



VALUING RESPECT
— BY *Shift* —

The Current Use of Metrics in Company Human Rights Reporting Southeast Asia



Research Team

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About Valuing Respect

Valuing Respect is a global collaborative platform, led by Shift, to research and co-create better ways of evaluating business respect for human rights. Our aim is to develop tools and insights that can help both companies and their stakeholders focus their resources on actions that effectively improve outcomes for people.

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About Shift

Shift is the leading center of expertise on the UN Guiding Principles on Business and Human Rights. Shift's global team facilitates dialogue, builds capacity and develops new approaches with companies, government, civil society organizations and international institutions to bring about a world in which business gets done with respect for people's fundamental welfare and dignity. Shift is a non-profit, mission-driven organization.

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About ASEAN CSR Network

ASEAN CSR Network (ACN) is an accredited ASEAN entity acting as the region's network for responsible business. ACN aims to create change by influencing and working with different actors, ranging from ASEAN bodies, ASEAN member states to the private sector, civil society and international organizations, who can influence the way businesses operate.

ACN provides a platform for networking and cooperation, support capacity building and training activities, help catalyze collective action on key issues including business integrity and anti-corruption, business and human rights, gender equality and women's empowerment, sustainable agriculture and environmental sustainability, as well as provide linkages to regional and international bodies in supporting the advancement of CSR in the region.

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A. Introduction

This report summarizes findings from research into the current use of metrics by South East Asian companies in their human rights related reporting. The research is a contribution to the Valuing Respect project, and in particular its research into **how businesses currently track the progress and effectiveness of their efforts to respect human rights**. The research was conducted from mid 2018 to early 2019, and has informed the subsequent direction and focus of the Valuing Respect project.

For this report, the research team reviewed the non-financial reports of **150 companies - the top 50 listed companies (by market capitalization) in Malaysia, Singapore and Thailand**.

The first part of the report provides an overview of the **research aims and methodology**. The next section presents an **overview of company disclosures analyzed**.

The **findings** from the research are organized into the following sections:

- **Part One: Cross-Country Findings**
- **Part Two: Reflections on Providing Evidence Across the Pathway**
- **Part Three: Country-Specific Headlines**

A. Research

Aims

Building evidence for how businesses *currently* track the progress and effectiveness of their efforts to respect human rights is an important starting point for the Valuing Respect project. It is part of ensuring that the project's research and future products are grounded in an empirical understanding of existing business practice, challenges and innovations.

Company disclosures regarding human rights, specifically in the format of public sustainability reports, offer some access to the types of indicators and metrics that companies currently use to track their own performance. They do not necessarily reveal the full gamut of data and information that companies track, just the subset of metrics that feature in reporting. Nonetheless, public reports are the best available source of evidence, especially when seeking to draw conclusions at some level of scale.

To this end, in 2018, Shift's regional project partners in the Valuing Respect project in North America, Poland, Southeast Asia and South Africa, conducted analysis of human rights disclosures of over four hundred listed companies around the world and across diverse sectors (see box below). The research teams sought to answer the following questions:

- What types of indicator appear **most typically** in companies' human rights related disclosure? Do companies use indicators of inputs, activities, outputs or outcomes?
- Are efforts to address certain human rights issues **more evolved** than others in terms of the quantitative and qualitative information used to substantiate progress?



- Are there examples of **less typical indicators**, data or metrics in companies' human rights related disclosure that offer interesting or novel insight into companies' human rights performance?

Over 500 company reports analyzed

- Global – **130** companies included in the UNGPs Reporting Database**
- South Africa – The top **100** listed companies on the Johannesburg Stock Exchange
- **ASEAN - The top 50 market capitalized companies in Malaysia, Singapore and Thailand totaling 150 companies**
- Poland – The top **100** companies by market cap listed on the Warsaw Stock Exchange (WSE), plus 7 companies that have lower capitalization than the top 100, but are either signatories of the UN Global Compact or are listed on the WSE Respect Index.

** <https://www.ungpreporting.org/database-analysis/>

Methodology

In order to answer the research questions, the researchers in North America, Poland, Southeast Asia and South Africa applied the following methodology.

STEP ONE: For the companies' that disclosure was selected for the focus of the research (see box above), researchers identified the primary means through which those companies report on issues relevant to their human rights performance (e.g., through an integrated report or a sustainability report).

STEP TWO: Researchers read the primary sources of disclosure, and any relevant written resources that were directly referenced, to identify excerpts that concern how the company *assesses the effectiveness* of one or more aspects of its human rights performance. In other words researchers **highlighted instances where the company used qualitative or quantitative information** to signal change over time.

To qualify as relevant, content did not need to be labeled "human rights". For example, information on how the company assesses the success of its health and safety, diversity and inclusion, worker treatment policies or processes were included even if not framed in human rights terms. Other areas such as product stewardship, community engagement and environment were included if the focus of the excerpts was on addressing impacts of the company's business operations and activities on people.

STEP THREE: The teams inserted the highlighted content into an excel database and tagged the information based on whether: a) the indicator being used is an input, activity, output, practice or



behavior, outcome for people or outcome for business indicator (see table below); and b) the information provided quantitative or qualitative.

Inputs	The financial, human and material resources used for an activity or set of activities.
Activities	Actions undertaken or work performed through which inputs are mobilized to produce specific outputs or outcomes. These may be, but need not be, part of a formal process or system.
Outputs	The tangible and intangible products that result from the activities.
Practices and Behaviors	The effect of the activities or outputs on the behaviors of people that are relevant to the achievement of outcomes.
Outcomes for People	The positive or negative effects on affected rights holders that flow from practices and behaviors.
Outcome for Business	The positive or negative effects on the business that flow from: a) the outcomes for people; or b) practices and behaviors.

STEP FOUR: Once the databases had been completed, reviewed and updated, researchers then sought to address the research questions by identifying:

- Those types of information that are most prevalent in the disclosure;
- Any patterns or trends in the types of information disclosed, for example related to the type of issue or industry sector;
- Types of information that are less typical, but provide some valuable insight into the company's human rights performance.

Research series

The research resulted in the following outputs: a range of industry factsheets from research conducted on global companies by the North America team, and country or regional reports by the other regional partners focused on companies listed in those geographies. This report is the regional report by the Southeast Asia research team at Mahidol University, Thailand.

Industry Factsheet

Four factsheets providing an overview of findings from research into the following industries:

- Food and Beverage
- Oil and Gas
- ICT

Country and Regional Reports

Three summary reports with findings from research into the following geographies

- **ASEAN (Thailand, Malaysia and Singapore)**
- Poland
- South Africa

Challenges and limitations

Very few companies reviewed for this research series have standalone human rights reports or information hubs. Rather, human rights or human rights related content appears throughout a range of reports and information sources. For example, a single company might have evidence or indicators related to human rights performance in a sustainability report, an annual report, an individual human rights impact assessment or in online code of conduct materials.

In order to ensure the scope of work was manageable, the research teams therefore focused the study on each company's most recent annual reports and sustainability reports (or whatever report that company uses as a vehicle for human rights related updates). These boundaries on information sources and data means that the resulting findings are not exhaustive.

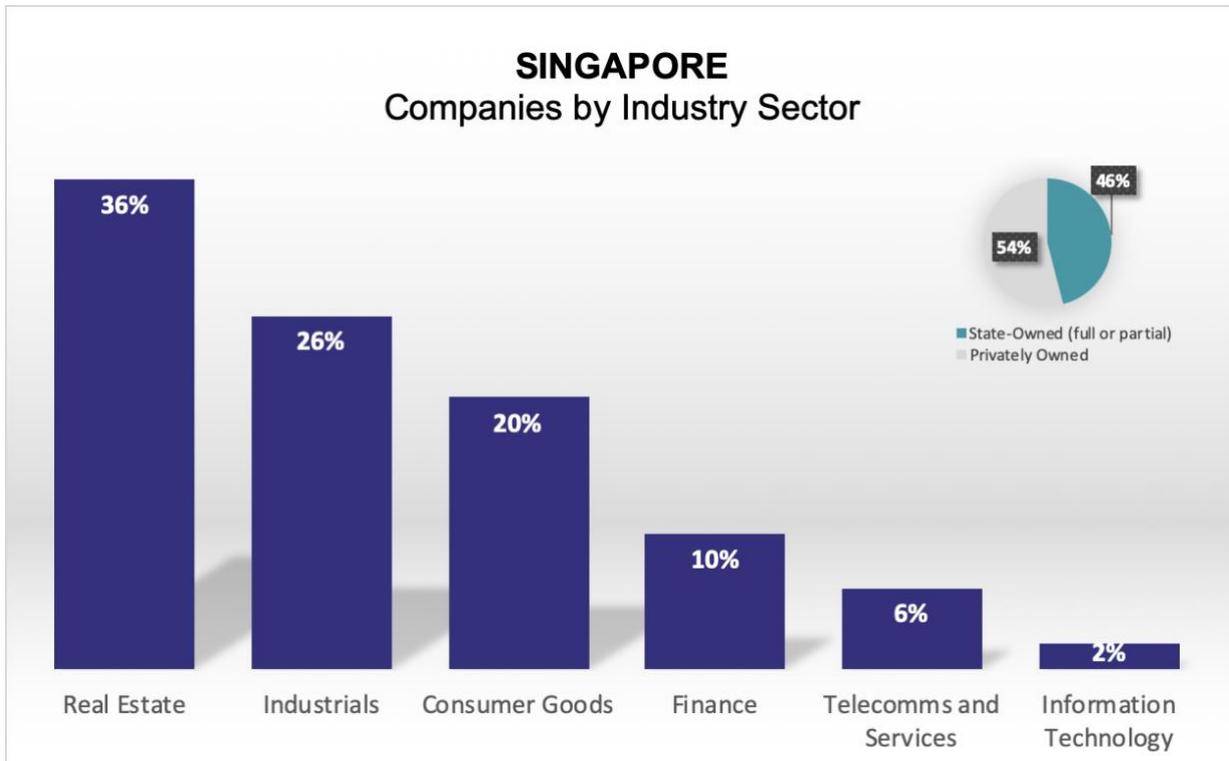
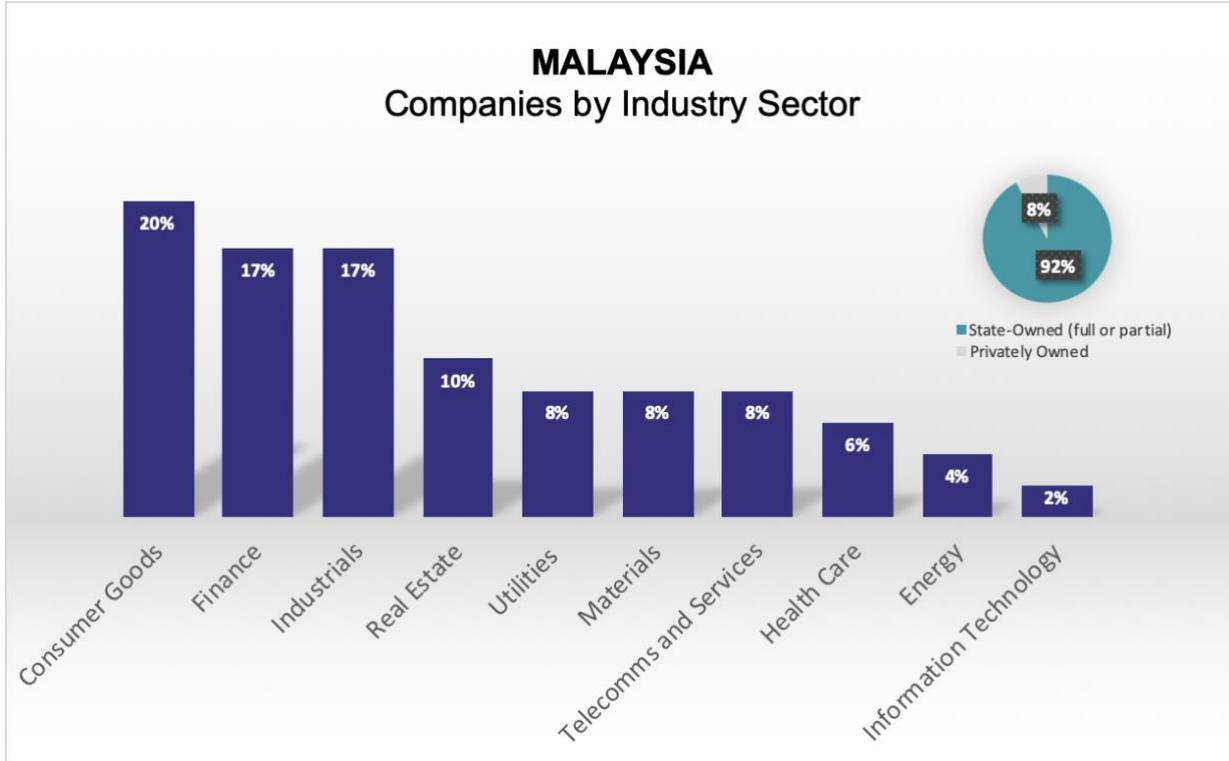
The research team was dependent on information that was being disclosed by the respective company under review, hence further limiting the exhaustiveness of the findings. It might be that companies internally track aspects of the effectiveness of their performance that they choose not to disclose. However, these limitations do not undermine the purpose of this project: to attain a high-level baseline regarding how companies around the world communicate the effectiveness of their human rights work.

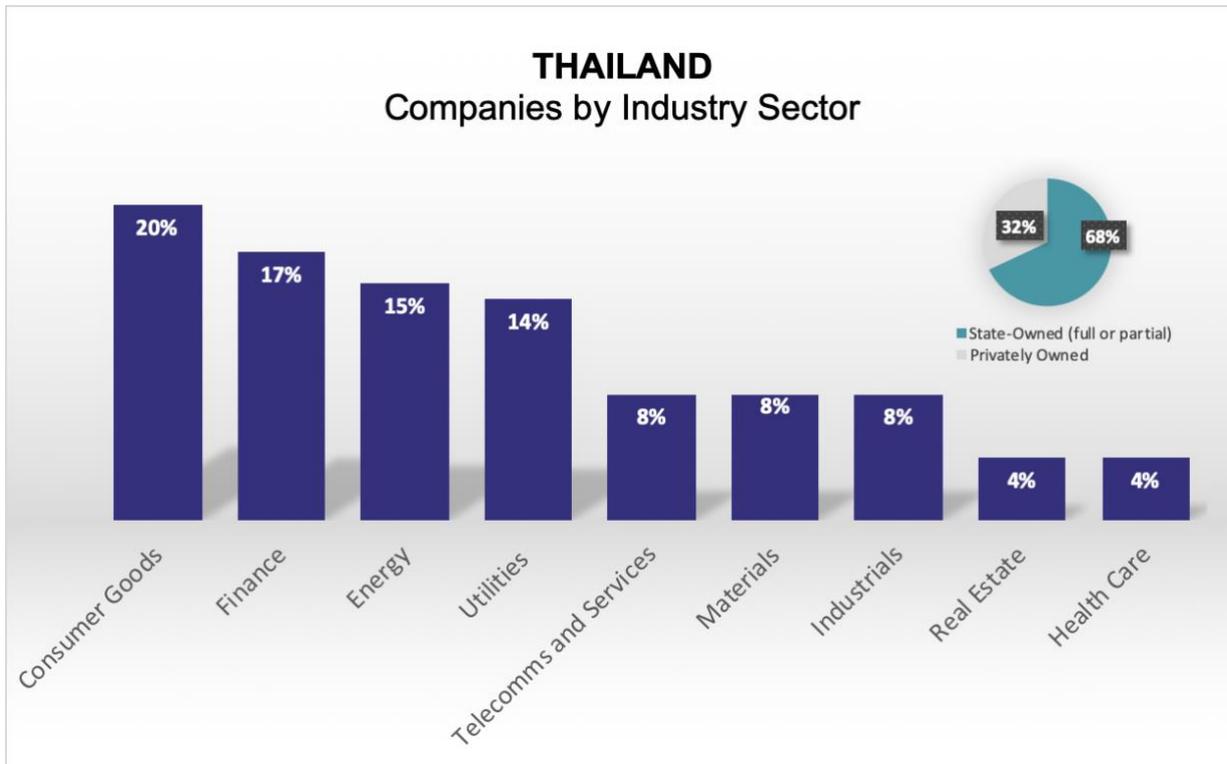
B. Overview of Company Reports Analyzed

For this report, the research team reviewed the non-financial reports of 150 companies: the **top 50 listed companies (by market capitalization) in Malaysia, Singapore and Thailand**. This focus reflects a number of assumptions. We assumed that information on these companies would be more readily available, as their market listing requires public disclosures and the global reach prompts English language material. We also assumed that these companies would be most likely to be aware of or implement the UNGPs, given their global profiles and extensive human and material resources. **The charts below provide an overview of the industries and % of companies with state ownership.**



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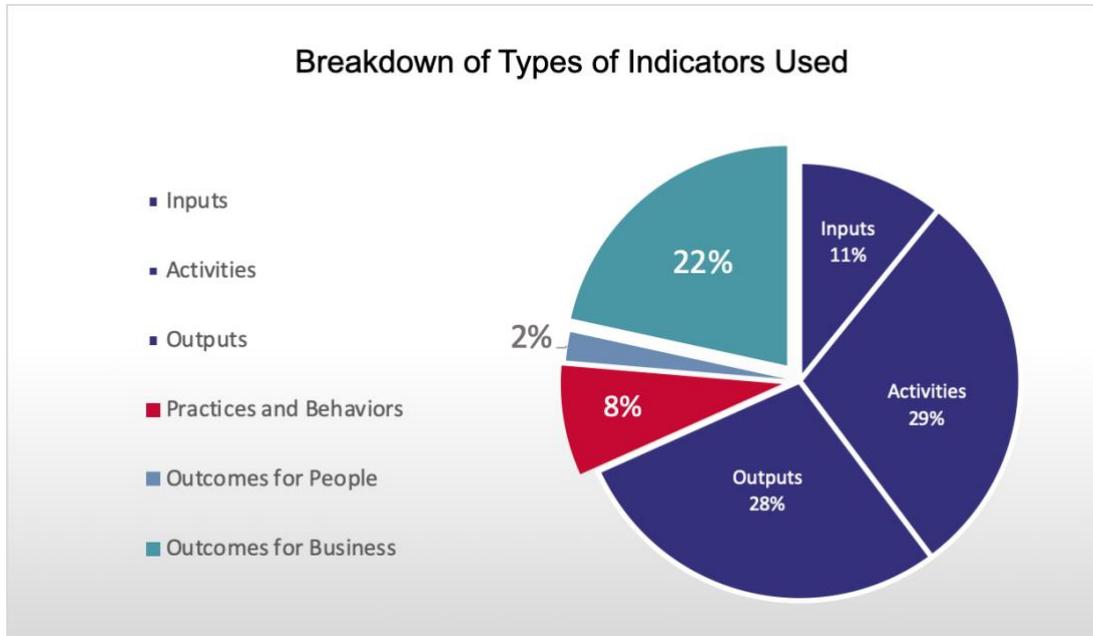




C. Findings

Part One: Cross-Country Findings

In all three countries, disclosure rarely conveys information regarding changes in practices and behaviors, and in outcomes for people or businesses. Disclosure is mostly presented in terms of a single snapshot of issues with only little regard for causalities and changes over time. Where changes are tracked, those mostly focus on labor rights issues, such as **health and safety, non-discrimination, inclusiveness and diversity of the workforce.**



- **Inputs:** In Malaysia and Singapore companies regularly cite exact contribution amounts to charities or philanthropic efforts. In Thailand, it is common to find information about new task forces or teams that may have human rights as part of their mandate. For example: “[The company] has since doubled its sustainability team and developed further social projects with NGOs, local authorities and the International Labor Organization (ILO).”
- **Activities:** Evidence of activities in the form of occupational health and safety (OHS) training is prevalent in all three countries. Evidence of human rights training and impact assessments uniquely featured in Thailand. For example: “Trainings on human rights policies and procedures were provided to 10 employees and 136 hours were invested”
- **Outputs:** Board diversity figures and OHS statistics feature in Malaysia and Singapore. In all countries one finds claims citing zero human rights complaints or violations. An outlier is that Thailand cites specific data from human rights impact assessments.
- **Practices and Behaviors:** It is very rare to find indicators in all three countries. Companies sometimes report on worker and community satisfaction which could be seen as indicator of good company practices. A few companies report on new protocols of management or conduct related to human rights, but do not provide evidence of those new requirements being followed.
- **Outcomes for People:** Is very rare for indicators about outcomes for people to be reported. Where they are, the focus is on data regarding improved incomes, livelihoods, wellbeing, and job satisfaction. There is some information on remediation which can hint at better outcomes for people.
- **Outcomes for Business:** Compared to practices and behaviors and outcomes for people, outcomes for the business is an area of emphasis and more thorough reporting. Awards appear to be a popular data point in all three countries.



The research team note that each of the three countries features a number of companies that stand apart with their focus on human rights, or in terms of being thorough and transparent. These companies appear to share a commonality that they have been or are the subject of significant public scrutiny. Another dynamic particular to the region is that human rights language around corporate accountability and the recognition of stakeholders as rights holders (particularly those most impacted) is difficult to find in current social performance reporting. Nonetheless, there was an adequate amount of human rights and related information to inform the analysis and findings.

Reflection: Data about resolving grievances can tell us little about outcomes for people

It is not uncommon for companies in the region to share information about the number of employee or community grievances that have been raised and resolved. One example is where a Malaysian company reported on a land rights case in Indonesia noting: “14 claims were submitted from 9 villages in 2007. To date, 12 of the 14 claims have been resolved”.

The fact that grievances have been resolved might be a good indicator that people with grievances have experienced promising human rights outcomes. However, if no evidence about how grievances were resolved, nor the level of worker or community satisfaction with resolutions is provided, then such information simply tells us the (output) of an activity (the process of resolving grievances).

Part Two: Reflections on providing evidence across the pathway from inputs to outcomes

In the majority of situations, it is difficult to ascertain causal pathways, as disclosure tends to be scattered and seemingly random or lacking a central thread. Relatedly, companies that do not conduct human rights impact assessments or more ongoing due diligence efforts are unable to track or report on performance in a causal or correlative manner because they have no baseline against which to assess themselves.

One Singaporean company disclosed their response to a fatality under their duty of care. Notable in this disclosure are general details around how the company handled remediation:

*“Despite all efforts to ensure site safety, it was with great regret that there was **one work-related fatality** of a [company] staff in China. Thorough investigations were conducted, and all necessary follow-up action undertaken. The site stepped up efforts to reinforce the importance of a pro-active safety mindset. Lessons learnt from the incident were shared across business units, and the Group’s commitment to strengthen its safety standards was reinforced.”*

It is worth noting that with one or two exceptions companies cite information that is favorable or convey positive performance rather than areas of concern or room for improvement. Companies do sometimes



narrate that they have taken or will take action based on a bad event occurring, but do not necessarily provide data about the follow-up efforts. An anonymized example of this disclosure follows:

...resulting from one accident case causing the two employees' death at [company site]. [Company] determined the cause of accident to review and improve its safety standard more securely as well as strictly controlled its operation in order not to repeat the same mistakes.

Part Three: Country-Specific Headlines

Malaysia Headlines

- Many companies provide specific statistics and details around gender inclusivity and workforce training.
- When Malaysia-based companies commit to human rights, few provide proof or evidence of how they follow through. Details on human rights efforts tend to be sporadic and emphasize the absence of human rights violations and complaints. Labour rights efforts, specifically workforce training, is the most prevalent point of human rights performance disclosure. The bulk of details that companies in Malaysia do provide focus on the company's philanthropy, and produce a favorable portrayal.
- With regards to labor rights, companies in Malaysia use a number of indicators to indicate performance. For instance, inputs include the creation of specific task forces and health and safety management systems. Human rights related trainings are frequently cited as an activity. Reported outputs include collective bargaining and relation agreements. Indicative examples of outputs related to labor rights are:
 - Supplier assessment for labor: *"There were no incidents reported in 2017"*
 - Labor practices and decent work: *"100% of collective agreements contain Health and Safety topics"*
 - Diversity: *"We are proud of the diversity of our workforce, in which 48% of leadership positions are held by women [in 2017] and in 2016: 37%."*
- Three companies provide more details about their human rights performance, including both areas of progress, shortcomings and concerns. All of these companies have been subject to extensive public scrutiny and employed the assistance of civil society to overhaul how they manage human rights. These three companies exemplify the length to which companies can go to assess the effectiveness of their human rights efforts when they have incentives or pressure to do so.

Singapore Headlines

- Disclosure of details on human rights performance in Singapore is rare, with the exception of information on diversity, trainings and, to a lesser extent, evidence of effective workplace safety. In these areas much of the social performance reporting in Singapore is numerical: number of trainings, number of people trained, dollars donated, number of fatalities, number of injuries, time lost to injury, diversity percentages (gender and country-of-origin based only), number of suppliers screened and percentage of partners signing codes of conduct. Training is



a focal point of disclosure, giving the impression that training is the preferred response to an array of issues.

- Beyond training, the most prominent areas of social performance reporting included commitments and contributions to underprivileged children and elderly people, and inclusion.
- Two companies described data privacy qualitatively as an indicator.
- A number of Singapore-based companies report on their social performance in a manner that conveys some commitment to human rights for their entire value chain.
- Though missing evidence of outcomes for people, some companies do outline a causality between business investment and business outcomes. For example:

*“[The company] won the innovation award for redesigning the manual and laborious process of cable cutting and re-spooling. The project reduced the risk of injuries and **improved productivity by 30%** by implementing changes such as lowering the height of the re-spooling unit, recreating the cable cutting unit with metal guard panels to prevent the drum from rolling over, and installing a full rotational function to make spooling the cables easier.”*

Thailand Headlines

- Similar to Malaysia and Singapore, top companies in Thailand cite significant information on training.
- Thailand is unique in that some companies track and disclose evidence specific to human rights though this tends to be focused on how the company invests their capital and human resources towards managing their human rights impact. This is not to suggest that all companies utilize human rights specific information as proof of their performance.
- In Thailand, there seems to be a split between those companies that provide extensive details on their human rights efforts and those companies that cite very little information that pertains to human rights in any way. Nonetheless, in Thailand it is far more typical, relatively speaking, to find specific information on human rights impact assessments compared to the other countries in this review.
- Companies in Thailand put significant emphasis on awards and listing on the Dow Jones Sustainability Index as proof of their human rights performance.



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