

November 2nd, 2012
Caux Round Table Japan

Report on the Human Rights Due Diligence Workshops (Phase 1)

A series of three human rights due diligence workshops were held between September and October 2012 at the Lambuth Hall in Tokyo as Phase 1. Through the series, the participants deepened their understandings of human rights, and agreed on the need of further corporation between business and NGO/ NPOs to address human rights issues.

- ◆ Time & Date: September 21st, September 26th, October 11st, 2012. 18:30-21:00
- ◆ Venue: Lambuth Hall, Kwansei Gakuin University, Tokyo Marunouchi Campus
- ◆ Participants: Please refer to the attached list.
- ◆ Programmes and contents: Please refer to the following.

I. “Hearing of human rights issues from NGOs and experts” held on September 21st, 2012

The Executive Director of CRT-Japan, Hiroshi Ishida explained the purpose and the structure of the human rights due diligence workshops. Then, four NGOs presented the current hot issues regarding human rights, followed by a presentation by CSR Europe on the activities concerning CSR at the European Union (EU) as well as “Business and Human Rights” at CSR Europe. Finally, two experts gave opinions on what businesses should take into account when they carry out human rights due diligence, while introducing global trends of business and human rights.

These are the summaries of the presentations by NGOs and the comments of experts:

1. Human rights issues raised by 4 NGOs

1-1. Business and child labour: by Tomoko Shiraki, Action against Child Exploitation

Shiraki indicated that child labour is linked to business in two ways: it can be a problem in supply chains for companies, and, on the other hand, it can also be an issue for consumers and citizens in terms of what kind of goods they consume.

She also mentioned recently established international frameworks, such as Ruggie Framework and ISO 26000, as an important step forward in considering business and human rights. In particular, she pointed out two important trends. One was clarification on the responsibilities of business on human rights in supply chains. The other was the increased need for companies to consider human rights in supply chains in relation to both CSR and risk management.

In addition, an international definition of child labour was presented, which was followed by a concrete example in Ghana. While explaining what kind of human rights were abused in the case, she demonstrated three measures that companies could possibly take in order to deal with the situation: identifying the scope of influence; determining related risks; and raising awareness on human rights among employees. Since vigorous and more diversified measures, such as tackling poverty, improving agriculture productivity, and promoting education and local industry as well as job opportunities, are needed to fundamentally solve the problem of child labour, Shiraki emphasized the importance of establishing partnerships between business and NGOs and other stakeholders.

1-2. Business and Human Tracking: by Shihoko Fujiwara, Polaris Project Japan

Fujiwara provided three pieces of basic information about human trafficking: the fact that the number of people subjected to human trafficking is recorded as 21 million; the fact that there are three types of exploitation, namely sexual exploitation, labour exploitation, and organ trading; and information on current global trends such as the establishment of the United Nations Convention against Transnational Organized Crime in 2000. In addition, she also explained the current status of human trafficking in Japan by presenting concrete cases of prostitution of children under 20, prostitution businesses using foreign nationals, and labour exploitation that abuses the foreign trainee system. Finally, while pointing out the fact that the number of inquiries from Japanese women to the hotline has been increasing, and the fact that the number of cases of child pornography exposed reached 5000, which was the worst level recorded in history, she underlined the need to provide employee training, not only in terms of sexual and power harassment but also in terms of sexual and labour exploitation.

1-3. Human rights activities in the workplace: by Aki Yamato, Change Fusion

Yamato introduced the activities of Change Fusion and an example of their partnership project with the Thai Health Promotion Foundation. In Thailand, a poor working environment often causes health problems, which results in more than 20,000 injuries and 400 deaths. In order to address the situation, the Thai Health Promotion Foundation carries out the Happy Workplace Programs which consist of 8 elements, namely Happy Body, Happy Relaxation, Happy Heart, Happy Soul, Happy Brain, Happy Money, Happy Family, Happy Society. The program has been adapted by more than 2100 companies.

**1-4. Comprehensive measures to address human rights issues requiring for companies:
by Reiko Taniguchi, Amnesty International Japan**

Taniguchi explained the need for comprehensive measures to address human rights issues by introducing a concrete case that occurred in Ontario, Canada.

Summary of the case:

Daishowa Marubeni International (integrated into the Nihon Paper Group) lumbered a forest at Peace

River in Alberta, Canada, which deprived indigenous people of their means of living. The Friends of the Rubicon called for a boycott against Daishowa, which resulted in 50 companies stopping dealing with it. Daishowa took the Friends of the Rubicon to the court for the loss, but lost the case. The Ontario county court recognized the legitimacy of the Friends of Rubicon on April 1998.

The case provides three important indications.

- 1) The legitimacy of the Friends of the Rubicon was recognized under law in terms of freedom of expression. The court provided that as companies are allowed to enjoy freedom of expression, consumers are also allowed to advertise the reasons why they do not purchase goods as their freedom of expression.
- 2) The fact that the deforestation was allowed by the state government as an agreement shows that a governmental decision does not always consider the rights of indigenous people. This means that companies are required to conduct preliminary investigations into their influence on indigenous people and stakeholders, and to take the results into consideration.
- 3) In case of an accident, both headquarters and subsidiaries are required to deal with the situation, even though headquarters are not involved in the accident directly. The example implied that the problem might not become such a serious matter if the supply chain was successfully managed.

She added that Amnesty International is willing to communicate with different companies regarding human rights, and to work with them to provide trainings and consultations. Despite its organizational aim to promote human rights, it respects companies' decisions on how to address human rights issues.

1-5. Others

In addition to these presentations, Lia Talarico from the CSR Europe outlined the stance of the European Union (EU) regarding CSR, its activities concerning business, and human rights. Moreover, she also explained the current status, outcomes, and challenges of the “Sustainable Supply Chain, Business and Human Rights” programme in the Enterprise2020, for which CSR Europe has been undertaking initiatives.

Akiko Mera from Oxfam Japan also reported on their activities including the currently launched “supply chain impact assessment” in which corporate activities are assessed in terms of their impacts on society, environment, and human rights. In addition, she pointed out the necessary considerations and conditions for building up partnership with business.

2. General comments from experts

2-1. Makoto Teranaka, Tokyo Keizai University

Teranaka presented his ideas on human rights due diligence. Similar to due diligence in accounting,

according to Takenaka, human rights due diligence involves three steps, which are internal procedures, internal audits and external audits. In respect to external audits, he mentioned the future possibility of legislation, like the enactment of the Dodd–Frank Wall Street Reform and Consumer Protection Act in the US.

He also indicated that the relationship between companies and NGOs should be regarded not as “opposition” but as “strategic partnerships” to solve a problem, and that the relationship can be changed if companies understand what NGOs require of them and respond to the requirements. Moreover, he stressed a company recognised as a member of global society has responsibility to tackle global issues, which also provide them opportunities to lead the market. Finally, he drew attention to the original meaning of stakeholders: people in a local community who are directly affected by corporate activities.

2-2. Kaori Kuroda, CSO Network Japan

Kuroda outlined global trends putting human rights into the center of discussion, and stated that many companies, including European companies, are currently reviewing their human rights activities.

Since human rights issues can exist anywhere, she emphasized potential risks for companies to become unconsciously involved in human rights abuse, such as excessive overtime work, abusing foreign trainees, unpaid work, and exposure to radiation at a nuclear plant.

In addition, regarding due diligence, she stressed that there is a possibility to integrate human rights into the business process by using existing programmes and reviewing them through a human rights lens. Some concrete examples in metal and mining industries were introduced. She also underlined the importance of considering human rights at the individual level in a daily life. Finally, she pointed out future challenges for human rights NGO/NPOs in terms of how they will relate their own activities to international frameworks.

II. “How and how far business should respond to human rights issues”, held on September 26th, 2012

The participants discussed how and how far business should respond to the human rights issues presented by the NGOs at the last workshop.

The comments provided by the participants are as follows.

- There are gaps in understandings of “human rights issue” among participants.
- It seems likely that Japanese companies cannot understand the proper meaning of human rights.
- Although I understood the scope of human rights through the workshops, the reason why business should deal with such issues is still unclear. I was not convinced on this point, and, therefore, my understanding is limited within a definition of what human rights issues are.
- A company could take a step forward to a concrete action when it comes to understand human

rights issues as a business risk. Therefore, it seems to be necessary to make clear the relation between human rights risks, both at the global and local level, and business risks. Moreover, if human rights risks are dealt with in the business operation process, different departments may be able to work together sharing the same understanding in its significance.

- Business and NGO/NPOs could build up a strategic partnership in terms of identifying and hedging risks. However, there is no such NGO/NPO who has a strong foundation and resources in Japan. In such a situation, it is difficult to go into a partnership while persuading top management and other members in the company.
- The way in which a company treats human rights issues and how they prioritise them differ according to different corporate cultures. It is not us but top management that make final decisions. Therefore, active provision of information and appeal to top management are needed to make them realise the significance of human rights issues.
- Human rights violation does not occur unless the rights-owner exercises their rights. This is the way in which human rights issues are understood from the management perspective.

III. “How to build up successful partnership between business and NGO/ NPOs to address human rights issues” on October 11st, 2012.

Each 5 groups comprising of business persons reported on what they had discussed at the previous workshop on September 26th. After receiving feedbacks from Kaori Kuroda (CSO Network Japan) and Makoto Teranaka (Tokyo Keizai University), they entered into further discussion with members of NGO/NPOs. Following the short comments from the NGO/NPOs, Kenichi Kumagaya (Japan Association for Advancement of ILO Activities) gave general comments on the discussion as a whole. At the end, a “human rights tree” was made by gathering paper leaves on which each participant wrote free comments regarding human rights. The meeting was closed after taking a commemorative picture in front of the tree.

1. Comments from experts

1-1. Kaori Kuroda, CSO Network Japan

Kuroda questioned what makes companies identify human rights issues as a risk, and stated that even though the issue seems not to be a human rights issue from the company’s point of view, they should comply or explain the reason why they do not address it. She also mentioned that the fact that Japanese NGO/NPOs and consumers are not critical about companies’ stances could itself be a risk for businesses. She suggested that Japanese companies should work more positively with NGO/NPOs in terms of preventing risks as well as identifying potential risks, while mentioning the need for appropriate places and persons to link the two different interests of business and NPO/NGOs.

Finally, she concluded that the human rights issues that companies are required to address are too broad, and beyond the function of human resource departments, and, therefore, they should identify

which point of value chain human rights issues exist, for example through risk mapping. The important point is, she emphasized, proceeding with activities step by step.

1-2. Makoto Teranaka, Tokyo Keizai University

Teranaka pointed out differences in points of view between business and NGOs, while mentioning that the partnership between those two actors will not develop unless businesses come to look for potential business risks more actively. This also means that companies are likely to miss business chances, since business risks and chances are two sides of the same coin. He underlined the importance of participation in rule making process as a member of global society by breaking through “Japanese nationalism” that seems likely to prevent businesses from taking concrete actions. He concluded that partnerships between NGO/ NPOs and businesses have been facilitated during the last 10 years, which means that they can enter into the next phase to build up a strategic partnership.

2. Comments from NGO/NPOs

2-1. Tomoko Shiraki, Action against Child Exploitation

Shiraki demonstrated the present status of child labour in Japan. She stated that comments from businesses which expressed difficulty in addressing human rights issues as risks allowed her to realise that Japanese NGO/NPOs need to strengthen their activities through methods such as consumer advocacy and policy proposal. She expected that companies will address human rights issues not only as risks but also as chances, and will add value to their business.

2-2. Shihoko Fujiwara, Polaris Project Japan

Fujiwara from Polaris Project Japan stated that she has recognised the necessity to provide more information about human rights violations, such as child prostitution, committed by Japanese employees as a business risk. By using an example of ITO EN Ltd., she suggested starting to take action with the issues close to employees, for example, factory-based activities concerning human rights or social issues for manufacturing industries. Moreover, she presented the examples of foreign companies that use the partnership with NGOs as a tool of improving their corporate image. Finally, she underlined the importance of taking employees’ voices seriously, and also of encouraging them to raise questions. In order to facilitate such activities, she will strengthen provision of further information.

2-3. Aki Yamato, Change Fusion

Ms. Yamato from the Change Fusion mentioned the necessity to regard human rights issues from both sides, business risks and chances. In addition, she stated that if the impacts on sales or benefits can be visualized, companies and NGO/NPOs could build up strategic partnerships, which results in improving corporate brand value.

2-4. Reiko Taniguchi, Amnesty International Japan

Taniguchi stated that it is natural that companies cannot understand the relation between business and human rights and are confused, and that it may be the role of NGOs to make them realise by bringing proposals forward. Companies could use human rights issues as a chance to explore more strategic CSR by reviewing the concentration of resources based on the proposal from the NGOs. She also mentioned that potential human rights issues exist everywhere, and in most cases, it is mismanagement that causes an actual human rights violation. Therefore, companies may need to not only identify the issues but also consider how to respond to each case.

2-5. Akiko Mera, Oxfam Japan

In the place of Mera, who was absent from the meeting, Hiroshi Ishida from the CRT Japan read out her comments on the opinions given by businesses at the second meeting. She stated that each company has different relations with human rights issues in their business. It is not NGOs but the company itself that need to seek for what they should do. Therefore, for her, it is not clear that what companies expect for NGOs. By questioning whether companies are actually ready for addressing human rights issues, she suggested that business could build up partnership with not only NGO/NPOs but also think-tanks both at home and abroad.

3. General comments: by Kenichi Kumagaya, Japan Association for Advancement of ILO Activities

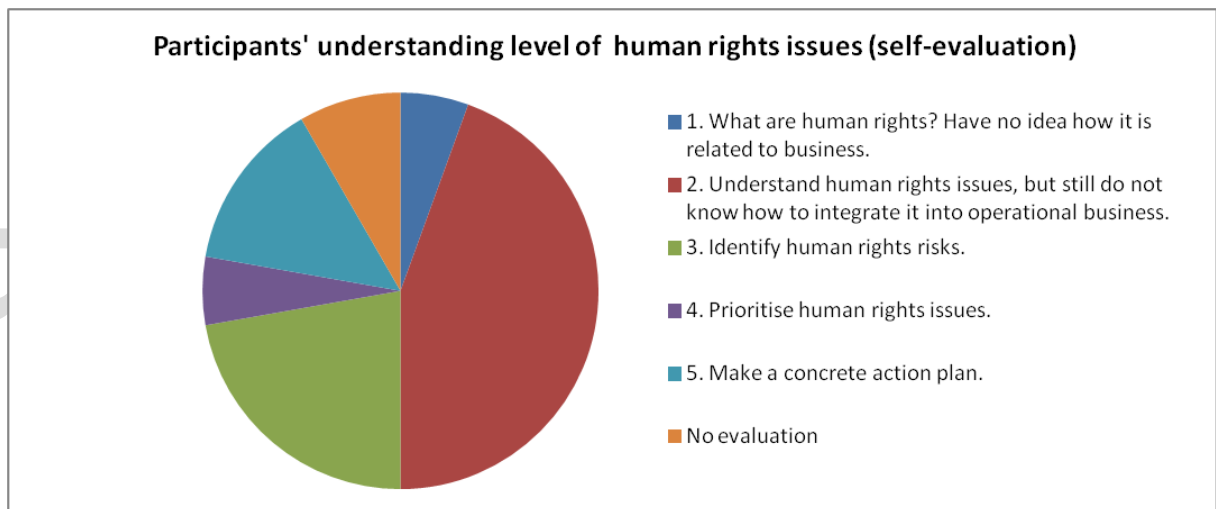
Kumagaya from the Japan Association for Advancement of ILO Activities gave general comments. He explained how the term “due diligence” was embedded in ISO26000. While introducing the fact that the term enjoyed a good reputation for being easily understood in Europe, he hoped that “human rights due diligence” will become more popular among top Japanese management. In order to raise awareness on human rights in general, it may be useful to use Manga to introduce the concept more simply and practically, for example by introducing some case studies where companies suffer losses caused by mismanagement of human rights issues. He also mentioned that there are very few countries, mostly European countries, where people fully enjoy human rights. In other parts of the world, the situation is quite severe, which means that Japanese companies could possibly violate human rights. Due diligence is the process where companies obtain that sensibility to human rights issues. He expressed an expectation that human rights due diligence involving collaboration with NPOs and experts will be a “must” issue for global companies, and that the attempts of the CSR consortium will bring more fruits in the future.

4. Participant’s understanding level of human rights (Self-evaluation)

Each participant wrote a free comment regarding human rights on a paper shaped like a leaf, following the self-evaluation on their understanding of the issue. The “Human rights tree” is made by

putting these leaves together. The workshop was closed after taking a picture of all the participants in front of the tree.

The average score of the participant's understanding of human rights was 2.76 (36 responses). This shows that many participants "understand (level 2)" human rights issues, but found it difficult to "identify (level 3)" the actual relation with their own business activities.



*Lower score was adapted in case of multiple answers.

The difficulties were shown in participant's comments as follows.

- Companies should deal with human rights issues not as "human rights" matters but as "risk" matters. (2)
- There will be no progress without practical discussion. (2)
- How to find out ignored human rights issues will be crucial = re-defining human rights issues
- How to visualize human rights risks existing close to us and to break them down into concrete actions. (No self-evaluation)
- How to connect human rights issues with operational risks and opportunities is a challenge. (2)
- Companies cannot deal with human rights issues unless they are linked with management goals or risks, and the process of finding links is itself very difficult. (2)
- I still do not have a clear image of the way in which companies integrate human rights issues into operational process, but I could gain some images of partnerships with NGO/NPOs. (2)
- My understanding is level 2, that is, to understand and identify the impact of human rights issues on sales and benefits as business risks. (2)

Some comments in terms of management:

- I want to integrate human rights into operational processes in order not to explore human rights risks. (1)
- How can we raise awareness on human rights issues and risks, and build up common understandings in a company? (2)
- I understand the scope of human rights issues. There may be differences in prioritization at each company. (2)
- Companies could not take an action as long as human rights issues are treated as “ethical matter”. In order to realise concrete actions, regardless of its motivation, I will firstly identify risks and appeal to top management of the importance of human rights issues. (3)
- Producing motivation of top management and employees is significant. The best way, at least so far, might be to define human rights issues as management risks and make them recognize that. (3)
- How can we explain the concept of human rights as a management matter? Who or which department should take charge of it? (4)
- How can we convince top management to immediately take an initiative to address human rights issues? (2)
- How can we grasp the advantages of dealing with human rights issues and how to explain that to top managements? (2)
- How do human rights issues affect on business (management)? How can we explain this to top management? (3)
- When it comes to prioritization of business risks as a whole, human rights issues sometimes become less important, and sometimes overlapped. (4)

Some comments on identification of risks and opportunities:

- How can a company or industry step forward? Taking other actors without clients into account is needed. (1)
- It is necessary to identify employee’s rights through a company as a whole. Understandings of global standard are essential. (2)
- Using due diligence in order to clarify some unclear points. → Visualize (3)
- I hope companies promote dynamic Due Diligence at the workplace and company as a whole. (5)
- Identification of risks in corporation with foreign affiliates will be the first step. (3)
- New working groups will be set up in our company, where we will identify risks and opportunities by using our imagination. (3)

Some comments on partnership between business and NGO/NPOs:

- If NGOs hope to solve social issues, as Mr. Teranaka said, they should concretely show what kind of issues they are interested in. This will make companies realise that they should do something. (2)
- In order to address human rights issues through constructive partnership between business and NGOs, both NGOs and business should take more positive actions. NGOs should make a stronger appeal of the values that they can offer, and companies should disclose full information about successful partnerships with NGOs. (5)

Some comments on the scope of human rights issues:

- Why are the topics focused on examples outside Japan? How about corporate responsibility to social poverty? (2)
- I thought that I had understood human rights risks and how to integrate them into business processes. However, I realized that there were many domestic human rights issues that I did not know. (2)
- Start with understanding the issues as employee's rights instead of human rights matter. (5)
- I want to further our activities on human rights issues on value chains beyond employees' human rights. (2)
- We should make a concrete action plan by defining human rights as privacy rights. (3)

Others:

- It is hoped that Japanese society will become a society where people enjoy diversity and human rights. (No self-evaluation)
- Think about human rights with families and friends. (No self-evaluation)
- I feel that many companies are at the level 2. Business recession may make companies avoid taking risks; however, I expect that companies will look it as a business chance and fundamentally revise their human rights activities. (2)
- In many countries, the workplace is a place where people spend a large part of lifetime. I believe that promotion of human rights at workplace will in effect lead to protection of the human rights of citizens as a whole. (5)
- Recognising human rights risks could provide a business chance by managing the process strategically. (5)

Picture of all the participants with the human rights tree



IV. Closing comment

The series of meetings have revealed that there is a gap between NGOs and companies. NGOs required companies to respect human rights more seriously in their business activities, while companies insisted that they cannot address this unless there is an actual business risk visualized from a risk management perspective. Though the participants have not reached consensus on what companies should do, those meetings achieved considerable success that enabled the business persons to understand stakeholders' concerns regarding human rights.

As for the next step, participants will be expected to explore skills and knowledge gained through these workshops to identify potential human rights risks in the value chain. For the first step, we will map sector-specific human rights risks through dialogues with NGOs and CSR experts. The second phase of the human rights due diligence workshops, which will be comprised of a series of four meetings held between November and December 2012, will focus on that.

End

Executive Director
Caux Round Table Japan
Hiroshi Ishida

List of Participants in the Human Rights Due Diligence Workshops (Total: 48)

Type of Organization: Corporation

(in alphabetical order)

Name	Job title	Department, Division	Organization name
Arata Sato	President		Universal Combo Inc.
Gaisuke Noguchi	Senior Supervisor	Strategic Procurement Organizing Department CMIC Headquarters	Olympus Corporation
Hidemi Tomita	General Manager	Corporate Social Responsibility Department	Sony corporation
Hidenori Imazu			Toppan Editorial Communications Co., Ltd.
Hiro Motoki	Chief Executive		E-Square Inc.
Hirohisa Minakawa	Assistant Group General Manager	Environment & Social Contributions Division	Nippon Express Co., Ltd.
Keiichi Ushijima	Manager	CSR Promotion Division	Hitachi, Ltd.
Kenji Osawa			NTT Data Corporation
Kenji Shima		KAITEKI Group Corporate Strategy Office	Mitsubishi Chemical Holdings Corporation
Kiichiro Yokoyama	Manager	Corporate Communications Department	Nomura Research Institute, Ltd.
Makoto Sakanaka	Chief	Sales Division	Trance Co., Ltd.
Masaki Wada	Ethical Trading Manager, Japan		Burberry Japan K.K.
Minoru Matsuzaki	Manager	CSR Department, Group Compliance Division, Corporate Governance Office	Olympus Corporation
Motoko Kawasaki	Operations Manager	CSR Group, Corporate General Administration Division	Fujifilm Holdings Corporation
Nanami Koseki		CSR Strategy group, Corporate Social Responsibility Department, Presidential Administration Office	Mitsubishi Heavy Industries, Ltd.
Naoko Morizane			NEC Corporation
Satoshi Maeda	Managing Director	Human Rights Education Department	Nomura Securities Co., Ltd.
Satoshi Ogiso	Manager	HR, Corporate Functions	Fujitsu Limited
Shibao Kazuaki			NEC Corporation
Shigeru Sergio Machii		First Division Fourth Business Unit	Mitsui Bussan Inter-fashion Ltd.
Shinichiro Uryu	Manager	Corporate Social Responsibility Group, Corporate Communication Department, Presidential Administration Office	Mitsubishi Heavy Industries, Ltd.
Shinji Fukumoto	Manager	Quality Management Group Environment & Quality Division	Konica Minolta Holdings, Inc.
Shuhei Nakano	Manager	CSR Promotion Office Legal Division	Honda Motor Co., Ltd.
Sohei Motoyama	Head	CSR, Public Affairs	Sanofi K.K.
Takao Hiraishi	Managing Director		Brain Center Inc.
Takashi Sasama	Manager	Corporate Social Responsibility Department, Corporate Social Responsibility Division	Nippon Paper Group, Inc.
Tomoko Nakamura	Corporate Responsibility Officer		Burberry Japan K.K.
Tomoko Suwa	Assistant Manager	CSR, Corporate Communication & Branding Division, CSR Promotion Department	Konica Minolta Holdings, Inc.
Toshihiko Hoshino	Operations Manager	CSR Group, Corporate General Administration Division	Fujifilm Holdings Corporation
Yasuhito Yazama	Manager	GHR Team, Japan Regional HR Team, Human Resources Group, General Affairs/CSR Headquarters	Nippon Yusen Kabushiki Kaisha (NYK LINE)
Yoshihiko Yamabuki	General Manager		Cetus & General Press Inc.
Youzou Nakao	Associate General Manager	CSR Department	Aijinomoto Co., Inc.
Yuka Yokoyama			NTT Data Corporation
Yukihiro Araki	Director	FUJITSU Way Unit	Fujitsu Limited
Yukiko Nakagawa		FUJITSU Way Unit	Fujitsu Limited
Yuko Deguchi		Corporate Citizenship Department	Nomura Holdings, Inc.
Yuko Tsutsui	Deputy General Manager	CSR Coordination Team, CSR Coordination Group, General Affairs/CSR Headquarters	Nippon Yusen Kabushiki Kaisha (NYK LINE)

Type of Organization: Governmental agency, NGO/NPO, academics, others

(in alphabetical order)

Name	Job title	Department, Division	Organization name
Aki Yamato	Regional Director for East Asia		ChangeFusion
Akiko Mera	Executive Director		Oxfam Japan
Kaori Kuroda	Executive Director		CSO Network Japan
Kenichi Kumagai			The Japan Association for Advancement of ILO Activities
Makoto Teranaka	Visiting Professor	Faculty of Contemporary Law	Tokyo Keizai University
Miho Ueki			Action against Child Exploitation
Reiko Taniguchi	Fundraising Coordinator		Amnesty International Japan
Rie Nagano			Polaris Project Japan
Shihoko Fujiwara	Director		Polaris Project Japan
Tomoko Shiraki			Action against Child Exploitation
Toshihiko Fujii			The Research Institute of Economy, Trade and Industry (RIETI)