

第3回日中韓研究者会合

法政大学運営・国際基督教大学協力

2011 年 11 月 24 日(木)午前

東ヶ崎潔記念ダイアログハウス2階国際会議室

国際基督教大学(東京都三鷹市大沢 3-10-2)

アジェンダ

8:30-	受付開始
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総合司会: 菅原絵美(法政大学現代法研究所国連グローバル・コンパクト研究センター(Hosei GCRC)研究員)

9:00-9:05	歓迎挨拶 村上 透(国際基督教大学総務副学長)	
9:05-9:20	開会挨拶 日・中・韓代表者	
9:20-10:50	第1部: 日中韓共同研究セッション 共通テーマ「自然災害およびその他の緊急時における CSR」 1. 第1部の内容について説明(司会) 2. 報告およびコメント 3. 報告者・討論者による討議 4. 会場からの Q & A	
	司会	三浦 聡(名古屋大学教授)
	中国	報告者: GUO Yi (北京工商大学准教授)
		討論者: CHEN Ying (グローバル・コンパクト中国ネットワーク代表)
		報告者: QIAN Xiaojun (清華大学教授) [ペーパー]
	日本	報告者: 梅田 徹(麗澤大学教授)
		討論者: 窪 誠(大阪産業大学教授)
	韓国	報告者: LEE Wonjae (ハンギョレ経済研究所(HERI)所長)
		討論者: JU Chulki (グローバル・コンパクト韓国ネットワーク事務局長)
10:50-11:05	休憩(15 分)	
11:05-11:10	挨拶: KELL, Georg (国連グローバル・コンパクト事務所長)	
11:10-12:40	第2部: 研究交流セッション	
	中国	テーマ: 災害救援・復興における中国企業の事例分析
		報告者: WANG Xiaoguang (グローバル・コンパクト中国ネットワーク副代表)
	日本	テーマ①東アジアの CSR に関する日中韓共同研究
		②人権 CSR ガイドラインに関する日韓共同研究
		報告者①江橋崇(法政大学GCRC), LEE Wonjae (HERI), YANG Bin (清華大学CLDR) ②菅原絵美(法政大学 GCRC 研究員)
	韓国	テーマ: ソーシャル・エンタープライズ
		報告者: SHIM Sangdal (韓国開発研究院教授)
12:40-12:55	第2回グローバル・コンパクト日中韓共同調査に関する討議 報告者: JU Chulki (グローバル・コンパクト韓国ネットワーク事務局長)	
12:55-13:00	閉会挨拶 江橋 崇(法政大学 GCRC センター長)	

13:00-14:00	昼食(大学食堂(同建物1階))
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The Third China-Japan-Korea Researchers' Meeting

Coordinated by Hosei GCRC & Supported by International Christian University

Supported by International Christian University

24 November 2011

International Conference Room (2F), Kiyoshi TOGASAKI Memorial Dialogue House

International Christian University, 3-10-2 Osawa, Mitaka-city, Tokyo

Agenda

8:30-	Registration
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Chair: Ms. SUGAWARA Emi, Hosei Research Center for the Support of the Global Compact, Japan (Hosei GCRC)

9:00-9:05	Welcome speech Mr. MURAKAMI Toru, Vice President for General Affairs, International Christian University	
9:05-9:20	Open remarks (China, Japan and Korea)	
9:20-10:50 (90 min)	First Session: China-Japan-Korea Joint Research Session Common topic: CSR in natural disasters and other emergency situations 1. Explanation of this session (Coordinator) 2. Presentations and comments from CJK researchers 3. Discussion among Speakers and Commentators 4. Q & A from the floor	
	Coordinator	Prof. MIURA Satoshi, Nagoya University
	China	Speaker: Prof. GUO Yi, Beijing Technology and Business University
		Commentator: Ms. CHEN Ying, Director, Global Compact Network China
		Speaker: Prof. QIAN Xiaojun, Tsinghua University [paper]
	Japan	Speaker: Prof. UMEDA Toru, Reitaku University
		Commentator: Prof. KUBO Makoto, Osaka Sangyo University
	Korea	Speaker: Mr. LEE Wonjae, President, Hankyoreh Economic Research Institute (HERI)
		Commentator: Mr. JU Chulki, Secretary-General, Global Compact Korea Network
10:50-11:05	Coffee break (15min)	
11:05-11:10	Remarks Mr. KELL, Georg, Executive Director , the UN Global Compact Office (tentative)	
11:10-12:40 (90 min) (30 min/each)	Second Session: Knowledge Sharing Session (Research presentations from three countries)	
	China	Topic: Cases analysis of Chinese enterprises in the process of disaster relief and reconstruction
		Speaker: Mr. WANG Xiaoguang, Global Compact Network China
	Japan	Topic:1) CJK joint research on CSR in East Asia
		2) Korea-Japan joint research of guidelines on corporate responsibility for human rights
		Speaker: 1) Prof. EBASHI Takashi (Hosei GCRC), Mr. LEE Wonjae (HERI), Prof. YANG Bin (Tsinghua CLDR) 2) Ms. SUGAWARA Emi (Hosei GCRC)
	Korea	Topic: Social enterprises
		Speaker: Prof. SHIM Sangdal, Korea Development Institute
12:40-12:55	Discussion: Implementation of 2nd Global Compact CJK Joint Survey Speaker: Mr. JU Chulki, Secretary-General, Global Compact Korea Network	
12:55-13:00	Closing remarks Prof. EBASHI Takashi, Director, Hosei GCRC	

13:00-	Lunch @ University Dining Hall (1F)
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Sustainable Recovery Model (China Experience)

Fangbei Village One-Help-One Experiment

GUO Yi

Beijing Technology and Business University



上海交通大学 安泰经济与管理学院
Antai College of Economics & Management, Shanghai Jiao Tong University

Severe Losses in Fangbei Village After Sichuan Earthquake



95% of houses collapsed, 13 deaths
Population: 1462 (437 households)
Average land: 0.86 (mu)
Lesser attention from the media and public
Potential for self-aid



Fangbei Village Experiment, aim to explore an effective model on post-disaster recovery



Fangbei was targeted for the “One-Help-One” project for a variety of reasons. **Firstly**, it is representative of many small villages in the region in that it has an average level of income. **Secondly**, it is also an area that has received very little focus from the outside media. **Additionally**, at the beginning of the project, 93% of all households had no history of debt. **Last, and most importantly**, the damage the village faced after the earthquake was widespread and devastating.

Core Content of One-Help-One



- * Individual fundraising + Government subsidy + Micro-financing + Interest-free loan from One-Help-One peers
- * Repayment within 5 years
- * Right of land usage and five-household collective alliance as collateral

➤ On Loan, Not Donation:

Mutual Assistance, Not Philanthropy

➤ One to One:

Direct and Clear

➤ Must Payback:

Based on experience from Muhammad Yunus

Significance of One-Help-One

For Villagers

- Sense of Credibility
- Sense of Independence
- Sense of market

For Borrowers

- Sense of helping others
- Sense of mutual trust
- Sense of social responsibility

- To ensure that the villagers would repay the loans they were issued, each borrower was put into a group with five other households which all had a pre-existing relationship (e.g. friends, family). These five households all made a commitment to each other that if one of them were unable to repay the loan, the other four members would cover the cost.

- In addition, the local government also put forth their own provisions to ensure repayment. Villagers who fail to repay will lose the right to use some of their farmland in town and it will be returned to the Fangbei government and the revenue generated from farming the land will be used to pay off the loan. With the support of four other households, hopefully such actions will be unnecessary. These safeguards have been used to set the repayment goal at 95%.

One-Help-One Phase One

- Target: Re-build houses
- A loan of USD 1,515 to 3,030 per household
- Interest-free, repayment in 5 years
- A total of 176 borrowers (entrepreneurs) to raise USD 459,090 for 193 houses



Ground breaking on 8 Aug 08



Key delivery on 23 Jan 09



New Houses

One-Help-One Phase Two

- Target: Production
- Average of USD 1,515 to 3,030 per household. (150 households)
- Interest-free loan with 3-year repayment
- Raised USD 155,303; distributed USD 72,727; benefited 24 households



Duck



Vegetables



Rice

One-Help-One Phase Three

- Target: Support on infrastructure, culture, education and technology support
- Encourage enterprises to support public facilities
- Raised USD 60,606 to build up villagers' square, kindergarten, reading rooms, clinics; support in medical check-up, latest techniques on farming, etc.



Villagers Square



Medical Check-up



Reading Room

Challenges from One-Help-One

➤ Lack of sense on timing & sufficiency

➤ Inactive in production development

➤ Follow-up funds

Focus on immediate benefits. Some villagers chose to find labour work outside.

Lack of respect on “Spirit of the Contract”

Housing qualities and other conflicts

Lack of control on incredible villagers



Repayment on 15th April 2010



Awards to on-time payment on 23rd Jan 2011

Challenges from One-Help-One

➤ Lack of sense on timing & sufficiency

➤ **Inactive in production development**

➤ Follow-up funds

Lack of agricultural skills and business sense

High tendency on following successful cases, unwillingness to try new ideas.

Lack of capital

Challenges from One-Help-One

- Lack of sense on timing & sufficiency
- Inactive in production development

- **Follow-up funds**

Decreasing impact of earthquake on society.
Lack of continuous participant into the project
(urgency vs poverty)

Lack of technology and capital support to the undeveloped villages from those enterprises



Fundraising, 12th May 2009



Phase II Fundraising, 7th June 2010

- The project still had several obstacles that needed to be overcome to ensure its continued success. Success of the project was still dependant on three factors.

Conclusion



- Thank you !

CSR in Natural Disaster Relief – China's Experiences¹

QIAN Xiaojun (June)
School of Economics and Management, Tsinghua University

China is a country of a vast territory with wide latitude and a variety of terrain. Its geographical features make it vulnerable to natural disasters. In a normal year, the annual direct economic loss due to natural disasters is between RMB 200-250 billion (about US\$ 31.75-39.68 billion) (as shown in **Table 1**). In recent three years, China experienced several major natural disasters, in which, the Sichuan Earthquake imposed a critical challenge to Chinese government, enterprises and people. The corporate behaviors of China as well as their motivations in natural disaster relief efforts are worth studying. This note aims to present a summary on enterprise philanthropy motivation based on a literature research and apply it to enterprise motivation in responding to natural disaster relief. The note also briefly mentions the Chinese pairing-up model in reconstruction efforts so as to provide useful experiences.

1. Major Natural Disasters in China (2008 – 2010)

- The Severe Snow and Icy Rain Storm Disaster (Jan. – Feb., 2008)
Lasting for about a month and affecting nearly 20 provinces and municipalities, the severe snow and icy rain storm disaster caused 107 people died, 8 missing, and 1.512 million people emergently relocated. Since it happened in the busiest travel season due to the Chinese Spring Festival, a total of 1.927 million people trapped on railway, highway or airports. The direct economic loss due to this disaster reached RMB 1.541 billion.
- The Sichuan Earthquake (May 12, 2008)
On May 12, 2008, a major earthquake of 8.0 Ms hit Wenchuan, Sichuan greatly affecting about 10 provinces and municipalities, resulting in 68,227 people died and 17,923 missing. Total affected area reached 500,000 sq km with numerous secondary disasters such as landslides, mud-rock flows, and barrier lakes.² The total direct economic loss of this earthquake reached RMB 845.1 billion (about US\$134.14 billion).³
- The Yushu Earthquake (April 14, 2010)
In the morning of April 14, 2010, Yushu, Qinghai province was hit twice by earthquakes with the largest of 7.1 Ms, causing 2698 people died and 270 missing. 7

¹ Rewrite based the presentation on Asia Future Forum 2011 (on November 15, 2011 in Seoul, Korea)

² Li Jiangqiang and Liu Fengjun, *Empirical Study on the Market Impact of Corporate Philanthropic Giving – Taking the Donation in “5.12” Earthquake for Example*, China Soft Science Magazine, 2010(6): 160-166.

³ http://news.xinhuanet.com/fortune/2008-09/05/content_9774202.htm, 20111112

counties were affected.⁴ By Dec. 31, 2010, total amount of donation reached RMB 2.8 billion.⁵

- The Chouqu Mudslide (August 7, 2010)
In the evening of August 7, 2010, a severe rain storm hit Zhouqu, a county in southern Gansu province, causing 1463 people died, 302 missing and 20,227 people stricken. The economic loss was estimated as RMB 220 million. Up to August 15, 2010, total donation reached 386.4 million RMB⁶

2. Data Talks

As the follow table shows, the annual direct economic loss due to natural disasters is between RMB 200-250 billion in a normal year and it reached a peak in 2008 due to the great Sichuan earthquake and a secondary peak.

What is more worthy of noticing is that the Sichuan earthquake event triggered the largest amount of donations since 1949, the foundation of the People's Republic of China. According to an incomplete statistics, by May 19, 2008, domestic companies donated RMB 4.25 billion and by May 22, 2008, domestic companies donated RMB16.01 billion. Up to May 12, 2009, the total amount of donations reached RMB 76.7 billion with cash donation of 65.996 billion, donation in the form of party membership 9.73 billion, and material donation of 10.716 billion.

Hence, we can claim that the Sichuan earthquake awakened the awareness of Chinese enterprises' responsibility in natural disaster relief. As Rupert Hoogewerf (also called Hurun in Chinese), the founder of Hurun Report which include the China Rich List and the "Hurun Philanthropy List" (a ranking of the most generous individuals in China) once said, it was the first time for him to notice such a general philanthropic actions done by enterprises and entrepreneurs in China.⁷

Table 1 Economic Losses of Natural Disasters and Donations (Unit: billion RMB)⁸

YEAR	Direct Economic Losses due to Natural Disasters	Total Amount of Donations
2005	204.21	3.13
2006	252.81	4.30
2007	236.30	5.09
2008	1175.24	47.93
2009	252.37	50.93
2010	534.00 ⁹	60.17 ¹⁰

⁴ <http://baike.baidu.com/view/3481726.htm#1>, 20111120

⁵ Han Ying, A Study on the Natural Disaster Donations of China since 1978

⁶ ditto

⁷ Wang Zhilin, *Corporate Philanthropic Donation Behaviors in China: From the Perspective of Weber's Theory of Social Actions*, Theoretical Observations, No. 2, 2009, pp. 94-96.

⁸ Data for 2005 – 2009 come from the Statistical Yearbook 2010 by the Ministry of Civil Affairs of PRC

⁹ by the National Bureau of Statistics of China

¹⁰ by the Ministry of Civil Affairs of PRC

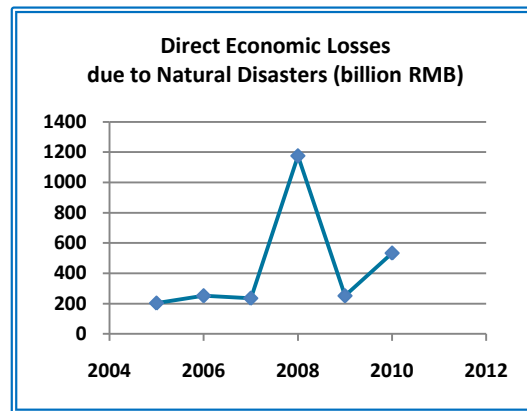


Figure 1 Economic Losses Caused by Natural Disasters (2005 – 2010)

Year 2008 witnessed a dramatic raise in donation in China. It should be noticeable that the yearly donation keeps growing since then, even in year 2009, a year without major natural disasters (see **Figure 2**).

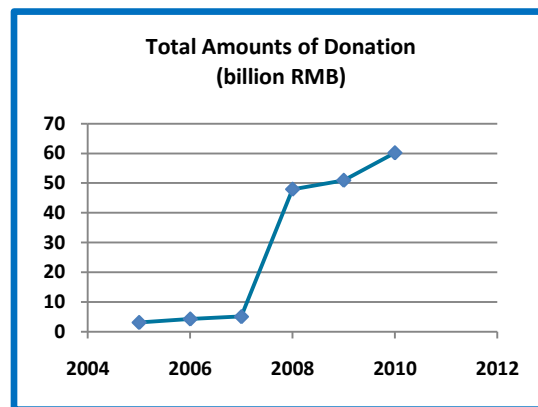


Figure 2 Total Amounts of Donation (2005 – 2010)

3. Enterprises' Motivations

Enterprises' motivation for social responsibility or in particular, philanthropy has been widely studied for some time by many scholars. Cai Ning, et al. (2009) summarized three research perspectives on enterprises' philanthropy, namely, economic rationality, social contract and institutional regulation.¹¹ Other research literature after the Sichuan earthquake provided supporting evidences to the three perspectives.

3.1 Economic Rationality – strategic philanthropy

Economic rationality, also known as strategic philanthropy, believes that enterprise philanthropy could bring better profit, bring more internal and external resources and

¹¹ Cai Ning, Shenqi Taisong, and Wu Jiebing, *Economic Rationality, Social Contract and Institutional Regulation: A Review and Extension on the Enterprise Philanthropy Motivation*, Journal of Zhejiang University (Humanities and Social Sciences), Vol. 39, No. 2, Mar. 2009, pp. 64-73.

benefits, help build better reputation and attract talents, and hence gain competitive edge. The following research done by Chinese scholars provided evidences to this perspective.

Zhong Hongwu of Institute of Economics, Chinese Academy of Social Sciences in his public survey done shortly after the Sichuan earthquake resulted in the following statistics:

- ▶ 79% of consumers prefer to buy products of the companies donated while 64.7% blame the companies who did not donate at all.
- ▶ 70% of respondents would consider to purchase the stocks of the companies donated while 65% would consider to sell off the stocks of parsimonious companies.

Base on the data of Chinese A-share companies after the Sichuan Earthquake, Shan Liwei, et al. concluded that, on average, companies of consumer products donated 50% more in total amount of donations, 1.8 times more in cash, 35% more on the ratio of cash over revenue, and 30% more in total amount of donation over revenue, than non-consumer product companies.

3.2 Social Contract

It is a common practice that enterprises constantly devote efforts and money in building up and improving their corporate image and branding. Many enterprises demonstrate its value through philanthropic actions to attain this goal. This type of efforts helps to form an implicit contract between enterprises and the society, i.e., enterprises must shoulder its responsibilities for its stakeholders, and public would hold enterprise as an ethical agent and therefore apply an ethical contract norm to enterprises' behaviors.

Huang Minxue, et al. claimed that there exists social contract between public and enterprises.¹² The researchers selected a sample of 42 among over 600 enterprises listed in the sina.com column of *the Actions of Corporate Citizens* (企业公民在行动) and analyzed the comments made by netizens (internet viewers). Their research reached the following conclusions:

- ▶ The efforts of companies made to build and improve their reputation help to enhance this social contract.
- ▶ The social contract requires the companies to take actions consistent with the reputation they tried so hard to build up. Otherwise, the companies would be heavily challenged.

A positive example is Wang Laoji Cold Tea, a brand product of the JDB Group, a large drink producer. It was highly praised by public for its immediate donation and the large amount of donation to the Sichuan earthquake. Vanke Co. Ltd., the largest residential real estate developer in China, on the other hand, became a negative example because the relatively “stingy” donation made by Vanke and the improper comment made by its president, Wang Shi, on netizens' criticism.

- ▶ The faster an enterprise reacted, the better societal appreciation.

¹² Huang Minxue, Li Xiaoling, and Zhu Huawei, 企业被“逼捐”现象的剖析：是大众“无理”还是企业“无良”？, Management World, 2008(10): 121-132.

The society tends to interpret companies' quick response to natural disasters as the reflection of corporate social responsibility. Slow action takers would be considered as being pushed, not voluntarily, to respond, and hence will not receive as high appreciations from the society as quick action takers.

3.3 Institutional Regulation

A societal focal attention to enterprises' philanthropic performance would push enterprises in a community to take similar actions, i.e., **isomorphism**. So, when natural disaster happens, an effort of getting the whole society's attention becomes crucial in forming an institutional regulation that would help companies to follow the behaviors of their peers with greater disaster relief contribution.

In this sense, media can make a great difference. Taking the Sichuan earthquake as an example, Chinese TV Stations stopped all entertainment programs and reported live and 24-hour rescue efforts/achievements as well as enterprise donation updates. Chinese newspapers stopped all entertainment columns to report rescue efforts including donation progress. Big Chinese portals, such as sohu.com, netease.com, sina.com, yahoo.com and ifeng.com, quickly present enterprise donation lists, even miser lists, and columns like "Enterprises in Actions". All these efforts helped to draw public eyes and hence cultivate an atmosphere in which companies tend to take quicker and more responsible actions in disaster relief efforts.

Moreover, enterprises need business operation **legitimacy** to gain resources and sell products and services. And the social responsibility activities would help enterprises to gain such legitimacy. Making contributions in natural disaster relief efforts would certainly help enterprises gain legitimacy.

Due to the functions of Chinese central and local governments, responding to the governments' call, in addition to meeting public's expectation, would certainly help enterprises to gain legitimacy. In return, the legitimacy would help enterprises to build up closer or even intimate relationship with governments to obtain possible direct economic benefits.

4. Paired-Up Reconstruction Model

The Chinese model of reconstruction management is worth of mention. The model is called paired-up reconstruction model, in which, 20 provinces and municipalities paired up with quake hit cities and towns to carry out the reconstruction projects planned. For example,

- ▶ Shangong and the new Beichuan county
- ▶ Guangdong and Yingxiu town
- ▶ Zhejiang and Qingchuan county
- ▶ Jiangsu and Mianzhu city
- ▶ Shanghai and Dujiang Yan
- ▶ Beijing and Shifang city

The pairing-up model also applies to companies.

The model turns out to be very effective. By May of 2011, three years after the earthquake, 3860 paired-up reconstruction projects have completed with total funds of RMB 76 billion.

Right now, the paired-up reconstruction has entered into a new phase. 18 out of 20 provinces and municipalities participated in the reconstruction pairing up have started a paired-up collaboration.

Although the paired-up reconstruction was mainly organized by the central government and carried out by provincial and municipal governments, enterprises' active or proactive participation will not only obtain business opportunities but also improve legitimacy.

5. Conclusions

Enterprises' Motivations for philanthropy or, in particular, natural disaster relief efforts, can be summarized into economic rationality, social contract and institutional regulation.

Economic rationality is enterprise instinctive motive while society can make efforts in the aspects of social contract and institutional regulation. For instance, government and public can gradually put higher expectations on enterprises so as to tighten the social contract and hence can anticipate enterprises' more prompt and sizable contribution when disaster happens. On the other hand, media plays an important role of getting public attention focused on natural disaster rescue and relief and governments' impacts play crucial role in building up an institutional regulation so that enterprises have to watch out and benchmark their responsive behaviors.

The Chinese pairing-up model may provide useful experiences for other countries in their natural disaster relief reconstruction.

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Disaster and CSR

Toru Umeda

Professor, Reitaku University
Director, Business Ethics and
Compliance Research Center

Foreword

- The Great East Japan Earthquake of March 2011 had much impact on the business community
- Group research with Prof. Ebashi and Prof. Mori on business and/or in disaster
- Another research on how Japanese utility industry behaved in the post-disaster period
- Two ideas: ‘disaster utopia’ and ‘disaster capitalism’

Disaster utopia

- Rebecca Solnit's 2009 book *A Paradise Built in Hell*
- Ordinary people in the face of a calamity became generous, cooperative, resourceful, brave, and altruistic
- For Solnit, everyday life is a sort of disaster, from which an actual disaster liberates people

Disaster capitalism

- Naomi Klein's 2007 book titled *The Shock Doctrine: The Rise of Disaster Capitalism*
- Depicts how devastating situations policies of deregulation and privatization brought to the countries where they were applied
- Target of criticism: neoliberalism represented by M. Freedman and his Chicago School followers
- Depicts also corporate greedy and devouring behaviors in or amid disasters

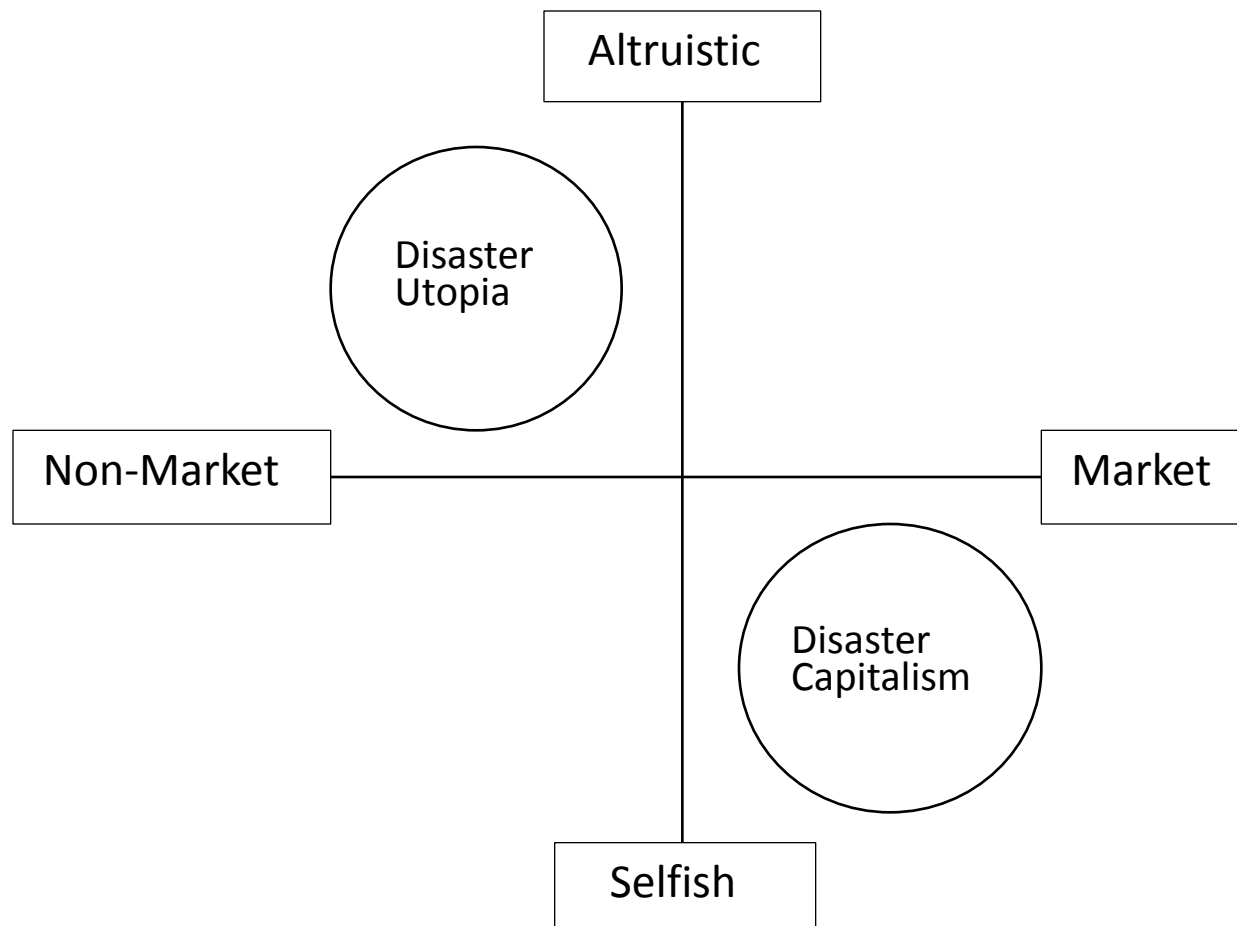


Figure 1

A narrower connotation

- As 'disaster capitalism' a wider connotation, some limitation is put on what she originally means to denote by the term
- Exclude a governmental or public authority factor and an economic ideology factor
- Reformulated disaster capitalism: denoting private companies pursuing their interest in the wake of a disaster in a very selfish way

Exchange system vs. grant system

- Ordinary citizens behavior in Non-Market vs. economic action in Market
- Non-Market: residual portion of a whole social reality minus market aspects
- Exchange system prevails in Market
- Grant system is a typical system working in Non-Market

Flip sides of the appraised, criticized

- Disaster utopia flip side: two contexts, disaster context and non-disaster context
- Negative behaviors such as thefts and lootings seen in a disaster-like situation
- Non-disaster context: lesser human connectedness and broken solidarity with other people, a result of privatization of society
- Ordinary society in which human relations become so diluted is a disaster itself

Flip side of disaster capitalism

- The word disaster in Klein's usage is wider than Solnit's
- A normally operating market is
- Disaster capitalism is an example of extreme form of capitalism and is not normal
- A market produces side effects
- Neo-liberalists tend to attribute it to insufficient liberalization of market, where we differ

An ideal form of capitalism

- Beyond the normal image of a market, an ideal form of capitalism
- “Responsible capitalism or moral capitalism”
- Depends in how morally and how self-disciplinedly business players behave in Market
- They should be conscious about discipline, ethics, community, and social responsibility as a market player

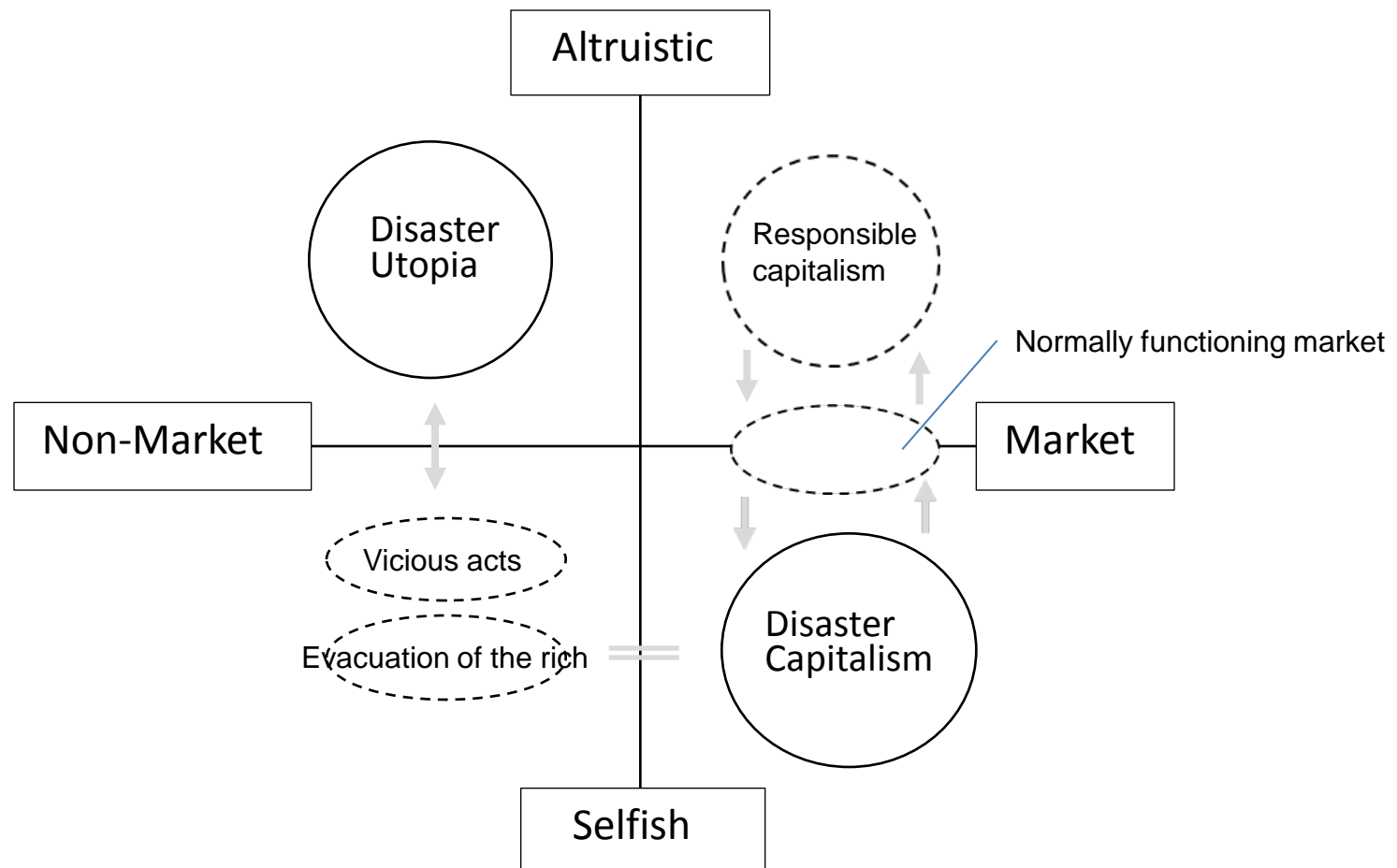


Figure 2

A driver in Non-market

- Citizens can act not as consumers but as members of civil society
- To show their interest in corporate activities, to lodge a protest or boycott, to navigate the business community into a better direction of reconstructing a community
- Actions and consciousness of citizens play an important role in realizing responsible capitalism

Some buds seem

- What I call “compassionate consumption”, a form of ethical consumption is
- Mood of consumption restraint in Hanami season
- Tohoku sake-maker’s call for more consumption of sake through You-Tube
- Consumption for the sake of someone living far away from the place of consumption

Support business disaster-hit area

- altruism in the ongoing business supporting disaster-hit regions
- Some financial institutions launched Reconstruction Support Fund
- Calls for fund sponsors to help finance local small social entrepreneurially-managed businesses involved by indigenous people
- Requires a long-term perspective and perseverance, even a generosity of giving up of any return

Gas supplier community altruisitc?

- Collective efforts in the gas industry to help local operators resume gas supply suspended by the Quake
- 58 gas operators out of more than 210 across the nation dispatched a total of over 100,000 workers to Tohoku in their post-disaster relief efforts
- Similar relief operations initiated in Great Hanshin Earthquake and Niigata Earthquake

Another form of disaster utopia

- Another form of disaster utopia in which community service was placed before each business interest
- It is a temporary Non-ordinary phenomenon which will not last long
- The culture which the business community itself has built should be appreciated
- This could be regarded as a kind of social capital

TEPCO accident dire consequences

- TEPCO accident demonstrated that a nuclear calamity could actually take place, and that its dire consequences would reach a wider range of society well beyond the adjacent community
- Hugeness of risk it poses to Market as well as Non-market
- There is no clear demarcation line between Market and Non-Market so much intertwined

Lessons

- A business should take all possible measures lest an accident it triggered should disturb the smooth functioning of market economy and disrupt socio-economic life
- Utility companies should take effective measures to prevent any accident occurring with negative effects

Alternative to disaster capitalism

- Solnit argues that privatization of society is a cause of broken solidarity
- But privatization of society is irreversible
- A key: how market players think and act
- What sponsorship should be, what consumership should be for responsible capitalism to become a reality
- The corporate has a part to play

Thank You

ありがとうございます

감사합니다

谢谢

umeda@reitaku-u.ac.jp



Disaster and CSR

LEE Wonjae

Hankyoreh Economic Research Institute

I . Natural Disaster – Out of Sight(1)

Natural disasters are traditionally not a main problem which Korean corporation want to tackle. Only 1% of corporate CSR program budget in 2009 is spent in natural disaster relief.

Program Budget Spent in 2009

(Million won, %, 189 Korean companies)

AREA	EXPENDITURE	%
Social Welfare	485,208	46.6
Education, Academic Research	97,642	9.4
Art & Culture, Sports	46,520	4.5
International Relief	27,615	2.6
Environment Protection	6,686	0.6
Rural Areas Support	35,885	3.5
Disaster Relief	10,389	1
Medical, Health	4,276	0.4
Other	326,096	31.4
Total	1,040,317	100

I . Natural Disaster – Out of Sight(2)

Also, very small percentage of corporate donations are given to NGOs which are involved in natural disaster reliefs in 2009.

Avg. Corporate Donation in 2009

(Million won, %, 189 Korean companies.)

AREA	EXPENDITURE	%
Social Welfare	3,058	53.9
Education, Academic Research	1,445	25.5
Art & Culture, Sports	491	8.7
International Relief	27	0.5
Environment Protection	144	2.5
Rural Areas Support	2	0
Disaster Relief	8	0.1
Medical, Health	333	5.9
Other	162	2.9
Total	5,670	100

I . Natural Disaster – Out of Sight(3)

Virtually no corporate foundation is allocating their budget to disaster reliefs.

Areas of Corporate Foundation Budget Spent

(%)

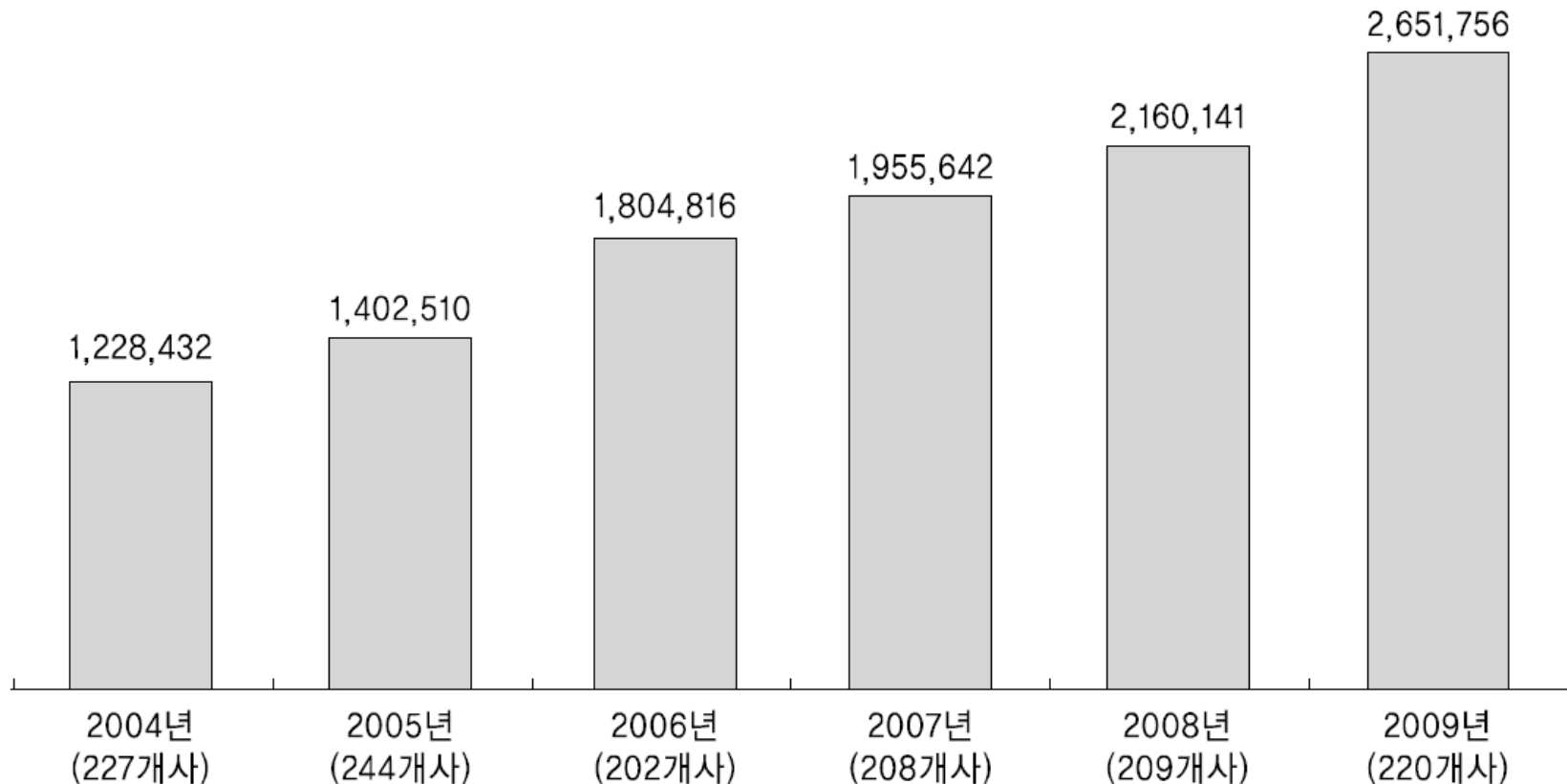
AREA	%
Social Welfare	3.2
Education, Academic Research	3.7
Art & Culture, Sports	2.3
International Relief	0.0
Environment Protection	0.6
Disaster Relief	0.0
Medical, Health	90.0
Other	0.2
Total	100

II. Corporate Social Responsibility – Booming(1)

Korean corporations are increasing their total expenditure on CSR programs year by year.

Total Expenditure on CSR Programs

(Million Won)

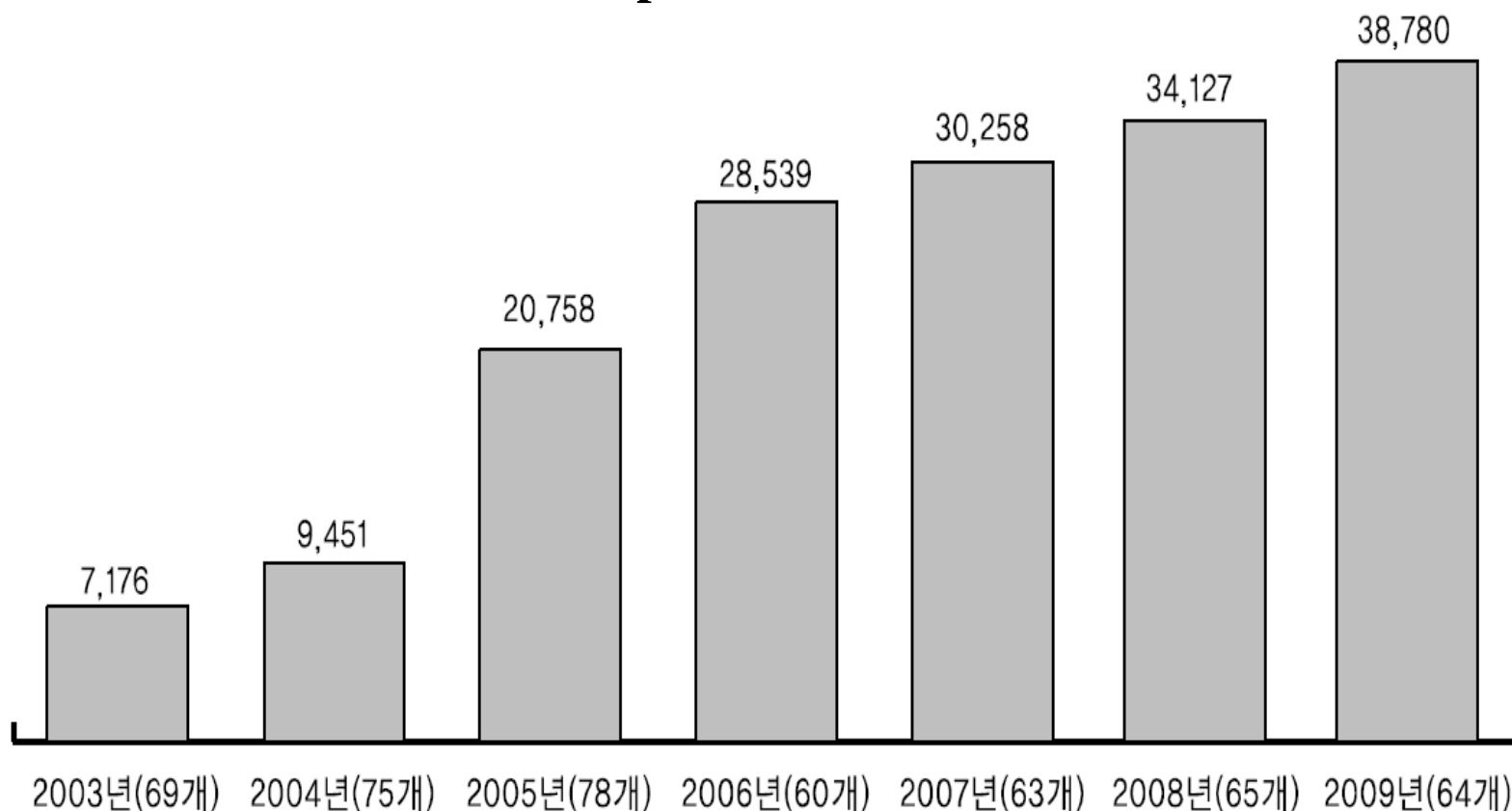


II. Corporate Social Responsibility – Booming(2)

Corporate Foundations in Korea are increasing their budgets year by year.

Avg. Expenditure of Corporate Foundations

(Million Won)



III. Corporate Social Responsibility – Social Pressure(1)

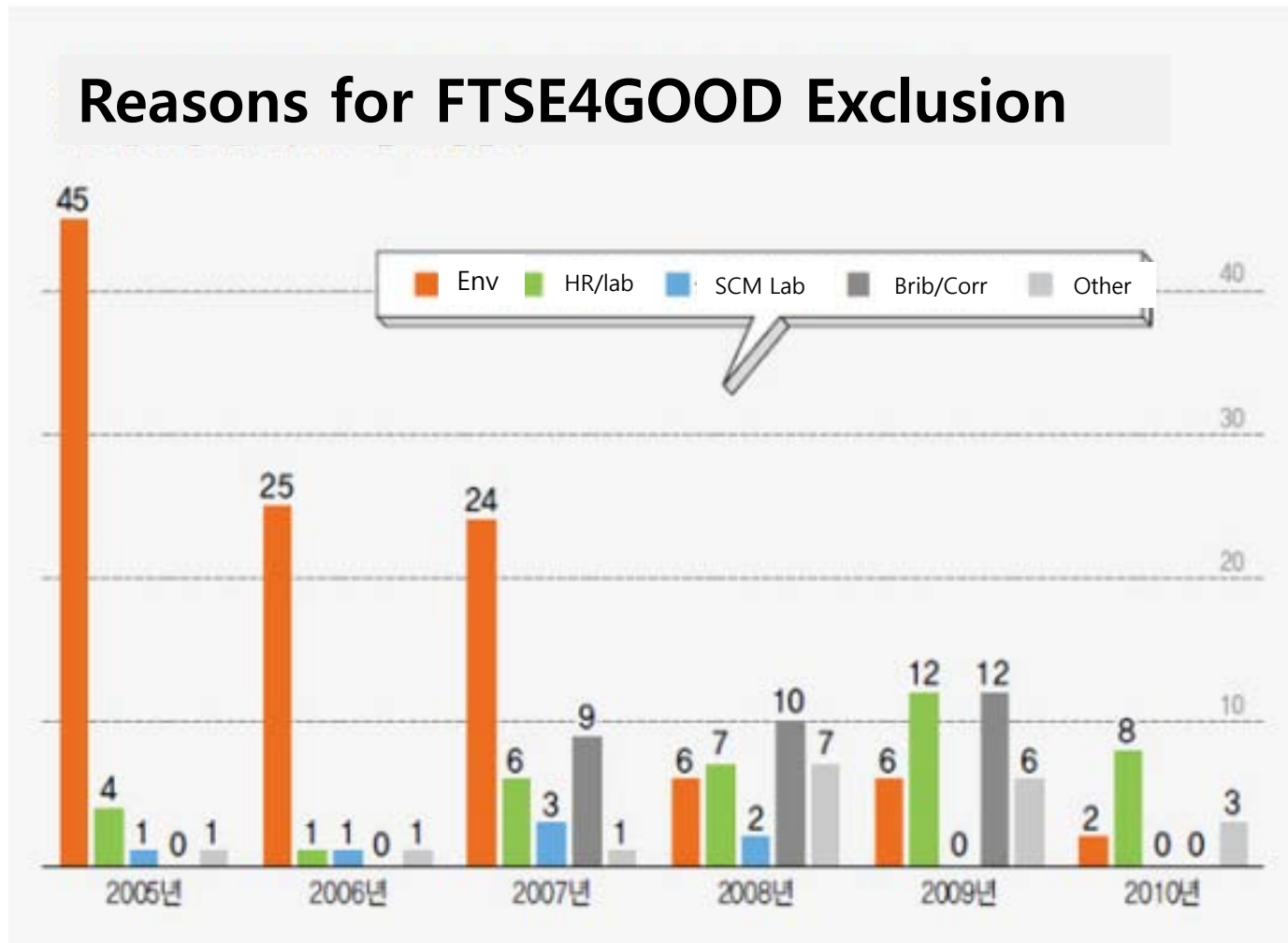
Korean companies are already expected to recognize their responsibilities for social disasters – temporary workers, supply chain fair trade, and increasing poverty.

Recent social issues which are deemed to have CSR involved

Job Creation	2,000 Largest Korean companies doubled(110% increase) their total revenue during 2000-2010. Number of jobs of the 2,000 companies increased by 2.8% during the same time frame
Job Security	Income gap between permanent-temporary workers increase.
Large E-SME Gap	Sum of net profits of 526 listed Korean SMEs is only 17% of that of Samsung Electronics. But in Korea, over 80% of jobs are in SMEs.
Business Domain	Large corporations are harshly criticized when they entered MRO(maintenance, repair, operation) business. Large retail stores are criticized when they started SSM(super supermarket) or pizza business.

III. Corporate Social Responsibility – Social Pressure(2)

International standards are putting more emphasis in human rights and labor recently. John Ruggie's report, GRI guidelines 3.1 and FTSE4GOOD criteria are examples.



IV. Adam Smith's Fallacy and CSR

Adam Smith said there are 'invisible hands' to distribute resources to market participants. It revealed that those hands does not or only partially exist.

Direct action to distribute resources from the corporate side is requested recently.

Q: Korean corporations were very active in donations to help Japan revive from the Tohoku earthquake and tsunami, while their normal expenditure for disaster reliefs is virtually none. Why?

Samsung 1.4B(Won)
 LG 1.4B
 KB Financial 1B
 Woori Bank 0.7B
 Hana Bank 0.7B
 Shinhan Financial 1.4B
 NC Soft 7B

A:

Motivation of CSR

(Dr. Xiaojune QIAN - CaiNing, ShenqiTaisong, and Wu Jiebing)

1.Economic Rationality

2.Social Contract

3.Institutional Regulation

Hypothesis:

Korean companies are still in 2. They recognized their implicit contract with society to help on "Social Disasters". Japan earthquake had a huge impact in Korean society through the media, so it is counted as part of a contract.

V. Possible Implications to Researchers

CSR must go beyond merely publishing a sustainability report.

1. More emphasis on corporate governance & stakeholder issues
 - Better board structure to engage larger stakeholders to recognize and react to social contracts.
2. Less reliance on sustainability report text
 - Better research methods should be developed
3. Better legal framework to improve disclosure
 - More sophisticated third party verification
 - Stronger mandatory information disclosure framework



Disaster and CSR

THANK YOU!

Hankyoreh Economic Research Institute

Case Analysis of Chinese Enterprises in The Process of Disaster Relief and Reconstruction

Speaker : Wang, xiaoguang



Global Compact Network
China



1. Background

2. Corporate Donations

3. Participation in Disaster Relief
and Construction

4. Challenges

Major Catastrophes in China



In the early 2008 , the most serious snowstorm in late five decades stroked

- In Feb. 2008 , daily relief donation from all walks of life reached 60 million yuan. By Feb. 29th, donation totaled 227.5 million yuan.

May 12, 2008, a 8-magnitude earthquake hit Wenchuan, Sichuan Province.

- 1.009 trillion yuan of relief donation
- 18.5 billion yuan worth of voluntary service
- 35.7 billion yuan worth of donation from corporate donors
- 42.1 billion yuan worth of donation from individuals donors



Major Catastrophes in China

In August 7th 2010 , a serious mudslide happened in Zhouqu County in Gansu Province.

- By the noon of August 19th 2010, the Civil Affair Department of Gansu Province received 208 million yuan donations.
- 22.98 million yuan in funds and goods had been raised.

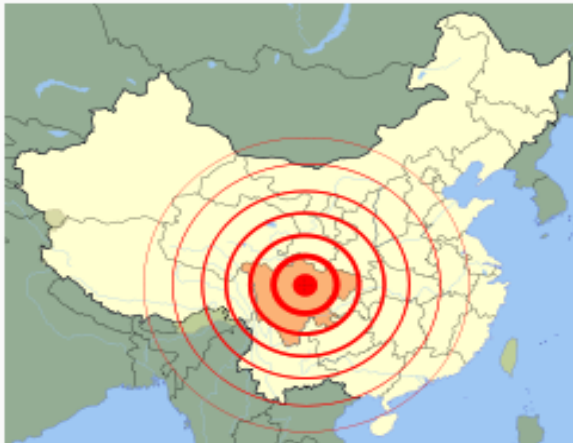
In April 14th 2010 , a 7.1 magnitude quake hit Yushu County, Qinghai Province

- By August 12th 2010 , donation had risen to 10.447 billion yuan , including 9.628 billion in cash and 819 million in goods.



512 Wenchuan Earthquake

2008 Earthquake 2008 Wenchuan Earthquake



Date	May 12, 2008
Duration	2 Days and 8 Hours
Magnitude	8.0 M_s ^[1] /7.9 M_w ^[2]
Depth	19 kilometres (12 mi)
Epicenter	 31.021°N 103.367°E (Yingxiu, Wenchuan, Ngawa in Sichuan Province)
Countries or	 China

- The 2008 Sichuan earthquake occurred on May 12, 2008 in Southwest China's Sichuan province. The 8.0-magnitude quake had its epicenter in Wenchuan county, Sichuan province.
- With its astounding scale, casualties and economic losses, the earthquake invoked a unprecedented wave of earthquake relieving efforts.
- All walks of life joined this movement eagerly. Among them the business world stands as a indispensable force.

1. Background

2. Corporate Donations

3. Participation in Disaster Relief
and Construction

4. Challenges

Support from Business in 512 Earthquake



- Cooperates were the main sources of donations. Cooperate donations account for **44%** of donations or 35.7 billion yuan worth.
- From real estate come the most large lump sum. More than 1/3 of the 100-million level donation were received from **real estate**.
- The potential of on-line donation was fulfilled. After the earthquake, promoted by 7 major websites, 75.92 million yuan was raised from netizens for relief-related charity groups. More than 100 million were received through SMS. At least 80 million people were involved in the two ways above.
- 28 donations at 100-million level were received from cooperates.

——Statistics come from 512 Wenchuan Earthquake Donation Information Management System from China Ministry of Civil Affairs, dated Feb. 2009.

Donations of Chinese Enterprises in 512 Earthquake

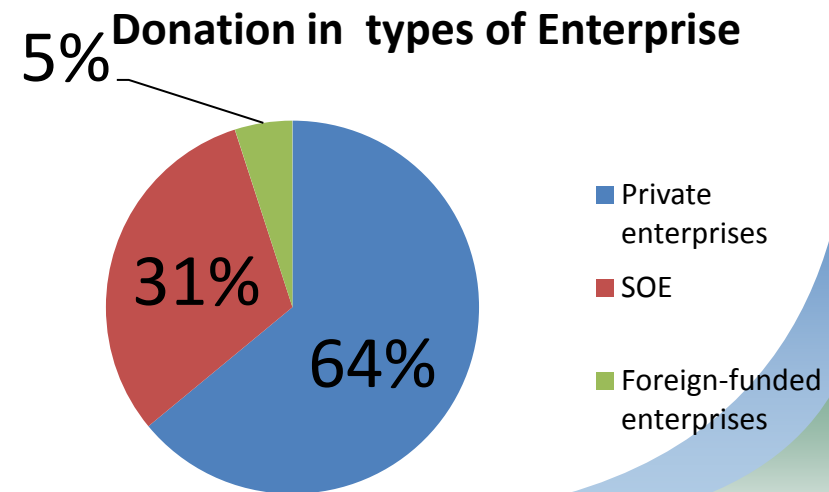
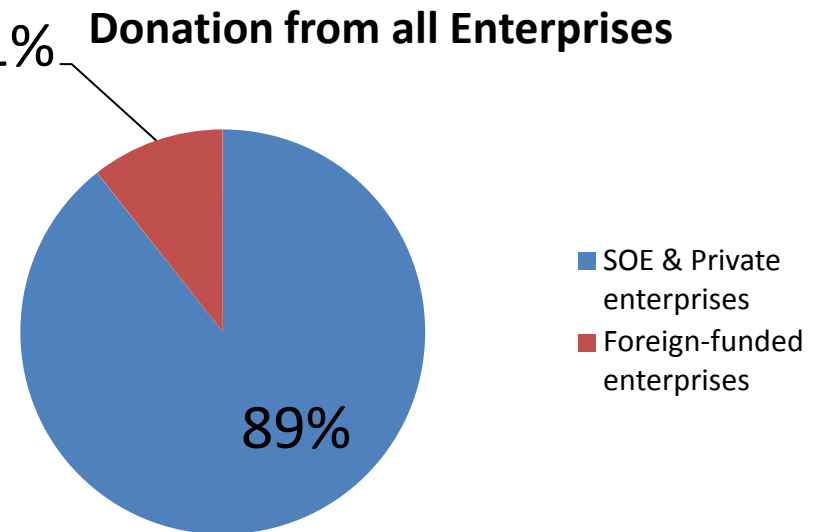
- Corporations acted as the main source of the donations. 11% **Donation from all Enterprises**

- Domestic enterprises made a **20.079 billion** yuan contribution, plus free products and services worth 7.3 and 4.516 billion yuan respectively, accounting for 89% of all.

- Foreign invested enterprises offered all sorts of aid worth 3.8 billion yuan.

- Donations from state-owned enterprises constituted **31%** of all.

- Based on the research conducted by the State Asset Management Commission on 150 SOEs, 97 of them provided free products or services in different ways, the total value of which is above 2 billion yuan, including 2.24 billion yuan from individual employees.
- 147 companies offered aid in cash worth of 1.66 billion yuan.



1. Background

2. Corporate Donations

3. Participation in Disaster Relief
and Construction

4. Challenges

Contributions of Chinese Enterprises in 512 Earthquake

- Overseas enterprises of the Group committed to the nation and fully supported the disaster areas. Minmetals Australia cancelled the 20th anniversary celebration and donated the entire budget and raised money with a total of AUD 200,000 to Wenchuan disaster areas through Australian Red Cross.

Letter of thanks by Australian Red Cross



On July 11th, 2008, 6 trucks carrying heat-preserved tents donated by the Group arrived in Tianshui City, Gansu Province

Deliver the relief materials to Gansu Charity Federation



Contributions of Chinese Enterprises in 512 Earthquake

- Nike Sports (China) donated 10 million yuan and goods worth of 20 million yuan to the affected areas through China Foundation for Poverty Alleviation (CFPA) and other organizations.
- TNT China, together with some relief organizations, delivered a large number of materials for aid by means of its transport fleet and logistics facilities.
- Perfect (China), after continuous donations of 13 million yuan covering reconstruction of educational facilities, donated another 10 million yuan of nutrition products to injured people and medical teams.



Contributions of Chinese Enterprises in 512 Earthquake

- Haohua Qingping Phosphate Company in Deyang City, Sichuan Province is just less than 40 kilometers away from the epicenter, having nearly 300 casualties and direct property lost up to 410 million yuan.
- Qingping Phosphate company initiated emergency response plans right after the earthquake, searching buried workers and other citizens, quickly building simple plastic shelters and taking out the flood prevention reserves for the victims. When the disaster happened, the Corporate Headquarter contacted related departments immediately to airdrop some drinking water, food and medicines. It also assisted the rescue teams into the mines , transferring the trapped miners and their families as well as other villagers down to the foot of the mountain areas. Finally, 221 miners and their families were rescued and more than 3,000 miners and local victims were transferred safely.



Products & Services Offered

- During the disaster relief and reconstruction period after the 512 earthquake, all kinds of companies offered free services worth of **4.436 billion** yuan, including transportation, communication and insurance services.

Corporations	Services	Value (yuan)
China Mobile & Unicom	Free communication in 20 days	Around 380 million
Banks	No additional fees for remittance	820 million
Postal Service	No additional fees for remittance	4.6 million
Airlines	Free transportation for emergency teams, staff, and materials	Around 3 billion
Heavy Industry	Rescue teams and equipments	834 million
Insurance Companies	Insurances for the emergency team and relevant staff	142.2 million
Restate Estate Companies	Free shelters	250 million
Total		Around 4.516 billion

Contributions of Chinese Enterprises in 512 Earthquake

- China National Machinery Industry Corporation hired large helicopters from Russia to airdrop **caterpillar bulldozers**.
- China National Machinery Industry Corporation donated a number of **small electronic devices** to excavate the broken reinforcing steel bars, improving the efficiency of rescue work, striving for the most valuable 72-hour rescuing time after the earthquake.
- In addition, Hyundai (Jiangsu) Construction Machinery Co.,Ltd, invested by China Foma (Group) CO., Ltd, under China National Machinery Industry Corporation, volunteered 19 **excavators** worth more than 1.3 million yuan, employing machinery techniques in the disaster relief.



Contribution by Chinese Enterprises in 512 Earthquake

- The SINOSTEEL set up a 200 million yuan special fund for post-disaster reconstruction, increasing steel stocks to **30,000 tons** to stabilize steel prices in Sichuan market, acting as the main force in post-disaster reconstruction.
- The Group and its employees contributed 28 million yuan in total.



中钢川炭向灾区运送救灾物资



中钢员工为地震灾区献爱心



Contributions of Chinese Enterprises in 512 Earthquake

- 12 minutes after the earthquake, **State Grid** launched an emergency plan, establishing of an inter-departmental, inter-unit, multi-disciplinary emergency system for disasters.
- The enterprises mobilized more than 4,300 grid repair technicians, 268 medical experts, 242 sets of large-scale machines and vehicles and 1,205 generators to the region.
- The 12 medical teams treated more than 7,000 people in total in the disaster area during that period.
- In the subsequent three years after the earthquake, State Grid invested 14 billion yuan in the post-earthquake reconstruction projects in Sichuan.



China Development Bank——Provide education loans

- Located on the Fenwei seismic belt, Shanxi is a quake-prone province. After the Wenchuan earthquake, a massive school building renovation campaign was started amid public concerns. Thanks to the sufficient capital support of CDB, the project started in February 2010 was completed one year ahead of the schedule. During the construction period, CDB provided a total of **6 billion** yuan in loans to **9,483 schools** with their renovated areas amounting to 20.682 million square meters.
- School house renovation in Shanxi gives only a glimpse of CDB' s support to education through finance. The project has received extensive praises from the Ministry of Education and all sectors of society.



AVIC

- After 512 Earthquake happened, helicopters produced by AVIC were sent to the quake-hit areas, delivering rescue materials and transferring injured people under the circumstances that roads and bridges were cut-off during the earthquake. During that time, the helicopters were indispensable with their unique strength in rescuing. They won praise as "Eagle of Life" .
- The "Lucky Bird" in quake-hit areas –10 AVIC Z-8 helicopters delivered huge amount of materials to the quake-hit areas and transferred hundreds of victims, saving massive economic and life lost, which were called as "Lucky Bird" by the people there.





- Tencent is the largest internet company in China
- Since the Tencent Charity Foundation was established, it has been investing heavily in poverty relief and other social welfare activities.
- Making full use of its online platform to motivate users, Tencent raised more than 23 million yuan.
- "Web2.0 style" disaster relief activities were carried out by hundreds of millions of Internet users. Tencent launched an emergency system immediately. Six hours after the earthquake, the first 1-million yuan donation was delivered to the Red Cross Foundation to implement emergency disaster relief.
- Five hours after the earthquake, Tencent Charity Foundation together with One Foundation founded by Jet Li, started online donation activities through its online paying system Tenpay to raise disaster relief funds, which marked the start of Internet donations.

- Through Narada Foundation, Shanghai Narada Co.,Ltd donated **10-million special fund** ,
 - To finance China' s charity groups to run disaster relief and reconstruction projects with their own skills and expertise
 - To launch 65 disaster relief projects after "5.12" earthquake
- In 2010, it set up a 10-million fund called "Disaster Relief and Reconstruction Foundation" to deal with frequent natural disasters,
 - To assist public organizations in disaster relief and reconstruction
 - To accept year-around project funding applications



- Wantong Community Foundation donated 6,000 packages of drinking water, 300 tents, 1,000 more energy-saving lamps and two tons of rice and edible oil, with 3-million yuan material contribution.

- Introduction

I. Emergency relief and post-earthquake reconstruction

The company donated 1000 energy-saving lamps in the temporary settlement point for quake-hit victims, offering 8,500 m² energy-saving cooling green paints for two large housing areas for victims

II. Assistance to orphans affected by the earthquakes



万通公益基金会
VANTONE FOUNDATION

III. Blue Sky Theatre. The company financed Beijing Dongdong Shoes Child Troupe's three trips to Sichuan, who went to 16 earthquake-hit areas and performed 43 shows, bringing happiness to 100,000 teenagers there.

IV. "Go to the Future" Beijing Summer Camp for earthquake-hit orphans

V. The first Ecological Sanitary Toilets Initiatives Forum in China

VI. The Ecological Sanitary Toilet Aid project in Dishui Village, Yunan

VII. "Reading Changes Lives" -a large scale public event of 20-book reading activity

VIII. Emergency management for earthquake disaster and projects of book translation about reconstruction work



给四川地震灾区的孩子们带去一个大山外的世界

- SOHO China: Beijing's largest real estate company
- Project : SOHO China Post-Disaster Education Fund
- Affiliate to: Beijing Red Cross Foundation
- Public welfare Field: Financial Support, Hardware Facilities
- Details: SOHO China Ltd. donated 40 million for educational facilities in areas where severely damaged by earthquakes in Sichuan and Gansu.



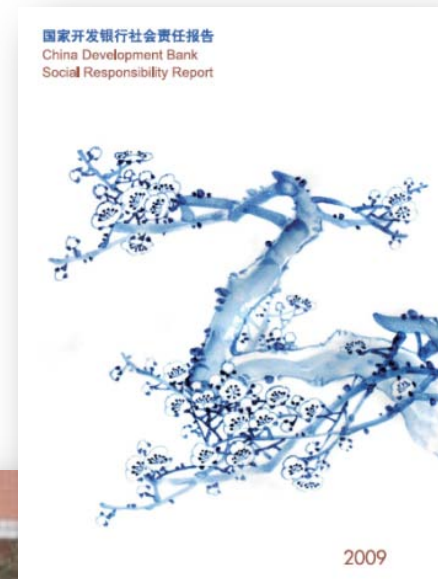
Corporate Foundation

- After Wenchuan earthquake, China's Uncle McDonald's House Charitable Foundation and McDonald's (China) raised more than 21 million yuan from its staff, management, suppliers and customers globally.
- 16 million yuan of it had been used for educational facility reconstruction. 4 primary schools were built and have been in service since early 2010.
- 10 ambulances worth of 1.3 million yuan were donated to Maternity and Child Care Hospital in Sichuan.



China Develop Bank

- Build Study of Love
- CDB initiated the drive of "China Development Bank Study" in 2009 for students in the quake-hit regions and built up the Studies of Love in 14 primary schools of Sichuan and Gansu as well as the Library of Love in Dujiangyan Middle School. The China Children and Teenagers' Fund was entrusted to implement the project with the CDB approval.



After the "5.12" Wenchuan Earthquake, the disaster relief efforts taken by Nokia consolidated the principle of "doing feasibly for the quake-hit area", deployed different ways to provide assistance against the actual needs in two different periods for the area. The company contributed and made commitments of cash and goods worth **54 million yuan** for relief work subsequently.

- The first period is emergency relief . The disaster area needed emergent assistance service.
- The second period is a long-term post-earthquake reconstruction, which lasts for a long time. In order to make sure all investments meeting the actual needs of victims, the company conducted careful researches and planning activities.



A Nokia and **Youth Business China(YBC)** gave financial support for the youth in quake-hit area to start business by themselves. The total investment is 100 million yuan.

B Nokia helped people in quake-hit area to go out of traumatic shadow, investing 25 million yuan in **Golden Sunshine Project**.



Fixed-price commercial housing for quake-ridden residents

- After the Wenchuan earthquake, MCC5 voluntarily used the MCC Yanjing commercial housing project of 199 mu located in East 2nd Ring Road of Dujiangyan as fixed-price commercial housing for quake-ridden residents. With a total building area of 203,246 square meters, the project is able to resist an 8-magnitude earthquake and has settled 1,717 quake-ridden households

Comments: The Project of MCC Yanjing is a great deed for the survivors of the earthquake. I hope MCC5 can step up its effort to let more people reside in new houses at an early date.

—Speech given by SASAC Vice Chairman Ms. Huang Danhua while inspecting the post-disaster reconstruction at MCC Yanjing on May 11, 2010.



Completion of Post-disaster Reconstruction Ahead of Schedule



中国冶金科工股份有限公司
METALLURGICAL CORPORATION OF CHINA LTD.

- Reconstruction of Dongfang Turbine Co., Ltd.
- MCC5 and 19MCC participated in full force in the reconstruction of the Dongfang Turbine on a site different from its former premises.
- Since the commencement in August 2008 to the completion in June 2010, MCC5 and 19MCC completed all works involved in reconstruction, including assembly workshops and stator processing buildings safely and efficiently.
- On July 26, 2010, Donald Tsang, the visiting Hong Kong Chief Executive to Dongqi Hospital funded by Hong Kong and built by MCC5 as the contractor, shakes hands with MCC5 President Meng Changjia.



Participation in Other Disasters



国家电网公司
STATE GRID
CORPORATION OF CHINA



- 21 provincial grid companies with 266,000 staff in total fought for grid restoration and repair during the snowstorm.
 - The company reassembled 5.66 billion yuan facilitates as an urgent response and organized individual donation of their employees worth 11.5 million.
 - The staff paid unimaginable efforts to finish a normal 6-month work in 6 weeks, completing the task of repair and restoration. 10 people lost their lives in emergency rescue.
-
- In the snowstorm relief period, employees contributed 115 million donation. The company contributed 210 million donations, materials and facilitates to the quake-hit area, among which employees and the retired contributed 76 million.
 - The snowstorm cost 10.45 billion yuan lost to State Grid Cooperation of China, the post-disaster network restoration and upgrading needed 39 billion investment.

1. Background

2. Contributions by Enterprises

3. Participation in Disaster Relief
and Construction

4. Challenges

Chinese enterprises took their social responsibilities for disaster relief and reconstruction , with following characteristics :

- Determine the importance and priority of philanthropic issues:
 - The majority of companies contributed considerable efforts on disaster relief and reconstruction. Large amount of companies saw it as an important philanthropic issue, ahead of educational and community ones with great priority.
- Generate strategic concept of charity
 - In China, cash donation is the mainstream with wide acceptance in the society. Wanglaoji Company was given high praise for its 100 million yuan donation.
 - A small amount of strategic philanthropy cases came to the scene, e.g. security housing project of China Metallurgical Group Cooperation.
- Cooperate with foundations to enhance professionalism in charity
 - Set up projects, integrate with public resource and enhance resource efficiency through cooperation with professional public foundations
- Show few signs of social innovation
 - Very few companies came up with a social innovative plan which integrated products, services and company's operational advantages to address disaster assistance and reconstruction challenges as well as development issues in the post-earthquake period.

■ Capacity Building for Disaster Relief

- How to engage in disaster relief activities with the advantages of industry, technology and operation system of the company ?
- How to form a back-up disaster relief team with skills and knowledge of its staff ?
- How to build a disaster-relief management system and store related rescue materials ?

■ Integration of Governmental and Social Resources

- How to use public organizations' expertise?
- How to integrate with other social forces?
- How to use enterprises' platforms to motivate more forces in disaster relief ?

Thank you



Global Compact Network
China



The Third China-Japan-Korea Researchers' Meeting
Second Session: Knowledge Sharing Session

Japanese Report: CJK Joint Research on CSR in East Asia

Professor EBASHI Takashi
Hosei GCRC

Process(1) Members of the CJK Joint Research Team

◆ Lead Researchers

- China: Professor YANG Bin (Tsinghua CLDR)
- Japan: Professor EBASHI Takashi (Hosei GCRC)
- Korea: President LEE Won Jae (HERI)

◆ Researchers

- China: Professor QIAN Xiaojun, Dr. DING Dawei, SHAO Hong
- Japan: Professor UMEDA Toru, Professor MIURA Satoshi,
Professor DEMISE Nobuyuki, Dr. ONISHI Sachiyo,
JIN Dan, SUGAWARA Emi, YAMAGUCHI Akiko
- Korea: LEE Hyun Sook, KIM Jin Kyoung, LEE Young Mee, KIM Ji Yae

◆ Research Assistants

- China: LIU Xin, WANG Qingyao, WANG Nian, XING Xiaoxing,
YIN Kechen, ZHANG Liqi
- Korea: JEONG Nara, KIM Se Jeong

Process(2) Process of the Project

- April 2010 Research Design Meeting (Beijing)
- August 2010 Research Process Meeting & MOU Signing (Seoul)
- November 2010 First Research Seminar (Tokyo)
- April 2011 Second Research Seminar (Beijing)
- May 2011 Final Meeting (Seoul)
- November 2011 Report Book published and distributed at the Asia Future Forum (Seoul) & CJK Global Compact Roundtable (Tokyo)

Process(3)Selected Companies

- China:
Baidu, China Minmetals,
China Ocean Shipping Group(COSCO),
Lenovo, Esquel, SGCC
- Japan:
Aeon, Fuji Xerox, Itochu Corporation,
Nissan Motor, Ricoh, Shiseido
- Korea:
AmorePacific, Hyundai Motor Company,
LG Electronics, Lotte Shopping,
SK Telecom, Yuhan-Kimberly

Japanese Research

1. Issues

- Supply Chain Management
- Stakeholder Dialogue
- Gender Issues
- Overseas Practice

2. Difficulties and Challenges

Joint Research on the whole

- Recent Trend in East Asia
- Supply Chain Management
- Stakeholder Dialogue
- Gender Issues
- Overseas Practice
- Future of CSR in East Asia

Beyond the Shock of Earthquake

- Relief Efforts of Japanese Companies
- Relief Activities of Chinese and Korean Companies
- The Start of New Era of Mutual Understanding and Cooperation among the Companies of Three Countries

Thank You
ありがとうございます
감사합니다
谢 谢



Korean Report:



Being Responsible in Korea

Hankyoreh Economic Research Institute

Historical Background

60s~70s

[Economic Growth]

- CSR = Mass production, distribution and exports

80s

[Labor Issues]

- More than 3,700 strikes in 1987
- Labor unions at large companies were established

Early 90s

[Environmental Concerns]

- Doosan Electronics dumped 320 tons of phenol waste into the Nakdong Rive (1991)
- Oil accident by Honam Petrochemical Corp. (1997)

Late 90s

[Financial Crisis]

- Massive IMF bailout package (1997)
- Reforming the *Chaebol* structure (1998)

Early 2000s

[Ethical Management]

- Anti-corruption Act (2001)
- Fraudulent accounting scandals by Daewoo & SK (2003)
- Korean 1st sustainability reports published by Samsung SDI, Hyundai Motor Company & Hanwha Chemical (2003)

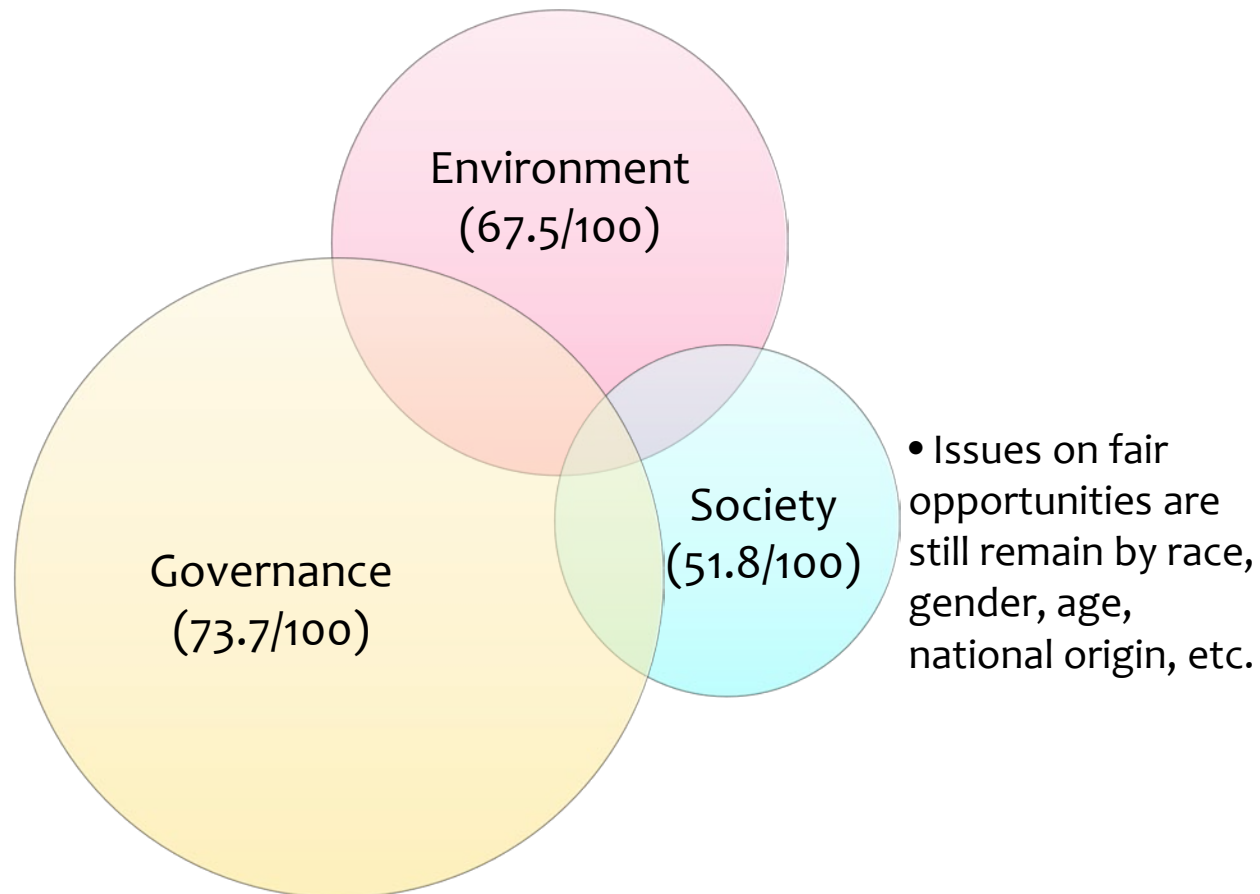
Late 2000s

[Green & Mutual Growth]

- Presidential Committee on Green Growth (2009)
- Presidential Committee on Win-win Growth (2010)

CSR Practices

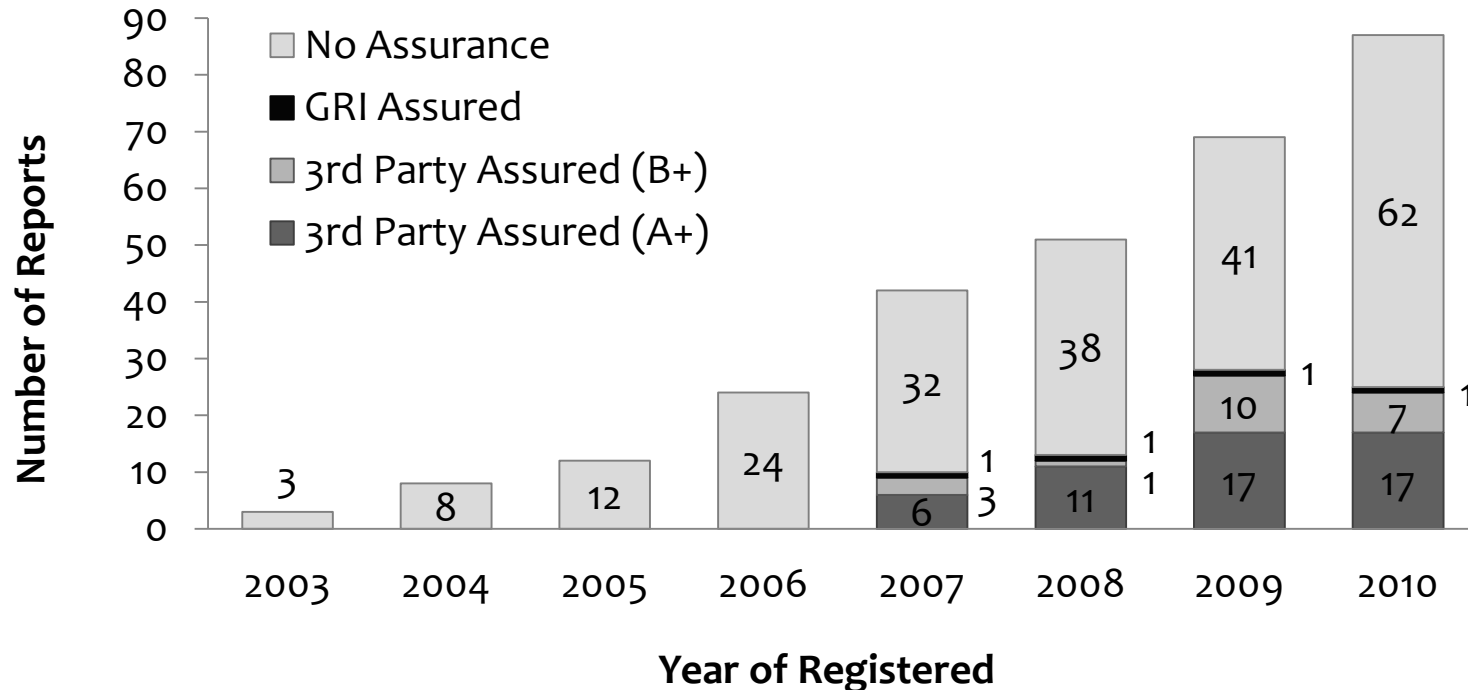
- Among ESG, the Society is the weakest area of Korean Companies



(Based on the Asia CSR Evaluation Model in 2010 by the East Asia CSR Expert Committee)

CSR Practices

- For the last 8 years, the quantity of sustainability reports published by Korean companies has been increased, but, not the quality
 - only 24 reports (27.6%) had 3rd party assurance reports



(Data from the Business Institute for Sustainable Development)

Selected Companies

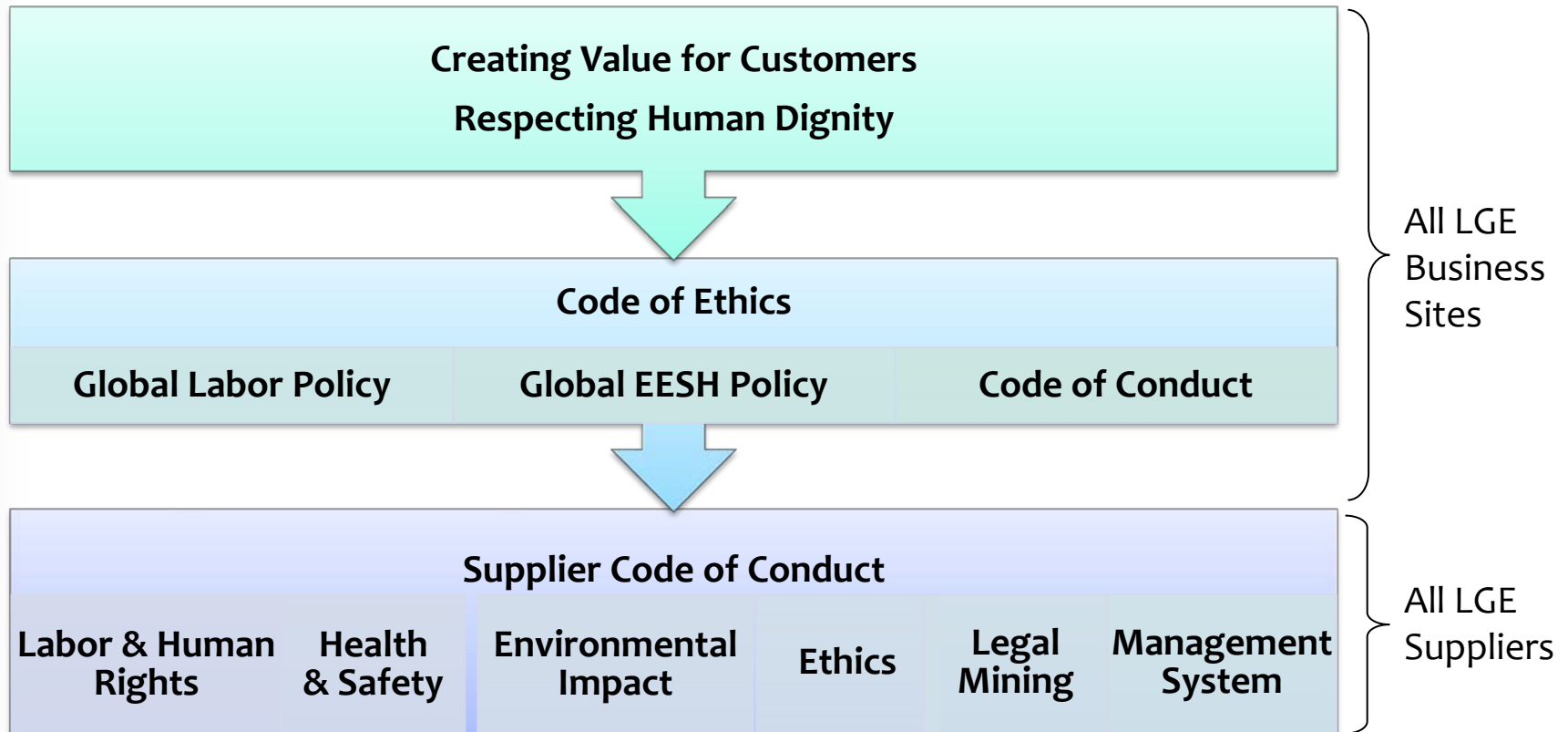
* billion KRW

Name	Industry	Establish	Revenue*	Market Share	Employees	The 1st Report	Join in UNGC
AmorePacific	Cosmetics & Household Goods	1945	2,252	39% (Korea)	4,130	2009	2007
Hyundai Motor Company	Automobiles & Parts	1967	36,769	45% (Korea) 20% (India) 5% (USA)	80,185	2003	2010
LG Electronics	Technology Hardware & Equipment	1958	55,800	-	90,578	2006	2009
Lotte Shopping	General Retailers	1979	11,530	45% (Korea)	15,000	2005	2007
SK Telecom	Mobile Telecommunications	1984	12,460	> 50% (Korea)	5,000	2005	2007
Yuhan-Kimberly	Household Goods	1970	1,200	Daipers:65% Tissue:45% (Korea)	1,663	2005	2007

Good Practices in SCM: LG Electronics

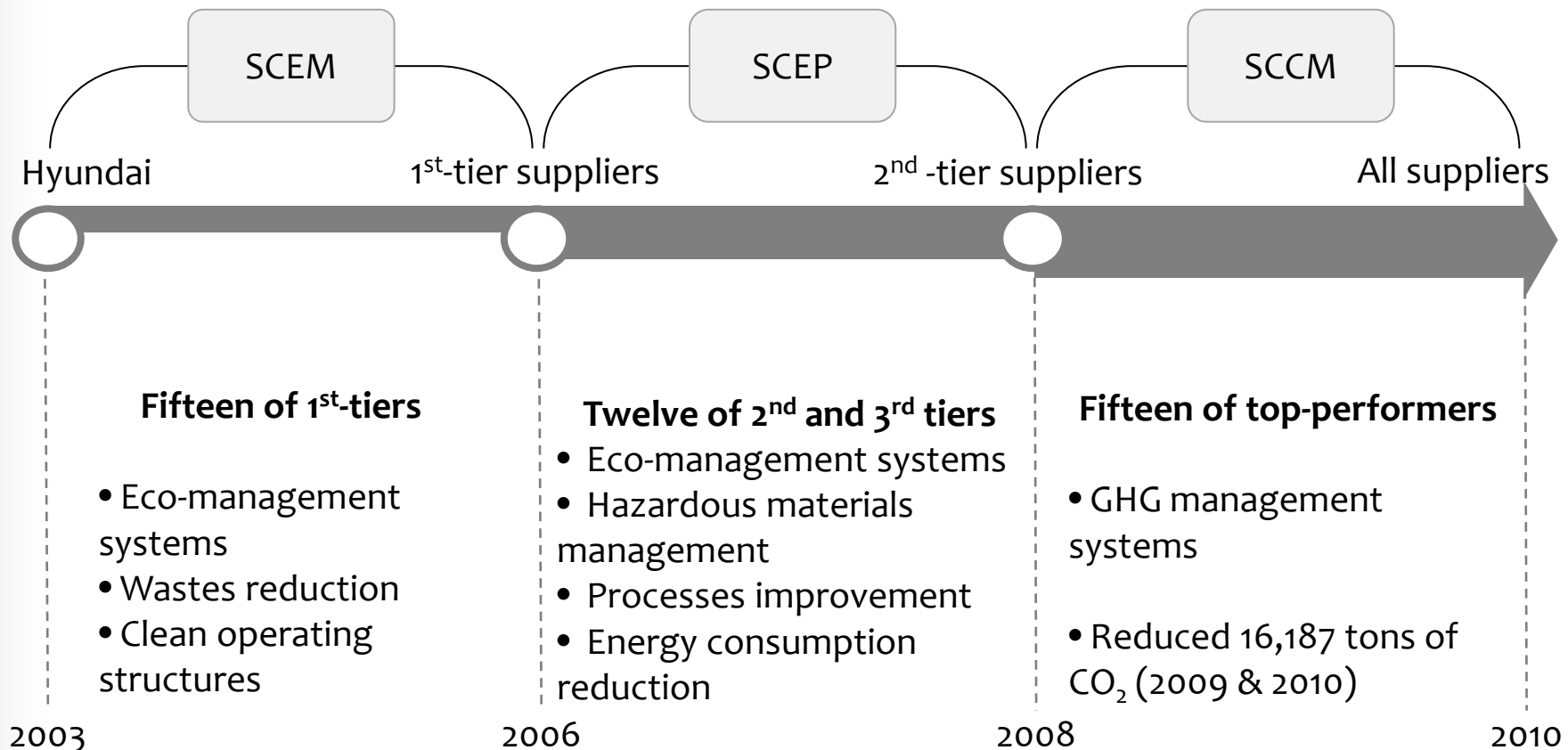
Expanding the Scope of CSR through the 'Supplier Code of Conduct'

- LGE developed its own Code of Conduct after joining EICC in Aug. 2010
- All the entities in supply chain must comply with the Code



Good Practices in SCM: Hyundai Motor

Government Project to Build Green Partnership with Suppliers



Good Practices in Stakeholder Dialogue: SK Telecom

Augmenting and Reorganizing the Existing Advisory Group

Community Involvement Advisory Panel (2003~)

- Academic and field specialists only in social welfare
- Sporadically functioned philanthropic activities

CSR Advisory Panel (2009~)

- 9 opinion leaders in wider range of fields
 - 4 in sustainability management
 - 3 in social welfare
 - 1 in environment
 - 1 in fair competition and corporate governance
- Comprehensive social responsibilities at the core of the business

Good Practice in Stakeholder Dialogue: Yuhan-Kimberly

Seeking Solution for Management Issues through Stakeholder Dialogue

- One chair and 6 experts in the committee, subjected to vary depending on the main topic of the events

1st meeting

- Possible crises and risks that might be faced and issues to be long-lasting company

2nd meeting

- **Suggestions for the next ten years to achieve the vision 2020**

Agendas

- Increasing stakeholders participation
- Responding to climate change
- Developing sustainable products
- Seeking opportunities from market change

3rd meeting

- **Suggestions for the evolution of CSR – Keep Korea Green Campaign**

Agendas

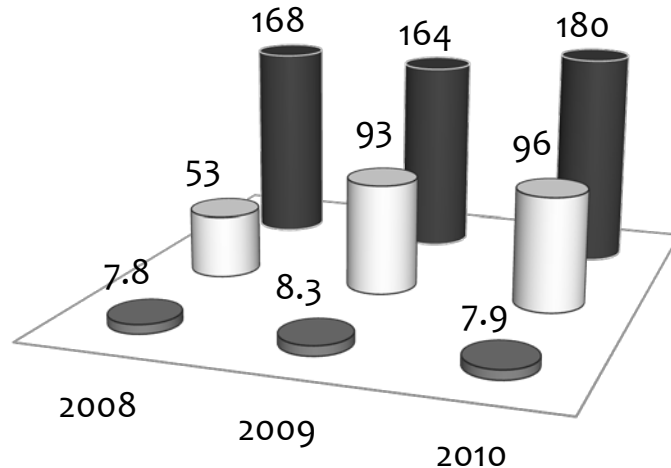
- Increasing stakeholders participation
- Responding to climate change
- **Developing family-friendly management**
- **Evolving 'Keep Korea Green' campaign**

Good Practice in Gender Issues: AmorePacific

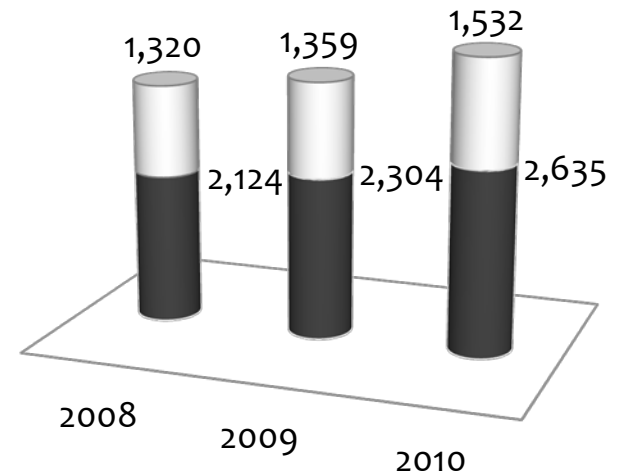
Well-being of Female Employees is the Competitiveness of the Company

- Creates atmosphere to freely take maternity and childcare leaves
 - Fully-paid 90 days of maternity leaves are specified by the law
- Promotes WLB for both genders
 - Flexible working hours, in-house daycare centers and nursing rooms, resident nurses
 - Higher ratio of female employees

- Average Years of Continuous Services
- Number of Childcare Leaves
- Number of Maternity Leaves



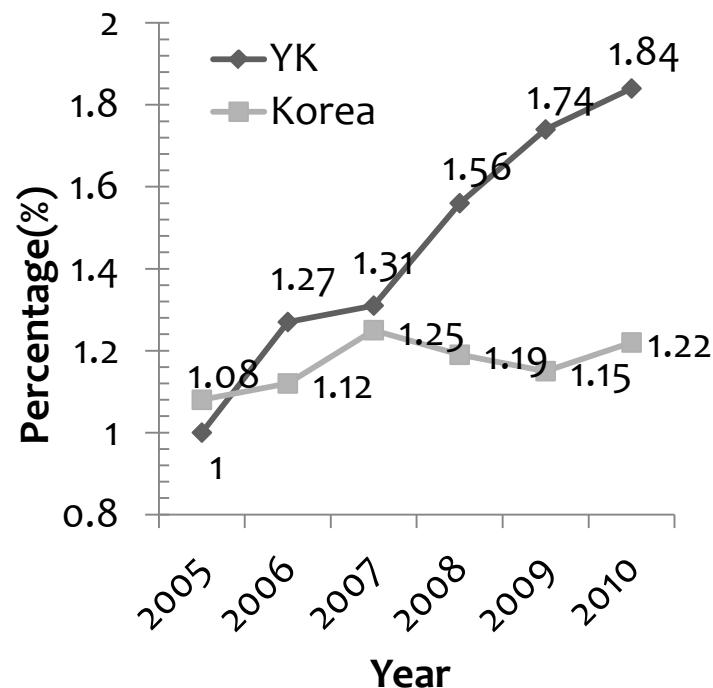
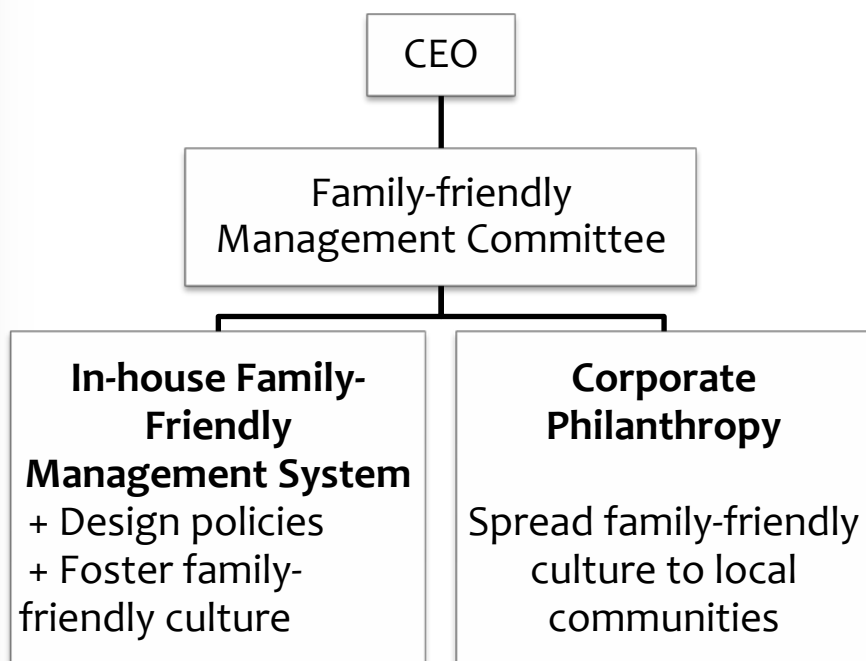
- Female employees
- Male employees



Good Practices in Gender Issues: Yuhan-Kimberly

Promoting Gender Equality through Family-friendly Management

- Two-way approaches to promote the family-friendly management system
 - In-house promotion & local community education
- Higher birth rate than the average Koreans



Conclusions: SCM

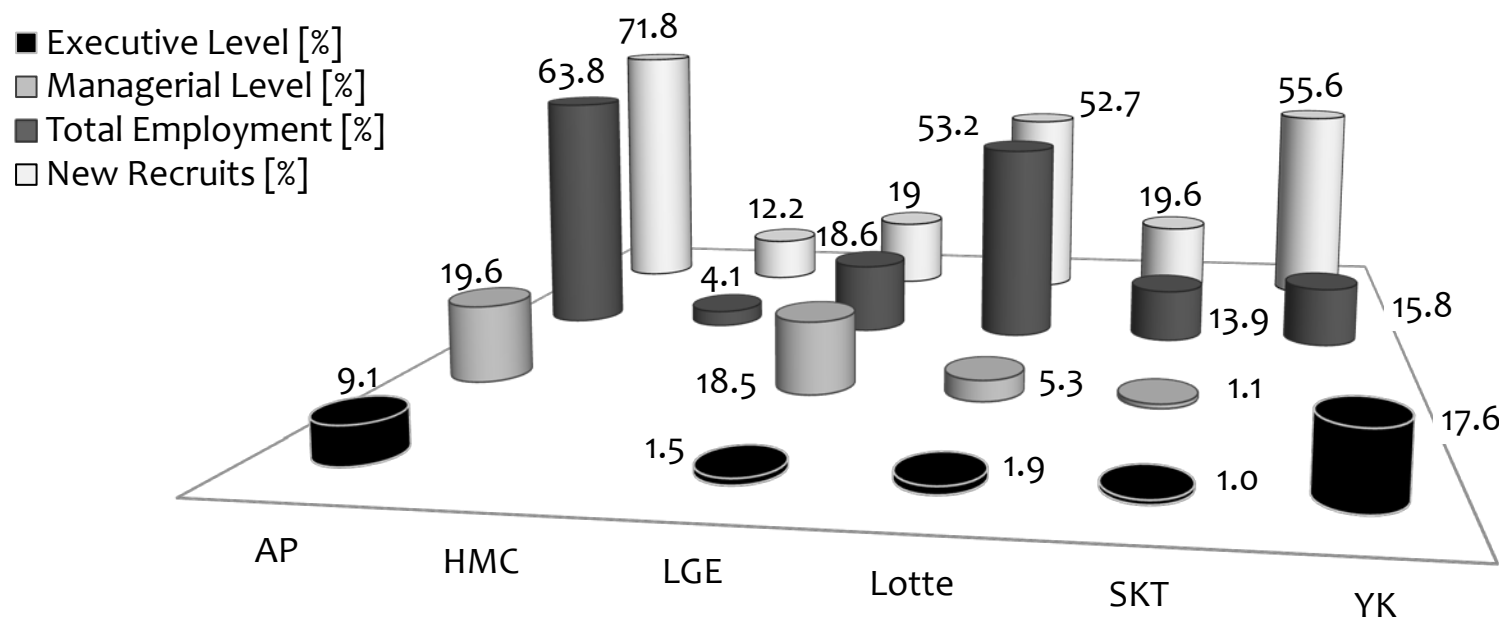
- **Mutual growth and win-win partnership are the most important initiatives**
- **Wider range of supply chain management**
 - Hyundai Motor Company, LG Electronics and SK Telecom include not only 1st-tier but also 2nd and 3rd tier suppliers
 - AMOREPACIFIC, Lotte Shopping and Yuhan-Kimberly include direct sales agencies, vendors and wholesalers
- **Fair trade between partners is another significant concern**

Conclusions: Stakeholder Dialogue

- **Definition**
 - Major stakeholders: stockholders, customers, business partners (or suppliers), employees, local community
 - The government can be considered as a stakeholder, only if the company conduct government project, but not essential
- **Way of dialogues**
 - Off-line surveys
 - Stakeholder's committee meetings with external specialists representing individual groups of stakeholders

Conclusions: Gender Issues

- **All of selected companies comply with the governmental regulations regarding gender equality and maternity protections**
 - Equal opportunities in hiring, promotion and wages for both genders
 - Maternity/paternity leaves for child giving and caring
 - Various educational programs and financial support for WLB
- **Although, those who provide superior family-friendly management systems present higher participation level of women at work place**



Chinese Report:

Being Responsible In East Asia

CSR Practices of Global Compact
Members in China

Professor YANG Bin
Tsinghua University
Center for Leadership Development
and Research (CLDR)

General Information of Selected Companies

- **Baidu**

- The biggest Chinese search engine and the second biggest search engine in the world
- Joined UNGC in 2008(10 Most Environmentally-friendly Brands in consumers' minds awarded by WPP Group in 2008)

- **China Minmentals**

- A large global enterprise group with exploration and development, production, trading and integrated services of metals and mineral
- Joined in UNGC in 2009
- won the Golden Bee Award for corporate leaders with the excellent CSR report” by WTO Economic Journal of the Ministry of Commerce, in 2009

General Information of Selected Companies

- **COSCO**
 - A multinational enterprise that focuses its business mainly on international shipping and logistics on bulk terminals as well as vessel building and repairing
 - Joined UNGC in 2004
 - Appraised as notable report by UNGC for four consecutive years (2006–2009)
- **Esquel**
 - A multifunctional global scale textile and apparel manufacturer as well as a leading producer of premium cotton shirts
 - Joined UNGC in 2000

General Information of Selected Companies

- **Lenovo**
 - A global leading PC manufacturer
 - Joined the UNGC in 2007
 - Won the Best CSR Award 2009 by Annual Meeting of the Competitiveness of Chinese Enterprises
- **SGCC(The State Grid Corporate of China)**
 - A state-owned enterprise that ran all the grid and power plants in the country
 - Joined UNGC in 2006
 - Won China Charity Award by the Ministry of Civil Affairs for three times, namely, 2006, 2008 and 2009

Discussion and Conclusions

- ***Supply Chain Management***
 - An important part in fulfilling corporate social responsibility
 - As part of risk management
 - Regulating supplier selection processes
 - For instance, Baidu purchases only energy efficient servers, although more expensive, which coincides with its green strategy.
 - But hardly influence their suppliers to become more socially responsible.

Discussion and Conclusions

- ***Stakeholder Dialogue***
 - Every enterprise, especially state-owned enterprises carefully handle their relationship with governments
 - The aim of the Chinese labor unions is to help management maintain harmonious relationship among employees as well as between employees and management

Discussion and Conclusions

- ***Gender Issues***

- The male and female ratio is 7:1 in the top management
- Gender issue is not a general concern in Chinese enterprises as required by the “PRC Law of Women Protection”
 - Female employees can't be laid off during period of pregnancy, 90 days maternity leave
 - Women should be paid equally as men for the same job position
 - No gender discrimination in promotion.
 - Designing and offering more training programs for women employees

Discussion and Conclusions

- Overseas Practice
 - The Chinese companies selected in this study do little in their CSR practice in Korea and Japan
 - The selected companies do not have much business in two countries
 - Most of these companies still need time to extend their CSR practices to their overseas operations
 - Most of these companies do not integrate them strategy with CSR practices

Thank You

2011.11.24

Guideline on Corporate Responsibility for Human Rights (CR4HR)

1. Management of CR4HR

(1) Top Management Leadership

- (i) Has your top management announced its commitment to “human rights” issues in a statement on your website or in your CSR or other corporate reports?
- (ii) Does the statement include reference to the materiality of, and efforts to address, concrete human rights issues – labour, women, people with disabilities, the elderly, value chain, or poverty in the developing world, the United Nations Millennium Development Goals (MDGs) – rather than mentioning “human rights” in a general manner?
- (iii) Does the statement not only indicate interest in human rights issues but also present concrete ideas, policies and efforts of the company, along with the name and signature of the top executive?
- (iv) Does the statement describe future challenges and objectives, as well as corporate efforts undertaken so far, along with the name and signature of the top executive?

(2) Human Rights Policy

- (i) Are human rights issues and strategies for addressing them incorporated in your corporate policy and code of conduct?
- (ii) Does the basic policy refer to relevant international agreements, including the Universal Declaration of Human Rights and ILO Core Conventions?
- (iii) Are there objectives (including quantitative targets) or performance indicators in place to ensure implementation of management policy on CSR for human rights?
- (iv) Does the basic policy include explicit reference to concrete human rights issues involved in any businesses operated (or to be operated) by the company? Or, alternatively, a business policy or procedure that reflects the basic policy?

(3) Human Rights System and Mechanism

- (i) Is there a specific body or committee dealing with human rights issues at the corporate level, headed by the CEO or a director?
- (ii) Is there a coordinated system in place to promote human rights, for example by including the human rights department in the CSR Committee membership? (Or, if there is no human rights department, is the CSR department in charge of human rights issues?)
- (iii) Do you have objectives or an action plan to implement a human rights policy for the assessment of performance and results?
- (iv) Have you introduced in-house or third-party assessment (human rights impact assessment) on the potential (preliminary assessment) or actual (ex-post assessment) impact (positive and negative) on human rights from business activities undertaken by your company (in both the home and host countries) and your value chain?

(4) Value Chain Management

- * The term “value chain” refers to a “series of procurement and delivery flows related to the products and services of a company.”
- (i) Do you have any procurement, trading or investment standards institutionalizing respect for human rights in an explicit and concrete manner?
- (ii) Is there disclosure of the boundary of value chain (or supply chain) management?
- (iii) Are you committed to communicating with the companies in your value chain?
 - (a. explanation to business partners,
 - b. questionnaire surveys, c. visits)
- (iv) Do you have an audit system in place for value chain management?

(5) Diversity Management

- (i) Have you introduced any policy on diversity (including a policy on workers belonging to specific minority groups)?

- (ii) Do you have any department responsible for diversity management?
- (iii) Do you have any annual targets (qualitative or quantitative) common to minority workers (women, people with disabilities, etc.), rather than specific targets for each minority group?
- (iv) Do you conduct cross-cutting assessment on initiatives for minority workers (women, people with disabilities, etc.), rather than for each minority group (such as on initiatives for workers belonging to specific minority groups using scoring sheets, for example)?

(6) Human Rights Education

- (i) Are your employees given opportunities to receive human rights education?
- (ii) Do you provide human rights education for directors?
- (iii) Does the head office support human rights education in subsidiaries and group companies?
- (iv) In providing human rights education, do you refer to cases of human rights violation (discrimination) or human rights issues arising in the course of business (discrimination against outcast or "Buraku" people) within your company, subsidiaries or group companies?

(7) Interest and Contribution to International Human Rights Agenda

- (i) Do you provide information on international human rights issues (such as poverty and MDGs)?
- (ii) Are you involved in information exchange or partnership with the United Nations, its specialized agencies or international/local human rights NGOs?
- (iii) Are you actively involved in human rights issues in host countries?
- (iv) Do you have any system or mechanism allowing workers to engage in human rights issues in Japan or abroad for a long period of time?

(8) Grievance Mechanism

- (i) Have you put in place an external grievance mechanism accessible to workers (at the head office, subsidiaries and affiliates) and

victims of human rights violation such as harassment, mistreatment in personnel measures, neglect of mental health or discrimination?

- (ii) Is the internal or external grievance mechanism accessible to value chain companies and its workers?
- (iii) Is the consultation counter open to all external persons including consumers and customers?
- (iv) Is information on the availability of the grievance mechanism disclosed inside and outside the company?

(9) Engagement with Stakeholders

- (i) Do you have any platform for engagement with stakeholders, including interactive dialogue or discussion?
- (ii) Are you engaged with stakeholders at overseas operational sites?
- (iii) Does the engagement take the form of balanced, multi-stakeholder engagement involving not only labour unions, value chain companies and environmental NGOs, but also part-time workers, human rights NGOs and host community residents?
- (iv) Have you been able to feed the advice or proposed improvements provided by engagement into your activities in the following year?

(10) Reporting and Disclosure

- (i) Do you report on initiatives related to human rights in the CSR activity report?
- (ii) Do you actively disclose negative information on human rights (incidents and deterioration in performance)?
*Example: Payment of extra wages (published by the Ministry of Health, Labour and Welfare)
- (iii) Do you report or publish internal or external assessment on human rights?
- (iv) In the report, do you explain to internal and external stakeholders in particular how the priority (materiality) has been determined and what you have done to achieve the targets, regardless of whether or not they have actually been achieved?

2. Performance of CR4HR

(1) Rights of Workers

(i) Protection of basic labour rights

- KPI

A) Do you keep track of the unionization rate?

- Performance indicators

B-1) Have you developed a basic policy for the protection of basic labour rights?

B-2) Are basic labour rights, including freedom of association and right to collective bargaining, recognized in subsidiaries (which management is controlled by your company with 50% stake or over) both in Japan and abroad?

B-3) Are you taking measures to realize gender balance at regular labour bargaining forums (labour-management committee, labour consultation body, etc.) established at each operational site in Japan and abroad, including the head office?

B-4) Do you have a forum for exchange of views with the representatives of non-regular workers on the conditions of employment?

(ii) Just and favourable working condition

- KPI

A) Do you keep track of the number (intensity and frequency) of industrial accidents, including accidents involving contractors?

- Performance indicators

B-1) Do you ensure the “provision of face-to-face guidance by a physician for employees engaged in over work,” as per the revised Industrial Safety and Health Act (effective 1 April 2006)?

B-2) Do you hold regular consultations with the trade union (or representatives) for the rectification of working hours (including on the establishment of a specialized committee or working group)?

B-3) Are more of the paid holidays used by the workers (including non-regular workers with an employment contract) compared to the previous year? (Select “Yes” if the ratio exceeds 80%, regardless of the change from a year earlier.)

B-4) Do you ensure, through interactive communication on just and favourable working conditions with suppliers and business partners throughout your value chain?

(iii) Child and elderly care support

- KPI

A) Do you keep track of the number of workers using the child and elderly care support scheme, and their return to work and retention rate?

- Performance indicators

B-1) Have you obtained certification under the Act on the Advancement of Measures to Support Raising Next-Generation Children?

B-2) Are you committed to communicating with workers who have used, are using, or will use the scheme (including information and consultation to eliminate concerns)?

B-3) Do you organize any specific awareness-raising events (including seminars) to promote understanding among supervisors and colleagues and to facilitate gender-free access to the scheme?

B-4) Has the ratio of male workers using the child and elderly care support scheme increased from the previous year?

(iv) Respect for human rights in overseas operations

- KPI

A) Do you keep track of data on the retention of local workers including the turnover ratio and length of service?

- Performance indicators

B-1) Is there any provision in the CSR policy or code of conduct of the head office to take into account cultural aspects and labour conditions in host countries, including through the preparation of local manuals?

B-2) Does the head office provide advice or guidance on improvements required of overseas branches and plants in promoting CSR for human rights, including through the establishment of grievance mechanism for local workers?

B-3) Do head office managers keep track of human rights conditions at operational sites

overseas (including subsidiaries, branches and plants)?

B-4) Has the head office adopted any policy to promote empowerment of host communities and development of local management by providing education and opportunities to local workers for promotion to higher positions including executives?

(v) Elimination of child labour and forced labour

● KPI

A) Do you keep track of the number of companies subject to investigation on the existence or nonexistence of child or forced labour in Japan and host countries overseas, as well as the frequency of such investigation per company (annual, biennial, etc.)?

● Performance indicators

B-1) Have you declared the “elimination of child and forced labour” in your basic policy, action principles or any other document?

B-2) Do you provide education on child labour and forced labour?

B-3) Do you require value chain companies to ensure “elimination of child and forced labour”?

B-4) Are you working with NGOs or expert groups to prevent or solve relevant problems?

(vi) Protection of Personal information on workers

● KPI

A) Do you keep track of the existence (number) or nonexistence of violations of the Guidelines for the Protection of Personal Information on Workers, published by the Ministry of Health, Labour and Welfare?

● Performance indicators

B-1) Have you declared the “protection of personal information on workers” in your basic policy or business code of conduct?

B-2) Do you officially prohibit or restrict the collection of sensitive information (potential cause of social discrimination) on workers?

B-3) Is the person responsible for the “protection of personal information on workers” clearly defined and integrated into the information security management

system, as with the “protection of personal information on customers”?

B-4) Do you respond in good faith to any requests from workers regarding their personal information including disclosure, correction and discontinuation of availability?

(2) Rights of Minority Workers

(i) Prohibition of discrimination against minority workers (“Buraku” and indigenous peoples, foreigners, etc.) in employment, promotion and the workplace

● KPI

A) Do you keep track of labour composition (in numbers and ratios) by gender, status (full-time or part-time) and national origin (Japanese or foreign)?

● Performance indicators

B-1) Have you institutionalized the prohibition of discrimination (in recruitment, promotion and the workplace) and harassment, etc., in your recruitment, promotion and human resource policies (such as management policy, human resource policy and code of conduct)?

B-2) Have you established any remedial mechanism, such as a grievance mechanism or hot-line, to receive complaints about discrimination and harassment, including power and sexual harassment?

B-3) Do you conduct any surveys (including questionnaires) to prevent discrimination and harassment, including power and sexual harassment?

B-4) Have you adopted any measures for active employment of “people with difficulties to find work”?

(ii) Women's rights

● KPI

A) Do you keep track of the composition of managers by gender and the number of female managers by position at the corporate level, including at domestic and overseas subsidiaries?

● Performance indicators

B-1) Have you set any concrete targets on the recruitment of female employees, supported by a plan for the realization of their potential?

B-2) Have you established a specific body or committee to empower women or built any

network for female workers (such as seminars and dialogues)?

B-3) Have you set any concrete targets on the number of female managers, supported by a plan for the realization of their potential?

B-4) Do you have a mentor system available to female employees?

(iii) Rights of people with disabilities

- KPI

A) Do you keep track of the ratio of employees with disabilities at the company-wide level, including at domestic and overseas subsidiaries?

- Performance indicators

B-1) Have you attained the “regulatory employment ratio for people with disabilities”? (Please answer on the basis of employment in Japan.)

B-2) Have you developed a barrier-free environment at the workplace (“hard” environment) and in the working conditions (“soft” environment including job coaches and counselling staff)?

B-3) Have you set any employment targets over and above the regulatory employment ratio at the corporate level, including at subsidiaries and group companies (in Japan only)?

B-4) Do you engage with NGOs and workers with disabilities for improving the workplace (“soft” and “hard”) conditions?

(iv) Elderly peoples' rights

- KPI

A) Do you keep track of the post-retirement reemployment ratio (or number reemployed) at the company-wide level, including at domestic subsidiaries and group companies?

- Performance indicators

B-1) Have you actually reemployed any elderly workers under the reemployment scheme?

B-2) Do you have any arrangements that allow the adjustment of employment patterns to meet the specific needs of individual elderly workers (diversification of working patterns including short-time labour)?

B-3) Are you improving human resource and wage systems based on the findings of surveys on the needs of elderly workers in the reemployment scheme?

B-4) Have you extended the mandatory

retirement age?

(v) Rights of non-regular workers

- KPI

A) Do you keep track of the ratio of non-regular workers covered by social insurance?

- Performance indicators

B-1) Do you publish data on the employment of all non-regular workers (including dispatched workers)?

B-2) Have you changed the status of any non-regular workers to that of full-time workers over the last three years?

B-3) Are you taking any measures to improve the employability of non-regular workers including through vocational training?

B-4) Are you committed to communicating with non-regular workers (including through attitude surveys and consultations)?

(3) Rights of Consumers and Customers

(i) Initiatives to ensure the rights of consumers and customers

- KPI

A) Do you keep track of the number of complaints received from consumers and customers not only at the head office customer centre but also in the field, for example at local offices and the retail department?

- Performance indicators

B-1) Have you established any corporate policy for personal information protection, supported by a management system to protect personal information on consumers and customers?

B-2) Do you conduct preliminary assessment of the risks (health, safety, etc.) posed by your products and services on consumers and customers, followed by the publication of its findings?

B-3) Are the contents of advertisements checked by the human rights department from the perspective of human rights?

B-4) Do you provide sustainability education for consumers and customers (including consumer education on sustainable consumption behaviour)?

(ii) Communication with consumers and customers

- KPI

A) Do you keep track of follow-ups to the claims identified in (i) A) in a quantifiable manner?

- Performance indicators

B-1) Have you established a system to feed the voice of consumers and customers into the company's business activities through grievance mechanism?

B-2) Do you publish the outcome of grievances and complaints?

B-3) Do you analyze the contents of grievances and complaints and share solutions and future challenges internally with appropriate tools (in-house journal and intranet)?

B-4) Do you provide education or explanation for consumers and customers on the downside of your products and services (even if you have not received any complaints)?

(iii) Initiatives for the benefit of consumers and customers belonging to minority groups (the elderly, people with disabilities, foreigners, etc.)

- KPI

A) Do you keep track of the number of comments and requests from consumers and customers that reflect the needs of minority groups?

- Performance indicators

B-1) Do you provide product designs and services incorporating the needs of consumers and customers who belong to minority groups?

B-2) Do you provide support for consumers and customers belonging to minority groups when they use your products and services?

B-3) Do you respond to inquiries from consumers and customers belonging to minority groups through the use of sign language or multilingual support?

B-4) Do you distinguish the requests and suggestions of consumers and customers belonging to minority groups from other requests and suggestions to provide feedback and incorporate them into business activities including the improvement of your products and services?

(4) Rights of Population Affected by Business Activities

(i) Human rights conditions of population affected by business activities (necessarily including minority groups such as indigenous people and people with disabilities) in Japan and overseas

- KPI

A) Do you disclose the description and number of lawsuits (including out-of-court settlements and administrative guidance) related to human rights incidents involving your company and people living in the host communities (including in Japan)?

- Performance indicators

B-1) Do you join local organizations promoting social activities in the host communities (including in Japan)?

B-2) In conducting or outsourcing security operations, do you take educational, awareness-raising, monitoring or other measures to prevent human rights abuse and harassment?

B-3) Do you conduct preliminary assessment of the potential human rights impact on host communities before making decisions on investment and business operations?

B-4) Are you committed to active communication with host community residents (including through preliminary briefings on impact assessment, forums for regular dialogue and consultation counters)?

(5) Human Rights Issues in global community

(i) Philanthropic social action programs: material and financial assistance, support for NGOs and other organizations

- KPI

A) Do you keep track of the total cost (including personnel and other expenses) of philanthropic social action programs?

- Performance indicators

B-1) Do you have any philanthropic social action programs related to human rights?

B-2) Are you implementing the programs in coordination/collaboration with partners including international organizations and NGOs?

B-3) Are you committed to ongoing communication with the people covered by the programs?

B-4) Do the programs provide opportunities for social independence, including job opportunities, to the people concerned?

(ii) Social action programs leveraging goods and services supplied by the core business

- KPI

A) Do you keep track of the total cost (including personnel and other expenses) of social action programs leveraging goods and services supplied by your core business?

- Performance indicators

B-1) Do you have any social action programs on human rights that leverage goods and services supplied by your core business?

B-2) Are you implementing the programs in coordination/collaboration with partners including international organizations and NGOs?

B-3) Are you committed to ongoing communication with the people covered by the programs?

B-4) Do the programs provide opportunities for social independence, including job opportunities, to the people concerned?

(iii) Core business activities to protect human rights

- KPI

A) Do you keep track of the total cost (including personnel and other expenses) of CSR activities for human rights conducted as part of your core business?

- Performance indicators

B-1) Do you conduct any CSR activities for human rights as part of your core business?

B-2) Are you conducting such activities in coordination/collaboration with partners including international organizations and NGOs?

B-3) Are you committed to ongoing communication with the people covered by such activities?

B-4) Do the activities provide opportunities for social independence, including job opportunities, to the people concerned?

Shared Development & Corporate Social Responsibility : Korean Case of Collaborative Entrepreneurship

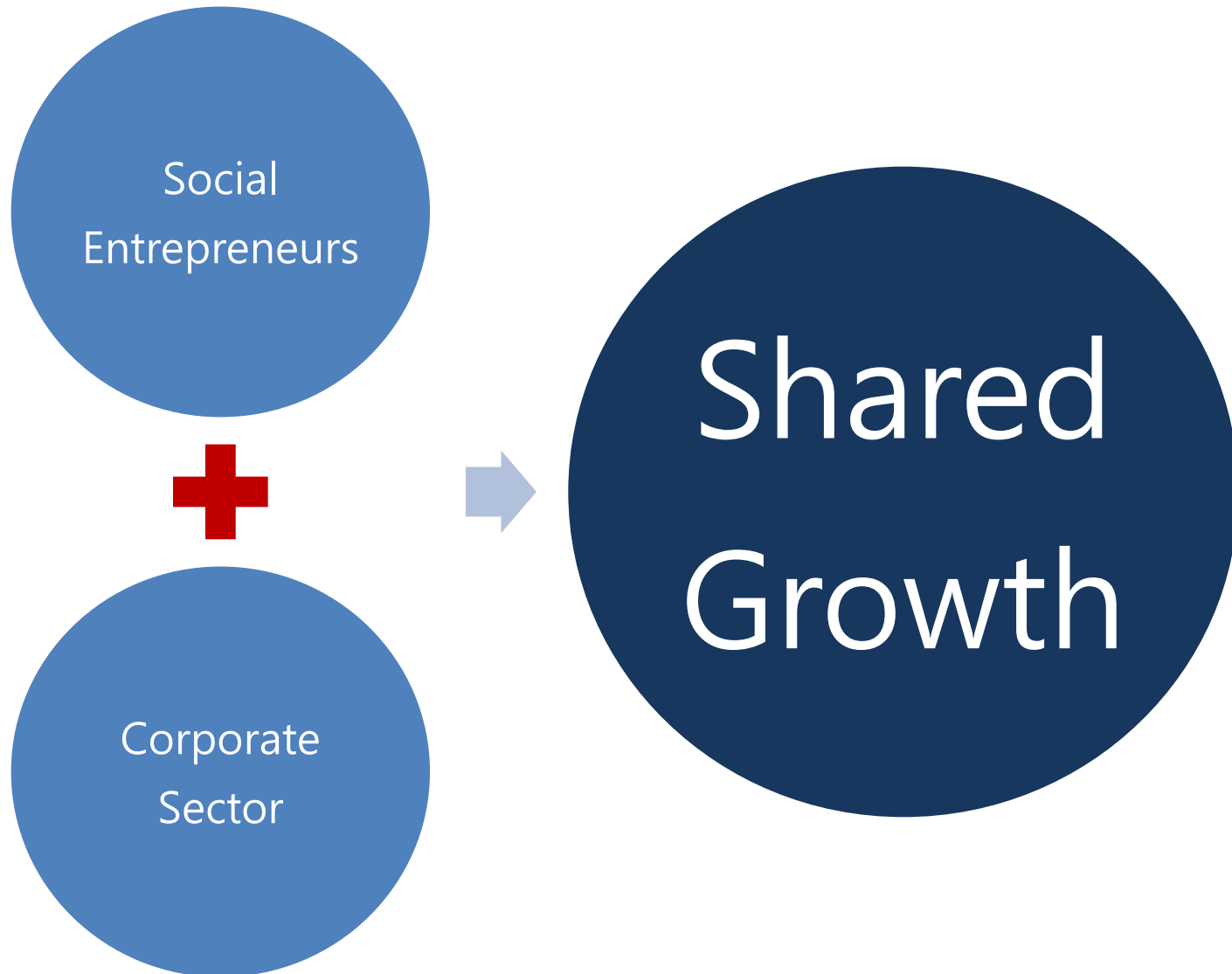
Sang-Dal Shim

*Emeritus Research Fellow,
Korea Development Institute*

Growing Dissatisfaction against the Current System



Communal Capitalism : Path to the Shared Growth



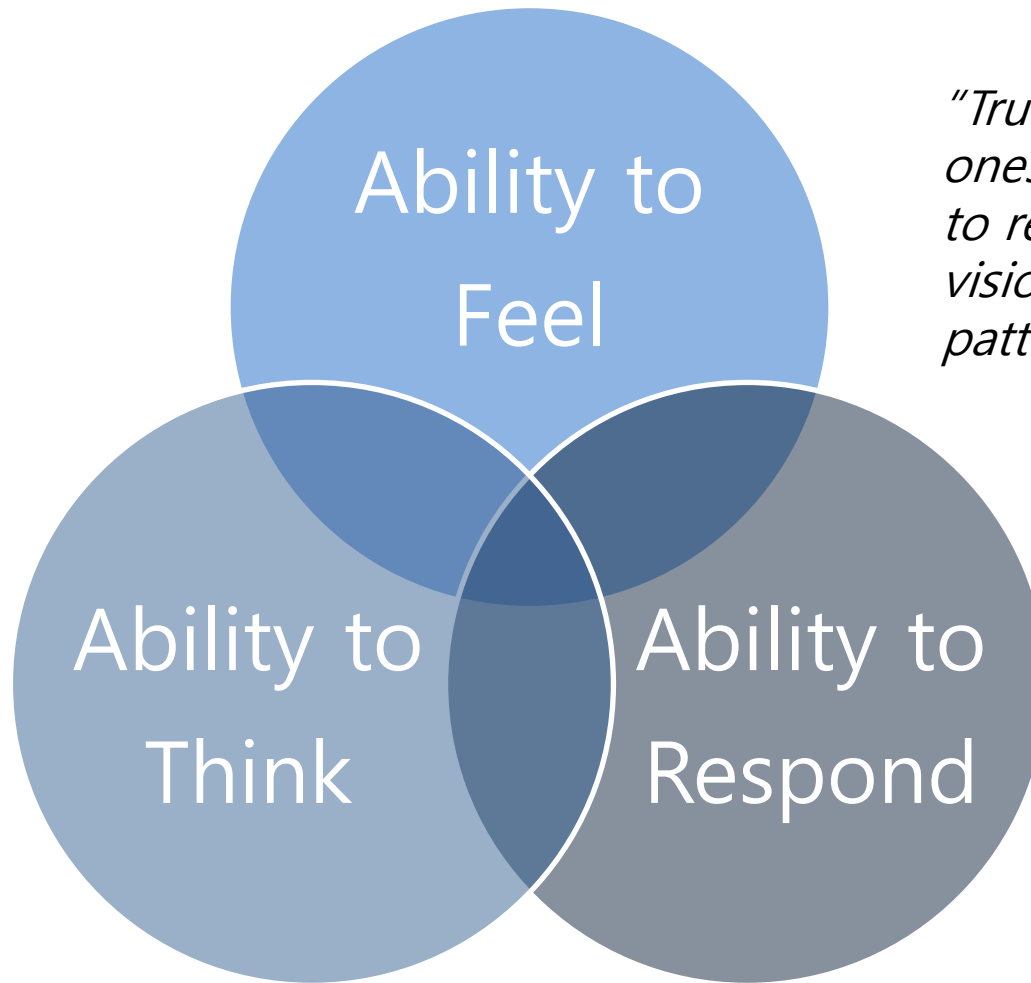
Who are the Social Entrepreneurs?

Empathy

Entrepreneurship

"Everyone a
Change-maker"
(Bill Drayton)

How does Empathy work?



"True social entrepreneur is the ones who simply cannot come to rest in life until his or her vision has become the new pattern that changes the world."

Social Entrepreneurs : In History



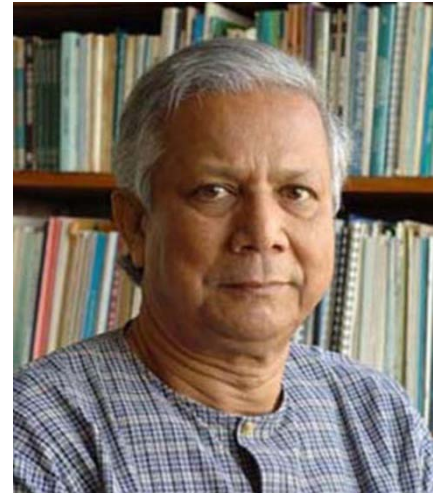
Florence Nightingale



William Wilberforce



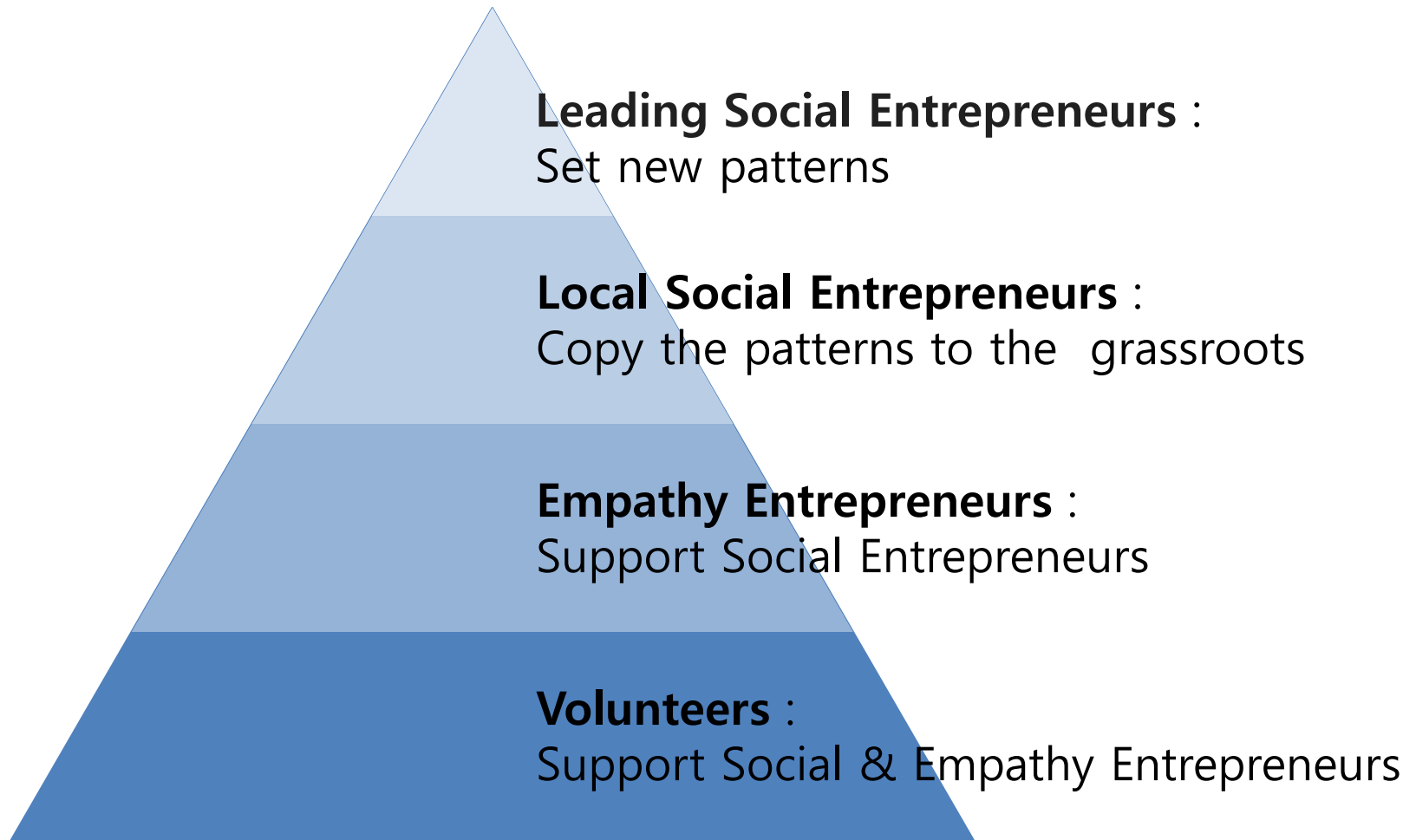
Bill Drayton



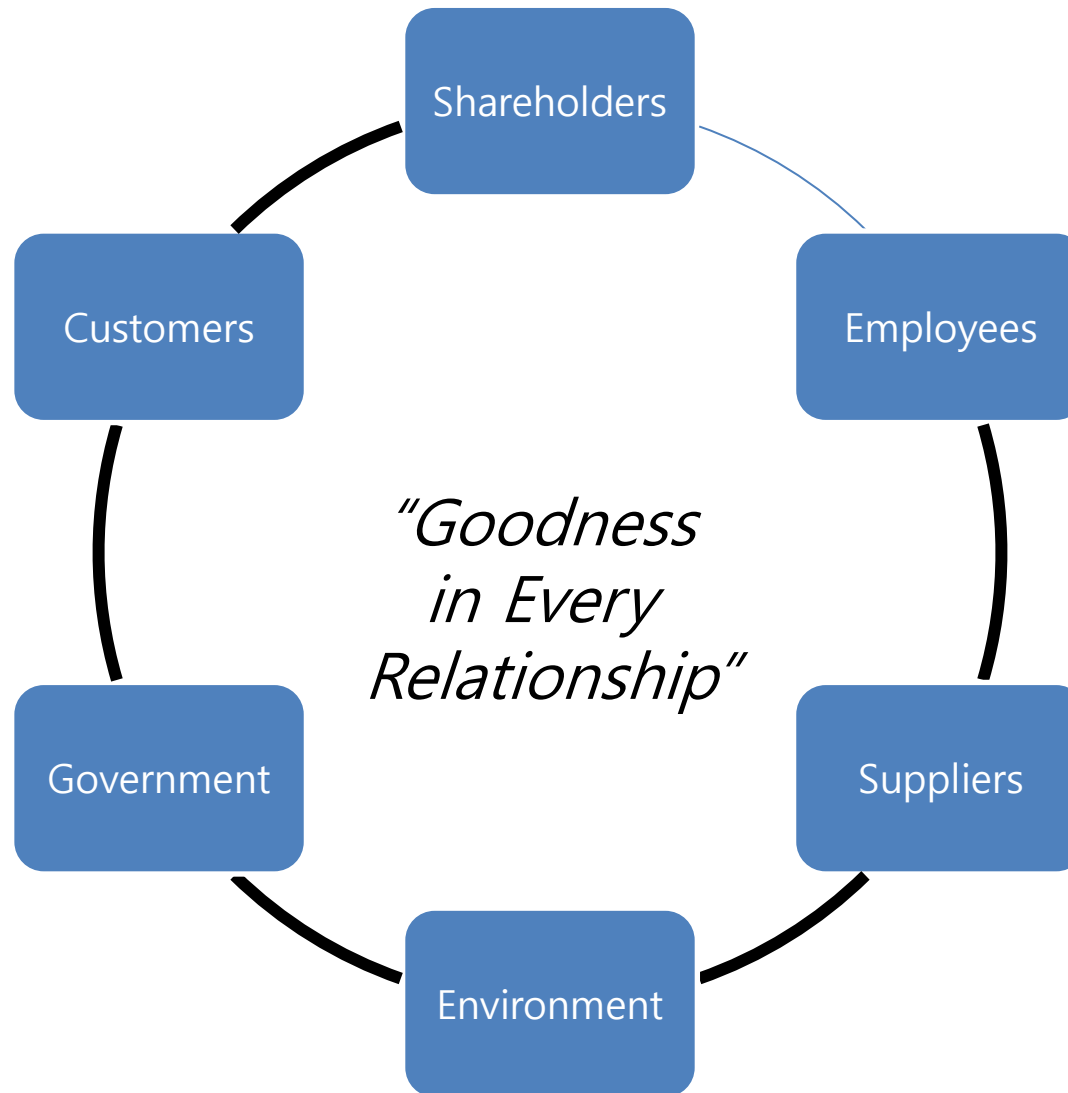
Dr. Muhammad Yunus

"The life purpose of the true social entrepreneur is to change the society."

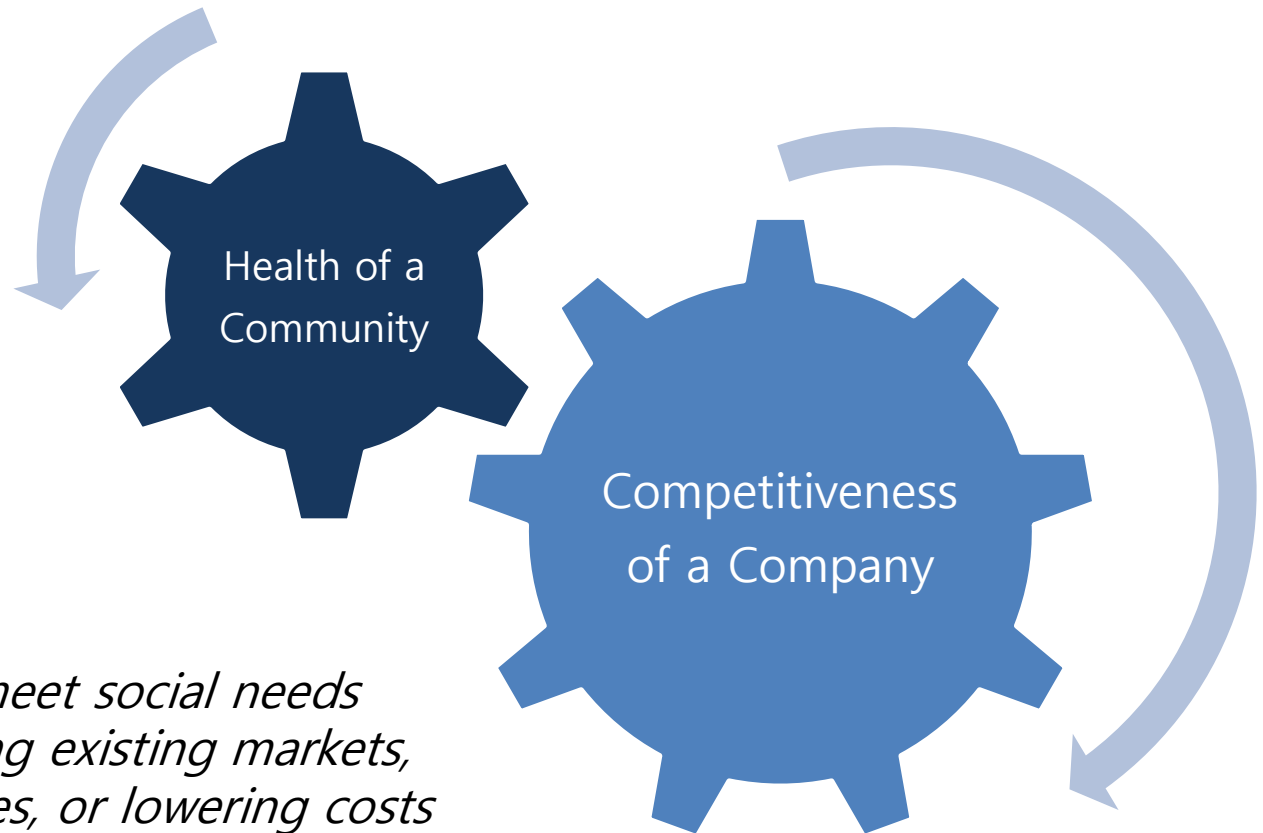
Pyramid for Social Change



What are Empathy Enterprises?



Creating Shared Value

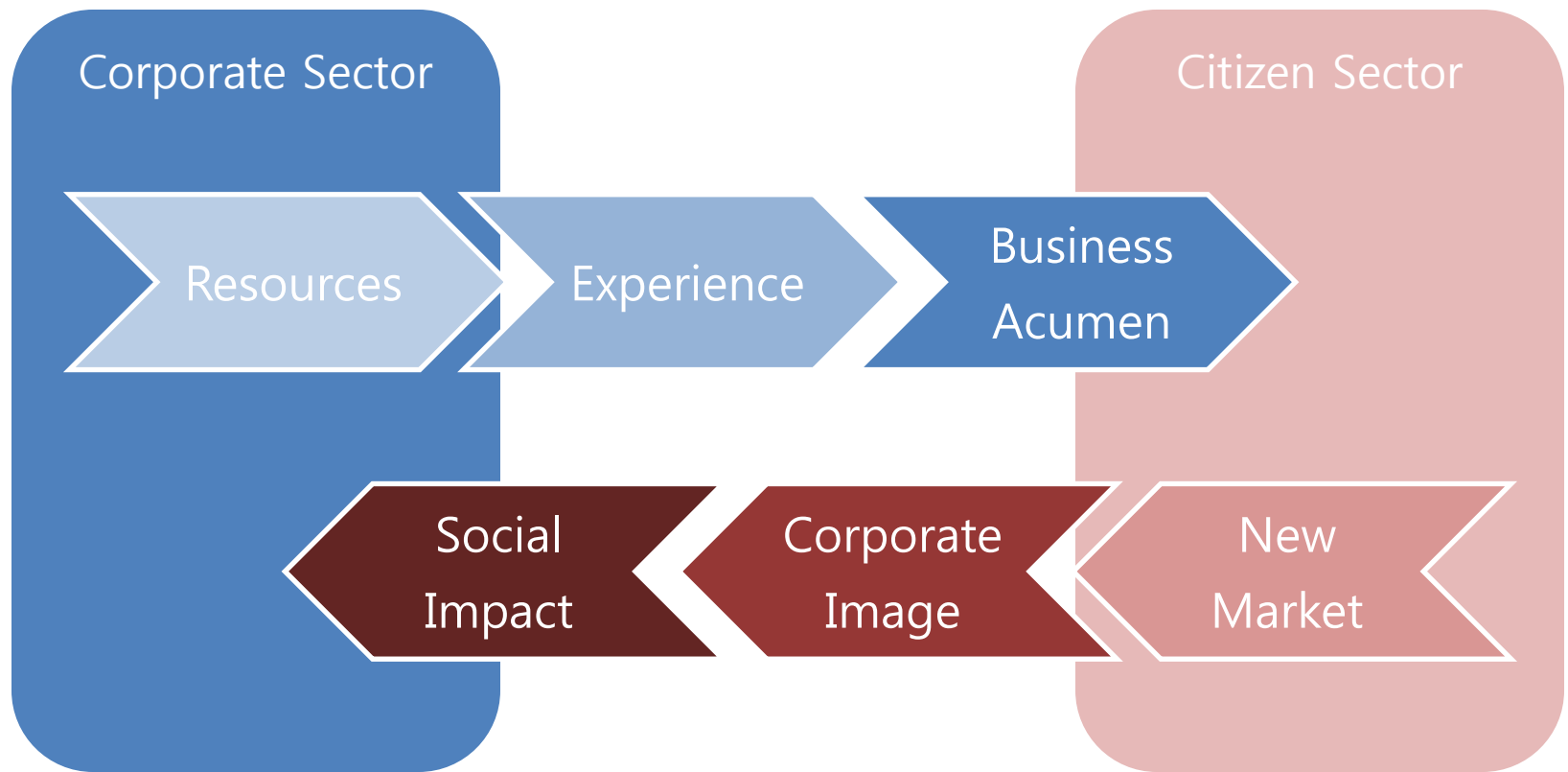


"Companies can meet social needs while better serving existing markets, accessing new ones, or lowering costs through innovation"

Michael E. Porter, Mark Cramer
Harvard Business Review

Hybrid Value Chain

“The HVC model goes beyond philanthropy and corporate social responsibility. HVC partnerships are breaking the inefficient paradigms that separate the two sectors.”



[Example 1 : Lovingline]

Lovingline Empathy Shop: Empathy Enterprise Support Shop



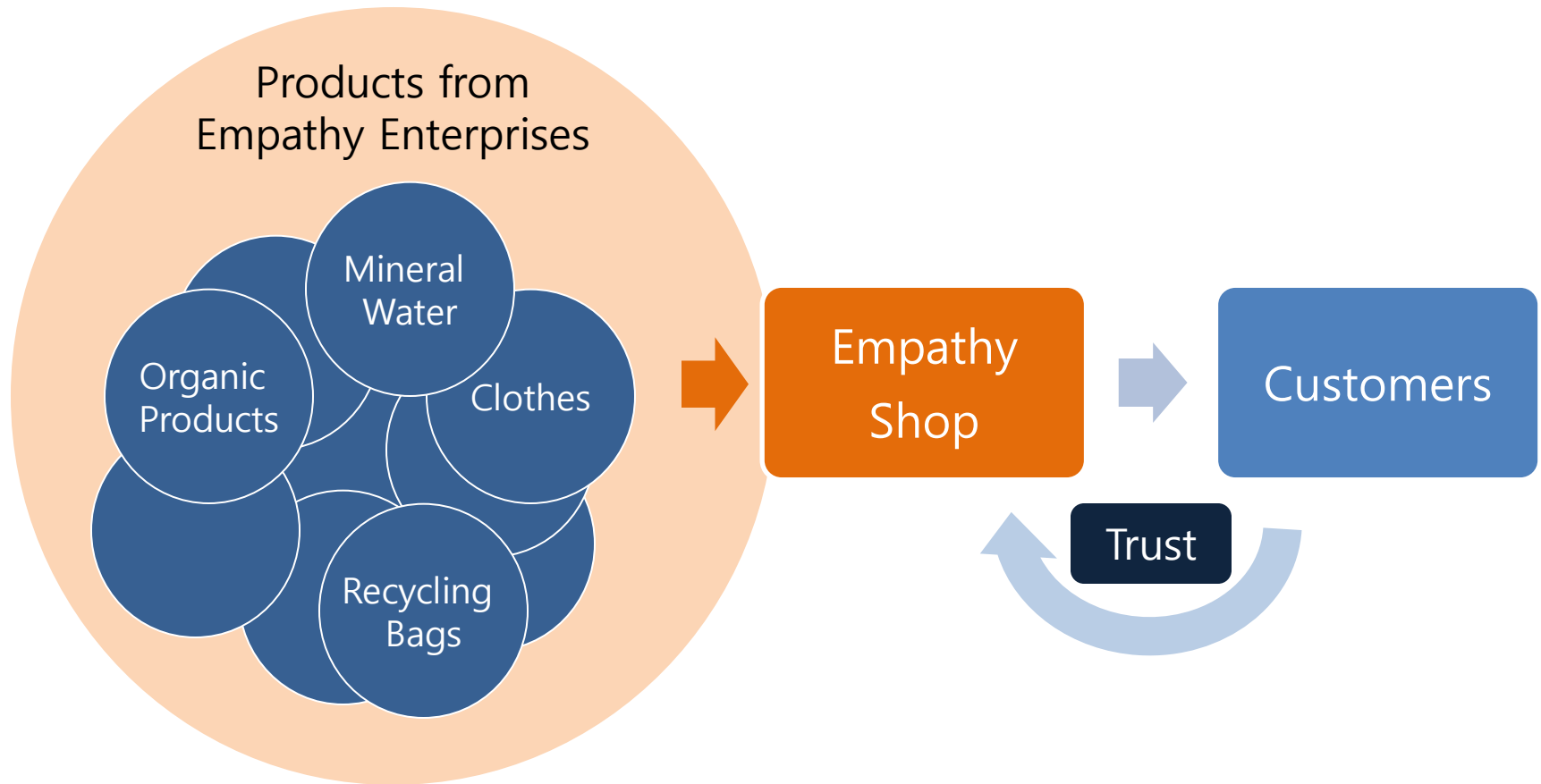
- Sells the products manufactured by empathy enterprises
- All profits are used to support social entrepreneurs

[Example 1 : Lovingline] Assessing the Empathy Enterprises

Lovingline serves to connect good companies to consumers and investors.

Criteria	Questionnaires	Points
Purpose	Is a part of your profit used for social purposes?	40
Customers	Are the products considered basic necessities? Are the products beneficial for the customers? Are the products reasonably priced?	40
Employees	Are you paying above living wages to your employees? Are you providing other benefits to your employees? Are you employing the disadvantaged?	40
Supplier	Are you being nice to your suppliers? Are you paying all the taxes?	40
Environment	Is your company's practice comparable to the environmental need of your community?	40
Total		200

[Example 1 : Lovingline] Creating Shared Value



[Example 1 : Lovingline] Financial Results

Profits from the *Lovingline* are directly used for good causes in and out of Korea.

44 Months Jan 2005 to Aug 2008

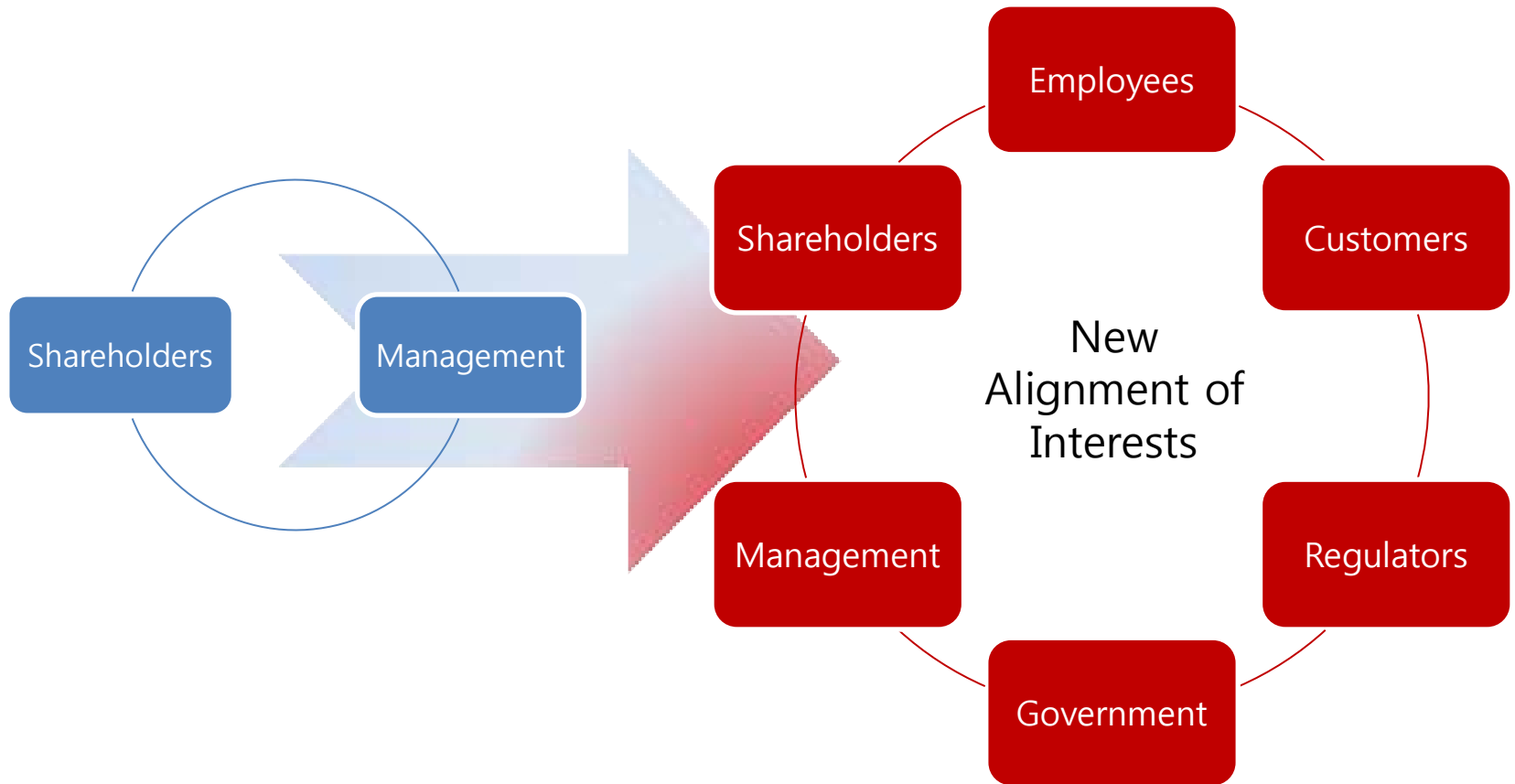
Monthly Program		Donation Amount (in KRW, '000)	Donation Frequency	Monthly Average (in KRW, '000)
Service delivered by	Internal Organization	99,800	15	6,653
	Outside NGOs	170,258	23	7,403
Potential Beneficiaries	Koreans	70,760	13	5,443
	Foreigners	199,298	25	7,972
Giving Back Campaign		61,903	6	10,317
Total		331,961		7,545

[Example 1 : Lovingline] Vision for the Empathy Community



[Example 2 : W Savings Bank] How to be a “Good Bank”

IWL Partners bought a savings bank and turned it into a “good bank”.



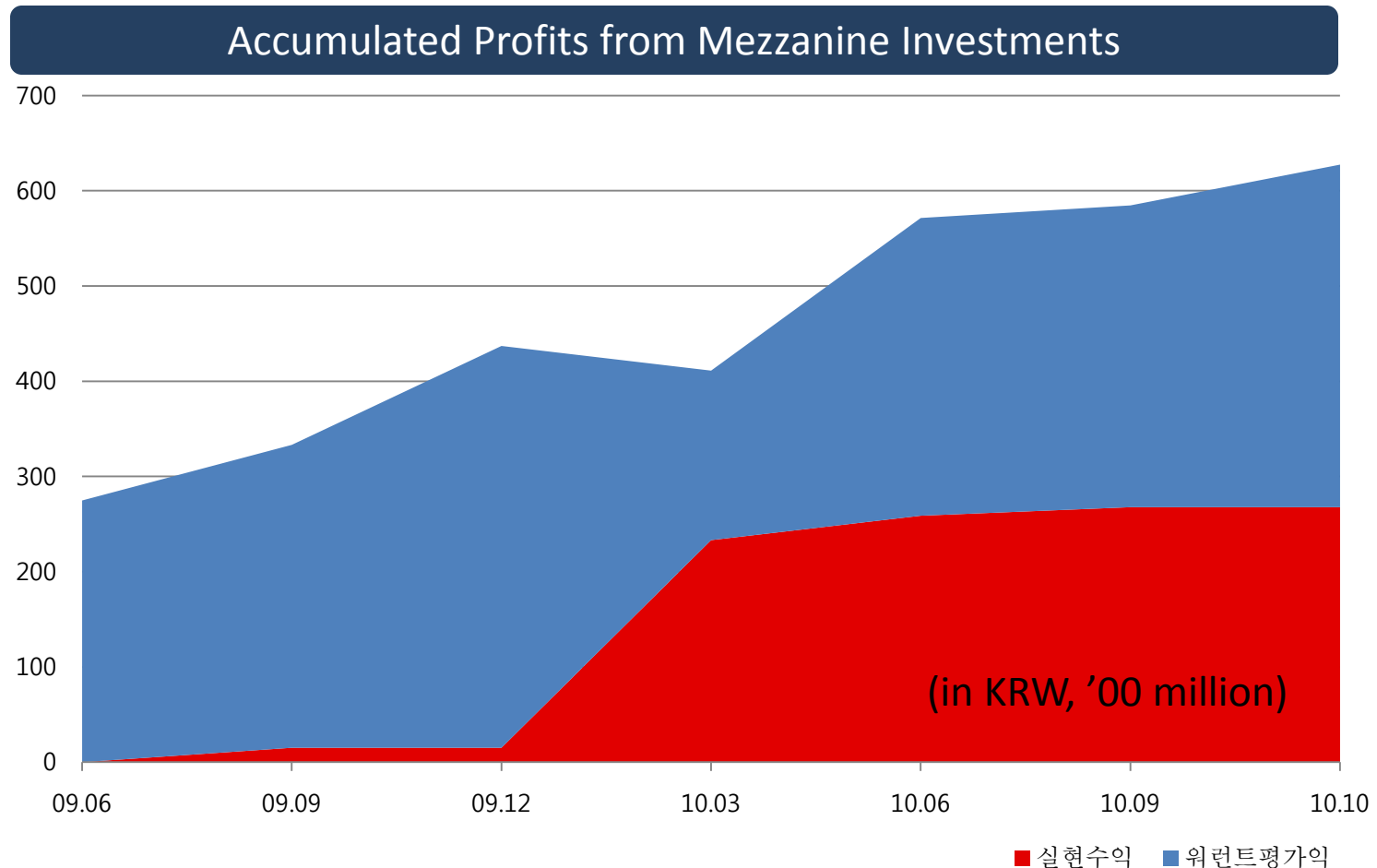
[Example 2 : W Savings Bank] Being a “Good Bank” Paid off

“Goodness in Every Relationship” resulted in
126% increase in the Equity Capital.

Category	Before	After	% change
Equity Capital (in KRW, million)	35,100	79,300	126 %
Management Salary (in KRW, million)	1,009	2,187	116 %
Employees Salary (in KRW, million)	1,365	5,336	291 %
No. of Employees	31	157	406 %
No. of Customers	16,514	47,314	186 %
Total Tax Paid (in KRW, million)	427	7,383	1,629 %

[Example 2 : W Savings Bank] Invest with Love

W Savings Bank invests in small and medium size companies to whom no other established banks put their money in.



[Example 3 : Pop Funding] New Way of Funding a Social Cause

Crowd Funding enables people to support various efforts from disaster relief, citizen journalism, and political campaigns, to funding a startup company or small business.

Current Donation



Crowd Funding



[Example 3 : Pop Funding] Advantages for Social Enterprises

Crowd Funding can provide Social Enterprises...



Free
Marketing
through
SNS

Test
Market for
New Ideas

Funding
for New &
Innovative
Ideas

Individual
Donators
&
Potential
Customers

[Example of Crowd Funding] Café Timor



fair trade coffee

CAFÉ TIMOR

Crowd Funding

- Funding for a new product development using SNS



Investment Rewards

- Providing new products & barista classes to the crowd investors



Social Impact

- Raising awareness of the fair-trade coffees and East Timor regions
- Increased revenue & customer base



Government's Role in CSV (Creating Shared Value)

Government Can Promote CSV by...

Certification

- Better not certify
- Letting Empathy Enterprises to self regulate.

Legislation

- Letting Empathy Enterprises to seek the interests of all stakeholders.

Provision for Location

- Allowing the usage of Government's idle facilities for Empathy Shops.

Provision for Capital
Required

- Contributing a small portion of the start-up fund.

Thank You