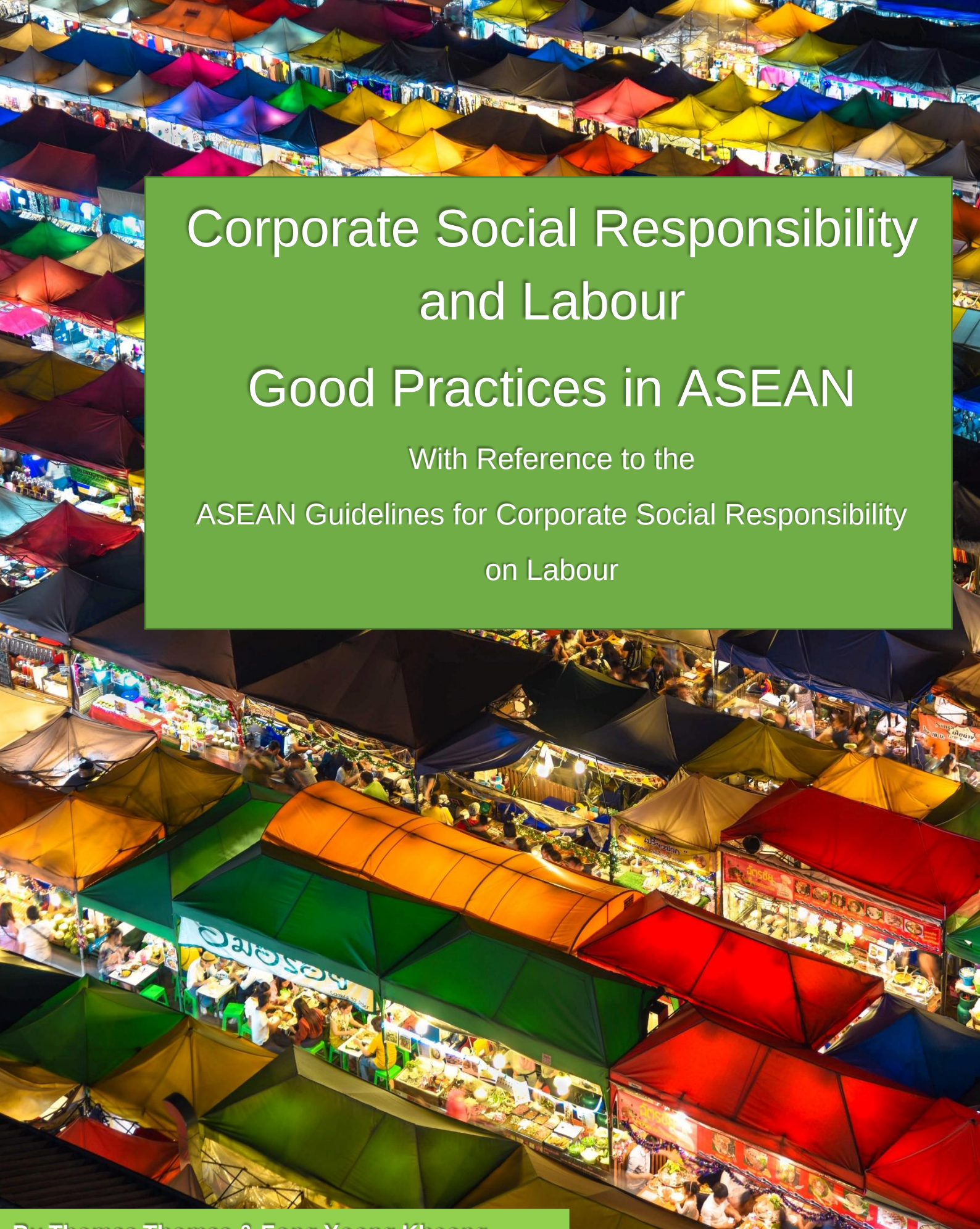

Corporate Social Responsibility and Labour

Good Practices in ASEAN

With Reference to the ASEAN Guidelines for Corporate Social Responsibility on Labour

By Thomas Thomas & Fong Yoong Kheong

asean CSR Network

ILO International Labour Organization

CONTENTS

ACKNOWLEDGEMENT

This report is prepared in support of the ILO "Responsible Supply Chain in Asia". It maps the state of CSR in ASEAN, especially in relation to CSR on Labour, identify good practices and make recommendations.

The study was led by Mr Thomas Thomas from the ASEAN CSR Network with support from Mr Fong Yoong Kheong as a very able Researcher.

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EXECUTIVE SUMMARY

The Member States of the Association of South East Nations (ASEAN) are high on aspirations for good labour practices and Corporate Social Responsibility as reflected in the many plans and declarations issued from time to time. The ASEAN Guidelines for CSR on Labour adopted in 2016 is part of this aspiration to improve labour issues using the route of persuasion and self-regulation through Corporate Social Responsibility principles and practice to contribute to building an inclusive, sustainable and equitable ASEAN. While progress had been made in many areas, gaps still exist and that has to be addressed.

To realise the objects of CSR on Labour Guidelines, ASEAN needs political will and strong institutions of tripartite partners working together, with government taking the lead. "The invisible hand of markets has often relied on the visible hand of the government" as Amartya Sen puts it. The visible hand of government can support CSR efforts through the endorse, facilitate, partner and mandate framework (Knudsen and Moon (2019)). The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (ILO MNE Declaration) provides guidance to encourage the positive contributions companies can make to economic and social progress and to minimise and resolve difficulties in their operations. It also provides policy guidance to governments, employers and workers organisations on their central and distinctive roles in creating an enabling environment for responsible business. The ASEAN Guidelines for CSR on Labour drew guidance from the ILO MNE Declaration.

CSR issues are cross cutting across ASEAN Communities and Ministries. There is an urgent need for better coordination and leadership. Thailand's Labour Ministry took the lead in ASEAN Labour Ministers adopting of the ASEAN Guidelines for CSR on Labour. We recommend that Thailand continue taking the lead in progressing the Guidelines with the formation of an ASEAN Working Group on CSR to coordinate and drive the ASEAN Guidelines for CSR on Labour and areas of common understanding. The Working Group will comprise of representatives from ASEAN Secretariat, social partners with ILO and ASEAN CSR Network. Each State is urged to appoint a focal point to coordinate within their countries.

The promotion of social dialogue to strengthen tripartism and bipartism is needed for progress. This is in line with the people centred and people orientated ASEAN and ILO's approach. The recommendations made in many previous events are still valid and they complement each other. This requires strong and effective social partners to give voice and solutions.

An Annual CSR Meeting of Stakeholders is proposed to promote dialogue, measure progress and plan further action in a coordinated manner. Technical Working Group on Labour, comprising of Experts from all Member States, ILO, academia, business, social partners and other relevant stakeholders with the objective of addressing labour issues with ASEAN wide coherent policies and standards.

For immediate action, this Paper proposes work on areas that has unanimous or very high levels of agreement in ASEAN based on ratification of International Conventions. The Rights of Persons with Disabilities, Child Rights, Gender Equality and Discrimination and Forced Labour meet these criteria.

The coordination on CSR, responsible and inclusive business agenda can be undertaken by ASEAN Secretariat, ILO, ACN working together with the Working Groups and Technical Working Groups.

These mechanisms need to be adequately resourced and supported. They need strong leadership, political will and mandate from ASEAN governments to realise their Plans in endorse, facilitate and partner efforts.

INTRODUCTION

Corporate Social Responsibility (CSR) is featured in documents and plans of the Association of South East Asian Nations (ASEAN) from 2009. Decent work agenda and other CSR subjects are detailed in the ASEAN 2025: Forging Ahead Together document. In May 2016, ASEAN Labour Ministers adopted the ASEAN Guidelines for CSR on Labour (ASEAN CSR on Labour).

The objective of this white paper is to map the state of CSR in ASEAN, especially in relation to CSR on Labour, as well as to identify good practices. The paper will also identify gaps between intent in the ASEAN Guidelines for CSR on Labour and practice, and provide recommendations for ASEAN in advancing policy coherence with international standards as well as coordination. Drafting of this paper is supported by the ILO "Responsible Supply Chains in Asia" programme.

The ASEAN Guidelines for CSR on Labour was initiated by the Ministry of Labour of the Kingdom of Thailand. A workshop to draft the guidelines was held in March 2016, attended by representatives of government, employers and workers with the ASEAN Secretariat, the ILO and ASEAN CSR Network. The Guidelines are aligned to international standards and expectations on responsible business, including the ILO Tripartite Declaration concerning Multinational Enterprises and Social Policies (ILO MNE Declaration), UN Guiding Principles on Business and Human Right (UNGPs), OECD Guidelines for MNEs. The ISO26000 International Standard for Social Responsibility is also referenced.

The ASEAN 2025: Forging Ahead Together document articulates the vision, objects and key focus areas to realise a sustainable, inclusive and equitable ASEAN. The ASEAN Labour Ministers (ALM) Work Programme 2016-2020 identified CSR as an emerging labour trend and Thailand as the Country Coordinator for "moving forward with an ASEAN CSR on Labour to support an ASEAN Community". Inspite of many challenges, ASEAN progressed the promotion of CSR and Responsible Business Conduct (RBC).

To promote the implementation of the ASEAN Guidelines for CSR on Labour, the Thai Ministry of Labour, with the support from the ILO and ASEAN CSR Network organised the "ASEAN CSR on Labour: from Guidelines to Action" Forum in August 2016. The forum recommended strategies to promote application of ASEAN CSR Guidelines on Labour to business sector.

The recommended strategies included:

- That governments, companies and employees come together to develop National Action Plans (NAPs) with measurable outputs and outcomes.
- Governments employ both rewards and disincentives to promote CSR on Labour. Incentives suggested included tax rebates, priority consideration for government contracts and recognition awards.
- Tripartism and bipartism at all levels to be strengthened in order to institutionalise the DNA of sustainability as second nature of all stakeholders.
- Educational and research institutions be involved to promote greater research, teaching and practice of CSR.

This Paper will examine the current and future issues facing ASEAN, identify gaps in the institutional frameworks and provide recommendations for ASEAN to advance policy coherence with international standards as well as in terms of coordination across ASEAN.

CHAPTER 1

UNDERSTANDING CORPORATE SOCIAL RESPONSIBILITY (CSR)

The ASEAN CSR on Labour Guidelines (ASEAN CSR on Labour) uses the CSR definition adopted by ILO Governing Body in 2006, as "a way in which companies give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law".

There are other definitions, standards and initiatives to promote the responsibility of organisations. The European Commission defined CSR as "the responsibility of enterprises for their impact on society". The different definitions agree that the salient attributes of CSR are as follows:

- Responsible/ethical conduct (i.e., the domain of ethics);
- The balancing of competing and even conflicting aims and aspirations of diverse shareholders and stakeholders (i.e., cross-sectoral engagement and partnership of business, society, and government);
- Aiming for positive non-financial outcomes alongside the generation of optimal profits (i.e., reconciling the triple bottom-line considerations of environmental, social, and governance in evaluating corporate conduct);
- Sustainability (e.g., quality of life, environmentally sustainable, intergenerational equity);
- Voluntary in nature, over and above what the law requires. (Tan E and Thomas T, 2020)

Thus, CSR is about the integration of stakeholders' social, environmental, and other concerns into a company's business operations. To reiterate, CSR is fundamentally concerned with *how* profits are made by a company, not about how money is spent. It is about achieving prosperity for all through responsible business practices.

CSR is also the firm's contribution to sustainable development – to ensure that the needs of the present generation are met without compromising the ability of future generations to meet their needs. It is the responsibility of business for their impacts on Society. (ISO26000)

The standards comprise of principles or values to guide behaviour and subject areas covered by these subject areas. Businesses are to identify their important stakeholders and through a process of stakeholder engagement work to meet the minimum expectations of stakeholders. It has to be emphasised CSR is only a solution when it operationalised and made an integral part of the business.

The ILO is the world's oldest organisation (since 1919) promoting social justice and internationally recognized human and labour rights. It brings together governments, employers and workers representatives of 187 Member States to set labour standards in the form of conventions and recommendations, develop policies and devise programmes promoting decent work for all women and men. These arrangements are intended to achieve industrial peace and progress with justice and fairness for countries, businesses, workers and families to prosper and enjoy better quality of life with dignity and respect.

The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policies (MNE Declaration), adopted in 1977 and most recently revised in 2017, "provides guidance to encourage the positive contributions companies can make to economic and in their operations. The principles addressed to ILO MNE Declaration also provides policy guidance to governments as well as employers' and workers' organizations, which play central and distinctive roles in creating an enabling environment for responsible business. Its recommendations on employment, training, conditions of

work and life, and industrial relations are based on international labour standards, including the fundamental Conventions underpinning the ILO Declaration on Fundamental Principles and Rights at Work (1998) which addresses forced labour, child labour, non-discrimination and freedom of association and collective bargaining.[1]" As such, it is the authoritative international guidance document on the labour dimension of CSR.

The UN Guiding Principles on Business and Human Rights (2011) sets the framework for corporate responsibility to respect human rights. The OECD Guidelines for Multinational Enterprises and sectoral guidelines are influential as all enterprises from OECD countries have to follow the guidelines.

There are other guidelines and standards developed by UN and international organisations, which businesses are expected to adopt and implement. These include principles and rights on women and gender equality, children, persons with disabilities, indigenous communities and others.

The UN Sustainable Development Goals incorporates the ideals of CSR for sustainable and inclusive growth.

The UN Global Compact started in 2000, with the objective of giving business a human face, with its 10 principles covering human rights, labour, environment and anti-corruption is the largest corporate responsibility initiative. ILO Fundamental Principles and Rights at Work, which is incorporated into the ILO MNE Declaration, are the source of the four labour principles of the UN Global Compact.

The International Standards Organisation (ISO) in 2010 published the ISO26000, international Guideline Standard on Social Responsibility after a 6-year multi stakeholder process. While this document provides comprehensive guidelines, it has not made an impact in providing guidance as it has to be purchased from National Standard Boards and the price is not low. Only 3 AMS have recognised or adapted it as national standards.

Many other private standards and initiatives have evolved over time due to weaknesses in government implementation of labour standards. These private standards, such as SA 8000 and Fair Labor Association, use ILO conventions as the reference standard and check compliance through a social audit process. While these efforts, have some failings, especially in cases of industrial accidents, it still enabled factories to improve conditions of work and treatment of workers. Nevertheless, these private initiatives are in no way a substitute of the government's role to enforce the law including through labour inspection.

There is a realisation that the problems of climate change, environmental degradation, social inequalities, sense of unfairness and terrorism has to be addressed urgently. Consumers, investors, workers and communities, governments, civil society actors, trade unions and business leaders, are among major stakeholders taking the initiative for action. As a result, many Free Trade Agreements (FTAs) have clauses on labour, environment and social issues. The EU with the coming Green Deal and mandatory Human Rights Due Diligence requirements are pushing CSR to the top of the agenda for businesses.

In August 2019, CEOs of the top 181 US companies issued a "Statement on the Purpose of a Corporation". They committed to lead their companies for the benefit of all stakeholders – customers, employees, suppliers, communities and shareholders. (Business Roundtable 2019).

[1] "Responsible Business: Key messages from key international instruments" brochure jointly prepared by the ILO, OECD, and OHCHR, 2019. Available at https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_724747.pdf

Progress for CSR needs SMEs to embrace responsible business conduct as 99% of business enterprises in ASEAN are MSMEs. They are part of the global supply chain of large companies. Research suggest that RBC standards are currently designed by large enterprises and thus not well designed for SMEs. The social audits are from larger enterprises and are not well designed for MSMEs. This has resulted in compliance issues that undermines the authenticity, identity and values of the SME. (Morsing, M and Spence L. 2019)

Many SMEs practice CSR implicitly. They act with values and take into account their relations with their key stakeholders. They are not explicit with statements and publicity as larger enterprises with more resources.

CHAPTER 2

ASEAN – THE ASSOCIATION AND CSR

The Association

ASEAN, short for the Association of South East Asian Nations, was founded on 8 August 1967 in Bangkok, Thailand, with the signing of the ASEAN Declaration by Indonesia, Malaysia, the Philippines, Singapore and Thailand. Brunei Darussalam subsequently joined ASEAN on 7 January 1984, Vietnam on 28 July 1995, Lao PDR and Myanmar on 23 July 1997, and Cambodia on 30 April 1999, constituting the ten Member States of ASEAN today.

The Member States of ASEAN are diverse in many ways. Yet they managed to work together to make progress in many areas contributing to peace and prosperity in the region. The regional differences include very diverse political governance systems, geography, economic and social structures and varying levels of performance. The governance systems of ASEAN Member States include countries that have an absolute monarchy, one-party States, States subject to military government, and countries with various types of democratically elected governments.

The GDP per capita ranges between USD 64,567 and USD 1,249 in 2018. GDP growth rate varies between 0.8 per cent and 9.8 per cent in the same year. Geographically, ASEAN Member States span from 1,900,000 sq km to 720 sq. km. Demographically, the population varies from 420,000 to 262 million.

In 2015, ASEAN Member States created an ASEAN Community, comprising three community pillars: Political-Security Community (APSC), Economic Community (AEC), and Socio-Cultural Community (ASCC). The ASEAN Economic Community drives the regional economic integration agenda. Foreign Direct Investment (FDI) inflows into ASEAN reached an all-time high level of US$155 billion in 2018, with the region's share of global FDI inflows rise to 11.5 per cent in 2018 (ASEAN, 2019). ASEAN is forecast to becoming the fourth largest economy by 2050. It has the world's third largest labour force (behind China and India).

Almost 70 million ASEAN households are in the consuming class (ASEAN, 2019, p. 6) and this could more than double to 163 million households by 2030 (Joshi & Potia, 2017). The share of middle-income class in overall population will leap from 29% in 2010 to 65% by 2030. It is a demographically young region with over 60% of the world's youth population.

With growing affluence, educational and social progress, there are expectations for better quality of life and social justice with a clean and healthy living environment. These expectations are reflected in the ASEAN 2025: Forging Ahead Together document that sets the direction for the ASEAN Community. These expectations would include higher standards of governance, responsible business conduct and higher standards of accountability and transparency, which is covered by CSR.

ASEAN'S CSR Journey

The ASEAN 2025: Forging Ahead Together document lays out ASEAN's CSR ambitions in achieving sustainable, inclusive and equitable growth, for the period 2015 to 2025. CSR is a cross cutting issue in all the 3 ASEAN Communities with subjects overlapping between the AEC, APSC and ASCC.

Considering the diversity of ASEAN, good progress was made in raising awareness on CSR and human rights. The ASEAN Intergovernmental Commission on Human Rights (AICHR) was established in 2009 as a consultative body of the regional bloc. The ASEAN Human Rights Declaration (AHRD) was subsequently adopted in November 2012. AHRD underscores ASEAN's commitment to ensuring its

implementation occurs in accordance with its commitment to the UN Charter, the Universal Declaration of Human Rights, the Vienna Declaration and Programme of Action, and other international human rights instruments to which ASEAN Member States are parties. The ASEAN Commission on the Promotion and Protection of the Rights of Women and Children (ACWC) is the other human rights organisation established by ASEAN in 2010.

CSR was a strategic objective of the ASEAN Community 2009 - 2015 Blueprint. Under the ASCC, CSR was to be incorporated in the corporate agenda of businesses to contribute towards sustainable socio-economic development in ASEAN Member States. It suggested the following actions:

- Develop a model public policy on CSR or legal instrument for reference of ASEAN Member States by 2010. (Reference may be made to ISO 26000 titled *"Guidance on Social Responsibility"*)
- Engage the private sector to support the activities of sectoral bodies and the ASEAN Foundation, in the field of corporate social responsibility
- Encourage adoption and implementation of international standards on social responsibility
- Increase awareness of Corporate Social Responsibility in ASEAN towards sustainable relations between commercial activities and communities where they are located, in particular supporting community-based development.

In 2010, the ASEAN CSR Network Ltd (ACN) was registered to operationalise the CSR objective in the Blueprint. The ACN was to weave CSR into businesses' agendas by providing platforms for exchange of information between stakeholders, discussions on regional concerns, organise capacity-building activities and acts as a centralised repository of ASEAN knowledge on CSR, as well as make representation relevant policy issues concerning CSR. (Thomas T 2015)

The Thai Ministry of Social Development and Human Security organised a CSR workshop in 2011 for the ASEAN Social Welfare Development Body. Recommendations were made and ACN proposed a model CSR framework for the region.

A baseline study on CSR and human rights was initiated by the ASEAN Intergovernmental Commission on Human Rights (AICHR) in 2012, with Singapore taking the lead. It was completed in 2014 and a regional workshop was held in Singapore in June 2014. The study found that all AMS had laws in place to promote CSR but enforcement and implementation was weak.

In 2016, the Thai Ministry of Labour initiated the ASEAN Guidelines for CSR on Labour with the ASEAN Senior Officials of Labour Ministries (SLOM), ASEAN Secretariat, ILO and ACN with a workshop to draft the guidelines in March. The Labour Minsters adopted the Guidelines in May 2016 and in August 2016 the Thai Ministry of Labour, ASEAN Secretariat, ILO and ACN organized a seminar to socialise the Guidelines with tripartite representatives from the region. In the same year, ASEAN Business Advisory Council (ABAC) (with input from ACN) made recommendations to ASEAN leaders on the importance of recognising CSR and responsible business, including issues on decent work and migrant workers (ABAC 2015).

A regional seminar was held in Singapore in November 2016 with AICHR, Singapore Ministry of Foreign Affairs and ACN as co-organisers. The outcome was the Regional Strategy on CSR and Human Rights. In 2017, the ASEAN Inclusive Business (IB) Framework, which institutionalises and mainstreams IB into ASEAN's economic community building efforts, was endorsed by the ASEAN Economic Ministers.

In 2018, ACN was appointed as the Sector Champion for Responsible and Inclusive Business in ASEAN Business Advisory Council (ABAC). This role gave it an additional platform to promote CSR in ASEAN. ABAC and ACN made recommendations to the ASEAN Economic Ministers to support the responsible

and inclusive business agenda. Both ACN and ABAC developed a Code for Responsible and Inclusive Business to provide a clearer definition of RBC in ASEAN based on globally accepted standards. They also initiated the ASEAN Responsible And Inclusive Business Alliance (ARAIBA) to establish a business network of businesses for promoting and mainstreaming responsible, inclusive and sustainable enterprises. ARAIBA plans to address challenges facing businesses which lack the knowledge and resources to be responsible and sustainable (Kan, 2019).

The Thai Ministry of Social Development and Human Security organised the ASEAN CSR Workshop under the ASEAN SWD Sectoral Body, in July 2019. The workshop recommended better coordination of activities, an ASEAN CSR Fund to finance activities and that the priorities for CSR be:

a) Protection and welfare for vulnerable populations.
b) Livelihood and multi-dimensional definition of quality of life.
c) Community participation. CSR should concretely include participation of communities and target population such as children, youth and people with disability in identify their needs and project implementation.
d) Environmental preservation. Business sector should develop a policy on environmental preservation; develop R&D and innovation on energy efficiency and waste management for the entire chain of each business and households.
e) Protection of workers' rights. CSR must contribute to the social protection of the employees and improve the quality of life of surrounding communities. Labour practice should be obliged by small and micro business enterprises and supply chain.

ASEAN Labour Ministers had been proactive in adopting frameworks to promote good industrial relations (2012), transition of the informal sector to the formal sector (2015) and dialogue with Employers and Trade Unions. The promotion of the ASEAN Guidelines for CSR on Labour is included in the Labour Ministers' Work Programme 2016-2020.

Three Member States (Indonesia, Malaysia, Thailand) expressed plans to draft National Action Plans (NAP) for BHR. Thailand's NAP was adopted by the Cabinet in October 2019. Labour is one of the 4 priority areas for the NAP.

ASEAN is strong in intent for CSR and Labour and it is reflected in plans and aspirations.

The ASEAN Guidelines for CSR on Labour

The ASEAN Guidelines for CSR on Labour was initiated by the Thai Ministry of Labour with a drafting workshop in March 2016, adoption by the ASEAN Labour Ministers in May 2016, and a follow up workshop August 2016 to socialise the Guidelines.

The Guidelines relies primarily on the ILO fundamental conventions and the ILO MNE Declaration to define CSR and to formulate the Guidelines. The document also took into account the ASEAN Human Rights Declaration, other ASEAN Policy documents, ILO Declaration on Fundamental Principles and Rights at Work which is incorporated into the ILO MNE Declaration, UN Guiding Principles on Business and Human Rights, UN Global Compact and the ISO26000.

The purpose of the Guidelines is listed as:

1) Raising awareness of CSR among enterprises in AMS;
2) Encouraging enterprises continuously and proactively to incorporate CSR in their business practices;

3) Promoting compliance of fundamental labour standards set forth in the national labour laws, ILO Conventions, other relevant instruments.
4) Promoting Social Dialogue among governments, employer and worker organization and strengthening industrial relations.

The ASEAN CSR on Labour promoted "the principles of accountability, transparency, ethical behaviour in respect of international labour standards, respect for stakeholder's interest and respect for human rights" in the conduct of business.

It established seven key priority areas and provided guidance for each of them as follows:

1) Forced Labour and Child Labour;
2) Employment and Employment Relationship;
3) Human Resources Development and Training;
4) Conditions of Work and Life;
5) Industrial Relations;
6) Migrant Workers: and
7) Sustainable Development.

The Guidelines provided in implementing CSR is aimed at fulfilling international labour standards and expectations through social dialogue and stakeholder engagement.

The August 2016 workshop made the following recommendations to socialise the Guidelines:

1) The business sector's sustainability agenda with inclusive business models.
2) Governments, businesses and employees to jointly develop National Action Plans (NAPs) with measurable outputs and outcomes, alongside adoption of common standards and benchmarking on CSR implementation against international standards. Stakeholders be equipped with the necessary capacity to implement the NAPs.
3) Apart from enforcement, governments could also employ both the carrot and stick approach i.e. incentives such as tax rebates, priority consideration for government contracts, recognition awards, etc and vice-versa, similar penalties. Tripartism and bipartism at all levels must also be strengthened in order to institutionalise the DNA of sustainability as second nature to all stakeholders. Lastly, educational and research institutions should also be involved to promote greater research, teaching and practice of CSR.
4) Despite gaps in the region, tripartite constituents coming together, can seize the opportunity to play a bigger role in shaping the sustainability agenda to build a more sustainable, equitable and inclusive ASEAN and realise a truly rules-based, people-oriented, people-centred ASEAN Community

Progress in moving the ASEAN CSR on Labour Guidelines forward had been slow. The reasons will be explained in later chapters.

CHAPTER 3

STATE OF CSR AND LABOUR IN ASEAN

Indicators for CSR

Reflective of the different levels economic, social and political development among the ASEAN Member States the adoption of RBC/CSR practices by businesses also varies. This can be seen in the varied participation rates in the ASEAN CSR Network and Global Compact signatories (see table), as well as practice across the Member States. (Tan E and Thomas T. 2020)

Table . Status of UNGC business signatories across ASEAN (as of Jan 2021)

Countries	Number of business Entities Participating	Total Number of UNGC Participating Entities	Percentage of Business Participants over Total Participants	Existence of UNGC local network
Brunei Darussalam	0	0	0%	No
Cambodia	3	3	100%	No
Indonesia	68	105	65%	Yes
Lao PDR	0	1	0%	No
Malaysia	53	58	91%	Yes
Myanmar	124	130	95%	Yes
Philippines	26	37	70%	Yes
Singapore	129	138	93%	Yes
Thailand	57	64	89%	Yes
Vietnam	13	18	72%	Yes
Total	**473**	**554**	**85%**	

Source: https://www.unglobalcompact.org/what-is-gc/participants

Although the number of participating entities in Global Compact does not indicate actual CSR performance in the countries or among countries, it shows businesses that see value in identifying with CSR efforts. 85% of participating entities are companies and SMEs. The rest are civil society organisations, labour unions, associations and others.

Using ISO26000, the non-certifiable International Guidance Standard for Social Responsibility as another measure of CSR influence from governments' National Standards Boards, only Indonesian and Malaysia has adopted it as their national standard. Thailand has a local equivalent in the certifiable Thai Labour Standard TLS8001-2010. Other Member States are reporting as either in progress or are silent, indicating low priority for CSR.

National Action Plans for Business and Human Rights

One of the recommendations for implementing the ASEAN CSR Guidelines on Labour had been for governments to develop National Action Plans for Business and Human Rights (NAP).

The Asia Institute paper on BHR in ASEAN (https://melbourneasiareview.edu.au/is-asean-doing-enough-to-address-business-and-human-rights/) argues that institutionalisation of BHR is hindered by the fragmented nature of governance in ASEAN, the silos between organisations, diversity of beliefs, approaches and views among Member States. The table below shows the status of AMS approach to NAPs and UNGPs.

ASEAN Member States	Progress	Indications
1. Thailand	Circulated NAP for public scrutiny in February 2019. As scheduled, the government adopted the NAP on 29 October and introduced it publicly on 16 December 2019.	**Transformational Approach:** Government and AICHR representatives and civil societies are actively promoting business and human rights.
2. Malaysia	SUHAKAM has published a strategic framework in 2015. On June 2019, the government formally announced it would launch a process to develop a NAP on business and human rights.	
3. Indonesia	Still introducing BHR principles through multi-stakeholder involvement. BHR is supplemented in existing NAP on human rights.	**Incremental Approach:** AICHR representative, civil society organisations, and government agencies have different preferences in introducing BHR; the result is often gradual adoption of BHR within existing national frameworks.
4. The Philippines	Still introducing BHR principles through multi-stakeholder involvement. The Philippine Commission on Human Rights has pushed the Congress to adopt BHR in business codes and regulations.	
5. Myanmar	Still introducing BHR principles through multi-stakeholder involvement. The Government adopts BHR in business and investment regulations.	
6. Brunei	No indication of action on a NAP.	**Sceptical Approach:** AICHR representatives and the Government do not consider business and human rights as urgent.
7. Cambodia	No indication of action on a NAP.	
8. Laos	No indication of action on a NAP.	
9. Singapore	No indication of action on a NAP.	
10. Vietnam	No indication of action on a NAP.	

Source: https://melbourneasiareview.edu.au/is-asean-doing-enough-to-address-business-and-human-rights/

NAPs for BHR have been a recommendation to implement the CSR on Labour in ASEAN. Thailand is the only AMS with a NAP, when the Thai Cabinet approved it in October 2019. Malaysia and Indonesia announced plans to develop NAPs but progress had been slow or stalled.

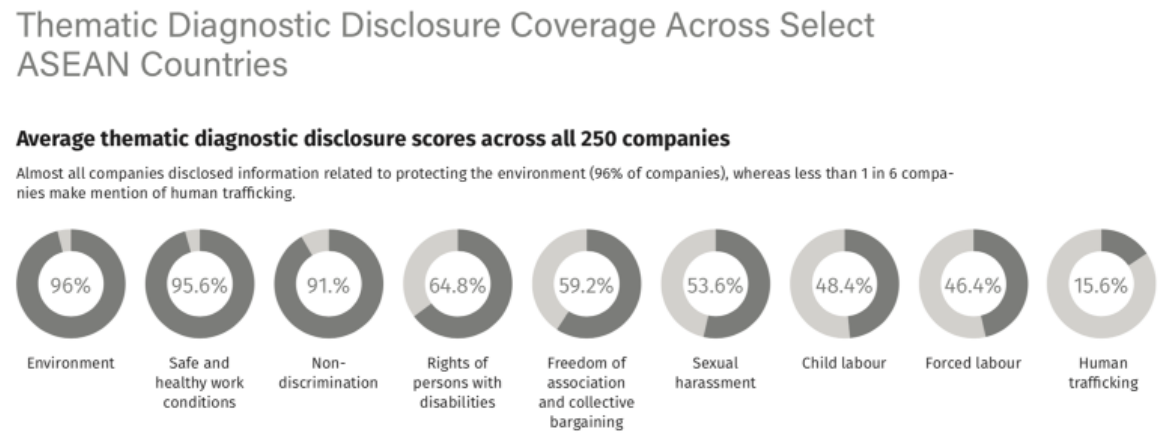
Implementation of BHR with respect for Labour Rights

AICHR had promoted BHR with ACN and cumulated with the Regional Strategy on CSR and Human Rights in 2016, which has not progressed.

A study on Business and Human Rights Disclosure by ACN and Mahidol University in 2019 showed that very few ASEAN businesses exhibited awareness, readiness, compliance, and strategy relative to their responsibility to respect human rights in accordance with the UN Guiding Principles on Business and Human Rights (UNGP) and on thematic subjects covered by the Global Reporting Initiative framework (GRI). Respect for labour standards is a key element in Business and Human Rights.

The expectations of the UNGPs, include policy commitment to respect human rights, due diligence processes and access to remedies when adverse impacts occur. The corporate responsibility to respect human rights extends to business relationships, meaning businesses are expected to apply appropriate standards to their supply chains as well. Implementing UNGP should be aligned to the businesses' other CSR and responsible business practices. (Thomas. Mullen et el 2019)

Human Rights Due Diligence (HRDD) is about the impact that business will have on workers and the community. The ILO MNE Declaration includes guidance on due diligence on labour matters. Access to remedies in Labour is about effective means of resolving and settling grievances and industrial disputes.



Ratification of Fundamental ILO Conventions

One key measure of respect for labour standards can be measured by the ratification of the Fundamental Conventions of the ILO. The summary is in the table below.

	Freedom of Association and Collective Bargaining		**Forced Labour**		**Discrimination**		**Child Labour**		**Total**
	C 87 Freedom of Association	C 98 Right to collective bargaining	C 29 Forced Labour	C 105 Abolition of Forced Labour	C 100 Equal Remuneration	C 111 Discrimination	C 138 Minimum Age	C 182 Worst Forms of Child Labour	
Brunei							✓	✓	2
Cambodia	✓	✓	✓	✓	✓	✓	✓	✓	8
Indonesia	✓	✓	✓	✓	✓	✓	✓	✓	8
Laos			✓		✓	✓	✓	✓	5
Malaysia		✓	✓	✓	✓		✓	✓	6
Myanmar	✓		✓				✓	✓	4
Philippines	✓	✓	✓	✓	✓	✓	✓	✓	8
Singapore		✓	✓		✓		✓	✓	5
Thailand			✓	✓	✓	✓	✓	✓	6
Vietnam		✓	✓		✓	✓	✓	✓	6
Total Ratified	**4**	**6**	**9**	**5**	**8**	**6**	**10**	**10**	

(ILO, NORMLEX Information System on International Labour Standards, 2020)

The status on ratification of fundamental conventions is mixed. The different political systems and level of economic development means the Member States have different priorities. The CSR Guidelines had recognised these differences when it said implementation "should also take into account national circumstances".

The conventions on child labour, Convention 182 on the Worst Forms of Child Labour and Convention 138 on Minimum Age, are ratified by all 10 AMS as well as the UN Convention on the Rights of the Child. Convention 29 on Forced Labour have 9 ratifications.

The conventions on Freedom of Association (C87) and Right to Collective Bargaining (C98) has the lowest level of ratification. Only 4 AMS ratified Convention 87 and 6 ratified Convention 98. This reflects the challenges in the conduct of industrial relations.

The overall picture of ratification shows 8 AMS ratified more than half the fundamental conventions. Three AMS (Cambodia, Indonesia and Philippines) have ratified all the 8 fundamental conventions, while 3 (Malaysia, Thailand, Vietnam) ratified 6 of the fundamental conventions. There is however no evidence that ratification would result in better performance in labour standards or in CSR.

Non Financial Reporting

The ASEAN Stock Exchanges reporting requirements have raised standards of governance and operations, especially on sustainability issues. Exchanges in Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam are members of the Sustainable Stock Exchanges Initiatives and have guidelines for non-financial reporting on sustainability, especially social and environmental aspects. Most of the companies use the GRI framework. Although, disclosure is no guarantee of real performance, it can lead to improvements with the need to report on indicators of the GRI and other reporting frameworks.

ACN and National University of Singapore conducted studies on sustainability reporting disclosures of top companies by market capitalisation in Indonesia, Malaysia, Philippines, Singapore and Thailand. The results indicate improvement over the years. These studies showed that Human Rights (including labour issues) ranked the lowest material issue of the top companies. The economic value generated was the top material issue of these companies. (Loh and Thomas, 2018)

Labour issues coverage depends on a number of factors but building up on non-financial reporting would lift standards over time.

Governments' CSR Supporting Policies

ASEAN Governments work hard to attract investors to create and jobs for the people. However, requiring CSR from potential investors is not yet the norm.

Thailand led from the Stock Exchange of Thailand had been promoting CSR with guidebooks and training. The Thai Listed Companies Association and their CSR Club contributed to moving CSR from Charity and philanthropic activities to the subject areas covered by ISO26000, including human rights and fair labour treatment. The Thai Securities and Exchange Commission also has mandatory rules governing CSR disclosures. The NAP on BHR has labour listed as a priority for implementation.

The Myanmar Investment Commission has norms to include labour standards and UN Global Compact membership as indicators in considering foreign investments into the country. However, there are issues in enforcement from lack of awareness by Ministries and limited capacity as well as a lack of coordination.

In the Philippines, in April 2000, President Joseph Estrada made a Presidential decree that the first week of July of each year is the CSR Week under the auspices of the League of Corporate Foundations (LCF). The LCF had been organising activities to raise awareness and capacity of CSR issues including Philanthropy and Charity to business integrity, sustainability and other subjects.

Labour is not featured in their activities. The members of LCF are corporate foundations of big businesses in the Philippines.

Review of the state of practice of the 9 key priority areas identified by the ASEAN Guidelines for CSR on Labour

Each of the 7 Key Priority Areas (KPAs) are discussed in some detail in the Annexe of this Paper. The examination shows the following patterns:

- Governments and social partners have good plans and targets for the KPAs
- The level of implementation varies across AMS. This is a reflection of the varying state of economic, social, political and geographic differences
- There are differences in definitions of issues of KPAs
- While diversity has its strengths, the lack of harmonisation among AMS is also a weakness in building the ASEAN Community
- There is difficulty in getting reliable information

Micro Small and Medium Sized Enterprises and Supply Chain Issues

MSMEs play a significant role in the social and economic aspects in ASEAN. MSMEs contribute to 99% of business enterprises in key sectors and over 50% of ASEAN's GDP. On average, MSMEs make up 20% of each country's export value. They collectively employ over 80% of the workforce. (Hoppe, May, & Lin, 2018). Definitions of MSMEs are varied among AMS (see table below).

	Brunei Darussalam	Cambodia	Indonesia	Lao PDR	Malaysia		Philippines	Singapore
					Manufacturing	Services and Others		
Micro enterprises								
No. of workers (up to)	< 4	< 10	n/a	n/a	< 5	< 5	n/a	n/a
Other criteria (up to)	Sales Varying by sector	Asset (USD) < 50	Asset (IDR) < 50 million Sales (IDR) < 300 million	n/a	Sales (RM) < 300,000	Sales (RM) < 300,000	Asset (PHP) < 3 million	n/a
Small enterprises								
No. of workers (up to)	< 19	< 50	n/a	< 19	< 75	< 30	n/a	n/a
Other criteria (up to)	Sales Varying by sector	Asset (USD) < 250,000	Asset (IDR) < 500 million Sales (IDR) < 2,500 million	Asset (LAK) < 250 million Sales (LAK) < 400 million	Sales (RM) < 15 million	Sales (RM) < 3 million	Asset (PHP) < 15 million	n/a
Medium enterprises								
No. of workers (up to)	< 99	< 100	n/a	< 99	< 200	< 75	n/a	n/a
Other criteria (up to)	Sales Varying by sector	Asset (USD) < 500,000	Asset (IDR) < 10,000 million Sales (IDR) < 50,000 million	Asset (LAK) < 2,000 million Sales (LAK) < 1,000 million	Sales (RM) < 50 million	Sales (RM) < 20 million	Asset (PHP) < 100 million	n/a

(Source: ASEAN Member States)

Definitions of MSMEs in ASEAN Member States (ASEAN Secretariat, 2015)

AMS' participation in global value chains (GVCs) has enhanced over the years. The relatively high AMS' share of domestic value added (DVA) in gross exports have seen declines in some AMS in recent years, as the nature of exports have gradually transited from unprocessed primary products to more manufactured or processed products. (ASEAN, 2019)

At the regional level, the AEC Blueprint 2025 has been developed to enhance the focus on "Equitable Economic Development". In this aspect, it seeks to enhance MSMEs' competitiveness and resilience to enable greater benefits from ASEAN integration; strengthen engagement and partnership with

private sector; narrowing the development gap and collaboration with stakeholders to drive CSR (ASEAN Secretariat, 2015).

The ASEAN SME Working Group, in consultation with the private sector, launched the ASEAN Strategic Action Plan for MSME Development 2016–2025, which seeks to strengthen ASEAN MSMEs in the areas of productivity, technology and innovation; access to finance; market access and internationalization; enhancing policy and regulatory environment; promoting entrepreneurship and human capital development to create globally competitive and resilient SMEs.

MSMEs face a multitude of challenges from a lack of economies of scale, access to finance, market access, stiff competition, adaptability to fast evolving market demand, technological change, and capacity constraints with regards to knowledge, innovation, and creativity (ADB, 2015).

The varying interests and pressures faced by the different entities along the supply chains, starting from the MNEs to the various tiers of MSMEs in the value chain, pose many challenges to RBC and CSR efforts in the region. MNEs face many systemic challenges to ensure that their supply chains adhere to regulations and guidelines. These challenges include weak regulatory enforcement; lack of visibility within the multiple tiers of stakeholders; transactional nature of relationship between MNEs and suppliers; lack of bargaining power as a single MNE; poor alignment of RBC priority within the various functional units of MNEs; and weak or perverse incentives for suppliers. (Business for Social Responsibility, 2010)

There is a limit to what MNEs could achieve on their own. The lack of control and leverage from MNEs of the MSMEs within their value chain, especially the lower tier MSMEs, makes it challenging for MNEs to mandate CSR and RBC practices downstream. For first tier MSMEs, demands from MNEs exert cost and time pressures on MSMEs. For lower tier MSMEs, there is lesser incentive to respond to the requirements on RBC standards set by MNEs. First, there is no contractual obligation of the MSMEs to fulfill that (unless the first-tier MSMEs demand that on the lower-tier MSMEs). Second, if MSMEs deemed that the requirements to perform the job were onerous, they could look for other clients. Thirdly, consumer pressure on sustainability requirements hardly reaches the lower-tier MSMEs. MSMEs also lack the capacity to handle sustainability requirements (Villena & Gioia, 2020), which makes it difficult to obtain data on RBC issues within the supply chain.

In addition, MNEs lack clarity in the extent of their role in ensuring RBC in their supply chains. Current approaches have been primarily a reaction to mitigate business risks and evolving definitions of good practice (Business for Social Responsibility, 2010). A comprehensive guide on RBC for MNEs would be useful to set clear expectations on their RBC role in their supply chains. There is urgency considering forthcoming initiatives of Buyer countries like the EU Green Deal and mandatory human rights due diligence. MSMEs in most cases are not involved in developing the multitude of standards and activities, which are driven by larger companies. MSMEs in most cases lack time, resources and expertise to be involved. This has resulted in standards that maybe unsuitable for them. (Morsing and Spence 2019)

Lack of implementation of CSR can bring repercussions for ASEAN, MNEs and MSMEs. These include impact on the employment and industrial relations landscape, which could affect labour productivity. Businesses are exposed to supply chain risks, including reputational risks, regulatory violations, and disruptions arising from industrial action. Bribery and anti-competitive behaviour also affect investors' confidence in the region.

Coordinated support for MSMEs through legislations and dedicated support to MSMEs are vital in enhancing opportunities for the growth of MSMEs. For instance, in the case of Myanmar, despite the enacting of new legislation in 2016 to promote investments, the lack of promotion of knowledge

transfer to MSMEs and government support resulted in the weeding out of MSMEs with the stiff competition from foreign businesses. (OECD/ERIA, 2018). Enabling RBC can also position ASEAN as region where FDI could strengthen lasting local capabilities (OECD, 2018) and enhance the MSME eco-system to generate good jobs as an important source of employment generation (ADB, 2015). ASEAN will also need to act collectively to extract fair and responsible behaviour from buyers.

Institutions that the contribute to CSR and Labour in ASEAN

Labour and CSR

In the context of CSR on Labour, the key players are the government, employers and trade unions. Individual firms may adopt CSR as there is a business case for it. It mitigates risk, builds morale, improves productivity and enhances reputation and the brand of the firm. However, for this to be embedded in the organisation they will have to adopt the moral case to do the right thing and have the institutional framework that will promote collective action to embed CSR throughout the firm. CSR includes good industrial relations practices. (Tan and Thomas 2020)

Trade Unions

No ASEAN trade union is a signatory to the UN Global Compact, although the Singapore National Trades Union Congress is a Principal Member of the Global Compact Singapore Network (GCNS). As for employer organisations, the Singapore National Employers Federation and the Vietnam Chamber of Commerce and Industry are signatories. (https://www.unglobalcompact.org/what-is-gc/participants) The Federation of Thai Industries is a signatory as a business association. The Singapore Business Federation hosts GCNS within their premises.

ITUC-APRO, ATUC and ASETUC had actively contributed in the work related to the ASEAN CSR on Labour events. At ASEAN level, there are dialogues between employer and trade unions with ASEAN Leaders. They are primarily on labour and work issues. ATUC's Bali Declaration specifically offered to be more involved in CSR and SDGs.

Employer Organisations

The ASEAN Confederation of Employers (ACE) (www.aseanemployers.com) and the International Organisation of Employers (IOE) are active in examining many of the subjects of CSR. (www.ioe-emp.org)

Regional and national employer organisations in ASEAN can contribute to a greater adoption of responsible and inclusive practices among businesses in the region. Employer organisations play the role of aggregators, policy advocates, resource support to their constituents.

As a single entity, businesses might run the risk of being accused of interfering in governance should it raise issues on ineffective enforcement. As a collective body, employer organisations can aggregate systemic hurdles to practising RBC and advocate for policy attention and improvements at the regional and national level. Alignment of policies and international standards benefit businesses as it levelises the playing field and reduces the complexity in operations across the different AMS.

Given the disparate and loosely associated MSMEs within ASEAN, employer organisations could impose a collective standard expected of MSMEs to more proactively level up MSMEs' RBC standards along their supply chains. Larger enterprises could aid in the capacity building of MSMEs by providing financing support and integrate social enterprises in their supply chains (ASEAN CSR, 2017).

As a resource hub, employer organisations can guide and support businesses on international and regional stands, policies and practices. Employer organisations can seek clarity on and solicit updated information and trends from governments and ASEAN entities. Together with the aggregated insights drawn from their constituents, employer organisations can share information that empowers businesses and supports government policymaking processes. The sharing of best practices on how to approach RBC issues can lead to greater proliferation of responsible and inclusive business practices.

Employer organisations could also leverage on platforms provided by international organisations and civil society organisations to contribute expertise and other forms of support to the region. One such example is the World Economic Forum's ASEAN Digital Skills Vision 2020 initiative to train 20 million people in ASEAN with digital skills, providing fundings for scholarships and developing curricula of IT courses, among others.

Civil Societies/CSR Networks

At country levels, there are diverse civil society groups of varying capabilities promoting various aspects of CSR. International NGOs are active in the region and they are better funded and organised than local NGOs.

The UN Global Compact is the largest CSR organisation in the world. ASEAN saw a general overall decline in commitment based on the dip in the number of ASEAN business signatories to the UNGC Principles since 2016. While the total number of ASEAN signatories (including non-business entities) stood at 756 in October 2016, the figure was 319 as of May 2020 and rising to 554 in January 2021. On a positive note, the percentage of business signatories increased in Indonesia, Malaysia the Philippines and Singapore (Tan & Thomas).

The Thailand Responsible Business Network (TRBN) initiated by the Thai Listed Companies Association (TLCA) and supported by the Stock Exchange of Thailand (SET). This initiative is well funded and resourced by the TLCA. They attempt to bring together the many organisations promoting different aspects of CSR. They will focus on six themes: circular economy, climate change, supply chain management, human rights, business integrity, and responsible investment.

Gaps

In studies on disclosure in sustainability reports of Indonesia, Malaysia, Philippines, Singapore and Thailand showed that the most discussed material issues were, economic value generated, philanthropy and occupational health and safety. The least discussed material issues were economic impact from climate change, biodiversity and human rights. This shows that businesses focusses attention on issues and topics that generates revenue or publicity or where there are legal compliance pressures. (Low and Thomas, 2016, 2018)

As highlighted in chapter 7, AMS has many gaps in the key priority areas of ASEAN Guidelines for CSR on Labour.

In the 2014 baseline study on CSR and human rights, it was reported most AMS are already has rules and regulations that can directly or indirectly address the potential adverse impacts of corporate conducts on human rights (and labour issues). It highlighted that "the immediate priority for AMS is to accelerate and strengthen the implementation and enforcement of the existing rules and regulations that deal directly with such adverse impacts of business conducts." (Thomas and Chandra, 2014)

Role of Government

The baseline study also highlighted that "the governments of AMS need to take leadership in encouraging and enabling businesses to implement and embed CSR values throughout their organisations." (Thomas and Chandra, 2014). Government linked companies and governmental organisations could set the example in setting the example in labour practices and CSR, which is the expectation of the ILO MNE Declaration.

AMS governments recognised businesses can be a force for good with responsible business conduct for their social license to operate, CSR and its links to human rights can be a competitiveness advantage to address social and environmental issues. Governments of AMS therefore included CSR as a strategic objective for the ASEAN Community 2015.

AMS Sectoral bodies see merit in CSR and has in the plans. However, the full benefits have not been realised due to the lack of coordination and resources. There is therefore a need to merge the ASEAN Regional Strategy on CSR and Human Rights arrived by AICHR and ACN in November 2016 and the outcome of the ASEAN CSR Workshop organised by the Social Welfare and Development Sectoral Body and the Thai Ministry of Social Development and Human Security held in July 2019.

When governments fail to implement labour standards, private standard certification bodies (e.g SA 8000) check on implementation. Certification is not an assurance of compliance as seen in the incidents in factories around the world. A better option is to have trade unions representing the workers and having access to remedies when needed.

Most AMS have put in place policies and guidelines to enable CSR, but they often do not spell out the concrete expectations and mechanisms to ensure compliance. At the regional level, the lack of dispute resolution mechanisms further deters coordination in resolving common challenges. The lack of effective institutional coordination mechanisms across and within national institutions results in fragmented and limited response to implementing CSR initiatives.

ASEAN 2025: Forging Ahead Together incorporated CSR in the plans of the 3 Communities (Economic, Political-Security, and Socio-Cultural) to achieve inclusive, equitable, and sustainable growth. While ASEAN bodies are expected to closely monitor and evaluate the plans, there are no penalties for non-adherence to commitments. This has resulted in slow progress on many 'soft' issues (Tan and Thomas 2020)

CHAPTER 4

INSTITUTIONAL MODEL FOR GOVERNMENT LEADERSHIP IN CSR

"The invisible hand of the market has often relied on the visible hand of government"

Amartya Sen

There is a school of thought that Governments are not needed in CSR. In fact, that school wanted no government intervention in the marketplace. However, there is another school that takes an opposite position. Knudsen and Moon is their book "Visible Hands – Government Regulation and International Business Responsibility" use case studies to unpick the ways in which national governments facilitate and shape CSR to achieve their policy goals at home and abroad. Their study shed new light on the interaction of public and private authority in global governance and the role of the State in a globalized world. This chapter draws on their study.

The research questions in their study were:

1) How do government policies support CSR?
2) What roles do government policies play in supporting CSR?
3) Why do governments make policies for CSR?
4) What are the interactions between different sorts of government policies for CSR?
    a. Between domestic and international policies for CSR?
    b. Between direct and indirect policies for CSR?

The study looked at the role of government in non-financial reporting, the Ethical Trading Initiative and tax transparency through the Extractive Industries Transparency Initiative, Dodd-Frank and the European Accounting Directive Amendments. The study does show governments can make CSR policy both domestically and beyond national borders through policies that encourage companies to be responsible domestically and globally.

Literature on government and CSR is summarised in the table below;

Government and CSR: Dichotomus perspective		**Government and CSR; Related perspective**	
Express dichotomus view	Implied dichotomus view	Embedded related view	Agential related view
CSR is defined as excluding the role of government	CSR is treated as if government has no role	Gives emphasis to the structural effects of inherited government policies	Gives emphasis to the agential effects of government policies

Source: Knudsen and Moon (2019)

The forms of policy to support CSR, Directly or Indirectly, their regulatory strength can be summarised as:

Form of Regulation	Description	Regulatory Strength
Endorse	**Political** support for CSR through general information campaigns and websites, political rhetoric, award and labelling schemes	Low
Facilitate	**Incentives** for companies to adopt CSR through subsidies, tax incentives, or public procurement policies; brokering of	Medium

	agreements among business and civil society organisations	
Partner	**Collaboration** of government organisations with business organisations to disseminate knowledge or develop/maintain standards, and guidelines	Medium
Mandate	**Regulation** of minimum standards for business performance	High

Source: Knudsen and Moon 2019

The study of European governments showed that national government's CSR approaches are influenced by their different political cultures and institutions, their system of economic governance and geography. At the same time, EU has the ability to endorse, facilitate, partner or mandate CSR as broadly as national governments and distinctly from international organisations.

In the EU, as in ASEAN, several Ministries has responsibility for CSR subjects. Usually a CSR portfolio is assigned to a Minister alongside other responsibilities. In almost every EU country CSR has been assigned to social and employment ministries. They direct their regulatory effort to a wide range of CSR issue areas – from social, through environmental and economic, to international.

CSR Endorsement Policies

In the early days this was used to encourage and legitimise CSR. Ministers endorse through speeches with moral injunctions for businesses to address social problems. Governments invested in information and education campaigns for "good practices". They also included websites about CSR and guidelines, and awards and labelling schemes.

The EU in 2011 released the CSR Green Paper "Promoting a European Framework for Corporate Social Responsibility". The Commission formed a 'High Level Group' of representatives from Member States to share experiences, promote peer learning and produce practice guidelines. The Member States also developed national label and logo schemes for environment and labour standards.

These efforts signalled to businesses that governments have expectations of them to contribute to issues and sector specific matters. The authors observed, "our view is that business, and MNCs particularly are generally attentive to the ways in which governments present social expectations of business. This is particularly true of MNCs who often rely on governments for licencing purposes."

CSR Facilitation Policies

These involve providing incentives and more tangible resources to companies to develop CSR. Typically, these include public procurement policies, subsidises and tax incentives for specific types of CSR. Tax incentives and procurement were used to encourage employment of disadvantaged workers, ethical sourcing of products and contributions to specific CSR initiatives.

In 2011, EU released the "Green Public Procurement" and "Sustainable Public Procurement" Directives. The 2008 EC Communication on Green Public Procurement provided a voluntary instrument for governments to assess the application of the directives.

CSR Partnership Policies

This involves collaboration with firms and business associations with government playing varying roles from initiator, convenor or participant. Partnership is used in disseminating CSR and sustainability

issues knowledge and in developing guidelines, standards or codes. With some governments had been the development of multi stakeholder initiatives (MSI).

EU level MSIs include the European Multi Stakeholder Forum and the European Alliance on CSR.

CSR Mandate Policies

This involves specifying minimum business performance standards within a regulatory framework. Governments' role would be through regulations and decrees. Typically, they offer either a flexible framework enabling choice or a regulated framework that rewards conformance. It is an exercise of soft power rather than hard enforcement of rules.

The most common form of governmental mandate for CSR is non-financial reporting legislation. This forces them to measure their social and environmental impacts. The other mandating scheme is for environmental public policy, like for the EU Emissions Trading Scheme.

Examples of States initiating CSR

States have used legislative and persuasive powers to promote CSR from tax exemptions for charitable giving to CSR institutions. CSR is a good vehicle to address social issues. There are many examples. In 1977, the French government legislated social reporting on 134 items and indicators related to employment, salaries, working conditions and labour relations. In the 1980s the UK used public policy to have businesses to address problems with unemployment and urban decay. The Business in The Community organisation was formed then. In 1999, President Bill Clinton developed the Fair Labor Association in response to child labour and sweat shop scandals.

CSR became important especially when there was a realisation that traditional modes of governance was not effective when the role of government declined as provider of public good and the adoption of market forces to drive economies.

There are arguments that globalisation is weakening the nation state. More of the social and environmental governance is regulated through business associations (like WBCSD) or through civil societies (like Forest Stewardship Council, Global Reporting Initiative) or by international governmental organisations (the UN, OECD, World Bank). As these parties represent different interests, the new regulations may not be aligned. Standard setting by the International Standards Organisation (ISO) may be in conflict with the work of traditional organisations like the ILO.

Not all the private sector and CSO driven initiatives have proven to be effective to solve problems. Without government involvement the solutions are insufficient. John Ruggie said, "private governance produces only partial solutions, and its own unfolding brings the public sector back in" (Ruggie 2003:28)

The Danish government is an example of how Strategic CSR was used to enhance business accountability with the expectation of improving international competitiveness and economic and political development. This was in the government's "Action Plan for Corporate Social Responsibility" published in March 2008. It described globalisation's new challenges cannot be solved by governments alone. The report enhanced business accountability.

In December 2008 the Danish Parliament amended the Danish Financial Statements Act for all large private and public businesses must include CSR information in their annual reports. Subsequent amendments enhanced reporting requirements. Businesses were encouraged to join UN Global Compact or PRI communication on progress. The 'comply or explain' mode uses encouragement

rather than prescription. Companies report on the initiatives they adopted. This is a 'soft' form of mandatory public policy. Government gave financial support to drive CSR.

In 2012 a new action plan "Responsible Growth was released. CSR was considered as a global concern. Non-financial reporting was expanded to require reporting climate change and respect for human rights. The 2012 CSR Act makes reference to the UN Guiding Principles on Business and Human Rights and the updated OECD Guidelines for MNEs' new guidelines to protect the environment.

The OECD contact point to address complaints in Denmark was under a new initiative as a mediation, dialogue and grievance mechanism. The Mediation and Grievance Institution (MGI) is the body for this since November 2012. It has representatives from business, trade unions, civil society organisations and academia. The multi stakeholder approach to problem solving reflects the long tradition of voicing differences and resolving them. 'The work of the MGI is to merge respect for international principles with increased transparency'. (Vallentin (2013) quoted by Knudsen and Moon)

In 2013, requirements for non-financial reporting was further enhanced to incorporate EU Directive on non-financial reporting. The Directive required large 'public interest' entities and with more than 500 employees to disclose their management report relevant and useful information on their policies, main risks and outcomes related to:

1) Environmental matters
2) Respect for human rights
3) Social and employee aspects
4) Anti-corruption and bribery issues
5) Diversity in the Board of Directors.

These changes meant additional reporting requirements for 3, 4 and 5 above. It needs noting that there was consensus among the social partners for reporting their CSR activities without mandating companies to undertake CSR initiatives. There was agreement with the government that non-financial reporting drove CSR implementation and benefited their international competitiveness ans international political and economic development. It also strengthened businesses to work together on this agenda.

Government intervened both directly and indirectly with public policies for ethical trade as well as transparency in the extractive sector.

A direct policy intervention for ethical trade was through the Ethical Trading Initiative with funding from several European governments. Indirect policies is the US use of trade policy to promote workers' rights. In Bangladesh after the Rana Plaza accident, US and EU governments directly supported CSR to push businesses to join the Accord and Alliance and indirectly shaped the institutional context there.

For the extractive sector, transparency was used to address issues of corruption. Some EU governments initiated and funded the Extractive Industries Transparency Initiative (EITI). Resource countries then had to join EITI and comply with the standards of disclosure. In addition to direct support by US and EU governments, they also worked with NGOs, legislators and other stakeholders to ensure compliance. This initiative came from businesses in EU and US for a level playing field and in response to policy interest in international development and corruption.

Institutional Framework for CSR in ASEAN

Using the model of Endorse, Facilitate, Partner and Mandate, ASEAN initiatives can be seen in all the approaches. In depth one initiative could result in more than one approach. For example, supporting

tripartism covers, endorsing strategic CSR and labour rights to work in partnership to facilitate solutions. By providing tripartite efforts with resources, government are also mandating them.

Form of Regulation	Description	ASEAN and AMS Initiatives
Endorse	**Political** support for CSR through general information campaigns and websites, political rhetoric, award and labelling schemes	The statements in ASEAN documents, declarations and plans. Work of ASEAN bodies like AICHR and ACWC. Formation of ASEAN CSR Network. Involving businesses, trade unions and CSOs in ASEAN meetings. National Action Plans for BHR. National level tripartite and bipartite initiatives
Facilitate	**Incentives** for companies to adopt CSR through subsidies, tax incentives, or public procurement policies; brokering of agreements among business and civil society organisations	Tax incentives for charitable and philanthropic work. Procurement policies supporting sustainability and RBC. Supporting civil society in tackling social and environmental issue.
Partner	**Collaboration** of government organisations with business organisations to disseminate knowledge or develop/maintain standards, and guidelines	National Standards Boards partnering private sector and NGOs on ISO standards. Private Public Partnerships. Tripartism and bipartism in practice.
Mandate	**Regulation** of minimum standards for business performance	The Stock Exchanges' mandatory non-financial reporting requirements. Mandatory reporting for environmental performance in some countries. Legislation regarding Labour and health and safety standards.

Source: Knudsen and Moon 2019 modified by author

As the summary above shows, ASEAN as a regional body does more as an Endorser and increasingly less active in other roles. This requires greater political will and provision of resources to be manifested in providing resources and standing to mandate CSR.

The huge variation with the level of economic development, political structures, culture and institutions to implement CSR means approaches at national level will be different. However, the building of the ASEAN Economic Community will result in more free movement of goods, services and people. That would require more common standards and language to capitalise on the advantages of AEC for MSMEs, workers and communities as well as governments.

The way forward for governments is to put in time, effort and money to endorse, facilitate, partner and mandate CSR and labour. ASEAN needs to put into action their declarations and plans by creating focal points for CSR at ASEAN and national levels as this is a cross cutting matter.

CHAPTER 5

LESSONS LEARNT AND PREPARING FOR THE FUTURE

The Drivers and Challenges

The only certainty of the future is change. Some of these changes are known and we can be prepared. Some will be unknown until it hits us hard like the Covid-19 crisis. To best manage the uncertain future challenges is to build strong institutions and relations. CSR properly implemented will contribute to building trust and relations between social partners and Society generally.

Some of the challenges that will affect ASEAN are:

Trade Agreements

As a centralised ASEAN economic community continues to attract investments and participates in free trade agreements, to seize the potential economic gains, ASEAN would need to address urgently systemic obstacles, especially with regards to issues on human rights and labour. The lack of enforcement and monitoring may expose workers to human rights abuses. The RCEP will generate employment and market opportunities. However, ASEAN would have to play a central role in setting a conducive business environment, such as corruption, and minimising investment risk by putting in place rules-based framework for trade and investment (ASEAN, 2019). On a positive note, digital innovations will foster greater transparency and spur growth (Mahmood, 2018).

Trade Disputes

From the macro perspective, rising protectionism and the bifurcation of markets arising from the rising tension between the United States and China, might pose a challenge to ASEAN depending on how global supply chains shift. The region has become a focal point for US and China to exert their influence (Mahmood, 2018). Coupled with a post COVID-19 normal, the trend of regionalisation of supply chain and ongoing changes in economic structures would complicate policy measures and actions.

A change in the US Administration will not end the disputes. Only the style and rhetoric is expected to change.

Changing Skill Requirements

The advent of the Fourth Industrial Revolution (Industry 4.0) will dramatically impact the future of work and have implications on the labour. Recognising the importance of readiness for Industry 4.0, ASEAN had embarked to prepare as early as at the 49th ASEAN Economic Ministers' (AEM) meeting on 2017 to conduct an assessment of ASEAN's readiness for Industry 4.0. Several engagements on Industry 4.0 were held, culminating in the ASEAN Declaration on Industrial Transformation to Industry 4.0 in 2019. ASEAN Labor Ministers also adopted the *Statement on the Future of Work: Embracing Technology for Inclusive and Sustainable Growth* the same year.

With the rapid introduction of new technology, workers' skill sets would have to be refreshed at a greater frequency. Workers risk having their skills obsolete and being replaced by robots. Within ASEAN, 53 million workers would have to be reskilled (Yendamuri & Ingilzian, 2019).

The openness and speed of Industry 4.0 presents an opportunity for more participatory and inclusive decision making within ASEAN stakeholders. Instead of long-term blueprints, rolling three-year plans might be more useful as plans might become outdated quickly (WEF & ADB, 2017). At the regional level, ASEAN can be a platform to synergise stakeholders across pillars and sectors. Greater socialisation and engagement of ASEAN's initiatives with the broader stakeholders will sharpen the relevance of these initiatives for the target recipients (ASEAN, 2019).

Social Safety Nets and Protection

Social security and protection for workers will have to meet the emerging employment structure. The fluid gig economy will expose gig workers and freelancers to minimal social protection as compared to traditional forms of employment. The shortened economic cycles and digital transformation will displace jobs, and some jobs might disappear. Governments will have to adapt policy tools to ensure social protection for workers throughout their working lives so that long-term issues, such as retirement adequacy, are given sufficient attention.

Covid-19 Response

Amidst the COVID-19 outbreak, ASEAN issued a message on Strengthening ASEAN'S Economic Resilience in Response to the Outbreak of the Coronavirus Disease (COVID-19) to commit to leveraging technologies and digital trade to allow the continuation of businesses, especially MSMEs and to build a resilient and sustainable supply chain, through better transparency, agility and diversification (ASEAN, 2020).

Public Private Partnerships will be very critical as on-demand expectations move from products and services to training and skillsets. At the individual level, workers will need to be adaptable, and self-driven to acquire diverse work experiences in shaping their own career paths. Adaptability and soft skills, such as critical thinking and problem-solving skills, that are unlikely to be replaced by Artificial Intelligence will be increasingly important. Employers will also have to review compensation and benefits packages to attract talents (Marr, 2019). At the national level, government will have to work closely with companies to forecast skills that would be in demand to better prepare the workforce of the future. In addition, the responsibility in training the workforce should be co-shared with companies through the right use of incentives.

Post Covid-19

The advent of COVID-19 has highlighted weaknesses in our systems. Overall AMS have managed it well relative to many more developed countries.

CSR is also a recognition that governments are unable to control events or address issues by itself. Businesses need to contribute to solutions, which would mean that commercial decisions have to take into account social and environmental impacts through a process of due diligence. The following could be the response:

- Significant changes in supply chains, with government's focus on supply chain resilience, diversification, and regionalisation. Coupled with a relook at self-sufficiency
- Accentuates vulnerabilities among older workers; those with pre-existing medical conditions; women; workers in occupation who can't work from home

- Prompt review on existing economic priorities - economic growth engines and pillars
    - Technology enabling work from home; providing greater opportunities in offshoring and outsourcing of jobs (boon and bane to different AMS). Faster pace of change requires greater speed in training and reskilling of workers.
    - Focus on self-sustenance also driving countries to ensure food security. E.g. Singapore ramping up agriculture sector growth

- Social Security and protection of workers, even for those on traditional employment.

Selected Case Studies to draw lessons

This Section examines 3 good practices of managing change and CSR in ASEAN. This covers the Thai fisheries sector, remedy of grievances framework from Singapore and the impact of the EU- Vietnam

Free Trade Agreement. An analysis is then done in the lessons learnt section. Lessons for the management of foreign workers were also taken into account.

Case Study 1: Thailand Fisheries Industry

Thailand became the first country in Asia to ratify the ILO Work in Fishing Convention 188 on 30 January 2019 amidst a long-embattled struggle with the curbing of human rights abuses and sustainable development issues in the fishery industry. The Convention sets basic decent standards for work in the fishing industry. The adoption of the Convention was significant as Thailand is the world's third-largest seafood exporter and one of the world's largest seafood processing hubs. Relevant national laws were amended to align with the convention.

Several developments in the fishery industry had led to it being a vulnerable sector for migrant workers. Unregulated growth of the fishing industry and weak penalties saw the number of trawlers increase from 99 in 1961 to about 57,000 in 2011 (Trent, 2019). As a result, vessels had to stay out longer and farther at sea, with supply ships restocking their necessities. The stiff competition pushed operators to resort to forced labour to save costs. Half of the estimated 600,000 men working in the Thai seafood industry are undocumented workers from neighbouring countries (Thomas J. , 2019). Yet, in 2015, the Thai government noted that inspections of 474,334 fishery workers did not identify a single case of forced labour (Royal Thai Government, 2016, p. 108).

In 2014, the US State Department's Trafficking in Persons report ranked Thailand in the lowest tier for its human rights record. In 2015, the European Commission issued a "yellow card" to Thailand, a warning that could lead to import bans to the EU.

With this backdrop of international pressure, Thailand started to put its act together on the industry. It enacted the Thai Fisheries Act of 2015, which enhanced financial penalties for illegal fishing and enforced an inshore exclusion zone to protect the rights of small-scale fishers. The Department of Fisheries implemented mandatory vessel monitoring systems which addressed the risks of illegal fishing and illegal transfer of fishes and workers between vessels. A network of 30 "Port in Port out" inspection centres were also established to track vessels leaving or returning to port, and enable authorities to focus their efforts to police previously non-compliant vessels (Trent, 2019). The Department of Fisheries also introduced an e-traceability system for fish from Thai-flagged and foreign flagged vessels which enabled traceability from catch to exporting. In 2016, Thailand ratified the UN's Port State Measures Agreement, which committed it to improving inspection standards for foreign-flagged vessels entering Thailand.

In 2018, Thailand's efforts were recognised when the US State Department upgraded Thailand to Tier 2 while the European Commission lifted the "yellow card" in 2019.

There is still much work to be done. In 2017, 76 percent of migrant fishermen in Thailand incurred debts even before employment (II & IGM, 2017). The heavy debts diminish migrant fishermen's ability to change employers. Thailand could consider ratifying the ILO Convention 87 to provide robust framework to allow for freedom of association for workers, including migrants, to allow fishery workers to participate in union activities to resolve their own labour disputes (Trent, 2019). While employers affirmed that all fishery workers signed employment contracts based on legal obligations, most outsourced the contract preparation and signing process. Many workers do not receive their contracts and about a third interviewed was not aware what they were signing (Murphy, 2018). Thai fishermen associations cited rising cost as a concern in implementing ILO Convention 188 (Thomas J. , 2019). Thailand could ride on the recognition of reforms in enabling fishery businesses to secure trust from import countries to put the case that RBC and CSR activities generate positive revenue returns.

Major Thai businesses responded well to these challenges. The Fisheries Association adopted Good Labour Practices for the industry. Thai Union put in place policies and practices that addressed these issues. In the process they co-operated in enhancing worker voice and worked with NGOs and companies up and down their supply chain to solve problems. The company rebuilt relations with their stakeholders.

Thailand's struggle with the abuses in the fishery industry is not unique. Across ASEAN, the issue plagues several AMS, leaving room for regional effort in resolving such issues. Cambodia holds the "red card" while Vietnam the "yellow card" issued by European Commission. The 2019 Illegal, Unreported and Unregulated (IUU) Fishing Index rated Cambodia, Vietnam, Myanmar, the Philippines and Indonesia among top 15 worst-performing countries. Asia Foundation found that overfishing has put 64% of ASEAN's total fisheries at a medium to high risk. The significant market size of Indonesia, Vietnam, the Philippines, Malaysia, Myanmar and Thailand, accounting for nearly one-fifth of total catch in the world (Sasipornkarn, 2019), makes resolving these issues a priority for both ASEAN and the world.

Case Study 2: Singapore's Dispute Resolution Mechanisms

Singapore has a robust dispute management framework for labour matters, making it accessible to workers to resolve employment disputes. The mechanisms are also updated from time to time to cater to the needs of labour based on the demography.

With the rise in the mix of Professional, Managers and Executives (PMEs) within the overall Singapore workforce, the Tripartite Alliance for Dispute Management (TADM) was set up in 2017 by the Tripartite Alliance Limited (TAL), a Company Limited by Guarantee (CLG) jointly set up by the tripartite partners: Ministry of Manpower (MOM), National Trades Union Congress (NTUC) and Singapore National Employers Federation (SNEF). TADM provides mediation and advisory services for employment-related disputes. In 2018, TADM extended its mediation services to self-employed individuals, giving them another recourse to resolve payment-related disputes with service buyers. TADM managed to resolve 85% of salary claims within 2 months (Channel NewsAsia, 2019).

Prior to the setting up of TADM, non-unionised workers had to seek redress from MOM for statutory claims and take up civil suits for non-statutory claims. Besides approaching their unions for assistance, unionised PME workers, with salaries S$4,500 per month and below, were previously able to mediate with their employers on salary, retrenchment and contract disputes under the Tripartite Mediation Framework (TMF) under the MOM. With the setting up of TADM, the TMF was enhanced to allow unionised rank-and-file and PME workers to access TMF for a wider range of disputes, including employment statutory benefits, re-employment issues, employment contractual breaches.

Only disputes which remain unresolved after mediation at TADM may be referred to the Employment Claims Tribunals (ECT). The ECT was established under the Employment Claims Act 2016. The ECT hears salary-related disputes and claims on wrongful dismissals and has the jurisdiction to hear claims up to S$20,000 or S$30,000 (for those who go through TMF or assistance by unions). Orders made by the ECT has the same effect as Orders of a District Court. Hence, as compared to civil proceedings, the ECT lowers the cost and makes it more efficient to resolve disputes.

In terms of industrial disputes, the Industrial Arbitration Court (IAC) arbitrates disputes between unions and employers. The IAC is presided by the President or Deputy President. The President enjoys the same rights, privileges, protection and immunity as a Judge of the Supreme Court.

Tripartite stakeholders generally seek to resolve industrial disputes at the lowest level possible. When bipartite negotiations fail, either parties could seek assistance from the Ministry of Manpower for

conciliation. The dispute may be referred to the Industrial Arbitration Court (IAC) after conciliation efforts fail. The Registrar of the IAC would first seek to mediate the dispute. If the mediation fails, the dispute will be heard by the IAC. The Industrial Relations Act provides for the IAC to hear, inquire into and investigate disputes submitted to the IAC, and to settle the dispute by arbitration. In most cases, a Court is constituted comprising the President of the IAC and a member each from the employee and employer panels. The members are nominated by the union and employer involved in the dispute. Depending on the nature of the dispute, a Court may be constituted by the President alone.

The IAC also has the power to direct unions and employers involved in an impending industrial action to have the dispute heard within the Court.

The involvement in tripartite partners, comprising government, employers and labour, and institutionalised platforms for social dialogues on issues pertaining to labour had led to industrial peace with justice. With the absence of legal strikes since 1986, the tripartite collaborative approach had led to high labour productivity.

Case Study 3: EU-Vietnam Free Trade Agreement – FTAs as a Driver

The EU sealed the second FTA with an AMS, with the ratification of the Vietnam Free Trade Agreement in February 2020. The first deal was signed with Singapore in 2018. This is a further inroad to secure the EU-ASEAN FTA.

World Bank reported that the EVFTA could boost Vietnam's GDP and exports by 2.4% and 12% respectively by 2030 and lift hundreds of thousands of people out of poverty.

Hurdle in EU-ASEAN talks due to Europe's high standards. EVFTA would "help to spread our standards" in the region. https://www.euractiv.com/section/asean/news/eu-vietnam-deal-seen-as-stepping-stone-for-agreement-with-asean-says-commission/

Vietnam would have to meet higher standards of labour, safety, environmental and consumer protection, ensuring that there is no 'race to the bottom' to attract trade and investment. Vietnam would have to implement the principles of ILO concerning fundamental rights at work, Paris Agreement on climate and other environmental agreements for the conservation and sustainable management of wildlife, biodiversity, forestry and fisheries.

Reforms made and pending (https://www.socialistsanddemocrats.eu/newsroom/vietnam-trade-deal-brings-progress-millions-vietnamese-workers-say-sds)

a) The Vietnam labour code reform was ratified on 20 November 2019
b) Detailed roadmap on both the implementation of the labour law as well as ratification of outstanding ILO conventions
    1. Ratification of ILO convention 98 (collective bargaining) in June 2019
    2. Ratification of ILO Convention 105 (forced labour) scheduled for June 2020
    3. Ratification of ILO Convention 87 (freedom of association) until 2023 latest
c) Commitment by the EU Commission to closely monitor implementation of the agreements, in particular the commitments on trade and sustainable development, and promote continued reforms
d) Strong Representation of Civil Society in the Domestic Advisory Group
e) Close Involvement of the EU Delegation and Embassies in monitoring the human rights situation

Economic incentives, via FTA, can nudge countries in the desired pathway to align with international standards, by providing practical benefits to governments and businesses.

Lessons Learnt

The importance of the governance and capacities of AMS on policy formulation, implementation and enforcement of policies cannot be understated. Pursuing sustainable development entails considerable government expenditure and resources. Partnership with private sector would be required to share the cost. One of the key drivers to enhanced adoption of RBC and CSR practices include the recognition of a strong business case. Framing economic growth and sustainability as mutually beneficial and in the interests of businesses is important in gathering their buy-in. CSR helps in staff retention and business growth. Adopting CSR can increase an organization's market value six fold and shareholder value by US$1.28 billion over 15 years (RBC, 2018).

Intergovernmental Organisations also continue to fill the void. ILO's Better Factories Programme in Cambodia; Responsible Supply Chains in Asia project by EU, ILO and OECD are examples where resources can be targeted at specific areas and sectors and evaluated.

Coordination is key in promoting a conducive environment to attract private investments while balancing the impact on sustainable development. Government policies would have to ensure that investments generate positive impact to sustainable development and contribute towards the SDGs. Policies and institutional frameworks must be strengthened to manage competition between countries for investment, are not a 'race to the bottom' (ASEAN, 2017). Greater coordination can also generate benefits in terms of employment, lesser pollution and lower prices (Anbumozhi, 2017).

ASEAN needs to implement its CSR Guidelines on Labour which, encapsulates ILO frameworks. It will carve a niche for the region and brand itself as a preferred region invest and do business in. Understanding other drivers to CSR in ASEAN companies in achieving equitable sustainable growth is key. These include global trends, increasing consumer demand for responsible and inclusive businesses and interest in investors in social responsibility investment. There are also growing business interest in ethics and values, the need to become good corporate citizens, maintaining social commitment and improving employee relations (Arevalo, 2014, p. 199).

Coordination among AMS can help strengthen policy capabilities as ASEAN's economy integrates. Given the dependence within ASEAN on implementation of policy reforms within AMS, comprehensive policy strategies, and sharing of experiences in developing national action plans will be helpful (IMF, 2018). For instance, Thailand can share its experience as the first country in Asia to adopt and the first AMS to publish a National Action Plan on BHR, focusing on labour, land, environment and natural resources, human rights and cross border investment and multi-national enterprises.

RBC and CSR practices would have to be localised to the ASEAN context. Greater efforts to encourage ground-up initiatives to operationalise regional and national plans can overcome issues of the lack of mandate, capacity and resources at the national level. Governance systems at the local level can also be strengthening to develop and implement inclusive policies, harness local resources and partnerships (Reddy, 2018).

From the experience of Thailand's struggle with the human rights abuses in its fishery industries, non-tariff barrier has shown that economic pressures can make voluntary standards become compulsory. The advent of Industry 4.0 and the need for greater nimbleness in policy making call for different mechanisms and platforms at the regional level. Institutions will need to be strengthened and anchored on strong values.

Governments and stakeholders should take a keen interest in focusing on and developing customised approach for MSMEs given the different issues they encounter as compared to MNEs and the significance of the number of workers employed by MSMEs. Their lack of capacity and resources as compared to larger companies should be considered in efforts to enable their adoption of RBC and CSR. MSMEs have difficulties in accessing markets and financing RBC activities. Engaging MSMEs crucial to achieve impact at a grassroots level. Personal values of business owners might have a greater influence over business decisions in MSMEs. Coupled with the influence of religion on performing CSR, country-specific strategies are also necessary to localise the global and regional standards on MSMEs. More research on CSR drivers in SMEs need to be done (Md Noor, Shuid, Shamsudin, & Hussin, 2016, pp. 128-129).

Businesses operating in ASEAN could benefit from a strong network and alliance of businesses in AMS. Strong employers' organisations are a necessity in tripartism and brings value to social dialogue. The ARAIBA is one such platform that can enable greater socialising of CSR practices among companies within ASEAN, so that regional frameworks and statements are made understandable to corporations. Given that internal drivers to pursue CSR include top management, corporate culture and structure, knowledge-based resources and human resources (Nguyen T. , 2016),

The recent COVID-19 pandemic shows that what started as a public health issue, could quickly translate to economic turbulence with impact on workers' lives and livelihoods.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

Summary of Observations:

1. Recognise that CSR is growing in importance and Impact globally and regionally. It cannot be ignored. Sustainable Development Goals (SDGs), UN Guiding Principles on Business and Human Rights, the Paris Agreement of 2015 and Free Trade Agreements with labour and environmental clauses will become more prominent. All these draw reference to the ILO MNE Declaration.

2. CSR is good for communities, workers, governments and businesses. Its benefits include good management practices, better employee relations, building trust with the community, branding and reputation. CSR help governments achieve goals of inclusive growth and prosperity.

3. ASEAN have been working on CSR themes. It is a cross cutting, covering subjects under different Ministries in AMS and Communities in ASEAN. Better impacts require greater coordination and political will. This includes building on the work of AICHR, ACWC and sectoral bodies.

4. Labour Sector activities will be enhanced with CSR. Global CSR standards and norms use ILO Fundamental conventions as the basic standard and that means social dialogue is a basic expectation from responsible businesses.

5. ASEAN had recognised the need for business involvement in CSR by establishing the ASEAN CSR Network but their achievements have been hindered by the lack of resources and practical support. ABAC and ACN initiative of the ASEAN Responsible and Inclusive Business Alliance (ARAIBA) would contribute towards achieving the objectives for inclusive, sustainable and equitable ASEAN.

Challenges:

6. The challenges to implement CSR and Labour summarised are:

   - As a cross cutting issue, efforts are dispersed in silos with duplication and inefficiencies in driving CSR at ASEAN and AMS level. Political will and focal points at various levels to coordinate are needed;
   - The benefits of tripartism and bipartism have not be fully realised due to the power relations and the capacity of the social partners;
   - Non enforcement of laws in the country due to lack of resources, capacity, inefficiency and corruption;
   - The questions of how to give workers sufficient voice to articulate their needs and concerns;
   - There are multiplicity of standards and initiatives at the firm, national and regional level. The heavy demands of buyers drain management time and resources. Social audits impose the same requirements on factories across AMS. With good strategic CSR we can mitigate this;
   - CSR seems to be done by large enterprises with glossy reports. But MSMEs are the backbone of ASEAN comprising of 99% of enterprises, who are most affected by social audits. They need support with compliance to requirements from buyers.

- Lack of coordination, knowledge and resources among businesses, regulators and other stakeholders
- CSR is criticised as blue washing, green washing or just white washing by businesses PR exercise. How to bring about real change?

Going Forward

7. To realise CSR objectives in the ASEAN blueprints, governments have to provide leadership by:

    - Having the political will to push the CSR agenda
    - Being a standard setter – clear in expectation
    - Enforcer of standards and regulations
    - Education and capacity building
    - Act as a role model – both governments and government linked companies
    - Develop NAP on Business and Human Rights

    These proposals and others in the Paper will fit into the endorse, facilitate, partner and mandate framework for government to exercise their hand in advancing the CSR agenda.

Longer Term Vision

8. For the longer term, establish an ASEAN Working Group at ASEAN level to coordinate and drive CSR agenda in the ASEAN Guidelines for CSR on Labour and areas of common understanding.

- It is proposed that Thailand take the lead, as they had been initiating most of the actions since 2011 and is the only ASEAN Member State with a NAP on Business and Human Rights. Thailand can decide which Ministry or agency be the focal point
- The Working Group be comprised of representatives from AMS, Employer and Worker Organisations, relevant civil society organisations and the ASEAN Secretariat, ILO and ACN. The ILO could contribute expertise and the tripartite platform.
- Organise an annual meeting of stakeholders to promote dialogue, measure progress and plan further action in a coordinated manner.
- Propose formation of a Technical Working Group on Labour, comprising of Experts from all Member States, academia, business, social partners and other relevant stakeholders with the objective of addressing labour issues with ASEAN wide coherent policies and standards.
- These working groups can do indepth studies on regional strategies for CSR and Labour, including promoting Human Rights Due Diligence for businesses and developing a regional NAP on Business and Human Rights with AICHR.

Can immediately work on issues with consensus

9. For immediate implementation we recommend:

- To address issues that have a high level of consensus among AMS and their social partners. By addressing these issues, the social partners by working together will build trust and strengthen relations to lay the foundation for more cooperation. It is social dialogue in practice.
- The issues that ASEAN (beyond labour) has almost high level of consensus are:
    - Child Rights (C138 and C182)
    - Forced Labour which will include trafficking in persons (C29)

- Gender equality and discrimination (C100 and CEDAW)
- Persons with Disabilities (ASEAN Enabling Masterplan 2025: Mainstreaming the Rights of Persons with Disabilities)

- Form a working group under the chairmanship of an AMS with representation from other stakeholders to develop the workplan to address these 4 issues. Thailand is proposed for the reasons in the paragraph 8.
- These issues are areas other ASEAN sectoral bodies have worked on. This will break silos and achieve better and effective coordination within AMS and ASEAN.
- CSR work need resources. Resource mobilization has to be a priority. It is best ASEAN raise their own resources to implement CSR programmes. In July 2019 at the ASEAN CSR Seminar organised by the Thai Ministry of Social Development and Human Security for the Social Welfare and Development Sectoral Body, recommended the establishment of an ASEAN CSR Fund. We support this.

Conclusion

10. ASEAN has made progress over the years economically and socially to bring a better life for citizens. Yet the growth at cost mindset also brought about problems in the workplace, community and Society generally. Covid-19 crisis taught us that weakness anywhere is a threat to health everywhere. We therefore to build inclusive, sustainable and equitable ASEAN where everyone counts. CSR enables this to happen. Labour standards contributed to more equitable and fairer Societies.

    ASEAN has to build on the momentum of ASEAN Guidelines for CSR on Labour and strengthen initiatives promoting CSR like the ASEAN Responsible and Inclusive Business Alliance (ARAIBA) by ABAC and ACN.

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ANNEXE 1

REVIEW OF THE STATE OF PRACTICE OF THE 9 KEY PRIORITY AREAS IDENTIFIED BY THE ASEAN GUIDELINES FOR CSR ON LABOUR:

Key Priority Area 1: Forced Labour and Child Labour

1) **Enterprises/establishments should not engage in, benefit from or support the use of forced labour in any form, including labour trafficking.**
2) **Enterprises/establishments should respect the minimum age for admission to employment in order to support abolition of child labour.**
3) **Enterprises/establishments should not employ or support the employment of children under minimum age. They should be vigilant also in reference to young workers especially in the type of work that jeopardizes the health, safety or morals of children.**

The ILO's Forced Labour Convention, 1930 (No. 29) defines all forced (or compulsory) labour as '*all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily*'. Migrants are particularly vulnerable to Forced Labour. It also involves issues like Bonded Labour and Trafficking in Persons.

Nine out of the 10 AMS have ratified Convention 29 on Forced Labour. In 2015, the ASEAN Plan of Action Against Trafficking in Persons, Especially Women and Children was agreed on. It is classified as a crime in many ASEAN countries. In November 2017, Heads of governments signed the ASEAN Consensus on the Protection and Promotion of the Rights of Migrant Workers, the terms of which are not binding and every article of which is made subject to national laws.

The ILO is active in the region in addressing Forced Labour in the region through the Global Business Network on Forced Labour (GBNFL), which has the Malaysian Employers Federation and ACN represented in its Steering Committee. The problems of migrant workers include recruitment fees paid by the workers, exploitative conditions of work and non-payment of salary. The Covid crisis has exposed horrible living conditions of workers in Malaysia and Singapore. The way forward is greater enforcement of laws by government and a stronger voice for workers with effective remedies. Trade unions and NGOs are working to help these workers.

All ASEAN countries had ratified the UN Convention on the Rights of the Child (CRC); ILO Conventions 182 (Worst Forms of Child Labour) and 38 (Minimum Age). Following the 2009 Vientiane Senior Labour Officials Meeting (SLOM), ASEAN Member States agreed to support an ILO initiative to eliminate the worst forms of child labour in the sub-region by 2016. A report, *Towards an ASEAN Roadmap for the Elimination of the Worst Forms of Child Labour by 2016*, was subsequently compiled by ILO. The report proposes measures and a time-bound roadmap for achieving the goal. In 2019, ASEAN Member States also affirmed their commitment to address the issue of child refugees in the ASEAN Declaration on the Rights of Children in the Context of Migration.

Structural and cultural factors lead to the pertinent child labour issue within the region despite efforts and economic development. These include the key role of the informal family-based production in rural areas, higher levels of poverty, lack of access to schooling (UCW Programme, 2014), parental and community attitudes to the child, culture and tradition; and exploitation of child labour as cheap labour by employers (ILO, 2005).

The lack of enforcement and monitoring further exacerbates the issue. Most AMS provide appropriate penalties on violations of child labour laws. Indonesia, Malaysia, Myanmar and Singapore have laws or regulations to protect against child labour. Cambodia and Indonesia have also weaved the elimination of the worst forms of child labour into National Action Plans (NAPs) (ASETUC, 2013).

Ineffective monitoring happens with the lack of independence of monitoring machineries; limited resources; infrequent monitoring; over-reliance on donors; lack of mandate and coordination among different responsible bodies (Institute of Human Rights and Peace Studies, 2016).

A regional framework to address child labour issues is also hampered by the lack of clear definition of a child among, and even within, AMS (see Table below).

Definition of a child and minimum age in legislations relevant to child rights in ASEAN countries

Countries	**Age of a child as defined in legislation relating to child protection**	**Minimum age of marriage**	**Minimum age of criminal responsibility**	**Minimum age of employment**
Brunei Darussalam	A child is a person below 14; young person is someone aged between 14-18; and juvenile means a person aged 7-18	14 for non-Muslims; 15 under Chinese Marriage Act; No minimum age specified under Islamic law	7	14
Cambodia	No specific child law	18	14	16
Indonesia	Below 18	16 for female and 19 for male	8	15
Lao PDR	Below 18	18	15	15
Malaysia	Below 18	18 under civil law; 16 for female and 18 for male under Islamic law	10 (penal code) Onset of puberty (Islamic law)	15
Myanmar	Below 16	14 for female and no minimum age for male	7	13
Philippines	Below 21	18; with those between 18-21 requiring parental consent	15	15
Singapore	Below 14 (youth being 14-16)	18	7	13
Thailand	Below 18	17	10	15

Vietnam	Below 16	18	14	15

(Institute of Human Rights and Peace Studies, 2016)

The varied implementation of policies and laws on child migration by AMS makes it challenging for collaboration between home and host countries (Bangkok Post, 2019). Greater coordination among home and host countries are required to resolve the pertinent issue, and AMS have been signing MOUs on collaboration in this front in recent years.

Key Priority Area 2: Employment and Employment Relationship

1) **Enterprises/establishments should pursue policies designed to promote equality of opportunity and treatment in employment, and should not discriminate workers based on race, national extraction, social origin, religion, language, age, gender, sexual orientation, political opinion, membership of workers' organisations, nationality, or due to disability, pregnancy, marital status, parenthood, or HIV status.**
2) **Enterprises/establishments should not benefit from unfair, exploitative or abusive labour practices of their partners, suppliers, or sub-contractors.**

About 244 million workers (about 79% of total workforce) in ASEAN are in informal employment without social protection (Nguyen & da Cunha, 2019). Most of these workers are in the supply chain as part of the informal economy. The Decent Work agenda in ASEAN continues to weigh heavy on the agenda of many AMS as Factory Asia continues to attract investments to the region with its low-cost labour. The ILO's Decent Work Country Programmes in AMS like, Cambodia, Laos, Myanmar, Thailand and Vietnam and the Better Work Programme with IFC are key programmes driving the Decent Work agenda in ASEAN.

In 2018, AMS made a commitment to take steps to examine its informal employment sectors to further the promotion of the Decent Work agenda in the 2016 Vientiane Declaration on Transition from Informal Employment to Formal Employment towards Decent Work Promotion in ASEAN with Regional Action Plan (RAP).

The lack of clear definition of informal employment and statistics by ASEAN and AMS presents a challenge in informed policy-making and rendering interventions. Currently, there is no official measure of the size of informal employment for ASEAN. AMS adopt varying definitions on informal employment. There is an increasing need to classify new forms of work, e.g. platform workers. A regional database on informal employment will aid in the understanding of the informal employment landscape and more meaningfully determine the outcome of decent work interventions (ASEAN, 2019).

All AMS have ratified Convention for the Elimination of All Forms of Discrimination Against Women (CEDAW). Only six AMS (Cambodia, Indonesia, Lao, Philippines, Thailand and Vietnam) have ratified ILO Discrimination (Employment and Occupation) Convention 111. Most AMS has legislations prohibiting discrimination in employment based on gender. However, no AMS provides a clear definition of "discrimination". While 8 AMSs have ratified ILO C100 on equal remuneration, only 4 member states have provisions in law requiring equal pay regardless of gender, and none provide a clear definition of the concept of "work of equal value" (ASETUC, 2013). The 'Third Report on the Advancement of Women in ASEAN" in 2007, which called for AMS to examine gender inequality in work, had no progress reports (ASETUC, 2013).

ASEAN needs to work on closing the gender inequality gap. The economic impact of AEC may further exacerbate the gap due to women's vast inequalities in women's labour force participation in the AMS. While the employment rate of women may rise, other employment outcomes, such as wages, job nature, and the sectors might not improve (ASEAN, 2016).

All 10 AMS have ratified the UN Convention on the Rights of Persons with Disabilities (CRPD). Since 2015, AICHR have been working with the Social Welfare Development Senior Officials, ACWC and other ASEAN bodies and Disabled Persons Organisations to implement CRPD at the regional level. The 2018 ASEAN Leaders' Summit held in Singapore adopted the ASEAN Enabling Masterplan 2025: Mainstreaming the Rights of Persons with Disabilities. It represents the culmination of a collaborative and cross-pillar initiative of ASEAN organisations and entities to enhance the promotion and protection of the rights of persons with disabilities in the ASEAN Community. (https://asean.org/?static_post=asean-enabling-masterplan-2025-mainstreaming-rights-persons-disabilities)

New emerging forms of discrimination will have to be addressed. These include age discrimination at the workplace; those living with HIV/AIDS; the LGBTQ community; and workers with genetically predisposition (ILO, 2007). In fact, during the COVID-19 pandemic, older workers find themselves side-lined at the workplace because of the heightened risk of the virus to the older population (Farrell, 2020).

Key Priority Area 3: Human Resources Development and Training

1) **Enterprises/establishments should pursue human resources development policies and programmes that provide relevant trainings and life-long learning opportunities for all levels of their employees to develop their skills and promote career opportunities.**
2) **Enterprises/establishments should promote hiring workers from the vulnerable sector (e.g. out-of-school youth, persons with disabilities).**

ASEAN workforce contributed to high economic growth and poverty reduction. However, education and skills development indicators for ASEAN are below expectations when compared with its income levels. There are wide disparities in life expectancy, job productivity, and education quality across the region. (World Bank, 2019). There are clear gaps in formal education. The ASEAN Human Development Organisation (AHDO) was set up in 2019 to develop ASEAN's own human development model and leadership (HRM Asia, 2020) by connecting ASEAN's national HR Associations into a professional community.

Most active labour management policies (ALMPs) focus on training, reflecting the region's commitment to developing human potential (OECD & ILO, 2018). Training generally enhances employment and employability.

With the rapid developments in technology, 6.6 million jobs are expected to become redundant. Moreover, about 28 million fewer workers which is 10% of the current top six ASEAN economies' workforce can produce the same level of output as in 2018. ASEAN workers also severely lacked technical and IT skills. (CISCO Systems, 2018).

To ensure that ASEAN can catch up with the future demands on the workforce, all stakeholders would need to do their part. Governments need to adapt and refresh education policies and enable lifelong learning. Employers need to prepare their workforce in advance to fulfill emerging market needs. Educational institutions play a key role in supporting governments and employers to close the gap between workforce capabilities and market needs (Menon, 2018).

Key Priority Area 4: Conditions of Work and Life

1) **Enterprises/establishments should provide the best possible wages, benefits, conditions of work, and sustainable social security for workers, as prescribed by law [or beyond].**
2) **Enterprises/establishments should provide the highest standards of safety and health for their workers, and prevent hazards and reduce risk factors at 5 work as prescribed by law or beyond.**

With the adoption of the ASEAN Declaration on Strengthening Social Protection in 2013, AMS had upped its efforts in enhancing social protection systems. However, government spending on social protection is below the average level in the Asia-Pacific region, and challenges to extend such protection in ASEAN include lack of legislative coverage; weak enforcement; limited institutional capacities; and knowledge gaps about workers in informal employment. (Nguyen & da Cunha, 2019). Enhancements in social protection systems are uneven across AMS, with some taking significant actions while others being inactive in this area (OECD & ILO, 2018).

Significant gaps exist in Active Labour Management Policies (ALMPs) in the region. Most ALMPs address workers in the formal work although there is a significant workforce size in the informal sector. In areas such as unemployment insurance, minimum wages and collective bargaining, the region could do better in providing social protection to workers. ASEAN could play a significant role in enhancing ALMPs across AMS to strengthen access to decent work and social protection. Strengthening worker voice would address grievances and improve channels for remedies, with trade unions as an effective organisation for that.

International Organisations' effort in the region in raising conditions of work and life, such as the Better Factories Cambodia Programme by ILO, are laudable and necessary but the sustainability of programmes that are heavily funded by donors pose a concern, especially when funding to such programmes ceases.

Efforts to seek convergence in ALMPs should consider the disparities among AMS. However, instead of allowing differences to inhibit convergence, ASEAN could identify commonalities and work on them. General policies, such as expanding minimum wage systems and enlarging coverage, could be pursued as a regional agenda. (OECD & ILO, 2018)

Key Priority Area 5: Industrial Relations

1) **Enterprises/establishments should promote sound industrial relations through effective social dialogue, tripartite partnerships, and bipartite cooperation in the workplace.**
2) **Enterprises/establishments should respect workers' rights to freedom of association, and the independence of workers' organisations in selecting representatives and collective bargaining.**
3) **Enterprises/establishments should respect the effective recognition of the right to collective bargaining and respect agreements obtained through collective bargaining, and shall not alter employment conditions without agreement from workers' representatives.**

ASEAN's industrial relations systems have evolved to attract Foreign Direct Investments (FDI) by preserving industrial peace and keeping a conducive labour market for businesses. It has also adapted in response to the economic shift from agriculture to manufacturing and services. Intensifying economic integration may further impact the evolution of industrial relations systems and lead to the emergence of loosely regulated practices, which might leave many workers out of coverage and underrepresented (Fang & Kim, 2017).

Although industrial relations laws in ASEAN are at different levels of development, AMS governments play a central role in regulating industrial relations. While some AMS (such as Singapore and Malaysia) gravitates towards centralised, single peak organisation structures, others are more decentralised, as in the case of the Philippines. Generally, the region has a low trade union density and collective bargaining coverage, which limit the effectiveness of trade unions (ATUC, 2016). Accurate data is also not readily available for most countries.

Only 4 AMS ratified Convention 87 on Freedom of Association and 6 ratified Convention 98 on the Right to Collective Bargaining. This is a major challenge for effective social dialogue.

Even though AMS have instituted mechanisms of participation in social dialogue and adopted voluntary codes of conduct for industrial harmony, incidents of excessive government interference in trade union registration and activities continue to persist (ITUC-AP, 2018). Indeed, allegations of anti-union discrimination continued to plague some AMS, for instance in Cambodia (via the observations of the ITUC in 2014, 2016 and 2019) and in ITUC's observation in 2017 of Malaysia concerning anti-union dismissals and non-recognition of unions.

The socio-economic diversities among AMS hinder the convergence to a single industrial relations system in ASEAN. Governments play a key role in creating the environment for cooperation. With growing nationalism and market realities, convergence is less likely to happen as each AMS adopts an industrial relations framework that best suits their own context. However, as global trends for CSR grows, businesses will have to do due diligence and show that they respect fundamental labour standards. This will bring about some convergence in workplace practices.

The CSR Guidelines recognises that employers, workers' organisations involvement in social dialogue will produce better outcomes. While trade unions cannot be expected to drive CSR programmes, the ASEAN Trade Union Council posits that workers' organisations could strengthen their capacities to engage the other tripartite partners on an equal footing on CSR efforts (ATUC, 2019).

Social dialogue is integral to ASEAN economic integration and will increasingly facilitate the involvement of tripartite partners to ensure that economic growth benefit their constituents (ASETUC, 2013). An ASEAN regional framework on industrial relations is essential to support ASEAN integration but to achieve that, national frameworks must level up (Amante, 2010). ASEAN has produced documents on good industrial relations practice. The enactment of appropriate legislations and the strengthening of capacity of institutions will be needed to institutionalise bipartism and tripartism at all levels of the economy (ASETUC, 2013). A good industrial relations system involves intense, consistent and continuous social dialogue (ILO, 2012).

The ASEAN Regional Strategy for CSR and Human Rights document, an outcome of the AICHR workshop on CSR and Human Rights in November 2016 in Singapore, clearly states roles for trade union and businesses in CSR and promoting business and human rights.

Key Priority Area 6: Migrant Workers

1) **Enterprises/establishments should treat migrant workers with respect and dignity and without discrimination, exploitation, abuse, or violence.**
2) **Enterprises/establishments should protect and promote the fundamental human rights of migrant workers including employment protection, payment of wages, social security, OSH, access to decent working and living conditions, and access to information and training.**

ASEAN's commitment to promoting fair treatment of migrant workers can be found in the *2007 ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers* and the *ASEAN Consensus on the Promotion of the Rights of Migrant Workers* signed in 2017. However, migrant workers remain a major issue within the region. Human trafficking remains pervasive in the CLMV countries (UNODC, 2017). The ILO Triangle in ASEAN programme adopts a tripartite approach in rendering technical support to maximise the contribution of labour migration to equitable, inclusive and stable growth in ASEAN.

With ASEAN economic integration, matching the demand and supply of skilled labour within the region becomes ever pressing. While some AMS, such as Singapore, actively track and forecast skilled labour needs in the various economic sectors, others, such as Thailand, take a far more limited approach. Both host and supplying countries would need to address migration-related issues, including setting comprehensive labour and social policies to protect the interest of migrant workers.

COVID-19 has also brought migrant workers issues in the region to the forefront. For instance, in Malaysia, undocumented workers avoid seeking treatment for fear of being arrested for immigration violations (ILO APRO, 2020). In Singapore, its "gold-standard" COVID response was negated by the spotlight in the living conditions of migrant workers.

International and regional collaboration are vital in establishing fundamental rights for migrant workers and regulating the intermediaries of worker migration to prevent human rights abuse. Within ASEAN, providing access to recourse, pre-departure orientations, prohibition of overcharging of recruitment fees are some of the agreed actions to be taken by AMS. There have also been several agreements among AMS host and supplying countries on the establishment of one-channel systems. Indonesia, for instance, holds MOUs with Malaysia, Jordan and Saudi Arabia on fundamental rights for Indonesian workers and leverages on its labour attaches in embassies to support Indonesian workers in host countries.

Pressure from MNEs and other regions have compelled AMS to toughen its stance on policies on migrant workers. Some examples include the boycott of Malaysian palm oil by the European Union and the restrictions of trade arising from Thailand's treatment of fishery migrant workers. There are also signs of greater MNE attention on human rights abuses among migrant workers. For instance, Tesco's independent human rights consultancy and information from its suppliers pointed to abuses to migrant workers' rights in Tesco sites in Malaysia and Thailand (Lee, 2020). Given that Malaysia, Singapore and Thailand host 96 percent of the total number of migrant workers in ASEAN, or 6.5 million people (Testaverde, Moroz, Hollweg, & Schmillen, 2017), targeted efforts in these host countries may be vital to bring about improvements in migrant workers welfare.

The loosely regulated recruitment of migrant workers within and into the region continues to be putting them in precarity. Besides high recruitment fees paid by migrant workers to gain access to employment, lack of effective regulation and enforcement may lead to irregular workers without proper documentation, and who tend to earn less, suffer from poor employment conditions, and have limited labour rights (ILO, 2020).

Key Priority Area 7: Sustainable Development

1) **Enterprises/establishments should adopt environmentally sustainable systems and practices including efficient management of resources, sustainable production, and environmentally-sound management of wastes, collaboration with local communities and governments in order to prevent or minimize their adverse impacts on human health and the environment and to support social progress.**

2) Enterprises/establishments should contribute to the fulfilment of relevant Sustainable Development Goals.

Given the sustained increase in Foreign Direct Investments (FDI) and increased ASEAN economic integration, ASEAN has seen income levels rise over the years, but the economic (and social) outcomes might not be equitable across all AMS (Tay & Tijaja, 2017). In 2019, ASEAN launched the ASEAN Centre for Sustainable Development Studies and Dialogue (ACSDSD) and is on track to eliminate absolute poverty by 2030 (IMF, 2018). The ASEAN Community Vision 2025 acknowledges the alignment of ASEAN's community building efforts with the UN 2030 Agenda for Sustainable Development in improving living standards.

The lack of a monitoring mechanism on sustainable development issues at the regional level restricts a coordinated effort at the regional level. While the ASEAN State of Environment Reports provide an overview of sustainability development issues in the region, the reliance of AMS in managing their own state of affair constricts the potential synergy for ASEAN to identify risks and mitigate challenges.

Failure to address sustainable development challenges could result in punitive economic sanctions and harm bilateral relations. Despite Malaysia's proactive stance towards mandating its oil palm cultivators and producers to be certified under the Malaysian Sustainable Palm Oil standard, concerns on deforestation and environmental harm led the issuance of the EU's Renewable Energy Directive (RED) II of 2018 to phase out the use of palm oil in transportation fuel by 2030. The haze situation arising from forest burning in Indonesia continues to persist and strains bilateral ties with AMS even as efforts were centred on environmental ministers and affected AMS, and the ASEAN Agreement on Transboundary Haze Pollution (Tay & Tijaja, 2017).

According to a study conducted by UN ESCAP in 2019, Asia Pacific region is unlikely to achieve the Sustainable Development Goals (SDGs) set for 2030. It is also clear that the decent work agenda had regressed and steps has to be taken to achieve improvements.

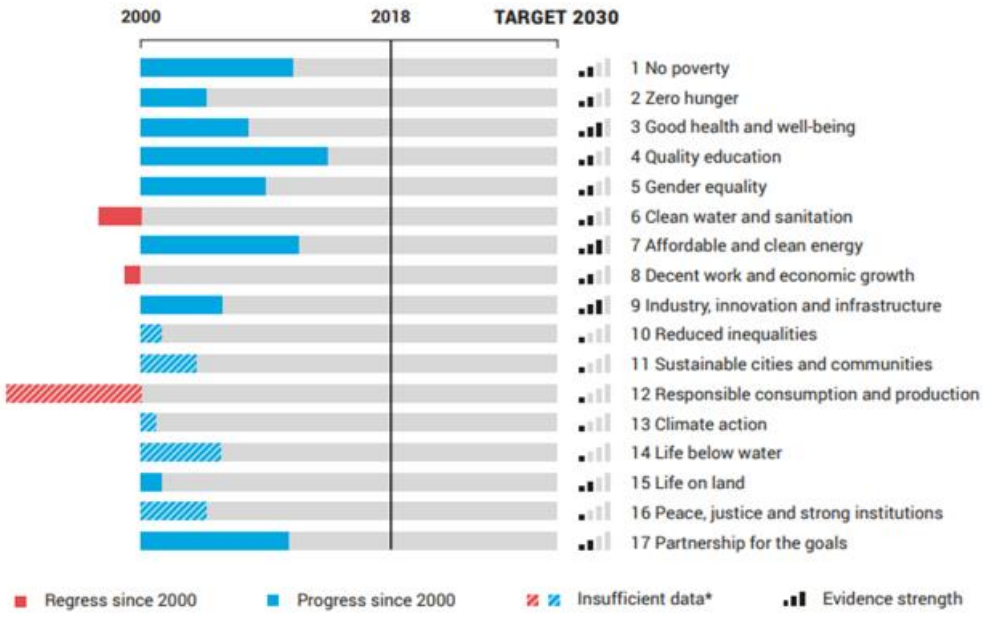

Figure 1 – Snapshot of SDG progress in 2018: Asia-Pacific region