

July 19, 2016  
Nippon CSR Consortium

<Draft Version for Public Consultation>

July 19, 2016 - August 10, 2016

## 2016 Stakeholder Engagement Programme

-Bangkok, Thailand-

Human rights are one of the core CSR topics that have sparked discussions and activities in countries such as Japan over recent years. 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 rights experts in academia.

This year of 2016, we decided to arrange this consortium in Thailand with collaboration of Marimo5. The results of discussions are summarized in the draft “Stakeholder Engagement Programme (draft) in Thailand” document and are hereby disclosed for public consultation.

1. Subject

Stakeholder Engagement Programme (draft) in Thailand

2. Access to the document

The document is available via the CRT Japan website : <http://crt-japan.jp/en/>

3. Application

(1) Consultation Period

July 19, 2016 to August 10, 2016 (Japan Time)

(2) Submission Address

Please send your comments to CRT Japan’s Nippon CSR Consortium secretariat, by e-mail ([yourcomments@crt-japan.jp](mailto:yourcomments@crt-japan.jp)) as an attached document in Word format. Please kindly be advised that we are unable to accept comments through 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 Thai and Japanese companies (draft)”

Organization/Affiliation and Name: (Department, Name)

Email and Telephone :

(4) Comments:

We invite public comments on the following questions. In the description of your comments, please specify, Thai and Japanese companies, page number, and concrete issue that your comment addresses. Depending on your needs, please enter your comments on the Public Comments sheet (Appendix 2).

1. Please share any comments on the “Stakeholder Engagement Programme (draft) in Thailand”
2. Please freely respond with any comments on “Stakeholder Engagement Programme (draft) in Thailand” document
3. The final report is scheduled for publication in August 2016. What kind of format and/or procedure do you consider would be most appropriate for finalizing the report.

(5) Submission and Inquiry

Secretariat of Nippon CSR Consortium (in CRT Japan Office)

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

4. Management and Handling of Comments

The comments on the draft submitted to the Nippon CSR Consortium will be used for the future reference of participants in the discussions. Unfortunately we are unable to respond to individual comments. All the comments, personal names and/or corporate and organizational names submitted will be disclosed on the CRT Japan website, however 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.



Hiroshi Ishida  
Executive Director, Caux Round Table Japan

## Table of Content

Preface .....	4
1-1. Purpose of the Stakeholder Engagement Programme Workshop .....	4
1-2. Workshop for Identifying Human Rights Issues .....	6
1-3. Procedure of the Workshop in 2016 .....	6
1-4. Some Points for Consideration .....	8
Points for collecting Public Comments.....	9
CRT Japan's viewpoint as the Secretariat of Nippon CSR Consortium in Thailand .....	10
Human Rights Issues by Thai and Japanese companies	
4-1. Thai companies.....	12
4-2. Japanese companies.....	15
Feedback from NGOs and other experts in June 28 <sup>th</sup> .....	17
Appendix 1: Thai SHE Public Comments Sheet	
Appendix 2: List of Participants Stakeholder Engagement Programme in Thailand 2016	
Appendix 3: Comments from NGOs and experts in June 7th	

1 Preface

1-1. Purpose of the Stakeholder Engagement Programme 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 Japanese companies. The consortium consists of corporate participants, NGOs/NPOs, human-rights experts and representatives from academia.

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 *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.

Marimo5 and CRT Japan organised with The Embassy of Japan in Thailand and NIDA (National Institute of Development Administration) this Stakeholder Engagement Programme in Thailand first time, the participants to the first workshop, noting that there were 11 Japanese companies (13 participants), 7 Thai companies (9 participants), and 10 NGOs and other organizations (11 participants). The participants of this programme must to think about 'what is right, not who is right', and to aim for concrete solutions to social problems in Thailand, based on the principles of 'fairness, sincerity, and honesty'. In order for business to succeed, there had to be social order, which in turn required that businesses co-operate with the various stakeholders in society.

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Refer to: 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> (Accessed Nov 10<sup>th</sup>, 2014).

The workshop was also an opportunity for the participants to discuss the issues within the framework of business and human rights, and to show the international community that this framework is indeed being utilized in the Thai and Japanese context. Most Japanese businesses had difficulty understanding the framework of business and human rights, and until 2015, CRT Japan used terms such as ‘CSR risk management’ in its approaches to Japanese companies. Given that it was a similar situation in Thailand, for this Stakeholder Engagement Programme, CRT Japan used terms such as ‘good for people, good for the company, and good for the community’, on the understanding that, in practice, these terms could be implemented in a way analogous to respect for human rights. There was little point in forcing new concepts on to persons on the ground before they are ready.

Nevertheless, as companies increased their business with Western countries, it was inevitable that respect for the business and human rights framework would be called for. In addition, the companies must respect for human rights, including the maintenance of a responsible supply chain, will be key in the preparation for, and during, the 2020 Tokyo Olympics Games such as “Mega Sporting Events and Human Rights”.

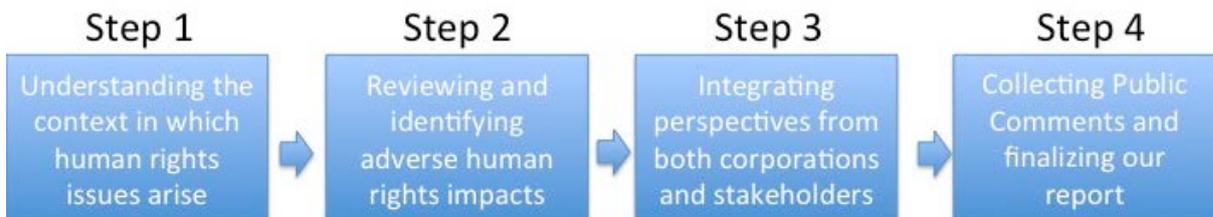
1-2. Workshop for Identifying Human Rights Issues

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 2016 Stakeholder Engagement Programme in Thailand, important human rights issues by Thai and Japanese companies were identified through dialogue with the participants based on identifying the human rights issues and expectations relevant to business<sup>2</sup> in UNEP FI Human Rights Guidance Tool<sup>3</sup> ('Human Rights Guidance Tool').

1-3. Procedure of the Workshop in 2016

The workshop consists of the following four steps.



Step1: Understanding the context in which human rights issues arise

- In Bangkok June 7th, 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: Reviewing and identifying adverse human rights impacts that can arise from corporate activities

- In Bangkok June 28<sup>th</sup>, the corporate participants conducted a series of discussions Thai and Japanese companies to examine any added/removed/modified points in “Human Rights Issues by Sector (v.2)” based on Human Rights Guidance Tool (2014) developed by UNEP FI.

Step3: In Bangkok June 28<sup>th</sup>, integrating perspectives from both corporations and stakeholders

- The participants summarised discussion contents and exchanged views on them with NGO/NPO, academic and subject experts. Then, the participants reviewed the feedbacks and finalize the result of the discussions by sector. The Secretariat aggregated their reports and developed “2016 Stakeholder Engagement Programme in Thailand (draft)”.

<sup>2</sup> <http://www.unepfi.org/humanrightstoolkit/fundamentals.php> (Accessed on 2012.11.01)

<sup>3</sup> <http://www.unepfi.org/humanrightstoolkit/fundamentals.php> (Accessed Nov 10<sup>th</sup>, 2014).

Step4: Collecting Public Comments and finalizing our report

- The Secretariat invites public comments on “2016 Stakeholder Engagement Programme in Thailand (draft)” from 19<sup>th</sup> July, 2016 to 10<sup>th</sup> August, 2016 (Japan time).

1-4. Some Points for Consideration

1-4.a Differing degrees of awareness of human rights issues in Thailand, localisation

The levels of detail in the feedback provided by NGO/NPOs and the expert stakeholders were not consistent across the Thai and Japanese companies, 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.

## 2 Points for collecting Public Comments

We invite public comments on the following three points, 1-3. In the description of your comments, please specify the Thai or Japanese companies, page number, and concrete issue that your comment addresses, and the background and reason for your comments. You may use the Public Comments Sheet (Appendix 1) to submit your comments, if you prefer.

- 2-1. Please share any comments on “2016 Stakeholder Engagement Programme in Thailand (draft)” document.
- 2-2. Please freely respond with any comments on “2016 Stakeholder Engagement Programme in Thailand (draft)” document
- 2-3. Comments on the format and procedure of the final report

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

Making efforts in the “Business and Human rights” issues in the field of international CSR movement attract greater attention mainly among the Western countries. Demands for companies to take actions regarding CSR become certainly growing as their social environments are changed. These changes can be defined as: CSR legislation and CSR mandatory; a rapid market growth in the Socially Responsible Investing; developing the guidelines and rules on human rights issues; increasing the media coverage and the development of social media.

In addition, along with global business expansion, companies are always in a situation of facing local human rights and environmental issues which are occurring in areas of their operation sites. There are always various types of “risks” beyond the scope of companies’ understanding. This means that the companies are always exposed to unpredictable “mine risks”. From the perspective of risk-management, it is important for companies to deal with such social changes and issues.

“Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework” (2011) so-called “Ruggie framework” guided by the UN recommends implementing human rights due diligence which requires companies to identify, protect, mitigate and explain human rights impact.

The Nippon CSR Consortium was established in 2012, positioning a series of workshops as an activity that aims to assist companies in identifying and assessing any actual or potentially adverse human rights impacts as defined in the UN Guiding Principles. Through the Stakeholder Engagement Program in 2015, it came out to be clear that gaps still exist between the companies and the NGOs for the degree of understanding the “Business and human rights”. The companies do not fully understand the exact meaning of the specific terms in the context of NGOs. For instance, as for business overseas expansion and operation in local areas, the infringement of the right of indigenous people becomes a crucial matter in a context of NGOs. However, companies are likely to deal with this issue in a context of land ownership. Gaps, or “misconception”, between NGOs and the companies come out as an obstacle for advancing human rights because they take the same issue in different ways, with the one perceives it as their own while the others as issues of third parties.

In 2016, it was first time that Thai and Japanese companies had met with the NGOs and experts through the open framework of “the Stakeholder Engagement Programme in Thai” and both of them learned each others perspective. Especially it was important for the companies to know more deep meaning of “Business and Human Rights”. The companies need to develop effective human rights grievance mechanisms, conduct a dialogue with human rights victims and NGOs supporting them to implement a human rights due diligence in the near future.

The issues raised by NGO participants in June 7<sup>th</sup>, and listed the priority human rights issues that had been identified by Thai and Japanese companies in accordance with the UN Guiding Principles on Business and Human Rights.

The companies identified the following as priority issues, in the order listed:

- Priority 1. Work conditions: health and safety at the workplace
- Priority 2. Work conditions: adequate pay
- Priority 3. Child labour
- Priority 4. Relations with authorities: corruption and bribery
- Priority 5. Relations with authorities: money laundering and transparency
- Priority 6. Forced labour and human trafficking
- Priority 7. Security: forced payments to non-governmental actors
- Priority 8. Security: law enforcement
- Priority 9. Security: arrest and detention

Through this process, the companies are able to listen to the local voices, recognize their specific pressing issues, and approach the identified issues and risks with utilizing high expertise and strategies. And, as outlined in the Guiding Principles, the companies should be held accountable for any harm they cause and outcomes of their actions, as well as should enhance their transparency by disclosing information linked to economic, environmental, and ethical aspects related to their businesses in order to ensure legitimacy. By doing so, the companies can earn “License to Operate” and trust from stakeholders which becomes a backbone for corporate sustainable competitiveness in the long run.

Particularly in Thai there were two main agendas had been discussed among the participants and came to conclusion that also important to be challenged with collaboration between companies and NGOs, first is “Health and Safety” and second is “Responsible supply chain with labour practice and include community”.

4. Human rights issues by Thai and Japanese companies

The participants broke out into three groups (one made up of Japanese companies and two of Thai companies), to examine the issues raised by NGOs and identify human rights issues that had the largest potential impact on their operations.

4.1 Thai companies

Key human rights issues in the Thai companies		Comments	
Core operation/ Supply	Workplace conditions	Working hours	
		Wages	Priority 2
		Health and Safety	Priority 1 a. There is a need for concrete action in this area, based on self sufficiency, work-life balance, and respect for human dignity. b. Basic needs: basic infrastructure is needed that aims at ensuring health services for all in society. Healthy and nutritious food needs to be provided, including food based on traditional Thai herbs. c. Though Thai law requires companies to establish safety committees, this is rarely implemented. Working conditions are often unsafe, e.g. work in extremely high temperatures, exposure to harmful chemicals, excessively loud noise. There is also often a lack of qualified supervision of work at aerial platforms at construction sites.
		Disciplinary practices	
	Discrimination	Recruitment	
		During work	
		Redundancy and dismissal	
	Child labour	Risk to children	
		Minimum age	
		Working hours and conditions of employment	Priority 3
		Employment of young workers	
		Worst forms of child labour	
	Forced or compulsory	Prison labour	
		Deposits and	

CAUX ROUND TABLE

	labour	papers	
		Forced overtime	
		Trafficking of workers	Priority 6
		Others	Forced labour and migrant labour: These are still common. In particular Cambodians tend to work in furniture manufacturing, Laotians as domestic workers, and Burmese and Vietnamese in all sorts of industries. Migrant labourers are increasingly faced with abuses. Some Thai managers are starting to take measures to engage with migrant labourers, e.g. organized trips to temples.
Freedom of association and collective bargaining	Freedom to associate and to bargain collectively		
	Conflict with local law		
Communities	Resources	Use of natural resources	Natural resource issues: droughts and other factors have led to a shortage of water, resulting in conflicts between factories and communities over the resource. Effectiveness use of natural resources and development Eco friendly technology. There are also a need for implementing such as ; a. 3R (reuse, reduce, recycle) b. Water management
	Security	State provision of security	Priority 8
		Non-state groups and security payments	Priority 7
		Detainment	Priority 9
	Access to Land	Tittle to land	
		Voluntary relocation-consultation and compensation	
		Forced relocation	
	Community Investment	Others	a. Safety and well being: the safety of not only companies but also communities needed to be protected. b. Quality of life is important, as is the workplace environment (in particular pregnant women, persons with disabilities, migrant labourers and children). c. There is a need to prepare for natural

			disasters, and lessons could be drawn from Japan. d. Management of waste: there is a need to reduce both industrial waste and rubbish in the community.
Society and Governments	Operations in countries in conflict		
	Entry(pre and post conflict)		
	Bribery and corruption		Priority 4
	Money laundering and transparency		Priority 5
	Relations to state with poor human rights records		
Others	Respect rights of indigenous people		
	Respect to ESG		a. Environmental issues : many factories still do not abide by environmental regulations. b. The Thai government is encouraging a shift to rail transportation, to reduce energy consumption and the impact to the environment.
			c. Governance and transparency: there needs to be a board or a steering committee to ensure that decisions are taken in a transparent and unbiased manner.

1. Education

Quality education is vital for sustainability. Though the Thai government puts considerable financial resources into education, the results are still mixed. Diversity within ASEAN: there are six hundred million people in ASEAN, and a system is needed to understand and harness that diversity, with a common knowledge base and a common education system.

2. Inequality is growing and is a serious issue: there is a need to create employment in the provinces.
3. Sustainability: goods and services produced by disadvantaged communities need to be promoted, so as to ensure self-sufficiency.
4. Some companies translate documents such as SOPs, fire procedures and others into the languages of migrant labourers.

4.2 Japanese companies

Key human rights issues in the Japanese companies		Comments	
Core operation/ Supply	Workplace conditions	Working hours	
		Wages	Priority 2
		Health and Safety	Priority 1 Ensuring health and safety at the workplace leads to higher motivation on the part of employees and better productivity: a positive cycle. Neglecting this, on the other hand, leads to a negative spiral for all, and must be avoided.
		Disciplinary practices	
	Discrimination	Recruitment	
		During work	
		Redundancy and dismissal	
	Child labour	Risk to children	Child labour had serious implications for the future of the children involved and must be avoided at all costs. It also would lead to serious damage to the brand of the company. Nevertheless, it remains a serious problem.
		Minimum age	
		Working hours and conditions of employment	Priority 3
		Employment of young workers	
		Worst forms of child labour	
	Forced or compulsory labour	Prison labour	
		Deposits and papers	
		Forced overtime	
		Trafficking of workers	Priority 6 There are many cases of migrants being subjected to forced labour in Thailand. Unscrupulous brokers are engaged in human trafficking. The case of the shrimp industry is receiving wide ranging international attention, but this is just one example, and it is imperative that companies are aware of the situation throughout their supply chains.
	Freedom of association	Freedom to associate and to	

# CAUX ROUND TABLE

	and collective bargaining	bargain collectively	
		Conflict with local law	
Communities	Resources	Use of natural resources	
	Security	State provision of security	Priority 8
		Non-state groups and security payments	Priority 7
		Detainment	Priority 9
	Access to Land	Tittle to land	Ambiguity regarding land ownership rights in many countries in SE Asia often leads to situations where the rights of disadvantaged persons and communities are disregarded. Companies need a complete understanding of land rights, as there is a high risk of infringing on the rights of others.
		Voluntary relocation-consultation and compensation	
		Forced relocation	
Community Investment	Others		
Society and Governments		Operations in countries in conflict	
		Entry(pre and post conflict)	
		Bribery and corruption	Priority 4 It is not uncommon in ASEAN countries that senior government staff would demand bribes. This is unacceptable.
		Money laundering and transparency	Priority 5
		Relations to state with poor human rights records	
Others		Respect rights of indigenous people	
		Respect to ESG	

5. Feedback from NGOs and expert

1-1. Toshiyuki Doi (Senior Advisor, Mekong Watch)

He participated as an observer in the breakout group of Japanese companies. He noted that the five issues identified were definitely important, and measures to address them could benefit from the following:

a. Child labour: it is important to base actions on the Children's Rights Convention and on the guidelines produced by Save the Children. Companies should provide children with educational opportunities for their future.

b. Forced labour and human trafficking: JICA and the Thai government have been implementing a programme in Thailand and along the Mekong River for five years, and could provide useful information.

c. Land rights: in Thailand and Cambodia, this issue should be looked at not as one of individual rights, but as a question of the right to natural resources. Land is not only a space where people live, but is often fundamental to their identity.

d. Human rights and the new Thai Constitution: international human rights conventions remain in force even if there is a political vacuum. Human rights must be protected under any circumstances.

He also commented that the perspective of the Thai companies appeared to focus on risk management. Thai companies need to give serious consideration to the establishment of grievance mechanisms, not only to assess claims but also as a tool for communication with rights holders.

1-2. Naiyana Thanawattho (Child Protection Specialist, Save the Children)

She stated that the workshop had been a good opportunity to discuss businesses and human rights issues. She noted that though there was awareness of child labour as an issue, it was necessary to understand Thai law in relation to minimum age of children that are allowed to work, as well as the condition of their work. Under the law, the minimum age in order to employ a child is 15 years old in Thailand. The child cannot perform dangerous or risky work or be in inappropriate environment.

Child labour should also be looked at in the context of forced labour and sex work. It was important to ensure not only the well being of the child who works but also the safety and wellbeing of the parents working in your company.

1-3. K. Sureepun (FTPI)

One of the expert noted that it was important to share best CSR practices, and that issues related to land rights needed to be understood not only by foreign companies but also by investors. Business has the power to change society, and therefore companies have a responsibility to engage with NGOs and other civil society actors to discuss solutions to social problems. For example, the issue of education in Thailand is not just one of quality, but of poverty, as many families are financially unable to send their children to school. Businesses need to concentrate their efforts on those fundamental issues.