

November 20, 2013  
Nippon CSR Consortium

**Draft Version for Public Consultation**  
**November 20 – December 17, 2013**

Nippon CSR Consortium, Human Rights Due Diligence Workshop (Tokyo, Japan)  
Invitation to Comment on “Human Rights Issues by Sector (draft)”

Human rights are one of the core CSR topics sparking discussions and various activities in recent years, including in Japan. Since September 2012, the Nippon CSR Consortium has been working to provide a forum in which to identify and discuss negative human rights impacts that may arise as a result of corporate activities. This work has been conducted in collaboration with companies from various industrial sectors, as well as NPOs, NGOs and human right experts in academia.

The results of discussions held over the last three months are summarized in the draft “Human Rights Issues by Sector” document and are hereby disclosed for public consultation.

1. Subject

Human Rights Issues by Sector (draft)

2. Access to the document

The document is available via the CRT Japan website:

[http://www.crt-japan.jp/EN/press/131121\\_HR\\_DD\\_PC\(2014\)\\_E.html](http://www.crt-japan.jp/EN/press/131121_HR_DD_PC(2014)_E.html)

3. Application

(1) Consultation Period

Wednesday, November 20 to Tuesday, December 17, 2013

(2) Submission Address

Please send your comments to CRT Japan’s Nippon CSR Consortium secretariat, by e-mail

([info@crt-japan.jp](mailto:info@crt-japan.jp)) as an attached document in Word format. Please kindly be advised that we are unable to accept comments by other methods (such as by telephone, fax, or post), nor are we able to accept anonymous submissions.

(3) Application Procedure

Address to: Secretariat of the Nippon CSR Consortium (in CRT Japan)

Subject: Comment on “Human Rights Issues by Sector (draft)”

Organization/Affiliation and Name: (Department, Name)

Address, Telephone & Fax Number:

Comments:

Please specify the industry sector, page number, and concrete issue that your comment addresses. If your comment is about a particular product, service, and/or value chain, this should be also specified.

Furthermore, any comments to the following questions would be appreciated:

- ✓ Does this paper cover the most important human rights issues that the products and services of the companies discussed are likely to be involved in?
- ✓ What kind of activity would be required of the companies in order to address the human right issues raised in this paper? Is there any case they should refer to?
- ✓ The final report is scheduled for publication in February 2014. What kind of format and/or procedure do you consider would be most appropriate for finalizing the report?

(4) Submission and Inquiry

Secretariat of Nippon CSR Consortium (in CRT Japan Office)

E-mail: [info@crt-japan.jp](mailto:info@crt-japan.jp)

4. Management and Handling of Comments

The comment to the draft submitted to the Nippon CSR Consortium will be used for the future reference of the companies that participated in the discussions. Unfortunately we are unable to respond to individual comments. All the comments submitted will be disclosed on the CRT Japan web site, however names, addresses, telephone and fax numbers, and addresses of the commenter's will not be published. If the comments include private information, by which a particular individual can be identified, or any information deemed to damage a property right of an individual person or a corporation, pertinent sections of the text will be deleted at the time of publication. Private information such as names and contact address used for sending to the public comment will be properly secured and not be used except for communication for further clarification and/or confirmation of contents of the comments provided.



Hiroshi Ishida  
Executive Director, Caux Round Table Japan

Table of Content

1. Preface ..... 5

1-1. Purpose of the Human Right Due Diligence Workshop.....5

1-2. Process of Identifying Human Rights Issues ..... 6

1-3. Some Points for Consideration. .... 9

2. Human Rights Issues by Sector (draft) Updated in 2013 ..... 10

2-1. Manufacturing ..... 10

2-2. Information, Communication and Technology ..... 13

2-3. Logistics..... 16

2-4. Finance..... 18

3. Human Rights Issues by Sector (draft) Reported on April 3<sup>rd</sup> 2013, not updated ..... 20

3-1. Chemical and Pharmaceuticals ..... 20

3-2. Apparel and Textiles..... 21

3-3. Food and Retail..... 22

3-4. Paper and Printing ..... 23

## 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 field 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, and in 2013, the 35 participants were from 15 companies and 12 organizations.

There are some underlying factors that contributed to the establishment of the consortium. Companies sometimes struggle to address human rights issues with limited budgets and resources. Therefore, even once a year, it is useful for the companies 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 in (1) 'identifying and assessing any actual or potentially adverse human rights impacts' as defined in the UN Guiding Principles<sup>1</sup>, (2) integrating and acting upon the findings, (3) tracking responses, and (4) communicating how impacts are addressed with the affected stakeholders, such that companies can use the knowledge acquired to support their human rights due diligence activities.

The 'Human Rights Issue by Sector (draft)' represents an outcome of the discussions that began in September 2012, and is hereby opened for public consultation. We would appreciate candid comments on the draft from stakeholders. The final report will be issued February 2014.

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<sup>1</sup> Refer to: Human Rights Council, 2011, *Report of the Special Representative of the Secretary-General on the issues 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'> (Accessed November 20<sup>th</sup>, 2013).

1-2. Process of 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.

1-2.a Procedure of 2012 Workshop and Follow-up Action

In the 2012 Human Rights Due Diligence Workshop, important human rights issues by sector were identified through dialogue among the participants based on the UNEP FI Human Rights Guidance Tool<sup>2</sup> ('Human Rights Guidance Tool').

1-2.a.i Procedure of the Workshop

- Corporate participants were given lectures on business and human rights by members of NGOs/NPOs, academics and subject experts, to enhance their understanding of the relationship between their industrial sectors and potential human rights impacts.
- The secretariat of the workshop distributed a list of human rights issues likely to be relevant to the companies.
- The participants then discussed and selected human rights issues from the list that they believed to be important to their own company and discussed related value chains. They also highlighted and discussed the basis for their decision to designate certain issues as not relevant to their business. Result of the discussions was reported to the secretariat.
- Responses from the participants were classified by sector, supplemented based on the disclosure contents described in the Guidance Tool and redistributed to the participants by the Secretariat.
- Based on the redistributed documents, the participants discussed (1) the likely significant human rights issues that concern them, (2) concrete concerns and (3) value chains relevant to the concerns in each sector (10 sectors), and thereafter reported to academic and expert stakeholders and the secretariat.
- The academics and human rights experts provided comprehensive assessment of these reports.
- "Human Rights Issues by Sector (draft)" was translated into English, Chinese and Spanish, and opened for public consultation along with the original Japanese draft.
- Public comments were collected and summarized in a Consultation Summary Report. To respond specifically to comments concerning use of prison labour by companies in Japan, 'Human Right Due Diligence Comments on Prison Labour' was published reflecting the contents of discussions on this issue with the participants.
- The final draft of "Human Rights Issues by Sector (2013)" reflects public comments, was issued on April 3<sup>rd</sup>, 2013<sup>3</sup>.

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<sup>2</sup> <http://www.unepfi.org/humanrightstoolkit/fundamentals.php> (Accessed November 1st, 2012)

<sup>3</sup> Refer to: Nippon CSR Consortium, 2013, *Human Rights Issues by Sector (2013)*, [PDF] 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 20<sup>th</sup>, 2013)

1-2.a.ii Follow-up Action

Following the workshop, human rights-conscious corporate activities at each company have taken place. Further, the International “Conference on CSR and Risk Management” was convened in September in order to create an opportunity for the Japanese companies to be exposed to the global developments in this area.

A) Promotion of human rights-conscious corporate activities at each company

**Activity to identify human rights issues of own company**

Based on the “Human Rights Issues by Sector (2013)” document the following participant companies reviewed their own corporate activities, conducted dialogue on more detailed issues, and drafted corporate policies on the human rights issues:

Olympus Corporation, Nippon Express Co., Ltd., Nippon Yusen Kaisha Line, FUJIFUJILM Holdings Corporation, Mitsubishi Heavy Industry Ltd. (as of end of October 2013)

**Involvement of relevant departments in a company**

Some participants facilitated internal workshops involving the CSR department and other related departments aimed at raising awareness in relation to the relationship between business actions and human rights issues.

**Fostering sensitivity to human rights issues**

Certain participants facilitated E-learning programs and workshops for improving understanding of the human rights within their companies by utilizing the networks with NPOs/NGOs, academia and human rights experts formed through the Human Rights Due Diligence Workshop.

**Approach to Top Management and Drafting a Human Rights Policy**

Lectures were provided to high-level corporate management in relation to processes for converting human rights into subjects of risk management. Consequently, the companies drafted human rights policies to enable them to share and manage the same human rights issues globally.

B) Conveying the Contents of the Workshops to a Global Audience

The Nippon CSR Consortium defines views the Human Rights Due Diligence Workshop as an important step in supporting companies to align with the UN Guiding Principles. The "UN Working Group on the issue of Human Rights and Transnational Corporations and Other Business Enterprises" commented that the workshop served as a “good example that shows how the UN Guiding Principles on Business and Human Rights are actually used” and sounded the possibility of convening an international conference. Accordingly CRT Japan jointly hosted the “Conference on CSR and Risk Management” with the UN Working Group in September 2013. There were over 70 participants in the conference, including the participants of the Human Right Due Diligence Workshop. The conference program included workshops focusing on de facto standardization and rule-making for disseminating human rights due diligence in companies, facilitated by a member of the Global Corporate Community of Practice, in order to share and develop best practices in human rights due diligence and risk management.

1-2.b Procedure of Workshop in 2013

1-2.b.i Contents

“Human Rights Issues by Sector (2013)” was further explored from the perspective of the value chain. Identifying CSR issues throughout related value chains is an important step for the CSR departments as they share - and address appropriate solutions - with relevant departments after the workshop.

1-2.b.ii Procedure of the Workshop

- Corporate participants attended ten lectures by human rights experts and representatives from NGOs/NPOs and academia, covering potential adverse human rights impacts that can arise from corporate activities.
- The participants selected one product and/or one service from their own company, and identified value chains associated with the product or service, as well as the regions involved.
- The participants approached the issue from two angles in order to enhance their understanding: first, starting with key human rights issues and examining the value chain for potential links to these issues, and second, starting with the value chain and identifying potential human rights issues flowing from each stage.
- The Secretariat created a matrix of value chains and human rights issues for each sector, reflecting the results of the participants’ discussions. The contents mapped out on the matrix were assessed comprehensively by the representatives from NGOs/NPOs, academia and human right experts.
- The participants exchanged their different viewpoints, approaches and ideas for remedying and mitigating potential impacts, and sought feedback from the expert stakeholders.
- The Secretariat updated the matrix to reflect the comments from the expert stakeholders and “Human Rights Issues by Sector (draft)” was updated to reflect the learning that came out of the workshop.
- The summary of the workshop will be open for public comment from Wednesday, November 20<sup>th</sup> to Tuesday, December 17<sup>th</sup> 2013.
- Final report will be published in February 2014.



1-3. Some Points for Consideration

1-3.a Differing degrees of awareness of human rights issues in

The levels of detail in the feedback provided by the expert stakeholders were not consistent across the industry sectors, indicating differing study and priority areas amongst the experts.

Similarly, there were gaps in the level of awareness of human rights issues amongst the corporate participants, reflecting similar gaps between the degree of understanding and engagement with human rights issues between companies and sectors.

1-3.b Value Chain

Given the breadth of human rights issues that can arise in each sector, several companies reported struggling with how to commence implementing solutions in response to the feedback received from the NGOs/NPOs. In order to break through this block, subsequent workshop discussions focused on identifying human rights issues in respect of only one particular product or service provided by each company. (The products and services selected are specified by sector below.)

The purpose of focusing the analysis on particular products and services is to support companies in aligning the due diligence process closely with their actual business processes, as they exchange opinions with the expert stakeholders.

2. Human Rights Issues by Sector (draft) Updated in 2013

**2-1. 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.

2-1.a Key value chains in manufacturing

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

2-1.b Subject products and services

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

\*Among various product families in electronic components, ferrite products (parts) were selected for specifying the value chain.

2-1.c Potential human rights issues in the specified products and services, and 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</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>Inadequate living conditions (sharing one small dormitory room with several people) 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 (job training), and promotion</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). 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> </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 to non-state groups during procurement (e.g. conflict mineral)</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, 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 behaviors (e.g. conducting responsible marketing considering health and safety of consumers) [S], and contributing to raising consumers' awareness of environmental issues [U/D]</li> </ul>					✓	✓	✓
				Create	Buy	Manufacture	Transport	Sell	Use	Discard

2-1.d Human rights issues in manufacturing and relevant value chains other than the specified products and services.

- Core operation/ Supply chain > child labour > minimum age

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 [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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**2-2. Information, Communication and Technology (ICT)**

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.

**2-2.a Key value chains in ICT sector**

Create: research and development

Buy: capital investment for office and data center, 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

**2-2.b Subject products and services**

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

2-2.c Potential human rights issues in the specified products and services, and 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 (outsource 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> </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 center (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 center. [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> </ul>				✓		
				Create	Buy	Produce	Sell	Use	Discard

**2-3. Logistics**

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.

**2-3.a Key value chains in logistics**

Create: research, development

Buy: capital investment, procurement of ships and vehicles

Transport: storage, logistics, transportation

Discard: disposal, recycle

**2-3.b Subject products and services**

- Intermodal freight transport
- Maritime transport



2-3.c Potential human rights issues in the specified products and services, and 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>			✓	
		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>			✓	
	Discrimination	During work	<ul style="list-style-type: none"> <li>Inequality according to gender and education in working conditions, training and promotion. Foreigner nationals may face discriminatory treatment in employment and payment, especially in coastal areas.</li> </ul>			✓	
		Redundancy and dismissal	<ul style="list-style-type: none"> <li>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.</li> </ul>			✓	
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>	✓	✓	✓	
				Create	Buy	Transport	Discard

**2-4. Finance**

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.

2-4.a Key value chains in finance

Create: financial commodity planning, research, development

Buy: capital investment for office and data center, financing

Produce: establishing fund

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

Use: fund management and account maintenance

2-4.b Subject products and services

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

2-4.c Potential human rights issues in the specified products and services, and relevant value chains

Key human rights issues in finance sector				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		✓			✓	
				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 were</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> </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 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> </ul>	✓		✓	✓	✓
				Create	Buy	Produce	Sell	Use

3 Human Rights Issues by Sector (draft) Reported on April 3<sup>rd</sup> 2013, not updated

**3-1. Chemicals and Pharmaceuticals**

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> </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> </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> </ul>
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.</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 for political purposes such as in propaganda.</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> </ul>

**3-2. Apparel and Textiles**

Key human rights issues in apparel and textiles sector			Concrete issues
Core operation/ Supply chain	Workplace conditions	Working hours	• Long working hours may be caused by production schedules that presuppose overtime work, as well as in attempting to meet deadlines in the sewing process.
		Wages	• Pressure from buyers for cost reductions may result in infringement of minimum wage legislation.
		Health and safety	• Education on safety and health, including emergency drills, may not be conducted or may not be conducted properly.
	Child labour	Minimum age	• Children under the minimum age may be permitted to work without confirmation of their identification papers, or based on forged papers.
	Forced or compulsory labour	Forced overtime	• Immigrant workers in China and foreign trainees in Japan may be forced to do overtime work.
Community	Resources	Use of natural resources	• Discharging of hazardous material from leather tanneries and dye houses may pollute rivers, and may damage local people's health.
Consumer	Relations with customers	Health and safety	• Positive impact from changing consumer preferences (e.g. promoting fair trade), and engaging in ethical marketing

**3-3. Food and Retail**

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.</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	During work	<ul style="list-style-type: none"> <li>• Foreign workers may not be ensured access to safety education because of language barriers.</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</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.</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> <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 stores.</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, and at the stage of obtaining approvals and licenses for 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>• Risks to consumer health from low quality or addictive substances, as well as from inadequate labeling.</li> </ul>

**3-4. 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> </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	• Risks around working long hours in sales and marketing, in the factory, at suppliers and subcontractors.
		Health and safety	• Potential cancer risks caused by using chemical materials in enclosed spaces with inadequate ventilation, and in printing factories.
	Discrimination	During work	• Foreign workers may be subject to lack of health and safety education due to language barriers.
	Child labour	—	• There could possibly be child labour within the supply chain (at subcontractors, and Asian factories where products for give-away campaigns are made)
	Forced or compulsory labour	Prison labour	• Prison labour (known as “ <i>keimusagyō</i> ” (“prison industry”) in Japanese) may be used and workers may not receive adequate payment (*).
Consumers	Relations with customers	Protection and storage of personal data	• There may possibly be a leak of personal data that the printing company acquires to produce products such as credit cards.

\* 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.

END