Human Rights Performance Reporting: a study of Corporations within Australian Financial Sector

by

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Abstract

This paper investigates the human rights performance reporting practices of the top 50 Australian financial service companies listed in the Australian Stock Exchange. All corporate reporting media, including annual reports, Social Responsibility Reports (CSR) and company websites, were reviewed to document their disclosure practices for the current period (2009/2010). In considering a number of international voluntary guidelines on human rights, a content analysis instrument containing 80 specific human rights themes, under 10 general categories, was developed to examine corporate reporting media. The results remain intensely unimpressive. The number of companies that disclosed human rights items is extremely low; the majority of the items were not disclosed by any of the companies under investigation. However, compared to CSR reports and company websites, annual reports were the preferable media used to disclose human rights issues. The result indicates how ineffective the voluntary global guidelines are in ensuring that Australian financial corporations report on their human rights performances.

Key words: human rights, Australian financial sector, reporting, performance, standards, international guideline providers
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1. Introduction

There is growing research investigating social reporting in Australia (see Guthrie & Parker, 1989; Deegan & Gordon, 1996; Deegan & Rankin, 1996; Brown & Deegan, 1998; O'Donovan, 1999, 2002; Deegan et al, 2002; Frost & English, 2002; Cunningham & Gadenne, 2003; Frost et al, 2005). Prior research explores understanding of corporate social and environmental disclosure practices in general. This paper focuses on specific social and environmental issues such as human rights issues, and aims to understand whether and how Australian corporations adopt and disclose their human rights performances. The study specifically focuses on the top 50 companies within the financial sector in Australia.

Corporate responsibility to protect human rights has become a serious global concern over the past decades. For example, Amnesty International has expressed a deep concern that multinational corporations' operations have serious negative consequences on the protection of workers and the local community (Amnesty International, 2011). As international concern over corporate human rights violations is growing, international bodies such as Organisation for Economic Co-operation and Development (OECD), International Labour Organisation (ILO), Global Reporting Initiative (GRI), United Nations (UN), Amnesty International and Australian Human Rights Commission, suggest that it is the corporation's sole responsibility to protect individuals of their economic, social and cultural rights, and failure to do so must be considered a basic human rights violations. Some joint initiatives, such as that between the UN Global Compact and GRI, are encouraging corporations to commit to incorporating and improving the quality of their reporting based on recommendations developed by a multi-stakeholder expert working group process (GRI, 2009). In Australia, the Australian Human Rights Commission, for example, has developed four fact sheets to promote the need for Australian corporations to meet their human rights obligations in regards to the human rights of those communities affected by their operations (Australian Human Rights Commission, 2009). Along with GRI and the UN Global Compact, Amnesty International and Australian Human Rights Commission expect to see corporations making their steps to prevent human rights violation visible (Amnesty International, 2011; Australian Human Rights Commission, 2009).

Like other industries or sectors, the financial sector is equally responsible for human rights violations. When considering the role of corporations in relation to human rights, it is essential to consider not only the direct perpetrators of human rights violations but those who encourage, assist in and benefit from the violations (Missbach, 2007). Without direct support from financial institutions, corporations that violate human rights could not remain in business (Missbach, 2007). Corporations within the financial sector have widespread responsibility to prevent human rights violations. In response to growing concerns over the social and environmental impacts of financial institutions, a number of international organisations proposed international guidelines for corporate performance on human rights. For example, Equator Principles, largely supported by International Finance Corporation (IFC), has provided specific guidelines which require financial corporations to adopt and report on social, environmental and human rights performances (Equator Principles, 2006).
Australian Human Rights Commissions (2009) has provided an effective tool to help companies within financial sectors utilise Human Rights Impact Assessments and integrate human rights policies, implementation and performance reporting into business operations. Australian Human Rights Commission (2009) expects that Australian financial sector companies must accept the responsibility to protect their own employees, the local community and the people in developing nations from any form of human rights violations. It also expects financial institutions to ensure that their suppliers, clients and contractors do not harm local communities or people in developing countries (Australian Human Rights Commissions, 2009).

This paper investigates human rights reporting practices of the top 50 Australian financial service companies listed in the Australian Stock Exchange (ASX). All reporting media, including annual reports, Social Responsibility Report (CSR) and company websites, were reviewed to document their disclosure practices for the current period (2009/2010). In considering a number of international voluntary guidelines on human rights, a content analysis instrument containing 80 specific human rights themes, under 10 general categories, was developed to examine corporate media. The results remain intensely unimpressive. The number of companies that disclosed human rights items is extremely low. A company that disclosed only 19 items became a top disclosing company, and the majority of the items were not disclosed by any of the companies under investigation. However, compared to CSR reports and company websites, annual reports were the preferable media used to disclose human rights issues. The result indicates how ineffective the voluntary global guidelines are in ensuring that Australian financial corporations report on their human rights performances.

Following the introduction, the rest of the paper is organised as follows. Section 2 presents background of the prior research. Section 3 presents an overview of the global human rights campaign to promote corporate accountability. Section 4 provides a brief description of the human rights campaign to promote corporate accountability within the context of Australia. Section 5 provides an analysis of the findings of corporate human rights performance reporting within the Australian financial sector. Section 6 provides a conclusion.

2. Prior research and corporate human rights performance reporting

There are various areas of research that focus on social and environmental accounting. For example, one area looks at the motivations for social disclosures (see Deegan & Blomquist, 2006; Arnold & Hammond, 1994; Arnold, 1990; Ullman, 1985; Islam & Deegan, 2008), another looks at ethical/accountability issues (Cooper & Owen, 2007; Cooper et al., 2003; Adams, 2002; Lehman, 2001, 1999, 1995; Gray et al., 1996; Medawar, 1976), another looks at how to cost to externalities (see for example Deegan, 2008; Burritt, 2004; Schaltegger & Burritt, 2000; Bartolomeo et al., 1999; Bailey & Soyka, 1996; Bennett et al., 1996; Epstein, 1996; Schaltegger et al., 1996; Tuppen, 1996; Ditz et al., 1995), while another looks at market reactions to social performance information (see for example, Freedman & Jaggi, 1988; Ness & Mirza, 1991). While prior research focussed on corporate social reporting practices, it mostly looked at general social and environmental issues (see for example, Deegan et al, 2002; Guthrie & Parker, 1989). There is little, but growing research on specific social and environmental issues such as climate change (Haque and Deegan, 2010) and human rights (Islam and McPhail, 2010). With few exceptions (see Islam & McPhail, 2010), despite the wider corporate impacts and global attention to human rights issues, this issue has not yet become a focus area for social and environmental accounting researchers. This paper
looks at whether the Australian financial sector corporations adopt and report on human rights performances.

Prior research such as Islam and McPhail (2010) investigated the adoption of the International Labour Organisation’s (ILO) human rights standards by major multinational clothing and retail corporations. Four ILO’s Fundamental Principles and Rights at Work (ILO, 1998), including (1) freedom of association, (2) elimination of child labour, (3) elimination of forced labour, and (4) elimination of all forms of discrimination, were utilised as general disclosure categories in this research to understand human rights reporting practices. While Islam and McPhail (2010) investigated ILO’s 4 basic and general human rights standards, this study aims to investigate 80 specific human rights issues under ten general categories (including 4 general categories embraced within Islam and McPhail, 2010). The details and specific examination of reporting is undertaken for the purpose of this research. The study specifically focuses on major financial sector companies within Australia.

3. Global human rights movements and corporate responsibility

Human rights are an increasingly significant aspect of the developing global movement to create corporate accountability. Over recent years, stakeholder groups, including governments, trade unions and civil societies, have been developing a greater sense of shared expectations of corporations to be accountable in relation to human rights (GRI, 2009). International bodies such as the UN, United Nations Human Rights Council (UNHRC), ILO, Amnesty International and OECD urge states and corporations to provide effective measures to protect individuals against human rights violations. In 2008 the United Nations Special Representative of the Secretary General on Business and Human Rights, Harvard Professor John Ruggie, stressed that corporations have a responsibility to respect human rights (Ruggie, 2008). A strong view also reflected in the Maastricht Guidelines (Maastricht Guidelines, 1997) on Violations of Economic, Social and Cultural Rights that the states and corporations must ensure that they (corporations) do not deprive individuals of their economic, social and cultural rights (Engström, 2002).

The current wave of globalisation has encouraged free flow of corporate operations including free flow of investment and finance and a steady shift of productions locations. The role of foreign investment and finance is not supportive to make multinational companies meet their international rights and obligations (Evans, 2007). The chase to attract foreign investment often pressures governments to minimise labour costs, which in turn leads to human rights violations. When governments reduce their regulation of multinational companies, the latter are often alleged of crimes against humanity such as torture, racial discrimination, genocide, forced and child labour, slavery, environmental degradation and a vast range of human rights violations in relation to local communities, especially indigenous people (Cernic, 2008). Global human rights issues within the global business world are associated with activities including exploitative labour conditions, abuse by security forces and community destruction. There are many incidences of human rights violations in relation to the global business world. For example, a pesticide factory explosion in Bhopal, India, killed tens of thousands, contaminated the area and devastated the local community (Amnesty International, 2011). In Nigeria an oil pipeline in Rukpokwu, Rivers State, burst destroying farmlands, fish ponds and water wells, and depriving farming families of vital income (Amnesty International, 2011). In both examples, victims suffered violations of their right to life and health when corporations
and states did not protect the rights of the community affected by a business operation (Amnesty International, 2011).

The most valuable aspect of globalisation, which earned significant global attention, is the shift of retail goods production locations from developed countries to developing nations. The global expansion of the retail goods network has markedly increased over the last 15 years (World Bank, 2007; Shelton & Wachter, 2005). Along with the global expansion of production locations, there appears to have been a widespread increase in financing and investing activities of financial institutions across the globe. Multinational companies headquartered within developed countries now typically outsource their products from suppliers located in various developing countries (World Bank, 2007; WTO, 2004; Rahman, 2004; Wilkins, 2000); this outsourcing is a result of companies’ perpetual quest for the least expensive production input possible (Kabeer & Mahmud, 2004; Wilkins, 2000; Custers, 1997). According to their websites (see also World Bank, 2007; WTO, 2004), many of the high-profile multinational retail companies have moved their production to many of the low-wage countries such as Bangladesh, Vietnam, Thailand, Indonesia, India, China and Cambodia, among others. Stakeholder pressures often emerge when multinational companies’ transfer production to developing countries, where there are lower domestic social standards and where the framework to protect workers is either missing or not implemented. A number of high profile multinational clothing companies faced mounting criticisms from stakeholder groups, including NGOs and media, about the use of child and forced labour, factory fire accidents and verbal and physical abuse of workers in their supply factories in developing countries (Haltsonen, Kourula & Salmi, 2007; Bachman, 2000; Spar, 1998; Wah, 1998). When considering the role of corporations in relation to human rights, it is important to consider not only the direct actors of human rights violations (such as those involved in clothing industries or oil, gas and mining), but also those who encourage, facilitate and benefit from the violations (Missbach, 2007). Corporate activities that frequently violate human rights could not occur without the support of financial institutions (Missbach 2007). A number of NGOs and environmental groups have campaigned in the hopes of curtailing lending by financial institutions, for projects in ecologically and socially sensitive areas where human rights are frequently violated (PricewaterhouseCoopers, 2001).

Hand in hand with free flow of MNCs’ operations, many global NGOs and International Governmental Organisations have come up with agendas to protect human rights. A growing number of standards have been developed in recent years for the purpose of assisting companies in meeting their responsibility in this regard. Human rights standards were first emphasised in the Universal Declaration on Human Rights in 1948. Universal Declaration on Human Rights has served as the foundation for the development of human rights as ‘rights inherent to all human beings, whatever our nationality, place of residence, sex, national or ethnic origin, colour, religion, language, or any other status’ (UNHR, 2011, UNHR’s website). To mark the Universal Declaration’s 60th anniversary during 2008 and contribute to ongoing efforts aimed at making human rights a reality for all people – particularly GRI and the UN – Global Compact urged companies to commit to improving the quality of their human rights practices, including reporting (GRI 2009). Launched in 2000, the UN Global Compact is a policy platform for companies that are committed to socially responsible business practices. As a multi-stakeholder leadership initiative, the UN Global Compact seeks to align business operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. It claims that it is the world’s largest voluntary corporate citizenship initiative, with over 6,500 signatories based in more than 130 countries (www.unglobalcompact.org). At a national level, for example, the
Australian Human Rights Commission has adopted standards developed by UN bodies and GRI to encourage Australian corporations to disclose their responsibility with respect to the human rights of those people impacted by their operations (http://www.hreoc.gov.au).

After the UN, Amnesty International is one of the primary organisations that helped develop the different voluntary principles and standards for human rights, which guide corporations to ensure respect for human rights through their practices (Amnesty International, 2011). Amnesty International’s particular concern is with MNCs’ operating in many different countries where weak or corrupt national governments often do not have the power to regulate practices to prevent exploitative labour conditions, abuse by security forces and community destruction (Amnesty International, 2011). As a result, it believes that contemporary global companies pose a serious threat to human rights. In order to regulate MNCs’ operating practices in relation to human rights, Amnesty International would like to see the following:

- More effective regulation of business to prevent human rights abuse – which means regulations that address the MNC operations and the issue of corporate structure
- Improved practice by companies – ingrained and independently verifiable actions to prevent involvement in human rights violations/abuse and robust mechanisms to address problems that do arise
- Accountability and access to justice – both in terms of national and international mechanisms. Amnesty International is seeking international mechanisms and a common framework that can hold any corporations accountable for their human rights violations (Amnesty International, 2011)

Another global body, ILO, is one of the main bodies that sets global standards for labour rights – the rights which are deeply embedded core human rights. ILO is working with the states, trade union bodies, employer associations, NGOs and other human rights partners who are working towards implementing human rights in the workplace (Simpson, 1995). The ILO 1998 Declaration draws explicitly on the Universal Declaration of Human Rights and emphasises four essential workplace rights. These are (a) freedom of association and the effective recognition of the right to collective bargaining; (b) the elimination of all forms of forced or compulsory labour; (c) the effective abolition of child labour; and (d) the elimination of discrimination in respect to employment and occupation (ILO, 1998). The UN Global Compact promotes these rights as universal values to be achieved in business dealings around the world (www.Ilo.org). International organisations such as OECD, the International Confederation of Free Trade Unions (ICFTU), World Confederation of Labour (WCL), Oxfam international, Ethical Trading Initiatives (ETI) and Fair Labor Association (FLA) support and embrace these standards as a way of creating expectations and pressures on multinational companies to be socially and ethically accountable.

Along with the UN and ILO, OECD becomes an indispensable actor in contributing to the protection of international value system (Cernic, 2008). In relation to social and environmental responsibility practices of corporations, it has widespread consultation partners including The Business and Industry Advisory Committee to the OECD (BIAC), Trade Union Advisory Committee to the OECD (TUAC), OECD Watch, ILO, Special Representative of the United Nations Secretary-General (UNSRSG), the UN Global Compact, IFC, UNEP Finance Initiative and the International Organisation for Standardisation (ISO) (OECD, 2010 b). According to OECD Watch, the OECD Guidelines,
with their effective mechanism for resolving problems arising from irresponsible corporate behaviour, have the enormous potential to combat and resolve conflicts between communities and corporations (OECD Watch, 2011). In order to implement OECD policies and guidelines, OECD sets national contact points for the majority of OECD countries (OECD, 2010c). The responsibility of NCP is to sustain the effectiveness of the OECD Guidelines. NCP operates in line with core criteria of visibility, accessibility, transparency and accountability (OECD (2010c). The NCP encourages NGOs to file complaints against corporations violating human rights (OECD, 2001). NCP frequently addresses alleged violations of human rights by corporations (OECD, 2001). The 10th OECD roundtable on corporate responsibility brought stakeholders, including governments, businesses, labour forces, NGOs, international organisations and academia, to focus on ways of clarifying or providing further guidance on the application of the guidelines in areas including supply chains, human rights, environment and climate change (OECD, 2010a). The OECD 2010 Guidelines discuss details of the disclosure provisions for multinational corporations (OECD (2010c). They suggest that corporations should not only apply high quality standards for disclosure, accounting, and audit, but are also encouraged to apply high quality standards for non-financial information including environmental, social and human rights reporting where applicable (OECD, 2010c). In particular, organisations should take due account of the need to protect the environment, public health and safety, and generally to conduct their activities in a manner contributing to the wider goal of sustainable development (OECD, 2010c).

Another guideline, the UN Norms on the Responsibilities of Transnational Corporations and other Business Enterprises with regard to Human Rights, approved in August 2003 by the UN Sub-Commission on the Promotion and Protection of Human Rights, reinforces and reaffirms OECD Guidelines, and UN Global Compact initiative in particular. This document appears to be the most recent comprehensive and concise global document dealing with companies’ human rights obligations and responsibilities (FES, 2005). UN Norm 1 recognises the primary responsibility of corporations to promote, secure, respect and protect human rights; Norm 2 deals with non-discrimination; Norms 3-4 deal with a person’s right to security; Norms 5-9 deal with the rights of workers; Norms 10-11 deal with respect for national sovereignty and human rights, including the prohibition of corruption and fundamental rights to development; Norm 13 deals with consumer obligations; Norm 14 deals with environmental protection; and Norms 15-19 give recommendations concerning the implementation of the Norms, and monitoring how companies incorporate and respect the outlined provisions in their corporate conduct and activities (FES, 2005). As an initial step towards implementing these Norms, each corporation should adopt, disseminate and implement internal rules of operation in compliance with the Norms (UN, 2003). Further, they should periodically report on their measures to implement the Norms as promptly as possible (UN 2003). Each corporation should apply and incorporate these Norms in their dealings with subsidiaries, contractors, subcontractors, suppliers, licensees and distributors (UN, 2003). Though Norms are partly drawn from existing obligatory international treaties, these do not have the status of a binding international agreement (FES, 2005). States do not have to ratify them or implement them in their national legislation (FES, 2005).

While the UN, OECD and other standard setting organisations are developing guidelines for corporate conduct, other international organisations such the International Federation for Human Rights (FIDH) is producing a guide for victims and NGOs on recourse mechanisms in cases of corporate-related human rights violations. As such a guide was launched in 2010 in Amsterdam at a public debate on corporate justice held in collaboration with the Business and Human Rights Resource Centre and OECD Watch, and with the participation of experts
such as Olivier De Schutter, UN Special Rapporteur on the right to food, and former FIDH Secretary General and Katherine Gallagher, Attorney of the Centre for Constitutional Rights and FIDH Vice-President (FUDH, 2010). As victims of corporate-related abuse often struggle to obtain justice, FIDH’s helpful tool for victims and their representatives, NGOs and other civil society groups seek justice for victims of human rights abuse involving MNCs (FUDH, 2010).

Some international guidelines are sector specific. One of the best known sector specific guidelines is the Equator Principles, which require banks to adopt a set of common standards according to their social and environmental impacts. Equator Principles promotes appropriate structural and cultural consultation, greater respect for indigenous and vulnerable people, better training on due process to protect human rights from abuse (Equator Principles, 2006). The Equator Principles is known as the first step towards improving the sustainability of the banks' lending operations (CSRwire, 2009). Equator Principles has been guided by World Bank’s private lending arm, IFC, that has a list of social and environmental sustainability standards where human rights standards are given utmost priority (Equator Principles, 2006). However, the problem is that the World Bank has historically been reluctant to offend member states that are guilty of violating the human rights of their citizens (CSRwire, 2009).

4. Human rights movement and Australian corporations

NGOs, media and international governmental organisations’ aspire to see Australian corporations integrate human rights considerations into their everyday business practices. The Australian Human Rights Commission has developed four short fact sheets to help Australian companies meet their responsibility with respect to the human rights of those people affected by their activities (http://www.hreoc.gov.au). The fact sheets set out basic steps that Australian companies should take to integrate human rights considerations into their everyday business practices. While fact sheet 1 explains how human rights are relevant to Australian companies and sets out the business case for addressing human rights, fact sheet 2 provides links to practical tools to help companies within the financial sector conduct Human Rights Impact Assessments and integrate human rights policy, practice and reporting into business operations (http://www.hreoc.gov.au). Any suggestions put forward by Australian Human Rights in relation to the financial sector are derived from various international guidelines as discussed in the previous section.

UN Global Compact, at a national level, is also very active in pushing corporations to integrate a human rights agenda. The Australian Network of the UN Global Compact was formally launched at the 10th National Business Leaders Forum on Sustainable Development at Parliament House Canberra on 28 May, 2009, by Mr Georg Kell, Executive Director of the UN Global Compact, supported by Senator the Hon Nick Sherry, Minister for Superannuation and Corporate Law (The Australian Network of the UN Global Compact, 2009). The Australian Network of the UN Global Compact is dedicated to becoming Australia’s strongest corporate citizenship movement committed to the areas of human rights, labour, environment and anti-corruption (Global Reporting Initiative and UN Global Compact Network Australia, 2010). GRI, who is also partnering with the Australian Network of the UN Global Compact, has pioneered the development of the world’s most widely used Sustainability Reporting Framework which sets out the principles and indicators that organisations can use to measure and report their economic, environmental and social performance (Global Reporting Initiative and UN Global Compact Network Australia, 2010).
GRI Focal Point Australia works to bring Australian organisations more actively into the broader international dialogue on sustainability and seeks to improve the uptake, usefulness and quality of reporting (Global Reporting Initiative and UN Global Compact Network Australia, 2010).

While UN Norms require monitoring by relevant national bodies in relation to implementation and application of the Norms, under Australian law there are no requirements for companies to report on or disclose their social, environmental or human rights-affecting activities or impacts (Lynch, 2005). The Australian Securities and Investment Commission should be empowered to monitor and enforce such reporting and disclosure (Lynch, 2005). The Australian Government should commit to local and global leadership in the area of business and human rights (Lynch, 2010).

The Governments’ commitment to strengthen Australia’s human rights record includes partnerships between state, the business sector and the wider Australian community (Commonwealth of Australia, 2005). The areas the government has identified as most greatly assisting the encouragement and enforcement of universal human rights in the future are: promoting democracy; human rights education and awareness; assisting independence; supporting the family; and promoting human rights internationally (Commonwealth of Australia, 2005). In June 2008, the Australian Federal Parliament passed a motion which called on the Government to encourage Australian companies to respect the rights of individuals of the society in which they operate and to accelerate rights-compliant grievance mechanisms, whether acting in Australia or overseas (Kemp & Gotzmann, 2008; Oxfam Australia, 2008). The parliamentary motion called on the Government to:

- encourage Australian corporations to respect the rights of members of the communities in which they operate;
- encourage Australian corporations to develop rights-compliant grievance mechanisms, whether acting in Australia or overseas;
- consider corrective measures to prevent the involvement of Australian corporations in activities that may result in the abuse of human rights, including by fostering a corporate culture that is respectful of human rights in Australia and overseas, and
- support development at the international level of standards and mechanisms aimed at ensuring that all types of corporations respect human rights.

Oxfam Australia’s Executive Director, Andrew Hewett mentioned that the motion reflects the fact that corporate activity by some Australian companies impacts on human rights here and overseas (Oxfam Australia, 2008). Mr Hewett welcomed the measures suggested by the Australian Government’s parliamentary motion on business and human rights, however he argued that there was an urgent need to develop an independent complaints mechanisms that would allow people, particularly those overseas, to raise their grievances and provide a fair process for resolution (Oxfam Australia, 2008). The coming year will be an important test of the Australian Government’s commitment to addressing the human rights issues and the Parliament’s aspirations as expressed in the motion (Oxfam Australia, 2010). While the human rights campaign is ongoing, it has not, as yet, resulted in legislation or the establishment of an Ombudsman function (Kemp & Gotzmann, 2008). In the absence of regulation, it is a real challenge for the Government to enforce corporations to ensure less harm to the human rights of individuals and communities (Lynch, 2010).
NGOs, such as Oxfam Australia, are guided by the central commitments to active citizenship and accountability and a rights-based approach to development (Oxfam Australia, 2010). Oxfam’s work encompasses private sector engagement and political influence through multilateral organisations such as the World Bank, the Asian Development Bank and the OECD Investment Committee through its work with OECD Watch (Oxfam Australia, 2010). Oxfam Australia, along with the general public, has called on the Australian Government to develop national policy to discipline business practices in relation to human rights. It has recently made a submission to a Parliamentary Inquiry into ‘Australia’s Relationship with the Countries of Africa’ and it recommended that the Australian Government should demand that companies demonstrate compliance with international human rights standards, provide ready access to remedies when standards are breached, and undertake Human Rights Impact Assessments (Oxfam Australia, 2010). Interestingly, it may be the companies within the financial services sector, via loans and the provision of financial services in support of mining and other investment, that are best placed to apply appropriate human rights policies as part of the ‘extended enterprise’ (Oxfam, 2010). Oxfam Australia’s Executive Director, Andrew Hewett, became a critic by stating that although Australian corporations demonstrated some commitments to human rights issues, too often unacceptable double standards continue to be seen between domestic practices and practices overseas (Oxfam Australia, 2008). Oxfam is frequently witnessing the situations where basic human rights, such as the right to live without fear of harassment and intimidation, and the right to food, have been denied because of poor corporate behaviour (Oxfam Australia, 2008).

As mentioned previously, Australian Human Rights Commission is very keen to see companies within the Australian financial sector demonstrate that they are adopting and reporting human rights standards in line with global frameworks. Australian Human Rights Commission gives some specific reasons why financial sector companies should adhere to human rights standards. First, Australian financial services companies, like all others, have a responsibility to ensure that employees enjoy their fundamental labour rights such as a safe workplace, a living allowance, non-discriminatory work practices and collective bargaining (Australian Human Rights Commission, 2009). Secondly, while Australian financial companies often have complex supply chains that may include suppliers or investment clients with poor human rights records, and weak labour and environmental standards, they have a responsibility to ensure that their clients are not sourcing goods or services from companies that might be breaching human rights or investing in companies with poor human rights records (Australian Human Rights Commission, 2009). Thirdly, banks provide loans, insurance or other financial services for major projects and could therefore complicit in human rights abuses committed by a client; projects in developing nations tend, by their nature and location, to be associated with higher levels of human rights risk (Australian Human Rights Commission, 2009). Besides the above reasons, financial institutions are under international scrutiny in terms of human rights issues. In particular, a wide range of stakeholder groups including NGOs, international organisations and the Government, as discussed above, are keen to see financial institutions take responsibility for maintaining human rights standards. In this paper we are interested to see whether major financial institutions in Australia integrate and incorporate human rights performances within their reporting practices. In other words, this paper focuses on the human rights performance disclosure practices by major Australian financial institutions.
5. Research methods
The paper focuses on human rights performance disclosure practices by major financial sector companies in Australia. Based on market capitalisation, the top 50 companies were selected from ASX (ASX, 2010); a list of these companies is presented in Appendix 2. The current year’s (this being 2009/2010) annual reports, CSR reports and company websites were reviewed to document their disclosure practices. Sources of data collection included Connect 4 data base, Data Analysis data base and company websites. This paper focuses on the financial sector in Australian, as this sector holds a high profile in the Australian community and has a significant role as an employer, financial service provider and wealth creator (PricewaterhouseCoopers, 2001, Australian Human Rights Commission, 2009). This profile places the major players in the credit and lending sector in a position of significant power and influence (PricewaterhouseCoopers, 2001). Simultaneously, this position renders the financial institutions vulnerable to scrutiny, criticism and re-examination of their social responsibility by the community and special interest groups (PricewaterhouseCoopers, 2001). The financial sector, via loans and the provision of financial services in support of other businesses, can be the best place to apply the human rights standards as part of the ‘extended enterprise’ (Oxfam Australia, 2010). A number of environmental groups have campaigned against banks to curtail their lending to projects in ecologically and socially sensitive areas (PricewaterhouseCoopers, 2001).

Based on different international human rights guidelines, this study has developed human rights disclosure categories to see whether and how sample companies disclose these. For the human rights disclosure categories, a content analysis instrument, presented in Appendix 1, was developed from a number of international guidelines. The international guidelines that were used are:

- United Nations Universal Declaration of Human Rights, 1948;
- The UN Global Compact’s ten principles in the areas of human rights, labour, the environment and anti-corruption;
- The International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, 1998;
- The Rio Declaration on Environment and Development;
- The Australian Human Rights Commission’s practical tool to help financial Institutions;
- ILO Tripartite Declaration Concerning Multinational Enterprises and Social Policy, 2001;
- OECD Guidelines for Multinational Enterprises, Revision 2000;
- ILO Convention (169) concerning Indigenous and Tribal Peoples in Independent Countries, 1989;
- Equator Principles;
- IFC guidelines;
- The UN Norms on the Responsibilities of Transnational Corporations and other Business Enterprises with regard to Human Rights, 2003; and
- GRI guidelines.

While the Equator Principles emphasise human rights issues, they appear to be more general than other guidelines which cover specific issues within human rights. The disclosure content classification for this study broadly embraced the following general issues:

1. forced and compulsory labour;
2. security practices;
3. non-discrimination;
4. freedom of association and collective bargaining;
5. elimination of child labour;
6. physical and verbal abuse;
In total, 80 specific disclosure items under these ten general themes were considered. A list of the number of disclosures pertaining to human rights issues are presented in Appendix 1. The study considers the presence or absence of disclosures to capture data from corporate reporting media. Content analysis methods, like the presence or absence of items, became a helpful tool to document the number of disclosure items disclosed or not disclosed by the companies under investigation; this is consistent with prior studies (Haque & Deegan, 2010; Islam & McPhail, 2010; Adams & Frost, 2007). This is also a powerful tool as it leads to the measurement of quality of disclosures (see Haque & Deegan, 2010).


6. Results: Human rights performance reporting within the Australian financial sector

This paper considers annual reports, CSR reports and corporate websites to understand human rights disclosure practices of the top 50 financial sector companies in Australia. 80 disclosure items under ten general disclosure categories were used to understand the existence or non-existence of disclosures. The ten general categories considered are forced and compulsory labour; security practices; non-discrimination; freedom of association and collective bargaining; elimination of child labour; physical and verbal abuse; fair wage and decent living; right to safe and healthy working conditions; women and family life and local community. By reviewing corporate reporting media (annual reports, CSR reports and corporate websites), we found that 42 out of 80 specific issues were addressed by the sample companies. A large number of items (48%) have not been addressed by any of the companies under examination. Details of the analysis are presented next.

6.1 Human rights disclosures

Table 1 documents whether or not the sample companies disclosed information in relation to human rights within their annual reports, CSR reports and corporate website. The analysis of Table 1 follows.

6.1.1 Forced and compulsory labour

Within the forced and compulsory labour category, six specific issues were considered. There was no disclosure of information in relation to forced and compulsory labour by any of the companies.
6.1.2 Security practices

Two issues were investigated within the security practices category. Only one company, in their annual and CSR report, disclosed information on one of the issues – ‘security personnel trained in the organisation’s policies or procedures concerning aspects of human rights that are relevant to operation’. There was minimal disclosure in relation to security practices.

6.1.3 Non-discrimination

Eight of ten specific issues were addressed by the corporate media. The two issues that attract the most attention in annual reports are ‘not discriminating on the basis of colour, race, language, sex, religion and political views’ and ‘ensuring that promotion and termination are based on fair reasons such as experience and competence’ [14 (28%) companies disclosed their first issue followed by 13 (26%) companies addressing later issues within the annual report]. These two issues were also disclosed within CSR reports and corporate websites. Nine companies (18%) disclosed on ‘not discriminating on the basis of national or social origin, birth, or other status such as ethnic origin’ within their annual report. Issues that attracted the least attention were ‘significant investment agreements that include non-discrimination condition that have undergone human rights screening’ (only one company disclosed in their CSR report) and ‘significant suppliers and contractors that have undergone screening on non-discrimination and actions taken’ (only one company disclosed this item within their CSR report). Two issues were not addressed by any of the companies under investigation.

6.1.4 Freedom of association and collective bargaining

Three issues were considered under this category. Very few companies disclosed items on freedom of association and collective bargaining; only one company disclosed information on ‘recognising the rights of workers to form, join or not to join trade unions of their will’ within their annual report.

6.1.5 Elimination of child labour

As indicated in Table 1, two of five issues were addressed under elimination of child labour by the companies under investigation. Only one Company, in their CSR report, disclosed information on operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour. Another company disclosed information in their company website on the category, ‘no engaging children under the age of 15 in work’. 98% companies did not disclose these two items at all. Moreover, three issues were not incorporated by any of the companies within their reporting media.

6.1.6 Physical and verbal abuse

Four issues were considered within this category. The results became very unimpressive. Only one company disclosed information on providing a work environment free from any form of harassment, particularly sexual harassment, intimidation or bullying. One hundred percent of the companies did not disclose three of four issues considered within this category.

6.1.7 Fair wage and decent living

Five specific issues were considered within the ‘fair wage and decent living’ category. Three of the issues were addressed by very few of the companies. The issue that attracted the most attention was
‘paying employees wages in accordance with the local and national applicable wage status, whether or not they are enforced’. Nine companies (18%) disclosed this item within their annual report, four companies within their CSR report and nine companies (18%) within their company website. The issue that attracted the least attention was that the ‘company has welfare schemes that normally provide for such items as media care, sickness benefit, maternity leave or benefits, disability coverage or retirement’. Only three companies disclosed information on this issue within their annual reports. Two items were not addressed by any of the companies under examination.

Table 1: Human Rights performance disclosure of the top 50 financial sector companies in Australia

<table>
<thead>
<tr>
<th>Specific performance issues disclosed by the companies</th>
<th>Number of companies disclosed (total companies reviewed 50)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In Annual Report</td>
</tr>
<tr>
<td></td>
<td>N</td>
</tr>
<tr>
<td>Forced and compulsory labour (6 issues)</td>
<td></td>
</tr>
<tr>
<td>No disclosure of any issue</td>
<td>00</td>
</tr>
<tr>
<td>Security personnel trained in the organisation’s policies or procedures concerning aspects of human rights that are relevant to operations;</td>
<td>01</td>
</tr>
<tr>
<td>Security practices (2 issues)</td>
<td></td>
</tr>
<tr>
<td>Non-discrimination (10 issues)</td>
<td></td>
</tr>
<tr>
<td>1. Not discriminating on the basis of race, colour, sex, language, religion, political or other opinion;</td>
<td>14</td>
</tr>
<tr>
<td>2. Not discriminating on the basis of national or social origin, property, birth or other status such as ethnic origin;</td>
<td>09</td>
</tr>
<tr>
<td>3. Not discriminating on the basis of disability, age, health status, parental or marital status or sexual orientation;</td>
<td>04</td>
</tr>
<tr>
<td>5. Ensuring that promotion and termination are based on legitimate non-discriminatory business reasons, such as experience and competence;</td>
<td>13</td>
</tr>
<tr>
<td>7. Company has Disability Action Plan and Reconciliation Action Plan for its operations;</td>
<td>00</td>
</tr>
<tr>
<td>8. Significant investment agreements that include non-discrimination clauses that have undergone human rights screening;</td>
<td>00</td>
</tr>
<tr>
<td>9. Significant suppliers and contractors that have undergone screening on non-discrimination and actions taken;</td>
<td>00</td>
</tr>
<tr>
<td>10. Employee training on policies and procedures concerning aspects of non-discrimination that are relevant to operations, including the percentage of employees trained;</td>
<td>00</td>
</tr>
<tr>
<td>Freedom of Association and Collective bargaining (3 issues)</td>
<td></td>
</tr>
<tr>
<td>1. Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken;</td>
<td>00</td>
</tr>
<tr>
<td>2. Recognising the right of workers to join, form or not to join trade unions of their choice without fear of intimidation, reprisal or harassment;</td>
<td>01</td>
</tr>
<tr>
<td>Elimination of child labour (5 issues)</td>
<td></td>
</tr>
<tr>
<td>1. Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour;</td>
<td>00</td>
</tr>
<tr>
<td>2. No engaging children under the age of 15 in work (or 14 if the state in question has received an exemption);</td>
<td>00</td>
</tr>
<tr>
<td>Physical and verbal abuse (4 issues)</td>
<td></td>
</tr>
<tr>
<td>1. Providing a work environment free from any form of harassment, particularly sexual harassment, intimidation or bullying;</td>
<td>01</td>
</tr>
<tr>
<td>Fair wage and decent living (5 issues)</td>
<td></td>
</tr>
<tr>
<td>1. Paying employees wages in accordance with the local and national applicable wage statutes, whether or not they are enforced;</td>
<td>09</td>
</tr>
<tr>
<td>3. Not charging workers exploitative prices for company-provided, necessary goods and services when they have limited access to other providers;</td>
<td>03</td>
</tr>
<tr>
<td>4. Company has welfare schemes that normally provide for such items as medical care, sickness benefit, maternity leave or benefits, disability coverage or retirement;</td>
<td>03</td>
</tr>
<tr>
<td>Right to safe and healthy working conditions (14 issues)</td>
<td></td>
</tr>
<tr>
<td>1. Company has specific worker safety policy;</td>
<td>05</td>
</tr>
<tr>
<td>2. Company has a safety policy throughout the supply chain;</td>
<td>01</td>
</tr>
<tr>
<td>3. Minimising the risk of accidents, injury, death and exposure risk in the workplace;</td>
<td>00</td>
</tr>
<tr>
<td>4. Identifying hazards and unsafe behaviours and delivering necessary improvements through an effective health and safety management system;</td>
<td>00</td>
</tr>
</tbody>
</table>
6. Ensuring workers have the skill, knowledge and resources to maintain a safe and healthy working environment, enabling them to raise safety concerns; 06 00 05 10 08 16

9. Investigating work-related accidents, keeping records of incidents, stating their cause, taking remedial measures to prevent similar accidents; 00 00 01 02 00 00

12. Suppliers and contractors have undergone screening on health and safety and actions taken; 00 00 01 02 00 00

14. Employee training on policies and procedures concerning aspects of health and safety that are relevant to operations, including the percentage of employees trained; 00 00 01 02 02 04

Women and family life (4 issues)

1. Providing women with maternity leave for a minimum of 14 weeks without risk of losing their employment or responsibilities; 01 02 01 01 02 02

2. Not subjecting pregnant or breastfeeding women to conditions that would be harmful for them; 01 02 00 00 00 00

3. Granting breastfeeding women reasonable breaks and a designated area where feasible for breastfeeding during work hours; 01 02 00 00 00 00

Local Community (27 issues)

2. Seeking to make work schedule and businesses respectful of minority groups’ culture and religions; 10 20 04 08 05 10

4. Company works on an ongoing basis with community groups, indigenous communities, NGOs, industry bodies, other companies and unions to address the human rights challenges identified; 01 02 01 02 03 06

5. Company has appropriate grievance mechanisms in place; 01 02 01 02 02 04

9. Endeavouring to provide local communities with information on business activities that directly impact on them; 14 28 03 06 07 14

10. Communication on the nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting; 01 02 02 04 01 02

11. Company has consulted with the local community to secure the free prior and informed consent of the community to use their land or other natural resources; 02 04 01 02 03 06

17. Company has conducted a Human Rights Impact Assessment for the community in which they operate; 00 00 01 02 01 02

18. Company adopts, implements and integrates a community impact policy throughout their company’s operations and supply chain; 04 08 00 00 07 14

19. Company has human rights policy for the community, which explicitly invokes the Universal Declaration of Human Rights; 00 00 00 00 01 02

20. Company has considered committing to relevant international principles and voluntary codes; 04 08 02 04 02 04

21. Company has encouraged the development and diffusion of environmentally friendly technologies which has a positive impact (on what?); 18 36 06 12 14 28

22. Company has taken action to manage and mitigate risks associated within the company operating sites; 08 16 04 08 06 12

24. Company has positive impact on the water needs and livelihood of the local community; 08 16 02 04 14 28

27. Company operations do not have negative impact on the biodiversity and conservation within the local community; 01 02 01 02 02 04

6.1.8 Rights to safe and healthy working conditions

As shown in Table 1, eight (57%) of fourteen issues were addressed by the companies under investigation. The number of companies disclosing information about these eight issues was very low. The issues disclosed by most companies were ensuring that workers have the skill and knowledge [six companies (12%) disclosed this within their annual report, 5 (10%) within their CSR report and 8 (16%) within their company website] and specific worker safety and policy [five companies (10%) disclosed this within their annual report, four within their CSR report (8%) and nine (18%) within their company website. In relation to disclosing on a safety policy throughout the supply chain, only one company (2%) disclosed within their annual reports, two (4%) within their CSR reports and two (4%) within their company websites. Only one company disclosed information in their annual report on ‘investigating work-related accidents, keeping records of incidents, stating their cause, taking remedial measures to prevent similar accidents’. Six issues were not addressed by any of the companies under investigation.
6.1.9: Women and family life

Four issues were considered within the category of women and family life. Disclosure in this category was very limited. Only one company disclosed on providing women with maternity leave for a minimum of 14 weeks within their annual report, CSR report and corporate website. Only one company disclosed on adequate facilities for breastfeeding women. One of the four items was not addressed by any of the companies under investigation.

6.1.10 Local community

Protecting the local community is a serious human rights issue. Twenty seven issues were considered as disclosure items within this category. Fourteen issues (52%) were addressed by the sample companies. The issue most commonly addressed was: ‘company has encouraged the development and dissemination of environmentally friendly technologies which has a positive impact on the local community’ [18 companies (36%) disclosed this within their annual reports, six (12%) within their CSR report and 14 (28%) within their company website]. The second highest addressed issue was: ‘endeavouring to support local communities with information on business activities that directly impact on them’. 14 companies (28%) disclosed this issue within their annual reports, three (6%) within their CSR reports and seven (14%) within their company website. Next was: ‘seeking to make work schedules and businesses respectful of minority groups’ culture and religions’. Ten companies (20%) disclosed this within their annual reports, four (8%) within their CSR reports and five (10%) in their corporate website. Another issue was: ‘company has positive impact on the water needs and livelihood of the local community’. Eight companies (16%) disclosed this issue within their annual reports, two within their CSR reports (4%) and 14 (28%) within their company website. Issues that very few of the companies disclosed were: ‘company works on an ongoing basis with community groups, indigenous communities, NGOs, industry bodies, other companies and unions to address the human rights challenges identified’; ‘company has appropriate grievance mechanisms in place’; and ‘company has conducted a Human Rights Impact Assessment for the community in which they operate’. Thirteen items were not addressed by any of the companies under investigation.

Now the paper provides a summary of the findings via a frequency distribution of disclosing companies shown in Table 2.

Table 2: Frequency distribution of human rights performance reporting by the top 50 financial sector companies

<table>
<thead>
<tr>
<th>Items disclosed in any of the disclosure media</th>
<th>Number of companies disclosed in any of the disclosure media</th>
<th>Number of companies disclosed in either of the disclosure media</th>
<th>Number of companies disclosed in annual report</th>
<th>Number of companies disclosed in CSR</th>
<th>Number of companies disclosed in website</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
<td>%</td>
<td>N</td>
</tr>
<tr>
<td>0</td>
<td>18</td>
<td>36</td>
<td>25</td>
<td>50</td>
<td>44</td>
</tr>
<tr>
<td>1-4</td>
<td>09</td>
<td>18</td>
<td>09</td>
<td>18</td>
<td>01</td>
</tr>
<tr>
<td>5-9</td>
<td>16</td>
<td>32</td>
<td>12</td>
<td>24</td>
<td>01</td>
</tr>
<tr>
<td>10-14</td>
<td>04</td>
<td>08</td>
<td>04</td>
<td>08</td>
<td>01</td>
</tr>
<tr>
<td>15-19</td>
<td>03</td>
<td>06</td>
<td>00</td>
<td>00</td>
<td>03</td>
</tr>
<tr>
<td>20 and above</td>
<td>00</td>
<td>00</td>
<td>00</td>
<td>00</td>
<td>00</td>
</tr>
<tr>
<td>N=50</td>
<td>100</td>
<td></td>
<td>N=50</td>
<td>100</td>
<td>N=50</td>
</tr>
</tbody>
</table>
Table 2 provides a frequency distribution of disclosing companies. Eighteen companies (36%) did not disclose any information within any of the corporate media: annual reports, CSR reports and company websites. Twenty five (50%) out of 50 companies did not disclose any information within their annual reports. Forty four companies (88%) did not disclose any information in their CSR report. Thirty companies (60%) did not disclose any within their corporate websites. 1-4 items were disclosed by nine companies (18%) in their annual reports, one company (2%) in their CSR report and seven companies (14%) in their company website. 5-9 items were disclosed by twelve companies (24%) in their annual reports, one company (2%) in its CSR report, and eleven companies (22%) in their company website. 10-14 items were disclosed by four companies (8%) in their annual reports, one company in its CSR report and two companies (4%) in their company website. Only three companies (6%) disclosed more than 15 items but less than 19 items within their reporting media. No company disclosed more than 19 items by using any of the reporting media. The paper identifies Stock Land Limited (19 items within their CSR report), Commonwealth Bank (15 items within their CSR reports), Dexus Diversified Trust (15 items within their CSR reports), Commonwealth Property Office (13 items within their annual report) and Lend Lease (13 items within their corporate website) as top human rights performance disclosing companies.

6.2 Absence of disclosures

A large number of issues (see Table 1 and Appendix 1 together) were not disclosed by the vast majority of companies. There were no disclosures within the category of forced and compulsory labour; despite how critical the issues were, these were not considered or integrated in the reporting practices. Within the security practices category, most of the companies did not disclose any of the items. More than 40% of the items within the non-discrimination category were not addressed by any of the companies. The vast majority of companies did not disclose most items within the non-discriminatory category. Furthermore, the numbers of non-discriminatory items disclosed by companies was remarkably low. Within the freedom of association category, one of three issues was not disclosed at all and the other two were disclosed by very few companies. Similar results were found within the category of elimination of child labour, the physical and verbal abuse category, and the fair wage and decent living category. Within the right to safe and healthy working category, eight of 14 issues were not disclosed by any of the companies under investigation. The number of companies disclosed six issues were very low. Similar results were found within the category of women and family life. Within the category of local community, 14 out of 27 issues were not disclosed by any of the companies under investigation. The vast majority of relevant items within the local community category were not addressed by any of the companies.

7. Conclusion

This study aimed to explore human rights performance reporting practices of the top 50 financial sector companies listed in the Australian Stock Exchange. A content analysis tool, containing 80 specific issues under ten general categories of human rights issues, was developed from a number of international and national guidelines in relation to corporate responsibility for human rights. A large number of issues (more than 45%) were not disclosed by any of the companies under investigation. Issues under the non-discrimination category (8 out of 10 items) and local community category attracted more attention (14 of 27 items were disclosed) than any other issues under any other categories. There were no issues disclosed under forced and compulsory labour (6 issues were investigated). 36% of the companies did
not disclose any issues via any of their corporate media: annual reports, CSR reports and corporate websites. 50% companies did not disclose any items in their annual report, while 88% of companies did not use their CSR report and 60% did not use their corporate website to disclose any of the specific human rights issues. One company was the highest disclosing company with only 18 disclosure items. Annual reports were found to be a preferable disclosure media, and overall, there was a large deficit in terms of human rights reporting compared with international guidelines.

The analysis suggests that a limited number of companies disclosed human rights information in line with disclosure categories developed from international guidelines which are presented in Appendix 1. Those companies that disclosed human rights issues rarely disclosed information in relation to the human rights framework throughout their supply chains, subsidiaries and joint ventures in developing nations. For any issue which is deemed material from a stakeholder’s perspective, there must be consultation with stakeholders (Adams, 2004). It seems that all standards setting bodies, from where the disclosure index was developed, consulted with a wide range of stakeholders before they proposed any standards. Corporations, via a number of different ways, were asked by these national and international bodies to express their concern and expectations in relation to their own standards. Although these standards from the global perspective are material, the corporations under investigation did not disclose or were not in line with standards.

When Australia’s financial sector company human rights reporting practices were compared with current guidelines, as developed by international governmental organisations and NGOs, a large number of deficiencies were identified. While international governmental organisations and NGOs developed policy guidelines for corporations to be accountable for human rights violations, it is the responsibility of these organisations to take appropriate measures to ensure that corporations implement these guidelines. However, the voluntary nature of existing guidelines and the lack of exercise of power by guideline providers have failed to develop human rights accountabilities. As seen earlier, there have been a number of international organisations suggesting various human rights guidelines for the corporations. This raises a question as to how many more organisations would need to be involved in the development of human rights standards. Despite all standard setters coming from highly distinguished backgrounds, their influence has failed to make real change in corporate practices such as human rights reporting practices. We found this to be the case in the financial sector companies’ reporting in Australia, which shows that the human rights standards that global stakeholders (NGOs and IGOs) expected to see adopted by corporations, are not embedded within their organisations.

If corporations do not follow the way international human rights guideline providers expect corporations to be accountable, the level of accountability discharged by the companies appears to be low from stakeholder perspective. Adams (2004) argues that there is a real concern as to the value of many corporate responsibility guidelines, as these are simply used by companies as a legitimising tool; this study suggests that financial sector companies are not even using human rights guidelines for this purpose. It is the financial sector in Australia, which provides financial support to other key sectors (such as mining), that would be the best place to implement appropriate human rights standards (Oxfam Australia, 2010). However, this has not been the case. The present guidelines are voluntary and cannot be enforced (Adams, 2004), and the government is influenced by interest groups who do not want to see human rights standards in place. There is no provision included within the ASX corporate governance guidelines for listed companies. Therefore, there were a number of submissions,
parliamentary motions and bills that appeared inadequate to create change in corporate accountability in relation to human rights.

It appears that until human rights reporting is mandatory for corporations, corporate managers will be reluctant to embrace human rights reporting. But also the question as to when the time comes where we see corporate managers realise and take appropriate measure so that disclosures reflect and discharge the responsibilities and accountabilities motivated by democratic concerns about the rights to information not by power or legitimation tool (Cooper & Owen, 2007; Cooper et al, 2003; Lehman, 1999).

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Appendix 1: Human Rights Performance disclosure categories

Forced and compulsory labour
1. Not making use of slave, forced or compulsory labour in any form;
2. Measures taken to contribute to the elimination of forced or compulsory labour;
3. Ensuring that employees are free to resign;
4. Monitoring/auditing to check violation of human rights in relation to forced and compulsory labour;
5. Effective monitoring to verify suppliers and contractors that have undergone screening on forced labour and actions taken;
6. Employee training on policies and procedures concerning aspects of forced labour that are relevant to operations, including the percentage of employees trained;

Security practices
1. Security personnel trained in the organization’s policies or procedures concerning aspects of human rights that are relevant to operations;
2. Ensuring persons providing security services are trained in responsible use of firearms, including using force only when strictly necessary and only to the extent proportional to the threat;

Non-discrimination
1. Not discriminating on the basis of race, colour, sex, language, religion, political or other opinion;
2. Not discriminating on the basis of national or social origin, properly, birth or other status such as ethnic origin;
3. Not discriminating on the basis of disability, age, health status, parental or marital status or sexual orientation;
4. Evidence to incidents of discrimination and actions taken;
5. Ensuring that promotion and termination are based on legitimate non-discriminatory business reasons, such as experience and competence;
6. Ensuring equal pay for equal work is paid without distribution based on grounds mentioned above, taking into account differences in wages by country and region;
7. Company has Disability Action Plan and Reconciliation Action Plan for its operations;
8. Significant investment agreements that include non-discrimination clauses that have undergone human rights screening;
9. Significant suppliers and contractors that have undergone screening on non-discrimination and actions taken;
10. Employee training on policies and procedures concerning aspects of non-discrimination that are relevant to operations, including the percentage of employees trained.
Freedom of Association and Collective bargaining

1. Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken;
2. Recognising the right of workers to join, form or not to join trade unions of their choice without fear of intimidation, reprisal or harassment;
3. Engaging in collective bargaining with legally recognised employee representative organisations to conduct negotiations on terms and conditions of employment

Elimination of child labour

1. Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor;
2. No engaging children under the age of 15 in work (or 14 if the state in question has received an exemption);
3. Not engaging children under the age of 18 for work which is likely to harm their health, safety or morals;
4. Not engaging children between the ages of 15 and 18 for work that may hinder their education or compromise their health;
5. Consider the best interests of child as they transition out of work, in cases in which unauthorised child labour is discovered

Physical and verbal abuse

1. Providing a work environment free from any form of harassment, particularly sexual harassment, intimidation or bullying;
2. Not committing torture or cruel, inhuman or degrading treatment or providing equipment intended for these purposes;
3. Abstaining from using verbal or physical abuse or harassment in disciplining workers;
4. Employee training on policies and procedures concerning aspects of physical and verbal abuse that are relevant to operations, including the percentage of employees trained.

Fair wage and decent living

1. Paying employees wages in accordance with the local and national applicable wage statutes, whether or not they are enforced;
2. Paying full-time employees regularly and at intervals not exceeding one month;
3. Not charging workers exploitative prices for company-provided, necessary goods and services when they have limited access to other providers;
4. Company has welfare schemes that normally provide for such items as medical care, sickness benefit, maternity leave or benefits, disability coverage or retirement;
5. Ensuring reasonable access to adequate food for workers where the location or hours of work of the business make it difficult for workers to access food.

Right to safe and healthy working conditions

1. Company has specific worker safety policy;
2. Company has a safety policy throughout the supply chain;
3. Minimising the risk of accidents, injury, death and exposure risk in the workplace;
4. Identifying hazards and unsafe behaviours and delivering necessary improvements through an effective health and safety management system;
5. Providing adequate sanitary facilities in the workplace;
6. Ensuring workers have the skill, knowledge and resources to maintain a safe and healthy working environment, enabling them to raise safety concerns;
7. Providing details on the effects of potentially harmful substances and the measures to be taken to protect workers’ health and safety in their use;
8. Providing necessary personal protective equipment at no cost and ensuring workers are trained in its use;
9. Investigating work-related accidents, keeping records of incidents, stating their cause taking remedial measures to prevent similar accidents;
10. Providing measures to deal with emergencies and accidents including first-aid arrangements;
11. Allowing workers to remove themselves from potential unsafe or unhealthy work situations, not subjecting them to adverse consequences as a result and not requiring them to return to work as long as the condition(s) continues;
12. Company has specialised auditor to monitor health and safety clauses or that have undergone human rights screening;
13. Suppliers and contractors have undergone screening on health and safety and actions taken;
14. Employee training on policies and procedures concerning aspects of health and safety that are relevant to operations, including the percentage of employees trained.

Women and family life

1. Providing women with maternity leave for a minimum of 14 weeks without risk of losing their employment or responsibilities;
2. Not subjecting pregnant or breastfeeding women to conditions that would be harmful for them;
3. Granting breast feeding women reasonable breaks and a designated area where feasible for breastfeeding during work hours;
4. Granting women temporary leave in case of illness or complication related to pregnancy or birth, without risk of losing their employment;

Local Community

Indigenous and minority Rights (Aboriginal rights)

1. Actions taken on incidents of violations involving rights of indigenous people
2. Seeking to make work schedule and business respectful of minority groups’ culture and religions
3. Allowing workers to speak their own language in the workplace when this does not interfere with their ability to fulfil their job responsibilities and adversely impact workplace health, safety and security.
4. Company works on an ongoing basis with community groups, indigenous communities, NGOs, industry bodies, other companies and unions to address the human rights challenges identified.
5. Company has have appropriate grievance mechanisms in place
6. Significant investment agreements that include indigenous and minority rights that have undergone human rights screening.
7. Significant suppliers and contractors have undergone screening on indigenous and minority rights and actions taken.
8. Employee training on policies and procedures concerning aspects of forced labour that are relevant to operations, including the percentage of employees trained.
Right to freedom of information (developing country in particular)

9. Endeavouring to provide local communities with information on business activities that directly impact them
10. Communication on the nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.
11. Company has consulted with the local community to secure the free prior and informed consent of the community to use their land or other natural resources.

Right of peaceful assembly (developing country in particular)

12. Not interfering with an announced and peaceful local community meeting and assembly
13. Not using force to interfere with demonstrations against the business or near its premises unless such demonstrations pose a safety or security risk to the business or its workers

Resolving dispute with local community (developing country in particular)

14. Elimination of significant disputes relating to land use, customary rights of local communities and indigenous peoples.
15. Grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and indigenous peoples, and the outcomes.
16. Company has consulted with stakeholders such as community groups, indigenous communities, NGOs, industry bodies and unions to find out how their human rights might be affected

Ensuring positive impact of the operation (developing country in particular)

17. Company has conducted a human rights impact assessment for their community in which they operate;
18. Company adopts implements and integrates a community impact policy throughout your company’s operations and your supply chain;
19. Company has human rights policy for the community, which explicitly invokes the Universal Declaration of Human Rights;
20. Company has considered committing to relevant international principles and voluntary codes or joining international initiatives including Global Reporting Initiative, UN Global Compact, Voluntary Principles on Security and Human Rights, International Finance Corporation Performance Standards on Social and Environmental Sustainability, International Council on Mining and Minerals Sustainable Development Framework, Kimberley Process Certification Scheme and Extractive Industries Transparency Initiative
21. Company has encouraged the development and diffusion of environmentally friendly technologies which has positive impact
22. Company has taken action to manage and mitigate risks associated within the company operating sites
23. There is no negative and the potential to impact on a variety of fundamental rights including the rights to life, health and an adequate standard of living (which includes access to basic food, clothing, water, housing and sanitation).
24. Company has positive impact on the water needs and livelihood of the local community
25. Local people livelihoods were not affected in the process of resettlement if any
26. There is no operation with closure plans affecting local community
27. Company operations do not have negative impact on the biodiversity and conservation within the local community
**Appendix 2: Top 50 Financial Sector Companies in ASX, June, 2010***

<table>
<thead>
<tr>
<th>Commonwealth Bank</th>
<th>Commonwealth Property Office Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Westpac</td>
<td>ING Office Fund</td>
</tr>
<tr>
<td>ANZ</td>
<td>Milton</td>
</tr>
<tr>
<td>National Australia Bank</td>
<td>ALZ Australand</td>
</tr>
<tr>
<td>Westfield Group</td>
<td>IOOF</td>
</tr>
<tr>
<td>QBE Insurance Group</td>
<td>Perpetual</td>
</tr>
<tr>
<td>MQG Macquarie Group</td>
<td>ING Industrial Fund</td>
</tr>
<tr>
<td>Suncorp-Metway</td>
<td>Charter Hall Office</td>
</tr>
<tr>
<td>AXA</td>
<td>HGG Henderson Group Plc</td>
</tr>
<tr>
<td>AMP</td>
<td>FKP</td>
</tr>
<tr>
<td>Stockland</td>
<td>TAL Tower Australia Group</td>
</tr>
<tr>
<td>Insurance Australia Group</td>
<td>Charter Hall Retail</td>
</tr>
<tr>
<td>ASX</td>
<td>Djerriwarrh Investments</td>
</tr>
<tr>
<td>GPT General Property</td>
<td>Abacus Group</td>
</tr>
<tr>
<td>AFI Australian Foundation</td>
<td>Bunnings Warehouse Property Trust</td>
</tr>
<tr>
<td>CFS Retail Property</td>
<td>Charter Hall</td>
</tr>
<tr>
<td>MGR Mirvac</td>
<td>Macquarie Atlas Roads International</td>
</tr>
<tr>
<td>Lend Lease</td>
<td>Australian United Investment Company</td>
</tr>
<tr>
<td>Dexus Diversified Trust</td>
<td>Cromwell</td>
</tr>
<tr>
<td>Goodman Industrial Trust</td>
<td>NIB</td>
</tr>
<tr>
<td>Argo Investments</td>
<td>Peet</td>
</tr>
<tr>
<td>Bendigo And Adelaide Bank</td>
<td>BKI Investment Company</td>
</tr>
<tr>
<td>Washington H Soul Pattinson &amp; Company</td>
<td>Challenger Diversified Property Group</td>
</tr>
<tr>
<td>Platinum Asset Management</td>
<td>Diversified United Investment</td>
</tr>
<tr>
<td>Bank Of Queensland</td>
<td></td>
</tr>
<tr>
<td>Challenger Financial Services Group</td>
<td></td>
</tr>
</tbody>
</table>

*Ranked by market capitalisation. May exclude companies with suspended securities or subject to poor liquidity where market cap cannot be determined. The financial sector is the largest industry sector by capitalisation and consists of trading and investment banks, asset managers, insurance companies, REITs and other providers of financial services (ASX, 2010).