

2019 Business and Human Rights Conference in Tokyo Executive Report

Host : Caux Round Table Japan

Sponsor : ANA HOLDINGS INC., TEIJIN LIMITED,

Nippon Telegraph and Telephone Corporation, Unicharm Corporation,
SEKISUI CHEMICAL CO.,LTD., Shiseido Company, Limited,
Suntory Holdings Limited

Cooperation : FUJIFILM Holdings Corporation, CHUGAI PHARMACEUTICAL CO., LTD.

Venue : AP Shinbashi, 3F Shinbashiiekimae, A-PLACE, 1-12-9, Shinbashi, Minato-ku, Tokyo, 105-0004

Participation: 97 participants 54 companies 8 organizations (NGO/NPO/University)

Global trend on "Business and Human rights"

"Human rights impact assessment"

① **Mr. Dirk Hoffman**

Senior Advisor on Human Rights and Business, Danish Institute for Human Rights

He shared the rising movement of NAPs and supply chain legislation in the western countries. Also, he shared the important viewpoints in conducting human rights due diligence, which are 1) risk to the human rights is risk to business, 2) analyzing root cause of negative impacts on human rights beyond audit schemes is important, 3) engaging with suppliers on human rights is important, and 4) working together on supply chain issues to increase transparency is important.

② **Gus McFarlane**

Vice President, Verisk Maplecroft

He summarized a progress status of strengthening laws and regulations on business and human rights in each country, and shared challenges to implement human rights impact assessment based on individual cases, and ways to conduct it by using data and services that Verisk Maplecroft provides. Also, he shared that impact assessment is currently expanding its focus on factories in supply chain to the entire value chain.

"Business and Human Rights in Asia"

③ **Livio Sarandrea**

Regional Program Manager and Chief Advisor on Business and Human Rights, United Nations Development Program (UNDP) Bangkok Regional Hub

He focused on areas of Southeast Asia and South Asia, and shared national action plans (NAPs) and legislation trends on business and human rights in each country based on the UN Guiding Principles on business and human rights. There is a rapid movement toward NAP formulation in India, Indonesia and Malaysia. There is also an active movement to develop a binding treaty on business and human rights in the international community, requiring companies to be legally responsible for respecting human rights. Future moves are drawing attention.

"Migrant Workers: Key Challenges in the Supply Chain"

④ **Neill Wilkins**

Responsible for the migrant workers program, Institute for Human Rights and Business (IHRB)

Regarding the overseas migrant workers (immigrant workers) issues, he explained the principles of human rights protection focusing on the Dhaka principle, and the efforts of leading companies. Focusing on the Employer Pays Principle in particular and applying the Employer Pays Principle to all industries is the basis for eradicating exploitation, forced

labor and migrant trafficking in the global supply chain. He stressed that this is an important step for all to achieve the United Nations Sustainable Development Goals (SDGs).

"Supply Chain Human Rights Impact Assessment ~ Cases in India ~"

⑤ **Rishi Sher Singh**
Supply Chain Sustainability Expert

Focusing on the supply chain in India, he explained specific issues and approaches to human rights impact assessment for global companies. Based on his field experience, he shared that it was important to address issues related to business and human rights while addressing the causes of human rights violations, having a dialogue with individuals who are negatively affected, and building a team that can evaluate the progress of the efforts.

"Innovation in Responsible Supply Chain Management"

⑥ **Alexander Walrut**
Head of Australia, Sedex

Introducing the Australian Modern Slavery Act that took effect in January 2019, and He shared the growing demand for companies to implement and disclose efforts to eradicate modern slavery and human trafficking in the supply chain. He introduced Sedex as a tool for identifying and evaluating ESG risks at production sites within the company and in the supply chain, and shared that the number of Sedex members in Japan has increased and its recognition has been enhanced.

⑦ **Dr. Puvan Selvanathan**
CEO, Bluenumber

In order to solve human rights issues in the supply chain, he introduced advanced ICT (Bluenumber) and explained its approach and effectiveness. He also provided specific examples of companies using it and shared how they used it in a process of human rights due diligence process. At present, the focus on collaboration and relief is becoming important, and a lot of experience has been accumulated on many issues.

"Corporate Human Rights / SDGs, ESG Benchmark"

③ **Camille Le Pors**
Senior Research, Corporate Human Rights Benchmarks (WBA/CHRB)

The Corporate Human Rights Benchmark is an organization composed of European institutional investors, rating agencies, and civil society organizations, and evaluates and publicizes corporate human rights initiatives. In 2019, CHRB evaluated 100 global companies (18 Japanese companies). The evaluated Japanese companies were pointed out that human rights issues were not discussed at the director level, their human rights due diligence and grievance mechanisms were not implemented, and information disclosure was less transparent than global companies. She urged Japanese companies to strengthen their efforts on human rights.

④ **Paulina Murphy**
Engagement Director, World Benchmarking Alliance (WBA)

Various company evaluation benchmarks have been created for the SDGs and ESG, and the WBA was formed to create a common indicator base while unifying the benchmarks to reduce the burden on companies. Soon, WBA expanded the number of companies to be evaluated to 2,000 companies mainly leading companies in each industry, and explained its policy to promote the utilization of various stakeholders.

“2019 CHRB Core UNGP Indicator Assessment of 11 Japanese companies”

⑤ **Hideki Tanaka**

Caux Round Table Japan

Eleven Japanese companies were selected from the Olympic and Paralympic partners, and evaluated based on the CHRB evaluation criteria corresponding to the core indicators of the UN Guiding Principles on business and human rights. As a result, even partner companies did not put human rights due diligence in place and grievance mechanism while formulating human rights policies. He stressed that they should work for improvement.

“Latest trends in ESG investment”

⑥ **Peter Webster**

CEO, Eiris Foundation

He explained the latest trends of ESG investors and their global background, issues and future trends associated with the significant expansion of ESG investment

Introduction to Business and Human rights initiatives by Japanese companies and Panel Discussion

“Response to SDGs and ESG investors”

① **“ESG initiatives that ESG investors expect from Japanese companies”**

Yoji Ota

Portfolio Specialist, Insight Investment Strategy, Melon Asset Mgt. Japan

Bond investors have also signed PRI and have steered ESG investment. He explained the performance of ESG investment and the actual situation of company evaluation process (scoring, mine checklist, monitoring, etc.). In addition, there were questions and proposals related to ESG even at meetings with bond investors, and ESG would have an impact not only on stock prices but also on fund procurement through bonds. In addition, companies that are enthusiastic about external CSR activities but do not have internal controls, are difficult to obtain high ESG scores. In foreign companies, company-wide initiatives are taking place led by the management team.

② **“KGI/KPI in line with Corporate strategies and ESG perspectives”**

Nobuo Taguchi

Senior Director, CSR Promotion, ANA Holdings Inc.

In order to realize ESG management, he explained the significance, content of their current initiatives, and appeal points for investors. In addition to quantitative KPI, the management goal committed by top management has introduced a qualitative KGI (Key Goal Indicator). Also, he mentioned that it is important to conduct dialogue with ESG-related investors, and the business and human rights initiatives are ongoing efforts, and it is important to increase transparency. Lastly, he shared that ESG-related investors value the disclosure of their progress.

③ **“Integration of Corporate strategies with SDGs and ESG”**

Yasuhiro Hayakawa

Chief Social Responsibility Officer, Teijin Limited

Teijin shared that the ESG strategy is directly defined as a management strategy and is a company-wide effort.

“Transparent and Responsible Supply Chain”

① **“Responsible Procurement of raw material”**

Takashi Matsuse

Procurement global and Planning, Kao Corporation

He explained Teijin's management strategy (Kirei Lifestyle Plan) for ESG management, long-term targets for 2030, and commitment to responsible procurement. He described Kao's

human rights due diligence efforts for sustainable and responsible procurement. They used their existing monitoring system and Sedex for raw materials and indirect materials to identify potential ESG risk points in the supply chain. And, regarding forest resources, they aimed to establish traceability of raw materials, conduct small-scale plantation visits, and conduct dialogue with local NPOs. Also, they shared the idea of promoting dialogue with suppliers and farms to make improvements.

② **“The Supply chain traceability system through human rights due diligence”**

Hideki Kondo

Vice General Manager, CSR Division, Unicharm Corporation

He explained that Unicharm’s human rights policy and sustainable procurement guidelines, and shared the use of Sedex’s SMETA audits and human rights due diligence to achieve a respect of human rights. Also, in response to the Australian Modern Slavery Act, he shared the idea of conducting human rights impact assessments, conducting field visits and interviews at factories, and conducting dialogues with overseas experts.

③ **“SDG Scorecards for Toyo Rice Corporation promoting SDGs with the rice farmers”**

Keiji Saika

President, Toyo Rice Corp.

He explained about sustainable agriculture and support of poverty farming and alignment with SDGs through BG washing-free rice processing of Toyo Rice. Also, in order to spread the environmental effects and quality improvement of agricultural products to society, they created a system called “SDGs Scorecard” that can visualize the contribution level nationwide. It already started in cooperation with rice producer organizations around the country.

“Establishment of Human Rights Management System”

① **“Education, Training and Mindset Reform for HR Management promotion”**

Youzou Nakao

Talent Development Group, Human Resource Dept. AJINOMOTO CO.,INC.

He explained the history of human rights management activities by Ajinomoto, human rights group policy, internal CSR system, resolution on CGF forced labor, e-learning on business and human rights, and human rights due diligence in 2018/2019. He also introduced Inclusive Labor Monitoring as a tool for monitoring and access to remedy.

② **“Group HR Management System based on ‘Think Globally, Act Locally (e.g. India)’”**

Daisuke Makino

Manager, HR Protection, Nippon Telegraph and Telephone Corporation

He explained the history of NTT’s business and human rights activities, human rights due diligence / human rights impact assessment in 2017/2018, and development to its group companies. As a result of the assessment, human rights issues that could be actualized were identified, and they would continue to conduct a risk assessment, strengthen education on business and human rights, and establish an effective management system.

Workshop with global experts and participants

In this session, the participants had the discussion on how to promote a respect of human rights with overseas experts. With regard to the discussion agenda, the results of the survey, which was given to those who applied for participation in advance, showed a strong interest in consistency between the UN Guiding Principles and other international standards and norms, the relationship between climate change and human rights, and the implementation of human rights due diligence.