

# 2014

## Stakeholder Engagement (Human Rights Due Diligence)

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Nippon CSR Consortium

### **Human Rights Issues by Sector v.3**

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 by sector. The draft version of the “Human Rights Issues by Sector v3” document was open for public consultation between November 26<sup>th</sup> and January 23<sup>th</sup>, 2014. Valuable comments from two companies, five organisations, two business schools (51 people) have been received at home and abroad. We gratefully acknowledge their contribution.

Following consideration of these comments, the Nippon CSR Consortium herewith releases “Human Rights Issues by Sector v.3”. This paper represents an outcome of the discussions through the workshop in 2014. Through the workshop, the participants understood the context in which human rights issues arise by members of NGOs/NPOs, academics and subject experts, selected three global risks from 16 WEF Global Risks which may have a significant impact on their activities in the following 8 industries, and created a Map that shows the connections among the selected three WEF Global Risks, related human rights (societal and environmental) issues and business activities (hereafter, the Interconnections Map), based on their understanding achieved from lectures by NGO/NPO as reference. In addition, the comments on “Human Rights Issues by Sector v2” were also reflected to 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 Human Right Due Diligence 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 companies. The consortium consists of corporate participants, NGOs/NPOs, human-rights experts and representatives from academia. In 2012 the 68 participants consisted of 39 companies and 11 organizations, in 2013 the 35 participants were from 15 companies and 12 organizations, and in 2014 the 68 participants were from 34 companies, 17 organizations and others.

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 (1) *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.

The 'Human Rights Issue by Sector v.3 (draft)' represents an outcome of the discussions that began in July and ended in September 2014, and was opened for public consultation. We highly appreciate candid comments on the draft from stakeholders. The final report was issued in March 2015.

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<sup>1</sup> 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](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: November 26<sup>th</sup>, 2014).

## 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 2012 Human Rights Due Diligence Workshop, important human rights issues by sector were identified through dialogue with the participants based on identifying the human rights issues and expectations relevant to business in UNEP FI Human Rights Guidance Tool<sup>2</sup> ('Human Rights Guidance Tool'). The final report "Human Rights Issues by Sector (2013)" reflects public comments, was issued on April 3rd, 2013<sup>3</sup>.

In the 2013, we further explored "Human Rights Issues by Sector (2013)" from the perspective of the value chain. Identifying CSR issues throughout related value chains is a practical step for CSR departments to share and address appropriate solutions with relevant departments after the workshop. "Human Rights Issues by Sector (v.2)" was developed and published in March 2014, reflecting the outcome of workshop in 2013 and comments from the 7 organizations and as many individuals as possible.

In the 2014, based on the public comments received in 2013, indicating that "Human rights issues should be understood in the particular context in which they arise", we focused on understanding the context and background of the issues, and based on that, we tried to understand the interconnectivities of global risks, and related human rights (societal and environmental issues) to business. This process is a practical step to understand the reasons of why and how relevant issues are significance to the business activities and clearly understand that social and environmental issues are dynamically interlinked and interconnected. Therefore, we decided to focus on the World Global Risk's report in order to identify the global risks.

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<sup>2</sup> UNEP Finance Initiative (2011) *Human Rights Guidance Tool for the Financial Sector*. Available at: <http://www.unepfi.org/humanrightstoolkit/fundamentals.php> (Accessed: November 26<sup>th</sup>, 2014).

<sup>3</sup> Nippon CSR Consortium (2013) *Human Rights Issues by Sector (2013)*, Available at: [http://www.crt-japan.jp/files/documents/HR\\_DD\\_Final%20report\\_E.pdf](http://www.crt-japan.jp/files/documents/HR_DD_Final%20report_E.pdf) (Accessed: November 26<sup>th</sup>, 2014).

**1-3. Procedure of Workshop in 2014**

The workshop consists of the following four steps.



**Step1: Understanding the context in which human rights issues arise**

- 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: Understanding the potential adverse human rights impacts that can arise from corporate activities and their interconnections, starting with WEF Global Risks.**

- With reference to the *Global Risks 2014 Ninth Edition* published by World Economic Forum in 2014, the Secretariat selected 16 risks with certain high relevance from the 31 risks identified in the report. The selected 16 risks are indicated below. For details of all 31 risks, please refer to *Global Risks 2014 Ninth Edition* ([http://www3.weforum.org/docs/WEF\\_GlobalRisks\\_Report\\_2014.pdf](http://www3.weforum.org/docs/WEF_GlobalRisks_Report_2014.pdf)).

Environmental Risks	Societal Risks
<ul style="list-style-type: none"> <li>○ Climate change</li> <li>○ Extreme weather events</li> <li>○ Water crises</li> </ul>	<ul style="list-style-type: none"> <li>○ Political and social instability</li> <li>○ Income disparity</li> <li>○ Food crises</li> </ul>
Economic Risks	Geopolitical Risks
<ul style="list-style-type: none"> <li>○ Fiscal crises</li> <li>○ Unemployment and underemployment</li> <li>○ Failure of financial mechanism or institution</li> <li>○ Liquidity crises</li> </ul>	<ul style="list-style-type: none"> <li>○ Global governance failure</li> <li>○ Interstate conflict</li> <li>○ State collapse</li> <li>○ Terrorist attacks</li> <li>○ Corruption</li> </ul>
Technological Risks	
<ul style="list-style-type: none"> <li>○ Critical information infrastructure breakdown</li> </ul>	

- Corporate participants selected three risks from 16 WEF risks by industry which may have a significant impact on their industries.
- The participants created a Map that shows the connections among the selected three WEF Global Risks, related human rights (societal and environmental) issues and business activities (hereafter, the Interconnections Map), based on their understanding achieved from lectures by NGO/NPO as reference at Step 1.

**Step3: Integrating perspectives from both corporations and stakeholders**

- The participants, NGO/NPO, academic and subject experts exchanged their different views on the contents of the Map to clarify unclear points, and corporate participants received comments from NGO/NPO, academic and subject experts. Based on the comments, the Secretariat finalized the contents of the Interconnections Map. The map and the “Human Rights Issues by Sector v.2” are included in the “Human Rights Issues by Sector v.3 (draft)”.

**Step4: Collecting Public Comments and finalizing our report**

- The Secretariat invited public comment on the outcome from the workshop, “Human Rights Issues by Sector v.3 (draft)” from Wednesday, November 26<sup>th</sup>, 2014 to Friday, January 23<sup>rd</sup> 2015 (Japan time). The final report was published in March 2015, reflecting the comments.

**1-4. Some Points for Consideration**

**1-4.a Differing degrees of awareness of human rights issues between the industry sectors**

The levels of detail in the feedback provided by NGO/NPOs and the expert stakeholders were not consistent across the industry sectors, indicating differing study and priority areas among the experts. Similarly, there were gaps in the level of awareness of human rights issues among the corporate participants, reflecting similar gaps between their degree of understanding and engagement with human rights issues. Each company and sector can be placed in a different situation and the level of scrutiny may differ according to the company's size and sector.

**1-4.b Scope of Study and Analysis**

The workshop in 2014 and this outcome do not include the following study and analysis.

- We focused on identifying the interconnections of WEF Global Risks, related human rights issues (societal and environmental issues) and business activities based on the understanding of context each issue may have. The number of connections is shown by which of three circle sizes is used in the Interconnections Map; however, the strength of connections is not discussed or in the scope of analysis. Moreover, risk mitigation and adaptation measures are not included in the scope of study.
- The public comment received in 2013 indicating “clarification should be reviewed” is not reflected on this study as it is not related to the orientation and aim of the workshop. This will be discussed next year as necessary.

**Others**

- Our discussion started on the basis of “Human Rights Issues by Sector (v.2)”, which means that the document is not reviewed by participants this year.

**2 Points for collecting Public Comments**

We invited public comments on the following four points, 2-1 to 2-4.

**2-1. Free comments**

*Please freely respond with any comments on the whole “Human Rights Issues by Sector v.3 (draft)” document.*

**2-2. With respect to the Interconnections Map among WEF Global Risks, human rights issues and business activities :**

(a) *Would you consider that the three WEF Global Risks selected by each sector have the most significant impact on that sector? Please see below for the 16 WEF Global Risks selected by the secretariat (CRT Japan). Please refer to the Global Risks 2014, Ninth Edition for further information.*

Sector	WEF Global Risks		
<i>Logistics</i>	<i>Extreme weather events</i>	<i>Political and social instability</i>	<i>Critical information infrastructure breakdown</i>
<i>Food</i>	<i>Food crises</i>	<i>Income disparity</i>	<i>Climate change</i>
<i>Manufacturing</i>	<i>Climate change</i>	<i>Political and social instability</i>	<i>Corruption</i>
<i>Apparel</i>	<i>Climate change</i>	<i>Political and social instability</i>	<i>Unemployment and underemployment</i>
<i>Information, Communication and Technology</i>	<i>Corruption</i>	<i>Extreme weather events</i>	<i>Critical information infrastructure breakdown</i>
<i>Finance</i>	<i>Political and social instability</i>	<i>Failure of financial mechanism or institution</i>	<i>Fiscal crises or Climate change</i>
<i>Pharmaceuticals</i>	<i>Climate change</i>	<i>Income disparity</i>	<i>Fiscal crises</i>
<i>Chemicals and Construction Materials</i>	<i>Climate change or Water crises</i>	<i>Unemployment and underemployment</i>	<i>Political and social instability</i>

(b) *The following seven perspectives were highlighted by the NGO/NPO participants and subject experts. Should a specific issue from within these perspectives be added to the Interconnections Map?*

*Please refer to the [Supplemental explanation of the Map](#) and the [Summary of comments on the highlighted perspectives](#) on page 10-11.*

- i. New industry, industrial transformation by new technology or/and new methods*
- ii. Comprehensive Children's Rights*
- iii. Child prostitution*
- iv. Diversity*
- v. Energy, nuclear disasters*
- vi. Indigenous peoples*
- vii. International treaties, foreign regulations, and de facto standards developed by NGO/NPOs and adopted by the wider international community*

(c) *Please add any other comments you have regarding the map.*

**2-3. *Comments on "Human Rights Issues by Sector. v2" developed in 2013***

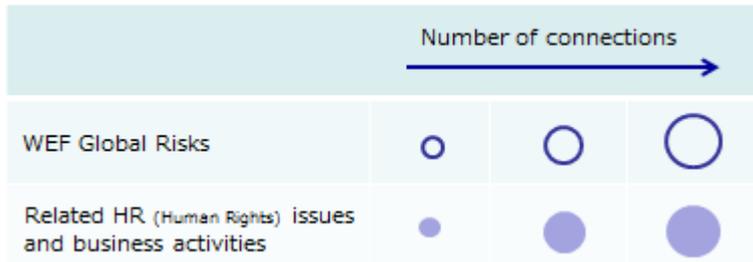
*Is there any important issue that should be corrected, added to and removed from the following "Human Rights Issues by Sector v.2" developed in 2013? Please specify the industry sector, page number, and concrete issues that your comment addresses.*

**2-4. *Comments on the format and procedure of the final report***

*The final report is to be published on March 2015. Please provide your comments regarding the format and procedures of the final report.*

**Supplemental explanation of Map**

The size of the circles on the Map shows the number of the inter-connectivity among WEF global risks, human rights issues and business activities.



**Summary of comments on the highlighted perspectives**

Comments on the highlighted perspectives from NGO/NPOs, academics and subject experts are as follows.

- i. *The occurrence of child labour and forced labour results from business demand for cheap labour as well as from community issues such as poverty and income disparity. However, it can be said root cause of this issue is demand of consumers for cheap products. Not only companies but consumers should make a more effort to realize the society with a high awareness of “the value”. And, we should bear it in our mind that an industrial transformation through new technology or/and new production methods (Genetic-modification, etc) may generate employment opportunities.*
- ii. *Children’s rights should be comprehensively considered and are not limited to only child labour, as indicated in “Children’s Rights and Business Principles<sup>4</sup>”. The scope of children’s rights includes access to education, impact on children that web contents have in relation with ICT and communication industries, consideration of marketing approaches toward children susceptible to brainwashing, and risks that the environment and disasters may negatively affect children. In relation to “Title to land”, the issues of “voluntary relocation – consultation” and “dispute of land ownership over the production areas” are considered as risks. Also, other issues of human rights violations are deprivation of the means of production, and deprivation of the right to residence of an indigenous community depending on natural resources in their areas for living. It is likely that children run the risk of facing deprivation of the right to education for children as a result of relocation.*
- iii. *Companies should recognize that child prostitution is not completely unrelated to them. Reinforcement of laws and regulations on human trafficking (including sexual exploitation and businesses involving sexual services by adolescent girls), and development of “an access to remedy” system for victims in Japan are perceived to be lagging. The child poverty rate in Japan is the highest ever recorded. Along with this increasing rate, the issue of child prostitution is being deteriorated correlatively. Interactions between businesses and child prostitution should be addressed.*

<sup>4</sup> <http://resourcecentre.savethechildren.se/library/childrens-rights-and-business-principles>. (accessed in November, 26th, 2014)

- iv. *The issue of workers cover not only child labour, but also minorities including LGBT people, members of ideological and religious groups, immigrants, refugees, and internally displaced persons. Consideration of diversity is needed. A lack of this perspective causes discrimination, which gives rise to the spread of unfair treatment in working places, poverty and income disparity. Also, companies need to take a conscious effort to promote fair treatment against foreign workers who will be increasing in the run up to the Tokyo Olympic and Paralympics Games in 2020.*
- v. *The perspective related to energy is not fully acknowledged. A shortage of energy has a direct influence on operations of facilities. Climate change, energy, and political instability are interlinked. For instance, political stability is not likely to be achieved without securing energy policies. In addition, in respect to the energy issue, potential risks of nuclear accidents should be address, when using nuclear power. Nuclear disasters inflict an enormous impact on the health of the environment and human beings. As the nation that suffers a significant impact of the nuclear disaster, companies should fully consider risks of nuclear disasters. Also, it should be addressed that the growth of urban population leads to massive consumption of energy.*
- vi. *There is an issue of indigenous peoples. Depletion of natural resources such as water and raw materials will pose a great risk to lives of indigenous people living in those affected areas, and infringe the right to live of them. In addition, new construction and relocation of factories in areas where indigenous peoples live may cause the issue of “the title to land”. Companies need to develop a mutually beneficial way that enables companies and indigenous people to share without depriving them from their jobs, lives and culture.*
- vii. *Companies should consider how conclusion, ratification and implementation of international treaties will impact on their business operations. (For example, Arms Trade Treaty will come into force on December 24, 2014. There is the need of consideration of this impact.) Establishment of laws may be advanced in other developed countries with focus on points that are not widely recognized in Japanese society. There are some cases that de facto standards are developed and applied without reflecting the intentions of the Government of Japan and the society of Japan. Thus, there is the need to understand impacts that they will give to each sector from a wider scope, and interconnections of them, including unexpected events. For instance, with regard to certification standards, FSC (Forest Stewardship Council) facilitates discussions on "whether it is regarded as illegal logging in the countries where indigenous peoples live, in case that Convention ILO169 is not observed." Although Japan has recognized the Ainu as an indigenous people, it has not ratified the Convention ILO169. Thus, business risks are present in this regard.*

### 3 CRT Japan's viewpoint as the Secretariat of Nippon CSR Consortium

With respect to the Human Rights Due Diligence Workshop, we have received the following feedback from NGOs/NPOs, academics and subject experts that “the workshop is designed for companies to consider business risks and risk avoidance. Thus, it is philosophically wrong to call it as Human Rights Due Diligence Workshop as human rights due diligence considers risks to more stakeholders”, “NGOs and companies have different perspectives. NGOs are interested in corporate behaviours from a perspective of socially vulnerable and economically disadvantaged people”, and “United Nations Guiding Principles (hereafter UNGPs) are based on the assumption that companies are aggressors and accomplices in the infringement of human rights. Thus, UNGPs are premised on the NGOs/NPOs risk perspective, not on the corporate risk perspective”. In addition, “human rights due diligence aims at not protecting companies, but considering victims of human rights violations”. Furthermore, the other feedback is that “the workshop provides a place where companies and stakeholders just meet; thus, this is not regarded as stakeholder engagement”, “there is a need to capture any unforeseen risks and opportunities from a wider perspective” and “this is not regarded as human rights due diligence, but was an attempt to raise awareness of human rights.”

CRT Japan, the Secretariat of the Nippon CSR Consortium, recognizes that NGOs and companies take different perspectives, and risks to stakeholders and businesses are different. NGOs are interested in corporate behaviours in terms of socially vulnerable and economically disadvantaged people, whereas companies reflect their behaviours for enhancement of the corporate value. However, companies without the perspective of those people will end up in failure to enhance their corporate value in the long run. Thus, we believe that there is an extremely strong correlation between both risks. The purpose of the workshop in this year is for participants to focus on the strength of correlation of risks, not on differences of risks.

NGOs and companies have already recognized the correlation of risks, yet have not fully delivered concrete collaborative activities to respect human rights. This is because companies perceive implementation of activities to respect human rights to be necessary, while NGOs claim that it is urgent to implement actions to respect human rights. This discrepancy in the recognition between them makes it difficult to create a collaborative activity for further promotion of respect of human rights. Thus, if NGOs seek the capacity of companies for problem solving, they need to elaborate on how relevant these issues are to companies, and how these issues make an impact on their corporate value from a corporate perspective. On the other hand, if companies aim at preventing damage to corporate value and enhancing it in the long term, they should identify how their business practices influence the rights of stakeholders in an early stage, and develop a deeper understanding of the perspective of those affected stakeholders. We hope that "the Interconnections Map among WEF Global Risks, related human rights issues and business activities" finalized with an outcome of public comments will help companies and NGOs to gain understanding of each perspective and develop an effective response that creates mutual benefits for companies and societies.

This workshop does not indicate our passive attitude to the WEF Global Risks and related human rights issue; rather it aims to assist companies and NGOs in sharing and obtaining their different recognition for further facilitation of collaborative actions to WEF Global Risks and related human rights issues. The intention of the workshop is not for risk avoidance and the removal of actions to risks. Rather, we believe that the workshop will lay the groundwork for risk mitigation and respect of human rights. This process should be included in human rights due diligence, and becomes a significant factor that determines the success of human rights due diligence.

In order for this workshop to truly be a place for the stakeholder engagement for companies and NGOs/NPOs, not merely a place to meet for companies and stakeholders, companies and NGOs need to take the time to understand a perspective of each other and come forward to realise their goals. The interconnections Map reflects understanding that the corporate participants gained on relationships between WEF Global Risks and related human rights issues and business activities. We would highly appreciate any comments including "unexpected situations for companies" which are not shown in the Map from various perspectives.

Your candid comments from NGOs/NPOs, companies, government officials, industrial organisations and consumers will be highly appreciated and reflected within our further activities.

END

#### 4. Overview of the Public Consultation 2014

During the public consultation period from November 26<sup>th</sup> to January 23<sup>th</sup>, 2014, Nippon CSR Consortium received a large volume of comments from companies and organizations in different sectors and with different expertise. Most of them are the responses to the given three questions in the draft paper, which are (i) addition to the interconnections Maps, (ii) supplementary explanation and additional reference source to “Human Rights Issues by Sector v2”, and (iii) focal issues/challenges towards the next workshop. They are reflected in the individual issues and texts in this paper.

In this chapter, other valuable comments are introduced. They are categorized as follows: assessment to the stakeholder engagement workshop (Human Rights Due Diligence Workshop); viewpoints toward the next workshop and “Human Rights Issues by Sector v4”; and challenges/expectations of CSR in Japan.

- **Assessment to the stakeholder engagement workshop (Human Rights Due Diligence Workshop)**

The Nippon CSR Consortium recognizes that companies sometimes struggle to address diverse human rights issues with limited budgets and resources. Therefore, the consortium provides the platform where companies and NGOs/NPOs recognize local concerns, discussing any actual or potentially adverse human rights impacts, identifying the material issues of business and human rights, and integrating them into business operations.

This time, we received many affirmative comments with respect to our workshop. Some of them are “This workshop enables companies and NGOs to deepen understanding of each other and opens up new opportunities for them to collaborate in the future”, “Taking the time to understand position of each other and moving forward for problem solving can certainly produce a more feasible solution”, “This workshop links companies with NGOs/NPOs, academics and experts, and assists companies in recognizing social issues with a viewpoint of society. It also categorizes issues according to the industrial sectors and finally finding a solution to material issues that they identify.”

We are very delighted to receive those comments on the draft from our stakeholders. We would like to keep sustainability of activities, stay abreast of changes and issues in the society, and provide companies with solutions for further improvement of their CSR practices.

- **Viewpoints toward the next workshop and “Human Rights Issues by Sector v4”**

In the workshop in 2014, the corporate participants gained understanding on the context in which human rights issues arisen by members of NGOs/NPOs, academics and subject experts, and on the interconnections among the selected three WEF global risks, related human rights (societal and environmental) issues and business activities, Then, they created the interconnections Map based on their understanding achieved from lectures by NGO/NPO. However, as it is written as the precondition of the analysis, the strength of connections is not discussed or in the scope of analysis. With respect to the visibility of the Map, we received the following comment that a map with focus on how each process in the value chain is impacted by global risks would be better to be understood by readers.

Therefore, the next workshop will emphasize on how the global risks that have a significant impact on each industry influences each process of the value chain in reference with the interconnections Map.

On the other hand, we received the concern that this analysis does not contain education, media, and service industries. The Nippon CSR Consortium will take this into consideration for the next workshop. However, in recent years human rights issues such as biased coverage in the media industry, bullying problems in schools in Japan, and a rising number of foreign workers towards the Tokyo Olympics/Paralympics in 2020 have been paid much attention in public. There is a possibility that human rights violations would be deteriorated if we do not take a concrete action. Therefore, the Nippon CSR Consortium will focus on identifying human rights issues in those industries by leveraging tools and related to the sector specific and/or region specific risks while further promoting collaboration with the business and human rights initiative organizations around the country and abroad.

- **Challenges and Expectations of CSR in Japan**

This section introduces a summary of the opinions received in relation to challenges and expectations of CSR in Japan. We hope that all of them will contribute to further facilitation and implementation of better CSR activities within companies on a larger scale.

- In recent years, companies have been demanded to take initiatives in addressing social issues. However, ideas of CSR in Japan are still associated with corporate scandals and violations of laws and regulations. In this regard, definitions and expectations of CSR differ between Japan and the abroad. Thus, Japanese companies should have consciousness of being in a part of the advanced nations and address social issues as business risks while retaining a sense of alertness.
- The problem to be addressed is how top-level managers position CSR in their management strategies, and how they create a mechanism to link CSR with their actual activities.
- CSR has an aspect of grievance mechanism. Each company should create a manual for predictable risks, and establish a mechanism that enables all the employees to share the same understanding.
- Large companies, including medium-small companies, should take the assumption that human rights issues will occur along with their value chains. Then, they analyse and identify any latent risks in an early stage, and build the working environment that enables them to address these actively and voluntarily.
- Investment to cultivation of human resources and facilities are also a part of CSR activities.
- CSR activities that Japanese companies implement should be introduced and shared all around the world. And, Japanese companies will utilize the knowledge gained from feedbacks and reflect them upon their CSR activities for better improvement.
- Within the limited resources and budgets that companies possess, companies have to address societal and environmental issues. Yet, identifying material issues for their companies and addressing them one at a time should be their own attitude. This is an effective step to keep sustainability of their activities.
- Each industry should build the system where each creates a programme such as the programme of the Nippon CSR Consortium and address human rights issues with third parties.

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- All companies should place a department with responsibility for promoting human rights. To do so, change in the consciousness of human rights in management is essential.
- Both companies and NGOs should acquire the capability to identify risks and implement activities to address them. Otherwise, they cannot run a quick management when making strategies.
- Concerns of citizens on CSR activities in Japan and their ability to evaluate activities are not matured yet.
- In order to raise awareness of human rights issues throughout the county, it is essential to get the media involved in large-scale discussions on human rights issues.
- In order for companies and NGOs to cooperate with each other to achieve their goals, there should be the common base where they can consider how global risks and human rights issues negatively affect corporate activities.
- NGOs should deepen their understanding of companies and cooperate with companies to promote sustainable business practices in society.
- The Asian perspective of human reconciliation is better than human rights.
- All forms of employees should take human rights workshops, while companies should strive not to violate human rights of their employees.

The Nippon CSR Consortium will be continuously working on identifying and working to address important potential human rights issues, through identifying what business operations can violate whose/which human rights, and from whose perspective, and striving for excellency in facilitating businesses efforts to address and resolve the identified issues and risks, in collaboration with businesses, NGOs/NPOs, CSR experts and CSR initiative organizations. We hope this information will be helpful for companies during their implementation of “Human Rights Due Diligence”.

Caux Round Table – Japan  
Executive Director, Hiroshi Ishida  
Director, Miho Okada  
Hiroki Wada

## 5 Human Rights Issues by Sector v.2

### 5.1. Manufacturing

#### 5.1.1. Global Risks

The reasons of why the manufacturing industry selected 3 Global Risks which may have a significant impact on the industry are as followed.

- Climate Change

Climate Change, caused by massive GHGs emissions from factories, results in the occurrence of extreme weather events, floods and natural disasters. They in turn give rise to logistics disruptions, a halt of production and an increase in production cost. In addition, extreme weather events cause an enormous damage on residents and companies in disaster-stricken areas.

- Political and social Instability

Political and social instability can cause fluctuations in currencies and exchange rates, which influences a decision making process of companies on changes of manufacturing bases. Change of manufacturing bases gives a significant impact on employment opportunities of local people. In addition, as local people lose their job opportunities, there is a risk of the expansion of poverty in their communities. This triggers unemployment, strikes, and demonstrations, which will fuel political and social instability. In countries with political and social instability, companies confront difficulties in securing procurement of law materials (conflict minerals), thus leading to an increase in production cost.

- Corruption

Due to corruption, various issues of bribery and injustice, overwork with low income, child labour and forced labour are occurred. It also induces illegal cash flows and punctuations of currencies, which negatively affect markets. In addition, as corruption undermines the rule of law and governance, environmental safeguards are ignored or circumvented, and overuse of natural resources devastates the environment and the livelihood of local communities who are reliant on them.



their manufacturing bases as a result of it. It is possible that companies will have to halt their production.

- 8) Given an increasing Original Equipment Manufacture system that specializes manufacturing as a form of industry, it is considered that there will be the growing importance of sharing information with local factories.
- 9) Poverty gives rise to strikes, demonstrations, and interstate conflicts. It undermines political stability.
- 10) New laws and regulations may constrain a scope of corporate activities. They may give companies incentives to circumvent newly set laws and regulations to keep sustainability of their business operations. In addition, due to adoption of new laws and regulations, companies change their bases or factories to countries with poor human rights awareness and policies, and run the risk of being involved in direct and indirect human rights violations.

### 5.1.3. Manufacturing

Key value chains applicable to the manufacturing sector were classified into seven categories, and concrete issues were further explored focusing on the products and services specified below.

### 5.1.4. Key value chains in manufacturing sector

Create: research, development, design

Buy: capital investment, procurement

Manufacture: production, manufacturing

Transport: storage, logistics

Sell: distribution, sales and marketing

Use: consumption, utilization

Discard: disposal, recycling

### 5.1.5. Discussed products and services

- Thermal electric power plant
- \*Electronic parts
- Digital camera

\*Among various product families in electronic components, ferrite products (parts) were selected and their value chain was focused on.

**5.1.6. Potential human rights issues in the specified products and services, relevant value chains**

Key human rights issues in the manufacturing sector			Concrete issues *Highly relevant value chains are shown in parentheses [ ]	Value Chain						
				Create	Buy	Manufacture	Transport	Sell	Use	Discard
Core operation/ Supply chain	Workplace conditions	Working hours and wage	<ul style="list-style-type: none"> <li>Long working hours may become the norm in overseas factories, due to low wages not matching local standards of living, and piece-rate work.</li> <li>Unpaid overtime work in Japan.</li> </ul>		✓	✓				
		Health and safety	<ul style="list-style-type: none"> <li>Severe incidents causing death or injury especially within research and development, as well as manufacturing sites. [C/M]</li> <li>Long working hours may cause health problems, in particular, mental health problems.</li> <li>Progression of diseases by non-health checkups.</li> <li>Inadequate living conditions (living in a dormitory within the factory, sharing one small dormitory room with several people, being locked up for control) and poor sanitation (shower, toilet, etc.,) may affect the health of the employees.</li> </ul>	✓	✓	✓	✓	✓		
	Discrimination	During work	<ul style="list-style-type: none"> <li>Inequality in working conditions, training, and promotion, discrimination against female workers.</li> </ul>	✓	✓	✓	✓	✓		✓
	Child labour	Minimum age	<ul style="list-style-type: none"> <li>There may be possible risks of child labour and trafficking through brokers in supply chains across developing countries (e.g. subcontracting works).</li> <li>Job applications may be made using fake identities.</li> </ul>		✓	✓		✓		
	Forced or compulsory labour	Deposits and papers	<ul style="list-style-type: none"> <li>“Mediators” may require foreign workers in Asian countries to hand over ID (e.g. passport) and/or pay excessive commission at the time of recruitment.</li> </ul>			✓				
		Forced overtime	<ul style="list-style-type: none"> <li>Risk of long working hours may cause forced overtime, due to excessive quota requirements.</li> </ul>	✓	✓	✓	✓	✓		
	Freedom of association and collective bargaining	—	<ul style="list-style-type: none"> <li>Potential lack of communication/dialogue between labour representatives and unions.</li> <li>Potential insufficiency in institutionalization and operation of labour-management consultation and/or absence of substantive collective bargaining.</li> <li>Potential insufficiency in protecting workers’ rights in union shop</li> <li>Potential insufficiency in protecting worker’s right, where trade unions are banned or not fully implemented (including real cases where trade unions are banned).</li> </ul>	✓	✓	✓	✓	✓		
				Create	Buy	Manufacture	Transport	Sell	Use	Discard

Key human rights issues in the manufacturing sector			Concrete issues *Highly relevant value chains are shown in parentheses [ ].	Value Chain						
				Create	Buy	Manufacture	Transport	Sell	Use	Discard
Community	Resources	Use of natural resources	<ul style="list-style-type: none"> <li>Designing and developing products with low environmental burdens (less electric consumption, easy to recycle). [C/U/D]</li> <li>Abuse and contamination of land and water at a factory or local construction site. [B/M/D]</li> </ul>	✓	✓	✓			✓	✓
	Security	Non-state groups and security payments	<ul style="list-style-type: none"> <li>Potential diversion of funds, goods and services<sup>5</sup> to non-state groups, and armed groups. (e.g. conflict minerals<sup>6</sup>)</li> </ul>		✓					
Society and government	Relations with governments	Relations to states with poor human rights records	<ul style="list-style-type: none"> <li>A new venture (e.g. plant construction) by a government may be launched without obtaining appropriate consent from local communities, including indigenous people and minorities.</li> <li>At time of bidding for a plant construction and operation, the labour standard presented by a host government may not comply with the international standards.</li> </ul>		✓	✓				
		Bribery and corruption	<ul style="list-style-type: none"> <li>Potential risk of being involved in bribery and corruption, such as facility payments, especially at time of obtaining licenses and authorizations. [M]</li> <li>Possible risks of corruption when entering into a contract, customs of the manufacturing industry, friendships when contracting and operating, as well as of being involved in corrupt practices when receiving orders from government. [S]</li> </ul>			✓		✓		
Consumer	Relations with customers	Health and safety	<ul style="list-style-type: none"> <li>Potential positive impacts of changing consumer behaviours (e.g. conducting responsible marketing considering health and safety of consumers) [S], and contributing to raising consumers' awareness of environmental issues. [U/D]</li> <li>Potential risk to the lives or bodies of end consumers are created due to a defect in specified products provided through the customer/clients.</li> </ul>					✓	✓	✓
				Create	Buy	Manufacture	Transport	Sell	Use	Discard

<sup>5</sup> Voluntary Principles on Security and Human Rights to identify benchmarks (<http://www.voluntaryprinciples.org>)

<sup>6</sup> The law on using conflict minerals is now quite clear, and as part of their due diligence, companies need to take many measures into account. Refer to *The OECD Due Diligence Guideline for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas* (<http://www.oecd.org/corporate/mne/mining.htm>) and an example, *the Dodd-Frank Wall Street Reform and Consumer Protection Act* (<http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf>). Conflict minerals directly contribute to the maintenance of conflict and are associated with sexual violence against women and girls, such as that in the North and South Kivus.

**5.1.7. Human rights issues in the manufacturing sector and the relevant value chains, other than the specified products and services**

- Core operation/ Supply chain > child labour > minimum age and Community > resources > others  
Products collected in industrialized countries for recycling purpose are shipped to developing countries and disposed there finally as waste. There is a potential risk of child labour, if children are involved in collecting recyclable material from the wastes in these countries. If the products/waste is hazardous and toxic and poorly-handled, there is a potential risk of disastrous human rights consequences for the health and safety of the people in community<sup>7</sup>. [D]
- Community > resources > use of natural resources  
Protecting traditional knowledge of indigenous people, and sharing with them the profits derived from the use of such knowledge. (ABS: Access and Benefit-Sharing) [C/B]

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<sup>7</sup> Case profile: Tragigura lawsuits in Cote d'Ivoire.  
<http://www.business-humanrights.org/Categories/Lawlawsuits/Lawsuitsregulatoryaction/LawsuitsSelectedcases/TrafiguralawsuitsreCtedIvoire>

## 5.2. Information, Communication and Technology (ICT)

### 5.2.1. Global Risks

The reasons of why the ICT industry selected 3 Global Risks that may have a significant impact on the industry are as followed.

- Corruption

Corruption and injustice decline industrial image, and may cause a crackdown of authorities to companies. There is a risk that companies are ordered to suspend their business services. In addition, companies may suffer from damage on their brand image and a loss of trusting relationships with employees and customers.

- Extreme Weather Events

Extreme weather events cause floods and lightning strikes, which give rise to a breakdown of critical information infrastructure and networks. This breakdown causes widespread disruptions in a society to public services, corporate activities and residents in affected areas.

- Breakdown of critical information infrastructure and networks

There are risks that network disruptions when new systems are implemented, human-made mistake of operations, electronic power failure and cyber-attacks will break down critical information infrastructure and networks.



Key value chains applicable to the ICT sector were classified into six categories, and concrete issues were further explored focusing on the products and services specified below.

**5.2.3. Key value chains in ICT sector**

Create: research and development

Buy: capital investment for office and data centre, procurement of machine/equipment/raw materials and soft ware

Produce: information planning, program development, system maintenance

Sell: network provider, sharing system, system maintenance & operation service, sales and marketing

Use: shared system operation, data archival

Discard: depreciation/amortization

**5.2.4. Discussed products and services**

The shared account management system for over-the-counter sales of investment trusts

**5.2.5. Potential human rights issues in the specified products and services, relevant value chains**

Key human rights issues in ICT sector			Concrete issues *Highly relevant value chains are shown in parentheses [ ].	Value Chain					
				Create	Buy	Produce	Sell	Use	Discard
Core operation/ Supply chain	Workplace conditions	Working hours	<ul style="list-style-type: none"> <li>Long working hours (including attendance at weekends) and unpaid work in system development process (e.g. pre-release period, during system trouble) [C/B/P/U]</li> <li>Industrial health and safety of workers at overseas subcontractors (outsourcing providers) and/or System Integrators may not be ensured, because political and economic factors are different from Japan. [C/P/U]</li> </ul>	✓	✓	✓		✓	
		Health and safety	<ul style="list-style-type: none"> <li>Long working hours may cause health problems, especially mental health problems</li> </ul>	✓		✓	✓		
	Discrimination	During work	<ul style="list-style-type: none"> <li>Gender (discrimination against female workers) and nationality inequality in training and promotion</li> <li>Female workers may be transferred to other departments without their will, after taking maternity leave.</li> </ul>	✓		✓		✓	
	Forced or compulsory labour	Forced overtime	<ul style="list-style-type: none"> <li>Excessive quota requirements may lead to long working hours and forced overtime.</li> </ul>						
	Freedom of association and collective bargaining	Conflict with local law	<ul style="list-style-type: none"> <li>Freedom of association and collective bargaining may not be ensured.</li> </ul>	✓		✓			
	Protection and storage of personal data	—	<ul style="list-style-type: none"> <li>Personal information held by the company may be leaked.</li> </ul>					✓	✓
				Create	Buy	Produce	Sell	Use	Discard

Key human rights issues in ICT sector			Concrete issues *Highly relevant value chains are shown in parentheses [ ].	Value Chain					
				Create	Buy	Produce	Sell	Use	Discard
Community	Resources	Use of natural resources (water, land, etc.)	<ul style="list-style-type: none"> <li>Environmental friendly energy use at a data centre (e.g. energy saving, responsible power source management.) [B]</li> <li>Having a negative impact on the lives of communities, such as through noise and odor emissions from a data centre. [U]</li> <li>Potential risks of environmental pollution from inappropriately discarded electronic devices. [D]</li> </ul>		✓			✓	✓
		Use of infrastructure	<ul style="list-style-type: none"> <li>Having a positive impact on local communities such as by improving local infrastructure through the establishment of an ICT network system. [P/U]</li> <li>Users' asset management may be affected by suspension of service caused by electricity and technical trouble. [U]</li> </ul>			✓		✓	
	Community investment	—	<ul style="list-style-type: none"> <li>Making a positive impact on local communities through information provision and ICT services, such as enhancement of local peoples' lives by reducing the digital divide.</li> </ul>			✓		✓	
Society and government	Relations with governments	Relations to states with poor human rights record	<ul style="list-style-type: none"> <li>Insufficient legal systems in host countries may cause challenges in controlling forced overtime work. (e.g. at contracted local company for offshore development projects) [P]</li> <li>Potential violations of land ownership rights of local peoples at the time of government purchase of land for industrial park from of minority community. [B]</li> <li>Possible risks surrounding demands from government authorities to provide private information. [S/U]</li> </ul>		✓	✓	✓		
		Bribery and corruption	<ul style="list-style-type: none"> <li>Potential risks of being involved in bribery and corruption, notably in offshore market research, and sales and marketing (especially in ICT service provision for government agencies.) [C/S]</li> </ul>	✓			✓		
Consumer	Relations with customers	—	<ul style="list-style-type: none"> <li>Potential violation of privacy by information leakage, especially in system operation</li> <li>Big Data services that gather public consumer data may unintentionally identify personal data by combining information, and there is a potential risk of misuse the customer personal data for commercial purposes without prior approval from users.</li> <li>There is a risk that some websites may endanger a person's life.</li> </ul>				✓		
				Create	Buy	Produce	Sell	Use	Discard

\*Human rights issues in the ICT sector and the relevant value chain, other than the specified products and services

- Society and government > Relations with governments > Freedom of expression and Privacy.  
Potential violations of freedom of expression when:  
a company receives direct requests from host governments to censor content and close down networks,  
a company operates in countries where the law requires restrictions on the freedom of expression due to strict social and cultural values, or where repressive regimes do not tolerate dissent,  
a company's technologies and products are misused to repress freedom of opinion, speech and expression. [B/S]
- Consumer > Relations with customers  
Having a negative impact on children's rights, arising from child pornography; online solicitation or 'grooming', and exposure to unsuitable materials. This can cause psychological harm or lead to physical harm; and harassment and intimidation. Rapid developments in the ICT sector have facilitated the creation and dissemination of images of the sexual abuse of children, heightening the need for businesses to exercise due diligence.

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[http://www.ericsson.com/res/thecompany/docs/corporate-responsibility/2012/human\\_rights0521\\_final\\_web.pdf](http://www.ericsson.com/res/thecompany/docs/corporate-responsibility/2012/human_rights0521_final_web.pdf) (accessed February 25<sup>th</sup> 2014) \*The ICT value chain is described for one sub-sector.

### 5.3. Logistics

#### 5.3.1. Global Risks

The reasons of why the logistics industry selected 3 Global Risks that may have a significant impact on the industry are as followed.

- Political and social instability

Prolonged political and social instability in a country provides a fertile ground for frequent strikes and demonstrations, which in turn leads to a breakdown of infrastructure and logistics system. In addition, as political instability and social unrest are amplified, the economy becomes sluggish. As a result of the economic recession, discrimination and poverty are exacerbated. There is a risk of occurrence of piracy. When security forces and guards are provided, this would fuel international disputes. Also, there is a risk that companies may be involved in bribery and corruption during customs clearance.

- Critical information infrastructure breakdown

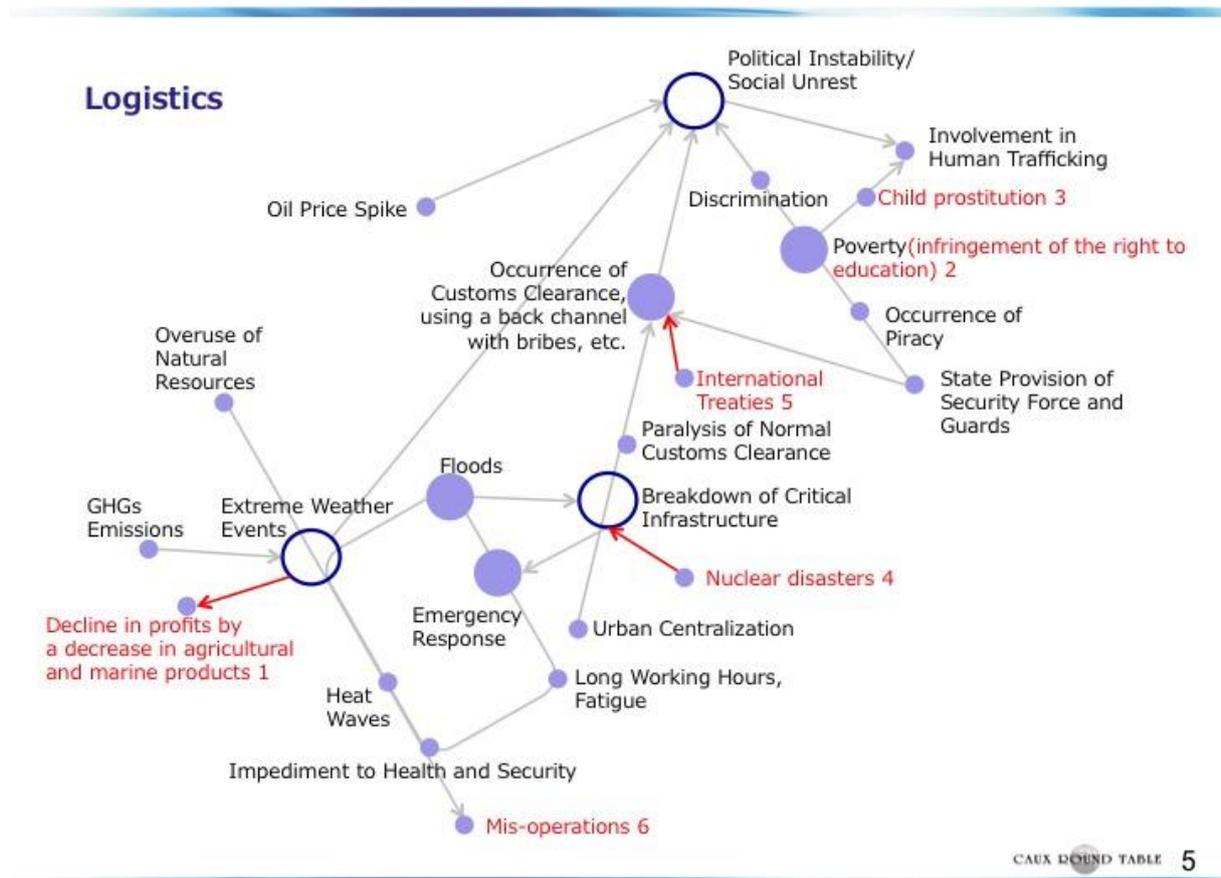
Extreme weather events such as floods and nuclear disasters devastate transportation systems, so this is the most critical issue for the logistics industry. In the case that disasters occur, companies take emergency responses. Under this urgent situation, employees are under a risk of working overtime.

- Extreme weather events

Extreme weather events result in paralysis of normal customs clearance, occurrence of customs clearance using a back channel with bribes, and an increase in delivery cost. As natural catastrophes also give a devastating damage on agricultural and fishing sectors, the amount of agricultural and marine products decreases and reduces profitability of logistics companies as a result of it.

### 5.3.2. The Map of Global Risks and Human Rights Issues

The interconnections Map of the logistics industry is shown as followed. In addition, the newly added points and lines are shown in the red color. The opinion and reason of each added point is introduced as below.



- 1) As extreme weather events give an enormous damage on agricultural and fishing sectors, the amount of agricultural and marine products decreases and reduces profitability of logistic companies.
- 2) Children from impoverished families are forced to work for daily living. Poverty results in many children forsaking their right to education in order to work and contribute to their own survival or that of their family.
- 3) Poverty provides a fertile ground for child prostitution. Logistics companies may be involved in human trafficking of child prostitution.
- 4) Nuclear disasters pose a great risk to breakdown of critical infrastructure. Logistics companies cannot operate their delivering business after natural disasters occur.
- 5) New international treaties may give rise to an occurrence of customs clearance, using a back channel with bribes.
- 6) When companies implement emergency responses and are during busy periods, employees may work overtime and run the risk of causing health issues. This may produce mis-operations easily.

Key value chains applicable to the logistic sector were classified into four categories, and concrete issues were further explored focusing on the products and services specified below.

**5.3.3. Key value chains in logistics**

Create: research, development

Buy: capital investment, procurement of ships and vehicles

Transport: storage, logistics, transportation

Discard: disposal, recycle

**5.3.4. Discussed products and services**

- Intermodal freight transport
- Maritime transport

**5.3.5. Potential human rights issues in the specified products and services, relevant value chains**

Key human rights issues in logistics sector			Concrete issues *Highly relevant value chains are shown in parentheses [ ].	Value Chain			
				Create	Buy	Transport	Discard
Core operation/ Supply chain	Workplace conditions	Working hours	<ul style="list-style-type: none"> <li>Long working hours at fields and subcontracting companies especially in busy seasons.</li> </ul>			✓	
		Low wages	<ul style="list-style-type: none"> <li>Wages may be lower than levels of wage.</li> </ul>				
	Discrimination	Health and safety	<ul style="list-style-type: none"> <li>Workplace accidents could occur due to lack of sufficient safety instructions at site where heavy machinery and cargos operate, such as terminal and ship under operation for marine transportation industry.</li> <li>Safety of workers in marine transportation industry when in waters in which piracy can take place</li> <li>Long working hours may cause mental health risks.</li> </ul>			✓	
		During work	<ul style="list-style-type: none"> <li>Inequality according to gender and education in working conditions, training and promotion. Foreigner nationals especially in port services may face discriminatory treatment in employment and payment.</li> </ul>			✓	
		Redundancy and dismissal	<ul style="list-style-type: none"> <li>Potential risks of hiring temporary workers to replace full-time workers or to avoid employment protection<sup>8</sup> and requests for permanent employment by part-time and contract workers may not be duly considered.</li> </ul>			✓	
Community	Resources	Use of natural resources	<ul style="list-style-type: none"> <li>Potential risks of causing or contributing to environmental contamination, air pollution, water quality degradation or destruction of natural habitats at the site of oil extraction. [B]</li> <li>Exhaust gas from vehicles operating frequently along the same route may cause or contribute to local air pollution. [T]</li> </ul>		✓	✓	
	Security	State provision of security	<ul style="list-style-type: none"> <li>Potential risk of excess use of force like violence by national navies dispatched to areas where piracy is occurring or by armed guard on-board ships to mariners and piracy.</li> <li>A potential risk to navies, piracy may abuse the rights of local communities such as fishermen.</li> </ul>			✓	

<sup>8</sup> Companies should provide appropriate employment with supporting employment contracts. Please see the guidance on employment and recruitment agencies here for further elaboration: (<http://www.ihrb.org/publications/reports/human-rights-guides.html>)

# CAUX ROUND TABLE

Society and government	Relations with governments	Bribery and corruption	<ul style="list-style-type: none"> <li>· Possible risk of being involved in bribery and corruption such as by way of facilitation payment. [T]</li> <li>· Potential risk of being involved in collusion, bribery and corruption at the time of negotiating investments and route development with governments and legislative authorities. [C/B]</li> </ul>	✓	✓	✓	
Others	Trafficking	Trafficking in human	<ul style="list-style-type: none"> <li>· Potential risk of direct association with trafficking through the transportation of trafficking victims (via international airlines and shipping companies).</li> </ul>			✓	
				Create	Buy	Transport	Discard

## 5.4. Finance

### 5.4.1. Global Risks

The reasons of why the finance industry selected 4 Global Risks that may have a significant impact on the industry are as followed.

- Political Instability/Social Unrest

In the case that political instability and social unrest in a country are amplified, the credibility of the country and the value of their bonds declines. As a consequence, there is a rise in interest rates. Because the country that suffers from a lack of financial funds takes measures such as forced underwriting of government funds by private financial institutions, borrowing of central banks and issue of notes, these lead to accelerate inflation and fiscal crises.

- Financial Crises

Financial crises result in a collapse in the value of government bonds, making it difficult for the government to borrow money from overseas. The economy becomes sluggish and gives rise to serious economic recession.

- Climate change

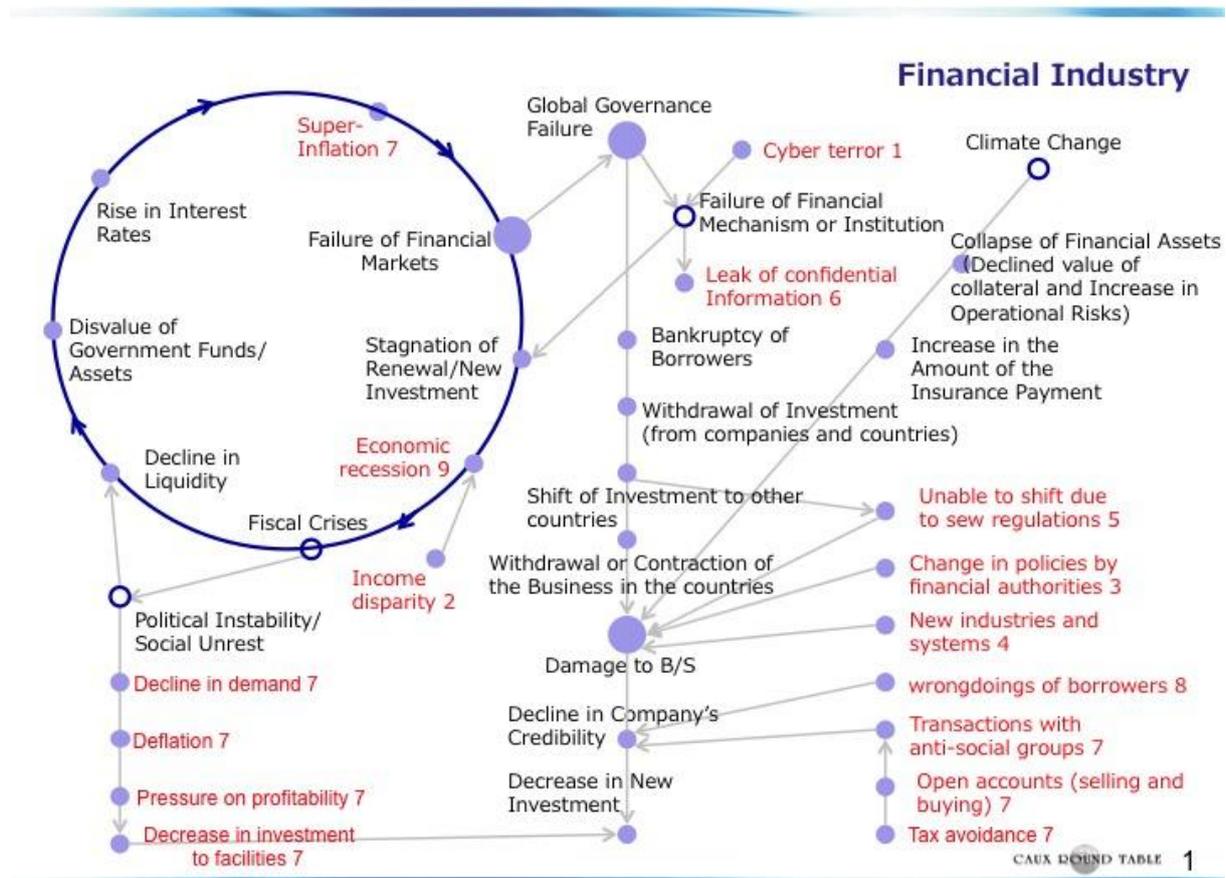
Climate change causes a collapse of financial assets (declined value of collateral and increase in operational risks) to companies, which leads them to negative effect on B/S.

- Failure of financial mechanism or institution

Failure of financial mechanism or institution triggers bankruptcy of borrowers and generate withdrawal of investment (both from companies and countries). Then, a withdrawal or contraction of the business in the country is considered to occur. In addition, failure of one big financial institution brings about a withdrawal of funds from other financial institutions. As a consequence, financial institutions confront difficulty in lending funds to companies, making it extremely difficult for companies to procure funds for enhancement of their business. Then, the economy in the country becomes sluggish.

### 5.4.2. The Map of Global Risks and Human Rights Issues

The interconnections Map of the finance industry is shown as followed. In addition, the newly added points and lines are shown in the red color. The opinion and reason of each added point is introduced as below.



- 1) There is an increasing number of cyber attacks against companies and organizations. As cyber attacks aim at confidential information of companies, data fraud, and destruction of systems, companies run the great risk of financial damages. This may in turn give rise to a failure of financial mechanism or institution and a negative spiral of the economy arising from it.
- 2) According to an analysis of OECD, the most significant issue for economic growth is income disparity. Income disparity deprives people from opportunities for education, brings about a decline in social liquidity, and impedes on the development of skills and talents. Income disparity is a great risk to the finance industry.
- 3) A change in monetary policy gives a significant impact on exchange rates all around the world. For instance, in 2015, The Swiss National Bank announced three-year policy of capping the Swiss franc against the euro, shocking financial markets in the world.
- 4) New systems and a change of industrial mechanism appear to be a great threat to the finance industry. For instance, if the virtual currency “Bitcoin” is recognized as an official currency and used in

markets, the impact of it to the finance industry is not measurable. If this type of new system affects their monopoly or dominant positions in financial markets, they run the great risk of losing their job employments and business transactions.

- 5) When shifting funds to other countries, new laws and regulations are likely to be an impediment for companies to conduct international financial transactions.
- 6) There is a risk in a leak of confidential information when financial mechanism collapses.
- 7) Political instability → decline in demand → deflation → more pressure on profitability of companies → decrease in investment to enhance facilities.  
Tax avoidance (money laundering) → open accounts (selling and buying) → transactions with anti-social groups → decline in company's credibility
- 8) Financial institutions need to pay attention on how lending money is used and how stakeholders of borrowers are affected by it.
- 9) As financial markets collapse, companies confront difficulty in procuring money for enhancement of their productivity. As a result of this, companies lose their competitiveness in domestic and international markets, and the economy goes into a slump.

Key value chains applicable to the finance sector were classified into five categories, and concrete issues were further explored focusing on the products and services specified below.

**5.4.3. Key value chains in Finance Sector**

Create: financial commodity planning, research, development

Buy: capital investment for office and data centre, financing

Produce: establishing fund

Sell: manage, review, loan, selling financial products, money transfer network/system, sales and marketing

Use: fund management and account maintenance

**5.4.4. Discussed products and services**

- Investment trust fund
- Mutual fund (loan)
- Mid-term & long-term domestic lending

**5.4.5. Potential human rights issues in the specified products and services, and relevant value chains**

Key human rights issues in finance sector			Concrete issues *Highly relevant value chains are shown in parentheses [ ].	Value Chain				
				Create	Buy	Produce	Sell	Use
Core operation/ Supply chain	Workplace conditions	Working hours	• Risk inherent in working long hours as customer's needs and operations diversify and due to increases in non-routine work.	✓			✓	
		Health and safety	• Long working hours may lead to illness including mental health risks	✓			✓	
	Discrimination	During work	• Possible gender discrimination in training and promotion • Management ability and quality of managers	✓			✓	
				Create	Buy	Produce	Sell	Use

Key human rights issues in finance sector			Concrete issues *Highly relevant value chains are shown in the parenthesis [ ].	Value Chain				
				Create	Buy	Produce	Sell	Use
Community	Access to land	Title to land	<ul style="list-style-type: none"> <li>Lack of regulations for protecting land ownership, such as hypothecate in regards to financial transactions, may lead to infringement of human rights.</li> <li>Potential risks of being held lender's responsibilities concerning credit mortgages</li> </ul>	✓		✓	✓	
	Community investment	—	<ul style="list-style-type: none"> <li>Positive impacts on job creation and access to education through microfinance. [C]</li> <li>Positive impacts by dealing in financial products designed to support infrastructure improvement in developing countries. [C]</li> <li>On the infrastructure improvement and development, there is a potential risks of adverse consequences for human rights, if the land acquisition has been undertaken without free and prior informed consent, or if force has been used, poor resettlement, environmental and other social impacts.</li> </ul>	✓				
Society and government	Relations with society	Money laundering and transparency	<ul style="list-style-type: none"> <li>Potential risk of facilitating money laundering of funds acquired through, e.g. trading questionable assets, illegal drugs or gambling. [B/S]</li> </ul>		✓		✓	
Customer	Investments, loans, and individual investors	—	<ul style="list-style-type: none"> <li>Human rights are not fully considered when conducting screening and audits in regard to funds and investment. Compliance with the Equator Principles is desirable [S/U]</li> <li>Respect for land ownership rights of indigenous people; need for sharing of benefits obtained from indigenous knowledge, such as in relation to raw materials. [C/S]</li> <li>Risk of involvement in human rights impacts through business relationships, by including companies involved such impacts in a portfolio. [P]</li> <li>Possible risk of excessive debt/credit extended to consumers who are in no position to repay, and the possible use of extortion by outsourced collection agencies.</li> </ul>	✓		✓	✓	✓
				Create	Buy	Produce	Sell	Use

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<http://www.crt-japan.jp/EN/index.html/>

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<http://www.ihrb.org/pdf/Investing-the-Rights-Way/Investing-the-Rights-Way.pdf> (accessed 13th March 2014)

**5.4.7. Focal Issues/Challenges towards 2014**

Many financial institutions have close relationships through lending, investment and underwriting with all the industrial sectors and businesses they support. This means that the finance institutions are exposed to human rights issues/risks inevitably, through the activities of their clients, as participation in or association with human rights violations, even indirectly, may negatively affect a company's profitability or reputation. Through putting in place human rights due diligence mechanisms, not only do finance institutions address their own risks, but also affect the way in which companies in their sphere of influence tackle human rights. This facilitates mitigating and addressing potential risks, as well as leading to a more human rights-aware business community at large.

- To separate out the impacts of the financial institution itself and those to which the financial institution is directly linked through its business relationships.
- Wider collaboration including representatives from the banking, investing and insurance sectors in this platform of discussion would be needed, in order to make the current paper and any related follow-up work as relevant as possible for the finance industry.

## Human Rights Issues by Sector v.2 without Value Chain Discussion

### 5.5. Chemicals

#### 5.5.1. Global Risks

The reasons of why the chemical and construction materials industry selected 3 Global Risks that may have a significant impact on the industry are as followed.

- Water Crises

There is a risk of the occurrence of water crises arising out of construction of factories and deforestation for logging. When the water resources become depleted, companies run the risk of suffering from a lack of factory water, and suspending their business. In addition, overuse of the water resources for production threatens the livelihood of communities who are highly reliant on them.

- Unemployment and underemployment

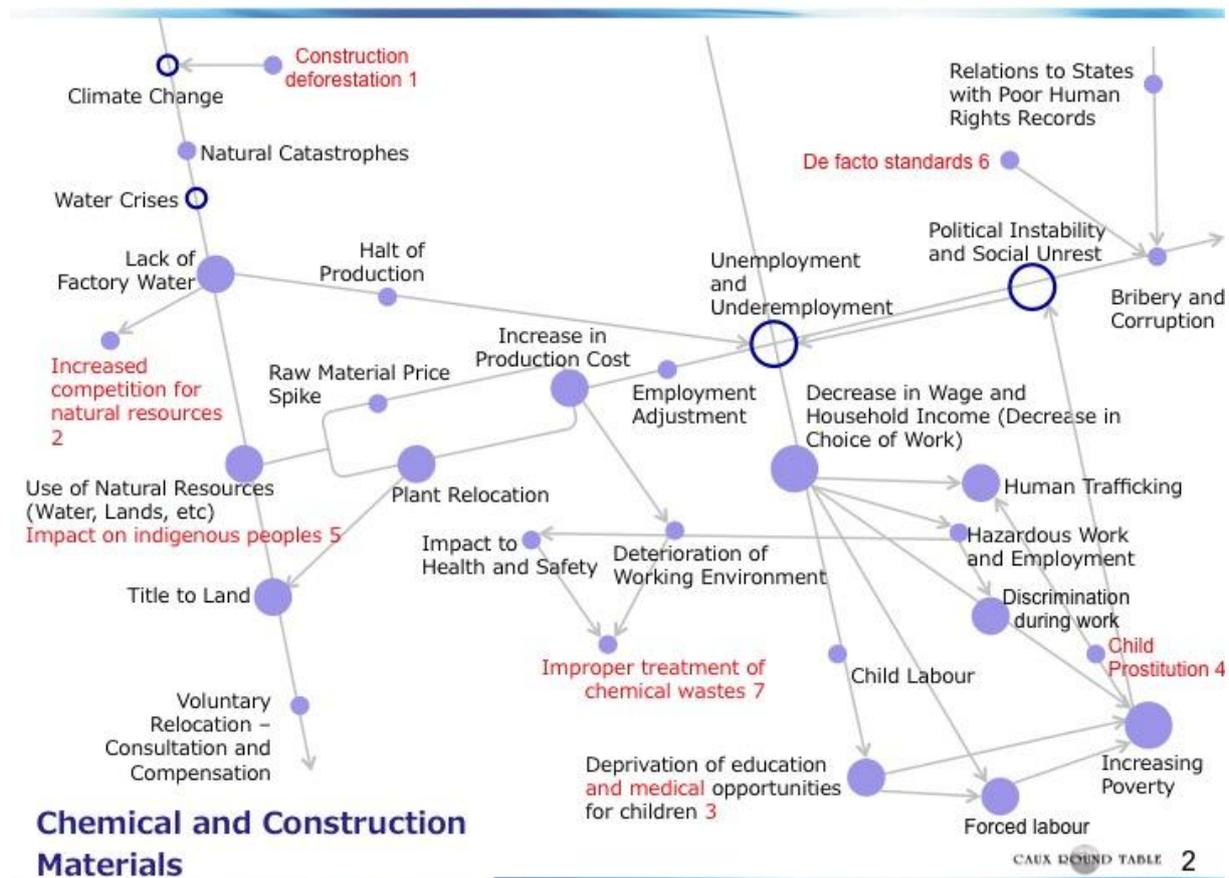
An increase in production costs by price spikes of raw materials gives rise to an increased use of downsizing by factories and companies to manage costs, which leads to the expansion of unemployment and underemployment. And, unemployment and underemployment broaden income disparity, resulting in the spread of forced labour, child labour, hazardous work and employment and poverty. These fuel political instability and social unrest.

- Political instability and social unrest

There is a risk that political instability and social unrest cause issues of corruption and bribery. And, political instability and social unrest result in unemployment and underemployment, which expands poverty.

### 5.5.2. The Map of Global Risks and Human Rights Issues

The interconnections Map of the chemical and construction materials industry is shown as followed. In addition, the newly added points and lines are shown in the red color. The opinion and reason of each added point is introduced as below.



- 1) Construction of factories and deforestation for logging impact on climate change.
- 2) Companies and factories run the risk of being exposed to increased competitions for the scarce water resources. Communities around affected areas are subject to adverse impact.
- 3) Children are losing the opportunities to receive education and proper medical care.
- 4) There is a risk that increasing poverty becomes a fertile ground for the spread of child prostitution.
- 5) When companies relocate their production bases to areas where indigenous peoples live, they run the risk of infringing “the title of land” that indigenous people uphold.
- 6) De facto standards may give companies wrong incentives to circumvent them to keep the sustainability of business operations.
- 7) Improper treatment of chemical wastes may inflict health hazards to employees who deal with wastes.

# CAUX ROUND TABLE

Key human rights issues in chemical sector			Concrete Issues
Core operation/ Supply chain	Workplace conditions	Health and safety	<ul style="list-style-type: none"> <li>• Risks of skin injuries and cancers posed by the use of chemical materials.</li> <li>• Health hazards caused by the unsanitary working environment.</li> <li>• Safety and functionality tests to human beings. There is a risk of human rights issues when corporate customers do not have solid values.</li> </ul>
		Discrimination	<ul style="list-style-type: none"> <li>• Risk of harmful rumors against employees in respect to harmful chemicals.</li> </ul>
Community	Resources	Use of natural resources	<ul style="list-style-type: none"> <li>• Progressive increase in discharge and leak of hazardous materials, water and air pollution at manufacturing sites as well as during transportation.</li> <li>• In the case that harmful chemicals are discharged, other industries are adversely affected as negative externality.</li> <li>• There is a risk of depletion of water due to construction of factories and deforestation.</li> <li>• Impact of depletion of natural resources to local people.</li> </ul>
	Access to land	Voluntary relocation-consultation and compensation	<ul style="list-style-type: none"> <li>• Inadequate compensation on relocation may create tensions with local communities when developing sites, which may endanger the safety of both corporate and community members.</li> <li>• Realization of fair compensation.</li> </ul>

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## 5.6. Pharmaceuticals

### 5.6.1. Global Risks

The reasons of why the pharmaceutical industry selected 3 Global Risks that may have a significant impact on the industry are as followed.

- Climate change

Climate change causes tropicalization and a change in ecosystems. It ultimately gives rise to the incidence of new diseases such as new virus and bacteria (Ebola and Dengue). The pharmaceutical industry runs the risk of facing these unprecedented diseases.

- Income disparity

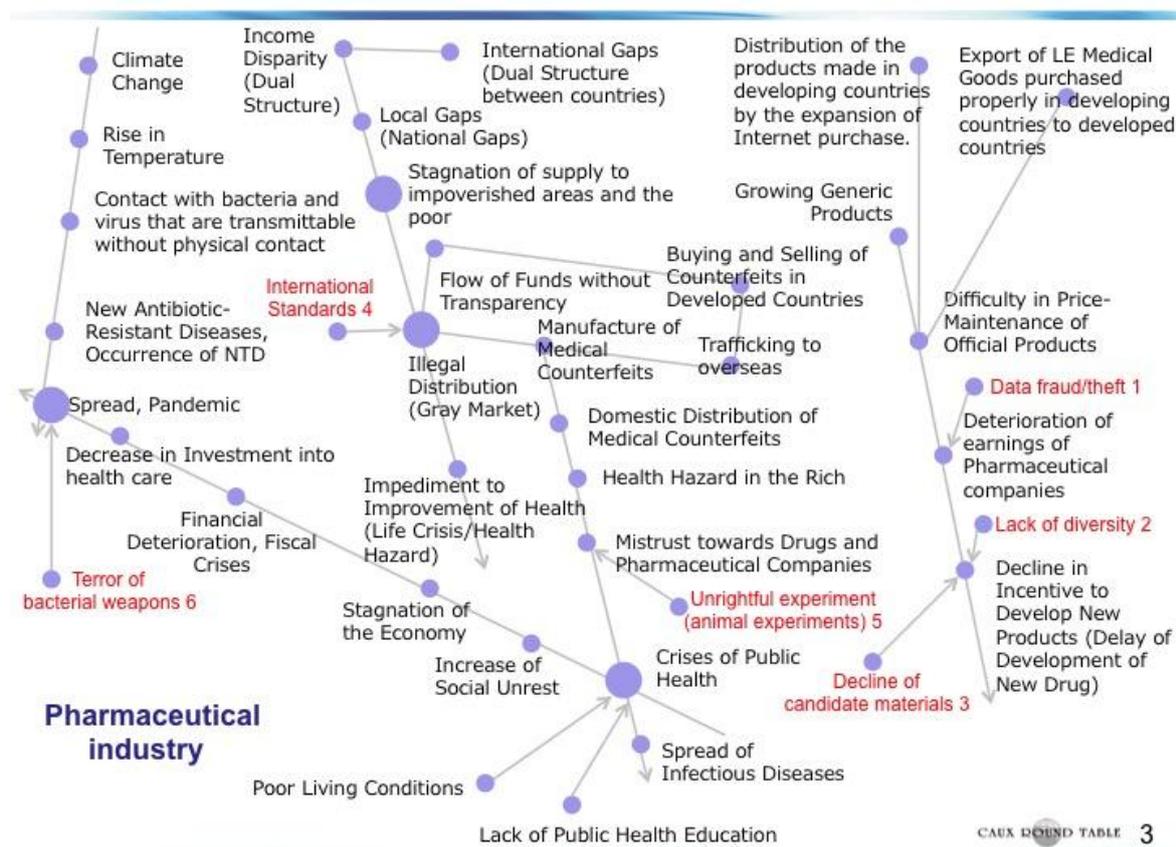
As income disparity becomes deteriorated, it is expected that there is a widening disparity between those who can have access to medicine and those who do not. And, counterfeit drugs are smuggled and supplied through a black market to impoverished areas and the poor, which will threaten a person's life and health. Pharmaceutical companies run the risk of getting involved in this.

- Financial Deterioration and Fiscal Crises

Fiscal crises bring about a decrease in health care investment, making it very difficult for pharmaceutical companies to procure funds to develop new medicine for unprecedented virus and diseases. Also, fiscal crises give rise to increasing income disparity, and there will be a bigger disparity between those who have access to medicine and those who do not.

5.6.2. The Map of Global Risks and Human Rights Issues

The interconnections Map of the pharmaceutical industry is shown as followed. In addition, the newly added points and lines are shown in the red color. The opinion and reason of each added point is introduced as below.



- 1) Cyber attacks aim at data fraud and theft, and put companies under a great risk of huge financial damages. Companies run the risk of losing a competitive advantage in the market as a result of it.
- 2) The field of development in the pharmaceutical industry should address the issue of diversity. Pharmaceutical development requires a flexible way of thinking, and interactions with other fields are necessary to stimulate new ideas.
- 3) Knowledge transfer of traditional medicines becomes more difficult, due to protection of indigenous peoples.
- 4) Adoption of new international standards may trigger illegal distribution of drugs, and there will be the incidence of health hazards to impoverished people.
- 5) As the guideline to implementation of animal experiments has been developed in Japan, there has been active ongoing discussions on this topic. Companies should reflect their experiment practices, and ensure the legitimacy and transparency of their management.

Key human rights issues in pharmaceutical sector			Concrete Issues
Core operation/ Supply chain	Work conditions and others	Health and safety	<ul style="list-style-type: none"> <li>• The use of chemical compounds or/and pharmaceutical products without adequate protections may endanger the health and safety of employees.</li> <li>• During the clinical development stage of pharmaceutical production, the health and safety of study participants may not be managed properly at contract research organizations. Moreover, there may be fraud in clinical trials and data.</li> </ul>
Community	Resources	Use of natural resources	<ul style="list-style-type: none"> <li>• Sourcing natural compounds that are essential for drug development may possibly heighten tensions between companies and local communities. Especially (e.g. Bio-Piracy; deprive benefit of community through a patent monopoly for compound made from medicinal plants which historically diffuse within a local community)</li> </ul>
	Community investment	—	<ul style="list-style-type: none"> <li>• Positive impacts on public health such as by rising awareness of diseases and ensuring access to medicines.</li> </ul>
Society and government	Relations with governments	Gov'ts with poor human rights records	<ul style="list-style-type: none"> <li>• Company's support for public health activities in state/ local community may be misused by government and those who have a political agenda for political purposes such as in propaganda.</li> <li>• Risk to governments or health-care providers restricting access to facilities to minority groups or other disadvantaged groups.</li> </ul>
Consumer	Relations with patients	Health and safety	<ul style="list-style-type: none"> <li>• Taking positive actions towards the fight against counterfeit medicines</li> <li>• Delay in reporting adverse drug reactions and in conducting recalls may endanger health and safety of patients</li> <li>• Risk of testing drugs without prior informed consent of patients.</li> <li>• Adverse drug reactions and wrong prescriptions may endanger health and safety of patients.</li> </ul>

Reference Source for Pharmaceutical Sector:

Access to Medicines Index. <http://www.accesstomedicineindex.org/> (accessed February 25<sup>th</sup> 2014)

## 5.7. Apparel and Textiles

### 5.7.1. Global Risks

The reasons of why the apparel and textile industry selected 3 Global Risks that may have a significant impact on the industry are as followed.

- Climate change

A rise in temperature arising out of climate change declines the volume of raw materials, and as a consequence, brings about price spikes of raw materials. Besides that, climate change causes a change of product reference of consumers, leading to shorter product-life cycles and shorter delivery time of manufacturing products. This gives a significant impact on labour practices of local employees.

- Political Instability and Social unrest

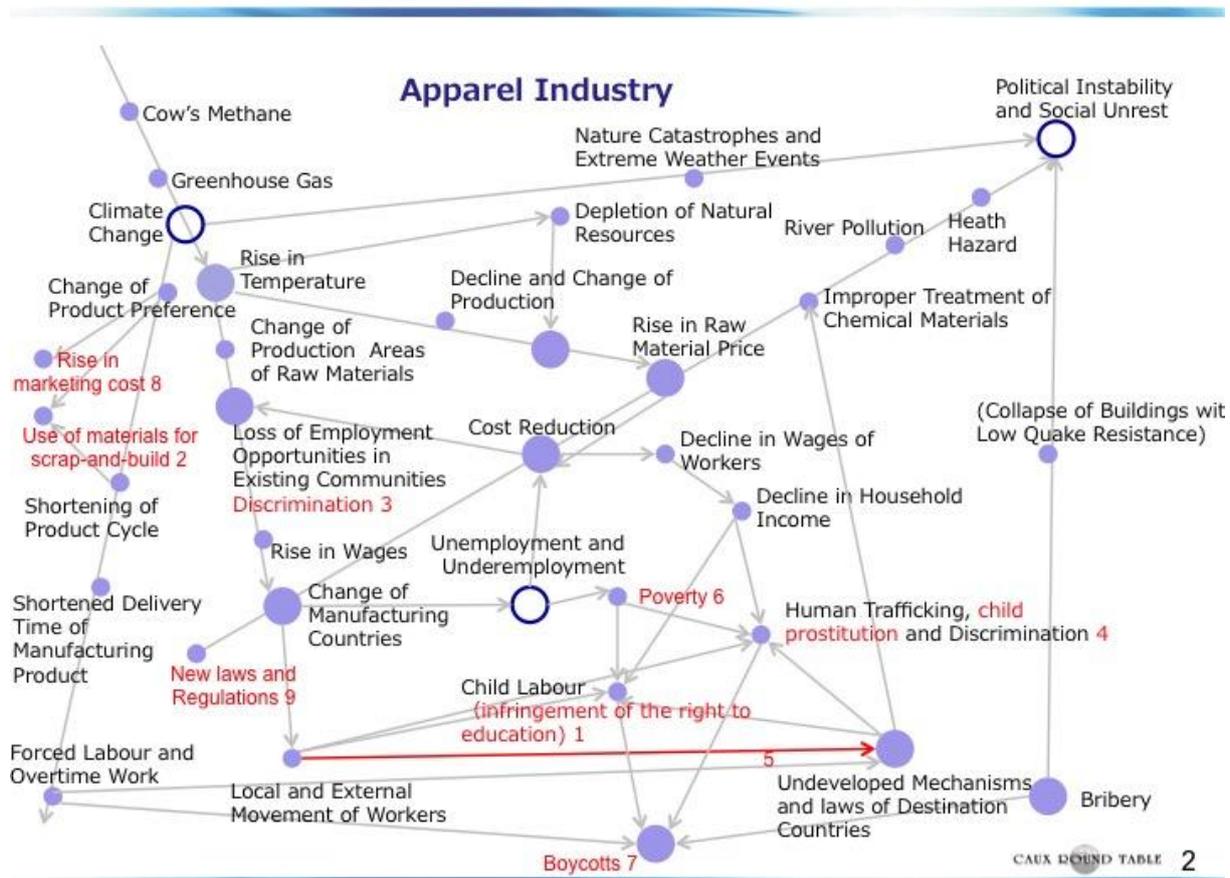
If proper treatments are not implemented to employees, companies run the risk of facing strikes and demonstrations. As a consequence, this deteriorates political stability. In addition, when company's own factories and outsourced factories confront any events arising out of political instability, there is a risk that the incidence of them negatively affect operations of company's activities.

- Unemployment and underemployment

In the case that companies relocate their production sites to cheaper countries, there is a loss of employment opportunities that gives rise to unemployment and underemployment. They lead to various issues of poverty, discrimination, human trafficking and child labour.

5.7.2. The Map of Global Risks and Human Rights Issues

The interconnections Map of the apparel and textile industry is shown as followed. In addition, the newly added points and lines are shown in the red color. The opinion and reason of each added point is introduced as below.



- 1) Children’s right to education should be addressed.
- 2) Companies usually renew their old facilities once several years.
- 3) Discrimination of employment and promotion opportunities based on race and gender should be considered.
- 4) Poverty becomes a fertile ground for child labour and child prostitution.
- 5) Workers in countries with undeveloped mechanisms and laws run the risk of being exposed to poor labour practices.
- 6) Unemployment and underemployment deteriorate income disparity and poverty.
- 7) There is a risk of the incidence of large-scale boycotts once irresponsible labour practices along supply chains are disclosed publicly by the Media and NGOs.
- 8) A rise in marketing costs to analyse and identify changing product preferences of consumers.
- 9) Companies may relocate their production sites or change outsourcing factories to the country with less human rights awareness.

Key human rights issues in apparel and textiles sector			Concrete issues
Core operation/ Supply chain	Workplace conditions	Working hours	<ul style="list-style-type: none"> <li>Long working hours may be caused by (a) production schedules that presuppose overtime work, as well as in attempting to meet deadlines in the sewing process, (b) low wages not matching local standards of living, and (c) piece-rate work.</li> </ul>
		Wages	<ul style="list-style-type: none"> <li>Pressure from buyers for cost reductions may result in infringement of minimum wage legislation.</li> </ul>
		Health and safety	<ul style="list-style-type: none"> <li>Education on safety and health, including emergency drills, may not be conducted or may not be conducted properly.</li> </ul>
	Discrimination	-	<ul style="list-style-type: none"> <li>Gender and age inequality (discrimination against female workers) in working conditions, training and promotion.</li> </ul>
	Child labour	Minimum age	<ul style="list-style-type: none"> <li>Children under the minimum age may be permitted to work without confirmation of their identification papers, or based on forged papers.</li> </ul>
	Forced or compulsory labour	Forced overtime	<ul style="list-style-type: none"> <li>Immigrant workers in China and foreign trainees in Japan may be forced to do overtime work.</li> </ul>
Community	Resources	Use of natural resources	<ul style="list-style-type: none"> <li>Discharging of hazardous material from leather tanneries and dye houses may pollute rivers, and may damage local people's health.</li> </ul>
Consumer	Relations with customers	Health and safety	<ul style="list-style-type: none"> <li>Positive impact from changing consumer preferences (e.g. promoting fair trade), and engaging in ethical marketing</li> </ul>

## 5.8. Food and Retail

### 5.8.1. Global Risks

The reasons of why the food industry selected 3 Global Risks that may have a significant impact on the industry are as followed.

- Climate change

Climate change declines the volume of agricultural and marine products, and has a significant impact on lives of consumers. In addition, it makes it more difficult for companies to procure food materials steadily. To secure stable agricultural production, excessive nutrients in soil and extensive application of agricultural chemicals are practiced on a large scale, which will in turn bring about health hazards to human beings and the environmental destruction.

- Income disparity

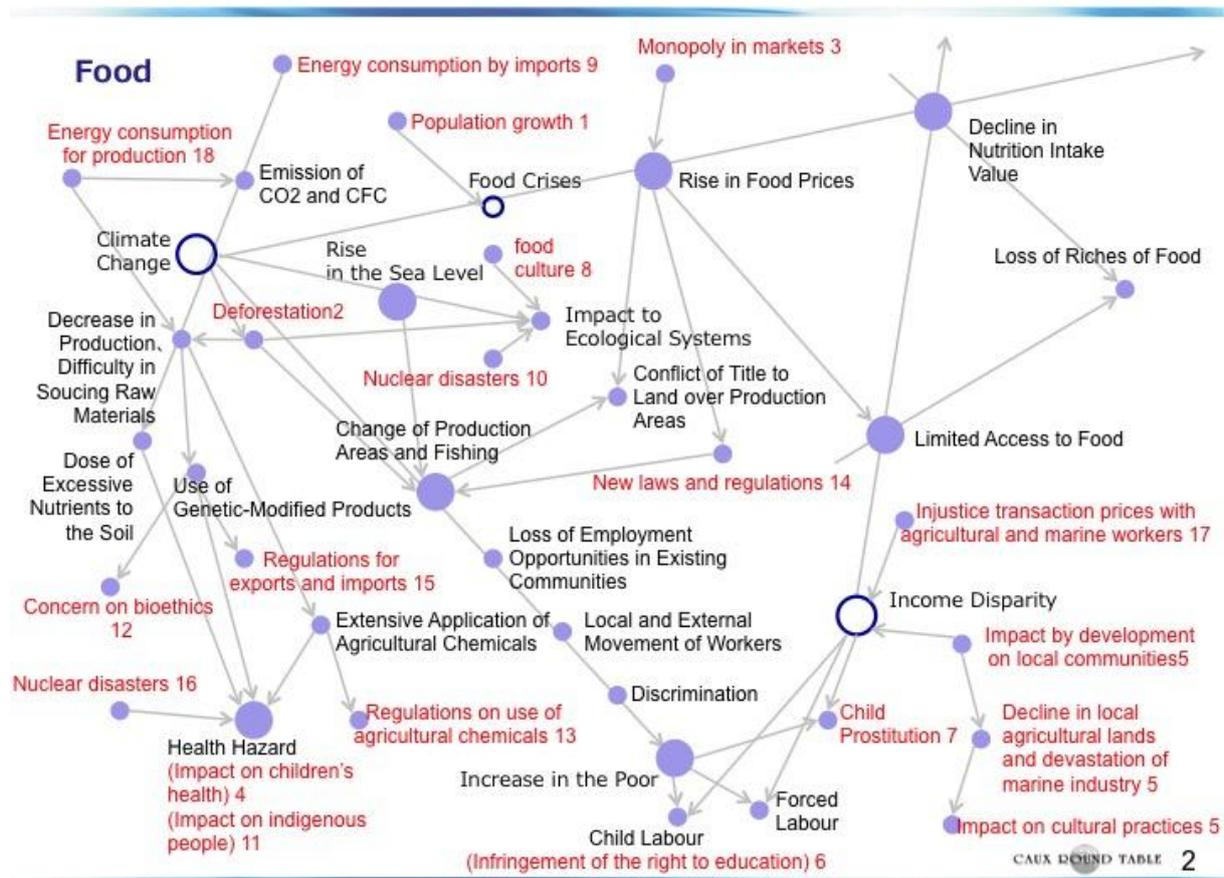
Income disparity causes limited access to food and nutrition. It is expected that a steep rising price for food will expand disparity and threaten lives of consumers. In addition, as income disparity expands, there is a risk that more local people living in impoverished areas will face the issue of forced labour and resort to child labour to survive.

- Food crises

Decline in food production due to climate change and the growth of population on a global scale will result in food crises. Along with it, a steep rising price for food gives rise to impediments to stable production activities in the food industry and shrinkage of markets due to decreased accessibility of consumers.

5.8.2. The Map of Global Risks and Human Rights Issues

The interconnections Map of the manufacturing industry is shown as followed. In addition, the newly added points and lines are shown in the red color. The opinion and reason of each added point is introduced as below.



- 1) The increasing growth of population and food crises are highly interrelated.
- 2) Types of crops to be produced will change as climate change continues. In addition, a decrease of agricultural lands, a reduction of crop yields due to disasters, and a change of production areas and fishing are considered to occur.
- 3) A few global companies in the food industry have gained their dominant positions in the market. This situation is perceived that free competitive markets are not fully functioned. Given these two factors which are dominant positions in the market and price spikes of food happening all around the world, there is a great risk of further price spikes of food.
- 4) Because children's bodies are small and metabolism is very active, they are more vulnerable to health hazards. If their health conditions are deteriorated, they run the risk of not receiving education and of developing disorders and aftereffects of diseases, depriving them from the number of choices they can make in their lives. Speaking from a social perspective, this is perceived to be a loss of labour force in the future.

- 5) Development projects may devastate local agricultural lands and fishing grounds. These give an enormous impact on local culture and practices of areas where projects are implemented.
- 6) Child labour deprives children from education opportunities.
- 7) Poverty becomes a hotbed of child prostitution.
- 8) Unique food culture, such as eating a whale in Japan, may affect the ecosystem.
- 9) A logistic process in value chain consumes a lot of energy. Although energy-saving technology has been developed, the transportation volume of products and distance should be taken into consideration. In addition, it is important to consume locally produced food to reduce the environmental load.
- 10) Crops and marine products produced near affected areas of nuclear disaster cannot be used as a material. The food industry should take a cautious stance on nuclear power plants, while carrying out the procurement of raw materials in consideration of risks of nuclear disasters.
- 11) Children run the risk of harming their health by taking food that a large volume of pesticide is used and genetically modified products.
- 12) The issue of study on genetically modified products is also a bioethical issue. This may lead to an issue of discrimination.
- 13) Australian Pesticides and Veterinary Medicines Authority updated the information on dioxins and pesticides. Over the years, dioxins have been the significant concern of the international agencies such as the World Health Organization, National Institute of Environmental Studies, and the United States Environmental Protection Agency.
- 14) Regulations affect procurement and transportation of raw materials. As a result, there is a possibility that supplies of the relevant products are reduced or stopped. Therefore, this should be added as an item that leads to a rise in prices and a loss of employment opportunities as a business risk.
- 15) Genetically modified products are expected to increase more. Therefore, new regulations to set a limit on the volume of these products may be created and applied for protection of the health and the ecosystem.
- 16) High-level radioactive food products negatively affect the health of people.
- 17) Companies run the risk of being accused of complicity to CSR violations due to illegal labour practices such as low wages. Besides, if companies do not make fair transaction prices with agricultural and marine workers, their food industry will become sluggish and income disparity expands. In the end, this gives rise to increased CSR violations.
- 18) When companies attempt to accelerate the growth of plants by using a lot of energy, this brings about an increase in Cos and CFC emissions.

Key human rights issues in food and retail sector			Concrete issues
Core operation/ Supply chain	Workplace conditions	Working hours	<ul style="list-style-type: none"> <li>• Long working hours may be a burden at manufacturing factories (i.e. suppliers) where private brand products are made and within logistics networks that distribute the goods due to low wages not matching local standards of living, and piece-rate work.</li> </ul>
		Health and safety	<ul style="list-style-type: none"> <li>• Risk of fatal and non-fatal accidents in production process including handling sourcing material, and in handling chemical substances in supply chain</li> </ul>
	Discrimination	Employment	<ul style="list-style-type: none"> <li>• Risk of racial and age discrimination in local employment.</li> </ul>
		During work	<ul style="list-style-type: none"> <li>• Foreign workers may not be ensured access to safety education because of language barriers.</li> <li>• Informal workers and seasonal workers may be involved in precarious employment.</li> </ul>
	Child labour	—	<ul style="list-style-type: none"> <li>• Child labour and forced labour may possibly occur at suppliers of raw materials, for example agricultural and fishery products, and processing plants.</li> <li>• There is a risk that children lose the right to education.</li> </ul>
	Forced or compulsory labour	—	<ul style="list-style-type: none"> <li>• Production is often concentrated in particular time periods, due to seasonality of products in our sectors. Forced overtime work may be observed in the busiest periods.</li> </ul>
	Freedom of association and collective bargaining	Conflict with local law	<ul style="list-style-type: none"> <li>• Freedom of association and the rights of collective bargaining under international human rights law may not be fully ensured in countries in which unions are not permitted, or unions are permitted but poorly implemented.</li> </ul>
Community	Resources	Use of natural resources	<ul style="list-style-type: none"> <li>• Large-scale commercial agriculture and fishing can decrease agricultural production and fish hauls of small-scale community operations, adversely impacting livelihoods. Also risks of damage to local ecological systems</li> </ul>
			<ul style="list-style-type: none"> <li>• Large-scale commercial agriculture may also adversely impact on access to water for the community.</li> </ul>
			<ul style="list-style-type: none"> <li>• Culturally/ historically/ religiously important sites for local communities or indigenous people may be damaged.</li> </ul>
	Security	State provision of security	<ul style="list-style-type: none"> <li>• Risks of excessive use of force by state or state may not provide adequate security to protect citizens' right to security of person.</li> </ul>
Access to land	Title to land	<ul style="list-style-type: none"> <li>• Titles to the land of local people or indigenous groups may be ignored, especially when constructing large</li> </ul>	

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			<p>stores.</p> <ul style="list-style-type: none"> <li>• Increased demands for alternative energy sources (e.g. bio-fuels) may diminish the land available for livelihoods and agricultural cultivation.</li> <li>• Risk of deprivation of production means and residence.</li> </ul>
Society and government	Relations with governments	Bribery and corruption	<ul style="list-style-type: none"> <li>• Bribes may be demanded of a company when it expands its business and develops a new store at the stage of obtaining approvals and licenses for land acquisition, marketing and manufacturing.</li> </ul>
Consumer	Relations with customers	Health and safety	<ul style="list-style-type: none"> <li>• Positive impacts from promoting responsible marketing, especially by giving consideration to consumer health in respect of alcohol and tobacco sales, and to consumer safety in respect of electric devices and toys.</li> <li>• Consideration of marketing methods for children who are very vulnerable.</li> <li>• Risks to consumer health from low quality or addictive substances, as well as from inadequate labelling.</li> <li>• Risk of harming the health of consumers when quality control is not fully practiced.</li> </ul>

Reference Source for Food and Retail Sector:

Access to Nutrition Index. <http://www.accesstonutrition.org/> (accessed February 25<sup>th</sup> 2014)

**5.9. Paper and Printing**

Key human rights issues in paper sector			Concrete issues
Core operation/ Supply chain	Workplace conditions	Health and safety	<ul style="list-style-type: none"> <li>• Potential risks in relation to workplace accidents when employees are engaged in logging or operating heavy machinery</li> </ul>
	Discrimination	During work	<ul style="list-style-type: none"> <li>• Workers may be subject to lack of equal opportunity for education, training and promotion due to gender discrimination or/and nationality discrimination</li> </ul>
Community	Resources	Use of natural resources	<ul style="list-style-type: none"> <li>• In term of forest resources, the rights of indigenous people and local communities may not be fully considered. Especially in the case where a company purchases woodchips rather than sawing from company-owned forests, there may be possible risks of the company being involved in human rights violations related to logging.</li> <li>• Forest biodiversity may not be fully considered.</li> </ul>
	Access to land	Title to land	<ul style="list-style-type: none"> <li>• Lack of formal tenure arrangements, or tenure based on historical use rather than documentation can lead to traditional rights being overlooked.</li> </ul>

Key human rights issues in printing sector			Concrete issues
Core operation/ Supply chain	Work conditions	Working hours	<ul style="list-style-type: none"> <li>• Risks around working long hours in sales and marketing, in the factory, at suppliers and subcontractors.</li> </ul>
		Health and safety	<ul style="list-style-type: none"> <li>• Potential cancer risks caused by using chemical materials in enclosed spaces with inadequate ventilation, and in printing factories.</li> </ul>
	Discrimination	During work	<ul style="list-style-type: none"> <li>• Foreign workers may be subject to lack of health and safety education due to language barriers.</li> <li>• Foreign workers may receive unfair treatment.</li> </ul>
	Child labour	—	<ul style="list-style-type: none"> <li>• There could possibly be child labour within the supply chain (at subcontractors, and Asian factories where products for give-away campaigns are made)</li> </ul>
	Forced or compulsory labour	Prison labour	<ul style="list-style-type: none"> <li>• Prison labour (known as “<i>keimusago</i>” (“prison industry”) in Japanese) may be used and workers may not receive adequate payment (*).</li> </ul>
Consumer	Relations with customers	Protection and storage of personal data	<ul style="list-style-type: none"> <li>• There may possibly be a leak of personal data that the printing company acquires to produce products such as credit cards.</li> </ul>

\* The use of prison labour is facilitated by national policy in Japan. This means that the issue is not limited to the printing sector, and could potentially relate to all sectors.

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**Caux Round Table Japan**

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