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**A JOINT INITIATIVE OF ASEAN BUSINESS ADVISORY COUNCIL AND THE ASEAN CSR NETWORK To promote responsible business conduct in ASEAN to meet the objectives of the ASEAN 2025: Forging Ahead Together.**

## **CODE ON RESPONSIBLE AND INCLUSIVE BUSINESS**

### **1. Introduction / Objectives / Rationale**

1. This Code seeks to outline the expectations the ASEAN community has of businesses operating in the region, regardless of size, sector, ownership, structure and origin. While acknowledging that Small and Medium Enterprises (SMEs) may not have the same capacities as larger enterprises, the Code nevertheless encourage them to observe these Guidance to the fullest extent possible.
2. This Code draws inspiration and guidance from internationally-accepted standards on responsible and inclusive business, in particular the Sustainable Development Goals (SDGs), G20 Inclusive Business Framework, ISO26000 Guidance on Social Responsibility, UN Global Compact 10 Principles, UN Guiding Principles on Business and Human Rights, OECD Guidelines on MNEs, as well as ASEAN's documents, such as the ASEAN Human Rights Declaration, ASEAN CSR Guidelines on Labour, ASEAN Consensus on the Protection and Promotion of the Rights of Migrant Workers.
3. This Code does not seek to replace or reduce existing standards, but instead complement them by presenting the ASEAN perspective.
4. While it is intended to be a useful starting point for an understanding on responsible and inclusive business, companies are encouraged to conduct further stakeholder consultations and materiality assessments, as well as seek out other comprehensive international guidelines for specific issues material to their operations.

### **2. Definition of Responsible and Inclusive Business**

Responsible Business - adopts the definition of responsible business (or CSR) according to the ILO Governing Body (2006), which is 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<sup>1</sup>.

Inclusive Business – According to the G20 Framework, inclusive business provides goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people at the Base of the economic Pyramid, making them part of the value chain of companies' core business as suppliers, distributors, retailers, or customers. IB models combine economic growth and empowerment with positive social impact by providing income opportunities and affordable products and services to millions of people at the base of the economic pyramid.

Corporate Social Responsibility 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.

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<sup>1</sup> Taken from the ASEAN CSR Guidelines on Labour



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### 3. Principles for Responsible and Inclusive Business

Businesses should conduct themselves with the following principles for following right and good behavior:

1. Accountability
2. Transparency
3. Ethical Behaviour
4. Respect for stakeholder interests
5. Respect for the rule of law
6. Respect for international norms of behavior
7. Treat people with respect, dignity and fairness

### 4. Subject Areas for Responsible and Inclusive Business

Businesses should seek to contribute to achieving the United Nations 17 Sustainable Development Goals (SDGs).

That can be achieved with the following subject areas that businesses in ASEAN should address after engaging with stakeholders and based on materiality to the Organisation.

#### 1. Governance

Business should be committed to:

- Complying with the relevant national Code for Governance, as applicable
- Having a robust corporate governance structure that successfully integrates sustainability and integrates it into the business
- Effective management of sustainability through committed leadership, clear direction to implement sustainability strategies across the business

The Management will ensure that the business

- Recognises that successful integration and effective management of sustainability in a business requires clear direction, good leadership and strategic influence.
- Has accountability procedures that have been established and are communicated clearly, ensuring that sustainability is integrated with other business goals.
- Aligns its governance structures with its existing business models such that it is complementary, allowing for successful organizational structures that do not compete or create redundancy.

#### 2. Environment

Businesses should be committed to:

- Support a precautionary approach to environmental challenges;
- Undertake initiatives to promote greater environmental responsibility;
- Encourage the development and diffusion of environmentally friendly technologies.

The Management will ensure that the business reduces the environmental impact of the Company by:

- Developing and implementing awareness-raising activities and emergency response procedures to reduce and mitigate environmental, health and safety impacts caused by accidents
- Reducing materials, water and energy use
- Implementing sustainable procurement in its purchasing decisions



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- Assessing the environmental impact prior to the execution of a new project • Using environmentally sound technologies and practices
  - Continuously monitor and improve the environmental management
  - Raising the awareness of the climate change within the organisation and take steps to mitigate and adapt to counter negative effects.

### **3. Labour**

Businesses should be committed to:

- Uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Eliminate all forms of forced and compulsory labour;
- Eliminate child labour;
- Eliminate discrimination in respect of employment and occupation.

The Management will ensure that the business

- Recognises the importance of secure employment to both the individual worker and to Society.
- Ensures equal opportunities for all workers and not discriminate either directly or indirectly in any labour practice.
- Pays wages at least adequate for the needs of workers and their families.
- Respects the right of workers to adhere to normal or agreed working hours established in laws, regulations or collective agreements.
- Develops, implements and maintains an occupational health and safety policy based on the principle that strong safety and health standards and organizational performance are mutually supportive and reinforcing.

### **4. Anti-corruption**

Businesses should be committed to work against corruption in all its forms, including extortion and bribery.

### **5. Human Rights**

Businesses should be committed to:

- Support and respect the protection of internationally proclaimed human rights such as the UN Guiding Principles on Business and Human Rights;
- Ensure that they are not complicit in human rights abuses.

The Management will ensure that the business

- Respects all individual civil and political rights including life of individuals, freedom of opinion and expression, the right to own property and freedom of peaceful assembly and of association.
- Facilitates access to, and where possible providing support and facilities for, education and lifelong learning for community members.
- Regularly assesses the impact of its policies and activities on promotion of equal opportunities and non-discrimination.
- Do human rights due diligence through their value chain and have in place process for remedies for victims.



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## 6. Consumer Protection

Businesses should be committed to:

- Developing, strengthening and maintaining a strong consumer protection policy, and in doing so, set its own priorities for the protection of consumers in accordance with the economic, social and environmental circumstances

The Management will ensure that the business

- Recognises that consumer trust is a critical success factor for any business, and is a key route for building such success.
- Deals fairly and honestly with consumers at all stages of their relationship, so that it is an integral part of the business culture, and will avoid practices that harm consumers, particularly with respect to vulnerable and disadvantaged consumers.
- Will not subject consumers to illegal, unethical, discriminatory or deceptive practices, such as abusive marketing tactics, abusive debt collection or other improper behaviour that may pose unnecessary risks or harm consumers.
- Will protect the health and safety of consumers.
- Promote sustainable consumption.

## 7. Community Engagement and Development

Businesses should be committed to:

- Considering itself as part of the community and to contributing to the well being of the Community through wealth creation, decent work and adopting inclusive business practices.
- Adopting an external outlook and understand the social and environmental issues of most relevance to their business.
- Responsible business conduct, that achieves and promotes the Sustainable Development Goals and where businesses meet their “responsibility to respect” human rights as described by the UN Guiding Principles on Business and Human Rights.

The management will ensure that the business

- understand, engage in and act upon critical workplace, marketplace and environmental issues through community engagement, to address business objectives.
- Is a good neighbour, making positive contributions to the Community by supporting local initiatives and local enterprises.

## 5. Commitment and Continuous Improvement

Every employee in the business is expected to give their full commitment to the above principles in their activities at work. Partners, vendors and suppliers are also expected to respect such principles. The effectiveness of the Policy Statement will be reviewed at least annually by the Management to monitor the business’ continuous compliance with any relevant legislation and to identify areas in need of further improvement and revision.

## 6. Reporting and Communicating

The business will ensure that this Code and all related areas are communicated among individual staff as necessary. The business will ensure that there are appropriate reporting and accountability mechanisms in place within the organization. Businesses will share their sustainability reports with stakeholders.



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## 7. References

This Code for Responsible and Inclusive Business proposes the following relevant international and regional instruments as key references for responsible and inclusive business conduct:

- Universal Declaration of Human Rights (1948);
- ILO Declaration on Fundamental Principles and Rights at Work (1998);
- Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (2017);
- Ten Principles of the UN Global Compact (2008);
- UN Guiding Principles on Business & Human Rights (2011);
- ASEAN Human Rights Declaration (2012);
- Sustainable Development Goals (2015);
- G20 Inclusive Business Framework (2015)
- ASEAN Guidelines for CSR on Labour (2016);
- UN Convention Against Corruption
- ASEAN Consensus on the Protection and Promotion of the Rights of Migrant Workers (2017);
- ASEAN Inclusive Business Framework (2017);
- Other globally-recognised standards and principles on CSR, Responsible and Inclusive Business which include the ISO 26000 International Guidance on Social Responsibility (2010), OECD Guidelines for Multinational Enterprises (2011), Child Rights and Business Principles (2012), Women's Empowerment Principles (2010) and the Global Reporting Initiative (GRI).