Using International Corporate Standards and Frameworks

This module has the following objectives:

Enable the participants to
- Determine the human rights coverage of international corporate standards/ frameworks;
- Determine how the international corporate standards/frameworks are applied in company operations to address human rights issues;
- Analyze the international corporate standards regarding involvement of stakeholders;
- Discuss how the international corporate standards address human rights issues with the participation of the stakeholders; and
- Identify ways by which stakeholders can influence companies in preparing reports and other actions to comply with the international corporate standards or framework.

Time: 3 HOURS AND 45 MINUTES

Materials:
- Big size papers, colored pens, writing papers, adhesive tapes;
- Equipment - computer, projector, screen;
- Video/documents on the international corporate standards/frameworks.

Using International Corporate Standards and Frameworks

I. Procedure

a. Opener - 30 MINUTES

Show the video entitled "UNGP Reporting Framework: Salient Human Rights Issues" (https://vimeo.com/154834462) and raise the question on how companies should start their work on addressing human rights issues.

Ask the participants, in plenary, to answer the question. Stress that an important start of the work of companies to address human rights issues is in putting their commitment to do so in writing and making that document available to the public.

b. Activity – 1 HOUR

Introduce the corporate declarations, codes of conduct and reports that have been issued by different companies in Northeast Asia/country.

Ask the participants to discuss in small groups sample corporate declarations, codes of conduct and reports to determine the human rights content of the documents.[*]

Ask the participants to present the results of the group discussion in a panel discussion format.

Make a table of answers of the groups regarding company operations and the human rights components. The table may include the following items:

Corporate document	Rights	Comment
Policy	Human rights in general	Needs more clear statement on specific human rights
Code of Conduct	Right to remedy	Easy procedure for lodging complaint
Annual report	Labor rights and some human rights	Discussion on cases of rights abuse needed

c. Input - 1 HOUR

Provide an input on international frameworks on business and human rights (aside from the UN framework) that focus on institutionalization of company commitment to address human rights issues and report on practical steps taken. These international frameworks can include the following:[**]

1. International Guidance Standard on Organisational Social Responsibility (ISO 26000);
2. Guidelines for Multinational Enterprises of the Organisation of Economic Co-operation and Development (OECD);
3. Global Reporting Initiative (GRI);

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* Here are some examples:
   a. Human Rights Initiatives at Workplaces - Ajinomoto
   www.ajinomoto.com/en/activity/csr/pdf/2015/063e.pdf
   b. Respecting Human Rights and Building a Great Place to Work – Chubu Electric Power
   www.chuden.co.jp/english/resource/corporate/ecsr_report_2015_26.pdf
   c. Human Right and Labor Practices (Condition of work and Human development) - Taisei Corporation
   www.taisei.co.jp/english/csr/hr/everyone.html.
** The Introduction in *Bridging Human Rights Principles and Business Realities in Northeast Asia,* pages 8-15, provides highlights of these international frameworks.

4. Equator Principles (EPs);
5. 2012 Sustainability Framework of the International Financial Corporation (IFC); and
6. The Caux Round Table (CRT) Principles for Responsible Business.

See Annex A for brief description of these international standards and frameworks.

Emphasize to the participants that these international frameworks require the companies to state in their corporate reports actual steps taken to respect and protect human rights. This is the reporting commitment of the companies.[***]

Provide an input on human rights content on corporate reports and identify the areas of company operations where human rights have been applied.[****]

d. Activity - 1 HOUR

Tell the participants to brainstorm in small groups the practical measures that different stakeholders can employ to influence company reports on different human rights issues regarding:

– company operations (internal); and
– company relations with the community.

Remind the participants to discuss also how small and medium-size companies might be able adopt measures to address their human rights issues.

Tell the participants to classify and justify which measures raised in the brainstorming session are feasible, hardly feasible, and not feasible.

Ask the participants to present their group reports in a TV talk show style. They will decide on who will be the TV host, and guests ["experts"] who will explain why the corporate measures are feasible, hardly feasible, and not feasible.

Ask the other participants to raise comments and questions as members of the "live audience" in the "TV show."

II. Summary

Time: 15 MINUTES

Summarize the main points discussed during the session such as the following:

*   Human rights content of the international corporate standards or frameworks;
*   Practical measures under the international corporate standards or frameworks such as stakeholder mechanisms and actions by stakeholders that can influence corporate behavior.

[***] A video on reporting framework can be used for this part of the input, see "UN Guiding Principles Reporting Framework Launch, February 2015," https://vimeo.com/124811300?from=outro-local.

[****] The report of HURIGHTS OSAKA in *Bridging Human Rights Principles and Business Realities in Northeast Asia*, pages 147-157 and its Appendix B, pages 200-202, provide examples of surveys on human rights content of corporate reports.

Annex A
International Guidance Standard on Organisational Social Responsibility (ISO 26000)

ISO 26000 provides guidance on how businesses and organizations can operate in a socially responsible way. This means acting in an ethical and transparent way that contributes to the health and welfare of society.

ISO 26000:2010 provides guidance rather than requirements, so it cannot be certified to unlike some other well-known ISO standards. Instead, it helps clarify what social responsibility is, helps businesses and organizations translate principles into effective actions and shares best practices relating to social responsibility, globally. It is aimed at all types of organizations regardless of their activity, size or location.

This International Standard is intended to assist organizations in contributing to sustainable development. It is intended to encourage them to go beyond legal compliance, recognizing that compliance with law is a fundamental duty of any organization and an essential part of their social responsibility. It is intended to promote common understanding in the field of social responsibility, and to complement other instruments and initiatives for social responsibility, not to replace them.

In applying this International Standard, it is advisable that an organization take into consideration societal, environmental, legal, cultural, political and organizational diversity, as well as differences in economic conditions, while being consistent with international norms of behaviour.

This International Standard is not a management system standard. It is not intended or appropriate for certification purposes or regulatory or contractual use. Any offer to certify, or claims to be certified, to ISO 26000 would be a misrepresentation of the intent and purpose and a misuse of this International Standard. As this International Standard does not contain requirements, any such certification would not be a demonstration of conformity with this International Standard.

The standard was launched in 2010 following five years of negotiations between many different stakeholders across the world. Representatives from government, NGOs, industry, consumer groups and labour organizations around the world were involved in its development, which means it represents an international consensus.

(Source: Text drawn from ISO 26000 – Social Responsibility, www.iso.org/iso/home/standards/iso26000.htm; and www.iso.org/obp/ui/#iso:std:iso:26000:ed-1:v1:en)

Guidelines for Multinational Enterprises of the Organisation of Economic Co-operation and Development (OECD)

The Guidelines are the first international instrument to integrate the corporate responsibility to respect human rights as set out in the UN's Guiding Principles on Business and Human Rights. The Guidelines are also the first international corporate responsibility instrument to incorporate risk-based due diligence into major areas of business ethics. The nature and extent of due diligence depend on the circumstances of a particular situation, an important point considering the complexity of international business.

The Guidelines are the only existing multilaterally agreed corporate responsibility instrument that adhering governments have committed to promoting in a global context. They express the shared views and values of countries, including major emerging economies, that are the sources and the recipients of a large majority of the world's

investment flows and are also home to a majority of MNEs. The Guidelines cover all major areas of business ethics. Their recommendations are set out in 11 chapters and cover topics such as information disclosure, human rights, employment and labour, environment, anti-corruption, and consumer interests. The Guidelines also encompass three areas - science and technology, competition, and taxation - not as fully covered by any other international corporate responsibility instrument.

Unique implementation mechanism

The active way in which the Guidelines are implemented distinguishes them from other international corporate responsibility instruments.

National Contact Points

Adhering countries are obliged to set up National Contact Points (NCPs) that are tasked with furthering the effectiveness of the Guidelines by undertaking promotional activities, handling inquiries, and providing a mediation and conciliation platform for resolving issues that arise from the alleged non-observance of the Guidelines. This makes the Guidelines the only international corporate responsibility instrument with a built-in grievance mechanism.

Proactive Agenda

The effective implementation of the Guidelines is supported by the proactive agenda. The proactive agenda aims to promote the effective observance of the Guidelines by helping enterprises identify and respond to risks of adverse impacts associated with particular products, regions, sectors, or industries. Central to its potential to effect change on a broad scale is its employment of the multi-stakeholder process which gives relevant stakeholders the opportunity to participate side-by-side with enterprises in developing strategies to avoid and address risks of adverse impacts.

(Source: OECD Guidelines for Multinational Enterprises Responsible Business Conduct Matters, pages 2-3, http://mneguidelines. oecd.org/MNEguidelines_RBCmatters.pdf)

Equator Principles (EPs)

The Equator Principles (EPs) is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects and is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making.

The EPs apply globally, to all industry sectors and to four financial products 1) Project Finance Advisory Services 2) Project Finance 3) Project-Related Corporate Loans and 4) Bridge Loans. The relevant thresholds and criteria for application is described in detail in the Scope section of the EPs.

Currently 82 Equator Principles Financial Institutions (EPFIs) in 36 countries have officially adopted the EPs, covering over 70 percent of international Project Finance debt in emerging markets.

EPFIs commit to implementing the EP in their internal environmental and social policies, procedures and standards for financing projects and will not provide Project Finance or Project-Related Corporate Loans to projects where the client will not, or is unable to, comply with the EPs.

While the EPs are not intended to be applied retroactively, EPFIs apply them to the expansion or upgrade of an existing project where changes in scale or scope may create significant environmental and social risks and impacts, or significantly change the nature or degree of an existing impact.

The EPs have greatly increased the attention and focus on social/community standards and responsibility, including robust standards for indigenous peoples, labour standards, and consultation with locally affected communities within the Project Finance market. They have also promoted convergence around common environmental and social standards. Multilateral development banks, including the European Bank for Reconstruction & Development , and export credit agencies through the OECD Common Approaches are increasingly drawing on the same standards as the EPs.

(Source: Equator Principles, www.equator-principles.com/index.php/about-ep)

G4 Sustainability Reporting Guidelines

G4, the fourth generation of the Guidelines, was launched in May 2013. The launch marked the culmination of two years of extensive stakeholder consultation and dialogue with hundreds of experts from across the world from a wide variety of sectors, including companies, civil society, labor organizations, academia, and finance. The aim of G4 is simple: to help reporters prepare sustainability reports that matter and to make robust and purposeful sustainability reporting standard practice. G4 is designed to be universally applicable to all organizations of all types and sectors, large and small, across the world.

G4 includes references to other widely recognized frameworks, and is designed as a consolidated framework for reporting performance against different codes and norms for sustainability. This includes harmonization with other important global frameworks, including the OECD Guidelines for Multinational Enterprises, the UN Global Compact Principles, and the UN Guiding Principles on Business and Human Rights.

The guidance in G4 is designed to be compatible with a range of different reporting formats. In addition to enhancing the relevance and quality of standalone sustainability reports, G4 also offers a widely recognized global standard for sustainability information to be included in integrated reports.

(Source: An Introduction to G4 - The next generation of sustainability reporting, www.globalreporting.org/resourcelibrary/GRI-An-introduction-to-G4.pdf)

2012 Sustainability Framework of the International Financial Corporation (IFC)

The Sustainability Framework articulates IFC's strategic commitment to sustainable development and is an integral part of our approach to risk management.

Our Sustainability Framework helps our clients do business in a sustainable way. It promotes sound environmental and social practices, encourages transparency and accountability, and contributes to positive development impacts. IFC's Performance Standards, which are part of the Sustainability Framework, have become globally recognized as a benchmark for environmental and social risk management in the private sector.

Originally adopted in 2006, the Sustainability Framework has recently been updated following an 18-month consultation process with stakeholders around the world.

Effective on January 1, 2012, our updates reflect the evolution in good practice for sustainability and risk mitigation over the past five years. They incorporate modifications on challenging issues that are increasingly important to sustainable businesses, including supply-chain management, resource efficiency and climate change, and business and human rights.

The Sustainability Framework Consists of

• The Policy on Environmental and Social Sustainability, which defines IFC's commitments to environmental and social sustainability.

• The Performance Standards, which define clients' responsibilities for managing their environmental and social risks.

• The Access to Information Policy, which articulates IFC's commitment to transparency.

• Environmental and Social Categorization.

(Source: International Finance Corporation, www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_site/Sustainability+and+Disclosure/Environmental-Social-Governance/Sustainability+Framework)

The Caux Round Table (CRT)

The Caux Round Table (CRT) is an international network of business leaders working to promote a morally and sustainable way of doing business. The CRT believes that its Principles for Responsible Business provide necessary foundations for a fair, free and transparent global society.

The Caux Round Table was founded in1986 by Frits Philips Sr, former President of Philips Electronics, and Olivier Giscard d'Estaing, former Vice-Chairman of INSEAD, as a means of reducing escalating international trade tensions between Europe, Japan and the USA.

At the urging of Ryuzaburo Kaku, then Chairman of Canon, Inc, the CRT began to focus attention on the importance of global corporate responsibility in reducing social and economic threats to world peace and stability. This led to the development of the 1994 Caux Round Table Principles for Business around three ethical foundations, namely: responsible stewardship; the Japanese concept of Kyosei - living and working for mutual advantage; and respecting and protecting human dignity.

The 2009 CRT Principles for Responsible Business comprise seven principles and more detailed Stakeholder Management Guidelines covering each of the key stakeholder dimensions of ethical business practices: customers, employees, shareholders, suppliers, competitors, and communities.

The CRT Principles have been published in twelve languages, utilized in business school curricula worldwide, and are widely recognized as the most comprehensive statement of responsible business practice formulated by business leaders for business leaders.]

(Source: Caux Round Table, www.cauxroundtable.org/index.cfm?menuid=8)

Materials

International frameworks and standards:

- International Guidance Standard on Organisational Social Responsibility (ISO 26000); ISO 26000 – Social Responsibility, www.iso.org/iso/home/standards/iso26000.htm; and www.iso.org/obp/ui/#iso:std:iso:26000:ed-1:v1:en;

- Guidelines for Multinational Enterprises of the Organisation of Economic Co-operation and Development (OECD); http://mneguidelines.oecd.org/text/;

- Global Reporting Initiative (GRI); https://www.globalreporting.org/standards/g4/Pages/Introduction-to-G4-brochure.aspx;

- Equator Principles (EPs); http://www.equator-principles.com/index.php/about-ep;

- 2012 Sustainability Framework of the International Financial Corporation (IFC); http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_site/Sustainability+and+Disclosure/Environmental-Social-Governance/Sustainability+Framework and

- The Caux Round Table (CRT) Principles for Responsible Business - http://www.cauxroundtable.org/index.cfm?menuid=8.

Introduction in *Bridging Human Rights Principles and Business Realities in Northeast Asia* (Osaka/Kuala Lumpur: HURIGHTS OSAKA and SIRD, 2014)