

# Global Compact Principles in Action



**A Collection of Asian Case Studies by the Investors for Development Project (I4D), Trade and Investment Division, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)**

**About ESCAP:**

The Secretariat of the Economic and Social Commission for Asia and the Pacific (ESCAP) is the regional development arm of the United Nations and serves as the main economic and social development centre for the United Nations in Asia and the Pacific. Its mandate is to foster cooperation between its 53 members and 9 associate members. It provides the strategic link between global and country-level programmes and issues. It supports Governments of countries in the region in consolidating regional positions and advocates regional approaches to meeting the region's unique socio-economic challenges in a globalizing world. The ESCAP secretariat is located in Bangkok, Thailand. Please visit the ESCAP website at [www.unescap.org](http://www.unescap.org) for further information.

**About the Investors for Development Project (I4D):**

The Investors for Development (I4D) project was launched in 2007 by the Trade and Investment Division of United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) with funding from the governments of Sweden and the Netherlands. The project aims at promoting more effective implementation of the UN Global Compact principles and Corporate Social Responsibility (CSR) through the establishment and promotion of a regional Community of Practice in Asia and the Pacific. This Community includes a diverse group of business people, NGO representatives, governments, consultants, researchers and others who work in the CSR field. I4D also performs as the Global Compact Regional Support Center Asia-Pacific by enhancing the capacity of, and cooperation between, Global Compact Local Networks (GCLNs) in the region. I4D offers both an on-line platform and face-to-face meetings for the Community members to engage in discussions on a wide range of CSR-related topics, participate in training courses as well as collect and develop resources, tools and case studies for CSR implementation. All of these resources are openly available on the I4D web portal.

For more information, please visit: [www.globalcompactasiapacific.org](http://www.globalcompactasiapacific.org)

## Human Rights

**Global Compact Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights**



**Kelani Valley Plantations' "A Home for Every Plantation Worker Programme" not only enhances the residents' quality of life, but also minimizes their reliance on others through empowerment in terms of human rights protection.**

### Case focus:

As part of its commitment to the Global Compact, the business community has a responsibility to uphold human rights both in the workplace and more broadly within its sphere of influence. A growing moral imperative to behave responsibly is allied to the recognition that a good human rights record can support improved business performance. A focus on core human rights would ensure that a company provides workers with a safe and secure livelihood enabling an enhanced quality of life. Such an approach can create benefits for the business, the employees and the local community.



*Performance by Children at Child Development Center, Glassaugh Estate, Kelani Valley Plantations PLC*

### Company profile:

Kelani Valley Plantations PLC (KVPL) owns and manages 13,000 Ha. of plantation land in Sri Lanka, annually producing approximately 7 million kilograms of tea and 4 million kilograms of rubber. KVPL has a total employee strength of 15,000 and a resident population of about 55,000 within its boundaries. KVPL recorded a turnover of US\$30 million in 2008.

KVPL has made corporate social responsibility a key part of their brand. Their core programme is called 'A Home for Every Plantation Worker.' This unique programme supports and respects the protection of internationally proclaimed human rights and is designed to primarily focus on enhancing the quality of life of their worker community.

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with the intention of addressing areas that have a direct bearing on their workers' lifestyle. The programme has four key parts:

- Living Environment,
- Health and Nutrition,
- Community Capacity Building, and
- Empowerment of Youth.

### The drivers:

Globally, there is a shift in business focus from pure profit to viability combined with sustainable development. There is greater awareness of social and environmental responsibility, ethical management and production and sensitivity to the customers' preference for ethically produced goods. KVPL sees these aspects of their operations as market drivers and has had their impact on the management and development of trading and producing organizations. Nevertheless, the company recognizes that these new paradigms are quality driven with long gestation periods and returns are not visible immediately.

### Account of the case study:

The plantation industry is highly labour intensive and is often staffed by the descendants of indentured workers from Southern India, initially brought over by British plantation owners. As an immigrant minority group they were compelled to lead an isolated existence, totally dependent on the plantation owners for all their requirements. 'A Home for Every Plantation Worker' directly addresses the enhancement of the quality of life of plantation residents, primarily through empowerment and thus minimizes their reliance on others.

Plantation companies have traditionally contributed significant funds to welfare programmes of residents. These range from pre-natal health care of expectant mothers to care of children of working parents, free medical facilities for resident populations, and special programmes supported by outside agencies which address major health and welfare issues. Taken for granted by the community at large, these in-house welfare

measures do not get the recognition they merit, particularly from the consumer.



*Lavant Estate Housing Project*

'A Home for Every Plantation Worker' addresses many aspects of a plantation worker's human rights. The Living Environment aspect assists with building and refurbishing good quality housing. Health and Nutrition assists with pre-school child support, and medical facilities through preventive and curative health care, maternal care, immunization, and child growth and development



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programmes. The Community Capacity Building focus provides nursery and preschool facilities, recreation facilities, and skill/social development projects. The Empowerment of Youth sector monitors child development, guiding education, and providing vocational training.

KVPL states its strategy is to seek to compel the consumer to recognize and purchase ethically produced goods, preferably at a premium, thus enabling the company to support and sustain further human rights initiatives in the future. The company also argues that the primary objective of KVPL's programme is to empower their plantation workers and to provide them with the means of self improvement and self development, rather than to constantly rely on the employer for assistance.

The responses KVPL has received to its initiatives have been encouraging as they have provided a foundation for a more interactive dialogue between management and employees and a means for consolidating relationships. The company acknowledges its employees are able to perceive greater transparency in the management's intentions whilst recognition of the value of these initiatives by other agencies, such as suppliers and clients, have given the company a preferential status.

### **Business and societal benefits:**

KVPL says that its clients and associates have become convinced of the value of the company's initiatives and been motivated to become partners in specific programmes. It has given the company an edge in product branding and the uniqueness of these initiatives has enabled the company to benchmark many of the associated practices. The usefulness of the initiatives for the employees has assisted in worker retention and the benefits, which have also been extended to the community outside the plantation, have enabled the company to build better relationships with the community in general.

'A Home for Every Plantation Worker' has attracted much attention within and outside the industry. Its success has led to collaborative welfare programmes in association with other like-minded organizations with the benefits flowing directly to the plantation residents. These benchmark initiatives have provided KVPL with a platform for launching niche products guaranteed by genuinely ethical labeling. Such initiatives have also introduced a new dimension to KVPL's relationships with stakeholders.

### **Lessons learned:**

Initially, to promote these initiatives and their value to all those in the organization, KVPL argues that it was necessary to change in-built resistance against radical shifts in outlook and soften particular attitudes hardened over the years. Such issues were common to both workers and managers. These difficulties were natural developments in an industry which, in many aspects, had seen little change in an unbroken history of over 125 years. To implement such a large-scale and long-term programme, the task would have been much easier had such CSR concepts been introduced at the beginning itself.

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This is what KVPL recommends to any new industry, that CSR should be incorporated as an integral component of the management philosophy of any organization.

### **Conclusion:**

A human rights initiative of this magnitude, where the results are not easily quantifiable and benefits clearly medium and long-term, would not be sustainable without the total commitment of both the management and the employees. It needs significant funding and the close monitoring of inputs and outcomes. Inputs are quantifiable in terms of money and management time whilst the outcomes are largely qualitative. But there are already perceived to be benefits for employees and local communities. The sustainability of the programme also presupposes the willing participation of and support from both local and international industry associates and customers who see the value in the protection of human rights.

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## Human Rights

**Global Compact Principle 2: Businesses should make sure that they are not complicit in human rights abuses**



**Wilmar's proactive multi-stakeholder approach resolves land conflicts in disparate social and legal environments across the globe.**

### Case focus

It is often the case that businesses can find themselves being complicit in a human rights abuse rather than directly responsible for it. The participation of the company need not actually cause the human rights abuse. Rather, the company's assistance or encouragement has to be to a degree that, without such participation, the abuses most probably would not have occurred to the same extent or in the same way.



*Community team meeting*

Understanding complicity in order to avoid complicity in human rights violations represents an important challenge for business. As the dynamics between governments, companies, and civil society organizations is changing, so too does our understanding of when and how different organizations should take on responsibilities for human rights issues.

In 2007, Wilmar was involved in a community land conflict which was partly caused by unclear land permits and a lack of legal frameworks protecting customary and indigenous rights in Indonesia. Based on this experience Wilmar enhanced its land dispute resolution procedures, including developing a multi-stakeholder approach to new land development and claims settlement, based on the concept of free, prior and informed consent (FPIC). This has helped the company address accusations that it could be complicit in human rights abuses.

### Company profile:

Wilmar International is headquartered in Singapore, but has operations in more than 20 countries across four continents, with a primary focus on Indonesia, Malaysia, China, India and Europe. The company is among the world's leaders in oil palm cultivation,

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edible oils refining, oilseeds crushing, consumer pack edible oils processing and merchandising, specialty fats, biodiesel manufacturing, and grains processing and merchandising.

### The drivers:

Wilmar stresses that it is committed to establishing progressive and sustainable communities wherever it operates. Its philosophy is that business success can only be achieved if the local communities grow in tandem with its own growth. However, Wilmar's recent experiences in Indonesia highlighted areas where such policies required major changes in policy implementation to safeguard protection of human rights.

### Account of the case study



*Sajingan Kecil Finalizing MOU*

To some extent, land rights and tenure agreements in Indonesia still reflect the imposition of Western tenure systems on existing customary systems, influencing how rights to natural resources are distributed between the state and indigenous communities. Land in Indonesia is predominantly state-owned; companies and individuals are given land use rights by the local government under licensed areas for which fees or royalties are payable. Exemption to this is traditional village land, usually small plots on which villagers grow subsistence and cash crops.

Disputes may arise from overlapping claims to the same land, or through lack of provable land titles and claims of traditional rights. As a consequence, conflict over land in Indonesia has increased, and companies operating in the country can find themselves at the centre of conflicts around land rights and human rights, despite complying fully with national and local legislation.

In 2007, Wilmar was challenged by a group of international and grassroots NGOs,

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