

Cross Border, Cross Issue and Cross Sector Corporate Social Responsibility (CSR)

Prepared and presented by
Jun Kurihara, Research Director of CIGS &
Angela Joo-Hyun Kang, Founder & Executive President of GCEF

Canon Institute of Global Studies (CIGS), Tokyo, Japan
November 25, 2013

Contents

- ▶ Cross Border, Cross Issue and Cross Sector CSR
- ▶ Business Leadership with innovation and commitment in Japan
- ▶ Business Leadership with responsibility and integrity in South Korea
- ▶ Cooperation and Collaboration through CSR

Japan, Korea and Cross Border

**CSR
in South
Korea**

HQ of
Korean
companies

Korean
subsidiaries
of Japanese
companies



**CSR
in Japan**

HQ of
Japanese
companies

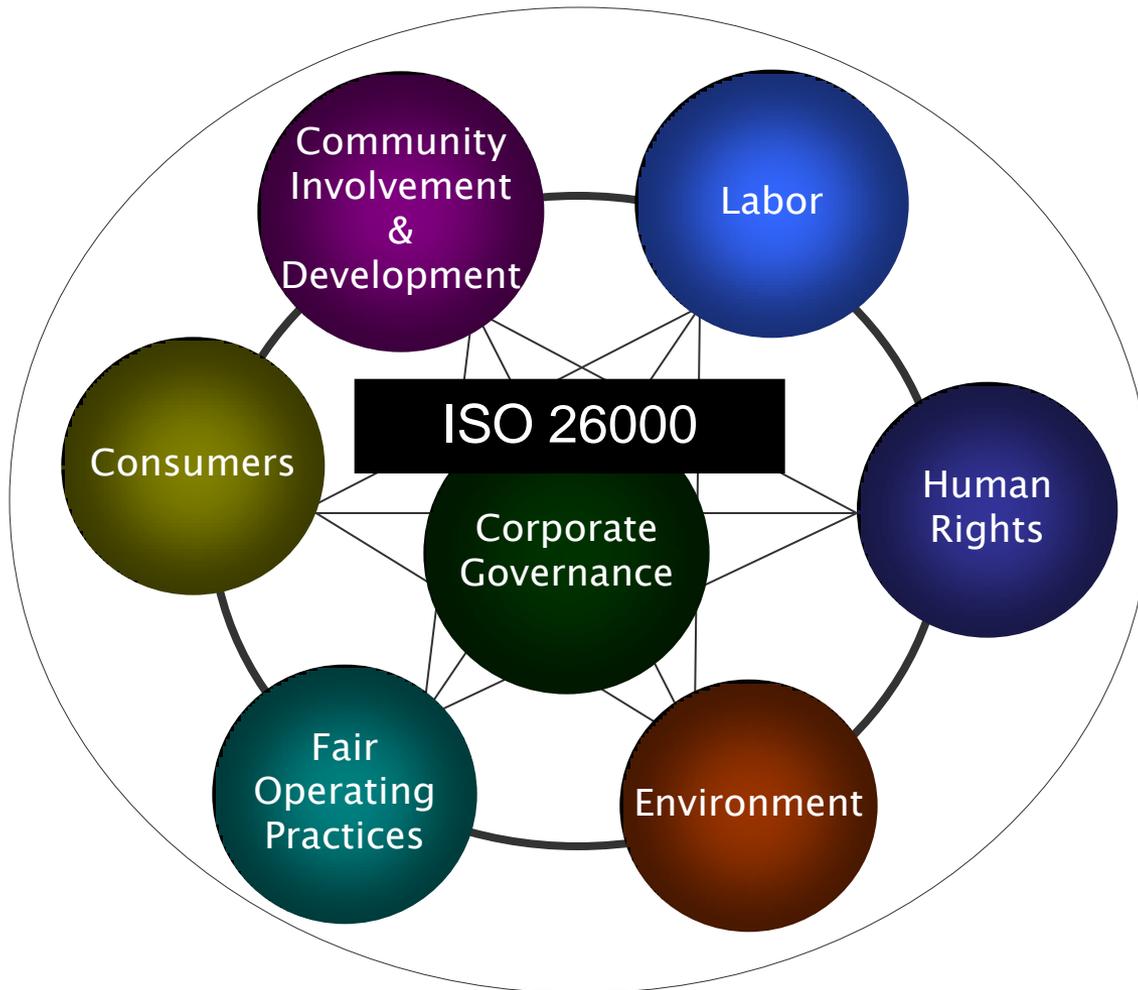
Japanese
subsidiaries
of Korean
companies

Bilateral CSR

Trilateral CSR

Global CSR of
East Asian Companies

Cross Issue



Common Issues

Aging

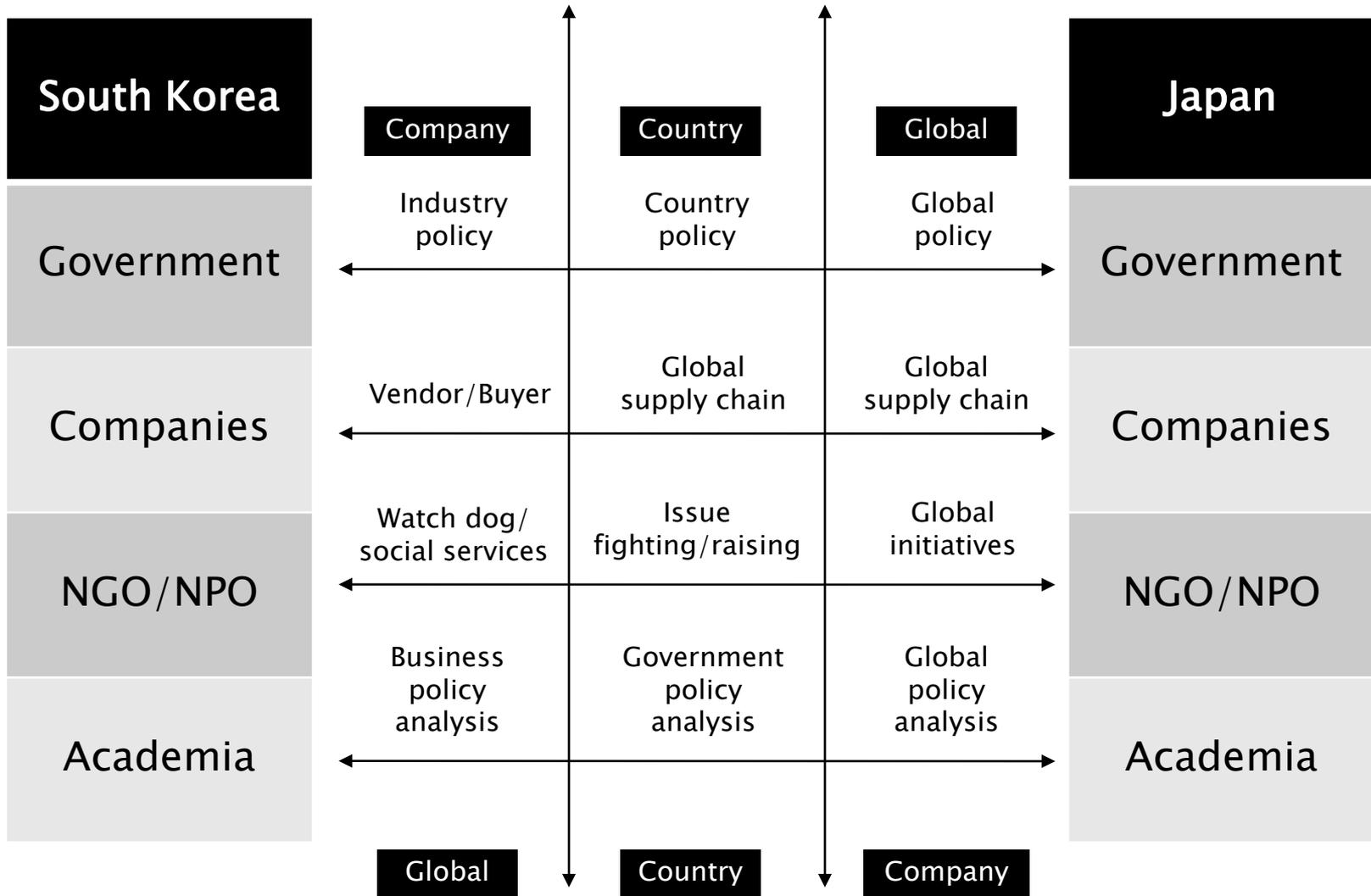
Natural and
Manmade Disaster

Polarization &
Diversity

General and
Corporate Culture

Human Security

Cross Sector



Business Leadership with innovation and commitment in Japan: A Concentric Approach

Jun Kurihara
Research Director
Canon Institute of Global Studies (CIGS)

Japan: Cross Border



**CSR
in Japan**

HQ of
Japanese
companies

Japanese
subsidiaries
of Korean
companies
(Observation
for
advancement)

**Case Study: In Search of a New Global Community
Sumitomo Corp-supported
Japan-South Korea
Young Leadership Program
(日韓海峡圏カレッジ/한일해협권칼리지)
Organized by Kyushu Univ. and Pusan National Univ.**

Japan: Cross Issue (1)

Financial Resource Allocation (Keidanren CSR Survey Report 2012, published on October 15, 2013 (I-5))

ISO 26000 Core Subjects	Issues (not being necessarily match the ISO classification)	%
Organizational Governance	—	
Human Rights	Social Welfare and Inclusion (1)	5.8
	Human Security (11)	0.2
	Political Donation (14)	0.7
Labour Practices	Personnel Development (13)	0.8
The Environment	Environment (6)	10.6
	Disaster Relief (9)	9.4
	Disaster Prevention (10)	0.5
Fair Operating Practices	—	
Consumer Issues	Academic and Research Support (3)	12.3
Community Involvement and Development	Health and Medical Services (2)	11.0
	Education (4)	17.7
	Culture and the Arts (5)	12.8
	Local Community Support (7)	8.1
	International Exchange (8)	2.0
	Promotion of NPO Activities (12)	0.9

Japan: Cross Issue (2)

Significance of CSR in Trying Times (a)

Financial Resource Allocation (Keidanren CSR Survey Report 2012, published on October 15, 2013 (I-10))

Pretax Profit (Bil. Yen)	No. of Companies	Resource Allocation (Bil. Yen)	Share (%)	Resource Allocation per Company (Bil. Yen)
More than 100	40	83.3	47.0	2.08
50~100	34	33.5	18.9	0.99
30~50	29	13.6	7.7	0.47
10~30	87	18.8	10.6	0.22
5~10	47	4.8	2.7	0.10
0~5	108	4.4	2.5	0.04
In Red Ink	42	17.9	10.1	0.43
Total*	397	177.1	100.0	0.45

(Note: The figures for the total includes 10 companies that did not respond to the questionnaire when they were asked about their pretax profit)

Japan: Cross Issue (3)

Significance of CSR in Trying Times (b)

“On Corporate Responsibility” Chujiro FUJINO (President, Mitsubishi Corp., 1973)

(藤野忠次郎三菱商事社長 「『企業の責任』について」 1973年7月19日 東京の世界貿易センター)

“From a private-sector viewpoint, we, both executives and rank-and-file employees, should examine our responsibility for our nation.”

“Companies bear responsibility in the nations and societies through

- (a) taxes and donations,**
- (b) dividends and salaries and wages, and**
- (c) retained earnings for their longer prosperity”**

Companies, both in the black and in the red, should

- (a) have a clear vision,**
- (b) recognize the burden of society that is surrounding them,**
- (c) avoid building an environment inflicting any damage on individuals and societies, and**
- (d) pay attention to consistency in the value system between the individual and the corporate sector.**

Japan: Cross Issue (4)

Numerous Malpractices Unveiled

Corporate Governance

Gangster Loans Cover-up: Mizuho Financial Group

(e.g., “Japanese Bank’s Inquiry Finds Details of Shady Loans,” *New York Times*, Oct. 28, 2013)

Loss-hiding Scheme: Olympus

(e.g., “Olympus Admits to Hiding Losses,” *Wall Street Journal*, Nov. 8, 2011)

Labor Practices

Exploitative Sweatshop-type Employment System, leading to Death from Overwork: Watami

(e.g., “Watami under Scrutiny after Karōshi,” *Japan Times*, Jun. 17, 2012)

The Environment

Nuclear Safety and Security: TEPCO

(e.g., “L’eau de pluie contaminée à Fukushima?” *Le Monde*, Oct. 21, 2013)

Consumer Issues

Misleading Advertising and False Labelling: Hankyu-Hanshin Hotels, etc.

(e.g., “Osaka Menu Muddle Sparks Media Feeding Frenzy,” *Wall Street Journal*, Oct. 30, 2013)

Loose Safety Management: JR Hokkaido

(e.g., “JR Hokkaido May Face Criminal Charge for Falsifications,” *Japan Times*, Nov. 13, 2013)

Japan: Cross Sector (1)

(1) COOPERATION with GOVERNMENT: 75 Companies

**Encouraging Employees to Take Part in
Government-backed Activities of
Japan Overseas Cooperation Volunteers (JOCV)**

(2) COOPERATION with LOCAL COMMUNITIES: 119 Companies

**(3) ENCOURAGING EMPLOYEES
TO JOIN VOLUNTEER ACTIVITIES: 208 Companies**

(Keidanren CSR Survey Report 2012, published on October 15, 2013 (II-5))

Japan: Cross Border and Cross Sector CSR for the Environment

Case Study: Toyota Environmental Activities Grant Program (トヨタ環境活動助成プログラム)

Project		Total	FY2013			FY2012			FY2011			FY2010			FY2009	
Imple- Mentation		Sub	Category		Sub	Category		Sub	Category		Sub	Category		Sub	Category	
Sites	2000~ 2013	Total	Over- seas	Japan	Total	Over- seas	Japan	Total	Over- seas	Japan	Total	Over- seas	Japan	Total	Gen- eral	Small- scale
Total	257	24	10	14	19	9	10	21	11	10	18	6	12	10	0	10
Asia	85	8	8	0	8	8	0	8	8	0	4	4	0	0	0	0
The Americas	19	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0
Africa	24	2	2	0	0	0	0	3	3	0	2	2	0	0	0	0
Europe	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Japan	121	14	0	14	10	0	10	10	0	10	12	0	12	10	0	10
Others	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(Toyota: http://www.toyota-global.com/sustainability/corporate_citizenship/environment/toyota_environmental_activities_grant_program/)

Japan: Cross Border, Cross Issue and Cross Sector CSR

Case Study: Three Commitments of Shiseido CSR (資生堂CSR 3つの約束)

	Social Issues	What Shiseido Can Do to Resolve Social Issues
Women and Cosmetics	<p>International Society</p> <ol style="list-style-type: none"> 1. Eradication of Poverty 2. Promotion of Gender Equality and Enhancement of Women's Status 3. Health and Reduction of Child Mortality Rate 4. Achievement of Universal Education <p>Japanese Society</p> <ol style="list-style-type: none"> 1. Response to Declining Birthrate and Aging Society 2. Realization of Gender-equal Society 	Accumulated Knowledge of Women's Beauty and Health or Support Women Taking Active Roles by Utilizing Experience as a Company Promoting Gender Equality
Culture	Response to Values That Seek Emotional Peace of Mind or Enrichment rather than Material Affluence	As a Company That Has Continuously Valued Aesthetic Sensibility, Support Realizing a Fulfilling and Enriched Society through Support of Culture and the Arts
Environment	<ol style="list-style-type: none"> 1. Curb Global Warming and Reduce CO₂ Reductions 2. Response to Resource Depletion and Resource Saving 3. Response to Biodiversity 	Various Activities That Connect a Beautiful and Enriched Lifestyle and the Environment through Manufacturing

(Shiseido: <http://group.shiseido.com/csr/promise/>)

Business Leadership with responsibility and integrity in South Korea

Angela Joo-Hyun Kang
Founder and Executive President
Global Competitiveness Empowerment Forum (GCEF)

Korea: Cross Border (1)

CSR in South Korea

Korean
subsidiaries of
Japanese
companies



- ▶ Canon Korea Business Solution's Ahnsan Factory in South Korea
 - Cell production system and company organization
 - Trust, respect and autonomy
 - Doubled job creation, 19 times of production and 12 times of export increase in 10 yrs
 - Samsung Electronics' benchmarking venue

Source: Ryu, Rang-Do, "New Ways of Working", Korean translation title "Innovation of Canon Korea has started from a covered wagon", November, 2011. Random House Korea

- ▶ KOTRA's CSR award
 - For Korean subsidiaries of global multinationals from Oct. 2013

Korea: Cross Border (2)

CSR in Japan

Japanese
subsidiaries of
Korean companies



- ▶ Strong by SMEs
- ▶ Cash and in-kind donation to Fukushima disaster victims
- ▶ Volunteering with their Japanese buyer companies
 - 9 vendors in KAPP (Korea Auto Parts Park) with Yamaha Motor Co., Ltd. in Nagoya to clean seashores in Hamamatsu city in Sep. 2013
- ▶ Joint CSR forum between Korean and Japanese companies in Osaka

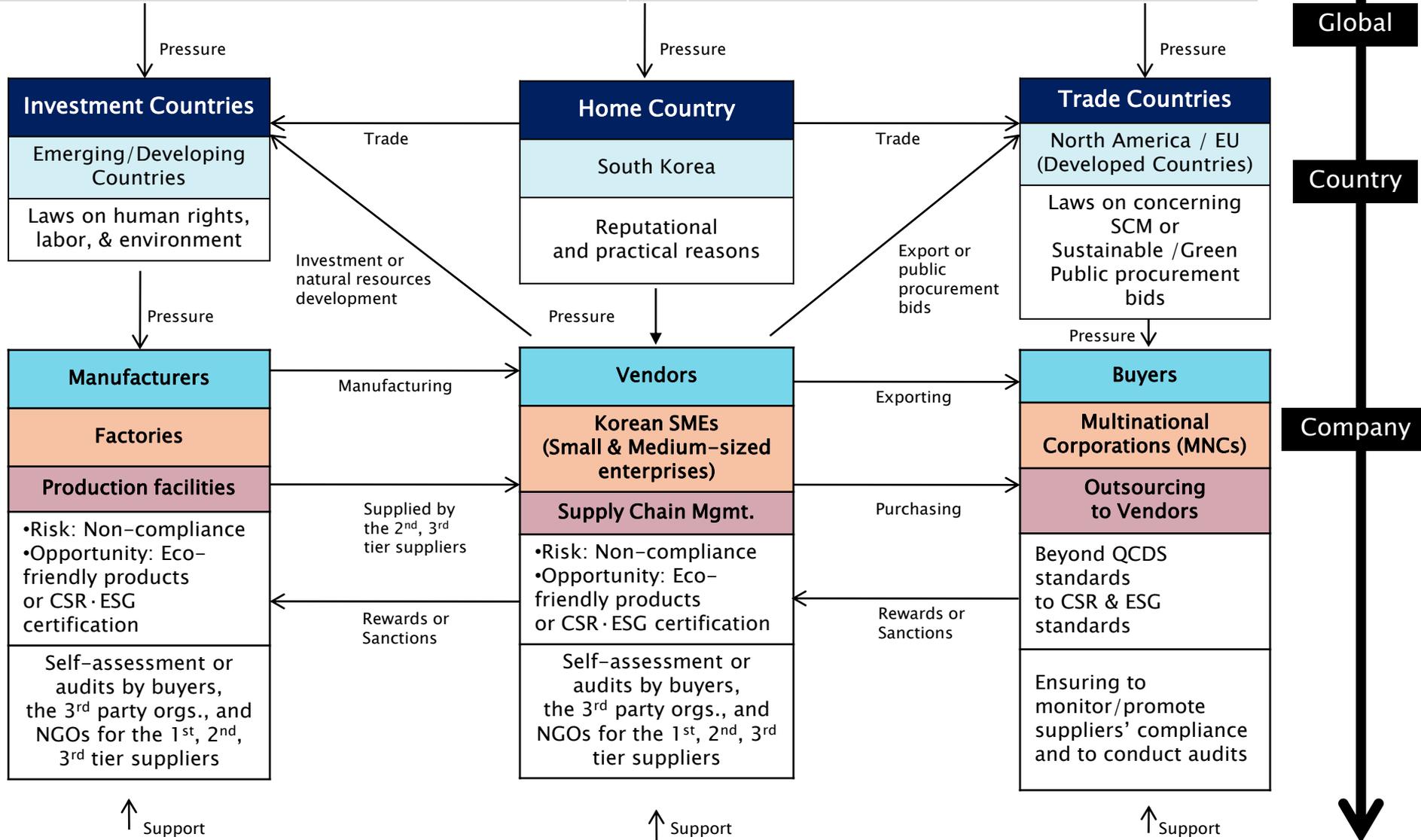
Source: KOTRA (Korea Trade-Investment Promotion Agency)'s CSR report, 2013

Korea: Cross Border (3) (Source: KOTRA, Research on Int'l CSR trends and implications, 2013)

CSR & ESG principles (OECD Guidelines for Multinational Enterprises, UN Global Compact, ISO26000 and GRI etc.)

NGO actions for non-compliance of CSR & ESG

Consumers for CSR · ESG friendly products & services



Providing monitoring and external audit services to support compliance of CSR & ESG requirements, led by business and Industry associations (ex. Electronic Industry Citizenship Coalition and Electronic Industry Code of Conduct)

Korea: Cross Issue (1)

No.	7 areas of ISO26000	Issues
1	Corporate governance	<ul style="list-style-type: none"> • Economic democratization vs revitalization
2	Human rights	<ul style="list-style-type: none"> • Business & human rights • Replacement and rehabilitation • Conflict minerals
3	Labor	<ul style="list-style-type: none"> • Employment rate 70% • Industrial relations • Labor practices of Korean companies overseas
4	Environment	<ul style="list-style-type: none"> • Green growth and eco-friendly technologies
5	Fair Operating Practices	<ul style="list-style-type: none"> • Enforcing rule of law • Anti-corruption • Win-win growth between large companies and SMEs reflecting industry characteristics
6	Consumers	<ul style="list-style-type: none"> • Food safety
7	Community Involvement & Development	<ul style="list-style-type: none"> • Universal vs selective welfare • SROI

Korea: Cross Issue (2)

CSR in South Korea

HQ of
Korean companies



- ▶ CSR policies and practices
 - Public (state-owned) enterprises
 - Assessment of leadership and responsible practices
 - Private enterprises (Chaebols)
 - CSV
 - Win-win growth with SMEs
 - SMEs
 - Buyers pressuring CSR & ESG
 - The Act on supporting CSR of SMEs in Dec. 2012
- ▶ CSR reporting
 - 2003–2013: 1,012 reports from 192 companies/orgs
 - Preparing mandatory disclosure of listed companies by the bipartisan CSR Policy Group of the National Assembly Oct from 2013

Korea: Cross Issue and Cross Sector

Ministry/Gov. org.	CSR related policy	Ministry/Gov. org.	CSR related policy
Gov. Policy Coordination/PM	Policy coordination (Not only CSR but all)	Trade, Industry and Energy	Sustainability (2007 The 9 th clause of Industrial Development Law), CSV, win-win growth/benefit sharing of large, small and medium enterprises and global CSR
Kor. Fair Trade Comm.	Fair trade		
Financial Services Comm.	Fair financial services		
Anti-Corruption and Civil Rights	Anti-corruption Business ethics	Small and Medium Business Admin.	CSR of SMEs (2012 Act) SCM
Human Right Comm. (Independent)	Business & human rights and Non-discrimination	Science, ICT and Future Planning	CSV and social venture
Strategy and Finance	Cooperatives (2012 Act), EDCF	Health and Welfare	Social contribution
Foreign Affairs	UN & IGO, ODA and global CSR	Environment	Environment
Justice	Legal Compliance	Employment and Labor	Social enterprise (2007 Social Enterprise Promotion Act) and social venture
Security and Public Admin.	Social contribution in domestic environment (safety etc.)	Gender Equality and Family	Diversity (Migrant Wives)

Source: By presenter's opinions, not necessary by policies

Korea: Cross Border, Cross Issue and Cross Sector

- ▶ Aging
 - Delight's export of low priced hearing aids to Japan, helped by KOTRA
- ▶ Diversity
 - Women empowerment and Migrant wives from Southeast Asia
 - PPP by Ministry of Gender Equality and Family
 - Migrant workers
- ▶ Human security
 - Micro-organism to reduce radio-active contamination (Dr. 高嶋康豪)

Common Issues
Aging
Natural and Manmade Disaster
Polarization & Diversity
General and Corporate Culture
Human Security

Korea: Cross Border, Cross Issue and Cross Sector

Pursuing fair operating practices in South Korea

NABIS

Northeast Asia Business Integrity School

- Legal and Compliance managers teach university students using their own case studies
- Aims to influence behavioral changes by teaching the importance of business integrity in the free market and trade systems
- Promotes the inclusion of NABIS modules into business schools and universities
- Pursues collective actions among participating companies

IMI 전경련국제경영원

GCEF Global Competitiveness Empowerment Forum
(사)글로벌경쟁력강화포럼



East Asia: Cross Border, Cross Issue and Cross Sector

NABIS, the South Korean project of Siemens Integrity Initiative
Collaborating with Siemens AG/Siemens Seoul Ltd.
for anti-corruption in South Korea, Japan and East Asia
to address Foreign Corrupt Practices Act and UK Bribery Act 2010

SIEMENS

Siemens Integrity Initiative



A global US\$100 million anti-corruption effort with the World Bank supporting organizations that fight corruption and fraud through collective action, education and training

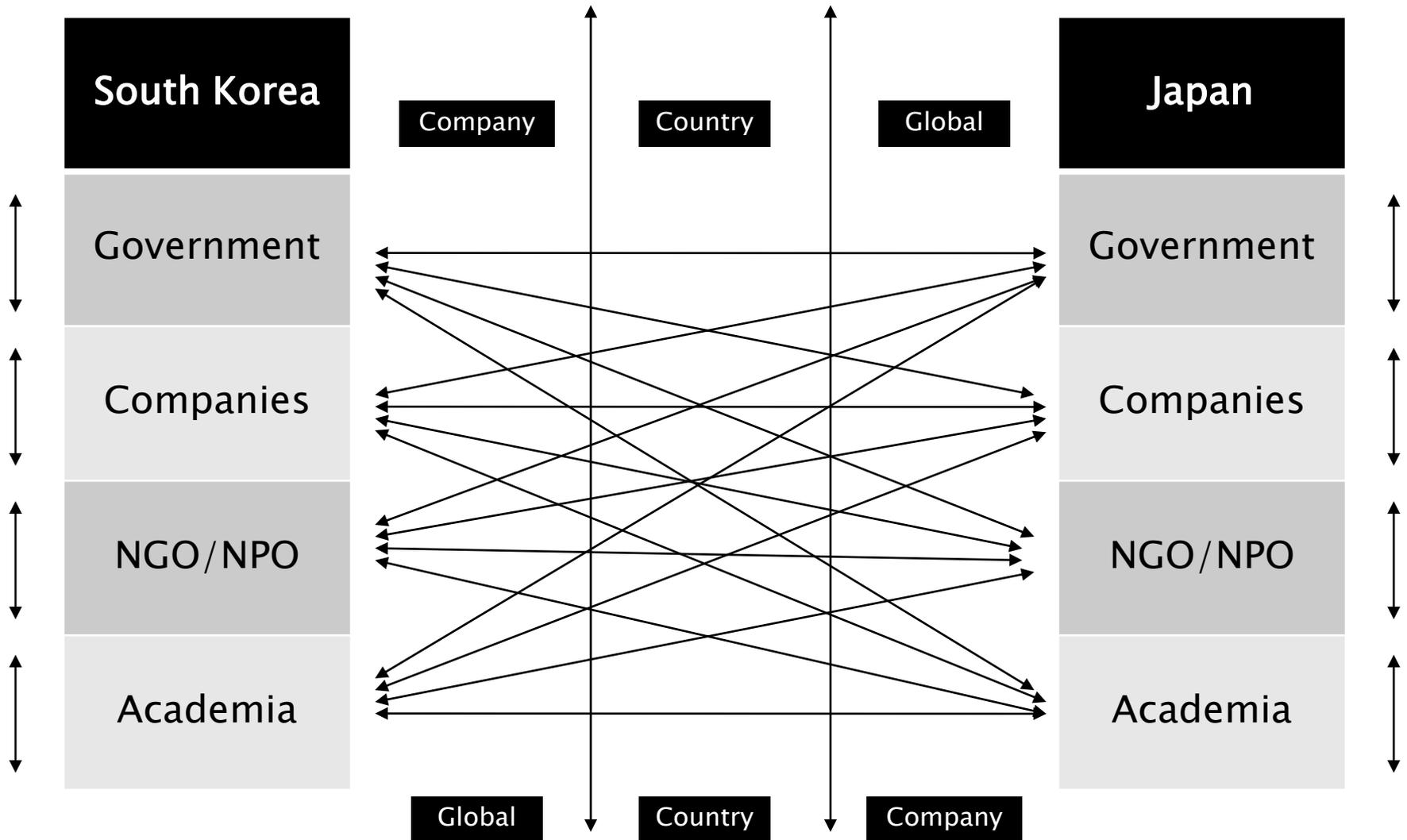


Source: <http://www.siemens.com/sustainability/de/themenfelder/compliance/collective-action/integrity-initiative.php>

Cooperation and Collaboration through CSR

Prepared and presented by
Jun Kurihara, Research Director of CIGS &
Angela Joo-Hyun Kang, Founder & Executive President of GCEF

Challenges and Prospects



From Differences to Commonalities

- The Trilateral Cooperation Secretariat (TCS) is an international organization established on September 1, 2011 with a vision to promote peace and common prosperity among the People's Republic of China, Japan and the Republic of Korea.
- TCS plans for open public private partnership with companies

- ▶ Politics and Security
- ▶ Economy
- ▶ Sustainable Development and Environment Protection
- ▶ Human and Cultural Exchange
- ▶ Trilateral Statistics



www.tcs-asia.org

Concluding Remarks

- 1. Northeast Asia: Buoyant Economic Activities in a Politically Sensitive Environment**
- 2. Expected Role to Play by the Private Sector and Civil Societies in Each Nation**
- 3. Importance of Cross-border, Cross-issue, and Cross-sector Perspectives for CSR**
- 4. Redefining and Sophistication of (a) the Corporate Vision, (b) the Code of Conduct, and (c) CSR Action Plans with a Global Perspective, in a Concentric Manner**