CHAPTER IV

CONVERGENCE AND COHERENCE IN INTERNATIONAL CSR INSTRUMENTS: IMPLICATIONS FOR BUSINESS IN THE ASIAN AND PACIFIC REGION*

Executive Summary

A variety of instruments have emerged globally and locally to help companies implement corporate social responsibility (CSR): principles, management standards, reporting indicators and others. These instruments have arisen over the past two to three decades in the absence of clear legal frameworks on the roles and responsibilities for businesses in the areas of environment, labour, human rights, corruption and others. Many of these standards have their roots in the major international conventions on labour, human rights, and environment, leading to a certain degree of convergence of topics.

Over the past decade, and more notably since the release of the ISO 26000 series in 2010, the main developers of CSR instruments have worked to align their frameworks so that they are easier to use in tandem by companies. Some of the more practical instruments are commonly used together by companies globally and also in the Asia-Pacific region.

However, in the Asia-Pacific region, the general uptake of international CSR instruments remains low for a variety of reasons including lack of government incentives, low levels of stakeholder pressure and, in particular, lack of consumer concern. Interestingly, stock exchanges are one of the drivers for CSR and for uptake of instruments in the region, particularly in China; Hong Kong, China; Malaysia; Singapore; and Thailand. Locally or sectorally developed CSR instruments get better traction in the region than the international standards, but these may or may not align with the major global CSR instruments nor cover the core issues.

Human rights are one of the biggest barriers to the further adoption of global CSR instruments. There is a common perception that human rights are outside the sphere of influence of businesses and a matter for Government. Moreover, Governments in the region have not consistently developed or adhered to human rights policy in line with the United Nations Universal Declaration of Human Rights and other frameworks, often providing limited leadership to business. A further hindrance is that the global CSR instruments are perceived as somewhat inconsistent or at least unclear in the area of complicity in human rights. One way forward is to integrate human rights issues with other categories which are much less challenging for business, such as labour standards, community development, non-discrimination, consumer rights, and protection of vulnerable people or the rights of children.

Although many of the global CSR instruments do converge on the issues related to supply chains, in practice many companies in the Asia-Pacific region struggle with limited

---

* This chapter was prepared by Leena Wokeck, Director of the CSR Asia Center at the Asian Institute of Technology (AIT), Thailand.

practical guidance on managing sustainability throughout complex supply chains and often limited expertise in the effective management of sustainability.

For the most part, companies in the region have not taken up global instruments as rapidly as companies in other regions. This is for a variety of reasons, including lack of pressure from Governments and consumers. There are several things that can be done to help improve business understanding of the benefits of using global CSR instruments, and to help increase the relevance of these instruments to the local Asian and Pacific context. These include:

- Address the emerging issues in the region better through further research, guidance and capacity-building for the private sector (especially in the areas of biodiversity, human rights and supply chains)
- Promote and showcase best practices in the application of global CSR instruments
- Encourage business networks in the Asia-Pacific region, multi-stakeholder partnership to develop guidance and tools for CSR, including at sectoral level
- Improve human rights and the role of Asia-Pacific business in this regard
- Bridge the implementation gap between global CSR instruments and Asia-Pacific companies by offering companies more useful guidance for implementation of these instruments

INTRODUCTION

With the rapid growth in scale and power of the private sector over the last 30 years there has been widespread recognition by Governments, civil society and companies alike that they share responsibilities towards society and environment. Companies should be accountable for their social and environmental impacts and cognizant of the contributions they make to economic development and community welfare. The level of responsibility also arises when the private sector, in its pursuit to deliver products and services, fills gaps that Governments are unable to do so, such as the delivery of infrastructure, health and education.

In the absence of consensus on key issues and company responses, dozens of initiatives have emerged over the years to help bring definition and consistency of CSR. Some originated from Governments or multilateral organizations, while others were developed outside the government sphere on the basis of a multi-stakeholder format and others found their origins in special interest groups or in the private sector itself. Some of the instruments provide high-level principled-based guidance, while others provide very specific implementation guidance. Some initiatives focus on just one issue while others tackle the full spectrum of social and environmental issues, and they all have different functional purposes including codes of conduct, sets of principles, management systems and reporting indicators.

A consistent set of CSR instruments and standards which provide clear guidance and clearly defining expectations and responsibilities for business would be a positive factor in accelerating the commitment to and implementation of CSR. Differing or competing instruments can cause confusion among businesses and their stakeholders and delay business action for sustainable development.

This chapter examines the evolution of the primary global CSR instruments, namely the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, the ISO 26000 standard on Social Responsibility, the United Nations Guiding Principles for Business and Human Rights, the OECD Guidelines for Multinational Enterprises (MNEs), the International Finance Corporation (IFC) Sustainability Performance Standards and the United Nations Global Compact (UNGC). The aim is to assess the level of consistency and convergence among these instruments, their adoption by Asian and Pacific companies, and their overall impact on corporate responsibility in the region, today and in the future.

The chapter gives an overview of key issues, examines convergence of instruments, discusses drivers in the Asia-Pacific region, and includes sector, issue and country examples. Section A provides a brief overview of issues related to convergence of global CSR instruments, while section B provides a more detailed analysis of issues related to convergence. Section C discusses the use of CSR instruments in the Asia-Pacific region and the relevance and applicability of global CSR instruments in the region. Section D discusses other drivers of CSR with focus on national and sectoral CSR instruments and trends towards convergence, including the role of local stock exchanges. Section E provides some country, issue and sector examples of CSR convergence. Section F concludes with some recommendations for the way forward.

A. OVERVIEW OF ISSUES RELATED TO CONVERGENCE OF CSR INSTRUMENTS

1. Evolving convergence

A series of international conventions and agreements form the basis for international norms on human rights, labour and environment. These include the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the United Nations Convention Against Corruption, a series of environmental conventions such as the Montreal Protocol on Substances that Deplete the Ozone Layer, the Convention on Biological Diversity, the Rio Declaration on Environment and Development, and many others. Most of the global CSR instruments either take these international agreements as their starting point or align their content with these agreements. As a result, there is some level of consistency on priority topics covered by these instruments and on language and expectations.

UNGC and the GRI Guidelines have strategically pursued alignment for nearly a decade at the institutional level as well as at the level of particular instruments. The two are complementary in nature with UNGC providing the high level principles and commitment mechanism, and the GRI Guidelines providing guidance on monitoring and reporting on progress on CSR implementation. Until recently, what was missing were the integral components linking principles to reporting, i.e. a comprehensive standard for CSR management and implementation. This gap has now been filled in the form of the ISO 26000 standard released in late 2010. Due to their alignment with international legal conventions, their consistency in language and format, and their coverage of three key areas of the business response – principles, management systems, and monitoring and reporting – there is potential for these three instruments to provide a seamless package of guidance for companies.

The oldest of the global CSR instruments are the OECD Guidelines for Multinational Enterprises, first issued in the 1970s and updated several times over the years. The ISO 26000 standard was heavily influenced by the OECD Guidelines and many elements are central to both. The ISO's global network of national standard organizations, experience with business standards, and certification platform are strengths that may see the adoption of ISO 26000 exceed by far the historical use of the OECD Guidelines, which have benefitted from implementation support by national contact points in OECD countries plus only an additional 10 countries.

However, modalities to convert international policy conventions into guidance for responsible business practice leave much room for interpretation. Some of these modalities can be interpreted as being contradictory, which is confusing for companies. For example, although UNGC and the United Nations Guiding Principles for Business and Human Rights take the Universal Declaration of Human Rights and the ILO Core Conventions as their underpinning foundations, UNGC addresses business complicity in human rights abuses directly, while the Guiding Principles do not. Although there have been major steps toward convergence over the past two years, the various frameworks can send different signals to companies about their expected roles and responsibilities in the absence of strong government leadership in human rights.

In sum, this chapter reveals that there is a degree of convergence between the principle CSR instruments in terms of prioritizing the key issues. But the instruments were developed for different purposes – for eliciting high level commitment, for guiding the development of management systems, for guiding investment decisions, for improving governance and for reporting and communications. This chapter assesses the level of complementarity between the instruments in terms of their practical application by companies.

2. Convergence and implications for CSR in the Asia-Pacific region

Having a common point of departure in the international conventions on human rights, labour and environment supports convergence among the global CSR instruments. In practice this benefit can be negated when international conventions have not been consistently ratified, implemented and enforced in the countries where businesses operate. If companies are not currently required to comply with basic human rights and environmental standards, they often find there is a gap between their existing performance and the performance levels required to comply with CSR instruments. In situations where there is weak governance and rule of law, the more practical CSR instruments can help bring structure and guidance for companies to elevate their practices to be on par with international expectations. In the Asia-Pacific region this is especially challenging in the areas of human rights, labour practices and anti-corruption despite the strength of the international conventions in these areas and the alignment of CSR instruments to these conventions.

Our research finds some indications that leading Asian and Pacific companies are using multiple instruments in parallel – namely UNGC with the GRI Guidelines, or ISO 26000 with the GRI Guidelines. Whether two or three of these instruments will be used regularly as a package will be revealed over time as best practice emerges.

In the Asia-Pacific region the most commonly used instruments are UNGC, the GRI Sustainability Reporting Guidelines, and the ISO 26000 standard, although the latter has only been available since late 2010 so its adoption lags the adoption of the GRI framework to date.

The potential prospect for the development of various forms of certification associated with the ISO 26000 standard is likely to drive rapid adoption of this standard in the future. The relatively high level of use of the GRI Sustainability Reporting Guidelines and the ISO 26000 standard may be a reflection of their practical and flexible nature. Both standards were developed through extensive multi-stakeholder processes that involved Asian and Pacific stakeholders although the processes were mainly centred in the West. Although the growth in use of these instruments by Asian and Pacific companies generally follows global trends, the absolute numbers remain fairly low: just over 150 of the largest 750 companies[83] by market capitalization in the region issue a report based on the GRI Guidelines, whereas 95 per cent of the world's 250 largest companies currently report.[84] This chapter will address the case for CSR in Asia in section B below.

The United Nations-originated instruments typically begin with high-level principles and they have contributed to the elevation of the urgency of sustainable development and the role of business in the Asia-Pacific region. In support of UNGC in the region, 11 countries have formally recognized structures known as "Local Networks" that coordinate activities in the country, while a further six other Local Networks are making progress towards formal recognition by UNGC. But with limited implementation guidance and in-country support available beyond the UNGC Local Networks which mainly play a stakeholder coordination and education role, converting the high level principles into corporate systems practice action can be a challenge for Asian and Pacific companies. There are over 800 business participants from South and South-East Asia involved in the UNGC network, of which over 200 are listed as "non-communicative" for failure to submit a Communication on Progress.[85] Some of the ten principles fail to resonate with the private sector and some of them (e.g. collective bargaining) are seen as inconsistent with local business practices.

The OECD Guidelines for Multinational Enterprises have been influential amongst many of the large Western companies. They were also central to the development of ISO 26000 which contains many elements of the OECD Guidelines.[86] They have often been used by MNEs to guide their governance structure and social responsibility policies. Although comprehensive and often cited by the other international instruments, the OECD Guidelines have not been adopted by companies in the Asia-Pacific region to a large extent. This is partially a reflection of the limited membership of Asian and Pacific countries of OECD (only the Republic of Korea and Japan) and partially due to the more recent rise of non-OECD Asian and Pacific MNEs.

The IFC Performance Standards are some of the more comprehensive and prescriptive standards available, but they are specifically geared toward IFC clients working on major infrastructure projects in emerging markets. They are designed to be standards for project financing and have formed the basis of the Equator Principles which guide the investment decisions of the Equator Banks. Many leading companies have used the IFC guidance in order to demonstrate best practice in their own social and environmental performance. However, although recognized as a valuable source reference, only Asian and Pacific companies receiving IFC funds and investment have adopted these standards.

---

[83] Responsible Research, *Asian Sustainability Rating 2011* (2011).
[84] KPMG, *KPMG International Survey of Corporate Responsibility Reporting 2011* (2011).
[85] UNGC Participants list, available from http://www.unglobalcompact.org/participants/search.
[86] The OECD Guidelines are broader in scope in terms of subject matter than ISO 26000, but ISO 20000 is designed for use by any organization whether business, non-profit or government organization.

Section C examines the adoption of the global CSR instruments in the Asia-Pacific region, considers other factors such as regulation and the role of stock exchanges that are having an influence on convergence, and assesses the applicability of CSR instruments in the sectoral and country contexts in the region.

B. CONVERGENCE OF GLOBAL CSR INSTRUMENTS: A CLOSER LOOK

Over the past half century the size and scope of private companies have grown enormously, as have their social and environmental footprint. By the mid-1990s, a variety of initiatives had been started up which tried to concretize the issues and create a set of standards for the expectations of companies. Some of these standards were initiated by companies themselves, others by multi-stakeholder consortiums, Governments and multilateral organizations. Some focused on just one issue, while others covered the full range of social, environmental, and governance issues. The instruments also had a wide variety of functional purposes: codes of conduct, sets of principles, management guidance, investment guidance and reporting indicators. This section describes the development of the main international instruments over the past 20 years, and then proceeds to look at the degree of convergence between these instruments in terms of both functionality and themes.

1. Key milestones in the development of global CSR instruments

This chapter focuses on six of the primary global CSR instruments. These are designed to be generally applicable to most companies globally operating in most sectors. A timeline diagram of the development and evolution of CSR instruments is contained in annex 1, and annex 2 provides for more detailed information on each instrument, including notes on convergence over time.

(a) OECD Guidelines for Multinational Enterprises

The OECD Guidelines for Multinational Enterprises are far reaching recommendations for responsible business conduct that 44 adhering Governments (34 OECD members plus 10 others) encourage their enterprises to observe wherever they operate. The Guidelines are recommendations by Governments covering all major areas of business ethics and encourage enterprises to obey the law, observe internationally recognized standards and respond to other societal expectations. Of the six instruments covered in this chapter, the OECD Guidelines are the only ones emerging directly from national Governments, although they are non-binding.

The Guidelines were updated in 2011 for the fifth time since they were first adopted in 1976. The last two revision processes – in 2000 and again in 2011 – sought the feedback and involvement of Governments, businesses and civil society stakeholders. There were a number of changes in specialized chapters. Key amendments in the 2011 release included new recommendations on human rights abuses and company responsibility for their supply chains. For example, the wording of the recommendations in the area of employment and industrial relations was amended to be consistent with the ILO conventions. In the chapter on "Combating Bribery, Bribe Solicitation and Extortion", MNEs are guided to take on greater responsibility to detect and resist corruption, and references are made to the 2005 United Nations Convention Against Corruption (UNCAC). Similarly, there is a greater emphasis on tax compliance, transparency and responding to requests for information, referencing related the United Nations/OECD conventions. A new, tougher process for complaints and mediation was also introduced.

Key updates in the 2000 revision were designed to bring the Guidelines in line with other emerging CSR instruments and to increase consistency with international conventions such as the ILO Core Principles. New additions in the Guidelines addressed corporate contribution to sustainable development; respect of human rights; MNE's encouragement of suppliers, subcontractors and business partners to apply principles of corporate conduct compatible with the Guidelines; respect of core labour standards (child labour, forced labour, freedom of association and collective bargaining and non-discrimination in terms of race, religion, gender etc.); establishment of environmental management systems, the precautionary principle; and new chapters on bribery and consumer interests.

(b) United Nations Global Compact

The Global Compact is a global platform which convenes companies with United Nations agencies, labour and civil society to support 10 universally accepted principles in the areas of human rights, labour, environment and corruption. The initial functional purpose of the Global Compact was to catalyze corporate commitment to these issues by inviting them to sign on to its ten principles and to embrace, support and enact, within their sphere of influence, a set of core values. Each of the ten principles is supported by a United Nations implementing agency, and cross-referenced to the following conventions: the Universal Declaration of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

In order to participate, a commitment must be made at the Chief Executive Officer level and be supported by the highest-level governance body of the organization, such as the Board. Participants are expected to make the Global Compact and its principles an integral part of business strategy, day-to-day operations and organizational culture, and integrate in annual reports (or in a similar public document, such as a sustainability report) a description of the ways in which it implements the principles and supports broader development objectives (also known as the Communication on Progress). Signatories can be delisted from UNGC if they do not report on progress within a defined period of time. UNGC also expects a nominal financial commitment from its signatories to support the platform.

(c) Global Reporting Initiative's Sustainability Reporting Guidelines

The Global Reporting Initiative (GRI) is a non-profit organization that provides all companies and organizations with a comprehensive sustainability reporting framework to disclose practices on economic, environmental, social and governance performance. The GRI's Sustainability Reporting Guidelines are divided into two sections. The first section consists of a set of principles that help companies determine the content of their report (materiality, stakeholder inclusiveness, sustainability context, completeness) and achieve quality of the report (balance, comparability, accuracy, timeliness, clarity, reliability). The second section of the

Guidelines contains a set of disclosure guidance and performance indicators that companies can use to report on their management approach and performance on environmental, social, economic and governance issues.

Each indicator is accompanied by a protocol that provides further guidance to reporting organizations on how to respond to the indicator. The indicator protocol will also contain information on which major international convention or other standard the indicator is cross-referenced to.

The GRI issued the first version of its reporting Guidelines in 2000, and they became widely recognized as the predominant standard for reporting on sustainability by 2002,[87] the same year that the GRI released the second version of the Guidelines. Subsequently, other international instruments began referencing and integrating GRI's Reporting Guidelines. The GRI released the third version of its Sustainability Reporting Guidelines in 2006 (known as "G3") with major upgrades in guidance for reporting on strategy, management and risk, and upgrades of the indicators themselves. Following the publication of the G3 Guidelines an update was issued in 2011 (G 3.1) with updates on principles for defining report content and reporting guidance on human rights, community and gender. A global multi-stakeholder process is now underway which will culminate in the release of the G4 Guidelines in 2013.

(d) ISO 26000

The International Standard Organization (ISO) is a network of national standards bodies of 163 countries producing both technical and organizational standards. ISO's strength and expertise is in developing harmonized international agreements based on multiple levels of consensus both among the principal categories of stakeholders and among countries. With the success of certifiable management systems standards such as the ISO 9000 series on quality management, it has established its own "brand" that is influential in the business community.

ISO 26000 Guidance on Social Responsibility distils a globally relevant understanding of what social responsibility is and what organizations need to do to operate in a socially responsible way. After a lengthy global multi-stakeholder development process, ISO 26000 was published in 2010. ISO 26000 provides guidance rather than requirements and unlike other ISO standards cannot be certified. Instead, it helps clarify what social responsibility is, and helps businesses and organizations translate principles into effective actions and guidance for implementation. It is aimed at all types of organizations regardless of their activity, size or location.

Some practitioners and consultants now see ISO 26000 as the most comprehensive "definition" of social responsibility. Its seven principles and seven core subject areas are comprehensive and build on international conventions and other sustainable development and social responsibility initiatives. It provides further guidance on implementing and integrating social responsibility into the organizations and on reporting and communications. Leading companies advocating CSR have been using the ISO 26000 guidance to benchmark their own activities and identify strengths and weaknesses in their approaches.

[87] Brown, de Joing and Lessidrenska (2007).

(e) IFC Performance Standards

The IFC Performance Standards (IFC PS) were first published in 2006 and updated in 2012. They are the principal component of the IFC's sustainability framework and are required to be implemented by IFC clients (companies that receive IFC investment for major infrastructure projects). They include eight performance standards addressing a range of social and environmental risks and impacts that can arise from operations.

The IFC PS are directed towards clients, providing guidance on how to identify risks and impacts, and are designed to help avoid, mitigate, and manage risks and impacts as a way of doing business in a sustainable way, including stakeholder engagement and disclosure obligations of the client in relation to project-level activities. Together, the eight PS establish standards that the client must meet throughout the life cycle of an investment by IFC.

The IFC PS have been influential outside the IFC itself since they have provided the foundation for the Equator Principles[88] launched in 2003 and to date adopted by 77 banks and financial institutions from 32 countries – covering over 70 per cent of international project finance debt in emerging markets. The IFC PS have also been used as "best practice" guidance by companies which consider themselves to be leaders in the CSR field, particularly in high impact, high risk operations such as extractives, agribusiness and forestry. Their influence is therefore probably more significant than first imagined.

(f) United Nations Guiding Principles on Human Rights

The United Nations Human Rights Council endorsed the "Guiding Principles on Business and Human Rights" drafted through a long-term stakeholder engagement process by Special Representative for Business and Human Rights, John G. Ruggie, in June 2011. The Guiding Principles were designed to implement the "Protect, Respect and Remedy" policy framework that the Special Representative had proposed and which the Council and the United Nations General Assembly had approved in 2008. This framework requires the state to protect against human rights abuses, corporations to have responsibility to respect human rights, and greater access by victims to effective remedies. While the role of the state is to protect human rights, the expectation is that businesses, in particular, must respect human rights in their own operations and their sphere of influence and also remedy violations. This approach is new among the instruments considered. It also clearly delineates the respective roles of the state and of private enterprises.

As stated in the principles, their "normative contribution lies not in the creation of new international law obligations but in elaborating the implications of existing standards and practices for states and businesses; integrating them within a single, coherent and comprehensive template; and identifying where the current regime falls short and how it should be improved."

[88]The Equator Principles (EPs) form a credit risk management framework for determining, assessing and managing environmental and social risk in project finance transactions. Project Finance is often used to fund the development and construction of major infrastructure and industrial projects. The EPs are adopted by financial institutions and are applied where total project capital costs exceed $10 million.

The Principles state that companies should specifically adhere to the Universal Declaration of Human Rights and the ILO core conventions.

(g) Overall observations on convergence

Most instruments, whether they are developed by single entities or the product of government or multi-lateral initiatives, derive their authority and credibility by using the major international conventions and agreements on human rights, labour, corruption and the environment as a basis. Sharing this fundamental aspect of design has resulted in a general level of convergence on many (but not all) of the key topics and language covered in the instruments. This alignment of instruments with the major pillars of international norms should increase their applicability worldwide as Governments are expected to ratify and implement local laws that reflect the universal conventions. In practice, however, ratification and implementation varies greatly and continues to be weak in parts of the Asia-Pacific region thus increasing the need for CSR instruments to guide business how to address resulting challenges for responsible operations, brand and reputation. However, many businesses in the region have been slow to respond to this new challenge for numerous reasons, including a lack of movement by both the state and many of the largest Asian MNEs. Table IV.I shows the main characteristics of the various global CSR instruments.

Table IV.1. Major characteristics of global CSR instruments

Instrument	Origin: owner	Origin: source	Primary function	Issue focus	Adherence mechanism
OECD Guidelines for MNEs	Inter-governmental	Major international conventions	Policy and management	Broad coverage	No
UNGC	Inter-governmental	Major international conventions	Policy and principles	Selected issues	Yes
GRI Guidelines	Multi-stakeholder	Major international conventions, Other CSR instruments	Reporting and disclosure	Broad coverage	Yes
IFC Performance Standards	Inter-governmental	Major international conventions	Management system	Selected issues	No
ISO 26000	Multi-stakeholder	Major international conventions, Other CSR instruments	Management system	Broad coverage	No
Guiding Principles for Business and Human Rights	Inter-governmental	Major international conventions	Policy and principles	Single issue	No

Note: Explanation of table headings:

- Origin: owner – what sort of organization initiated and stewards the instrument?
- Origin: source – where does the instrument derive its content?
- Primary function – what practical application within a business management system is the instrument designed for or primarily used for?
- Issue focus – in terms of social, economic, environment and governance issues, how many does the instrument focus on?
- Adherence mechanism – can a company take steps to comply with or formally register its use of the instrument?

2 Analysis of the degree of functional complementarity among global CSR instruments

A key criterion of success of CSR instruments in helping companies improve their CSR practices and sustainability performance is full adoption and effective application of these instruments. In order to achieve this, there is a need for clear implementation guidance for companies. In order to avoid confusion from a plethora of CSR instruments that could dissuade companies from using them or hinder effective use of compatible instruments in conjunction, many of the bodies responsible for their development are placing increasing emphasis on issuing guidance on how their instruments relate to and can be used in conjunction with the other main instruments.

The six main CSR instruments that are the focus of this chapter have relatively different functional purposes. In that regard, they do not generally replicate each other (though overlap does exist), but can serve as complimentary tools for different parts of the business management spectrum. This subsection presents an analysis of the evolution of each of the main CSR instruments over time to determine to what degree they are developing bridges to other standards and promoting complementarity for ease of use.

(a) Institutional relationships

In the last few years, the achievement of a minimum level of harmonization or convergence between CSR instruments has been an explicit objective or strategy by most of the organizations developing these instruments. As a result, strong institutional relationships have grown, particularly over the last five years.

Evidence of functional convergence is most notable in the two years since ISO 26000 was published (2010), along with the release of important revisions to the IFC Performance Standards (2012) and the OECD’s Guidelines for MNEs (2011). There is currently a process underway to update the GRI Guidelines that has included references to other frameworks in the various public consultations (expected 2013).

In many ways, ISO 26000 came about for the express purpose of forging functional convergence. It captured the best practice that had emerged over the years through lessons learned from the implementation of multiple high level declarations and principles related to CSR and associated issue- or sector-specific social responsibility initiatives. ISO signed Memorandums of Understanding with ILO, UNGC and OECD to ensure institutional cooperation with these organizations on the development of ISO 26000. By its very nature, ISO

26000 has created a degree of convergence, although at the same time it has added considerable new material to the guidance on social responsibility.

There has been a longstanding cooperation between UNGC and GRI to promote complementarity of their instruments, and these two organizations issued joint statements and tools on how to combine the use of these instruments as early as 2002. The level of cooperation was elevated in 2006 when the two organizations co-released an integration document showing the relationship between the *Communication on Progress* (COP) required by Global Compact signatories and the GRI's G3 Guidelines called "Making The Connection – Using GRI's G3 Guidelines for the COP." This guide provided ways to use the GRI Guidelines to meet Global Compact COP requirements simultaneously. This level of practical guidance on integrated use of these instruments continues and is supported by an MOU that cements a long-term collaboration between the two organizations.

(b) Cross-referencing other standards within instruments

The 2011 update of the OECD Guidelines included a variety of changes that link the Guidelines to other initiatives. One example is the inclusion of a new chapter on human rights based on the United Nations Protect, Respect and Remedy Framework. There is a greater emphasis on stakeholder consultation, a theme which is receiving increased attention and which has already been addressed by the GRI Guidelines in its reporting principles and was given priority in ISO 26000 as an operational approach to be embraced. Regarding disclosure, the recent OECD Guidelines place greater emphasis on disclosure of all "material" issues, which is terminology also found in the GRI Guidelines. The OECD Guidelines recommend the GRI Guidelines as a way to report, and an MOU between GRI and OECD has been signed.

In the ISO 26000 standard, convergence is clearly seen on substantive topics such as human rights, environment, supply chain management, transparency and disclosure and consumer issues. Considerable reference is made to relevant United Nations, ILO and OECD conventions and agreements. However no explicit reference is made to any other CSR instruments in the text itself. The reporting guidance in ISO 26000 does not specifically refer to the GRI Guidelines but does use language and guidance that is consistent with the GRI guidelines – including an emphasis on stakeholder engagement.

ISO 26000 does contain a section on "voluntary initiatives for social responsibility" generally, which helps companies understand what these initiatives are and how to make decisions about getting involved in their development or whether or not to use them. In addition, ISO 26000 includes an annex that provides an overview of the many CSR instruments, guidance and initiatives which are globally available. CSR instruments mentioned were determined to be able to help the company apply ISO guidance contained in the standard. The section provides detailed information on how initiatives overlap or match up with ISO 26000 principles, core subjects, and guidance.

The IFC's recently revised Sustainability Policy and Performance Standards have stronger requirements for extractive industry projects disclosure, which is a sector that GRI has also covered in an Extractive Industry Sector Supplement published in the same year. The Performance Standards follow the trend set in place by the "Respect, Protect, Remedy"

Framework in referring to private sector responsibility to respect human rights, especially for migrant workers. The United Nations Guiding Principles for Business and Human Rights were subsequently integrated into the 2011 Revision of the OECD Guidelines for MNEs and the 2012 update of IFC's Sustainability Policy and Performance Standards.

One of the stated goals of the ongoing revision of the GRI Reporting Guidelines is "to harmonize as much as possible with other internationally accepted standards". This is particularly relevant in the sections addressing disclosure on (i) supply chains, (ii) governance and remuneration, and (iii) management approach, all three of make reference to additional international standards including the "Respect, Protect, Remedy" Framework and the OECD Guidelines for MNEs.

(c) Overall observations on functional complementarity

In the four major revisions and releases of CSR instruments over the past two years (ISO 26000, OECD Guidelines, IFC Standards, United Nations Guiding Principles for Human Rights) there is currently a trend towards referencing other instruments, but there is also considerable evidence of increasing functional convergence in other ways. Instruments may refer to other CSR instruments in annexes or protocols, purposefully providing a bridge between the two. Not insignificant is the amendment of language towards a consistent lexicon of issues and operational procedures. These indirect references within instruments can help improve the ease of utilizing multiple instruments together.

The institutions behind the development of CSR instruments are using a variety of means to help create linkages between their respective standards and make it easier for companies to use them simultaneously. Some have entered into official institutional relationships, while others are working together to create resources and guidance documents on using the instruments together.

Three multinational Asian [89] companies that have historically used some of the instruments were interviewed for this chapter. Two companies reported that they strategically use multiple instruments together, namely the ISO series, and the GRI Guidelines in combination. Each company covers different functional aspects, from top line principles, to management, to reporting. In this way a variety of instruments are still useful to companies, especially if they share similar content.

3. Analysis of trends in convergence across selected themes

Companies are more likely to use instruments in tandem if their guidance is consistent on key topics and principles. In earlier sections of this chapter it was observed that there is a general convergence around themes and that the functional complementarity of instruments is moving in the right direction. But how does this translate in the actual application of the instruments by companies? This subsection analyses the instruments to identify convergence both on principles of conduct and on key themes and issues.

[89] The companies were Aitken Spence, www.aitkenspence.com; Swire Pacific, www.swirepacific.com; and City Developments Limited (CDL) - www.cdl.com.sg.

(a) Principles of conduct

(i) Contribution of companies to sustainable development

The issue of corporate contribution to sustainable development was first mentioned in the OECD Guidelines for MNEs in 2000, and has since become a central theme of many of these instruments, particularly ISO 26000. The GRI's G3 Guidelines are set up for companies to first discuss their overall vision on their role in sustainability and related strategy before proceeding to performance reporting. UNGC has a stated objective to catalyse action in support of United Nations goals, including the Millennium Development Goals.

There is an increasing convergence on commitments to sustainable development, although not all instruments cover all key issues associated with that concept commonly. There are also some limitations as material issues vary regionally and by sector and industry. To comply with this principle, some of the instruments are offering companies more useful guidance for implementation such as UNGC's Management Model and Blueprint for Corporate Sustainability Leadership. There is some convergence on principles such as transparency and accountability as well as an increasing importance of stakeholder engagement and inclusiveness. Implementation, however, generally remains weak beyond a minority of sustainability leaders.

(ii) Reporting and disclosure

An increased focus on reporting and disclosure can be seen in various key instruments since GRI's Reporting Framework assumed international prominence around 2002 and especially after the launch of the G3 Guidelines in 2006. Transparency and disclosure was a component of UNGC since its inception through its Communication on Progress requirements.

This was further emphasized in ISO 26000 which expects companies to report on their operations as well as the impact of their operations on stakeholders, among other key topics essential for transparency and accountability. Other instruments, including the OECD Guidelines and the IFC Performance Standards also have sections on the importance of communication and disclosure. This consensus on the importance of monitoring, reporting and communicating with stakeholders among the instruments has helped to establish the practice as an essential component of CSR management.

(iii) Stakeholder engagement

Growing recognition of the role of stakeholder engagement and a broadened definition of stakeholders beyond clients or locally impacted communities can be seen across all CSR instruments. Continuously present even in the early versions of the OECD Guidelines, stakeholder consultation is central to the process outlined in ISO 26000 and to the GRI Reporting Framework. The central importance of stakeholder engagement was also further stressed in the IFC's 2012 Performance Standards which requires engagement beyond affected communities and clarifies the level of stakeholder engagement expected in different circumstances.

(iv) Governance, bribery and corruption

Good governance is often said to be the foundation of good CSR as it establishes the systems and procedures to ensure that a company is governed in an ethical and responsible way. Principles of accountability, transparency and ethical behaviour are at the centre of the ISO 26000 approach to good governance. In many ways, the OECD Guidelines were written with good governance in mind and have been used by many MNEs to be the basis of good governance and policies on CSR.

Organizational Governance and Fair Operating Practices are two of the seven core subject areas of the ISO 26000 standard and these include specific reference to bribery and corruption. UNGC included fighting corruption as its tenth principle in the same year that new chapters on Bribery and Corruption were added to the OECD Guidelines, and just one year after the United Nations Convention Against Corruption was adopted. An overview of the governance structure is required in GRI's Reporting Framework, but this topic is not included in IFC's Sustainability Framework or Performance Standards, whose scope is limited to other social and environmental issues.

(b) Key issues

(i) Human rights

Human rights had not been addressed specifically in early versions of the OECD Guidelines, but were first mentioned in the 2000 revision. Human rights took centre stage in CSR instruments when addressed specifically as the first two principles of UNGC in 2000 and as both a key principle and a core subject area by ISO 26000 in 2010. Following the United Nations Guidelines on Business and Human Rights, a new chapter on human rights was introduced into the OECD Guidelines in 2011 and is mentioned as a central theme in all of the IFC Performance Standards. GRI issued guidance on human rights reporting in 2009 and developed various sectoral or other focused guidance frameworks and implementation tools. The human rights indicators were improved in GRI's G3 revision in 2006, but a further upgrade was released in 2011 in the form of G3.1 which contained updates on human rights reporting. The G4 revision due in 2013 is expected to be aligned with the United Nations Guidelines for Business and Human Rights.

Nevertheless human rights remain difficult for businesses in practice and one of the biggest barriers for the continued adoption of international CSR instruments in the Asia-Pacific region. In many cases businesses simply do not recognize the importance of human rights in terms of their own activities. Two major barriers that seem to be preventing further business involvement in human rights in the region can be identified.

First, businesses clearly do not understand the context of human rights and are nervous about engaging in an area that they see primarily as the domain of Government. While they understand the importance of labour rights (including rights along the value chain), non-discrimination and good employment practices in terms of human resource policies, the broader context of human rights including land rights, indigenous peoples' rights and the rights of the child are often not recognized.

Second, in many Asian and Pacific countries companies are actually nervous to get involved in issues associated with human rights since the term is politically sensitive. Talking about human rights risks attracting the attention of Governments who often see any mention of human rights as an implicit attack on the human rights performance of the Government itself. This makes the private sector cautious and the outcome is that human rights had better not be addressed. In countries where human rights are not protected by the Government, the adoption of the Protect, Respect and Remedy Framework remains a challenge.

Another problem in the area of human rights involves a seeming inconsistency within the instruments relating to the private sector's complicity in human right abuses. For example, while UNGC and ISO 26000 specifically and directly address the issue of complicity, the Protect, Respect, Remedy framework does not. The United Nations Guiding Principles may implicitly include complicity in its approach to "do no harm", but some CSR practitioners and many human rights NGOs have interpreted this as a "watering down" of the private sector's commitment to uphold human rights along value chains.

It is certainly the case that the area of human rights has caused the biggest problem for businesses in the Asia-Pacific region in terms of their own CSR practices and reporting. Why human rights is so prominent in many of the instruments is not understood by businesses (or some other stakeholders) who often see human rights as adequately covered by labour rights, community rights, non-discrimination and protection of vulnerable groups.

(ii) Labour

With regard to labour issues there is convergence around the standards and conventions set by ILO, which are referred to in GRI, UNGC, OECD Guidelines for MNEs and the United Nations Guidelines for Business on Human Rights. Expectations that businesses respect core labour standards have become more stringent over time, as seen in the OECD Guidelines 2000 revision which guides companies to respect core labour standards (child labour, forced labour, freedom of association and collective bargaining and non-discrimination in terms of race, religion, gender etc.), the 2011 update which addresses labour in its new chapter on human rights, as well as in the 2012 revision of the IFC Performance Standards which specifically address labour issues related to migrant workers and worker conditions more broadly.

Though much has changed since the 1990s crisis in the apparel sector, when companies did not consider themselves responsible for labour practices in factories down the supply chain, while their customers did, labour rights violations along supply chains continue to rank prominently among common CSR challenges in Asia.[90]

---

[90] CSR Asia: "CSR in 10". CSR Asia conducts an annual research project on the biggest CSR-related issues in Asia over the next 10 years. CSR Asia's "CSR in 10" project asks 80 CSR Experts across the Asia-Pacific region 3 questions:

- What environmental, social and governance trends and "hot topics" do you see emerging over the next ten years?
- Who or what is going to shape these topics?
- How will businesses have to respond and prepare for these new and emerging trends and issues?

Businesses continue to be confused with regard to the terms human rights and labour rights. While the latter can be seen as a subset of the former the distinction and delineation is not clear. Addressing concerns about child labour, for example, is both a human rights and a labour practices issue and businesses can find this confusing when it comes to reporting practices, despite the flexibility inherent in the GRI and UNGC reporting frameworks. As noted above, whilst many companies are comfortable discussing labour practices in their own operation and in their sphere of influence, they are often not comfortable when international instruments reinterpret these as human rights.

(iii) Supply chains

The last few years have shown an increased recognition of the responsibility of companies in relation to their supply chains. This concept is introduced in the 2000 version of OECD's Guidelines which encourage suppliers, subcontractors and business partners to apply principles of corporate conduct compatible with the Guidelines. The issue was addressed even more comprehensively in the 2011 version.

The IFC PS also emphasize the responsibility of companies to monitor their primary supply chain. This coincides with an increase in attention to the responsibility of companies to ensure that international standards are observed not just in their own operations but in their supply chains as well. The supply chain scope is also strengthened in the topic of protecting biodiversity and natural resources. Indeed, many international CSR instruments mention the environmental performance of supply chains.

GRI issues guidance to help companies determine what to include and not include in their report when it comes to supply chains. Sustainability reporting poses a unique boundary challenge since an organisation's economic, environmental, and social impacts occur as a result of activities involving a complex network of entities in its value chain. These range from entities wholly or partially owned by the organization, to others such as suppliers, distributors, or consumers. For example, when reporting on its water use, a company may want to include information from several entities responsible for the development of its product, therefore extending its boundary beyond just the corporate headquarters. GRI provides other capacity-building resources and programmes to encourage large companies to engage with their suppliers on sustainability issues and reporting.

ISO 26000 also puts considerable influence on companies to engage with their "sphere of influence" and this includes management of supply chains. Like GRI it provides some guidance on what this may mean in practice but companies continue to struggle with moving any social or environmental initiatives beyond "tier 1" of the supply chains. In practice, therefore, although there is convergence on supply chain issues, many companies struggle with the high level of complexity in supply chain relationships, limited practical guidance on managing sustainability throughout complex supply chains with highly variable material issues, and often limited expertise in their effective management.

An analysis of the frequency and content of responses leads to a "top 10 ranking" of issues and responses from across Asia.

.

(iv) The environment

The expectation that companies limit their impact on the environment has strengthened significantly in tone and philosophy since the environment was included in the first version of the OECD Guidelines in 1976. A significant expansion of scope and of corporate responsibility for the impact of its operations on the environment can be seen in ISO 26000 and subsequently in IFC's 2012 Performance Standards which set clear expectations for resource efficiency, energy efficiency and measurement of various emissions. This is likely facilitated by GRI's emphasis on similar requirements for measurement and reporting.

Instruments vary in the degree to which they include more sophisticated issues. ISO 26000, for example, includes guidance not only on climate change mitigation but also on climate change adaptation. It also emphasizes the need for biodiversity protection, and ecosystem protection and restoration. The IFS PS probably have the most comprehensive guidelines on managing biodiversity. Yet, most businesses fail to see the link between their own operations and biodiversity unless they have direct and immediate impacts associated with biodiversity loss.

While the Global Compact principles on environment are fairly high level, they do not provide guidance on more advanced issues. For that reason, the Global Compact launched a "Caring for Climate" initiative in 2007 to advance business engagement with climate change, as well as a the "CEO Water Mandate" that focuses on developing strategies and solutions to meet the emerging global water crisis. GRI issued supplementing resources on reporting on climate change (2003 and 2009), biodiversity (2009) and ecosystem services (2011).

Environmental management has increasingly become a key value chain issue as well requiring responsible business strategies which include investments in "green" supply chains as well as "green" procurement and distribution practices. However, few companies other than some with leading brands have the knowledge, tools or guidance to influence other organizations in their broader value chain (including consumers) in dealing with challenging issues related to the environment.

In conclusion, it can be recognized that there is considerable convergence around environmental issues and many of the CSR instruments provide guidance to companies to consider issues related to climate change, biodiversity and value chain environmental impacts in their operations. However, the private sector often lacks the capacity and tools to put such guidance into practice. Therefore, actions have to be taken to raise the level of understanding in the business sector, train managers, develop tools for operationalization of the instruments' requirements and help with creating appropriate partnerships on environmental issues.

C. USE AND APPLICABILITY OF GLOBAL CSR INSTRUMENTS IN THE ASIA-PACIFIC REGION

While we are seeing increasing adoption of CSR instruments by leading Asian and Pacific companies, especially large, listed companies, the vast majority of companies in the region are not using any of the instruments discussed above. While leading companies are moving from declaring commitments to working on developing management systems and ensuring implementation, many other companies continue to find the different international instruments overwhelming (or are even unaware of them). In many cases this means that companies are interested in applying one instrument only, if at all. This section looks at the overall rate of adoption of global CSR instruments, identifies gaps between these instruments and the local Asian and Pacific context, and finally assesses the impact of CSR instruments on performance in the Asia-Pacific region.

1. Use of CSR instruments in the Asia-Pacific region

In order to assess use of CSR instruments by Asian and Pacific companies, and whether or not this improved CSR performance, the results of the 2011 Asian Sustainability Rating[91] (ASR) were used. The ASR is an analytical tool that covers 750 of the largest companies across 10 Asian economies (www.asiansr.com) and rates them based on a set of 100 indicators of public sustainability disclosure, including the use of instruments. For the purpose of this study, the companies that received an ASR™ score of 50 per cent or better – a total of 167 companies – were separated for further analysis of whether use of CSR Instruments improved a company's ASR™ score. Comparative statistics are also provided based on the GRI Sustainability Disclosure Database (GRI Database). The tables below indicate whether the statistics are from the ASR™ or the GRI Database.

Table IV.2 provides a simple statistical breakdown of the economies in the ASR and their companies' use of GRI, UNGC and ISO 26000. It is important to recognize that this is a sample of instruments the leading companies (in terms of disclosure quality) are using and is not representative of companies in the Asia-Pacific region as a whole. Nevertheless, it provides a very useful overview of the usage of the various instruments by top reporting companies. The percentages are the proportion of the ASR™ 167 companies from each country that use or reference GRI, UNGC and ISO 26000 in their sustainability reports or websites.

Table IV.2. Use of Global Reporting Initiative, United Nations Global Compact and International Organization for Standardization among Asian Sustainability Rating™ top performing companies (n=167) in 2011

Country/economy	Number of Companies	Total of data sample			Percentage of data sample (per cent)		
		GRI	UNGC	ISO	GRI	UNGC	ISO
China	27	19	7	0	70	26	0
Hong Kong, China	13	12	3	1	92	23	8
Indonesia	4	3	0	0	75	0	0
India	22	19	18	1	86	82	5

[91] The Asian Sustainability Rating™ (ASR™) is an environment, social and governance (ESG) benchmarking tool developed by Responsible Research and CSR Asia. ASR™ examines the publicly available information of the leading listed companies in ten Asian countries and provides investors, companies and other stakeholders with a view of strategic sustainability of these companies.

Country/economy	Number of Companies	Total of data sample			Percentage of data sample (per cent)		
		GRI	UNGC	ISO	GRI	UNGC	ISO
Japan	15	12	5	1	80	33	7
Malaysia	8	6	2	0	75	25	0
Philippines	3	2	1	0	67	33	0
Republic of Korea	38	38	24	19	100	63	50
Singapore	9	6	2	1	67	22	11
Taiwan Province of China	20	19	2	0	95	10	0
Thailand	8	5	2	2	63	25	25
Total	**167**	**141**	**66**	**25**	**84**	**40**	**15**

Source: ASR.

An average of 84 per cent of the top ASR™ 167 companies in the Asia-Pacific region are using the GRI Guidelines as the basis of their sustainability reporting. The ISO 26000 standard has a fairly low official adoption rate so far except in the Republic of Korea, but it was only released in late 2010, and since it is not certifiable many companies do not know how to indicate that they have used the instrument as a reference. The prospects of a certification scheme for the standard may drive its adoption in the coming years. The Global Compact is popular in India and the Republic of Korea but has otherwise remained around the 25 per cent range in other markets. Again it must be emphasised that the sample is based on CSR best practice, not on companies as a whole. The problem with analysing CSR leaders on ASR is that we are simply highlighting the activities of a minority of companies and ASR is actually made up of relatively few leaders (167 received a score of 50 per cent or more) with a rather long tail of laggards (total companies in the 2011 ASR are 750™).

Table IV.3 shows the number of companies in the GRI Database (www.globalreporting.org) for the countries/economies in the 2011 ASR™ that are using or referencing UNGC and ISO 26000 in their GRI report. This table includes all companies from those listed countries/economies to understand the level of adoption of CSR instruments across these countries/economies.

Table IV.3. Total companies from the Asia-Pacific region using Global Reporting Initiative, and cross-referencing United Nations Global Co mpact and International Orga nization for Standardization in 2011

Country	Number of companies	GRI	UNGC	ISO	GRI (year 2007)
China[a]	162	161	17	11	12
India	49	43	24	2	6
Indonesia	3	3	0	1	3
Japan	197	155	30	8	26
Malaysia	9	8	2	1	2
Philippines	13	13	4	1	2
Republic of Korea	98	94	54	48	31
Singapore	19	13	4	1	0
Thailand	24	13	3	3	1
Total	**574**	**503**	**138**	**76**	83
World Total	**2802**	**2501**	**854**	**223**	**721**

Source: Data from GRI database.

[a] Includes Hong Kong, China; and Taiwan Province of China

Asian and Pacific companies currently comprise about 20 per cent of the total number of companies globally that are using the GRI Guidelines; this is up from 11 per cent in 2007. If we compare the figures and assess growth over the past five years, it can be observed that the biggest strides were made in countries with the larger economies, such as China, Japan and the Republic of Korea, but rapid growth has also occurred in India, Philippines, Singapore and Thailand.

Table IV.4 is a summary from the GRI Database for the year 2011 of the number of companies that are using two CSR instruments. It can be observed that globally, the use of GRI and Global Compact is fairly common as it is in the Asia-Pacific region as well. However, the combination of UNGC and ISO 26000 remains low globally and there is some trend towards the use of GRI and ISO 26000 together despite the recent release of the standard (late 2010). The trends in use of more than one standard together in the region generally match the trends observed globally.

Table IV.4. Comparison of tw o CSR instruments by companies in the Asia-Pacific region and the world

Use/reference of two CSR instruments	World	ASR Asia	Percentage
GRI and UNGC	833	132	16
GRI and ISO 26000	216	75	35
UNGC and ISO 26000	117	43	37

Generally, the use of international voluntary CSR instruments by even the largest, leading Asian companies is fairly low. One of the most significant barriers in the Asian context is that the business case for CSR is limited due to little pressure or interest from stakeholders demanding better social and environmental performance from companies, or transparency on their impacts. Stakeholder pressure is generally weak and disorganized. The main interventions originate from the international socially responsible investment community, international business partners requiring higher performance standards, and in some sectors (such as mining and palm oil) from local communities, although recent "CSR in 10" survey results indicate that this may be changing.

In interviews with three leading Asian companies for this study, all responded that strong and clearer requirements from Government and investors would help to drive the adoption of CSR instruments. Two companies reported that they started to adhere to global instruments when they began to expand operations targeting an expanded global customer base or became listed on European stock exchanges. These same companies reported that their Asian investor and customer bases do not seem to prioritize CSR as much as their international stakeholders, but that the direct and indirect benefits of implementing the instruments were still beneficial. None of the three companies interviewed listed their own employees as being interested in CSR, but all mentioned that without CEO and top management leadership and commitment, CSR would not be prioritized and CSR instruments would not be implemented by the company.

Implementation of CSR standards and instruments can be a long process and it can take several years to introduce, refine and systematize them. It is clear that across much of the Asia-Pacific region there is a lack of capacity of businesses to drive sustainability agendas and deliver on the tools and initiatives required to implement them. The three Asian companies interviewed also agreed that some of the international standards can seem complex and prescriptive, especially to those getting started, but they also mentioned that high level principles can be too vague and somewhat more difficult to interpret and implement. Finding the right balance for companies operating in the region will be the principal challenge to improve the adoption rate of CSR instruments.

However, there are some positive signs that this might be changing. Many Governments have become more interested in CSR and sustainability issues and encourage the private sector to take a closer look at its impacts and contributions. The push factor from stock exchanges and their indices is growing in significance and will be discussed in further detail below. There is pressure from the local and international investment community for better transparency on environmental and social risks and corporate governance. Importantly, there are some signs of green consumerism amongst younger, wealthier sectors which could drive companies to prioritize sustainability. One of the companies interviewed reported that benchmarking with international standards is picking up speed in the Asia-Pacific region and companies are almost in competition to outdo each other in their CSR/ sustainability activities.

In addition, in many emerging markets (including in the Asia-Pacific region) there is a growing interest in how the private sector can contribute to development. The leading international development agencies have encouraged engagement with business through their own CSR programmes. This can be observed, in particular, in connection with issues such as poverty alleviation, climate change, education, and health initiatives. International NGOs are becoming more active in the region and are helping to elevate key issues such as human rights, poverty and biodiversity, which would require some sort of business response. Increasingly important is also the drive from multination corporations to demonstrate their CSR credentials through initiatives associated with a range of challenges including, water, poverty alleviation, child rights, climate change, education and health. A push from corporate headquarters to get Asian and Pacific subsidiaries and partners involved in such initiatives has clearly been visible.

2. Relevance and applicability of global CSR instruments in the Asia-Pacific region

One explanation for the relatively low levels of adoption of global CSR instruments in the Asia-Pacific region could be that these instruments do not adequately address local issues and priorities.

(a) Relevance and material issues

Convergence around "hot CSR topics" and CSR trends could help to focus the minds of companies that are seemingly overwhelmed by the many existing CSR initiatives and need to take a more staged approach to their CSR strategies. There are some key CSR issues where the management of corporate impacts and innovative solutions to established global challenges are particularly important for sustainable development.

(b) Applicability – local and sectoral relevance of instruments

Generally, reference to the international norms of behaviour that define the concept and analysis of sustainable development has become common practice. However, implementation and effective change management remain weak. In some cases this may be due to limited local relevance or applicability. Many industry-led, industry-specific and locally based initiatives that are driving CSR are quite dissimilar from the global instruments.

Some of the more locally based initiatives come from monarchs (e.g. the King of Thailand's Sufficiency Economy), Governments (China and India), stock exchanges (China; Hong Kong, China; Malaysia; Singapore; and Thailand), local indices (Hang Seng Sustainability Index in Hong Kong, China) and localized guidance (e.g. the Caring Company Scheme in Hong Kong, China) that often enjoy a lot more traction for local companies, and in some cases are mandatory, soon to be mandatory or come with considerable "coercion" to comply.

There are sector specific initiatives that are often seen as more important and relevant to businesses, e.g. the Round Table for Sustainable Palm Oil (RSPO)[92] and others.[93] These initiatives are often targeted to the local industry as well as the international instruments and allow for a degree of cooperation within the sector.

In Islamic countries there is an interest in Sharia compliant investment funds and banking practices which is driving some companies to develop and report on issues not even considered by the global CSR instruments.

---

[92] The RSPO was established in 2004 to promote the production and use of sustainable palm oil (www.**rspo**.org).
[93] See sample list on p. 92 below

D. OTHER DRIVERS OF CSR AND CONVERGENCE IN THE ASIA-PACIFIC REGION

International initiatives on sustainability and social responsibility are not the only external drivers of change and influence for Asian and Pacific companies. Over the last decade the development of both industry-led and industry-specific initiatives can be observed. These initiatives have often been driven by the private sector itself and in some cases have resulted from leadership of business associations. Many of the most successful of these initiatives have also been industry-specific focusing on the material issues that are most relevant to the specific industry sector under consideration.

But even more recently, a number of more geographically oriented initiatives that have focused on leadership and guidance for companies in a particular location have emerged. Many of the most recent (and most influential) initiatives have come from local stock exchanges and have involved guidance mostly in relation to reporting on environmental, social and governance issues. Other initiatives have been driven by local industry and/or NGO initiatives. Some have taken the form of local CSR regulations enacted by Governments.

1. National and sectoral CSR instruments and trends towards convergence

The instruments included in sections above are primarily established by intergovernmental or global bodies to provide guidance to companies on broad categories of issues such as the environment, labour, human rights, and other stakeholder interests. In some cases, these standards can be too generic or high level to address the unique circumstances and issues found in specific geographic locations or industry sectors.

In order to fill this gap, a wide variety of voluntary standards have emerged from NGOs, industry organizations and business networks. Many of these standards provide guidance and implementation tools of various types, including certifiable standards. These initiatives have a more narrow scope but they are actually gaining some traction because businesses are under greater pressure to use them, while often the specific industry guidance is more practical and usable than high level international guidance.

These standards and guidelines can be sector specific or issue specific. This subsection provides a few select examples among the vast array of existing voluntary sustainability initiatives that provide a snapshot of the types of initiatives that exist and the degree of convergence with primary international CSR instruments.

(a) Sector specific initiatives

A wide range of sector specific initiatives exists that have been developed by NGOs, business networks, industry associations, Governments and multilateral institutions. Some sector specific initiatives include:

(i) Agriculture: a range of specific agricultural commodities such as coffee, cocoa, sugar, palm oil and cotton. Examples include the Round Table on Sustainable Palm Oil (RSPO), Better Sugar Cane Initiative and Fair Trade Labelling Organization (FLO).

(ii) *Apparel:* examples include the Clean Clothes Campaign (CCC) and Fair Wear Foundation (FWF).

(iii) *Biofuels:* for example the Roundtable on Sustainable Biofuels (RSB).

(iv) *Construction:* examples include the Green Business Council LEED programme and UNEP's Sustainable Business and Climate Initiative.

(v) *Chemicals:* for example the International Council of Chemical Association's "Responsible Care" initiative.

(vi) *Consumer goods:* examples include the Business for Social Compliance Initiative, the Global Social Compliance Initiative and the Sustainability Consortium.

(vii) *Electronics:* for example the Electronic Industry Code of Conduct (EICC).

(viii) *Extractive industries:* examples include the International Petroleum Industry Environmental Conservation Association (IPIECA) and the Extractive Industries Transparency Initiative (EITI).

(ix) *Finance:* examples include the Equator Principles (discussed above) and the United Nations Principles for Responsible Investment (UNPRI).

(x) *Fisheries:* for example the Marine Stewardship Council (MSC) certification programme.

(xi) *Forestry:* for example the Forest Stewardship Council (FSC) certification programme.

(xii) *Information technology:* for example the Global e-Sustainability Initiative (GESI).

(xiii) *Tourism:* for example the Rainforest Action Network's Global Sustainable Tourism Criteria Partnership.

(b) *Industry-led initiatives*

The primary global CSR instruments mainly utilize some form of multi-stakeholder process to develop and govern the standards, as do most of the sector specific instruments outlined above. This is generally seen as a necessary element to ensure that the perspectives of all stakeholders are included in the development of CSR guidance. But often, standards developed "by business, for business" resonate well with companies and have wide appeal. A variety of industry associations have emerged over the past decade that work with their business members to develop tools and guidance that often become "standard practice" for members.

Examples include:

(i) *Caux Round Table:* a network of business people that developed “Principles for Business” which defines several principles across thematic areas for responsible business.

(ii) *World Business Council for Sustainable Development:* a membership based network of businesses which has developed comprehensive set of thematic and sectoral guidelines as well as tools for implementation aspects.

(iii) *International Petroleum Industry Environmental Conservation Association (IPIECA):* an industry organization that has published guidance materials and implementation tools on social responsibility within the sector.

(iv) *International Council on Mining and Metals Sustainable Development Framework* which has established 10 operating principles for the sector across a range of social responsibility themes and implementation guidance.

(v) *Business for Social Compliance Initiative (BSCI)*: an industry initiative established in 2003 to “create consistency and harmonization for companies wanting to improve their social compliance in the global supply chain.

(vi) *Global Social Compliance Initiative (GSCI)*: an industry driven initiative among consumer goods companies seeking to improve social compliance in their value chains.

(vii) *CSR Europe*: a European membership organization/consultancy which provides a web-based collection of guidance materials addressing a range of thematic areas as well as implementation aspects.

(viii) *Ethos Institute:* a Brazilian organization promoting CSR by providing tools and indicators addressing a range of thematic areas as well as implementation aspects for their business members.

With the emergence of such a vast number of voluntary industry-led sustainability initiatives, it is difficult to judge convergence (or lack thereof). Most of these initiatives establish principles for conduct across one or more sustainability themes such as labour, human rights, environment, governance, fair operating practices, consumer issues and community impacts. Meanwhile, most of them also provide guidance on one or more implementation aspects such as stakeholder engagement, practices for integrating social responsibility across an organization, communication and improving the organization’s sustainability practices.

There is often a good deal of convergence on the issues between the industry-led initiatives and global instruments. The main difference is that the industry specific initiatives are often very targeted to a particular industry and are better tailored to address industry specific issues and more detailed in terms of the responses needed and the guidance or principles outlined. For example the Roundtable on Sustainable Biofuels provides extremely detailed coverage of issues associated with biodiversity and community rights as one would expect in the palm oil industry. While these topics are covered in, for example, the IFC and OECD Guidelines, the guidance provided by the Roundtable remains at a fairly high level so that that it is broadly applicable to most companies.

2. The role of local stock exchanges and convergence of CSR instruments in the Asia-Pacific region

For listed companies, complying with the reporting requirements of stock exchanges, or performing well on indices are often a priority since investors are key stakeholders for companies. Stock exchanges are potentially one of the most powerful drivers of CSR and the use of global instruments if they align their listing and reporting requirements with these instruments, or recommend their use.

The following is a review of local guidance issued by stock exchanges and other national players on global CSR instruments in key Asian and Pacific markets and analyses whether and how stock exchanges promote convergence and foster implementation of, or dilute the impact of the main global CSR instruments.

(a) Regional focus: stock exchanges

According to the Sustainable Stock Exchanges 2012 update report (Responsible Research, 2012) stock exchanges are increasingly aware of their responsibility to encourage their listed companies to report on sustainability issues. Globally, over half of the stock exchanges reviewed in the report provide sustainability guidance documents. However, the report also states that the content or mandate of these guidance documents varies widely.

In the report, it was found that the leading stock exchanges promoting sustainability were from G20 emerging markets: Brazil (BM&FBOVESPA, created in 2008, through the integration between the São Paulo Stock Exchange (Bolsa de Valores de São Paulo) and the Brazilian Mercantile & Futures Exchange (Bolsa de Mercadorias e Futuros)), South Africa (Johannesburg Stock Exchange, JSE), and Turkey (Istanbul Stock Exchange, ISE). This goes against the usual perception of national and international investors and companies that environmental, social and governance regulations and standards in emerging markets were lagging international norms. Indeed, the local exchanges were aiming to counterbalance this view and help bring confidence to international investors by demonstrating that these issues were being addressed by companies regardless of gaps in regulation.

Of 12 stock exchanges assessed in the Asia-Pacific region on their regulations, encouragement or guidance on sustainability or CSR disclosure, it appeared that six stock exchanges provide guidance documents on disclosure and three require companies to report on sustainability issues. Table IV.5 presents the summary results. The first three columns indicate whether or not the exchange issues sustainability guidance, a sustainability index or requires disclosure on environmental, social and governance issues. The next six columns indicate whether or not the exchange specifically recommends the use of (or has directly integrated) any of the international instruments.

Table IV.5. Asian stock exchanges and CSR

Stock Exchanges	Sustainability Guidance?	Sustainability Index?	Mandatory Disclosure?	GRI	UNGC	IFC	OECD	ISO	UNHR
Singapore Exchange	Yes ('11)	Planning	No	Yes	No	No	No	Yes	No
Hong Kong (China)	Yes ('11)	Yes	No	No	No	No	No	No	No
Bursa Malaysia	Yes ('06)	Planning	Yes	Yes	No	No	No	Yes	No
Indonesia Stock Exchange	No	Yes	No	No	No	No	No	No	No
The Stock Exchange of Thailand	Yes ('12)	Planning	No	Yes	Yes	No	No	Yes	No
Korea Exchange	No	Yes	No	No	No	No	No	No	No
Tokyo Stock Exchange	No	Yes	No	No	No	No	No	No	No
Shenzhen Stock Exchange	Yes ('06)	?	No	No	No	No	No	No	No
Shanghai Stock Exchange	Yes ('08)	Yes	No	Yes	No	Yes	No	No	No
Taiwan Stock Exchange	No	?	Yes	No	No	No	No	No	No
Securities and Exchange Board of India	No	Yes	Yes	No	No	No	No	No	No

Sources: Sustainable Stock Exchanges Report and primary research of the individual stock exchange websites.

(i) Singapore Exchange

The Singapore Stock Exchange (SGX) produces a Guide to Sustainability Reporting for Listed Companies. This brief guide attempts to provide clear and succinct guidance to listed companies on sustainability reporting while making reference to ISO 26000 and the GRI Sustainability Reporting Guidelines as resources from which companies should obtain more detailed guidance. It does not presume to provide exhaustive guidance, but merely to establish a position in favour of reporting and provides some guidance on what issues should be covered and how and where this information should be published. As a result, the Guide is likely to foster an increase in sustainability reporting among listed companies.

(ii) Hong Kong Exchanges and Clearing

In December 2011, Hong Kong Exchanges and Clearing published detailed sustainability reporting guidance for listed companies. The published documents include general sustainability guidance, industry specific guidance, and a toolkit for reporting. Hong Kong Exchanges launched and explained these guidance documents during a three days workshop for listed companies. While these guidance documents do not specifically make reference to a specific global CSR instrument, the guidance is generally aligned to the principles of the GRI Guidelines and ISO 26000.

The Hong Kong Stock Exchange (HKEX) published a Consultation Paper on its proposed Environmental, Social and Governance, or ESG, Reporting Guide for companies listed in Hong Kong ESG Reporting in December 2011. It decided to implement the Guide that is divided into four areas, Workplace Quality, Environmental Protection, Operating Practices and Community Involvement, in 2012. The Hang Sang Index includes a Sustainability Index. Companies listed on the sustainability index are required to respond to a set of indicators covering governance, workplace practice, environment and community. This, coupled with training on sustainability and reporting offered to companies listed on the Hang Sang Index, has raised awareness of sustainability among companies and is likely to foster much greater adherence to global CSR instruments.

(iii) Bursa Malaysia

Since 2007, CSR reporting has been a mandatory listing requirement at Bursa Malaysia on a "comply-or-explain" basis. However, the exchange does not specifically state what should be included in a CSR report. Rather Bursa Malaysia merely states that companies shall report on its "CSR activities."

In addition, Bursa Malaysia offers extensive sustainability guidance for companies on its website, broken down by industry sector and covering four core areas: community, environment, market place and work place. It specifically makes reference to the GRI Guidelines, ISO 26000, ISO 14000, LGB Community Investment Framework, among others, and to some industry specific standards that are relevant to the country. Overall, Bursa Malaysia's website provides a wide array of information to assist companies with their sustainability reporting.

(iv) Shenzhen Stock Exchange

The Shenzhen Stock Exchange issues a set of instructions to listed companies on social responsibility (Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies). The list contains principles that every company on the exchange should abide by. Article 5 of this document states: "companies shall, as required by these instructions, perform their social responsibilities, make regular evaluation and issue voluntary disclosure on the performance." This statement is ambiguous in terms of whether disclosure is mandatory or not. The Chinese translated version is clearer stating that companies shall abide by the principles, but that reporting is voluntary. The set of instructions does not make reference to any sustainability standards, nor does the exchange offer sustainability reporting guidance.

(v) Shanghai Stock Exchange

The Shanghai Stock Exchange issued a similar directive to listed companies on compliance with social responsibility norms and their obligation to report. However, according to a study commissioned by the Exchange this directive cannot be labelled a sustainability guideline as it does not offer substantive guidance on how companies should report. The study recommended that Shanghai develop comprehensive sustainability reporting guidelines.

(vi) Taiwan Stock Exchange

CSR reporting is mandatory for Taiwan Stock Exchange listed companies. The listing requirements issued by the Exchange set out the topics that all companies must address in their disclosure. However, it is a “comply-or-explain” approach. Companies are further advised to produce a separate CSR report that addresses these issues, but that report is not mandatory.

(vii) Securities and Exchange Board of India

In 2011, the Securities and Exchange Board of India issued a statement mandating companies to begin reporting on CSR issues. Though this body is a government agency it effectively controls the listing requirements for companies on the National Stock Exchange. The Board does not specifically provide reporting guidance; rather it refers to the guidance issued by the Ministry of Corporate Affairs (see discussion on legislation in the following section.)

(viii) The Stock Exchange of Thailand

In June 2012, the Stock Exchange of Thailand (SET) released several pieces of guidance on social responsibility and reporting: (a) Approach to Social Responsibility Implementation for Corporations (based on ISO 26000 and adapted for Thailand); (b) Sustainability Reporting Guidelines, and (c) a Thai translation of the GRI G3.1 Guidelines

The “Sustainability Reporting Guidelines” were developed based on the GRI reporting framework. The document serves as a supplement to the translated G3.1 guidelines and provides an overview of what a report is, why it should be prepared, the role of GRI’s reporting framework, and step-by-step guidance on how to prepare the report. While much of the information repeats the translated GRI guidelines, it contextualizes them and links them to the principles of social responsibility and to the expected benefits for the company.

E. CONVERGENCE IN THE ASIA-PACIFIC REGION

This section describes three focus areas that illustrate some of the main issues raised in this chapter. The first is a sector focus and discusses both the adoption of global CSR frameworks and industry-led sectoral sustainability initiatives in the mining sector. The second provides an issue focus and discusses the possibility that the issue of human rights is an obstacle to the adoption of global CSR frameworks in the Asia-Pacific region. The third is a country focus and discusses the adoption of CSR instruments in Thailand.

1. Sector focus: adoption of sustainability frameworks in the mining sector

(a) Mining sector perspective

From both a global and a regional Asian and Pacific perspective, the mining sector has a reputation for the significant economic, social and environmental impacts associated with the sector. It is therefore considered a high impact industry, and as such it is one that has been forced to critically examine its sustainable development related impacts. While the sector offers attractive economic returns to private investors, Governments and other stakeholders, countries with an abundance of natural resources (minerals, oil and gas), which are developed and sold, have many times experienced worse development outcomes than countries without natural resources (Sachs and Warner, 1995). The mining industry in a region such as Asia-Pacific is therefore indeed an industry where the adoption of solid CSR initiatives is important as such initiatives can significantly mitigate the negative impacts of the industry.

In the late 1990s the global mining and minerals industry faced some of the most difficult challenges faced by any industrial sector, and many people increasingly distrusted the sector. In essence, the industry was failing to convince its stakeholders in many parts of the world that it deserved a "social licence to operate".

Against this background, nine of the world's largest mining companies initiated an industry-led project to examine the contribution of the minerals sector to sustainable development and how that contribution could be increased. Through the World Business Council for Sustainable Development, the companies initiated a two-year independent process of research and consultation: the Mining, Minerals and Sustainable Development Project (MMSD). The project had four objectives:

(i) to assess the global mining and minerals sector in terms of the transition to sustainable development.
(ii) to identify how the services provided through the minerals supply chain can be delivered in ways that support sustainable development,
(iii) to propose key elements for improving the minerals system, and
(iv) to build platforms of analysis and engagement for ongoing communication and networking among all stakeholders in the sector.

The MMSD process sought to find out what the minerals sector could achieve if it were to improve its contribution to sustainable development. It identified actions that could be taken at the community, national and international level. One of the immediate actions that came about as a result of the MMSD project was the establishment of an international body with the objective to improve sustainable development performance in the mining and metals industry. This body, the International Council on Mining and Minerals (ICMM) was established in 2001 with the aim of being an agent for change and continual improvement on issues relating to mining and sustainable development. Member companies make a public commitment to improve their sustainability performance and are required to report against their progress on an annual basis. The ICMM's work programmes reflect a number of the areas where the MMSD report identified need for improved performance:

(i) Reporting and assurance
(ii) Development of partnerships
(iii) Environmental stewardship
(iv) Health and safety
(v) Materials stewardship
(vi) Climate change

(vii) Improving the socio-economic contribution of mining.

Since the establishment of ICMM, the largest global diversified mining companies have adopted a range of voluntary frameworks to help them improve performance and demonstrate credibility to their stakeholders in the seven areas identified above. One of these frameworks is the sustainable development framework of ICMM which includes 10 principles which are closely aligned with GRI, UNGC and the OECD Guidelines.

Table IV.6 demonstrates that as of 2011 the six largest global diversified mining companies (as measured by market capitalization) have also adopted at least two of the six global frameworks examined in this chapter. GRI and UNGC had been adopted by all five companies by 2011, suggesting that these two frameworks may have been considered by most useful by these companies.

Table IV.6. Adoption of sustainability frameworks in the mining sector

Global diversified mining companies	Year	GRI	UNGC	Other frameworks
BHP Billiton	2008	√	√	
	2011	√	√	
Vale	2008	√	√	
	2011	√	√	
Rio Tinto	2008	√	√	
	2011	√	√	IFC PS, UNHR
Anglo American	2008	√	√	
	2011	√	√	UNHR
Xstrata	2008	√	√	IFC PS, OECD Guidelines
	2011	√	√	IFC PS, OECD Guidelines
Newmont	2008	√	√	IFC PS
	2011	√	√	

Table IV.6 shows some degree of convergence on the use of the frameworks among the largest global commercial mining companies.

Are Asian and Pacific mining companies mirroring their global counterparts and converging on the use of GRI and UNGC? Table IV.7 suggests that at least seven Asian and Pacific mining companies do. Chinese and Indian companies in particular are using these frameworks. In addition to these companies, JX Nippon Mining and Metals, Mitsubishi Materials and Sumitomo Metals Mining are all members of ICMM and report against ICMM's sustainable development framework.

Table IV.7 summarizes the analysis of 27 Asian and Pacific mining companies in the ASR company data set of 750 companies. Of the 27 companies assessed, 7 companies from three countries had adopted at least one out of the two global CSR frameworks which had also been adopted by the global diversified mining companies as specified in table IV.6. Again, GRI and UNGC were the most frequently adopted frameworks. None of the companies had adopted the other standards (IFC, OECD Guidelines etc.) except for China Coal and Indo Tambangraya which use ISO26000.

Table IV.7. Asian and Pacific mining companies using global sustainability frameworks

Country	Company	GRI	UNGC	Other Frameworks cited
India	Sesa Goa	√	√	
	Adaro Energy	√		
	Indo Tambangraya			ISO26000
	Tambang Batubara	√		
China	China Coal	√		ISO26000
	China Shenhua	√		
Thailand	Banpu Public Company	√		

Source: Companies were selected from the pool of 750 companies on the ASR list, which included 27 mining companies. All data were collected from the most recent publicly available Annual (Sustainability) reports.

As pressure and desire to improve environmental and social performance increases, it can be expected that an increasing number of large Asian and Pacific mining companies will adopt sustainability standards, in particular those global CSR instruments that have become "de rigueur" among the listed global diversified miners.

2. Issue focus: human rights as a barrier to the adoption of global CSR instruments in the Asia-Pacific region

As discussed above, there is a common perception in the Asia-Pacific region that human rights are outside of the sphere of influence of businesses and a matter for government. Many Governments in the region are considered abusers of human rights in some form or another and businesses that engage with the issue in an open and transparent way run the risk of conflict with national Governments. The terms "human rights" is seen as a "difficult" area by most businesses in the region. Even companies with human rights policies and sophisticated codes of conduct (as can be seen in the mining and oil and gas sectors, for example) are often nervous to talk too openly about human rights out of fear to attract negative attention from national Governments and international human rights NGOs.

No company in the region really stands out as an advocate for human rights. "Human rights" is a troublesome concept for many companies in the Asia-Pacific region. As it takes centre stage in most of the global CSR instruments, it can even become a barrier to the effective adoption of these instruments for some companies. Most human rights issues could be unpacked and broken down into other categories which are much less challenging for business, such as labour standards, community development, non-discrimination, consumer rights, and protection of vulnerable people or child rights.

Anecdotal experience derived from ISO 26000 assessments and benchmarking exercises has consistently shown that the human rights agenda is underdeveloped even among CSR leaders in the region. This is indicative of the nervousness around human rights and the difficulties that companies have dealing with the issue.

3. Country focus: Thailand's use of global CSR instruments to drive the national CSR agenda

In Thailand regulatory frameworks for CSR exist and support the convergence of several of the global CSR instruments discussed in this chapter as these frameworks are largely built on the existing CSR guidance frameworks. Some variations may exist in the form of complementary local theories and practices such as the Sufficiency Economy concept established by His Majesty the King of Thailand[94] and other cultural driven approaches.

Social responsibility has been included in Thailand's National Economic and Social Development Plan for several years, but has gained new momentum recently, not least driven by developments in international markets and their impact on Thailand's largely manufacturing based economy.

In June 2012, the Stock Exchange of Thailand's (SET) CSR Institute (CSRI) released several pieces of guidance on social responsibility and reporting: (a) Approach to Social Responsibility Implementation for Corporations (based on ISO 26000 and adapted for Thailand), (b) Sustainability Reporting Guidelines, and (c) a Thai translation of the GRI G3.1 Guidelines.

The guidance document "Approach to Social Responsibility Implementation for Corporations" provides an overview of the principles, theory and implementation of social responsibility. It is based largely on ISO 26000, but draws on a number of other global CSR instruments including GRI and UNGC. The guidance document integrates the concept of social responsibility with other relevant principles and guidelines for Thai companies. For example, a large section is devoted to integrating the principles of social responsibility with the Sufficiency Economy Philosophy which also urges companies to operate responsibly. It relates the components of the Sufficiency Economy Philosophy to the seven core subjects of social responsibility in ISO 26000 with an additional specific emphasis on anti-corruption and communication and reporting. The guidance document also integrates the SET's "principles of corporate governance for listed companies", published in 2006, in an attempt to provide a comprehensive guide to companies on how to integrate CSR into their operations.

The "Sustainability Reporting Guidelines" were developed based on the GRI reporting framework. The document serves as a supplement to the translated G3.1 guidelines and provides an overview of what a report is, why it should be prepared, the role of the GRI's reporting framework, and step-by-step guidance on how to prepare the report. While much of the

[94] The Sufficiency Economy Philosophy was initiated by His Majesty the King of Thailand three decades ago and reiterated after the crisis in 1997 as the way to recover from the crisis and that would lead to a more resilient and sustainable economy (Thailand, 2004). The CSRI guidance document "Approach to Social Responsibility Implementation for Corporations" includes a section devoted to the explanation of linkages between ISO26000 principles and core subjects of the Sufficiency Economy Philosophy.

information repeats the translated GRI guidelines, it contextualizes them, linking them to the principles of social responsibility and to the expected benefits for the company.

The translations of ISO 26000 and the GRI Guidelines are accompanied with a guideline for practice that includes a comparison of a wider range of instruments (reprinted in Table IV.8 below, from CSRI/SET 2012a, p.176).

Table IV.8. Guidelines for li sted companies on the Stoc k Exchange of Thailand cross-referenced to international ins truments and sustainability in dices (reprinted from CSRI/SET 2012a:176)

	GRI	ISO 26000	OECD 2000	UNGC	DJSI	FTSE 4 GOOD
Environment	√	√	√	√	√	√
Labour practices	√	√	√	√	√	√
Human rights	√	√	√	√	√	√
Society/fair operating practices	√	√	√		√	√
Product responsibility/ consumer issues	√	√	√		√	
Community involvement and development	√	√	√		√	
Governance	√	√	√	√	√	
CSR innovation	√					
CSR report	√					

Source: Compiled by author from CSRI/SET (2012a), p. 176..
Notes: DJSI stands for Dow Jones Sustainability Index; FTSE 4 (Good) represents the FTSE Sustainability Index.

F. CONCLUSIONS AND RECOMMENDATIONS

The primary global CSR instruments draw, for the most part, from the major United Nations and international conventions on environment, labour, human rights, anti-corruption and others for their subject matter, and therefore some level of convergence naturally occurs. However, as the instruments were all developed for different purposes and have different implementation mechanisms, convergence can be more challenging despite the subject matter overlap.

Convergence between the GRI Guidelines, UNGC, and ISO 26000 is mainly observed as a broad trend. The IFC PS is the most comprehensive and is seen as "gold standard" but is only applicable to companies that have received IFC funds; others will see it as a reference and will not try to implement it directly. Similarly, the OECD Guidelines for MNEs are comprehensive, recently updated, and have been around the longest time, but they have only ever been encouraged for actual implementation by companies from OECD countries. The recent release of the United Nations Human Rights Framework for Business is helping to move stakeholders towards consensus on the role of business and human rights, but this dialogue will continue in the Asia-Pacific region for some time to come.

Not all instruments cover the full range of key social responsibility subject areas and issues. However, it can be recognized that there is considerable convergence around environmental issues and many of the instruments are encouraging companies to engage with climate change, biodiversity and value chain environmental impacts

Local Asian and Pacific CSR initiatives often have more traction with local companies than the global ones. Many industry-led, industry specific and locally based initiatives that are driving CSR practice in the region are quite different from the global instruments, while others draw heavily on the global instruments. In the latter case, this means that they are being used indirectly by Asian and Pacific companies.

Industry initiatives are seen as more relevant to businesses and better encourage cooperation in the private sector but more can be done along the lines of GRI sector supplements. But it can also be observed that the global instruments both inform industry-led initiatives and that over time in some cases the industry-led initiatives encourage adoption of some international instruments.

For the most part, Asian and Pacific companies have not taken up international instruments as rapidly as their counterparts in other regions. This is for a variety of reasons, including the lack of pressure from Governments and consumers. There are several measures that can help improve business understanding of the benefits of using established global CSR instruments, and to help increase the relevance of these instruments to the local Asian and Pacific context. These include:

(1) Promote best practice in the application of international instruments.

(2) Encourage ways to localize the instruments.

(3) Encourage industry-led initiatives in the Asia-Pacific region.

(4) Create tools that can adapt the international instruments to regional or industry specific issues.

(5) Develop capacity-building programmes for:
- (a) Public sector
- (b) Businesses in general
- (c) CSR managers
- (d) NGO and development practitioners' community
- (e) Other influential stakeholder groups including e.g. the media

(6) Address the emerging sustainability issues in the region more effectively through further research and providing guidance to the private sector (e.g. on biodiversity, human rights, supply chains, etc.).

(7) Explain the human rights context of CSR instruments more effectively and/or repackage human rights issues within the context of other subject areas such as community relations, labour rights, protection of vulnerable people or child rights.

(8) Encourage greater cooperation among the leading organizations formulating global CSR instruments to promote and help implement commonalities, taking into account the specific context of Asian and Pacific businesses.

References

Better Sugar Cane Initiative Ltd (2011). Bonsucro Production Standard Including Bonsucro EU Bonsucro Production Standard. Available from http://www.bonsucro.com/assets/Bonsucro_Production_Standard_March_2011_3.pdf. Accessed in August 2012.

Brown, H.S., M. de Jong and T. Lessidrenska (2007). *The rise of the Global Reporting Initiative (GRI) as a case of institutional entrepreneurship*. Corporate Social Responsibility Initiative, Working Paper No. 36. Cambridge, M.A.: John F. Kennedy School of Government, Harvard University. Available from http://www.hks.harvard.edu/m-rcbg/CSRI/publications/workingpaper_36_brown.pdf.

Business & Human Rights Resource Centre (2011). *UN "Protect, Respect and Remedy" Framework.* Available from http://www.business-humanrights.org/SpecialRepPortal/Home/Protect-Respect-Remedy-Framework/Guiding Principles. Accessed in August 2012.

Business Social Compliance Initiative (2009). *Code of Conduct*, Brussels: Foreign Trade Association. Available from http://www.bsci-intl.org/resources/code-of-conduct. Accessed in August 2012.

Caux Round Table (2010). *Principles for Responsible Business*. Available from http://www.cauxroundtable.org/ index.cfm?menuid=8. Accessed in August 2012.

Clean Clothes Campaign (2012). *About Us*. Available from http://www.cleanclothes.org/about-us. Accessed in August 2012.

Committee on Academic Cooperation for Developing Standards in Teaching and Research on Business Administration of Thailand (2012). *Approach to Social Responsibility Implementation for Corporations*, Bangkok: Corporate Social Responsibility Institute.

Corporate Social Responsibility Institute, Stock Exchange of Thailand Group (2012a). Guidelines for Social Responsibility. Available from http://www.csri.or.th/new2012/. Accessed in August 2012.

_____ (2012b). Guidelines for Sustainability Reporting. Available from http://www.csri.or.th/new2012/. Accessed in August 2012.

_____ (2012c). Guidelines for Sustainability Reporting: GRI. Available from http://www.csri.or.th/new2012/. Accessed in August 2012.

CSR Asia (2009). *The Future of CSR: 2009 Report*. Available from http://www.csr-asia.com/ report/report_CSRin10_2009.pdf. Accessed in August 2012.

CSR Europe (2012). *About Us*. Available from http://www.csreurope.org/pages/en/ about_us.html. Accessed in August 2012.

Electronic Industry Citizenship Coalition (2012). *Electronic Industry Citizenship Coalition® Code of Conduct*. Available from http://www.eicc.info/documents/EICCCodeofConduct English.pdf. Accessed in August 2012.

Equator Principles Association (2006). *The Equator Principles*. Available from http://www.equator-principles.com/ resources/equator_principles.pdf. Accessed in August 2012.

Ethos Institute (2012). *The Ethos Institute*. Available from: http://www1.ethos.org.br/EthosWeb/pt/31/o_instituto_ethos/ o_instituto_ethos.aspx. Accessed in August 2012.

Extractive Industries Transparency Initiative (2011). *EITI Rules: including the Validation guide*. Available from http://eiti.org/files/ 2011-11-01_2011_EITI_ RULES.pdf. Accessed in August 2012.

Fair Trade Labelling Organization (2012). *Standard.* Available from http://www.fairtrade.net/ standards.html. Accessed in August 2012.

Fair Wear Foundation (2009). *Labour Standards*. Available from http://www.fairwear.org/ 488/labour-standards/1.-employment-is-freely-chosen/ Accessed in August 2012.

Forest Stewardship Council (2002). *FSC International Standard: FSC Principles and Criteria for Forest Stewardship*, Bonn: Forest Stewardship Council. Available from http://www.fsc.org/principles-and-criteria.34.htm. Accessed in August 2012.

Global e-Sustainability Initiative (2012). *Overview*. Available from http://gesi.org/About_ICT_sustainability. Accessed in August 2012.

Global Reporting Initiative (2011). *Sustainability Reporting Guidelines*. Available from https://www.globalreporting.org/ resourcelibrary/G3.1-Guidelines-Incl-Technical-Protocol.pdf. Accessed in August 2012.

Global Social Compliance Programme (2010). *The Global Social Compliance Programme Reference Code Version 2* – April 2010. Available from http://gscpnet.com/gscpfiles/ GSCP_Reference_Code_V2_April_2010.pdf. Accessed in August 2012.

International Council of Chemical Association (2006). *Responsible Care: Global Charter*. Available from http://www.icca-chem.org/ICCADocs/09_RCGC_EN_Feb2006.pdf. Accessed in August 2012.

International Council on Mining and Metals (2012). *Sustainable Development Framework.* Available from http://www.icmm.com/ our-work/sustainable-development-framework. Accessed in August 2012.

International Finance Corporation (2012). *IFC's Sustainability Framework*. Available from http://www1.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_site/IFC+Sustainability/Sustainability+Framework. Accessed in August 2012.

International Labour Organization (1998). The International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Available from http://www.ilo.org/declaration/lang--en/index.htm. Accessed in August 2012.

International Organization for Standardization (2010). *ISO 26000: 2010 Guidance on Social Responsibility*, Geneva: International Organization for Standardization

International Petroleum Industry Environmental Conservation Association (2012). *Library*. Available from http://www.ipieca.org/ library. Accessed in August 2012.

KPMG (2011). *KPMG International Survey of Corporate Responsibility Reporting 2011*. Available from http://www.kpmg.com/ PT/pt/IssuesAndInsights/Documents/corporate-responsibility 2011.pdf. Accessed in August 2012.

Marine Stewardship Council (2010). *MSC Fishery Standard Principles and Criteria for Sustainable Fishing.* Available from http://www.msc.org/documents/scheme-documents/msc-standards/MSC_environmental_standard_for_sustainable_fishing.pdf. Accessed in August 2012.

Organisation for Economic Co-operation and Development (2011). *OECD Guidelines for Multinational Enterprises*. Available from http://www.oecd.org/investment/guidelinesfor multinationalenterprises/1922428.pdf. Accessed in August 2012.

Ozone Secretariat United Nations Environment Programme (2000). *The Montreal Protocol on Substances that Deplete the Ozone Layer*, Nairobi: Secretariat for the Vienna Convention for the Protection of the Ozone Layer & The Montreal Protocol on Substances that Deplete the Ozone Layer.

Principles for Responsible Investment Initiative (2006). *The Principles for Responsible Investment*. Available from http://www.unpri.org/principles/. Accessed in August 2012.

Rainforest Alliance (2009). *Partnership for Global Sustainable Tourism Criteria and Sustainable Tourism Stewardship Council Announce Merge to Form Tourism Sustainability Council*. Available from http://www.rainforest-alliance.org/newsroom/news/gstc-stsc-merge. Accessed in August 2012.

Responsible Research (2011). *Asian Sustainability Rating™ 2011*, Singapore: Responsible Research.

_____ (2012). *Sustainable Stock Exchanges: A Report on Progress*, Sustainable Stock Exchanges Initiative.

Roundtable on Sustainable Biofuels (2012). *RSB Sustainability Standards*. Available from http://rsb.epfl.ch/page-67254-en.html. Accessed in August 2012.

Roundtable on Sustainable Palm Oil (2007). *RSPO Principles and Criteria for Sustainable Palm Oil Production*. Available from http://www.rspo.org/file/RSPO%20Principles%20&%20Criteria%20Document.pdf. Accessed in August 2012.

Sachs, J.D., and A.M. Warner (1995). Natural resource abundance and economic growth. NBER Working Paper, No.5398. Cambridge, M.A.: National Bureau of Economic Research.

Sustainability Consortium (2012). *Sustainability Measurement & Reporting System (SMRS)*. Available from http://www.sustainabilityconsortium.org/smrs/. Accessed in August 2012.

Thailand, National Economic and Social Development Board (2004). *What is Sufficiency Economy?* Bangkok.

Thaipat Institute and Thai Rural Reconstruction Movement (2012). *Sustainability Reporting Guidelines*, Bangkok: Corporate Social Responsibility Institute.

United Nations (1948). *The Universal Declaration of Human Rights*. Available from http://www.un.org/en/documents/udhr/ index.shtml. Accessed in August 2012.

_____ (1992). *The Convention on Biological Diversity*. Available from http://www.cbd.int/doc/legal/cbd-en.pdf. Accessed in August 2012.

United Nations Conference on Environment and Development (1992). *The Rio Declaration on Environment and Development*. Available from http://www.unesco.org/education/information/nfsunesco/pdf/RIO_E.PDF. Accessed in August 2012.

United Nations Environment Programme (2012). *About UNEP-SBCI*. Available from http://www.unep.org/sbci/AboutSBCI/ Background.asp. Accessed in August 2012.

United Nations Global Compact (2011). *Overview of the UN Global Compact*. Available from http://www.unglobalcompact.org/AboutTheGC/index.html. Accessed in August 2012.

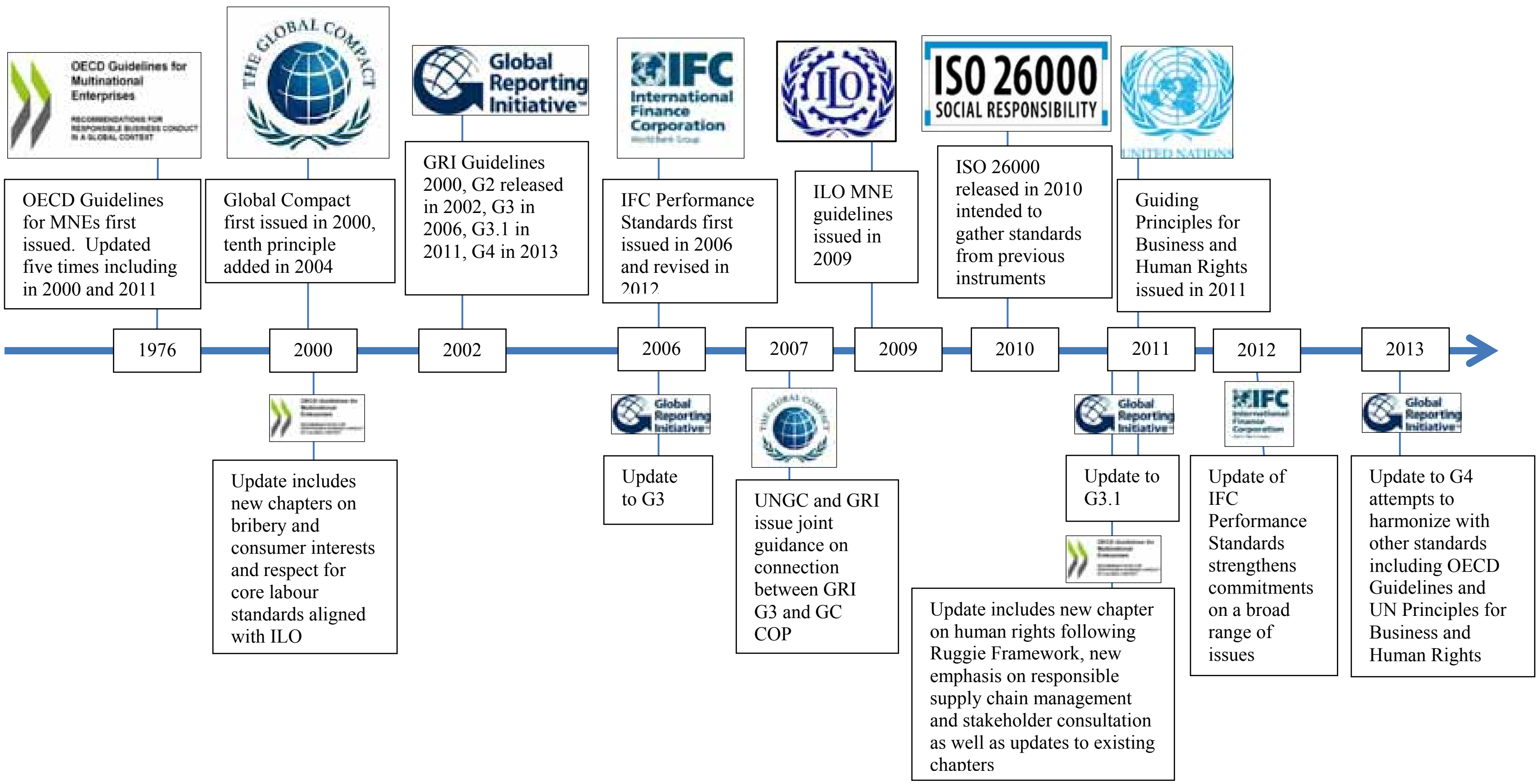
_____ (2011). UN Global Compact Policy on Communicating Progress. Available from http://www.unglobalcompact.org/docs/communication_on_progress/COP_Policy_Feb11.pdf. Accessed in August 2012.

United Nations Office on Drugs and Crime (2004). *The UN Convention Against Corruption*, Vienna: United Nations Office on Drugs and Crime.

U.S. Green Building Council (2012). *LEED Green Building Rating Systems*. Available from https://new.usgbc.org/leed/rating-systems. Accessed in August 2012.

World Business Council for Sustainable Development (2012). *About*. Available from http://www.wbcsd.org/about.aspx. Accessed in August 2012.

Annex 1: Timeline of development of global CSR instruments



Annex 2: Overview of key international CSR instruments

OECD Guidelines for Multinational Enterprises **http://www.oecd.org/daf/internationalinvestment/guidelinesformultinationalenterprises/**	
Year of initial publication and revisions	First published in 1976, five subsequent updates in 1979, 1982, 1984, 1991, 2000 and May 2011.
Overview and high level objectives	The Guidelines constitute a set of voluntary recommendations to multinational enterprises in all the major areas of business ethics, including employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation. Adhering Governments have committed to promote them among multinational enterprises operating in or from their territories. The instrument's distinctive implementation mechanisms include the operations of national contact points (NCP), which are government offices charged with promoting the Guidelines and handling enquiries in the national context. Adhering countries comprise all OECD countries, and 10 non-OECD countries (Argentina, Brazil, Colombia, Egypt, Latvia, Lithuania, Morocco, Peru, Romania and Tunisia). The Investment Committee has oversight responsibility for the Guidelines which are one part of a broader OECD investment instrument – the Declaration on International Investment and Multinational Enterprises.
Functional purpose	The OECD Guidelines for Multinational Enterprises are recommendations by Governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards. The Guidelines are the only multilaterally agreed and comprehensive code of responsible business conduct that Governments have committed to promoting.
Specific topics covered	The Instrument addresses the following: Part I I. Concepts and Principles II. General Policies A. Enterprises should: 1. Contribute to economic, environmental and social progress with a view to achieving sustainable development.

	2. Respect the internationally recognised human rights of those affected by their activities. 3. Encourage local capacity-building through close co-operation with the local community, including business interests, as well as developing the enterprise’s activities in domestic and foreign markets, consistent with the need for sound commercial practice. 4. Encourage human capital formation, in particular by creating employment opportunities and facilitating training opportunities for employees. 5. Refrain from seeking or accepting exemptions not contemplated in the statutory or regulatory framework related to human rights, environmental, health, safety, labour, taxation, financial incentives, or other issues. 6. Support and uphold good corporate governance principles and develop and apply good corporate governance practices, including throughout enterprise groups. 7. Develop and apply effective self-regulatory practices and management systems that foster a relationship of confidence and mutual trust between enterprises and the societies in which they operate. 8. Promote awareness of and compliance by workers employed by multinational enterprises with respect to company policies through appropriate dissemination of these policies, including through training programmes. 9. Refrain from discriminatory or disciplinary action against workers who make bona fide reports to management or, as appropriate, to the competent public authorities, on practices that contravene the law, the Guidelines or the enterprise’ policies. 10. Carry out risk-based due diligence, for example by incorporating it into their enterprise risk management systems, to identify, prevent and mitigate actual and potential adverse impacts as described in paragraphs 11 and 12, and account for how these impacts are addressed. The nature and extent of due diligence depend on the circumstances of a particular situation. 11. Avoid causing or contributing to adverse impacts on matters covered by the Guidelines, through their own activities, and address such impacts when they occur. 12. Seek to prevent or mitigate an adverse impact where they have not contributed to that impact, when the impact is nevertheless directly linked to their operations, products or services by a business relationship. This is not intended to shift responsibility from the entity causing an adverse impact to the enterprise with which it has a business relationship. 13. In addition to addressing adverse impacts in relation to matters covered by the Guidelines, encourage, where practicable, business partners, including suppliers and sub-contractors, to

	apply principles of responsible business conduct compatible with the Guidelines. 14. Engage with relevant stakeholders in order to provide meaningful opportunities for their views to be taken into account in relation to planning and decision making for projects or other activities that may significantly impact local communities. 15. Abstain from any improper involvement in local political activities. B. Enterprises are encouraged to: 1. Support, as appropriate to their circumstances, cooperative efforts in the appropriate fora to promote Internet Freedom through respect of freedom of expression, assembly and association online. 2. Engage in or support, where appropriate, private or multi-stakeholder initiatives and social dialogue on responsible supply chain management while ensuring that these initiatives take due account of their social and economic effects on developing countries and of existing internationally recognised standards. III. Disclosure IV. Human Rights V. Employment and Industrial Relations VI. Environment VII. Combating Bribery, Bribe Solicitation and Extortion VIII. Consumer Interests IX. Science and Technology X. Competition XI. Taxation Part II Implementation Procedures of the OECD Guidelines for Multinational Enterprises
Convergence notes	2000 Revision: The new additions to the text are: MNEs' contribution to sustainable development; respect of human rights; MNEs' encouragement of suppliers, subcontractors and business partners to apply principles of corporate conduct compatible with the Guidelines; respect of core labour standards (child labour, forced labour, freedom of association and collective bargaining and non-discrimination in terms of race, religion, gender etc.); establishment of environmental management systems, the precautionary principle; and new chapters on bribery and consumer interests.
	Convergence between the "Ruggie Framework" and OECD Guidelines for MNEs.

	The consultation process in the preparation for the 2011 update to the OECD Guidelines for MNEs included a consultation with John Ruggie in relation to the human rights issues addressed in the "Protect, Respect and Remedy Framework." In consultation with the OECD member countries, and on the basis of the human rights issues revealed in the "Protect, Respect and Remedy" Framework, he provided recommendations on the main human rights elements the update should include in order to meet its goal of ensuring "the continued role of the Guidelines as a leading international instrument for the promotion of responsible business conduct."
	2000 - 2011 update addresses: Changes to the Guidelines include: • A new human rights chapter, which is consistent with the Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework. • A new and comprehensive approach to due diligence and responsible supply chain management representing significant progress relative to earlier approaches. • Important changes in many specialised chapters, such as on Employment and Industrial Relations; Combating Bribery, Bribe Solicitation and Extortion, Environment, Consumer Interests, Disclosure and Taxation. • Clearer and reinforced procedural guidance to strengthen the role of the NCPs, improve their performance and foster functional equivalence. • A pro-active implementation agenda to assist enterprises in meeting their responsibilities as new challenges arise. More specifically, additions to 2011 OECD Guidelines: • Human rights, due diligence on human rights and supply chains • Increased role in influencing suppliers • Stakeholder consultation • Greater emphasis of disclosure on all "material" issues • Shift in terminology in employment and industrial relations to be consistent with ILO MNE declaration • Instruction that enterprises should not only seek to improve, but also take due account of their social and economic effects on developing countries. • Greater responsibility to detect and resist corruption, references 2005 United Nations Conference

	against Corruption (UNCAC) • Chapter 9: Expectations for companies to provide considerably more information to and protection of consumers • Chapter 10: Greater emphasis on tax compliance, transparency and responding to requests for information, referencing related United Nations/OECD conventions.
	Convergence is clearly seen on substantive topics such as human rights, business impacts and compliance within supply chains, transparency and disclosure and consumer issues. Ample reference is made to relevant United Nations/OECD conventions and agreements, however no direct reference is made to instruments such as: ISO 26000, Global Compact, GRI.

United Nations Global Compact	http://www.unglobalcompact.org/AboutTheGC/index.html
Year of initial publication and revisions	Originally published in 2000 with nine principles clustered under human rights, labour, and environment. An amendment was made in 2004 adding a tenth principle for anti-corruption.
High level objectives	I. Mainstream the ten principles in business activities around the world II. Catalyze actions in support of broader United Nations goals, including the Millennium Development Goals (MDGs) UNGC was established based on the following foundational principles: • Universal Declaration of Human Rights • International Labour Organization's Declaration on Fundamental Principles and Rights at Work • Rio Declaration on Environment and Development • United Nations Convention Against Corruption UNGC asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.
Functional purpose	Encourage businesses to operate responsibly. Business participants in UNGC make a commitment to make the Global Compact’s ten principles part of their business strategies and their day-to-day operations. At the same time, companies are required to issue an annual Communication on Progress (COP), a public disclosure to stakeholders (e.g. investors, consumers, civil society, Governments, etc.) on progress made in implementing the ten principles of the UN Global Compact, and in supporting broad United Nations development goals.

Specific topics covered	UNGC's 10 principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus derived from the key underlying global conventions on these same topics (listed above). Ten Principles: Human Rights Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses. Labour Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation. Environment Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies. Anti-Corruption Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.
Convergence notes	"Management Model" An updated performance model, developed post 2000 that guides companies through the process of formally committing to, assessing, defining, implementing, measuring, and communicating a corporate sustainability strategy based on the Global Compact and its principles.
	2007 Operational Guide for SMEs: An international taskforce on SMEs and corporate citizenship, consisting of experts from companies, Global Compact focal points and other relevant organizations, reviewed existing material on the implementation of the Global Compact principles and the work of SMEs and produced these operational guidelines for medium-sized enterprises.

	2007 Reporting: UNGC requires "Communication on Progress" annually by participating companies and will de-list companies for non-communication if they fail to report on their progress with the principles. This coincides with increased practical guidance on how to communicate progress, including firmer links to the GRI Reporting Framework and G3 guidelines. UNGC and GRI produced "Making the Connection – Using GRI's G3 Guidelines for the COP." This guide introduces and explores ways to address GRI and Global Compact COP requirements simultaneously. By linking the GRI G3 Guidelines to the 10 principles of the Global Compact, Making the Connection assists companies in bridging the gap between the COP and other sustainability reporting vehicles.
	2008: a) discussion about the importance of and progress on reporting, b) work in recent years by a committed community of institutional investors to consider ESG issues in their investment decisions – through the United Nations-backed Principles for Responsible Investment (PRI) – has played a critical role in strengthening the business proposition of the Global Compact. In 2008, a number of campaigns were undertaken by PRI.
	2010 "Blueprint for CSR Leadership"– provide guidance to advanced companies – is a corporate action plan

IFC Sustainability Framework	http://www1.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_site/IFC+Sustainability/Sustainability+Framework
Overview	The Sustainability Framework consists of three items, of which the "Performance Standards" are the main tool. These must be met by companies the IFC invests in and are looked to by companies globally as an important international benchmark. The three components of the Sustainability Framework are: • 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.
Year of initial	2006, revised in 2012

publication and revisions	
High level objectives	IFC's Sustainability Framework articulates the Corporation's strategic commitment to sustainable development, and is an integral part of IFC's approach to risk management.
Functional purpose	The Performance Standards are directed towards clients, providing guidance on how to identify risks and impacts, and are designed to help avoid, mitigate, and manage risks and impacts as a way of doing business in a sustainable way, including stakeholder engagement and disclosure obligations of the client in relation to project-level activities. In the case of its direct investments (including project and corporate finance provided through financial intermediaries). IFC requires its clients to apply the Performance Standards to manage environmental and social risks and impacts so that development opportunities are enhanced. IFC uses the Sustainability Framework along with other strategies, policies, and initiatives to direct the business activities of the Corporation in order to achieve its overall development objectives. The Performance Standards may also be applied by other financial institutions.
Specific topics covered	**Performance Standard 1: Assessment and Manage ment of Environmental and Social Risks and Impacts** Objectives: • To identify and evaluate environmental and social risks and impacts of the project. • To adopt a mitigation hierarchy to anticipate and avoid, or where avoidance is not possible, minimize, and, where residual impacts remain, compensate/offset for risks and impacts to workers, Affected Communities, and the environment. **Performance Standard 2: Labour and Working Conditions** Objectives: • To promote the fair treatment, non-discrimination, and equal opportunity of workers. • To establish, maintain, and improve the worker-management relationship. • To promote compliance with national employment and labour laws. • To protect workers, including vulnerable categories of workers such as children, • Migrant workers, workers engaged by third parties, and workers in the client's supply chain. • To promote safe and healthy working conditions, and the health of workers. • To avoid the use of forced labour. **Performance Standard 3: Resource Efficiency and Pollution Prevention**

Objectives:

- To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities.
- To promote more sustainable use of resources, including energy and water.
- To reduce project-related GHG emissions.

Performance Standard 4: Community Health, Safety, and Security

Objectives:

- To anticipate and avoid adverse impacts on the health and safety of the Affected Community during the project life from both routine and non-routine circumstances.
- To ensure that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles and in a manner that avoids or minimizes risks to the Affected Communities.

Performance Standard 5: Land Acquisition and Involuntary Resettlement

Objectives:

- To avoid, and when avoidance is not possible, minimize displacement by exploring alternative project designs.
- To avoid forced eviction.
- To anticipate and avoid, or where avoidance is not possible, minimize adverse social and economic impacts from land acquisition or restrictions on land use by providing compensation for loss of assets at replacement cost and ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected.
- To improve, or restore, the livelihoods and standards of living of displaced persons.
- To improve living conditions among physically displaced persons through the provision of adequate housing with security of tenure at resettlement sites.

Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

Objectives:

- To protect and conserve biodiversity.
- To maintain the benefits from ecosystem services.

	• To promote the sustainable management of living natural resources through the adoption of practices that integrate conservation needs and development priorities. **Performance Standard 7: Indigenous Peoples** Objectives: • To ensure that the development process fosters full respect for the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples. • To anticipate and avoid adverse impacts of projects on communities of Indigenous Peoples, or when avoidance is not possible, to minimize and/or compensate for such impacts. • To promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner. • To establish and maintain an ongoing relationship based on Informed Consultation and Participation (ICP) with the Indigenous Peoples affected by a project throughout the project's life-cycle. • To ensure the Free, Prior, and Informed Consent (FPIC) of the Affected Communities of Indigenous Peoples when the circumstances described in this Performance Standard are present. • To respect and preserve the culture, knowledge, and practices of Indigenous Peoples. **Performance Standard 8: Cultural Heritage** Objective: • To protect cultural heritage from the adverse impacts of project activities and support its preservation. • To promote the equitable sharing of benefits from the use of cultural heritage. Performance Standard 1 establishes the importance of (i) integrated assessment to identify the environmental and social impacts, risks, and opportunities of projects; (ii) effective community engagement through disclosure of project-related information and consultation with local communities on matters that directly affect them; and (iii) the client's management of environmental and social performance throughout the life of the project. Performance Standards 2 through 8 establish objectives and requirements to avoid, minimize, and where residual impacts remain, to compensate/offset for risks and impacts to workers, Affected Communities, and

	the environment. While all relevant environmental and social risks and potential impacts should be considered as part of the assessment, Performance Standards 2 through 8 describe potential environmental and social risks and impacts that require particular attention. Where environmental or social risks and impacts are identified, the client is required to manage them through its Environmental and Social Management System (ESMS) consistent with Performance Standard 1. Business should protect human rights and each of the standards relates to human rights in some way.
Convergence notes:	Summary of changes: http://www1.ifc.org/wps/wcm/connect/b0be9a0049800a44a9e3fb336b93d75f/Board-Paper-IFC-AnnexA_August1-2011.pdf?MOD=AJPERES

GRI	
Year of initial publication and revisions	GRI Sustainability Reporting Guidelines 2000 G2 2002 G3 2006 G3.1 2011 G4 2013
High level objectives	The Purpose of a Sustainability Report Sustainability reporting is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development. 'Sustainability reporting' is a broad term considered synonymous with others used to describe reporting on economic, environmental, and social impacts (e.g. triple bottom line, corporate responsibility reporting, etc.). A sustainability report should provide a balanced and reasonable representation of the sustainability performance of a reporting organization – including both positive and negative contributions. Sustainability reports based on the GRI Reporting Framework disclose outcomes and results that occurred within the reporting period in the context of the organization's commitments, strategy, and management approach.
Foundational principles	The specific Aspects under the category of Labour Practices are based on internationally recognized universal standards, including: • United Nations Universal Declaration of Human Rights; • United Nations Convention: International Covenant on Civil and Political Rights; • United Nations Convention: International Covenant on Economic, Social, and Cultural Rights;

	• Convention on the Elimination of all Forms of Discrimination against Women (CEDAW); • ILO Declaration on Fundamental Principles and Rights at Work (in particular the eight core Conventions of the ILO consisting of Conventions 100, 111, 87, 98, 138, 182, 29, 105); and • The Vienna Declaration and Programme of Action. The Labour Practices Indicators also draw upon the two instruments directly addressing the social responsibilities of business enterprises: the ILO Tripartite Declaration Concerning Multinational Enterprises and Social Policy, and OECD Guidelines for Multinational Enterprises. The international legal framework for human rights comprises a body of law made up of treaties, conventions, declarations and other instruments. The corner stone of human rights is the International Bill of Rights which is formed by three instruments: I. the Universal Declaration of Human Rights (1948); II. the International Covenant on Civil and Political Rights (1966); and III. the International Covenant on Economic, Social and Cultural Rights (1966).
Functional purpose	The GRI Reporting Framework is intended to serve as a generally accepted framework for reporting on an organization's economic, environmental, and social performance. It is designed for use by organizations of any size, sector, or location. It takes into account the practical considerations faced by a diverse range of organizations – from small enterprises to those with extensive and geographically dispersed operations. The GRI Reporting Framework contains general and sector-specific content that has been agreed by a wide range of stakeholders around the world to be generally applicable for reporting an organization's sustainability performance.
Specific topics covered	The Sustainability Reporting Guidelines (the Guidelines) consist of An Overview of Sustainability Reporting: Part 1: Defining Report Content, Quality and Boundary Part 2: Standard Disclosures. • Strategy and Analysis • Organizational Profile • Report Parameters • Governance, Commitments and Engagement • Management Approach and Performance Indicators: – Economic – Environmental

	– Social – Labour Practices and Decent Work – Human Rights – Society – Product Responsibility **Principles** for defining report content and ensuring the quality of reported information. It also includes Standard Disclosures made up of Performance Indicators and other disclosure items, as well as guidance on specific technical topics in reporting. **Indicator Protocols** exist for each of the Performance Indicators contained in the Guidelines. These Protocols provide definitions, compilation guidance, and other information to assist report preparers and to ensure consistency in the interpretation of the Performance Indicators. Users of the Guidelines should also use the Indicator Protocols. **Sector Supplements** complement the Guidelines with interpretations and guidance on how to apply the Guidelines in a given sector, and include sector-specific Performance Indicators. Applicable Sector Supplements should be used in addition to the Guidelines rather than in place of the Guidelines. **Technical Protocols** are created to provide guidance on issues in reporting, such as setting the report boundary. They are designed to be used in conjunction with the Guidelines and Sector Supplements and cover issues that face most organizations during the reporting process.
Convergence notes:	One of the expressed purposed of the revision to the G4 guidelines is "to harmonize as much as possible with other internationally accepted standards" For example: • Disclosure on Supply Chains will reference OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones (in particular chapters 2, 4 & 7), 2006. • Disclosure on Governance and Remuneration will reference OECD Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones (in particular chapters 2, 4 & 7), 2006. • Disclosure on Management Approach: If specific actions are part of broader processes, such as or including due diligence, explain the processes' components. Refer to the following for further guidance: Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises; the United Nations (UN) 'Protect, Respect, Remedy' framework and its

	guiding principles for additional information on due diligence. Use the ILO Tripartite Declaration Concerning Multinational Enterprises and Social Policy (in particular the eight core Conventions of the ILO) and the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises as the primary reference points. • Core indicator on Chains will reference the UN "Protect, Respect and Remedy" Framework for Business and Human Rights has affirmed the expectation that organizations should respect human rights throughout their activities and relationships.
	Version G3.1 (2011) had significant updates on Human Rights Reporting, Community Impacts, Gender Reporting Version 3.1 referred to the following standards: The specific Aspects under the category of Labor Practices are based on internationally recognized universal standards, including: • United Nations Universal Declaration of Human Rights; • United Nations Convention: International Covenant on Civil and Political Rights; • United Nations Convention: International Covenant on Economic, Social, and Cultural Rights; • Convention on the Elimination of all Forms of Discrimination against Women (CEDAW); • ILO Declaration on Fundamental Principles and Rights at Work (in particular the eight core Conventions of the ILO consisting of Conventions 100, 111, 87, 98, 138, 182, 29, 105); and • The Vienna Declaration and Programme of Action. The Labour Practices Indicators also draw upon the two instruments directly addressing the social responsibilities of business enterprises: the ILO Tripartite Declaration Concerning Multinational Enterprises and Social Policy, and the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.
	G2 (2002) to -G3 (released 2006) – Key revisions included: • The introduction of “Application Levels” so reporting organizations could indicate the extent to which they applied the Guidelines • Reporting Principles were better defined, expanded to include self-tests, and given more prominence for their role in determining report content and improving report quality • A boundary protocol was introduced to provide guidance on how to cope with direct and indirect impacts

	• Introduction of a "Strategy and analysis" section of disclosures guiding the reporting organization to set the stage for the reader by describing the company's overall sustainability strategy and vision • The introduction of the "Disclosure on Management Approach" as a technique to consolidate policy or system information for reach reporting category – designed to provide the context in which performance results should be interpreted • Generally the performance indicators were refocused and consolidated – dropping to 79 indicators in the main set (from 97 in 2002). • The water and biodiversity indicators were unpacked and refocused • The social indicators were reworked to be more measurable and auditable • A full revamping of the economic indicators section to ensure metrics addressed a wider range of issues and measured impacts on the economic circumstances of its stakeholders and the wider economic system (vs. 2002 indicators which measured economic value add) • Indicator Protocols developed for every indicator, which included a section cross referencing the indicator to the relevant international convention or standard

United Nations Principles on Business and Human Rights "Ruggie Principles"	http://www.business-humanrights.org/SpecialRepPortal/Home/Protect-Respect-Remedy-Framework/GuidingPrinciples
Year of initiation and revisions	2011
High level objectives	Special Representative John Ruggie first issued the final text of the Guiding Principles for the consideration of the United Nations Human Rights Council in March 2011 with the objective of "Protect, Respect and Remedy" Framework
Foundational principles	General principles (a) States' existing obligations to respect, protect and fulfil human rights and fundamental freedoms; (b) The role of business enterprises as specialized organs of society performing specialized functions, required to comply with all applicable laws and to respect human rights; (c) The need for rights and obligations to be matched to appropriate and effective remedies when breached.
Functional purpose	Guiding Principles operationalize the "Protect, Respect and Remedy" Framework. They elaborate the

	implications of existing standards and practices for States and businesses; integrating them within a single, logically coherent and comprehensive template; and identifying where the current regime falls short and how it should be improved. Each Principle is accompanied by a commentary, further clarifying its meaning and implications.
Specific topics covered	I. The State duty to protect human rights A. Foundational principles: States must protect against human rights abuse within their territory and set clear expectations for businesses on their role B. Operational principles • General State regulatory and policy functions • The State-business nexus • Supporting business respect for human rights in conflict-affected areas • Ensuring policy coherence II. The corporate responsibility to respect human rights A. Foundational principles – all businesses, regardless of size, should respect internationally recognized human rights by avoiding, protecting against and mitigating infringement linked to business operations B. Operational principles • Policy commitment • Human rights due diligence • Remediation • Issues of context III. Access to remedy A. Foundational principle – As part of their duty to protect against business-related human rights abuse, States must take appropriate steps to ensure, through judicial, administrative, legislative or other appropriate means, that when such abuses occur within their territory and/or jurisdiction those affected have access to effective remedy. B. Operational principles • State-based judicial mechanisms • State-based non-judicial grievance mechanisms • Non-State-based grievance mechanisms • Effectiveness criteria for non-judicial grievance mechanisms

Convergence notes:	Highly consultative preparation process, though not much to report on convergence. Conversion evidenced more in subsequent citing of Ruggie Framework by OECD (new chapter on Human Rights), GRI G4 and emphasis on human rights in IFC performance std.

ISO 26000	
Year of initial publication and revisions	2010
High level objectives	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.
Functional purpose	This International Standard provides guidance on the underlying principles of social responsibility, recognizing social responsibility and engaging stakeholders, the core subjects and issues pertaining to social responsibility and on ways to integrate socially responsible behaviour into the organization. This International Standard emphasizes the importance of results and improvements in performance on social responsibility. This International Standard is intended to be useful to all types of organizations in the private, public and non-profit sectors, whether large or small, and whether operating in developed or developing countries. While not all parts of this International Standard will be of equal use to all types of organizations, all core subjects are relevant to every organization. All core subjects comprise a number of issues, and it is an individual organization's responsibility to identify which issues are relevant and significant for the organization to address, through its own considerations and through dialogue with stakeholders.
Specific topics covered	Principles of Social Responsibility: 1. Accountability 2. Transparency 3. Ethical behaviour 4. Respect for stakeholder interests 5. Respect for the rule of law 6. Respect for international norms of behaviour 7. Respect for human rights Two Fundamental Practices of Social Responsibility:

	1. Recognizing Social Responsibility 2. Stakeholder Identification and Engagement Core subjects 1. Organizational governance 2. Human rights 3. Labour practices 4. The environment 5. Fair operating practices 6. Consumer issues 7. Community involvement and development Guidance on integrating social responsibility into an organization 1. General 2. The relationship of an organization's characteristics to social responsibility 3. Understanding the social responsibility of an organization 4. Practices for integrating social responsibility throughout an organization 5. Communication on social responsibility 6. Enhancing credibility regarding social responsibility 7. Reviewing and improving an organization's actions and practices related to social responsibility 8. Voluntary initiatives for social responsibility
Convergence notes:	ISO 26000 does not refer to other instruments directly in the text of the standard, but does contain a section on ‘voluntary initiatives for social responsibility’ (section 7.8) which helps companies understand the landscape of other standards, initiatives, guidelines, etc. and how to make decisions about getting involved in their development or whether or not to use them. The reporting guidance in section 7.5 on communicating about social responsibility the standard does not specifically refer to the GRI Guidelines but does use language and guidance that is consistent with the GRI guidelines – including an emphasis on stakeholder engagement. Annex A provides an overview of the many CSR instruments, guidance and initiatives available globally. The standard filtered out any that are administered on a for-profit basis that are used only in one country or only by a small pool of companies. CSR instruments mentioned must help the company apply ISO

	guidance contained in the standard. The section provides detailed information on how initiatives overlap or match up with ISO 26000 principles, core subjects, and guidance categorized into the following segments: • Intergovernmental initiatives • Multi-stakeholder initiatives • Single-stakeholder initiatives • Sector initiatives (covering 15 industry sectors).