



Global Compact Network
Australia



GLOBAL BUSINESS INITIATIVE
ON HUMAN RIGHTS

WEBINAR SUMMARY

Business & Human Rights in ASEAN & China: Trends, Risks and Practices
26 August 2015

OVERVIEW

On 26 August 2015, the Global Compact Network Australia (GCNA) and the Global Business Initiative on Human Rights (GBI) convened a webinar focused on business and human rights in ASEAN and China, exploring the human rights context and challenges for multinational companies operating in those geographies.

Mark Hodge, GBI provided opening observations from GBI's experiences engaging business leaders on human rights in ASEAN¹ and China². Michelle Staggs-Kelsall, Human Rights Resource Centre for ASEAN and Professor Liang Xiaohui, Peking University International Law Institute, discussed key human rights risks and recent policy developments in ASEAN and China that companies should be aware of. Ron Popper, ABB and Bruce Klafter, Flextronics shared their companies' approaches to implementation of respect for human rights and responses to specific challenges. A question and answer session followed with Vanessa Zimmerman, GCNA providing closing reflections.

KEY MESSAGES FROM THE WEBINAR

Business and human rights is gaining attention and momentum in both ASEAN and China. Speakers outlined actions being taken by multiple stakeholders including business and government. In ASEAN, the governments of Indonesia, Malaysia, Myanmar and the Philippines have committed to developing National Action Plans on implementation of the UN Guiding Principles on Business and Human Rights (UNGPs). In China, a number of initiatives were referenced including: the government endorsement of the UNGPs; a soon-to-be-established Responsible Business Conduct platform; new guidelines on supply chain due diligence referencing the UNGPs from the China Chamber of Commerce of Metals and Minerals.³

¹ www.global-business-initiative.org/work/asean

² www.global-business-initiative.org/work/china1

³ www.srz.com/files/upload/Conflict_Minerals_Resource_Center/CCCMC_Guidelines_for_Social_Responsibility_in_Outbound_Mining_Operations_English_Version.pdf

Business speakers on the webinar noted that the space to talk about human rights amongst colleagues in ASEAN and China had changed. One business representative said that a few years ago it was difficult to talk about human rights in a business context but the language of human rights is now more understood and well-received. Understanding and action around specific human rights challenges among business partners was also noted. Specifically one company said that suppliers are more cognisant of the issue of passport retention in ASEAN as a human rights impact, and are actively working to address it.

The business case for respecting human rights is emerging and becoming clearer to companies in ASEAN and China. Companies are seeing a clearer business case that is being driven by both domestic factors and by virtue of being in the global economy and value chains. Domestic drivers vary across region and country. In ASEAN, local conflicts relating to land and Free Prior and Informed Consent in the region were highlighted including BHRRC research showing 278 alleged human rights abuses related to business in ASEAN, more than half of which were land-related. As companies from ASEAN and China increasingly invest abroad companies are also seeing greater global pressures to respond to human rights and social license to operate concerns. For multinational companies, there are also increasing hardening of expectations and requirements around human rights (for example the US Burma Reporting Requirements were mentioned in this regard as well as reports and disclosures by Adidas, BG Group, Coca-Cola and Telenor).

As part of understanding human rights risks and impacts in specific geographies, companies should engage with local stakeholders and can use NGOs as interlocutors. Engaging with NGOs was noted as particularly important by one speaker given freedom of expression is in decline in much of the ASEAN region. NGOs can provide companies with valuable intelligence and insights into human rights risks and impacts in this regard. Flextronics highlighted a helpful study by Verité, an NGO-consultancy, that found 28% of workers in electronics factories in Malaysia work in conditions of forced labour.⁴ With the awareness of potential human rights risks, companies are also taking steps to increase knowledge about potential human rights risks to encourage governments to uphold their duties and not infringe on rights. For instance, H&M and Puma's interventions with the Cambodian government regarding violence against trade unions and garment workers were noted.

There is a wealth of experience and practices that already exist, and so companies are not starting from scratch. In both ASEAN and China, multiple actors have been addressing aspects of corporate respect for human rights for decades. Attention and action on labour rights in particular has been high in both ASEAN and China. Labour rights work has also seen much collaboration between companies, industry, governments and civil society. Companies seeking insights on the full spectrum of human rights and in lesser-addressed areas can reach out to many individuals and

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https://www.verite.org/sites/default/files/images/VeriteForcedLaborMalaysianElectronics2014_ExecutiveSummary.pdf

actors, including the Human Rights Resource Centre (for ASEAN), the ASEAN CSR Network, Singapore Management University's Asian Peace Building and Rule of Law Programme Team and National Human Rights Institutions.

There is a clear need for capacity building both within and amongst companies. Multinational companies are beginning to engage colleagues, suppliers, business-customers, and joint venture partners on respect for human rights. A business speaker on the webinar outlined the company's training and capacity building programme, including building an internal network of human rights champions around the world, which was already seeing results. Broad capacity building will necessarily involve multiple actors, and Global Compact Local Networks can play a key role in this. Companies from ASEAN and China are interested to collaborate and learn from companies in Asia-Pacific and Europe.

COMPANY EXAMPLE: ABB & HUMAN RIGHTS TRAINING

Overview:

- ABB employs approximately 140,000 people worldwide in 100 countries, with large operations in South East Asia, China and Australia. Approximately 10 years ago ABB established a Human Rights Policy and Statement. Since then ABB has been focused on embedding human rights into key business processes. Training and capacity building is a key component that underpins the human rights policy and strategy

Training & capacity building:

- Training tends to involve face-to-face awareness raising on the corporate responsibility to respect human rights. Training is in part - rooted in theory and the UN Guiding Principles on Business & Human Rights - but is predominantly very practical and business-focused. Examples from the ABB business and challenges in different regions are used to bring the training to life.
- ABB also established a capacity building programme – a network of trained champions around the world to support the company and a series of e-learning modules that focus on human rights, sustainable supplier development and other sustainability issues.

Experiences in ASEAN and China:

- Training sessions have been held in recent years in several parts of the ASEAN region and China. It has become easier to use the language of human rights, which is now increasingly used and understood. China's and other countries' endorsement of the UNGPs in 2011 has been very helpful in this regard.
- Challenges remain: how to make training stick after the person from head office have departed, and in a situation where business imperatives and cultures may be different. ABB's approach to this is through the capacity building programme which is establishing a global network of advisors.
- It is a work in progress but it's already seeing effects. For example, one network champion in South-east Asia recently flagged a very important potential human rights case at a very early stage – this allows more time for due diligence at the local and group level. Without these local champions the chances are that it will be business as normal once people from head office have left the training session.

Lessons learned:

- It is really important to do some serious listening about what local colleagues on the ground think the main issues are – before the training happens. This allows you to understand how mature colleagues are in their understanding of human rights issues – which may be pleasantly surprising. One key lesson is to make sure you're speaking to the right people when doing the training and capacity building. Management endorsement of human rights training – and participation in it – is important. Finally, it's always useful to help colleagues understand the moral and business case for respect for human rights, including how decisions in one subsidiary may have consequences for the entire group financially, legally and reputationally.

COMPANY EXAMPLE: FLEXTRONICS & FORCED LABOUR ISSUES IN MALAYSIA

Overview of the issue:

- In Malaysia, Flextronics operates 6 factories, employing 10,000 foreign workers, in the Penang area and in the south closer to Singapore. The electronics industry in Malaysia employs thousands of foreign migrants, in part because it is difficult to hire locals, particularly close to Singapore where companies are effectively competing with higher paying jobs across the border. This means that many local Malaysians cross the border for work in Singapore and that the workforce in Malaysia is supplemented by large numbers of foreign migrants - approximately 2 million legally working but likely many more illegally working. Forced labour issues are a huge problem and caused by the extensive use of labour agents to recruit foreign workers. A study by Verité last year of more than 500 workers in several dozen factories showed about 28% work in conditions of forced labour.

Industry response:

- In response to the challenges of migrant and forced labour issues, the industry (via the Electronics Industry Citizenship Coalition) voted swiftly to:
 - prohibit the withholding of passports and identification documents;
 - prohibit the payment of recruitment fees to secure employment; and to
 - ensure no deceptive recruitment practices including by providing contracts in employees native language.

Company response:

- When audits brought to light the issue of recruitment fees Flextronics took a number of steps. In October 2014, Flextronics adopted a no recruitment fees policy. Since then Flextronics has been making “goodwill” reimbursement payments to individuals still in employment.
- The company couldn’t validate or verify the fees paid so the company determined a reasonable amount and paid this to all foreign workers.
- Flextronics also adopted a policy to no longer hold any passports, but to make it possible for workers to secure their identify documents by putting lock boxes in all factories. Importantly, the company decided to begin to hire foreign workers directly, and not contract via agents, so that the contract is between the company and the worker directly with no recruitment fees paid.
- The company has also been working to improve conditions in the hostels that housed workers, including health, safety and hygiene, and comfort and amenities. Previously facilities had been run by labour agents, but now the company manages hostels directly and can improve conditions – and undertakes external audits to monitor improvements.
- This work took over one year and was a long journey, but one through which the company is gratified to have moved beyond a situation with forced labour to one where the company believes it is close to eradicating it in the workforce.

ABOUT & CONTACT

Organised by:

Global Compact Network Australia (GCNA)

The Global Compact Network Australia (GCNA) is the Australian business-led network of the United Nations Global Compact, the world's largest corporate sustainability initiative with over 8,000 business signatories and growing. The initiative is a call to companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals. The GCNA advances action, knowledge-sharing and engagement on the ground to support Australian UN Global Compact signatories' practical implementation efforts, bringing the Global Compact to life in the Australian context. We do this through a platform for dialogue, learning and influence that is inclusive, practical and leading edge, and which brings international developments and experiences to Australian participants, and shares Australian leadership globally.

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Supported by:

Global Business Initiative on Human Rights (GBI)

The Global Business Initiative on Human Rights' (GBI) vision is that all corporations in all parts of the world respect the dignity and rights of the people they impact and interact with. GBI's mission is to advance human rights in a business context through cross-industry peer learning, outreach and capacity building, and by informing policy. GBI is a not-for-profit organisation led by a core group of 18 corporations from different industries, headquartered in diverse countries and with global operations.

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