

**2016 Stakeholder Engagement Programme  
in Thai  
(Human Rights Due Diligence Workshop)**



August 30, 2016  
Nippon CSR Consortium

### **Human Rights Issues by Thai and Japanese companies**

Since 2012, discussions and activities on “business and human rights” have been very active. The members of the Nippon CSR Consortium, made up of companies, NGO/ NPOs, academics and related institutions, have been working to identify the potential negative impacts of corporate activities on human rights.

Following consideration of the received comments from the public, the Nippon CSR Consortium hereby releases “Human Rights Issues by Thai and Japanese companies”.

Nippon CSR Consortium expects that companies will address properly human rights issues identified in this paper.

The comments were integrated consistently to the format of this document, and the sole responsibility for the content of this document lies with Caux Round Table Japan, as a platform organizer of Nippon CSR Consortium.

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1 Preface

1-1. Purpose of the Stakeholder Engagement Programme Workshop

The Nippon CSR Consortium was established in September 2012 to raise awareness and promote activities in the fields of business and human rights by offering a forum in which companies can discuss human rights issues with NGOs and other Japanese companies. The consortium consists of corporate participants, NGOs/NPOs, human-rights experts and representatives from academia.

There are some underlying factors that contributed to the establishment of the consortium. Companies sometimes struggle to address diverse human rights issues with limited budgets and resources. Therefore, even once a year, it is useful for them to get together to try to be leaders in their field by proactively seeking to understand and address human rights issues that their industry may be involved in.

The consortium also emphasizes sustainability of activities. As stated above, the companies are committed to continuous efforts for incremental improvement. In order to respond dynamically to a diverse range of issues, participant companies seek to stay abreast of changes and issues in the society that potentially link their activities to human rights impacts.

The Nippon CSR Consortium positions the Human Rights Due Diligence Workshop as an activity that aims to assist companies *at industry levels* in (1) identifying and assessing any actual or potentially adverse human rights impacts as defined in the UN Guiding Principles<sup>1</sup>, which are connected to their activities *at company levels*, and (2) integrating and acting upon the findings, (3) tracking responses, and (4) communicating how impacts are addressed to the affected stakeholders. We hope participants' companies can use the knowledge acquired at this workshop to support their human rights due diligence activities at each company.

Marimo5 and CRT Japan organised with The Embassy of Japan in Thailand and NIDA (National Institute of Development Administration) this Stakeholder Engagement Programme in Thailand first time, the participants to the first workshop, noting that there were 11 Japanese companies (13 participants), 7 Thai companies (9 participants), and 10 NGOs and other organizations (11 participants). The participants of this programme must to think about 'what is right, not who is right', and to aim for concrete solutions to social problems in Thailand, based on the principles of 'fairness, sincerity, and honesty'. In order for business to succeed, there had to be social order, which in turn required that businesses co-operate with the various stakeholders in society.

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Refer to: Human Rights Council, 2011, *Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises*, Available at: <http://www.ohchr.org/documents/issues/business/A.HRC.17.31.pdf#search='report+of+the+special+representative+of+the+secretarygeneral+on+the+issue+of+human+rights+and+transnational> (Accessed Nov 10<sup>th</sup>, 2014).

The workshop was also an opportunity for the participants to discuss the issues within the framework of business and human rights, and to show the international community that this framework is indeed being utilized in the Thai and Japanese context. Most Japanese businesses had difficulty understanding the framework of business and human rights, and until 2015, CRT Japan used terms such as ‘CSR risk management’ in its approaches to Japanese companies. Given that it was a similar situation in Thailand, for this Stakeholder Engagement Programme, CRT Japan used terms such as ‘good for people, good for the company, and good for the community’, on the understanding that, in practice, these terms could be implemented in a way analogous to respect for human rights. There was little point in forcing new concepts on to persons on the ground before they are ready.

Nevertheless, as companies increased their business with Western countries, it was inevitable that respect for the business and human rights framework would be called for. In addition, the companies must respect for human rights, including the maintenance of a responsible supply chain, will be key in the preparation for, and during, the 2020 Tokyo Olympics Games such as “Mega Sporting Events and Human Rights”.

1-2. Workshop for Identifying Human Rights Issues

The Nippon CSR Consortium, guided by the UN Guiding Principles, has been working on identifying important potential human rights issues by industry sector. The process used to identify the issues is explained in the following section. All the comments from participants reflect personal opinions and do not represent any of the affiliated organizations and companies.

In the 2016 Stakeholder Engagement Programme in Thailand, important human rights issues by Thai and Japanese companies were identified through dialogue with the participants based on identifying the human rights issues and expectations relevant to business<sup>2</sup> in UNEP FI Human Rights Guidance Tool<sup>3</sup> ('Human Rights Guidance Tool').

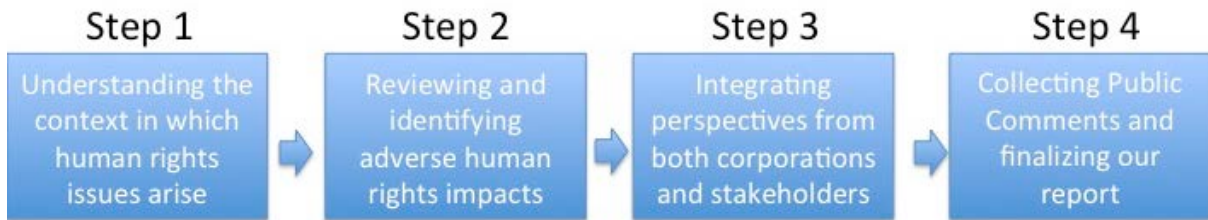
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<sup>2</sup> <http://www.unepfi.org/humanrightstoolkit/fundamentals.php> (Accessed on 2012.11.01)

<sup>3</sup> <http://www.unepfi.org/humanrightstoolkit/fundamentals.php> (Accessed Nov 10<sup>th</sup>, 2014).

1-3. Procedure of the Workshop in 2016

The workshop consists of the following four steps.



Step1: Understanding the context in which human rights issues arise

- In Bangkok June 7<sup>th</sup>, corporate participants were given a lecture on the particular context in which human rights issues arise by members of NGOs/NPOs, academics and subject experts.

Step2: Reviewing and identifying adverse human rights impacts that can arise from corporate activities

- In Bangkok June 28<sup>th</sup>, the corporate participants conducted a series of discussions Thai and Japanese companies to examine any added/removed/modified points in “Human Rights Issues by Sector (v.2)” based on Human Rights Guidance Tool (2014) developed by UNEP FI.

Step3: In Bangkok June 28<sup>th</sup>, integrating perspectives from both corporations and stakeholders

- The participants summarised discussion contents and exchanged views on them with NGO/NPO, academic and subject experts. Then, the participants reviewed the feedbacks and finalize the result of the discussions by sector. The Secretariat aggregated their reports and developed “2016 Stakeholder Engagement Programme in Thailand (draft)”.

Step4: Collecting Public Comments and finalizing our report

- The Secretariat invites public comments on “2016 Stakeholder Engagement Programme in Thailand” from 19<sup>th</sup> July, 2016 to 10<sup>th</sup> August, 2016 (Japan time).

2. CRT Japan's viewpoint as the Secretariat of Nippon CSR Consortium in Thailand

Making efforts in the “Business and Human rights” issues in the field of international CSR movement attract greater attention mainly among the Western countries. Demands for companies to take actions regarding CSR become certainly growing as their social environments are changed. These changes can be defined as: CSR legislation and CSR mandatory; a rapid market growth in the Socially Responsible Investing; developing the guidelines and rules on human rights issues; increasing the media coverage and the development of social media.

In addition, along with global business expansion, companies are always in a situation of facing local human rights and environmental issues which are occurring in areas of their operation sites. There are always various types of “risks” beyond the scope of companies’ understanding. This means that the companies are always exposed to unpredictable “mine risks”. From the perspective of risk-management, it is important for companies to deal with such social changes and issues.

“Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework” (2011) so-called “Ruggie framework” guided by the UN recommends implementing human rights due diligence which requires companies to identify, protect, mitigate and explain human rights impact.

The Nippon CSR Consortium was established in 2012, positioning a series of workshops as an activity that aims to assist companies in identifying and assessing any actual or potentially adverse human rights impacts as defined in the UN Guiding Principles. Through the Stakeholder Engagement Program in 2015, it came out to be clear that gaps still exist between the companies and the NGOs for the degree of understanding the “Business and human rights”. The companies do not fully understand the exact meaning of the specific terms in the context of NGOs. For instance, as for business overseas expansion and operation in local areas, the infringement of the right of indigenous people becomes a crucial matter in a context of NGOs. However, companies are likely to deal with this issue in a context of land ownership. Gaps, or “misconception”, between NGOs and the companies come out as an obstacle for advancing human rights because they take the same issue in different ways, with the one perceives it as their own while the others as issues of third parties.

In 2016, it was first time that Thai and Japanese companies had met with the NGOs and experts through the open framework of “the Stakeholder Engagement Programme in Thai” and both of them learned each others perspective. Especially it was important for the companies to know more deep meaning of “Business and Human Rights”. The companies need to develop effective human rights grievance mechanisms, conduct a dialogue with human rights victims and NGOs supporting them to implement a human rights due diligence in the near future.



The issues raised by NGO participants in June 7<sup>th</sup>, and listed the priority human rights issues that had been identified by Thai and Japanese companies in accordance with the UN Guiding Principles on Business and Human Rights.

The companies identified the following as priority issues, in the order listed:

- Priority 1. Work conditions: health and safety at the workplace
- Priority 2. Work conditions: adequate pay
- Priority 3. Child labour
- Priority 4. Relations with authorities: corruption and bribery
- Priority 5. Relations with authorities: money laundering and transparency
- Priority 6. Forced labour and human trafficking
- Priority 7. Security: forced payments to non-governmental actors
- Priority 8. Security: law enforcement
- Priority 9. Security: arrest and detention

Through this process, the companies are able to listen to the local voices, recognize their specific pressing issues, and approach the identified issues and risks with utilizing high expertise and strategies. And, as outlined in the Guiding Principles, the companies should be held accountable for any harm they cause and outcomes of their actions, as well as should enhance their transparency by disclosing information linked to economic, environmental, and ethical aspects related to their businesses in order to ensure legitimacy. By doing so, the companies can earn “License to Operate” and trust from stakeholders which becomes a backbone for corporate sustainable competitiveness in the long run.

Particularly in Thai there were two main agendas had been discussed among the participants and came to conclusion that also important to be challenged with collaboration between companies and NGOs, first is “Health and Safety” and second is “Responsible supply chain with labour practice and include community”.

### 3. Overview of the Public Consultation 2016

We would like to express our gratitude for all the valuable comments we have received from the public consultation.

We have received many affirmative comments on the program. The comments are as followed: Through this paper, readers can understand that risks which seem unrelated to their businesses have relevance to them; This program is highly evaluated in providing a platform where companies and NGOs can discuss human rights issues. However, there are also comments expressing the concern that this stakeholder dialogue does not include persons whose human rights are abused. NGOs are voices speaking on behalf of those affected persons, so they cannot fully convey actual circumstances of violations of human rights. When companies address human rights issues, they need to recognize the importance of conducting a dialogue with affected persons.

We have also received comments stating that training programmes were needed for persons responsible for incorporating the identified issues into business operations. These programmers should aim at enabling those persons with the conviction and the skills necessary to inspire other departments within their companies. Expectations that companies manage their supply chains responsibly have increased in recent years. In response to this trend, we are exploring the possibility of conducting similar stakeholder engagement programmes in other Asian countries, next year.

There are also comments stressing the need for Japanese and Thai companies to investigate the possibility of human rights violations against foreign workers (especially in business operations in border areas) and workers in palm oil producing farms, and to implement concrete action plans to address any human rights issues.

In order to discuss those issues further (health and safety at the workplace, corruption and bribery, issues of foreign workers, small scale of oil palm farmers), “the Conference on Business and Human Rights in Tokyo” will held on 15<sup>th</sup> and 16<sup>th</sup> September 2016 conducted a panel discussion on them among invited foreign guest speakers, corporate representatives and NGOs who participated in the 2016 Human Rights Due Diligence Workshop. This panel discussion will lead the conference participants to recognize the importance of conducting a dialogue with rights-holders who are subject to corporate activities, identifying potentially and actual adverse impacts they produce, and conducting a human rights due diligence process.

Nippon CSR Consortium will continue to collaborate with companies, NGOs/NPOs, subject experts, and other initiatives to enhance support for solving issues linked to business and human rights. We sincerely hope that this report will contribute to further implementation of human rights due diligence by companies.

4. Human rights issues by Thai and Japanese companies

The participants broke out into three groups (one made up of Japanese companies and two of Thai companies), to examine the issues raised by NGOs and identify human rights issues that had the largest potential impact on their operations.

4.1 Thai companies

Key human rights issues in the Thai companies		Comments	
Core operation/ Supply	Workplace conditions	Working hours	
		Wages	Priority 2
		Health and Safety	Priority 1 a. There is a need for concrete action in this area, based on self sufficiency, work-life balance, and respect for human dignity. b. Basic needs: basic infrastructure is needed that aims at ensuring health services for all in society. Healthy and nutritious food needs to be provided, including food based on traditional Thai herbs. c. Though Thai law requires companies to establish safety committees, this is rarely implemented. Working conditions are often unsafe, e.g. work in extremely high temperatures, exposure to harmful chemicals, excessively loud noise. There is also often a lack of qualified supervision of work at aerial platforms at construction sites.
		Disciplinary practices	
	Discrimination	Recruitment	
		During work	
		Redundancy and dismissal	
	Child labour	Risk to children	
		Minimum age	
		Working hours and conditions of employment	Priority 3
		Employment of young workers	
		Worst forms of child labour	
	Forced or compulsory	Prison labour	
		Deposits and	

# CAUX ROUND TABLE

	labour	papers	
		Forced overtime	
		Trafficking of workers	Priority 6
		Others	Forced labour and migrant labour: These are still common. In particular Cambodians tend to work in furniture manufacturing, Laotians as domestic workers, and Burmese and Vietnamese in all sorts of industries. Migrant labourers are increasingly faced with abuses. Some Thai managers are starting to take measures to engage with migrant labourers, e.g. organized trips to temples.
Freedom of association and collective bargaining	Freedom to associate and to bargain collectively		
	Conflict with local law		
Communities	Resources	Use of natural resources	Natural resource issues: droughts and other factors have led to a shortage of water, resulting in conflicts between factories and communities over the resource. Effectiveness use of natural resources and development Eco friendly technology. There are also a need for implementing such as ; a. 3R (reuse, reduce, recycle) b. Water management
	Security	State provision of security	Priority 8
		Non-state groups and security payments	Priority 7
		Detainment	Priority 9
	Access to Land	Tittle to land	
		Voluntary relocation-consultation and compensation	
		Forced relocation	
	Community Investment	Others	a. Safety and well being: the safety of not only companies but also communities needed to be protected. b. Quality of life is important, as is the workplace environment (in particular pregnant women, persons with disabilities, migrant labourers and children). c. There is a need to prepare for natural

			disasters, and lessons could be drawn from Japan. d. Management of waste: there is a need to reduce both industrial waste and rubbish in the community.
Society and Governments	Operations in countries in conflict		
	Entry(pre and post conflict)		
	Bribery and corruption		Priority 4
	Money laundering and transparency		Priority 5
	Relations to state with poor human rights records		
Others	Respect rights of indigenous people		
	Respect to ESG		a. Environmental issues : many factories still do not abide by environmental regulations. b. The Thai government is encouraging a shift to rail transportation, to reduce energy consumption and the impact to the environment.
			c. Governance and transparency: there needs to be a board or a steering committee to ensure that decisions are taken in a transparent and unbiased manner.

1. Education

Quality education is vital for sustainability. Though the Thai government puts considerable financial resources into education, the results are still mixed. Diversity within ASEAN: there are six hundred million people in ASEAN, and a system is needed to understand and harness that diversity, with a common knowledge base and a common education system.

2. Inequality is growing and is a serious issue: there is a need to create employment in the provinces.
3. Sustainability: goods and services produced by disadvantaged communities need to be promoted, so as to ensure self-sufficiency.
4. Some companies translate documents such as SOPs, fire procedures and others into the languages of migrant labourers.

4.2 Japanese companies

Key human rights issues in the Japanese companies		Comments	
Core operation/ Supply	Workplace conditions	Working hours	
		Wages	Priority 2
		Health and Safety	Priority 1 Ensuring health and safety at the workplace leads to higher motivation on the part of employees and better productivity: a positive cycle. Neglecting this, on the other hand, leads to a negative spiral for all, and must be avoided.
		Disciplinary practices	
	Discrimination	Recruitment	
		During work	
		Redundancy and dismissal	
	Child labour	Risk to children	Child labour had serious implications for the future of the children involved and must be avoided at all costs. It also would lead to serious damage to the brand of the company. Nevertheless, it remains a serious problem.
		Minimum age	
		Working hours and conditions of employment	Priority 3
		Employment of young workers	
		Worst forms of child labour	
	Forced or compulsory labour	Prison labour	
		Deposits and papers	
		Forced overtime	
		Trafficking of workers	Priority 6 There are many cases of migrants being subjected to forced labour in Thailand. Unscrupulous brokers are engaged in human trafficking. The case of the shrimp industry is receiving wide ranging international attention, but this is just one example, and it is imperative that companies are aware of the situation throughout their supply chains.
	Freedom of	Freedom to	

# CAUX ROUND TABLE

	association and collective bargaining	associate and to bargain collectively	
		Conflict with local law	
Communities	Resources	Use of natural resources	
	Security	State provision of security	Priority 8
		Non-state groups and security payments	Priority 7
		Detainment	Priority 9
	Access to Land	Tittle to land	Ambiguity regarding land ownership rights in many countries in SE Asia often leads to situations where the rights of disadvantaged persons and communities are disregarded. Companies need a complete understanding of land rights, as there is a high risk of infringing on the rights of others.
		Voluntary relocation-consultation and compensation	
		Forced relocation	
Community Investment	Others		
Society and Governments		Operations in countries in conflict	
		Entry(pre and post conflict)	
		Bribery and corruption	Priority 4 It is not uncommon in ASEAN countries that senior government staff would demand bribes. This is unacceptable.
		Money laundering and transparency	Priority 5
		Relations to state with poor human rights records	
Others		Respect rights of indigenous people	
		Respect to ESG	

**5. Stakeholder Engagement Programme in Thailand's Participants organisation list**

**<Japanese companies>**

Ajinomoto, ANA Holdings, AEON, Wako Sangyo Thailand Co.,Ltd. , AGC Flat Glass (Thailand) PLC, JSR BST Elastomer Co.,LTD, Fuji Xerox Thailand Co.,LTD, OKAMURA, THAI KAJIMA Co.,Ltd, Business Consultant, Mitsubishi Heavy Industries, LTD.

11 companies and 13 participants

**<Thai companies>**

Loxley Public Company Limited, CRISTRALLA CO.LTD, Metropolitan Electricity Authority, Thai Beverage Plc., Central Trading Co.,Ltd., Osotspa Co.,LTD, Thailand Productivity Institute (FTPI)

7 companies and 9 participants

**<NGOs and experts>**

OHCHR, BHRRC, Mekon Watch, Save the Children, Protection International, Fortify Rights, Cross Cultural Foundation, The Embassy of Japan in Thailand, Marimo5, CRT Japan

10 organisations and 11 participants