

Key note speeches opening the CSR Asia Summit 2010

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In his opening speech at the Summit, **Richard Welford**, Chairman of CSR Asia, noted the growing importance of Corporate Social Responsibility (CSR) was demonstrated by the over 400 attendees from 26 countries. The importance of CSR has also been



demonstrated by the growth of CSR Asia, which now has 9 offices, having recently opened in Bangkok, Sydney, Tokyo and Edinburgh.

The Summit's focus was Strategic Solutions for Sustainability. This involved looking at CSR risks such as

strikes and labour disputes in China and Vietnam, treatment of migrant workers, disputes over land rights, and the suicides of factory workers. It also covered opportunities for companies in taking the initiative to tackle sustainability issues and building trust with their stakeholders. Current initiatives highlighted included the Singapore Stock Exchange's guidance on sustainability reporting and the launch of ISO26000, which will help define "CSR" and change how it is implemented.

Richard noted the Summit would focus on the following cutting-edge topics:

1. Environment stream

- Companies measuring carbon emissions and being transparent about these emissions and climate change risks
- Business strategies for adapting to a changing climate
- Companies working with suppliers and customers to produce more sustainable products
- The role of transnational corporations in getting a higher proportion of raw materials such as palm oil, soy and sugar produced sustainably.

2. Workplace & Community stream

- The role of business in achieving the Millennium Development Goals in Asia
- Business continuity planning and the role of the private sector in disaster preparedness
- Objectively determining the net benefit to businesses and communities of corporate community investment

- What can and should business do on problems such as HIV/AIDS.
- ### 3. Marketplace & Transparency stream
- The rise of Asian transnational corporations and their approach to sustainable development.
 - Investors' concerns about environmental, social and governance (ESG) issues
 - Embedding CSR into corporate governance to ensure socially responsible behaviour in relation to labour practices, the environment, consumers, human rights and local communities.
- ### 4. Asian CSR stream
- Developing and implementing a CSR/sustainable development strategy in companies
 - How to minimise the risk and incidence of corruption in the auditing of CSR compliance
 - How combining a strategic approach to CSR with a rigorous sustainability reporting process can benefit companies
 - The 2010 Asian Sustainability Rating™

Dato' Abd Wahab Maskan, the Group Chief Operating Officer of Sime Darby and Chair of its Group Sustainability Committee addressed the Summit on the issues facing his Group. He noted it employed



over 100,000 staff in 20 countries in businesses covering plantations, property, industry, motors, energy and utilities and healthcare.

He commented that, while the terminology used has changed over the years, the issues of CSR and sustainability remain key to Sime Darby's risk management. Sime Darby has remained focused on developing a sustainable future in spite of the economic downturn. It concentrates on four areas:

- Education - nurturing the development of human capital;
- Community -protecting, supporting and respecting human rights, equality and fairness;
- Sports - encouraging an active and healthy lifestyle through participation in sport; and
- Environment - conservation of the environment and protection of ecosystems in countries in which Sime Darby has operations.

It has taskforces working on key issues such as the Round Table on Sustainable Palm Oil and on carbon emissions where Malaysia's commitment to reduce emissions by 40 per cent will have a significant impact. Success in tackling these issues requires consistent application, expertise and dedicating appropriate people.

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Mark Dickens, Head of Listing Division of the Hong Kong Exchanges and Clearing Limited (HKEx), noted on its dual role as a profit making company and as a regulator of listed companies on the Hong Kong stock market.

As a company, HKEx has taken a leadership position in responding to the CSR challenge. It has reported on CSR since 2004 and now follows the Global Reporting Initiative. These reports are both for the benefit of its shareholders and to meet the public interest requirements. HKEx has a CSR management system based on the (then) draft ISO26000 guidance standard and is working to reduce its environmental impact with a particular focus on reducing the paper consumption involved in securities regulation. It will shortly be introducing fully electronic prospectuses and making the securities market entirely paperless.

Turning to HKEx's role as an Exchange Regulator, Mark noted its duty is to run a 'fair, orderly and secure stock market'. Companies that list on its market must contract through a Listing Agreement to comply with the terms that HKEx sets. The Corporate Governance aspects of these rules are currently subject to their biggest overhaul since 2004. Consideration is being given to converting some 'Best Practices' to 'Comply or Explain' requirements and some 'Comply or Explain' requirements to mandatory rules.

When deciding the extent of changes, the HKEx must consider the diverse range of companies listed. Most of the large companies in the Hang Seng Index comply with best practice but there are over 700 companies with relatively small market capitalisation, many of which do not understand the meaning of CSR. Part of the difficulty is that CSR principles have been stated in a western values context and are difficult for many listed companies to relate to. The HKEx is working to correct this but will need pressure from investors on listed companies to get practical implementation of its proposals.

Pamela Flaherty is the Chief Executive Officer of the Citi Foundation and Director of Corporate Citizenship for Citigroup. She noted that being viewed as contributing in a positive way to the communities where Citi works is a key part of its 'licence to operate' in over 160 countries. It recognizes that its commitment to CSR, which it refers to as Responsible Finance, is central to its ability to do business in a large number of markets.



As a bank, Citi's essential role in society is to help customers save, invest, spend, borrow and protect their money with trust and confidence; and to help companies by committing capital, making markets and managing their global cash position. This is not about feeling good or just keeping Citi's shareholders happy. It's about putting the full force of Citi's business, resources, products and people to work to improve communities and the environment in the places where it does business. This requires being committed to providing choice, control and transparency for clients, managing risk responsibly and contributing to economic growth and economic opportunity for individuals.

Examples of its Responsible Finance in action include:

In 2003 Citi was one of the ten banks which developed the Equator Principles, a voluntary set of industry guidelines to manage the environmental and social risks of project finance globally. Today more than 60 banks adhere to the Equator Principles with a Citi employee acting as the Chair of its governance body and Citi working to expand its scope to cover emerging markets – including China. Measuring Citi's own environmental impact and setting goals to reduce it. Current goals for 2015 are to reduce from 2005 levels by 25 per cent in GHG emissions, 40 per cent in waste and 20 per cent water use. Citi is also targeting to achieve LEED certification for 15 per cent of its office space by 2015.

Citi sees that the integration of corporate citizenship into its core business practice – using its people, its products and philanthropy – is a powerful tool for cultural change. It believes this synergy attracts talent with the right skills and values, reduces risk, increases revenue, deepens client relationships and, of course, has a positive impact on its reputation – all key ingredients to success which, in turn, allows Citi to do even more for its communities.

Questions

The panel were asked for their view on Aneel Karnani's recent *Wall Street Journal* article querying the value of CSR. Pamela Flaherty responded that while CSR should be embedded in normal business action, CSR issues are unlikely to receive sufficient attention without specific senior management focus. Mark Dickens noted that to be successful, companies needed to clearly show their ethical credentials in the face of current business pressures. Dato' Abd Wahab Maskan saw a focus on CSR as a key part of business risk management.

In response to a question about CSR being driven by Western value systems, Mark Dickens noted that people in Asia have been antagonised by the way in which the West have been 'talking down' to them for many years. HKEx was moving from putting CSR



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principles forward based on Western values to making the case that it is in companies' best interest to take CSR action.

One questioner noted that many issues such as climate change, peak oil and the depletion of ground water are long term and asked what the speakers' companies do to consider, say, a 20 year time horizon. Mark Dickens responded that issues of this duration needed leadership from Governments to create a framework within which

companies can make a positive contribution.

The panel were asked why environmental investment funds had fared poorly in the financial crisis. They responded that the sector may have been 'over bought' prior to the downturn. There were also some shortcomings in the information available on the new environmental businesses.

Another questioner asked about partnerships between business, government, civil society and academia. Dato' Abd Wahab Maskan responded that these could be helpful provided the parties carefully define the questions to be addressed. Sime Darby has a successful partnership with a university in Sabah researching the impact of palm oil on forests.

In summary, the four key note speakers made an eloquent case for corporate engagement on CSR and set the scene for addressing the issues to be discussed during the conference. ■

RSPO

Roundtable on Sustainable Palm Oil

The Roundtable on Sustainable Palm Oil seeks Secretary General

The RSPO is recruiting a new Secretary General to lead the growth and promotion of certified sustainable palm oil. The position is based in Kuala Lumpur and reports to the RSPO Executive Board.

The role requires the candidate to provide leadership to our rapidly growing organisation and entails:

Management of the RSPO: Contribute to and execute strategies to meet the mission and vision of the organisation through the continued management of the certification system and its development

Marketing, promotion and branding of the RSPO: Build the credibility of the RSPO brand through the engagement of internal and external stakeholders as well as leading marketing and promotional activities regionally and globally

Stakeholder Engagement: Senior level engagement with business leaders, government bodies, smallholder representatives and NGOs

Policy Review: Overseeing and coordinating standards development, initiating technical activities to amplify and clarify indicators within the standards and ensuring that these standards meet stakeholder needs

Recruitment and Retention of Secretariat Staff: Leading and motivating a team of 20-30 staff based in Kuala Lumpur and Jakarta

The ideal candidate has:

- Degree in Conservation, Environmental Management, Agricultural sciences or related field
- At least 10 years of managerial experience in conservation, certification, agriculture or related industries

- Significant experience in high level public speaking - Board level experience preferred
- Experience in multi-stakeholder management, conflict management and policy lobbying and/or development
- In-depth understanding and appreciation of the palm oil industry, its world trends and issues is an advantage
- Experience in team building and management
- Experience of working with other agricultural, ethical or social responsibility standards an advantage

A competitive remuneration package will be offered, to commensurate with experience

Contact: Please provide a CV and cover letter to SG@rspo.org by 1 October 2010. Include indicative salary expectation.

Stakeholders are also welcome to suggest candidate names which the RSPO should approach. Please provide details of qualifications of suggested candidates.

Confidentiality: To safeguard the privacy of candidates, shortlisting and candidate assessment will be handled by CSR Asia and Egon Zehnder. Only final candidates will be made known to the RSPO Executive Board

About the RSPO

RSPO is a not-for-profit association that unites stakeholders from seven sectors of the palm oil industry - oil palm producers, processors, manufacturers, retailers, and investors, environmental and social NGOs - to develop and implement global standards for sustainable palm oil.

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