



# Corporate Governance and Corporate Social Responsibility

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Companies  
cannot  
exist in a  
vacuum ...

# Who are the Business Owners?



# Too few independent directors



# Subsidiaries all over the world





Good  
corporate  
governance is  
the foundation  
for corporate  
social  
responsibility

# Drivers of reform

- Risk
- International Investment
- Buyers in the supply chain
- International legal reform
- Public pressure and government pressure
- Asian companies going global
- Internal pressures
- Disclosure and reporting

# Governance and CSR in Asia

- Risks
  - Reputational damage to image etc.
  - Brand-linked (e.g. boycotts and Coca-Cola in India)
  - Litigation and claims for damages (Alien Torts Claims)
  - Shareholders and corporate governance issues
- Opportunities
  - Trust
  - Forgiveness
  - Differentiation
- The CSR agenda at an international level
  - International agencies
  - Country policies (e.g. China's 'CSR and harmonious society' objectives)
- Brands are both taking the lead and coming under most attack (e.g. Disney, McDonalds, Wal-Mart, Adidas, Freeport)

# CSR Priorities:

Survey of 450 large, listed companies

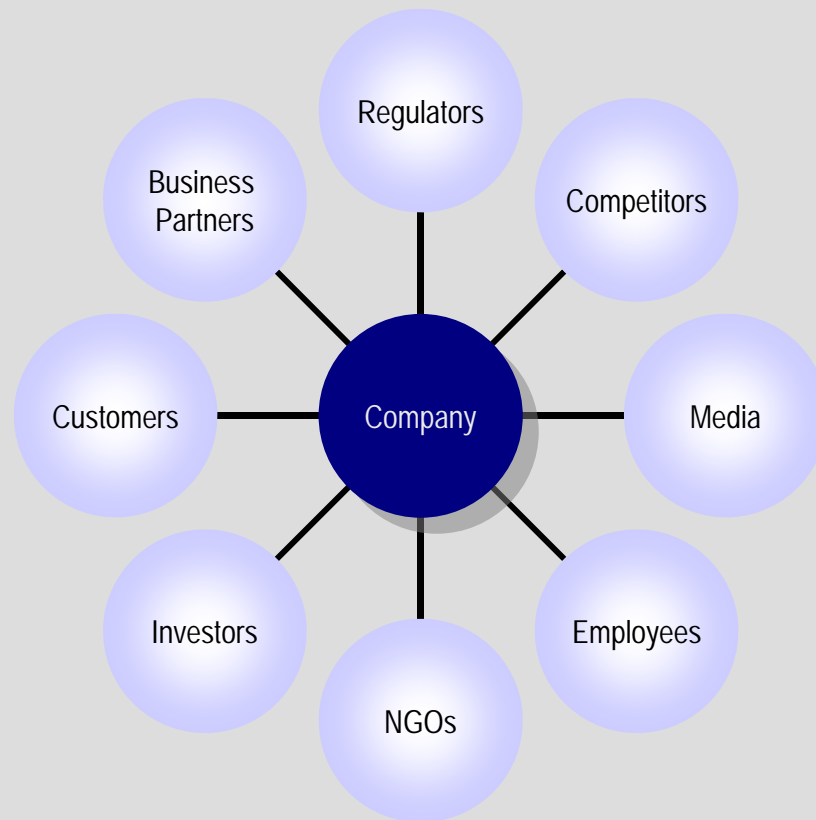
## Western Companies

1. Non-discrimination
2. Wages and working hours of employees
3. Local community engagement
4. Supply chains
5. Reporting

## Asian Companies

1. Local community engagement
2. Supply chains
3. Bribery and corruption
4. Non-discrimination
5. Labour standards in the supply chain

# Stakeholder engagement



## Corporate Governance and Bribery: Country Rankings

Country <sup>1</sup>	CG Watch		Transparency International	
	2003	2004	2005 CPI Score <sup>2</sup>	Country's Global Ranking
Singapore	7.7	7.5	9.4	5
Hong Kong	7.3	6.7	8.3	15
India	6.6	6.2	2.9	88
Malaysia	5.5	6.0	5.1	39
Korea	5.5	5.8	5.0	40
Taiwan	5.8	5.5	5.9	32
Thailand	4.6	5.3	3.8	59
Philippines	3.7	5.0	2.5	117
China	4.3	4.8	3.2	78
Indonesia	3.2	4.0	2.2	137

1. Ranked in descending order according to CG 2004 Score. Scores out of 10.
2. CPI Score relates to perceptions of the degree of corruption as seen by business people and country analysts and ranges between 10 (highly clean) and 0 (highly corrupt).

# Standards in the Supply Chain



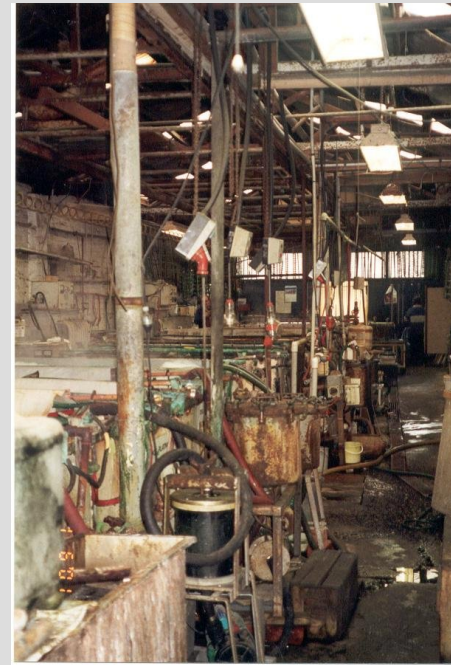
Do you know what is happening in your supply chain?

The role of MNCs versus the regulatory environment

Are Codes of conduct working?

Training programmes and capacity building

# The Good and the Bad...



... and the ugly?



# The Dilemmas of Legal Compliance



# Child and Bonded Labour

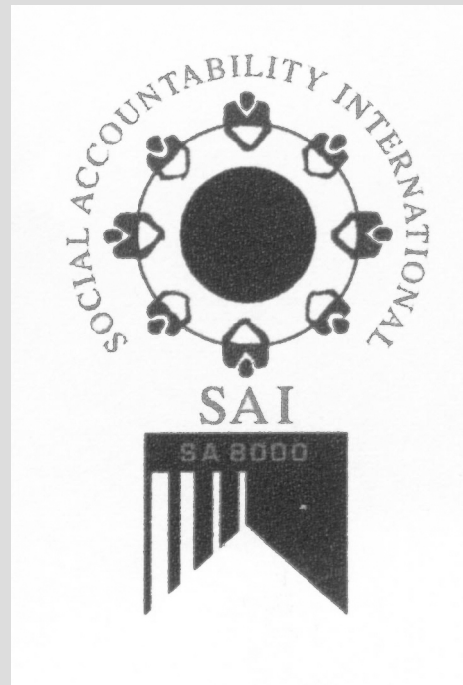


# Governance and the law



**ExxonMobil**

# Emerging CSR Standards



# Corporate Governance - the future

- Greater transparency demanded
- Role of the regulators
- Further development of standards (ASEAN)
- Soft law and CSR
- Increased share/stakeholder activism
- Capacity building for independent directors

# Towards a new governance?

Independent, non-executive directors

Responsibility and accountability

Two-way stakeholder engagement

Adherence to international standards

Disclosure and reporting





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