

Opening Remarks
OECD-ESCAP Regional Conference on Corporate Responsibility
on “Why Responsibility Business Conduct Matter”
by

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Chair of the Conference
Executive Secretary of ESCAP
Honorable guests, ladies and gentlemen

I am very glad to be given this opportunity to present my opening remarks for OECD-ESCAP Regional Conference on Corporate Responsibility under the theme “Why Responsibility Business Conduct Matter” which is organized by the Organization for Economic Co-operation and Development or OECD and the United Nations Economic and Social Commission for Asia and the Pacific or ESCAP. On behalf of the Thai government, I would like to say “Good Morning” to welcome all of you here.

This conference is so crucial in terms of timing and global situation in which many believe has gone through the most critical point and many have demanded for preventive measures against future crisis. Global economic and financial crises are mostly the negative consequences of business sectors and this has impacts to other elements of the society, for example unemployment, poverty, household debts and environment problem. In order to manage this complex issue, co-operation from all sectors, particularly the business counterparts is required to solve and prevent the repetition. The concept of Corporate Social Responsibility (CSR) hence plays a significant role as a measure and an approach for the business parties to voluntarily conduct activities which is beneficial to the society and, therefore creates growth in a sustainable manner.

I would like to refer CSR’s definition from the Manual on the Entrepreneur’s Corporate Social Responsibility published by the Ministry of Social Development and Human Security. CSR covers the activities conducted both inside and outside of the organization by its own or other resources which consider impacts towards the whole society at short and long terms and aspire for peaceful society. From this definition, CSR will not place a heavier burden but will assist the businesses to carry out their activities as appropriate. Quoted from the former United Nations Secretary-General, Mr. Kofi Annan in regards to CSR, “We are not asking the business to divert from business as usual but only to do it in a different way.”

CSR is not only beneficial to the society but also to the business sector in a long run. It can promote positive image of the business to the customers, enhance the competitive capacity and access to funding due to the increased credibility, generate value added to the products, maintain human resources, create branding, and so much more. All of these will promote sustainable growth for the businesses at longer terms and will function as a preventive mechanism to any future economic crisis.

In Thailand, the concept of CSR has long integrated into the Thai business conducts such as merit making, charitable donation or volunteers in public affairs. However, we did not refer to them as CSR. In order to consolidate those activities and recognize the importance of CSR,

the Thai government has established Corporate Social Responsibility Center since 2007 under the supervision of the Ministry of Social Development and Human Security. The Center has the main mandate to promote and support the participation of business sectors in social responsibility, and improve overall CSR in Thailand based on related principles and international standards, namely the UN Global Compact, the OECD Guidelines and the Global Reporting Initiative or GRI. Moreover, the Thai government has supported the implementation of ISO 26000 which will be distributed in 2010 as a standard for both business and government conducts. The government will consider the CSR on the voluntary basis of each organization in applying this standard.

Apart from that, the Thai government through the Ministry of Social Development and Human Security has campaigned on knowledge building and mutual understanding by increasing channel to access information, public relations, and exchange of CSR lesson learnt to promote CSR activities by organizing forum or seminar and exhibitions among domestic and international networks, creating a website and CSR database, as well as incentive measures like juristic person's tax reduction, award praising businesses which conduct CSR for the society; annual competition of business for disabled persons, for instance. At present, the Ministry together with Thaipat Institute is working on the policy proposal and integrative framework on CSR for Thailand so that this task is carried out at the same direction.

At the regional level, the APEC Symposium on Enhancing Public-Private Partnership to Foster Corporate Social Responsibility organized in October 2009 in Vietnam, in which the Thai government also participated, presented the important recommendations in promoting CSR. Those include the leadership from the state sectors to conduct CSR activities as an example for the business sectors, the enhancement of partnership between government and private sectors by co-organizing activities, the monitoring and evaluations of regulations' enforcement and the increased role of APEC to support the exchange of best practices. Besides the Association of Southeast Asian Nations or ASEAN has realized the importance of CSR by determining CSR as an agenda under ASEAN Socio and Cultural Community towards the establishment of ASEAN Community in 2015 which will set a strategy for the businesses to integrate CSR activities into their business plan so as to promote sustainable economic and social development among member countries. The crucial plan of action here is an attempt to formulate CSR public policies at the regional level by 2010 in which the member countries can refer to. In this regards, the Ministry of Social Development and Human Security is designated as a responsible agency for Thailand in order to coordinate with the networks and promote CSR activities in the region. This is very important to cultivate a society of caring, a true ASEAN Community.

Nevertheless, given the endeavor to promote CSR both in the business and state sectors, businesses at the community level are still not really aware of CSR and somehow there are still misunderstandings. The challenges and recommendations, though identified and known of, should be addressed again here to seriously promote CSR activities:

- 1) A lack of inclusive definition and understanding of CSR both at the state and business sectors in which CSR activities are perceived as extra cost. In reality, CSR should be considered as long terms investment similar with the concept of human resources development. The definition of CSR oftentimes is viewed as social involvement on "charity" to the needy and less opportune. In fact, CSR includes elements inside and outside of the organization, such as accurate tax payment or good governance system, ecological friendly production process

adjustments by reducing carbon monoxide emission, for example. The clear role of concerned government agencies and international organizations, together with a strong political determination in promoting and exchanging best practices are the indispensable matter towards the same direction in campaigning for CSR among business sectors at community and international levels.

2) The government should take a lead in encouraging the companies to apply CSR by using incentive measures as the activities are on the voluntary basis. However, many countries are improving their incentives measures so that these can be more effective. Exchange of best practices among member countries and consultation with business sectors will make CSR more effective and widely applicable.

3) The businesses are facing with global crisis, namely the economic crisis and climate change impact in which budget for CSR activities is always the first to be cut. In fact, at the 6th CSR Asia Summit 2008 in Thailand, most experts have supported the businesses to continue their CSR activities because these will promote their images, increase competitive capacity and branding imprints, especially during the economic crisis. Thus the businesses should continuously conduct CSR activities which are creative and beneficial to the society as this will assist the businesses themselves in sustaining the crisis and gaining long terms' advantages.

) The countries should not use CSR as a strict trade barrier. If not, the trading partners such as those developing countries or least developed ones will be at a disadvantage in their production which will need highly advanced technology and cost in order to comply with the set standards. On the other hand, the business or advanced countries should help promote and develop the capacity for business counterparts in these developing countries so that they are able to carry out CSR activities as per the standards and eventually will become good and loyal trading partners at the long run. The international organization, such as ESCAP and OECD should also promote cooperation and exchange of knowledge and best practices among all related sectors, as well as support on research and CSR activities reporting.

I would like to emphasize here that the set standards are not to guarantee the success without serious implementation from all concerned parties. The Thai government is willing and ready to work with all networks to achieve the desired goal and to adhere to international agreements ratified at the international stage.

At last, I would like to express my sincere appreciation to ESCAP and OECD for organizing such a beneficial conference. I do believe we will accomplish the satisfactory result and the goal of this conference. On behalf of the Thai government, I would like to wish you a warm stay in Thailand and to invite all of you to visit many attractions and support locally-made products and services. I hope you will receive the warmth of Siam smiles before a safe return to your home countries.

Thank you very much.