CSR Asia

CSR Programmes and Global Enterprises,
The roles and Responsibilities towards Local communities

Asia-Pacific Expert Symposium On Global Citizenship Glocalization : Education for Local Sustainability
Social Responsibilities and Ethics of Global Enterprises and Educators
23-24 October 2014

Clelia Daniel
About CSR Asia

CSR Asia is the largest, longest-established CSR organisation in Asia

**History**
- Registered in Hong Kong in 2004
- Since then, we have expanded and established an network of wholly or jointly owned subsidiaries and trusted partners
- Singapore office opened in 2005
- Decades of collective experience of senior leaders in Asia and Europe
- Team of over 40 staff and 25 professionals with combined experience in all aspects of sustainability and CSR

**Ongoing Support and Promotion**
- Over 80 Strategic Partners
  - Local and international organisations dedicated to sustainable business practices
  - Ongoing support, latest research and strategic guidance
- CSR Asia Summit, CSRA Weekly Newsletter, www.csr-asia.com
- Partners with FSG for Shared Value Centre Asia

**Differentiating Factors**
- Operating across markets in cross border teams
- Insights into different market issues and corporate approaches
- Dedicated teams who are locally based and only focusing on sustainability
The UN Global Compact–Accenture CEO Study on Sustainability 2013
Architects of a Better World

Less than a third - 31% - believe that their company’s share price currently includes value directly attributable to sustainability initiatives.
81% of CEOs believe that the sustainability reputation of their company is important in consumers' purchasing decisions. And 64% see the consumer as a key stakeholder in influencing their approach to sustainability—the most important stakeholder identified by CEOs.
46% believe that sustainability issues will always be secondary to traditional factors of price, quality and availability.

And only 28% report that they have secured a price premium with consumers through their reputation on sustainability.
Tracking the issues in Asia

**2011**

1. Climate change and water
2. Corporate governance, disclosure and reporting
3. Supply chains
4. Community development and measuring impacts
5. Biodiversity and access to natural resources
6. Consumer pressure and sustainable consumption
7. Health issues
8. Environmental pollution and competitiveness
9. Increased regulation and standards
10. Human resource pressures

**2012**

1. Supply chains and human rights
2. Climate change
3. Corporate governance, disclosure and reporting
4. Water
5. Community investment and development
6. Access to natural resources and energy
7. Poverty and social imbalances
8. Disasters
9. Population
10. Biodiversity

**2013**

1. Supply chains and human rights
2. Community investment and shared value
3. Climate change and energy issues
4. Corporate governance, disclosure & anti-corruption
5. Wealth gaps, poverty and social imbalances
6. Disasters
7. Water
8. Access to natural resources, pollution and food security
9. Population
10. Biodiversity and conservation
Business and the Community

Voluntary contribution through CI

Mandatory Contributions

Core business activities:
Value, jobs, products, services, technology, infrastructure
Suppliers and Contractors (backward linkages)
Customers and Consumers (forward linkages)

A fine line
Why CI

• Brand and reputation

• Expectations

• Employee recruitment and retention

• Create new market opportunities

• Manage community relations and license to operate
## Contribution types

Corporate contribution must be:

- Voluntary
- Charitable
- Community motivated
- Valued at cost

### Mandatory Contributions

- Required by law, regulation or contract

### Business Basics

- Core business activities responsibly

### Commercial Initiatives

Achieve business goals and promote brand. Eg. Cause-related marketing

### Community Investment

Partnerships, few focus areas, business alignment, impact-drive and sustainable

### Charitable Gifts

Disaster relief, payroll giving, matched employee gifts, employee volunteering
Dollars and Sense
Corporate community investment impact measurement in Hong Kong, Indonesia, Malaysia and Singapore
Methodology

• 80 largest listed companies
• 4 stock markets (HK, Indonesia, Malaysia, SG)
• 4 industries (Banking/Finance, ITC, Pharmaceuticals, Property & Real Estate)

Selection criteria and content analysis
• Determined based on volume of stock
• Using publicly available information
• Information provided from 2011 onwards
Focus Areas:
1. Level of reporting
2. Why are companies involved in CCI?
3. How are companies investing
   – Cash, Time or In-Kind?
4. What are companies investing in?
5. Who is benefiting?
6. How are companies implementing CCI?
7. Measuring Inputs, Output or Impact?
Results and Findings
## Level of Reporting

<table>
<thead>
<tr>
<th>Stock Exchange</th>
<th>Total Number of Companies who reported on CCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>13</td>
</tr>
<tr>
<td>Indonesia</td>
<td>10</td>
</tr>
<tr>
<td>Singapore</td>
<td>9</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>8</td>
</tr>
<tr>
<td>Total Number of companies</td>
<td>40</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industry</th>
<th>Total Number of Companies who reported on CCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking and Finance</td>
<td>15</td>
</tr>
<tr>
<td>Property and Real Estate</td>
<td>12</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>8</td>
</tr>
<tr>
<td>ITC</td>
<td>5</td>
</tr>
<tr>
<td>Total Number of companies</td>
<td>40</td>
</tr>
</tbody>
</table>
23 companies clearly outlined why they undertook CCI

19 companies had an initiative which linked to core business
- Pharmaceuticals – provision of healthcare and medicine
- Banking & Finance – training in finance
- Property & Real Estate – building of schools
How are companies investing – Cash, Time or In-Kind?

82% of the 40 companies clearly stated that they donated money
- Only 43% of those companies disclose the amount invested
- Some companies disclose the amounts for specific programmes, but not all of their CCI

There is limited evidence that companies are donating time and resources to communities
- Disclosure on employee volunteering in CCI is relatively low
- 17 companies mentioned employees involvement in CCI
- Only 4 companies provided further detail on numbers of hours and frequency of employee volunteering
What are companies investing in?

- Education: 29
- Health: 29
- Women: 5
- Disaster Response: 18
- Poverty (wealth): 15
- Arts + Culture: 17

Number of companies which addressed each focus area.
### Who is benefiting?

<table>
<thead>
<tr>
<th>Demographic benefiting from CCI</th>
<th>Total Number of Companies with CCI addressing this demographic</th>
<th>Proportion out of 40 companies who reported on CCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children</td>
<td>30</td>
<td>75%</td>
</tr>
<tr>
<td>Adolescents</td>
<td>20</td>
<td>50%</td>
</tr>
<tr>
<td>Adults</td>
<td>13</td>
<td>33%</td>
</tr>
<tr>
<td>Senior Citizens</td>
<td>4</td>
<td>10%</td>
</tr>
<tr>
<td>General Community</td>
<td>12</td>
<td>30%</td>
</tr>
</tbody>
</table>
How are companies implementing CCI?

<table>
<thead>
<tr>
<th>Reference to Partnership/collaboration type</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local charity/NGO</td>
<td>23</td>
</tr>
<tr>
<td>Government agencies</td>
<td>16</td>
</tr>
<tr>
<td>International charity/NGO</td>
<td>9</td>
</tr>
<tr>
<td>Local School</td>
<td>7</td>
</tr>
<tr>
<td>Local University</td>
<td>6</td>
</tr>
<tr>
<td>Local Hospital</td>
<td>3</td>
</tr>
<tr>
<td>Internationally based School</td>
<td>2</td>
</tr>
<tr>
<td>Internationally based University</td>
<td>0</td>
</tr>
</tbody>
</table>
Inputs, Outputs or Impact?

Inputs (cash, time and in-kind)
- 17 companies disclose information on inputs
- One company – China Construction Bank, recorded the amount of employee time and other resources invested

Outputs (activities as a result of investment)
- 13 companies presented information on outputs and the number of people CCI impacted

Although there are good stories to tell, there was no evidence to suggest that any company is measuring impact and reporting the real value and success of these investments ...
Meeting social needs

Focus:
- Giving to communities
- Investing in communities
- Commercial activities in communities

Tools:
- Philanthropy
- Community investment
- Shared value
- Recognition
- Brand Reputation Trust
- Profit

Return:

Measuring impacts
# The spectrum of engagement

<table>
<thead>
<tr>
<th></th>
<th>1st Wave</th>
<th>2nd Wave</th>
<th>3rd Wave</th>
<th>4th Wave</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose</strong></td>
<td>Philanthropy</td>
<td>Strategic philanthropy</td>
<td>Community Investment</td>
<td>Healthy business environment</td>
</tr>
<tr>
<td><strong>Motive</strong></td>
<td>Morality</td>
<td>Long-term self-interest</td>
<td>Long-term/direct self-interest</td>
<td>Direct self-interest</td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td>Ad Hoc</td>
<td>Systematic</td>
<td>Strategic</td>
<td>Organisational ownership</td>
</tr>
<tr>
<td><strong>Staff</strong></td>
<td>Administrator</td>
<td>Manager</td>
<td>Entrepreneur/consultants</td>
<td>Ingrained at all management levels</td>
</tr>
<tr>
<td><strong>Structure</strong></td>
<td>Detached from business activities</td>
<td>Detached but linked to business interests</td>
<td>Part of line structure</td>
<td>Integrated with business functions</td>
</tr>
<tr>
<td><strong>Initiative</strong></td>
<td>Passive</td>
<td>Responsive to requests in target areas</td>
<td>Initiating</td>
<td>Integrated into daily decision-making</td>
</tr>
<tr>
<td><strong>Contribution</strong></td>
<td>Mainly cash or goods</td>
<td>Cash or donations Skills and cash</td>
<td>Business resources</td>
<td>Embedded in profit and growth goals</td>
</tr>
<tr>
<td><strong>Drivers</strong></td>
<td>Chairman’s whim</td>
<td>Guidelines in place</td>
<td>Business linked Guidelines in place</td>
<td>Part of business strategy</td>
</tr>
<tr>
<td><strong>Sustainability</strong></td>
<td>One-offs</td>
<td>Assistance in specific issues</td>
<td>Nurturing and capacity building of NGOs</td>
<td>Ongoing part of business management/goals and appraisal</td>
</tr>
</tbody>
</table>

**CSR ASIA**

**BUSINESS SOLUTIONS FOR GLOBAL CHALLENGES**
Strategic Community Investment

- **Strategic**: long-term commitment, sustainability, few key areas to achieve greatest impact
- **Aligned**: Corporate competencies, community needs & priorities, shared benefits
- **In Partnership**: leverage resources, expertise, networks; build on existing structures
- **Engagement**: continuous engagement between community, third party and company
- **Monitoring and evaluation**: continuous improvement, demonstrating results
Trends

Limitations of Traditional Community Investment

To community

• Unsustainable one-off donations
• Outside perception of community needs
• Often not addressing root causes for sustainable change
• Community as a $ receiver: not looking beyond to other resources and strengths

To business

• “Feel good” add-on
• Good for employees or reputation, but where is accountability?
• Not aligned with core business competences
• Company as a $ provider: not looking beyond to other resources and strengths
Trends

• Move away from philanthropy to community investment
• It’s not just about money: investing time, skills, other resources
• Expecting a return on investment – for the community and for the business
• Links to Millennium Development Goals and broader development agenda, national development agenda
• Need to measure community investment – and impact achieved
• Need to measure benefits of partnerships – public and private
Thank you!

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