

## Report on 2020 Business and Human Rights Conference in Tokyo

### Beyond Business and Human Rights bounds to ESG Capital Market

#### What do companies do to advance the respect of human rights in the spread of new coronavirus infection?

The 2020 Business and Human Rights Conference in Tokyo, hosted by Caux Round Table Japan (CRT Japan) and the Institute for Human Rights and Business, was held on the 16th of October 2020. The conference was held online in consideration of the COVID-19 pandemic and drew more than 180 attendees from governments, businesses, and NGOs.

The conference had the three pillars, focusing on (1) enhancing awareness and understanding of the latest trends in business and human rights, (2) facilitating collaborative work to promote respect of human rights, and (3) facilitating the implementation of United Nations Guiding Principles on Business and Human Rights (UNGPs).

The COVID-19 pandemic occurred at the beginning of this year, which seriously affects domestic and overseas corporate activities and the human rights of its employees and stakeholders. In particular, COVID-19 has a serious impact on the lives of temporary workers, foreign workers, workers of small and medium-sized enterprises located upstream in the supply chain, who are in unstable labour contracts. In this difficult time, companies are truly asked about the significance of respect for human rights. In this plenary session, together with overseas experts on business and human rights, domestic companies, and experts, we deepened an understanding of the global trends and the urgent issues of business and human rights. We discussed while introducing examples of efforts by companies that are practicing.

In the first half of the plenary session, the domestic and foreign experts introduced global trends related to business and human rights (trends related to business and human rights in Asia, foreign migrant workers, key issues in the supply chain, human rights information sharing platform, new corporate evaluation standards HRB / SDGs, ESG benchmark). Regarding "Issues and Implementation of Human Rights Due Diligence," we introduced and discussed the latest global trends during the pandemic. In the second half, we introduced and discussed ESG and business and human rights initiatives of CRT Japan, Japanese companies, and organizations. At the end of the plenary session, an opinion exchange was held with overseas experts and participants on key points for companies in implementing efforts to promote respect for human rights. 181 attendees (120 companies, 18 organizations (NGOs / NPOs / universities / individuals)) participated in the conference.

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

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## Overview of 2020 Business and Human Rights Conference in Tokyo

### Host

Caux Round Table Japan  
Institute for Human Rights and Business

### Co-Host

The Sasakawa Peace Foundation  
Corporate Human Rights Benchmarks  
World Benchmarking Alliance

### Sponsors

ANA HOLDINGS INC.\*  
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Nomura Research Institute, Ltd.\*

### Cooperation

CHUGAI PHARMACEUTICAL CO., LTD.\*

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

### Foreign Organizations

UNDP Bangkok Regional Hub  
Institute for Human Rights and Business  
Business & Human Rights Resource Centre  
The Danish Institute for Human Rights  
World Benchmarking Alliance  
Corporate Human Rights Benchmarks  
Verisk Maplecroft  
Bluenummer Foundation  
Sedex

## Opening Remarks

Hiroshi Ishida, Executive Director of CRT Japan, introduced the role of CRT Japan as a bridge connecting Japan and the World, connecting businesses and stakeholders, and its activities in line with the three principles of fairness, integrity, and honesty in order to define “what is right rather than who is right.” He shared his expectation that this conference would be a learning place for the foreign experts and attendees, and would be beneficial to the attendees in facilitating their human rights initiatives. In addition, as human rights issues became more complicated and serious during a time of rapid globalization, there were increasing calls from various stakeholders for companies to take concrete action to address human rights issues. He shared that it was important to respond to such calls so as to continue to conduct a business smoothly, and this would lead to the gain of trust from their stakeholders and sustainable operations of businesses. Lastly, he shared that as human rights issues become more complicated and aggravated due to the COVID-19 pandemic, Japanese companies should enhance their ESG performance and disclose information more fully in the future.

## Introduction to Global Trends of Business and Human Rights

In this session, human rights experts shared global trends of business and human rights, and expectations for Japanese companies. The experts were from UNDP Bangkok Regional Hub, Institute for Human Rights and Business, Business & Human Rights Resource Centre, World Benchmarking Alliance, Corporate Human Rights Benchmark, The Danish Institute for Human Rights, Verisk Maplecroft, Bluenumber Foundation, and Sedex.

### Tightening of regulations

Livio Sarandrea from UNDP Bangkok Regional Hub noted that 5 key developments in 2020 include the impact of the COVID-19 pandemic on companies and rights holders; the growing number of commitments toward mandatory HRDD; the broadening of the regional partnership in business and human rights; the launch of UNDP’s Global Initiative on business and human rights; and the start of a project to develop a roadmap for the next decade of business and human rights. Besides, concerning human rights due diligence, some countries are fast-moving towards mandatory legislation through even stricter requirements for companies, and the adoption of the National Action Plan (NAP) is gaining momentum around the world. NAPs are being formulated in Asian countries, including Thailand, which adopted NAP first in Asia. Livio asked Japanese companies to commit to build back better, adhere to human rights-focused business practices, and introduce responsible policies in the process of recovery.

Betty Yolanda from Business & Human Rights Resource Centre introduced three strategic approaches BHRRC takes to advance human rights in business and eradicate abuse. 1) building corporate transparency; 2) strengthening corporate accountability, and 3) empowering

advocates. The priority areas include: 1) labour rights; 2) responsible natural resource use; 3) civil freedoms and human rights defenders, and 4) tech and human rights. Betty emphasized that the BHRRC's unique role in generating, collecting, and organising critical information on business and human rights issues from around the world is key to pushing for reform of business models, practices, and policies that drive abuse.

Tulika Bansal from the Danish Institute for Human Rights recognized human rights due diligence as a transparent process of continuous improvement starting with a policy commitment. Tulika stated that companies should assess impacts arising from their own operations and those created by any business relationships and address all of them with sufficient time and budget allocation. It is important to prioritize them based on severity—a sum of scale, scope, and irremediability. Tracing and monitoring should rely on both qualitative and quantitative indicators to measure effectiveness. Communicating and reporting should be of a form and frequency that reflect human rights impacts and should be accessible to the intended audience. She also mentioned that companies should commit to stakeholder engagement which should involve all stakeholders and rightsholders. The movement to embed mandatory human rights due diligence into law has spread to the world and the EU commissioner for Justice commits to legislation on mandatory human rights due diligence at the EU level by 2021.

### **Supply chain management**

Gus MacFarlane from Verisk Maplecroft noted that given that human rights issues in Asia include the National Security Law (Hong Kong) in addition to modern slavery concerns, Asia has the greatest risk regarding the right to privacy and freedom of expression. COVID-19 forced the suspension of existing monitoring and auditing activities and weakened key tools for managing human rights risks, which requires companies to form new supply relationships and procurement practices. Many workers face a dire financial situation, increasing the potential risk of precarious employment and exploitation. Gus emphasized that companies need to be sure that they do not contribute or induce any problems in their whole supply chain.

Neil Wilkins from Institute for Business and Human Rights expressed that migrant workers add significant economic vitality to host countries and the remittances sent to their home countries (developing countries) help drive the economies. Given that Japan has issues and flaws in some of its systems for managing the way migrant workers are recruited and employed in Japan as recognized on A Trafficking in Persons Report issued by the US Government, Neil mentioned that companies need to commit to Principle 1 of the IHRB's Dhaka Principles for Migration with Dignity since migrant workers are paying significant sums of recruitment fees to secure employment abroad, which is a form of exploitation and can also lead to forced labour such as "debt bondage". IHRB has organized a "Leadership Group for Responsible Recruitment" to promote the Employer Pays Principle (employers pay the recruitment fees). Additionally, considering many of the workers who were laid off and stood down, short-termed, or dismissed

due to COVID-19 are immigrant workers and some companies fail to comply with employment contracts such as unpaid wages, Neil highlighted the importance of an urgent justice mechanism for them.

Rishi Sher Singh, a supply chain sustainability expert, more specifically talked about the issues in India, which has been severely impacted by COVID-19 and the government faces two major challenges: people's health and economic recovery. There are various emergent human rights issues in India, especially those related to increasing child labour and migrant workers. Data privacy regarding the way to treat personal information is also a critical issue to address. Because COVID-19, which makes it difficult to meet local stakeholders, prevents companies from performing human rights due diligence as before, we need to reidentify vulnerable stakeholders and develop human rights due diligence that even includes those people. Government support for SMEs is quite limited, so companies should closely communicate with Indian suppliers and business partners if necessary and support them. Most importantly, companies need to recognize the negative chain arising from COVID-19 and local circumstances to break the chain of negative impacts.

### **Platforms**

Bluenumber Foundation has developed traceability solutions as part of measures to strengthen the supply chain management system of companies using digital IDs. Issuing IDs between consumers and farmers, and everyone in between, clarifies and visualizes connections and relationships, and this metric if data can be joined up with the people involved brings us to the idea of symbiotic sustainability. Dr. Puvan Selvanathan from Bluenumber Foundation stated blockchain is a viable way to include everyone on the planet in a symbiotic sustainability solution and emphasized that the Universal Declaration of Human Rights from 1948 is not fit for the era of digitalization. In addition to the existing 30 articles, it needs a new article, the 31st article concerning data and the internet such as the property rights to own any data and the right to connectivity.

Alexander Walrut from Sedex explained that a member survey on COVID-19 conducted this year revealed that the major challenges are related to disruption of raw materials and inputs, and order cancellation, having excess staff. In addition to supply chain disruptions and travel restrictions, challenges regarding revenue, access to adequate PPE (Personal Protective Equipment), and audit issues have also emerged. Sedex offers members tools to measure COVID-19 risk or to use in case of auditors' inability to visit the site. Regarding the modern slavery legislative situation, recent trends include: 1) an increase in new legislation (current movements to formulate modern slavery acts), 2) strengthening of existing legislation, 3) increasingly active global investors (concerned about earnings volatility, brand damage, and potential increased regulatory), 4) an increase in media attention.

### **Benchmarking for social impacts**

Pauliina Murphy from World Benchmarking Alliance recognized that to achieve the SDGs, it is important to shift to stakeholder-oriented capitalism with a focus on long-term results and reconceptualize the way investors evaluate risks and impacts. By recognizing the complexity and inter-connectedness of the Goals, WBA leads a successful transformation of seven systems: social, digital, agriculture and food, decarbonization and energy, resource recycling (circular), cities, and financial. In January 2020, WBA identified 2,000 global companies, including 178 Japanese companies, as keystone companies (the companies most influential in contributing to the SDGs). In addition, WBA and some 160 alliance partners, including CRT Japan, cooperate in various ways such as research and methodology development, advocacy, and policy engagement.

Camille Le Pors from Corporate Human Rights Benchmark indicated that Corporate Human Rights Benchmark looks exclusively at publicly available information as a part of the attempt at driving more transparency on corporate human rights practices. Corporate Human Rights Benchmark had 200 companies in scope in 2019, including 18 Japanese companies, and 24% and 15.6% were recorded for the global total average score and Japanese average score respectively. Camille stated that Japanese companies tend to lack human rights due diligence and transparency. Improvements of human rights practices require transparency of human rights practices; the impact on the potentially affected stakeholders; ensuring that these questions are a priority for the business and embedded throughout operations and supply chains; and stakeholder engagement.

At the end of this session, Hiroshi Ishida, the Executive Director of CRT Japan, put an emphasis on the importance of platform and framework in line with UNGPs and WBA and stated that based on UNGPs, companies have to design and secure a stronger business model that considers the working environment of workers and producers and the living environment of local residents and they should enhance the quality relationship with stakeholders including investors. Along with this, investors increasingly focus on non-financial information in addition to financial information to measure corporate performance. The recent global trends include: (1) widening social, economic disparities in the civil society and polarization in the corporate human rights responses due to COVID-19; (2) urgent necessity of establishing a situation assessment system in response to dynamic changes in the employment situation; (3) oversea governments working toward tightening laws and regulations for human rights due diligence; (4) WBA's accelerated efforts through performance evaluation to help companies in overcoming posed challenges and achieving SDGs; (5) movement to properly evaluate leading companies by tightening regulations and impose penalties on underdeveloped companies and (6) increasing new pressure on companies to overcome challenges to achieve the SDGs. These changes as a result have reshaped the relationship between investors and companies. Investors look at a broad range of behavior to assess companies based on their ESG performance and pay close attention to the way ESG is included in management decision-making and the ability to deal with ESG risks. This indicates

that it is a critical task for companies over the medium to long term to recognize and evaluate intangible assets (non-financial elements).

### **Introduction to Efforts of CRT Japan**

The second half of the conference started with an introduction to Ninja Project and an app for foreign workers by Miho Okada from CRT Japan. CRT Japan has started the development and trial operation of Ninja using Blunumber as a comprehensive support app to respond to the increasing human rights risk of foreign workers. Ninja is a PC / mobile app that supports 7 languages: Japanese, English, Vietnamese, Chinese, Indonesian, Tagalog, and Bengali, and has the following four functions. (1) Hello Ninja: foreign workers can register personal information linked to digital IDs and select reliable partners to manage and share work schedule and send messages while taking control of personal information, (2) Ninja-Biz: companies, recruitment agencies, and third-party support organisations can collectively manage worker information and perform personnel management such as attendance management and worker safety confirmation, (3) Foreign Workers Data Management System: companies can manage information on foreign workers, excluding personal information, in the supply chain, and (4) Ninja Anon: foreign workers can anonymously voice concerns in their native language and receive answers. These features enable companies to visualize the work environment of themselves including suppliers and outsourcing contractors and solve problems before they happen.

Hironobu Oode from SEIWA Co., Ltd., which provides the PRO Finder, an environmental measuring instrument for agricultural greenhouses, intending to visualize food data, and promotes cloud computing to further utilize data, announced that SEIWA is developing a business-to-business matching platform called Blue Market to realize food traceability. Forming the Blue Alliance with Blunumber will help manage and provide information on food safety and security such as environment, growth condition, applied fertilizer, pesticides, and production areas. The Blue Alliance will lead to the development of a platform that can involve many stakeholders throughout society.

### **Introduction to Efforts to ESG and Human Rights by Japanese Companies**

Maho Nakayama from the Sasakawa Peace Foundation explained their standpoint regarding the efforts of UNGPs. The Asia Peace Initiatives Department at Sasakawa Peace Foundation conducts research, policy advocacy, and support for pilot projects in response to human rights issues in Asia. Recently, in Asia, (1) civic activities have experienced stagnation due to greater constraints on civic activities and diminished support, (2) the mass media confront tight finances due to stricter media-related regulations and pandemic, and (3) the pandemic has exacerbated the environment for migrant workers and human rights issues have become apparent such as the hate speech against Rohingya refugees in Malaysia. The Sasakawa Peace Foundation has

launched the "Promotion of Responsible Business Conduct" project and promoted information disclosure regarding human rights in collaboration with CRT Japan and BHRRC and conduct research on the grievance mechanism in cooperation with Global Compact Network Japan and research on human rights risks together with and BHRRC. Besides, she emphasized that they are also performing studies and research on immigrant workers and human rights violations, and conduction promotional activities for the Ninja app.

Kanade Hanamoto from Nissin Foods Holdings Co., Ltd. introduced their human rights initiatives. The Nissin Foods Group has set the goal of contributing to society and the earth by gratifying people everywhere with pleasures and delights food can provide following the group philosophy "EARTH FOOD CREATOR", and has advanced efforts to promote respect for human rights. Following NISSIN FOODS Group Policy on Human Rights developed and published in 2018, the Nisshin Foods Group started human rights due diligence in 2019 with the cooperation of CRT Japan, identified potential human rights risks from a risk assessment, and held workshops with related departments to evaluate the degree of influence and prioritize such risks. As a result, in 2020, initiatives for salient risk assessment were launched with two priorities: (1) the working environment of foreign workers in Japan and (2) the working conditions of smallholder palm oil farmers in Indonesia. Despite slightly delayed progress due to the influence of COVID-19, the assessment revealed that there are no major problems regarding (1) at this point. Concerning (2), an online dialogue will be held with local farmers in the fall. To promote internal development, training on compliance, LGBT, unconscious bias, etc. and human rights seminars were implemented.

Nobuyoshi Yamaguchi from Kao Corporation introduced their initiatives for supply chain management mechanism created through direct communication with smallholder palm oil farmers. From the perspective of forest protection and human rights compliance, Kao requires the palm oil suppliers to ensure traceability, purchase RSPO certified oil, and comply with NDPE and HCSA. He stressed that improving the productivity of these farmers is effective not only in improving their living standards but also in reducing new deforestation. Therefore, the SMILE project was implemented to support local smallholder farmers directly based on dialogue and to provide farmers with unique technology (adjuvant) that contributes to pesticide reduction (cost-saving) and yield increase.

Chikako Miyata from ANA Holdings Inc. introduced their efforts to promote ESG management. The ANA Group's ESG management promotion cycle consists of three parts: direct dialogue with internal and external stakeholders, initiatives, and information disclosure. Despite the current severe business situation due to COVID-19, she assures ESG management policies will unchangingly stay important and we will remain committed to advance initiatives as a trusted company even after the pandemic. Since last year, the ANA Group has been working on ANA's mid-to-long-term ESG goals, which was established through dialogues with internal and external

stakeholders, and we disclose related information on Annual Report as important as ever even during the pandemic. Dialogue with stakeholders highlighted an increased need to achieve the SDGs due to the COVID-19-induced social changes. The Human Rights Report 2020 will be shortly published. In addition, along with the focus on the issues relevant to foreign workers, the ANA Group established mechanisms, using the Ninja systems, to grasp the employment situation of foreign workers in the supply chain and a grievance contact point (consultation service). She emphasized that they will further strengthen their efforts.

### **Closing Remarks**

Hiroshi Ishida emphasized the importance of a human rights due diligence framework that incorporates dialogues and collaboration with external stakeholders and platforms. In order to enhance the social aspect of ESG in response to the tightening of global regulations, it is important to promote ESG initiatives in line with UNGPs. Companies have to grasp the whole picture of the supply chain and ensure traceability. This requires the use of new science technologies and the assessment of social impacts in the movement of benchmark integration such as the WBA. A highly evaluated approach for direct dialogues is to involve various collaborators and clear the path to resolve the issues by clearly disclosing the goals, the current situation, the problems, and action plans. Given the COVID-19 pandemic, it is necessary to reorganize medium-to-long-term goals that include a grand design based on UNGPs and direct dialogues with rightsholders, and that reflect social values changed due to the pandemic. CRT Japan plan will promote the following ESG initiatives in the coming year and beyond: (1) enhancing the supply chain management system, (2) touchpoint as part of grievance mechanisms, (3) roadmap (grand design) toward ESG management, (4) cooperation with platforms such as WBA.

### **Comments on the Global Conference from Overseas Experts**

The Global Conference is where we can learn about corporate initiatives and realize that companies are making steady progress. It is much appreciated if CRT Japan could continue to hold the Global Conference where companies and stakeholders can get together even during the pandemic. We genuinely hope to come to Japan next year and meet you in person.

Next year's Global Conference is scheduled for October 18-22.

## A List of Speakers

- Livio Sarandrea  
Regional Program Manager and Chief Advisor on Business and Human Rights UNDP global lead for Business and Human Rights, United Nations Development Program Bangkok Regional Hub
- Neill Wilkins  
Responsible for the migrant workers program, Institute for Business and Human Rights
- Betty Yolanda  
Asia Regional Manager, Business & Human Rights Resource Centre
- Pauliina Murphy  
Engagement Director, World Benchmarking Alliance
- Camille Le Pors  
Lead Corporate Human Rights Benchmark, World Benchmarking Alliance
- Tulika Bansal  
Senior Adviser, Human Rights and Development, The Danish Institute for Human Rights
- Gus MacFarlane  
Vice President, Verisk Maplecroft
- Dr. Puvan Selvanathan  
CEO, Bluenumber
- Alexander Walrut  
Head of Office Australia, Sedex
- Rishi Sher Singh  
Supply Chain Sustainability Expert
- Miho Okada  
Director, CRT Japan
- Hironobu Oode  
SEIWA Co., Ltd.
- Maho Nakayama  
Director and Senior Program Officer, Asia Peace Initiatives Department, The SASAKAWA PEACE FOUNDATION
- Kanade Hanamoto  
Head of CSR Promotion Office, Corporate Communications Division NISSIN FOODS HOLDINGS CO., LTD.
- Nobuyoshi Yamaguchi  
Vice President, Procurement-Strategic Sourcing-Raw Materials, Global, Kao Corporation
- Chikako Miyata  
Senior Vice President, Legal & Insurance, General Administration and Sustainability, ANA HOLDINGS INC.
- Hiroshi Ishida  
Executive Director, CRT Japan