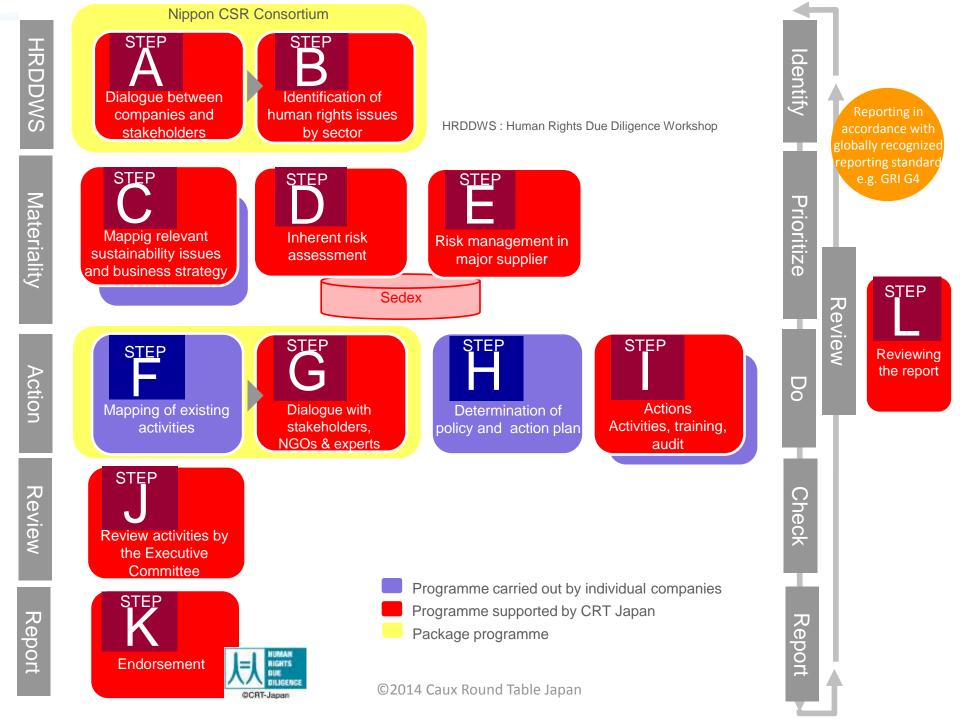
Introducing the Framework of Sustainable Navigation

Caux Round Table Japan











- a. Corporate participants are given lectures on potential negative human rights impacts by business operation from more than 10 members of NGOs/NPOs, academics and subject experts, to enhance their understanding of 'in what value chain, whose human rights is potentially and actually violated'. The CSR experts also express their concerns.
- b. The participants of the workshop select one of services/products of own company, and analyze value chains related to the product/service and find out what regions/areas are involved in the value chains.
- c. The participants discuss about value chains potentially related to each of the human rights issues, in order to better understand relevance between the value chains and the human rights issues.
- d. The participants learn further about 'what stakeholders are involved in the highlighted issues above', as well as' how to implement appropriate approach for Access to Remedy.'

Example of past participant and supporters

NGO/NPOs

Action against Child Exploitation (ACE), Amnesty International Japan, Change Fusion, CSO Network Japan, Lighthouse, Oxfam Japan etc.

Company (sector)

Automobile, Chemistry, Electric Equipment, Finance, Food, Information Equipment, Information Communication, Logistics, Textiles and Apparel, Retail, Trading, Think-tank, etc.

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Example of worksheet for identifying where human rights impacts occur in the value chain.



<u>HRDDWS</u>





- a. Based on the 'Human Rights Issues by Sector' published in 2013, the Secretariat creates a comprehensive list of stakeholders, who are potentially involved in the human rights issues causable in each value chain by sector, in a specific geographical region. The list is assessed comprehensively by the representatives from NGOs/NPOs, academia and human right experts.
- b. The participants and the subject experts exchange data/information related to the issues, and discuss about their different viewpoints, approaches and ideas for remedying and mitigating potential impacts.
- c. The Secretariat supplements contents of the list by reflecting comments from the subject experts. That is followed by "Human Rights Issues by Sector (draft)" update, in order to further clarify relationship between the critical human right issues of the specified products/services/regions and the specific stakeholders.
- d. The summary of the workshop was open for public comment from November to December 2014.
- e. Final report will be published in February 2015.
- Public Consultation(2014): 2 Company, 6 organizations
- •NEC Corporation (Japan)
- Noitransform Pte Ltd. (Singapore)
- Global Network Initiative (U.S., Washington DC)
- Institute for Human Rights and Business (U.K., London)
- Initiatives of Change(U.K., London)
- International Corporate Accountability Roundtable (U.S., Washington DC)
- The Danish Institute for Human Rights (Denmark)
- Anonymous





Each company identifies relevant issues considering expectations from stakeholders and assesses in terms of significance to stakeholders.

Each company assesses to what extent the relevant issues are related to its business considering its corporate philosophy and business strategy.

Based on these two assessments, each company prioritizes the relevant issues and defines materiality.

Stakeholder engagement

- Dialogues with experts
- Employee dialogue
- Multi-stakeholder dialogue
- Customer satisfaction
- Business partner survey

| Expectation from s | stakeholders | <u>ب</u> ا | Materiality |
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CSR AT-7

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XXXXXX

3

Each company identifies high risk countries/ areas related to material issues based on credible data provided by a CSR initiatives, while assessing strategic importance of the countries/ regions.

Each company specifies the most critical geographical areas (priority areas) and identify stakeholders who are affected/ could possibly be affected.

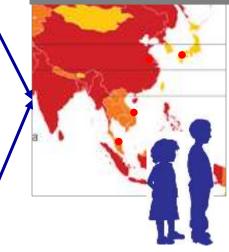
High risk countries/ areas related to material issues



Strategic important countries/ regions.



stakeholders who are affected



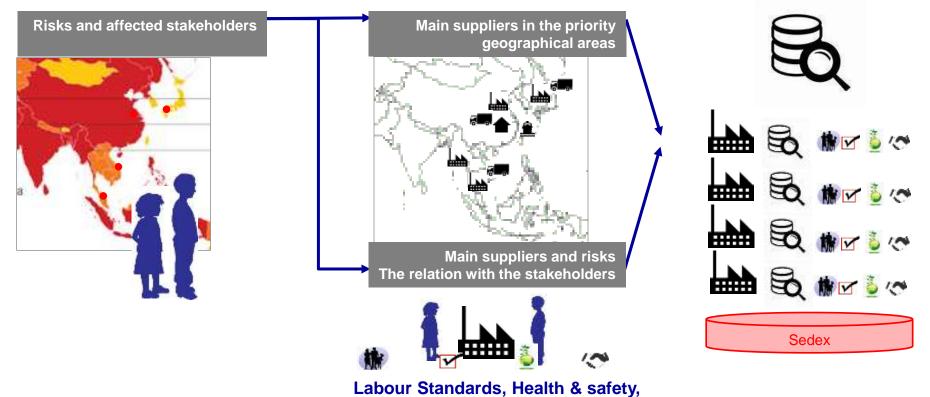


Materiality

Each company identifies main suppliers in the priority geographical areas and collects information related to the material issues through survey.

Suppliers enter information into a common platform provided by a CSR initiative

Using a common platform, the company manage supplier information as well as existing/ potential risks in an effective and efficient way. This will help to implement remediation activities.



The Environment, Business Ethics



An example of the STEP F: mapping of the existing activities.

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Source: Nippon Express Co., LTD. CSR Report 2013, pp.12-13 Step F involves mapping of existing activities concerning issues identified in the previous steps and assessing the company's current status.

A consultation with experts in the next STEP G would be recommended, if it is not clear whether certain issues not currently addressed as risks, or current actions/approaches found to be inadequate, would be potential business continuity concerns.

Action STEP F&G (in a yellow frame) comprise one set.

STEP F is approachable from any of the STEPs B, D and E.

STEP B⇒STEP F(Primary)

Mapping existing activities concerning human rights issues identified in the "Human Rights Issues by Sector" (STEP B) and assessing the current status.

STEP C⇒STEP F (Intermediate)

Mapping existing activities concerning the issues prioritized in the STEP C, in order to clarify which issues have been already addressed and which issues need further actions.

STEP D&E⇒STEP F(Advanced)

Assessing risks concerning issues identified in the previous steps based on credible data (STEP D), and selecting sites (factory, business facility etc.) in which further actions are needed.



STEP G involves dialogues with stakeholders, NGOs, and experts.

Each company has a dialogue/ dialogues with stakeholders, NGOs, and experts on the issues identified as a result of STEP F as well as the process undertaken.

Through the dialogue, they confirm if anything is missed and the identified issues and relevant impacts are verified in terms of scope and significance.

Advice from the experts includes but not limited to how to address the identified issues and time frame for action.

Examples of the STEP G: dialogues with stakeholders, NGOs, and experts.

Companies would be introduced potential partners for the action implementation in STEP I.





Source: Mitsubishi Heavy Industries, Ltd. CSR Report 2013, pp.19-20.

9

Source: Olympus Corporation CSR Report 2013, P. 33-34



Safety measures at site...??



Child labour ...?





STEP H involves determination of policy and action plan, reflecting outcome of the dialogue with stakeholders, NGOs, experts.

In this step, each company develops specific action plans for improving/resolving the issues prioritized in the previous steps.

Regarding the issues that the company has ability to control, finding solutions by involving relevant functions would be expected. This would contribute to raise awareness on sustainability within the company.

When internal resource of the company is limited, or issues are beyond the company's control, CRT Japan would provide an advice on specific actions, on consultation basis.

In the next SETP I, the company can jointly work with other organizations or companies.

Collaboration can enhance efficiency and effectiveness to attain more impact and scalability. (e.g. Collaborative Project on the issues of child labour, forced labour etc.)



Action







Audit

A site audit at sites (factory, business facility etc.) can be a good opportunity to identify issues from the third party point of view.

However an audit in this step is not a requirement: a company can skip the audit and implement activities.

Action Implementation

The actions on the material issues can be implemented either on their own or in collaboration with other companies or organizations.

[Stand alone Action]

Actions/ trainings for resolving the issues are implemented according to a program developed within the company.

[Collaborative Action]

Actions/ trainings can be implemented by joining the Collaborative Projects developed by CRT Japan.

e.g. Training sessions run by the CSR experts (NGOs) for the sites managers who will be responsible for the implementation of the program at own sites.

Impact Assessment

Defining clear metrics /index for measurement /assessment are essential for qualitative or quantitative assessment of impacts.



Review by the Executive Committee

STEP J involves review by the Executive Committee.

A group of leaders selected from global CSR initiative organizations review the process and activities undertook from STEP A to I.

Considering global sustainability trends, the group gives comments on the company's activities in terms of effectiveness and to what extent these activities could create competitive advantage from the experts' point of view.





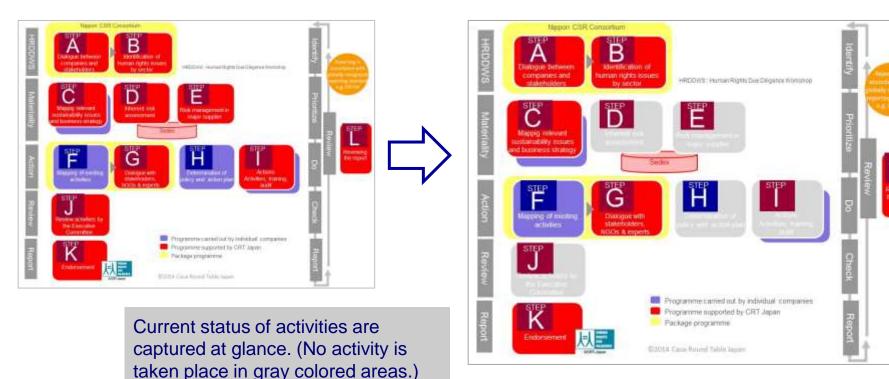


Endorsement

STEP K involves Endorsement in which CRT Japan confirms which STEPs are taken and implemented by each company.

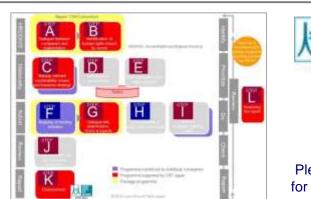
The company can check their understandings of overall process, the status of implementation and progress from an outside perspective.

The role of CRT Japan here is not to assure but check status of each STEPs taken by a company.



Net respon

An example of STEP K: Endorsement



Please refer to CRT Japan home page for further details of each STEP.

Caux Round Table herewith confirms that A company has understood the Sustainable Navigation framework and undertook the following activities.

[STEPA&B]

A company has participated in the Human Rights Due Diligence Workshop at the Nippon CSR Consortium and worked with other companies, NGOs, and experts to identify sector specific human rights issues.(STEP A & B)

[STEP C]

A company prioritized relevant issues with relevant departments and defined 7 material issues. (STEP C)

[STEP F & G]

A company mapped existing activities concerning the material issues, and consulted with CSR experts in a dialogue in which they received feedback and advices from the experts. (STEP F & G)

I look forward to seeing further progress being made by A company, including determination of action plans and implementation.



CRT Japan reviews the CSR/sustainability reports issued by the companies referring to globally recognized reporting frameworks such as the GRI G4 Guidelines.

Main purpose of this review is to provide feedback to each company to what extent their report meets the requirements of the globally recognized reporting standards.

The feedback will facilitate each company to define a clear plan for improving their reporting.

Examples of review of the report by **CRT** Japan

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す、自社の扱うい物性を見なして、社会が抱て活動目 含を配用します。 見留かさいなる実施に使って知らて、読品に放するらび ・正年、主席に人類というテーマが世界的についてローズデッ さない様ます。我想に取りたープリム、最近の事業構成 プロロビレはす。社本やもお年、黄田市中心においの であるを注く定た 増加さえの際において、例如れなが、 上分かればの お知会にかながあるっての時時での希望 ことの意識の構成になったない思いなからさいます。 第二級目の行動業を実施しまたは、「単作品に変更した ※以び注意では業・豊からの出たを提供したなと思いまで、検察部には1月11年におしたの記録的については #特徴の種、数と課金短期、教徒-日本1時にし取りま ・注意に取りたープのCA事業自動は、ローバルードコーにおける新聞的部分加入などの簡単として新行い シュニアーション語とやを見たみなステム構成的によう おています。そのため、この報告書のおかだい読み情報 TREATOLIST, MILLARSON, LINA BRANKE STORE, WORKING, H 二方一ジャン社自主が見たいと社会のうつい間違いに置いて意味を発展した取りついては美国用な方針を取り 第2011年には第1日が新しますが、そうにおりについても高 101、約621年25日本におり着ごは、新聞賞参加行し、キ 目にとってき構造性の構築を含め、ゼロー業時料で行き。 CANSING STATES.



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福田の日本でできた物理会と教育したに参加した。

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Source: Kyodo Printing Co., LTD. CSR Report 2013

Hiroshi Ishida

Executive Director of Caus Round Table-Japan Professor. Institute of Business and Accounting, Professional Graduate School, Kleansei Gakuin University

Instructor, Faculty of Economics, Kyushu University

Sustainability initiatices require making ongoing improvements and continuous efforts toward realization of shared values (maturation) through dialogue with stakeholders and collaboration with other organizations (challenge). Based on its "Yatte Minahare--Go for it?" spirit and with the mission of being "In Harmony with People and Nature," the Buntory Group has large potential to put into practice. progressive initiatives as a multi-facetad food and beverage company. This is what I have based my opinion on

[Praiseworthy points]

 The six prioritized CSR initiatives identified with the involvement of stakeholders. (experts) have been systemically organized in the CSR Action Plan which incorporates mid-term targets and specific targets for each flacal year. Setting these targets and managing the outcomes can be called the first step in CSR management to ensure that the prioritized initiatives are not simply pie in the sity but are linked to actual improvement activities as well as to ensure that the company explains the process

Source: Suntory Holdings Limited. CSR Report 2013

CAUX ROUND TABLE 15

