

**OPENING REMARKS BY MS CLAIRE CHIANG EXECUTIVE DIRECTOR, BANYAN TREE GALLERY (S) PTE LTD AND COCHAIRPERSON OF THE STEERING COMMITTEE OF THE NATIONAL TRIPARTITE INITIATIVE ON CORPORATE SOCIAL RESPONSIBILITY (CSR), 26 MAY, 2.30 PM, NTUC CENTRE AUDITORIUM, LEVEL 7, 1 MARINA BOULEVARD, SINGAPORE**

Good Afternoon

Guest-of-Honour, Minister of state for Defence and Chairman of SPRING Singapore Mr Cedric Foo,

The British High Commissioner His Excellency Mr. Alan Collins,

Distinguished guests and ladies and gentlemen,

Welcome to the launch of the National Tripartite Initiative on Corporate Social Responsibility (CSR). CSR is fast becoming a global expectation as companies are required to act responsibly in all areas, be it fair employment practices, accounting practices, family and environment-friendly practices or fair trade practices. And there is increasing momentum to address the isolation of business from the community by urging corporations to play a broader humanizing role to help build secure and sustainable societies. Underpinning this pressure is a fundamental belief that business thrives where society thrives. It is no longer enough for companies to just focus on making money for themselves. They have to balance the pressure to make a profit for shareholders against the needs of other stakeholders in the marketplace, workplace, community, society and environment.

CSR was first conceptualized in the early 1970s. However there is no commonly accepted definition and it is a relatively new term in Singapore. Over the years, selective Singapore companies have demonstrated their CSR by adopting in varying configurations, the "triple bottom-line" of balancing the economic, social and environmental bottom-lines.

What does the triple bottom-line mean? (*John Elkington, 1997, Cannibals with Forks, The triple Bottom Line of 20<sup>th</sup> century Business, Capstone, Oxford*)

The economic bottom line refers to an emphasis on financial performance, not only to profit but to the philosophies behind a company's strategy or behaviour, the sustainability of its businesses and its "human capital".

The environmental bottom line refers to the impact of a company's products or operations on the environment, plus the nature of its emissions and waste and how it is dealing with them.

The social bottom line refers to how a company approaches issues such as ethnic and gender diversity, working hours and wages, staff security and its contribution to community services or facilities.

In short, CSR is about taking a holistic approach with reference to these three bottomlines when making business decisions.

This triple bottom line only serves as broad principles or a conceptual framework to help a company shape its own "socially responsible" approaches. There are NO international standards that have yet emerged. There are however triple bottom-line advisory services to businesses to help companies adopt a comprehensive corporate response in

implementing CSR. And there is in existence an instrument referred to as the global reporting initiative (GRI) issued in 1999 which has sought to develop a list of specific indicators for reporting on economic, environmental and social performance.

Let me hasten to add that development work on this score is ongoing, still unclear about the extent of information disclosure, the reporting format and the need for third party verification of the information. While there is great merit in striving to identify universal principles in shaping CSR that can be replicated anywhere, we have to recognize the process, and the flexibility to support each company in designing the triple bottom line, at its own time, and within its financial capacity to do so.

Let me highlight a few good CSR practices in Singapore. Workers here have the freedom to join unions. The unions and the employers advocate non-discriminatory employment practices. The tripartite partners promote good HR practices such as work-life strategies, workplace health promotion, skills upgrading and flexible wage system to improve workers' job security and welfare.

Employers work with the Health Promotion Board (HPB) to promote workplace health promotion programmes, with the Ministry of Community Development & Sports (MCDS) and the Ministry of Manpower (MOM) to promote work life balance practices and with National Volunteer & Philanthropy Centre (NVPC) to promote corporate volunteerism. I hope all the companies here will on May 28 in response to the national call by MCDS, release your workers at 5 pm to go home to eat with their families, to demonstrate your effort in promoting family bonding.

Private sector companies have done a lot for the community, from giving direct donations to the arts and offering community volunteering hours to social services, to numerous corporate philanthropy programs for the vulnerable and needy Singaporeans.

Qian Hu Corporation is a good example that you can do simple things to be socially responsible. Before the company was listed, it was already doing its part to protect the environment such as reducing the usage of plastic bags and recycling rainwater.

I could cite many more corporations like Raffles Holdings, LHT Holdings, Lian Beng Group, Citiraya Industries, Ecowise Holdings, Fu Yu Manufacturing, and without modesty, Banyan Tree hotels, which have won awards and international recognition for their contribution to the community and environment.

Do these policies constitute corporate social responsibility, or have we mistakenly equated it with corporate philanthropy, corporate governance, or corporate health compliance? At other times, the term is used interchangeably with business ethics, corporate citizenship, and sustainable development, and more recently, to include new corporate social initiatives like corporate social marketing, cause promotion, cause-related marketing, and community volunteering. CSR embraces all of these, and there is more to it.

The point is CSR is not simply the numerous "add-ons", a side-bar from the core profit-making focus, or a PR exercise to look good. It has to be a conscious initiative adopted by top management in defining the way we build our business organizations, govern our businesses, and create wealth.

In other words, CSR must be internalized into the corporate culture, business strategy and practices of a company, so that it flows seamlessly throughout everything the company does, much like a value system integrates a community of people. It cannot be an external object, practiced only by a few and pulled out each year to embellish annual reports and AGMs.

Many companies at various stages of their development adopt different CSR practices, yet there is not a comprehensive overview to take stock of best practices and share the information. The initiative today creates an opportunity for sharing and understanding.

Some business cynics would quickly retort that CSR is the privilege of the big multinationals or big companies with deep pockets. And that it is not within the capacity of small and medium size companies to embrace CSR.

Today is an opportunity for us to examine this misconception, by sharing information on our work practices and demonstrating that CSR and business objectives are not mutually exclusive, and that size is not a prerequisite for CSR. There are plenty of examples in Western literature to demonstrate this. What we need more of are our own success cases in Singapore, to recommend them for awards and uphold them as best practices models. Every small way adopted by any company in executing the triple bottom line, add up to form a social ethos which only creates more intrinsic satisfaction and worth for corporations, labour and community.

The tripartite initiative has 4 elements:

Firstly we will organize regular forums to create more awareness of CSR. Like any new ethos, it takes time to digest and be defined.

Secondly we will engage our stakeholders by organizing dialogues to encourage them to collaborate, support and share information. We should not fear the differences of opinions and championing for our respective rights. By thinking together in full spirit of cooperation, however diverse our concerns are, we have a platform to debate, deliberate and deliver workable action plans for CSR practices.

Thirdly we will highlight and showcase successful examples of CSR to provide useful reference for other corporations to adopt an integrated approach in implementing CSR practices.

Fourthly, we will facilitate the formation of sectoral networks and other appropriate groupings to identify unique work and market challenges. This grouping approach will allow corporations with similar attributes to exchange views and strategies in promoting CSR. And to generate as well as reinforce an industry ethos that doing good for society is doing well for business.

The initiative we launch today will be demanding and challenging, because it takes time, effort and resources to develop clear directions for implementing and evaluating the triple bottom line.

In view of the increasing sophistication of the marketplace and discerning consumers who not only evaluate the quality of our products and services, but also appreciate the way we produce them and conduct our business, it is timely to rethink our business strategies to include CSR as a significant business goal in itself.

The content and direction of this initiative will be an evolving one. How effective it will become, will depend on how willing we all are to participate and commit. If among us all, we recognize the mutual benefit in embracing CSR; if we recognize the need to pull our efforts together to develop action plans for CSR; and if we recognize that we cannot yet determine the scope of the partnership, but are willing to explore it as we go along, then we will take off.

In launching this initiative as a shared response by the government, the unions and employers working together as strategic partners in the process of development for Singapore society, we have an unique opportunity to identify common grounds.

If I may borrow a quote from Rosabeth Moss Kanter to end my address,

(Professor of Business Administration at Harvard in the May/June 1999 issue, p.126 of the Harvard Business Review), she suggested 6 main characteristics of successful private/public partnerships.

They are :

"a clear business agenda,  
strong partners committed to change,  
investment by both parties,  
rootedness in the user community,  
links to other community organizations and  
a long term commitment to sustain and replicate the results."

This is certainly my vision for the ultimate outcome of this tripartite initiative.

On this note, I wish you all a great afternoon.