

# ASEAN RESPONSIBLE BUSINESS FORUM

Towards an inclusive, resilient and sustainable ASEAN:  
The role of responsible and inclusive business

## 2018 POST-FORUM REPORT



Co-organisers



## About the Co-organisers

### ASEAN CSR Network (ACN)

Founded in December 2010, ASEAN CSR Network, an accredited ASEAN entity, is a regional network that promotes responsible business conduct, to achieve a sustainable, equitable and inclusive ASEAN Community. Its vision is to create a responsible business community that makes ASEAN a better place to live for all.

ACN creates change by influencing and working with different actors, ranging from ASEAN bodies, ASEAN member states to the private sector, civil society and international organisations, who can influence the way businesses operate. It provides a platform for networking and cooperation at the ASEAN level, supports capacity-building and training activities, helps catalyse thought leadership and collective actions on key responsible business issues including business integrity, business and human rights, gender equality, and environmental sustainability.

For more information, please visit [www.asean-csr-network.org](http://www.asean-csr-network.org).

### ASEAN Business Advisory Council (ASEAN-BAC)

The ASEAN Business Advisory Council was established by the ASEAN Heads of State and Government (HOSGs) at the 7th ASEAN Summit in November 2001 in Bandar Seri Begawan, Brunei Darussalam.

Launched in April 2003, ASEAN-BAC was set up with the mandate to provide private sector feedback and guidance to boost ASEAN's efforts towards economic integration. Aside from providing private sector feedback on the implementation of ASEAN economic cooperation, the Council also identifies priority areas for consideration of the ASEAN Leaders. Accordingly, ASEAN-BAC's activities are primarily focused on reviewing and identifying issues to facilitate and promote economic cooperation and integration.

For more information, please visit <https://www.asean-bac.org>.

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# About ASEAN Responsible Business Forum

In 31 December 2015, ASEAN launched the highly anticipated ASEAN Economic Community, to create a single market and production base, free movement of goods and labour, and greater intra-ASEAN investment and trade. However, the potential flip side of this economic integration is the widening of income gaps which places vulnerable groups such as farmers, women, children, indigenous people and low-skilled migrant workers at risk of exploitation in the supply chains.

At the heart of ASEAN Community Building is the ultimate goal and commitment to create a people-centred, people-oriented and resilient society. In 2015, ASEAN issued the Community Vision 2025 and its Blueprints which chart the path of the ASEAN Community in the next 10 years. The new regional development agenda underlines the complementarity of the global Sustainable Development Goals (SDGs) with the ASEAN community building efforts to uplift the region, end poverty and build a sustainable future for all.

The ASEAN Business Advisory Council (ASEAN-BAC) and ASEAN CSR Network (ACN) have been supporting the move for an inclusive, sustainable and resilient ASEAN through responsible and inclusive business. The ASEAN Responsible Business Forum was thus organised by both ACN and ASEAN-BAC for this purpose. The theme of the Forum was "Towards Inclusive, Resilient and Sustainable ASEAN: The Role of Responsible and Inclusive Business". As ASEAN-BAC's sector champion on responsible and inclusive business, ACN with its partners aimed to bring together key stakeholders from governments, ASEAN bodies, the private sector and civil society at the Forum, to identify practical strategies and good practices, and collectively work to advance and mainstream responsible and inclusive business across the three pillars of ASEAN.

It is our hope that the Forum will serve as a key platform on responsible and inclusive business among key relevant stakeholders and inspire collaboration and action on the key issues discussed through an outcome document detailing an action plan for regional actors.

Some 180 delegates and guests from the business, civil society and academic communities of the 10 ASEAN member states and beyond attended the two-day Forum.



## Welcome Remarks

Ms Yanti Trinwadiantini,  
Chair, ASEAN CSR  
Network (ACN)



In her opening remarks, Ms Yanti Trinwadiantini, Chair of the ACN highlighted the prosperity that ASEAN's formation has brought for many of its people. However, this prosperity has come with serious challenges including a widening income gap, environment degradation, pervasive corruption and overlooked rights of women and indigenous people. "The hopes and dreams of too many ASEAN peoples are still not being fulfilled, too many people are still being left behind," said Ms Trinwadiantini.

The ASEAN Responsible Business Forum thus provides an avenue "to discuss and debate how we as a vibrant, determined and resilient region can and must address these topics".

Ms Trinwadiantini pointed to two ways in which the ASEAN Community can address the challenges: support of micro, small and medium enterprise (MSMEs) in the region, and the need for business networks to go beyond encouraging greater profitability to advocate for responsible and inclusive business (*see Page 5 for more on support for MSMEs in ASEAN*).

ACN's work includes conducting research that would "assess the level of responsible and inclusive business conduct in ASEAN, track progress made, and provide insights to catalyse positive change", said Ms Trinwadiantini. Another avenue is organising platforms such as the ASEAN Responsible Business Forum to promote and facilitate the adoption of responsible business conduct in ASEAN. "We hope to organise this Forum every year, with more and more companies joining us to make the vision of a prosperous, sustainable, equitable and inclusive ASEAN a reality."





## Keynote Speech

Guest-of-Honour,  
Mr Liang Eng Hwa,  
Chairman of  
Government  
Parliamentary  
Committee for Finance  
and Trade, Singapore

Guest-of-Honour Mr Liang Eng Hwa highlighted the importance of pursuing business responsibly to prevent harmful consequences such as violations of workers' welfare, corruption and bribery, and environmental degradation. "Responsible business has a beneficial ripple effect on the economy," said Mr Liang. "If workers are cared for and their families are provided with a stable standard of living, they will be motivated to stay with their employers and run the companies profitably. This will in turn sustain employment and growth, which will be good for the whole country."

Mr Liang said one of the reasons that Singapore supports responsible business is because the country has "reaped the benefits of a clean society where corruption is not a systemic issue". Money lost through unethical practices can be channelled towards boosting a country's economic growth and job creation.

Inclusive and responsible business practices is "not only good for business, it is good for their employees", said Mr Liang, adding that "when the benefits from the companies flow to employees and allow them to provide well for their families, it creates a stable environment for society as a whole to flourish." Despite the challenges facing the ASEAN Community, Mr Liang is confident that ASEAN would remain active in addressing its social, economic and environmental issues. "What is needed is to further strengthen ASEAN's commitment to responsible and inclusive business," he said, as he urged the business and people sectors to do more to ensure that business operations in the region respect employees and people while protecting the environment.



## Address

Dr Robert Yap,  
Chair of ASEAN Business  
Advisory Council  
(ASEAN-BAC)

Dr Robert Yap highlighted that ASEAN-BAC is keenly aware of the many pressing environmental and social issues the world faces. He noted that while technology has enabled and accelerated development, it also threatens to leave many behind. "This means that businesses must take their role in society more seriously than ever before," he said. "Businesses must go beyond seeking profitability, to caring about people and planet, and making sure that our development is one that is people-centred and sustainable for our environment." Businesses must create the change that is needed, and be part of the effort for ASEAN – and the world – to achieve the UN Sustainable Development Goals (SDGs), he added.

Walking the talk, ASEAN-BAC has championed legacy projects that would be carried on by the rotating Chairs, said Dr Yap. Under Singapore's Chairmanship this year, it launched Smart Growth Connect, which aims to implement modern supply chain management solutions to support the consumption needs of rapidly urbanising ASEAN cities and lessen their growing pains. In 2017 under the Philippines' Chairmanship, the ASEAN Mentorship for Entrepreneurs Network (AMEN) was launched to promote the integration and acceleration of MSMEs in ASEAN to the '3Ms' - Mentorship, Money and Markets, and he was happy to see it launched in Singapore.

He reminded the business community that while the SDGs need business, business also needs the SDGs. "As ASEAN citizens are increasingly educated and aware, these consumers are paying attention. They want to see sustainable businesses, they want a better life for all," said Dr Yap. He urged businesses to consider how responsible, inclusive and sustainable business practices can be integrated into their core operations – their supply chains, decision making, financial planning and human resource practices.



ACN signed a Memorandum of Understanding (MOU) with ASEAN-BAC to be a partner organisation of the ASEAN Mentorship for Entrepreneurs Network (AMEN), marking the official launch of AMEN in Singapore.

AMEN is an initiative of ASEAN-BAC that seeks to bring together a pool of mentors made up of entrepreneurs, business practitioners and other thought-leaders, to facilitate the scaling up of MSMEs in priority sectors such as digital economy, trade and industry and agriculture.

MSMEs make up over 90% of companies in ASEAN and provide the majority of jobs for people in the region. There is a need to support MSMEs since they form the backbone of the economies in the 10 ASEAN states.

## Launch of ASEAN Mentorship for Entrepreneurs Network in Singapore



Mr Thomas Thomas, (second, left) CEO of ASEAN CSR Network (ACN) and Mr Jose Ma A. Concepcion III (second, right), Presidential Adviser for Entrepreneurship, Philippines and ASEAN Mentorship for Entrepreneurs Network (AMEN) Legacy Champion at the signing of the Memorandum of Understanding for ACN to be partner organisation of the ASEAN Mentorship for Entrepreneurs Network. Witnessing this is Ms Yanti Trinwadiantini, (left), Chair of ACN and Dr Robert Yap, (right), Chair of the ASEAN Business Advisory Council.

"In order to achieve the ASEAN Economic Community, we must support and ensure growth for MSMEs. They must not be left behind if we want an inclusive, socially responsible and equitable ASEAN," Ms Triwadiantini had highlighted in her welcome remarks.

Since its initiation by the Philippines during its ASEAN Chairmanship in 2017, AMEN had been launched in Australia, Korea and Malaysia.

"Today I am very proud that it will be launched in Singapore so that companies in Singapore can be part of this initiative to assist and empower MSMEs in the region, so that the entire business community can play a part in achieving the SDGs," said Dr Yap before the signing of the MOU at the Forum.



## Session 1

# Investing for an Inclusive, Resilient and Sustainable Future: Advancing Responsible and Inclusive Business in ASEAN

### Panellists

Mr Arin Jira  
*Chairman, Map Ta Phut Industrial Gases Co., Ltd; Vice Chairman, Federation of Thai Industries; Co-Chair, ASEAN Business Advisory Council*

Dr Darian McBain  
*Global Director of Sustainable Development, Thai Union Group PCL*

Mr Jose Ma A. Concepcion III  
*Presidential Adviser for Entrepreneurship, Philippines; ASEAN Mentorship for Entrepreneurs Network (AMEN) Legacy Champion; CEO, RFM, Philippines*

Tan Sri Dato' Dr Mohd Munir Abdul Majid  
*Chairman, Bank Muamalat Malaysia Berhad; Chairman, ASEAN Business Advisory Council Malaysia*

Mr Noke Kiroyan  
*Adviser, ASEAN CSR Network; Chairman and Chief Consultant, Kiroyan Partners*

Professor Surya Deva  
*Vice Chair, UN Working Group on Business and Human Rights*

### Moderator

Mr Thomas Thomas  
*CEO, ASEAN CSR Network*



Responsible businesses contribute to the goals of sustainable development, and try to meet the needs of the present generation without compromising the ability of future generation to meet their needs. Inclusive businesses operate on a commercially viable model that provides innovative and systematic solutions to address the social, environmental and economic concerns of the community. These were the definitions shared by Mr Thomas Thomas, to set the context of the session. Each panellist was to share specific trends and examples of how to advance the agenda of responsible and inclusive business in ASEAN.

Prof Surya Deva shared that one of the global trends of corporate responsibility is the shift in narrative from traditional corporate social responsibility (CSR) or philanthropy - which tends to be seen as a public relations or risk management exercise - to a rights-based discourse within businesses. Another needed shift is for companies and society to assess profits beyond monetary terms to look at the way its activities impact individuals and communities. With this is a growing expectation of what is acceptable behaviour from a company, which needs to be managed. Companies today are also increasingly impacted by various trans-national pressure points including investors, regulators or even the social media, making it more difficult for companies to manage issues. Lastly, companies need to genuinely address its impact on women, children and indigenous peoples to be truly inclusive, instead of looking at it merely as charity or a business case.

Tan Sri Dato' Dr Mohd Munir Abdul Majid highlighted Southeast Asia's appetite and velocity for economic growth, which has brought widening inequality, worker exploitation and corruption. He cited political trends of nationalism in the United Kingdom and USA, as well as the displacement of people as a result of the Fourth Industrial Revolution, as the consequence of widening inequality and warned that we must work towards integration by making sure all ASEAN people are treated equally. Education, training and retraining would provide more equal economic opportunities for all.

Embracing digitalisation as the way to democratise entrepreneurship, the Philippines launched AMEN last year. Mr Jose Ma A Concepcion III shared that both mentorship and digitalisation has made it easier for small business owners to access the market. Big businesses have mentored and eventually partnered small businesses, making growth more inclusive. As an example: the opening of the banking sector through apps and online platforms, coupled with the loosening of regulation, have made financing more accessible to small businesses.

Thai Union Group was marred by labour scandals as a result of articles published in the media a few years ago, which led the US to downgrade Thailand's ranking to the

lowest level on its Trafficking in Persons' report. Thai Union almost lost the US and EU markets. Dr Darian McBain shared the company's leadership and commitment to transform its business and move towards sustainability in 2015. As a start, the company began working on strategies for responsive sourcing, keeping in mind its environmental footprint, supporting the local community, ensuring the safety of workers and working with non-governmental organisations to resolve the crisis. Dr McBain acknowledged that while there is still room to improve, committing to action by working with its suppliers and transparency are important steps towards resolving the crisis.

Mr Arin Jira put the reason for Thai-listed companies ranking well in corporate disclosure down to the regulations that have been put in place. The purpose of good governance is to foster transparency and gain the confidence of the market, which helps to raise capital so that companies can continue with their sustainable efforts. However, disclosure is much harder for MSMEs who do not have resources to do so. Their priority is to survive. Hence, to build economic inclusiveness and achieve sustainable development, the Thai government launched public-private programmes, providing funding and technical expertise to create new economic opportunities in the private sector. For example, Thai Union set up programmes to encourage social enterprises that add value to agriculture products and support local communities. There is a need to include MSMEs in corporate social responsibility.

For Mr Noke Kiroyan, "ethics is the foundation of everything" for sustainable development. However, companies also are under pressure to produce profits, which is necessary. In the name of 'development', human rights gets pushed aside. To address the current problems in the market, he highlighted the need for businesses to engage their stakeholders, to instil social responsibility and to put in place good governance. Good governance and regulations go hand-in-hand. Businesses need to be regulated publicly, and regulatory agencies need to be educated about the issues that they are regulating.

#### *Question & Answer segment*

On the question of the cost of implementing CSR, Dr McBain highlighted that in Thai Union, CSR has become an integral part of business operations. Trust in the business equates to market access, hence there is no separation of CSR cost. The panel agreed that while incentives and disincentives have to be in place, ethical practice has a utilitarian value in itself that should not be monetised. CSR is defined by how money is made rather than how it is spent. MSMEs are concerned about survival and costs, but it is important to educate them that implementing CSR and running their business ethically can lead to market access and business growth.



## Session 2

# Making the Case for Responsible and Inclusive Business among MSMEs: Challenges and Opportunities

### *Panellists*

Mr Brook Horowitz  
*CEO, IBLF Global*

Mr David Kiu  
*Vice President, Corporate Affairs, Mars Wrigley Confectionery Asia-Australia, Middle East and Africa*

Mr George T. Barcelon  
*Chairman, Philippine Chamber of Commerce and Industry*

Ms Joyce Chau  
*Network Representative Greater China, amfori BSCI*

Mr Koh Seng Choon  
*Executive Director, Project Dignity Pte Ltd*

Mr Max Bulakovskiy  
*Policy Analyst and Project Manager, Southeast Asia, Global Relations Secretariat, Organisation for Economic Co-operation and Development (OECD)*

### *Moderator*

Ms Josephine Romero  
*Senior Adviser to the Philippines' Presidential Adviser (Minister level) for Entrepreneurship and Chairman of the ASEAN Business Advisory Council Philippines*

At the start of the session, Ms Josephine Romero asked the panellists to share their thoughts about investing in inclusive businesses and how such policy concepts can be communicated to MSMEs.

One of the challenges faced by SMEs that the Philippines is trying to overcome is encouraging entrepreneurship to create more inclusiveness. Mr George T Barcelon shared that the Philippine Chamber of Commerce and Industry started a programme to promote ethical business among college students. Franchising, building skills through training and mentorship are other ways the Chamber is promoting business. While each country in the region faces different challenges, Mr Barcelon believes it is possible to develop certain yardsticks across countries, like reduction of hunger, better health services, higher education and the happiness index of the citizens.

Ms Joyce Chau shared amfori's vision, which is to promote sustainable trade, and trade with purpose that can bring benefits across the global supply chain. While most of its members are not ASEAN-based business, their supply chain partners are in the region. amfori had developed 11 codes of conduct under its Business Social Compliance Initiative (BSCI), with free training to help these MSME partners align their operations. She shared an example of how the BSCI can help MSMEs: amfori worked with Rabobank in the Netherlands to provide favourable rates to MSMEs that can demonstrate good BSCI scores. She hopes to find a partner in ASEAN that can replicate this success.

Mr Brook Horowitz shared the threefold challenges of SMEs: time, resource and knowledge. The Sustainable Development Goals (SDGs) operate at a much higher level from an SME's daily operations and the gap should be narrowed. Information may be available but many SMEs are not well informed, hence communication to SMEs about CSR needs to be improved too. SMEs need to share among themselves strategies for coping in the environment they operate in, such as dealing with corruption and bureaucracy. Programmes for SMEs should be packaged as a business proposition rather than negatively as an 'anti-corruption programme'. The environment needs to change before change can be activated at the level of the SMEs.

In terms of opportunities, Mr David Kiu shared his experience working with SMEs in Mars' supply chain, and said that SMEs can start by analysing where they can make the most impact in CSR. He urged MSMEs to "start small, but start today", rather than try to do too much at one go. Mr Kiu also highlighted that mutuality of benefits is one of the five principles enshrined in Mars Wrigley Confectionery.





Capitalism as a management theory is only half the equation. It is also necessary to bring in human and social capital as other dimensions of capital to be incorporated into performance measures by companies. Doing good is not just for the sake of compliance but the “belief that inclusive business is better business”.

Mr Koh Seng Choon gave a lively presentation where he shared the need for SMEs to be innovative, and how this can be done with little resources using existing solutions. As a social enterprise, Project Dignity’s aim is to be inclusive by eradicating poverty, integrating the aging population into society and creating jobs for people who are disadvantaged. The social enterprise has done this through training the disadvantaged for gainful employment and starting a hawker centre business that provides opportunities for the community to purchase from the disadvantaged. In this process, the community is also trained to interact with the disadvantaged, for instance by learning sign language so as to communicate with the hearing impaired.

Mr Max Bulakovskiy shared how the OECD Due Diligence Guidance for Responsible Business Conduct can be a practical tool that SMEs can use to promote innovation internally, and become a part of a value chain. As a start, MSMEs can integrate elements of the guidelines into their business. He shared a finding from OECD’s ASEAN SME Policy Index study, which showed that countries in the region have little structural policy to support the growth of social enterprises and inclusive businesses. While the government should intervene where there is market failure, Mr Bulakovskiy warned about over-regulation which disturbs the market. A coordinated approach to the ecosystem of access to market, capacity building, regulatory framework and an enabling environment is important to drive clear actions.

### *Question & Answer segment*

Responding to a question, Mr Thomas, CEO of ACN, shared that ACN has made a proposal to the ASEAN Economic Ministers to support work on responsible and inclusive business, and is looking to build a network of businesses that support the idea of responsible and inclusive business conduct. For this to take place, there needs to be willing partners and the necessary resources to promote this.

In response to a question about whether OECD is measuring the impact of benefits of foreign investments to the local economy, Mr Bulakovskiy shared that OECD is launching a new project on responsible business, with Vietnam being one of the countries involved. OECD will be gathering data from the business community.

To round up the session, Mr Barcelon highlighted the importance of inculcating in MSMEs the need to treat their employees decently through simple things like paying salary, insurance and medical expenses. Mr Koh highlighted the attitude of the employees to learn, and for employers to find ways to redesign their jobs so as to make work possible for even the disadvantaged. “Every problem has a solution,” said Mr Koh.

## Session 3

# Enhancing Business Integrity and Anti-Corruption for Inclusive and Sustainable ASEAN

## Release of Study on Corporate Disclosure on Business Integrity in ASEAN

### Panellists

Mrs Elodie Beth-Seo  
*Programme Advisor, Governance & Peacebuilding, United Nations Development Programme (UNDP)*

Mr Francesco Checchi  
*Regional Corruption Advisor, United Nations Office on Drugs and Crime (UNODC)*

Mr Gerard Fortin  
*QC of Cornerstone Barristers, London; Denman Chambers, Sydney; and Maxwell Chambers, Singapore*

Ms Sophia Aspesi Areias  
*Business Integrity Programme Manager, Transparency International Cambodia*

Mrs Suryani Sidik Motik  
*Vice Chairman, Indonesia Chamber of Commerce and Industry (KADIN)*

### Moderator

Professor Lawrence Loh  
*Director, Centre of Governance Institutions & Organisations (CGIO), National University of Singapore (NUS) Business School*



The session started with a presentation on the 2018 Study on Corporate Disclosure on Business Integrity in ASEAN jointly conducted by ACN and CGIO, NUS Business School. *(Please refer to the box story on Page 12 for details about the study.)*

To kick off the panel discussion, Professor Loh asked the members for their immediate reactions to the findings of the study, and to give their take on the role of governments and the SDGs in fighting corruption.

Mrs Elodie Beth-Seo noted that people are becoming more aware of the issues around facilitation payment and some progress has been made in ASEAN, which is a welcome development, but more needs to be done. While the study focused on disclosure, it is important to know what exactly is happening in practice, whether there is implementation and enforcement. From the perspective of the UNDP, good governance, in particular anti-corruption, has now become a key part of the sustainable development agenda for the region, but the private sector must be on board too. It is looking at ways to encourage governments and the private sector to put in place the right incentives and environment for ethical business models. For example, it is increasing partnership between government and private sector to influence policies in terms of ease of doing business, SME access to government contracts, and making procedures for government contracts more competitive. It is also working directly with private sector on responsible business conduct and business integrity.

Mr Francesco Checchi pointed to another limitation of the study, that it only covers countries which are doing relatively well in ASEAN and not the less developed countries. He was not surprised about the results on facilitation payment because the legal framework for holding companies accountable is very weak. There are not many incentives for having regulations in place. For many companies, the way to facilitate business is to use consultancy companies, shell companies or subsidiaries to obscure the source of the money and what it is used for. Providing a perspective on the multilateral approach involving all stakeholders, he highlighted that besides redefining profit, there needs to be a redefinition of 'loss', especially for the state. Currently, a loss for the state needs to be proven before corruption laws are activated. Loss needs to be redefined not only as short-term monetary ones, but also as long-term economic ones arising from lack of environmental sustainability or a violation of human rights, for example. Looking only at bribery is too narrow a definition. While there are advances in the legal frameworks of countries in the region, there is a big gap in enforcement; companies are not being held accountable and action is taken only with foreign

intervention. For companies who want a level playing field based on rules, this is a big problem.

Mr Gerard Forlin expressed surprise at the scant regard shown by companies towards the prohibition of facilitation payment as revealed by the study. Under the UK Bribery Act, which is the most stringent in the world and is increasingly becoming the benchmark of many other jurisdictions, any type of facilitation payment is not allowed. If ASEAN wants to take this seriously, companies need to ensure that their entire ecosystem does not allow facilitation payments. Citing several recent deferred prosecution agreements in the UK for corruption cases involving MNCs and countries in the region, he quoted a judge who said in sentencing: "The whole point...is to impose a duty on those running companies throughout the world, properly to supervise them. Rogue elements can only operate in this way - and operate for so long - because of a failure to supervise what they are doing and the way they are doing it." He also highlighted guidance given by the court about what companies need to do to prove that they do have adequate procedures. Companies need to be mindful that they have to live by the procedures they set. Finally, courts in the UK, US and Australia are looking at what is happening in ASEAN, and then look at what the company is doing in their part of the world. In other words, "what goes in Las Vegas does not stay in Las Vegas anymore".

Ms Sophia Aspesi Areias shared that the whole environment in Cambodia was investigated for commitment to business integrity where a similar study of Cambodian companies was done, and the statistics were lower than that of the study results presented. Working with companies at the individual level, corporate integrity systems can help to combat corruption in companies, and involves risk assessment, reformulating policies, training staff and post assessment. To be effective, the company leadership needs to be actively involved in the process from the very beginning as they set the tone and culture of the company. These policies need to be applied to suppliers, contractors and agents. Companies are generally concerned about having to explain to external stakeholders that their anti-corruption policy applies to them as well. Another key recommendation is consistent training on the policies and appointing an integrity manager. Staff can then use the policies as a tool to refuse to make facilitation payments. Internal (e.g. whistleblowing channel) and external auditing ensures that these policies are working properly. It is useful to have a 'support group' for companies to share experiences and exchange information about what works and what doesn't work and how to get around sticking points.

Ms Suryani Sidik Motik shared that in Indonesia, big companies have been making use of third-parties to keep the main company clean, and the study serves as a wake-up call to companies that they need to exercise integrity not just internally, but externally as well. Bribery is corruption between the private and public sector and falls under the purview of the anti-corruption commission, which is a deterrent. Within the private sector, there is now greater awareness about business integrity and corporate governance, with corruption being a risk management factor. However, there is still a long way to go - fraud cases are often kept within the company to avoid reputational damage. Cases are rarely brought to court as the employee is simply fired. Working with ACN, the trade association brings together businesses, the government and the anti-corruption commission to build



awareness; it is also writing the guidance for business sustainability, which includes business integrity. While businesses did not talk about corruption in the past, they now have no choice if they want to be sustainable.

### Question & Answer segment

To a question on how MNCs can really have impact on companies in their supply chain, Mr Forlin asserted that from the legal standpoint, if a country does not have an act dealing with both the public and the private sector, and where there is strict liability and global coverage on the ground, then there is no direction. A black-and-white document is a good starting point, even if the situation is not perfect. The UK Bribery Act has no grey area, and therefore it is the best system in the world today. Senior and middle management can feel safer to act and work under the strict liability system. Mr Checchi added that accounting and auditing standards have a role to play as money for bribery has to have a source. He cited cases of corruption that were uncovered through accounting discrepancies.

On the issue of corruption in relation to the settlement of industrial disputes, the panel acknowledged that it raises the important issue of administration of justice and limitations of the judiciary as the legal system may itself be corrupt. The growth of mediation and arbitration is due to the lack of trust in the judicial system of many countries. Major players in international business like banks, insurance companies and financial institutions are also incredibly alive to the issue of corruption among their clients as the onus gets moved upstream.

## Study on Corporate Disclosure on Business Integrity in ASEAN

To download full study report, click <http://bit.ly/2NjYkip>

Providing the background to the study, Mr Thomas of ACN said that integrity is one of the real issues that businesses face, however politicians claimed that the topic was too taboo. The study aims to examine the state of integrity in ASEAN, and look at the gap between the rhetoric and reality.

Professor Lawrence Loh explained the methodology and limitations of the study, which used the framework developed by Transparency International, and highlighted the key findings. The study assessed the anti-corruption disclosure practices of the 50 largest companies by market capitalisation in each of five ASEAN countries – Indonesia, Malaysia, Philippines, Singapore and Thailand, and compared the results to a baseline study that was conducted 2016.

It found that while the companies' internal commitment to anti-corruption improved from 2016 to 2018, they were not comfortable with saying that their anti-corruption practices applied to their agents and suppliers.



Session 4

## Tackling Climate Change for a Resilient ASEAN: Incorporating “Green” into Businesses



*Panellists*

Mr Chia Boon Chong  
*Director, Group Sustainability, Singtel*

Ms Esther An  
*Chief Sustainability Officer,  
City Developments Limited*

Mr Hervé Simon  
*Group Marketing Director, Ayam  
Brand; Chairman of the Board,  
Southeast Asia Alliance for  
Sustainable Palm Oil (SASPO)*

Ms Leonie Lee  
*Director of Energy & Climate Policy,  
Ministry of Environment and Water  
Resources, Singapore*

Dr Mushtaq Ahmed Memon  
*Asia Pacific Regional Coordinator on  
Resource Efficiency Programme,  
United Nations Environment  
Programme (UNEP)*

*Moderator*

Ms Lise Pretorius  
*Sustainable Finance Engagement  
Manager, WWF International*

Ms Lise Pretorius began by asking the panellists how adopting green business practices with a focus on resource efficiency, eco-innovation and sustainable production and consumption could help ASEAN build resilience to climate change through smart cities and circular economy approaches.

Providing a company's perspective, Mr Chia Boon Chong shared that as a telco, Singtel's energy consumption is high from operating telephone exchanges and data centre - with most of it coming from the supply chain, and the company's goal is to almost halve its carbon footprint from 2015 levels by 2030. With its operations affected by climate risks such as cyclones and floods, he highlighted the importance of building climate resilience as part of its business continuity plans, as well as stakeholder engagement for companies to work together to strengthen disaster resilience within communities. Investing in network resilience is cheaper than disaster recovery, he concluded.

Ms Esther An described the sustainability journey of City Developments Limited (CDL), which started in 1995 with a recognition of the negative impact of the building sector on the environment, and a resultant shift of their business ethos from destroying, to conserving as they construct. She outlined the four pillars of their sustainability framework: anticipate change, rather than waiting for regulations to kick in, conduct climate change scenario planning, looking at all possibilities including beyond Singapore, to assess preparedness and likely financial impact; build the business case for sustainability; capacity building through internal and external stakeholder engagement and collaborations through 3P partnerships, including educating the young; and sustainability disclosure.

Providing a government perspective, Ms Leonie Lee shared that Singapore has pledged to reduce its carbon footprint by 36% from 2005 levels by 2030, focusing on the industrial sector which is the largest emitter of greenhouse gasses. While Singapore has announced the introduction of a carbon tax from 2019, the government is also working closely with businesses to improve their energy efficiency and the capabilities of the energy services sector. In addition, the government is trying to nudge companies to capture new opportunities in green growth, solar and circular economy. Finally, the government recognises that climate change is a challenge that it cannot solve alone, but requires it to work closely with NGOs, corporates and civil society.

Mr Hervé Simon spoke about the challenges for SMEs to incorporate green practices in their business, citing the lack of talent and difficulties in accessing the right information as key factors. He stressed that SMEs need to commit to focusing on what is important for their sustainability, and seek out partnerships, organisations, agreements or standards that can provide the needed expertise, whether it relates to palm oil, energy efficiency or packaging, for example. The true benefit for SMEs to invest in sustainable practices is not profits, but development and survival; it also prepares them for tightening regulations. Looking to the future where increasing population densities of cities coupled with the effects of climate change will put great pressure on large cities, businesses will have no choice but to play their part in sustainability, he concluded.

Dr Mushtaq Ahmed Memon highlighted that businesses should be categorised according to whether they are producers or service providers, as each has different environmental implications, both on resource consumption and emissions. He provided an overview of UNEP's work to improve sustainability within the private sector – capacity building of both governments and businesses; providing an interface for effective public-private partnership; providing international funding for businesses to improve their sustainability; conducting studies with the support of national governments to look for innovative solutions in policy, financing and human resources to promote circular economy; and supporting start-ups to reduce carbon emissions. Two short videos on such solutions were shown: the first on using blockchain to power electric vehicles with solar energy, and the second on reducing plastic use by Foodpanda in Thailand.

#### *Question & Answer segment*

On opportunities for climate innovation, the panel felt that the following are some areas that ASEAN could focus on: R&D into urban sustainability such as battery storage, use of solar energy, piloting new technologies - to improve indoor thermal comfort for example, building smart cities and homes to track energy and water consumption and optimise data collection, research into how synergies can be drawn between water, energy, waste and food for a circular economy, reduce paper usage by lifting legal requirements for the use of paper-based documents, and most importantly, ensuring that such innovations are supported by a holistic framework of policies, financing mechanisms, administrative and human resource management in order for them to work. The panel recognised that while sustainability is about technology, it is also about how to engage people and change behaviours, which is a big challenge. The panel agreed that people need to be educated and engaged from young about sustainability. Behavioural economics research is also useful.

In the area of responsible production and consumption, Dr Memon called for sustainable public procurement, which comprises 30-50% of all procurement and is usually the avenue for adoption of innovative solutions. Ms An shared that CDL advises their partners to use sustainable materials, while Mr Chia highlighted that Singtel focuses on reducing SIM card packaging and recycling of old phones.



## Session 5

# Managing Human Rights Due Diligence in the Supply Chains

### Panellists

Mr Christopher Ng  
*Regional Secretary, UNI Apro*

Mr Edmund Bon  
*Malaysia's Representative to the ASEAN Intergovernmental Commission on Human Rights (AICHR)*

Mr Mark Hodge  
*Senior Associate, Shift*

Mr Simon Bennett  
*General Manager - Sustainable Development, Swire Pacific Offshore*

Dr Seree Nonthasoot  
*Thailand's Representative to the ASEAN Intergovernmental Commission on Human Rights (AICHR)*

### Moderator

Mr Livio Sarandrea  
*Business & Human Rights Advisor, United Nations Development Programme (UNDP)*

Mr Livio Sarandrea shared that human rights due diligence (HRDD) is very much in focus for the UN Working Group on Business and Human Rights this year, and it will be issuing a report specifically on what aids or hinders HRDD, which was also the focus of the panel discussion.

Companies need to understand that the UN Guiding Principles (UNGPs) are not about a checklist of items that a company implements, but about creating organisational change in all parts of the business. This involves a radical shift in the relationship between business and affected rights-holders, going right down to problem solving in value chains, argued Mr Mark Hodge. Business can then inform policy makers about how change happens inside companies and what regulations to put in place. Investors will also understand what areas to incentivise. Much effort has gone into due diligence and supply chain management over the years, but the indicators and measures used are simplistic and do not shed light on what changes business behaviour and drives outcomes for people. Shift has just launched the Value Respect Project with the ASEAN CSR Network as a regional partner to gain a better understanding of what works.

Dr Seree Nonthasoot highlighted that HRDD involves upholding human rights standards. UNGPs, though not binding, are based on binding principles of human rights. Due diligence and supply chain management are recommended tools that businesses should adopt. Thailand is familiar with international standards, and will be using OECD guidelines on due diligence to implement its national action plan on business and human rights, starting at the pinnacle of the value chain with big companies listed on the stock exchange, so that they can pass down good practices and ensure responsibility of their suppliers. Companies will be required to conduct due diligence as a compass to examine their own business landscape, and adopt supply chain management to ensure that their associates are equally responsible. The possibility of using government leverage through public sector procurement and state-owned enterprises will be explored as well.

Using his company to illustrate how companies can use HRDD, Mr Simon Bennett explained that Swire Pacific Offshore now pre-selects ship recycling yards based on how they treat their workers, puts a team on the ground and hires independent auditors as part of its HRDD process. Working together with yards that are keen to raise their capability, the company insist that the workers wear safety gear, have insurance coverage, have contracts with the contents explained to them, and are provided with proper food and accommodation. In addition, 99.6% of the ship by weight is recycled, making it a good example of a closed-loop economy. The company chooses to be responsible, even though it costs them more, simply because it is the right thing to do. In terms of gender balance, the company has only recently taken note of its senior/junior staff gender imbalance, recognising that it is losing female employees at the senior levels and will need to do something about it.





Companies should recognise the problem of the lack of females at the senior level, he concluded.

From the viewpoint of trade unions, Mr Christopher Ng shared that the effectiveness of collective bargaining has been overshadowed by competition between companies and countries, with employers succumbing to the pressure of investors, leading to the dilution of labour laws and the weakening the trade union movement in all countries. In the face of great income inequality, companies need to understand their social and ethical responsibility, and not only focus on making profits and reducing costs. Otherwise, he warned, the sustainability and stability of society will be in question. To retain its relevance, the union movement must evolve and adapt. It has to play a constructive role to grow the company whilst ensuring that the growth flows downwards. International agreements should be put in place to reinforce human rights, so that workers are not discriminated against in the name of competition. He concluded that the development of the ASEAN Economic Community will not be sustainable unless we acknowledge the issue of human rights.

Mr Edmund Bon confirmed Malaysia's commitment to implement its National Action Plan (NAP) for Human Rights, as well as a separate NAP specifically on Business and Human Rights. In sharing key lessons from recent investigations into palm oil plantations and manufacturing factories in Malaysia, he highlighted the importance for companies to conduct human rights impact assessments (HRIA), warning of the reputational risk to a company if it is found to be in violation of human rights. Secondly, in conducting investigative audits, companies should ensure that the highest possible human rights standards are used. Thirdly, corporate culture and governance level is an important determinant of whether a company is committed to upholding human rights. Fourthly, HRDD in supply chain issues goes beyond the usual checklist-based audits. It delves much deeper and covers legal framework, identifying human rights impact of operations or HRIA, impact prevention, responding to impacts, tracking and monitoring, communication and transparency.

### *Question & Answer segment*

The panel agreed that when the rights of migrant workers are not respected, it can negatively impact host countries. Companies can improve the wage disparity of their migrant employees from different countries. Outsourcing cannot exonerate companies from responsibility of what happens downstream. Where legal frameworks are insufficient, governments must intervene, although the panel acknowledged that this is a sensitive issue.

On the impact of the fourth industrial revolution on business, the panel concurred that managing this requires values and conscience. Governments will collectively have to discuss how best to respond. The best protection for workers will be to continuously learn and re-learn. Businesses, as part of their HRDD, ought to think about how they approach human resources in terms of training, development and social security. Companies need to establish a social safety net by upscaling the skills of their employees.

## Closing Remarks

Ms Yanti Trinwadiantini,  
Chair, ASEAN CSR  
Network (ACN)



Ms Trinwadiantini observed that the energy and passion of the participants remained high right till the end of the Forum.

She highlighted a few points that are not only inspiring but hopefully supports the continuation of thinking and conversations around responsible and inclusive business.

Ms Trinwadiantini noted the importance of data and research to help improve the way business is conducted and urged participants to reference the research reports that ACN has produced.

She highlighted that the core of responsible and inclusive business is ethics, and this includes embracing all aspects of human rights and anti-corruption. However, "the biggest failure is the failure to act," said Ms Trinwadiantini. There is a need to shape up the corporate culture in the region in order to build the ecosystem and mechanisms to make responsible and inclusive business possible. Otherwise, little action will take place. She called on participants to take the discussions from the Forum to action.

Much has been discussed about the opportunities of the digital economy at the Forum, but Ms Trinwadiantini also warned of the risks involved. Her concern is for the new generation of businesses and start-ups that may not be exposed to discussions about business ethics, anti-corruption and human rights. There is a need to emphasise to these new business owners that there is a business case for responsible behaviour, not just from a reputational standpoint but as a core of business operations.

Lastly, she highlighted the importance of strengthening the responsible business network in ASEAN, which shares similarities in culture and issues faced, hence ACN's collaboration and MOU signing with ASEAN-BAC at the Forum. She hopes such collaborations bring more companies on board, not just for inspiration but for collective action.



# Business and Human Rights Workshop

### PART 1: Introducing the Broad Framework – The UN Guiding Principles on Business & Human Rights (UNGPs)

While there was at first resistance for protection of human rights to move beyond the responsibility of states, Professor Mahdev Mohan explained that there is now a growing belief that companies should be empowered to be part of the human rights conversation. The UNGPs are considered ‘soft law’, and while compliance is not mandated, they provide clarifications on human rights standards and international law that can protect companies from reputational damage. Companies face legal, economic and operational risks associated with irresponsible corporate behaviour. Hence, businesses should have policies and processes in place to deal with these risks in a practical way, such as through due diligence, commercial agreements, the use of model forms and templates, etc. With corporations almost sharing equal space with states, the UNGPs can also be seen as a ‘shield’ for companies when they have to respond to police requests for information, by referring to their internal policies.

### PART 2: Role of Governments and Businesses in UNGPs

Dr Seree Nonthasoot explained that while governments across ASEAN are established in different ways, the UNGPs may be given effect through binding documents by the executive branch of governments via a regulator, a ministry or an independent institution established under the state. For businesses, it is important to note that the UNGPs cover all enterprises regardless of their size, activities or location. Each company needs to be able to identify the salient human rights issues relevant to its core business, and understand that the cost of disruptions caused by protests from the community exceeds the cost of compliance with the UNGPs. This provides clear ways of engaging with the community. Citizens, too, look to producers to take responsibility for the products they produce. Companies should not conflate UNGPs, which are about fulfilling duty and responsibilities, with CSR as philanthropy and volunteerism. Only after duties have been met should they talk about CSR. In formulating National Action Plans on Business and Human Rights, governments need to consult and cooperate with the private and civic sectors, ensure policy coherence, and that policies are clearly communicated to local governments and all the way downstream.

### PART 3: Common Human Rights Issues Facing Businesses and Remedies

With inputs from the participants, Mr Edmund Bon discussed some of the good practices to address common human rights issues faced by businesses. In the area of labour, employment and migrant workers, these include non-discrimination on wages, employment terms, conditions and benefits between local and foreign workers; ensuring freedom of movement; no retention of documents; ensuring no

#### *Part 1: Introducing the Broad Framework – The UN Guiding Principles on Business & Human Rights (UNGPs)*

Professor Mahdev Mohan  
Assistant Professor, School of Law,  
Singapore Management University  
(SMU)

#### *Part 2: Role of Governments and Businesses in UNGPs*

Dr Seree Nonthasoot  
Thailand’s Representative to the  
AICHR

#### *Part 3: Common Human Rights Issues Facing Businesses and Remedies*

Mr Edmund Bon  
Malaysia’s Representative to the  
AICHR

#### *Part 4: Sharing Reflections and Lessons Learnt on Managing Human Rights Due Diligence in Labour Supply Chain*

Ms Laura Greene  
Project Officer, Corporate  
Responsibility in Eliminating Slavery  
and Trafficking (CREST), International  
Organization for Migration (IOM)

“If we cannot treat  
people with  
respect and  
dignity, we cannot  
be human.”

Welcome remarks by  
Mr Thomas Thomas,  
CEO, ASEAN CSR Network

agency fees payable; providing information in the language of the workers, especially for contracts; avoiding contract substitution between countries; upholding workers' right to associate and form associations; having grievance and whistle-blowing mechanisms that are confidential and anonymous; protection from reprisals; ensuring that policies filter down to sub-contractors; and not sub-contracting out employees. Good anti-corruption practices by businesses include the enforcement of a 'no-gift policy'; prohibiting cash transactions; training employees on anti-bribery practices; implementing a code of conduct for stakeholders and suppliers; and using their leverage within their supply chain. Good practices related to the environment include conducting environmental impact assessments (EIAs) to assess environmental, economic and social impact before embarking on development projects; engaging with local communities; ensuring waste, emissions and water management; and adhering to industry-specific environmental protection standards.

#### PART 4: Sharing Reflections and Lessons Learnt on Managing Human Rights Due Diligence in Labour Supply Chain

With increased internal and international migration, a billion people are on the move. They are more vulnerable to modern slavery, which encompasses forced labour, marriage, etc., although such cases are hidden in plain sight as tools and auditing mechanisms are missing them. Ms Laura Greene explained how companies could conduct HRDD in their labour supply chains through labour supply chain mapping. This process involves tracing the journey of workers from their place of origin and understanding the risks they face along the way through interviews with the workers, employers, recruitment and hiring agencies, and looking at practices of sub-agents in country of origin. The aim is to understand the risks of different migration corridors, which manifests very differently across countries. The process reveals the broken business model of labour recruitment, where recruitment fees are being charged to those already disadvantaged and going into low-wage jobs, and is perpetuated by an absence of due diligence, control and oversight. For employers, this results in the recruitment of workers based on ability to pay rather than ability to perform the work, a high risk of forced labour outside their knowledge, and increased risk of workers running away. This broken business model can be addressed by formalising recruitment fees and setting them through contracts between the recruiting and hiring agency. CREST works through the demand side of labour, while the IRIS (International Recruitment Integrity System) Standard is a gold standard for recruitment practices.

#### *Question & Answer segment*

On the question of whether the two instruments - the ASEAN Consensus on the Protection of Migrant Workers and the ASEAN CSR Guidelines on Labour - will lead to better protection of migrant workers, Mr Thomas said that despite these being non-binding, States can continue to use these guidelines to improve. Mindsets need to shift to focus on the problem and solving it. Businesses, governments and civil society need to be educated, and getting the conversation going is important. Ms Greene felt that coherence within the ASEAN region will be helpful to drive change, while Mr Hodge highlighted that companies are expected to use their leverage not just in the supply chain, but also in public policy as a mechanism for good.



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