

POSITION AND ACTION PAPER ON CORPORATE SOCIAL RESPONSIBILITY ASEAN TRADE UNION COUNCIL (ATUC)¹

A. OBJECTIVE OF THE PAPER

1. Corporate social responsibility (CSR) was originally conceived as a type of international private business self-regulation which companies and enterprises do on a voluntary basis. Associated with corporate ethics at enterprise or industry levels, CSR is sometimes interchangeably referred to as corporate sustainability, sustainable business, corporate conscience, corporate citizenship or responsible business. Various successful CSR activities can be seen worldwide. Yet the very concept of CSR continues to raise concerns, especially among trade unions, such as the possibility that it may undermine, substitute or replace labour standards and industrial relations institutions including collective bargaining. These concerns primarily stem from the nature of CSR as a voluntary, employer-driven initiative. Trade unions generally do not see themselves as having an equal role in formulating and implementing CSR programs.
2. In ASEAN, a recent development on CSR is the adoption of the *ASEAN Guidelines for Corporate Social Responsibility on Labour*² which aims to develop an *ASEAN CSR Model on Labour*. The objective of this Paper is to present the stand of ATUC as well as the actions it intends to pursue in relation to this recent development and to CSR in general.

B. PREMISES AND CONTEXT

3. International development institutions have substantively similar definitions of CSR. According to the World Bank (2004), CSR is the commitment of business to contribute to sustainable economic development by working with employees, their families, the local community, and society at large to improve quality of life in ways that are both good for business and good for development.³ For the

¹ Prepared by Atty. Benedicto Ernesto R. Bitonio Jr. (Philippines), Consultant, with the support of the LO/FTF Council through the International Trade Union Confederation – Asia Pacific (ITUC-AP). ATUC is a regional grouping of 18 national labor centers in nine (9) ASEAN member states except Brunei but including Timor Leste. Representing 13 million members, it was established in 1983 in Manila to collectively represent voices and interests of workers in the ASEAN process. Its member organisations are Cambodia Confederation of Labour (CLC); Cambodia Confederation of Trade Unions (CCTU); Cambodia Confederation of Unions (CCU); Confederation of Indonesian Trade Union (K-SPI/CITU); Confederation of All Indonesian Trade Union (K-SPSI); Confederation of Indonesia Prosperity Trade Union (K-SBSI); Lao Federation of Trade Unions (LFTU); Malaysian Trades Union Congress (MTUC); Confederation of Trade Unions Myanmar (CTUM); Federation of Free Workers (FFW); National Trade Union Center Philippines (NTUCPhl); Singapore National Trades Union Congress (SNTUC); Labour Confederation of Thailand (LCT); Thai Trade Union Congress (TTUC); State Enterprises Workers' Relations Confederation (SERC); National Congress of Private Industrial Employees (NCPE); Timor Leste Trade Union Council (TLTUC); and Vietnam General Confederation of Labor (VGCL).

² Adopted 15 May 2016, 24th ASEAN Labour Ministers Meeting, Vientiane, Lao PDR.

³ According to the World Bank, many businesses in emerging markets are realizing benefits from CSR-based initiatives, including improvements in revenue, market access, productivity, and risk management. Governments are beginning to view CSR as a cost-effective means of enhancing sustainable development strategies and as a component of their national competitiveness strategies for attracting foreign direct investment inflows and positioning their exports globally. The public sector has a significant opportunity to harness business enthusiasm for CSR so as to help improve poverty-focused fulfillment of public policy goals. The challenge today for public sector bodies in developing countries is to identify CSR priorities and incentives that are meaningful in the national context and to work to strengthen appropriate local initiatives.

Promoting corporate governance and corporate environmental and social responsibility is essential to our work in support of a good climate for private investment. For example, we help client countries review their corporate governance practices, using the Principles of Corporate Governance of the Organisation for Economic Co-operation and Development (OECD) as a benchmark. To date, we have completed corporate governance assessments for countries on five continents, including Brazil,

European Commission (2011), CSR is the responsibility of enterprises for their impacts on society. CSR concerns actions by companies over and above their legal obligations towards society and the environment. Certain regulatory measures create an environment more conducive to enterprises voluntarily meeting their social responsibilities. Grameen Bank talks of CSR as businesses trying to do good to people while conducting their business, that is, following the triple bottom lines of financial, social and environmental benefits. Business for Social Responsibility (2006) describes CSR as achieving commercial success in ways that honor ethical values and respect people, communities and natural environment.

4. For purposes of this Paper, the definition of CSR by the International Labour Organization (ILO) will be largely used. CSR is a way in which enterprises 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 sectors. It is a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law. Thus, CSR must a) be voluntary through which enterprises voluntarily adopt socially responsible conduct by going beyond their legal obligations; b) be an integral part of company management; c) be systematic not occasional; d) be linked with sustainable development; and e) not be a substitute for the role of government or for collective bargaining or industrial relations.⁴ What sets the ILO definition apart from others is that labour dimension is included among the essential characteristics, that is, the regulatory role of government in labour standard-setting and enforcement and the importance of collective bargaining.
5. Since it adopted the *Tripartite Declaration of Principles concerning Multinational Enterprises (MNE) and Social Policy* in 1977, the ILO has been advocating for multinational and national enterprises, along with governments and workers' organizations, to take a more proactive stance in promoting respect for labour standards and the welfare of workers, particularly in the areas of employment, training, conditions of work and life, industrial relations and social policies. The 5th edition of the *MNE Declaration*, issued in 2017, reiterated the need to give more attention to these areas in the context of the fundamental principles and rights at work. In the course of promoting the *MNE Declaration*, the ILO in 2006 recognized the emergence of CSR and formulated its definition of the concept, as stated above.
6. In 2011, the UN Human Rights Council endorsed the *UN Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework*.⁵ The *Guiding Principles* are grounded in

Georgia, India, the Philippines, Poland, and Turkey. With the OECD, we organize Regional Roundtables on corporate governance to disseminate best practices and increase the ownership of reform in developing countries and transition economies. We have also launched the Global Corporate Governance Forum, a multidonor trust fund, to spread information on best practices, foster academic research, and provide co-financing for follow-up operations that build on diagnostic work.

The World Bank's CSR Practice, part of its Investment Climate Department, focuses on building public sector understanding of CSR incentives and pressure points and on improving strategic interactions. We provide a country- and sector-specific diagnostic designed to help developing-country governments work more effectively with business on this issue, to use CSR more strategically in development plans, and to take advantage of dynamic linkages between regulation and CSR-based voluntary approaches. (<http://siteresources.worldbank.org/ESSDNETWORK/Resources/481106-1129303936381/1777397-1129303967165/chapter4.html>)

⁴ ILO Governing Body, 2006.

⁵ UN Human Rights Council Resolution 17/4, 16 June 2011.

the recognition of: (a) States' existing obligations to respect, protect and fulfil human rights and fundamental freedoms; (b) the role of business enterprises as specialized organs of society performing specialized functions, required to comply with all applicable laws and to respect human rights; (c) the need for rights and obligations to be matched to appropriate and effective judicial and non-judicial remedies when breached.⁶

7. In 2016, ASEAN adopted the *ASEAN Guidelines for CSR on Labour*. Among others, the *Guidelines* incorporates by reference several existing international instruments.⁷ Using the ILO's definition of CSR,⁸ the *Guidelines* seeks to encourage, in line with national circumstances, ASEAN governments, enterprises/establishments, employers' organisations and workers' organisations to raise awareness of CSR among enterprises/ establishments; continuously and proactively encourage enterprises/establishments to incorporate CSR initiatives, human rights and decent work in their business practices; promote compliance of core labour standards set forth in the national labour laws, ILO Conventions and other relevant international instruments; promote social dialogue at all levels; and strengthen industrial relations.⁹ Among the international instruments incorporated in the *ASEAN Guidelines* are the core ILO conventions and other instruments pertaining to social security, OSH and migrant labour, and the *MNE Declaration*; human rights documents such as the *UN Guiding Principles on Business and Human Rights*; and social accountability documents such as the *UN Global Compact Initiative* which includes commitments on human rights, labour, the environment and anti-corruption¹⁰ and *ISO 26000 on Guidance on Social Responsibility* (2010) which

⁶ https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf. Accessed 17 December 2018.

⁷ III. No. 7, *idem*. This ASEAN Guidelines for CSR on Labour makes reference to the following relevant international and regional instruments:

- 7.1. Core labour standards concerning all forms of forced and compulsory labour (i.e. ILO Conventions No. 29 and 105); freedom of association and the effective recognition of the right to collective bargaining (i.e. ILO Conventions No. 87 and 98); elimination of discrimination in respect of employment and occupation (i.e. ILO Conventions No. 100 and 111); and abolition of child labour (i.e. ILO Conventions No. 138 and 182);
- 7.2. Other labour standards regarding occupational safety and health (i.e. ILO Conventions No. 155, 161 and 187); standards on social security (i.e. ILO Convention No. 102); and migrant labour (i.e. ILO Conventions 21, 97 and 143);
- 7.3. ILO Declaration on Fundamental Principles and Rights at Work (1998);
- 7.4. Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (2006);
- 7.5. UN Guiding Principles on Business and Human Rights (2011);
- 7.6. UN Global Compact (2008);
- 7.7. ISO 26000 on Guidance on Social Responsibility (2010);
- 7.8. ASEAN Human Rights Declaration (2014);
- 7.9. ASEAN Guidelines on Good Industrial Relations Practices (2012); and
- 7.10. ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Labour (2007).

⁸ No. V, *ASEAN Guidelines on CSR*.

⁹ No. 6, *idem*. This ASEAN Guidelines for CSR on Labour aims to serve as guidelines for the governments, enterprises/ establishments, employers' organisations and workers' organisations in ASEAN Member States, in line with national circumstances, to:

- 6.1. Raise awareness of CSR among enterprises/ establishments in ASEAN Member States for the benefit of the peoples;
- 6.2. Continuously and proactively encourage enterprises/establishments to incorporate CSR initiatives, human rights and decent work in their business practices;
- 6.3. Promote compliance of core labour standards set forth in the national labour laws, ILO Conventions and other relevant international instruments; and
- 6.4. Promote social dialogue among governments, employers' organisations and workers' organisations at all levels, and strengthen industrial relations

¹⁰ <https://www.unglobalcompact.org/what-is-gc/mission/principles>. The Global Compact has ten principles, grouped into four, as follows:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

identifies seven core areas, namely organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues, and community involvement and development.¹¹ The *Guidelines* further incorporates the *ASEAN Human Rights Declaration* (2014); the *ASEAN Guidelines on Good Industrial Relations Practices* (2012); and the *ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Labour* (2007). In all, the *Guidelines* aims to be an integrative document that seeks to promote the principles of accountability, transparency, ethical behavior, and respect for international labour standards, stakeholder's interests and human rights.¹² Thus, the priority areas of the *Guidelines* are elimination of forced labour and child labour; employment and employment relationship; human resources development and training; conditions of work and life; industrial relations; migrant workers; and sustainable development.¹³

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

¹¹ Organisation Internationale de Normalisation.
https://www.iso.org/files/live/sites/isoorg/files/archive/pdf/en/sr_7_core_subjects.pdf.

¹² IV. No. 8, *ASEAN Guidelines*.

¹³ No. 11-17, *idem*.

11. Forced Labour and Child Labour

11.1. Enterprises/establishments should not engage in, benefit from or support the use of forced labour in any form, including labour trafficking

11.2. Enterprises/establishments should respect the minimum age for admission to employment in order to support abolition of child labour.

11.3. 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.

12. Employment and Employment Relationship

12.1. 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.

12.2. Enterprises/establishments should not benefit from unfair, exploitative or abusive labour practices of their partners, suppliers, or sub-contractors.

13. Human Resources Development and Training

13.1. 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.

13.2. Enterprises/establishments should promote hiring workers from the vulnerable sector (e.g. out-of-school youth, persons with disabilities).

14. Conditions of Work and Life

14.1. Enterprises/establishments should provide the best possible wages, benefits, conditions of work, and sustainable social security for workers, as prescribed by law (or beyond).

14.2. Enterprises/establishments should provide the highest standards of safety and health for their workers, and prevent hazards and reduce risk factors at work as prescribed by law or beyond.

15. Industrial Relations

15.1. Enterprises/establishments should promote sound industrial relations through effective social dialogue, tripartite partnerships, and bipartite cooperation in the workplace.

15.2. Enterprises/establishments should respect workers' rights to freedom of association, and the independence of workers' organisations in selecting representatives and collective bargaining.

15.3. 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.

16. Migrant Workers

16.1. Enterprises/establishments should treat migrant workers with respect and dignity and without discrimination, exploitation, abuse, or violence.

C. ENABLING CONDITIONS TO MAKE CSR FEASIBLE

8. Consistent with its pioneering advocacy for an *ASEAN Social Charter*,¹⁴ ATUC remains firm in its commitment that rights and obligations founded on international labour standards and human rights, as well as on national legislations aligned with international standards, constitute the enabling pre-conditions to attain social justice and decent work. In relation to CSR, ATUC is deeply sensitive to the persistent issues that the very concept of CSR raises. In its recent Leaders' Meeting,¹⁵ some ATUC affiliates expressed their continuing concerns that many employers, intending to maximize profits, have yet to demonstrate genuine commitment to comply with minimum labour standards. Other affiliates expressed reservations on the motives, commitment and good faith of employers which implement CSR projects. Nevertheless, in the context of social justice and decent work, ATUC collectively declared its openness to constructively engage and collaborate with businesses, governments and all stakeholders in realizing all the commitments embodied in the *ASEAN Guidelines* only to the extent that this is compatible with fundamental instruments on labour, human rights and good business practices.¹⁶
9. At present, ATUC has not been a direct participant to any actual CSR project at the ASEAN level. But at least one ATUC national affiliate, the Federation of Free Workers (FFW) in the Philippines, has completed the initial phase of a project undertaken jointly with the Employers Confederation of the Philippines (ECOP) called *Principles-Based, Inclusive and Business Sustainable Corporate Social Responsibility*.¹⁷ Supported by the Danish Trade Union Council for International Development Cooperation (LO-FTF Council), the project has the immediate objectives of a) increasing awareness among labour market actors (state, employers and trade unions) of the benefits of sound national and sectoral CSR policies and strategies for a rights-based economic and social development; and b) developing a rights-based and business-promoting CSR guidelines by major employer and trade union organisations in the Philippines particularly in the plastics and electronics industry.¹⁸ The initial phase of the project consisted of roundtable discussions and seminars to promote CSR and a risk assessment participated in by several companies affiliated with ECOP based on the indicators of the *Global Compact Initiative*. Initial results show, among others, that while several CSR programs are already

16.2. Enterprises/establishments should protect and promote the fundamental human rights of migrant workers including employment protection, payment of wages, social security, occupational safety and health, access to decent working and living conditions, and access to information and training.

17. Sustainable Development

17.1. 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.

17.2. Enterprises/establishments should contribute to the fulfillment of relevant Sustainable Development Goals.

¹⁴ Signed in 2003 with ATUC among the original parties and signatories.

¹⁵ Held on 24-25 November 2018 in Bali, Indonesia.

¹⁶ Held on 24-25 November 2018 in Bali, Indonesia.

¹⁷ FFW/ECOP/LO-FTF Council Project on promoting *Principles-Based, Inclusive and Business Sustainable Corporate Social Responsibility Approach*, Partners' Progress Report (January-June 2017 and July-December 2017).

¹⁸ FFW/ECOP/LO-FTF Council Project on promoting *Principles-Based, Inclusive and Business Sustainable Corporate Social Responsibility Approach*, Partners' Quarterly Progress Report (July-December 2017).

in place, these are mostly philanthropic in nature, and the transition towards "rights-based and inclusive" CSR programs that are embedded in business operations will be a long and arduous effort. One participating company argued for a CSR brand that is "external" where the company's CSR Department is tasked to develop CSR programmes focused on helping the community. The company's management opposed the project's concept of a "rights-based and inclusive CSR" as workers' and workplace issues are already under the purview of their HR Department and its work on "labor relations." At the national level, on the other hand, there seems to be a positive atmosphere for promoting CSR programs although most companies, particularly the small and medium-scale enterprises, are still in a state of confusion and are yet unable to differentiate the philanthropic CSR from that espoused by the international development agencies and by the on-going FFW/ECOP/LO-FTF cooperation project.¹⁹

10. As formulated, the *ASEAN Guidelines* is a formal encouragement addressed to national governments, employers' organizations and the business sector, and workers' organizations to take the initiative in undertaking CSR programs and projects. So far, there is no known program, project or any initiative yet under the *Guidelines*, whether at the regional or national level, much less a specific initiative to concretize an *ASEAN CSR Model on Labour*. Noteworthy is that the *Guidelines* makes no distinction between the duty of employers to comply with legal obligations arising from the fundamental principles and rights at work and labour standards on one hand, and voluntary actions which are above and beyond legal obligations, on the other. This absence of a distinction seems to mirror the observation made in the FFW/ECOP/LO-FTF project in relation to enterprise-based CSR programs, that is, most companies are still in a state of confusion and are yet unable to differentiate the purely philanthropic CSR from that espoused by the international development agencies.
11. The primary responsibility in operationalizing the *ASEAN Guidelines* – or initiating specific CSR programs or projects for that matter – rests with employers and business. But it is a shared responsibility of the social partners and of the government to ensure that trade unions are effectively represented and are able to actively participate in any effort to develop an *ASEAN CSR Model on Labour*. While trade unions cannot be expected to initiate CSR programs or projects, ATUC's position on CSR matters is that such matters will be subsumed under a two-pronged strategy. On one hand, independently of the *Guidelines* or any other government-led or employer-led CSR initiative, ATUC will continue to pursue its standing advocacies and platforms for social justice and decent work - in particular upholding the decent work pillars of employment creation, rights at work, social protection and social dialogue – that are built on international labour standards, the fundamental principles and rights at work, relevant national standards, and the ASEAN Social Charter. On the other hand, pursuing its platforms and advocacies independently will continuously strengthen ATUC's readiness to meaningfully collaborate and engage on an equal footing with employers and governments on the objectives of the *Guidelines* and other CSR initiatives, including the development of an *ASEAN CSR Model on Labour*. This position is predicated on the understanding

¹⁹ *Idem*.

that CSR is not purely philanthropy but is one that is made possible only if fundamental principles and rights at work and labour standards are first promoted, protected and respected.

12. Accordingly, ATUC engagement on CSR is predicated on six baseline principles:
 - The concept of CSR as defined by the ILO is the minimum starting point of collaboration and engagement on the development of an *ASEAN CSR Model on Labour*.
 - Promotion and respect of international labour standards, the fundamental principles and rights at work, and decent work principles are the enabling pre-conditions for every CSR initiative on labour and employment.
 - Affirmation of the rights-based approach on matters of labour and employment and that this approach subsumes and cannot be substituted by a CSR model on labour.
 - Commitment of all ASEAN stakeholders to continually strengthen national and regional governance systems on labour and employment.
 - Adoption of results-based plans of action at the national and regional levels where the advancement of rights at work, governance and social accountability are the prerequisites for every CSR model on labour and employment.
 - Development of a monitoring, reporting and follow-up mechanism that includes specific, measurable and time-bound indicators on rights at work, governance and social accountability and their overall impact on the promotion of decent work and social justice.
13. On the first principle, the ILO definition of CSR is different from other definitions because of its explicit recognition that CSR is not a substitute for legal obligations and for the role of government and of collective bargaining or industrial relations. Recognition of these two elements is necessary to steer the concept of CSR on labour and employment away from pure philanthropy that is the sole prerogative of business, to one invested with a mission not only to promote corporate or business responsibility but more importantly accountability and cooperation between and among social partners to achieve shared societal values and goals.
14. On the second principle, all CSR initiatives on labour and employment shall have, as controlling points of reference, international labour standards particularly the core labour standards and decent work principles. Tripartism and social dialogue are the cross-cutting implementing strategies. In this regard, ATUC takes the phrase *ASEAN CSR Model on Labour* as descriptive of a geographical grouping of States which, because of their different cultural, political, social and economic circumstances, are faced with different challenges in terms of promoting international labour standards and achieving

the goals of decent work. That CSR is given a regional dimension serves only to affirm international labour standards as a core value in the region, and cannot be understood as implying or calling for a set of parallel regional labour standards that is distinct from or in derogation of international labour standards.

15. On the third principle, since CSR refers to initiatives that are over and above compliance with legal obligations, it can only be a derivative of but cannot substitute or supplant the rights-based approach. In this regard, international labour standards, labour laws and institutions governing employment and industrial relations are the basic and indispensable foundations that make CSR feasible. ATUC does recognize that the *ASEAN Guidelines* incorporate UN and ILO instruments and conventions that have binding and obligatory character. On the other hand, the *ASEAN CSR Model on Labour* as conceptualized in the *Guidelines* also covers the priority areas of forced labour and child labour; employment and employment relationship; human resources development and training; conditions of work and life; industrial relations; migrant workers; and sustainable development. At their face value, ATUC welcomes the expressions of commitment to international instruments and to address the priority areas. But two points must be emphasized:

- There should be no confusion that CSR consisting of voluntary employer-driven initiatives are distinct and separate from legally binding obligations particularly those covered by international standards and national laws. ATUC expresses concern that the priority areas specified in the *ASEAN CSR Model on Labour* are couched in aspirational and promotional language, merely reminding enterprises that they should endeavour to protect and promote the rights of workers in these areas based on their national circumstances. ATUC makes it clear that the rights of workers in these areas are never meant to be achieved on a “best-effort” basis. These are legally binding and enforceable rights. Dilution of these rights undermine the rights-based approach which is the essence of national, regional and multilateral systems of governance. In turn, without a rights-based approach, voluntary initiatives cannot succeed. Especially in an integrating world, it is the obligation of States, singly and together, to ensure that appropriate, effective and fully functioning non-judicial and judicial mechanisms exist to ensure that rights are effectively enjoyed and enforced. Inasmuch as the *ASEAN Guidelines* also refers to migrant workers, these mechanisms should also be equally accessible in the States of destination of migrant workers.
- The priority areas identified in the *ASEAN CSR Model on Labour* mirror the priority areas in the *MNE Declaration*. It should be noted that the strategy behind the *MNE Declaration* is to mobilize multinational enterprises to undertake trans-national actions on these areas. Taking all the other provisions of the *Guidelines*, however, action on the priority areas of the *ASEAN CSR Model on Labour* does not appear to have the trans-national orientation of the *MNE Declaration* and is ultimately left to individual States. The model tends to highlight differences in national circumstances and constraints against working together rather than on regional commonalities. Thus, unless proactive measures operative at the regional level are in place,

there is a risk that the implementation of the *Guidelines* can become more of an exercise of national sovereignty, which can be done even without guidelines, than an effort toward regional cooperation and interdependence.

16. On the fourth principle, a rights-based approach cannot succeed without strong governance.²⁰ A document not mentioned in the *Guidelines* is the Worldwide Governance Indicators (WGI), which looks at six dimensions of governance, namely voice and accountability; political stability and absence of violence; government effectiveness; regulatory quality; rule of law; and control of corruption. Each of these dimensions have counterpart compliance indicators on labour, as shown in Table 1 below. The WGI emphasizes the crucial role of unions, the need to meet workers' expectations on wages, the importance of effective regulations and labour administration institutions including a trustworthy inspectorate, and effective labour dispute resolution institutions in promoting governance. The idea of an *ASEAN CSR Model on Labour* is viable only if underpinned by effective and stable labour governance institutions that actually bring about concrete outcomes.

TABLE 1. Dimensions of governance and labour compliance indicators.

WGI Indicator	Measures	Labor Compliance Indicators
Voice and Accountability	Extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media	Workers' ability to form unions and express concerns about their working conditions
Political Stability and Absence of Violence	Perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism	Unrest, protests, riots caused by unmet worker expectations and needs, e.g., minimum wage
Government Effectiveness	Quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies	Existence of a Department/Ministry of Labor and other relevant institutions that establish and maintain rules regarding working conditions and that provide work-related services
Regulatory Quality	Ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development	Promulgation of labor laws and related business laws

²⁰Governance consists of the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored and replaced; the capacity of government to effectively implement and formulate sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them. <http://info.worldbank.org/governance/wgi/#home>.

Rule of Law	Extent to which agents have confidence in and abide by the rules of society, in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence	Effectiveness of labor laws; ability to seek redress for non-compliance with labor laws
Control of Corruption	Extent to which public power is exercised for private gain, including petty and grand forms of corruption, as well as “capture” of the state by elites and private interests	Prevalence of bribes to government labor inspectors or private social compliance auditors

17. On the fifth principle, ATUC’s readiness to engage with all stakeholders in the pursuit of an *ASEAN CSR Model on Labour* is predicated on a larger, rights-based framework committed to the rule of law and social accountability expressed not in their abstract and academic terms but as concrete and specific actions with measurable indicators and outcomes. The essential elements of CSR as defined by the ILO should be appropriately reformulated as part of these indicators. Further, the international instruments acknowledged in the *Guidelines*, in particular the *Global Compact Initiative* and *ISO 26100* specify the areas of social accountability. A similar system, *Social Accountability 8000*, gives social accountability a distinctly labour perspective by focusing on issues falling under the ILO’s fundamental principles and rights at work, namely elimination of child labor; elimination of forced or compulsory labor; protection of health and safety; protection and respect for freedom of association and right to collective bargaining; respect for equality and protection from discrimination; fair disciplinary practices; reasonable working hours; and fair remuneration. To ensure results, *SA 8000* also requires a management system within the enterprise to measure and monitor compliance.²¹ As these instruments are not self-implementing, there is a need for an implementing mechanism at both national and regional levels consisting of results-based plans of action, developed through social dialogue and tripartism, where CSR is recognized as a component of the larger effort to advance rights at work, governance and social accountability. This will ensure that an *ASEAN Model of CSR on Labour* is not a stand-alone initiative, but part of a larger ASEAN model of decent work, governance and social accountability.
18. Finally, the development of a common and shared monitoring, reporting and follow-up mechanism that includes specific, measurable and time-bound indicators on rights at work, governance and social accountability and their overall impact on the promotion of decent work and social justice. This mechanism requires gathering of relevant information and good practices, research and assessment of baseline conditions not only of CSR but also of the fundamental principles and rights at work at the national and regional levels. The follow-up mechanism should be a regular not a mere *ad hoc* mechanism with a tripartite structure and process. Reports and relevant information or action items generated should be part of the regular agenda of the ASEAN Senior Labour Officials Meeting (SLOM) and the ASEAN Labour Ministers

²¹ Social accountability International. <http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=1689>.

Meeting (ALMM). At the same time, measures should be taken to ensure that the substantive and procedural standards of the mechanism are consistent with the ILO's supervisory and follow-up mechanisms on international labour standards and the fundamental principles and rights at work.

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