

Attachment 2

Stakeholder Engagement Program in Asia and Japan

As Nippon CSR Consortium, whose secretariat is Caux Round Table Japan, organized the Stakeholder Engagement Program in Japan, it was seeking for possibility to hold the program in the Asian countries for Japanese companies. In 2016, the Consortium had the first Stakeholder Engagement Program in Thailand. In 2017, it successfully had the Programs in Thailand, Malaysia, and Myanmar. Also, it had a dialogue with small-scale palm oil farmer.

Please see the process and content of each program in below.

Nippon CSR Consortium recognizes the importance of cooperation between companies and NGOs/NPOs. For this reason, the Consortium held the following programs in cooperation with our partners.

- Second Stakeholder Engagement Program in Thailand
Host: Caux Round Table Japan
Support: Marimo 5, The Embassy of Japan in Thailand, Thai Health Promotion Foundation
- First Stakeholder Engagement Program in Malaysia
Host: Caux Round Table Japan, UN Global Compact (UNGC) Malaysia
- First Dialogue with Small Scale Palm Oil Farmers in Malaysia
Host: Caux Round Table Japan
Support: UN Global Compact (UNGC) Malaysia
- First Myanmar Stakeholder Engagement Program
Host: Caux Round Table Japan, Myanmar Centre for Responsible Business

Stakeholder Engagement Workshop:
Towards a Responsible Supply Chain

Japan-Thai Co-creation Seminar Series
23 May 2017, Bangkok

Caux Round Table (CRT) Japan and Marimo5 co-hosted a stakeholder engagement workshop as supported by The Embassy of Japan in Thailand and Thai Health Promotion Foundation in Bangkok, on 23 May 2017. The workshop was attended by 52 persons, from sixteen companies (both Thai and Japanese) and seven NGOs and other stakeholder organizations.

1. Opening: Saul J. Takahashi, CRT Japan

Only through fulfilling their responsibility to respect human rights can companies be confident of having a responsible supply chain. A vital component of this responsibility is stakeholder engagement: not only can companies detect negative human rights impacts at an early stage, but engagement serves as a way for companies to forge partnerships with stakeholders, and deal with any problem in collaboration with each other. There is no perfect company in terms of human rights: what is important is to be open about any failings and measures taken to address them.

2. Keynote speech: Kazuma Takago, First Secretary, The Embassy of Japan in Thailand

Companies are no longer able to operate without giving due consideration to human rights. This is particularly true given that we are in the age of social media, where information spreads in the blink of an eye. Companies and NGOs should work together, as opposed to in opposition to each other, to solve human rights issues. Japan has an ancient tradition of consultation and speaking openly with all stakeholders – this spirit of mutual respect and consultation will prove vital in respecting human rights.

3. Issues raised by NGOs and other experts

Toshiyuki Doi Senior Advisor, Mekong Watch

The importance of ensuring adequate grievance procedures can not be overstated. No matter how much effort companies may make, there will always be human rights problems – the point is how that company deals with them when they arise. Grievance procedures are outlined in the UN Guiding Principles for Business and Human Rights.

Somporn Srakaew (Labour Rights Promotion Network Foundation)

Respect for human rights must be incorporated throughout the supply chain. The issues are particularly salient in Thailand, and there is a need for manufacturers and trading companies to come together and create high standards and best practices. Companies need to listen to NGOs and deal with problems at an early stage, before the situation deteriorates into lawsuits and the like. There are similarly serious situations in Cambodia and Myanmar.

Natalie Bergman Cross Cultural Foundation

Many indigenous communities are not recognized in Thailand, resulting in members of those communities not being able to register with the authorities and living without any papers, in an extremely vulnerable situation. Migrant labourers in Thailand are also in a precarious situation: though a system for legal migrant labour does exist, most migrant labourers (from Myanmar, Laos, and Cambodia) are working in the country without authorization, and are vulnerable to abuse.

There is a worrying trend of NGOs providing assistance to migrant labourers are subject to lawsuits by companies. Measures must be taken to ensure that the concerns of migrant labourers are reflected by management.

Edward Miller (Building and Wood Workers International)

The most serious problem in Thailand is that the right to association, i.e. the right to form labour unions, is not adequately protected. Legislation provides for many restrictions on unions, resulting in only 20 percent of them being able to engage in collective bargaining. The increase in temporary employment is another factor in the weakening of unions.

Though the plight of migrant labourers in the shrimp industry is well known, violations of the rights of the many migrant labourers in Thailand are widespread. Adding to the situation is the current political instability, and the various restrictions on public assembly maintained by the military government. These issues negatively affect labour unions in the country.

Suthila Luenkam (Arom Phongpangan Foundation)

The increase in temporary employment over recent years has caused widespread exploitation throughout the country. Though companies are legally barred from assigning temporary employees to core work, this requirement is widely flouted. The situation of women temporary employees is particularly problematic, and many are subject to various forms of exploitation and discrimination, including in promotion. Women are also under-represented in union leadership, adding to the problem.

Wattana Sunsa (YMP Labour Union)

YMP Labour Union operates in the Amata Nakorn Industrial Estate, where many factories manufacture auto parts for Japanese cars. Unions used to be politicized, and would engage in frequent strikes and road closures: however, they have now switched to a more collaborative stance. YMP has monthly meetings with management to discuss staff benefits, and has succeeded in helping management reduce costs and channel those savings to the workers.

4. Breakout group discussion

The participants worked in breakout groups to identify the three main points they would take away from today's workshop. The following issues were identified:

- The importance of building a trust relationship between workers and management. There have been instances of outside persons stirring up trouble in factories. Mechanisms need to be created to ensure that the legitimate views of workers are reflected.
- A family-like method of management is required. Instead of demonstrations and strikes, workers and management need to talk through difficulties.
- Companies need to create effective mechanisms for communication, in this age of social media.
- The importance of education. Non Thai nationals also have the right to education in Thailand, but in reality they face many obstacles.
- Not having access to education means not having access to stable employment, resulting in a negative spiral of poverty.
- Welfare and benefits remain an issue. Many persons do not have health insurance, and can only find work providing for inadequate wages.
- Thailand requires comprehensive development, in accordance with the SDGs.
- Participation needs to be ensured throughout all strata of society, including persons in disadvantaged positions.
- Access to healthcare after retirement.
- Stakeholder engagement should include all affected persons. Human resources departments in companies need to create mechanisms for including labour unions, communities, and universities.
- Western companies include negative comments in their CSR reports, together with their counter arguments. Japanese companies seem hesitant of doing this, and fail to include any negative comments. This should change.
- Respect for human rights and CSR leads to a positive brand image. The Japanese Ministry of Trade has certifications, and the Japanese GPIF also has guidelines in this area.
- Most Japanese are ignorant of the human rights violations that take place in Thailand, and are shocked by such information.
- Employers need to confirm that migrant labourers have legal permits to work. The Thai labour market is very closed, and even migrant labourers with permits often are subject to abuse.

5. Closing: Shigeru Yamato, CEO, Marimo5 Co.,Ltd.

Respecting the human rights of workers is a large issue in Thailand, and is beyond the reach of just one company. That makes workshops such as these, where businesses can discuss issues with stakeholders in a non-confrontational forum, ever the more important. Marimo5 focuses on the health of workers and believes that if we take care of the employees' health, it can be a very good way to avoid the risk of human rights violation.

**Malaysia Stakeholder Engagement Workshop
24 May 2017, Kuala Lumpur**

Caux Round Table (CRT) Japan and the UN Global Compact (UNGC) Malaysia co-hosted a stakeholder engagement workshop for Japanese and Malaysia businesses in Kuala Lumpur, on 24 May 2017. The workshop was attended by 26 persons, from nine companies (both Malaysian and Japanese) and nine NGOs and other stakeholder organizations.

1. Opening: Saul J. Takahashi, CRT Japan

Only through fulfilling their responsibility to respect human rights can companies be confident of having a response supply chain. A vital component of this responsibility is stakeholder engagement: not only can companies detect negative human rights impacts at an early stage, but engagement serves as a way for companies to forge partnerships with stakeholders, and deal with any problem in collaboration with each other. There is no perfect company in terms of human rights: what is important is to be open about any failings and measures taken to address them.

2. Keynote speech: Prof. Dato' Dr Aishah Bidin, Human Rights Commission of Malaysia (Suhakan)

Businesses can cause a wide range of negative human rights impact through their operations, including discrimination in employment and promotion, violations of freedom of association (the right to form labour unions) and of indigenous rights are only some examples. In accordance with the UN Guiding Principles on Business and Human Rights, businesses must respect human rights: they should adopt a human rights policy, conduct adequate due diligence, and provide for effective grievance procedures. Suhakan, the national human rights institution of Malaysia, dealt with many cases of violations by businesses, and had recently created a framework for a Malaysian National Action Plan on Business and Human Rights, to be presented to the government.

3. Presentations by stakeholders

Marja Paavilainen, Technical Officer / Project Manager, International Labour Organisation

There are two million migrant labourers working legally in Malaysia, and an estimated two to three million additional labourers working without authorization. Violations of the rights of migrant labourers in the country is widespread: many fall prey to illegal brokers in their home countries, come to Malaysia already with large amounts of debt, and are forced to work in conditions of debt bondage. There are official remedy procedures but it is difficult for many migrant labourers to access them, and the procedures were slow and ineffective compared e.g. with Thailand. Recently, ILO has supported a bilateral agreement between Malaysia and Bangladesh, excluding brokers from the process and cutting recruitment costs – a win-win situation.

Edward Miller, Building and Wood Workers International

Timber is a major industry in Malaysia, with Japan being the biggest importer. An estimated 75 percent of the workers in the timber industry are migrant labourers, and human rights violations such as insufficient (i.e. under the minimum wage) wages, unsafe working conditions, and violations of the right to form unions are widespread. Malaysian legislation on labour unions was created during the immediate post-war state of emergency, and essentially has remained the same, with many restrictions. Migrant labourers (many of whom are Indonesian) are allowed to join unions but barred from leadership positions. The Tokyo Olympics Timber Sourcing Code is inadequate in terms of human rights, and should be revised as a matter of urgency.

Terima Kasih, The Forest Trust (TFT)

TFT is an international NGO providing support and assistance to companies in managing a sustainable supply chain. In particular TFT supports small scale palm oil farmers in Malaysia, assisting in ensuring sustainable procurement of that product. Rather than conducting inspections, TFT sees the process as one of mutual learning between member businesses and small scale farmers, with TFT as a facilitator. The working conditions of many migrant labourers in Malaysia remains serious, with much needed to be done.

Sharyn Shufiyan, Wild Asia

There are common human rights issues in both the timber and palm oil industries, including issues surrounding the livelihoods of residents and land rights, as well as violations of labour rights. Women and children are in a particularly vulnerable situation, with many instances of forced labour. Such problems were widespread in small scale palm oil farmers, with widespread violations such as insufficient wages, horrendous living conditions, and other forms of exploitation of migrant labour.

Andrew Khoo, Co-chair, Human Rights Committee, Bar Council Malaysia

Human rights is a veritable “alphabet soup” full of acronyms that are difficult to understand, and companies are used to thinking only about the bottom line. What is needed is a joint movement by NGOs and government to encourage a culture of sustainability, including human rights. Government has a crucial role to play, through legal rules and regulations that would impose obligations on companies. At the same time, issues remain regarding ensuring profit: this is the stumbling block.

Elisa Tsakiri, Chief of Mission, International Organisation for Migration

IOM provides support to governments in managing migration in an effective and rights-respecting manner. One of the main problems faced by many migrant labourers is the debt burden placed on them by many brokers that operate in their home countries. IOM is working with governments and other stakeholders to build a system that would address this.

4. Breakout group discussion

The participants worked in breakout groups to identify the three main points they would take away from today's workshop. The following issues were identified:

- Traceability remains the key problem for small scale farmers in Malaysia. Technology should be utilized to address this, e.g. through the Blunumber.
- Companies should adopt specific policies on sustainable palm oil sourcing.
- Civil society must be strengthened, and allowed access to workers. At the same time, civil society should endeavor to work in collaboration with companies.
- There needs to be a change in culture amongst farmers, to allow for better respect for human rights.
- Employers and employees often have a different understanding of "human rights". In particular, speaking out against labour rights violations is difficult in many Asian cultures.
- Both Japan and Malaysia need to adopt a National Action Plan on Business and Human Rights as a matter of urgency. OSCE National Contact Points could play a key role in these plans.
- Japan and Malaysia should share views and solutions on common problems, aiming towards putting forward an Asian conception of human rights.

CAUX
Round
Table

Myanmar Stakeholder Consultation
23 June 2017, Yangon

The Myanmar Centre for Responsible Business hosted a consultation between Caux Round Table Japan (CRT Japan) and several stakeholder organizations working on labour rights and other issues related to business and human rights. The organizations present were Action Labour Rights (ALR), Labour Rights Defenders and Promoters LRDP), Solidarity Centre, Business & Human Rights Resource Centre BHRRC), and Earth Rights International (ERI) as well as several labour activists. Two lawyers from Japan working on business and human rights issues also attended.

Hiroshi Ishida, Executive Director of CRT Japan, first introduced the organization and the work it does in Japan and abroad. CRT has been holding annual stakeholder workshops for Japanese businesses and NGOs in Tokyo since 2012, and has been expanding since 2016 to hold stakeholder engagement programmes in Thailand (2016 and 2017) and Malaysia (2017). It hoped to hold one in Myanmar in the future, and, as an initial step towards that goal, would convey the messages from this consultation to Japanese businesses in Tokyo.

The participants noted that Japanese companies often failed to comply not only with international standards, but even with the standards of labour law in Myanmar. In particular, the right to form labour unions without hindrance was established clearly in Myanmar labour law. Nevertheless, there were instances where companies had fired employees for unionizing (in those instances the companies tended to find some legally legitimate reason for termination). Unions that stood up for their workers were increasingly being sidelined, and replaced by “new” unions which were compliant with the wishes of management.

Complicating the matter was the fact that there were three union federations in Myanmar. For mainly historical reasons, one (Confederation of Trade Unions of Myanmar, CTUM) had essentially monopolized contacts with international federations and other international actors. Many Japanese companies were lured into a false sense of complacency, thinking it was sufficient to deal with that one federation. Japanese companies needed to understand that there were other legitimate unions.

Besides the right to form unions, which was stipulated clearly in Myanmar law, participants noted that Japanese businesses often exploited the lack of clarity in national legislation regarding other issues, such as working hours, overtime pay, and maternity leave. Though there was room for differing interpretations with regard to those issues, the participants stressed the need for Japanese businesses to adhere to international best practices.

LRDP noted the difficulties it had in conducting labour rights training sessions for both workers

and middle managers (who were generally Myanmar nationals) in Japanese run factories. Lack of awareness of Myanmar law also contributed to lack of compliance.

Some participants noted that Kirin, the Japanese beverage manufacturer, had recently entered into a joint venture with a factory that was owned by the Myanmar military. Participants warned of the risks inherent in this.

Issues were also raised regarding a lack of transparency on the part of Japanese companies. Examples were given of environmental impact assessments that were never even published, or were left in English language hardcopy in the village centre of the potentially affected community (where almost nobody could read English).

ERI raised concerns surrounding the Thilawa Special Economic Zone (SEZ). The developer (Myanmar Japan Thilawa Development, MJTD) appeared “dismissive” of international human rights standards despite the fact that the Myanmar government has stressed that Thilawa was to be a model of international best practices. Many of the companies in the SEZ appeared unaware of or unconcerned by the situation of relocated communities who had been deprived in many cases of their livelihoods. Though ERI understood that there was an ongoing dialogues between MJTD and some communities, this dialogue was not open to other stakeholders such as NGOs. Nor did there appear to be a forum for MJTD to discuss ESG issues with the companies in the SEZ. Most communities in Myanmar were not against relocation for economic development: however, if this was done without restoration and ideally improvement of livelihoods (as was the in Thilawa), opposition to projects would quickly emerge.

The main messages to Japanese companies were summarized as follows:

- Transparency: provide and publish more information, in a timely, accessible, and meaningful manner; and
- Compliance: comply fully with Myanmar labour legislation, in particular regarding the right of workers to form unions. Abide by international standards and best practices regarding those areas where Myanmar legislation is not clear.

At the end of the session, CRT Japan presented the Bluenumber, an online traceability system that the organization is promoting for use by Japanese companies.