

## Report on 2022 Business and Human Rights Conference in Tokyo

### Hosts:

Caux Round Table Japan

### Sponsors:

ANA HOLDINGS INC., Kao Corporation, Suntory Holdings Limited, TEIJIN LIMITED,  
Nippon Yusen Kabushiki Kaisha, MEGUMILK SNOW BRAND Co.,Ltd.

### Cooperation:

Miyake & Partners, Tokio Marine dR Co., Ltd.

### Foreign Organizations

UNDP Bangkok Regional Hub, Institute for Human Rights and Business,  
Verisk Maplecroft, World Benchmarking Alliance, The Danish Institute for Human Rights,  
The Remedy Project

### Participants

277 people in total

Host

CAUX ROUND TABLE

Sponsor

ANA

KAO

SUNTORY

TEIJIN  
Human Chemistry. Human Solutions

NYK LINE  
NIPPON YUSEN KAISHA

The 2022 Business and Human Rights Conference in Tokyo, hosted by Caux Round Table Japan (CRT Japan) was held on the 21 of October 2022. The conference was held online, same as last year in consideration of the COVID-19 pandemic. There were 277 participants, 154 companies and 15 organizations (NGO/NPO/universities/individuals). The conference had 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).

Eleven years have passed since the UN Guiding Principles on Business and Human Rights were approved by the UN Human Rights Council in 2011, and legislation requiring companies, particularly in Europe and the US, to implement and disclose supply chain management has accelerated in recent years. Legislation requiring companies to implement and disclose supply chain management has accelerated in recent years, particularly in Europe and the United States. This trend has had an impact on Japan, with the Ministry of Foreign Affairs publishing an Action Plan on Business and Human Rights last October, and the Ministry of Economy, Trade and Industry (METI) announcing the Draft Guidelines for Respecting Human Rights in Responsible Supply Chains in August this year. Going forward, it is expected to ensure consistency in policy among relevant Japanese ministries and agencies, while encouraging companies to promote respect for human rights. This is the World Benchmarking Alliance (WBA), a new ranking that assesses the contribution of global companies to the achievement of the UN Sustainable Development Goals (SDGs). While many companies are looking at long-term visions and trends, implementing SDGs and ESG-related activities and disclosing appropriate information in order to increase their corporate intangible asset value, there are still a number of companies that are not meeting the expectations and demands of society and ESG investors regarding business and human rights. However, there are a number of companies that are not meeting the expectations and demands of society and ESG investors in relation to Business and Human Rights. In this conference, overseas experts on business and human rights were invited to discuss global trends and pressing issues in business and human rights, and how Japanese companies can prevent and address human rights violations, while introducing case studies of companies that have implemented such measures.

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, migrant workers, key issues in the supply chain, human rights information sharing platform, corporate valuation trends in WBA/CHRB, useful tools for human rights due diligence). In the latter half of the session, cases of business and human rights initiatives by Japanese companies and organizations were presented. The importance of stakeholder engagement was also discussed in a dialogue format. At the end of the plenary session, a discussion was held with overseas experts to exchange views on important points in addressing business and human rights. 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 efforts and exchanged 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.

## **Opening Remarks**

The demand for respect for human rights by stakeholders from NGO groups and ESG-related investors has become stronger, and corporate evaluation axes are requiring companies to take more in-depth approaches based on the UNGPs than ever before. Emphasizing that the business environment surrounding companies is becoming more severe than ever, he stressed the importance of building an operational system for human rights management and identifying rights-holders who are suffering from human rights violations in their own companies and in their supply chains. As laws and regulations are rapidly progressing in Western countries, the important thing is to promote efforts in line with the Guiding Principles on International Business and Human Rights. In light of the fact that regulations on business and human rights are also being strengthened and the movement toward legislation is accelerating, he stressed the importance of direct communication (direct dialogue) and engaging with stakeholders based on relationships of trust. Video letters from overseas experts at the plenary session and human rights initiatives by Japanese companies incorporating third-party perspectives were introduced, and all participants once again examined their human rights initiatives.

## **Introduction to Global Trends of Business and Human Rights**

### **Trends in Business and Human Rights in Asia**

#### **Sean Christopher Lees / United Nations Development Program (UNDP) Bangkok Regional Hub**

The last two years have been a very tumultuous period for international business, for international markets. Really, in terms of our state of play, we have three things. We have a reassessment of globalization. We have a new willingness to divest. Three, we have perhaps a tightening of regulatory environment which we are operating at the international level and conducting international trade and international business. In addition to this, this period, the last two years is also a period, in which we celebrated the 10-year anniversary of the signing of the UN Guiding Principles on Business and Human Rights. The UN Guiding Principles is the world's most authoritative normative framework defining responsible business today. Made up of 31 principles, the UN Guiding Principles provide a roadmap for governments and business to assess unsustainable practices and to undertake performance. In the context of heightened geopolitical and economic tensions, the UN Guiding Principles has become even more relevant than in years past.

### **Migrant Workers in Supply Chain: Solving the Challenges**

#### **Neill Wilkins/ Institute for Business and Human Rights**

One very significant situation that's arisen over the last 2 years has been the military coup that's taken place in Myanmar. It's important for companies to maintain compliance with sanctions. There are quite strict rules now about what can be exported from Myanmar and companies need to be very careful that they don't do anything that might break the sanctions. Bribery and corruption are absolutely rampant, and companies and suppliers are increasingly finding that they are expected to make payments to all sorts of individuals just to be able to function normally. It is important that if you do close down your operations in Myanmar, that you consider all of these implications and make sure that you respect human rights during that withdrawal process, how do you make sure that you protect affected workers, how do you make sure that you protect other stakeholders that might be impacted by your withdrawal.

**Accessing Corporate Respect for Human Rights : A benchmarking Approach**

**Sofia del Valle and Talya Swissa / World Benchmarking Alliance**

WBA is a global organization that develops free and publicly available benchmarks to measure and compare companies on the Sustainable Development Goals, or SDGs, and the Paris Agreement. All WBA benchmarks incorporate Core Social Indicators, which are aligned with the UN Guiding Principles on Business and Human Rights and focus on issues such as commitment to respect human rights at different stages; identification, assessment, and action on human rights risks and impacts; stakeholder Whereas the Core Social Indicator assesses all companies on basic matters of respect for human rights, the CHRB is a more in-depth assessment of high-risk sectors. Unlike in the past, the CHRB will be on a biennial cycle, assessing three sectors this year and the remaining two in 2023. The benchmarks will be released this November. The three sectors are food and agriculture, ICT manufacturing, and automobile manufacturing, and we are considering presenting the benchmarks at the UN Forum on Business and Human Rights in Geneva.

**Recommendations to the Japanese Government from WBA**

**Namit Agarwal / World Benchmarking Alliance**

WBA has published an assessment of the world's most influential 1,000 companies on what we call the core social indicators, which are the social fundamentals based on human rights, decent work, and ethical action. These indicators include elements on human rights due diligence, and out of the 1,000 companies we assessed, 67 are headquartered in Japan. We used evidence from the assessment of these 67 Japanese companies in the recommendations that we submitted. One of the things we found in our assessment was that Japanese companies are committed to human rights but there is definitely room for improvement on due diligence indicators. We found there is a clear gap between what companies are committing and what information they disclose on the implementation. We sincerely hope that soon the government is going to start working on the implementation as well as taking the guidance to a mandatory legislation.

**European Policy Developments on Human Rights Due Diligence**

**Cathrine Bloch Veiberg / Jumpei Nagaoka / The Danish Institute for Human Rights**

Most noticeably trends are the forced labor ban on goods imported to the EU that have been produced using forced labor, and the corporate sustainable due diligence directive, which is currently still being processed within the EU which will require the largest European companies to conduct due diligence on sustainability, including human rights. There will also be, as a part of that file, a requirement on companies from outside of the EU, with significant operations in the EU, coming from high-risk sectors as defined by the OECD. This will cover not only EU companies but with significant operations within the EU, from the sectors: the textile sector, agricultural sector, and extraction of minerals sector. All of these different initiatives introduce different regulatory levers. Some include obligations on companies to conduct human rights due diligence in alignment with the UN Guiding Principles on Business and Human Rights, so that includes a process to identify, assess, address, communicate, and report on human rights impacts, including in close collaboration with stakeholders. There are different proposals around looking at the way in which companies are formed and governed and the way in which respect for human rights can be more centrally integrated into their structure.

## **Introduction to Human Rights Risk Assessment Tool**

### **Sofia Nazalya / Verisk Maplecroft**

Verisk Maplecroft was founded in 2001 as a specialized risk advisory firm. The firm has 20 years of experience working with investors, financial institutions, insurance companies, and corporate clients. We also provide commodity data that allows us to look more closely at the human rights and ESG impacts of key products upstream in the supply chain. Our Human Rights Risk Index includes issues such as child labor, modern slavery, fair wages, and fair working hours for labor rights, and civil and political rights, including freedom of assembly, freedom of opinion and expression, and the rights of women and girls. These human rights data form the basis for operationalizing and improving human rights management, assessing human rights risks and impacts, and fulfilling reporting and disclosure obligations. In accordance with the UN Guiding Principles, our organization assesses potential human rights impacts and provides steps leading to an assessment of actual human rights impacts.

## **Human Rights Due Diligence in Supply Chain**

### **Rishi Sher Singh/ Supply Chain Sustainability Expert/ CRT Japan Advisor**

In a logistics project in India that I was involved in, I engaged in direct dialogue with the rights holders. Direct dialogue with drivers, workers, coordinators, and security guards allowed me to understand many of the problems they were facing on the ground, and they were surprised that anyone was interested in their problems. Through the dialogue, we were able to identify salient human rights risks related to health and safety, unsafe working conditions, road conditions, COVID impacts, lack of facilities for rest and sanitation, alcoholism, lack of PPE, etc. Through this project, we learned that direct engagement with rights-holders throughout the value chain is possible. Direct engagement requires localized solutions. That means finding localized solutions. To engage directly with rights holders, it is essential to have a local bridge and a local team to build trust with rights holders who know the local language and culture.

## **Development of Implementation of Grievance Mechanism**

### **Archana Kotecha / The Remedy Project**

With the publication of the European Corporate Sustainability Due Diligence Directive, there has been renewed attention to human rights due diligence mechanisms. At the same time, attention has also focused on remedies and grievance systems, the two of which are truly inextricably linked. Many of these laws translate elements of the standards and principles of the UN Guiding Principles and will undoubtedly have an impact on the supply chains of Asia-based companies. In particular, the more regulated the buyer's market becomes, the more Asian companies will be expected to raise their standards, both in terms of risk identification and risk management. As companies design their grievance mechanisms, it is critical that they keep in mind the centrality of rights holders and the need for ongoing dialogue and engagement in the workplace. In particular, it is important to emphasize the role of civil society, which plays a very important role in the diffusion and penetration of grievance mechanisms to socially vulnerable individuals and groups.

## **Introduction of Japanese Companies' Approaches to Direct Communication**

### **Conducting a Risk Assessment of Human Rights Due Diligence**

**Yuko Tsutsui, Executive Officer, ESG Management Promotion Group, Nippon Yusen Kabushiki Kaisha, Ltd.**

In April 2022, we launched the "Human Rights Project" with the ESG Management Promotion Group as the lead department in order to have the entire NYK Group take human rights issues more seriously and strengthen its efforts. In the risk assessment of human rights due diligence, human rights risk analysis was conducted using objective data such as human rights risk analysis related to our business by Verisk Maplecroft and reports from the Danish Institute for Human Rights. Prioritization of issues was conducted through holding human rights due diligence workshops with relevant departments within the company and through discussions on human rights themes, countries, and target stakeholders. Based on the results of the workshop on business and human rights and the human rights risk assessment, key human rights themes for the NYK Group were identified. In addition, online interviews were conducted with Group company management who supervise and monitor the dismantling process at the dismantling yards and with the dismantling yard site supervisors in India to ascertain the actual working environment at the dismantling yards and to confirm the content of efforts to respect workers' human rights.

In addition, Ishida, a member of CRT Japan, gave a presentation on the above-mentioned initiatives and exchanged opinions at a seminar for executives to encourage management to make a commitment to the initiatives, thereby laying the foundation for a management system with an external perspective based on the Guiding Principles for the entire NYK Group.

**Respect for Human Rights at Kao**

**Manabu Shibata, Director, ESG Global Action Promotion, Kao Corporation**

To review the Kao Group's human rights risks, a desktop survey and an internal workshop were conducted by a third-party organization. As a result, the working environment of foreign workers (in Japan) in Kao Group companies and supply chains, as well as producers and farmers from whom raw materials are procured, were identified as important human rights themes that the Kao Group should address in the future. Based on these results, interviews were conducted with foreign workers in order to understand the actual working conditions of foreign workers working in Kao plant. As a result of the interviews, it was found that the relationship between the company and the workers was good, no problems were found at this point, and psychological safety was ensured. As a result of this interview, it was confirmed that the human rights-related activities conducted by the Kao Group to date have not been particularly uncomfortable when organized from the perspective of the United Nations Guiding Principles on Business and Human Rights. This initiative is positioned as the first step toward building a management system with an external perspective based on guiding principles, and we hope to expand it to vulnerable workers at upstream suppliers in the future.

**Kao's Commitment to Sustainable Palm Oil**

**Manabu Shibata, Director, ESG Global Action Promotion, Kao Corporation**

The Kao Group's Smallholder Farmer Support Project (SMILE) in Indonesia aims to build win-win relationships between companies, suppliers, and farmers by helping to resolve issues on the ground, rather than eliminating risks in the supply chain. In addition, the purpose of the Kao Group's adoption of the grievance mechanism is to support the protection of farmers' human rights and improvement of their livelihoods in conjunction with the

Small-Scale Farm Support (SMILE). The mission is then to directly pick up the voices of small-scale farm workers involved in palm production, especially those related to human rights issues that arise on the farms, resolve the issues, follow up promptly, and publicize the status of the response. With the cooperation of the CRT Japan Committee, we will visit the area starting in 2019. We have held numerous dialogues with small-scale palm oil farmers in Indonesia in cooperation with supplier companies; since 2021, we have been conducting questionnaires through direct dialogue with small-scale palm farmers in cooperation with the CRT Japan Committee and local NGOs. And in 2022, a technology that allows farmers to directly input information from their smartphones was introduced (NINJA, a CRT Japan), and a grievance mechanism was first established for 50 farmers to ensure accessibility and transparency of information. This also made it possible for farmers to directly inquire about the progress of the response (realization of Direct Communication). The progress management is scheduled to be published on the Kao website twice a year.

## **Conducting a Risk Assessment of Human Rights Due Diligence**

### **Chikako Miyata, Senior Vice President, Director of Corporate Sustainability, ANA HOLDINGS INC.**

In order to assess potential human rights risks, the ANA Group utilized a system to regularly survey the employment status of foreign workers in its supply chain. Information was collected through the "Ninja" complaints desk to analyze potential risks. Then, regular on-site surveys, questionnaires, and interviews with foreign workers have been conducted; a complaint window has been set up with the cooperation of the CRT Japan. The use of this service is encouraged for workers in group companies and major contractors. This window is accessible 24 hours a day, 7 days a week, 365 days a year, in seven languages, and callers can use it anonymously without fear of repercussions. Today's presentation focuses on this grievance mechanism. In January of this year, we received a request (anonymous submission) to conduct a human rights survey of technical intern trainees at an ANA Group partner company (consignee: Narita region). We immediately proceeded with the survey, narrowed down the target areas, and asked the CRT Japan as a third-party organization to conduct direct dialogue with technical intern trainees (33 persons) in April and May. In addition, in conducting the interview survey, we requested an interpreter to be in charge of the National Association of Small and Medium Enterprises and Business Associations (supervisory organization). As a result, it was agreed that more opportunities for dialogue with the technical intern trainees would be provided and that explanations of work-related regulations and rules would be strengthened. In addition, the dormitory living environment, of which the technical intern trainees had voiced some dissatisfaction, was promptly improved. Then, in early October, the CRT Japan interviewed 10 technical intern trainees again to confirm whether their workplace and living environment had improved (monitoring survey). As a result, we received a report that there had been a significant improvement. Following this series of processes, we will continue to monitor the progress of efforts in cooperation with various partner companies to implement procedures for resolving human rights issues, including relief mechanisms and human rights due diligence processes.

## **Conducting a Risk Assessment of Human Rights Due Diligence**

### **Masaki Shikano, Director, ZENKOKU KEIYUKAI COOPERATIVE**

We manage technical intern trainees who are engaged in airport-related work at Narita, Haneda, and Kansai airports. To date, we have received approximately 600 technical intern trainees. Together with ANA, we

conducted interviews with the technical intern trainees to identify and address any concerns. Through these interviews, we found that the percentage of technical intern trainees wishing to extend their contracts was 60% before the interviews, but after the interviews following this series of actions, the percentage improved to 95%. This is probably due in large part to the fact that ANA and the CRT Japan Committee conducted the interviews and resolved the issues. In addition to these efforts, we also provided support for the technical intern trainees in their personal lives, including monthly social gatherings, and we feel that this has borne fruit. We realized that these efforts not only had a significant positive impact on the technical intern trainees, but also raised the motivation of the entire company. Although the technical intern trainee system is not highly regarded in Japan and abroad, I hope that everyone understands that many management organizations put the technical intern trainees first and are making various efforts in the field.

#### **Video Letter from Rights Holders Screened**

A video letter containing comments from rights holders on their satisfaction with the resolution of human rights issues (living and working environment) identified in the results of the impact evaluation of technical intern trainees conducted in the Narita region this year was shown.

#### **CRT Japan, Ishida**

Based on the above series of procedures from the request for investigation through this anonymous posting, this matter will be closed, but the management system mechanism will continue to be in place to appropriately address any new issues that are found through direct dialogue with rights holders.

#### **Discussion and Summary with Overseas Experts and Participants**

In order to promote human rights initiatives within the company, it is important to first accumulate know-how by creating small successful cases, and then horizontally disseminate this know-how among related divisions. Then, it is necessary to devise ways to link the evaluations of third parties, such as WBA, Verisk Maplecroft, and ESG evaluation organizations, to improvements in the workplace. Some of the concerns collected through the grievance mechanism can be addressed by a single company alone, but in some cases they can be rectified in cooperation with the government or competitors. In addition, when conducting interviews with employees of outsourcing partners, there is a tendency for the outsourcing partner to become defensive. However, it is important to explain to the outsources that identifying concerns and making improvements through repeated interviews will result in visible improvements in employee satisfaction and other tangible results, and to make every effort to gain their understanding and cooperation. Rather than proving that there are no human rights issues in the supply chain, issues that were not previously apparent may suddenly appear through interviews. It is most important to have a continuous dialogue with the counterparty and to build a relationship of mutual trust.

#### **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.