

About Attachment (Commentary): In response to the issues raised by civil society in the SHE (STEP 1), the "Cross-industry Sharing and Discussion (Group Discussion)" prepared for the 6th meeting (STEP 2) is attached as a reference document to show the progress of the discussion on the corporate side. This document is attached. We hope that by disclosing the progress of the discussions, the process of developing the final deliverables will be better understood.

1. Based on the specific examples related to "Business and Human Rights" introduced by civil society, please describe your own examples of how your company's activities have caused or may cause adverse impacts on human rights. (Include examples from industries other than the one your company applies to)

(1) "Cause": examples of causing adverse impacts through a company's own activities

System) Long working hours, leakage of personal and medical information

Food A) In-house harassment, LGBT, advertising, poor working environment, service overtime, impact on neighbors from manufacturing (water quality, air pollution, noise), **health hazards to customers**, health hazards to customers due to inappropriate drinking, **accidents due to explanations only in Japanese**

Food B) Since we are not a beverage manufacturing, the production line is not in-line. There are many raw materials, and the manufacturing process differs depending on the product, and there are many manual operations in this industry. **The number of people involved in the process is large. There is a shortage of workers. We employ double-digit numbers of foreign technical trainees. There is insufficient research on the burden of expenses at the time of travelling. There is a possibility that some employees are paying their own expenses.**

Transportation) A large number of foreign workers are employed at airports. **Foreign workers are indispensable to the business.** Labor issues involving foreign nationals are a recognized problem in the airline industry. As the workplace is highly dangerous, thorough enforcement of rules is essential. Educate employees on safety and make sure they understand the rules. Are we able to maintain educational materials in multiple languages? We have a history of dealing with safety issues, but we need to deal with irregularities due to delays and weather. Since backup measures are taken with the highest priority on operation, this **leads to long working hours for employees and late night and early morning work for certain workers.** This also occurs unexpectedly. **Cost reduction**...Hiring Japanese workers is difficult due to the tough work environment. We rely on foreign workers. It is **easy to be negatively affected when we ask the second and subsequent contractors to treat us better.**

There are indications from overseas that there are problems with **Japan's technical intern training program itself. It is necessary to lobby** the Keidanren and urge the Japanese government to improve the program. **We do not have a clear understanding of the actual status of our operations.** The reality is that we are asking contractors to understand and conduct questionnaires.

Chemical A) Damage to the community when fires and effluent occur at a national plant. Harassment to our employees.

Chemical B) Provide chemicals that cause health hazards, may cause health hazards

Pharmaceutical) **Impact on patients**, health care professionals and employees

Apparel) Accidents or health hazards due to the lack of an established training system, handling of chemical substances, or machine operation errors. A safe working environment may not be ensured due to lack of appropriate protective equipment and medication management.

(2) "Contribute": examples of contributing adverse impacts through a company's own activities

System) **Demand for short delivery time to business partners. Work content likely to lead to long working hours.**

Food A) Inducement of long working hours to suppliers. **Health hazards to children by providing products with unbalanced nutritional value (advertisement)**. Possibility of forcing foreign technical trainees to work inappropriately.

Food B) There are not only domestic factories but also overseas factories. We have not been able to confirm the human rights issues and DD of overseas OEM partners. **The current situation is that we are conducting audits mainly on quality as before. There is a wide range of raw material suppliers in Japan as well, and the issue is whether it is possible to investigate all 400 suppliers.**

Chemical A) Inducing long working hours due to customers' requests for short delivery times

**Chemical B) Transactions with companies that engage in low wages and illegal labor.**

Conflict minerals can be a source of funding and cause human rights damage

Apparel) Requests for shorter delivery times induce suppliers to work longer hours.

In developing countries where laws and regulations are not yet in place, compliance with local laws may cause environmental pollution in the area and health hazards to residents.

(3) "Linkage": examples directly related to a company's business, products, and services through business relationships

System) There is a risk that child labor is occurring at suppliers and that the company's own service products are being misused at delivery destinations and beyond.

Food A) **human rights abuses may have occurred outside the factory that has been outsourced manufacturing to a specific ethnic group in which the benefit occurred**

Chemical A) **Risk of encouraging forced labor by subcontractors by subcontracting**

Chemical B) Since we have many suppliers, it is necessary to consider **risks based on what we do not know.**

Pharmaceutical) Combating the distribution of counterfeit medicines. Risk of having your truck robbed.

Manufacturing) Natural rubber Southeast Asia. Many cases of human rights abuses. **Risk survey before procurement.**

Apparel) The possibility of forced labor occurring at secondary and subsequent suppliers in the procurement of cotton raw materials, depriving certain ethnic groups of their rights, culture and children of their freedom.

(Uyghur)

Please refer to the [materials issued by the Human Rights Bureau of the Ministry of Justice](#). (Relevant sections are attached)

2. How should we respond in the cases of human rights abuses indicated in 1?

(You can also think about the current situation and the gap)

System) Development that can prevent human rights issues from the design stage.

Food A) Briefing sessions for company employees and suppliers. Provide **training tailored to their expertise.**

Establish a complaint mechanism. Human Rights Risk Analysis. **Strengthen the human rights element in new transactions. Include human rights factors in advance checks for product development and advertising. Switch procurement to certified raw materials. Prepare equipment that reduces the burden on workers (tools that reduce the workload, etc.).** Conducting supplier surveys and audits.

Food B) **Interviews of at-risk foreign apprentices within the company; implementation of the SMETA audit of Sedex during the year.**

**CSR survey by SAQ has been submitted to 400 companies.**

Chemical A) Monitoring of human rights risks of business operators. The number of questions is being increased.

Chemical B) Constant monitoring pharmaceuticals. **Drug development is highly regulated because of what goes into the body.** We will continue to work on this.

**Strengthen privacy information for digital support. We will pay attention to secondary use and manage personal information.**

Manufacturing) **Desktop research. We are asking suppliers to take EcoVadis. If the results indicate that there is a significant risk, we will conduct an online interview in the current COVID pandemic.**

Apparel) Establishment of a safety and health committee. Create a system that allows each department to discuss issues that could cause accidents or problems in the company's business activities and adopt countermeasures at committee meetings.

(1) Recognize the gap between the company's impact on the environment and the laws and regulations, and recognize the problems. List specific measures, set priorities and periods, and proceed systematically.

We will check the progress every year by internal audit.

(2) Conduct a secondary and subsequent supplier survey. If there is a problem, consider changing suppliers.

3. How do you think human rights due diligence can be conducted to identify the parties and communities suffering from human rights abuses in the above cases?

System) Identify customer end users. Identify suppliers' contractors.

Food A) **Even if a questionnaire is taken, the actual situation cannot be identified if it is covered up. Conduct a human rights risk analysis, engage in dialogue with NGOs in the relevant country or region, and visit the site to investigate the actual situation. If a problem cannot be solved by a single company, work with industry associations and NGOs.**

Food B) Audits will be conducted with priority given to high-risk suppliers.

Transportation) Conducted questionnaire. Actual condition survey in progress.

Chemical A) Possibility of losing jobs at raw material suppliers due to lack of product sales

Chemical B) It is necessary to **respond to and understand the situation on an individual basis depending on the business sector and region. It is also necessary to incorporate the viewpoint of a third party.** Consideration needs to be given to the spread of damage caused by knowing.

Apparel) Surveys Conduct internal and external questionnaires to learn about the actual situation. Listen to the voices of workers. **Utilize a third-party audit** to learn the gap between the company's perception and the actual situation.

4. Who in your company's supply chain has suffered particularly adverse human rights impacts as a result of Covid-19?

System) People involved in non-systematic operations (who are not digitally enabled)

Food A) **Technical intern trainees** at suppliers. Suppliers of products with declining sales, employees of farms. Cafeterias that had outsourced their work, cleaners (non-permanent workers), employees who have a lot of contact with people (logistics).

Food B) **Selling and no-so-selling products are polarized. It is affecting the demand and supply.**

Transportation) The number of flights in operation has decreased, and the workload has declined. There is a possibility that **foreign workers are losing their jobs.** We have not been able to directly manage or grasp secondary contractors due to the management of each company.

Chemical A) Consultation service at the employer. National consultation service. The government should accelerate its involvement in providing support, rather than leaving it to companies.

Chemical B) The supply chain is long. Possibility of **excessive labor in logistics.**

Decrease in job due to unavailability of products. **Decrease in work for cafeteria cleaning staff, etc.**

Pharmaceutical) There is a reality that people cannot receive necessary surgeries. We want to be able to deliver products to those who need them.

Manufacturing) Local assessment is difficult to conduct. Unable to deal with adverse impacts on human rights.

Apparel) Stop hiring (fixed-term workers) due to sales decline

5. What kind of "remedy mechanisms" do you think should be put in place for the socially vulnerable people mentioned in 3 and 4?

System) Establishing a mechanism to respond to the possibility of human rights risks for end users who use the system.

Food A) Incorporate the question of whether the employee has been unfairly dismissed into auditing standards. **Gather information through audits and dialogue with NGOs.**

Food B) Foreign technical trainees are for a limited period of time; 1, 2, and 3. Whether it is possible to continue to employ those who cannot return to their home countries due to the impact of Corona? ➔ In light of human rights issues, how should companies handle contracts with technical interns?

Transport) We are working on **introducing a grievance mechanism.**

Chemical) Work for whistleblowers. A mechanism for the entire country to work toward improvement.

Manufacturing) The list will be identified, published and addressed.

Apparel) **Establish a system for listening to workers' voices.** Set up an improvement committee and establish a series of mechanisms to conduct regular surveys, hearings with problem destinations, reports to management, responses to problems, and public disclosure. Gain the understanding of senior management and instill internal

governance. Create a mechanism for transparency. In the next fiscal year, we will re-examine whether the measures introduced are effective.

6. In terms of transparency, please identify areas for improvement in the disclosure of human rights-related information by your company or affiliated companies.

System) **Supply chain information disclosure**

Food A) It is not possible to grasp overseas initiatives. **Disclosure is limited to a small portion of information in Japan.** Perhaps because companies have not been able to disclose specific priority initiatives for human rights due diligence, we have not been able to obtain external collaborators.

Food B) HD is the one that makes announcements externally, and the audits of Sedex SMETA are handled by each operating company, so it is not the case that the entire group is working on them.

Transportation) HD is promoting understanding among Group companies. **The Group as a whole will take actions with transparency outside the company as well.**

Chemical) **We will increase the information that can be disclosed.**

Chemical) **Sometimes it is communicated outside the company and not communicated inside the company. Establishment of an education system. Confirmation of effectiveness. Monitoring.**

# Stakeholder Engagement Program in Japan

# Potential human rights Abuses and Responses

(1) “Cause”: examples of causing adverse impacts through a company’s own activities

- Long working hours, health and safety, and harassment issues for employees

⇒ Labor management and auditing to remove problems before they occur

In-house education and awareness-raising activities

- Wastewater, waste, and operational emissions from factories have a adverse impact on the environment and local communities.

⇒ Audits, proactive environmental response

- Product safety issues and adverse impact on users

⇒ Strengthening the functions of the quality assurance department and multiple check functions in the factory

- Adverse impact on the employee's family due to transfers and assignments that ignore the employee's convenience

⇒ Sound management of the union and appropriate communication between superiors and subordinates

- Destroy local communities when constructing factories and buildings.

⇒ Dialogue with citizens during construction planning

- Possibility of coercion of stereotypes of children and other consumers through advertising

⇒ Internal education and awareness-raising activities

- Fear of misleading consumers regarding product labeling

⇒ Multilingual support for QR codes, etc. for each sales country

- In the actual situation of labor, dangerous work environment, long working hours, labor monitoring, and child labor are practiced. Causing mental and physical pain to workers.

⇒ Establishment of a system to listen to rights holders' voices. Expert advice for remediation.

- Lack of facilities for LGBTQ+ people, SOGI harassment

⇒ In the future, we will install all-gender bathrooms and accessible changing rooms.

- Equal pay for equal work (part-time and temporary employees)

- Decided by age to some extent (mandatory retirement age for positions) Age discrimination

- Hazardous work environment, long working hours, labor surveillance, child labor, mental/physical distress

- Foreign workers: technical intern training system, busy work schedule (long working hours, late-night work), safety training, health and safety in the workplace, etc.

- Ensuring safety when transporting heavy objects, working in close proximity to aircraft, etc.

- Various types of harassment

- Health hazards due to contamination of food with foreign substances and errors in allergen labeling



(2) "Contribute": examples of contributing adverse impacts through a company's own activities

- Increase in adverse impact due to inappropriate use of products (e.g., abuse of narcotics and antipsychotics, medication for patients who do not need it)

⇒ Strict management system in place, educational activities for proper use

- Unreasonable pressure on subcontractors to lower prices

⇒ The above inquiries are accepted through the supplier reporting system.

- Inappropriate marketing and advertising

⇒ Establish guidelines for branding, training for SNS staff and advertising team, and a multi-person approval system

- Acquiring companies that commit human rights abuses through mergers and acquisitions

⇒ Added "Business and Human Rights" to the due diligence section

- Whistle-blowing from a supplier's employee requesting that the supplier's management take corrective action, but not taking effective action

⇒ Establishment of a system to listen to rights holders' voices. Expert advice for remediation.

- Attitude toward suppliers (unreasonable price reduction, shortened delivery time)

⇒

(2) "Contribute": examples of contributing adverse impacts through a company's own activities

- Failure to take appropriate action in the event of a whistleblower report from an employee of a supplier
- Long working hours, late nights and early mornings due to irregularities and busy schedules
- Procurement of raw materials (palm oil, etc.)
- Overwork in logistics companies
- Child labor, forced labor and long working hours by dockyards and scrapyards

⇒ On-site questionnaire. If there is no response at all, reconsider business relationships.

The number of ships in operation fluctuates with the condition of the market. Contributing to environmental pollution.

Noise, odor, and other damage to nearby residents near the terminal where the ship is loading and unloading and near the route where the ship is operating

(3) "Linkage": examples directly related to a company's business, products, and services through business relationships

- Child labor and forced labor occurred at the manufacturing site of raw materials for products.

⇒ Notify the first and subsequent suppliers via Direct Communication and request remediation

- Foreign Workers

⇒

- Impact on residents near the manufacturing plant

⇒

- Adverse human rights issues in the supply chain (e.g. Uighur issue)

⇒ Building a movement of initiatives in the industry

Sales for the purpose of inspecting products that use conflict minerals (rare metals)

- Complicity in human rights abuses, such as by forming a joint venture with a local government-affiliated company that suppresses opposition from local communities in its overseas business operations

⇒ Establishment of a system to listen to rights holders' voices. Expert advice for remediation.

- Unfair treatment of employees at partner companies or subcontractors in terms of employment or treatment (e.g. forced long working hours, unpaid work or wages, improper deductions from wages, unfair dismissal) may occur.

⇒ ◆ Identification of the current situation

- Surveys of subcontractors (questionnaires, hearings, site visits, etc.)
- Surveys of foreign workers (questionnaires, interviews, etc.)
- Introduction of a grievance mechanism in accordance with international rules

# Human Rights Due Diligence

- We will conduct appropriate training for our own employees, and establish a governance line that allows reports to be sent from the field to headquarters. In particular, facilities other than plants have few opportunities to undergo internal audits, so we will make an announcement including a contact point for reporting.

Supply chain clarifies roles and boundaries for Desktop Audit, Local Audit and Direct Communication, and runs risk assessments annually

- Conduct field surveys (unannounced and undercover surveys are preferred), SAQ, questionnaires, etc.
- Setting up a contact point for reporting
- Performance-based evaluation system, promotion system for full-time employees
- Material procurement policy briefing for suppliers

# Impact of COVID19 pandemic

Workers at the end of the supply chain

medical personnel

- Employment instability for technical interns and foreign national employees due to deteriorating business performance by the pandemic. Relative decline in wages due to reduced operations at overseas manufacturing sites
- Adverse impact on the parenting generation within the company
- Identification of negative health effects on production site employees
- Economic impact on the value chain
- Parts manufacturers, logistics providers (at risk), sailors, people who cannot work remotely

⇒Supported by infection control and PCR testing

- Suppliers and their employees are forced to deliver products on short notice to cover the lowered production volume due to clusters. (Infection prevention products)
- Non-regular workers and factory contractors who are unexpectedly and suddenly laid off due to a decline in demand.
- Increased workload for logistics suppliers due to increased EC
- Respect for individual opinions of over-the-counter sales staff regarding vaccines, etc.
- Fear of plant closure and unfair dismissal due to lockdown

⇒Wages and job security required

- Logistics: Burden of work for employees of logistics contractors due to increase in EC
- Sales: Increased possibility of COVID-19 infection (possibility of health hazard) in customer service of in-store sales staff
- Consumer inquiries about their own health information (personal information protection and consumer accountability)

# Grievance Mechanism

- Internal system construction and sharing of various know-how among group companies
  - Establish and disseminate an easy-to-use reporting system
- Ensuring Access to Healthcare
- Whistleblower
- Industry Initiatives
- Removing psychological barriers to language learning

## What needs to be improved about information disclosure

- The challenge is to share awareness with affiliates and average the level of information disclosure
  - Promote disclosure of information on current initiatives, including assessment and human rights DD
  - Surveys of the supply chain, etc.
  - In a hotline system, the ideal situation is to provide sufficient information to the parties concerned to keep them informed of the progress and to build their trust in the effectiveness of the system.
- Improving the industry as a whole by reporting to international organizations on how people in the field work
- Timely updates

# [Summary] Potential Human Rights Abuses and Responses

## (1) Cause

- Employees (not only in offices, but also in production sites, transportation sites, sales sites, medical sites, etc.)
  - occupational health and safety, harassment, wage disparity
  - Awareness-raising activities to promote correct understanding
- Consumers, society
  - Misconceptions about product use, health hazards, direct human rights abuses at the time of sale (race, gender, disability...)
  - Multilingualization and easy-to-understand displays for appropriate recognition by users, etc.
  - Education and enlightenment within the company and establishment of a code of conduct
- Local communities and the environment
  - Effects of air emissions, wastewater, etc. resulting from operations and environmental pollution resulting from construction of new bases
  - Considerations that do not impose an environmental burden

# [Summary] Potential Human Rights Abuses and Responses

## (2) Contribute

- Increase in adverse impact due to inappropriate use of products (e.g., abuse of narcotics and antipsychotics, medication for patients who do not need it)

⇒ Strict management system in place, educational activities for proper use

- Unreasonable pressure on subcontractors to lower prices

⇒ The above inquiries are accepted through the supplier reporting window.

- Inappropriate marketing, inculcation of bias through advertising, etc.

⇒ Establish guidelines for branding, training for SNS staff and advertising staff, and a multi-person approval system

- Acquiring companies that commit human rights abuses through mergers and acquisitions

⇒ Added "Business and Human Rights" to the due diligence section

- Whistle-blowing from a supplier's employee requesting that the supplier's management take remediation, but not taking effective action

⇒ Establishment of a system to listen to rights holders' voices. Expert advice for corrective actions.



# [Summary] Potential Human Rights Abuses and Responses

## (3) Linkage

- Child labor and forced labor occurred at the manufacturing site of raw materials for products.  
⇒ Direct Communication notifies suppliers after the first level and asks them to correct the situation.
- Foreign Workers  
⇒ Research and education of subcontractors  
⇒ Linguistic and cultural considerations for products  
⇒ Education of whistleblowers and thorough response
- Impact on residents near the manufacturing plant  
⇒ Exchange of opinions with citizens, audit
- Adverse human rights issues in the supply chain (e.g. Uighur issue)  
Sales for the purpose of inspecting products that use conflict minerals (rare metals)  
⇒ Building a movement of initiatives in the industry

# [Summary] Methods of Human Rights Due Diligence

- Revision of the company's Code of Conduct Sharing with internal and affiliated companies
- Wide range of audits using a combination of field surveys and SAQs
  - ⇒ If they don't cooperate with the survey, we will reconsider the business relationships.
- Education of the company and its suppliers (not only one in forced labor but also content including LGBTQ)
- Convenient and easy to access reporting system

# [Summary] COVID-19

- The impact of lower wages for foreign workers, technical interns, and non-regular employees due to deteriorating corporate performance (non-payment of wages due to lockdown, unfair dismissal, etc.)
- Impact on employees who cannot work remotely (infection control, inspection support)
- Health maintenance for employees, protection of personal information such as vaccination status, etc.
  - Respect for attitudes towards vaccination
- Increased burden on employees in households with children or elderly family members living together (work and family)
- Impact on supply chain (food and beverage industry, transportation industry, etc.)
- Increase in the burden on logistics contractors due to the increase in EC

# [Summary] Remedy System

Establish and disseminate a simple reporting system

Ensuring access to healthcare

Easy access to the reporting system

Building industry initiatives

→Important to build an in-house system and share various know-how among group companies

→Important to remove language and cultural psychological barriers

# [Summary] Information Disclosure

- Promote disclosure of information on current initiatives, including assessment and human rights DD
- Proactively disclose the status of investigations into the supply chain, etc.
- In the hotline system, the ideal situation is to provide sufficient information to the parties concerned in order to continuously inform them of the progress and to build trust in the effectiveness of the system.

→Need to improve the entire industry by reporting to international organizations on how people work in the field.

→Timely updates are important

→Sharing awareness with affiliates and averaging the level of information disclosure are challenging.

# Group 3 Discussion Summary

1. Based on the specific examples related to "Business and Human Rights" introduced by civil society, please describe your own examples of how your company's activities have caused or may cause adverse impacts on human rights. (Include examples from industries other than the one your company applies to)

2. How should we respond in the cases of human rights abuses indicated in 1?

(You can also think about the current situation and the gap)

(1) "Cause": examples of causing adverse impacts through a company's own activities

- Racial discrimination and harassment in food factories, especially in Asia (China and Vietnam, Thailand and Cambodia due to historical background)

→ Understand the values of people from other countries. How to get along with them (sports activities, etc.). How to avoid troubles. (Adjust the shifts and don't put them together. Everything should be equal for each country. etc.)

- Domestic harassment → Consultation service. Education.

- Violation of human rights of gender and other minorities of employees. → Provide opportunities for employees who are unaware to know about it.

- Plastic bags used to pack clothing are polluting the ocean. When burned, they affect climate change.

→ Switch to biomass-derived/biodegradable/marine-degradable ones. Replace with FSC-certified paper. Avoid the use of plastic.

- System-induced failures, impact on society. Violation of human rights when used inappropriately.

- The number of women employed in manufacturing is low due to 24-hour operation and handling of dangerous materials. Possibility of violating women's right to work.

→ Communicate through workplace roundtables, patrols, etc. Visit workplaces and listen to workers' voices.

- Human rights risks for foreign workers → Procedures are in place.

1. Based on the specific examples related to "Business and Human Rights" introduced by civil society, please describe your own examples of how your company's activities have caused or may cause adverse impacts on human rights. (Include examples from industries other than the one your company applies to)

2. How should we respond in the cases of human rights abuses indicated in 1?

(You can also think about the current situation and the gap)

(2) "Contribute": examples of contributing adverse impacts through a company's own activities

- In the logistics of mass merchandisers, long working hours for cargo handling and truck arrangements occur in adverse environments (e.g., low temperatures) due to leaks of nationwide special sales information and sudden projects. → **Managers give consideration to the work environment. Accurate information sharing.**

- Create products for companies that advertise gender bias issues → **Obtain knowledge and information, and provide internal education. Reporting system.**

- Health hazards, overtime work, harassment, (our company and business partners)

- The possibility that an employee of a contracting company may be injured during work.

→ **Communicate through workplace roundtables, patrols, etc. Visit workplaces and listen to workers' voices.**

- Risk of violating human rights by requesting increased man-hours and shorter delivery times to contract manufacturers due to rapidly increasing needs.

→ **Build a supply chain that takes human rights into consideration. Multiple manufacturing channels.**

- Inability to recruit talented people, inability to provide employment opportunities

- Negative effects of marketing on children

1. Based on the specific examples related to "Business and Human Rights" introduced by civil society, please describe your own examples of how your company's activities have caused or may cause adverse impacts on human rights. (Include examples from industries other than the one your company applies to)

2. How should we respond in the cases of human rights abuses indicated in 1?

(You can also think about the current situation and the gap)

(3) "Linkage": examples directly related to a company's business, products, and services through business relationships

- Chicken production in Thailand, using baby fish and sardines as feed in the factory, where forced labor and child labor can possibly occur.

→Identify risks through human rights due diligence. Address while discussing with business partners

- Forced labor, health and safety, and child labor may occur at overseas factories to which we outsource sewing.

→Establish a scheme that enables a thorough audit (obtain the cooperation of a third party)

- Marine plastic problem. →Study technology and other issues while participating in industry-wide alliances.

- Need to look at suppliers (electricity, etc.).

- Not leading to new value creation

- Palm oil issues

### 3. How do you think human rights due diligence can be conducted to identify the parties and communities suffering from human rights abuses in the above cases?

- The first step is to identify. Consider the mechanism of each process. (Identify the tasks in the first stage, and then address each one.)
- Necessary to consider the entire supply chain.
- Have been audited and given guidance.
- Surveys are a choice, but is it really realistic to conduct a survey with many survey items?
  
- The U.S. Department of Labor has published a list of risks for each industry.
- Among the many raw materials, prioritize those that would have a significant impact on our business if supply stops.
- Consider implementation in accordance with laws and regulations in each country which have been accelerating
- The United Nations Global Compact published the questionnaire published free to use
- Try the SEDEX audit on your own first because we can 't ask the supply chain to do what we are not doing ourselves.



4. Who in your company's supply chain has suffered particularly adverse human rights impacts as a result of Covid-19?

- People in the field (those who can't work remotely)
- A sewing factory in Vietnam (layoff is reported)
- (Pharmaceutical) business opportunities and deteriorating working environment in the research sector.

5. What kind of "remedy mechanisms" do you think should be put in place for the socially vulnerable people mentioned in 3 and 4?

- Find improvement measures from ES surveys, etc. Example: Allowance
- Established a contact point for consultation with business partners

6. In terms of transparency, please identify areas for improvement in the disclosure of human rights-related information by your company or affiliated companies.

- Start with disclosure
- Communicate materiality (what we will do by what year) both internally and externally

1. Based on the specific examples related to "Business and Human Rights" introduced by civil society, please describe your own examples of how your company's activities have caused or may cause adverse impacts on human rights. (Include examples from industries other than the one your company applies to)

**(1) "Cause": examples of causing adverse impacts through a company's own activities**

Cosmetics) Women's advertising (age) may Emphasizes "beauty," ageism (age), and gender stereotypes.

Female employees are not fully playing active roles.

Logistics) Refrigerated warehouse (to take care of food). Long working hours occur according to the delivery date requested by customers (including subsidiary employees and contractors).

System) Harassment (factions), deterioration of working environment (long working hours)

Apparel) Only a few female managers. Various types of harassment. Unjustified transfers due to the apparel recession. Sales of products with gender bias. Possibility of harm to human body due to defective products.

Discriminatory design and expression. Job-type employment.

Pharmaceuticals) Managing clinical trials / Ensuring quality and safety / Preventing and responding to incidents in the use phase / Personal information and privacy / Harassment of employees / Superior treatment of business partners' employees / Discrimination / Long working hours / Stable supply of medicines in emergencies / Improving global health / Improving access to other health care

Cosmetics) Racism and misunderstanding due to the concept of "skin brightening". Long working hours due to high-mix low-volume production and being influenced by trends. Impact on working conditions due to diversification of containers, etc.

**(2) "Contribute": examples of contributing adverse impacts through a company's own activities**

Cosmetics) Palm oil (cosmetics and daily products), Possible complicity in child labor in mica mining. Foreign technical intern trainees. Fostering of younger age of cosmetics through young influencers.

Logistics) Driver shortage. Possibility that the work outsourcing company is hiring foreign workers without resident status through unrealistic recruitment practices.

System) Deteriorating working conditions in supplier companies

Apparel) Long working hours due to a lot of work by people and following trends. Low wages and foreign workers due to lower clothing prices. Environmental deterioration due to burning of excess inventory.

Pharmaceuticals) Accident prevention and response at the disposal stage / Spills of hazardous substances at supplier sites / Biological piracy at supplier sites / Forced labor, child labor / Occupational health and safety, working conditions

Cosmetics) Promoting gender consciousness with the concept that cosmetics are mainly for women

**(3) "Linkage": examples directly related to a company's business, products, and services through business relationships**

Cosmetics) Leakage of personal information about the body

Logistics) Compression of logistics costs due to lower food prices caused by long-term deflation. Causing low wages and non-regular employment at transportation and cargo handling companies.

System) Personal attacks on SNS, such as special fraud cases through networks

Apparel) Unfair labor in outsourced factories. Pollution. Recycling. Risk of using Xinjiang cotton (genocide).

Pharmaceuticals) Combating the distribution of counterfeit medicines / Release of hazardous substances at trading partners' sites / Biological piracy at trading partners' sites / Forced labor, child labor / Occupational health and safety, working conditions

Cosmetics) Working conditions at the end of the supply chain (although difficult to exactly understand)

Please refer to the [materials issued by the Human Rights Bureau of the Ministry of Justice](#). (Relevant sections are attached)

## **2. How should we respond in the cases of human rights abuses indicated in 1?**

(You can also think about the current situation and the gap)

- Update the "Guidelines for Ethical Advertising and Marketing" in the cosmetics industry.
- Pick up the voice of consumers in the industry.
- Human rights training is conducted internally, but human rights education is needed for marketers and external business partners as well. (Gender, lookism, etc.)
- Formulate a plan to equalize work with shippers. (Actual example: Decrease in the number of convenience store delivery services. Negotiation of regular quotas, etc.)
- Use of Health and Safety Committee
- Development of a system to predict the delivery of goods
- Audit is the key word in apparel. It is important to grasp the actual situation accurately. Remedial measures and aftercare.
- Strengthen branding (value-added products)
- Preferential treatment and tax reduction at the time of import customs clearance (e.g., certificate of human rights-conscious products)
- Implementation of education and monitoring
- Monitoring and capacity building at supplier companies
- For special fraud cases, strengthen information security, confirm product design, and improve digital literacy in society.
- Traceability is important. Leakage of personal information on the Internet and use for other purposes are serious problems.
- In-house training to raise awareness of the importance of communication to customers.
- Strengthen management through digitalization. Development of initiatives in the area of contribution to human rights (promotion of human rights) as a pharmaceutical company.
- A cosmetics industry group established human rights due diligence guidelines.

## **3. How do you think human rights due diligence can be conducted to identify the parties and communities suffering from human rights abuses in the above cases?**

- Conducting regular internet surveys in the cosmetics industry
- Activities to measure the social impact of sustainability activities in the cosmetics industry

- Confirmation of contract details with contractors in advance, unannounced on-site audits, and employee interviews to understand actual conditions.
- Ask a neutral third party to conduct an audit or investigation. Correct selection of third-party organization.
- Monitoring is important.
- Identify people whose human rights are being violated in the value chain
- Utilize global human rights networks

**4. Who in your company's supply chain has suffered particularly adverse human rights impacts as a result of Covid-19?**

- Cosmetics industry) Unemployment of female consumers
- Sudden layoffs and wage cuts at a sewing factory for products destined for Japan; only Japanese employees returned to Japan and local employees were left behind.
- Excessive work for food and logistics factory employees due to stay-at-home demand. Maintaining motivation through financial assistance.
- Affected industries. Collaboration in systems.
- Care for management staff and employees who work onsite at client office.
- Impact on other treatments and medications due to priority of COVID19 response. Impact on patients due to delay in approval of development product applications.
- Counseling sales became difficult and online purchases increased. Increased burden on logistics companies

**5. What kind of "remedy mechanisms" do you think should be put in place for the socially vulnerable people mentioned in 3 and 4?**

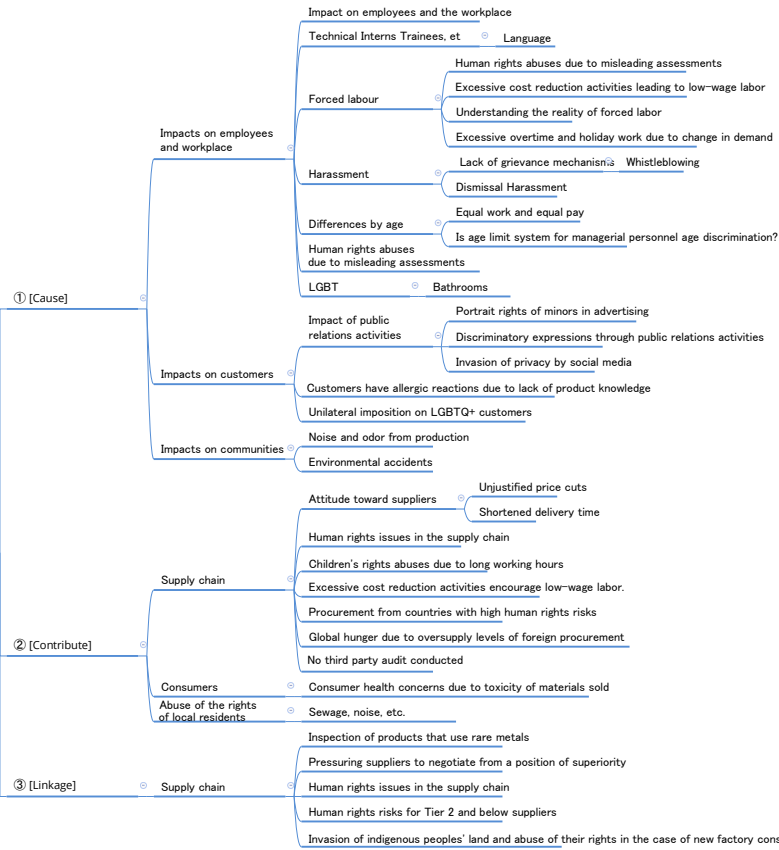
- Cooperation with the government's employment support
- Cooperation as a counseling center for domestic violence

**6. In terms of transparency, please identify areas for improvement in the disclosure of human rights-related information by your company or affiliated companies.**

- Easy to disclose the results of initiatives, but it is difficult to disclose risks that we don't understand exactly or haven't taken action on.
- Tend to stagnate in addressing issues that are difficult to deal with through rules and policies
- Management is reluctant to disclose information (due to concerns related to corporate gadfly and impressions from NPOs)
- Problems are often dealt with only after they have become apparent. Use a third-party organization to improve transparency.
- Responded to disclosure requests from retailers and disclosed requested information

# The 6th SHE Group 6

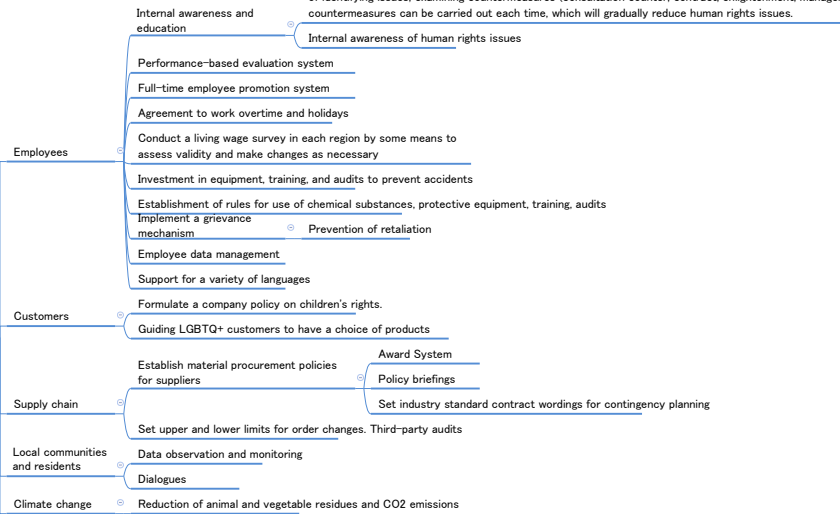
## Q1 Adverse impacts on human rights



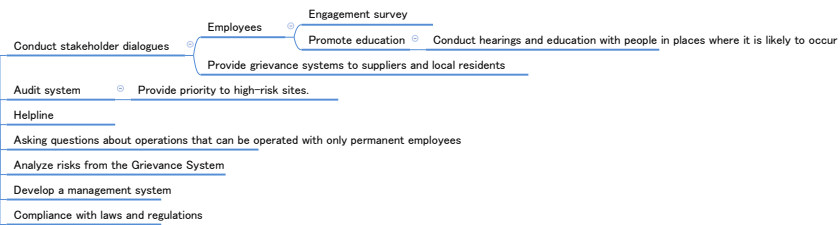
Since various human rights abuses are occurring in each value chain, it is not a problem that can be solved only by one party, and the entire company needs to work together. First of all, it is necessary to provide all employees with the basic knowledge of what is connected to human rights issues, because it seems that most of them are not aware that their own business activities or words they say are connected to human rights issues.

After that, it is important to identify the risk of human rights abuses in the activities of each value chain, and to understand the current situation by talking with stakeholders who are currently experiencing human rights abuses to find out who and what is being violated. This will reduce the risk of new human rights abuses. It will also make it easier to bring unresolved issues to light, so that the PDCA cycle of identifying issues, examining countermeasures (consultation counter, contract, enlightenment, management system, etc.), and implementing countermeasures can be carried out each time, which will gradually reduce human rights issues.

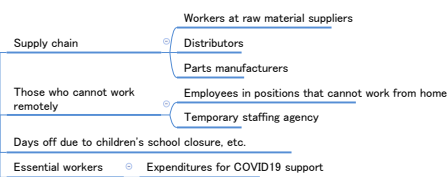
## Q2 Response to cases in 1



## Q3 Identify human rights abusers



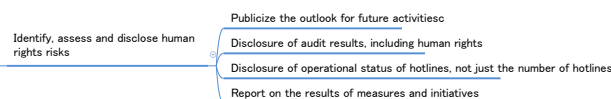
## Q4 Negative impact of Covid-19



## Q5 Remedy mechanisms to be put in place



## Q6 Improvements in information disclosure



# 2021 Stakeholder Engagement Program in Japan

## Part 6: Discussions Across Industries

September 9, 2021, 1:00 p.m. - 3:00 p.m.

Group number: 7

**1. Based on the specific examples related to "Business and Human Rights" introduced by civil society, please describe your own examples of how your company's activities have caused or may cause adverse impacts on human rights. (Include examples from industries other than the one your company applies to)**

**(1) "Cause": examples of causing adverse impacts through a company's own activities**

- Power harassment, including SOGI harassment and outing toward employees, and other harassment or discrimination
- Long working hours and night shift work of employees
- Impact on families due to employees' transfers, decrease in contact with children of those who work alone away from their home
- Lack of follow-up for language and family when employees work overseas
- Plastic bags and products used by the company contribute to marine pollution and climate change
- Health hazards to consumers by our products
- Leakage of consumers' personal information
- Workplace accidents that jeopardize the safety and health of employees

## **(2) "Contribute": examples of contributing adverse impacts through a company's own activities**

- Purchasing solar panels produced by forced labor in Uyghur to generate electricity
- Excessive work or forced labor at overseas factories of contractors
- Product sales in advertising that may promote gender bias and lookism
- Environmental damage to local residents caused by our factories: health damage, agricultural damage, noise, bad odor, toxic substance outflow noise, agricultural damage, bad odor, and outflow of toxic substances
- Health hazards to consumers of products such as expired products
- Child labor and long working hours at suppliers (secondary and tertiary suppliers)

## **(3) "Linkage": examples directly related to a company's business, products, and services through business relationships**

- Purchase or invest in biomass-based renewable energy that does not support the NDPE policy
- Forced labor in the use of Xinjiang cotton involving Uyghur
- Excessive labor, forced labor, and exploitation (technical trainees, etc.) at contractors' domestic and overseas factories
- Environmental damage to local residents caused by the factory we outsourced to: health damage, agricultural damage, noise, bad odor, toxic substance outflow noise, agricultural damage, bad odor, and outflow of toxic substances.
- Health hazards to consumers of products such as expired products
- Child labor and long working hours at suppliers (2nd and 3rd tier suppliers)



## **2. How should we respond in the cases of human rights abuses indicated in 1? (You can also think about the current situation and the gap)**

- Conduct a questionnaire survey on the actual situation, raise awareness within the company, establish the content of harassment and prohibited regulations and disciplinary regulations, and take appropriate action at the consultation counter
- Review production system and working hours and restructure working style through digitalization
- Conduct transparent investigations with outside (international) experts, disclose details of the findings, and cease doing business with problematic suppliers who cannot confidently deny their involvement in forced labor
- Identify, analyze, and evaluate whether the renewable energy to be purchased or invested in has any negative impact on human rights, and make a decision on whether to implement or cancel the purchase or investment based on the results
- Establish a system to understand supply chain risks and communicate with the supply chain
- Establish a review process and guidelines before advertising

## **3. How do you think human rights due diligence can be conducted to identify the parties and communities suffering from human rights abuses in the above cases?**

- Conduct stakeholder engagement with NGOs and other relevant organizations to understand the perspectives of those who actually have rights (rights holders) and those who have suffered or are likely to suffer human rights abuses, and identify the parties and communities suffering from human rights abuses
- Proactively listen to the opinions of outsiders and gather a wide range of information
- Share examples from within and outside the company

#### **4. Who in your company's supply chain has suffered particularly adverse human rights impacts as a result of Covid-19?**

- Technical intern trainees and other workers who are in a vulnerable position working in industries or sectors where the economy has rapidly worsened (food service, etc.) ⇒ dismissal or decrease in wages
- Technical interns and other workers who are in a vulnerable position working in industries and sectors where demand has increased rapidly (mail-order, medical products, etc.) ⇒ excessive or unsafe work
- Cancer patients, etc. ⇒ unable to receive treatment
- Unvaccinated people ⇒ discrimination
- People who cannot work from home ⇒ at risk of contracting Covid-19
- Women who are not financially stable ⇒ domestic violence worsens due to partner's increased telecommuting, unemployment

#### **5. What kind of "remedy mechanisms" do you think should be put in place for the socially vulnerable people mentioned in 3 and 4?**

- Engage in dialogues with experts in the field of business and human rights to avoid becoming self-satisfied and to make efforts more effective
- Establish a hotline (a contact point for receiving and responding to complaints, consultations, and reports from inside and outside the company) for the company and its supply chain and establish a response system
- Fair employment and wages
- Consideration for mental health
- Share examples from within and outside the company

**6. In terms of transparency, please identify areas for improvement in the disclosure of human rights-related information by your company or affiliated companies.**

- Fully explain to all stakeholders how the company assesses human rights risks and how it works to prevent and remedy them
- Disclose the status of the remedy mechanism (hotline).
- Incorporate the reviews and opinions of an "independent third party".

## The 6th Japan SHE: Gathering opinions from cross-industry discussions

1. Based on the specific examples related to "Business and Human Rights" introduced by civil society, please describe your own examples of how your company's activities have caused or may cause adverse impacts on human rights.

(1) "Cause": examples of causing adverse impacts through a company's own activities

[Office and factories]

- Power harassment, including SOGI harassment and outing, and other forms of harassment
- Discrimination in the workplace (especially in Asia there is racial discrimination)
- Long working hours, night shift work, working on holidays
- Impact on employees' families due to domestic and international relocation, decrease in contact with children of those who work alone
- Occurrence of occupational accidents at factories that jeopardize the safety and health of employees especially foreign workers
- Female employees are not sufficiently taking active roles (Low number of women in management positions)

[Consumers, users, and local communities]

- Problems with product quality or product labeling that cause health problems for consumers
- Human rights abuse due to the obstacles that the development system causes to society as a whole, or due to its inappropriate use
- Leakage of consumers' personal information and infringement of their privacy
- Discriminatory expressions and dissemination of gender stereotypes through advertising and publicity
- Biased in-store customer service by sales staff
- Plastic bags used and products cause ocean pollution and contribute to climate change
- Negative impacts of factory operations on local communities (e.g., pollution)

(2) "Contribute": examples of contributing adverse impacts through a company's own activities

- Product sales and promotions that use advertising that may promote gender bias and lookism throughout the industry
- Unreasonable price negotiations with suppliers, sudden changes in plans, increased man-hours, and unreasonably shortened delivery times are causing overwork and long working hours at logistics companies and contract manufacturing sites
- Widespread low wages and long working hours at production sites due to industry-wide pressure to lower product prices

(3) "Linkage": examples directly related to a company's business, products, and services through business relationships

- Purchase or invest in biomass-based renewable energy that does not support the NDPE policy
- Purchase and use solar panels produced by forced labor in Uyghur to generate electricity
- Purchase and use cotton produced by forced labor in Uyghur
- Human rights issues at M&A targets
- Joint ventures with companies with low human rights awareness
- Low wages, long hours, excessive labor, child labor, and forced labor in suppliers' factories

- Health hazards to residents due to pollution caused by suppliers' factories

Please refer to the [materials issued by the Human Rights Bureau of the Ministry of Justice](#). (Relevant sections are attached)

2. How should we respond in the cases of human rights abuse indicated in 2.1?

- Conduct human rights education not only within the company but also for business partners
- Establish a review process and guidelines for advertisement and sales promotion
- Establish a Supplier Reporting Desk to prevent compliance violations
- Formulate plans for leveling work with suppliers
- Implement work style reforms through digitalization
- Conduct labor status survey questionnaires for factories, contract manufacturers, and domestic and overseas suppliers
- Establish the content of harassment and prohibited and disciplinary regulations, and disseminate and spread them throughout company
- Identify, analyze and assess whether the renewable energy to be purchased or invested in has any adverse impacts on human rights
- Use of Health and Safety Committee

3. How do you think human rights due diligence can be conducted to identify the parties and communities suffering from human rights abuse in the above cases?

- Conduct stakeholder engagement with NGOs and other relevant organizations to understand the perspectives of those who actually have rights (rights holders) and those who have suffered or are likely to suffer human rights abuse, and to identify the parties and communities suffering human rights abuse
- Proactively listen to the opinions of rights holders and gather information widely
- Share examples from within and outside the company

4. Who in your company's supply chain has suffered particularly adverse human rights impacts as a result of Covid-19?

- Workers in socially vulnerable positions who are working in industries or sectors where the economy has rapidly deteriorated (non-regular workers, technical interns, etc.)
- Cancer patients and unvaccinated people
- People who can't work from home, essential workers
- Women who are not financially independent (domestic violence)
- Hard work of logistics factory employees

5. What kind of "remedy mechanisms" do you think should be put in place for the socially vulnerable people mentioned in 3 and 4?

- Exchange opinions (dialogues) with experts in the field of business and human rights to avoid becoming self-satisfied and to make efforts more effective
- Establish a hotline (a contact point for receiving and responding to complaints, consultations, and reports from inside and outside the company) for the company and its supply chain, and create a response system
- Fair employment and wages
- Mental health considerations
- Share examples from within and outside the company

6. In terms of transparency, please identify areas for improvement in the disclosure of human rights-related

information by your company or affiliated companies

- Fully explain to all stakeholders how the company assesses risks related to human rights and how it works to prevent and remedy them
- Disclose the status of the remedy mechanism (hotline), etc.
- Incorporate the views and opinions of an "independent third party"
- Tendency to stagnate efforts to address issues that are difficult to address through rules and policies
- Easy to disclose results of initiatives, but reluctant to disclose risks that are not fully recognized or addressed
- Problems are often dealt with only after they have become apparent. Use a third-party organization to improve transparency

Prepared by CRT Japan