

16th October 2017

Report on 2017 Business and Human Rights Conference in Tokyo “Building Responsible Supply Chain and Grievance Mechanism”

The 2017 Business and Human Rights Conference in Tokyo, hosted by Caux Round Table Japan (CRT Japan), co-hosted by the Business and Human Rights Resource Centre, and the Institute for Human Rights and Business, was held on the 15th September, 2017. The conference had the three pillars, focusing on (1) enhancing awareness and understanding on the latest trends in business and human rights, (2) facilitating collaborative work to promote a respect of human rights and (3) facilitating the implementation of United Nations Guiding Principles on Business and Human Rights. The global experts and attendees also discussed how to address a wide range of business risks on supply chain and build a responsible supply chain.

In the morning session at the conference, 10 human rights experts introduced the latest global trends on business and human rights including responsible supply chain, human rights due diligence, mega-sporting events, grievance mechanism, information disclosure and reporting and corporate human rights benchmark.

The afternoon session at the conference introduced a trend on responsible investment by institutional investors in Japan, business cases by Japanese companies on how they fulfil their responsibility to respect human rights required by the UN Guiding Principles on Business and Human Rights. The Japanese companies illustrated their business cases on how they strived to build a responsible supply chain and they carried out a human rights impact assessment. At the end of the conference, the workshop was conducted for the foreign experts and domestic attendees to discuss how companies could facilitate their human rights activities. The conference attracted more than 100 people from the public and private sectors.

Prior to the conference, the sponsoring companies had an exclusive dialogue with overseas human rights experts from the leading initiatives in this field. They introduced their human rights and CSR efforts and exchanged the views with the experts on how to enhance their management. The companies found the dialogue very useful for gaining new perspectives and improving their human rights due diligence.



Overview of 2017 Business and Human Rights Conference in Tokyo

Host

Caux Round Table Japan (CRT Japan)

Co-Host

Institute for Human Rights and Business
Business & Human Rights Resource Centre

Sponsor

*ANA HOLDINGS INC.
*FUJI OIL HOLDINGS INC.
*NIPPON EXPRESS CO., LTD.
*Shiseido Company, Limited

Cooperation

*FUJIFILM Holdings Corporation
*Nomura Research Institute, Ltd.
QUICK Corp.
Tokio Marine & Nichido Fire Insurance Co., Ltd.

(* are the companies that had an exclusive dialogue with overseas human rights experts)

Support

Brain Center Inc.
E-Square Inc.
Sustainability Communication Hub Co., Ltd.
TOPPAN PRINTING CO., LTD.
YUIDEA Inc.
Japan NGO Center for International Cooperation
Social Design Lab., Rikkyo University

Foreign Organization

Institute for Human Rights and Business (IHRB)
Business and Human Rights Resource Centre (BHRRC)
Bluenumber Foundation
Building and Wood Workers International
Ergon Associates Limited
ELEVATE
The Danish Institute for Human Rights
Sedex
Verisk Maplecroft

Opening Remarks

Hiroshi Ishida, Executive Director of CRT Japan, introduced the role of CRT Japan as a bridge connecting Japan and the World, connecting businesses and stakeholders, and its activities in line with the three principles of fairness, integrity, and honesty in order to define “what is right rather than who is right.” He shared his expectation that this conference would be a learning place for the foreign experts and attendees, and would be beneficial to the attendees in facilitating their human rights initiatives. In addition, as human rights issues became more complicated and serious during a time of rapid globalization, there were increasing calls from various stakeholders for companies to take concrete action to address human rights issues. He shared that it was important to respond to such calls so as to continue to conduct a business smoothly, and this would lead to the gain of trust from their stakeholders and sustainable operations of business. Lastly, he shared that as institutional investors appeared to be more interested in looking at ESG performance of companies, Japanese companies should enhance their ESG performance and disclose information more fully in the future.



Opening remarks by Ishida

Introduction to Global Trends of Business and Human Rights

In this session, an extensive panel of human rights experts gathered to share global trends of business and human rights, and expectation for Japanese companies. The experts were from Bluenumber Foundation, CSR Asia (ELEVATE Company), Sedex, Ergon Associates Limited, Verisk Maplecroft, Building and Wood Workers International, the Danish Institute for Human Rights, Institute for Business and Human Rights, and Business & Human Rights Resource Centre.

Puvan Selvanathan from Bluenumber Foundation, stated that as current certification processes to measure the probability of slavery in supply chain were expensive and prone to corruption, it was important to develop a system available to workers or farmers who were vulnerable to human rights violations, and enhance transparency on supply chain for elimination of modern slavery. The tool that Bluenumber Foundation offers used the latest technology, and could help companies to recognize all the people involved in supply chain, improve traceability and gain greater visibility of their supply chains.

Makiko Akabane from CSR Asia on behalf of its parent company ELEVATE, expressed her concerns about the impact of the rising nationalism in the United States, the U.K. and other European nations on human rights of immigrant workers, and also highlighted rapid progress of legislation relating to human rights globally. On top of that, she expected Japanese companies to enhance transparency by reporting on the progress of their human rights efforts proactively to stakeholders, overcome the Japanese unique culture to stay in line with the group, and find value to take a lead as an opinion leader in the global stage.

Dan Murray from Sedex stated that in the run up to the 2019 Rugby World Cup and the 2020 Tokyo Olympic Games, there were increasing demands from stakeholders such as buyers, investors and consumers for companies to conduct a responsible procurement practice and disclose information. Sedex offered services enabling companies to identify risks on their supply chains and report on a progress status of their corrective action. Dan emphasized that in order to conduct a continuous improvement, it was important to communicate policies and expectations to suppliers clearly, and collaborate with suppliers to work on the issues that should be addressed.



Sharing trends by global experts

Steve Gibbons from Ergon Associates Limited, noted that when implementing a human rights due diligence, it was important to pick the right approaches for different countries and sites, integrating stakeholder views and information into the due diligence process and develop KPIs to track impact of action. Also, to make the most use of the limited resources that companies possess, he stated that companies should conduct a supply chain mapping, identify hotspots and build effective responses as well as collaborate with competitors and other companies to expand scalability of activities.

Sarah Kerrigan from Verisk Maplecroft, introduced that in regard to sustainability reporting, there were non-financial reporting requirements for listed companies in Asia. For instance, major Asian stock exchanges in Singapore and Malaysia made it mandate for listed companies to disclose environment, social and governance ESG information. To response to such requirements, she shared that companies should conduct a human rights due diligence to investigate and understand actual conditions of sites, conduct corrective action with proper measures, and report outcomes externally. In addition, it was also important to conduct a dialogue with stakeholders, develop an internal system in cooperation with other related departments, and discuss how to address the identified issues in advance internally.

William Rook from IHRB, highlighted the risks factors across Mega-Sporting Events life-cycle (planning & land development, infrastructure and construction, procurement of goods and service, and event-time) such as forced eviction of residents, labour conditions at construction sites, and exploitation factories in supply chain. He expressed his concerns on the labour conditions at the construction sites that would be used at the 2020 Tokyo Olympic Games, and referred to problems of the foreign technical internship program in Japan. He emphasized that in order to make the 2020 Tokyo Olympic Games a sustainable event, companies should comply with the sustainable sourcing code that TOCOG would produce, both suppliers and sponsors conduct due diligence, and they take remedial action on issues.

Apolinar Tolentino from Building and Wood Workers International, reported that in regard to the 2022 Qatar World Cup, the labour laws were not fully practiced at the construction sites, and the immigrants were forced to work under the poor conditions. In addition, he mentioned that timber used for construction of the stadium for the Tokyo 2020 Olympics was linked to the destruction of Sarawak's tropical forest in Malaysia and human rights abuses such as low wages, long hours, and prohibition of joining union. Despite the fact that there were workers experiencing human rights abuses in this way, he expressed strong concern that grievance mechanism has not been established yet. He urged to provide access to remedy process based on the UNGPs in rapid, fair, confidential and accessible procedure.



Apolinar from BWI

Cathrine Bloch Poulsen-Hansen from the Danish Institute for Human Rights, noted that current various legislation concerning human rights required companies to disclose the steps of their continuous improvement from development of policies, identification process of human rights issues, identified issues, process of correction action and outcomes of action. Also, she mentioned that when exercising human rights due diligence, companies should recognize and identify adverse impacts on human rights arising from business activities, develop long-term strategies to address human rights issues, and enhance transparency by disclosing the whole process of their continuous improvement of supply chains.

Haley St. Dennis from IHRB, shared a global initiative of the Corporate Human Rights Benchmark led by investors and civil society organisations aiming to benchmark of corporate human rights performance and rank companies on implementation of the UNGPs. The 2017 Corporate Human Rights Benchmark assessed 98 of the largest publicly traded companies in the world on 100 human rights indicators. It published the 1st release in March 2017. The results revealed a small group of

leaders pulling ahead of the rest, the majority was lagging behind. It was to expand to more industries and top 500 listed companies in the future. She expressed her expectation that Japanese companies would take this as the opportunity to improve their human rights performance and disclose outcomes more fully.

Saul Takahashi from BHRRC, pointed out that lack of engagement with NGO/NPO was a problem for Japanese companies, so both did not communicate well. For this reason, by referring to the low score that Japanese companies received in CHRB, he noted that human rights performance of Japanese companies was not likely to be assessed properly. He emphasized the importance of engagement with stakeholders with the attitude of openness and transparency, and responding to the demands from the society.

At the end of the morning session, Miho Okada from TraceBlue Japan, introduced the Bluemark process—the world’s first certification to show products were free of modern slavery. She noted that Bluemark supported the claim that a product was sustainable or responsible because all the people involved in producing it were known and responsibly treated. Also, Chikako Miyata ANA HOLDINGS INC., noted that ANA HD aspired to use this platform to further strengthen the management of its supply chain for all food related services including in-flight meals enabling it to continue providing passengers with safe, reliable food products.

Introduction to Business Cases on Business and Human Rights by Japanese Companies

The afternoon session at the conference introduced a trend on responsible investment by institutional investors in Japan, business cases by Japanese companies on how they fulfil their responsibility to respect human rights required by the UN Guiding Principles on Business and Human Rights. The Japanese companies illustrated their business cases on how they strived to build a responsible supply chain and they carried out a human rights impact assessment.



Shigeru Sugimoto from ANA

Shigeru Sugimoto from ANA HOLDINGS INC., introduced human rights impact assessments that ANA conducted in 2016 as a part of their human rights due diligence. With the use of social and environmental data provided by Verisk Maplecroft and interviews across ANA Group conducted with CRT Japan, ANA Group analyzed the likelihood of any negative impacts, and developed measures to mitigate and prevent these negative impacts.

Takashi Matsuse from Kao Corporation, shared their human rights due diligence process toward the achievement of a sustainable and responsible procurement practice. He noted that Kao utilized the current monitoring and Sedex to identify potential risk points in their supply chain, facilitated further a dialogue with farmers at sites, and planned to utilize Blunumber as a tool to develop traceability of raw materials.

Tamaki Shimamoto from Shiseido Company, Limited, shared that Shiseido received high evaluation in Japan in the fields of women’s empowerment and diversity promotion, as it enhanced its supporting programs such as female researcher science grant and child-nursing room. To further facilitate, he noted that Shiseido would strengthen human rights efforts and improve transparency and traceability of supplier information.



Tamaki Shimamoto from Shiseido

Emi Matsukawa from QUICK Corp. ESG Research Center, noted that more than half of the global major public pension funds including GPIF in Japan signed the PRI, and as asset

owners, public pension funds were promoting responsible investment. She shared her perspective that in the future, responsible investment would be implemented more, and active-ownership activities and collaborative engagement were on the rise.

Masashi Kusunoki from Tokio Marine & Nichido Fire Insurance Co., Ltd., explained in the topic of provision for protection against supply chain risks, that in collaboration with CRT Japan, Tokio Marine & Nichido made insurance to cover loss caused by unanticipated events of suppliers. This insurance would bring benefits to companies in maintaining trust from their business partners and consumers, and gaining high evaluation from investors on their risk management.

Workshop with the foreign experts and attendees

This workshop was conducted for the foreign experts and domestic attendees to discuss how companies could facilitate their human rights activities. It was noted that with regard to the grievance mechanism, it was necessary to construct multiple mechanisms accessible for employees, people directly and indirectly influenced by business activities, first-tier suppliers, and multi-tier suppliers. And, it was important to work with relevant companies and organizations to enhance recognition of the mechanisms. There were also opinions that the mechanism enabled to grasp actual conditions and provide appropriate solutions to the problems.



Sharing opinions through the workshop

Closing Remarks

John Morrison from Institute for Human Rights and Business, Puvan Selvanathan from Bluenumbers Foundation, and Hiroshi Ishida from Caux Round Table Japan gave closing remarks.

John Morrison emphasized that even in the times when waves of nationalism and populism were caused in each region, human rights were the universal agenda. In order to address human rights issues, he noted that it was necessary to acquire knowledge to identify, evaluate, prevent and alleviate human rights risks, disclose information with transparency, and to construct a grievance mechanism accessible to people affected by corporate activities.

Puvan Selvanathan mentioned that we were entering an era in which we could grasp what happened on the earth in real time from the satellite due to advances in technology. While legislation concerning human rights was further progressing, he stated that companies were more required to disclose quantitative data by implementing various human rights measures. He also noted that it was important for companies to work on human rights issues in collaboration with competitors, NGO/ NPO or international organizations, rather than implementing them by itself.

Hiroshi Ishida shared that CRT Japan held a workshop on the Olympic Games on 13th September, and said that monitoring Japanese companies' efforts in their supply chains was now becoming severe globally. In addition, in order to respond to the demands from the rapidly changing society, he noted that companies should strengthen efforts in cooperation with the foreign experts who came to Japan this time. Finally, the conference in 2018 would be held from 10th to 14th September.



The foreign experts and sponsoring companies

A list of Speakers

- Puvan J Selvanathan
CEO, Bluenumber Foundation
- Makiko Akabane
Director Japan, CSR Asia (an ELEVATE Company)
- Dan Murray
Director of Client Development, Sedex
- Steve Gibbons
Director - Labour and Human Rights, Ergon Associates Limited
- Sarah Kerrigan
Head of Human Rights Strategy, Verisk Maplecroft
- William Rook
Regional Manager, Middle East, IHRB
- Apolinar Tolentino
Regional Representative for Asia Pacific, Building and Wood Workers International
- Cathrine Bloch Poulsen-Hansen
Corporate Engagement Programme Manager, the Danish Institute for Human Rights
- Haley St. Dennis
Communications Manager, IHRB
- Saul Takahashi
Japan Representative, Business and Human Rights Resource Centre
- Chikako Miyata
Vice President, Corporate Brand & CSR, ANA HOLDINGS INC.
- Shigeru Sugimoto
Manager, Corporate Brand & CSR, ANA HOLDINGS INC.
- Takashi Matsuse
Vice President, Procurement – Planning, Global, Vice President SCM Strategy and Planning – Procurement, Global, Kao Corporation
- Tamaki Shimamoto
Department Director, Sustainability Strategy Department, Shiseido Company, Limited
- Emi Matsukawa
Principal, ESG Research Center, QUICK Corp
- Masashi Kusunoki
Deputy General Manager, Marine Underwriting Dept., Tokio Marine & Nichido Fire Insurance Co., Ltd.
- Miho Okada
Managing Director, TraceBlue Japan, Director, Caux Round Table Japan
- Hiroshi Ishida
Executive Director, Caux Round Table Japan