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Select companies in ASEAN starting to speak about human rights, but long road ahead



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When the United Nations Guiding Principles on Business and Human Rights (UNGPs) were unanimously endorsed in 2011 by the UN Human Rights Council, they became the authoritative global standard of responsible business conduct. Under the UNGPs, companies of all shapes and sizes are to take particular steps to ensure that their business activities do not compromise the well-being of individuals and society.

The evolved expectations reflect a new era in which consumers are increasingly demanding sustainable and responsible practices, governments are being asked to do more to constrain predatory business activities, human rights organizations are focusing more on commercial contexts, serious discussions are underway regarding a UN treaty on business and human rights, and a vast global network is rallying to promote the business and human rights agenda throughout the world. As a recent ASEAN CSR Network initiated study with the Institute of Human Rights and Peace Studies, Mahidol University and Article 30 shows, the UNGPs and broader business and human rights movement has begun to spark change in ASEAN, but there is a long road ahead.

To be sure, there is a long way to go. The study probed the publicly available material of the top-50 publicly listed companies in the stock exchanges of Indonesia, Malaysia, the Philippines, Singapore and Thailand to assess whether these companies provide information on how they manage their impact on stakeholders' human rights.

Such disclosure is a requisite responsibility of business enterprises under the UNGPs. And disclosure is only a first step. Even if a company provides the public with information on human rights efforts, there remain questions about whether those activities are appropriate or effective. But disclosure is an important first step. Without such information, stakeholders can only guess at what a company is doing to prevent human rights violations, proactively address areas of concern, and generally respect human rights.

Simply put, disclosure is a good, even if not perfect, measure of whether efforts are underway to confront predatory or otherwise harmful activities in a company's value chain.

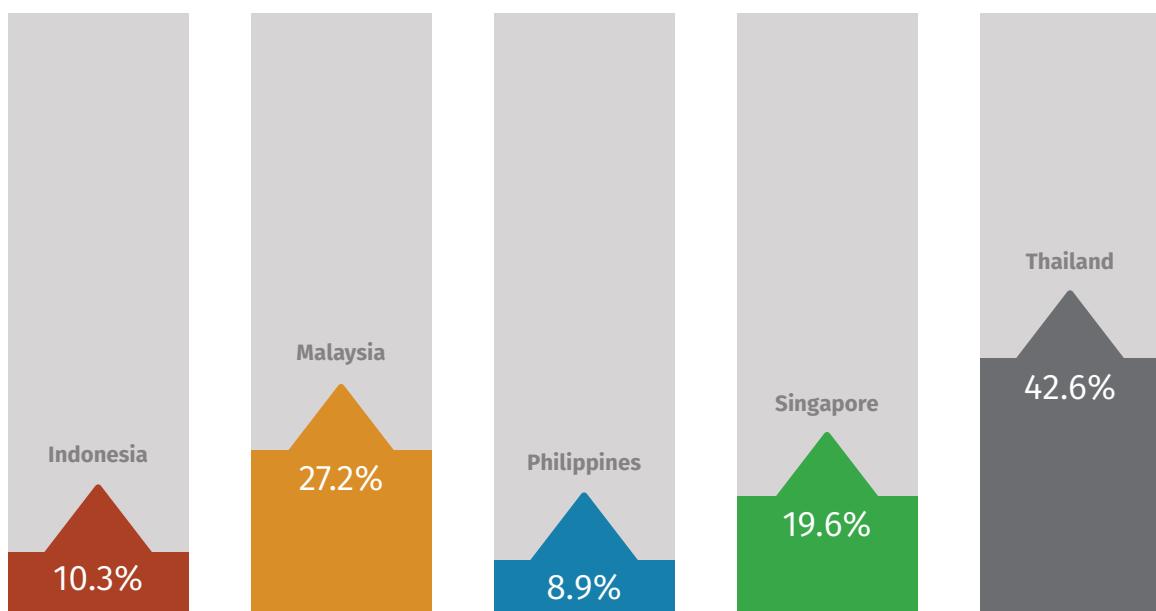
This is why the findings from the collaborative study are noteworthy.

"At present, human rights disclosure among top-listed companies in ASEAN falls substantially short of the benchmark set by the UNGPs." This forefront conclusion from the study provides a general sense of the road ahead to bring ASEAN up to speed with global norms.

However, more specific findings from the study reveal a more nuanced story. An entire section of the report is dedicated to Good Examples of Human Rights Disclosure Across ASEAN. These examples show that select companies have begun to speak openly about their human rights impacted. The report reveals a dichotomous situation.

On one hand, 36 % of the 250 top-listed companies that were assessed made no mention of human rights in their publicly available material. This begs serious questions about whether companies are aware of their responsibilities under the UNGPs and whether measures are in place to ensure the well-being of the thousands and often millions of employees, consumers, communities and groups that these companies touch on a daily basis. And the UNGPs call for more than a mere mention of human rights. They call for policies and details on processes, protocols, and performance. Such information is rare at present and as a result stakeholders in ASEAN lack the requisite information to determine whether they deem a company worthy of a social license to operation.

What success looks like



On the other hand, some companies have begun to provide extensive information on their human rights efforts. While the "report does not name, shame or praise companies relative to specific content," the study did locate ten companies that are leading the way in terms of proving information on their human rights efforts.

N	Country	Company	GICS Description	HR Disclosure
1	Malaysia	SIME DARBY PLANTATION BHD	Consumer Staples	95%
1	Malaysia	SIME DARBY BERHAD	Industrials	95%
2	Singapore	WILMAR INTERNATIONAL LTD	Consumer Staples	90%
2	Thailand	CP ALL PCL	Consumer Staples	90%
2	Thailand	PTT GLOBAL CHEM	Materials	90%
2	Thailand	INDORAMA VENTURE	Materials	90%
3	Thailand	KASIKORN BANK PCL	Financials	86%
3	Thailand	PTT PCL	Energy	86%
3	Thailand	THAI OIL PCL	Energy	86%
3	Thailand	SIAM COMMERCIAL BANK PUB CO	Financials	86%

This Top Ten List hints at another notable finding from the study. “Malaysia and Thailand stood apart as leaders in this five-country study of human rights disclosure in ASEAN.” Top-listed companies in Thailand in particular “appear to be trailblazing on human rights disclosure in ASEAN.”

Although the study was “exploratory” rather than “explanatory” in nature, the report does cite some possible explanations for why the cohorts of companies in different countries scored so differently. The report shows huge gaps between companies in Thailand, with the highest scores, and those in Indonesia and the Philippines. Further research is required to analyse the drivers and barriers for better adoption and implementation of UNGPs in ASEAN.

“There appears a strong correlation between the level of human rights disclosure in a country and the Environmental, Social and Governance (ESG) disclosure rules, requirements and guidance mechanisms of the stock exchange in that country. Stock exchange regulations may be a potent catalyst for mainstreaming the responsibility to respect human rights in ASEAN.” This key finding from the report is one of a number of extracts that point to the need for greater market, governmental, and inter-governmental leadership. National Action Plans on BHR, in particular, are a “point of leverage” that the report draws attention to.

As the lead author of the collaborative study, Dr. Matthew Mullen notes, there is no single solution that will propel ASEAN forward: “These findings do not point the finger at any one country, sector, or company. They show the need for significant shifts in the landscape: ASEAN initiatives to streamline the UNGPs, sound national action plans, guidance and guidelines from national stock exchanges, more and better collaboration, participation, and inclusion, industry leadership, trailblazing companies, and a general willingness to evolve the status quo.”

The task may be tall, but there is cause for hope. Mr Thomas Thomas, the CEO of the ASEAN CSR Network, reiterated that “Respect for Business and Human Rights is not an add-on for business operations. It has to be embedded within the organisation and it is tied to the other studies ACN did on the state of sustainability disclosure and disclosure on business integrity. There is a correlation between better disclosure, better performance and the better valuation of the business”.

The report makes recommendations on moving responsible business conduct and respect for human rights forward. ASEAN companies that need help in implementing UNGPs could approach the writers for assistance.

Download the full report

<https://article30.org/wp-content/uploads/2019/05/Human-Rights-Disclosure-in-ASEAN-Full-Report.pdf>

Download the executive summary

<https://article30.org/wp-content/uploads/2019/04/Human-Rights-Disclosure-in-ASEAN-Executive-Summary.pdf>

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About ASEAN CSR Network (ACN)

ACN's vision is to create a responsible business community that makes ASEAN a better place to live for all. ACN creates change by influencing and working with different actors, ranging from ASEAN bodies, ASEAN member states to the private sector, civil society and international organisations, who have the power to influence the way businesses operate.

For more information, please visit www.asean-csr-network.org.

About the Institute of Human Rights and Peace Studies, Mahidol University (IHRP)

The IHRP is committed to the advancement of human rights and peace by educating human rights and peace practitioners, promoting outreach programs to community and international organizations and conducting cutting edge research on important issues.

For more information, please visit www.ihrp.mahidol.ac.th/

About Article 30

Article 30 promotes leadership and best practices in the field of business and human rights. We do this by producing cutting-edge content and offering expertise on both the letter and spirit of human rights in commercial contexts. Our team combines legal, political, and social practitioners with widely varied backgrounds and experiences. Article 30 promotes the deeper purpose of human rights: meaningful change, reckoning with tough challenges, mobilizing innovative ideas, enabling people to take action on their own behalf, and realizing new levels of buy-in, resiliency and sustainability.

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