

# ANNEXES

# Tokyo Workshop on “CSR in the Global Supply Chain”

15 May 2007

## I. Overview and Objectives

At the mid-point of the implementation of the project entitled “New Corporate Procurement Strategy on Trade in Goods and Services in APEC Region – Supply Chain Options with CSR Perspective,” when the initial draft cases were gathered, a workshop was organized in Tokyo on 15 May 2007, inviting 21 experts and observers from various APEC member economies with the following objectives:

1. To introduce the APEC project, and to obtain inputs and suggestions.
2. To deepen understanding of the relevant issues on CSR in the global supply chain.
3. To further discuss possible future directions for capacity building in APEC.

## II. Program

The workshop program consisted of two segments: Presentations and Discussions. Three APEC experts made presentations and the overseers’ office introduced the cases being developed for the project. An exchange of ideas and opinions followed during the discussion session.

### 1. Presentations

**Presentation #1: Prof Pietra Rivoli, McDonough School of Business, Georgetown University, USA**

Professor Rivoli is the author of an acclaimed book entitled, *The Travels of a T-Shirt in the Global Economy: An Economist Examines the Markets, Power and Politics of World Trade*. Referring to her study of the apparel industry, Prof. Rivoli pointed out that apparel is a good example of a truly global supply chain. The raw material (cotton) is produced in one continent (America), processed into textile and garment in another (Asia), goes back to be used as a product in America or Europe, and finally recycled/reused in the other continent (such as Africa).

To promote CSR, it is important to make it a “business case” which business understands. There are two approaches to this. One is to use the positive image as an advantage and the other as a risk avoiding approach. CSR activities can create a positive image of a company, cultivating the brand loyalty of consumers. One such example is Patagonia. The other approach is to avoid projecting a negative image or to gain consumer confidence. The example for this is Nike, which had to recover from negative publicity of being a “sweatshop” in their affiliated factories in Asia.

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This is to acknowledge the contribution made by Mr Amemiya in preparing the reports for Tokyo Workshop and Sendai Symposium, though the final responsibility of the contents rests with the overseer's office.

She also pointed out the trends for CSR concerns as extending backward to the upstream of the supply chain. Originally, CSR issues in apparel focused on labor (e.g. sweatshop and child labor), but they are now shifting to the environmental aspect. This is reflected in how cotton is grown, as cotton production uses a large amount of water as well as chemicals such as pesticide and herbicide that could damage the quality of the farms and their neighboring areas. As these issues become known to the public, both apparel companies and their stakeholders have started to seriously take these issues into consideration. The focus now includes genetically modified cotton seeds. This indicates that emphasis on CSR will continue to change and expand.

***Presentation #2: Mr Dante Pesce, Executive Director of VINCULAR, Corporate Social Responsibility Center at Catholic University of Valparaiso, Chile***

Mr Pesce described the current priorities of CSR in Latin America, based on two regional researches conducted by his organization. These are good labor practices, laws and compliance, anti-corruption, environment and community development. The last point is related to engagement of educational institutions and SMEs for job creation. Public and private collaboration for policy development is also considered important.

Issues in CSR include better integration of large multinationals with local subcontractors for transfer of competencies and technical capacity to the local industries, and the leadership to show that CSR is beneficial in a more tangible way.

The drivers of CSR at this stage are: 1) export oriented companies, 2) consumers in developed economies, 3) capital intensive industries, where foreign investment is involved, and 4) NGOs influence on multinationals.

As he is actively involved in the development process of ISO on Social Responsibility, Mr Pesce hopes to see Japan showing a stronger leadership and good examples of CSR, particularly in the CSR reporting, which is more widely practiced in Japan than anywhere in the world.

***Presentation #3: Prof Felipe B. Alfonso, Executive Director of Ramon V. del Rosario, Sr. AIM Center for Corporate Responsibility, Philippines***

As a long-term veteran observing the development of CSR in Asia for decades, Prof Alfonso explained the changes taking place in CSR thrusts in Asia. CSR, according to him, started with philanthropic and charitable donations in Asia and then shifted its emphasis to community development, and further included supply chains under economic globalization.

The trends are also influenced by industry codes including mandatory and voluntary codes. He has noticed that all these CSR activities and initiatives have been dramatically improving and positively influencing society in general.

Lastly, Prof Alfonso touched on a market-based approach in the development of CSR in Asia. He cited an example of a telephone company in the Philippines. The company develops telecommunication infrastructure in the underdeveloped regions and made cellular phones available to the poor. The service provided the communities opportunities to access prompt and accurate information through the phone services, uplifting the lives of the community in the process.

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While the past philanthropic and charitable donations from companies and advanced economies were well-received, Prof Alfonso proposed that it could work better if global companies help improve fragile infrastructure in Asia and work together to provide the means to make life better for the local people.

## *2. Discussions*

The participants were briefed on the APEC case writing project and its status. Based on the preliminary case drafts, the participants made comments on the major issues of CSR from their own perspectives. The following summarizes the highlights of the discussion.

### *Major Issues of CSR*

- The term, “CSR” has been widely recognized and acknowledged by people. CSR, however, appears to mean different things to different people. Depending on the context, priorities differ. It is important to understand the priorities of different groups of people and different societies (e.g. head office and local subsidiaries, or developed and developing economies), in order to create a win-win situation among them.
- Educated consumers will make purchase decisions and even pay premium for the products/services produced in a preferred manner. Bringing appropriate information to the consumers is a key element.
- It appears that the closer to the market (end users) one is, the more sensitive he or she becomes to the CSR issues. The role of the producers of end products to deliver the message of the market to the middle to upstream players in the supply chain is important and effective.
- As far as environment protection is concerned, the trends for CSR in the supply chain are to go further upstream to production/extraction of raw materials. At the same time, attention toward the downstream is also recognized, such as disposal and recycling of electronics waste. Social demands for CSR are expected to continue to expand its scope.
- Appropriate rewards and punishments (incentives and disincentives) need to be developed to shape the corporate behaviors in line with the needs of society.

### *How to Address These Issues*

- Education/training should be carried out by a variety of institutions, not just by corporations. Collaboration among the institutions, both public and private, and NGOs, is crucial.
- Effective ways of raising awareness of different issues and concerns include documentation and reporting. The role of mass media needs to be fully tapped, if fair and balanced reports can be provided. Disclosing accurate information, both positive and negative, to the public or consumers will help them understand what issues society is facing.
- Creating a healthy tension and collaboration among the different stakeholders, government, business, NGOs, community, consumers, and others will advance CSR into a higher plane.
- Roles of industry associations, chamber of commerce and industries, etc. are critical in promoting CSR, particularly in the SME sector, as they need to consolidate efforts.

### **III. Assessment**

The workshop provided an opportunity to exchange views among various CSR experts, and to identify issues on CSR in the supply chain, based on the initial drafts of the cases being developed. There were some new issues raised during the discussion which have not necessarily been adequately covered by the cases being developed. Based on these comments and new perspectives learned, the cases were further strengthened and new cases were added.

While the participants were predominantly Japanese, perspectives from the non-Japanese experts were valuable inputs in understanding the expected roles the Japanese industry may play in the future. Some of the strengths of the Japanese corporations, such as concern for the environment and CSR reporting, may be taken for granted in Japan, but may be valuable role models for others. Sharing of such perspectives would be of importance in terms of APEC, when APEC tries to cooperate to enhance capacity, using its members’ strengths in a complementary manner.



# Sendai Symposium on “CSR in the Global Supply Chain”

16 May 2007

## I. Overview and Objectives

This symposium was organized to provide an opportunity to explore how corporations need to prepare for the growing requirements of corporate social responsibility (CSR) throughout their supply chains. The speakers from APEC economies in the field of global management and CSR were invited to share the current situations in their regions and to discuss with their Japanese counterparts possible means to address the issues.

The symposium was held in Sendai, a central city in northern Japan province. The symposium was attended by 130 participants from business, government, non-government organizations and the academe.

The mayor of Sendai, Mr Umehara, Katsuhiko, graced the symposium and delivered the welcome remarks. He thanked APEC for organizing the symposium in Sendai.

## II. Summaries of Presentations and Discussions

Mr Ojimi Takato, Project Overseer, welcomed the audience and explained the objectives of the APEC project as well as the symposium.

### 1. Presentations

#### ***Presentation #1: Prof Pietra Rivoli, McDonough School of Business, Georgetown University, USA***

Prof Rivoli is the author of the widely acclaimed book, *The Travels of a T-Shirt in the Global Economy: An Economist Examines the Markets, Power, and Politics of World Trade*, a path-breaking study of globalization.

She cited her study as having been triggered by a question from a Georgetown University student, “Who made our T-shirts?”, which came out of a concern about the working conditions of T-shirt production. This question eventually took Professor Rivoli to traveling around the world, following the “life” of a T-shirt, investigating its global supply chain from the production of cotton, yarns, fabrics and clothing to the disposal of waste or recycling.

Her presentation focused on how globalization has influenced the supply chains with implications for CSR. First, she pointed out that the apparel industry presented a good case study of both positive and negative social impacts of globalization. Most of the production of apparel has moved to the developing economies, where labor costs are lower. Opening a sewing factory

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means good news for the economy as it creates job opportunities, but it could bring a negative impact on those who might be exploited as a result of their lack of understanding of their rights.

Second, globalization has pressured business to change its way of pursuing profit and to take all the stakeholders, such as customers, employees, community and environment into consideration. Third, she observed that the motivation behind promoting CSR could be moral (right thing to do), in addition to traditional business objectives. In the past, supply chain management meant procurement, with products as the main concern. Now the supply chain management also includes the production process. Making the requirements explicit has become a common practice. Fourth, consumers in advanced economies like the US pay premium for products which they think are produced in socially and environmentally responsible manner. Some companies take this as a competitive advantage and as a way of building their brand image. Fifth, global companies are willing to pay risk premium to avoid backlash and reduce negative image. For example, Nike and Exxon Mobile are still recovering from the negative image created a decade ago. Nike had a sweatshop issue, while Exxon Mobile damaged the environment as a result of delays in addressing a tanker accident.

Next, she described the historical development and future paths of CSR using the textile industry as an example. Until several decades ago, child labor was normal anywhere in the industry in Japan and the USA. As society developed, it demanded that business should not use child labor as part of the regular workforce. Now the practice of child labor is almost non-existent in these two economies. Fairness, safety and the environment are the major areas of concern at the moment. Society’s demand from the business sector continues to increase.

She described emerging concerns in the industry in the future, which include genetically modified seed, use of water and chemicals in cotton production, and use of harmful chemical and dyes for textile production. This poses both risks as well as opportunities. Worker safety and environmental damage are negatives which need to be addressed. On the other hand, alternative solutions such as organic cotton and environmentally friendly dyes would be new market opportunities. Professor Rivoli suggested a label, like the nutrition labels for food, to indicate how the products are produced throughout the supply chain. Products with labels command a premium in the market.

Prof Rivoli predicted three new trends in social responsibility in the global supply chain. One is “**Forward Chain Responsibility.**” In the past, supply chain concerned the upstream of the chain. However, companies are now giving attention to the downstream of the chain. For instance, Hewlett Packard incorporates recycling of computer related devices and products into their management process. Wal-Mart reduces wrapping.

The second is “**Backward Chain Responsibility.**” The concerns do not stop at the immediate products procured, but go all the way to the raw material production. Some large coffee chains such as Tully’s oversee working conditions of local coffee bean farmers.

The last one is **traceability.** Companies are being required to gather information on the supply chain and publish such information. Monitoring and inspecting local factories have become a standard. While internal in-house monitoring and inspection are conducted, it has also become common for an industry association to hire an NPO or NGO to monitor and inspect subcontractor factories in developing economies. In the apparel industry, a group of global apparel and footwear companies formed the Fair Labor Association that monitors and inspects local factories and publishes results of the inspection to the public. In addition, some global apparel companies post the results of the inspection on its website, including the issues and the company’s planned approaches to address those issues.



Prof Rivoli touched on many subjects related to the global supply chain in her presentation. Starting with globalization, she described that it is society which has changed business to be more socially and environmentally responsible. Among players in the society, she pointed out that consumers by their purchase decisions and civic organizations by monitoring, play critical roles.

***Presentation #2: Prof Felipe B. Alfonso, Executive Director, Ramon V. del Rosario, Sr. AIM Center for Corporate Responsibility, Philippines***

Being the leading figure of the organization dedicated to CSR research and advocacy in Asia, which was established in 2000, Prof Alfonso summarized lessons from CSR in Asia and made the following observations.

**First**, typical Asian companies are family-run, so CSR is naturally embedded in their system. Sharing benefits and risks with the rest of the communities has been part of their business.

**Second**, personal values that business leaders have are critical in promoting CSR. Those leaders are decision makers who define the role of corporations in society. They share their visions with, not only shareholders, but other stakeholders too. There are a number of examples to show that the concept of social license to operate has become important. Even if all the legal licenses are in place, the corporations need to have the approval and acceptance from the community. It takes leadership to address such issues.

**Third**, oftentimes at a global company, corporate headquarters and local offices have different focus and priorities. For example, corruption is a big problem at local offices in developing economies, but it is not at all for the headquarters. As a result, some serious issues are left untouched. It is important to understand the local situations in order to focus on priority issues.

**Fourth**, CSR is changing in its form. Merely transferring resources from companies to communities as a form of donations is no longer enough. That is, giving fish is not enough, but demand exists for teaching how to fish. Thus, community development has become important. For instance, Unilever runs a rural system in which the company’s products are made accessible to the poorest of the poor. The company invested US\$25 million in community-involved distribution and has created an environment where products are sold to the poor by the poor.

**Fifth**, successful CSR requires partnership among the government, corporations and NGOs which used to be in the silos, working independently. Collaboration among these players would be extremely important. For example, one of the government’s roles would be to create a policy environment to encourage the cooperation among the stakeholders. A tax incentive for the corporations to give donations to NGOs is one such example.

**Sixth**, the companies are putting CSR on the mainstream of business strategy. An example is a telephone company in the Philippines. The company is selling phones to the poorest of the poor, creating new opportunities for the community. More and more, CSR values are integrated into the core business.

**Lastly**, CSR reporting is not common in developing Asia. One of the reasons is that the companies are not publicly listed. However, as they try to grow and source their finances from outside, or deal with the public corporations, the demand for CSR reporting and transparency will increase.

The emerging challenge is the globalization of the economy. The companies in Asia are being integrated into the global economy. While some of the CSR requirements in developed economies

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need to be addressed, the Asian companies are facing the immediate challenges, such as poverty and economic development. The companies need to blend the requirements of various parties and come up with the balanced solutions and priorities of their stakeholders.

**2. Panelist Short Presentation**

***Panelist #1: Dr Adachi Naoki, CEO of Response Ability, Inc.***

Dr Adachi gave an overview of what CSR means in Japan and in other regions. According to him, CSR means different things to different people and different regions. In Japan, CSR is closely associated with the strict meaning of the term, “responsibility”; therefore, it seems that compliance and corporate governance are the main focus of CSR. Likewise, environmental management and contribution to society have been added to the CSR areas of focus. Thus, the term, Corporate Social Responsibility (CSR), has been popularized without too much consideration. On the other hand, CSR in Europe emerged from the growing pressure of society, both the citizens and the governments, for the business sector to change its attitude; otherwise, society cannot be sustainable. CSR in Asia emerged from inadequate social infrastructure such as poverty, lack of education, healthcare and pollution. Thus in Asia, CSR was a necessity and it is highly expected that successful business leaders take on the responsibility of addressing them.

Dr Adachi also commented that such regionally diverse orientations are now coming together under the name of global supply chain. The chain is connected so that none of the players can work independently. The global companies are enhancing the quality of management practices, bringing their suppliers to a higher level. This is done by providing explicit code of conduct, which the suppliers are expected to follow.

Lastly, Dr Adachi questioned the effectiveness of CSR auditing. He felt that more policing may have limitations. Rather than auditing, “engagement” is attracting attention as an alternative. Engagement is done through enhanced communication and solving problems together, and bringing win-win situations to the company, suppliers and their employees as well. With regard to Japanese companies, they are known for good employee training and it would add positive values to local organizations. It should be highlighted that expectations from Japanese companies do not come in the form of economic contributions only but also in terms of social and environmental considerations. It is important for Japan to contribute to this process, by sharing the experiences with others in the region.

***Panelist #2: Mr Nagahara Hiroshi, Human Resources and General Affairs Director  
and CSR Promotion Director, NEC TOKIN Corporation***

As the only presenter from the business sector, Mr Nagahara introduced some of the CSR activities of his company, NEC Tokin Corporation. The company is affiliated with NEC, although it is a publicly listed company in its own right. The company produces intermediary products such as electronic components and devices for the electronics sector. The large proportion of its employees is engaged in production activities overseas. Their suppliers and buyers are located worldwide. Global supply chain is very important for the company because about 60% of materials are purchased from overseas suppliers.

The company’s CSR started off with community activities by the employees. It now covers a) quality of products, b) environment, c) workers’ safety, d) compliance and e) disaster prevention. Each of these items must be considered by each employee in relation to their daily activities.

The NEC group conducts the group convention where each member company presents its CSR activities and recognizes the good performers. Mr Nagahara added that his company and its parent organization, the NEC group, are very much dedicated to strengthening local business ties overseas. The company has started to publish reports on CSR.

***Panelist #3: Mr Dante Pesce, Executive Director, VINCULAR Corporate Social Responsibility Center at Catholic University of Valparaiso, Chile***

Mr Pesce presented different perspectives by focusing on how Latin American companies are positioned in the global supply chains and how multinational companies and Japanese global companies should consider the global supply chain in the CSR context.

According to Mr Pesce, in most cases, Latin American companies are situated in the upstream of the global supply chains as they supply natural resources and materials to global companies in developed economies. For many Latin American companies, the following are the priorities in terms of CSR. 1) good labor practices, 2) law & compliance, anti-corruption, transparency, 3) environment protection and management, 4) commitment to community development, 5) public policy issues and relationship with government (such as procurement policy, incentives), 6) transfer of know-how to make the local companies more efficient and sustainable and 7) leadership. It is important to make leaders more visible and share effective ways of management.

Mr Pesce pointed out that the major influence for CSR is coming from the market, which is located in the developed economies. Local companies are trying to capture the premium given to the companies with good management practices by such a market. Another influence is coming from the international NGOs and the international investors. These will influence the behavior of the large companies which will purchase products from Chile. The codes of conducts and standards and guidelines such as ISO are required by the large multinationals.

Mr Pesce also pointed out some challenges in the global supply chain issues. Multinational companies seem to find it difficult to understand local needs. There appears to be a gap between the head office in the foreign country and the local operation. Another issue is that local large companies understand the needs of the local communities but do not have clear strategies to link their knowledge to their CSR. In addition, local companies appear to lack leadership, though they find new opportunities in the global supply chain.

Green procurement could become important for local companies. Mr Pesce expects the Japanese companies to contribute to the adoption of an effective green procurement system. Lastly, Mr Pesce is concerned about the roles of the government. In his view, the government does not seem to know what to do exactly. These issues may have to be tackled jointly by all the stakeholders.

***Panelist #4: Prof Harayama Yuko, Professor, Management of Science and Technology Department, Graduate School of Engineering of Tohoku University, Japan***

Prof Harayama reviewed the roles of corporations in value adding activities, using the resources available to them. The value-added activities also produce negative impact, such as environmental burdens. After the beneficiaries pay for such added values and corporations pay taxes, the government needs to redistribute it to society. According to her, the current movements on CSR are necessary norms in society. With the changing of the roles of governments, the roles of the business sector are increasing. Under such condition, CSR activities play catalyst roles, linking policies and systems, resources, and consumers.

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Globalization means a liberalized environment where there is less protection within a border. It could also mean that supplies are coming from any part of the world. CSR, therefore, has to be globally oriented.

CSR is rooted in people. What is now necessary is to develop people who can behave in a socially responsible manner. These people must possess the insights to recognize and respect diversity. They must then continue to develop sensitivity to discern differences. They also must have the eyesight to get down to the essence, must have discerning ears to notice even non-verbal messages clearly, and have a voice to deliver messages of social values accurately. If people with these abilities come together to create a company, CSR will naturally progress. Prof Harayama concluded with the hope that we would be able to create a bigger number of “social entrepreneurs” in the future.

**3. Question and Answer (Q&A)**

***Moderator: Mr Fujii Toshihiko, Consulting Fellow of Research Institute of Economy, Trade and Industry (RIETI)***

Mr Fujii moderated the discussion session. He spoke on the situation of companies, which have been rapidly changing themselves and becoming different from what they were 10 years ago. To respond to such social changes as recycling, privacy issues, harassments, etc., companies have had to change quickly. Furthermore, they have to compete under globalization. Companies need to incorporate these social changes and impacts into their organization and strategy.

***Question 1 from the moderator:***

*CSR is no longer a new concept, but it is perceived differently in Japan and elsewhere. Where are the differences coming from?*

Dr Adachi, in response to this question, said that in Japan, CSR is focused on the internal organization, rather than on the outside community. Compliance, environment management are such examples. In other societies, the orientation is more on the outside society, and how the corporations are responding to society’s issues and dealing with them. It is necessary to consider if there are any other relations needed with society rather than economic relations alone.

Prof Harayama’s response was that the responsibility appears to be imposed on companies in Japan rather than their own decisions. It would be necessary to shift the initiative from one imposed from the outside to the one with your own volitions.

Mr Fujii observed that Japanese companies’ CSR reports focus heavily on environmental issues. This is a big contrast to European companies, where labor issues cover more. This may be due to the fact that historically, Japanese companies faced serious pollution problems, while labor (unemployment and work conditions) has been a non-issue in Japan for a long time.

***Question 2 from the moderator:***

*What is actually occurring in the field?*

As the representative of the business sector among the panelists, Mr Nagahara answered by describing the following key factors of his company. In purchasing from suppliers, his company focuses on 1) product quality and safety, 2) environment, 3) information security, 4) fair transaction, 5) employee safety and health, and 6) human rights. These six points are included in a

contract with suppliers. In addition, the company uses green procurement standards, monitor product quality and safety, and communicate with suppliers. The company has established its global procurement center in Hong Kong, China which is in-charge of overseas inspection. It also makes regular checks on environment and safety.

On the other hand, his company also plays the role of supplier. It faces CSR audit by the American and European companies which covers labor, work condition, and environmental issues. If the company meets the level of the CSR audit, the American and European companies give a contract. It is a practice that all new orders should come with CSR audits. In China, such customer audit recommended that the overtime be shortened, which made the workers unhappy since they received smaller salaries. It takes time to adjust the volume of production through automation and increases in the number of employees. These are the real challenges facing the company.

Mr Pesce briefly touched on examples of CSR activities in recycling, education and building a system. He also explained CSR in Europe where the European Association of Supermarkets published the requirements of CSR practices relative to foods on shelves at supermarkets in 2001. It became mandatory in 2004.

Exporters entering the European market have to meet the 2004 rules which have eventually made these exporters very competitive in the other markets. In addition, the mining industry has set industry standards for all the players to follow. The industry investing in the country set aside funds to build infrastructure for both hard and soft improvement. The financial industry is also imposing stringent requirements, when they invest in new projects to avoid potential risks.

Dr Adachi described the role of NGOs in the global supply chain. Japanese companies had not been attacked by international NGOs seriously so far. However, during the 2004 Athens Olympics, two Japanese apparel companies received notices from a group of NGOs who were against labor practices at subcontractor factories of the Japanese companies in Asia. The companies were not aware of the actual situation, while the NGOs had evidence to prove actual practices. NGOs have access to information which very often the company may not have. These two companies improved their practices and the NGOs withdrew the campaign against them. This example showed that NGOs were not hostile to the companies, but can in fact help the companies to eliminate their risks.

***Question 3 from audience:***

*Should we develop a means for quantifying qualitative data and information on CSR?*

All the panelists agreed that if things are quantifiable, they should be quantified. But at the same time, they believe that data does not tell everything, so collecting data should not be the only goal. One of the panelists, Mr Nagahara, described one example in which data is used. His company encourages each factory to compete in reducing CO<sub>2</sub> gas and targeting zero emission. The purpose of setting a quantity target is to enhance internal competition.

Prof Harayama pointed out that quantification is a means to make the impact of company action visible. The more important thing is to determine which direction one wants to go. Defining clearly the vision of the company is the first step.

***Question 4 from audience:***

*Marks and Spencer’s certification checks labor management in Egypt. If a company can certify its standard, even Israeli company can start its business in Egypt. Japanese retailers may not be able to compete with M&S if they enter the Japanese market. What action can consumers take?*

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Prof Rivoli replied that the best way to express this concern is to use every dollar you spend as a vote for a product or service like casting your vote. It is becoming easier for consumers to find out where a product comes from. Thus, it is important that consumers are informed as to how much the retailers care about labor and environment issues.

***Question 5 from audience:***

*In China, many Chinese are not aware of damaging the environment but they focus on surviving. How can the situation be improved?*

While admitting that such circumstances surround China and its environmental practices, Mr Pesce pointed out that ISO-SR committee in China engages very much in the development of ISO 26000 Social Responsibility. The Chinese delegates are very active. The Chinese government calls the economy “Harmonious Society (People, Community, and Environment).” Also, the UN CSR Conference in China took place in 2005. There are undoubtedly increasing concerns about environmental issues among Chinese leaders. Therefore, there will be tremendous positive impacts on these issues.

***Question 6 from the moderator:***

*At present, companies are working on many new things with which they did not deal with 10 years ago. What would be the issues and how would they deal with them, 10 years from now?*

Interestingly, there are a couple of common views among the panelists. One view is that the current trend of globalization would continue. The other view is that business cannot survive alone, while governments cannot survive by themselves. All the three main sectors, the government, business and the civil sectors, need to work together, as globalization will have impacts on the societies and communities in various ways.

Examples of the collaboration among business, public and civil sectors are: 1) setting standards and guidelines, and 2) enhancing stakeholder dialogues and communication. Japan’s active participation in ISO 14000 demonstrates that Japan takes a leadership role in this area, and Japan is expected to assume a leadership role in ISO 26000, GRI and green procurement policies.

The session ended with Mr Fujii commenting on Prof Rivoli’s remark that although any business is unpredictable, one thing is predictable; that is, that society increasingly demands that companies do more for society. Everyone needs to be prepared for the changing needs of society.

### **III. Assessment**

The audience was very keen on exchanging ideas with the panel members. The interest in the topic was extremely high. Since the speakers and panelists brought with them a great deal of experience in their own respective fields, the learning took place among all the attendees of the symposium.

The discussion on CSR in the context of supply chain has just started, with different perspectives from various stakeholders. More dialogues for exchanging ideas to better understand these different views need to take place, in order to develop a common understanding and a common “language” of CSR.

## List of Contributors to the APEC Project

Alphabetical Order by Economy &amp; Name

	Economy	Title	Name	Position	Organization
1	Canada	Dr	Charles Barrett	President	Charles A. Barrett Consulting Services Inc.
2	Canada	Mr	Pierre Vanasse	Executive Vice-President	Brown Governance Inc.
3	Chile	Ms	Daniela Acuña	Agricultural Sector CSR Specialist	VINCULAR Center for CSR at Catholic University of Valparaiso, Chile
4	Chile	Mr	Dante Pesce	Executive Director	VINCULAR, Center for CSR at Catholic University of Valparaiso, Chile
5	Chile	Mr	Rajiv Maher	Researcher	VINCULAR, Center for CSR at Catholic University of Valparaiso, Chile
6	China	Dr	Niu Zhiqiang	Researcher, Global Business Institute	China Enterprise Confederation
7	Indonesia	Ms	Chrysanti Hasibuan-Sedyono	Vice Chair, Board of Management	Indonesia Business Links (IBL)
8	Japan	Mr	Adachi Eiichiro	Senior Researcher, Center for the Strategy of Emergence	The Japan Research Institute, Limited
9	Japan	Dr	Adachi Naoki	CEO	Response Ability, Inc.
10	Japan	Mr	Amemiya Hiroshi	President	Corporate Citizenship Japan Limited
11	Japan	Mr	Fujii Toshihiko	Consulting Fellow	Research Institute of Economy, Trade and Industry (RIETI)
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13	Japan	Mr	Ikuta Takafumi	Research Fellow, Economic Research Center	Fujitsu Research Institute (FRI)
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