Canada

Companies report on their CSR activities to their stakeholders, following the various international standards where necessary and /or appropriate. However there is no requirement for a company to measure its activities against the CSR standards. Companies track, measure and report on their CSR performance as an effective communication and reputation management tool, building loyalty with customers, investors and suppliers around important values and issues. Others use it as a risk management tool. CSR reporting can also bring market advantage by putting firms in a better position to be included in the Dow Jones Sustainability Indexes <http://www.sustainability-index.com/> or the Jantzi Social Index <http://www.jantzisocialindex.com/> which can lead to being included in ethical investment funds and portfolios.

China

CSR is not an absolutely new idea to China. Under economic reform and the rule law, Chinese enterprises are, in general, kept accountable to shareholders and stakeholders. This concept has been reinforced since the notion of corporate governance was introduced into China a decade ago. Nonetheless, CSR has been attracting increasing attention in China as well as in the world. The commitment of businesses to sustainable development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development, is well received by the public and the governments at all levels in China.

The China Textile and Apparel Council is among the first Chinese industries to set forth their own CSR standards. CSC-9000T was formulated and officially published by the China Textile and Apparel Council in May 2005 to set out Chinese corporate social responsibility standards among Chinese firms. The standards are based on relevant Chinese laws and regulations as well as international practices. CSC-9000T is designed to serve as a capacity building program to train members on the best practices in complying with the Chinese legal standards, rather than an accreditation or audit-based system.

It is known to many APEC member economies that the state-owned enterprises(SOE) are the backbone of China's national economy. Most of them are under the supervision of the State Assets Supervision & Administration Commission (SASAC).

The SASAC attaches great importance to corporate social responsibilities undertaken by the SOEs. On 4 January 2008 SASAC promulgated *Guidelines on CSR Undertaken by the Centrally Owned and Managed Enterprises*". The Guidelines is the first document of its kind that was introduced by a ministerial agency in China. The Guidelines has now been translated into English and highly applauded by the international community. Well before the Guidelines was officially released, in 2007, SASAC initiated a nation-wide campaign of "Year of Good Services", which proved to be fruitful.

Chinese enterprises that have already put CSR on their management scheme are now reviewing their work against the Guidelines. Those enterprises that are pushing forward their CSR implementation include such big companies as COSCO, State Power Grid, China Mobile, etc. Incorporating CSR into corporate daily management is the basic requirement for the SOEs. COSCO has established a management system for sustainable development and social responsibility: from strategy to execution, from roadmap to operation, from decision-making to materializing, from goals to evaluation, from basic data collection to report drafting and publishing. Every link of the management is checked against the CSR requirement. The self-disciplinary document is a supplementary tool to carry out the SASAC Guidelines.

China Marine Oil has been publishing the Corporate Annual Report since the 1990s. The report includes, among others, case studies on health, safety, social welfare and environmental protection. Major power companies, such as China Energy and China Datang, have pledged to provide clean energy and reduce energy intensity and CO2 emissions. Voluntary commitments of this kind have become an integral part of their CSR. China Mineral and Metal, and China Telecom are now actively studying the CSR reports of other enterprises in an effort to present their own CSR reports in the near future.

The China Textile and Apparel Council has been implementing the CSC9000T Pilot Program since 2006. The multi-phase program is designed to test the practical applicability of the CSC9000T system in the textile companies of China, help them establish CSR management systems based on

continuously improving mechanisms, and set good examples on CSR for the whole industry. The time schedule is given as follows:

2006.04-2006.07	Initial Evaluation
2006.08-2006.10	Targeted Training and System Set-up
2007.04-2007.08	Re-evaluation
2007.08- present	Continuous Improvement

The China Textile and Apparel Council has set out the 2008 workplan.

- Publish 2007 Annual CSR Report the Chinese Textile & Apparel Industry in the first half of 2008
- Release Reporting Guidelines on Social Compliance for China Textile and Apparel Enterprises, and promote the CSR reporting system among big and publicly listed companies
- Assist the interested textile and apparel enterprises in compiling of social compliance reports
- Set up and improve the Social Compliance Performance Databank and resource Database
- Establish the Social compliance performance databank of enterprises under study
- Set up the CSR Resources Databank focusing on CSR issues in the global textile supply chain

Since June 2006, the China Textile and Apparel Council has conducted a series of capacity building projects entitled "10+100+1000 Multiplier Project". More than 3,600 managers and employee representatives from almost 1000 SMEs in ten industrial clusters attended the awareness-raising training courses in a three-month period. In these clusters, about 100 medium-and-large sized enterprises have completed the initial evaluation of CSC9000T, accepted on-site training, and worked on the establishment of CSC9000T CSR management system or trial running the system by April 2008. The China Textile and Apparel Council provided timely training on the revised Labour Contract Law in Shanghai and Shenzhen to companies under the "10+100+1000 Multiplier Project". Over 100 managers from 50-plus companies participated in the program.

Trade unions and other non-governmental organizations are also the driving force to promote CSR in China. In 2006 the All-China Federation of Trade Unions launched an activity entitled "creating model enterprises with harmonious labour relationship". The activity aims at establishing a fair, equitable, win-win, and harmonious labour relationship with new socialist features. Based on that relationship, equitable consultations on collective contract formation system, labour contract signing and implementation, protection of the legitimate rights of employees, compliance with laws and factory discipline, implementation of TORs of Trade Union and CSR have been incorporated into the terms of Harmonious Enterprises.

In September 2007, the All-China Federation of Trade Unions supported by the Ministry of Labour and Social Security, the National Association of Enterprises and Entrepreneurs awarded a number of enterprises the titles of "Harmonious Labour Relationship Enterprise" and "Harmonious Labour Relationship Industrial Park". The honorary award helps promote CSR awareness and implementation.

The All-China Federation of Trade Unions is involved in promoting CSR in enterprises at local level. Corporate managerial staff is required to ensure the political, economic and cultural rights of the employees. By 2010, a full-fledged legal system to protect employees' rights will be established in order to provide enhanced guarantees for CSR implementation.

As international organizations play an increasing role in CSR, the state-owned enterprises of China are actively participating in international exchanges of experiences with them. So far at least 13 state-owned enterprises have joined the Global Compact. Many state-owned enterprises follow the

model of the Global Report Index (GRI) in preparation for their own CSR reports. Since its admission into GLOBAL COMPACT, COSCO has been following international practices with regard to CSR, safety, energy saving, environmental protection, and anti-corruption and has taken active steps to contribute to public good. COSCO is a leading company among China's state-owned enterprises. Its 2005 annual report on sustainable development was commended as a model by the UN Global Compact. The report can be accessed at the UN Global Compact website.

To further enhance international exchanges on CSR, SASAC and the Swedish Government co-hosted the High-level Sino-Swedish Symposium of CSR on 14 April 2008 in Beijing. Mr. Fredrik Reinfeldt, Prime Minister of Sweden and Mr. Li Rongrong, Minister of SASAC made remarks at the symposium. The CEOs of SINOPEC, China Mobile, South China Power Grid, China Steel Group Company, Ericsson, Volvo, and Electrolux reported their performance with regard to CSR. The State Power Grid participated in the 5th Plenary Meeting of Working Group on CSR of ISO last November and took part in the formulation of ISO26000. To help formulate ISO26000, China sent six specialists of the General Administration of Quality Supervision, Inspection and Quarantine of China to the ISO26000 negotiations.

Chinese industrial sectors and enterprises share the view of international brand owners and buyers that the global supply chain bears a common responsibility towards the society and mutual responsibility towards each other. Therefore, the Chinese industries have worked closely with the international business community to streamline responsibilities along the international supply chains. For instance, China Textile and Apparel Council signed an agreement, in May 2007, with the European Foreign Trade Association who operates the standard of BSCI in a joint effort to advocate and implement the supply chain responsibility (SCR), with view to unifying the CSC9000T and BSCI systems in practice and reducing factory auditing. The joint effort will ultimately help foster a fair and responsible trading environment. In 2008, such an approach will also be introduced to CNTAC's cooperation with the American organization WRAP.

Nowadays, CSR has become a catch word in China. Government officials, unionists, NGOs, and entrepreneurs are making every effort to highlight the importance of corporate social responsibility. They use the various social events to drive home their message that CSR should be an integral part of modern corporate management. Good examples are advocated to point to this new direction.

On 12 September 2007, China Telecom, China Mobile, BAOSTEEL, CHINA Construction and Sinopec were awarded by the FORTUNE magazine "the most appreciated companies in the region of China" in the 10th Nomination of the Most Appreciated Companies of the World.

On 16 December 2007, at the Great Hall of People in Beijing, the Summit on China's National Brand Names and CSR and Release of Survey Results on 2007 CSR" awarded "China CSR Prize" to 20 Chinese and foreign enterprises, including State Grid, PetroChina, China Mobile, Exxon Mobil, Siemens, Hewlet-Packard (China), Nokia, McDonalds, etc. The State Grid ranked the first in terms of composite points.

On 19 January 2008, State Grid, China Unicom, Chinalco and SINOCEM were awarded "China's Enterprise of Excellence in CSR" at China's 3rd Summit on CSR. The China National Textile and Apparel Council is another leader and champion in promoting CSR in China. CSC9000T was developed by the Council. In China, officials actively endorse efforts to enable the economy to be a pace-setter, not simply on the receiving end of standards developed elsewhere. CSC9000T, a textile industry standard, was developed by the China Textile and Apparel Council with government support and was published in May 2005. It is based on Chinese law and provides a management system for companies wishing to be socially responsible.

Chile

Chile is facing new challenges by the globalization of markets and by Chile's policy regarding Free Trade Agreements (FTAs) with all its main trade partners. This creates an increasingly favourable but complex business environment that drives to the adoption of a more sophisticated approach to Corporate Social Responsibility (CSR). In this context, there is significant interest on CSR, especially among export oriented industries (mining, fruit, food, timber and to less extend salmon), but also in capital intensive industries (mining, energy, sanitation, chemical, steel).

In all these cases, the industry association is actively promoting the adoption of good practices and many of their leading companies are reporting under Global Reporting Initiative (GRI), especially under G2 and G3 models, depending on their evolution. Many others have adhered to the UN initiative (Global Compact). Companies under this initiative implement their plans taking into account stakeholder's interests and assuming commitments on accountability and accomplishment.

Nevertheless, the way of quantification and the use of some of these indexes and their homologation depend on the type of companies. For example companies making transactions in Dow Jones must report through G3, if possible before the third month of each year.

- What are the main CSR standards or benchmarks used by the business community in your economy (including international initiatives such as the UN's Global - Compact, the Global Reporting Index (GRI) & ISO 26.000?

It will greatly depend on the Industry. For example, Chemical refers to Responsible Care; timber to FSC; Fruit to Global GAP and Mining to ICMM. In all these cases, the industry related standard is the platform on which they support and endorse social responsibility. In general, Global Compact is accepted, although the most relevant for most of the players is GRI which is being promoted and used extensively. With respect to ISO 26000, even if it is not yet a standard, some companies have been developing and even adopting the COP's (Communication in Progress) format of Global Compact. Regarding to this initiative, there is significant participation on it, with a vibrant mirror committee created in December 2004 and coordinated by the *Instituto Nacional de Normalización* (INN) (Standardization National Institute). According to the commitment of Chile with SR next ISO Working Group Plenary Meeting will take place in Santiago in September 2008.

- Are there any requirements for publicly listed companies in your economy to report on progress against CSR standards?

Some companies that operate in Chile are listed out of the country. In those cases, they do have some CSR related requirements that "cascade" into Chile. In the case of Global Compact initiative a letter declaring the commitment to include in a progressive way the accomplishment of the 10 Global Compact principles is required to companies willing to adhere. Those companies commit themselves also to send each year their accomplishment report with a sustainable report. This allows knowing how the development of the company has been through the year and how the Global Compact principles have been implemented.

- Are there any stand-out examples of CSR best practice in your economy or any useful resources such as websites/reports/articles on CSR?

There are many public-private industry wide initiatives. The 3rd Inter American Conference on CSR was organized in 2005 in Santiago jointly by IDB and the *Confederación de la Producción y el Comercio* (CPC) (Chilean Production and Commerce Confederation). The Antofagasta Mining

Cluster Sustainable Development Council is working on an Industry/territory wide strategy, including 1200 SMEs.

The Wine Cluster is working with 800 companies on environmental sustainability, as first step. The Fruit Exporting Industry is at 90% an applicant of Global GAP, as first step. The timber exporters have certified 60%+ of their exported production.

Companies operating in the stock exchange must include in their Annual Balances the amount used on investments related to environment.

On the Government side, the national definition of Excellence (quality award) was changed and included sustainability measures and guidance through a public institution "*Chile Calidad*". Corfo, the government agency for economic development, in partnership with Industry and *Vincular* (local think-tank) is about to launch a set of subsidies for SMEs to include CSR into their practices, and to large companies to develop their supply chain based on sustainability.

Chile has adhered to the OECD Decision establishing the latest version of the OECD Guidelines for Multinationals Enterprises and has also ratified the OECD Anticorruption Convention in 2001. The National Contact Point has organized many dissemination activities since the adherence to the OECD Guidelines for MNEs. In the Association Agreement between Chile and the European Union there is also a special mention to the observance of these guidelines.

The promotion of CSR is also mentioned in the Chile United States FTA, Article 19.10.

During 2007 a number of events have been organized by PROCHILE, the Governmental Agency for promoting Chilean exports in goods and services with *Vincular*, a national think tank, in many regional seminars.

A special mention of some SR core issues such as labour and environment have been included in our FTAs since 1996, with Canada, European Union, PR of China, United States, Korea, Japan, Panama, Peru and Colombia.

Some think-tanks and NGO`s are supporting this agenda, such as *Vincular*, *AcciónRSE*, *Fundación PROHumana*, *Red Puentes*, *Cenda*, among others.

Hong Kong, China

Corporate social responsibility (CSR) awareness is generally high among the business community in Hong Kong, China (HKC). Concerted efforts by the Government, business sector and non-governmental organizations (NGOs) will continue to advance its development. As highlighted by the Chief Executive in his 2007-2008 Policy Address: *“In the coming decade, Hong Kong will remain a balanced, pluralistic, stable and advanced city. We play by the rules of a free market while stressing corporate social responsibility... We pursue economic growth, and care about environmental protection and cultural conservation ...”*.

Whilst there is not any universally agreed scope or definition, CSR in HKC is generally understood to mean the continuing commitment by a business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. It includes all the positive contributions which a company should make to the wider community through its core business activities, its social investment and philanthropy programmes. These contributions are determined by the manner in which a company manages its economic, social and environmental impacts and its relationship with different stakeholders.

Level of Activity and Interest in CSR in HKC

The business community in HKC generally has a high sense of CSR, particularly for large corporations. Some corporations have made CSR an integral part of their corporate culture and have, through different ways, shared their successes with the community with a view to creating a better and sustainable future. These include issuing company reports on CSR, sponsoring young people to participate in international community service and environmental conservation projects⁵, and helping small and medium enterprises (SMEs) become more profitable and productive by implementing socially and environmentally responsible business practices⁶.

Some companies (including large corporations as well as SMEs) have demonstrated their commitment to CSR through corporate volunteerism. They deploy their staff, expertise and resources to help the needy in the local community, building up closer neighbourhood relationship and their corporate image. Some business corporations have also implemented welfare projects to serve the disadvantaged, apart from providing donations.

Corporate environmental responsibility is also an important element of CSR. In response to the active promotion of the Government, many organizations in HKC have implemented environmental management system and are certified to ISO 14001 Environmental Management System (EMS) Standards. Environmental Performance Reports (EPRs) are published. The total number of ISO 14001 EMS certificates in HKC was 572 as at end 2007, with an average annual increase rate of 21% over the past five years. In 2006-07, among some 1 000 listed companies in HKC, about 18% disclosed environmental information on their websites in the form of EPRs or Sustainability Reports, increased from 9% in 2004-05. Many companies have consciously adopted more efficient uses of resource materials, reduced wastes and saved energy, and attached great importance to their environmental performance.

Apart from taking individual actions, companies have also joined hands in taking collective actions. Examples are the putting in place of the **Clean Air Charter**⁷ which engages the Government,

⁵ For an example, please visit http://www.cathaypacific.com/cpa/en_INTL/aboutus/iwe

⁶ For an example, please visit <http://www.banking.hsbc.com.hk/hk/commercial/livingbusiness/default.htm>

⁷ For details, please visit <http://www.cleanair.hk/eng/>

business sector and community in a collective effort to combat air pollution and improve air quality; and an industry-wide campaign which aims to reduce pollution that is affecting residents in Hong Kong and the Pearl River Delta region⁸.

A number of NGOs are actively promoting CSR in HKC. Examples are:

- (i) the **Caring Company Scheme**⁹ by the Hong Kong Council of Social Service to bridge the private and social service sectors in strategic partnership, and to develop a strong and sustainable platform for individuals, companies and organizations to join hands to build a caring and harmonious society;
- (ii) the **Hong Kong Corporate Social Responsibility Charter**¹⁰ launched by the Community Business to encourage organizations to recognize the importance of CSR to their business and to agree to the values and aspirations incorporated in the Charter; and
- (iii) the **Hong Kong Green Purchasing Charter**¹¹ launched by the Green Council to raise awareness and use of green purchasing as a means to reduce and avoid adverse environmental impacts in Hong Kong.

CSR Standards

Due to the broad nature of CSR, different standards are adopted for different areas of concern. For instance, ISO14001 and OHSAS18001 are adopted to address environmental issues and occupational health and safety management respectively. There are also guiding principles for specific sectors to adopt, for example, ethical trade initiatives, business social compliance and equator principles. Some companies adopt the Global Reporting Initiative sustainability reporting format for their sustainability or CSR reports. In global supply chain, there is a trend for famous brands to establish their own business code of conduct requirements for their suppliers from emerging market, such as Business Social Compliance Initiatives, International Council of Toy Industries, Worldwide Responsible Apparel Production, and Ethical Trading Initiatives. In respect of the standards and benchmarks for environmental performance reporting, a “Benchmark for Environmental Performance Reports” was published by the Government in 2002. On corporate governance, the Hong Kong Financial Reporting Standards (HKFRS) have been fully converged with International Financial Reporting Standards since January 2005. HKFRS set out recognition, measurement, presentation and disclosure requirements dealing with transactions and events that are important in financial statements.

CSR Reporting Requirements

The Listing Rules (Main Board) set out the recommended additional disclosures to be made in the management discussion and analysis prepared by listed companies, including -

- a discussion on the company’s environmental policies and performance, including compliance with the relevant laws and regulations; and
- an account of the company’s key relationships with employees, customers, suppliers and others, on which its success depends.

⁸ For details, please visit http://www.industryhk.org/english/fs/fs_pp/fs_pp_one.php

⁹ Under the scheme, volunteering, willingness to employ the vulnerable groups, establishment of an employee-friendly and gender sensitive environment, environmental protection, sharing of business expertise with NGOs and donations to NGOs are encouraged and awarded. In 2007-08, over 1 500 business and public organizations were awarded the “caring company” or “caring organization” logos. For details, please visit <http://www.caringcompany.net/>

¹⁰ For details, please visit http://www.communitybusiness.org.hk/CSR_Charter.html

¹¹ For details, please visit <http://www.hkgpc.org/>

HKC have commenced in mid 2006 to rewrite the Companies Ordinance with a view to modernising our legal infrastructure to further enhance HKC's status as a major international financial and business centre. One of the guiding principles of the exercise is to enhance corporate governance. One of the proposals we will pursue is to require public companies and large private companies to include in the directors' annual reports information relating to environmental and employee matters that have a significant impact on the company. The requirement will be set in general terms without prescribing detailed CSR standards. Public consultations on the proposals will be conducted in mid 2009 and we aim to introduce the new requirements into our legislature by the third quarter of 2010.

Some useful websites on CSR in HKC are –

- “Benchmark for Environmental Performance Reports” (http://www.epd.gov.hk/epd/english/how_help/tools_epr/epr_benchmark.html);
- the Hong Kong Productivity Council provides advice and consultancy services on Green Manufacturing and establishes the Green Manufacturing Network providing an access point to a wide range of green manufacturing information, seminars and workshops designed to raise awareness on green manufacturing and share best practices (<http://www.gmn.hkpc.org/>);
- organizations providing services on CSR include CSR Asia (<http://www.csr-asia.com/>), Community Business (<http://www.communitybusiness.org.hk/>) and Business Environment Council (http://www.bec.org.hk/eng/csr_check.aspx);
- through the Hong Kong Ethics Development Centre established under the Independent Commission Against Corruption (ICAC), the ICAC promotes business and professional ethics on a long-term basis as the first line of defence against corruption to maintain HKC's level playing field. Information on the Ethics Development Centre is found on its website (<http://www.icac.org.hk/hkedc>); and
- NGOs endeavouring in promoting CSR include Tung Wah Group of Hospitals (<http://twghcsd.nzcreative.com/index.php>), Mental Health Association of Hong Kong (<http://www.mhahk.org.hk/>), Hong Kong Federation of Youth Groups (<http://www.hkfyg.org.hk/new/eng/front.htm>) and Hong Kong Children and Youth Service (<http://www.cys.org.hk/eng/main.htm>).

The Public Sector's Effort in Promoting CSR

HKC has been actively encouraging the business sector to care about their employees and the community, and to put their resources, experience and expertise to good use in helping the needy as well as minimizing negative impacts to the environment as a way of fulfilling their CSR. With a view to providing an enabling and encouraging environment for the business to pursue CSR goals, the Government and a number of subvented and public organizations have introduced a number of initiatives, which are set out at the **Annex**. HKC will continue to encourage the business community to actively taking up CSR through different channels to ensure sustainable economic growth. We stand ready to share our experience with APEC member economies.

Japan

Historically, Corporate Social Responsibility (CSR) is nothing new to Japan as various forms and types of CSR practices have long been an integral part of the socioeconomic system. Two of the key reasons for the historical existence of CSR in Japan can be found in the very nature of the corporation in Japan and the government sector assuming the task of overseeing the social responsibility of the entire economy.¹²

The general level of activity and interest in CSR within the business community in Japan is fairly high although there are no internationally-standardized criteria to evaluate it. In spite of its voluntary basis, the business community in Japan took CSR issues so seriously that Nippon Keidanren (The Japan Business Federation) had proactively developed the Charter of Corporate Behavior early in 1991 in light of the importance of CSR and the growing awareness of CSR in the society. Please see attached website for your reference: (<http://www.keidanren.or.jp/english/policy/csr.html>)

As seen in this activity, Japanese business community has been consistently tackling the CSR issues in a positive manner.

Since CSR activities are conducted on a voluntary basis, we do not have any common domestic CSR standards or benchmarks in Japan. Now ISO is in the process of developing ISO26000 to create common guidance for corporate social responsibility by the end of 2010. Japan is actively participating in the process of developing this international standard of social responsibility, together with INDECOPI of Peru.

We do not have such requirements as to order or recommend companies to report on progress against CSR standards in Japan. Normally, CSR is not legally binding and its implementation is left to each company on a basis of voluntarism in Japan.

Many Japanese corporations publish CSR reports voluntarily and utilize them as tools to facilitate constructive dialogue with stakeholders.

¹² Corporate Social Responsibility in the APEC Region: Current Status and Implications, December 2005, Human Resources Development Working Group.

Korea

Korean corporations have been unresponsive to CSR, but this trend is about to change.

Until now, many Korean corporations, mostly SMEs, lacked interest in or capacity for CSR. Their understanding of CSR was mainly centered on philanthropy or charity events. No more than sixty sustainability reports have been published by Korean corporations up to 2007, which is a far smaller number than that of other advanced countries in this region.

Now, the Korean business community is showing more commitment to CSR. In March 2008 the Council of Chairmen of the Federation of Korean Industries (FKI) adopted a “Resolution to Strengthen Enterprises’ Corporate Social Responsibility,” pledging to fully carry out CSR. The resolution set forth a plan to monitor the CSR management of its member companies by setting up a CSR Council in each member company and a Corporate Ethics Council in the FKI. In addition, the Korean Chamber of Commerce and Industry announced that it would assist with capacity building for CSR management of SMEs.

Currently, 112 Korean companies are participating in the UN Global Compact, and an increasing number of companies are publishing sustainability reports in line with the Global Reporting Initiative (GRI). According to a survey conducted in 2007, the guidelines most frequently used by Korean corporations were GRI and BSR (B.E.S.T Sustainability Report Guideline). The BSR is a tailor-made version of GRI and provides a more applicable guideline for Korean corporations. It contains five levels of reporting framework depending on the type of a company, so that each company may choose according to its own status (e.g. conglomerate, SMEs, venture business).

There is no legal requirement in Korea for companies to report on progress against CSR standards. Companies publish their sustainability reports on their own initiative.

Examples of best CSR practices

- **Samsung SDI:** eco-friendly technology innovation (e.g. the methanol fuel cell with the world’s highest energy density, battery for hybrid energy vehicle), Life Cycle Assessment, eco design, etc.
- **POSCO:** eco-friendly technology innovation (e.g. commercial small hydro), CDM (Clean Development Mechanism) projects under the UN Framework Convention on Climate Change, CO2 management system, etc.
- **Yuhan-Kimberly:** improvement in maternity benefits, extension of retirement age, reduction of working hours and greater employment in return, etc.

CSR information for Korea may be found in the following web sites:

- **Center for Sustainable Management:** csm.ips.or.kr
- **Online Self-test of Your Sustainability (SISA) and Korea Business Ethics Index (KoBEX)** are available at csm.ips.kr
- **Korea Business Council for Sustainable Development:** www.kbcSD.or.kr
- **Business Institute for Sustainable Development:** www.bisd.or.kr
- **CSR Times:** news.sustain.kr
- **Ecofrontier (a CSR consultancy):** www.ecofrontier.co.kr

Mexico

What is the general level of activity and interest in CSR in your economy?

In Mexico there isn't yet a consensus on the concept of Corporate Social Responsibility (CSR). However, it can be defined as the active and voluntary contribution of businesses to improvement social, economic and environmental aiming to improve its competitive position and its added value.

What are the main CSR standards or benchmarks used by the business community in your economy (including international initiatives such as UN's Global Compact, The Global Reporting Index (GRI) & ISO 26000)?

In Mexico, the CSR is a private sector initiative that organizes forums to promote its main practices; the models for developing successful projects, trends and success stories. It is worth mentioning that officials from different branches of the Federal Government have been invited to such forums.

Are there any requirements for publicly listed companies in your economy to report on progress against CSR standards?

Méxican Government gives monitoring and dissemination to the OECD Guidelines for Multinational Enterprises, coordinated by the General Direction for Evaluation and Follow-up Negotiations of the Ministry of Economy, with the commitment of promoting and disseminating them by making them accessible through Internet; distributing printed materials such as brochures; and conducting briefings, and supports that they should not be used for protectionist purposes or in ways that cast doubt on the comparative advantage of any country in which multinational companies invest.

Are there any stand-out examples of CSR best practice in your economy or any useful resources such as websites/reports/ articles on CSR?

It is important to mention that the OECD Guidelines are not an instrument of taxation, rather they seek that multinational companies operate in line with government policies and social expectations, contributing to the improvement of the climate for foreign investment and encourage their contribution to sustainable development.

New Zealand

Within New Zealand discussions on issues relating to the social and environmental impacts of private sector activities tend to take place within the broader framework of a “sustainability” agenda, rather than the more narrowly-focused Corporate Social Responsibility approach. Sustainability involves conducting economic activities that meet contemporary needs without compromising the ability of future generation to meet their own challenges. New Zealand takes a holistic approach to sustainability embracing economic, environmental, social and governance elements.

Around 15% of New Zealand businesses are thought to have adopted CSR practices in a formal sense (i.e. developing formal CSR strategies and reporting against reporting structures such as the Global Reporting Initiative). The percentage is higher for medium-to-large size New Zealand firms, with major companies in a range of sectors completing annual reporting using the GRI method (specific examples provided in Annex A). Most companies in this range already include a statement of corporate governance in their annual reports in keeping with the nine principles of corporate governance established by the New Zealand Securities Commission in 2004. Two New Zealand companies have also signed up to the UN-led Global Compact initiative.

The high proportion of SMEs in the New Zealand economy - 84% of New Zealand businesses employ 5 employees or less – constitute a significant challenge for promoting higher levels of formal CSR reporting given the compliance costs involved. However, awareness of and engagement on sustainability issues by New Zealand firms of all sizes has been steadily growing in recent years, with surveys indicating that an increasing number of businesses identify sustainability as an important part of their operations. This has led to a range of innovative responses to sustainability being pursued by New Zealand businesses outside traditional forms of CSR, including the development of a range of domestic sustainability monitoring and assessment tools for use by business (see below).

There are no requirements for publicly listed companies in New Zealand to report on CSR. Instead the New Zealand Government seeks to facilitate and promote sustainable business practices in a number of ways, working with New Zealand businesses and Non-Profit Organisations (NPOs) already providing leadership in this area.

As a member of the OECD New Zealand is an adherent to the OECD Guidelines for Multinational Enterprises, and has a framework in place for their implementation and promotion both to multinational enterprises operating in New Zealand and to New Zealand multinationals operating overseas. New Zealand is also an adherent to the OECD Anti-Bribery Convention. New Zealand recognises the principles embodied in the UN Global Compact initiative and the ILO Tripartite Declaration and continues to engage in the working group process for the development of a set of CSR guidelines led by the International Standards Organisation (ISO26000).

In February 2007, the Government launched the Business Partnerships for Sustainability initiative as part of its programme to encourage more sustainable practices in New Zealand households, communities, businesses, local authorities and central government. Business Partnerships for Sustainability focuses on working with business, government agencies and business support organisations to help firms pursue environmental integrity within their business model. One of the elements of the Business Partnerships initiative is the Building Sustainable Business Capability project which is designed to build the capabilities of business to respond to sustainability by increasing the knowledge, understanding and practice of sustainability within New Zealand firms.

Delivery of the Building Sustainable Business Capability project involves working with the business community to identify the most effective ways of designing, leading and implementing activities to encourage sustainable business practices. The project seeks to facilitate the integration of sustainability into existing business-capability programmes, the development of new programmes, and the expansion of existing programmes where appropriate. Specific tools and mechanisms identified for building sustainable business capability include: the adoption of assessment tools, excellence models and awards; the provision of relevant education, training, mentoring and advice; the development of networks and identification of case studies; research, benchmarking and best practice guidelines; and the establishment of effective standards and certification schemes.

The approach taken by the New Zealand Government has been to maintain and strengthen the capability of businesses and other stakeholders to lead on these initiatives while providing targeted support to facilitate this, including through providing a strategic framework for capability building; promoting understanding of the key drivers of sustainability; and providing targeted funding to support business-led sustainable business capacity building initiatives (see below). The Government also seeks to promote sustainability practices through sponsorship of a number of awards for voluntary sustainability initiatives, such as the Ministry of Environment's Green Ribbon Awards.

In addition, the New Zealand Government has sought to promote sustainable business practices by improving its own sustainability performance (including through establishing the goal of achieving a carbon-neutral public service) and by including sustainability criteria into its procurement policies. In addition, it was decided in October last year that all New Zealand State Owned Enterprises will be required to report on their CSR policies and procedures.

Awareness and understanding of sustainability issues has been growing steadily in New Zealand in recent years, and increasingly influences both consumer behaviour and business practices. The New Zealand business community and various NPOs have sought to provide leadership and support in translating high levels of interest into the adoption of sustainable business practices. Business leadership on sustainability issues has taken a number of forms including information sharing and capacity building on sustainability best practice, input into policy-making processes, and development and implementation of sustainability standards and verification schemes.

A key business body engaged in promoting sustainable business in New Zealand is the **New Zealand Business Council for Sustainable Development**, an incorporated society made up of CEOs from about 71 member businesses. It seeks to provide business leadership in relationship to sustainable development and to promote eco-efficiency, innovation and responsible entrepreneurship. The NZBCSD is one of about 60 "regional networks" of the World Business Council for Sustainable Development (WBCSD).

New Zealand's **Sustainable Business Network** (SBN) has a larger membership composed primarily of small and medium sized enterprises. A member-based organisation, the SBN offers a range of tools, resources, case studies and events for members and non-members to facilitate uptake of sustainable business policies and practices. Its flagship programme is the "Get Sustainable Challenge", a sustainable business diagnostic tool designed to help businesses measure and improve environmental and overall business performance. The SBN also organises the annual National Sustainable Business Awards which seek to recognise examples of sustainable business best practice in New Zealand businesses.

Business New Zealand is New Zealand's largest business advocacy group, its membership representing employers of around 80% of New Zealand's workforce. It engages on a wide range of

issues relevant to CSR through its policy input, research, advocacy and training assistance on issues such as the environment, employment relations and workplace health and safety.

A number of public and private organisations in New Zealand have been active in the development of sustainability standards and verification schemes. One example is the Crown Research Institute **Landcare Research**, an environmental research organisation specialising in sustainable management of land resources, optimising primary production, enhancing biodiversity, increasing the resource efficiency of businesses, and conserving and restoring the natural assets of communities. Its programmes include the Enviro-Mark NZ certification scheme for health, safety and environmental management; its carboNZero certification programme for helping businesses measure, manage and mitigate their carbon dioxide (CO₂) emissions; its Emissions-Biodiversity Exchange service assisting landowners to sell carbon credits from regenerating forests to third parties; and its consultancy services for implementation of triple bottom line management and reporting.

Several **Non-Profit Organisations (NPOs)** have been active in New Zealand in providing businesses with the tools and practices to improve their sustainability performance, including The Natural Step New Zealand and TerraNova (see Annex A). A number of **sector-specific initiatives** have also been launched to improve sustainability in areas such as tourism, film-making, plastics manufacturing and the wine industry.

Peru

In Peru Corporate Social Responsibility (CSR) has evolved slowly from a traditional concept of business philanthropy to the adoption of formal practices, policies and programs in large companies in a number of key sectors. While there is still a general reluctance to adopt and internalize practices of CSR formally, there are now a considerable number of companies in Peru – particularly large enterprises – that are striving to be socially responsible.

Peruvian companies are becoming more seriously engaged in CSR. For many, the focus remains on community outreach, while for other companies the concept of social responsibility relates to legal compliance. However, for a group of companies, CSR is being taken to dimensions that go well beyond this level, being driven from inside the organization, in order to be able to project the core values of the enterprise towards society as a whole. The evolution of the management of social responsibility within Peruvian business has been based on an explicit recognition that there is a multiplicity of stakeholders with a legitimate interest in the affairs of the enterprise. Today it is understood that there are different levels of interest in the success of business including the government, suppliers, clients, workers, shareholders, NGOs, and the community at large.

Corporate philanthropy has been facilitated by the creation of corporate foundations aimed at sustainable development in their geographical areas of influence. A key initiative has been the creation of the organization Peru 2021, whose mission is to develop and propagate a long-term vision for Peru, wherein private companies become a key development engine, incorporating the social and environmental responsibility and contributing to the improvement of the quality of life and the environment. Peru 2021 includes among its key objectives a better quality of life, respect for the law, solidarity, and a sense of social community.

In spite of the efforts to improve CSR in Peru, there are still challenges and opportunities to improve future performance. Knowledge and practice of CSR needs to advance not only at the big company level, but also in small companies, the media and the academic community.

In the case of the extractive and energy industries, the changes that mining companies have implemented as a consequence of their adoption of managerial social responsibility have taken on the form of a restatement of their communication strategies for the communities living in their areas of influence. They have also started to invest in social and infrastructure programs in these communities so that they can achieve sustainable development over and above what the company can provide. The mining sector has striven to use clean technologies that limits or prevents damage to the environment. It is necessary to mention that the companies associated with the Sociedad Nacional de Minería, Petróleo y Energía (National Society of Mining, Petroleum and Energy), have adopted and assumed a Social Responsibility Code of Behavior where they declare their responsibility to their external and internal environments.¹³

Research on CSR in Latin American SMEs (Vives, Corral and Isusi, 2005) reports wide differences in behaviors between micro, small and medium sized enterprises in Peru. Medium-sized Peruvian firms have good practices on internal CSR issues (i.e. in the workplace), they also monitor their emissions to the environment, and they have waste treatment processes in place and implement environmental management systems. On the other hand, micro and small enterprises show higher interest on community issues, it is common that owners and managers are well known and support their communities, but do not call this “social responsibility.” The Universidad del Pacífico

¹³ Corporate Social Responsibility in the APEC Region: Current Status and Implications, December 2005, Human Resources Development Working Group.

considers that the critical economic situation is unlikely to change significantly in the years to come.

According to a survey about CSR awareness of executives and businessmen in Peru, there is a positive trend towards progress in different aspects of CSR. It was observed that an increasing number of companies, 40 percent, understood that CSR is part of the managerial practice of the company and that internal and external policies need to be articulated. Only 5 percent of the interviewed executives considered that social policies and CSR activities are of no benefit to the company. As a main reason for not participating in CSR, 46 percent indicated the lack of vision of the company, i.e. the lack of decision of the executives rather than the lack of resources or difficulties with the legal framework of the country.¹⁴

¹⁴ Cici, Carlo & Ranghieri, Federica (2008) 'Recommended actions to foster the adoption of CSR practices in SMEs' (Inter-American Development Bank).

Singapore

Singapore is generally regarded as CSR-friendly in international circles. In 2007, Singapore was ranked 15th in the Responsible Competitiveness Index ranking.

However, our companies are still diverse in terms of their level of awareness and implementation. Larger companies, especially those that have international operations, are at the forefront of CSR efforts. Today, over 40 Singapore-based companies have taken the lead in incorporating CSR into their business strategies. CapitaLand, for example, set up a CSR unit to spearhead CSR initiatives, champion group-wide environmental consciousness, and administer the two-year-old CapitaLand Hope Foundation. Temasek Holdings recently established the S\$500m Temasek Trust and administers the Temasek Foundation to invest in Asia's development through education, healthcare, research and governance. Other companies such as Banyan Tree go one step further to centre their business models on CSR themes.

Smaller companies, on the other hand, still have a long way to go. Many have yet to appreciate the value of CSR, and do not prioritise it in light of other pressing needs such as technology innovation and HR management. For these companies, more work is needed to raise their awareness and understanding of CSR. For a start, we have launched a national survey to gauge our companies' awareness, preparedness and needs. This will allow us to determine how Singapore can support our SMEs to become more CSR-compliant. There is currently no one CSR standard that is universally-accepted by Singapore's business community. While some companies adhere to standards such as the Global Compact, this is not a widespread practice. Singapore does not stipulate any CSR reporting requirement for listed companies.

More information on the state of CSR in Singapore can be found through Singapore Compact, a multi-stakeholder NGO that furthers the CSR movement in Singapore. Its website is www.csrsingapore.org.

Chinese Taipei

The business community in Chinese Taipei recognizes the importance of CSR as the tool that can enhance its competitiveness. Many large-scale enterprises have gradually brought the concept of CSR into their business operation models. For instance, in response to the critical issues of global warming and shortage of resources, some enterprises have started to research and develop new technologies, improve production process and actively reduce carbon dioxide emission. However, most SMEs lack comprehensive views on how to use their corporate resources to make contributions to the whole society. Therefore, some of these enterprises only occasionally sponsor public welfare activities, concerts and exhibitions or hold coastal cleanup activities, following the trend of the CSR movement.

The main CSR standards or benchmarks used by business community in Chinese Taipei are “*the Electronic Industry Code of Conduct, EICC*,” “*the OECD Guidelines for Multinational Enterprises*”, and “*the UN’s Global Compact and Social Accountability 8000, SA8000*.” Based on the international standards, Chinese Taipei published “*Corporate Social Responsibilities Report*” in 2003 and set up the CSR Website under the Ministry of Economic Affairs to assist our business community to build up the CSR concept. For instance:

- AU Optronics Corp. has adopted *the Global Sullivan Principle, the Electronic Industry Code of Conduct, and the Social Accountability 8000*.
- Delta Electronics has adopted *the Electronics Industry Code of Conduct*.
- China Steel Corporation has adopted *the OECD Guidelines for Multinational Enterprises, UN’s Global Compact and Global Sullivan Principle*.

There are currently no specific laws or regulations in Chinese Taipei regarding CSR. Therefore publicly listed companies are not required to disclose and announce their plans, activities and progress in CSR. However, in recent years, society has become more and more concerned with CSR results achieved by enterprises. Starting from 2004, some publicly listed companies have voluntarily disclosed their CSR results to the public, such as AU Optronics Corp., Delta Electronics, UMC, China Steel Corporation, Qisda Corporation and Ford Lio Ho Motor Company, etc.

Outstanding examples of CSR best practice

- *Common Wealth* and *Global Views*, two noted and important business magazines in Chinese Taipei, have selected the benchmarking enterprises from different industries for the outstanding achievement in the implementation of CSR and granted these enterprises with “*the Corporate Citizen Award*” and “*the Corporate Social Responsibility Award*” every year since 2004. Most award-granted enterprises have successfully brought CSR into their business operation concept or accommodate their traditional business models into CSR models, such as E. Sun Financial Holding Company Ltd, Chungwa Telecom Co., Yulon Motor Co., Delta Electronics, Taiwan Mobiles and Sinyi Real Estate Inc, etc.
- Best practice by Delta Electronics and Chungwa Telecom Co. are as follows:
 - i. *Delta Electronics*. Delta Electronics, supplying half of the world’s switching power adapters, is the first company awarded with Sony’s “*Certificate of Green Environmental Protection Partnership*” and committed to continuously developing new methods to improve energy efficiency. Its investment in research of solar energy and technology innovation enables itself not only to meet general standard in this industry, but also to set up models for CSR. Best practice also includes the energy-saving light bulb stabilizer developed ten years ago saving up to 2/3 of power energy, and its famous “*Green building*” factory located in Tainan Technology Industrial Park.

- ii. *Chungwa Telecom Co, CTC*. CTC established the Chunghwa Telecom Foundation in 2006 that aims to use the company's resources to contribute to community development, enrich community living and reduce the digital divide. Best practice includes "the *Online Digital Forestation*" event that actively promotes ecological education through planting protophyte jointly with non-profit organizations, such as *Jane Goodall Institute* and *the Society of Wilderness*. CTC is also involved in the research and development of the Building Resources Management System, Environment Sustainable Development Management System and Centralized Payment of Power Bills and Account Manager. Moreover, CTC promotes environmental protection through providing the service of Teleconference, International conference call and E-counter facilities, so as to avoid customers' traveling and to reduce carbon emission. Within the organization, CTC set forth Chinese Taipei's first *Service Guideline for Corporate Volunteer* system that encourages staff to participate in social and public welfare activities and set up the *Corporate Social Responsibility Committee*, and organized six teams including *Corporate Governance, Consumers Care, Environmental Protection Sustainable Development, Creation for Digital Opportunities, Employees Care* and *Corporate Volunteer Services* to address six CSR related issues respectively.

Useful resources such as website/reports/articles on CSR

- Useful resources on CSR are quite abundant in Chinese Taipei. Many CSR Websites set up by NGOs, private sectors and academics regularly post relevant research reports or articles on this issue. The government of Chinese Taipei also plays a key role in supporting CSR's development through the official Website.
- Government sources include *the CSR Taiwan website* (csr.moea.gov.tw), *the Department of Investment Services, Ministry of Economic Affairs* (<http://www.dois.moea.gov.tw>), *the Council of Labor Affairs* (www.cla.gov.tw), *Environmental Protection Administration* (www.epa.gov.tw), *Financial Supervisory Commission* (www.fscey.gov.tw).
- Non-governmental resources include *the Taiwan Business Council for Sustainable Development* (www.bcsd.org.tw), *the Sustainable Industrial Development Information Website* (proj.moeaidb.gov.tw/isdn/), *the Taiwan Environmental Information Association* (news2.ngo.org.tw), *the Lichun Community* (www.csrcommunity.com/front/bin/home.phtml), *the Common Wealth* (www.cw.com.tw), *the Coolloud Collective* (www.coolloud.org.tw).

Thailand

What is the general level of activity and interest in CSR within the business community in your economy?

CSR activities in Thailand can be divided into 3 categories. First are the ones that aim to achieve instant public recognition but are devoid of long-term purposes or sustainability. Such activities usually come in the form of random donations, promotion events, luncheon hosted for underprivileged people etc. Second are the activities that engineered to build the brands' reputation as socially conscious organizations with their long-term objectives. Contribution usually involves scholarship provisions and school building. The third type of activity is commonly practices among businesses that create environmental impact of which survival relies heavily on public support. Among popular efforts include environmental restructuring programs in the rural area.

Thai private sectors' views towards CSR have improved markedly over the past few years. No longer perceived as liability or distraction, CSR has become an asset to the companies especially now when the business competition is high. Gaining trust from the community by taking social responsibility is essential for the business to be able to thrive in the long run, as studies show that educated people in Bangkok are very well informed on the subject of CSR and admitted that level of CSR practices by private sectors, or lack thereof, affects their buying decisions. Media and NGOs also play an important role in pressuring public sectors to become more social conscious as it allows public scrutiny of their business conduct.

In the past couple of years there have been a number of joint Thai-international efforts to develop CSR practices. Among the first was the establishment of the Thailand chapter of the Business Coalition for Sustainable Development which focused on environmental improvement by industry. A local chapter of the Social Venture Network attracted a number of medium-sized Thai and foreign companies. There were also active participations from Thai NGOs, among them is the Population and Community Development Association (PDA), which developed creative means to attract business support for community development. The most notable project is "Thailand Business in Rural Development (TBIRD)" which involves setting up factories in rural areas to allow local workers to gain decent income in their hometown.

A number of organizations and activities have contributed greatly to CSR development in Thailand. The 2003 Asian Forum on Corporate Social Responsibility was held in Bangkok and attracted attention to CSR. Thailand also actively participated in the process of developing the ISO26000 standard for social responsibility. Moreover, a degree or a course study on CSR is offered in various business schools, institutions and universities.

What are the main CSR standards or benchmarks used by the business community in your economy? Are there any stand-out examples of CSR best practice in your economy or any useful resources such as websites/reports/articles on CSR?

In 2006 the Stock Exchange of Thailand announced the first SET CSR awards to be given to listed companies in recognition of their distinctive CSR practices. A year later, the SET established a CSR Institute. Around the same time the Securities and Exchange Commission set up a working group to promote CSR and establish CSR guidelines for Thai companies which is based on OECD principles of Corporate Governance, 2004. There was much debate as to whether to legislate CSR but eventually decided to encourage CSR as a voluntary rather than required mechanism.

The government, although not requiring CSR, has been actively supporting it. The Ministry of Labour established a Thai labor standard to help Thai companies meet the expectations of

international labour market. The Ministry of Social Development and Human Security established CSR Thai Center in 2007 to provide training and guidelines for private sectors that cover all social strategic issues and to work with civil society in driving social development strategies. Activities of the center include provide training and guidelines for private sectors; develop database on institutions that conduct CSR policy and activities in all sectors; raise awareness and disseminate information and knowledge about CSR and its impacts; and support the conduct of CSR activities of other institutions in all sectors.

Examples of CSR best practices in Thai companies

Bangjak Petroleum, Ltd. (PLC) – it is stated that the company’s corporate culture includes the aspect of sustainable business development which is consistent with the environment and social development. Activities include, among others, developing an account on environment expenses, projects emphasizing on family unity, and school lunch projects.

KBank, Ltd. (PLC) – publicly announced its social missions to conduct business with integrity and to take social responsibility to develop the society, quality of life, and improve the environment. The Board has adopted CSR as one of the main requirements of good corporate governance and as a necessary business etiquette for employees at all levels.

ABAC Thailand – Thailand’s ABAC members (Thai Chamber of Commerce, Thai Banker’s Association and Federation of Thai Industries) realize the importance of CSR and encourage their members to adopt and implement CSR at all levels. In doing so, they grant awards to companies with outstanding CSR practices or projects. As a result of the awards, indirect benefits also include increased credibility for grants and loans as well as social prestige.

Further information on CSR in Thailand can be found at www.csrthaicenter.com. The list of Thai companies that adopt CSR is pertained in the website.